



Food systems and COVID-19 in Latin America and the Caribbean: Labour market response

Bulletin 14

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1. Editorial



The coronavirus (COVID-19) pandemic came to Latin America and the Caribbean at a time of macroeconomic vulnerability.

Despite the extraordinary and often unprecedented measures introduced around the world, the damage caused by the COVID-19 crisis to labour markets is enormous and leaves policymakers facing significant challenges.

Recovery for the rest of 2020 will be slow and incomplete, and will largely depend on decisions taken as well as on the future trajectory of the pandemic.

The world will emerge from this situation with higher levels of unemployment, inequality, poverty, debt and social pressure. The recovery process will, therefore, represent an immense challenge for countries, and the support of the international community will be indispensable. In this scenario, the opportunity cannot be missed to rebuild better instead of rebuilding as usual, with the same limits as always. **The recovery process must go hand in hand with transformation.**

The recovery process must be transformative. Therefore, it is necessary to consider that rural employment goes beyond food production. Agrifood systems require a range of services that have been growing with the pandemic, such as logistics and online digital services.

Besides, rural areas are presented as an opportunity for the generation of more sustainable jobs that are also more resilient to other threats we face, such as climate change.

2. Mensajes clave



- The pandemic reached Latin America and the Caribbean at a time of economic weakness, which is conditioning the countries' response to the crisis.
- Initially, the loss of working hours was caused by measures that restricted the free movement of workers to their workplaces. The areas most affected by these measures have been the Americas (North, Central and South).
- Subsequently, the economic crisis caused by the pandemic will lead to job destruction and increased unemployment.
- There has been a general deterioration in the quality of employment, due to an increase in informality and a decrease in hours worked. Women, young people and migrants are mainly affected.
- The labour market has been strongly affected in the service and trade sector, especially in the Caribbean.
- Employment in the agrifood sector, on the other hand, has been less affected. Even if unemployment among workers in the fisheries and aquaculture sector has increased considerably. It is therefore necessary to keep a close eye on the development of highly perishable products.
- The responses that the region can provide are conditioned by the highly informal structure of labour markets and the reduced fiscal space for the implementation of counter-cyclical social and labour policies.
- The recovery during the second half of the year is expected to be slow and partial.
- The new long-term measures should seek to reduce the vulnerability of the regional labour market to future crises, so it is necessary to strengthen the state and increase the formalisation of the labour market.
- Also, it is necessary to stop conceiving rural areas only as a source of food. It can also play an essential role in generating more sustainable sources of employment, but this requires investment in human capital and the development of new, innovative and "climate-proof" sources of employment.



3. Labour market developments during the COVID-19 crisis



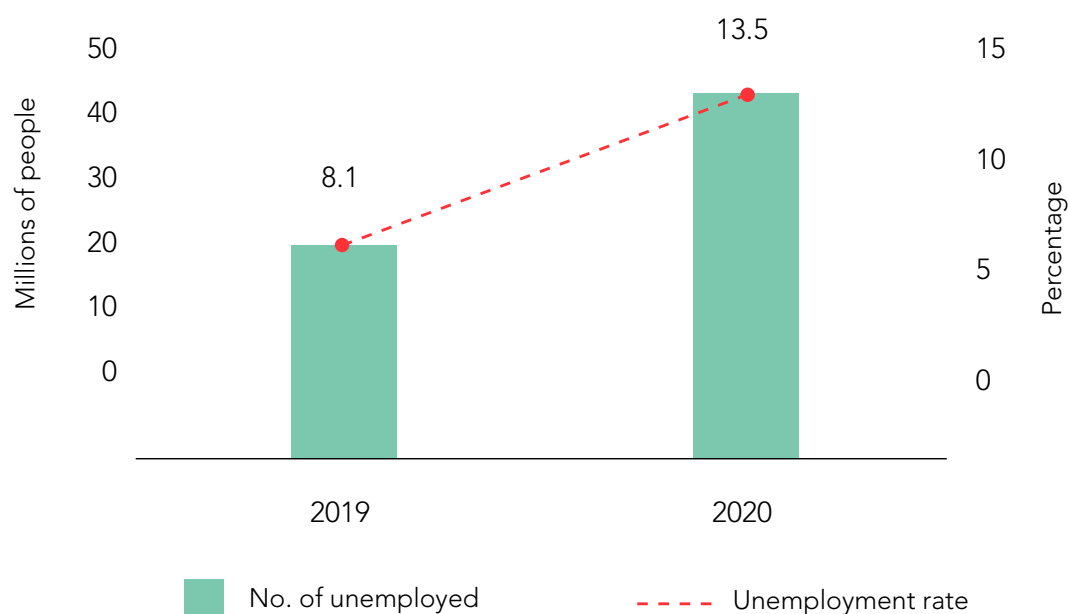
3.1. General performance of the labour market in the face of the pandemic

The COVID-19 pandemic appeared in Latin America and the Caribbean at a time of particular macroeconomic weakness and vulnerability. The region's fiscal space was reduced by limited government income, mainly due to the slowdown in economic activity, tax evasion, the fall in international prices of raw materials, the reduction of tariffs due to trade opening, and the growing tax waiver due to concessions to free zones and the maquila industry. The growth rate of regional gross domestic product (GDP) had fallen from 6 percent in 2010 to 0.2 percent in 2019 (ECLAC and ILO, 2020).

Thus, when the COVID-19 pandemic began, the region was going through a difficult time, and the pandemic made things worse, becoming the final cause of the most significant economic and social crisis in decades.

The labour market has been badly hit. Unemployment is projected to rise by 5.4 percent compared to 2019 (8.1 percent), reaching 13.5 percent. This figure is equivalent to 44.1 million unemployed people, an increase of nearly 18 million compared to 2019 (26.1 million unemployed) (ECLAC, 2020).

