

Impacts on Labour Markets



05

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The COVID-19 crisis and the accompanying sharp decline in oil prices have hit the Arab region hard, at a time in which Arab labour markets are already in a dire state, and particularly in oil-importing middle-income countries and fragile and crisis-affected countries (FCCs). According to ILO modelling estimates¹ for 2019, the unemployment rate (for those aged 15+) in the region as a whole was 10.4 percent in 2019 (twice the world average), reaching 10.9 percent in oil-importing middle-income countries and 13.6 percent, on average, in FCCs² (see Figure 5.1 (a)).

For decades, youth unemployment rates in the region have been the highest in the world. In 2019, the unemployment rate among young people was estimated at 26.6 percent³ (against a world average of 13.6 percent) and was projected to increase further. It is estimated to be close to 30 percent, on average, in oil-importing middle-income countries (see Figure 5.1 (b)) and is only lower than the world average in four GCC countries.⁴ Among FCCs, youth unemployment has reached alarming rates in the State of Palestine (almost 42 percent) and Libya (50.5 percent).

Major drivers of persistent, high levels of youth unemployment throughout the region include: low

economic growth rates; the rapid growth of the young population; skills mismatches; rigidities in labour markets; oversized public sectors and the lack of enabling environments for the private sector to thrive and create productive jobs; lack of suitable policy and institutional frameworks to promote social inclusion of young people and promote their independence, creativity and motivation. Tackling these structural and interrelated challenges requires holistic, integrated, forward-looking policy responses that have yet to materialize.

Despite the progress achieved, labour market outcomes for women also remain poor. Protracted gender inequalities and gendered social norms continue to restrict female participation in labour markets to very low levels; the participation rate of men in 2019 (73 percent) is estimated to be 3.5 times that of women (20.7 percent).⁵ Unemployment among women has also remained very high, at 20.1 percent (against 7.8 percent for men) and disproportionately affects young women (38.9 percent) (see Figure 5.1 (b)).

Moreover, the gradual contraction in public employment⁶ has adversely affected women's overall employment

1 For methodological details see: ILO, "ILO modelled estimates – methodological overview", n.d., <https://www.ilo.org/ilostat-files/Documents/TEM.pdf>.

2 Authors' calculations based on ILO Modelled Estimates, ILOSTAT, November 2019, <https://www.ilo.org/ilostat>. The unemployment rate is estimated to be as high as 18.6 percent in Libya and 26.2 percent in Palestine. In the case of Syria, ILO estimates post a rate of 8.16 percent in 2019. However, in 2017, the World Bank estimated that the unemployment rate increased from 8.6 percent in 2010 to 52.9 percent in 2015, as a result of the conflict. See: The World Bank, *The Toll of War: The Economic and Social Consequences of the Conflict in Syria* (Washington, DC: World Bank, 2017).

3 Worth noting here also – and this is quite unique to the region – is the fact that university graduates are far more likely to be unemployed than are workers with only a basic education.

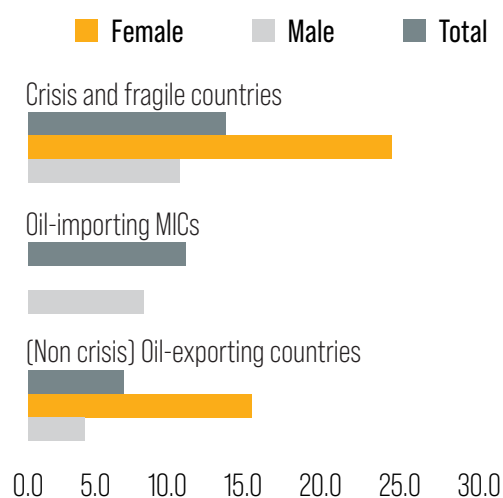
4 Namely Bahrain, the United Arab Emirates, Oman and Qatar.

5 Own calculations based on ILO Modelled Estimates, 2019, op. cit. In Yemen, the participation rate of men is more than 12 times that of women.

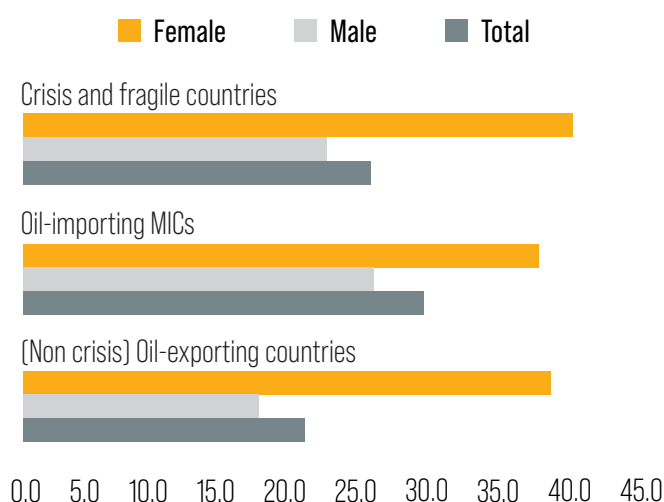
6 The share of employment in the public sector has declined over the years, but it remains high in some countries (particularly in oil-exporting countries, as well as in Jordan. In the GCC (excluding UAE), (national) employment in the public sector is on average 65 percent. Elsewhere in the GCC, national employment in the public sector is also high: Kuwait (86 percent); Qatar (87 percent) and Saudi Arabia (72 percent) see: Carvalho, A., J. Youssef and N. Dunais, "Maximizing employment of nationals in the GCC: Benefits

Figure 5.1

(a) Unemployment rate (15+), by sex (percentage)



(b) Youth Unemployment rate (Youth aged 15-24), by sex (percentage)



Source: Authors' own calculations based on data extracted from the International Labour Organization (ILO), ILOSTAT, ILO Modelled Estimates, November 2019, available at: <https://www.ilo.org/ilostat>

opportunities (although the public workforce has also become more feminized⁷) and resulted in an overall lack of jobs offering decent working conditions.

Informal employment is a prominent and persistent feature of labour markets in the Arab region. Informal workers usually do not enjoy employment benefits, social insurance/security or workers' representation and therefore face high risks of impoverishment in the event of shocks. Whilst comprehensive, comparable

and accurate evidence on the extent of informality in the region remains scarce, estimates from the ILO for 2018⁸ suggest that informal employment affects 35 to 80 percent of workers in oil-importing middle-income countries and FCCs (see Table 5.1). Informality is pervasive in agriculture, where women are also relatively disproportionately represented, but also in the industrial sector, where (except in Egypt, Palestine and Yemen) informality disproportionately affects men.⁹

and limits of labour policy instruments", Oliver Wyman, 2018, <https://www.oliverwyman.com/content/dam/oliver-wyman/v2/publications/2018/october/maximizing-employment-of-nationals-in-the-gcc.pdf>.

