

# Policy Priorities and Sustainable Livelihoods in a Post- Coronavirus (COVID-19) World

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# 1. Executive Summary

The COVID-19 pandemic constituted the most severe global labour market and livelihoods shock since the Second World War. Beyond its immediate public health consequences, the crisis disrupted employment systems, exposed structural vulnerabilities in labour markets, intensified informality, weakened institutional capacity, and exacerbated inequalities across and within countries. While macroeconomic recovery is underway in many regions, the livelihoods impacts of the pandemic remain uneven, incomplete, and highly stratified. This publication examines the policy priorities required to secure sustainable livelihoods in a post-COVID-19 world, with particular attention to employment systems, fragile and migrant-hosting contexts, and institutional governance.

Globally, the pandemic resulted in unprecedented employment losses, reduced working hours, and income insecurity, disproportionately affecting women, youth, informal workers, migrants, and workers in low-wage service sectors. The International Labour Organization (ILO) estimates that global working-hour losses in 2020 were equivalent to 255 million full-time jobs, with recovery trajectories diverging sharply between advanced economies and low- and middle-income countries.

These shocks revealed not only cyclical vulnerabilities but also deep structural deficiencies in labour market institutions, social protection systems, and economic diversification strategies.

The central finding of this analysis is that post-COVID recovery strategies that prioritize aggregate growth without addressing employment quality, institutional capacity, and livelihood resilience risk entrenching pre-existing vulnerabilities. Sustainable livelihoods require a policy shift from short-term employment restoration toward integrated frameworks that combine decent work creation, inclusive economic transformation, adaptive social protection, and institutional reform. Evidence from diverse contexts—including OECD economies, emerging markets, fragile states, and migrant-hosting countries—demonstrates that countries with stronger labour market institutions, pre-existing social protection infrastructure, and coordinated policy systems were better able to absorb shocks and accelerate recovery.

This study further finds that migration and host-community economies require targeted policy attention. Migrant workers and displaced populations experienced disproportionate income losses and exclusion from relief measures, while host communities faced intensified labour market competition and service delivery pressures.

Policy responses that integrate migrants into national employment and social protection systems—rather than treating them as exceptional cases—have shown greater economic and social returns.

At the institutional level, the pandemic underscored the importance of policy coherence across employment, social protection, fiscal policy, and local governance. Fragmented governance arrangements limited the effectiveness of emergency responses in many countries, while coordinated institutional mechanisms enhanced implementation capacity and accountability.

The policy implications are clear. Governments and multilateral institutions must recalibrate recovery strategies toward employment-centred growth, strengthen labour market governance, expand adaptive social protection, and invest in institutional resilience. Financing strategies must align short-term stimulus with medium- and long-term structural transformation, leveraging domestic resource mobilization, concessional finance, and multilateral coordination.

This publication advances a set of strategic recommendations across short-, medium-, and long-term horizons. In the short term, priorities include employment-intensive recovery measures, targeted support for vulnerable workers, and institutional coordination mechanisms.

Medium-term strategies emphasize labour market formalization, skills systems reform, and inclusive local economic development. Long-term reforms focus on structural transformation, resilient institutions, and alignment with the Sustainable Development Goals (SDGs), particularly SDG 8 (Decent Work and Economic Growth), SDG 1 (No Poverty), and SDG 10 (Reduced Inequalities). Collectively, these measures provide a globally relevant framework for advancing sustainable livelihoods in an increasingly uncertain world.

## 2. Introduction

### 2.1 Background and Context

The COVID-19 pandemic triggered a synchronized global economic and employment shock unparalleled in recent history. Unlike previous crises, the pandemic simultaneously constrained labour supply, suppressed demand, disrupted global value chains, and restricted mobility. Employment systems—particularly those characterized by high informality, weak social protection, and limited fiscal space—were acutely affected. While vaccination campaigns and macroeconomic stabilization measures facilitated partial recovery, the livelihoods impacts remain persistent, especially in low-income, fragile, and migrant-hosting contexts.

### 2.2 Literature and Policy Gap

Existing literature on COVID-19 recovery has largely focused on macroeconomic stabilization, fiscal stimulus, and sectoral recovery. Less attention has been given to the structural conditions underpinning sustainable livelihoods, particularly the interaction between labour market institutions, migration dynamics, and governance systems. Moreover, policy discussions often treat employment recovery and social protection as parallel tracks rather than integrated components of a livelihoods system.

