

THE REGIONAL REPORT ON JOBS AND GROWTH IN NORTH AFRICA

“PRESENTATION OF KEY MACROECONOMIC
INDICATORS, LABOUR MARKET TRENDS AND
THE COVID-19 IMPACT”

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► Regional report on jobs and growth in North Africa





The Impact of the COVID-19 Pandemic on the Labour Market in the Middle East and North Africa

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Introduction



- Varying experiences with COVID-19 pandemic in different MENA countries in terms of
 - intensity of pandemic
 - stringency of closure policies and their consistency over time
 - economic and labor market impact
 - public economic and social responses
- We examine labor market variations across countries and time
 - How different groups of workers in different contexts were affected in terms of employment, hours and wages
- Main focus is on Egypt, Jordan, Morocco, and Tunisia
 - We include Sudan, but so much else was going on there that we cannot attribute observed changes to pandemic
- Period of analysis: November 2020-June 2021

Main Messages



Jordan and Tunisia (and to a lesser extent Morocco) had a more severe experience with the pandemic than Egypt

Social and economic measures to support workers, households and firms were deployed but were generally of limited in size, duration, and reach

Substantial recovery in employment indicators from November 2020 to June 2021, but reversal in Morocco in June 2021

Hours of work also recovered, but not as consistently

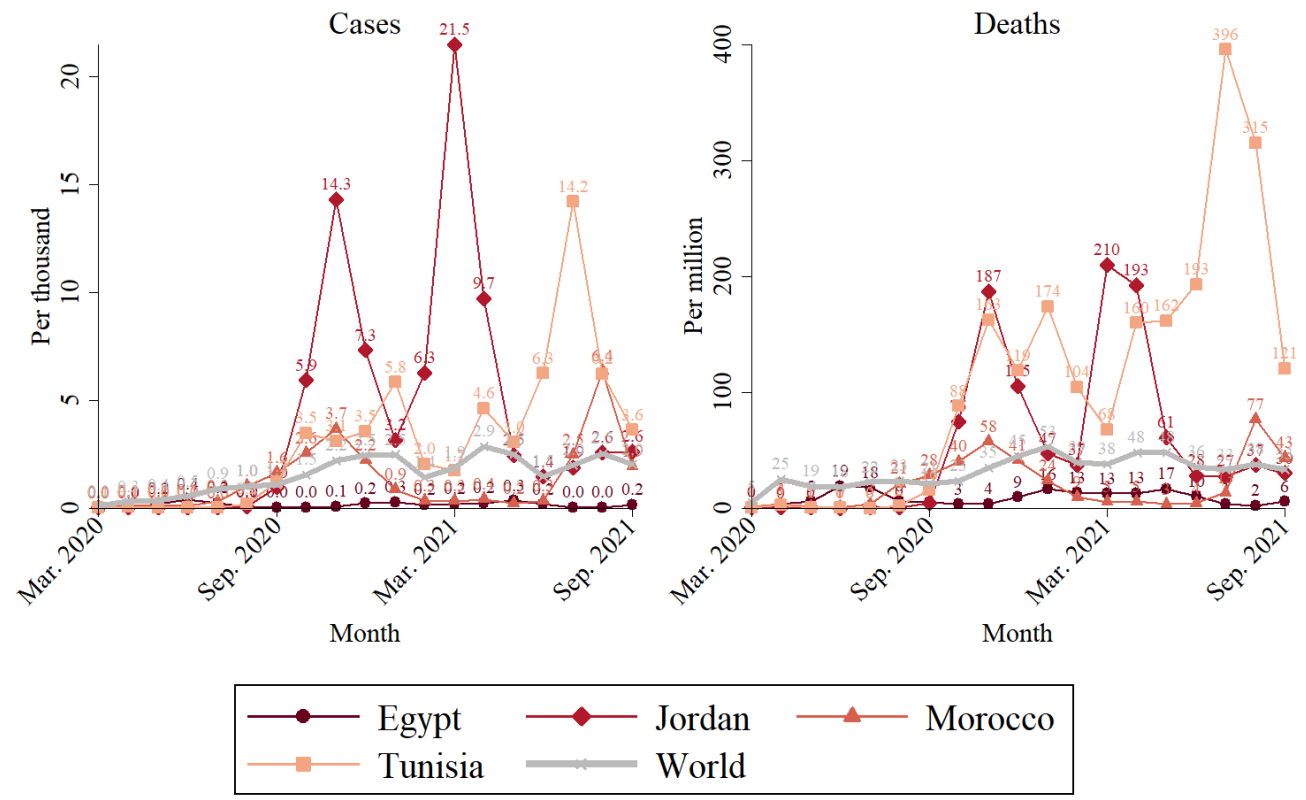
Hourly wages often had a reverse pattern to employment and hours, probably due to selection effect of departure of marginally attached groups of workers

