

# ERF Policy Brief

## The Impact of Covid-19 on the MENA Labor Market: The Case of Sudan

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### About the author

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### In a nutshell

- While suffering from the impacts of the COVID-19 pandemic, Sudan simultaneously suffered from a critical economic crisis caused by economic and political instability that started even before the pandemic began. Therefore, it is hard to separate the impact of the COVID-19 pandemic from the impact of the critical economic crisis.
- During the pandemic, workers in Sudan experienced changes in employment status. These were mainly changes in main jobs, sector of employment and economic activities, and working conditions, particularly the number of working hours and households' monthly wage and income.
- Between April 2021 and August 2021, the employment rate decreased for the agriculture, fishing or mining, and health sectors. Personal net monthly wages also decreased for agriculture, fishing or mining, manufacturing, construction or utilities, retail or wholesale, transportation and storage, and other services.
- Between April 2021 and August 2021, the unemployment rate (according to the standard definition) increased for the manufacturing, transportation and storage, accommodation and food services, and health sectors. The unemployment rate (according to the broad definition) increased for the agriculture, fishing or mining, manufacturing, accommodation and food services, and health sectors.
- Workers suffered from temporary or permanent layoffs/suspensions (without pay), delays in wage payment, reduced earnings or delayed payments, and changes in personal net monthly wage during the COVID-19 pandemic.
- Businesses suffered from temporary or permanent closures due to factors related to COVID-19 or a reduction in business hours due to government mandates related to the pandemic.
- During the pandemic, workers also suffered from a limited provision of social protection, social safety nets, and social insurance.

- *The policy recommendation is to increase government support to manage the impact of COVID-19 on the labor market and the provision of social protection for workers in Sudan and MENA countries. Specifically, we recommend: (a) introducing measures to support the demand for labor by providing new employment incentives through the provision of hiring subsidies and improved access to formal and regular jobs in all sectors; (b) increasing direct government support by increasing monthly wage subsidies to support all workers (vulnerable workers in particular) across all sectors; (c) supporting social protection for households and workers across all firms and sectors; and (d) increasing government support to firms and business enterprises by offering business loans, salary subsidies, and reduced/delayed taxes, along with the subsidized provision of specific products, inputs, or services for firms and business enterprises in Sudan.*

### 1. Introduction

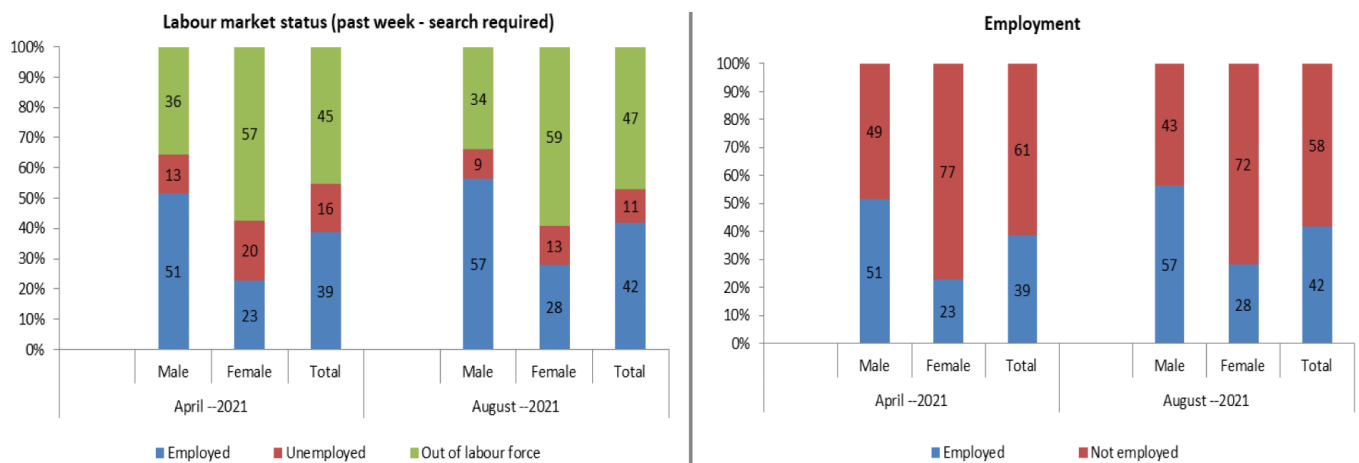
This policy brief discusses the status of households and firms during the COVID-19 pandemic in Sudan as a case study of MENA countries using the first and second waves of the ERF COVID MENA Monitor Sudan Survey data (April-August 2021) and the first round of the World Bank Sudan Households COVID-19 Survey data (2020). We explain the status of the labor market; particularly the labor force participation rate and employment and unemployment rates defined by gender. Then, we explain the change in the status of employment, unemployment, wages, and hours defined by occupations and the initial sector of economic activity, followed by the status of business and workers in businesses. Finally, we explain

the most needed policies to support workers and businesses during the COVID-19 pandemic in Sudan.