7 Assaad, R., and G. Barsoum, "Public employment in the Middle East and North Africa: Does a changing public sector workforce in the MENA region provide an opportunity for efficient restructuring?" IZA World of Labor, August 2019, <https://wol.iza.org/articles/public-employment-in-the-middle-east-and-north-africa/long>.

8 ILO, *Women and men in the informal economy: A statistical picture*, 3rd ed. (Geneva: ILO, 30 April 2018), https://www.ilo.org/global/publications/books/WCMS_626831/lang-en/index.htm; and https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf. The report provides comparable estimates of the prevalence of informal employment, which covers employers and own-account workers operating informal enterprises, as well as employees (including in the formal sector), and family workers not subject to national labour legislation, income taxation, and/or not benefiting from social protection or entitlement to certain employment benefits. It should be noted that in the region, there is a scarcity of up-to-date and comprehensive data on informal employment and informality at large.

9 Authors' calculations based on data for Egypt from the LMPS 2018 and Jordan with data from the LMPS 2016 suggest a slightly higher rate of informality in Egypt in 2018 (65.5 percent) compared to ILO estimates for 2013, and a slightly lower rate in Jordan in 2016 (35.5 percent) compared to ILO estimates for 2010, as reported in Table 5.1. However, these estimates are not strictly comparable because data on formality of enterprises – a criteria used for the self-employed and employers in ILO estimates – is not consistent in the LMPS. Additional authors' calculations for Algeria using the LFS LFS 2014, the rate of informal jobs (not covered by social security) reaches 83.4 percent in agriculture (83.2% for males and 86.7% for females), 75 percent in the construction sector (75.5% for males and 43.6% for females), and 44.8 percent in the manufacturing industry (31.9% for males and 77.2% for females).

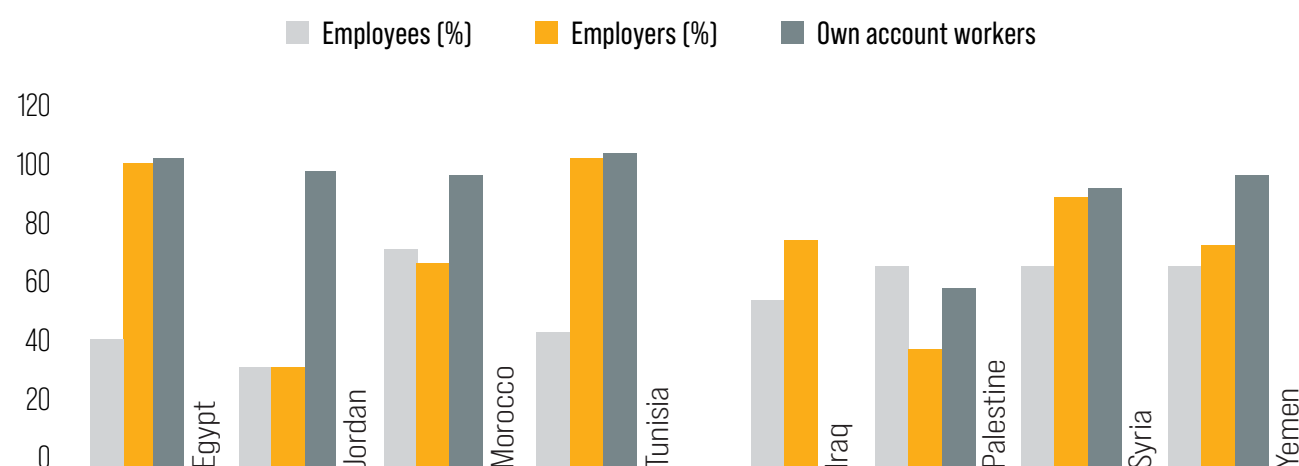
9 Authors' calculations based on data for Egypt from the LMPS 2018 and Jordan with data from the LMPS 2016 suggest a slightly higher rate of informality in Egypt in 2018 (65.5 percent) compared to ILO estimates for 2013, and a slightly lower rate in Jordan in 2016 (35.5 percent) compared to ILO estimates for 2010, as reported in Table 5.1. However, these estimates are not strictly comparable because data on formality of enterprises – a criteria used for the self-employed and employers in ILO estimates – is not consistent in the LMPS. Additional authors' calculations for Algeria using the LFS LFS 2014, the rate of informal jobs (not covered by social security) reaches 83.4 percent in agriculture (83.2% for males and 86.7% for females), 75 percent in the construction sector (75.5% for males and 43.6% for females), and 44.8 percent in the manufacturing industry (31.9% for males and 77.2% for females).

Table 5.1 Share of informal employment, by sector and sex

		Share of informal employment (incl. Agriculture) in total employment %		Agriculture (%)	Men (%)	Women (%)	Industry (%)	Men (%)	Women (%)	Services (%)	Men (%)	Women (%)
Oil Importing MICs	Egypt (2018)	65.6	96.6	96.2	65.6	61.6	60.6	69.8	65.6	68.5	52.3	
	Jordan (2016)	35.5	89.9	89.1	100	45.1	47.2	31.9	34.5	39	16.7	
	Morocco (2010)	79.9	90.9	90.6	92.6	80.3	81.4	73	72.5	74.3	65	
	Tunisia (2014)	58.8	88.1	85.7	95.5	60.7	65.2	41.1	50.1	50.5	49.1	
Fragile/crisis countries	Iraq (2012)	66.9	86	83.9	95.6	78.2	79.8	31.6	63.1	66.1	49.2	
	Palestine (2014)	64.3	97.3	95.9	99.5	85.9	85.4	92.1	46.4	44.3	53.7	
	Syria (2003)	70.1	97.3	96.1	99.6	83.4	84.2	65.5	48.8	54.7	18	
	Yemen (2014)	77.8	99.3	99.1	100	91.5	91	99.2	63.2	63.7	52.1	

Source: authors' calculations based on ILO (2018)¹⁰ Statistical Appendix (no data were available for GCC/oil exporting countries or for Djibouti, Sudan, Lebanon, Somalia); for Egypt and Jordan: authors' calculations from Egypt Labour Market Panel Survey¹¹ and Jordan Labour Market Panel Survey¹², respectively, defining 'informal' as either having no contract or no social security. Years of surveys indicated in brackets.

Figure 5.2 Share of informal employment by employment status (%)



Source: authors, based on ILO (2018) Statistical Appendix (no data were available for GCC/oil exporting countries,¹³ Djibouti, Sudan, Lebanon, Somalia).

