

SDG DECADE OF ACTION
TRADE UNION POLICY RESPONSES

SDGs FOR RECOVERY AND RESILIENCE

CASE STUDIES: GHANA,
NIGERIA AND ZAMBIA

TIME FOR 

**THE CLOCK IS TICKING
FOR A NEW SOCIAL CONTRACT**



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SDGS FOR RECOVERY AND RESILIENCE

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www.ituc-csi.org/sdgs-for-recovery-and-resilience-in-africa

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FOREWORD

The COVID-19 crisis has been a hard hit to Africans across the continent. Although, the impact of the pandemic has not been as catastrophic as initially anticipated, the economic and social consequences that ensued from global and national lockdowns have been added to the terrible effects on health and the number of lives lost. The impact of the crisis on jobs and livelihoods have amplified the effects of the pandemic and caused poverty levels to rise across the region.

Building recovery and resilience from the COVID-19 crisis is a top priority for trade unions all over Africa. ITUC-Africa affiliates have been at the forefront of responses to the crisis. Through their initiatives that go from workplace actions consisting in the distribution of personal protective equipment and sanitisers, to engaging in collective bargaining with their employers, they have ensured that occupational health and safety is upheld and contributed to saving jobs, lives and livelihoods. Trade unions have also engaged in social dialogue with their governments with concrete proposals for recovery plans based on the Sustainable Development Goals (SDG) with social justice at the centre.

This research shows the importance of putting forward SDG centred recovery and resilience strategies based on an analysis of government responses to the pandemic in three countries: Ghana, Nigeria and Zambia. SDG 8 on decent work and inclusive and sustainable economic growth needs to be at the core of these strategies to ensure that the recovery process benefits all Africans and especially those that have, throughout the years, been left behind. African trade unions will continue in the frontline of this struggle to ensure that we build forward better together for all.

Kwasi Adu-Amankwah

General Secretary - African Regional Organisation of the International Trade Union Confederation (ITUC-Africa)

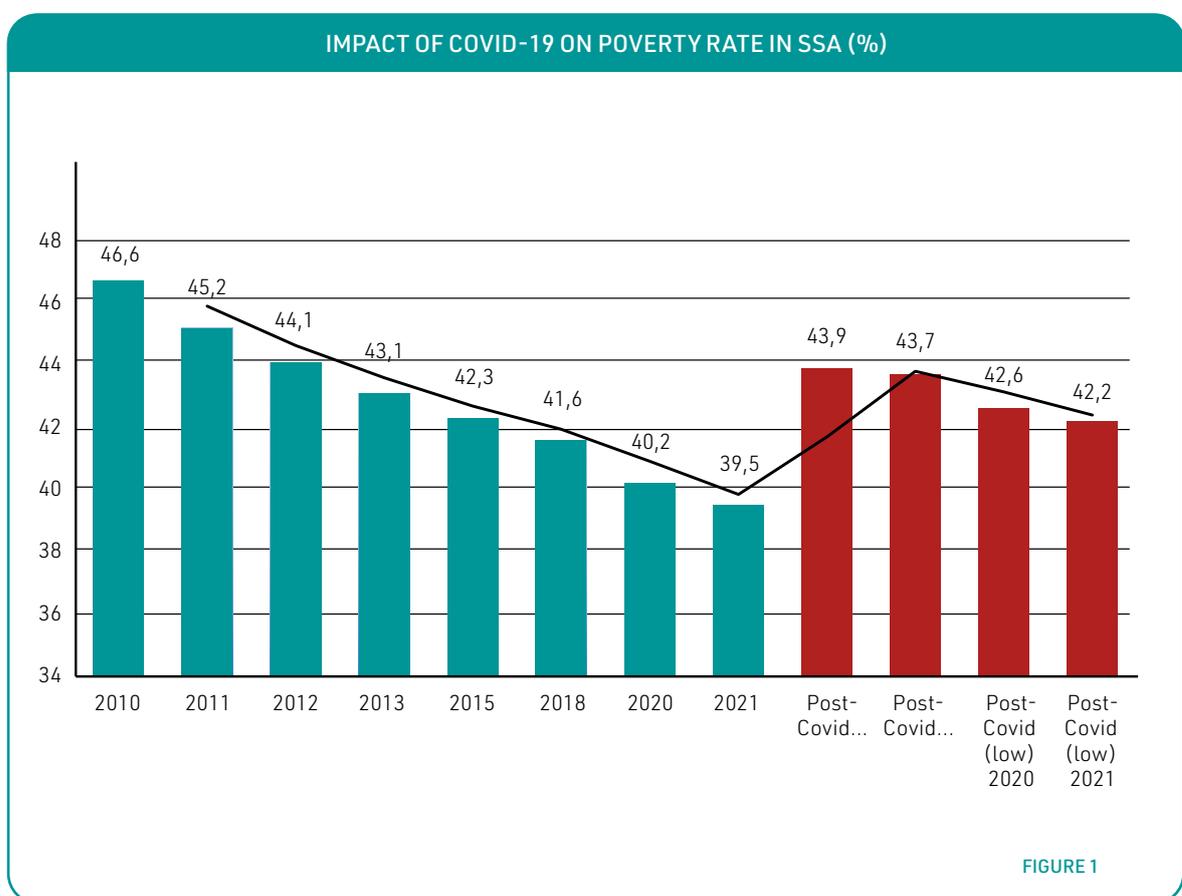


INTRODUCTION

In this report, we look at the novel coronavirus pandemic and its impact on the economy of three countries in Africa. The report addresses the slowdown in economic activities and the expected contraction of African economies, the fast disappearance of jobs and livelihoods, supply chain disruptions and how all of these impact the implementation of the Sustainable Development Goals (SDGs). Importantly, the report screens governments' responses to the pandemic in the context of Agenda 2030 and puts forward policy recommendations to governments and development partners for effective responses to build recovery and resilience from the crisis.

1. THE SOCIO-ECONOMIC IMPACT OF COVID-19 IN AFRICA IN RELATION TO THE 2030 AGENDA AND SDG 8

Many countries in Africa were already behind in meeting the 2030 Agenda,¹ the continent was not on track to achieve the goals.² In particular, the employment- and poverty-related goals and targets stand compromised because of COVID-19. Global poverty numbers are projected to rise for the first time since 1990 according to the United Nations. Between 35 and 60 percent of the global population could be pushed into extreme poverty. The UN Commission for Africa projects that three million more Africans could become poor because of COVID-19.³ In a World Bank blog⁴, Dabalen and Paci estimate that in the most optimistic scenario, the poverty numbers will increase by 13 million.

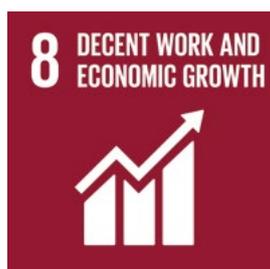


Source: World Bank blog, Dabalen and Paci (2020)

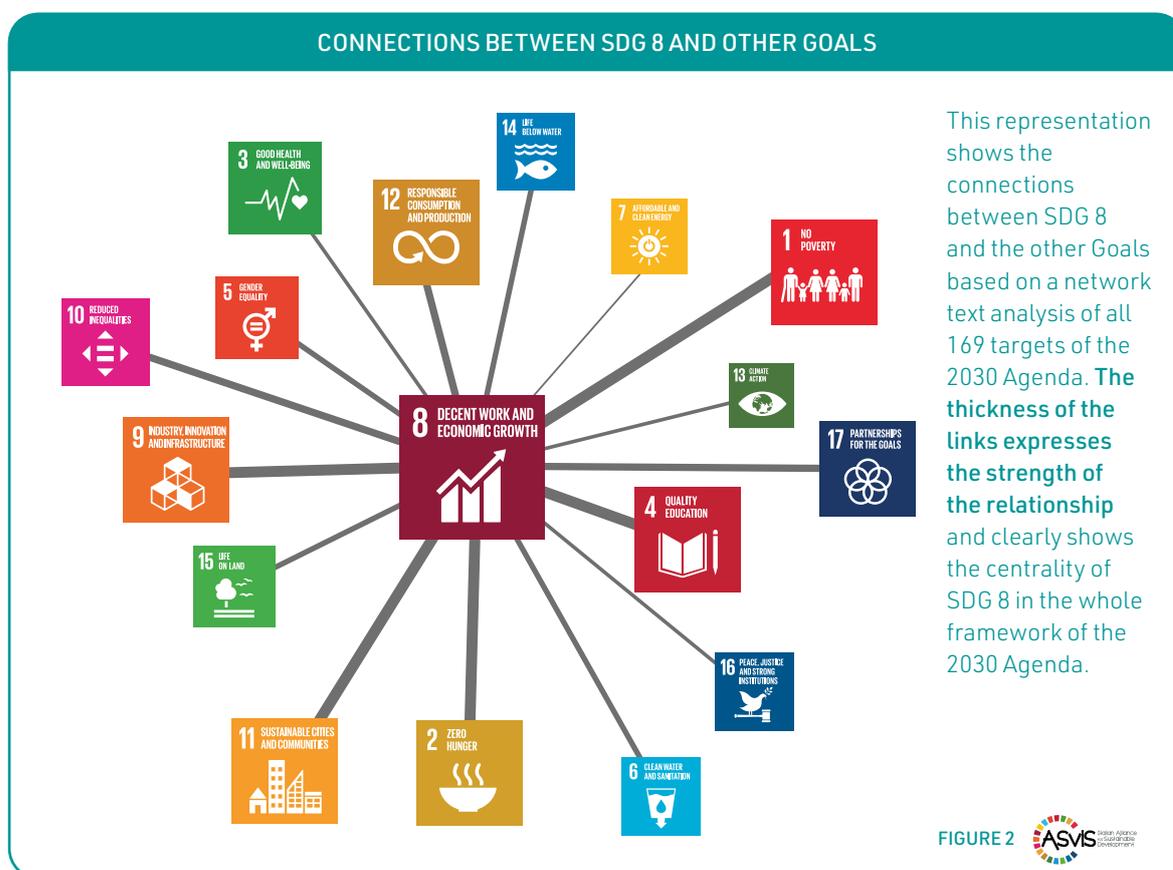
1.1 SDG 8: Promote inclusive and sustainable economic growth, employment and decent work for all