### 2. The Status and Structure of the Labor Market

This section explains the status of the labor market; mainly the labor force participation rate as well as employment and unemployment rates defined by gender. Using the first and second waves of the ERF COVID MENA Monitor Sudan Survey data (April-August 2021), the analysis shows the labor market status defined by labor force participation and indicates that nearly half of all individuals (45 percent, 47 percent) were not in the labor force in April 2021 and August 2021, respectively. The labor market status, defined by the status of employment, implies that some individuals were employed (39 percent, 42 percent), but more than a tenth were unemployed (16 percent, 11 percent) in April 2021 and August 2021, respectively. The participation in the labor force for males (64 percent, 66 percent) was higher than for females (43 percent, 41 percent) in April 2021 and August 2021, respectively. More than half of females were out of the labor force (57 percent, 59 percent) compared to more than a third of males (36 percent, 34 percent). Unemployment rates as a share of the population (according to the broad definition) were higher for females (20 percent, 13 percent) than for males (13 percent, nine percent), and unemployment rates as a share of the labor force (according to the standard definition) were higher for females (46 percent, 31 percent) than that of males (20 percent, 14 percent) in April 2021 and August 2021, respectively (Figure 1).

Figure 1. Labor Market Status in Sudan, 2021



Source: Author's own calculations based on ERF COVID MENA Monitor Survey data and the COVID-19 Monitor Sudan HH Survey (April-August 2021).



### 3. The Status of Employment, Unemployment, Wage, and Income

This section shows the changes in the status of employment, unemployment, wage, and income during the COVID-19 pandemic in Sudan. For instance, according to ERF COVID MENA Monitor Sudan Survey data (2021), the status of employment according to job formality defined by social insurance for wage workers implies that more than two-thirds of all individuals (67 percent, 75 percent), males (67 percent, 74 percent), and females (69 percent, 77 percent) were working in informal jobs compared to less than a third of all individuals (33 percent, 35 percent), males (33 percent, 26 percent), and females (31 percent, 23 percent) who were working in formal jobs in April 2021 and August 2021, respectively. The possibility of working in informal jobs is higher for females than for males (Figure 2).

The lack of employment stability defined by having irregular (causal, seasonal, or intermittent) employment was reported by more than a quarter of all individuals (28 percent, 23 percent) in April 2021 and August 2021, respectively. The status of employment indicates that more than half of individuals (91 percent), males (85 percent), and females (96 percent) have not been attached to a job in the past seven days, compared to few households (nine percent), females (four percent), and males (15 percent) attached to a job and temporarily absent from work in the past seven days. The possibility of being attached to a job in the past seven days is nearly four times higher for males than for females. Less than a third of all households (20 percent), males (18 percent), and females (26 percent) have been able to do more work from home since February 2020. The possibility of being able to do more work from home since February 2020 is higher for females than for males (Figure 2).

Based on the World Bank Sudan Households COVID-19 Survey data (2020) covering the status of employment of households during the COVID-19 period, nearly two-thirds of households (62 percent) were not working, mainly due to business/government closures due to COVID-19 legal restrictions and/or for another reason (70 percent). During the COVID-19 pandemic, nearly a fifth of households indicated that they were not able to go to their place of work or work from home as usual for their paid job (18 percent), mainly due to business/government closures due to COVID-19 legal restrictions and/or for another reason (80 percent). The probability of households not working during the last seven days is higher for females (87 percent) compared to males (55 percent), and the inability to go to their place of work or work from home is higher for females (23 percent) than for males (16 percent). Nearly half of all households received partial payments (46 percent), while nearly a fifth of households did not receive payments (19 percent).

The majority and more than a third of males received full payments (42 percent), compared to more than a tenth of females (13 percent); this implies that full payments for males are more than three times higher than females. The majority of females received partial payments (73 percent), which implies that the partial payments received by females were nearly twice as high as those received by males (38 percent). More than a fifth of males did not receive any payments (21 percent), which is higher compared to females (13 percent). This is in addition to the loss and reduction of households' means of livelihood or source of income since mid-March 2020 from a non-farm family business, income from properties, investments or savings, and income from family farming, livestock, or fishing (Figure 2).



