

96

Number of confirmed
Botswana cases

47

Active cases
(Botswana)

48

Number of recoveries
(Botswana)

1

Deceased

Above figures are as of 16 July.

COVID-19 and its impact on the world of work

The COVID-19 pandemic, which has already infected over 10 million people in 148 countries, resulting in more than 500,000 deaths.

The crisis has already transformed into an economic and labour market shock, affecting not only supply (production of goods and services) but also demand (consumption and investment).





Image by rawpixel.com

earn a living. This is due to lockdown measures and/or because they work in the hardest-hit sectors.

Which Other Enterprises are at risk?

Workers and enterprises in the informal economy are the most vulnerable.

- Taking together employers and self-employed workers, around 436 million enterprises in the hardest-hit sectors worldwide are currently facing high risks of serious disruption.
- More than half of these – some 232 million – are in wholesale and retail trade, currently one of the most impacted sectors globally. Own-account workers represent 45 per cent of employment in this segment.
- Self-employed workers and small enterprises together account for more than 70 per cent of global employment in retail trade and nearly 60 per cent in the accommodation and food services sector, a reflection of the severe vulnerability of these sectors in the present economic crisis.

Approximately 47 million employers, representing some 54 per cent of all employers worldwide, operate businesses in the hardest-hit sectors, namely manufacturing, accommodation and food services, wholesale and retail trade, and real estate and business activities (table 1). An additional 389 million self-employed workers are engaged in these four sectors. Taking together employers and own-account workers, some 436 million enterprises worldwide are operating and working in the hardest-hit sectors.

Disruptions to production have now spread to supply chains. All businesses, regardless of size, are facing serious challenges, especially those in the aviation, tourism and hospitality industries, with a real threat of significant declines in revenue, insolvencies and job losses in specific sectors.

According to the ILO Monitor third edition: COVID-19 and the world of work, the drop in working hours in the current (second) quarter of 2020 is expected to be significantly worse than previously estimated. Regionally, the situation has worsened for all major regional groups. Estimates suggest a 9.5 per cent loss of working hours in the second quarter for Africa.

The world of work is being profoundly affected by the global virus pandemic. In addition to the threat to public health, the economic and social disruption threatens the long-term livelihoods and wellbeing of millions. The ILO and its constituents – Governments, workers and employers – will play a crucial role in combating the outbreak, ensuring the safety of individuals and the sustainability of businesses and jobs.

Informal economy impact

The informal economy refers to all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements. The ILO (2018)¹ report indicates that informal employment is the main source of employment in Africa, accounting for 85.8 per cent of all employment. People who work in the informal economy are in jobs that are characterized by a lack of basic protection, including social protection coverage. They often have poor access to health-care services and have no income replacement in case of sickness or lockdown. Many of them have no possibility to work remotely from home. Staying home means losing their jobs, and without wages, they will struggle to pay for essentials such as food, rent, and may get into debt through loans.

As a result of the economic crisis created by the pandemic, informal economy workers have suffered massive damage to their capacity to

¹ https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf

Table 1: Impact of the crisis on enterprises (employers and own account workers) in hardest hit sectors

Baseline employment situation (global estimates for 2020 prior to COVID-19)

| Economic sector | Impact of crisis on economic output | Employers (millions) | Own account workers (millions) | Share of own account workers in total employment (%) | Share of employed in firms with 2-9 employees in total employment (%) | Share of employed in firms with 10+ employees in total employment (%) |
|----------------------------------------------------------------------|-------------------------------------|----------------------|--------------------------------|------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
| Wholesale and retail trade; repair of motor vehicles and motorcycles | High | 21 | 211 | 45 | 25 | 30 |
| Manufacturing | High | 12 | 99 | 19 | 15 | 66 |
| Accommodation and food services | High | 7 | 44 | 29 | 29 | 41 |
| Real estate; business and administrative activities | High | 7 | 35 | 21 | 23 | 56 |
| Arts, entertainment, recreation and other services | Medium - High | 4 | 57 | 30 | 31 | 39 |
| Transport, storage and communication | Medium - High | 4 | 76 | 31 | 19 | 50 |

Young people are facing multiple shocks from the COVID-19 crisis, which could lead to the emergence of a “lockdown generation”

Even in the best of times, young people faced a tough situation in the labour market. Prior to the COVID-19 pandemic they were around three times more likely to be unemployed than adults. The crisis now threatens to exacerbate existing inequalities within and between countries. In 2019, the estimated youth unemployment rate in Botswana was at 37.52 per cent. Young people constitute major victims of social and economic consequences of the pandemic, and there is a risk that they will be scarred throughout their working lives – leading to the emergence of a “lockdown generation”.

