

The Impact of COVID-19 on Employment and Wages in the Arab Region

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► COVID-19: an unprecedented crisis exacerbating pre-existing challenges

- High unemployment rates, especially among **youth** and **women**.
- Deficient demand for labour driven by **insufficient diversification efforts** and **high reliance on public sector**
- High levels of **informality** and low **social protection** coverage
- High levels of working poverty and poor **wage and minimum wage policies**
- Large numbers of **migrants** and **refugees**, facing unequal treatment and poor working conditions

.... And resulting in huge working- hours losses

This crisis led to unprecedented measures:

- ❖ Closure of borders
- ❖ Curfews and lockdown measures
- ❖ Disruption of economic activities

	Working hours lost in 2020 (relative to 2019 Q4)	Full-time equivalent jobs*
Arab League	9.6%	11 million
World	8.8%	255 million

Source: ILOSTAT, Nov. 2020

*FTE: assuming a 48-hour working week

- ❑ Working-hour losses are reflected in:
 - employment losses (higher levels of unemployment or inactivity); or
 - reduced hours of work for those who remain in employment.

- ❑ Relative weights vary from country to country, depending on governments' employment retention programmes, amongst others.

Vulnerable groups are particularly affected

Women

- 5M employed in hard-hit sectors
- Half of healthcare and social work activity workers
- Face a double burden driven also by additional unpaid care work at home.

Youth

- Fewer options to find employment
- Long-term unemployment
- Forced disruption of education
- NEET rates expected to increase

Informal workers

- 82% hard hit by the crisis.
- Decline in earnings
- Worsened pre-COVID vulnerabilities.
- Limited access to government support programs

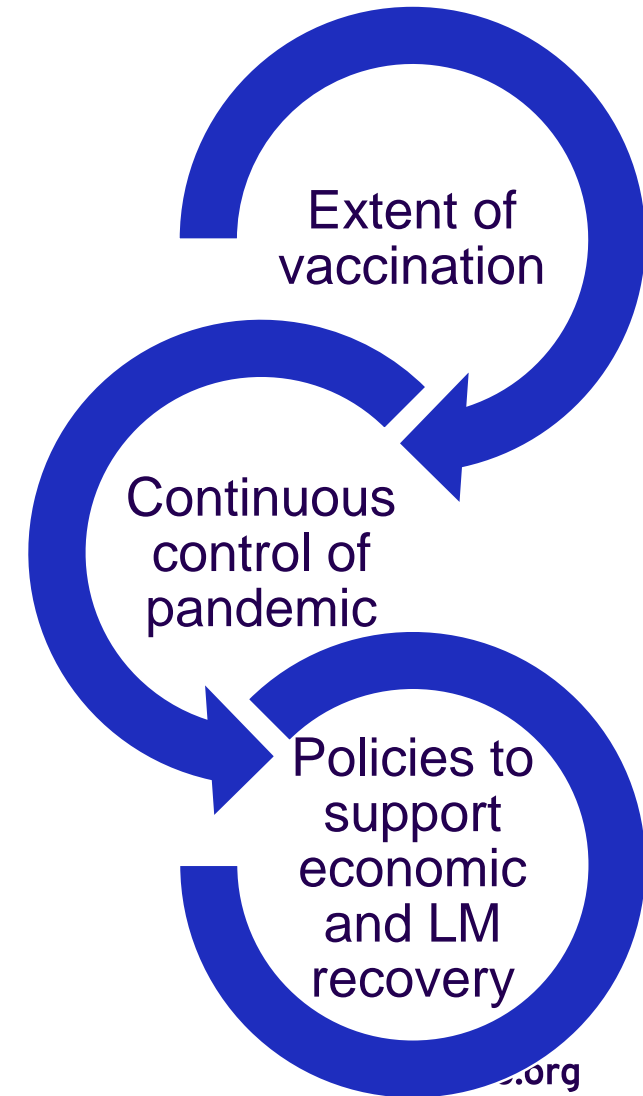
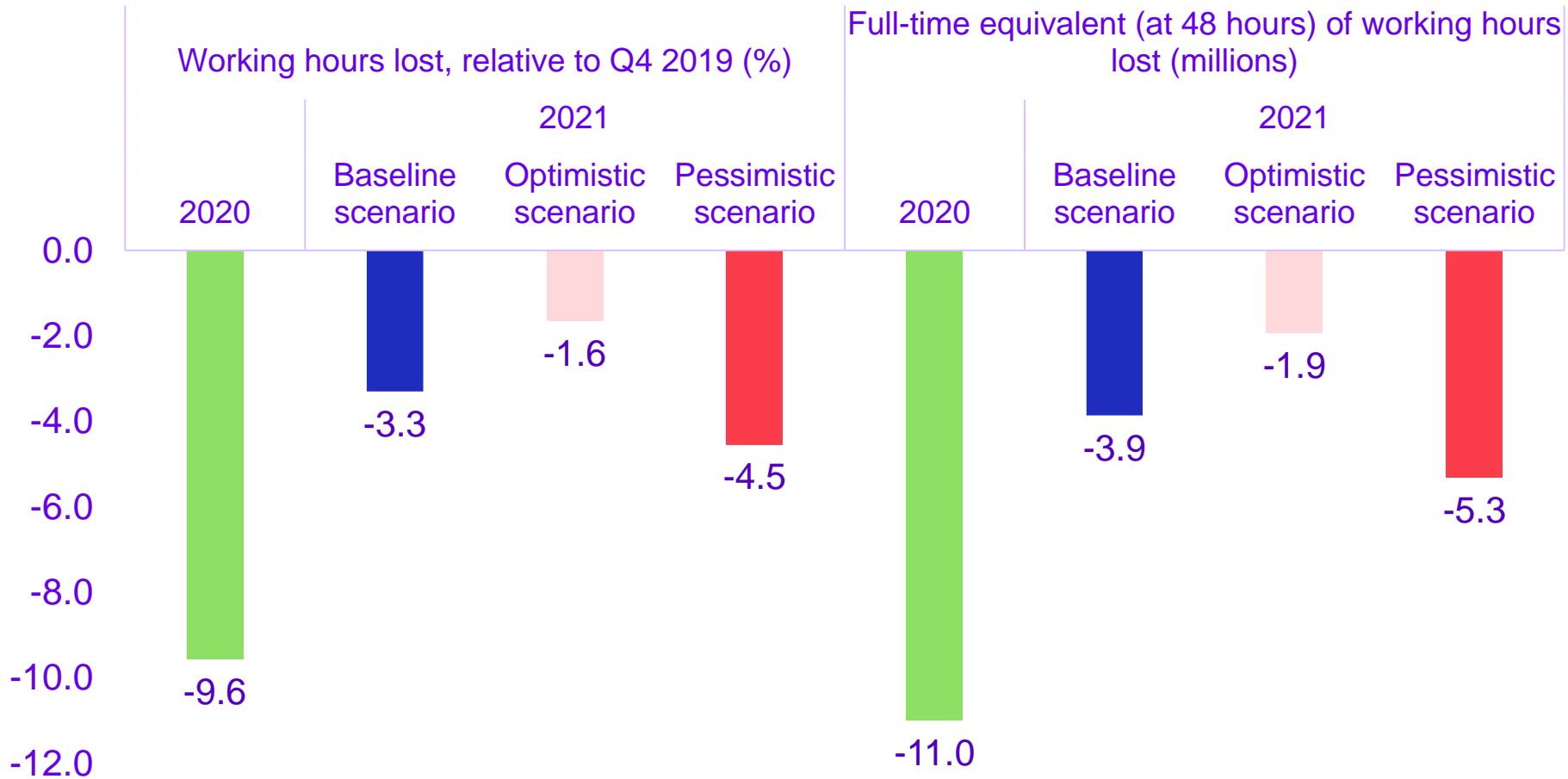
Refugees and migrant workers

