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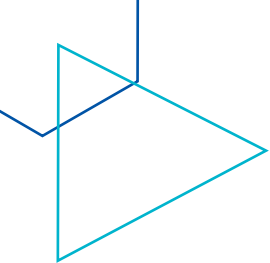
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HIGHLIGHTS: SURVEY JUNE 2020

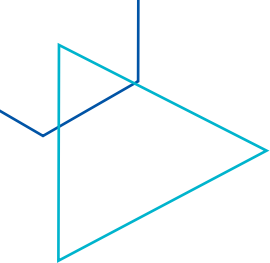
The Impact of COVID-19 On Employment and Wages in Egypt

Published in February 2021



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Introduction

The ILO commissioned Baseera, a private Egyptian pollster, to conduct a rapid labour force survey by phone to study the impact of COVID-19 on the Egyptian labour market. The survey of working age (15 to 64) individuals was conducted on **24th - 30th** of June 2020, using the Random Digit Dialing (RDD) process. A sample of 2033 individuals was randomly generated. Both landline (311 obs.) and mobile phones (1722 obs.) were called.

► **Table 1:** Survey interview results

Interviews result	Landline	Mobiles	Total
Completed	311	1726	2037
Partially completed	42	152	194
Refused	763	1802	2565

The present brief is prepared by the International Labour Organization (ILO) and the Economic Research Forum (ERF). It represents the first in a series of rapid labour force survey reports for Egypt, and is part of the ILO/ERF COVID-19 MENA Monitor surveys. For the purpose of harmonizing the Egyptian survey with the forthcoming surveys, individuals that don't own a mobile phone were excluded from the data analysis (57 obs.), in addition to those of less than 18 years old, resulting in a sample of 1923 observations.

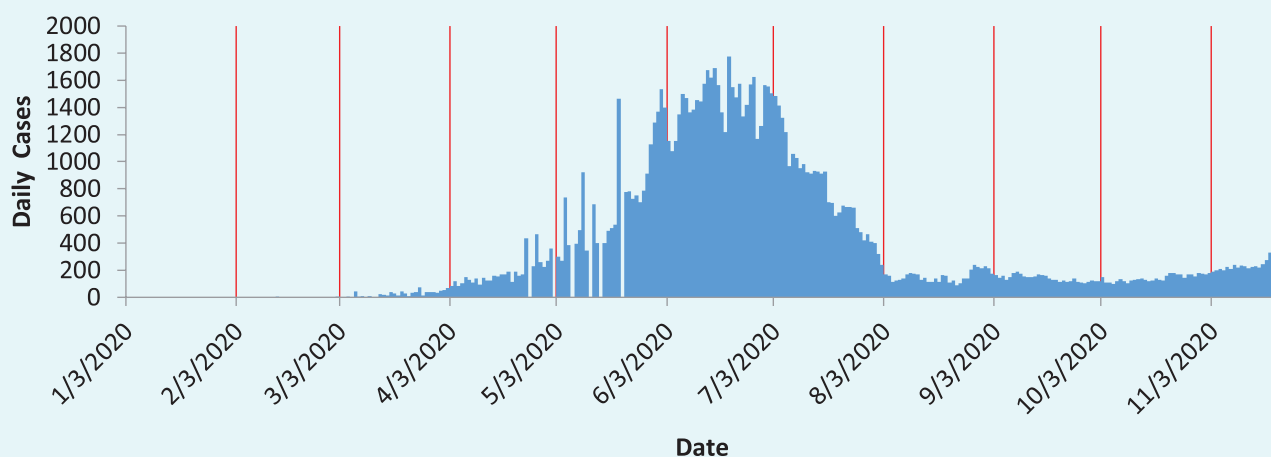
Key Findings

- The share of Egyptians in employment fell by 8% between February and June 2020 (-9% in urban areas and -7% in rural areas). The drop was sharper among females (-10% and -8% among men). Loss of employment translated into higher unemployment for men - male unemployment has doubled, and into more inactivity for women. The lower the educational attainment of workers, the heavier their employment losses.
- Over two-thirds of informally employed wage workers and of self-employed workers have suffered wage losses; in comparison, 21% of formally employed wage workers reported wage losses.
 - Workers in tourism, transportation and in other services were the most impacted by wage drops; workers in health and education have been the least affected.
- Only 15% of the waged workers were able to work from home; wealthier, highly educated, and urban workers were more likely to be able to work from home.
 - Two-thirds of informal workers and a third of formal workers feared losing their job in the short term.