The most recent figures show that **young people are disproportionately affected by the COVID-19 crisis**, with multiple shocks including disruption to education and training, employment and income losses, and greater difficulties in finding a job.

A total of 178 million young workers

around the world, more than four in ten young people employed globally, were working in hard-hit sectors when the crisis began.

Almost 77 per cent (or 328 million) of the world’s young workers were in informal jobs, compared with around 60 per cent of adult workers (aged 25 and above). The youth informality rate ranges from 32.9 per cent in Europe and Central Asia to 93.4 per cent in Africa. Even before the crisis, more than 267 million young people were not in employment, education or training (NEET), including almost 68 million unemployed young people.

Both technical and vocational education and training (TVET) and on-the-job training are suffering massive disruption. Although over two-thirds of training is now being provided at distance, often online, few low-income countries have made that transition.

A global survey by the ILO and partners of the Global Initiative on Decent Jobs for Youth reveals that **over one in six young people surveyed have stopped working since the onset of the COVID-19 crisis**. Among young people who have remained in employment, working hours have fallen by 23 per cent. Moreover, around half of young students report a likely delay in the completion of their current studies, while 10 per cent expect to be unable to complete them at all. On a standardized scale of mental well-being, more than half of the young people surveyed have become vulnerable to anxiety or depression since the start of the pandemic. Youth and children account for the majority of the population of Botswana. Pre-COVID youth unemployment was a serious concern with over one-third of young people aged 20–24 years unemployed compared to a national average of 20 per cent unemployment. Following the economic shock of COVID-19 and without additional opportunities for income generation, youth will remain dependent on their parents and immediate family much longer.

Figure 5: Policy framework - Four key pillars to fight COVID-19 based on International Labour Standards



Immediate support is needed for enterprises and workers around the world on an unprecedented scale across all pillars of the ILO's policy framework. There is a need for policy actions that will protect both enterprises, particularly smaller businesses, and workers, especially when operating and working in the informal economy. Guided by the ILO policy framework, effective policy measures need to be developed with strong attention to the following issues;

▶ **Support to businesses and jobs need to target the most vulnerable in order to mitigate the economic and social consequences of the confinement period.** Given the vulnerability of small enterprises and workers in the informal economy, governments should explore all

options to finance measures that support firms and their workers and provide adequate social protection. The global slowdown of the economy in light of the pandemic is expected to have a profound impact on Botswana's economy, particularly on the diamond industry and tourism. As shown above, substantial numbers of self-employed workers, micro and small businesses, and people in the informal economy are highly vulnerable to the impact of the pandemic in developing countries.

▶ **Effective responses require speed and flexibility.** Swift policy action, based on country-specific contexts (structure of enterprises' composition, level of informality, etc.) will be essential at each distinct phase of the COVID-19 crisis: containment measures and reduction of economic activity, re-activation once the