Figure 2. The Status of Employment and Unemployment

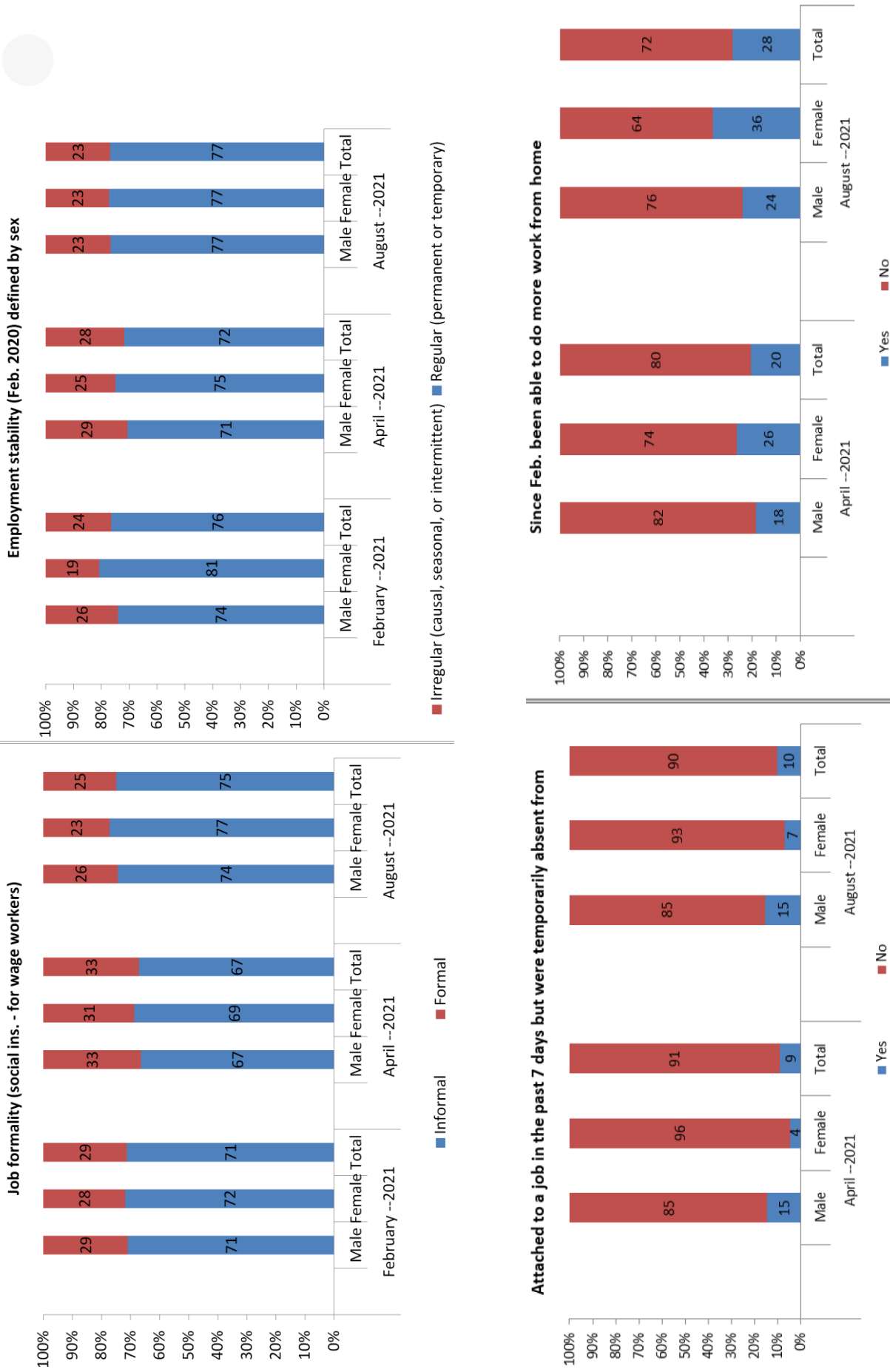
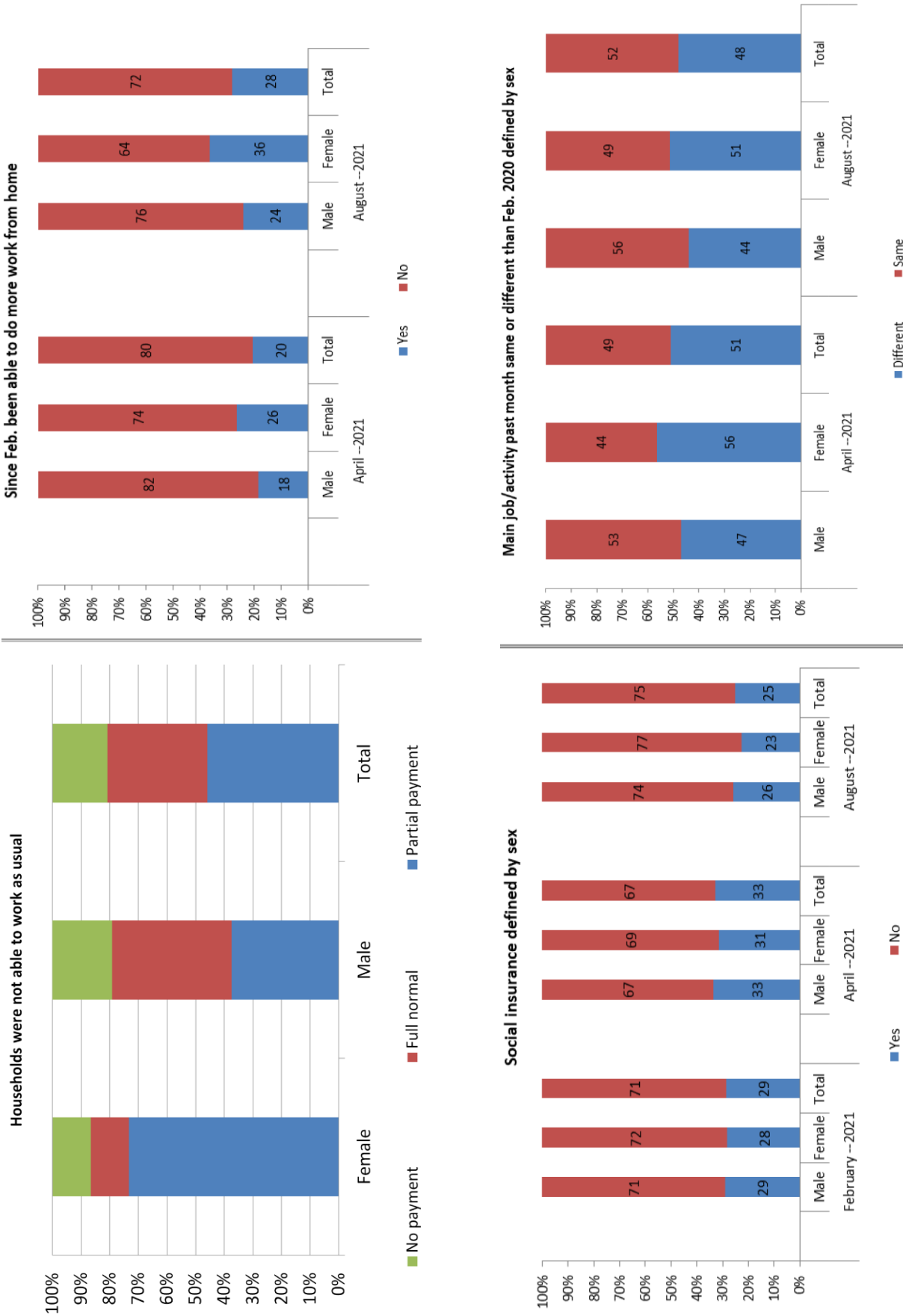


