SDG DECADE OF ACTION
TRADE UNION POLICY RESPONSES

SDGs FOR RECOVERY AND RESILIENCE
CASE STUDIES: KENYA AND SENEGAL

# TIME FOR
THE CLOCK IS TICKING FOR A NEW SOCIAL CONTRACT
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SDGs FOR RECOVERY AND RESILIENCE

CASE STUDIES: KENYA AND SENEGAL

This publication reflects the results of the study carried out by Dr. Kwabena Nyarko Otoo.

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FOREWORD

African countries have been strongly affected by the Covid-19 crisis. The impact on workers and their livelihoods has been dire, especially for those in the informal economy and for women and youth. The contraction of economies and growing levels of inflation have increased poverty levels in the region. Rising interest rates have further reduced governments' fiscal space and soared debt levels, pushing many countries off the cliff at a time where government spending in key areas is much needed.

While governments mobilised efforts to fight the pandemic and cushion its socio-economic consequences, in many countries these were not up to scale to meet the needs of specific populations and did not always target the most vulnerable.

We can now say with confidence that if countries had further advanced on the Sustainable Development Goals (SDGs), and especially on SDG 8 on sustainable economic growth and decent work, the consequences of the crisis could have been softened.

In order to consolidate the recovery and build resilience, governments need to prioritise spending on key areas for the achievement of SDG 8 which will help to accelerate action on the other SDGs. A New Social Contract with decent climate friendly jobs, rights, minimum living wages, universal social protection, equality and inclusion is fundamental for this. Trade unions demand stronger policy responses at national and global level to face the multiple crises that we are undergoing. African governments should realise specific efforts to implement the 2030 Agenda and Agenda 2063 and give special attention to SDG 8.

This study aims to contribute to the reflection on how African governments and development cooperation donors can shape better responses to the crisis to build the much-needed recovery and resilience.

Kwasi Adu-Amankwah
General Secretary - African Regional Organisation of the International Trade Union Confederation (ITUC-Africa)
This report is part of a series of studies carried out by the Trade Union Development Cooperation Network (TUDCN) of the International Trade Union Confederation (ITUC) during 2021. The series aims to show the importance of promoting recovery and resilience strategies aligned with the Sustainable Development Goals (SDGs), particularly SDG 8, based on an analysis of the recovery policies implemented in selected countries.

The first part of the report analyses the socio-economic and labour consequences of the Covid-19 crisis in Africa during 2020 and 2021, as well as the projections for 2022.

The second part examines the impacts of Covid-19 on the economies and labour markets of Kenya and Senegal, focusing on the pandemic’s repercussions on the accomplishment of the 2030 Agenda and SDG 8 – promotion of sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

Finally, the study puts forward recommendations for both governments and donors on how to promote a human-centred recovery and resilience aligned with SDG 8 in Africa.
1. THE SOCIO-ECONOMIC IMPACT OF COVID-19 IN AFRICA
1.1. Economic impacts

Although Africa appears to have been spared the dire health impacts of Covid-19, its economies have not. The early and strong containment measures were good in stopping a health catastrophe, but in economic terms they have been devastating. Africa’s Gross Domestic Product (GDP) contracted by 2.1% in 2020 – the continent’s first recession in a quarter of a century.\(^1\) The growth figures (Figure 1) indicate that all the continent’s subregions went into economic recession in 2020.

Significantly, the impact of Covid-19 on economic growth in Sub-Saharan Africa began to ease after 2020.\(^2\) Real GDP in the region returned to a positive growth trajectory ~ 4.5% in 2021.\(^3\) Furthermore, it is projected to remain approximately 4% in 2022 and 2023.\(^4\) This recovery is anchored upon rising commodity prices, a relaxation of pandemic containment measures, and the recovery in global trade.\(^5\)

But Covid-19 has also left the continent with surging price inflation. Africa’s inflation rate in 2020 (10.4%) was slightly higher than the 9.8% recorded in 2019.\(^6\) Inflation rose to about 11% in 2021,\(^7\) and is expected to reach 12.2% in 2022 – the first time regional average inflation will reach such high levels since 2008.\(^8\) This has been brought about by supply chain disruptions, droughts, export restrictions by major food exporters, and global supply shortages.\(^9\) The war in Ukraine has intensified these pressures with oil and food price hikes.\(^10\) The rise in the general price level has had significant and adverse impacts on the welfare of workers and their families, given that the rising prices coincided with substantial income reductions.

As expected, the sharp contraction of African economies worsened the already precarious budget balances of most countries. The debt burden increased as well – most countries were already battling high debts before the pandemic. Africa’s fiscal deficit doubled in 2020 to a historical high of 8.4% of GDP.\(^11\) The overall fiscal balance (including grants) has shown a deficit against the pre-Covid-19 level, shooting up from –3.9% of GDP in 2019 to –6.4% of GDP in 2020, before coming down slightly to –5.3% of GDP in 2021.\(^12\) The average debt-to-GDP ratio increased by between 10 and 15 percentage points and is expected to persist in the short to medium term.\(^13\) Africa’s debt as a proportion of GDP increased from 50.4% in 2019 to 57.3% in 2020, before falling marginally to 56.9% in 2021.\(^14\)

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\(*\): Source: World Bank, 2022

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**FIGURE 1. GDP GROWTH IN AFRICA**