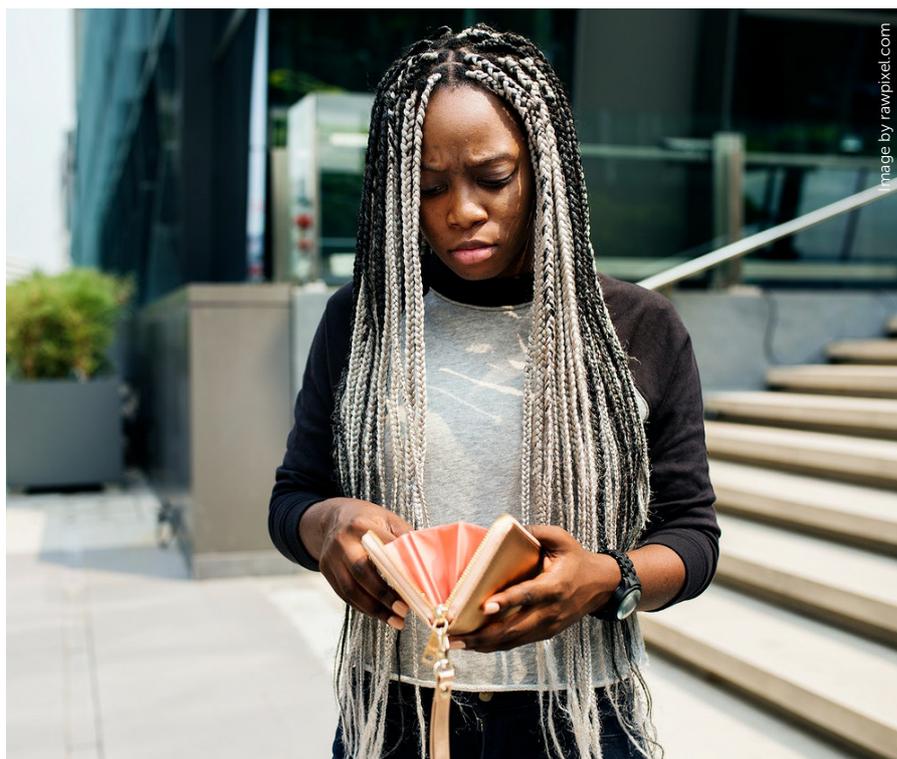
pandemic is under control, and recovery. Policies and programmes should remain flexible and result from consultation with the social partners, with monitoring in place to maintain, adjust and phase out interventions as appropriate.

▶ **Governments need to continue to expedite assistance to businesses and workers.** Governments should prioritize simplifying and expediting procedures to access unemployment benefits, extend support to own-account workers and make it easier for firms, especially small and informal ones, to access credit and loan guarantees. As much as possible, existing but simplified administrative channels should be used, such as bank relationships or existing social security schemes, to provide for fast and efficient access to support funds.

► **Policies need to focus on providing income support for both businesses and workers to maintain economic activities**, with special attention to enterprises that are at greater risk of business failure and to the self-employed and workers who are more likely to fall into long-term unemployment or underemployment. Temporary waivers or rescheduling of taxes and other cover labour costs and the extension of credit lines and loan guarantees at concessional terms should be considered to support employment retention. Short time working arrangements are helping more advanced economies cope with the drop in labour demand thus far, as this allows businesses to maintain employment relationships more easily and to prevent mass layoffs.

► **Tailored responses are needed to reach and support small businesses, through combined measures of direct financial support and loan guarantees** to avoid saddling firms with too much debt (but conditional on retaining workers). Preparedness to identify and expand financial resources is therefore essential to deal with high demand for lines of credit. For small businesses, microfinance and semi-formal financial institutions can constitute an effective means of reaching enterprises and own-account workers operating in the informal economy.

► **Income support for workers and enterprises operating in the informal economy is critical** to prevent them from plunging far deeper into poverty. As there is little time to design new schemes, successful programmes should be prioritized and scaled up, such as cash transfers, child allowances and programmes used for shelter and food relief. In many cases, conditional and unconditional cash transfers may be needed for an extended period of time. Income support for poor workers and households is vital for firms, especially those that produce consumption



goods.

► **In the reactivation phase, policies should target the provision of timely information about the status of containment measures and exit strategies.** Exit from containment should take advantage of social dialogue to ensure that reopening of workplaces occurs with safeguards for the safety of workers and consumers. Many sectors will require governments to coordinate the distribution of essential inputs to firms and provide support to reprogramming production towards the health sector and essential products and services.

► **Longer-term, large public investments are needed to boost employment and crowd in private investment.** Governments could accelerate economic growth and boost employment with measures such as employment-intensive public investment, government procurement that provides preferences to small businesses, and tax incentives to stimulate local payments should be introduced to preserve livelihoods and prevent bankruptcies. Temporary

opportunities, including opportunities to mitigate and adapt to climate change.

► **Job-rich recovery will lay the foundation for inclusive and sustainable growth.** As shown above, the impact of the pandemic is likely to be uneven, adding significantly to existing vulnerabilities and inequalities. In the recovery phase, greater attention should be paid to the strengthening of employment policies to support enterprises and workers, along with strong labour market institutions and comprehensive and well-resourced social protection systems, including care policies and shelter and food relief. In many cases, conditional and unconditional cash transfers may be needed for an extended period of time. Income support for poor workers and households is vital for firms, especially those that produce consumption goods.