SDG 8 on decent work and inclusive growth is of crucial importance in building recovery and resilience from the crisis in ways that are environmentally, socially and economically sustainable. SDG 8 is a multidimensional goal in itself, comprising achieving sustained per capita economic growth, higher productivity and development-oriented policies that support productive activities, decoupling productivity from environmental degradation, formalisation and full and productive employment and decent work for all. As such, SDG 8 has a central role in the overall Agenda 2030, based on its multiple interrelations with other SDGs.⁵

Main SDG 8 Targets:

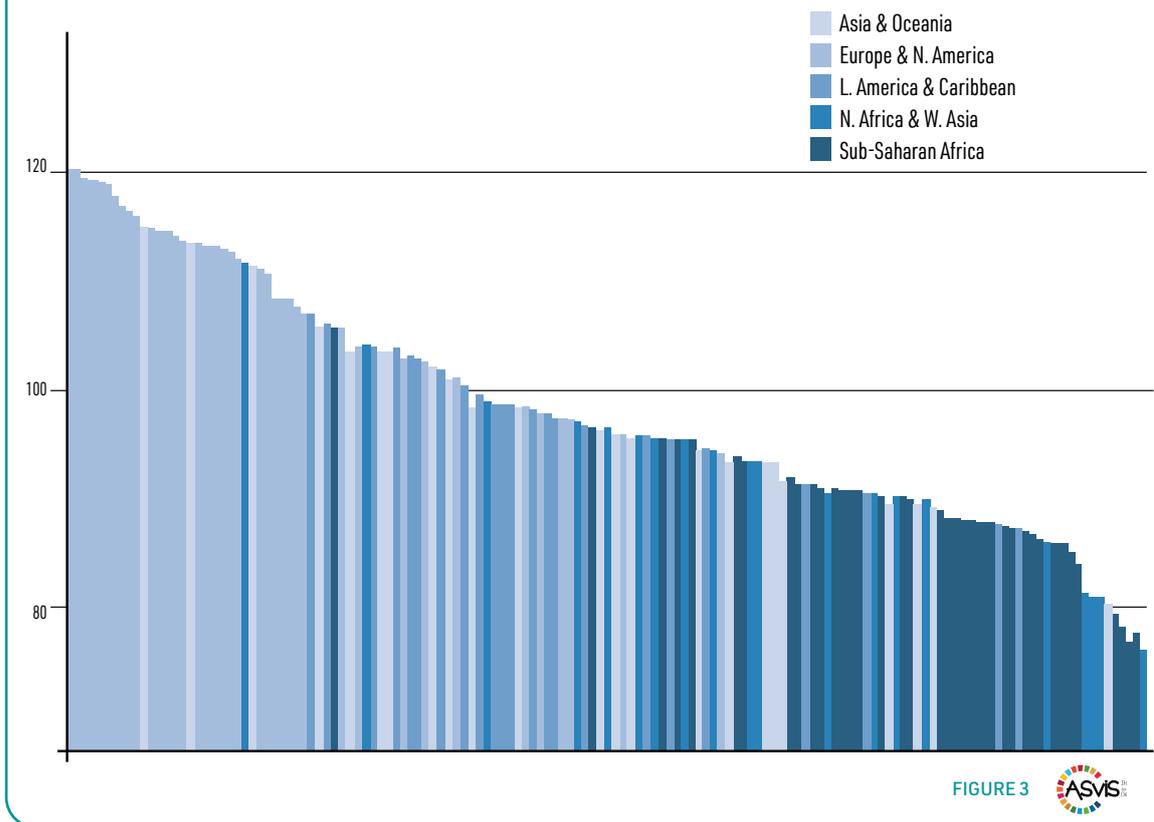


- 8.5.** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.2.** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value-added and labour-intensive sectors.
- 8.3.** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- 8.4.** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.



The ITUC SDG 8 Monitor⁶ shows progress in attaining the SDGs, building on the driving power of SDG 8. The graph below shows the results of the SDG 8 composite indicator by UN regions before the pandemic.

RESULTS OF SDG 8 COMPOSITE INDICATOR BY UN REGIONS



Almost all regions perform below the world average (100)⁷ with North Africa and the Middle East, and Sub-Saharan Africa having the poorest performance. Even the largest economies like Nigeria, South Africa or Egypt, all perform below the world average. This means that the African continent was not on track to achieve SDG 8 and the 2030 Agenda, and nor was the rest of the world. Although wealthier regions like North America and Europe are better placed, they still have a long way to go to achieve sustainability despite their good performances in terms of GDP or GNI per capita.

1.1.1 Economic growth

COVID-19 as a health crisis has mutated rapidly into an economic crisis, having reduced economic activities, disrupted production and cut demand across countries. In the best-case scenario, the Economic Commission for Africa (ECA) projects growth of 1.8 percent for Africa for the year 2020. But the Commission says **growth could actually contract by 2.6 percent** in the worst case. The World Bank projects slightly higher growth contraction of 2.8 percent for the region. This compares to an economic growth of 2.2 percent in 2019.⁸

The decline in growth represents a decline in income. It will shrink the resource envelope, and possibly curtail spending on programmes that benefit the poor and pull them out of poverty (spending on education, health and social protection). According to the United Nations Conference on Trade and Development (UNCTAD), **Africa will experience a decrease in public revenues of about 5 percent in 2020**. Africa will be losing between US\$36 billion and US\$54 billion in export revenues.⁹ Oil-exporting countries and those reliant on tourism are also the ones where revenues will decrease the most.

Across the region **fiscal deficits will increase to a projected 7 percent in 2020**, up from 4.3 percent in 2019.¹⁰ The fiscal deficit will be greater for oil-importing countries (-7.7 percent), compared to countries that export oil (-5.8 percent). Middle-income countries (-8.1 percent) are expected to record higher deficits compared to low-income countries (-4.0).¹¹

Public debt is expected to rise because of the revenue-expenditure gap. After falling to 32 percent in 2008 following the implementation of the Heavily Indebted Poor Countries Initiative (HIPC), **Africa's debt stock as a proportion of GDP rose to 57.6 percent in 2019**.¹² The pandemic is set to worsen the debt situation.

The closure of borders and the internal controls on mobility went along with massive **disruptions of supply chains** not only in Africa but also around the world. A substantial part of Africa's exports are destined to Europe and China. The closure of production and retail units in these locations reduced demand for Africa's exports. According to the chairman of the Banana Producers Association of Ghana, the collapse of the banana spot market in Europe following the closure of schools and restaurants adversely affected demand for their export to Europe.¹³ The reduction in demand brought down the prices of Africa's exports, affecting several commodities. By April 2020, oil prices had dropped by 33 percent. Similarly, minerals and metals experienced price falls of about 10 percent.¹⁴

Accordingly, **Africa's exports are projected to fall by 8 percent** while imports will dip by 16 percent in 2020.¹⁵

The pandemic is also disrupting supply chains of the future. Globally, **foreign direct investment (FDI) is expected to decrease by 40 percent in 2020**. Africa will see FDI decline by between 25 and 40 percent. This will affect productive capacity across board but more so in Africa, where foreign capital dominates natural resource extraction and has also become critical to recent attempts at industrialisation. The continent is also on course to experience significant outflows, as many investors either postpone or cancel planned investments, given the uncertainties over COVID-19.