![GDP Growth in Africa](source: World Bank, 2022)
The continent’s current accounts also deteriorated. Current account deficit in Africa was estimated at 5.5% of GDP in 2020. It decreased to 4.1% in 2021 and was projected to be 2.7% in 2022.15

Foreign Direct Investments (FDI) in Africa declined by about 18%, from US$45.3 billion in 2019 to US$37.2 billion in 202016, impacting on growth on the continent and its ability to create decent employment and reduce poverty. Figures from the United Nations Conference on Trade and Development show that FDI inflows into Africa rebounded by approximately US$97 billion in 2021.17

Remittances to Africa also decreased by about 8.8% from US$48 billion in 2019 to US$44 billion in 202018, with an immediate impact on households’ income. Even though remittance inflow has shown signs of recovery – in 2021, remittances to Sub-Saharan Africa increased by 6.2% to US$45 billion19 – it has not increased to the pre-Covid-19 level.

1.2. Labour market impacts

As expected, the decline in economic outputs following the Covid-19 outbreak impacted negatively on decent employment in Africa. In 2020, employment decreased by about 4 million, while an additional 2.1 million persons left the labour force.20 The number of unemployed persons increased by about 1.9 million.21 By the second quarter of 2020, the percentage of working hours lost – relative to the fourth quarter of 2019 – was 16%, reducing to 7.7% by the end of 2020. It has since hovered between 4.2% and 1.6% in 2021.22 In the absence of income replacement schemes, which is the norm in Africa, such a severe loss of work, including the loss of working hours, has had extremely adverse effects on livelihoods and welfare.

The negative employment impact of the pandemic has been even more severe for women, young workers, and informal economy operators in Africa.

According to the ILO, women’s employment in Africa decreased by about 3.7 million compared to a reduction of 300,000 in male employment in 2020.23 In addition, while about 3.2 million women left the labour force, 1.1 million men joined the labour force.24

The youth also suffered a higher negative employment impact arising from the pandemic. Employment on the continent went down by approximately 4 million in 2020. Of this number, about 3.6 million were youth.25 In addition, while the youth labour force participation went down by about 3.2 million in 2020, about 1.1 million adults joined the labour force in the same year.26 Tellingly, about 300,000 of Africa’s youth were added to the pool of the unemployed in 2020.27

Informal economy workers were disproportionately affected by Covid-19 too. This occurred as a result of Covid-19 containment measures leading to a significant reduction in cross-border trade. The containment measures severely impacted informal cross-border trade (ICBT), which is a major form of informal economic activity in most African countries (ILO, 2020b).28 In context, ICBT makes up approximately 30-40% of total intra-Southern African Development Community trade and has an estimated value of US$17.6bn.29 Thus, the border closures and restrictions eliminated one of the most important economic activities for informal economy workers on the continent. The magnitude of the effects of cross-border trade shutdown is underscored when one considers the fact that females control about 70% of ICBT on the continent.

Informal economy workers lost both their revenues and their capital during the pandemic as a result of being compelled to use limited business resources for consumption. For many, this led to the partial or full closure of their business.30 In Cameroon, nearly 13% of businesses in the informal sector closed either temporarily or permanently. In 2021, about 10% of SMEs also shut down their activities. In South Africa, there was 29% drop in informal employment in the second quarter of 2020 compared to 8% in formal employment.

The labour market impacts of Covid-19 in Africa exacerbated poverty across the continent. The number of the extremely poor increased by approximately 14 million in 202031 and about 20 million in 2021.32 Thus, the pandemic halted the progress that Africa was making towards eliminating poverty; instead, it increased deprivation on the continent.
2. GOVERNMENT RESPONSES FOR RECOVERY AND RESILIENCE AND THEIR CONSISTENCY WITH SDG 8: CASE STUDIES
2.1. The centrality of SDG 8 in boosting progress on the SDGs in Africa

Even before the emergence of Covid-19, Africa’s prospects for attaining the Sustainable Development Goals (SDGs) looked challenging. Despite the African Union’s ambitious programme of Agenda 2063 – The Africa We Want – as well as efforts to prioritise and incorporate specific goals and targets into national plans, the continent has never been on track regarding its headway on the SDGs. In 2019, the Economic Commission for Africa (ECA) estimated the continent’s progress on the SDGs at a mere 52.9%.\(^3\)

SDG 8 provides a coherent framework for addressing the social and economic challenges brought about by the pandemic and building a human-centred recovery and resilience in its wake. Indeed, SDG 8 focuses on achieving sustained per capita economic growth, higher productivity and development-oriented policies that enhance productive activities, disengage productivity from environmental degradation, while promoting formalisation and full and productive employment and decent work for all. In this sense, SDG 8 is a multidimensional goal central to the achievement of all the other SDGs and has the potential to carry forward the whole 2030 Agenda.\(^4\)

Despite this, there has been very little progress made towards SDG 8 in Africa. According to the UN Economic Commission for Africa (ECA), the continent needs to double its efforts on all targets under this goal.\(^5\) Even before the pandemic, economic growth in Africa was less inclusive and unable to absorb the large numbers of young Africans seeking productive employment. Employment quality was already low as well, with more than three-quarters of the workforce working as self-employed (48%) or in family-based enterprises (20%). Less than a third (29%) of Africans have a job that pays them a regular wage.\(^6\) Informal employment accounts for about 86% of total employment and is characterised by low productivity, low pay, and limited social protection cover.\(^7\) The decent work deficits in the informal economy remain high and are manifested in high levels of working poverty and a lack of rights.\(^8\)

The pandemic has heightened these challenges, having reversed most of the gains of the past few years. The decline in economic growth and employment have had immediate and sizeable impact on the size of the poor population. Real per capita GDP in Sub-Saharan Africa is projected to decline to its 2008 level as a result of the pandemic, leading to an increase in the poverty numbers by an additional 40 million people.