Figure 2. Continued



Sources: Author's own calculation based on ERF COVID MENA Monitor Survey data and the COVID-19 Monitor Sudan HH Survey (April-August 2021), and author's calculations based on the World Bank and Sudan Central Bureau of Statistic Sudan High Frequency Survey on COVID-19 (2020).



#### 4. Change in Jobs and Sectors, Social Insurance, and Social Protection

This section discusses changes in employment, unemployment, wages, and hours defined by occupation and the initial sector of economic activity. According to the ERF COVID MENA Monitor Sudan Survey (2021), more than half of all households (51 percent) and nearly half of all households (48 percent) in April 2021 and August 2021, respectively, indicated that their main job/activity in the past month was different than February 2020 (Figure 2). Females changed their jobs more often than males. The change in employment, unemployment, wages, and hours defined by occupation and the initial sector of economic activity implies transitions in the main job/economic activity from the pre-pandemic period and during the pandemic period. For instance, between April 2021 and August 2021, the employment rate, according to the initial sector of economic activity, decreased for some sectors, including agriculture, fishing or mining, and health. The employment rate, according to occupations, decreased for managerial/professional occupations.

The unemployment rate, according to the initial sector of economic activity (according to the standard definition), increased for some sectors, including the manufacturing, transportation and storage, accommodation and food services, and health sectors between April 2021 and August 2021. The unemployment rate, according to the initial sector of economic activity (according to the broad definition), increased for some sectors, including the agriculture, fishing or mining, manufacturing, accommodation and food services, and health sectors. The unemployment rate, according to occupations (according to the standard definition), increased for managerial/professional occupations, while the unemployment rate (according to the broad definition) decreased for all occupations, including the managerial/professional, technician/associate professionals, clerks/service workers, blue collar, skilled agricultural, production, and transport occupations. Regarding wages, between April 2021 and August, the personal net monthly wages, according to the initial sector of economic activity, decreased for some sectors, including agriculture, fishing or mining, manufacturing, construction or utilities, retail or wholesale, transportation and storage, and other services, and decreased for all occupations. Based on the World Bank Sudan households COVID-19 Survey data (2020), few households (seven percent) indicated a change in job, as they were working in different jobs before mid-March 2020, mainly due to business/government closures due to legal COVID-19 restrictions and/or for another reason (44 percent). Nearly a quarter of households left work in buying and selling goods, repair of goods, hotels and restaurants (23

percent); followed by agriculture, hunting, and fishing (19 percent); personal services, education, health, culture, sport, and domestic work (18 percent); construction (eight percent); professional activities such as finance, legal, analysis, computer, and real estate (four percent); transport, driving, post, and travel agencies (four percent); mining and manufacturing (three percent); public administration (two percent); and electricity, gas, and water supply (one percent). Based on ERF COVID MENA Monitor Sudan Survey data (2021), the working conditions defined by the social safety net (social insurance) implies that the majority (nearly two-thirds) of all households (67 percent) did not have social insurance (Figure 2). Using the World Bank Sudan Households COVID-19 Survey data (2020), the analysis indicates employers' limited provision and contribution to social protection for workers during the COVID-19 pandemic. More than half of households indicated that employers did not provide contributions to paid sick leave (64 percent), pension fund (64 percent), paid annual leave (59 percent), or health insurance (54 percent), and did not provide contributions to household family members who were not able to perform their usual paid job (20 percent).

