

► Policy Brief

October 2020

COVID-19: The multiple and protracted crises impacting labour markets in Arab States- A regional initiative

Background

Since the beginning of the COVID-19 pandemic, the ILO in the Arab States has been leading a regional initiative to better understand the impact of the crisis on vulnerable workers, including Syrian refugees and host community members and on enterprises.

This is being done through a series of rapid assessments conducted jointly with humanitarian and development partners in Iraq, Jordan and Lebanon - three Arab States which host a large number of Syrian refugees. Unemployment levels, already high among Syrian refugees and host communities prior to the outbreak, have increased, making it even harder for vulnerable people to earn livelihoods and access sources of income.

The first round of assessments, looking at the immediate economic impact of the pandemic on vulnerable workers, households and businesses has been completed. Follow-up surveys, examining the longer-term impact of the crisis are being prepared for the coming months in the three countries.

The assessments provide key country-specific recommendations for immediate action and longer-term policy measures.

The assessments

The findings of the assessments are based on data collected in the early weeks and months of the crisis through telephone surveys with samples of workers, households and/or small-scale enterprises in each country.

In most cases, the samples were selected from existing databases maintained by the humanitarian and development organisations collaborating in this initiative. In Jordan, the workers' survey is based on a sample of workers and job-seekers who have received support or participated in programme and project schemes implemented by the ILO in the country.

Questionnaires were developed to capture relevant information from workers, households and enterprises. For workers, the questionnaires tried to capture the employment status of individuals before and during the lockdown, implications on their livelihoods as a result of changes in their employment status

and the COVID-19 crisis in general; as well as coping and adaptive mechanisms taken by individuals and their families to deal with the crisis.

For enterprises, questions focused on their status before the lockdown, such as their economic status, and decent working conditions (the provision of work permits, health insurance coverage, contracts). Questions also focused on the implications of the pandemic on both the enterprises and the workers they employ, such as changes to their operational status as a result of lockdown and social distancing measures, their financial capabilities to cope with the crisis and expected challenges in the months to come.

Sample sizes

As the samples are based on individuals and enterprises already involved in ILO and other agencies' programmes, the assessments represent the situation for relatively vulnerable individuals and enterprises in the labour markets. While the findings are not representative at the national level, they nonetheless provide insight and relevant knowledge that can support governments and development partners in designing or adapting employment interventions and policies to address the crisis.

Jordan individual assessment: 1,580 Jordanian nationals and Syrian refugees.

Jordan enterprise assessment: 1,190 enterprises that include home-based businesses, micro and small businesses, as well as larger enterprises.

Lebanon individual and enterprise assessment: 1,987 Lebanese nationals and Syrian refugees and 363 small-scale enterprises from a range of sectors including agriculture, wholesale and retail trade, as well as accommodation and food services.

Iraq worker/household and enterprise assessment: 3,265 households and 1,175 business enterprises.

Partners

The ILO has partnered with a range of humanitarian and development agencies, which have provided relevant materials, databases, field personnel, and contributed with knowledge and programmatic experience.

All assessments were jointly conducted with Fafo Institute for Labour and Social Research (Fafo).

Jordan – The workers' assessment was conducted by ILO and Fafo. The enterprises assessment was implemented in collaboration with the United Nations Development Programme (UNDP).

Lebanon - The Lebanon assessment was led by the ILO through the Livelihoods Sector Core Group. It was conducted in collaboration with the United Nations Development Programme (UNDP), the International Rescue Committee (IRC), the Danish Refugee Council (DRC), Save the Children International, Mercy Corps, Oxfam and UNWomen.

Iraq - The Iraq assessment was conducted in collaboration with the Cash Consortium for Iraq (CCI), comprised of the Danish Refugee Council (DRC), the International Rescue Committee (IRC), Mercy Corps, the Norwegian Refugee Council (NRC), and Oxfam, in addition to the United Nations Development Programme (UNDP).

General key findings

- ▶ Immediate reduction in employment for workers as a result of lockdown measures.
- ▶ Workers and their families have limited financial capacities to cope with the crisis (reduction in salaries and no or limited savings).
- ▶ Syrian refugees and informally employed hardest hit. (In Iraq women and youth have been disproportionately impacted too).
- ▶ A small percentage of enterprises are operating as usual and the majority have experienced reduced sales.
- ▶ Most of the enterprises predict that they will not be able to pay their employees within three months.
- ▶ Reduced access to liquidity has been highlighted as the key operational challenge, in the immediate term as well as in the long term.

Country-specific findings

Jordan

The workers' assessment in Jordan highlights the vulnerabilities of informally employed workers as a result of lockdown measures aimed to contain the COVID-19 virus. Surveyed Syrian refugees were among those hardest hit as a result of their largely informal employment situation - whether in relation to lack of written contracts, social security and health insurance coverage or valid work permits.

Almost half of the respondents who were in employment before the COVID-19 outbreak, were out of work during the period of the survey. Out of these, 13 per cent had been permanently dismissed, while 18 percent had been temporarily laid-off and 16 per cent were on paid leave. A third of surveyed Syrians who were in employment before the crisis had lost their jobs permanently, compared to 17 per cent of surveyed Jordanians.

In relation to enterprises, many said they faced difficulties even prior to the crisis with a quarter of enterprises indicating that they were losing money and almost half reporting that they were only breaking even. Few were prepared for the crisis with only 25 per cent reporting to have had a business continuity plan in place at the time of the survey.

The impact of the crisis on micro and home-based businesses has been particularly difficult. Many lack cash reserves, financial resources and assets as well as access to finance to respond to the crisis.

