

ERF Policy Brief

The Impact of COVID-19 on Jobs, Incomes and Food Security in Egypt, Tunisia and Morocco

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In a nutshell

- The impact of the COVID-19 crisis on job and income loss has pushed more people into extreme poverty in Tunisia, Egypt and Morocco
- Permanent jobs have been more adversely affected than temporary jobs in Tunisia, Egypt and Morocco
- Compared to job retainers, job-losers have suffered greater decreases in household income and simultaneous considerably lower level of food security
- The probability of being unable to afford to buy food has increased for job losers as a result of the COVID-19 crisis
- The most important mechanisms employed by job losers is savings and seeking help from relatives
- The effects of job-loss on per capita household income and food security are larger for females, young workers, informal workers, rural workers and less educated workers

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Introduction

The COVID-19 crisis has had a negative impact on the labor market, causing job losses and pushing people into extreme poverty. The impact has been different in different sectors. While some sectors are considered essential and employment and salaries have not been disrupted by the crisis, in other sectors employees' number have been drastically reduced and the importance of ability to do the job from home has increased. Ability to work from home has led to job retention but where working from home was not feasible people have been laid off.

Digital transformation and digital infrastructure have become essential for business survival across industries. Although before the pandemic several businesses were already heavily reliant on digital technologies, the crisis revealed that digital transformation involves more than digital equipment. The impact of the digital transition on professions and sectors is fundamental, and the development of transversal skills and competencies adapted to the digitization of production and use of big data to complement more domain-specific technical skills are crucial for the shift to digitalization.

The COVID-19 pandemic has exacerbated preexisting inequalities in the labor market, due mainly to the ability to work remotely which is strongly correlated to education level and pre-pandemic earnings. Low-skilled and uneducated workers have been hit the hardest by

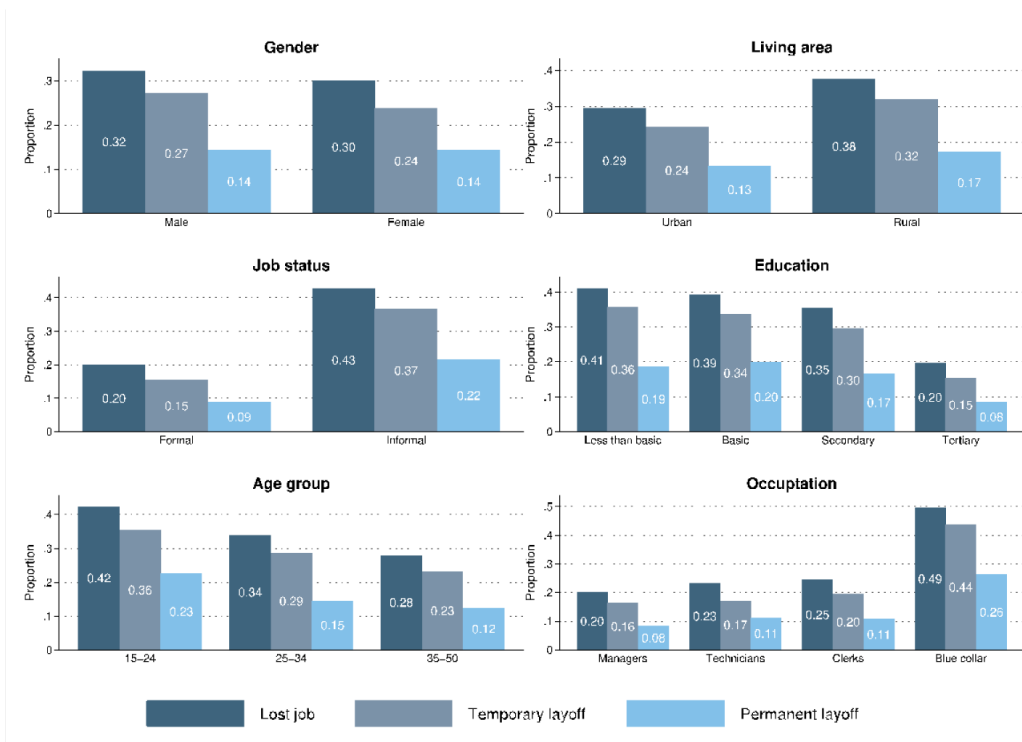
this crisis which has affected both male and female employment because the social measures taken have affected sectors employing both men and women (ILO, 2020).

