



# World of Work 2009

## Snapshot of the Middle East

### *What has been the impact of the crisis on the world of work?*

- *Delayed effect of the crisis upon Arab States:* Despite earlier expectations that Arab States would be relatively insulated from the adverse effects of the global economic crisis, many of these economies are now being impacted by declining oil revenues, reduced foreign direct investment, and diminishing worker remittances.
- *Rising unemployment:* Unemployment has increased across the region. For example, in Jordan, third quarter unemployment in 2009 rose 2 percentage points above levels in the same quarter in 2008.
- *Large public sector:* In some countries in the region, the relatively large share of public sector employment in total employment has buffered the negative effect of the crisis on employment.
- *Declining remittances:* Over 60 percent of the national labour force in most countries of the Gulf Cooperation Countries<sup>1</sup> (GCC) is composed of migrant workers, many of whom send remittances to their home country. Intra-regional remittances are also being impacted as over 400,000 Lebanese and 500,000 Jordanians (accounting for nearly 20 percent of GDP) work in other GCC countries.

### *Employment oriented measures have been instituted in some countries*

- *Extending services to vulnerable groups:* Despite fiscal constraints, Jordan has extended social services to vulnerable groups through targeted policies to support poor families and the unemployed. A programme to support low-skilled workers has been especially beneficial to women in the agricultural sector and aims to boost female self-employment.
- *Raising the minimum wage:* Lebanon has increased the minimum wage and public sector wages. Similarly, Jordan has raised the monthly minimum wage from JD110 (US\$155) to JD150 (US\$211), and has expanded funding of JD20 million (US\$28 million) to the National Aid Fund (which provides cash assistance and support to poor families).
- *Stimulus spending package:* Saudi Arabia has approved a stimulus spending package of SR255 (\$60 billion) in response to the crisis, representing 11.3 percent of its GDP. The Ministry of Labour has created a working group to assist workers affected by the crisis in finding alternative employment.

### *Yet more needs to be done in the area of social protection*

- *Social security policies require strengthening in the region:* In the absence of well-developed social security policies, the livelihoods of growing numbers of precarious workers may come under further threat.
- *Informal sector workers:* Less than 10 percent of Middle Eastern countries have put in place health provisions (i.e. disability, work injury or sickness and maternity) to cover informal wage workers. Calculations in the *World of Work*

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<sup>1</sup> The Gulf Cooperation Council is composed of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and the Sultanate of Oman.

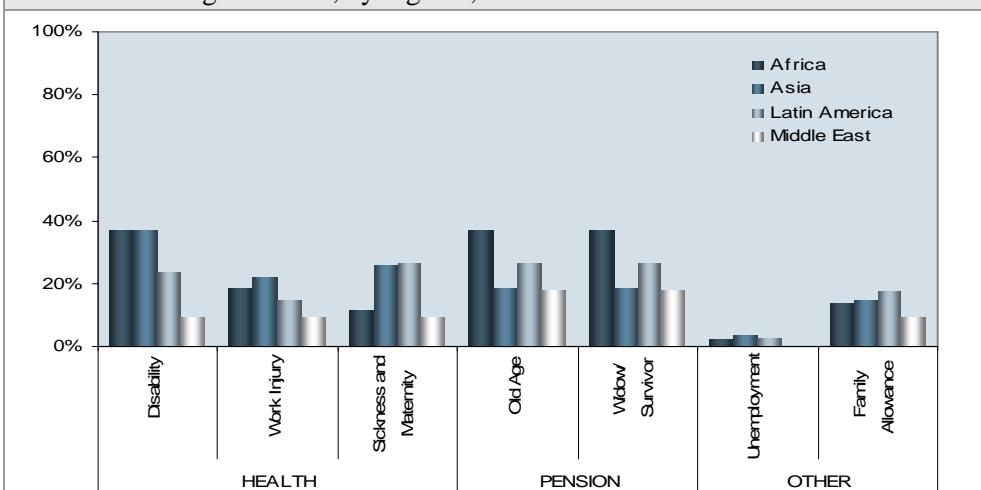
*Report 2009* reveal that countries in the Middle East have fewer provisions for social security in place for informal economy workers, in comparison with other regions (figure 1).

- The Government of Jordan is a good example of a country that has sustained its commitment to universal social protection, by extending coverage to previously unprotected workers, such as informal workers, employers, self-employed and enterprises with less than five workers.

### *The Global Jobs Pact needs to be prioritized*

- *Relevance of the Global Jobs Pact:* The principles of the ILO's Global Jobs Pact – notably, prioritizing employment and strengthening social protection – can guide government action in developing national and regional initiatives that lessen the depth of the jobs and social crisis, accelerate the recovery process, as well as promote a longer-term development agenda for Arab States.
- *Limited fiscal space is not necessarily a constraint:* Initiatives, such as those adopted by the Jordanian Government, show that even economies with limited fiscal space have been able to design Global Jobs Pact-friendly policies that have had positive impacts. Jordan has successfully increased provisions and support for poor families and the unemployed, while maintaining its commitment to universal social security.
- *Attention to informal economy workers required in policy responses:* Informal economy workers comprise a large segment of the labour force in most Arab States. If unemployment rises further, this will only increase the informal economy, push down wages and create greater social pressures.

Figure 1. Percentage of countries that have provisions for social security schemes for informal wage workers, by regions, as of 2009



Source: ILS estimates based on legislative documents available at ISSA (2009).

Note: The figure for the Middle East includes Bahrain, Iran, Israel, Jordan, Lebanon, Oman, Saudi Arabia, Syria and Yemen, for which data were available on legal provisions

*World of Work 2009: The Global Jobs Crisis and Beyond* is available at ([www.ilo.org/INST](http://www.ilo.org/INST)). For further comment, journalists are invited to contact Anne Posthuma (tel +41 22 799 8174; email [posthuma@ilo.org](mailto:posthuma@ilo.org)) or Raymond Torres (tel: +41 22 799 7908; email: [torresr@ilo.org](mailto:torresr@ilo.org)), Director of the ILO's International Institute for Labour Studies.