

► PES challenge and innovative actions

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Contents

- I. How has the pandemic affected the world of work?
- II. Where are fault lines and what needs to be done?
- III. The role of PES: new challenges and innovative actions

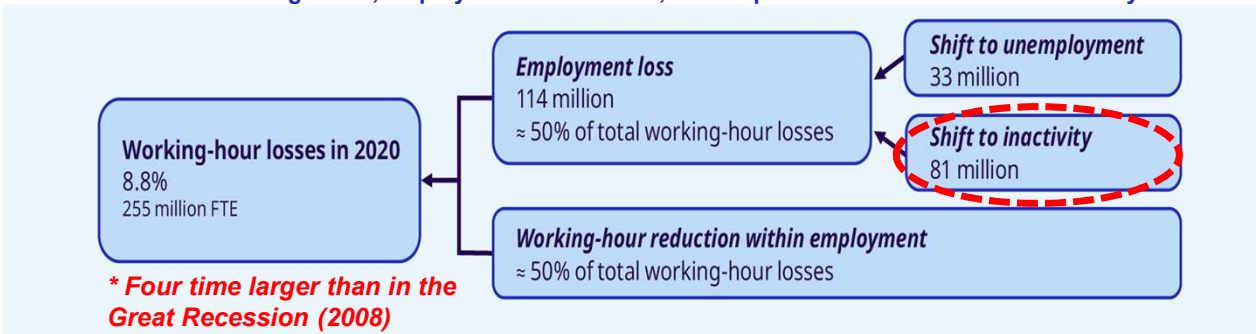
I. How has the pandemic affected the world of work?(1)

3

Three key features in 2020

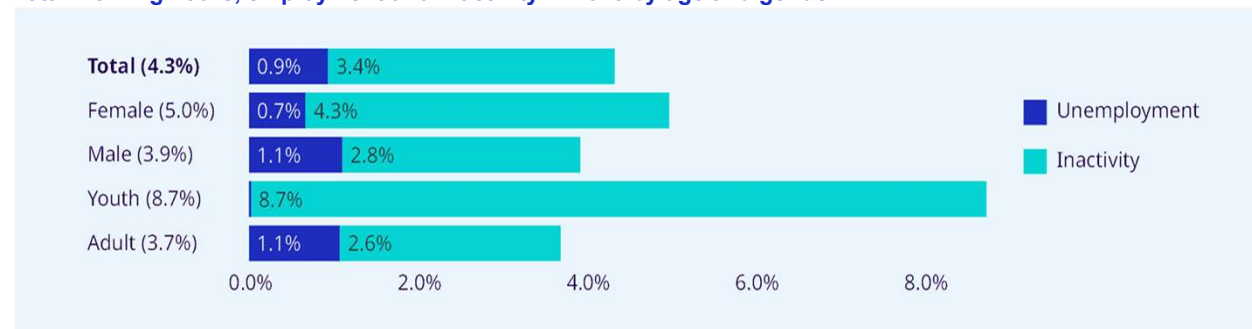
1. Devastating

Massive losses in working hours, employment and income, with unprecedented increases in inactivity in 2020