Lebanon

The worker and enterprise assessment in Lebanon highlighted the deterioration in the living and working conditions of the women and men in the study sample as a result of the pandemic. With the on-going financial crisis in the country, the COVID-19 crisis has added yet another challenge for vulnerable workers, particularly Syrian refugees who tend to accept lower wages and tougher working conditions.

The majority of respondents were working without written contracts, paid leave, social security or health coverage prior to the crisis.

Only 11 per cent of respondents had worked during the reporting period of the lockdown, with almost twice the share of Syrian refugees being permanently laid-off (with 60 per cent of Syrian refugees having lost their jobs permanently compared to 39 percent of surveyed Lebanese nationals).

Around half the enterprises in the sample had stopped operations temporarily due to the COVID-19 pandemic. Reduction in demand and sales, restriction on foreign currency and cash flow, as well as political and social instability were cited as some of the biggest obstacles facing enterprises in the coming months.

It is worth noting that the assessment was conducted prior to the Beirut blast on August 4, which has had a devastating impact on workers and businesses. A study looking into the impact of the blast is being conducted. The up-coming assessment aims to provide useful information for the needed support in the short and medium run. In addition, it will contribute knowledge about the context in which affected households and their members operate.

Iraq

The rapid assessment in Iraq highlights the impact of the pandemic particularly on younger workers, women and those in informal employment.

It found that unemployment rates were high among women and youth even before the pandemic and a high degree of informal employment among younger workers.

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The vast majority of respondents indicated that they had no social security or health insurance coverage. It found that there is a low percentage of layoffs (either permanently or temporary) but a high wage income decrease, mainly among workers without written contracts.

There is high informality due to non-registration of businesses and almost no social insurance and health coverage.

The assessment found that one-third of surveyed enterprises were operating as they did before the pandemic, while 39 per cent were operating with reduced hours. Sixteen per cent have closed down their businesses.

The study confirmed that there were a few layoffs but the majority have not paid their workers who were not able to come to work.

General recommendations

Short-term: Re-design and adapt existing employment and livelihoods interventions to address people's urgent needs:

- ▶ Supporting vulnerable workers and struggling businesses through direct cash assistance.
- ▶ Re-adapting the Employment Intensive Investment Programme (EIIP) to the new and urgent needs of workers by focusing on building community and public assets during, and in the aftermath of COVID-19 with more protective measures.
- ▶ Designing new models for employment service centres which have currently suspended their face-to-face consultations with job-seekers. This can be done through mobilizing and making use of the existing e-counselling employment platforms, which rely on web, mobile and phone services to reach workers.
- ▶ Ensuring workers' conditions are not compromised as a result of the pandemic. At the same time, ensuring workers have access to on-line courses on new skills required, Occupation Safety and Health measures including those related to COVID-19, as well as working conditions.

Medium-term: Promote formalisation for workers and enterprises through different approaches:

- ▶ Taking measures to help reduce risks of informalisation of formal entities, such as through government-backed loan guarantee schemes, transition to digital wage payments and tax credits or tax exemptions.
- ▶ Simplifying administrative processes to facilitate and expedite access to those in need to the different services and funds provided.
- ▶ Governments to take the lead in identifying the sectors and informal operators that are hardest hit by the crisis and eligible to obtain support.

Good practices

- ▶ The assessments were conducted in collaboration with a large number of partners across the region who were involved in the different stages of the preparation, implementation and finalisation of the reports.
- ▶ The assessments have helped position the ILO and partners at the forefront of presenting evidence-based recommendations to respond to the economic/labour market crisis stemming from the COVID-19 pandemic in the region.
- ▶ The reports have been used by different organizations and donors as reference in their advocacy on responding to the short-term and long-term impact of the crisis.
- ▶ The results shed light on some of the immediate actions needed to support to both vulnerable workers and struggling businesses as well as longer-term measures needed to help particular groups in the labour market.

Lessons learnt

- ▶ One of the most challenging aspects of working with different partners was the dependency on virtual communications throughout the process, where face-to-face meetings were not possible.
- ▶ Working on the rapid assessments under very tight deadlines limited thorough technical feedback and inputs from specialists on the various aspects of the reports.

Way forward

- ▶ The time pressure to capture the immediate impact of the shock has now passed and therefore, proper planning and coordination should be developed further in the coming phases.
- ▶ Reviewing the administrative procedures to be more agile and responsive, agreeing on fast track procedures for COVID-19 activities could be a solution.

Studies & Briefs

- ▶ Facing double crises: Rapid assessment of the impact of COVID-19 on vulnerable workers in Jordan

https://www.ilo.org/beirut/publications/WCMS_743391/lang--en/index.htm

https://www.ilo.org/beirut/information-resources/factsheets/WCMS_743393/lang--en/index.htm

- ▶ Impact of the COVID-19 pandemic on enterprises in Jordan

https://www.ilo.org/beirut/publications/WCMS_749136/lang--en/index.htm

- ▶ Rapid assessment of the impact of COVID-19 on vulnerable populations and small-scale enterprises in Iraq

https://www.ilo.org/beirut/publications/WCMS_751209/lang--en/index.htm

https://www.ilo.org/beirut/information-resources/factsheets/WCMS_751238/lang--en/index.htm

- ▶ Facing multiple crises: Rapid assessment of the impact of COVID-19 on vulnerable workers and small-scale enterprises in Lebanon

https://www.ilo.org/beirut/publications/WCMS_747070/lang--en/index.htm

https://www.ilo.org/beirut/information-resources/factsheets/WCMS_747074/lang--en/index.htm

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