A similar scenario is depicted by the International Trade Union Confederation’s (ITUC) SDG 8 Global Monitor\(^9\), which provides an analysis of where countries are standing, on a global scale, with respect to the implementation of SDG 8. According to the Global Monitor’s most recent data, Sub Saharan Africa has a rating of 86.93 and Northern Africa of 87.53, both below the world average of 100, and situating Africa as the region with the worst SDG 8 Composite indicator rating.

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**TABLE 1. ITUC SDG 8 GLOBAL MONITOR 2022: OVERVIEW OF PROGRESS ON SDG 8 BY UN REGION**

<table>
<thead>
<tr>
<th>UN Regions</th>
<th>number of countries</th>
<th>Economic wellbeing</th>
<th>Employment Quality</th>
<th>Labour Vulnerability</th>
<th>Labour rights</th>
<th>SDG8 Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>22</td>
<td>103.26</td>
<td>100.35</td>
<td>98.29</td>
<td>83.28</td>
<td>95.57</td>
</tr>
<tr>
<td>Europe</td>
<td>36</td>
<td>109.99</td>
<td>107.21</td>
<td>116.32</td>
<td>118.07</td>
<td>112.55</td>
</tr>
<tr>
<td>Latin America and the Caribbean</td>
<td>23</td>
<td>92.21</td>
<td>98.46</td>
<td>96.51</td>
<td>101.99</td>
<td>96.86</td>
</tr>
<tr>
<td>Northern Africa</td>
<td>6</td>
<td>90.48</td>
<td>85.30</td>
<td>94.18</td>
<td>81.87</td>
<td>87.53</td>
</tr>
<tr>
<td>North America</td>
<td>2</td>
<td>112.44</td>
<td>107.90</td>
<td>117.03</td>
<td>103.53</td>
<td>110.04</td>
</tr>
<tr>
<td>Oceania</td>
<td>3</td>
<td>113.28</td>
<td>104.78</td>
<td>98.75</td>
<td>102.97</td>
<td>104.40</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>41</td>
<td>84.15</td>
<td>91.19</td>
<td>78.52</td>
<td>98.72</td>
<td>86.93</td>
</tr>
<tr>
<td>Western Asia</td>
<td>16</td>
<td>101.45</td>
<td>86.35</td>
<td>99.65</td>
<td>88.56</td>
<td>93.49</td>
</tr>
</tbody>
</table>

Source: ITUC, 2022
As Figure 2 shows, all countries in the region except Mauritius are below the world average. The situation is especially worrying in Madagascar, Central African Republic, Benin, Sierra Leone, Somalia, South Sudan, Burundi and Chad, which all have a rating below 80. The lowest scores in the region are on the labour vulnerability and economic well-being sub-domains.

FIGURE 2. SDG 8 IN COUNTRIES IN SUB-SAHARAN AFRICA

Source: ITUC, 2022

2.2. Government responses for recovery and resilience: case studies

Kenya

a. The pre-pandemic context, impacts and the current situation
Consistent with the trend in Sub-Saharan Africa, Kenya’s record on the SDGs has been dismal. On the ITUC SDG 8 Global Monitor, Kenya scored 94.54 against the African average of 86.93 and it fell below the global average of 100.

While the country has achieved consistent economic growth over the past four decades, economic growth has not been transformative. Decent employment remains rare as the bulk of the workforce is trapped in low-productivity jobs. Poverty is prevalent, despite a respectable growth of national income. Inequality is high, indicating that much of the income growth has been appropriated by a small segment of the population.
Kenya’s economy suffered under the weight of Covid-19. Figures from the IMF show that the economy contracted by 0.3% in 2020. Growth contraction resulted in the widening of the country’s fiscal deficit. From an initial projection of 6% budget deficit, Kenya eventually recorded a deficit of 8.1% in 2020. In 2020, Kenya, like all other countries, faced significant declines in revenues and elevated expenditures linked to measures implemented to stop infections, treat the infected and support households. Kenya’s debt as a proportion of its GDP consequently increased from 59% in 2019 to 67.6% in 2020.

The debilitating impact of Covid-19 on Kenya’s economy subsided in 2021, although not all of the key macroeconomic indicators improved. The country’s GDP returned to a positive growth path, recording an increase of 7.2% in 2021. The projections were that Kenya’s GDP would increase by 5.7% and 5.3% in 2022 and 2023, respectively. Significantly, in spite of GDP growth recovery, government debt remains almost 10% higher than the pre-Covid level. Government debt as a percentage of GDP was 68.1% in 2021, expected to rise to 70.3 in 2022.

The deterioration of the general macroeconomic environment in Kenya had adverse implications for private sector businesses. It has been estimated that one in three household-run businesses were not operating by November 2020. The business situation was made worse by the disruption in supply chains which limited access to intermediate goods, labour, and sales channels in the country. Private sector businesses in Kenya endured low demand brought about by a reduction in consumption and a reduced demand for inputs for production. Consequently, revenues of almost 30% of household-run businesses in all the sectors of Kenya’s economy had decreased by November 2020.

