International Labour Organization

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Jobs Creation Commission
Federal Democratic Republic of Ethiopia

The jobs impact of COVID19: Rapid labour force survey (RLFS/E)

***December 2021**, 4th wave*

With support from

Sida
SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Introduction

This report presents the summary findings from four waves of rapid labour market surveys conducted by the ILO and the JCC in Ethiopia, in August and November 2020 and in October and December 2021[1], with baseline retrospective data from February 2020 (collected in the first wave in August 2020). The data has been collected by phone from a randomised digital dialling (RDD) sample of about 2500 persons aged 18 to 64, residing in urban areas[2]. Questions covered respondents' situation before the epidemic (in February) and at the time of the survey (either the previous week or month). The survey was designed in line with ILO's Statistical department guidance for rapid labour force surveys on Covid19 impact[3]. The note presents the findings of the first and second waves in a series of rapid surveys to be carried out in 2020 and 2021, to monitor the evolving impact of the Covid19 pandemic.

Key findings

- A slight decline in unemployment since the October measurement was recorded in December 2021; still, two years after the start of the pandemic, **unemployment** stood 5 points above pre-pandemic levels. Formal employment has contracted considerably (-30%), and **informal employment** further expanded from already high levels (+13%). A pronounced drop in inactivity is also observed (-25%) as households need a second or third breadwinner to earn an income. The decline in unemployment since October 2021 has happened in favour of informal employment, while formal employment continued to recede.
- Rising unemployment and income losses have been much steeper for **the least educated**. The decline in unemployment is slower among **youth**, who are also increasingly neither working, seeking jobs nor in education or training (NEETs).
- **Business revenue** had improved between August and October 2020, and then continued to improve though at a slower pace until October 2021. A negative downturn has occurred since then. Demand as well as supply-side constraints are reported by 3 out of 4 businesses. The **internal conflict** that intensified over the last quarter of 2021 is likely weighing on business activity.
- For most of 2020 and 2021, 40% of households reported **income losses**, a measure that has further worsened in December 2021.
- **Business sentiment** has improved only marginally since our first measurement in August 2020. By December 2021, 7 out 10 businesses were still foreseeing a bad year for revenues in 2021.

Sampled population, coverage and bias

To appreciate validity and identify potential bias, this survey's sample is compared with the population of the Urban employment and unemployment survey (UEUS), last conducted in 2018 by the Central Statistics Agency, on a large nationally representative sample. The regional distribution of this RLFS/E sample aligns well with the regional distribution of the Ethiopian population in the UEUS (see annex for more details). Activity rates and the occupational structure of the employed also closely mirror each other. This RLFS/E sample is slightly younger and more educated than the UEUS 2018 population. The one significant difference between the RLFS/E sample and the UEUS 2018 population is in the gender distribution, as this sample includes significantly more males (66% vs 37%) while the UEUS 2018 population is more balanced. These differences tie in with differences to be expected between the population owning mobile phones and the general population[4].

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[1] This note was prepared by Luca Fedi (ILO/Employment), with help from Elisa Benes (ILO/Stats), Sevane Ananian (ILO/Wages) and Niall O'Higgins (ILO/Employment). The data was collected by Ethiopoll.

[2] Given the limited penetration of mobile phones and landlines in rural areas of Ethiopia. Urban centres are defined as settlements of 50'000 persons or more. A question on residency before COVID19 was included in the questionnaire.

[3] "COVID-19: Guidance for labour statistics data collection. Capturing impacts on employment and unpaid work using Rapid Surveys", ILO, May 2020.

[4] For more on this and other aspects of survey design you may refer to the Annex here and in the Report from the first wave.

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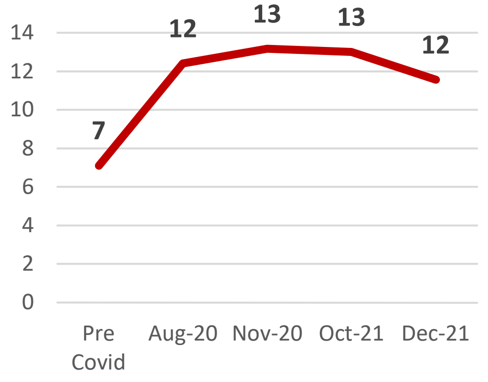
1. Employment and unemployment

Fig. 1. Unemployment rates, %



A slight decline in unemployment since the October measurement was recorded in December 2021; still, two years after the start of the pandemic, unemployment stands 5 points above pre-pandemic levels.

