MINISTERS OF LABOUR FORUM ON COVID-19 RESPONSE

VIDEOCONFERENCE
29 APRIL 2020, FROM 09:30 TO 11:30 (GMT TIME)

A Concept Note
1. Background

Economic and social implications of the Covid-19 are huge and needing urgent policy responses. The report by the African Union on the Impact of Corona Virus (Covid-19) on the African Economy has highlighted a number of potential impacts on the economy. Using different scenarios, the report shows that economic growth will decline from the previously forecast value of 3.4% by between 0.8 and 1.1 percentage points. A number of factors including disruptions in the global supply chains; falling commodity prices, declining fiscal revenues, and travel restrictions, will induce this growth decline. As growth declines, the exports sector will not be spared. Africa’s low intra-African trade mainly induced by poor infrastructure, poor financial integration, and slow industrialisation, will work to exacerbate the situation. Africa’s financing position is also under threat as the overdependence on external financing will work to our disadvantage. With Covid-19, remittances will shrink, FDI inflows will decline, and Official Development Aid (ODI), diminish. In addition, Africa could lose up to 20 to 30% of its fiscal revenue adding to the difficulty to support health systems and protect workers.

There are specific concerns as regards effects on the tourism and travel sector. Jobs amounting to at least 2 million directly and indirectly could be lost. According to IATA, in terms of travel, as of March 2020, international bookings had declined by 20% and some airlines already lost 4.4 million USD. Besides, the tourism and travel sector is estimated to lose up to at least 50 billion USD due to Covid-19.

The social sectors will not be spared either. The effects on employment will be substantial. The African Union Report makes reference to the fact that nearly 20 million jobs, both in the formal and informal sectors, could disappear. This would be a huge loss but given the structure of the economies in Africa with 90% of the labour force in informal employment, this is not far-fetched. In fact, the informal economy contributes nearly 55% of cumulative GDP of Sub-Saharan Africa. Further, the health system, which is already burdened by HIV/AIDS, Malaria, Tuberculosis, , will get even more overstretched in the presence of Covid-19. It is estimated that Africa will need an additional 10.6 billion USD in health spending due to the pandemic. This may lead to not only more morbidity but heightened mortality as well. For not only countries in fragile situations, most countries in Africa face increased conflict and security challenges including difficulties to respond to for example, terrorists’ attacks under Covid-19.

In order to address the mounting socio-economic impacts of the COVID-19, the AUC is developing a Whole of Commission Comprehensive Response. Relevant AUC department are involved as well as UN Organizations based in Addis Ababa. The Response address specific issues in the labour market.

The ILO has continued to monitor developments regarding Covid-19 and the world of work. While the final tally of annual jobs losses critically depends on the evolution of the pandemic, globally, the majority of jobs losses and declining working hours will be in the hardest-hit sectors, which include accommodation and food service activities; manufacturing; real estate, business and administrative activities; and wholesale and retail trade, repair of motor vehicles and motorcycles. 1.25 billion workers accounting for 38% of the global workforce are employed in these sectors. Global declines in working hours
stand at 6.7% in the second quarter of 2020, which is equivalent to 195 million full time workers. In Africa, as in other low-and-middle income countries, hard-hit sectors have a high proportion of workers in the informal employment and workers, who have limited access to health services and social protection, given that social protection coverage is only at 17.8% in Africa.

Given the daunting task ahead, the ILO suggests a four-pillared policy framework with the following policy prescriptions

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<tr>
<th>Pillar 1 Stimulating the economy and employment</th>
<th>Pillar 2 Supporting enterprises, jobs and incomes</th>
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<td>• Active fiscal policy</td>
<td>• Extend social protection for all</td>
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<td>• Accommodative monetary policy</td>
<td>• Implement employment retention measures</td>
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<td>• Lending and financial support to specific sectors, including the health sector</td>
<td>• Provide financial/tax and other relief for enterprises</td>
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<th>Pillar 3 Protecting workers in the workplace</th>
<th>Pillar 4 Relying on social dialogue for solutions</th>
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<td>• Strengthen OSH measures</td>
<td>• Strengthen the capacity and resilience of employers’ and workers’ organizations</td>
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<td>• Adapt work arrangements</td>
<td>• Strengthen the capacity of governments</td>
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<td>(e.g. teleworking)</td>
<td>• Strengthen social dialogue, collective bargaining and labour relations institutions and processes</td>
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<td>• Prevent discrimination and exclusion</td>
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<td>• Provide health access for all</td>
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<td>• Expand access to paid leave</td>
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These pillars are in tandem with most of the recommendations of the African Union’s report on the impact of Covid-19 on the Africa economy. While recommendations are at the country, REC and AUC levels, there are also specific recommendations in relation to the post-Covid-19 pandemic, which includes, economic diversification, increasing agricultural diversification, and strengthening health care systems.

2. Objectives

The objectives of the forum are to:

a) Raise awareness of the AU report on impact of Covid-19 on the Africa Economy to the Ministers of Labour and other Stakeholders;

b) Discuss strategies and good practices to effectively respond to the effects of Covid-19 in Africa countries with special reference to stimulating the economy and employment; protecting workers in the workplace; supporting enterprises, jobs and incomes; and relying on social dialogue for solutions; and
c) Discuss post-pandemic medium to long-term actions and strategies to cushion African economies in case of other health shocks.

3. Participation

Organized by the African Union with support from the ILO the meeting will be attended by African Ministers of Labour; Regional Economic Communities (RECs), Regional and sub-regional workers' and employers' organizations, and Labour Administration Centers.

4. Expected Outcomes

The expected outcomes of the forum are:

a) Ministers of labour and other stakeholders are made aware of and take on board the recommendations of the AU report on the impact of Covid-19 on the African economy;

b) Ministers are made aware of the development of an AU Comprehensive Response to the Socio-Economic Impacts of the COVID-19 (Labour Market Aspects)

c) Strategies and best experiences shared with a view to mainstreaming them in the short-term policy responses to ameliorate the effects of Covid-19;

d) Medium and long-term post Covid-19 actions identified and systems to put these in place discussed.

5. Agenda

Opening Remarks 20 Minutes

1. Welcome and presentation of the AU Socio-Economic Report - AU Commissioner
2. ILO Statement - ILO RD
3. Workers Statement
4. Employers Statement

Ministers Interventions 20 Minutes

Minister 1 Stimulating the economy and employment
Minister 2 Protecting workers in the workplace
Minister 3 Supporting enterprises, jobs and incomes
Minister 4 Relying on social dialogue for solutions

Open intervention by Ministers and Social Partners 60 Minutes

Closing and way forward 10 Minutes