

SDG DECADE OF ACTION
TRADE UNION POLICY RESPONSES

THE SDGs FOR RECOVERY AND RESILIENCE

CASE STUDIES FROM ARGENTINA, CHILE AND COLOMBIA

TIME FOR



THE CLOCK IS TICKING
FOR A NEW SOCIAL CONTRACT



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THE SDGs FOR RECOVERY AND RESILIENCE

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FOR A NEW SOCIAL CONTRACT**

CSO Partnership 
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PREFACE

Latin America and the Caribbean have been hard hit by the COVID-19 crisis, which has highlighted the structural weaknesses already present before the pandemic. The situation in place prior to the pandemic is a product of the total failure of the neoliberal policies applied in the region for decades and that have actively contributed to the systematic dismantling of the state, public policies and the social, labour and productive structures in our countries, leaving them in a state of total vulnerability and ill-equipped to cope with the scale of the pandemic.

The situation is so critical that many analysts fear that the 2020-2030 period could turn into another lost decade for the region. For the Trade Union Confederation of the Americas (TUCA), emphasizing the impact of neoliberal policies on the ineffectiveness of the responses to the pandemic is as important as the proposals put forward to contribute to the recovery and to the building of truly sustainable resilience in the region, based on a new social contract. The TUCA has already laid the foundations for this, developing policy guidelines for sustainable development with social justice as part of our Platform for the Development of the Americas (PLADA). These proposals are more relevant now than ever and put the importance of having a democratic state and comprehensive public policies that meet society's requirements back at the centre of the debate. The PLADA highlights elements of the 2030 Agenda and the SDGs and reaffirms the need for a people-centred approach to the changes required.

The TUCA has also been promoting key tools and debates within the region's trade unions over recent months. One example is the publications of the Labour Observatory of the Americas, which show how the responses to the pandemic have not only failed to contain the virus but have exacerbated exposure to human rights abuses in the region. Another is the debate on trade union transformation, held within the framework of the continental conference on "Transforming and Strengthening Trade Unions to Represent and Organise all Workers", and sub-regional events. This debate has underscored the significance of trade unions as drivers of development and democracy. TUCA affiliates in each country have put forward proposals that reconfirm the importance of trade unions in the current context, bringing to the table issues that underpin all the SDGs: decent work, equality, equity, social justice and human rights.

This study, and its analysis of the responses to the crisis by the governments of Argentina, Chile and Colombia, highlights the importance of respecting and promoting both the fundamental rights of working people and the Decent Work Agenda as foundations for recovery and the building of resilient, just and sustainable societies. Placing SDG 8 on decent work and inclusive and sustainable economic growth at the heart of the policy responses brought by the governments of the region, to ensure that absolutely no one is left behind on the road to recovery, is central to the future of Latin America and the Caribbean.

The TUCA will continue to stand with the workers of Latin America and the Caribbean, defending their rights and their dignity.

Rafael Freire

General Secretary of the Trade Union Confederation of Workers of the Americas (TUCA)

INTRODUCTION

This report aims to analyse the consistency between government responses to the COVID-19 pandemic and the Sustainable Development Goals (SDGs), particularly SDG 8.

The first part of the report analyses the socioeconomic effects the pandemic is having on the region, before focusing on the scope of the public action taken by Argentina, Chile and Colombia since the start of the pandemic and its consistency with SDG 8.

Finally, it offers some conclusions and recommendations for a regional recovery in line with the SDGs, including priorities for development cooperation.



1. REGIONAL IMPACT OF THE PANDEMIC ON THE SDGS: ARE WE LOOKING AT ANOTHER “LOST DECADE”?

The socioeconomic implications of the pandemic relate both to the weak condition of productive, financial and socio-occupational structures in most countries of the region, and to a lack of ambition in the national and international political responses aimed at mitigating the most adverse effects of COVID-19. Given this situation of widespread weakness, some analysts fear that 2020-2030 may become another “lost decade” for the region.¹

The situation in the region prior to the pandemic was already of some concern:

After more than a decade of poverty and extreme poverty reduction (SDG 1), this trend began to reverse from 2015 onwards.² Lower economic growth, growing instability in the labour market and limited fiscal space in which to address social policies appeared to be the causes of this change. The poor coverage of social protection systems, especially pension schemes, was one of the main reasons for rising poverty and extreme poverty.

It was also in 2015 that, following a decade of significant reduction, a rise in hunger and food insecurity (SDG 2) began to be seen again in the region.³

Access to health (SDG 3) continued to show great inequalities. As the Economic Commission for Latin America and the Caribbean (ECLAC) explained: “The health systems of the region’s countries show significant weaknesses. They are underfunded, segmented and fragmented.”⁴ Women, informal workers, ethnic minorities and migrants were finding it more difficult to access quality health services.⁵ In regional terms, Latin America and the Caribbean already had a low percentage of health spending, around 4 per cent of GDP.

Data on gender equality⁶ (SDG 5) showed improvements in terms of the regulatory framework for gender-based violence and gender parity issues in political terms. However, although the rate of women’s participation in the labour market was on the rise, it still lagged far behind that of men (50 per cent compared with 74 per cent). The wage gap also remained very high (in the case of the service sector, 19.8 per cent lower than the wage level for men).

In terms of providing decent, formal work (SDG 8), the region already had a large informal sector (including domestic work), accounting for one-third of total employment.⁷ To this must be added the significance of low-productivity sectors, which is where almost one in two workers were already working prior to the pandemic.⁸ Finally, the region was already characterised by serious violations of people’s labour rights.⁹

As regards SDG 10 (reduced inequalities), the trend was positive, although structural inequalities remained: the region was allocating 12 per cent of its GDP to social expenditure, which was less than half the percentage spent by developed countries.¹⁰

With regard to SDG 13 (climate change), the region was showing a weak decarbonisation process, with a 2.4 per cent reduction per year over the 1990-2014 period, far below the 6.7 per cent annual reduction required to prevent the temperature from rising by 1.5 degrees.¹¹

SDG 16 is aimed at promoting peaceful and inclusive societies and facilitating access to justice. The data from the region was not positive even before the pandemic: 20 per cent of the population considered violence and public security to be a serious problem (second only to economic concerns).¹²

1.1. Socioeconomic projections in the context of the pandemic

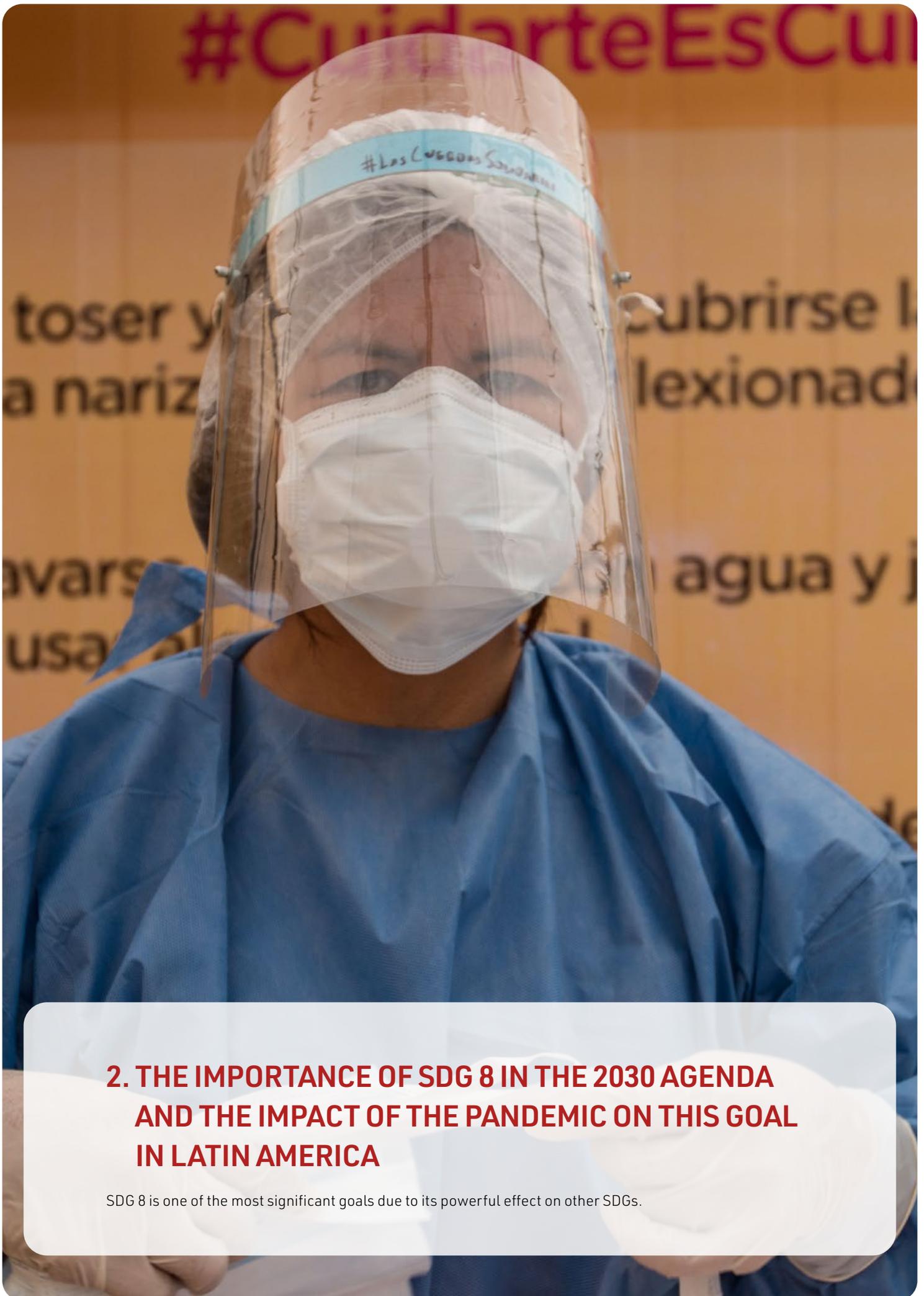
Against the backdrop of the pandemic, international bodies forecast the following by the end of 2020:

- *Drop in GDP:* A 9.1 per cent drop in GDP. This contraction in the region's economy would be the most severe since 1900. By subregion: a 9.4 per cent fall is expected in South America, 8.4 per cent in Central America and Mexico, and 7.9 per cent in the Caribbean.¹³
- *Drop in trade:* A worsening of international trade in the region,¹⁴ with exports contracting by 23 per cent and imports by 25 per cent.¹⁵
- *Rising unemployment:* A 5.4 per cent increase in unemployment, resulting in an overall unemployment rate of 13.5 per cent.¹⁶
- *Increasing poverty:* A 7 per cent increase in the rate of poverty¹⁷ (37.3 per cent of the region's population) and 4.5 per cent in the rate of extreme poverty¹⁸ (15.5 per cent of the region's population). We could therefore be looking at some 231 million people in poverty and 28 million in extreme poverty.
- *Increasing inequality:* An increase in the Gini coefficient¹⁹ of between 1.31 per cent and 7.8 per cent,²⁰ drawing a line under the progress made in recent decades to reduce inequality.