Labour market impacts
The adverse impact of Covid-19 on the economy and businesses in Kenya translated into dire labour market challenges. These challenges manifested in immediate job losses for thousands mandated by the government to stay at home. By May 2020, Kenya had experienced a sharp decrease in the labour force participation rate from 75% in 2019 to 56.8%. The population in active employment also declined by significant margins for both men (from 77.6% in 2019 to 65.3% in 2020) and women (from 72.5% in 2019 to 48.8% in 2020). The unemployment rate in Kenya almost doubled compared to the pre-Covid amount.

One in five businesses in Kenya laid off workers. Moreover, 12% of establishments that did not lay off workers reduced the working hours of at least one employee. The loss of jobs and the reduction in working hours were associated with reductions in incomes. Earnings in Kenya diminished as about 8% of firms reduced wages and 11% granted leave of absence or leave without pay.

Impact on poverty
Covid-19’s debilitating impact on Kenya’s economy and labour market resulted in a rise in the poverty headcount. It is estimated that two million Kenyans were plunged into poverty by the pandemic. Effectively, the Covid-19 pandemic reversed the gains Kenya had made towards the alleviation of poverty. Notably, the pandemic threw many people into poverty at a time when the government’s ability to provide social protection was compromised by revenue declines and expenditure spikes related to managing the virus’s spread.

Source: ITUC, 2022
b. Analysis of measures to counter the impact of the crisis and boost recovery

Kenya introduced a myriad of Covid-19 response measures that sought to protect and promote the economy and livelihoods. These included health and safety protocols, fiscal and monetary measures, and labour market interventions. Government response measures also entailed social protection spending, and green economy and just transition actions. Importantly, social dialogue featured prominently in the Covid-19 containment and mitigation measures in Kenya.

Measures to support workers, income, and social protection

The government of Kenya introduced a number of measures to deal with the impacts of Covid-19 on workers and livelihoods. First, the government undertook initiatives to protect jobs and enhance employment creation. These included investment of about KSh10 billion (US$93.7 million) into youth work programmes. This was meant to address the job losses that came with the outbreak of the pandemic in the country.

Second, the government of Kenya sought to secure and promote incomes and the purchasing power of workers. Full income tax relief was granted to persons whose gross monthly income was up to KSh24,000 or US$225. The top individual income tax rate was reduced from 30% to 25% – covering employees and individuals earning income more than KSh47,059 (US$441.18) per month. In addition, the value added tax (VAT) rate was reduced from 16 to 14%.

The third set of initiatives by the government of Kenya related to social protection spending. The appropriation of KSh10 billion (US$84 billion) secured cash transfers to the elderly, orphans, and other vulnerable people in the country. Targeted cash transfers of KSh20,000 (US$187.5) was made to poor households – expected to support 2.5 million poor people in the country. The government also provided KSh6.5 billion (US$ 60.94 million) worth of school desks to support education. In addition, the government of Kenya established an Occupational Safety and Health Advisory body to help minimise the spread of Covid-19 and reduce its impact in the workplace.

Measures to support businesses

Kenya combined fiscal stimulus and monetary policy interventions to improve liquidity and stimulate economic activities as a way to protect and support businesses during the pandemic. The government of Kenya dedicated about KSh54 billion (US$50.625 million) or 0.5% of the GDP of Kenya to providing a stimulus package. The package went towards public infrastructure (KSh5.4 billion or US$50.62 million), agriculture (KSh5 billion or US$46.87 million), and tourism (KSh6.5 billion or US$60.93 million) to encourage economic activities and businesses during 2020. In addition, the government allocated KSh14.3 billion (US$134 million) for VAT refunds and arrears clearance, reduced the corporate income tax rate from 30% to 25%, and lowered the turnover tax rate from 3% to 1%. Almost 250,000 micro, small, and medium-sized enterprises in Kenya were earmarked for improved access to finance under the US$100 million Supporting Access to Finance and Enterprise Recovery project financed by the International Development Association. These measures helped to improve business liquidity to enable companies to cope with the difficulties brought about by the Covid-19 restrictions.

The Central Bank of Kenya (CBK) also took steps to mitigate the pandemic’s effect upon the country’s economy. It lowered the Central Bank Rate – the rate used by central banks to implement or signal its monetary policy stance – from 8.25% to 7.25%. It also reduced the cash reserve ratio from 5.25% to 4.25%. The CBK gave commercial banks in the country some level of flexibility, allowing the restructuring of loans affected by the pandemic. In addition, no fees were charged for mobile transactions for amounts of less than KSh1,000 or US$9.37. These measures sought to enhance liquidity in the economy to enable businesses to cope with the impact of Covid-19 pandemic.

Investments in the care economy

Despite general measures to support the purchasing power of workers, which brought some relief to low-wage and precarious workers, including care workers, the care economy and care workers were not covered by specific Covid-19 response measures. The absence of targeted support for the care sector proved problematic. According to a trade unionist from the Central Organization of Trade Unions (COTU), “care workers were most affected…domestic workers were dismissed from their work. A significant number of domestic workers lost their jobs but there were no specific programmes that supported them from income loss”. Moreover, care workers in the health sector paid the price of Africa’s long-standing health worker shortage, which has been undermining access to and provision of health services.
Investments in digital technologies

Digital technologies were an important part of the Covid-19 response by public and private sector institutions in Kenya. In the education sector, the Kenya Institute of Curriculum Development developed lessons for the Kenya Broadcasting Corporation – radio and television services – that enabled students to access lessons. Also, the Kenya Education Network Trust – a government web-conferencing platform – was utilised for remote teaching and learning. In the financial services sector, the CBK waived charges and expanded the limit for low-value mobile money transactions. This initiative brought about increases in value and volumes of mobile money transactions (mostly of US$10 or less) and helped to cushion the most vulnerable households. It attracted about 1.6 million additional customers.