The relatively lower shares of informal employment in the service sector in some countries should be gauged against the fact that – as noted earlier – this sector is the major employment provider in most countries and one of the sectors that has been hit hardest by the economic impacts of COVID-19. Meanwhile, the share of informal employment among women working in the sector is quite

significant in Egypt, Morocco and Tunisia, as well as in Palestine (higher than for men), Iraq and Yemen.

Reflective of the high prevalence of informal micro- and small businesses in many of these countries, informality levels are especially high among employers and/or own-account workers (see Figure 5.2).

10 ILO, Women and men in the informal economy: A statistical picture, 3rd ed. (Geneva: ILO, 30 April 2018), https://www.ilo.org/global/publications/books/WCMS_626831/lang-en/index.htm; and https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_626831.pdf.

11 Economic Research Forum and Central Agency For Public Mobilization & Statistics (CAPMAS), Egypt Labor Market Panel Survey, ELMPS (2018), Version 2.0 of the Licensed data files (October, 2019), provided by the Economic Research Forum. <http://www.erfdataportal.com/index.php/catalog>.

12 OAMDI, 2018. Labor Market Panel Surveys (LMPS), <http://erf.org.eg/data-portal/>. Version 1.1 of Licensed Data Files; JLMPS 2016. Egypt: Economic Research Forum (ERF).

13 According to national data for Algeria (LFS, 2016), informality affects 76 percent of own-account workers, 30 percent of employees and 27 percent of employers.

Furthermore, increasing flows of migrant workers and large-scale protracted refugee situations (see Chapter 4) as a result of conflicts have also affected labour market dynamics and outcomes.

The combined effects of COVID-19 and low oil prices, including through their impacts on production and growth, are likely to worsen employment outcomes across the region, with far reaching implications for poverty, inequality, social exclusion and social stability. However, these impacts will not be uniform across countries, sectors (economic, public–private, formal–informal) and, critically, across the various segments of the labour force, which highlights the need for tailored policy responses. Based on a

review of available evidence and recent analyses, the chapter attempts to shed light on the differentiated short-term impacts of the crises on labour market outcomes for oil-importing middle-income countries, FCCs and oil-exporting countries in the region. Special attention is paid to informal and other vulnerable workers, including migrant workers, IDPs, refugees and – in a cross-cutting manner – women and young people, who are most likely to be disproportionately impacted. As the ultimate impacts of the dual crises will also depend on countries' response capacities, the chapter also briefly reviews the measures taken to date and discusses some policy implications in the context of recovery efforts.

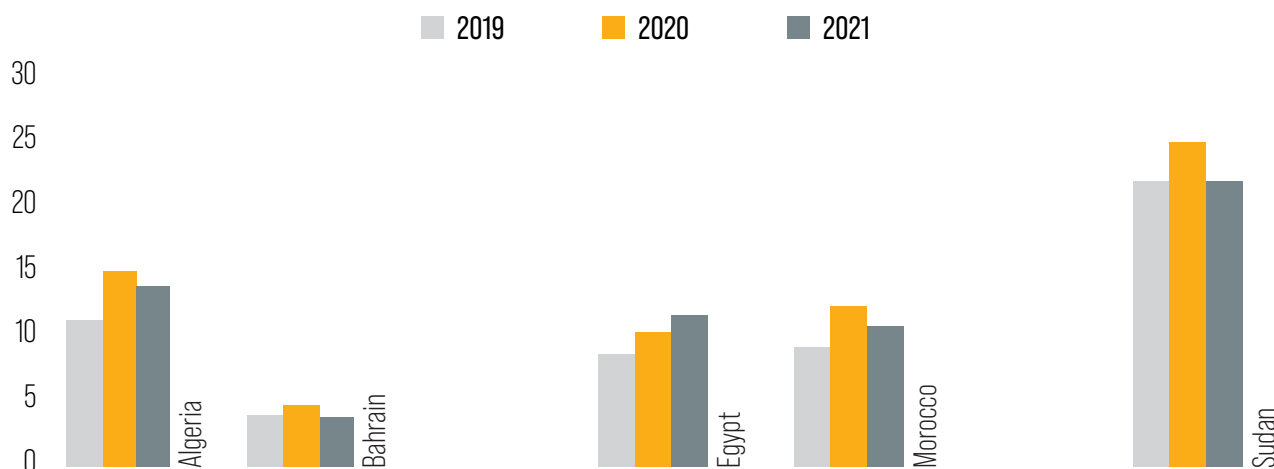
Impacts on labour market outcomes: What does the early evidence tell us?

The main assumptions underpinning the below analysis are that the scope and severity of these impacts will be largely shaped by (and, in turn, exacerbate) pre-existing vulnerabilities, inequalities and structural weaknesses, such as very high levels of informality, particularly in oil-importing middle-income countries and FCCs, and compounded by the high dependency on oil, public employment and migrant workers, particularly in the GCC countries.¹⁴

At the macro-level, the oil price shock is likely to dampen growth and employment prospects in oil-

exporting countries, whilst the expected benefits of low oil prices for oil-importing middle-income countries might be offset by lower external demand and its spill-over effects on domestic economies through a decline in exports, remittances, travel and foreign investments. Moreover, in some labour-exporting countries, such as Jordan or Egypt, expected returns of migrants from GCC countries as a result of the twin shock are likely to add additional pressures on labour markets. It should also be noted that whilst the effects of low oil prices are likely to be protracted, in the context of COVID-19, these will

Figure 5.3 Unemployment rate projections (percentage)



Source: IMF, World Economic Outlook database, April 2020.

14 See note 6; dependence on the public sector is also widespread in countries like Jordan or Palestine. See: Assad and Barsoum, op. cit.

very much depend on the duration of the containment measures put in place by the governments in the region and beyond, as much as on the effectiveness of countries' policy responses to protect employment and support economic recovery.

According to the most recent estimates by the ILO (2020)¹⁵, the COVID-19 crisis and related containment measures would have already led to a reduction in the number of working hours by 2.5 percent in Northern African Countries and by 3.1 percent in other Arab countries¹⁶ in the first quarter of 2020, compared to the fourth quarter of 2019. A sharper decline of 15.5 percent in North African countries and of 13.2 percent in other Arab countries is expected in the second quarter – equivalent to 17 million full time jobs (assuming a 48-hour work week). As regards unemployment outcomes, early assessments by UNESCWA suggest that the COVID-19 crisis could add at least 1.7 million unemployed,¹⁷ including 700,000 women.¹⁸

The IMF¹⁹ projects an increase in unemployment in 2020 of more than three percentage points in Algeria and Morocco (see Figure 5.3). A recent assessment of the impact of COVID-19 in Tunisia²⁰ suggests that the unemployment rate could increase from 15 percent in 2019 to 21 percent in 2020. In Sudan, the unemployment rate is expected to reach 25 percent.