### 2.3 Research Relevance

This publication addresses this gap by adopting a livelihoods-centred, institutionally grounded perspective. It situates employment recovery within broader economic, social, and governance frameworks, offering policy-relevant insights for governments and multilateral institutions.

### 2.4 Link to Global Frameworks

The analysis aligns with key global frameworks, including the 2030 Agenda for Sustainable Development, the ILO Decent Work Agenda, and international commitments on inclusive growth, migration governance, and institutional effectiveness. It emphasizes policy coherence and systemic resilience as prerequisites for sustainable development.

The pandemic exposed a fundamental disconnect between macroeconomic performance and livelihood security. In several economies, output recovered faster than employment, and employment faster than income security, revealing structural weaknesses in labour transmission mechanisms. This divergence challenges conventional recovery models that assume growth-led employment generation.

Existing policy responses have prioritized short-term stabilization but have insufficiently addressed structural labour market dualism, the erosion of contributory social insurance bases, and the exclusion of migrants and informal workers from national systems. Moreover, crisis-response literature often treats governance capacity as exogenous, rather than as a policy variable shaped by institutional design.

This publication contributes to the literature by:

- Integrating employment, migration, and institutional governance into a unified livelihoods framework
- Emphasizing policy sequencing and coherence, rather than isolated interventions
- Situating recovery within the longer-term transition toward sustainable and inclusive growth

# 3. Conceptual and Analytical Framework

## 3.1 Key Concepts

- Sustainable Livelihoods: The capacity of individuals and households to secure adequate income and well-being over time while maintaining resilience to shocks.
- Employment Quality: Employment characterized by adequate earnings, security, rights, and social protection.
- Economic Resilience: The ability of economic systems to absorb shocks and adapt without undermining long-term development.
- Institutional Governance: The structures, rules, and capacities through which policies are designed and implemented.

## 3.2 Theoretical Grounding

The framework draws on labour economics, institutional theory, and sustainable livelihoods approaches. It assumes that labour markets are embedded within institutional and social systems and that employment outcomes are shaped by policy choices, governance capacity, and structural economic conditions.

The framework synthesizes:

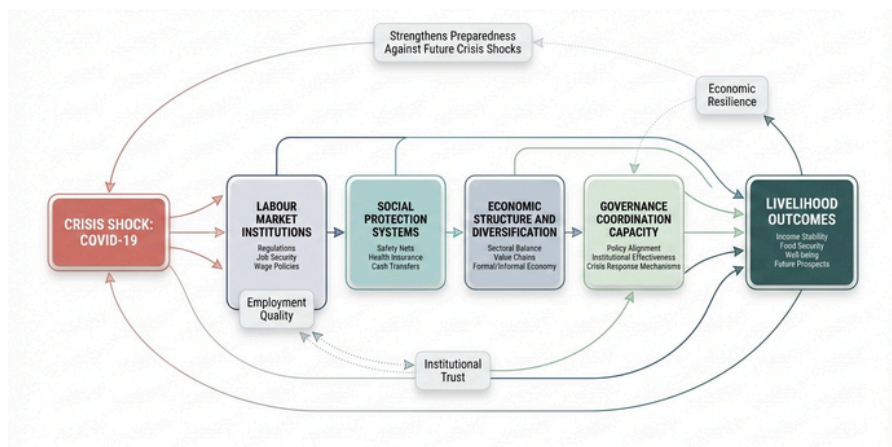
- Institutional labour economics, emphasizing rules, enforcement, and collective mechanisms
- Developmental state theory, highlighting coordination and policy coherence
- Sustainable livelihoods theory, focusing on assets, risks, and coping capacity

A central assumption is that labour markets are policy-shaped systems, not self-correcting equilibria, particularly under crisis conditions.

### 3.3 Analytical Model

The model links crisis shocks to employment outcomes through four mediating systems: labour market institutions, social protection, economic structure, and governance coordination. Sustainable livelihoods emerge where these systems are mutually reinforcing.