The other way in which COVID-19 could transform supply chains of the future is the widespread innovations that have emerged around the continent in response to the pandemic. The closure of borders, restrictions on exports of essential products and the necessity forced on poor countries to fend off the pandemic on their own appear to have boosted confidence in domestic solutions and strengthened sentiments against trade in particular and globalisation in general.

1.1.2 Employment and livelihoods

COVID-19 is expected to exacerbate the already precarious employment situation in Africa. **The continent had lost the equivalent of 60 million full-time jobs at the end of the first half of the year.**¹⁶ That represents a loss of 15.6 percent in working time, up from 1.9 percent recorded in the first quarter of the year. The losses were higher in North Africa (21.2 percent) compared to Sub-Saharan Africa (14.5 percent). Within Sub-Saharan Africa, Southern Africa (20.3 percent) had the highest decline in jobs while Western Africa (13.9 percent) had the least. The use of lost working hours instead of actual jobs/employment lost reflects the unique nature of COVID-19 and the uncertainties it has occasioned for workers and enterprises. Many workers still have a job or are employed, but they are not working due to the closure of their workplaces. Those that have lost their jobs and are available for new jobs are unable to go out to seek work because of the restrictions on movement. Such workers have been classified as inactive, swelling the ranks of the inactive population.

Regardless of the standard of measurement, COVID-19 has severely affected jobs in Africa as elsewhere. According to the African Union (AU), **20 million jobs are at risk of being lost on the continent in 2020 because of COVID-19.** The Economic Commission for Africa is predicting a slowdown in growth of job creation in the formal economy by 1.4 percent. This will increase informal and vulnerable employment, which currently stands at more than 60 percent for men and 75 percent for women.¹⁷

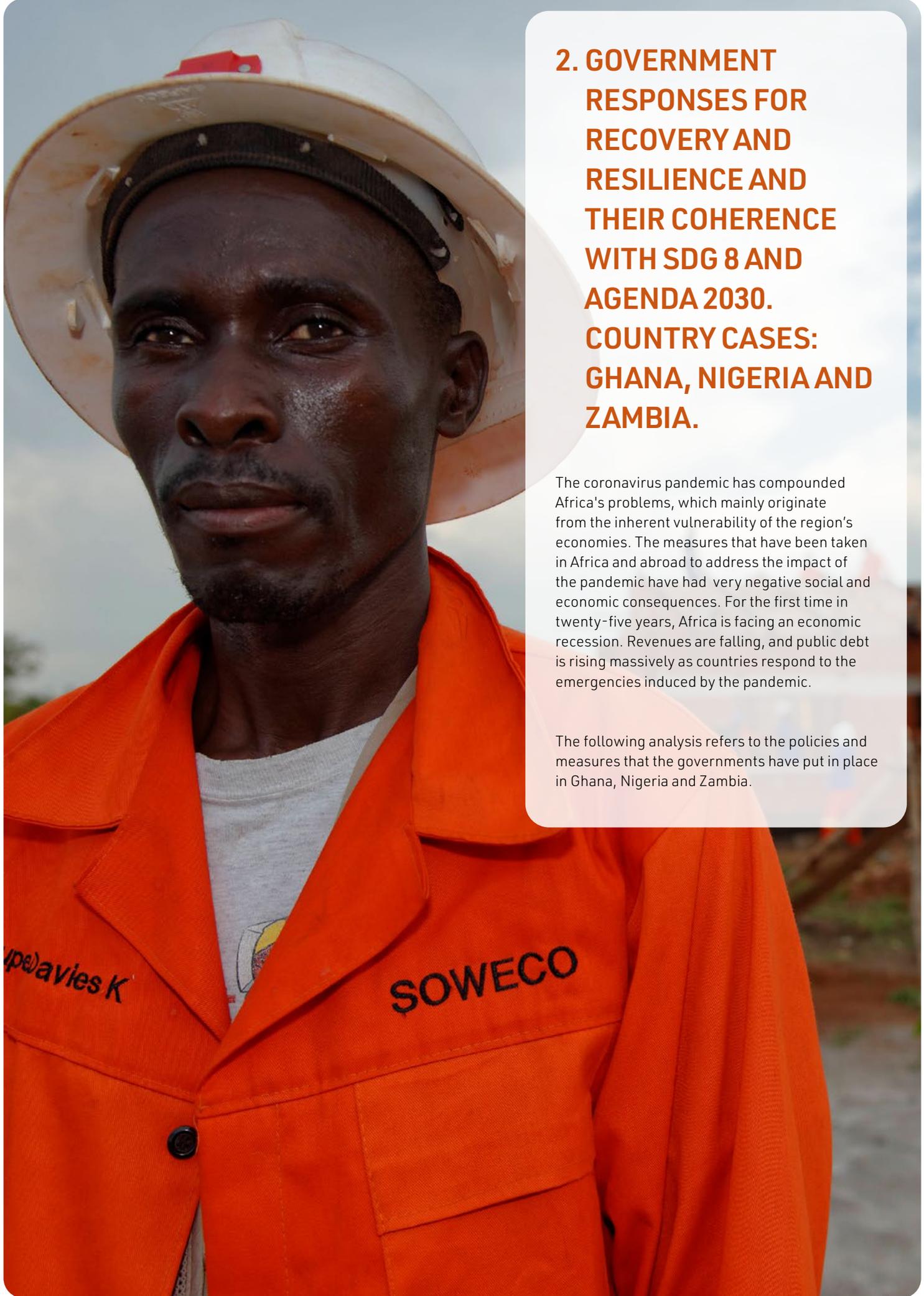
Across Africa, **informal workers remain the most subject to the ravages of COVID-19** and the measures to combat it. Informal employment accounts for nearly 86 percent of the employed.¹⁸ The vast majority of informal workers are self-employed. Lacking a regular source of income and low capacity for savings, many informal workers live from hand to mouth. Restrictions on movement significantly reduced demand for the goods and services offered by the informal sector workforce.

Employment losses translate into **income losses**. According to the ILO, in the very first month of rollout of containment and mitigation measures, **earnings of informal workers in Africa declined by an estimated 81 percent.**¹⁹ At the same time, domestic price inflation has been on the rise following disruptions to production and distribution networks wrought by pandemic measures. The panic buying that ensued across Africa following news of eminent lockdowns further pushed up prices. Without access to income replacement in the forms of social protection informal workers with little or no savings became severely impacted.

A street vendor (Mrs Kikelomo Giwa) in Lagos captured the difficulty of informal workers in the following words:

*"The worst thing has been the increase in price. It's harder for market traders to buy produce, and it's harder for clients to buy more. When the lockdown first started, it was very difficult. There was little production, and no goods were coming in."*²⁰

Women and young people are the most affected by the pandemic. The sectors that are most impacted by the pandemic, such as retail trade, accommodation and food services and domestic work are also the sectors where women are concentrated. Women, for instance, constitute between 60 and 70 percent of workers in the care sector, where work has almost ground to a halt. Some domestic workers in Kenya have been made redundant, as their employers have been confined to their homes while others have had their contract terminated.²¹ Young people are over-represented in the sectors most affected by the pandemic.



2. GOVERNMENT RESPONSES FOR RECOVERY AND RESILIENCE AND THEIR COHERENCE WITH SDG 8 AND AGENDA 2030. COUNTRY CASES: GHANA, NIGERIA AND ZAMBIA.

The coronavirus pandemic has compounded Africa's problems, which mainly originate from the inherent vulnerability of the region's economies. The measures that have been taken in Africa and abroad to address the impact of the pandemic have had very negative social and economic consequences. For the first time in twenty-five years, Africa is facing an economic recession. Revenues are falling, and public debt is rising massively as countries respond to the emergencies induced by the pandemic.

The following analysis refers to the policies and measures that the governments have put in place in Ghana, Nigeria and Zambia.

Ghana

On the ITUC SDG 8 composite indicator, Ghana scored 96.68, which is below the world average.²² This means that the country's performance on sustainability was weak already before the crisis – this even though economic growth was on the rise. As described below, GDP growth was accompanied by important levels of poverty and inequality as well as poor employment quality and labour vulnerability.