Sectoral perspectives

Generally, the crisis is expected to be particularly damaging for the services sector, which accounts for 55.2 percent of total employment in the region.²¹

Based on the latest 2020 estimates by the ILO, 55.9 million individuals in the region (almost 45 percent of those employed) work in activities that are at high/medium high risk of being hard hit by the economic disruptions created by COVID-19 (accommodation and food services, manufacturing, real estate and business activities, wholesale and retail trade, but also transport, storage and communication and other services²²). Men are generally overrepresented in those sectors, but it is worth noting that a significant share of women are employed in the 'other services' category (see Table 5.2).

Comparable and detailed country-level data on the sectoral composition of employment is scant, making it difficult to gauge the extent of 'unemployment risks' across countries. However, available evidence indicates that in oil-importing middle-income countries and fragile and crisis-affected countries, the COVID-19 crisis is likely to result in significant job losses in sectors with higher risks. In Jordan, for instance, it was reported that up to 40,000 jobs could be lost in the hospitality sector and related services²³, while 30 percent of staff employed in the garment industry (with the majority being women and migrant workers) were expected to lose their jobs in May and June 2020.²⁴

Also in Jordan, a recent survey by the ILO found that 27 percent of the respondents working in the manufacturing sector had been temporarily laid off, whilst another nine percent had lost their jobs permanently, as a result of lockdowns.²⁵ In Tunisia, the World Tourism Organization (UNWTO) estimates

15 ILO, "ILO Monitor: COVID-19 and the World of Work", 5th ed., Briefing note, 30 June 2020, https://www.ilo.org/global/topics/coronavirus/impacts-and-responses/WCMS_749399/lang--en/index.htm.

16 According to ILO country groupings 'Arab States' does not include Arab African countries.

17 UN Economic and Social Commission for Western Asia (ESCWA), "New ESCWA brief: 8.3 million people will fall into poverty in the Arab region due to COVID-19", 1 April 2020, <https://www.unescwa.org/news/new-escwa-brief-83-million-people-will-fall-poverty-arab-region-due-covid-19>.

18 ESCWA, "The Impact of COVID-19 on Gender Equality in the Arab Region", Policy Brief 4, 2020, https://www.unescwa.org/sites/www.unescwa.org/files/20-00131_gp_id_pb_eng_apr5.pdf.

19 International Monetary Fund (IMF), World Economic Outlook, April 2020: The Great Lockdown (Washington, DC: IMF, 2020), <https://www.imf.org/en/Publications/WEO/Issues/2020/04/14/weo-april-2020>.

20 United Nations Development Programme (UNDP), "Impact économique du COVID-19 en Tunisie", June 2020, <https://www.arabstates.undp.org/content/rbas/en/home/library/crisis-response0/economic-impact-of-covid-19-in-tunisia-.html>.

21 Authors' calculations based on ILO, ILOSTAT Database.

22 These include arts, entertainment and recreation; other service activities; activities of households as employers; undifferentiated goods- and services-producing activities of households for own use; and activities of extraterritorial organizations and bodies.

23 Estimates by Chairman of Jordan Inbound Tour Operators Association (JITOA), as reported in Box 1 Effects of travel and import restrictions on tourism and manufacturing enterprises, p. 28 of ILO, Fafo, UNDP, 2020 "Impact of the COVID-19 pandemic on enterprises in Jordan", <https://www.jo.undp.org/content/jordan/en/home/library/jordan-enterprise-report.html>.

24 Estimates by the Jordan Garments, Textiles and Accessories Exporters Association (JGATE) as reported in Box 1 Effects of travel and import restrictions on tourism and manufacturing enterprises, p. 28 of ILO, Fafo, UNDP, 2020 "Impact of the COVID-19 pandemic on enterprises in Jordan", <https://www.jo.undp.org/content/jordan/en/home/library/jordan-enterprise-report.html>.

25 Kebede, T.A., S.E. Stave and M. Kattaa, "Facing Double Crises: Rapid assessment of the impact of COVID-19 on vulnerable

Table 5.2 Distribution of employment in the Arab region, according to COVID—19 ‘sectoral risks’

Sectoral employment ‘risk map’, Arab States region

Economic activity	Employment			Sectoral share of employment (%)
	Employment (thousands)	Women (%)	Men (%)	
High risk	39,432	12.3%	87.7%	31.5%
Accommodation and food service activities	3,707	10.2%	89.8%	3.0%
Real estate; business and administrative activities	4,764	14.1%	85.9%	3.8%
Manufacturing	12,286	15.0%	85.0%	9.8%
Wholesale and retail trade; repair of motor vehicles and motorcycles	18,675	10.5%	89.5%	14.9%
Medium high risk	16,439	19.3%	80.7%	13.1%
Other services	7,454	37.2%	62.8%	5.9%
Transport; storage and communication	8,985	4.4%	95.6%	7.2%
Medium and Low-medium risk	43,579	16.1%	83.9%	34.8%
Construction	16,483	1.0%	99.0%	13.1%
Financial and insurance activities	1,172	22.0%	78.0%	0.9%
Mining and quarrying	1,361	5.3%	94.7%	1.1%
Agriculture; forestry and fishing	24,563	26.5%	73.5%	19.6%
Low risk	25,903	31.0%	69.0%	20.7%
Education	9,204	48.9%	51.1%	7.3%
Human health and social work activities	3,794	47.8%	52.2%	3.0%
Public administration and defence; compulsory social security	11,686	13.9%	86.1%	9.3%
Utilities	1,219	6.4%	93.6%	1.0%
Total	125,353	18.4%	81.6%	100%

Source: Author’s calculations based on ILO, ILOSTAT Database and the classifications in ILO, “COVID-19: Labour Market Impact and Policy Response in the Arab States”, Briefing Note with FAQs, May 2020.

that tourism activities will decrease by 30–40 percent in 2020 and will not resume until 2022, impacting a sector which accounts for 10.8 percent of total employment, as reported in Table 3.3 in Chapter 3. The industrial sector, which employs approximately

527,000 workers is also under stress. In March 2020, 80 percent of private sector employees in the sector were reportedly already out of work.²⁶ An assessment of the impact of COVID-19²⁷ on vulnerable workers in Lebanon²⁸ shows that during lockdowns,

workers in Jordan”, ILO and Fafo Institute, 1 May 2020, https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_743391.pdf; the survey includes 1,580 respondents, of which 46 percent are female.

