



## Covid-19 Impact of the World of Work (WoW)

The Covid-19 pandemic is affecting individuals, households, enterprises and national economies in unprecedented [ways](#). Shocks reverberate through both supply (disrupted supply chains, containment measures, and lockdown of non-essential economic activities) and demand (lower consumption of goods and services due to declining household incomes, restriction of movements, and uncertainty).

Covid-19 has far-reaching impacts on labour market outcomes. A dramatic and sudden loss of demand and revenue for SMEs and disruptions along supply chains affects their ability to function, and/or causes severe liquidity shortages with impacts on wages and severe drops in capacity utilization.

Significant rise in unemployment and underemployment is inevitable in the wake of the virus. The ILO estimates that impact of Covid-19 may result in a rise in global unemployment up to 24.7 million ("high" scenario). It is difficult to quantify the economic and labour market fallout of the crisis at this point and overarching impact assessments are crucial at an earlier post-crisis stage.

The shock to the labour market is far from uniform when it comes to sectors. In Moldova, accommodation and food services, wholesale and retail trade, transportation and construction (sectors that give employment to nearly 180.000 wage – workers) [bear the brunt](#) of the crisis. The strain on incomes as result will devastate workers close to or below the poverty line with high incidence on the working poor.

Covid-19 cruelly highlights inequalities and threatens to deepen them. Some groups, such as migrant workers, self-employed, casual and gig workers, youth are mostly [affected](#) by the economic consequences of the virus. Moreover, women, who are over-represented in the public health sector (close to 40.000 in Moldova) are particularly exposed. Women also remain at high risk of domestic violence as result of social distancing and teleworking.

## Needs and Challenges

[Policy responses](#) in the WoW should focus on two immediate goals: Health protection measures and economic support on both the demand- and supply-side, including:

**Protecting workers in the workplace** (OSH measures/adapting work arrangements/access to paid leave/access to health, etc);

**Stimulating the economy and labour demand** (active fiscal policy/accommodative monetary policy/ lending and financial support to specific sectors, including the health sector/supporting employment and incomes);

**Protecting jobs and income** (social protection both means-tested and employment-related social insurance/employment retention/ short-time work/ paid leave and other subsidies/ financial, tax relief for MSMEs).

Challenges related to effective and time-bound policy responses include, among others: (i) limited fiscal policy space for targeted support and relief packages to firms and HHs; (ii) incomplete statistics and data analysis for evidence-based immediate policy responses; (iii) weak capacity of labor market institutions to easily adapt to the crisis-induced socio-economic realities, etc.

## Way Forward

- Assessment of shock-responsiveness of the existing social protection system
- Fiscal impact analysis of the social protection measures against Covid-19

- Factory floor advice on risk assessment and preventive measures such as hygiene, staggered shifts, or rearrangements of production lines
- Assessment of the impact of the crisis on TVET delivery
- Support to provision of E-learning in TVET
- Equip employment offices with digital solutions for smooth delivery of income-replacement payments and activation programmes
- Collecting data on the specific needs of MSMEs
- Supporting the design and set-up of self-help systems for microentrepreneurs and women entrepreneurs, to relieve some of the additional burden caused by the pandemic (e.g. through child-care facilities, business associations, etc.)