	Composite Indicator SDG 8	Economic Well-being	Employment Quality	Labour Vulnerability	Labour Rights
Ghana	96,68	95,63	107,47	78,83	107,70

Source: ITUC/ASviS²³

General macroeconomic impacts

Before the outbreak of the pandemic, Ghana's economy appeared to be doing well. Gross domestic product has been growing at an average of 7 percent in the last years. It was projected to grow at 6.8 percent in 2020. Domestic price inflation has been trending downward, reaching 7.9 percent at the end of 2019, the lowest rate in almost a decade.²⁴ The fiscal deficit has decreased from 8.7 percent of GDP to less than 5 percent at the end of 2019. The rate of public debt accumulation has slowed as the primary balance has recorded a surplus since 2017. On the external front, Ghana's exports have been growing relative to imports. The negative trade balance that has characterised Ghana's trade has been reversed with a positive balance of 3.4 percent of GDP in 2019. The current account deficit has equally reduced from about 5.2 percent of GDP to 2.8 percent in 2019.²⁵

The coronavirus pandemic threatens to undo the improvements achieved on the macroeconomic front. GDP growth for 2020 is now projected at less than one percent, the lowest growth since 1984. Already in the second quarter of 2020, GDP declined by 0.8 percent. Overall, government revenue is projected to decrease by about GHS8.0 billion (the equivalent of US\$1.4 billion). On the expenditure side, government spending is projected to increase. The resulting fiscal deficit for 2020 is projected at 11.4 percent. Inflation will be above the Bank of Ghana (BOG) upper band of 8 percent.²⁶

Employment

As highlighted by the ITUC SDG 8 composite indicator, employment – or more appropriately, decent employment – was already a challenge in Ghana before the crisis, when it would take the average university graduates five years to obtain their first job. The decline in output or GDP has translated into sizeable decreases in employment and in destruction of livelihoods.

The most affected are casual workers and workers with insecure tenure as well as those in the informal economy – vulnerable workers. Notable companies in the hospitality industry dispensed with the services of temporary workers.

A significant proportion of market women, food vendors, street hawkers and porters have lost their employment and livelihoods as a result of the lockdown and restrictions imposed on mobility. Eighty percent of traditional caterers employing over 450,000, have closed down, and employees have lost their livelihoods.²⁷ Out of 2,615 members of the Spare Parts Merchants Union, 1,844 (70 percent) were affected by the restrictions. They had to reduce the working days of shop assistants because of social distancing rules.

Poverty

Ghana has achieved impressive reductions in headcount poverty. The poverty incidence has reduced from over 50 percent of the population in 1992 to 23.4 percent in 2017. The decrease in employment is lowering incomes and threatening to reverse the trend decline in income poverty. Data from the Ghana Statistical Service indicate that more than three-quarters of Ghanaian households have experienced income losses since March 2020. Income losses have been most pronounced for households that depend on incomes from non-farm family business, most likely informal workers. More than eight in ten of such households have lost income as a result of COVID-19. Also, 55 percent of households that survive on incomes from wages have experienced decreases in incomes.

Inequality

The existing levels of inequality make the poverty situation worse with the pandemic. Poverty figures show that income growth in Ghana has disproportionately benefited urban households relative to rural households. The rural poverty rate (39.5 percent) is five times the urban rate (7.8 percent). The Gini index has been rising steadily in Ghana increasing from 0.41 in 2005/06 to 0.42 in 2012/13 and to 0.43 in 2016/2017.²⁸ In the aftermath of COVID-19 and related restrictions, the households that suffered the most decreases in incomes were in rural Ghana where restrictions were also the lightest.

The government of Ghana (GoG) has implemented several measures to address the impact of COVID-19 on people/workers, businesses and the overall economy. The measures have generally been targeted at helping workers and families cope with the restrictive measures roll-out to curb the spread of the virus while helping businesses and the economy to recover from the slump.

Measures to support workers, income and social protection

Apart from workers in the public sector, nothing was done to prevent job losses in the private sector. For workers who have lost their jobs and livelihoods because of COVID-19, the government is implementing a GHS100 million (US\$20m) programme to offer training and retraining. The initiative is intended to preserve and upgrade skills and competencies, address employability challenges and enable beneficiaries to return to employment quickly and at higher levels of productivity and performance. And in preparation for future crises, the government has proposed the establishment of an unemployment insurance scheme. This will be a contributory scheme and compulsory for all employees. The scheme is expected to provide monthly direct cash support to workers who become unemployed. It will also offer training/retraining and job search assistance to the unemployed. The state will pay for the training/retraining and also pay a stipend equivalent to the national minimum wage.

Social protection floor guarantees include, amongst others, income support benefits and access to essential social services (including water, food security and others). At the level of society, COVID-19 relief measures focused on assisting households to cope with loss of incomes arising out of lost jobs and livelihoods. Several social intervention programmes have been implemented:

- **Free water:** Since March 2020, the government has absorbed the water bills for all households and businesses. The government has also mobilised water tankers to provide free water in communities that are not served by the Ghana Water Company Limited. According to the Minister for Sanitation and Water Resources, this will translate into direct support of about GHS200 million or US\$40 million to households and businesses.
- **Free or subsidised electricity:** The government absorbed the electricity bills of all lifeline consumers – households and businesses that consume 50kwh or less per month for the rest of the year. For all other households and businesses, the government absorbed 50 percent of their electricity bills for six months beginning in April. According to the Minister for Energy, the measure will cost the government a projected GHS1 billion or US\$200 million.
- **Free distribution of food:** As part of the Coronavirus Alleviation Programme (CAP), the government implemented the distribution of free food to over 400,000 Ghanaians in vulnerable communities in the lockdown areas. This included dry food packages and hot meals.

These measures provided direct relief to households, in particular as they struggle with reduced or displaced incomes to fend off poverty and hunger. Since all households benefitted, the support measures did not suffer from the political economy challenges of targeting.

Measures to support businesses

For support to businesses, the government implemented the CAP Business Support Scheme (CAP-BuSS), a soft loan scheme to support micro, small and medium-sized enterprises (MSMEs) as part of measures to preserve jobs and livelihoods. The CAP has special packages to support selected industries (e.g., the pharmaceutical sector supplying COVID-19 drugs and equipment), support for MSMEs.

On broader measures to support the recovery of the real economy, the government has announced the Ghana COVID-19 Alleviation and Revitalisation of Enterprises Support (GHANA-CARES) Programme. This is a three and half-year programme seeking to mobilise and spend GHS100 billion (US\$20 billion) between July 2020 and 2023. The Bank of Ghana has reduced its policy 150 basis points to 14.5 percent on March 18. It has also reduced the primary reserve requirement from 10 to 8 percent and the capital conservation buffer from 3 to 1.5 percent. These measures are to increase liquidity, reduce borrowing costs for businesses and to support their recovery.

Measures to support investment in the Green Economy and Just Transition

Prior to the breakout of the pandemic, the Ghanaian government launched the construction of two photovoltaic solar power plants in the Upper West Ghana region, to provide electricity for 32,000 households. One of these solar plants was completed in October, employing close to 100 people. Apart from this project no specific investments in green jobs have been made by the government.

Measures to support health and safety

The National Emergency Preparedness and Response Plan (NEPRP) has been effective in helping the nation manage and contain the pandemic. The plan has enabled the country to conduct extensive testing, contact tracing and treatment of the infected. The plan involved the recruitment of over 24,000 additional health personnel,²⁹ provision of personal protective equipment, incentives for health personnel in the frontlines of the fight against COVID-19 and extensive education on the pandemic among other measures. Healthcare workers have had taxes on their incomes waived, additional allowance of 50 percent of their pay and free transportation.

The government established the COVID-19 National Trust Fund, which has so far mobilised over GHS53 million (US\$10m) in donations. The Trust Fund has supported the procurement of PPE and other medical items, COVID-related education and sensitisation, studies on the impact of the pandemic as well as the construction of the very first infectious disease centre in Ghana.

Is there social dialogue? Unions' point of view

Trade unions and employers have had a unique opportunity to participate and contribute to measures/policies to combat COVID-19 and its economic and social impact. The TUC was among the first to demand lockdown of the country to stop spread of the virus. It participated in a meeting of the Social Partnership Council (SPC) but failed to get the Council to agree to its position. The TUC subsequently wrote to the President of Ghana and got an audience with him. In that week, the President announced partial lockdown of the country. The TUC, while commending the government for the measures to combat the pandemic and its impacts, pushed for bigger stimulus, including providing wage support to enterprises to allow them to retain their workers. The wage support was not accepted, but the government agreed with the TUC to implement a training and retraining scheme for workers affected by the pandemic. The TUC's recommendation for a National Unemployment Scheme (NUIS) was also accepted.

The TUC also participated in meetings of the National Tripartite Committee (NTC) in April. The meetings produced guidelines for safe opening of workplaces and urged employers and workers to collaborate in addressing the impacts of the pandemic.

Nigeria

On the ITUC SDG 8 composite indicator, Nigeria scored 87.13, therefore well below the world average.³⁰ Even in this case, this means that the country performance on sustainability was weak already before the crisis.

	Composit Indicator SDG 8	Economic Well-being	Employment Quality	Labour Vulnerability	Labour Rights
Nigeria	87.13	82,30	94,95	82,46	89,44

Source: ITUC/ASviS³¹

General macroeconomic impacts

Before the outbreak of the pandemic, the Nigerian economy was recovering slowly from the 2016 recession even though growth remained weak.³² The Nigerian economy was forecasted to grow at 2.9 percent in 2020 and 3.3 percent in 2021. The pandemic has changed the growth path, bringing to an end the three-year trend of low but positive real growth rates recorded since the 2016.