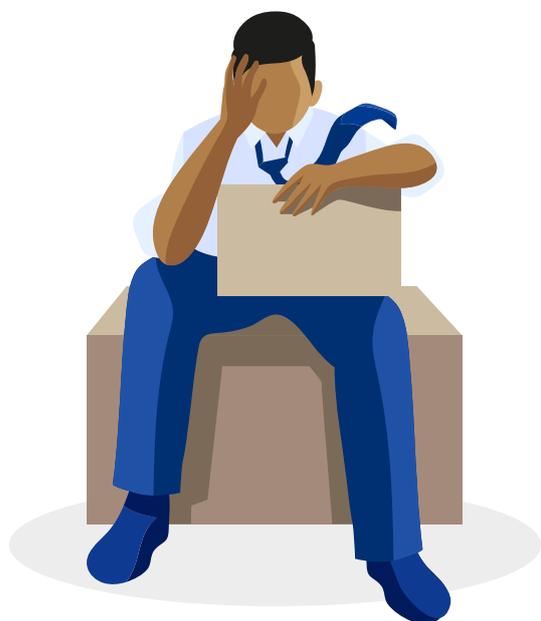
Policy Responses: Protecting Youth

The ILO calls for urgent and large-scale policy responses to prevent long-lasting damage to young people in terms of education/training and labour market prospects. Governments need to provide **comprehensive solutions to the above challenges**, combining elements from all four pillars of the ILO policy framework for responding to the COVID-19 crisis.

Policy interventions targeting young people should be introduced within **comprehensive, inclusive and forward-looking employment policy frameworks**, including the effective implementation of employment/skills guarantees, linked to broader stimulus and recovery packages.

Bringing about and sustaining an employment rich recovery will be facilitated by **further testing and tracing of infections, along with careful monitoring of the impact of the crisis** on enterprises and workers in the sectors most affected, including those in the informal economy.

Given the potential for change in the structure of the economy **in the post-COVID-19 period, support should be channelled to sectors that are able to create decent and productive employment.**



Trade Union Movement Recommendations

Both BFTU and BOFEPUSU have made the following recommendations:

1. Government must issue a directive for landlords, especially commercial landlords, to give tenants a six (6) months free lease period.
2. Ensure paid sick leave for those on isolation especially in the private sector.
3. Ensure employment protection for those on self-isolation or quarantine.
4. Provision of income support for housing, food and water for all workers.
5. A fund that will provide bailout funds for businesses or certain sectors and also assist with the fight against the impact of the outbreak. Businesses could be encouraged to contribute to this fund.
6. Temporary relaxation of regulations for payment of loans must be put in place to allow employees and employers to default on loan as a result of anticipated cash flow challenges.
7. **Delay of tax payment:** Enforcement measures or late payments of taxes should be allowed until December 31, 2020, as long as the debtor of a tax payment due is directly affected by the effects of the coronavirus
8. Government must put in place measures to protect the general public from excessive price escalations for the next 6 months. This is essential to guard against service providers and retails over pricing commodities as well as much needed services.

9. Evidence from around the world has shown that reduction of the interest rate can also be used to ease credit conditions in the country. Botswana Government should therefore push the central Bank for reduction of the lending rate.

10. The **Government Budget for 2020/21** must be reviewed in light of the impact analysis of the corona virus and funds redirected from other sectors to combat the spread of the virus and economic issues arising from the same. Amount of money held by/ allocated to various funds in Botswana, such as the Alcohol, HRDC training levy, plastic, disaster management funds and others must be shared with social partners and portions or whole amounts re-directed to the fight against the impact of the pandemic. Monies in the foreign reserves must also be used to support employees as well as private and informal sectors during this period.

11. **Review of the Trade Dispute Clauses:** regulations must be put in place to enable swift recourse for trade disputes because of the impact of the pandemic.

12. **Continuation of wage:** salary payments should be made to workers who are unable to work due to quarantine or illness.

13. **Childcare:** A parent who needs to stay home to look after his/her children because of the school shutdown automatically qualifies for a 14-day full paid sick leave. Only one parent at a time could be entitled to this benefit.