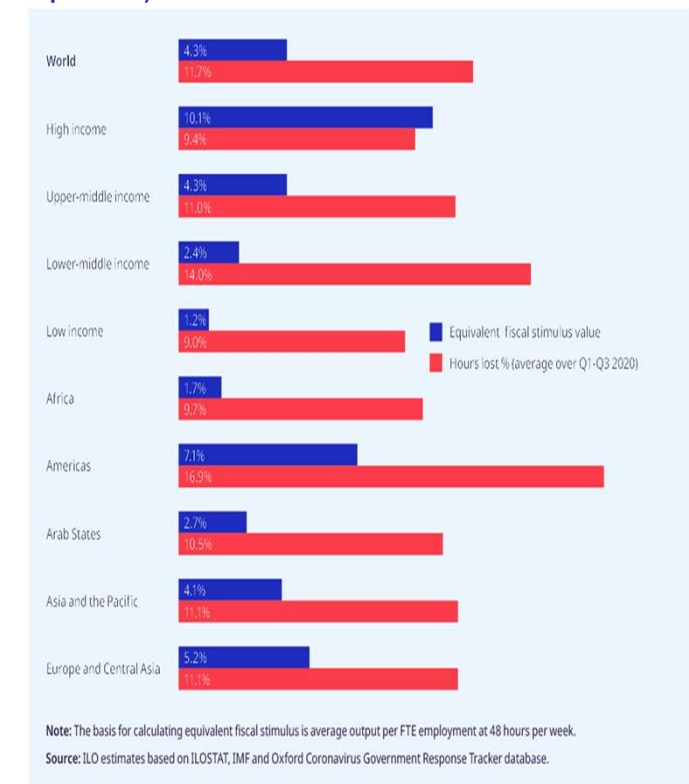
2. Disproportionate: women, youth, informal, low-skilled

Total working hours, employment and inactivity in 2020 by age and gender



3. Uneven responses

Working-hour losses vs. fiscal stimulus (working-hour equivalent) in Q3 2020



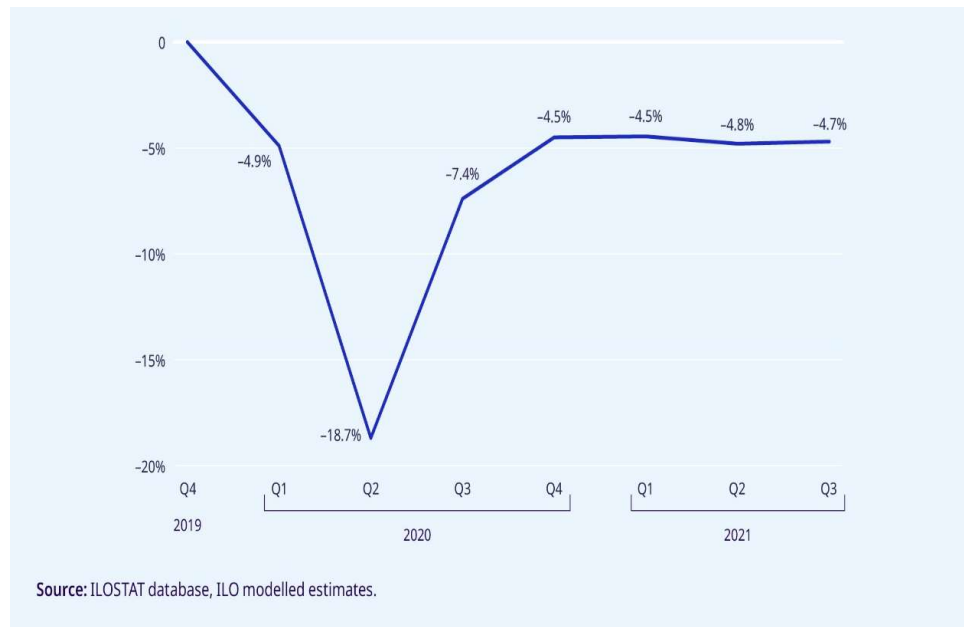
I. How has the pandemic affected the world of work?(2)