#### 5. Status of Businesses and Workers in Businesses

This section explains the status of businesses, primarily the temporary or permanent closure of businesses, and it also explains the status of workers in businesses; specifically, the temporary or permanent suspension of workers in businesses during the COVID-19 pandemic in Sudan. For instance, the status of workers in businesses indicates temporary layoffs/suspensions for nearly a tenth of all households (nine percent), males (11 percent), and females (five percent). It also indicates permanent layoffs/suspensions for less than a tenth of all households (seven percent), males (nine percent), and females (three percent), as well as a delay in wage payments for more than a tenth of all households (12 percent), males (10 percent), and females (16 percent).

Further, the status of workers in businesses also indicates reduced earnings or delayed payments for nearly a tenth of all households (nine percent), males (nine percent), and females (11 percent). The temporary layoffs/suspensions for males are more than twice higher than for females, permanent layoffs/suspensions for males are more than three times higher than for females, and the delay in wage payments for females is higher than for males. The status of workers in businesses also indicates changes in personal net monthly wage for less than a tenth of all households (five percent), males (six percent), and females (one percent), while the changes in personal net monthly wage for males are nearly six times higher than for



Figure 3. Status in Business and Workers Status in Business

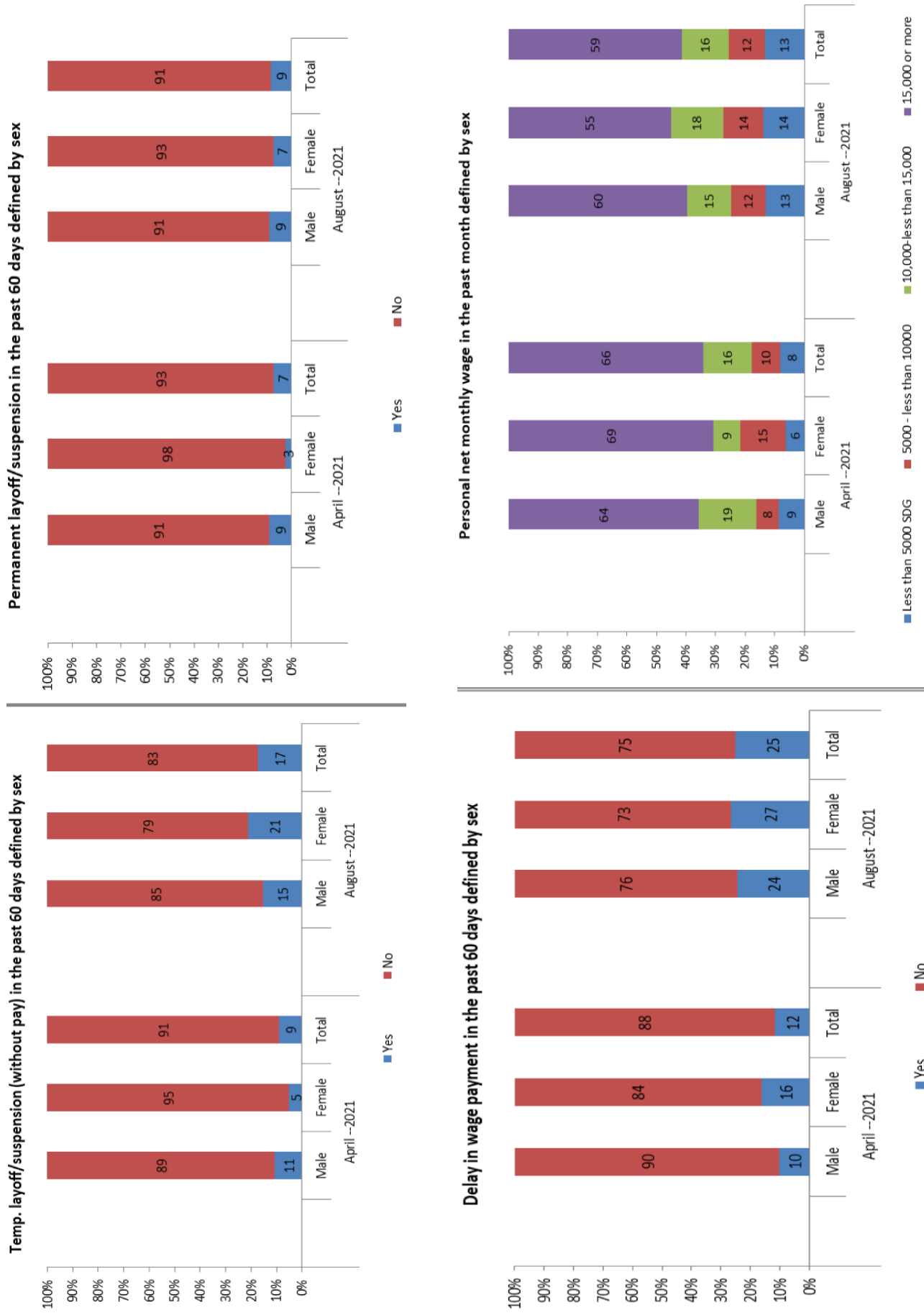
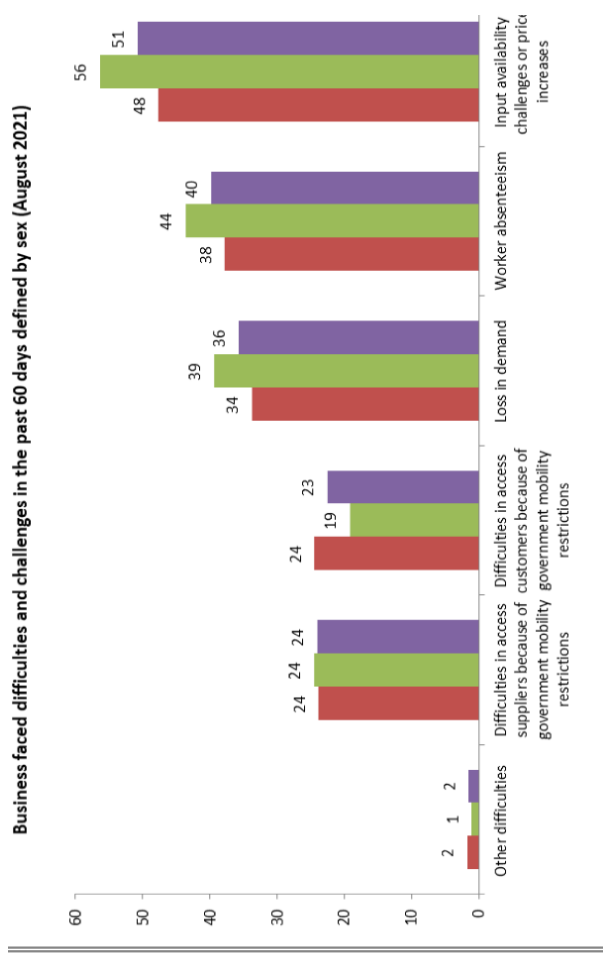
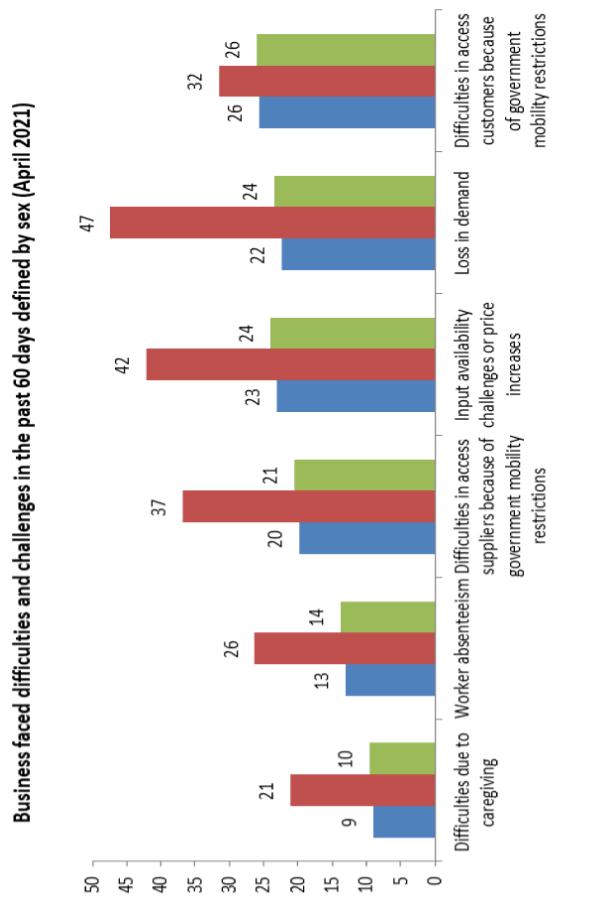
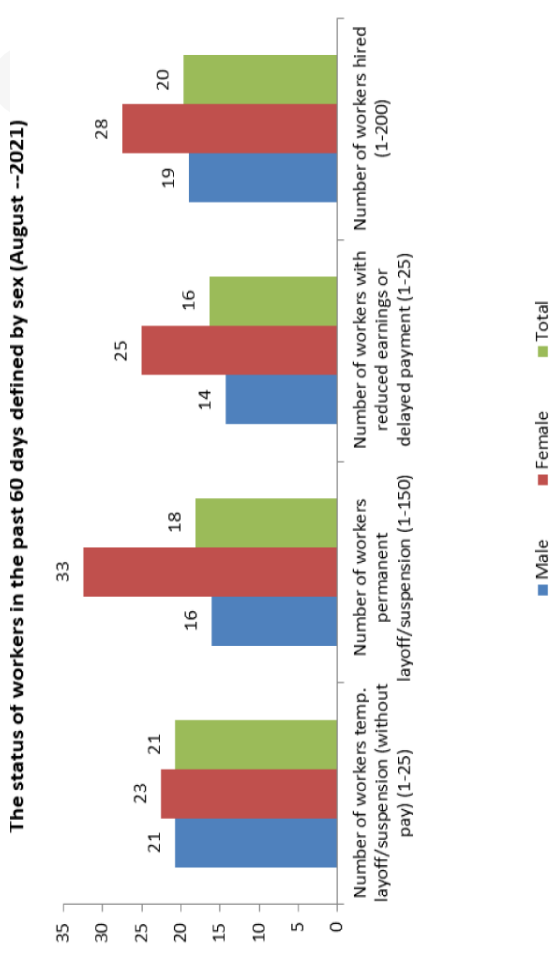
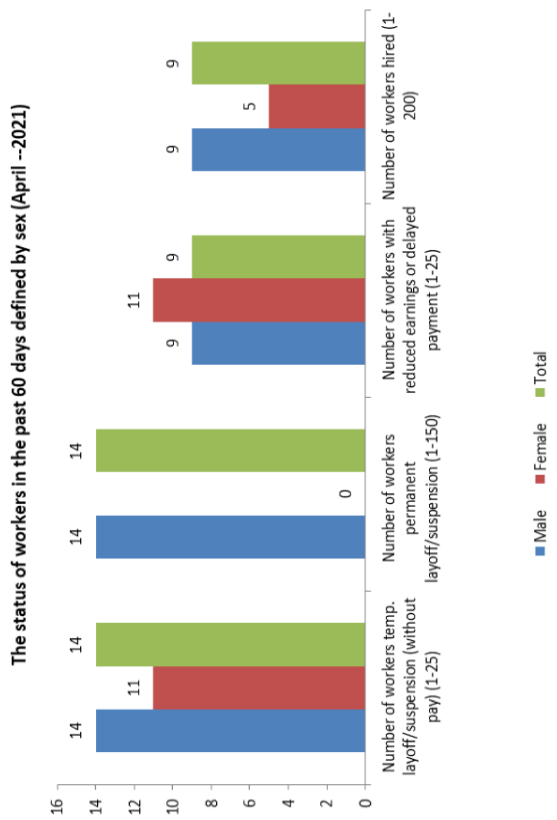