In many ways, the Covid-19 pandemic spurred the deployment of digital technologies, especially sales and business payment platforms in Kenya. A study found that an increasing number of young farmers in Kenya moved from traditional markets (the physical space) to online market platforms and social media to trade their farm products in response to the Covid-19 lockdown measures. In some cases, individuals altered their livelihoods by opening virtual shops.

Nonetheless, the transition to digital technologies in business were not without limitations. Some of the pre-Covid online shops in Kenya struggled to add to their digital sales due to knowledge gaps in online marketing and the costs involved in digital technologies. In some cases, the digital technologies that were available did not allow for comprehensive e-commerce or the online buying and selling of goods and services. There had, for example, been an increasing number of young farmers resorting to online platforms to connect to markets. But these platforms did not offer end-to-end transactions – instead, they simply facilitated search and discovery, leaving payment, fulfilment, and logistics services to the young farmers.

Investments in the green economy accompanied by just transition measures

The responses to Covid-19 in Kenya involved environmental, green economy and just transition measures, including an allocation of KSh3.8 billion (US$356.25 million) to environmental issues by the Kenyan government. A multi-stakeholder Working Group on Just Transition and Engagement, which includes COTU, provided input to bring just transition issues to the forefront of discussions on post-Covid-19 recovery efforts. In particular, the Working Group submitted a paper on just transition to the United Nations Environment Assembly, calling for the integration of green recovery into Covid-19 response measures and the social protection and re-skilling of workers affected through severance payment to enable just transition (WGJTE, 2021). It further called for Covid-19 recovery efforts to include investment in low-emission infrastructures to create sustainable employment in vulnerable communities and regions.

c. Is there social dialogue? The unions’ point of view

It is important to note that social dialogue featured in the responses to the pandemic in Kenya. In particular, social partners in the country discussed and submitted a report to the National Covid-19 Economic and Business Response Working Group. The outcome of the social partners’ engagement was a Memorandum of Understanding which contained the following three priority issues:

a. Protecting and promoting enterprises: the social partners agreed to 1) freeze negotiations of new collective agreements and existing agreements that were due for negotiation for 12 months, and 2) freeze wage increments for 12 months from April 1, 2020.

b. Protecting jobs: social partners agreed on the use of annual and unpaid leave instead of redundancies, and emphasised the importance of alternative working arrangements such as working from home, use of alternate shifts, and leveraging on technology to preserve jobs.

c. Workers’ health and safety: social partners called for the establishment of screening, counselling and ambulance units at workplaces, and strengthening workplace Occupational Safety Health Committees. These proposals were important in protecting workers from Covid-19 infections.

The unions in Kenya also demanded more and better investment in social protection. The unions tabled a proposal for the establishment of an unemployment insurance fund and a migrant welfare fund. Government and private sector employers accepted the proposals and are working towards establishing both schemes.
Overall, trade union views on Covid-19 response measures in Kenya are mixed. On the one hand, trade unions lauded the macroeconomic measures of the government and its collaboration with trade unions during the pandemic. On the other hand, trade unions deplore their limited involvement in the design and implementation of the response measures. According to a senior officer of COTU, during the crisis, “the government put together an intervention or Covid-19 response committee but unfortunately trade unions and workers were not represented. There was no participation of workers’ representatives”. This exclusion constrained trade union influence on the Covid-19 measures in Kenya.

Senegal

a. The pre-pandemic context, impacts and the current situation

On the ITUC SDG 8 Global Monitor, Senegal scored 91.53, indicating limited progress towards SDG 8. The ranking is based upon the economic and social characteristics of the Senegalese economy and society, in particular the need to improve employment quality and tackle labour vulnerability.

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic well-being</th>
<th>Employment quality</th>
<th>Labour vulnerability</th>
<th>Labour rights</th>
<th>Composite Indicator SDG 8</th>
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</thead>
<tbody>
<tr>
<td>Senegal</td>
<td>96.28</td>
<td>90.01</td>
<td>88.31</td>
<td>91.72</td>
<td>91.53</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>84.15</td>
<td>91.19</td>
<td>78.52</td>
<td>98.72</td>
<td>86.93</td>
</tr>
</tbody>
</table>

Source: ITUC, 2022

Macroeconomic impacts

The Covid-19 pandemic severely affected the Senegalese economy. Figure 3 shows that Senegal’s economy went into recession in 2020 – real GDP contracted by 0.7% – after recording real GDP growth of 6.7% in 2018 and 5.3% in 2019. The recession was brought about by sharp declines in key sectors of the economy. There were slowdowns in tourism (–17%), transport (–8.8%), and trade (–0.6%). The slump was related to declines in investment and external demand.

The Senegalese economy picked up on some macroeconomic indicators in 2021. The country posted a GDP growth of 3.7% in 2021 and this has been projected to increase by 5% and 9.2% in 2022 and 2023, respectively. Yet, government debt remains higher than the pre-Covid level. Government debt as a proportion of GDP rose from 63.6% in 2019 to 69.2% in 2020, reaching 75.7% in 2021.