4

And, in 2021, global recovery has stalled, with great divergence

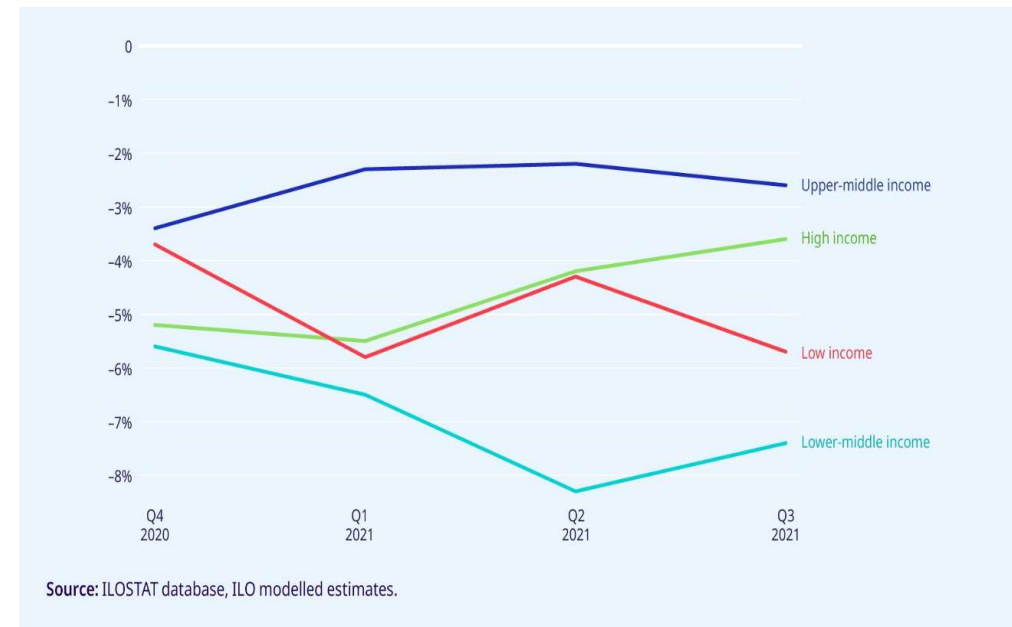
Little recovery since Q4 2021¹

Working-hour losses, relative to Q4 2019



Diverging trends between developed and developing world

Working-hour losses, relative to Q4 2019



Diapositive 4

1 Mwasikakata, Michael; 17-02-22

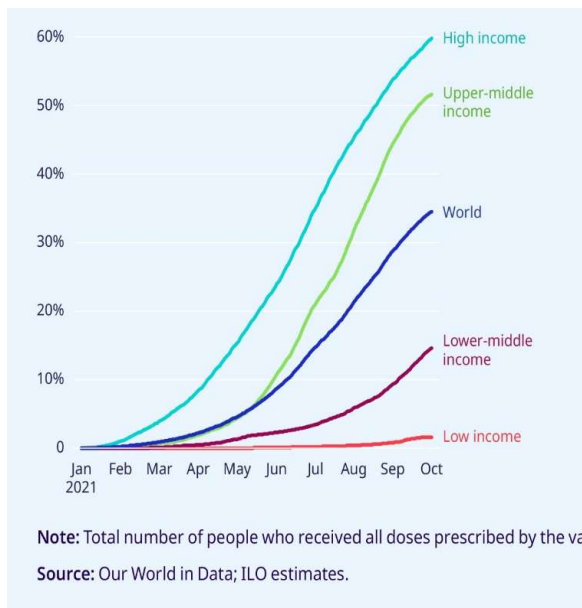
II. Where are fault lines and what needs to be done? (1)

5

Two fault lines: Vaccination and fiscal stimulus

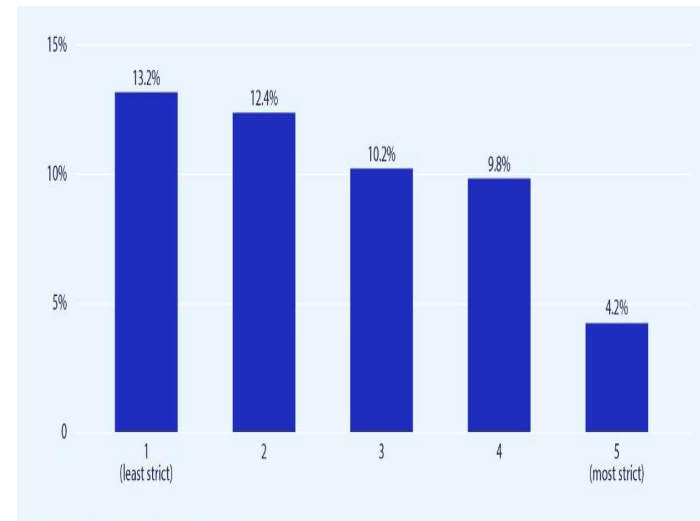
Vaccine divides the world

Share of population fully vaccinated against Covid-19 (%)