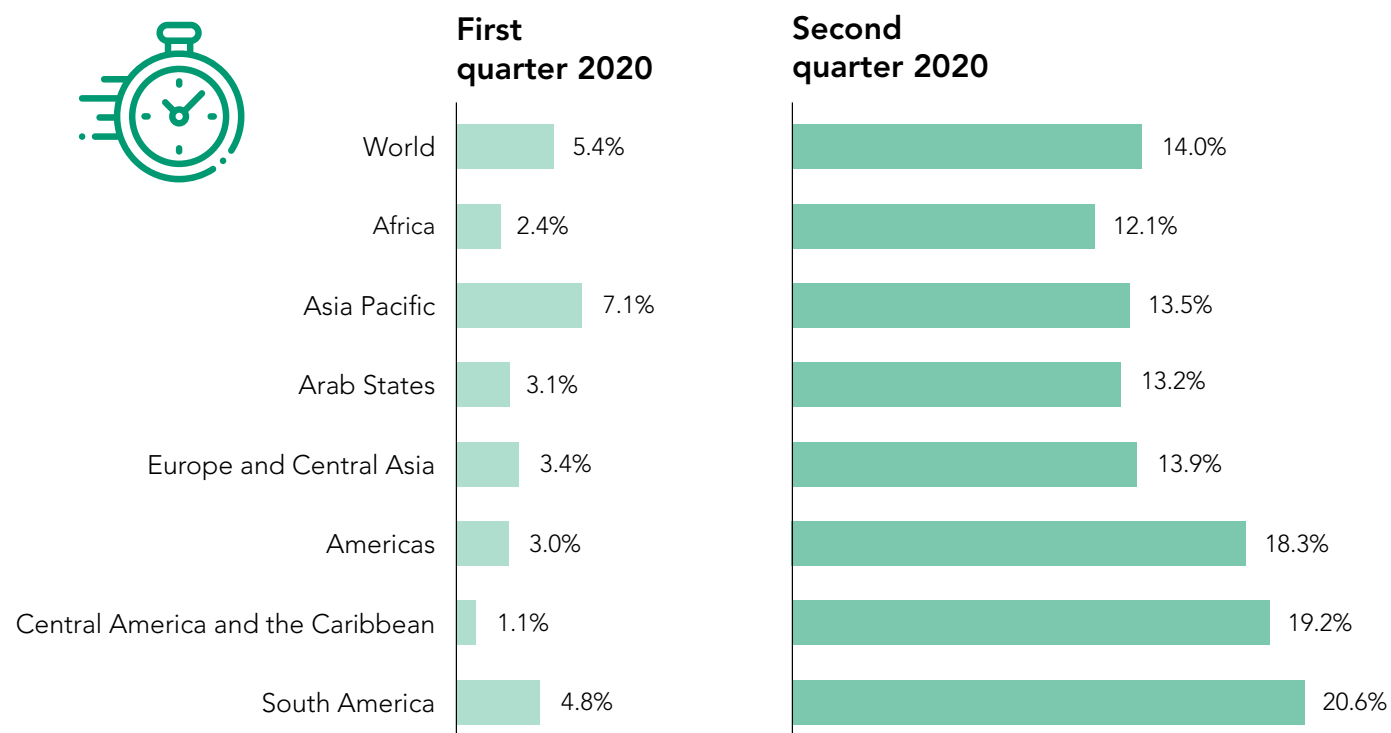
Figure 1. Numbers and rate of unemployed (%), observed and projected, in Latin America and the Caribbean, 2019 and 2020.



Source: FAO, based on ECLAC and ILO (2020), and ECLAC (2020).

Unemployment is not the only impact on the labour market: many people are not unemployed, but they have seen their working hours reduced. The International Labour Organization (ILO, 2020a) began to measure the loss of working hours, an aggregate indicator to measure the impact of COVID-19 on the labour market. It measures people who are inactive, unemployed or working fewer hours.

Figure 2. Loss of working hours (%) in the first and second quarter of 2020, in relation to the last quarter of 2019



Source: FAO, based on ILO (2020a).

In the first quarter of 2020, the world lost an average of 5.4 percent of working hours, compared to the last quarter of 2019 (before the pandemic), namely, around 155 million full-time working days (assuming a 40-hour week). Initially, the region most affected was Asia-Pacific (where the pandemic originated).

During the second quarter, the crisis has worsened considerably. The world has lost an average of 14 percent of working hours, equivalent to 400 million full-time days. South America and Central America are currently the hardest hit subregions, with a loss of 20.6 and 19.2 percent of working hours, respectively (ILO, 2020a). This may be due to lower internet penetration and a large proportion of informal workers in developing countries (ILO, 2020a).



Before the crisis, informal workers were at a severe disadvantage; today, they have suffered most from the consequences of the pandemic. In Latin America and the Caribbean, the average rate of informality before the pandemic was about 54 percent. Informal workers do not have access to quality health services and, given the characteristics of their work, are more exposed to contagion. They also have generally low incomes and limited savings capacity to cope with prolonged periods of inactivity. Nor do they have income replacement mechanisms, such as unemployment insurance, which are generally linked to formal work (ECLAC and ILO, 2020).

This situation would negatively affect the dynamics of poverty and inequality and the achievement of the commitments of the 2030 Agenda for Sustainable Development. It is estimated that by 2020 the poverty rate will increase by up to 4.4 percent and extreme poverty by 2.6 percent compared to 2019 (ECLAC and ILO, 2020).



Informal workers are mainly migrants, young people and women. In fact, the crisis has exposed the extreme vulnerability of migrant workers, especially those in an irregular situation. Without access to sufficient income or emergency labour and social protection, the pandemic minimises the possibility of migrant workers returning to their countries, due to lack of money and closed borders, so they find themselves in a kind of double confinement. This situation is aggravated in many cases by the suspension of the services of public visa regulation bodies in destination countries (ECLAC and ILO, 2020).



The crisis triggered by COVID-19 adversely affects young people, and not only in the labour market, which could lead to the emergence of a "confined generation". Almost 77 percent of young workers worldwide were employed in the informal sector. An ILO global survey (ILO, 2020c) indicates that at least 1 in 6 young people has stopped working since the start of the COVID-19 pandemic. Besides, technical and vocational education and training (TVET) such as on-the-job training has been very adversely affected.



In the case of women, 90 percent of women workers in low and lower-middle -income countries are informal (ILO, 2020a).

1. Forty percent of women work in sectors that have been badly affected by the crisis, such as hotels, restaurants, retail and trade. This is particularly relevant in Central America, where almost 60 percent of women work in sectors struck by the crisis. Also, a significant proportion of women are in a situation of double vulnerability because they are informal workers: 42 percent of women working in sectors that have been heavily hit by the crisis are informal, compared to 32 percent of men.
2. The vast majority of people working in domestic services are women, and this is another sector affected by the crisis. Besides, a large number of these women are informal and immigrants (which represents a higher degree of vulnerability).
3. Seventy percent of the workforce in health and social work are women. Since they are working at the forefront, they are at greater risk of being infected with COVID-19.
4. During the crisis, women have taken on at least three-quarters of the unpaid care work, such as raising and educating children, making it difficult for them to do other paid work.

These disproportionate impacts on women could spoil some of the progress made in gender equality in the labour market to date and exacerbate disparities.

The COVID-19 crisis will increase informality, both because of the loss of formal jobs that will become informal, and because of the temporary suspension of the employment relationship which will mean, in practice, jobs without access to labour benefits and social protection. Estimates by the Inter-American Development Bank (IADB) indicate that the level of labour informality may reach 62 percent due to the pandemic (Altamirano, Azuara and González, 2020). This will undoubtedly make it difficult to achieve the objectives of employment and social protection policies, and to provide a coordinated response.

3.2. Agrifood labour market performance in the face of the pandemic

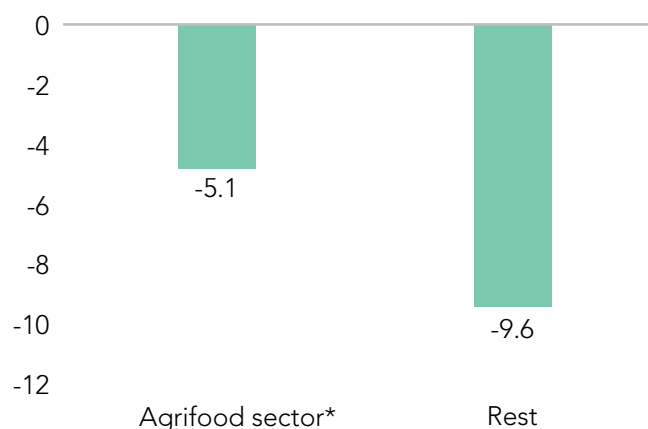
According to estimates by the Economic Commission for Latin America and the Caribbean (ECLAC, 2020), economic activity in the region is expected to contract by 9.1 percent during 2020. This reduction in economic activity, which is also present in China, the United States of America and Europe, will hurt Latin America and the Caribbean in terms of volume and price, especially for raw materials. Some important productive sectors in the countries of the region are part of global value chains in which the United States of America and China play a key role (ECLAC and ILO, 2020).