1.2. Impact on the world of work

A 5.4 per cent increase in unemployment would result in an overall unemployment rate of 13.5 per cent by the end of 2020, a figure that could get even worse if the pandemic remains active. Certain sectors are disproportionately exposed:

- *Women:* They are employed in essential sectors such as commerce (60 per cent) and health (73 per cent) and are also over-represented in the informal sector. The increased burden of care due to the lockdown, as well as the increased exposure to situations of gender-based violence, should also be noted.²¹
- *Formal workers:* They suffer differing degrees of vulnerability depending on the sector in which they work (essential or not, and therefore vulnerable to lockdown or not) and, above all, depending on the level of unemployment protection: only 11 countries²² have unemployment insurance, and some of these provide poor coverage (low level of income and of short duration).
- *Population with the lowest income:* Only 34 per cent of the population with the lowest incomes are affiliated to a health system and contribute to it, and only 52 per cent of salaried employees are covered overall.²³ In other words, the region's households are forced to make significant out-of-pocket payments to cover their health needs, making it difficult to treat illness properly.
- *Informal workers:* According to the International Labour Organization, the proportion of informal employment in the region was 53 per cent²⁴ prior to the pandemic. Given the increase in (formal) unemployment, forecasts point to a rise in this type of employment, affecting women, young people, indigenous people, Afro-descendant people and migrants disproportionately. This population, which has little access to social security systems and suffers from clear financial constraints, is much harder hit by lockdown measures.
- *Small and medium-sized enterprises:* Most employment in the region is generated by small and medium-sized enterprises (SMEs), which are much more vulnerable to demand shocks than large companies.²⁵ This means that, in the face of a global slump in demand, job losses are greater in production structures that rely on SMEs.



2. THE IMPORTANCE OF SDG 8 IN THE 2030 AGENDA AND THE IMPACT OF THE PANDEMIC ON THIS GOAL IN LATIN AMERICA

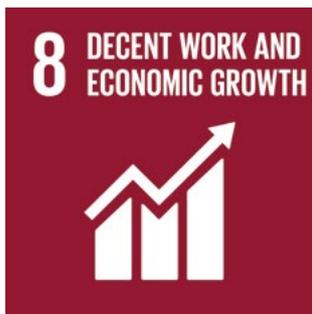
SDG 8 is one of the most significant goals due to its powerful effect on other SDGs.

“Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” is a necessary condition for achieving many of the other goals.²⁶



Source: International Trade Union Federation/Italian Alliance for Sustainable Development (ITUC/ASVIS)²⁷

Main targets of SDG 8:



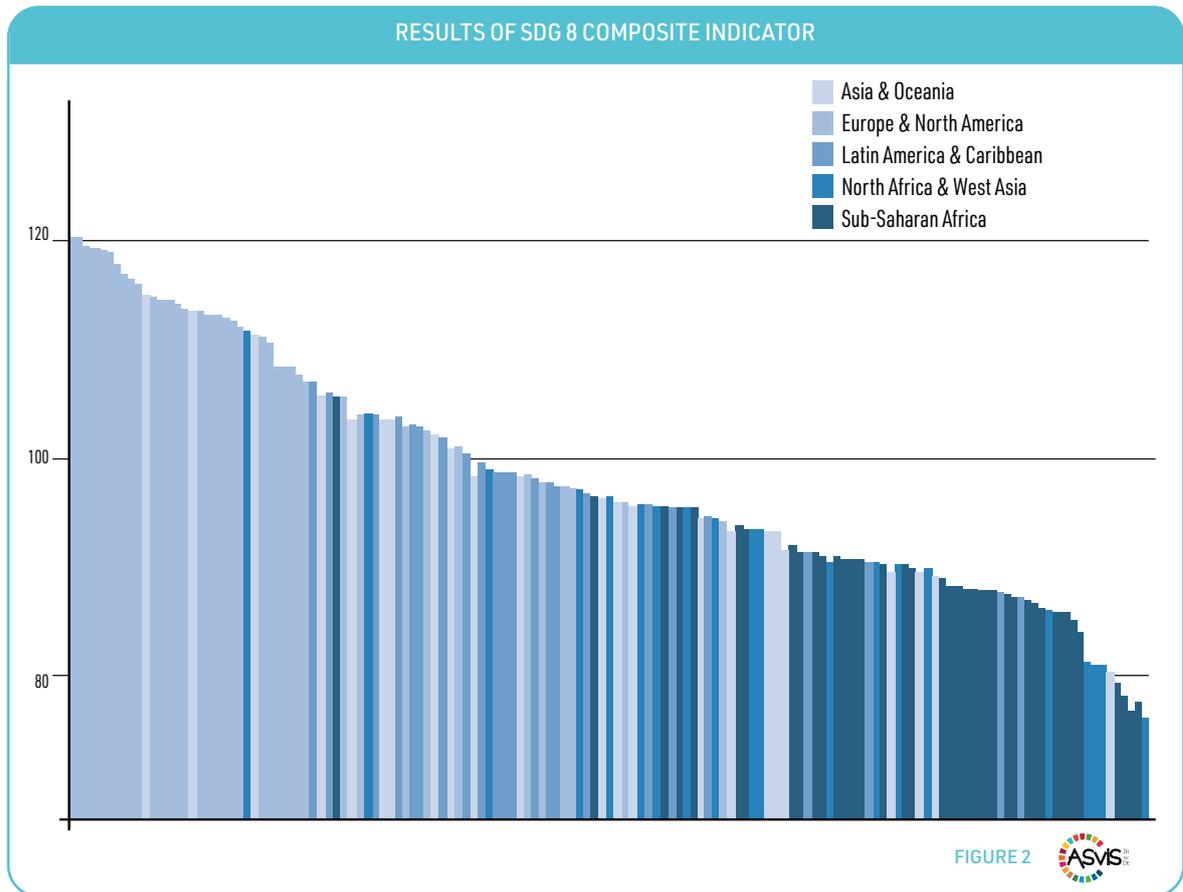
- 8.5. “By 2030, achieve full and productive employment and decent work for all women and men... and equal pay for work of equal value”
- 8.2. “Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors”
- 8.3. “...encourage the formalisation and growth of micro-, small- and medium-sized enterprises...”
- 8.4. “Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation...”

As the General Secretary of the International Trade Union Confederation, Sharan Burrow, points out with regard to SDG 8:

“Decent work and sustainable growth are at the heart of this agenda (2030). It is essential to end global injustice and achieve a New Social Contract with decent work for all (...) We must demand that governments honour their commitments to achieve the SDGs and we must monitor their progress.”²⁸

Considering the impact of the pandemic on SDG 8, a report from ECLAC²⁹ highlights that the region as a whole is no longer on track to meet this objective. "Stronger policies must be pursued to boost GDP growth and investment, as well as proactive labour market policies, such as raising the minimum wage, strengthening labour oversight and collective bargaining, and pursuing labour formalisation schemes. These efforts will also support a more rapid recovery from the impacts of the pandemic. In the case of women, policies should go further than combating unemployment; they should also alleviate the excess unpaid work burden to enable them to integrate fully into the labour market."

Pre-pandemic data on SDG 8 from the ITUC Observatory showed that Latin America and the Caribbean was already below the global average in terms of achieving Goal 8 and the SDGs.³⁰



Source: ITUC/ASVIS³¹

For Latin America and the Caribbean, the SDG 8 composite indicator shows a value below the world average (100),³² with strong variability by country, and 15 countries falling below 100. The main economies of the region (which are also home to a majority of the population), such as Mexico, Brazil, Colombia, Venezuela and Argentina, are below the world average.

Because the effects of the pandemic are compounded by already weak social protection systems, poorly developed production structures that are lacking in innovation, and very limited and weakened labour institutions, the region will only stray further from achieving the various SDG 8 targets as a result of the pandemic, both in low and lower middle-income economies and in high and upper middle-income economies.

The roots of these deteriorating labour rights lie in under-developed industrial relations systems with low levels of democratisation. The result is increased violence and deregulation, and defencelessness against labour management practices, all of which increases instability and social exclusion.