COVID-19 in Egypt

Egypt recorded its first corona virus case on February 14th 2020. The number of cases increased very slowly until mid-April. Recorded daily cases rose much faster in the spring (alongside reported testing capacities), peaking in July. This first wave of the survey was conducted during that period June 2020. The daily case count then fell sharply and remained low throughout the rest of the year.

► **Figure 1:** Working age population by labour force status and by sex, in February 2020 and June 2020 (%)



Source: World Health Organization (WHO).

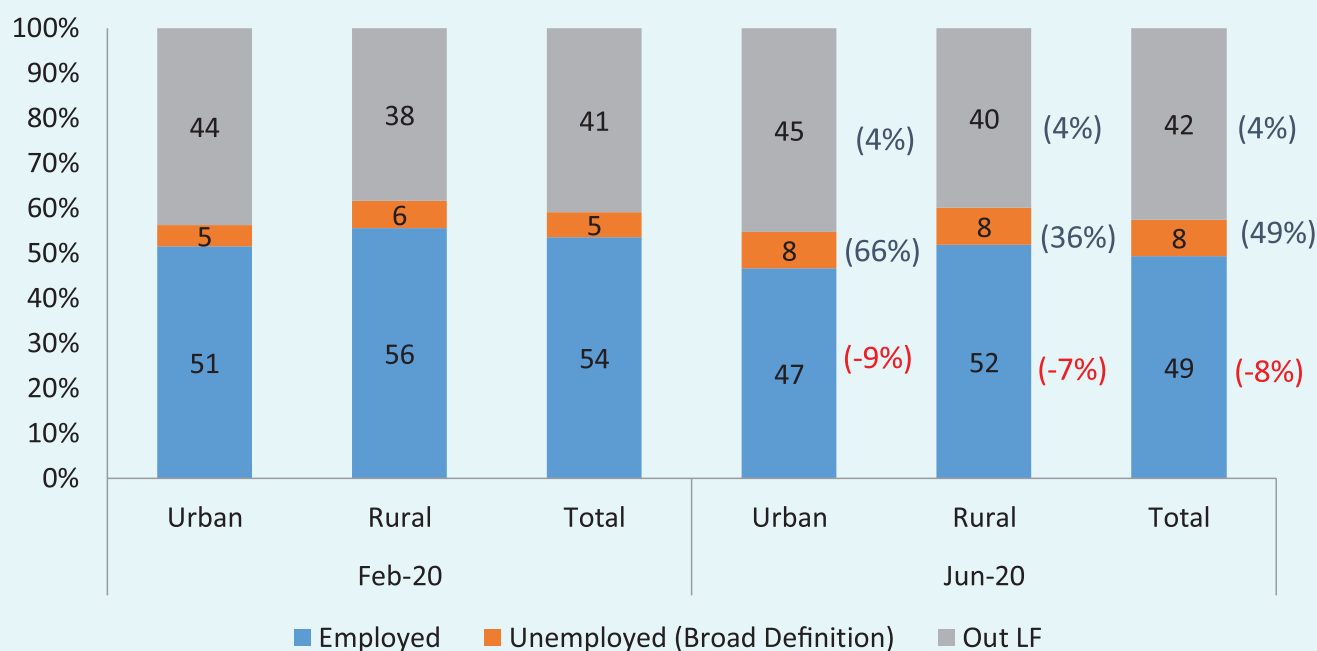


Employment and Unemployment before and after COVID-19

Unemployment increased by three percentage points between February and June 2020 in the sample (from 5% to 8%), and economic inactivity (those not working nor looking for work) increased by another 4 percentage points. Overall the share of those in employment fell by 8% (-9% in urban areas and -7% in rural areas). The fall in the employment rate was sharper among females (-10%, and -8% among men). Men losing their work went predominantly into unemployment – male unemployment has doubled – while females transferred primarily into inactivity (**Figure 3**)¹. The least educated shouldered the heaviest employment losses (**Figure 4**); those with no or only basic education have been hit twice as hard as those with higher educational attainment.

While around three quarters of the waged workers in governmental sector in February 2020 were working in the week prior to the survey (75%), only half of the waged workers in the private sector were working during this week (51%)².

► **Figure 2:** Working age population by labour force status and place of residence, in February 2020 and June 2020 (%)

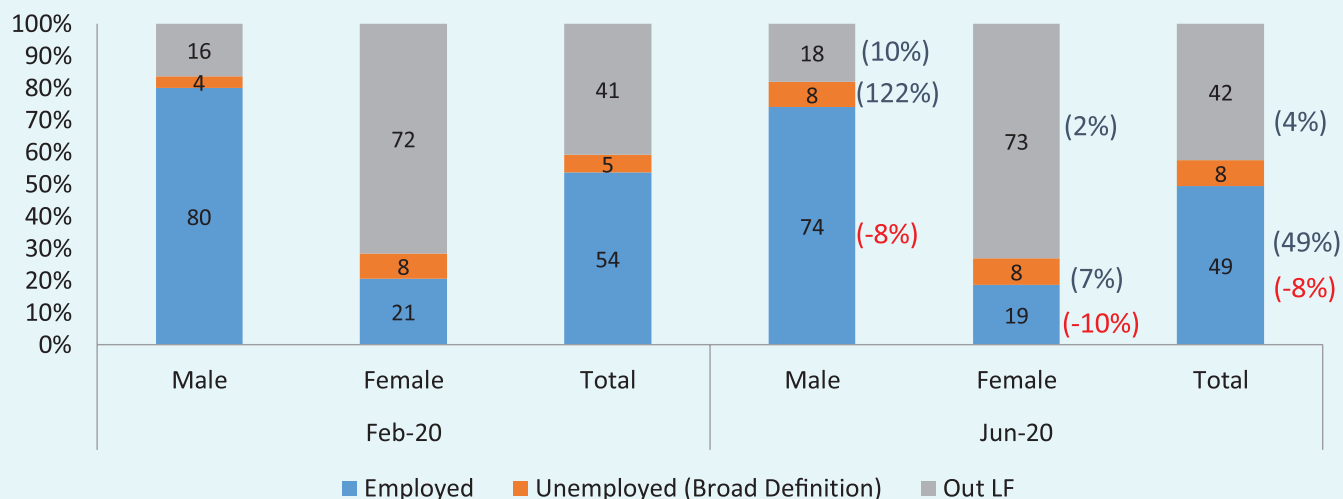


Note: the percentage changes between February and June, indicated between brackets, are based on estimates before rounding.

¹ The labour force categories in February 2020 were indirectly constructed from the questionnaire on the basis of several assumptions. See Appendix for details.