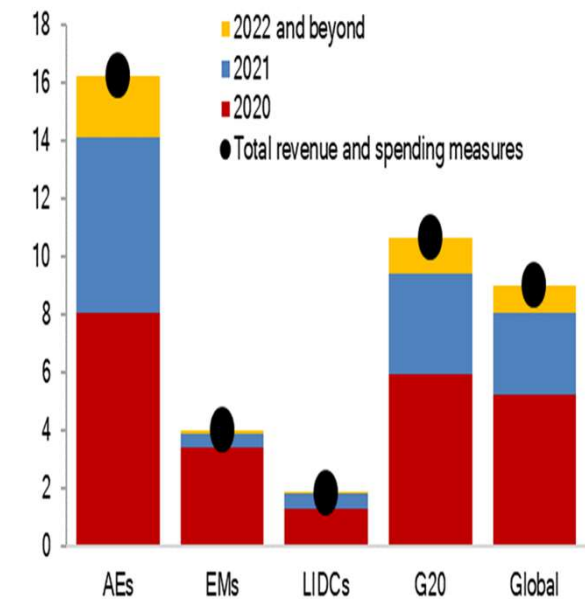
The higher vaccination, the less stringent workplace restriction

Average vaccination rate by workplace closure stringency (%)



Fiscal stimulus is skewed to advanced economies

% of GDP (IMF, *Fiscal Monitor 2021*)