The Trade Union Confederation of the Americas (TUCA) conducted a survey on the impact of COVID-19 on labour rights in the region. The results show:³³

- *Unfair dismissals*: An increase in the number of unfair dismissals, as well as in refusals to pay compensation.
- *Wages and non-payments*: A reduction in wages or an increase in non-payment of wages by the employer.
- *Overtime*: An increased use of overtime.
- *Violence and harassment*: An increase in violence and harassment (particularly gender-based and racial harassment).³⁴
- *Social dialogue*: Poor trade union involvement in bargaining and consultation processes with the different governments to agree measures to deal with the pandemic.³⁵
- *Legal protection*: Scarce legal protection for violations of the freedom of association.

SDG 8 also includes the decoupling of GDP growth from environmental conservation as a goal. This is one of the key aspects of the economic recovery process in the post-pandemic stage: a move towards a production model that is consistent with the decarbonisation process set out in the 2030 Agenda. This entails a high-calibre production transition process under the premises of the concept of “Just Transition”.³⁶

It should be noted in this respect that the impact of the pandemic on the movement of people and goods has resulted in reduced greenhouse gas emissions, although this may simply be a lull in the scale of emissions observed prior to the pandemic.³⁷



3. GOVERNMENT RESPONSES FOR RECOVERY AND RESILIENCE AND THEIR CONSISTENCY WITH SDG 8. CASE STUDIES: ARGENTINA, CHILE AND COLOMBIA

The main courses of action taken by these governments during the crisis have been aimed at providing financial support for businesses (in some cases with an emphasis on micro, small and medium-sized enterprises - MSMEs), although the state resources allocated often do not arrive in time or regularly enough to protect employment and maintain active production channels. Programmes to support and stimulate employment in the region range from social security contributions, wage subsidies, direct aid for companies, job protection, cash transfers, unemployment insurance, reduced working hours and other measures relating to financing with state guarantees.³⁸

The following analysis relates to policies that have been announced in Argentina, Chile and Colombia, and where possible taking the extent to which they have been implemented into account.

Argentina

Argentina's situation prior to COVID-19, according to the ITUC Observatory's composite indicator for SDG 8 and its sub-domains:

	Composite indicator	Economic well-being	Labour market efficiency	Labour vulnerability	Labour rights
Argentina	99.81	97.75	101.99	99.68	99.87

Source: CSI/ASviS³⁹

These figures, almost all of which are below the world average (100), indicate that the country was already not on track to achieve SDG 8 or the 2030 Agenda prior to the pandemic.

Regarding the specific policies implemented in Argentina to alleviate the socio-occupational effects of COVID-19:

General fiscal measures

US\$ 1.5 billion fiscal package (0.5 per cent of GDP)

Health policies

Construction of 12 hospitals. Increased domestic production of PPE.

Income-support policies

A one-off US\$ 150 payment to families reliant on the informal economy.

A US\$ 200 payment for poor families.

Tax policies

95 per cent reduction in social contributions to 31 December 2020 in particularly affected sectors.

Subsidies to companies

The government will pay 50 per cent of wages between April and October in particularly affected sectors.

Tax and social security credits

Household contributions guaranteed by social security (now cancelled)

Public loans

Public and private banks will support private companies with working capital up to 180 days

Guarantees

Guarantees for affected SMEs

Source: OECD Tracker (2020)⁴⁰

As it can be seen from above, the proposed policies are broad and aim to avoid increased poverty and job losses, and prevent SMEs from having to close. These policies include the following support measures:⁴¹

Measures to support workers, income and social protection

- *Price setting and payment facilities:* The government set maximum prices⁴² for a 90-day period to ensure supplies and to prevent any exploitation of prices for a range of food, personal hygiene and medical products. The measure was introduced in March and subsequently extended for six months.
- *Extension of the grace period for payments of National Social Security Administration credits:* To support the incomes of the most vulnerable sectors during the pandemic, the National Social Security Administration is extending the grace period for payment of credits due in June from its members.
- *Integrated Unemployment Benefits System:* Benefits were extended to 31/10/20.
- *Extraordinary reinforcement through the Food Card:* This measure is aimed at parents with children up to six years of age who are receiving Universal Child Benefit (UCB), pregnant women who receive Pregnancy Benefit and people with disabilities who receive the UCB.
- *Social security allowances:* Strengthening of non-contributory income support programmes through an extraordinary UCB payment and the Universal Pregnancy Allowance; the social security allowances are also for retirees receiving a minimum pension or retirement allowance.
- *Emergency Family Income:* An exceptional non-contributory cash benefit for Argentine nationals and residents aged between 18 and 65 years who are unemployed, those working in the informal economy, lower-income taxpayers and domestic workers. It is paid to just one member of a household and is compatible with the UCB.
- *Essential services:* Argentine Integrated Social Security System rate was reduced by 95 per cent for key workers' wages and overtime during compulsory lockdown. Activities and services declared to be essential were expanded.
- *Emergency Assistance Programme for Work and Production:* 95 per cent reduction in employer contributions to the Argentine Integrated Social Security System; Compensatory Wage Allowance for companies with up to 100 workers; Emergency Healthcare Assistance paid by the state for workers in companies with more than 100 workers. An Evaluation and Monitoring Committee was created, coverage expanded and benefits extended, incorporating zero-rate credits for small taxpayers and self-employed workers, supplementary salaries for private sector employees (50 per cent paid by the state), and a comprehensive system of unemployment benefits. The reduction in employer contributions was simplified. The package may be extended until 30/06/20 or 30/10/20 for those activities still affected. The Evaluation and Monitoring Committee, in turn, extended the number of eligible companies and entities to include the health, education and transport sectors.
- *Ban on dismissals:* Applied to dismissals without just cause, for reasons of a lack of or reduction in work, and force majeure and furloughing for these reasons until 31/05/20 (Decree 329/20) - The measure extended successively, and remains in force to date.
- *Declaration of COVID-19 as an occupational disease* (Decree 367/2020).

Measures to support SMEs and job creation

- *Emergency Assistance Programme for Work and Production*: Includes salary compensation, zero-rate credits for small taxpayers and self-employed workers, convertible subsidised-rate loans, reimbursement of convertible subsidised-rate loans, and a comprehensive unemployment benefit system.
- *Salary compensation*: Which includes the state's payment of the Minimum Living Wage for each employee in companies with a turnover that has fallen in relation to the previous year, and up to twice the Minimum Living Wage for companies in sectors considered critical. In addition, these companies may postpone or reduce their employer's contributions by up to 95 per cent.
- *Zero-rate loans for small taxpayers and self-employed workers*: With a ceiling of 150,000 pesos or 25 per cent of gross income.
- *Repayment of loans at a convertible subsidised rate*: Companies that are beneficiaries of the 15 per cent convertible subsidised-rate loans granted in September and which maintain jobs or create new ones over the next 12 months can receive a refund that will partially or totally cover the value of this loan.
- *Comprehensive system of unemployment benefits*: The amount of unemployment benefit has been increased and will be between 6,000 and 10,000 pesos, with a series of conditions. The expiry of unemployment benefits due to occur between 1 August and 30 November 2020 has also been extended to 31 December 2020.
- *SME and Small Taxpayers' Moratorium Plan*: Partial waiver of interest and total waiver of fines for tax, customs and/or social security debts for micro, small and medium-sized enterprises, small taxpayers and non-profit organisations.
- *Loans for payment of salaries at a fixed rate of 24 per cent*: Banks that are wage payment agents must offer loans to SMEs for the payment of wages at a fixed rate of 24 per cent for one year, with a three-month grace period. In addition, 30 billion pesos have been allocated to the Argentine Guarantee Fund to provide guarantees.
- *Loans for working capital*: This includes a series of funding lines for SMEs and cooperatives in different sectors, including mining, culture and tourism.

Cash transfer policies were one of the main measures adopted. Building on the strengths of the social protection system, it was possible to react quickly by transferring income to the most vulnerable families with children and adolescents, to social welfare recipients and to the elderly. In addition, new transfer policies were developed, such as the Emergency Family Income and the Emergency Assistance Programme for Work and Production, helping to expand social protection coverage and reach wider groups. These initiatives were complemented by other policies such as programmes to strengthen access to distance education, the provision of basic goods and services, investment in infrastructure and preventive healthcare. Despite the efforts made to mitigate the effects of the crisis, however, given its almost unprecedented magnitude, the outlook is critical: INDEC data suggests that, in the first half of the year, 40.9 per cent of the population were affected by poverty.⁴³ This means that, between 2019 and 2020, a further 2.5 million people had fallen into poverty.

It is worth noting that, without the transfer measures implemented by the government, this poverty rate may well have been another 2.6 percentage points higher, affecting 43.5 per cent of the population. These policies have thus most likely prevented almost 1.2 million people from falling into poverty.⁴⁴

Measures to support environmental sustainability

In October 2020, a document was approved with the aim of strengthening investment in the sustainable economy.⁴⁵ This document raises the need for all production activity to incorporate an environmental dimension. It thus proposes the need for a systematic increase in investment in research and development. It also notes the work of the Ministry for Production Development in promoting a Green New Deal, including budget allocations for improving energy efficiency in homes, promoting sustainable transport, implementing a development plan for national wind energy suppliers, developing solar energy and, finally, promoting the circular economy.

Is there social dialogue? Unions' point of view

Argentina's trade unions agree that the country's initial situation was not up to dealing with the effects of this pandemic, from either a health or a socio-economic perspective.⁴⁶ It is, however, worth noting the significant tradition of social protection in Argentina, whereby the vast majority of the population is covered by social protection networks.

After years of neoliberal policies, Argentina is highly indebted and has a weak social and productive structure. The economic and political forces of the opposition have been fiercely lined up against the current government's socioeconomic measures.

The proposals from Argentina's trade unions are based on the country's severe social vulnerability, the extractive nature of its production system, and its heavy dependence on other countries, in terms of demand and finance alike. In this regard, the trade union movement fears that the International Monetary Fund (IMF) will demand strong labour market adjustments in exchange for debt renegotiation (a debt that was inherited from the previous government and which was not intended for the productive economy).