The National Bureau of Statistics expects the economy to shrink between 4.4 percent and 7.2 percent. The World Bank estimates the Nigerian economy will contract by 3.2 percent, the worse decline in outputs since the 1980s.³³

Employment

Before COVID-19, many Nigerians were in precarious employment. In urban areas alone, more than 52 million people are in vulnerable or precarious employment. Few Nigerians (16.8 percent or 12.9 million) have a wage job. About 42.7 percent of the workforce is employed in agriculture and a further 40.6 percent is employed in non-farm enterprises. The unemployment rate was estimated at 23.1 percent (or 20.9m people).³⁴ The projections are that COVID-19 will add almost 40 million people to the pool of the unemployed, pushing the overall unemployment rate to 36.6 percent.³⁵

In the public sector, the Nigeria Labour Congress (NLC) reported failure of the state governments to implement the 30,000-naira minimum wage. During the pandemic, many states cut workers wages without consultation. Other states owe workers salaries for up to four months. Similarly, the private sector affiliates of the NLC also had serious engagement with employers over pay cut and redundancies.

The self-employed and people in vulnerable employment are the hardest hit. For the vast numbers in retail trade, including hawking and other non-farm employment that rely heavily on direct contact and interactions with customers, social distancing rules threatened their work.

Poverty

Before COVID-19, large swathes of Nigeria's population were classified as poor. In 2019, 83 million Nigerians were subsisting below the poverty line. That is 40 percent of the population. As in much of Africa, poverty in Nigeria is a rural phenomenon, as more than three-quarters of rural dwellers are either poor or vulnerable to poverty. In urban areas poverty is less than 18 percent.

Pre-COVID, an extra 2.3 million people were expected to become poor in 2020. COVID-19 will lead to a rise of 2.4 percentage points in the poverty rate, implying 7.2 million Nigerians will become poor in 2020. COVID-19 will be responsible for pushing 4.9 million Nigerians below the poverty line in 2020. This figure will increase to nearly 6 million by 2022.³⁶

More than one-third of people forecast to join the poverty pool will be in urban areas. Prior to COVID-19, only 15.9 percent of the poor were in living in urban areas. And most of the newly poor are people employed outside of agriculture. The poverty impact will be most severe given the limited number and coverage of social protection in Nigeria.

Inequality

Nigeria remains one of the most unequal societies in Africa. The Gini index was estimated at 49 in 2010. According to Human Rights Watch,³⁷ the data suggest that inequality has not improved. In 2017, the top 10 percent of Nigerians earned nearly 50 percent of income, up from 43.6 percent in 1985. The bottom 50 percent earned 13 percent of income in 2017.³⁸ Inequality may have worsened following the restrictions imposed to curb COVID-19. Most Nigerians work informally, earning low incomes with practically no savings capacity. Many do not have health insurance or pensions.³⁹ 72 percent of informal workers were already poor. A lockdown and closure of workplaces restricting economic and social activities disproportionately affect the livelihoods of the poor. The rich can fall on savings and are also likely to escape the effects of the restrictions, since they can work from home.

The immediate response of the Nigerian government to the multiple shocks from COVID-19 was the adoption of a new budget and fiscal framework.⁴⁰ The amended budget provides resources to fight COVID-19 through expenditure reprioritisation and borrowing. Revenue projections were revised down and non-essential spending was eliminated. The revised budget makes available a US\$13 million intervention fund. Additional borrowing of 2.8 trillion naira (US\$7.00 billion) was incorporated into the fiscal calculus lifting the budget deficit upwards. This allowed the government to announce a stimulus and a recovery plan amounting to 2.3 trillion naira or US\$5.9 billion. The plan seeks to prevent business collapse and liquidity flow. It focuses on job-intensive projects including in agricultural, road, and housing sectors to retain or create jobs. It also seeks to promote manufacturing, curb unnecessary demand for forex and protect the poor and vulnerable from the ravages of COVID-19.

Measures to support workers, income and social protection

Government is directly supporting vulnerable groups affected by the pandemic with a spending package of US\$225.4 million. The federal government commenced a conditional cash transfer of the sum of 20,000 naira (US\$52.00) in 2.6 million vulnerable households across the 36 states and the federal capital territory of Nigeria. The president ordered an increase of the social register by 1 million households to 3.6 million. Other measures include distribution of 77,000 metric tons of food to vulnerable households in the three most affected states and the continuation of the nationwide school feeding programmes to help mitigate the impact of the pandemic to vulnerable communities. The Lagos state government announced a plan to feed at least 200,000 households. The Central Bank of Nigeria (CBN) is spending US\$129.6 million to support affected households, including the enterprises they operate.

These are important interventions to alleviate suffering. But they are too meagre given the hardships caused by COVID-19. The expanded social register has some 15.2 million poor individuals – far fewer compared to the over 80 million Nigerians estimated to be extremely poor. Also, the cash transfer is only for a period of four months. Given that the pandemic has persisted for the entire 2020 and is likely to go into 2021, more support will be needed to reduce suffering. Similarly, the poor management of the palliatives to the intended vulnerable populations also affects the government intervention measures across the country.

Beside the general support extended to households, which also include workers and the labour intensive programmes announced in the economic sustainability plan, practically no measures were implemented to immediately support workers affected by COVID-19 at the national level. Employment losses were allowed to proceed with minimal intervention from the state. At the sector level, the most significant effort to prevent loss of employment occurred in the banking sector. The Nigeria Labour Congress' (NLC) intervention with the federal ministry of labour on the sacking of workers in the banking sector yielded positive results. In a joint press release by the Central Bank and the Bankers' Committee, the banks committed to not "retrench or lay off any staff...", including full-time and part-time workers. When it becomes necessary for any bank to lay off any staff, it has to seek "the expressed approval" of the Central Bank.

Measures to support businesses

There have been plenty of measures to support existing businesses and stave off further job losses. Tech4Covid19 Advisory Committee is harnessing the technology ecosystem to save Nigeria's start-up tech businesses that are likely to shut down due to the pandemic while creating or retaining one million jobs in the ICT sector.⁴¹ The aviation industry is being supported with US\$70.94 million to save the industry and jobs. An SME Survival Fund with seed funding of US\$674.18 million has been created to sustain 500,000 jobs in 50,000 SMEs. Companies in the pharmaceutical sector intending to expand or build capacity are supported with an intervention fund of US\$259 million. The government is also spending about US\$39.8 million to sustain jobs in the micro, small, and medium enterprises (MSMEs) sector by guaranteeing off-take of specific priority products they produce.

Businesses were also supported with an interest rate cut and a moratorium on loan repayments. There are also bold spending plans to support recovery. The government is spending the equivalent of US\$1.64 billion to boost agricultural production and create five million jobs there. About US\$821.64 million is earmarked for housing strategy to build about 325,000 additional homes.

Measures to support investment in the Green Economy and Just Transition

The spending plans include measures that limit the climate footprint of growth and job creation. The government is spending, or plans to spend, US\$647.25 million to create 250,000 jobs in the energy sector, leveraging solar power for five million households by 2023. Additional US\$60.58 million is earmarked to convert some 30 million houses from the use of dirty fuel (Kerosene, charcoal and diesel) to LPG. This aims to reduce climate-damaging emissions and create one million jobs.

Measures to support health and safety

The Presidential Task Force on COVID-19 issued detailed health and safety guidelines, including mandatory use of masks, mandatory provision of hand washing facilities and sanitisers in public places, which include workplaces, and mandatory temperature checks in public spaces. The guidelines had detailed health and safety measures for specific businesses and workplaces, including neighbourhood markets. The Nigerian Centre for Disease Control similarly provided detailed health and safety guidelines for employers and businesses in Nigeria, which incorporates useful information on COVID-19 and how it spreads.

To support compliance with occupational health and safety measures, the NLC distributed face masks and hand sanitizers to frontline workers and vulnerable workers in the informal economy.

Is there social dialogue? Unions' point of view

The NLC and Trade Union Congress have been in dialogue at the federal level with both government and employers over job losses. They signed an MoU with the Nigeria Employers Consultative Forum to protect jobs in the private sector. At the enterprise level, however, it is not clear how job losses have occurred, and given the already weak enterprise level dialogue, it is most certain that employers may have had the upper hand in the disengagement processes.

The NLC established the labour civil society situation room nationwide. The situation room draws membership from trade unions and informal sector workers. It provides periodic interventions to the Presidential Task Force on Covid-19 and engages with the state governments. The situation room also opposed policies such as the infectious disease bill, a six percent increase in tenancy fees, and other regressive labour market policies, including the increase in value added tax (VAT), and the increase in the price of petroleum.