Source: AfDB, 2021
Senegal’s fiscal deficit increased to 6% of GDP in 2020, from an average of 3.7% in 2018-19. It inched up marginally to 6.3% in 2021. IMF data show that inflation in Senegal more than doubled from 1% in 2019 to 2.5% in 2020. At the time of this study, inflation (1.8%) in Senegal was still higher than pre-Covid-19 levels. The inflation rate appears lower, but impacts could be severe given that Senegal is traditionally less prone to inflation. A doubling of the inflation level plus massive job losses and other labour market problems brought about by Covid-19 inflicted severe hardships.

**Labour market impacts**

As growth slowed, unemployment increased because key economic sectors, such as tourism, travel, and transport declined. Approximately 40% of the working population of the country were affected by the pandemic. A survey found that roughly 30% of household heads who had jobs prior to the pandemic had stopped working by the end of June 2020 due to reasons related to Covid-19.

Senegalese employers resorted to job cuts as a response to Covid-19 and these were more pronounced in the hotel, tourism and leisure sectors, where youth and female employment tends to be high. A survey of 530 establishments in the hotel, tourism, leisure, private education, trade, transport, and public buildings and works sectors found that 16,191 workers were laid off because of Covid-19 between March and June 2020. It is estimated that 37,344 formal jobs were lost in the second quarter of 2020. Overall unemployment in Senegal rose to 15% in 2020 and 20% in 2021.

**Welfare and poverty**

The jobs and livelihood losses caused by Covid-19 rapidly resulted in loss of incomes, with dramatic welfare and poverty implications. Almost 85% of households and 90% of informal economic units experienced income losses due to the pandemic. The rate of income loss was lower in urban areas compared with rural areas. Approximately 87% of households in urban areas experienced income losses. The situation was worse in rural areas, where almost 94% of households lost all or part of their incomes. It is estimated that the real income of the poorest 40% of households in Senegal could have decreased by 4%.

Around 600,000 people were pushed into poverty in the second quarter of 2020. The probability of vulnerable households falling into transitional poverty increased to be about 17% higher than it was before the pandemic. As well as income poverty, food insecurity in Senegal increased. There was a sharp rise in the number of people who reduced the size of their meals between 4 to 7 times a week as a resilience strategy.

In November 2020, about 507,900 people were affected by food insecurity and this number was expected to increase to 873,956 between June-August 2021.

**b. Analysis of measures to counter the impact of the crisis and boost recovery**

The Covid-19 responses in Senegal involved enhancing the capacity of the health sector to deal with the pandemic, and supporting economic activities, economic units, establishments, and individuals to cope with the adverse impacts of Covid-19.

The government of Senegal introduced an Economic and Social Resilience Programme (ESRP) to mitigate the adverse effects of Covid-19. The ESRP involved the establishment of the Response and Solidarity Fund against the effects of Covid-19, also known as FORCE Covid-19, which became the vehicle for the mobilisation and disbursement of funds for the various Covid-19 health and economic measures.

**Measures to support workers, income, and social protection**

The labour market responses to Covid-19 in Senegal involved sustaining and creating jobs, and preserving incomes. The Senegalese government dedicated CFA150 billion (US$69 billion) towards socio-economic integration and employment of young people under an emergency programme for youth employment. Among other objectives, this programme focused on creating 35,000 jobs – through the special recruitment of 5,000 teachers, 22,000 youth for reforestation and cleaning, 6,000 security agents and 1,850 recruitments in other sectors.

Informal economy operators were not left out of the Covid-19 labour market interventions in Senegal. The government of Senegal provided cash transfers of CFA200,000 (US$92,000) to 10,000 households to enable poor and small-scale farmers to procure agricultural inputs to help mitigate the effects of the Covid-19 crisis.
Aside from creating jobs and securing livelihoods, the Senegalese government sought to protect the incomes of workers. It placed a moratorium on some payroll deductions; moreover, it relieved workers of salary deductions, allowing those workers who kept their jobs to receive 100% of their salaries and those who were made redundant to receive 70% of their wages.116

The Covid-19 social protection measures by the government of Senegal focused on alleviating food poverty and securing access to utilities (water and electricity). The government of Senegal invested CFA69 billion (US$150 million) to ensure the delivery of 140,000 tons of food to one million households (about 8 million people) in 553 communes across the country.117

In addition to the above, the Senegalese government paid about US$30 million (CFA15.5 billion) to cover the electricity and water bills of 975,522 households.118 This support reached 1,025,550 customers of the National Society for Electricity of Senegal (SENELEC) and 29,702 customers of rural electrification licensees.119

**Measures to support businesses**

To ameliorate the economic difficulties caused by Covid-19, the Senegalese government provided support to businesses – undertaking fiscal expansion to improve liquidity to avoid or minimise recession and improve or fast-track recovery. The government accelerated the clearance of arrears to the private sector.120 To keep the economy going it paid over US$500 million (280 billion) to government contractors and suppliers to clear domestic debt and provide financial relief to local companies.121 In addition, the Senegalese government provided direct support to sectors of the economy that were hardest hit by the Covid-19 pandemic. For example, the hotel, agriculture, transport and infrastructure sectors received US$200 million (CFA375 billion).122