Furthermore, the trade unions point out that the existence of a very large informal sector undoubtedly has considerable influence over the poverty being caused by the pandemic and hinders the State's ability to reach these people quickly due to a lack of registration or systematisation of their existence and the diversity of their realities.

With regard to taxation, all of Argentina's trade unions agree on the need for progressive taxation. In this regard, they support the measures adopted (such as the wealth tax and the Programme of Assistance to Work and Production, which covers up to 50 per cent of the salaries in those companies that apply for it). At the same time, however, they point to the inadequacy of these policies and the need for more far-reaching tax reform with much greater redistributive capacity.⁴⁷

From the point of view of employment rights, the pandemic has revealed the harmful effects that neoliberalism has had on the country, which has led to extremely negative economic results and a sharp deterioration in social cohesion. In fact, the unions report that, despite the government's ban on layoffs, many companies have reduced their staffing levels, even if this meant higher severance costs.

Faced with the economic situation inherited from the previous government, the administration that took office in December 2019 has rolled out a battery of public policies and tools that have made it possible to limit the impact of the COVID-19 pandemic on employment, economic activity and poverty in the short and medium term, despite the previous fragility.

The Argentine trade union movement indicates that all channels of negotiation have been opened to address the social and employment needs emerging with the pandemic. In fact, it is one of the few countries that has recognised COVID-19 as an occupational disease, thus preventing the loss of jobs and closure of businesses.

Chile

Chile's situation prior to COVID-19, according to the ITUC Observatory's composite indicator for SDG 8 and its sub-domains:

	Composite indicator	Economic well-being	Labour market efficiency	Labour vulnerability	Labour rights
Chile	102.83	103.32	105.02	107.39	95.96

Source: CSI/ASviS⁴⁸

In the case of Chile, too, the statistical data shows the country's weak position on the sustainability scale, with results at or below the world average.

With regard to the specific policies applied in Chile to alleviate the socio-occupational effects of COVID-19:

General fiscal measures

Virus detection and treatment measures. Support for the incomes of families and the most vulnerable groups.

Health policies

Sustaining family incomes, especially for the most vulnerable.

Income-support policies

Emergency Plan:

- I. protection of family incomes;
- II. revitalisation of the economy and labour market;
- III. US\$ 12 billion fund.

Tax policies

Extension of tax payments on real estate. Extension of VAT and property tax payments for small businesses.

Subsidies to companies

None

Tax and social security credits

Deferment of property tax payments, with 0 per cent interest (for homes valued at less than US\$ 160,000).

Public loans

None

Guarantees

Facilities for businesses and families: special treatment of deferred loan provisions; use of mortgage guarantees to secure loans to SMEs.

Source: OECD Tracker (2020)⁴⁹

The above policies include, more specifically, the following support measures:⁵⁰

Measures to support workers, income and social protection

- *Income Support Voucher*: Equivalent to the Family Single Benefit Voucher, which will benefit 2 million people not in formal employment. This effort involves a sum of US\$ 170 million.⁵¹
- *Minimum Guaranteed Income Act*: Monthly tax liability allowance for workers on contracts limited to regular hours who receive a gross monthly salary of less than US\$ 445 and who fall into the first nine deciles.⁵²
- *Phase II of the Emergency Economic Plan*: Creation of a US\$ 2 billion fund to provide benefits and entitlements to the most vulnerable individuals and families. Targeted at the more than 2.6 million informal workers without unemployment insurance.⁵³
- *Emergency Family Income*: For households with mostly informal income. This was later increased as part of the National Agreement and brought into line with the benefits of the Employment Protection Act and loans to the self-employed.⁵⁴

Measures to support SMEs and job creation

- *Loans for freelance workers*: Up to 70 per cent of the amount that their income has been reduced by when this is 320,500 pesos or less. The benefit is progressive for lower-income workers and has a ceiling of 500,000 pesos for higher-income workers. It must be paid back in three annual instalments.⁵⁵
- *As part of Phase III of the Emergency Economic Plan*: The provision of 2.5 million food parcels, coordinated by central government with the municipalities. It will be targeted at the most vulnerable areas of the Metropolitan Region.⁵⁶
- *Provision of US\$ 120 million for municipalities and US\$ 20 million for civil society organisations*: For initiatives to help vulnerable populations, adding to the US\$ 100 million already committed to municipalities.
- *Middle Class Protection Plan*: Deferment of mortgage repayments, extension of rent subsidies, extension and deferment of university loan repayments with state guarantee and deferment of property tax payments for the middle class.⁵⁷
- *Direct transfers of up to 500,000 pesos*: For workers and individual entrepreneurs whose income has fallen by at least 30 per cent and who have not benefited from the Emergency Family Income.
- *Access to unemployment insurance benefits in exceptional circumstances*.
- *100 per cent of the employer's social security contributions paid*: Along with established complaints mechanisms, and with measures for activating insurance with commercial and financial bodies for severance pay, etc.
- *Improvements to the benefits of the Employment Protection Act*: Increasing the months of coverage and the amounts paid to workers under this law. Inclusion of domestic workers⁵⁸ into unemployment insurance.

The forecasts for 2020 show a fall in GDP of 7.9 per cent and an increase in the Gini index of between 5 per cent and 5.9 per cent.⁵⁹ Extreme poverty rates are expected to increase by 142.9 per cent (from 1.4 per cent in 2019 to 3.4 per cent in 2020) and poverty rates by 58 per cent (from 9.8 per cent to 15.5 per cent).⁶⁰

Measures to support environmental sustainability

Environmentally, Chile is a particularly vulnerable country, due largely to human activity and to the fact that Chile's economy is highly dependent on mining. Mineral wealth, together with the strong international demand for raw materials, and hence the profitability of this activity and its contribution to GDP, means that mining is largely impervious to environmentalist approaches.

Chile has a National Disaster Risk Management Policy approved by Supreme Decree 1512 (2016) and a National Strategic Plan for Disaster Risk Management approved by Exempt Decree 3,453 (2016), but neither has resulted in any clear environmental commitment, as can be seen from the considerable increase in greenhouse gas emissions, for which mining must take clear responsibility.⁶¹

The transition towards a much less environmentally aggressive production model is, however, feasible,⁶² and this would have clear implications for income distribution, which would have to be adjusted through social policy.

Despite these possibilities, the impact of the pandemic has not led to specific environment protection measures being adopted. The specific measures proposed simply assume the continuity of the current production system and are aimed at mitigating the short-term effects of the pandemic. In fact, they demonstrate that there is no long-term strategy aimed at reorienting a production method that is unsustainable in the long term.

Is there social dialogue? Unions' point of view

Chilean trade unions believe that the measures taken are insufficient and reflect a lack of social dialogue in Chile as regards addressing the pandemic under conditions of social justice.⁶³

Chile has a relatively high per capita income but concomitantly high levels of income inequality. Specifically, this crisis coincides with a social crisis that has resulted in unparalleled public outcry in recent decades and which, following the consultation of 25 October 2020, will lead to a process of constitutional review.

In fact, a lack of social protection (resulting from decades of neoliberalism) has left large sections of the population exposed to the crisis. The *Central Unitaria de Trabajadores* (CUT-Chile) has stated that this pandemic is resulting in increased levels of indebtedness among the working class, and growing numbers of evictions for non-payment of housing costs. The privately funded pension system covers barely 30 per cent of the final salary and the health system requires an out-of-pocket payment (co-payment) on the part of those it covers.

In contrast, conditions are better for the business sector. In terms of accessing benefits, companies that furlough staff can pay social security contributions in instalments for a period of up to 12 months. In addition, although more workers are now covered by the law protecting businesses, the amounts paid to workers have been lowered to 85 per cent of what they were previously receiving from the minimum monthly income.

CUT-Chile points to the failure of many of the measures, which are no more than formal policy announcements by the government with minimal actual coverage in social and income terms:

- *Given* the requirements, there are many people who are potential beneficiaries of vouchers and grants but who have not actually been able to access them.
- *Given* the cost of living and low wages, the Minimum Guaranteed Income is not currently enough to provide a decent life. This is precisely one of the reasons why the protests took place in 2019.
- *Loans* to SMEs have not yielded the expected results.
- *There* are also sometimes insurmountable conditions placed on loans to the self-employed.
- *Support* for basic needs such as food parcels have not reached all the most vulnerable people.
- *The funds* given to municipalities are not always used for social measures: each municipality uses them how they see fit.
- *Direct transfers* to workers are one-offs with prior conditions that prevent many of those in need from accessing them.

Chilean trade unions have proposed a number of urgent and medium- to long-term economic and social measures, such as:⁶⁴

- *Provide* an emergency basic income of an average of 400,000 pesos per family for six months, enabling these families to escape poverty.
- *Establish* a wealth tax of 2.5 per cent.
- *Replace* food parcels with cash transfers.
- *Create* soft loans (outside private banking) for micro and small businesses.
- *Increase* the state's debt by at least 5 per cent of GDP in order to mobilise more resources to address social and employment issues.
- *Establish* price controls on food, health and basic services.
- *Create* a Universal Basic Pension.
- *Ban* redundancies.
- *Take* measures against loss of income for the self-employed.
- *Establish* state control of strategic companies and basic services such as health.
- *Increase* spending on science and technology to 5 per cent of GDP.
- *Respect and care* for the environment, reducing/improving the exploitation of the production matrix to make it sustainable for future generations.

None of the proposals made by CUT-Chile⁶⁵ have been considered and inequality continues to rise in the country.

In fact, increased unemployment due to COVID-19 (with a large number of layoffs) has been financed by the workers themselves through their unemployment insurance, which covers barely 45 per cent of their salaries.