Wage inequality initially increased and then moderated over the course of the pandemic

Pandemic experience was much more severe in Jordan and Tunisia in both late 2020 and into 2021



Monthly new COVID-19 cases (per thousand) and deaths (per million) by country, March 2020 to September 2021

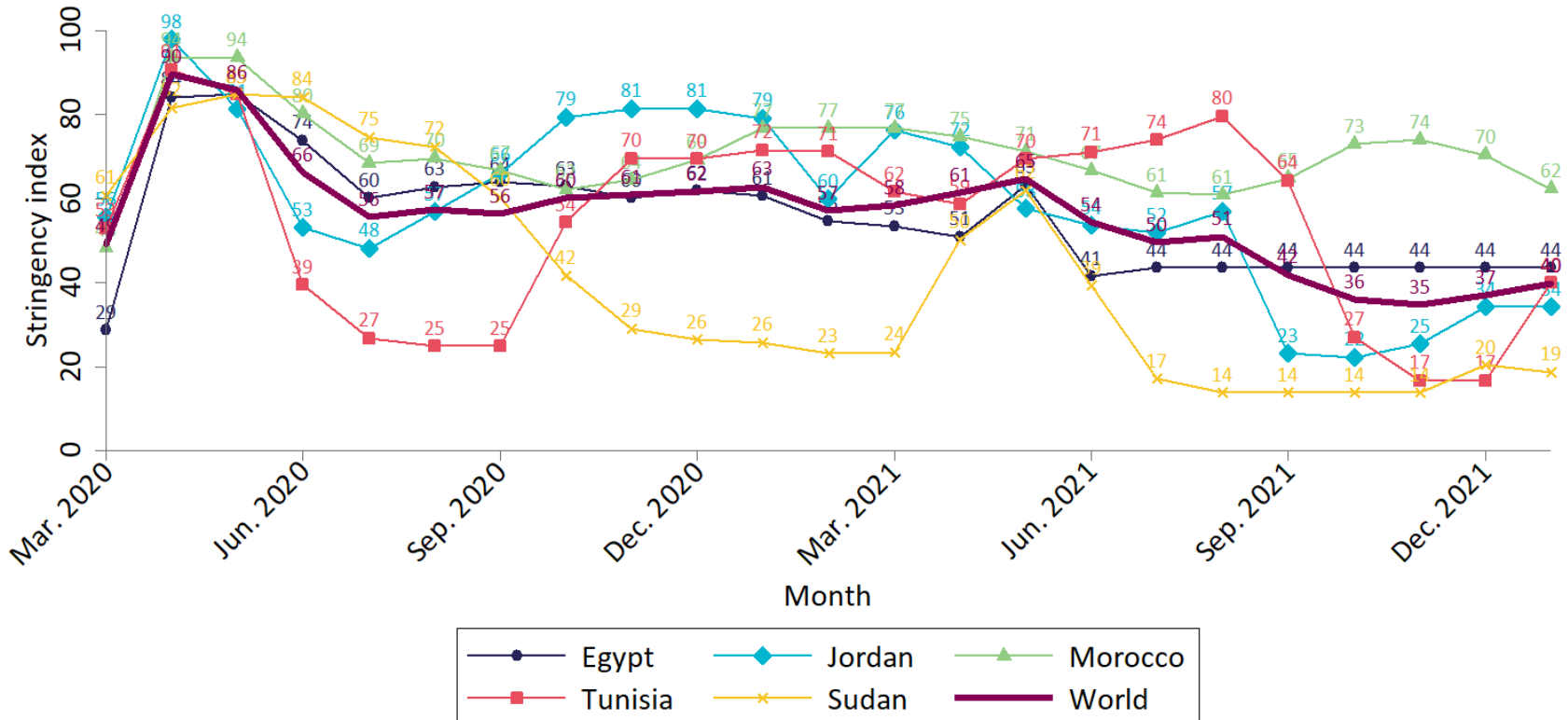


Source: Authors' calculation based on data from "World in Data"