26 Dridi, M., “Coronavirus and Tunisia’s Regional Economic Inequalities”, Carnegie Endowment for Middle East Peace, Sada Middle East analysis, 29 April 2020, <https://carnegieendowment.org/sada/81686>.

27 It should however be noted that it is difficult to disentangle the labour market impact of the lockdowns from the socioeconomic effects of the other severe economic and financial crises confronting Lebanon.

28 Kebede, T.A., S.E. Stave and M. Kattaa, “Facing Double Crises: Rapid assessment of the impact of COVID-19 on vulnerable workers in Lebanon”, ILO and Fafo Institute, 20 May 2020, https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/publication/wcms_747070.pdf; the survey conducted in April 2020 covered a sample of 1,987 Lebanese and Syrians (52 percent men and 48 percent women) and representatives of 363 small-scale enterprises; see also ILO and Fafo Institute, 2020, “Evidence Brief for Policy: Impact of COVID-19 on Syrian refugees and host communities in Jordan and Lebanon”; https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/briefingnote/wcms_749356.pdf.

Table 5.3 Work-from-home potential and the digital divide (%)

Country	Latest available data year	Share of jobs that can be done from home	Share of workers with access to home internet and computer
Jordan	2016	29	10
Palestine	2016	22	15–50*
Egypt	2018	20	7
Tunisia	2014	17	7

Source: forthcoming UNDP study on based on data from ELMPS (2018), JLMPS (2016) and TLMPS (2014)³¹, as well as Palestine Labour Force Survey (2016)³².

Note: The share of workers with access to home internet and computer out of workers whose WFHP index was above the median WFHP index in each country. *no micro level data on the share of workers with both a computer and internet were available: 15% of households (not just workers) have a computer while 50% have an internet connection according to PCBS.

39 percent of surveyed Lebanese workers²⁹ were permanently laid-off and 38 percent temporarily laid-off, with 50 percent of the permanently laid-off being workers in the construction sector.

Work-from-home potential and the digital divide

Whilst working from home is an important way to mitigate the labour market impacts of COVID-19 containment measures, the potential for working from home varies significantly across countries in the region, as a result of differences in occupational structures, but also in the ICT/digital infrastructure available to support remote working arrangements. Using survey data on the daily activities of workers in various occupations, preliminary results from a forthcoming UNDP study on the number and types of jobs that can be performed from home in the region confirms that very few occupations can be performed from home and that this number varies significantly between countries. Work-from-home potential (WFHP)³⁰ ranges from 17 to 29 percent in selected countries, as shown in Table 5.3. This low WFHP is exacerbated by the existing digital divide: even if a job may be performed from home, this does not

mean that it will be in practice. Using micro level data on workers detailed occupation categories, the study found that even for workers whose jobs can potentially be performed from home (those whose WFHP was greater than the median in each country), only a small fraction of these workers actually has the necessary tools – such as a computer and internet connection – to successfully do so. Furthermore, this share varies significantly by industry and country, as shown in Table 5.4. In Tunisia, for example, two industries with very low work-from-home potential – agriculture and construction – account for over 50 percent of all employment.

The special situation of the GCC states

Evidence on the impact of the ‘dual COVID-19 and oil price shock’ on labour markets in oil-exporting countries, and in particular the GCC states, remains scant. Some reports suggest that employment across the GCC could fall by around 13 percent, with job losses of some 900,000 in the UAE and 1.7 million in Saudi Arabia.³³ Yet, important distinctions need to be made between public and private workers as well as between nationals and migrant workers. In the GCC, employment of nationals

29 Most of the surveyed employed Lebanese worked in retail trade/ repair industry/ other services (28 percent), while 12 and 11 percent work in agriculture and construction respectively.

30 The WFHP index in these preliminary results is constructed using the US’s Occupational Information Network (O*NET) surveys of daily activities of workers in each occupation, following the work of Dingel and Nieman (2020) (see Dingel, J., & Nieman, B. (2020). How Many Jobs Can be Done at Home? Centre for Economic Policy Research. Retrieved from https://cepr.org/active/publications/discussion_papers/dp.php?dpno=14584). Work is currently underway to also develop a region-specific version based on questions in the Labor Market Panel Surveys for Egypt, Jordan and Tunisia, that ask about daily activities at work. A job cannot be performed from home if the respondents answered yes to questions such as “Does your job require you to lift heavy items at work”, “Does your job require you to operate heavy machinery”, among others. The share of jobs that can be performed from home is then calculated for the economy overall and can also be calculated for various groups. For Table 5.4 each two-digit occupation’s WFHP classification is then merged with occupation distribution data at the industry level, and weighted by employment shares.

31 OAMDI, 2016. Labor Market Panel Surveys (LMPS), <http://erf.org.eg/data-portal/>. Version 2.0 of Licensed Data Files; TLMPS 2014. Egypt: Economic Research Forum (ERF).

32 OAMDI, 2019. Harmonized Labor Force Surveys (HLFS), <http://erf.org.eg/data-portal/>. Version 1.0 of Licensed Data Files; LFS 2016- Palestinian Central Bureau of Statistics (PCBS). Egypt: Economic Research Forum (ERF).

33 Mathew, S., “Oxford Economics Sees Exodus of Expat Workers From Across Gulf”, BloombergQuint, 22 May 2020, <https://www.bloomberquint.com/onweb/oxford-economics-sees-exodus-of-expat-workers-from-across-gcc>.

Table 5.4 Work-from-home potential by industry

Industry	Jordan		Palestine		Tunisia	
	WFHP Index	Share of employment (%)	WFHP Index	Share of employment (%)	WFHP Index	Share of employment (%)
Agriculture, forestry and fishing	0.05	6	0.03	10	0.04	40
Mining and quarrying	0.18	1	0.15	1	0.14	1
Manufacturing	0.18	9	0.07	13	0.09	11
Electricity	0.53	0	0.22	1	0.31	0
Construction	0.08	6	0.06	17	0.03	14
Wholesale and retail	0.21	14	0.12	19	0.11	9
Transportation	0.15	5	0.04	6	0.03	4
Accommodation & food services	0.20	2	0.07	3	0.11	3
Information & communication	0.76	1	0.66	1	0.48	0
Financial & insurance	0.78	1	0.63	1	0.46	0
Real estate activities	0.67	0	0.51	2	0.29	0
Professional & scientific	0.65	2	---	---	1.00	0
Public administration	0.25	28	0.42	9	0.23	7
Education	0.80	12	0.83	11	0.73	6
Human health & social work	0.22	5	0.23	4	0.20	2

Source: Forthcoming UNDP study on based on data from JLMPS (2016), TLMPS (2014), as well as Palestine Labour Force Survey (2016).