In addition, workers themselves are financing the additional costs of home working. Alongside this, informal work has grown significantly, and its relative share of total employment is now estimated at more than 50 per cent.

With regard to the Chilean government's response to the country's Nationally Determined Contribution (NDC)⁶⁶ in the context of the Paris Climate Change Agreement,⁶⁷ Chilean trade unions have denounced the total lack of social consultation and participation. In fact, to date the Chilean government has failed to include trade unions in its work or dialogue on climate change, even though the Chilean NDC refers to the International Labour Organization's (ILO) "Guidelines for a just transition towards environmentally sustainable economies and societies for all". This lack of any true social dialogue is evidence of the Chilean government's unwillingness to engage.⁶⁸

Colombia

Colombia's situation prior to COVID-19, according to the ITUC Observatory's composite indicator for SDG 8 and its sub-domains:

	Composite indicator	Economic well-being	Labour market efficiency	Labour vulnerability	Labour rights
Colombia	91.48	90.62	102.30	98.90	76.39

Source: CSI/ASviS⁶⁹

The data again confirms that the country was far from being on a path to sustainability prior to the pandemic. The COVID-19 crisis has created greater conditions of vulnerability and instability in the workplace, affecting the exercise of freedom of association.

Policies applied in Colombia to mitigate the socio-occupational effect of COVID-19:

General fiscal measures

US\$ 4.7 billion fiscal package (1.4 per cent of GDP).
This is one of the lowest levels of resources allocated to address the crisis.

Health policies

US\$ 313 million increase in health resources.

Income-support policies

A 375,000 peso increase for poor families.
New low-cost cash transfer programmes.
The government undertook to pay, by means of Decree 538 of 2020, an additional bonus to health workers.

Tax policies

Solidarity tax for public employees, with different percentages depending on the salary level (which was declared unconstitutional).

Subsidies to companies

Subsidy of up to 40 per cent of salary (up to the equivalent value of the minimum wage) for three months for workers in SMEs, which was extended by law until March 2021.

Tax and social security credits

Refinancing of loans for businesses and individuals. Change in payment schedule, extension of deadlines.

Public loans

US\$ 65 million subsidy to tourism, aviation and public events.
US\$ 91 million subsidy for a reduction in the price of petrol.

Guarantees

Three-month guarantees to finance up to five minimum wages, conditional on no layoffs.

Source: OECD Tracker (2020)⁷⁰

The above policies include, more specifically, the following:⁷¹

Measures to support workers, income and social protection

The pandemic has had devastating effects on the labour market and on incomes, and it has led to a further lack of social security protection and to impoverishment of the population.

The insecure nature of work in Colombia was already very worrying prior to the pandemic, due to rising unemployment, the level of labour inactivity,⁷² a high level of work in the informal sector (between 50 per cent and 60 per cent, depending on the measurement)⁷³ and a crisis in the country's health care model (privatised and thus resulting in insecure contractual conditions for health workers).

- *Declaration of the State of Economic, Social and Environmental Emergency*: This has enabled the government to make resources available and to adopt financial, tax and other measures to mobilise the financial resources necessary to mitigate and recover from the effects of the pandemic.⁷⁴
- *Increased resources for the Emergency Mitigation Fund*: Created by Decree 444 of 2020. The Occupational Risks Fund will lend the Nation (Ministry of Finance) up to 80 per cent of its balance to avert the crisis or prevent the spread of its effects across the country.
- *Adoption of the Solidarity Income*: As a cash transfer to the poorest households at a value of US\$ 43 per month and per family, benefiting 2,614,700 households, and in place until June 2021.
- *Creation of the Social Registry of Homes and the Cash Transfers Platform*: To meet the needs of households in poverty and economic vulnerability across the country under the State of Economic, Social and Environmental Emergency.
- *Support Programme to Pay the Services Voucher to the Agricultural Sector*: For workers and producers in the Colombian countryside who have suffered a drop of 20 per cent or more in their income. The contribution that beneficiaries receive will depend on the number of workers they have.
- *Job retention alternatives*: (1) Drawdown severance pay from private funds by an amount that compensates for the reduction in monthly income. (2) Provide early, group or cumulative holidays. (3) Salaried or freelance workers without work will be able to access benefits from the Severance Protection Mechanism: financial assistance to the sum of two minimum wages.
- *Employment protection measures*: Offset paid leave, change working hours, wage agreement, change/ suspend extra-legal benefits and agreement on standard benefits.
- *The Ministry of Employment guarantees to pay the first services voucher*: Enabling (1) The employer and worker to agree the form of payment of the voucher, in up to three instalments, with a deadline of 20 December 2020. (2) The creation of the Voucher Payment Support Programme, which consists of granting a natural or legal person, consortium or joint venture a cash contribution from the state of US\$ 220 per employee.
- *Financial aid for the unemployed*: Consisting of granting US\$ 160 dollars per month for up to three months to salaried workers who have been made redundant since 12 March 2020.

Measures to support SMEs and job creation

The government has adopted a series of stimulus measures and subsidies for companies aimed at defending the productive structure and employment. These measures are, however, insufficient and ineffective to achieve their objective because the rate of job losses in Colombia is one of the highest in Latin America and, in many cases, these resources do not trickle down to MSMEs or they do so with considerable delay, which significantly affects the volume of their employment and their competitiveness, as they do not have open markets or consumers due to the loss of jobs and family income.

In Colombia, between May and July, the average unemployment rate was 20.4 per cent.⁷⁵ When analysed by gender and by age, the trend is even more worrying. Female unemployment is 25.5 per cent and youth unemployment 39.4 per cent (DANE, 2020).⁷⁶

- *The Formal Employment Support Programme:* Financed with resources from the Emergency Mitigation Fund, this is a state social programme that will provide its beneficiaries with a monthly income for its duration. It was extended by law until March 2021 to support and protect the country's formal employment sector during the pandemic.
- *Subsidy of up to 40 per cent of the value of a minimum wage (US\$ 243):* For three months for workers in SMEs. This was extended by law until March 2021, the amount was increased according to the economic sector, and a 50 per cent contribution was included to provide support to employees earning up to one million pesos in December. This subsidy is especially targeted at small and medium-sized enterprises (91.9 per cent of those who received the subsidy in the first months were SMEs with an average of up to 50 workers on their payroll).
- *Injection of US\$ 70 billion into the National Guarantee Fund:* To strengthen banking institutions and provide financial relief for entrepreneurs, micro-entrepreneurs and individuals. US\$ 20 billion to MSMEs.
- *Loans of up to US\$ 69 billion will receive support from the financial system:* In addition, 240,000 people will benefit from consumer loans, 2,131 businesses from grace periods three to six months, and 13,551 households from mortgage loan freezes.
- *The "Unidos por Colombia" Guarantee Programme:* To support loans for the payment of SME salaries, with 90 per cent coverage.
- *Alternatives to the normal working day:* (1) Successive shifts not exceeding eight hours per day and 36 hours per week. (2) Redistribution of the regular 48 hours per week over a four-day working week.
- *Aid programme for workers on furlough:* Worth US\$ 160 a month for up to three months.
- *Digital connectivity assistance:* Provided by the employer instead of travel support for staff working from home.
- *Temporary tax and exchange rate control measures:* Possibility of refunding income tax and VAT balances up to 25 per cent of the cost.
- *The Agrarian Bank of Colombia and the Fund for Financing the Agricultural Sector are empowered to enter into agreements with small and medium-sized producers in the Colombian countryside:* For recovery and repayment (debt restructuring), including cancelling current interest and arrears, as well as reductions in the principal amount.

In the third quarter of 2020, GDP fell by 9 per cent, in the second quarter by 15.7 per cent and in the first quarter by 1.1 per cent.⁷⁷ The decline in the third quarter can be explained by a dramatic 24.1 per cent fall in exports and a 7 per cent decline in household consumption.

Cumulative annual GDP has fallen by 8.1 per cent (more than initially expected), and this will have a dramatic effect on the labour market and on the conditions for decent work.

As a result of the recession, ECLAC forecasts an increase in the Gini index of between 4 per cent and 4.9 per cent,⁷⁸ with extreme poverty rising by 38.8 per cent (from 10.3 per cent in 2019 to 14.3 per cent in 2020), and poverty rising by 17.6 per cent (from 29 per cent in 2019 to 34.1 per cent in 2020).

Measures to support environmental sustainability

The 2030 Agenda includes a series of ambitious environmental objectives for Colombia, such as a significant extension in its protected area, a reduction in emissions, reduced deforestation, manual control and substitution of illicit crops, etc.

Additionally, the National Development Plan for 2018 to 2022, entitled “Pact for Colombia, Pact for Equity”, includes generic objectives relating to sustainability, digital transformation, equal opportunities and an agreement on mineral and energy resources for sustainable growth and increased opportunities.⁷⁹

However, as of the date of this study, no fundamental measures have been proposed in relation to SDG 8 or in the context of the COVID-19 pandemic that might seek to redirect the production model towards a positive environmental impact, nor have there been any changes in employment policies to move towards a just transition that would enable a reconversion of jobs affected by the change in the energy matrix. This is especially important for mining and energy-producing countries with a high levels of extraction such as Colombia.⁸⁰ The current measures are an attempt to reduce the impact on the production system as it stands, an example of this being the support provided for the mining sector. It should be noted that the Colombian production model is largely based on the export of raw materials, and that this greatly limits its capacity to generate added value. This support is not necessarily negative but neither are other measures aimed at repositioning the sector or production methods in a way that is consistent with the above objectives and aligned with a sustainable economy.