Closure policies were more moderate and more stable in Egypt and Morocco than in Jordan, Sudan and Tunisia



Evolution of the Stringency Index, March 2020, January 2022

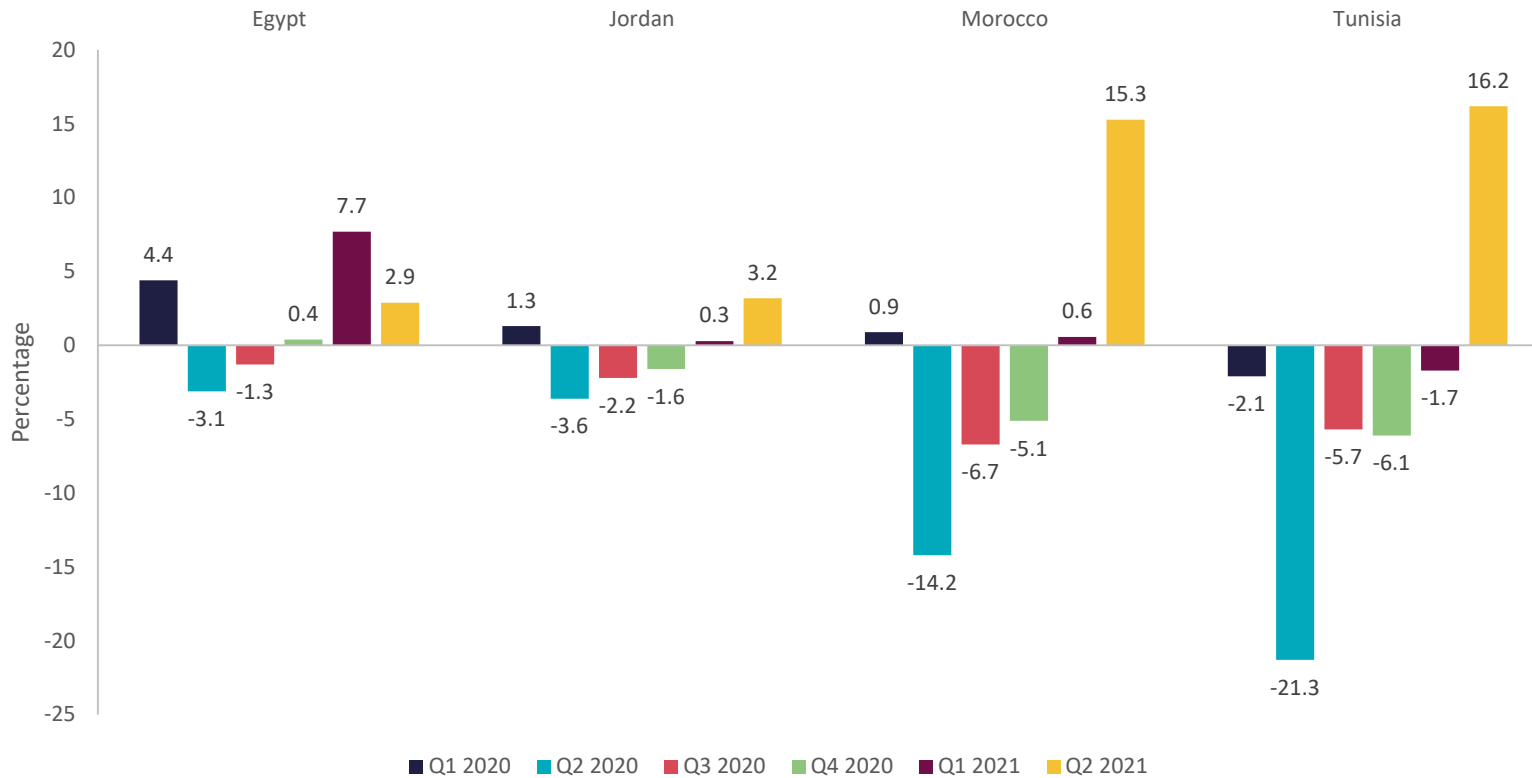


Source: Authors' calculation based on data from Oxford COVID-19 Government Response Tracker (OxGRT)

GDP was much more affected by the pandemic in Morocco and Tunisia and recovered fastest in Egypt



Quarterly economic growth rates relative to a year earlier, 2020-2021 (percentage)