Figure 3. Continued



Source: Author own calculation based on ERF COVID MENA Monitor Survey data: COVID-19 Monitor Sudan HH Survey (April 2021)





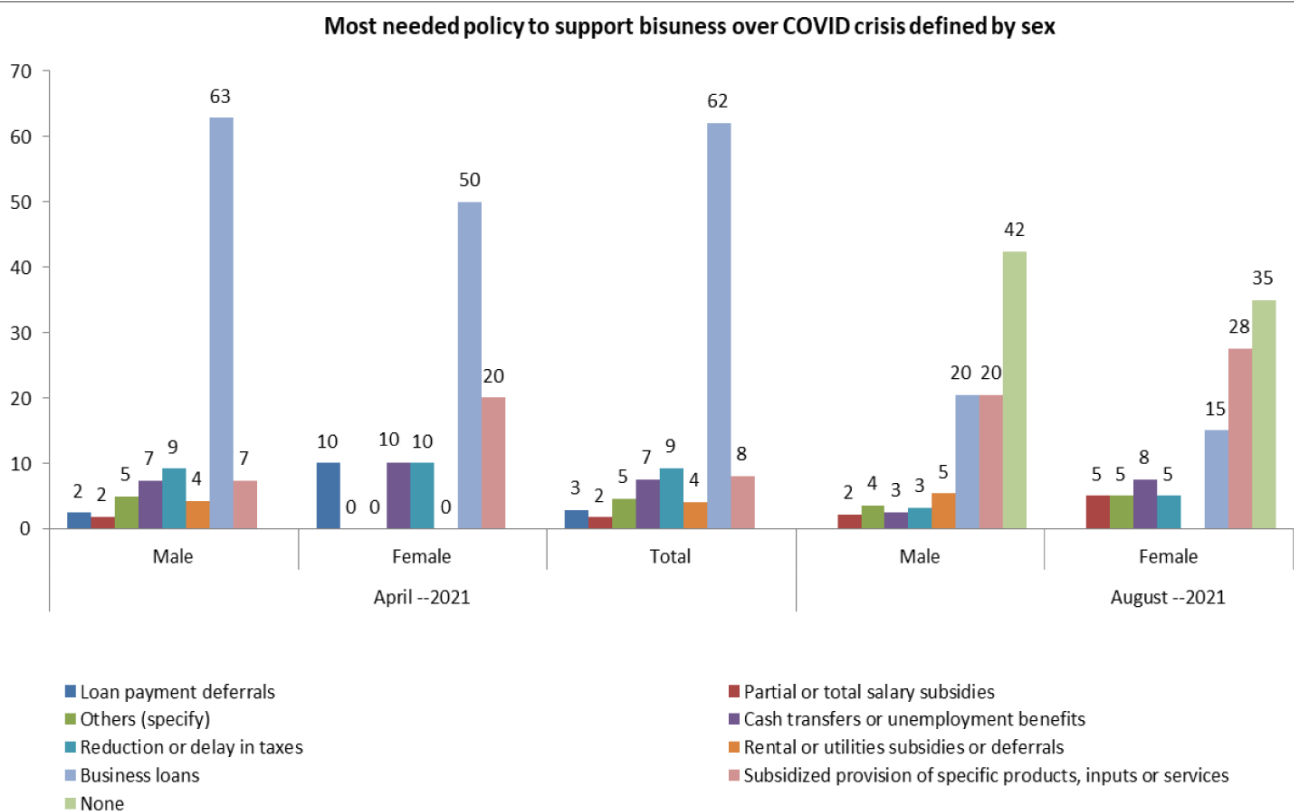
females. More than a third of households (38 percent), males (38 percent), and females (38 percent) indicated changes in the status of workers in businesses as well as changes in working conditions, particularly changes in the number of workers and number of working hours. Nearly a tenth of all households (nine percent), less than a tenth of males (six percent), and more than a tenth of females (18 percent) indicated a decrease in hours. The decrease in hours for females is nearly three times higher than for males. Less than a tenth of all households (three percent), males (four percent), and females (three percent) indicated a decrease in pay. The current status of businesses implies that less than a tenth of all households (seven percent), males (six percent), and females (13 percent) reported that businesses are temporarily or permanently closed due to factors related to the COVID-19 outbreak, or that they experienced a reduction in business hours due to government mandates related to the COVID-19 outbreak. Businesses reporting that they are temporarily or permanently closed due to factors related to the COVID-19 outbreak are more than twice higher for females compared to males. The businesses faced difficulties and challenges in the past 60 days, including difficulties in accessing customers because of government mobility restrictions (26 percent), difficulties in input availability challenges or price increases (24 percent), loss in demand (24