Is there social dialogue? Unions' point of view

The informal sector in Colombia is estimated to account for 60 per cent of all work,⁸¹ and the unemployment rate is more than 20 per cent. This situation is a clear sign of a broken and insecure labour market, which affects and blocks trade union action and social consultation. We are faced with a deregulated labour market in which unemployment benefits are scarce (only for formal workers who lose their jobs) and difficult to access (the administrative process for granting them is long and the amount is insufficient to cover needs), and with a health system that needs out-of-pocket payments to access it under optimal conditions.

Colombian trade unions point out that the pandemic has merely enabled the government to take a more radical and authoritarian stance, ignoring trade union organisations and establishing decrees that are actually simply concealed labour and pension reforms, thus making employment and the welfare state for workers and the general population even more insecure.

In this regard, the government had originally included Article 193 in Law 1955 of 2019 (National Development Plan for 2018-2022), creating a “Social Protection Floor for people with incomes below the minimum wage”. The aim was to extend the coverage of the General Social Security System to lower-income workers.

With the enactment of Decree 1174 of 27 August 2020, however, the national government “regulated” Article 193, and established hourly contracts below the minimum wage under the pretext of extending coverage to those who earn less than a minimum monthly legal wage because they work part-time in a job, trade or economic activity.

In addition, these workers are required to have: a) health coverage through the Subsidised System; b) coverage for occupational risks through an Inclusive Occupational Risk Insurance, which favours the financial insurance system; and c) affiliation to the Periodic Economic Benefits system (BEPS), which does not provide effective social protection for this type of worker, given that they will also be subject to greater job insecurity, with limitations on trade union freedom.

The Colombian government still lacks a real willingness to convene and conduct effective social dialogue with trade unions, demonstrating the lack of social agreement, including a strong bias in favour of large corporations and the financial sector. One example that illustrates this is the Colombian government's decision to grant a US\$ 370 million⁸² loan to Avianca, a foreign capital company located in a tax haven, while aid to the most vulnerable people barely amounts to US\$ 40 per month (the minimum wage is approximately US\$ 200 per month). Another example of economic and labour policy concessions to employers is the enactment of Decree 1174 of 2020, which allows for hourly contracts below the minimum wage and makes micro-insurance compulsory for these workers.

It should be noted that Colombian salaried workers have not even had access to recognition of COVID-19 as an occupational disease or accident.

Alongside this, aid to small and medium-sized enterprises is scarce. These businesses have complained on several occasions that they cannot access direct funding from the government, instead being forced to opt for expensive loan schemes from the banking system. The system of state guarantees is insufficient to prevent SME bankruptcies because banks are not willing to lend to a sector that they consider high-risk, even though SMEs account for some 80 per cent of the country's workers.

Faced with this situation, the Colombian trade union movement is pushing an agenda based on an **economic and social transition for reconstruction and decent employment**,⁸³ which contains a set of economic, fiscal, monetary, tax, employment and income-generating measures aimed at achieving a change in the direction of development policy, strengthening business, and protecting the population's labour and social rights. In this context, the following points are noteworthy:⁸⁴

- *Repeal and/or modify* the regulations affecting employment and social security rights issued by the government due to the pandemic, such as Decree 1174 of 2020 on the Social Protection Floor, and increase the minimum wage by up to 14 per cent.
- *Adopt* the emergency basic income or minimum living income for the most vulnerable populations that have lost their income, their employment and are living in poverty, unifying the existing income transfer programmes (Families in Action, Youth in Action, Solidarity Income and Older Colombia).⁸⁵
- *Extend* the aid package to businesses, especially MSMEs, popular economies and cooperatives, which account for 80 per cent of employment.⁸⁶
- *Implement* minimum internet access for a wider population, including indigenous communities and the collective territories of afro-descendant communities.
- *Implement* an industrial reconversion for green jobs and a just transition.



4. RECOMMENDATIONS AND CONCLUSIONS

COVID-19 has brought about challenges of unprecedented scope. Never before has the world faced a shock wave with such devastating socio-economic consequences. In this context, Latin America urgently needs to address its structural weaknesses. A radical change of paradigm is necessary to move definitively away from the politics applied in the last decades. Instead, governments and donors in the region must invest in long-term, sustainable, and inclusive policies that are 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.

4.1 How can governments shape response strategies to the crisis in line with SDG 8 and the 2030 Agenda?

The three countries analysed above share a series of common features.

Aimed at limiting the impact of the pandemic, many of the measures are palliative, inevitably reflecting a short-term, temporary approach. And yet these measures are not sufficient to overcome existing inadequate production models that are generating low added value or lack sustainability. In Colombia and Chile, for example, the resources from stimuli do not trickle down to MSMEs or they do so with considerable delay, which significantly affects their volume of employment and their competitiveness. The case of Argentina is an exception where, despite its previous fragility, a battery of public policies and tools has been deployed to contain the impact of the pandemic on employment, economic activity and poverty in the short and medium term.

In addition, all three countries are implementing measures to support people's incomes but there are still challenges in extending social protection coverage and reducing the volume of informal employment. Given that some of the main measures adopted in Argentina were cash transfer policies, new tools were developed, expanding social protection coverage and reaching wider groups. In fact, it is one of the few countries that has recognised COVID-19 as an occupational disease, thus curbing job destruction and business closures.

In both Chile and Colombia, the pandemic has resulted in reduced social security protections and higher levels of impoverishment (indebtedness) of the population, in part because the measures adopted are insufficient to guarantee a minimum living wage. In Colombia, in particular, the pandemic has led to decrees that are simply concealed labour and pension reforms, making employment and the welfare state of workers and the general population even more insecure.

It is noteworthy that the three countries have environmental plans. The specific measures aimed at mitigating the effects of COVID-19 should have been framed within the context of these plans and should have focused on implementing sustainable production models. In fact, the Chilean government has not thus far included trade unions in its climate change discussions at all. In Argentina, a document has just been approved (October 2020) that will strengthen investments in the sustainable economy and promote a Green New Deal.

Concerning negotiations with social partners, the situation differs greatly from country to country. However, in the case of Argentina, the social dialogue process has allowed for a level of agreement that has been virtually absent from the Chilean and Colombian cases.

The presence or absence of social dialogue is closely linked to measures of a social and fiscal nature. This is what has enabled, for example, measures of a socio-occupational nature to have a greater impact and a greater redistributive character in Argentina. This is not the case in Chile and Colombia, where the trade union movements of both countries have demanded more equitable income distribution measures.

Public debt is clearly a strong constraint on any expenditure, so a debt renegotiation is needed. Debt relief based on the SDGs and an injection of special drawing rights from the IMF is necessary to avoid debt and liquidity shocks that would only make the situation worse.⁸⁷ It is important to emphasise that a binding and comprehensive debt resolution mechanism is missing from the international system.

Tax reforms are also essential. Of the countries analysed, Argentina presents the clearest measures for tackling the problem of a tax shortfall (wealth tax, which is expected to raise 2 per cent of GDP). It is also the country in which the greatest efforts have been made at consultation.

Beyond the response to COVID-19, policies should not be limited to the short term, nor should they focus exclusively on the effects of the pandemic, as the previous weakness of social protection systems, the fiscal structure (insufficient fiscal space) and the undemocratic model of labour relations are all at the root of the strong regressive effect caused by the pandemic, and they require a structural response.

A New Social Contract⁸⁸ is therefore needed, based on: (1) a change in the production model at the national and supranational level to one that prioritises investment in sustainable production processes; (2) a change in the energy model; (3) a strengthening of universal social protection systems; and (4) the development of a model of democratic labour relations that ensures the strengthening of individual and collective labour rights.

In line with SDG 8, governments therefore need to:

- Ensure a labour protection floor that guarantees workers' fundamental rights, an adequate minimum wage, maximum limits on working time and occupational health and safety (as stipulated in the ILO's Centenary Declaration for the Future of Work).
- Establish universal social protection systems covering all workers, regardless of their contractual status, including informal workers and the self-employed, in accordance with ILO Convention 102 and Recommendation 202.
- Ensure both public and private sector investments are redirected in the medium and long term towards building a solid economic base. This will require restructuring national economies and production systems, and introducing industrial policies negotiated with social partners.
- Create a large number of decent jobs through sustainable and innovative investments, increasing productivity through diversification and focusing on high value-added sectors.
- Implement a just transition towards sustainable economies in which workers and their communities are not left behind.
- Invest in social dialogue with social partners as an integral part of the recovery and resilience phase.

4.2 What is the role of international cooperation in supporting these recovery and resilience strategies?

Given the enormous challenges facing national governments in terms of recovering from the crisis, particularly in providing medium- and long-term responses, it is clear that international solidarity is needed now more than ever. This is also the case in middle-income countries that are at risk of falling back into unprecedented levels of poverty. Therefore, international development cooperation should be strengthened in both quantitative and qualitative terms in order to adapt to the current situation. In addition, although it is necessary to increase aid volumes to above 0.7 per cent of gross national income (GNI),⁸⁹ there is also a need to fine-tune the ways in which Official Development Assistance (ODA) is used.

The above case studies show that difficulties in protecting people and workers during economic and health crises are related to the fact that the coverage being offered by the health and social protection systems prior to the crisis was insufficient. This is a public finance issue for which governments are responsible. It is therefore crucial to support governments' fiscal capacity by developing their ability to mobilise domestic resources. Progressive tax systems that ensure universal social protection together with public goods and services are essential to address poverty, combat inequality and create less vulnerable societies.