COVID19 has also affected job search; among those in the potential labour force, 73% were not searching for a job "because of COVID19". It is thus useful to consider a wider definition of unemployment, where actively searching for a job is not a necessary criterion. When widening the definition, the extent of unemployment as well as disparities by age and gender are magnified. The gap between both measures has narrowed overall since the first stages of the pandemic, including for women. For youth however, it has continued to grow, indicating youth are affected disproportionately and pointing to a burgeoning phenomenon of "discouraged youth".

Fig. 2 Standard unemployment (in blues) and unemployment including those not actively searching for work (in reds), %

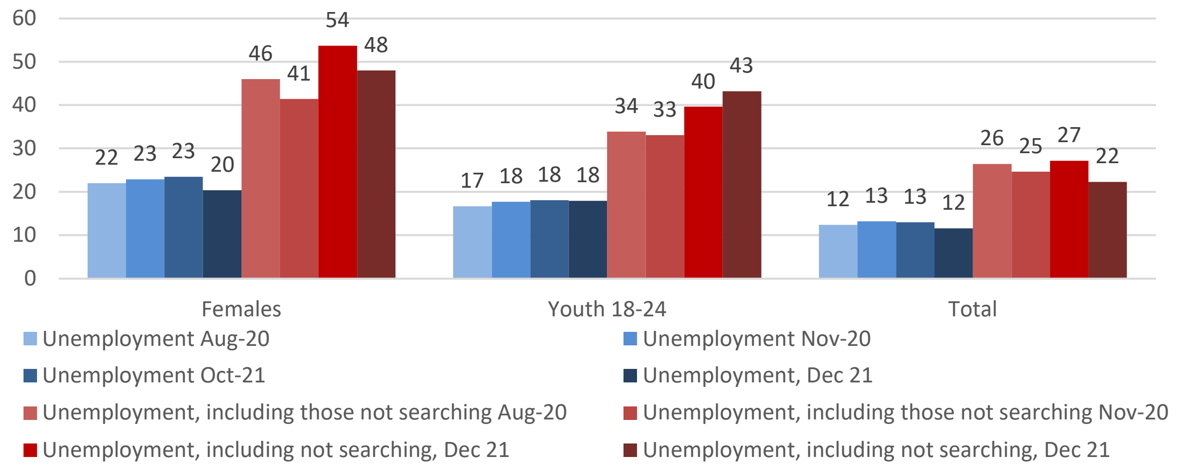
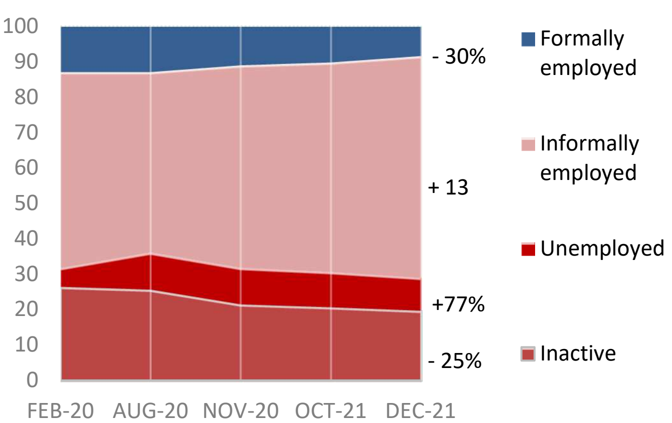


Fig. 2 Population by employment status



Since February 2020 formal employment has contracted considerably (-30%), and informal employment further expanded from already high levels (+13%). A pronounced drop in inactivity (persons not working nor searching for work) is also observed (-25%) as households need a second or third breadwinner to earn an income. The decline in unemployment observed since October 2021 has happened in favour of informal employment; formal employment continued to shrink.

Prior to the COVID19 epidemic, and as seen in other African countries[5], those with higher educational attainment were more likely to be unemployed, as they were more likely to have the means to keep waiting for a suitable job opportunity. Since February 2020, rising unemployment has instead affected more those with lower educational attainment, those who cannot afford staying unemployed even for a few days. While those with higher education have relatively been less affected by rising unemployment, they are also those for whom job recovery is slower.