The government also provided tax relief. A US$330 million (CFA180 billion) fund was set aside to provide partial tax debt forgiveness.123 The fund provided remission of the tax debt to companies among other entities.124 In addition, the government extended the payment of VAT collected by customs services and agencies.125 It also relieved companies of payment of social contributions to the retirement pension fund agency.126 In addition, about 80% of FORCE-Covid-19 was focused on businesses to preserve jobs and maintain the productive capacities of the Senegalese economy.127

**Investments in the care economy**

As in the case of Kenya, Senegal had no specific response measures to support workers in the care economy. It is notable that a survey of domestic workers found that about 85% of the respondents benefited from utility bills cancellation.128 However, thousands of young girls and women, who were in domestic employment prior to the outbreak of Covid-19 in Senegal, lost their jobs and did not have access to any form of financial compensation.129 The International Domestic Workers Federation (IDWF) condemned the treatment of workers who did not receive any severance benefits, with most having remained unemployed for more than six months.130

Care workers in the health sector were also put under unprecedented pressure in response to the pandemic, given that Senegal has an uneven geographic distribution of qualified healthcare workers, as well as frequent shortages of essential medicines and medical equipment.131

**Investments in digital technologies**

The deployment of digital technologies became an important Covid-19 response by the state and private sector firms in Senegal. In the public sector, the Trade Ministry created an e-commerce platform that facilitated access to the websites of small and medium-sized enterprises that sold essential goods.132 This initiative motivated some traditional businesses to go online, and facilitated the distribution of essential foods, hygiene, and health products.133 The Trade Ministry also launched an internet platform for market monitoring, enabling the online mapping of available stocks of essential foodstuff across the country.134 The two platforms illustrate the effort by the Senegalese government to promote e-commerce and to facilitate the exchange of goods during Covid-19. In response to the public sector initiatives, private sector firms in Senegal (especially those that faced sales shortfalls due to the Covid-19 containment measures) deployed digital technologies of their own for their operations. A survey conducted by the World Bank indicates that about 40% of firms of different sizes deployed or increased the use of digital technologies for business.135 Nonetheless, a significant digital divide persists among private sector enterprises in the country – the share of medium and large firms investing in digital technologies in response to Covid were at 33% and 36%, respectively, compared to 14% of small firms.136
Micro informal enterprises lagged even further in digital technology adoption – smartphone usage was only 18% among micro informal enterprises. This is despite the fact that those that use digital technologies have higher average levels of labour productivity and total sales and are more likely to export products.137

**Investments in the green economy accompanied by just transition measures**
Despite the many positive interventions, Senegal fell short of investments in the green economy and just transition. At best, the Covid-19 mitigation and recovery efforts in the country were climate neutral – there were no climate-related policies.138 In fact, Senegal reduced its GDP share of green policies by -1.9%.139

c. Is there social dialogue? The unions’ point of view
Social dialogue was embedded in the responses to Covid-19 in Senegal. The monitoring of the implementation of FORCE Covid-19 included key stakeholders, i.e., government, civil society, private sector.140 The committee that implemented FORCE Covid-19 organised plenary sessions and sectoral meetings with stakeholders in the country.141

In addition, the High Council for Social Dialogue (HCDS) in Senegal advocated for the cushioning of impacts of the pandemic on informal economy workers and enterprises.142 The HCDS consistently brought the critical situation of informal economy operators to the fore, and participated in the steering committee that was established for an ILO rapid assessment of the impact of Covid-19 on the informal economy.143 The HCDS also sought to build tripartite consensus to ensure the incorporation of the findings and recommendations of the rapid assessment into the national Covid-19 recovery plan.144

Trade unions consider the inclusion of social dialogue in Senegal’s Covid-19 response to have been significant. The discussions on the roadmap out of the Covid-19 pandemic and the engagement on the national response plan enabled a common understanding among social partners. According to a trade unionist, “social dialogue was useful to find solutions. Also, the training of employees and workers’ organisations on the national resilience plan helped to reinforce social dialogue and collective bargaining at all levels”.145

In spite of the above, trade unions have contrasting perspectives on Covid-19 response measures in Senegal. While Senegalese trade unions laud some government measures, especially those that sought to protect lives and livelihoods, and stimulate the Senegalese economy, they remain critical of the limited reach of the various Covid-19 support measures, particularly the health and safety protocols. According to a trade unionist “the government struggled to extend the measures to all communities”.146 The limited spread of the government’s measures meant that “at the beginning of the pandemic, non-government organisations and trade unions were in the field helping workers and migrants … sharing solidarity support through living assistance and protective equipment such as mask and soap for washing hands”.147
3. CONCLUSIONS AND RECOMMENDATIONS
3.1. Recommendations to governments

As this paper shows, Covid-19 has starkly exposed the lack of resilience of most African economies.

In line with other African nations, Kenya and Senegal both registered negative growth in 2020, faced increased budget deficits and rising debt levels. Employment and livelihoods were curtailed; incomes plummeted for households, while price levels increased. Consequently, poverty rates have increased. Governments of the two countries have made frantic efforts despite their limited resources to support households and businesses. But support has largely been uncoordinated and not focused on any medium- and long-term framework.

Going forward, countries will have to organise their Covid-19 support and recovery processes according to the framework provided by SDG 8 and the 2030 Agenda. Countries must prioritise the recovery of the real economy by investing in policies and programmes that increase economic growth, strengthen manufacturing value added, and create decent and productive employment. Countries should not just pursue economic growth for the sake of it. Economic growth must fulfil the promise of decent employment.