"Despite the ample and important development benefits, an environmentally sound recovery will require active and conscious policy options and decisions that go beyond those that do the least harm. This requires developed and developing countries working together to ensure that greener options are available to all."⁹⁰

Developing countries need to invest in sustainable recovery. This means:

- **Investing in the care sector**, where women form a majority, making up 70 per cent of health workers and also providing 75 per cent of care duties. ODA could support this.
- **Many jobs can be created through green investments** in infrastructure, public transport and housing, ecosystem restoration and innovative improvements in cities, as well as industrial transitions.
- **It will not be possible to achieve an industrial transformation without workers.** This can only be guaranteed through a **just transition** based on inclusive **employment policies, vocational training and retraining of workers**, and supported by a **social protection** system that enables the workforce to adapt to new jobs in sustainable sectors.
- **Social protection is a key element of the just transition and is essential to combat inequalities.** 70 per cent of the world's population currently does not enjoy the security that social protection provides. By 2018, donor countries (OECD-DAC) were devoting 0.69 per cent of total gross ODA to social protection in developing countries,⁹¹ a figure that is far from sufficient to meet current needs.
- **The COVID-19 crisis calls for a more coordinated response from governments and development actors in this regard.** A Global Fund on Social Protection would help those countries most in need (to establish a floor of social protection) and over time to maintain and expand protection in times of crisis and build resilience.⁹² Improving universal social protection systems and raising minimum standards will also address the needs of informal workers and contribute to **a formalisation of the informal economy**, which is one of the greatest challenges in developing countries.
- **The creation of decent good-quality jobs** should be at the heart of all investments. The OECD's "FDI Qualities Indicators Report"⁹² highlights important weaknesses in foreign direct investment's impact on the creation of decent jobs, in particular with regard to freedom of association and collective bargaining, fair wages, occupational health and safety and skills.
- **Countries where collective bargaining is well established are those best able to cope with crises**, due to the sustainable and inclusive responses modelled by social partners.⁹³ Donor and developing country governments **should work closely with social partners** to design and implement targeted interventions that provide appropriate measures to help developing countries achieve recovery.
- The Creditor Reporting System on the Decent Work Agenda adopted by the DAC in 2018 will help analyse **the extent to which ODA is contributing to areas that are important for recovery** such as job creation, labour rights, social protection and social dialogue.
- Finally, to invest in sustainable recovery, developing countries need sufficient fiscal space. Without coordinated multilateral action to extend **debt relief⁹⁴ to the most vulnerable countries – and to implement debt cancellation in cases of urgent need – it will be impossible for these countries to make any progress.**⁹⁵

By implementing the above priorities, ODA could better contribute to a strong recovery from the crisis and to building sustainable economies and societies for all, in line with the principles and objectives of the 2030 Agenda, particularly SDG 8.

Endnotes

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- 2 <https://foroalc2030.cepal.org/2019/en/documents/quadrennial-report-regional-progress-and-challenges-relation-2030-agenda-sustainable>
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- 4 <https://foroalc2030.cepal.org/2019/en/documents/quadrennial-report-regional-progress-and-challenges-relation-2030-agenda-sustainable>
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- 9 https://www.ituc-csi.org/IMG/pdf/ituc_globalrightsindex_2020_en.pdf
- 10 https://www.cepal.org/sites/default/files/static/files/sdg10_c1900796_press.pdf
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- 12 <https://foroalc2030.cepal.org/2019/en/documents/quadrennial-report-regional-progress-and-challenges-relation-2030-agenda-sustainable>
- 13 "Addressing the growing impact of COVID-19 with a view to reactivation with equality: New projections. June 2020. ECLAC. At: <https://www.cepal.org/en/publications/45784-addressing-growing-impact-covid-19-view-reactivation-equality-new-projections>
- 14 In a globalised world, trade in goods and services marks the production and therefore labour dynamics of all countries and regions, especially the most dependent ones.
- 15 The effects of the coronavirus disease (COVID-19) pandemic on international trade and logistics. August 2020 ECLAC. At: <https://www.cepal.org/en/publications/45878-effects-coronavirus-disease-covid-19-pandemic-international-trade-and-logistics>
- 16 "Health and the economy: A convergence needed to address COVID-19 and retake the path of sustainable development in Latin America and the Caribbean". July 2020. ECLAC. At: <https://www.cepal.org/en/publications/45841-health-and-economy-convergence-needed-address-covid-19-and-retake-path>
- 17 Ibidem.
- 18 "Extreme poverty" or "destitution" is understood as a situation in which the resources necessary to satisfy the most basic food needs are not available. In other words, people living in households whose income is not sufficient to purchase a basic food basket are considered "extremely poor" and will spend all their income on food. In turn, "total poverty" is understood as a situation in which income is less than the value of a basic basket of goods and services, both food and non-food.
- 19 Statistical indicator that measures inequality of income distribution. The higher the value, the more inequality there is in the distribution of income.
- 20 "Political and social compacts for equality and sustainable development in Latin America and the Caribbean in the post-COVID-19 recovery". COVID-19 Special Report No. 8. October 2020, ECLAC
- 21 "Covid-19 in women's lives. Reasons to recognise the differential impacts". OAS. Inter-American Commission of Women. 2020. At: <http://www.oas.org/en/cim/docs/ArgumentarioCOVID19-EN.pdf>
- 22 Argentina, Aruba, Bahamas, Barbados, Brazil, Chile, Colombia, Ecuador, Honduras, Uruguay and the Bolivarian Republic of Venezuela.
- 23 Ibidem.
- 24 "Políticas de formalización en América Latina: Avances y desafíos". 2018. ILO. At: https://www.ilo.org/americas/publicaciones/WCMS_645159/lang-es/index.htm
- 25 In many cases it is the subcontracting and outsourcing processes of the large company itself that energise the economic activity of the SMEs.
- 26 The interlinkages between SDG 8 and the other SDGs are numerous and significant. The reduction of poverty, the eradication of hunger and the reduction of inequality (SDGs 1, 2 and 10 respectively) are all objectives that depend critically on the capacity of countries to promote a new era of economic growth driven by decent work. The promotion of gender equality (SDG 5) is present in SDG 8 through the labour perspective under the promotion of equal rights and equal pay, as well as the economic inclusion of women in the labour market. SDG 8 is linked to SDG 4 (quality education) as increases and innovation in productivity are positively correlated to increased levels of education. Finally, sustainable growth as identified by SDG 8 is connected to the support for a paradigm shift in the production and consumption system (SDG 12) based on technological change and innovation (SDG 9), clean energy (SDG 7) and a resilient climate model (SDG 13). See analysis in "SDG Decade of Action. Trade Union Policy Responses". ITUC, June 2020: https://www.ituc-csi.org/IMG/pdf/sdg_decade_of_action_trade_union_policy_responses.pdf
- 27 "SDG Decade of Action. Trade Union Policy Responses". ITUC, June 2020: https://www.ituc-csi.org/IMG/pdf/sdg_decade_of_action_trade_union_policy_responses.pdf
- 28 <https://www.ituc-csi.org/timefor8-workers-want-a-new-social-contract-with-decent-work-for-all>
- 29 "The 2030 Agenda for Sustainable Development in the new global and regional context: Scenarios and projections in the current crisis". April 2020. ECLAC. At: http://repositorio.cepal.org/bitstream/handle/11362/45338/4/S2000207_en.pdf
- 30 This statistical resource incorporates various aspects related to economic performance, labour market products and outcomes, and employment rights. More specifically, it collects data on different sub-domains: economic wellbeing, quality of employment, vulnerability of employment and employment rights. "SDG Decade of Action. Trade Union Policy Responses". ITUC-CSI- June 2020. At: https://www.ituc-csi.org/IMG/pdf/sdg_decade_of_action_trade_union_policy_responses.pdf
- 31 "SDG Decade of Action. Trade Union Policy Responses". ITUC, June 2020: https://www.ituc-csi.org/IMG/pdf/sdg_decade_of_action_trade_union_policy_responses.pdf
- 32 The rating scale of the SDG 8 composite indicator ranges from 70 to 130, with value 100 representing the world average. A value above 100 does not necessarily mean good performance with regard to achieving SDG 8. "SDG Decade of Action. Trade Union Policy Responses". ITUC. June 2020. At: https://www.ituc-csi.org/IMG/pdf/sdg_decade_of_action_trade_union_policy_responses.pdf
- 33 "Impacto de la COVID-19 en los derechos laborales en las Américas". TUCA. September 2020. At: <https://csa-csi.org/wp-content/uploads/2020/10/Informe-impacto-Covid-1.pdf>
- 34 Percentage of affirmative responses above 30 per cent in all cases.
- 35 In those cases where there has been agreement (affirmative responses of only 39 per cent), this has focused on employment protection and safety protocols and, to a lesser extent, on home working and considering COVID-19 as an occupational disease (in more than 50 per cent of the cases consulted it was not recognised as such). Furthermore, almost half of the positive responses indicate that the agreements are not binding on companies and are therefore ineffective. In almost half of the cases consulted, there has been a unilateral halt to collective bargaining.
- 36 A just transition implies that sustainable investments are accompanied by employment policies, backed by vocational training and retraining and supported by social protection, to ensure that the labour force can adapt to new jobs in sustainable sectors. See "The contribution of social dialogue to the 2030 Agenda: Promoting a just transition towards sustainable economies and societies for all", ITUC/TUDCN: <https://www.ituc-csi.org/IMG/pdf/sdjt-final-en.pdf>
- 37 "The 2030 Agenda for Sustainable Development in the new global and regional context: Scenarios and projections in the current crisis". April 2020. ECLAC. At: http://repositorio.cepal.org/bitstream/handle/11362/45338/4/S2000207_en.pdf
- 38 https://www.ens.org.co/wp-content/uploads/2020/11/Ecuena-Nacional-Sindical-Revista-Cultura-Trabajo_No-95.pdf p. 28
- 39 The full report "SDG 8: Decent work and just transitions at the heart of the 2030 Agenda", with the complete methodology, can be ordered from: timefor8@ituc-csi.org
- 40 OECD (2020) "Country Policy Tracker", available at <https://www.oecd.org/coronavirus/country-policy-tracker>
- 41 ILO (2020) <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang-en/index.htm#AR>
- 42 <https://www.argentina.gob.ar/preciosmaximos>
- 43 INDEC is Argentina's statistics and census office: <https://www.indec.gob.ar/>
- 44 <https://www.cippe.org/wp-content/uploads/2020/10/197-DT-PS-Impacto-social-del-COVID-19-en-Argentina-D-per-centC3-per-centADaz-Langou-Kessler...-1.pdf>