However, as highlighted in a previous issue of this same series (FAO and ECLAC, 2020a), international trade in the agrifood sector, in relation to the rest of the productive sectors, has not been so affected by the crisis. Moreover, exports of agrifood products harvested in the region have increased by 6 percent in the last six months, compared to the same time last year. This figure becomes crucial when we consider that the rest of the goods exported by the region have fallen by 21 percent.

The crisis will seriously affect the workers related to sectors such as tourism (airlines, accommodation, restaurants and hotels), trade and manufacture. These sectors are labour-intensive and some, such as trade, concentrate a high proportion of informal employment. Other sectors that will also suffer a medium-high impact are transport and storage, as well as entertainment and cultural activities. It is estimated that 42.4 percent of employment in the region is in high-risk sectors and another 16.5 percent in medium-high risk sectors (ECLAC and ILO, 2020). This is especially relevant in the Caribbean, where many workers depend on tourism and services.

While it is true that there is a high level of informality in work related to agriculture, livestock, forestry and fishing, workers are at medium to low risk of being impacted by the crisis. However, there is no reason to be complacent: if COVID-19 spreads to rural areas, the paralysis of activities in this sector could also be considerable (ECLAC and ILO, 2020).

Figure 3. Impact of the crisis on unemployment in the agrifood sector and other sectors (percentage change in the number of people employed between January and June* 2020 compared to the same period in 2019).



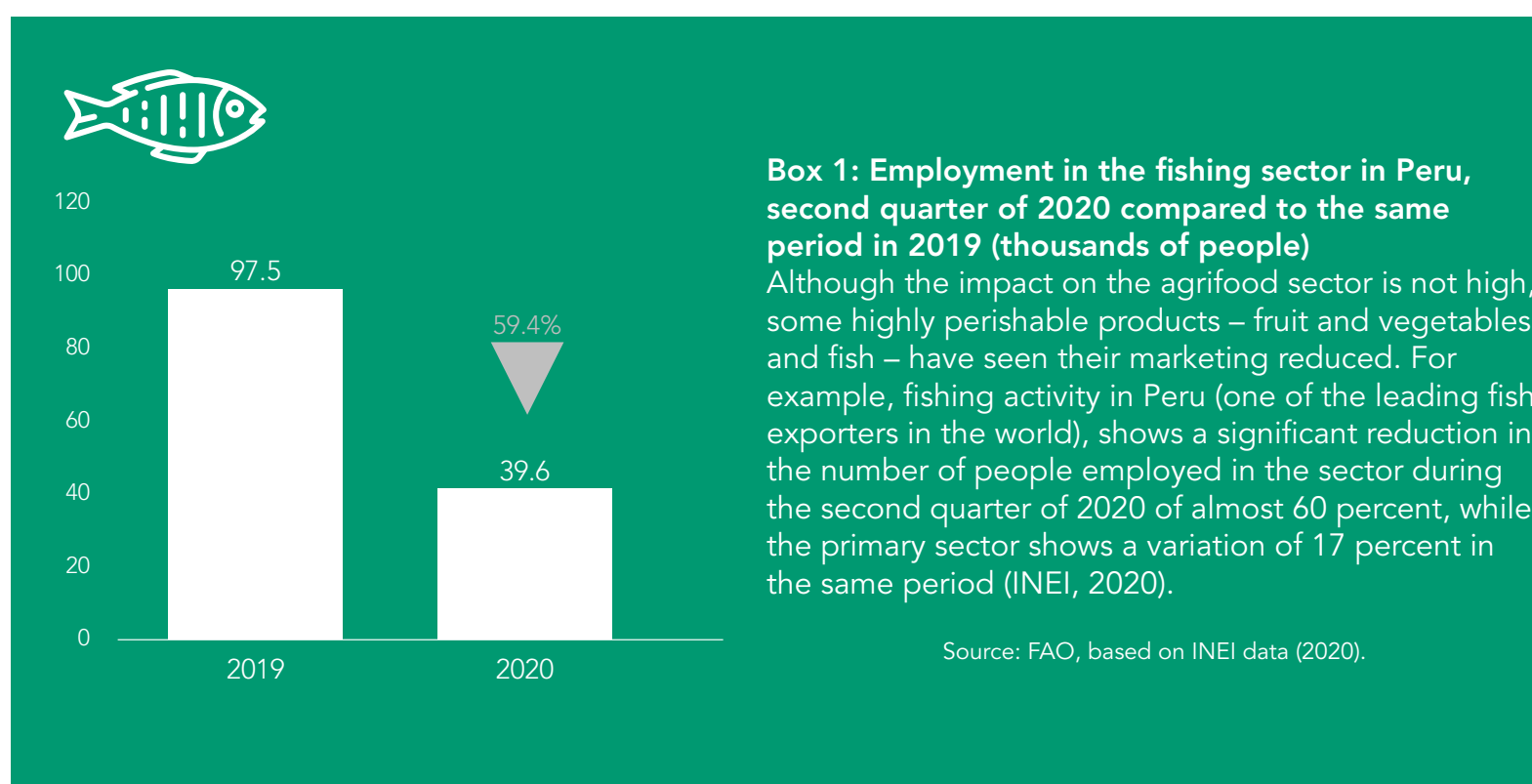
*Temporary horizon between January and July in Chile, and between January and May in Argentina. Data for Argentina correspond to registered private sector employees based on administrative records.

**Employment is not a strictly comparable indicator across countries, although all figures represent average changes versus the same period in the previous year. In some cases, quarterly data are available (Brazil, Costa Rica, Mexico and Peru), or moving quarter (Chile and Colombia) or monthly data (Argentina). The agricultural sector is not the same for all countries: Peru includes mining, others do not consider forestry and hunting. However, this approximation is used because we do not yet have all the post-pandemic data for countries in the region.

Source: FAO, based on information from national sources in seven countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Peru.

Figure 3 shows that the variation in the number of people employed in the first half of 2020 in relation to the same period in 2019 in the agricultural sector is -5.1 percent, which reflects the effects of the health crisis on employment in the primary sector. The negative effect on the number of employed persons is more evident in the other branches of economic activity so far this year. The minor effect the crisis has had on the agrifood sector is due in part to the fact that its products have been considered essentials, which has led governments to free their workers from the restrictions which affect the rest of the economic sectors (FAO, 2020).

It is critical to consider that the values between one year and another are not strictly comparable. The pandemic has meant that employment surveys, previously conducted in person, are now conducted via telephone or web. Because of this methodological change, there may be sampling bias, especially in rural areas, where it is more difficult for employed people to answer the phone, have coverage or access the internet. For example, in Chile, in the agriculture, livestock, forestry and fishing sector, the number of employed persons is underestimated by -4.3 percent at the national level (ODEPA, 2020).