**Figure 1. Conceptual Model: Pathways to Sustainable Livelihoods in a Post-COVID Context**



## 4. Methodology

### 4.1 Research Design

The study employs a mixed-methods, comparative policy analysis. It synthesizes secondary data, institutional reports, and peer-reviewed literature.

### 4.2 Data Sources

- Quantitative labour market indicators from ILO, World Bank, and OECD.
- Qualitative policy analysis from UNDP, UNHCR, and regional development banks.
- Comparative case illustrations from selected countries and regions.

### 4.3 Limitations and Scope

The analysis relies on secondary data and illustrative examples. Where data is hypothetical, it is clearly framed as plausible and illustrative. The study does not attempt causal attribution but focuses on policy relevance and comparative insight.

The comparative analysis adopts a structured qualitative synthesis approach, drawing on harmonized labour indicators and institutional assessments. Rather than ranking countries, the study identifies policy patterns and institutional typologies associated with differential recovery outcomes.

Triangulation is achieved by:

- Cross-validating quantitative trends with institutional case evidence
- Comparing policy instruments across income groups and governance systems
- Assessing consistency with established international benchmarks

Limitations include uneven data quality in fragile contexts and time lags in post-pandemic labour statistics. These are mitigated through cautious interpretation and illustrative framing.

## 5. Empirical Analysis / Core Sections

### 5.1 Employment Shocks and Uneven Recovery

Evidence indicates that employment recovery has been uneven across sectors and worker groups. Informal workers experienced prolonged income losses, while high-skill sectors recovered more rapidly. Countries with employment retention schemes and wage subsidies demonstrated faster stabilization.

Employment losses were most severe in contact-intensive services, informal urban employment, and export-oriented sectors reliant on global mobility. While employment levels recovered in many economies, working-hour deficits and earnings gaps persisted, particularly among low-wage workers.

Comparative evidence shows that employment retention schemes were more effective than post-hoc job creation programs in preserving livelihoods. However, their effectiveness depended on administrative capacity and formal employment coverage, limiting their reach in developing economies.

Figure 2. Global Employment and Working-Hour Losses Following COVID-19 (2020–2022)

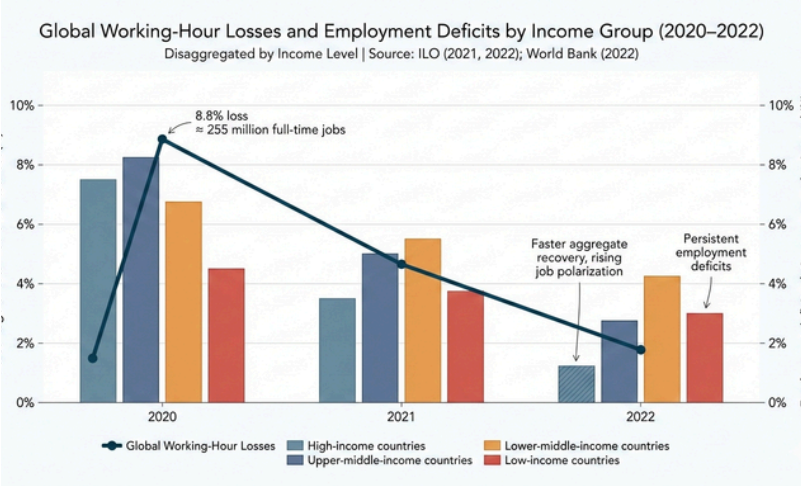


Table 1. Differential Labour Market Impacts of COVID-19 by Worker Group

Worker Group	Employment Loss Severity	Income Recovery Speed	Primary Vulnerability
Informal workers	Very high	Slow	No social insurance
Women	High	Uneven	Care burden, sectoral segregation
Youth (15–24)	High	Slow	Precarious entry jobs
Migrant workers	Very high	Slow	Legal and policy exclusion
High-skill formal workers	Moderate	Fast	Remote-work advantage

5.2 Informality and Livelihood Vulnerability

High informality constrained the reach of emergency support measures. In many low-income countries, over 60 per cent of workers lacked access to social insurance, limiting recovery prospects.

Informality emerged as the single most significant predictor of livelihood insecurity. Informal workers were disproportionately excluded from wage subsidies, unemployment insurance, and contributory pensions. Even where emergency transfers were introduced, delivery gaps and targeting errors limited impact.