The effects of the pandemic on jobs are affecting the wellbeing of families and especially children by reducing the ability to satisfy basic food and other needs. Food insecurity is a continuous problem especially for low-income families and job losers. The accompanying reduced income results in increased food insecurity and further negative effects on health and wellbeing. A job loss in the family increases food insecurity, reduces the likelihood that the family has sufficient food and affects the wellbeing and nutrition of the children in the family. This policy brief discusses the effects of the COVID-19 pandemic on job loss, income and food security in households in Egypt, Tunisia and Morocco. It explores the coping mechanisms employed to try to mitigate the effects of job and income losses and food insecurity for different vulnerable population subgroups e.g. women, young workers, informal workers, rural workers, etc.

Job loss according to gender, living area, education, age and occupation

Job loss has been experienced differently in Egypt, Tunisia and Morocco depending on gender, living area, education, age and occupation. Most job losses are temporary and more vulnerable groups have experienced higher rates of job loss (see Figure 1). Males have

Figure 1: Job-loss by gender, living area, job status, education, age group and occupation



experienced relatively greater job losses but females have suffered slightly higher rates of permanent job losses. Measured by living area, there is high heterogeneity in the share of job losses based on residential location with rural compared to urban workers showing higher job loss rates; this includes permanent job losses with higher rates among rural compared to urban workers. Informal workers have suffered the highest rates of job-loss with overall job losses twice as high as those experienced by formal workers. While most informal job losses are temporary, a large share is permanent.

Job loss differs also by education level, age and occupation. Among workers with lower than tertiary education, the share of job losses is similar for all workers with lower than tertiary education but this share changes dramatically for workers with tertiary education who appear twice as likely to have lost their job as a result of COVID-19. In terms of age, there has been heterogeneity in job-loss with higher rates of job loss among younger compared to older workers; the majority of job losers are aged under 34 years. Finally, blue collar workers seem to have suffered the highest rates of job-loss with almost 50% experiencing some form of job-loss and 18% experiencing permanent job losses.

The impact of job loss on incomes

Almost half of middle east and north African (MENA) households experienced a decline in between February 2020 and February 2021. However, the impact of the pandemic was not the same for everyone, and job losses have not been experienced equally. Permanent jobs losers have suffered more than temporary job losers in Tunisia, Egypt and Morocco. Loss of jobs and incomes have pushed more people into poverty. According to the MENA household survey, the effect of permanent job-loss on household income per capita is around 23%, while for workers suffering temporary job loss the effect is around 9%.

The negative impact of the crisis on income has been felt especially by the most vulnerable households which already had limited incomes. The effect of job-loss on per capita household income is comparatively larger for females, young workers, informal workers, rural workers and less educated workers compared to their peers. This is due to the fact that a huge number of youth and women work in the informal sector which has been affected very severely by the crisis. In addition, the effects of job loss on per capita household income are largest for Tunisia followed by Egypt and Morocco.

The negative effects of COVID on household income have been universal regardless of employment status. This means that although some workers have managed to retain their jobs, they have experienced reduced income and/or reduced working hours. Reduced working hours inevitably leads to lower less earnings and increased difficult among households to cope with the financial crisis.

Some social protection for workers measures have been implemented in these three countries but these are not sufficient and have not sustained the revenues of job losers. Social assistance and job retention schemes that have been implemented have been ineffective in protecting workers, particularly young workers, females, informal workers and low skilled workers which groups have suffered most from the effects of the crisis.

The impact of job loss in food security

The numbers of people living with food insecurity around the world has increased dramatically in recent years due to economic shocks and climate change. Job losses, slow deliveries and disruption to food chains during the COVID-19 pandemic greatly increased the number of people facing hunger. For instance, during the COVID-19 crisis in Tunisia around 500,000 people¹ have been affected by high levels of food insecurity and inflation, and extremely low incomes due to lack of remittances and job losses.

Measures to prevent the spread of COVID-19 have led not only to job losses and income reductions but also to more food insecurity and poverty. Job losses resulting from the pandemic seem to have particularly affected food security. According to the MENA household survey, the probability of being unable to afford to buy food is around 14 percentage points higher for job-losers compared to job-retainers. The probability of reduced meals is around 11% for job-losers compared to job-retainers.