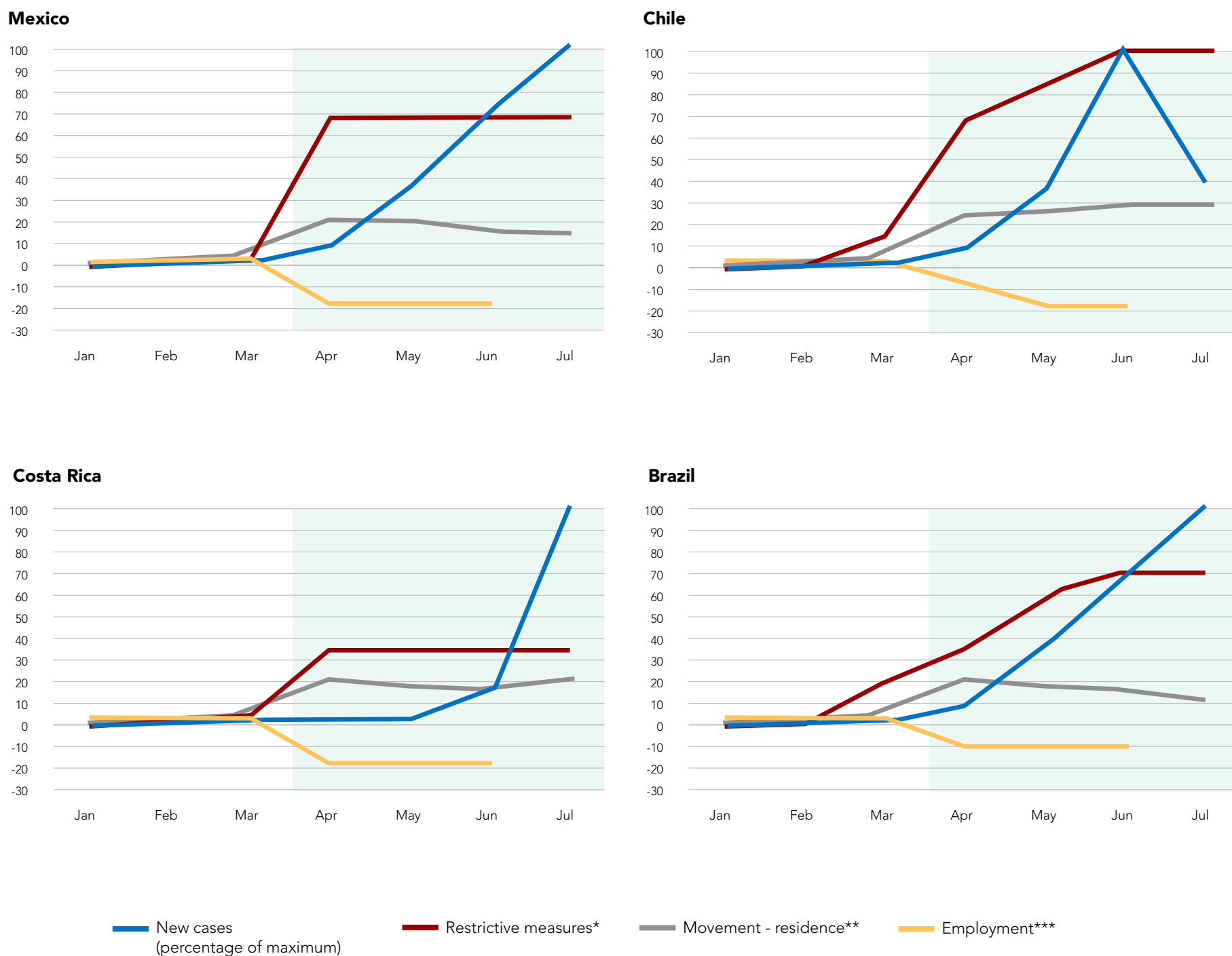


3.3. Connection between restrictive measures and the labour market

Globally, employment generally worsened with the implementation of restrictive measures: the more intense the measures, the worse the effects on employment (ILO, 2020b). It is not possible to reactivate the labour market with a high number of infections on the streets, especially when physical distance has proved to be an effective measure to control infections.

Employment, at the end of quarantine, is expected to continue to decline in most countries, as it is a lagging variable.

Figure 4. Employment, restrictive measures, COVID-19 cases and movement (%), 2020



* Restrictive measures refer to the "Stay at home orders" index, which, according to the Oxford Government Response Tracker, is expressed as a percentage of the maximum index value.

** According to Google, movement refers to mobility, reflecting the percentage change in time in "residences" versus the first five weeks of 2020.

*** Employment is not a strictly comparable indicator between countries, although all figures represent changes compared to the same period of the previous year. In some cases, quarterly data are available (Brazil, Costa Rica, Mexico and Peru), or moving quarters (Chile and Colombia) and monthly data (Argentina). In Argentina, the data are from administrative records.

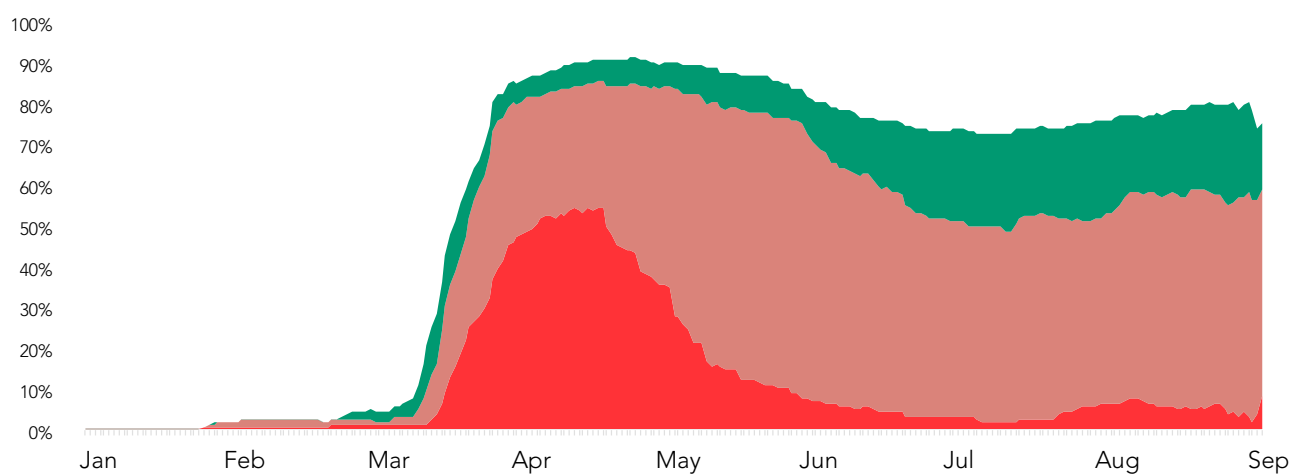
Source: ECLAC based on Google LLC (2020), University of Oxford (2020) and national sources for employment.

After analysing workplace restrictions worldwide, it was found that 93 percent of workers reside in countries with some measures that prevent the normal opening of their workplace (ILO, 2020a). These measures, by the way, began to be relaxed since April. By September of this year, it can already be seen that less than 10 percent of workers are residing in countries with workplace closures for all but essential sectors (a measure considered severe); that almost 50 percent are residing in countries with workplace closures for some sectors (medium severity); and that less than 20 percent are residing in countries with recommendations for workplace closures (low severity).