This implies the decoupling of economies from harmful investments in natural resource extraction which generate jobless growth, and do not transform economic structures. Such growth degrades the environment and contributes to climate change but delivers little economic welfare. Economic policies, and the growth they seek, must focus on providing the basic necessities of life, and from which decent employment can be achieved. Countries must scale up investments in decent climate-friendly jobs. Economic policies for recovery should focus on measures to support micro-, small- and medium-sized enterprises (MSMEs), which form the pivot around which African economies revolve. Support to the labour-intensive sectors in sustainable agriculture, manufacturing, tourism will help achieve a recovery and shared future for the majority of the African population. In other words, scarce resources for recovery must be spent in the areas and sectors where most of the population is employed, where the impact is scalable, and which contribute to creating decent jobs and building climate resilience.

The two case studies show how government response measures lagged behind in promoting the care economy, despite the importance of this sector and the effects of the crisis on care workers. Investments in the care economy will be crucial to guaranteeing decent, climate-friendly jobs that acknowledge the unpaid domestic and care work performed mostly by women and contribute to the formalisation of informal care jobs.

Digitalisation will also need to be extended. Important initiatives have been undertaken during the pandemic to promote digital technologies, but these will need to be scaled up to ensure African countries are up to speed in an increasingly digitalised world economy. Digitalisation will require strong skills development and education, especially for women and girls, to face the much-needed digital transition and ensure employability in a more digitalised world.

Governments must also make strong and sustainable investments in universal social protection. Countries must establish the necessary mechanisms for delivering assistance to citizens in times of crisis. In the Covid-19 pandemic, poor countries (with limited resources) were limited in the implementation of social protection programmes. The implication is that people that needed the assistance most were supported too little both in quantum and duration terms. Countries must, therefore, strengthen their social protection systems to face future crises and increase investments in health care to ensure solid health systems and universal access that is responsive to future pandemics.
Countries must also invest adequately in social dialogue. This includes investing in labour market institutions. Across Africa, trade unions and workers became active in the fight against Covid-19. The tripartite system was especially important in guiding employer and worker relations during the crisis and providing concrete solutions. The Kenyan unions, for example, worked with employers to put forward concrete measures to save jobs. But the special measures instituted, which curtailed workers’ rights in the context of the pandemic, must be immediately reversed as the pandemic has considerably receded. Moreover, government recovery programmes, including provision of stimulus to businesses must be tied to the creation of decent employment and a commitment to respecting labour rights.

Workers who lost their employment as a result of the pandemic and remain jobless must be supported beyond the provision of temporary income support through training and re-skilling. Countries must develop and implement vocational training and education strategies that ensure life-long learning. This will improve employability and ensure early integration into the labour market. The economy-wide benefits in terms of productivity gains from such strategies could be immense. More broadly, the recovery programmes must support particularly vulnerable workers, including workers in the informal economy. This will require instituting a living wage and ensuring that workers earn decent incomes that allow them to provide for their families while saving and investing for the future. In addition, the recovery efforts need to intensify the formalisation of the informal economy.

Recovery policies must deliberately address the climate emergency. The Kenyan example of a multi-stakeholder Working Group on Just Transition and Engagement is a good example of how to incorporate climate change concerns into the pandemic recovery process. Conversely, the Senegalese approach of reducing funding for green policies in its Covid-19 recovery programme must be avoided. A just transition with green investment in sectors that achieve sustainable growth and create decent and climate-friendly employment, supported through social protection and skills development, and negotiated with the social partners is the way forward.

### 3.2 Recommendations to international cooperation donors

Given the paucity of resources and the current fiscal constraints facing governments in African nations, development aid is needed now more than ever and requires a scaling up to reach 0.7% of donors’ Gross National Income. African countries need bigger resource envelopes to be able to undertake the necessary recovery policies described in the previous section. Each country now faces huge budget deficits and debts have risen to unsustainable levels. Domestic resource mobilisation must be strongly supported through progressive taxation, and measures that will stop the draining of African economies, such as international tax cooperation to fight tax avoidance and profit shifting as well as illicit financial flows. Debt restructuring and cancellation for countries most in need should be part and parcel of support measures and a more ambitious issuance of Special Drawing Rights is needed.

Installing a solid social protection system to support struggling households during the next crisis will require hefty revenues. A Global Social Protection Fund can provide the necessary financing and technical support to implement social protection floors in the poorest countries of Africa. This will require the mobilisation of increased Official Development Assistance for social protection, to reach 7% of donors’ aid budgets by 2030 and 14% beyond, as well as an effective implementation of the UN Global Accelerator on Jobs and Social Protection for Just Transitions.

This is the time for increased solidarity. A solidarity that helps alleviate poverty, strengthen economic growth, provides decent employment and helps combat climate change. There is ample evidence that poor countries cannot shoulder the burden imposed by Covid-19 alone without compromising their ability to achieve the Sustainable Development Goals. All countries must work together to achieve the 2030 Agenda.
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Interview conducted by the author with an officer of COTU-K, 16 June 2022


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The Working Group was made up of the Central Organization of Trade Unions (COTU), the Pan African Climate Justice Alliance (PACJA), the Centre for Environment Justice and Development (CEJAD), Transparency International-Kenya (TI-K), and Youth for SDGs Kenya.


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