Note: WFHP index varies between 0 and 1, with higher numbers implying a larger share of jobs in that industry can potentially be performed from home.

is highly concentrated in 'low-risk', mainly public sector activities, suggesting that the impacts of COVID-19 might be less pronounced for nationals, at least in the short term.³⁴ In the longer run, however, the fiscal pressures generated by persisting low oil prices (which make up the bulk of government revenues in these countries) will unavoidably reduce governments' fiscal space to maintain public employment, including social security and other benefits, at similar levels.³⁵ Conversely, the effects of the crisis on other (private) segments of GCC labour markets, which are dominated by foreigners/migrants, are likely to be drastic. It is anticipated that the exodus of foreign workers (as visas depend on employment and because of the lack of social security) could be massive and possibly result in a decline in the population by four percent in Saudi Arabia and Oman and around 10 percent in the UAE and Qatar, which could

lead to severe labour shortages and undermine recovery prospects in some key sectors, including hospitality.³⁶

A disproportionate impact on informal workers, particularly in oil-importing middle-income countries and FCCs

There is growing evidence that informal workers are disproportionately impacted by the COVID-19 crisis. In Tunisia, for instance, it is estimated that around one million informal workers, primarily residing in already impoverished rural western and southern regions, are vulnerable to job losses.³⁷ In Egypt, it is estimated that as a result of containment measures, around 1.6 million people in the informal sector could lose their jobs by the third quarter of 2020.³⁸ In Jordan, a recent country-wide survey conducted

34 In Kuwait, for instance, 68.2 percent of Kuwaiti men work in public administration and defence, followed by six percent in education. Female work is primarily in public administration (47.3 percent), followed by education (35.6 percent) and then human health and social work activities (6.3 percent). See: ILO, "Decent Work Country Programme for Kuwait, 2018–2020", https://www.ilo.org/wcmsp5/groups/public/---arabstates/---ro-beirut/documents/genericdocument/wcms_656564.pdf.

35 Youssef and Dunais, 2018, op. cit.

36 Mathew, 2020, op. cit.

37 Dridi, 2020, op. cit. (estimates by the Tunisian Center for Economic and Social Research).

38 Egyptian Center for Economic Studies, "Views on the Crisis: The Informal Sector", Issue 7, 9 April 2020, [http://www.eces.org.eg/cms/NewsUploads/Pdf/2020_4_9-13_8_27informal%20sector-%20final%20-%20English%20%20\(ebrahim\).pdf](http://www.eces.org.eg/cms/NewsUploads/Pdf/2020_4_9-13_8_27informal%20sector-%20final%20-%20English%20%20(ebrahim).pdf); and OECD, "The COVID-19 Crisis in Egypt", 20 April 2020, <https://www.oecd.org/mena/competitiveness/The-Covid-19-Crisis-in-Egypt.pdf>.

by UNDP (2020)³⁹ found that 78 percent of respondents did not have access to social security benefits and 93 percent had no access to social protection programs, whilst more than 36 percent were working as day-labourers. Almost half the sample (43.2 percent) indicated that they had lost all their work due to lockdowns, with a further 6.1 percent reporting that their salary had been reduced, and only 6.2 percent reporting they were on unpaid leave. Findings of the ILO and Fafo's rapid assessment of COVID-19 impacts on workers and small enterprises in Lebanon are even more worrisome, with 50 percent and 33 percent of informal workers with no contract or just verbal work agreements, respectively, reporting that they were permanently laid-off from their jobs, compared to only 24 percent of Lebanese formal workers.⁴⁰

It is important to note that the analysis of the impacts of COVID-19 on labour market outcomes cannot be disconnected from the tremendous impact the crisis is having more generally on micro, small and medium-sized enterprises (MSMEs), particularly in oil-importing middle-income countries and FCCs.⁴¹ As a result of containment measures and the downscaling of economic activities, many of these businesses, particularly those operating in the informal economy, are losing their cash flows, making it harder for them to sustain their businesses, or pay salaries, which can result in the laying-off of many workers. As evidenced in the next chapter, these effects are already at play.

Gender and youth perspectives

Whilst in aggregate, women represent a lower share of informal employment in the region (62 percent against

69 percent for men),⁴² women are more often found in the most vulnerable situations, working as agricultural workers; domestic, home-based workers; or contributing family workers. A rapid assessment by UN Women in Jordan shows, for instance, that 99 percent of women employed in the informal sector reported losing their job.⁴³ In Somalia, where women account for 70 percent of household income as a result of conflict, a study focusing on women-led businesses⁴⁴ revealed that all 42 street traders surveyed in the Somali capital had lost their income as result of COVID-19, while none of them received any alternative support and all of them had to rely on other family members to survive. The impact on female informal agricultural workers, many of whom are heads of households, varies in the region; some have continued to work with minimal or no protection, while elsewhere daily female agricultural wage workers have reportedly lost their income due to the lockdown and are unable to meet their basic needs.⁴⁵

Another important dimension of the gendered impact of the crisis on employment outcomes is the sharp rise in women's workload and unpaid care burden.⁴⁶ While education and health are considered 'low-risk' sectors from the viewpoint of COVID-19 economic impacts (see above), women's workload in these sectors has increased significantly. In Jordan, the weekly combined paid and unpaid workload for female health workers is now estimated at over 90 hours per week.⁴⁷ Even for women whose jobs allowed the possibility of working from home, the closure of schools and daycares made this more difficult. Many women with young children and no alternative day-care solutions will find themselves taking on even more childcare and

39 UNDP, 2020, COVID-19 Impact on Households in Jordan: A Rapid Assessment, May; <https://www.jo.undp.org/content/jordan/en/home/library/impact-of-covid-19-on-households-general.html>; the survey, conducted in end April/early May covered 12,084 individuals.

40 Kebede, et al., 2020, op. cit.

41 It is estimated that MSMEs account for 97 percent of all businesses in the region. In many FCCs (Iraq, Lebanon, Sudan, and Yemen), MSMEs account for over 50 percent of private sector employment. See: IMF, Enhancing the Role of SMEs in the Arab World: Some Key Considerations. Policy Paper No. 19/040, 2019, <https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/12/13/Enhancing-the-Role-of-SMEs-in-the-Arab-World-Some-Key-Considerations-48873>.

42 ILO and WIEGO, "Women and Men in the Informal Economy: A Statistical Brief", 2019.

43 UN Women, "Rapid assessment of the impact of COVID-19 on vulnerable women in Jordan", 2020, <https://jordan.unwomen.org/en/digital-library/publications/rapid-assessment-of-the-impact-of-covid19-on-vulnerable-women-in-jordan>.