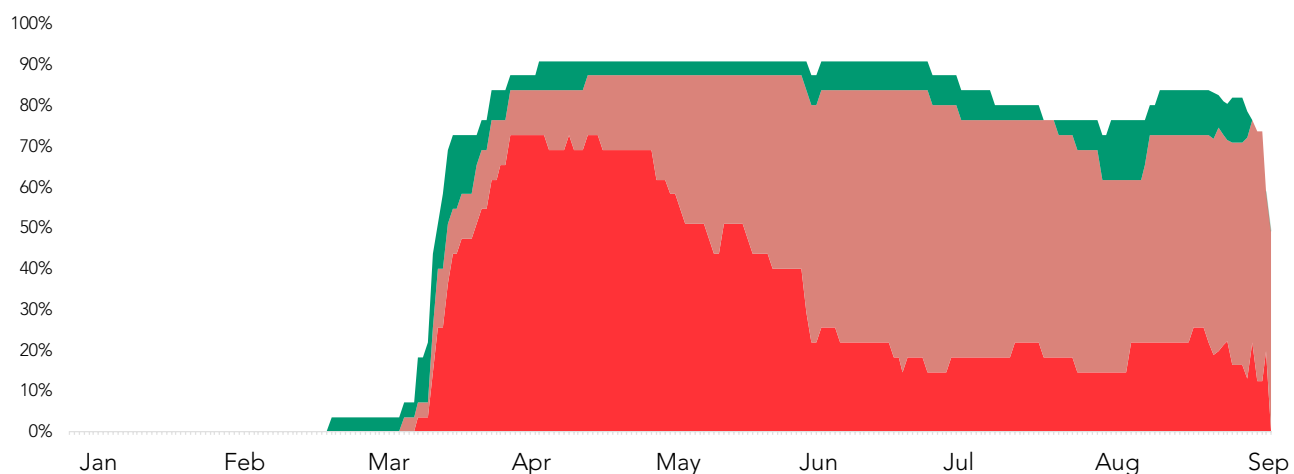
To date, Latin America and the Caribbean is the only region that maintains high levels of severe restrictions (only basic input sectors are allowed). Even if, during the first days of June, it could be seen that very few countries in the rest of the world were implementing such drastic measures. This may account for the highest impact on the loss of working hours in the region.

Figure 5. Countries by level of workplace restrictions (%).

In the world



Latin America and the Caribbean



- Employees in countries that recommend limiting face-to-face work
- Employees in countries that restrict and limit face-to-face work in some sectors
- Employees in countries that restrict face-to-face work and only allow it to "essential" sectors

Source: ECLAC, based on Oxford University (2020).

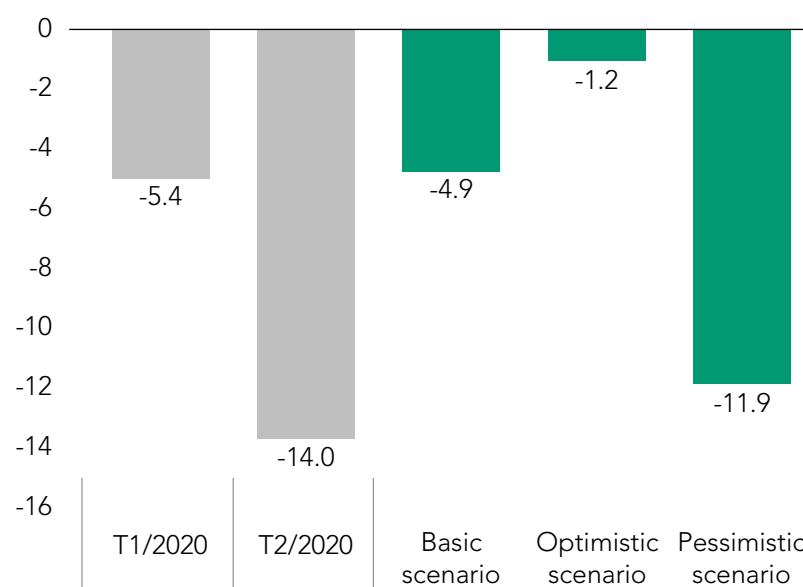
3.4. Projections of labour market developments

There is still uncertainty about the evolution of the pandemic. The risk of new infections and the fear of a second wave are still active. Further blockages or the continuation of existing strict measures would lead to further disruption of economic activity and labour markets, jeopardising employment recovery.

The recovery during the second half of the year is expected to be slow and partial. Future scenarios estimate losses in the last quarter of between 1.2 and 11.9 percent, in an optimistic and a pessimistic (second wave) scenario, respectively (ILO, 2020a).

The continent most affected would be the Americas, 4 percent more than the world average.

Figure 6. Projected loss of hours worked (%) in the last quarter of 2020 compared to the same period in 2019.



Source: ILO (2020a).

The economic impact of the pandemic is expected to create gaps or grey areas: many formal workers would become unemployed or, when laid off, would move into informality. Therefore, job recovery will depend on the development of the pandemic and the policies implemented. The role of policies and measures implemented will be crucial to cushioning its effects and achieving a gradual recovery of the economies (ECLAC and ILO, 2020).

4. Measures to facilitate work



4.1. Challenges in employment generation

Responses developed and implemented in the region must take into account the significant concentration of workers in the service and trade sectors, as well as the high percentage of women and migrants working informally in these sectors. The latter group has been growing lately due to the Venezuelan migration that has been occurring since 2014.

Another challenge is the development of new labour policies, due to the explosive emergence of work through digital platforms, which means implementing regulations and instruments that ensure proper worker performance.

However, not all countries will face the same situation. The severity of the problems and the tools and resources that can make a contribution will vary considerably. However, most, if not all, will need to address a number of key challenges (ILO, 2020a):

- a. **Find the right balance and sequence between health, economic and social issues** in order to produce optimal and sustainable results in the labour market. The World Bank is working on this area in a major project with the Colombian government which is developing a prototype dashboard to help policymakers monitor, almost in real time, the interaction between the spread of the virus and health sector preparedness and response to address new groups of infections. The aim is to define the appropriate moment to activate certain sectors of the economy (Veillard, Brown and Becerra, 2020).
- b. **Implement and maintain policy interventions at the minimum appropriate scale:** At a time when a counter-cyclical fiscal response to COVID-19 is being sought, Latin American and Caribbean countries generally find themselves with little room to increase their fiscal expenditure. This is due to higher indebtedness, rising interest payments, limited tax revenues and the constraints inherent to the debt issuance process in a limited international financial context (ECLAC and ILO, 2020).
- c. **Support vulnerable groups:** Unless explicit attention is given to improving the situation of the most disadvantaged and vulnerable, recovery processes could exacerbate existing injustices. Special care must be taken in the case of women and migrants, who often work in informal conditions. This situation is particularly relevant in the service, trade and agricultural sectors. Although the first two are at greater risk of being impacted by the crisis.
- d. **Ensure international solidarity and support, especially for emerging and developing countries.** Regardless of the achievements of individual countries, the overall response to the global COVID-19 crisis has been characterised by a marked deficit in international cooperation. The rhetoric of the need for a global response to the COVID-19 global crisis must be translated into concrete measures to assist countries with limited fiscal space, in particular through multilateral actions to provide concessional finance and debt relief.
- e. **Strengthen social dialogue and respect for rights at work:** Social dialogue can also help shape sustainable recovery paths in the coming period.