The president of the NLC has put forward key demands to the Presidential Task Force on Covid-19 requesting PPEs for health workers and the protection of jobs in the aviation, hospitality and banking sector, and payment of minimum wages across the public and private sector. The NLC was active in the Nigeria Economic Sustainability Plan (NESP) in which it stressed the need to protect jobs and stimulate the economy. It also conveyed a meeting of the education sector unions and made interventions on the guidelines for a safe re-opening of schools nationwide.

Zambia

On the ITUC SDG 8 composite indicator, Zambia scored 87.68, showing very poor performance in the path towards SDG 8 and Agenda 2030.⁴² The description below on Zambian socio-economic features before the pandemic fully support the ranking results.

	Composite Indicator SDG 8	Economic Well-being	Employment Quality	Labour Vulnerability	Labour Rights
Zambia	87.68	73,70	96,07	87,01	95,6

Source: ITUC/ASviS⁴³

General macroeconomic impacts

Before the pandemic, Zambia was already experiencing weak economic growth and worsening macroeconomic conditions. Economic growth has slowed in recent years.⁴⁴ Between 2015 and 2019, the economy grew at an average rate of 3.3 percent per annum. Zambia's growth rate in 2020 was initially expected to be 1.6 percent. The economy is plagued by high fiscal deficits, unstable exchange rates, declining commodity prices, and decreased production because of persistent droughts and power generation deficits. In addition, overseas development assistance (ODA) has declined in recent years.

COVID-19 adds to the already difficult economic environment. The IMF predicts that the Zambian economy will experience negative growth this year, shrinking by at least 2.6 percent.⁴⁵ The Zambian government also predicts a 19.7 percent revenue shortage in 2020.⁴⁶ The budget deficit will widen and the national currency, the kwacha, will depreciate.⁴⁷ Public and publicly guaranteed debt has reached unsustainable levels and is estimated at 95 percent in 2020. In November 2020, Zambia missed a US\$42.5 million interest payment on US\$1 billion of Eurobonds.⁴⁸ The country became the continent's first pandemic-era sovereign default after holders of the debt refused to grant it a six-month interest-payment freeze.⁴⁹ This will have severe consequences on its macroeconomic and fiscal planning.

Zambia remains a mono-crop economy relying heavily on copper mining, with mining accounting for 70 percent of exports, 70 percent of foreign exchange revenue, and 26 percent of fiscal revenues.⁵⁰ COVID-19 has caused a fall in copper prices and restrained copper demand. It has also caused important disruptions to the agriculture and food supply chains.

Employment

COVID-19 has exacerbated the employment situation in the country. The most affected sectors are wholesale and retail, and tourism. Simulations done by the United Nations Development Programme indicate that the tourism sector could lose more than 60 percent pre-Covid-19 jobs. Without mitigation measures, the agriculture sector could see job losses of up to 55,492. The wholesale sector could lose 36,050 jobs. In the absence of social safety nets and labour standards, workers and households will be severely affected. Even in the formal sector, compliance with the labour code is low. To make matters worse, collective bargaining coverage is at a mere 22.9 percent.⁵¹

The informal sector⁵² job and livelihood losses reflect the challenges of small and medium enterprises in Zambia following the COVID-19 restrictions. SMEs employ 88 percent of the Zambian workforce and contribute 70 percent to GDP. In an online survey, 93 percent of SMEs believe the pandemic will negatively affect their businesses, and more than half did not believe their businesses would survive the pandemic.⁵³

Poverty

The proportion of the population below the international poverty line (US\$1.9) consisted of 54.4 percent; 40.8 percent are extremely poor and 13.6 percent are moderately poor).⁵⁴ This means that more than one in every two Zambians was poor. A substantial proportion were living just above the poverty line and risk slipping into poverty at the least adverse shock.⁵⁵ The working poverty rate was 52 percent in 2019.⁵⁶ The poverty impact of the pandemic is projected to be massive. The general incidence of poverty is projected to increase by 3.5 percentage points from about 60 percent to 63.5 percent. In rural areas, COVID-19 will push the poverty threshold from 83.3 percent to 86.2 percent.

Inequality

The poverty figures already point to high levels of inequality in Zambia. Economic growth and the incomes it brings have been disproportionately concentrated in the hands of a minute segment of the urban population.⁵⁷ The top 10 percent of income earners earned 56 percent of per capita incomes, while the bottom 20 percent earned 0.8 percent of per capita incomes and a cumulative income of one per cent of the GDP.⁵⁸

Zambia entered the pandemic with limited fiscal space and is now facing an extreme debt service crisis which has forced it to default on debt payments in November 2020. Interest payments on international debt and public compensation (wages and salaries) consume more than 90 percent of government revenues, leaving less than 10 percent for discretionary spending.⁵⁹ In March, the government announced a scale down of expenditures to accommodate falling revenues and rising debt service burden. To finance COVID-19-related expenses, including health spending, arrears clearance, and grain purchases, as well as a recapitalisation of the development bank (NATSAVE), the government issued an 8-billion-kwacha bond (2.4 percent of GDP).

Measures to support workers, income and social protection

The fiscal constraints prevented the government from implementing additional and robust social protection measures to support households affected by the pandemic. Before the pandemic, Zambia had in place a cash transfer programme that offered direct cash to the poor. The programme had 700,000 beneficiaries in a country where the poor number more than eight million. This means that less than 10 percent of poor Zambians were benefitting from the programme.

In addition to the social cash transfer programme, Zambia implements the Farmer Inputs Support Programme. The programme offers farm inputs to farmers at highly subsidised rate. In 2020, government allocated five percent of the budget to the programme.⁶⁰ But the farmer input support programme has been found to be less effective in actually supporting the real farmers. Other measures to support households include eliminating mobile money charges (person-to-person transfers) and increasing transaction and balance limits for individuals, small farmers and enterprises. The measure was also intended to promote the use of electronic money transfer.

There are practically no direct government measures to support workers affected by the pandemic except the general measures for all households. Government workers continued to be paid even while not working. The government also requested all non-essential workers be allowed to work from home and on a rotational basis. The government released US\$27.8 million to reduce the arrears of 1,500 retirees under the Public Service Pension Fund and retirees under the Ministry of Justice and a further US\$9.5 million to banks to reduce outstanding third-party arrears and other employee-related commitments.

Measures to support businesses

Several measures have been implemented to inject liquidity, ensure business continuity and to moderate suffering. The government provided a business stimulus fund of 10 billion kwacha (US\$555.5 million) to support small and medium-sized enterprises affected by COVID-19. This included about US\$140 million to reduce government indebtedness to its domestic suppliers. Another US\$7.8 million was earmarked to pay off local contractors. The government also announced tax relief measures for industry and households.⁶¹ The government suspended tariffs on imported ethanol used in alcohol-based disinfectants and other drug-related products in accordance with guidelines issued by the Zambia Revenue Agency. Similar tax relief was granted for imported spare parts, lubricants and stationery. The Cabinet approved the COVID-19 emergency and response plan under the Disaster Management and Mitigation Unit, with a budget of 659 million kwacha (approximately US\$36.6 million).

According to the UNDP,⁶² the stimulus package announced by the government is too meagre and unlikely to reach entrepreneurs in the SME sector. COVID-19 is likely to further deepen the economic challenges. Economic growth remains subdued, further limiting resources badly needed to fight poverty and vulnerability. There appears to be no coherent plan to turn around the economy, create decent employment and reduce poverty. The SDGs, in particular those related to decent work and poverty, are imperiled.

Measures to support investment in the Green Economy and Just Transition

No concrete investments in the green economy have been put in place by the Zambian government in response to the crisis. This is a missed opportunity, as a Just Transition from Zambia's high dependence on mining towards more sustainable industries would be necessary to reduce its environmental impact and diversify the economy.

Measures to support health and safety

Throughout the pandemic, Zambia has continued to implement health and safety measures to prevent infections and treat the infected. All Provincial and District Epidemic Preparedness and Response Committees were activated to support prevention measures. Health sector stakeholders were fully mobilised to support the fight and the implementation COVID-19 Contingency Plan. The government also mandated wearing masks in public and the provision of adequate and accessible facilities for hand washing in public places, including workplaces and shops.