- 45 El desarrollo productivo en la Argentina pospandemia. Hacia una visión compartida del desarrollo económico del largo plazo y el cambio estructural. October 2020 Ministry of Production Development. At: https://www.argentina.gob.ar/sites/default/files/hacia_una_mirada_compartida_del_desarrollo_productivo_1_1.pdf
- 46 Marita González, Advisor to the CGT's International Secretary. Roberto Baradel, CTA International Relations Secretary. Gonzalo Manzullo, CTA-A International Relations Secretary. Personal communication.
- 47 For example, the amounts of Emergency Family Income are low and outweighed by high inflation; they also require legal residence in the country for at least two years, thus excluding the migrants that live in Argentina.
- 48 The full report, "SDG 8: Decent work and just transitions at the heart of the 2030 Agenda", with the complete methodology, can be ordered from: timefor8@ituc-csi.org
- 49 OECD (2020) "Country Policy Tracker", available at <https://www.oecd.org/coronavirus/country-policy-tracker/>
- 50 ILO (2020) <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang-en/index.htm#AR>
- 51 <https://www.diariooficial.interior.gob.cl/publicaciones/2020/04/02/42622/01/1748257.pdf>
- 52 <https://www.diariooficial.interior.gob.cl/publicaciones/2020/04/03/42623/01/1748493.pdf>
- 53 <https://prensa.presidencia.cl/comunicado.aspx?id=149692>
- 54 <https://www.leychile.cl/Navegar?idNorma=1145400>
- 55 <https://www.leychile.cl/Navegar?idNorma=1146920&tipoVersion=0>
- 56 <https://www.df.cl/noticias/economia-y-politica/macro/pinera-anuncia-nuevos-financiamientos-para-pyme-fondos-con-garantia-del/2020-05-17/204602.html>
- 57 <https://www.gob.cl/proteccionclasesmedia/>
- 58 <https://www.df.cl/noticias/economia-y-politica/laboral-personas/tramitacion-flash-proyecto-que-incorpora-a-trabajadoras-de-casa/2020-09-09/141427.html>
- 59 "Addressing the growing impact of COVID-19 with a view to reactivation with equality: New projections" p.11. https://repositorio.cepal.org/bitstream/handle/11362/45784/S2000470_en.pdf?sequence=4&isAllowed=y
- 60 Ibidem.
- 61 A trade union focus on the SDGs – Chile, ITUC/TUUCN 2020: https://www.ituc-csi.org/IMG/pdf/chile_en_final.pdf
- 62 ECLAC (2020) "Building a New Future: Transformative Recovery with Equality and Sustainability. 38th session of ECLAC." At http://repositorio.cepal.org/bitstream/handle/11362/46228/4/S2000698_en.pdf
- 63 Tamara Muñoz, Vice-President of the CUT (Chile). Personal communication.
- 64 At: <https://cut.cl/cutchile/2020/06/01/propuesta-de-las-y-los-trabajadores-para-enfrentar-la-crisis/>
- 65 Propuesta de las y los trabajadores frente a la crisis COVID-19. Segundo Plan Nacional de Emergencia. CUT-Chile. At: <https://fielchile.cl/v2/wp-content/uploads/2020/06/Propuesta-de-Las-y-Los-Trabajadores-Segundo-Plan-de-Emergencia-CUT.pdf>
- 66 Chile submitted its new climate plan in April 2020: https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Chile_per_cent20First/NDC_Chile_2020_espan_per_centCC_per_cent83oL.pdf
- 67 https://unfccc.int/files/meetings/paris_nov_2015/application/pdf/paris_agreement_english_.pdf
- 68 See "La Transición Justa en el nuevo plan de clima del gobierno de Chile: ¿Dónde está el diálogo social y los/as trabajadores/as?", CUT Chile, 2020: <https://twitter.com/Cutchile/status/1260692485967413250?s=19>
- 69 The full report, "SDG 8: Decent work and just transitions at the heart of the 2030 Agenda", with the complete methodology, can be ordered from: timefor8@ituc-csi.org
- 70 OCDE (2020) "Country Policy Tracker", available at <https://www.oecd.org/coronavirus/country-policy-tracker/> and regulations issued by the government.
- 71 ILO (2020) <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang-en/index.htm#AR>
- 72 The inactive population increased by 3.3 million, from 14.5 million to 17.8 million, in May 2020.
- 73 Informal work can be measured by number of workers per productive unit greater than 10 workers or by lack of cover of social security systems (health, pension and occupational risks), this latter being greater than the former.
- 74 <https://id.presidencia.gov.co/Paginas/prensa/2020/Gobierno-Nacional-expide-Decreto-637-mediante-el-cual-declara-Estado-Emergencia-Economica-Social-Ecologica-pais-200506.aspx>
- 75 In May, the unemployment rate was 21.4 per cent, in June 19.8 per cent and in July 20.2 per cent (DANE, 2020)
- 76 Orgulloso and Guevara (2020). Efectos de la crisis del Covid19: hacia un plan de transición por la reconstrucción y el empleo decente. In Revista Cultura & Trabajo No. 95. National Trade Union School.
- 77 DANE. https://www.dane.gov.co/files/investigaciones/boletines/pib/cp_PIB_IIItrim20.pdf
- 78 "Addressing the growing impact of COVID-19 with a view to reactivation with equality: New projections" p.11. https://repositorio.cepal.org/bitstream/handle/11362/45784/S2000470_en.pdf?sequence=4&isAllowed=y
- 79 ECLAC (2020) Regional Observatory on Planning for Development, available at <https://observatorioplanificacion.cepal.org/es/planes/plan-nacional-de-desarrollo-pacto-por-colombia-pacto-por-la-eguidad-2018-2022>
- 80 59.9 per cent of Colombia's exports are in oil and mining, 19.8 per cent in industry and 15.6 per cent in agriculture. In 2018, the mining and oil sector accounted for 0.9 per cent of total national employment (211,000 jobs).
- 81 Gilberto Martínez Guevara, CUT (Colombia) International Relations Secretary, and Diógenes Orjuela, President. Personal communication, and ENS (2020). Informe Nacional de Trabajo Decente. <https://ail.ens.org.co/noticias/voces-para-superar-la-crisis-con-trabajo-decente>
- 82 This decision was reversed by court ruling. See p. 31 <https://www.ens.org.co/wp-content/uploads/2020/11/Ecuena-Nacional-Sindical-Revista-Cultura-Trabajo-No-95.pdf>
- 83 See p. 40 <https://www.ens.org.co/wp-content/uploads/2020/11/Ecuena-Nacional-Sindical-Revista-Cultura-Trabajo-No-95.pdf>. The progressive parliamentary sectors have tabled bills aimed at adopting an emergency basic income that would enable the population most affected by the pandemic to receive an income.
- 84 See p. 40 <https://www.ens.org.co/wp-content/uploads/2020/11/Ecuena-Nacional-Sindical-Revista-Cultura-Trabajo-No-95.pdf>. The progressive parliamentary sectors have tabled bills aimed at adopting an emergency basic income that would enable the population most affected by the pandemic to receive an income.
- 85 Taking up this proposal, progressive sectors of parliament have tabled bills aimed at adopting an emergency basic income that would provide an income for those most affected by the pandemic.
- 86 In particular: support for the financing of up to 50 per cent of the payroll to the reference amount of a minimum wage, guaranteeing the payment of workers' social security obligations; microfinance, guarantees and risk capital as well as low-cost credit lines for working capital, reconversion programmes and strengthening of production capacities.
- 87 ITUC, "Responding to urgent global needs: IMF Special Drawing Rights", <https://www.ituc-csi.org/IMF-Special-Drawing-Rights>
- 88 ITUC, "A New Social Contract: Crisis >> Recovery >> Resilience", <https://www.ituc-csi.org/crisis-recovery-resilience>
- 89 It is possible to increase aid budgets, for example, by transferring funds: in 2019, government funds allocated to fossil fuel subsidies (US\$ 320 billion) were double those allocated to aid budgets (US\$ 153 billion). See Oxfam <https://www.oxfam.org/en/press-releases/misled-wake-call-aid-commitments-fail-match-severity-pandemic>
- 90 Development Assistance Committee (DAC) High Level Meeting: Session Note 3 – Building Back Better Through A Green Recovery, October 2020
- 91 According to the OECD's Creditor Reporting System database <https://stats.oecd.org/Index.aspx?datasetcode=CRS1>
- 92 The impact on development is closely related to the creation of decent jobs. The OECD's "FDI Qualities Indicators Report" (<https://www.oecd.org/tr/investisement/fdi-qualities-indicators.htm>) points out that progress needs to be made in developing new indicators related to SDG 8 and, for the first time, adds indicators on the quality of jobs created, in particular with regard to freedom of association and collective bargaining, fair wages, health and safety at work and skills.
- 93 See "Putting people first – 12 governments show the world how to protect lives, jobs and incomes", ITUC <https://www.ituc-csi.org/putting-people-first>
- 94 ITUC, "Responding to urgent global needs: IMF Special Drawing Rights", <https://www.ituc-csi.org/IMF-Special-Drawing-Rights>
- 95 Alongside this, addressing the issues of tax efficiency and tax justice at the global level would enable developing country governments to guarantee the right to protect themselves from illicit flows, tax havens and harmful tax practices.

SDG DECADE OF ACTION

TRADE UNION POLICY RESPONSES



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

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