4.2. Main measures implemented

At the international level, countries have implemented action policies in three areas. The fundamental idea of these measures is to prevent contagion, ensure the income of the most vulnerable groups and maintain the installed capacity and viability of enterprises, as well as preserving jobs and working conditions (ILO, 2020a).

- a. Protection of workers in the workplace:** biosecurity measures that encourage physical distancing and protection of workers. Provision of leave for workers suspected to be infected, and training to prevent contagion.
- b. Protection of economic activity and labour demand:** fiscal stimuli (tax exemptions or deferrals and increased public spending on social protection measures), and financial support for specific sectors at preferential interest rates.
- c. Support for employment and income maintenance:** provision of subsidies and credits to avoid dismissal of workers, reduction of working hours and extension of social services in the event of unemployment.

Most countries have focused on pillars **b** and **c**, with monetary and fiscal policies that have tried to prevent the economy from collapsing and to support income and employment. Advanced economies have used 5 percent of their GDP for fiscal measures; in emerging and developing economies only half of that. By the end of May 2020, more than 90 countries had introduced or announced fiscal measures totalling more than USD 10 trillion. The main fiscal responses have been deferrals and exemptions for taxes, social security contributions and patents, among other payments (ILO, 2020a).

Several countries in the region used instruments that already existed or implemented new policies to support affected enterprises with access to liquidity, partially covering the wages of their workers, in some cases through unemployment insurance benefits, in others through direct subsidies. The purpose of these policies is to provide income to workers, to keep companies in business and to allow them to continue the employment relationship with their workers, so that they and their workers can be counted on when the recovery begins.

Some measures succeeded in combining the support of workers' income with the protection of economic activity. Countries such as Japan and the Republic of Korea provided households with cash transfers in the form of digital vouchers for consumption in specific economic sectors that required them, such as small producers, to avoid their use for savings or debt repayment (ILO, 2020a).

Emerging and developing countries have focused their efforts on vulnerable businesses, rather than on measures to protect unemployed workers. These measures have taken the form of subsidies, credit guarantees and wage subsidies to enterprises, in some cases conditional on job retention.

However, in the agrifood sector, it is imperative to implement the worker protection contained in pillar **a**. Agrifood work, by definition, cannot be carried out in the form of remote working or teleworking. Therefore, it is necessary to prioritise occupational health and safety policies, in order to make work possible without risking people's health and reactivation strategies. This is all the more important as workers in this sector have been working continuously during the pandemic, despite general restrictions, as it is considered an essential sector for countries. This consideration has exempted its workers from mandatory movement restrictions. Occupational care and safety measures were mentioned extensively in bulletin number 4 of this series (FAO and ECLAC, 2020b).



Box 2. Labour measures implemented in the Caribbean (ILO, 2020b)

Given that the impact of COVID-19 containment policies in the services sector will be high or medium-high, and that this is where the highest degree of informality is observed, policy responses need to focus on sustaining employment and its conditions in this sector. This will be particularly crucial in countries in the Caribbean, which have a higher relative concentration of employment in services, especially those associated with tourism.

Jamaica introduced the COVID Allocation of Resources for Employees (CARE) which includes, among other measures, temporary cash transfers to enterprises in specific sectors (tourism) based on the number of remaining workers; temporary cash transfers for persons who have lost their jobs with incomes below a certain threshold; subsidies for small businesses; and general support measures including direct assistance for small farmers, the elderly and the homeless. Other Caribbean countries (Bahamas, Barbados and Dominica) have also implemented direct or indirect subsidies to enterprises to stimulate production, maintain employment and reduce pressure on cash flows. These benefits have been conditional on keeping workers employed. In addition to this type of general action to support companies, some of these countries have implemented specific benefits for certain sectors of activity such as agrifood (Dominica, Guyana, Jamaica, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname), construction (Antigua and Barbuda, Dominica), transport (Jamaica, Saint Lucia, Saint Vincent and the Grenadines), health (practically all), tourism (the Bahamas, Dominica, Grenada, Jamaica, Suriname, Trinidad and Tobago).

4.3. Measures to build better jobs

The need to address the effects of COVID-19 in Latin American and Caribbean countries provides an opportunity to reflect on what kind of responses are required in a crisis that calls for complementarity of policies (health, economic, labour and social security) and that affects labour supply and demand differently (according to sectors, size of enterprises or vulnerable groups). It is an opportunity to improve the quality and sustainability of the labour market.



a. Stronger institutions

One of the main lessons learned from this crisis is the need for strong labour institutions with broad coverage, such as job training, public employment services, social security, labour administration and inspection, and household social registration, among others (ECLAC and ILO, 2020).

Public employment services fulfil several relevant functions, aimed at assisting workers who lose their jobs, brokering job searches and providing access to training opportunities to improve their skills profile in order to find new and better jobs.

Therefore, societies require states with the capacity to generate rapid responses and coordinate efforts both publicly and through public-private initiatives.



b. Labour formalisation

The effective implementation of these policies and response measures depends critically on the availability of formal jobs in the country. In the face of economic crises caused by a disaster such as the COVID-19 pandemic, countries with high levels of formal employment have a clear advantage in protecting workers and enterprises.

- ▲ The formalisation of the labour market is an integral component of strategies to deal with disasters. In short, labour institutions and the formalisation of occupations are as important priorities in times of crisis as in times of economic boom, or even more so.

In the medium term, it is necessary to make progress not only on labour legislation that obliges companies to formalise their workers, but also on measures that encourage companies to increase the rate of formalisation of employees, in order to avoid the development of a black market.



c. Investing in human capital

In the pandemic context, it is to be expected that many companies and workers will be much better trained in the use of online working tools, but there is a risk of new gaps in technological investment and worker training, which will have to be addressed by public policy.

However, the importance of investing in human capital has been stressed since before the crisis. If we compare the GDP per capita of the emerging and developing economies of Asia and Europe with that of Latin America and the Caribbean over the past 30 years, Asia has quadrupled its growth, Europe has grown at a slower pace and our region has stagnated. Bakker *et al.* (2020) conclude that the stagnation of Latin America and the Caribbean is due to lower levels of human capital and productivity than in the other regions.

The crisis has put pressure on public policies, which must now ensure that as many unemployed people as possible can take advantage of the new job opportunities in the shortest possible time. In this regard, new jobs must be more sustainable and resilient to existing ones to avoid the employment impact of similar crises in the future. These new jobs will require the acquisition of new skills and abilities.

Thus, employment programmes should incorporate new sources of jobs, such as the use of information technology or services related to energy decarbonisation and transport, into their training programmes. The state could also subsidise the tuition and fees of students who enrol in related careers at technical training centres or universities.

However, training measures need to be closely linked to the investment measures taken by the state to create new sources of employment, as it is necessary to create a demand for workers first.



d. Development of new sources of employment

In the context of the crisis, certain economic activities have experienced dynamic short-term growth, such as logistics activities, home delivery services and online services. This is a particularly relevant phenomenon for local agrifood production, as the current crisis may accelerate some deglobalisation trends and also lead to some of the supply chains being reorganised, giving more weight to local and national linkages. In this sense, digitalisation will be a valuable tool for shortening agrifood product marketing chains, which would generate new business opportunities in rural areas. For this to happen, it is necessary to invest in training, technology and communication.