- Increased discrimination
- At the forefront of the pandemic
- Illegal workers particularly affected
- Excluded from many support programs

▶ Wages and labour income have shrunk

- Labour income (before taking into account income support measures) in 2020 is estimated to have declined by 9.1 per cent.
- Those sizeable labour income losses can push households into poverty, reducing consumption and aggregate demand.
- With particularly detrimental effects on low-wage earners, in lower-skilled occupations, leading to increased wage inequality.
- Income support programmes help mitigate the impact of income losses, however the impact remains uneven across different parts of the workforce (formal employees Vs Informal, youth and the self-employed, etc..)

The outlook for 2021 remains uncertain



Arab governments' measures to protect wages and support incomes

- Employment retention (teleworking, leave benefits, reduced hours of work and reduced incomes, etc..)
- Wage subsidies, i.e. supporting full or partial payment of salaries for private sector workers through unemployment funds and government support (*Bahrain, KSA, Kuwait, Morocco, Jordan, Tunisia*).
- Providing zero or low interest loans by commercial banks to companies to pay salaries (*Lebanon, Jordan, Qatar*).
- Introducing mechanisms for retroactive registration of informal businesses which previously did not comply with social insurance legislation, to benefit from wage and employment protection (*Jordan*).
- Ensuring that foreign workers receive their full salaries, even if in quarantine (*Qatar*)

Migrant workers and refugees remain at a disadvantage as many of the support schemes focus mainly on nationals, with no reference regarding their application to migrant workers.

▶ Other income support measures targeting vulnerable groups

Cash transfer programmes targeting:

- ❑ Informal and daily wage workers (*Egypt, Jordan, Morocco, Syria, Tunisia, OPT*)
- ❑ Women, for example female-headed households, widows or pregnant women (*Egypt, Kuwait, Mauritania*)
- ❑ Elderly people (*Egypt, Kuwait, Tunisia, Mauritania, Syria*)
- ❑ People with disabilities (*Egypt, Tunisia, Mauritania, Syria*).

Looking ahead: Building Back Better

Macroeconomic policy and sectoral strategies

- Promoting economic diversification and structural transformation
- Supporting sectors with high employment potential, including digital work
- Increasing investment in IT infrastructure

Skills development

- Better alignment of skills provided by education with LM needs
- Re-skilling to adapt to new realities
- Promoting lifelong learning

Protection of workers

- Extension of social protection and building SPF's
- Effective wage and minimum wage policies (better compliance, extended coverage and adequate levels)

Targeted Support

- Identifying needs and priorities
- Determining nature and level of interventions needed
- Increase investment in ES and ALMPs

Enhanced Social Dialogue

▶ **Thank you**