Source: National Statistical Offices and Ministries of Planning

Employment and Social Policy Responses



- Most countries took measures to protect firms, workers and households
- Size of fiscal and monetary interventions ranged from 1.8% of GDP in Egypt to 2.3% in Tunisia, 3 % in Morocco, and 8% in Jordan, as compared to a global average of 10.2%.
- All extended existing social protections, some added new ones such as cash transfer programs for irregular or informal workers

Data Sources



- COVID-19 MENA Monitor (CMM) Surveys carried out by ERF in cooperation with ILO (Egypt, Morocco, Sudan and Tunisia) and FCDO, UK (Jordan)
 - Egypt (2 waves, Feb. and Jun. 2021)
 - Jordan (3 waves, Feb., Jun. and Aug. 2021)
 - Morocco and Tunisia (4 waves, Nov. 2020, Feb., Apr. and Jun., 2021)
 - Sudan (2 waves, Apr. and Aug. 2021)

CMM collected data through phone surveys and represents universe of respondents aged 18 to 64 who have mobile phones

- Panel of 2000 individuals (and their HHs) in each country with refresher samples to address attrition
- Also carried out 2 waves of **firms** surveys Q1 and Q2 of 2021, but not discussed here
- Data publicly available through ERF (www.erfdataportal.com)

Outcomes of interest



- We will examine the following labor market outcomes
 - Labor market status:
 - Employed, Unemployed, Out of Labor Force
 - Wages for the month prior to the interview if a wage worker.
 - Wages transformed into hourly terms based on the hours per week reported, and turned into USD based on exchange rates on January 1, 2021.
 - Hours per week
 - Based on the number of hours worked in the seven days preceding the interview for all workers

Methods

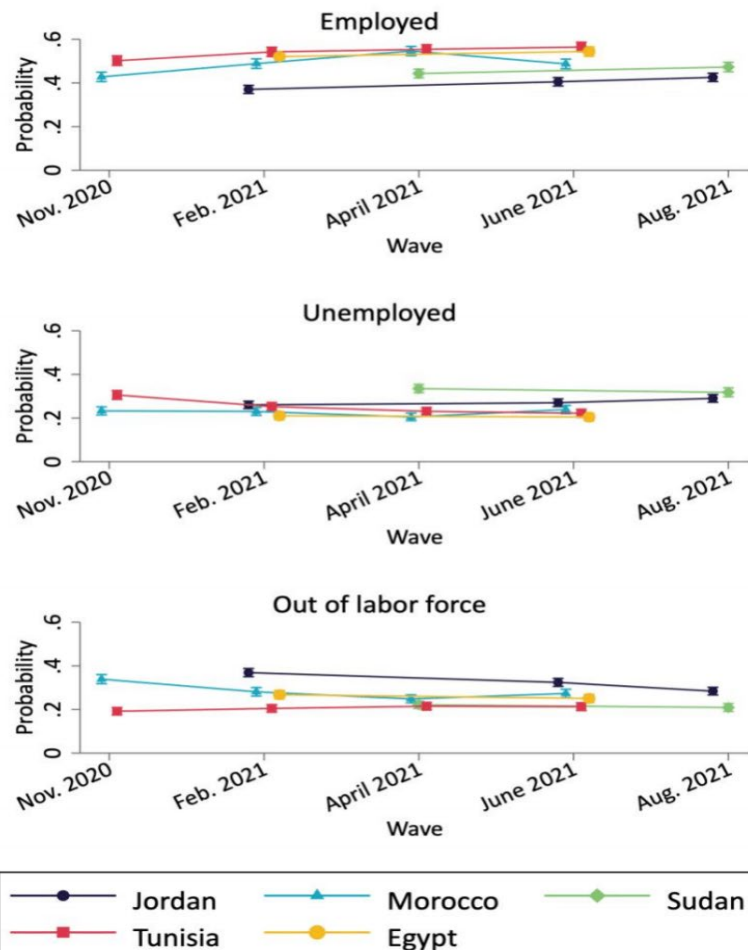


- Multivariate models depending on outcome of interest
 - Categorical employment status: Multinomial logit reporting odds ratios
 - Hours of work: censored continuous variable Tobit model
 - Hourly wages - semi-log OLS model
- Two sets of models
 - First, pooled models across countries with wave-country interactions, but no other covariates
 - Second, individual country models controlling for:
 - Age, sex, education
 - Pre-pandemic LM status (public, private formal, private informal wage inside est., private informal wage outside est., self-employed and family workers, unemployed, OLF)
 - Pre-pandemic industry
 - Pre-pandemic income or wage quartile
 - Dummy for wave and **wave interactions** with all covariates