The disruptions to supply chains have caused food insecurity among the most vulnerable segments of the population - migrants, youth, informal workers and seasonal farmworkers whose job losses have affected demand for food. Among countries, the largest effects are observed for Egypt, followed by Tunisia and Morocco. Food insecurity is higher for those suffering permanent rather than temporary job loss.

¹ WFP Global Response to COVID-19: June 2020



Coping mechanisms employed by those who lost their jobs as a result of the COVID-19 pandemic

The consequences of job loss such as reduced incomes, reduced meals and increased food insecurity have led households in Tunisia, Egypt and Morocco to try to find ways to cope. Several coping mechanisms have been employed by households suffering job loss due to the COVID-19 crisis. These include asking for help from relatives, using savings, back-migration, selling assets, borrowing, etc.

The main coping mechanisms employed by job losers due to the COVID-19 pandemic are seeking help from relatives and using savings; data on other available mechanisms used by households in the crisis are more difficult to obtain. However, for permanent job losers, savings and help from relatives have not been sufficient to cope with the situation and they have had to resort to other means.

Borrowing which might be expected to be the most important means of surviving has not been reported in most cases. This might be because borrowing from lending institutions is more difficult for unemployed people and borrowing from friends and relatives might not be feasible since these individuals might also be suffering from job loss and insecurity and thus unable to lend any money.

Job-loss due to the pandemic seems also to have increased the probability of back migration. The effect of job loss on the back migration is largest for young workers, those with tertiary education and workers in rural areas. A lot of migrants that lost their jobs due to the COVID-19 pandemic have returned to their home countries. The effects of job loss on back migration have been largest for Egypt followed by Tunisia and Morocco.

Conclusions and policy recommendations

The restrictions on mobility during the COVID-19 pandemic have disrupted labor markets in Egypt, Tunisia and Morocco; also, thousands of workers lost their jobs which has had consequences for poverty, food security, borrowing behavior and internal migration. This policy brief analyzes the effects of the COVID-19 pandemic on job losses, household income and food security, by exploring the coping mechanisms employed by households in Tunisia, Morocco and Egypt. It shows that job-losers experienced greater decreases in household income, and the effect of job-loss on household income per capita has been comparatively larger for females,

young workers, informal workers, rural workers and less educated workers compared to their peers, and appears highest in Tunisia followed by Egypt and Morocco. Job loss due to the COVID-19 pandemic has had a major effect on food security and led also to reduced meals - in the latter case especially for females, youth, urban workers and workers with tertiary education. To cope with these difficulties, households have used mechanisms such as consumption of savings, seeking help from relatives, selling assets and migrating back to the family home.

This brief provides the following policy recommendations.

First, during the COVID-19 crisis the countries included in the analysis gave assistance to everyone without considering job loss. Some job losses are permanent and some have been temporary. Therefore, the effects on those people who lost their jobs are different and must be taken into account so that permanent job losers receive higher levels of assistance.

Second, strategies should be implemented to sustain the revenues of job losers. Social welfare systems require modernization and improvements to protect workers against sudden loss of income due to shocks such as the COVID-19 crisis. Welfare systems need to ensure that job-losers' incomes can be maintained.

Third, job-losers have suffered the additional problem of accessing food. Welfare programs and subsidies should be implemented to ensure the food security of people who lose their jobs and to protect the most vulnerable groups of the population.

Fourth, we showed that gender matters; females have been more vulnerable than males to the crisis which suggests the need for support targeted at women. Programs and strategies should be implemented that take account of gender.

Fifth, in sectors where remote working is feasible, efforts should be made to modernize digital infrastructures and provide more opportunities for home working as an alternative to laying off employees.





ERF at a Glance: *The Economic Research Forum (ERF) is a regional network dedicated to promoting high-quality economic research for sustainable development in the Arab countries, Iran and Turkey. Established in 1993, ERF's core objectives are to build a strong research capacity in the region; to encourage the production of independent, high-quality research; and to disseminate research output to a wide and diverse audience. To achieve these objectives, ERF's portfolio of activities includes managing carefully selected regional research initiatives; providing training and mentoring to junior researchers; and disseminating the research findings through seminars, conferences and a variety of publications. The network is headquartered in Egypt but its affiliates come primarily from different countries in the region.*

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