44 Ministry of Women and Human Rights in Somalia, *Rapid Assessment on the Impacts of COVID-19 on Somali Women Leading Small-scale Businesses*. May 2020. <http://www.mwhrd.gov.so/en/wp-content/uploads/2020/05/Rapid-Assessment-on-the-impacts-of-COVID-19-on-Somali-women-leading-small-scale-businesses-1.8.pdf>.

45 Arab Trade Union Confederation, <https://arabtradeunion.org/ar>.

46 The ILO estimated that women in Arab states spend a daily average of 329 minutes (5 hours, 29 minutes) on unpaid care work and 36 minutes on paid work, while men spend 70 min and 222 minutes, respectively; Chbaro, A., "The Gendered Impact of COVID-19 in Lebanon", Daraj, 26 March 2020, <https://daraj.com/en/42550/>.

47 See: UN Women, Covid-19 and Women's economic empowerment: policy recommendations for strengthening Jordan's recovery, Policy Brief, May 2020. <https://www2.unwomen.org/-/media/field%20office%20jordan/images/news-events/2020/july/covid19%20and%20wee%20policy%20recommendations%20for%20jordan%20may%202020%20%206%20page%20brief.pdf?la=en&vs=4054>.

household responsibilities than before, making their labour force participation even harder than it already was.⁴⁸ This will ultimately have long term implications for the pay and occupational gap between men and women in the labour market.

The already high unemployment and under-employment rates among young people are likely to worsen, particularly for the many young people working in precarious forms of employment such as daily laborers, underpaid informal workers and migrant workers, as well as in non-standard forms of employment (the 'gig economy'). According to the ILO, informality affects 87.5 percent of the working youth in Northern Africa and 85.1 percent in other Arab states.⁴⁹ Labour market prospects for young men and women are likely to be further undermined by the impact of COVID-19 and protracted lockdowns on learning opportunities and outcomes, particularly for the most vulnerable and underprivileged, including youth living in FCCs.⁵⁰

A heavy toll on migrants and refugee workers

Migrant workers in the Arab region make up 15 percent (nearly 24 million) of all migrant workers globally; almost all of them (22.7 million) live in GCC countries⁵¹ as well as in Lebanon and to a lesser extent Jordan, where they play a key role in many of the hardest hit sectors, such as hospitality services, construction, agriculture and food production, as well as in the domestic work and care economy.⁵² Whilst evidence is still scarce, there are signs that these workers, particularly low-skilled migrant and domestic workers, as well as those

with irregular status, are likely to be disproportionately hit by job losses or wage reductions. In the GCC states, these risks may be compounded by the fact that, in recent years, governments have also sought to reduce their dependency on foreign labour. Combined, the GCC, Jordan and Lebanon host approximately 1.6 million domestic women workers who are vulnerable either to instant dismissal, or to extra work (and potential abuse) during lockdowns.⁵³ According to some reports, up to one third of migrant domestic workers in Jordan have lost their incomes, and in some cases their jobs.⁵⁴

The situation of refugees, who are predominantly engaged in seasonal, temporary and irregular employment, is extremely worrisome. The findings of the early rapid assessments conducted by ILO/Fafo on the impacts of lockdowns in the major refugee hosting countries in the region – namely Jordan and Lebanon⁵⁵ – show that refugee workers are irregular or informal and have been disproportionately impacted. In Jordan, only 30 percent of the Syrians surveyed had work permits and 24 percent were covered by social security. Of those employed before the crisis, 35 percent reported they had lost their jobs permanently (vs. 17 percent for Jordanians).⁵⁶ In Lebanon, the situation was even worse: 95 percent of surveyed employed Syrian refugees had no work permit and only two percent had access to social security. Sixty percent of Syrian refugee workers were permanently laid-off (vs. 39 percent for Lebanese) and 31 percent were temporarily laid-off since the beginning of the crisis.⁵⁷

48 Hinchcliffe, E., "14% of women considered quitting their jobs because of the coronavirus pandemic", *Fortune*, 23 April 2020, <https://fortune.com/2020/04/23/coronavirus-women-should-i-quit-my-job-covid-19-childcare/>.

49 ILO, *Global Employment Trends for Youth 2020: Technology and the future of jobs* (Geneva: ILO, 2020), https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_737648.pdf/.

50 UN ESCWA, "Impact of COVID-19 on Young People in the Arab Region", Policy Brief No. 9, 2020, <https://www.unescwa.org/sites/www.unescwa.org/files/uploads/impact-covid-19-young-people-arab-region-english.pdf/>.

51 UN ESCWA, "Situation Report on International Migration 2019: The Global Compact for Safe, Orderly and Regular Migration in the Context of the Arab Region", 2019, <https://www.unescwa.org/publications/situation-report-international-migration-2019/>.

52 ILO, "COVID-19: Labour Market Impact and Policy Response in the Arab States", 2020, op. cit.

53 Kebede, et al., 2020, op. cit.

54 Connell, T., "Migrant Workers Essential Workers not only in COVID-19", Solidarity Center, 13 April 2020, <https://www.solidaritycenter.org/migranst-workers-essential-workers-not-only-in-covid-19/>.

55 Lebanon hosts 1.5 million Syrian refugees, as well 18,500 refugees from Ethiopia, Iraq, Sudan and other countries, as well as more than 200,000 Palestinian refugees; see: UN Refugee Agency (UNHCR), "Lebanon: Global Focus", <http://reporting.unhcr.org/node/2520/>.

56 ILO and Fafo, *Impact of COVID-19 on workers in Jordan: A rapid assessment*", <https://reliefweb.int/sites/reliefweb.int/files/resources/75961.pdf>; the survey covered a (non-nationally representative) sample of 3,000 individuals comprising 56 percent Syrians and 44 percent Jordanians.); ILO employment intensive investment programmes (EIIP);

57 Kebede, et al., 2020, op. cit. The survey covers a sample of 1,987 Lebanese nationals and Syrians refugees (of whom 70 percent are Syrian refugees and 48 percent are women).

Labour market policy responses and recommendations

Many governments in the region have taken action to mitigate the immediate impacts of the crisis on labour markets through various stimulus and support packages. This has involved direct relief to enterprises, particularly SMEs (e.g. liquidity facilities, tax and fee payment deferrals, wage subsidies) as well as more direct measures to protect workers (e.g. paid leave, unemployment benefits, cash

transfers). As reported in Chapter 4, a number of countries, mostly in the GCC, have lifted/suspended restrictive measures for migrants (e.g. fee waivers for work permit and visa renewals). Expectedly, given differences in fiscal and institutional capacities, the response has been more 'intense' in oil-exporting countries, and oil-importing middle-income countries compared to FCCs.