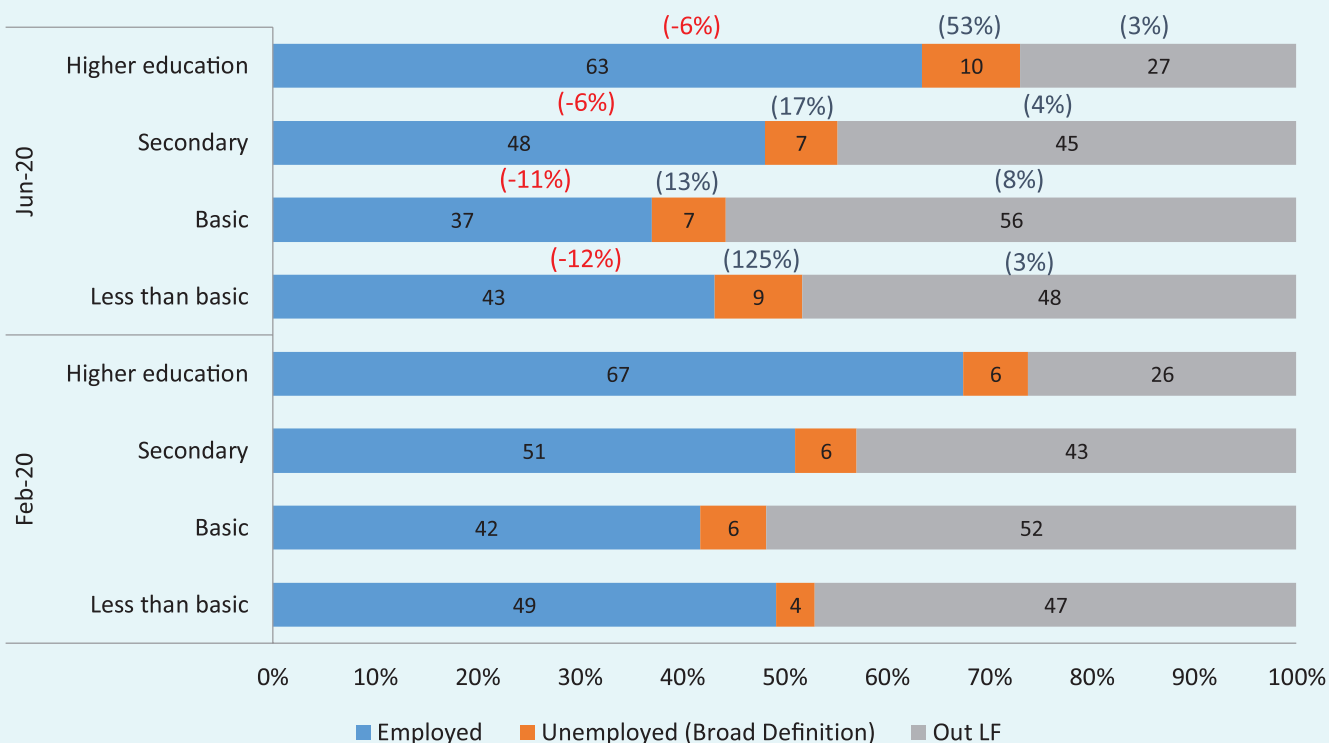
² Job characteristics were collected that for the job the individual spent more time in in February or during the week prior to the survey. We assume that the job did not change.

► **Figure 3:** Working age population by labour force status by sex, in February 2020 and June 2020 (%)



Note: the percentage changes between February and June, indicated between brackets, are based on estimates before rounding.

► **Figure 4:** Distribution of the labour force status in February 2020 and June 2020, by educational level (%)