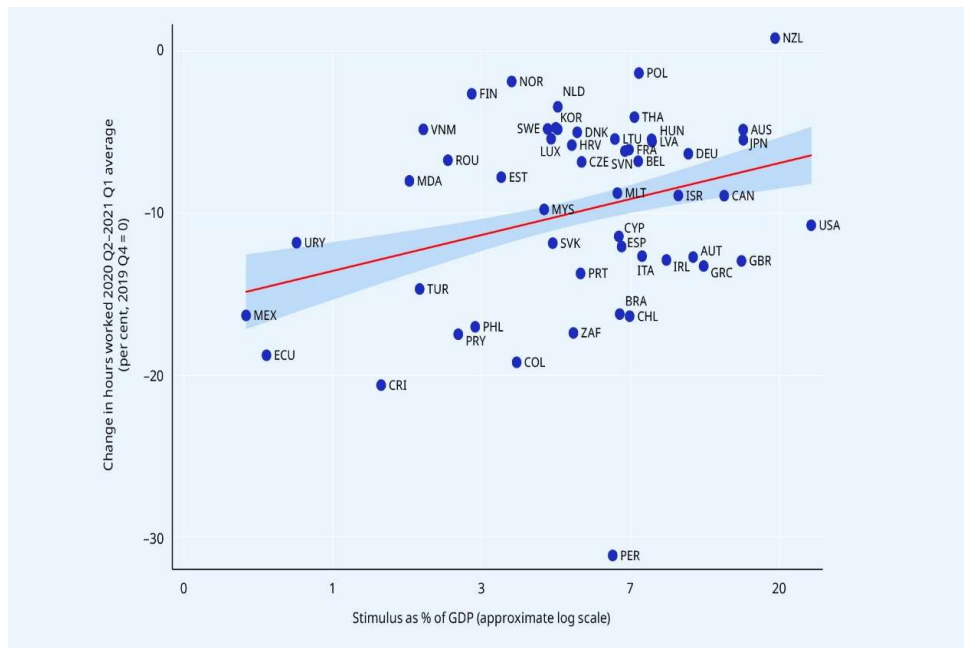


2. Where are fault lines and what needs to be done? (2)

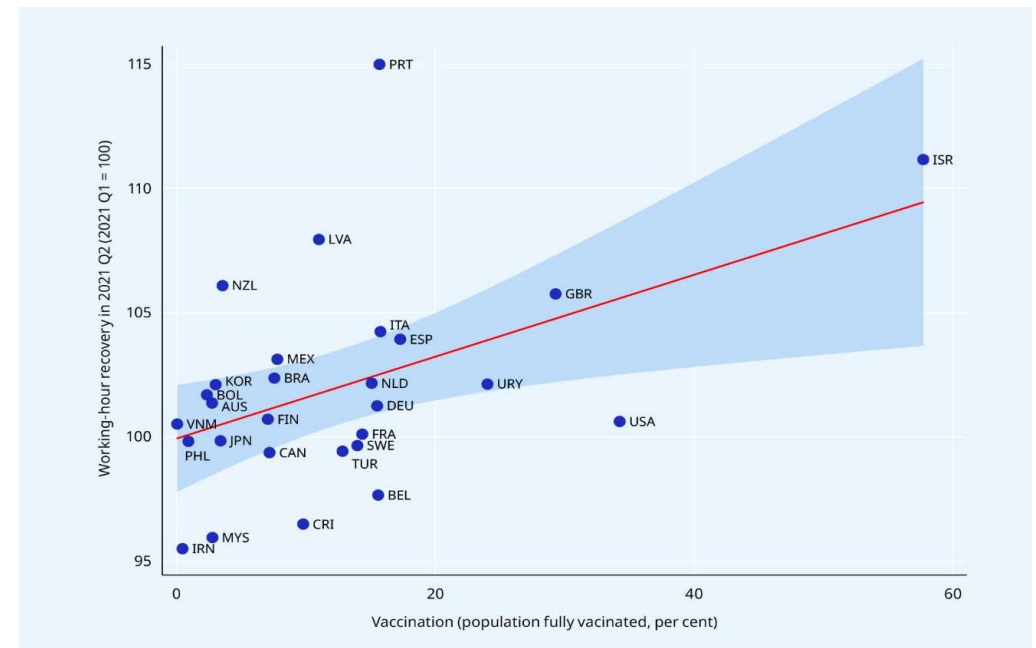
6

Two fault lines: Vaccination and fiscal stimulus

Fiscal stimulus of 1 % of annual GDP is positively associated with 0.3 pp in working hours (after others being controlled)



Vaccination rates: 10 pp increase is associated with 1.9% increase in working hours (52 million full-time jobs) (after others being controlled)