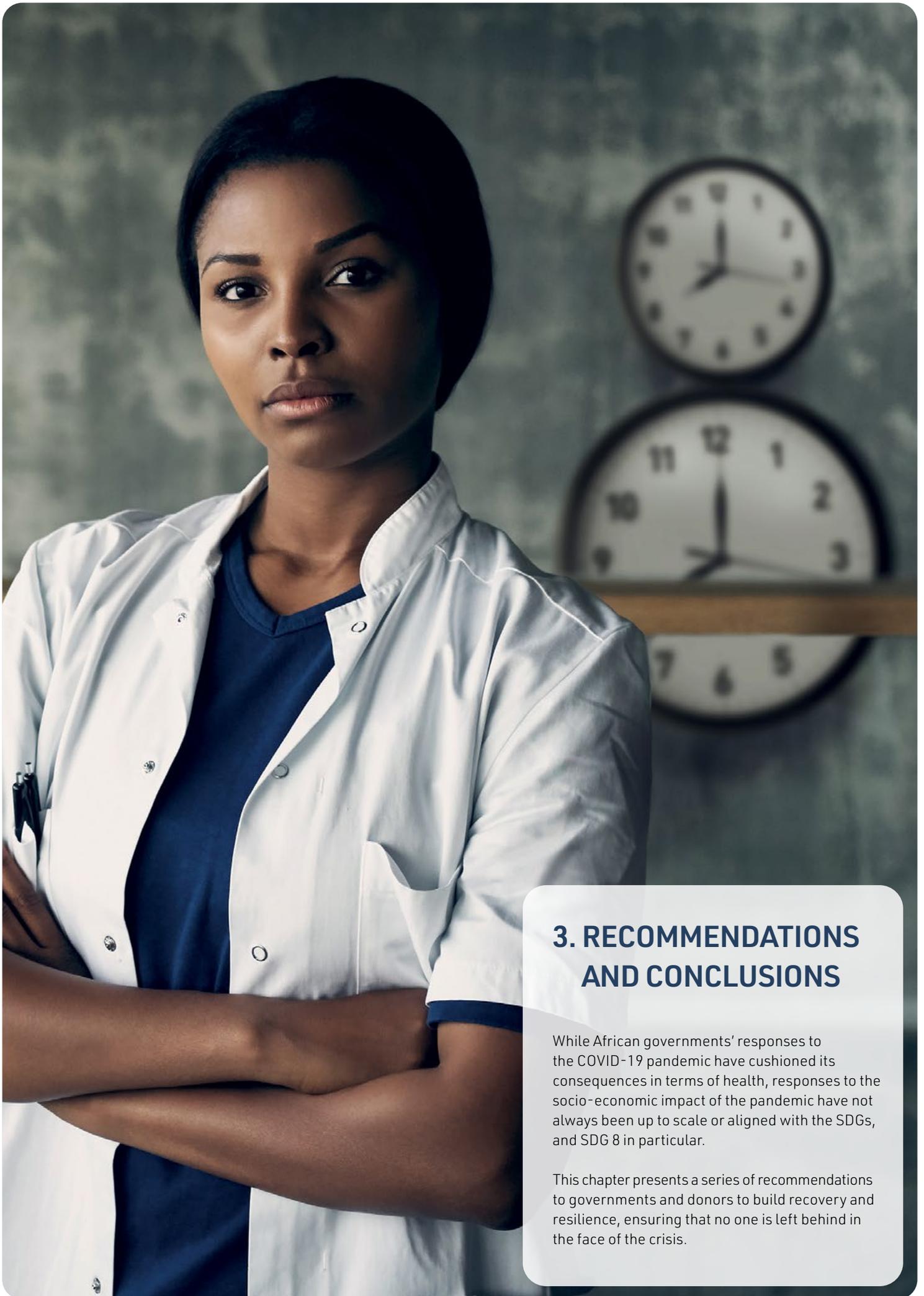
Is there social dialogue? Unions' point of view

The space for dialogue is still limited in terms of accommodating input from various state actors, especially at the national and sectoral level. The process of designing or reviewing appropriate response measures occurs with very few consultations with trade unions. In some cases, the process of passing such laws and regulations is questionable. Union involvement in formulating and implementing policy in respect of measures to either combat COVID-19 or address its effects is limited.

Nevertheless, the Tripartite Consultative Labour Council (TCLC) has urged employers to adhere to the labour laws during the pandemic. While it recognised the challenges they face, the TCLC admonished employers to consider granting workers annual leave with full pay in lieu of termination. Where annual leave was not possible, forced leave with basic salary should be considered. The unions have also taken strong and independent positions on issues relating to the pandemic. The Zambia Congress of Trade Unions (ZCTU) commended government for releasing funds to the Public Services Pensions Fund to pay retirees and third-party arrears. The ZCTU further lauded the refinancing facility by the Central Bank targeting SMEs and the initiative to promote local production and consumption. It considers this initiative as the best policy option to develop a resilient domestic economy that promotes local value addition, industrialisation and employment creation. It urged careful selection to ensure that the beneficiary SMEs have “multiplier effect on creating and sustaining employment opportunities”.

Trade unions have noted that most of the fiscal and monetary measures the government put in place have had little impact on the welfare of workers especially those in the informal economy. They further encourage government to consider suspending water bills and waiving electricity tariffs and charges for low income households to increase their disposable income.

While generally supporting the government's initial intention to approach the IMF for a possible bailout given the distressing debt situation, ZCTU advised the government to be consultative in its approach by bringing stakeholders and the trade union movement on board in these consultations. The ZCTU has also called on government to lay out a clear debt sustainability plan. It reminded the government that historically, IMF policies have tended to hurt workers, and it called for inclusiveness that helps to achieve the SDGs.



3. RECOMMENDATIONS AND CONCLUSIONS

While African governments' responses to the COVID-19 pandemic have cushioned its consequences in terms of health, responses to the socio-economic impact of the pandemic have not always been up to scale or aligned with the SDGs, and SDG 8 in particular.

This chapter presents a series of recommendations to governments and donors to build recovery and resilience, ensuring that no one is left behind in the face of the crisis.

3.1. How can African governments better shape response strategies in line with SDG 8 and Agenda 2030?

The coronavirus pandemic has exposed the inherent vulnerabilities of African economies. While the continent has been spared the health catastrophes of the pandemic, the economic and social costs of its own measures as well as measures taken elsewhere have been devastating. Many countries are experiencing negative growth. The continent as a whole is expected to register its first ever recession in a quarter century. Government revenues have fallen and public debt will rise massively as countries respond to the health, economic and social emergencies induced by the pandemic. The already fragile employment situation has become compounded. Many have lost their jobs and livelihoods. In the absence of well-funded social protection programmes, poverty is expected to rise significantly.

As businesses closed because of government mandates or reduced demand, workers have been thrown under the bus with little regard for social dialogue processes. Rights and dignity have been trampled upon in some instances. While many have lost their jobs, others are unsure of their employment status equating to lost jobs, hours of work, livelihoods and incomes. Remittances from migrant workers, a major income source for most families in Africa, have also declined, given that COVID-19 is a global phenomenon. Informal workers, mostly women and micro, small and medium enterprises that employ them, are among the hardest hit. These workers earn low incomes and often do not have savings nor alternative income support. A shock of the magnitude of COVID-19 threatens to pull them into poverty without support from their governments. Women and young people are the most severely impacted.

Countries are struggling to support workers and businesses and to reorder their economies towards recovery. A number of factors hamper their efforts. First, the fiscal space is limited for most countries as revenues fall and public debts reach unsustainable levels. Second, the COVID-19 uncertainties remain as major trading partners (European Union) face a second wave of infections. Demand contraction will remain into 2021. And third, the recovery effort has been a firefighting effort without a coherent framework or vision.

While the SDGs provide that coherent framework for responding to the crisis, countries appear to have failed to prioritise them pre- and post-COVID-19. As the world itself was not on track to achieve the goals, Africa was notably off-track. Yet, due attention to SDGs implementation could have prevented some of the consequences of COVID-19. And into the crisis, a commitment to accelerate implementation offers the best route towards recovery and building resilience. Post-COVID recovery demands that countries commit and budget adequately for the SDGs, in particular SDG 8. This will also entail reprioritising existing resources to focus on key areas with higher impact on the broader population.

In order to build forward better and greener, trade unions see the need for a targeted approach that prioritises specific areas in line with SDG 8 and the call for a New Social Contract.⁶³

Supporting and rebuilding the real economy is one such key area and falls under SDG 8, targets 8.2 and 8.3, concerning sustained economic growth. The pursuit of economic growth is important for generating resources to implement other goals and targets. But growth has to be pursued differently. Countries have to move away from investments that degrade the natural environment, damage the climate and yet offer very little either by way of jobs or support to the rest of the economy. There is need to focus on real drivers of growth, the SMEs and their many workers that nourish and sustain African economies. The labour-intensive sectors – manufacturing, retail, tourism and agriculture, where the majority is employed – need to be supported with whatever stimulus countries can marshal.

The stimulus support measures must be tied to the creation of decent jobs and protection of workers' rights. A labour protection floor that guarantees fundamental workers' rights, an adequate minimum wage, maximum limits on working time, and safety and health at work ought to be established and be made part of the conditions for accessing stimulus support. Businesses receiving support cannot also be the ones throwing out workers without regard to basic rights. The Zambian case of offering significant tax relief to mining firms whose mines are closed and have been placed under maintenance is an example of how not to conduct stimulus support for COVID-19 recovery.