percent), difficulties in accessing suppliers because of government mobility restrictions (21 percent), difficulties related to worker absences (14 percent), and difficulties due to caregiving (10 percent) (Figure 3).

## 6. The Most Needed Policies to Support Businesses Through the COVID-19 Crisis

Using ERF COVID MENA Monitor Sudan Survey data (2021), the analysis implies that for nearly two-thirds of all individuals, the most needed policy to support businesses through the COVID-19 crisis is business loans (62 percent, 20 percent), reduction or delay in taxes (nine percent, three percent), subsidized provision of specific products, inputs, or services (eight percent, 21 percent), cash transfers or unemployment benefits (seven percent, three percent), rental or utility subsidies or deferrals (four percent, five percent), loan payment deferrals (three percent), partial or total salary subsidies (two percent, three percent), and others (five percent, four percent) in April 2021 and August 2021, respectively. The most needed policy to support businesses through the COVID-19 crisis is the subsidized provision of specific products, inputs, or services (21 percent) in August 2021 compared to business loans (62 percent) in April 2021 (Figure 4).

Figure 4. The Most Needed Policies to Support Business Over COVID-19 Crisis



Source: Author own calculation based on ERF COVID MENA Monitor Survey data: COVID-19 Monitor Sudan HH Survey (April–August 2021)



## 7. Conclusion and Policy Recommendations

We are aware that our results should be interpreted carefully in view of the fact that during the COVID-19 pandemic period, Sudan suffered from the impacts of the COVID-19 pandemic as well as a critical economic crisis caused by economic instability and political instability that started even before the COVID-19 pandemic began. This implies that it is hard to separate the impacts of the COVID-19 pandemic from the impacts of the critical economic crisis.. This also implies that it is difficult to determine whether the reported deterioration is due to factors related to the COVID-19 pandemic or due to other factors related to the critical economic crisis.

This policy brief discusses the status of households, firms, businesses, and workers in businesses during the COVID-19 pandemic in Sudan, including temporary and permanent layoffs/suspensions, reduced earnings or delayed wage payments, changes in monthly wage, and temporary or permanent business closures.

Our findings regarding the temporarily laid off, reduced hours, reduced wages, delays in pay for workers, reduced hours, lower revenues, the closure of businesses and reduced working hours due to COVID-19, the challenges faced by businesses, and the most needed policies in Sudan are consistent with the results in the MENA countries (cf. Krafft, Assaad, and Marouani, 2021a, b, c).

The major policy recommendation is the implementation of a more coherent and sound strategy to increase government support to manage the economic and social impacts on the labor market, employment, and income for households, workers, and firms in Sudan. The policy recommendations include:

- Introducing measures to support the demand for labor by providing new employment incentives through the provision of hiring subsidies and improving access to formal and regular jobs in all sectors.
- Increasing direct government support by increasing monthly wage subsidies to support all workers (vulnerable workers in particular) across all sectors.
- Supporting social protection for households and workers across all firms and sectors.
- Enhancing training in the use of digital technologies to ensure that all workers have the skills and access to digital technologies to ensure the effective use of digital technologies in the post-COVID-19 period.
- Increasing government support to firms and businesses by providing business loans, salary subsidies, reduced/delayed taxes, and the subsidized provision of specific products, inputs, or services for firms and businesses in Sudan.

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