2. Where are fault lines and what needs to be done? (3)

7

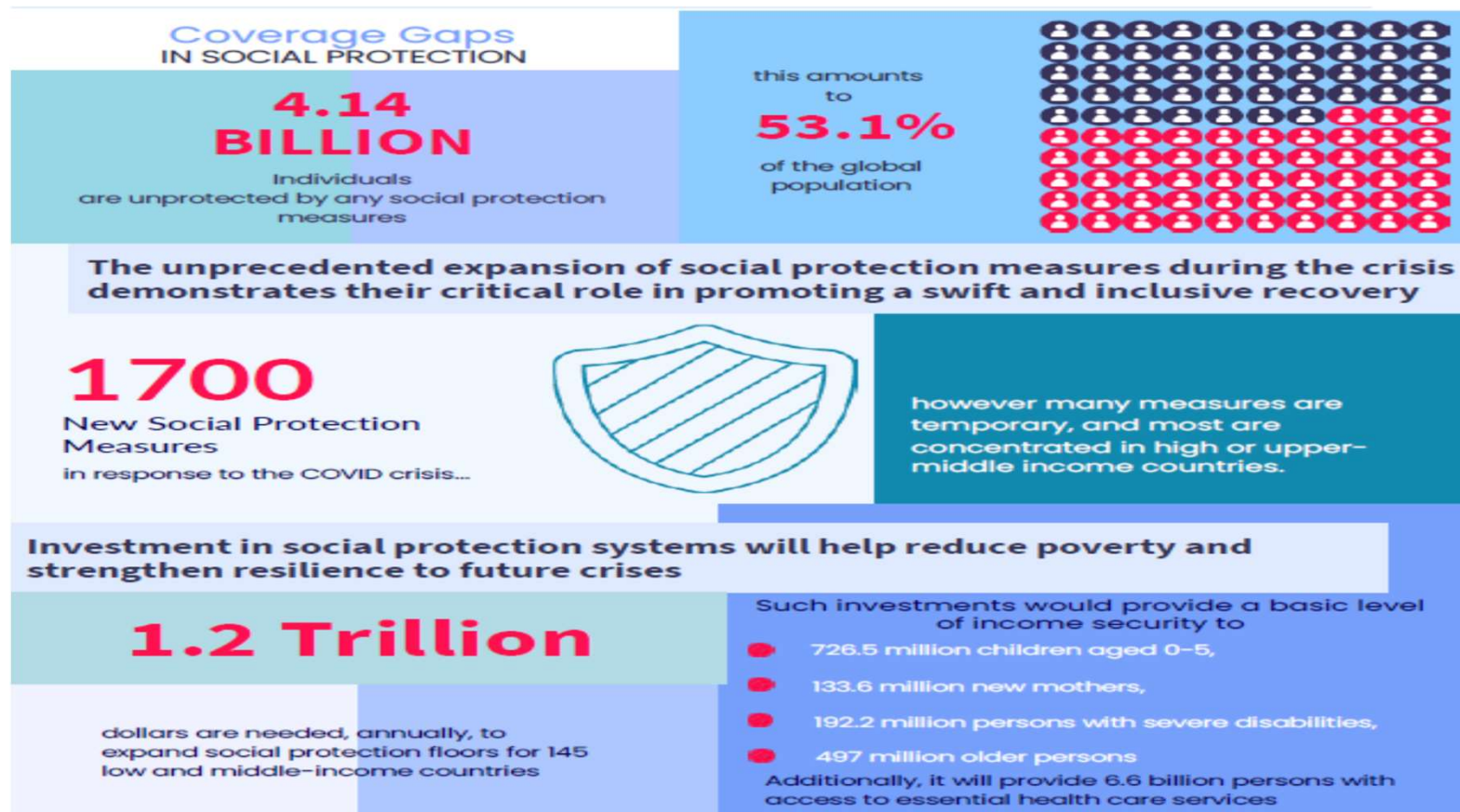
Policy gaps: How can we manage a transition with large scale of job destruction and creation? (e.g. Just transition; ILO's 2019 simulation)