Besides, the challenges posed by climate change and the need for a just transition to a more sustainable model will remain fully valid after the crisis. Investing in new, more sustainable and resilient sources of labour will be an effective way to recover with transformation.

However, due to the macroeconomic situation in which the region finds itself, a large investment is not easy to implement, so it is recommended to consider new forms of financing that are being discussed in these times of crisis, such as increasing tax collection through: the application of temporary progressive taxes; the gradual reduction of fossil fuel subsidies; the search for joint financing funds; and financing by central banks (FAO and ECLAC, 2020b).

The United Nations (UN, 2020) estimated that the business opportunities that could arise from the joint decarbonisation of the energy and transport sectors could create around 40 million new jobs by 2050 in the region alone. Therefore, it is necessary to stop seeing rural areas only as a source of food generation, as it can also take on a relevant role in the generation of clean energy.

Figure 7. Job opportunities in the joint decarbonisation of the energy and transport sectors.



Source: UN (2020).



5. Interview with the ILO Regional Specialist



Efraín Quicaña

Regional Specialist on Decent Work in the Rural Economy, ILO Regional Office for Latin America and the Caribbean.

This year, we have recorded unemployment figures that we had not seen for a long time in the world and the region. How do you project the situation for the rest of the year?

Throughout 2020, the pandemic will cause the most significant economic and social crisis that Latin America and the Caribbean as a whole has ever experienced. It is a systemic crisis with a high speed of impact that has been affecting all the countries of the region in a context of global crisis. Moreover, the region is facing it with structural constraints such as informality, fiscal space, weak health and social protection systems, and economic and productive dualism.

In various ILO reports, we have warned of unprecedented impacts on the labour market through net loss of employment and hours worked, deterioration in the quality of jobs and reduction of workers' and households' income. Informal workers and those with lower incomes suffer most from these effects, which will result in significant increases in poverty and already high levels of inequality.

How this crisis can develop in urban and rural areas over time will depend on how governments and social actors in the world of work (employers and workers) manage to agree on response programmes that stimulate the economy and employment, support enterprises and workers' incomes, protect workers at the workplace and establish effective solutions through social dialogue.

ILO predicts that primary sector jobs will be less affected than other sectors of economic activity, but we also know that the sector is very heterogeneous. Which sub-sectors do you think will be most affected in the remaining months of 2020?

The impacts of the crisis on the region's labour markets have different levels of intensity for those employed in different sectors of the economy. There is a high degree of heterogeneity depending on the sector of activity in which the workers are employed, the type of occupation and gender, among other relevant dimensions.

The ILO technical note, *Panorama Laboral en tiempos de COVID-19*, on the effects of COVID-19 on the labour market, points out that the sectors hard hit by the health crisis are accommodation and food services, retail and wholesale trade, and manufacturing industries (these economic sectors represent approximately 40 percent of total regional employment). This means that these workers are more likely to lose their jobs or face wage cuts or reductions in hours worked. Thus, there have been intense transitions from informality and self-employment to inactivity, mainly explained by containment measures; and a drop in income for informal or self-employed workers, especially in "non-core" activities.

In the rural context, a recent ILO report estimates that the agriculture, livestock and forestry sector will have a low to medium impact on economic production in the face of this pandemic. However, in the long term, it could be highly affected, especially in Latin American and Caribbean countries where the type of agricultural production is strongly dependent on climate, with different planting and harvesting times. Considering this reality, the challenge lies in moving from traditional agriculture to modern, inclusive and sustainable agriculture to be more resilient.

Even if production, local sales and exports were not strongly affected, the working and living conditions of the rural population show persistent deficits that are higher than in the urban environment. In this regard, it should be noted that agricultural workers often lack access to adequate personal protective equipment, water

supply and sanitation facilities. They are exposed to risks of contagion due to the limited implementation of safety and health policies and measures in agricultural and non-agricultural activities. Although the importance of agriculture and livestock farming appears to be predominant in rural areas, it is interesting to consider the other sectors of activity, given the territorial and economic dynamism of rural areas. In these areas, agricultural activities are complemented by activities derived from industry, commerce and services and which have been strongly affected by the health crisis.

The share of employment in the non-agricultural sector has grown considerably in recent years, from 43 percent in 2012 to 48 percent in 2019. In Latin America, the non-agricultural sector is very important as it accounts for between 25 and 72 percent of rural employment in the countries and generates 58 percent of the value of rural workers' income.

Which structural challenges of the rural economy could be deepened by the COVID-19 crisis?

Indeed, the region is facing the crisis amidst structural problems that we have previously pointed out. In this context, we visualize some structural challenges presented by rural areas:

- Extension of social security to rural populations Seasonality, temporary work and a greater presence of self-employed workers and auxiliary family workers than in the urban area pose a barrier to the extension of social security to rural populations.
- Productive transformation of economic units through productivity promotion policies. It is also necessary to consider that the productive units are capable of inserting themselves in formal value chains by complying with quality, health, labour and environmental standards.
- Public policies oriented to rural environments and with innovative approaches. It is necessary to strengthen public policies oriented to rural environments and with innovative approaches. Public policies have an urban bias and mostly do not consider the needs, narratives and challenges of workers and productive units.
- Public-private coordination and articulation to promote public policies for decent work. This is a fundamental issue in order to provide adequate, integral and sustainable services to rural areas.

Such policies contribute to ILO's development objective of promoting social justice through decent work. They must be framed within a national strategy and will require effective support from national authorities for their success, but they must also have a more subnational/territorial dimension.

What recommendations would you give to economies to avoid job destruction, especially for vulnerable groups (informal, women, youth, indigenous, migrants) and/or small producers?

The measures should focus on sustainable actions covering crisis response, reactivation and productive transformation, which will make it possible to tackle the health crisis and gradually improve the structural problems of rural areas. They must also have a territorial approach to contextualise the measures and reduce the urban bias, as well as promote public-private coordination to increase the likelihood of achieving the social and economic objectives that have become more evident at the present time. The agricultural sector is key to food security, playing a strategic role for countries. Now, the level of importance of the non-agricultural sector should not be lower, as it has been observed that it has the same number of workers and in greater proportion in branches categorised at high risk levels.

In this regard, in order to promote decent work in the rural economy of Latin America and based on the analysis of the measures adopted by the countries, some key issues arise that could strengthen the responses to the current situation and the process of economic recovery.

- Saving lives, preventing and mitigating COVID-19 should remain the primary focus. These are useful for both the emergency and economic recovery phases.
- Strengthen measures to maintain or guarantee the functioning of productive units and protect workers in the workplace during and after the COVID-19 crisis, with emphasis on occupational safety and health issues in agricultural and non-agricultural activities.

- Policies to promote temporary jobs through public investment programmes should be encouraged.
- There is a need to extend social protection to rural workers, understanding the particularities of agricultural employment.

Considering the high level of informality in rural employment, according to the study of the effects of COVID-19 on the rural economy of Latin America, by 2019 informal employment represented 76% of rural employment, and agricultural informal employment represented 86%, that is: 8 out of 10 agricultural workers in 2019 were informal workers, so a comprehensive and gradual process of public policies to promote the transition to formality is required. This should consider both the legal issues of formalisation and the inclusion of workers in the social security system, as well as productive development measures that allow for better income levels and sustain the process over time.