The stimulus and the recovery it promotes must be climate sensitive and based on a Just Transition, negotiated with the social partners and supported by social protection measures and the reskilling of workers to ensure that they are not left behind in the process to decarbonise. Governments must invest or promote investments in sectors and technologies that grow the economy and create decent jobs with less impact for the climate (SDG 8 target on decoupling growth and environmental degradation – interlinked to SDG 13). The Nigerian example of spending to convert 30 million homes reliant on fossil fuels to LPG and achieve reductions in climate damaging greenhouse gases is a step in the right direction.

The recovery process ought to incorporate a universal social protection floor including universal access to basic healthcare. For the millions of jobs that have already been lost to COVID-19, governments are struggling with limited resources and logistical constraints to offer support to workers. Countries that have the fiscal space to support the unemployed, such as Nigeria, do not currently have the mechanisms in place to effectively implement worker support schemes. Ghana has committed to implementing an unemployment insurance scheme as part of measures to build resilience. A social protection floor consisting of income and non-income (including education, health, housing, water and sanitation and food security) guarantees, in line with ILO Convention 102 on social security and ILO Recommendation 202 on social protection floors – properly institutionalised and financed – will be the fulcrum to address poverty and to support the millions in the informal economy.

The system of guarantees should also offer workers the opportunity to build their own resilience. Installing a minimum living wage that allows workers and their families a decent livelihood while working, but equally importantly enables them to build savings is key for building resilience going forward. The minimum wage should be a living wage, which takes into account the cost of living as well as inflation. It should be determined in a tripartite process and be legislated and enforced with sanctions, in line with ILO Convention 131.

Social dialogue should be at the heart of building resilience in the recovery phase. Across Africa, many unions have been part of national level consultations on responses to the pandemic. This builds a sense of ownership and inclusion. At the same time, the many workers who lost their jobs did not have the opportunity for dialogue. Part of the problem is the low collective bargaining coverage and the weak enforcement of labour laws and tripartite agreements. Investing in social dialogue through investment in the labour market institutions should be an integral part of the recovery phase. There is a need to ensure respect of the rights to freedom of association, collective bargaining and the right to organise (ILO Conventions 87 and 98) to guarantee collective representation of workers and employers in social dialogue processes.

3.2 Development Cooperation for crisis recovery, in line with SDG 8 and Agenda 2030

Struggling governments in Africa need the support of the international community to finance their recovery and build resilience going forward. Implementing a stimulus that supports business and workers, grows the economy, and creates jobs and builds social protection floors can be costly for poor countries. And these countries are already facing sizeable fiscal gaps. Without significant international support, many of the things they need to do cannot be done. Donor funding and multilateral cooperation will need to support sustainable ways out of the crisis for most countries in Africa as they struggle to implement the SDGs and put in place recovery strategies.

As richer countries spend their way out of the crisis with projected US\$10 trillion in mitigation measures, a fraction of that would do magic for poor countries. The OECD's Development Assistance Committee (DAC) members have a fundamental role to play in supporting developing countries in this context and should respond to the crisis with increased global solidarity. This means scaling up their development commitments to reach the internationally recognised standard of 0.7 percent of gross national income (GNI) allocated to development cooperation and going beyond this threshold.

Official development assistance (ODA) should be targeted to key areas that respond to the immediate needs to fight the pandemic and save lives, but also contribute to building recovery and resilience.

Social protection and access to health care is one of these key priority areas. As we have seen from the different case studies, social protection systems in many African countries are weak and need to be reinforced to ensure comprehensive access and coverage. Investments in social protection can boost and complement domestic investments. A coordinated response by governments and development actors through a Global Fund for Social Protection would support countries most in need to sustain and expand protection in times of crises and to build resilience, including of the impact of future health or climate crises. Strengthening universal social protection systems and establishing floors can also respond to the needs of informal workers and contribute to the formalisation of the informal economy.

Investments in a green recovery are still far-off in many African countries, as can be seen in the case studies of Zambia and Ghana. However, the case of Nigeria shows that through investments in sustainable infrastructure and clean energy, a large number of jobs can be created. ODA should support a green recovery that contributes to decent work creation. Industrial transformation to a zero-carbon economy needs to ensure that local economic development is based on effective industrial policy and that workers and communities are engaged in the planning and implementation so that no one is left behind. This can only be guaranteed through a Just Transition that accompanies workers from carbon-emitting sectors in their adaptation to new jobs in sustainable sectors. A Just Transition implies that industrial transformation is planned in dialogue with the social partners and goes hand in hand with employment policies, vocational training and reskilling, with social protection to help workers transition through this process. Development partners should work with the social partners on coordinated recovery plans to support Just Transitions.

Care is a fundamental pillar of our societies and has proved more so throughout the COVID-19 pandemic. Women undertake the majority of care work and much of it is unpaid or invisible work. Building forward better will require major investments in the care economy to create the much-needed decent jobs in the sector to sustain our societies.

The current crisis has led to an incredible loss in jobs and working hours in African countries, as well as the undermining of working conditions. Measures to support workers have been weak compared to measures to support business, and the latter have not always contributed to saving jobs. New sources of private finance mobilised through ODA (such as blending) should ensure quality employment creation and should be conditioned to the application of ILO standards, the OECD Guidelines for Multinational Enterprises, and due diligence. This implies a focus on job-intensive sectors and especially micro, small and medium-sized enterprises. Investments should be aligned to the SDGs, and SDG 8 in particular, putting jobs, social protection and Just Transition at the heart of recovery and resilience strategies, and the development impact of these investments should be assessed through qualitative indicators for job creation, freedom of association and collective bargaining, fair wages, occupational health and safety and skills.⁶⁴

Countries with solid social dialogue and collective bargaining are the ones better coping with the crisis thanks to sustainable and inclusive responses crafted by social partners.⁶⁵ Development partners should work closely with social partners in the design and implementation of targeted interventions that will deliver effective measures to support developing countries in their path towards recovery.

The Creditor Reporting Systems purpose codes on the Decent Work Agenda, adopted by the DAC in 2018, will help us track the extent to which ODA is contributing to important areas for recovery, such as employment creation, labour rights, social protection and social dialogue.

But beyond ODA, African countries need to build up the necessary domestic fiscal space to invest in a sustainable recovery. The current debt crisis is a key challenge to building fiscal space and stresses the need for extending debt relief to the poorest and most vulnerable countries and applying debt cancellation for cases of urgent need.⁶⁶ One of such case is Zambia, which will have to face tremendous consequences after becoming the first African country to default on debt since the start of the pandemic.

In addition, development partners should support developing country governments' efforts in domestic resource mobilisation by encouraging progressive taxation systems that can guarantee sufficient resources to fund the essential public services and goods to respond to the crisis and tackle inequalities. At the same time, developing country governments need the foundation to protect themselves against illicit financial flows, tax havens and harmful tax practices.

Realising these priorities will reinforce the contribution of ODA to a stronger recovery from the current intersection of crises and to build sustainable economies and societies for all. This can only be possible if these efforts are in line with the principles and goals of the 2030 Agenda, giving attention to SDG 8 in particular.

Endnotes

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- 52 Before the pandemic, an estimated 90 percent of the workforce was in the informal economy
- 53 See footnote 51
- 54 Zambia Statistics Agency (ZSA, 2019). Labour Force Survey Report, 2019, Lusaka, Zambia, www.zamstats.gov.zm/phocadownload/Labour/Labour%20Force%20Survey%20Q1%20-%20202019.pdf
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- 60 Ng'andu, B (2020), "Statement by the Hon. Minister of finance on the impact of the coronavirus (Covid-19) on the Zambian Economy", www.zambiahc.org.uk/news_events/statement-by-the-hon-minister-of-finance-on-covid-19/
- 61 Significant the tax relief measures were primarily targeted at the mining sector.
- 62 See footnote 51.
- 63 ITUC, "A New Social Contract: Crisis >> Recovery >> Resilience", <https://www.ituc-csi.org/crisis-recovery-resilience> .
- 64 The development impact is strictly linked to the creation of decent jobs. The OECD "FDI Qualities Indicators Report" (<https://www.oecd.org/fr/investissement/fdi-qualities-indicators.htm>) highlights the progress needed in developing new metrics related to SDG 8, adding for the first time indicators on the quality of jobs created, particularly regarding freedom of association and collective bargaining, fair wages, occupational health and safety and skills.
- 65 See <https://www.ituc-csi.org/putting-people-first>
- 66 ITUC, "Responding to urgent global needs: IMF Special Drawing Rights", <https://www.ituc-csi.org/IMF-Special-Drawing-Rights>

SDG DECADE OF ACTION

TRADE UNION POLICY RESPONSES



TIME FOR

THE CLOCK IS TICKING FOR A NEW SOCIAL CONTRACT

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