Potential job growth



II. Where are fault lines and what needs to be done? (4)

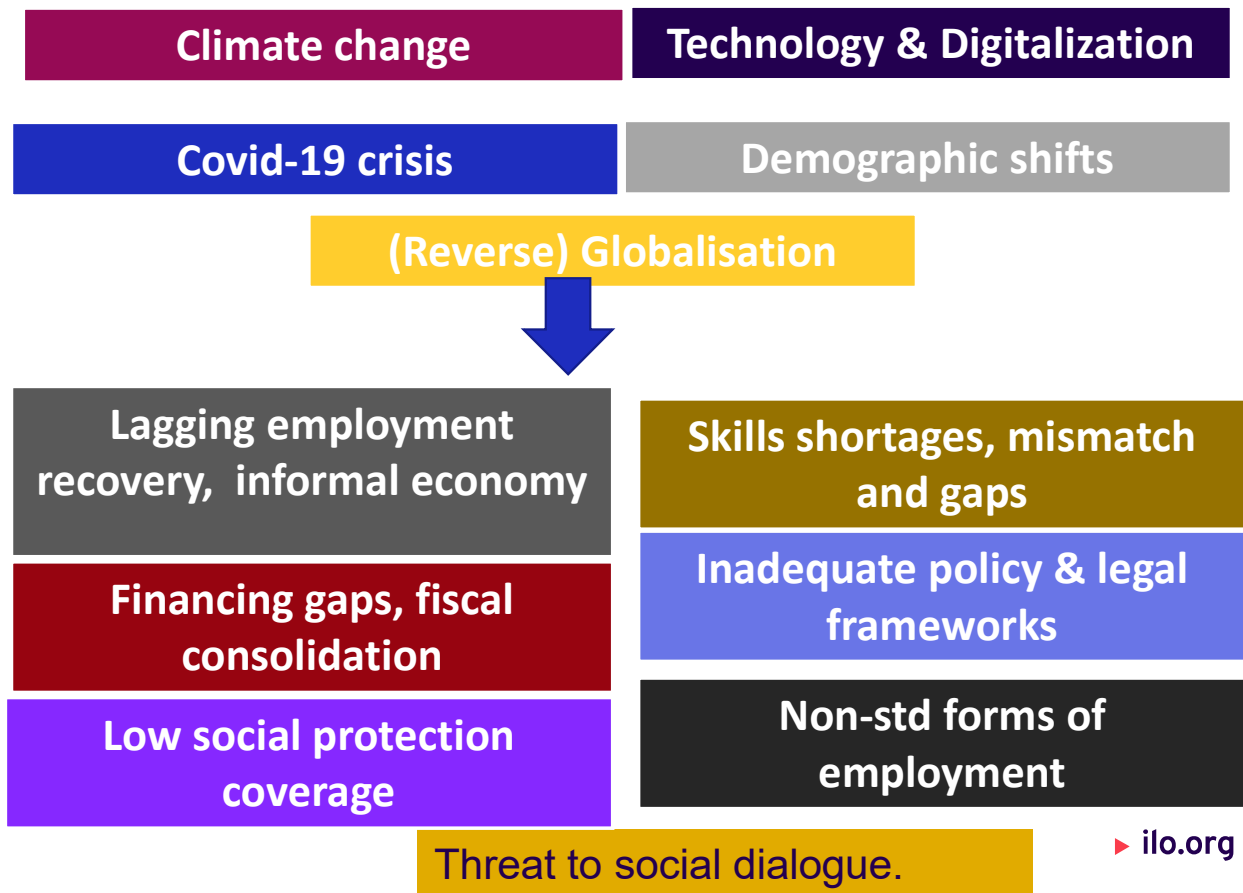
Policy gaps: What about social protection? – better than before, but gaps remain large



III. The role of PES: new challenges and innovative actions (1)

Challenges for PES: *How can PES support transformation and transition?*

PES need to adapt to remain relevant, help workers survive and navigate transitions and support recovery and growth