Table 5.5 Labour market policy responses implemented in the region

Type of measures	Oil exporting countries	Oil importing countries	Fragile countries
Financing/liquidity related support	Algeria, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE	Egypt, Jordan, Morocco, Tunisia	Somalia, Lebanon, Palestine
Tax and fee payment deferrals	Algeria, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, UAE	Egypt, Jordan, Morocco, Tunisia	Iraq, Lebanon, Palestine, Yemen
Employment protection/ retention schemes	Algeria, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia	Djibouti, Egypt, Jordan, Morocco, Tunisia	Iraq, Sudan
Lowering (subsidizing) prices of utilities, including electric bills and rents, or waiving/deferring payment	Bahrain, Qatar, Saudi Arabia	Djibouti, Egypt	Lebanon, Yemen
Modifying social security contribution payments and adjusting existing social security benefits	Algeria, Kuwait, Oman	Morocco, Tunisia	Lebanon
Social assistance	Bahrain, Kuwait	Djibouti, Egypt, Jordan, Morocco, Tunisia	Iraq, Lebanon, Palestine, Syria
Waiver of fines for migrant workers with expired work permits, and waiver of fees for visa renewals	Bahrain, Kuwait, Qatar, Saudi Arabia	Jordan, Tunisia	

Author (s): combining data from ILO website (as reported in the chapter on MSMEs) and data from R-UNDSOG Social Protection Mapping (see section on Social Protection Response) as of June 2020.

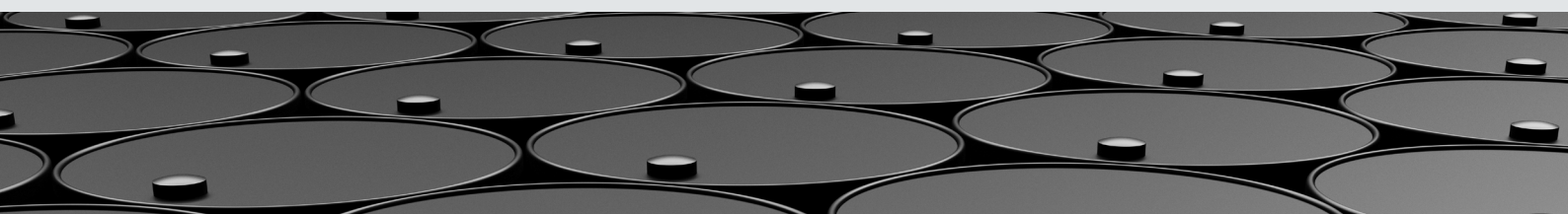
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Looking ahead: The need for tailored, inclusive and 'forward-looking' responses

Labour markets are the primary channels through which the economic impacts of COVID-19 affect people, particularly the most vulnerable. In the short- to medium-term, as long as the economic impacts of the crisis continue to unfold, minimizing job losses and protecting workers clearly remain top priorities. Whilst the crisis per se does not spare any enterprise and any worker, government support to minimize risks of business closures and lay-offs (as described above) should place a strong emphasis on SMEs and other labour-intensive enterprises in sectors that are hard hit by the economic impact of COVID-19. To the extent possible, priority should be given to those enterprises that employ larger proportions of women and youth. Because such support does not guarantee that jobs will be preserved, the introduction of special conditions on job retention and payroll support may also be considered, where feasible, alongside effective monitoring mechanisms.

However, such an approach may be challenging to implement in many oil-importing countries and FCCs where the informal economy is widespread, and where 'standard packages' are mostly likely to reach only the upper end of the enterprise sector. Alternative solutions need to be found to reduce hardships facing micro and small (largely) informal businesses, including agricultural businesses, and in particular those led by youth, women and the self-employed.⁵⁸ Addressing the needs of both informal businesses and workers in an informed manner notably underscores the importance of rapid and regular impact assessments to identify their specific needs and vulnerabilities. A more tractable policy option, already explored by some countries (e.g. Egypt, Jordan, Morocco, and Tunisia) is to provide direct

⁵⁸ These may include, as and where feasible, waivers or deferred payments for electricity, water, rent, reduced rates for mobile calls, internet, targeted government grants, leveraging microfinance and support from business associations, and facilitating the use of digital payments; see: ILO, "COVID-19 crisis and the informal economy: Immediate responses and policy challenges", ILO Brief, May 2020, https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---travail/documents/briefingnote/wcms_743623.pdf/. See also: The World Bank, "Assessing the impact and policy responses in support of private-sector firms in the context of the COVID-19 pandemic", 26 March 2020, <http://pubdocs.worldbank.org/en/879461586478617078/COVID-19-Outbreak-Support-to-Firms.pdf/>.



social assistance (in particular cash assistance) to informal/poor workers. As discussed in the chapter on social protection, bringing such support at scale, however, requires substantial efforts to improve registration and delivery mechanisms, including through the use of digital technologies, while every possible (domestic, foreign) financing option will need to be explored, given the scale of needs and potential costs, in a context of increased fiscal pressures. Special attention needs also to be paid to the specific needs of young and women workers across all segments of informal labour markets. Among the most vulnerable segments, poor migrants, domestic workers and refugees deserve increased attention both from governments and the international community.

The above policy options could also be complemented by other more active youth and gender responsive labour market policy measures (e.g. including digital skills training and retraining schemes, cash for work schemes, job search and matching platforms – including digital platforms) to help those who were already unemployed prior to COVID-19 and those who have been left unemployed by the crisis (including migrant workers) to re-engage in labour markets and support broader recovery efforts. Generally, labour market responses in the short- to medium term should – to the extent possible – lay the foundation for a more inclusive recovery and long-term development. Given the importance of effective and impactful labour market responses for building trust in governments, all measures should be clearly communicated and made transparent to all stakeholders.

In the medium to long term, labour market policies will need to be revisited to ensure decent working conditions, including social protection, for all those working in the informal economy, as well as migrants. Notably, efforts are required to include migrant workers in national recovery plans. These reforms should be part of broader efforts to diversify economies, and support private sector development and employment, including addressing skills gaps and asymmetries through major investments in market-relevant education, and to facilitate transitions from informal to formal employment and entrepreneurship. Critically, the crisis has also set the stage for expanding opportunities into the new ‘world of work’, including leveraging the potential of digitalization to build the resilience of businesses and workers. Young men and women, obviously, should be placed at the heart of these transformations.