Evidence from middle-income countries with partial formalization reforms indicates that hybrid social protection mechanisms—combining contributory and tax-financed elements—improved coverage and reduced exclusion.

**Table 2. Differential Labour Market Impacts of COVID-19 by Worker Group**

Country Income Group	Informal Employment (% of total)	Population Covered by Social Protection (%)	Employment Recovery by 2022
High-income	<20%	>80%	Near pre-pandemic levels
Upper-middle-income	High	Uneven	Partial recovery
Lower-middle-income	50–70%	20–40%	Slow recovery
Low-income	>70%	<20%	Legal and policy exclusion

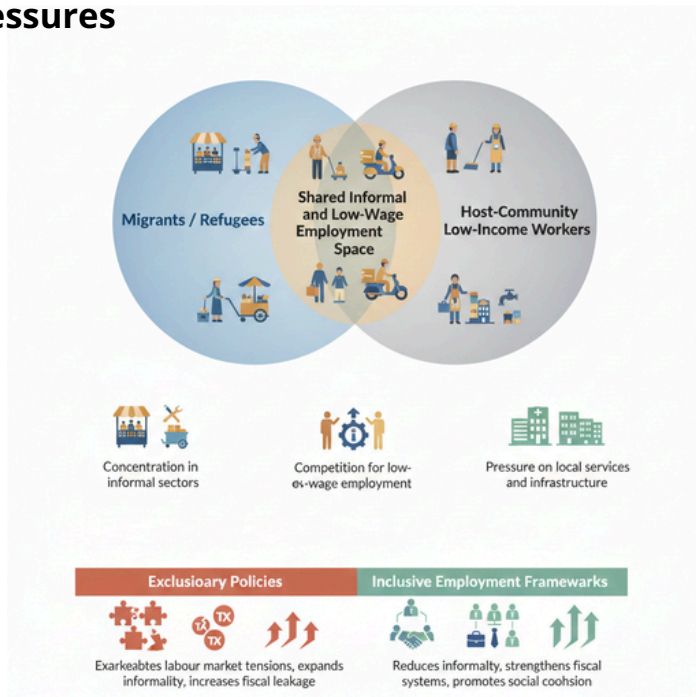
### 5.3 Migration, Displacement, and Host-Community Economies

Migrant and displaced workers faced exclusion from relief programs, while host communities encountered labour market pressures. Inclusive labour market policies in selected middle-income countries mitigated these effects.

Migrant and displaced populations experienced compounded vulnerabilities due to legal restrictions, informality, and exclusion from national relief programs. Host communities, particularly in urban and border regions, faced intensified competition for employment and public services.

Comparative cases demonstrate that inclusive labour market access for migrants reduced informality, increased tax compliance, and stabilized local wages. Conversely, exclusionary policies shifted employment into shadow economies, undermining both livelihoods and governance.

**Figure 3. Migration, Livelihoods, and Host-Community Labour Market Pressures**



5.4 Institutional Capacity and Policy Coordination

Fragmented governance undermined policy effectiveness. Integrated employment-social protection frameworks enhanced delivery and accountability.

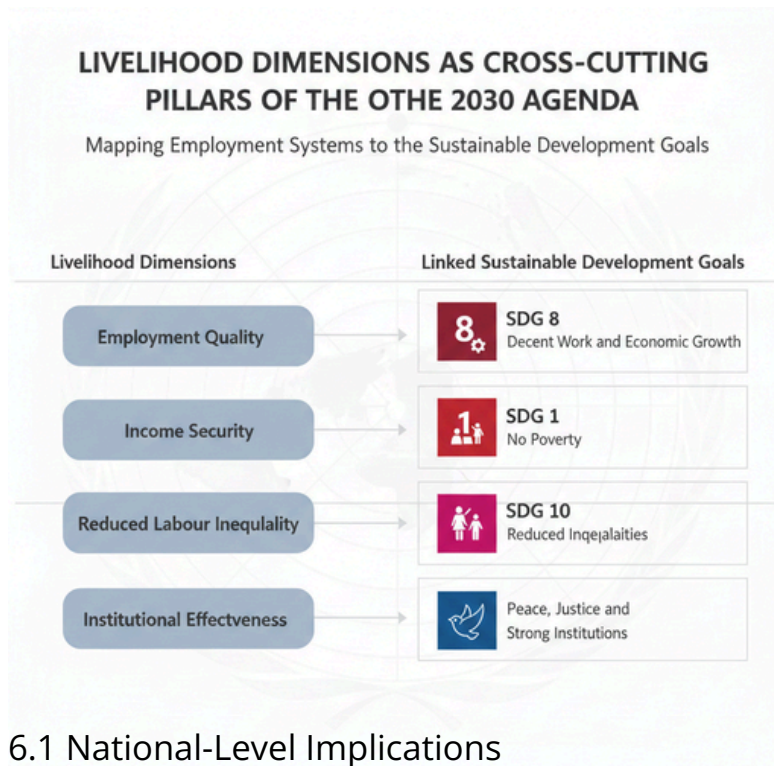
**Table 3. Institutional Response Typologies and Employment Outcomes**