Fig. 3 Unemployment by educational level, %

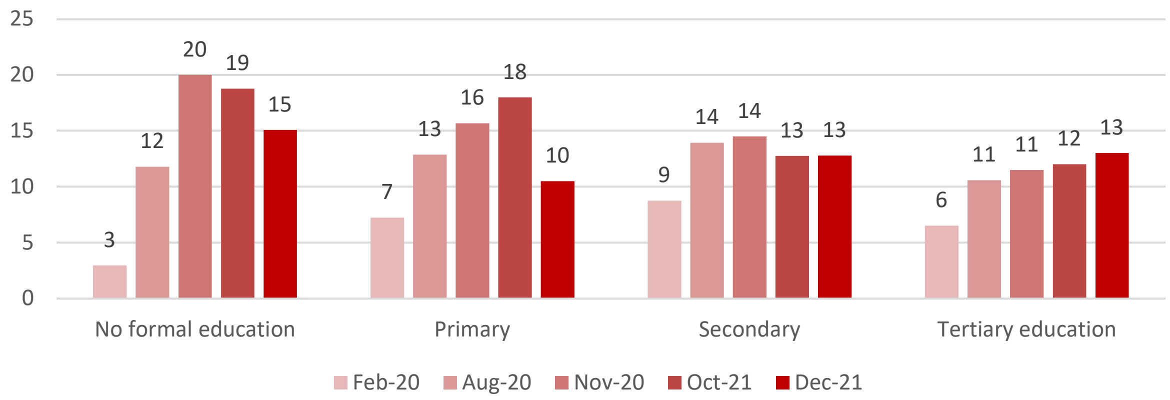
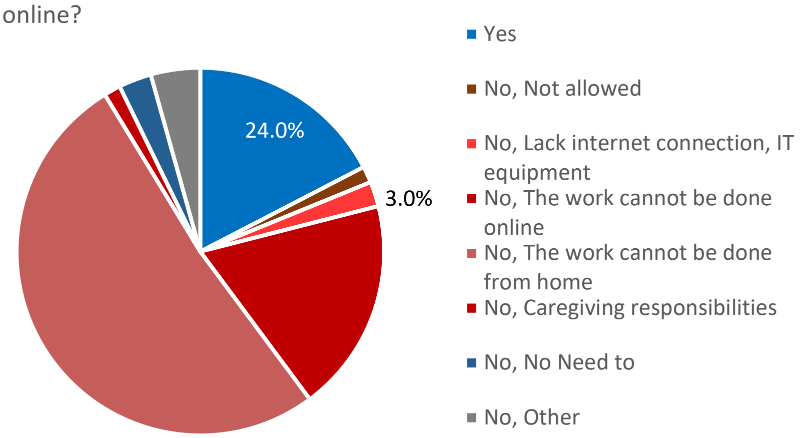


Fig. 5 Have you been able to do more work from home or online?

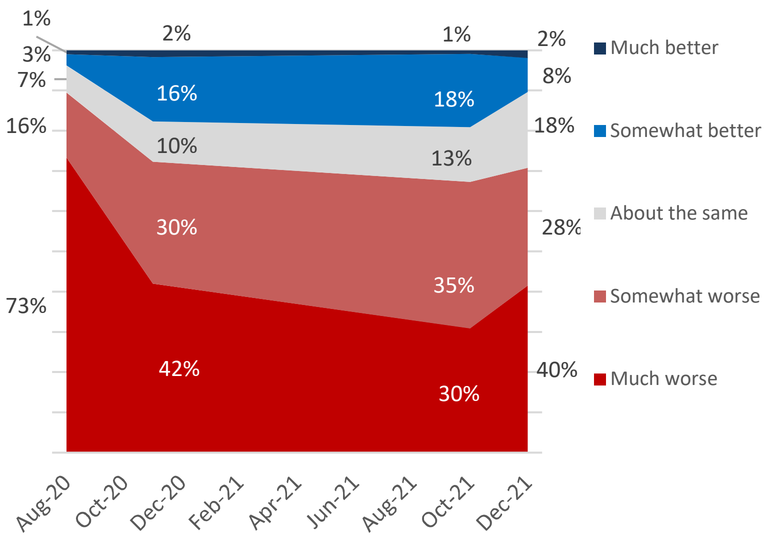


The share of workers able to shift work online or to their homes remained stable from earlier survey rounds at about 1 in 4. For most workers, that is not an option.