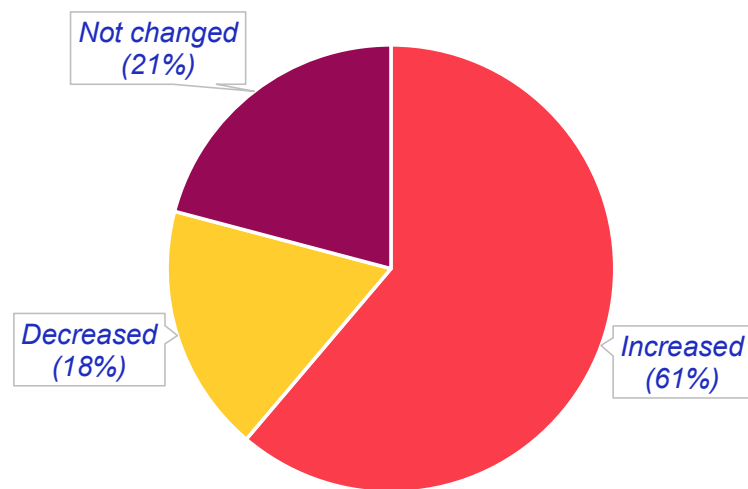


Stronger active labour market policies, with better linkages with income support

- Income support measures maintain living standards, prevent households from falling into poverty and help people take up ALMPs.
- Active labour market policies (ALMPs) increase the quantity and quality of available jobs
- Integrating income support and ALMPs, in a gender-responsive manner, can create synergies, which improve medium to long-run employment effects, enable people to better navigate life and work transitions throughout the life course
- Ensure that the needs of and barriers faced by income support recipients are taken into account in the application of mutual obligations to prevent perverse integration outcomes, especially for disadvantaged groups
- ALMPs & income support need to be complemented by more comprehensive policies (macroeconomic policies, structural transformation, formalization of informality, etc.) that favour individuals' full labour market participation
- Financing for ALMPs and income support need to be stepped up, withdrawal of temporary measures should be commensurate with recovery in economic activity
- Appropriate and agile regulatory and policy frameworks are necessary to adapt to changing labour market conditions

PES in action: Highlights from the 2021 PES Survey

**Majority of PES budget increased,
between 2019 and 2020**



The largest increase being in *income support, ALMPs and PES operations*

Service integration is increasing (%)

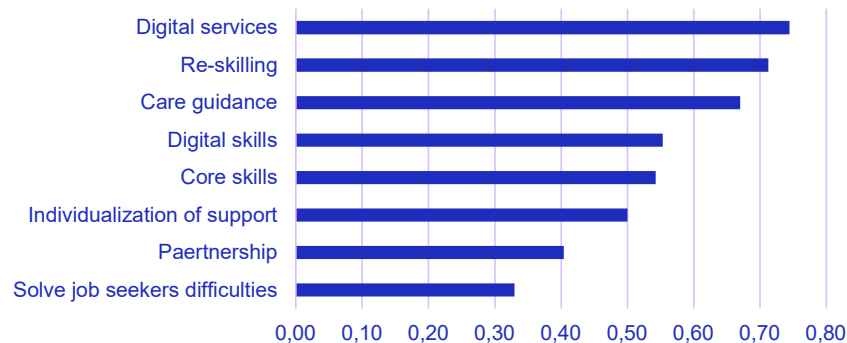


Skills development where PES's role is critical

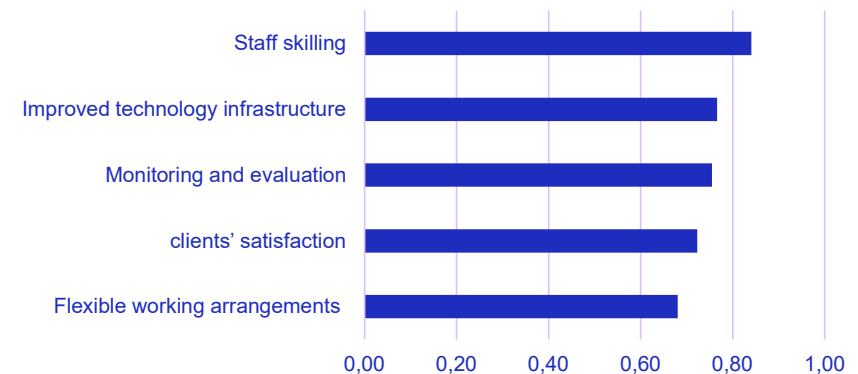
- Technology, just transition and covid-19 impact are shifting labour demand and skills required.
- Smooth reallocation of resources to the most productive activities, helping workers in the transition process and closing the digital divide for firms and households are key.
- Upskilling and reskilling are crucial. PES play a critical role.

PES emphasized skills development, career guidance, and individualised support services

Service orientation/approaches due to covid-19



Skills, tech & M&E are service enablers



Source: ILO/WAPES PES Survey, 2021

III. The role of PES: new challenges and innovative actions (5)

PES for a human-centred recovery

**PES need to invest in
future-of-work capacities
to deliver successful transitions**



**Integrated policy
interventions**

**Strong links with social
protection mechanisms**

**Digitalization of service
delivery and operations**

Co-design of journey maps

Building resilience

Effective social dialogue