Institutional Configuration	Policy Coordination Level	Crisis Response Effectiveness	Employment Outcome
Fragmented ministries	Low	Weak	Prolonged job losses
Centralized emergency task forces	Medium	Moderate	Temporary stabilization
Integrated labour-social policy systems	High	Strong	Faster, inclusive recovery

Countries with pre-existing inter-ministerial coordination mechanisms responded more rapidly and coherently. Fragmentation between labour, finance, and social ministries led to policy duplication, fiscal inefficiency, and uneven coverage. Institutional learning during the pandemic suggests that crisis coordination structures can be repurposed into permanent policy platforms for employment and social protection alignment.

## 6. Policy Implications

**Figure 4. Alignment of Sustainable Livelihoods with Selected SDGs**



### 6.1 National-Level Implications

- Employment-centred recovery strategies must prioritize job quality, not only job quantity.
- Employment must be elevated as a macroeconomic target alongside inflation and growth
- Social protection expansion should prioritize adaptability and crisis responsiveness

6.3 Multilateral Coordination Implications

- Global financing and policy coordination remain critical, particularly for fiscally constrained countries.
- Concessional finance should prioritize employment-intensive and institutional investments
- Global policy coherence is essential to avoid recovery divergence

6.4 Financing and Implementation

Blended finance, concessional lending, and domestic resource mobilization must align with employment objectives.

**Table 3. Institutional Response Typologies and Employment Outcomes**

Time Horizon	Policy Instrument	Primary Objective	Institutional Lead
Short-term	Employment-intensive public works	Income stabilization	Ministry of Labour
Short-term	Temporary social transfers	Shock mitigation	Social Protection Agency
Medium-term	Labour formalization reforms	Productivity and coverage	Labour & Finance Ministries
Medium-term	Skills system reform	Employability	Education & Labour
Long-term	Economic diversification	Resilience	Planning Commission
Long-term	Adaptive social protection	Risk management	Central Government

# 7. Strategic Recommendations

## 7.1 Short-Term (1–2 Years)

Implement employment-intensive recovery programs.

Expand temporary social protection coverage.

Strengthen inter-ministerial coordination.

Expand employment retention and income support in vulnerable sectors.

Ensure migrant-inclusive emergency measures

## 7.2 Medium-Term (3–5 Years)

Formalize labour markets.

Reform skills development systems.

Promote inclusive local economic development.

Institutionalize hybrid social protection systems

Reform skills systems to align with structural transformation

## 7.3 Long-Term Structural Reform

Diversify economic structures.

Build adaptive social protection systems.

Institutionalize policy coherence aligned with the SDGs.

Embed employment quality into development planning

Build resilient, interoperable labour and social institutions

## 8. Conclusion

The post-COVID period represents a structural inflection point for labour markets and livelihoods. Recovery strategies that fail to address institutional and employment quality dimensions risk reproducing vulnerability under future shocks. Sustainable livelihoods must therefore be positioned at the core of economic governance, institutional reform, and global development cooperation.

This publication demonstrates that sustainable livelihoods in a post-COVID-19 world depend on integrated employment, social protection, and governance reforms. The pandemic revealed structural weaknesses but also provided a policy window for transformative change. Aligning recovery strategies with long-term development objectives is essential for resilient, inclusive growth.

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