[5] See for instance: ILO: Report on employment in Africa, 2020, at: https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/documents/publication/wcms_753300.pdf

2. Small businesses[6]

Fig. 6 How were your sales/revenue in the last 60 days compared to your sales/revenue in the same period last year?



Business revenue had improved between August and October 2020, between our second and third measurements. It then continued to improve though at a slower pace until October 2021. Data for December 2021 indicates a negative downturn has occurred since then, with only 11% of surveyed entrepreneurs indicating their revenues had improved compared to pre-covid 2019, about half the share recorded three months earlier.

Only 9% of respondents indicated they had not faced particular challenges during the past two months. Demand-related challenges remained high, with 74% of businesses reporting weaker demand. Supply-side constraints also persisted with 68% reporting price or supply challenges. Worker resourcing challenges abated, on the other hand. The pandemic remains both a supply and a demand crisis for the Ethiopian economy. The internal conflict that intensified over the last quarter of 2021 is likely the main factor behind the business activity downturn.

Fig. 7 Business Challenges

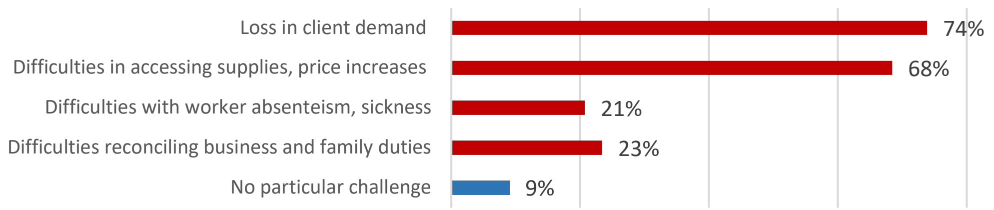
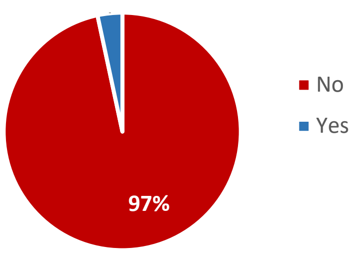


Fig. 8 Is your business benefiting from any government support?



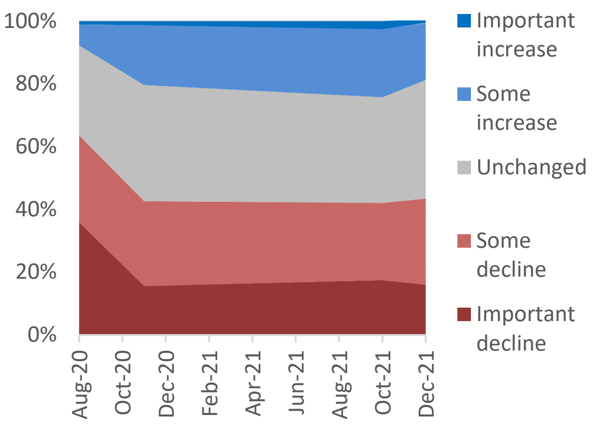
A mere 3% of businesses indicated receiving government support, down 3 points since 2020.[7]

[6] The RLFS questionnaire included a module for entrepreneurs employing at least one person. 178 such respondents have been detected and included in the survey.

[7] It should be noted these results do not take into account financial liquidity and regulatory measures taken inter alia by the Central bank, which may not be directly identifiable by enterprises.

3. Household incomes and coping strategies

Fig 9. How was your household's monthly income last month compared to February 2020?



Data collected on household incomes until October 2021 was indicative of persisting income losses among 40% of the population. A negative downturn has since been observed.

Coping strategies to meet these shortfalls haven't changed much in nature, with most households drawing from their savings to meet short-term financial needs.

Fig. 10 Since the end of February 2020, did you or any member of your household have to...?