Employment, unemployment and labor force participation generally recovered by June or August 2021



Figure 3. Predicted labour market status by wave and country, pooled model



Jordan

- Employment rate increased over time
- Return of workers out of the labor force
- Unemployment increases as workers re-enter the labor market

Morocco

- Employment increased and unemployment falls at first, but then both get worse by June 2021

Sudan, Tunisia, and Egypt,

- Recovery in employment and drops in unemployment
- Drop in unemployment stalls in Tunisia



- Public sector workers most likely to persist in employment, followed by private formal wage workers
- Jordan shows more stability in employment status than other countries due to its large fraction of formal employment and legislated protections against layoffs
- Morocco and Sudan show more transitions in and out of employment, consistent with their more agrarian economies, especially among informal wage workers and self-employed workers
- Initial income quartile is not strongly related to employment dynamics except that individuals from lower household income quartiles are generally less likely to be unemployed, even prior to pandemic

Hours per week dynamics vary across countries early on. Decline later on reflects return of more marginal workers to employment



Morocco and Tunisia

- Opposite trends in hours per week in early stages of pandemic

Jordan

- hours increased particularly for non-wage and private sector wage work

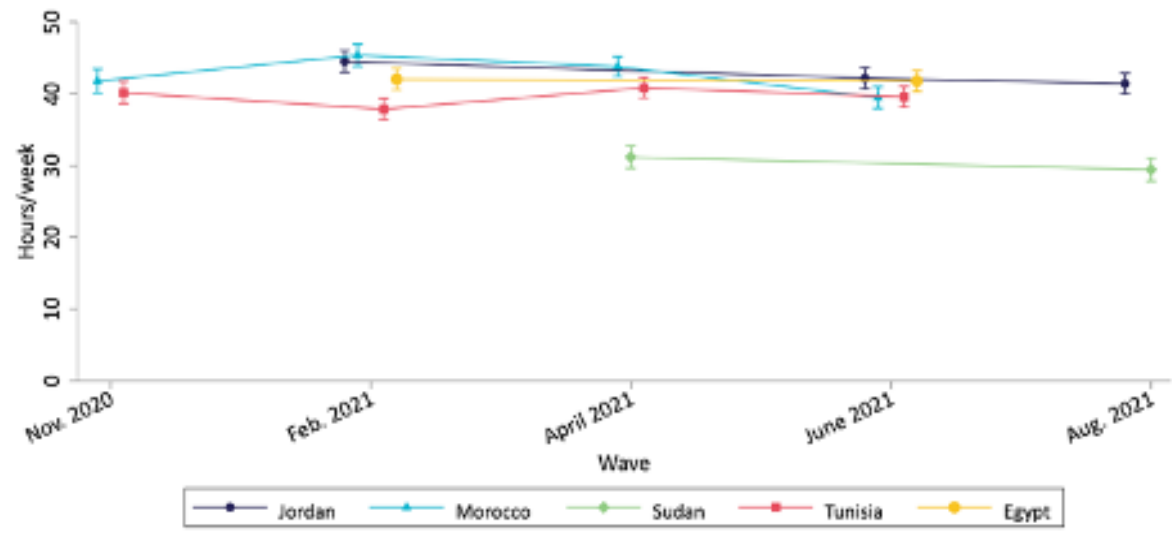
Egypt

- significantly lower hours for non-wage workers in June 2021.

Sudan

- Lower hours and declining over time

Predicted hours of work by country and wave



Hourly wages generally more stable over time. Changes may have more to do with employment selectivity over time than actual changes in wages