- The approach to economic revival must consider the productive transformation of rural productive units.
- Promote national and local initiatives to identify and eliminate bottlenecks affecting productivity and the capacity to generate formal employment and decent work in the value chains linked to the rural economy.
- Capacity building and technical and vocational training for both young men and women to improve the future of work.
- The most important challenge must be a transformation of agriculture, which means moving from traditional to inclusive and sustainable modern agriculture.

How do you see the incorporation of greater digitalisation of employment, teleworking, etc., in economies in general and specifically in the agricultural sector, in rural areas where access to digital tools is more limited?

The crisis is beginning to shape many changes in the world of work, and is acting as an accelerator of trends that are very likely to be permanent. For example, many sectors have readjusted their production and operating system by promoting, among other things, teleworking and the digitalisation of certain production processes during the confinement phase. There is also a transition from face-to-face classroom teaching, training and education to online or distance processes. E-commerce shows an important dynamism, especially in urban areas.

In general, technological advances (artificial intelligence, automation and robotics), are transforming the world of work; however, the limited education, digital gaps and limited productive and social infrastructure (in terms of coverage and quality) in rural areas, strongly limit the possibility of taking adequate advantage of these technological advances.

Despite the advances in infrastructure for internet use and access in Latin America and the Caribbean, problems persist in relation to quality (connection speeds) and equity in internet access (differences according to geographical location and the socio-economic situation of the population).

Thus, a 2020 ECLAC study establishes that economic condition, age and geographic location limit access to connectivity. The access gaps between higher and lower-income households are significant. Access to digital platforms – for example, teleworking – is not affordable for the entire population. Neither are e-commerce or the digitalisation of productive units, especially in rural areas.

Although the agricultural sector is at medium-low risk of contagion due to the characteristics of work in the countryside, rural dynamics have been changing, the economic structure is evolving and activities that were previously typical of urban areas are gaining ground in rural spaces (non-agricultural rural economy). Technological advances should therefore be a mechanism for transforming the way we work and produce, but this is limited by the weakness of infrastructure and access to digital technology, making public policies to reduce education, digital and infrastructure gaps indispensable.

If you had to give three suggestions on how to boost the quality of rural employment, what would they be?

Considering the high level of informality in rural employment, a comprehensive and gradual process of public policies is required to promote the transition to formality. Three suggestions could be offered, considering that they will always be insufficient for the promotion of decent work in rural areas.

- There is a need to extend social protection to rural workers, understanding the particularities of agricultural employment. Strengthen cash transfer mechanisms with a greater social and economic focus. The seasonality of agricultural employment and the large proportion of self-employed rural workers pose

challenges for the extension of social security coverage, so innovative designs, such as quota affiliations for agricultural self-employment, should be developed. Unemployment insurance, whose coverage was extended in Uruguay, could be considered an example of social protection for workers.

- The approach to economic recovery must consider the productive transformation of economic units. The benefits of this transformation could be very high, given the growth potential of rural economy in Latin America, particularly in activities such as agriculture, livestock, forestry, aquaculture and tourism. The challenge here is to identify productive units and help them in their process of formalisation and insertion into value chains. This undoubtedly takes time, and many productive units cannot do it by themselves. Not because they are not capable to do so, but because they require public policies for productive development that promote association, research and extension, financing, business management and skill training for companies to overcome the quality obstacle and, specifically, make the leap to become reliable suppliers in national and international value chains with quality, health, labour and environmental standards.
- Capacity building and technical and professional training for the improvement of the future of work imply public policies that promote the connection of technical training with job training to improve quality standards in production. The challenges of these measures should encourage the participation of women in the labour market, as well as young people, and encourage women to train in STEM careers, in areas of technology, science and mathematics.

Finally, the key message is that urgent measures are essential to save lives and keep productive units running, but this should not mean neglecting the important, structural problems. To meet this challenge of generating decent work in the rural economy, it is imperative to start a process of productive transformation.

6. Resources

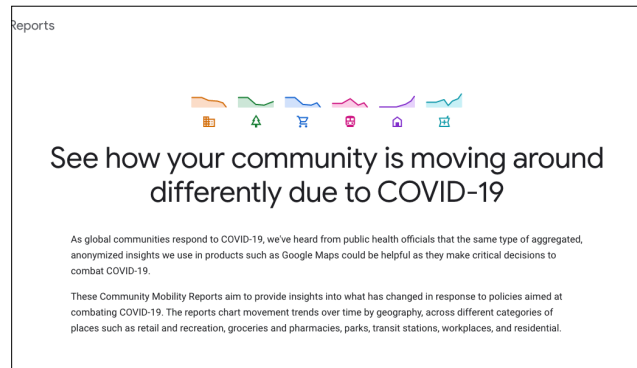


In this section, we provide you with platforms and sources that complement the information contained in this edition of the bulletin.

Google LLC

Local mobility reports on COVID-19
<https://www.google.com/covid19/mobility/>

While the pandemic lasts, Google is making reports available so that authorities can observe changes in people's mobility as a result of the policies that have been established to combat COVID-19.



Oxford University

Coronavirus Government Response Tracker
<https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker#data>

A tool that collects information on policy responses that governments have adopted to face the pandemic. It contains data from 180 countries; 17 indicators, such as school closures and travel restrictions, are analysed.



ILO

Labour Overview at the time of COVID-19: impacts on the labour market and income in Latin America and the Caribbean
https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_749659.pdf

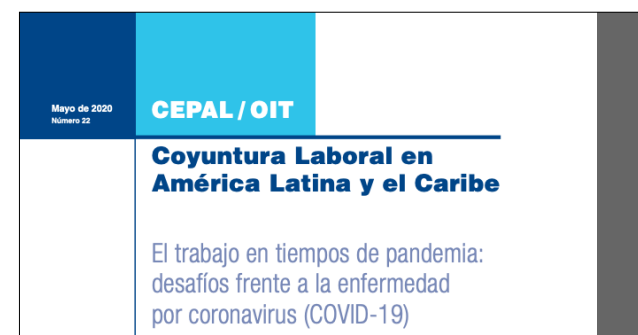
This document presents the unprecedented impacts that are being observed in the labour market, such as net loss of employment and hours worked, among others.



ECLAC and ILO

Employment situation in Latin America and the Caribbean May 2020. Work in times of pandemic: the challenges of the coronavirus disease (COVID-19)
https://repositorio.cepal.org/bitstream/handle/11362/45557/4/S2000307_es.pdf

Published twice a year. This edition analyses the effects of the pandemic on employment and the policies implemented by countries to protect formal and informal employment, safeguard incomes and protect the productive sector.



ILO

ILO Monitor: COVID-19 and the world of work. Fifth edition
https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_749399.pdf

This report includes revised estimates of the extent of the labour market disruption created by the pandemic in the first half of 2020. It also provides three scenarios for the recovery phase in the second half of the year.



ILO

Practical guide to the prevention and mitigation of COVID-19 in agriculture
https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_743667.pdf

This guide aims to provide practical guidance for the prevention and mitigation of the transmission of COVID-19 in agricultural activities.



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