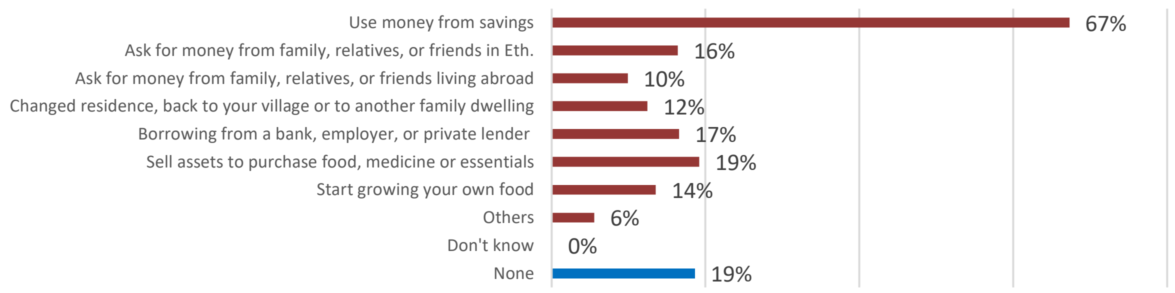


Fig. 11 Last week, have you or any of your household members experienced...?

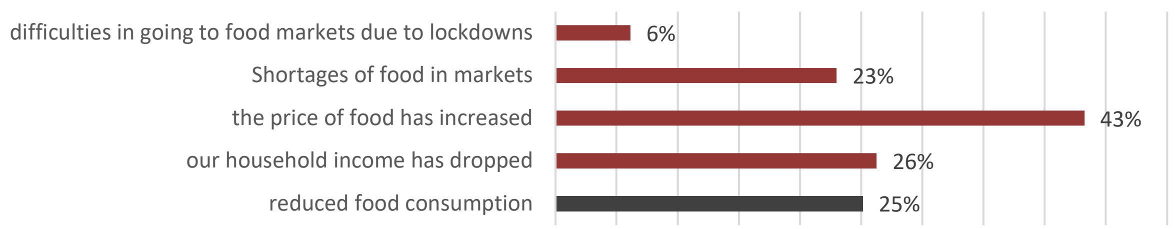
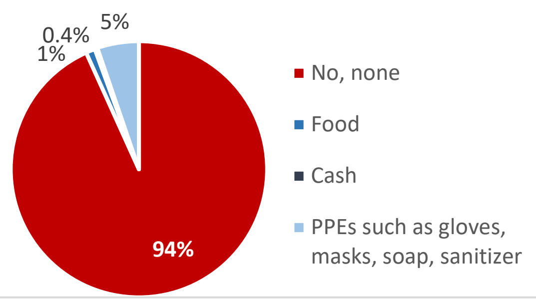


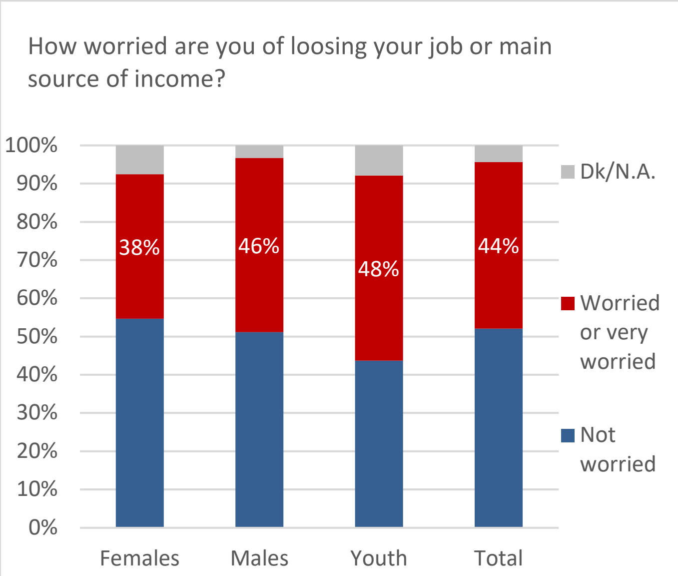
Fig. 12 In the past month, did you receive any food, cash or other support from the government that you do NOT usually receive?