Egypt and Jordan

- Hourly wage rose slightly over time

Tunisia

- Wages stable then declining slightly

Morocco

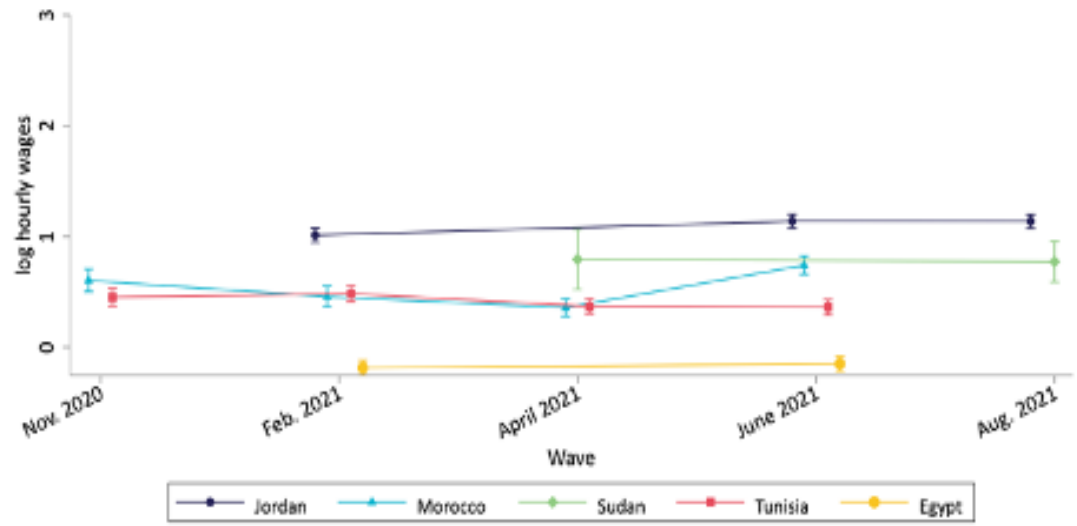
- Wages moved in reverse of employment trend

Sudan

- Nominal wages declined slightly meaning large declines in real wages given very high inflation



Predicted log hourly wages by country and wave

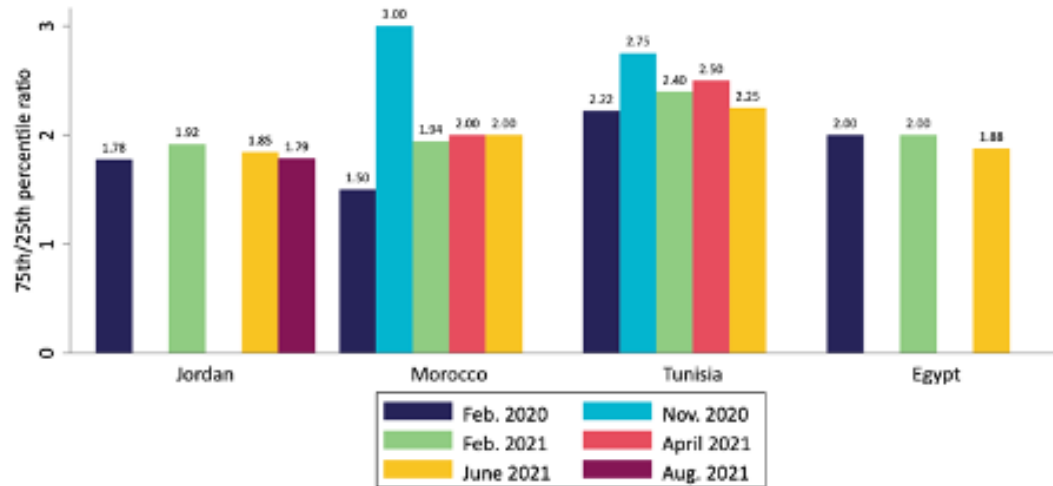


Large initial increases in wage inequality early in the pandemic that later moderated

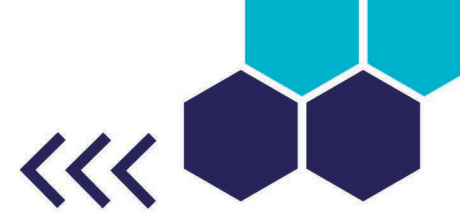


- Initial increase in inequality from February 2020, pre-pandemic to the first wave of the pandemic, and then some reductions in inequality as recovery occurred.
- Increases in inequality probably due to large withdrawals from labor force among low-wage workers

75th/25th percentile ratio of monthly wages, by country and wave



Conclusions



- Egypt experience more moderate labour market effects of pandemic that its neighbors
- Morocco and Sudan with their more agrarian economies experienced more dynamic movements in and out of employment -- a sort of return to agriculture, exacerbated by drought in the case of Morocco
- Jordan managed to limit labor market effects of pandemic for Jordanians by instituting layoff bans and by taking advantages of its more formal economy (for Jordanians)
 - Brunt of adjustment was carried by Syrians and other foreign workers
- Tunisia recovered somewhat in early 2021, but experience second downturn in middle of 2021 due to resurgence of pandemic there and limited ability of government to respond beyond initial closure period

*Thank you for
your attention!*



Questions?!