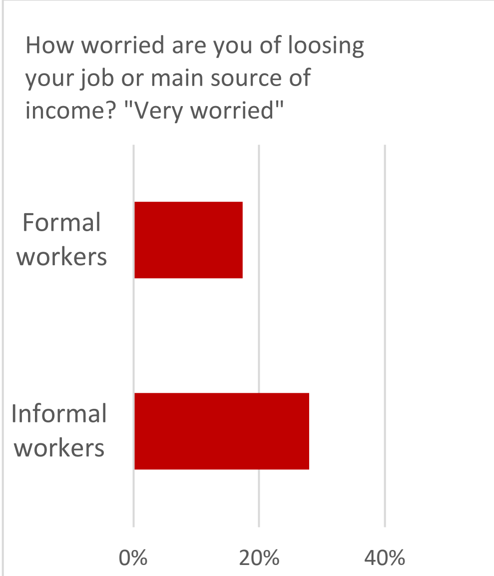


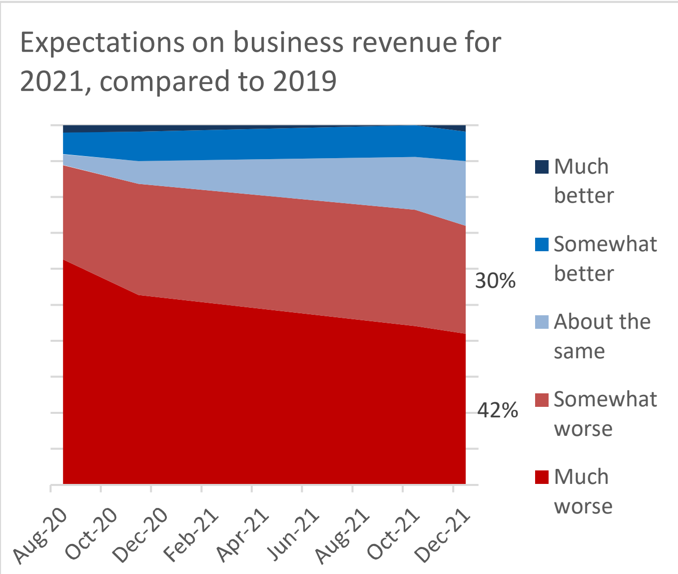
25% of households are still reducing food consumption, a measure that also remained stable. Higher prices and lower incomes were reported as the main factors as mobility restrictions much less. Special government support programmes appear to be narrowing, with 94% of respondents not accessing any government assistance additional to usual social assistance.

4. The outlook

In August 2020 about 60% of respondents were "worried" or "very worried" of loosing their job or principal source of income. This measure had decreased by November 2020 to then remain stable around 40-45% of employed Ethiopians, indicating the persistence of a sentiment of economic insecurity among a large share of the population. No major differences in perceived insecurity are observed between genders or age groups; instead, the divide is between workers in formal or informal jobs. Sentiment across groups has deteriorated since November 2020.







Business sentiment has improved only marginally since our first measurement in August 2020. By December 2021, 7 out 10 businesses were foreseeing a bad year for revenues in 2021, a fairly gloomy context on which the internal conflict has certainly weighed.

ANNEX

The following sampling methods were used to complete the 4th round of the survey.

1. Primary sampling frame

The 2,581 respondents from the 3rd wave constituted the primary sampling frame. Calls were made during the week and on weekends, and at different times of the day. Respondents who did not answer their phone after the third trial were called using the second phone number provided.

2. Secondary Sampling Frame

Random Digital Dialling (RDD) technique was used to fill the nonresponses from the 2nd Wave.

a. During the first four days of the 2nd wave, we determined the attrition rate (the share of nonresponses).

b. Based on the attrition rate and the percentage of RDD completion rate (7% based on the 1st Wave), we generated a random sample of 20,000 mobile subscribers. The sampling frame contained presumed mobile numbers that range from 0900-000000 to 0999-999999.

The existing and new numbers were spread during the survey period by focusing solely on existing cases for the first four days of the survey. After the fourth day, the strategy was to reach as many existing cases as possible and adding new cases as needed. Starting the fifth day, cases with appointments and existing cases were given priority and new cases were called to fill gaps.

The total number of completed interviews was 2,560. Out of a total of 2,581 existing cases from the 3rd round, 2,005 (78%) were reinterviewed, only 55 (2%) refused and 521 (20%) did not answer their phones. One of the main reasons for the "No Answer" cases is in Ethiopia is that persons own multiple sim cards and switch their numbers. In addition, mobile services were blocked in some places due to ensuing conflict in the Tigray region, which made reaching existing respondents very difficult.

The comparison of the regional distribution of the sample population with the 2017 urban population survey shows the sample provided a strong representation of the urban population in Ethiopia.