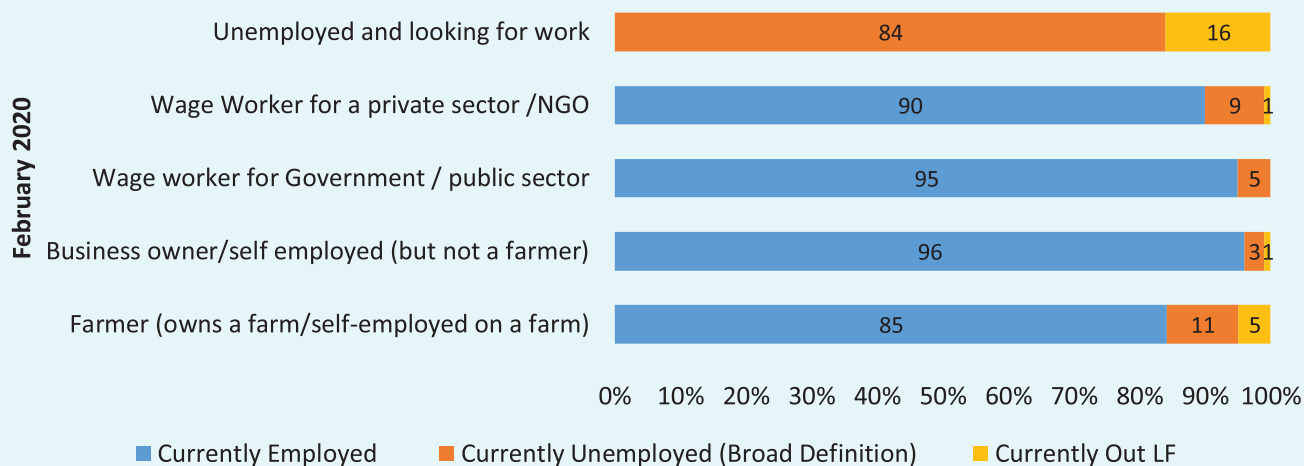
Note: the percentage changes between February and June indicated between brackets, are based on estimates before rounding.

► Transition between February 2020 and June 2020³

Among those unemployed in February, 84% are still unemployed and another 16% have dropped out of the labour force and became inactive (i.e. are not working nor looking for work). Farmers and private sector wage workers in the private sector have fallen in unemployment and inactivity more than (non-farm) business owners and public sector employees.

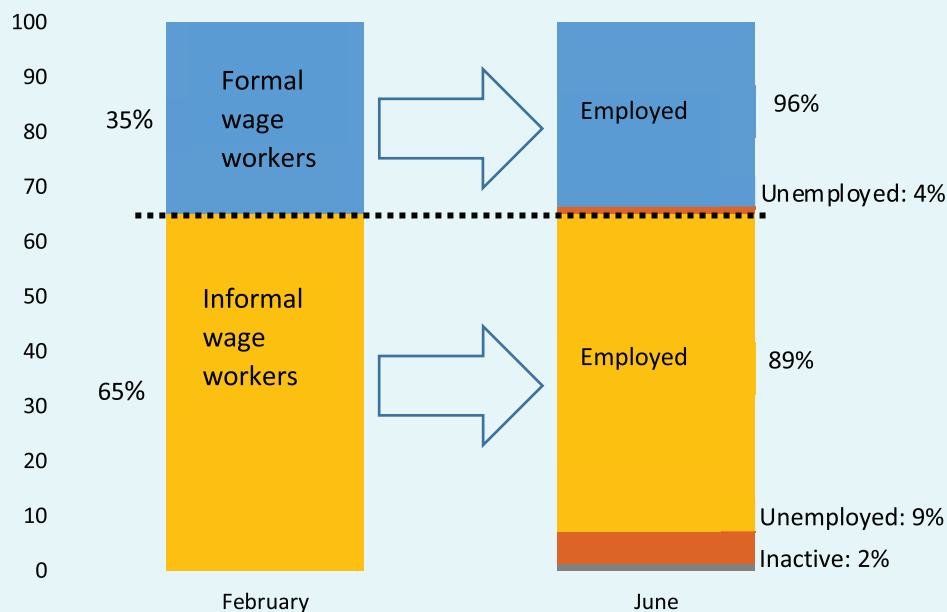
Job formality (working with a contract and social insurance coverage) has been an important factor in maintaining jobs during the first phase of the COVID-19 crisis (Figure 6). 11% of workers who had informal jobs in February were then found in unemployment and inactivity in June, as compared to 4% of those with formal jobs.

► **Figure 5:** Transitions in labour force status between February and June 2020



³The labor force categories in February 2020 were indirectly constructed from the questionnaire after adding several assumptions. See Appendix for details

► **Figure 6:** Transitions to unemployment and inactivity between February and June 2020 for wage workers



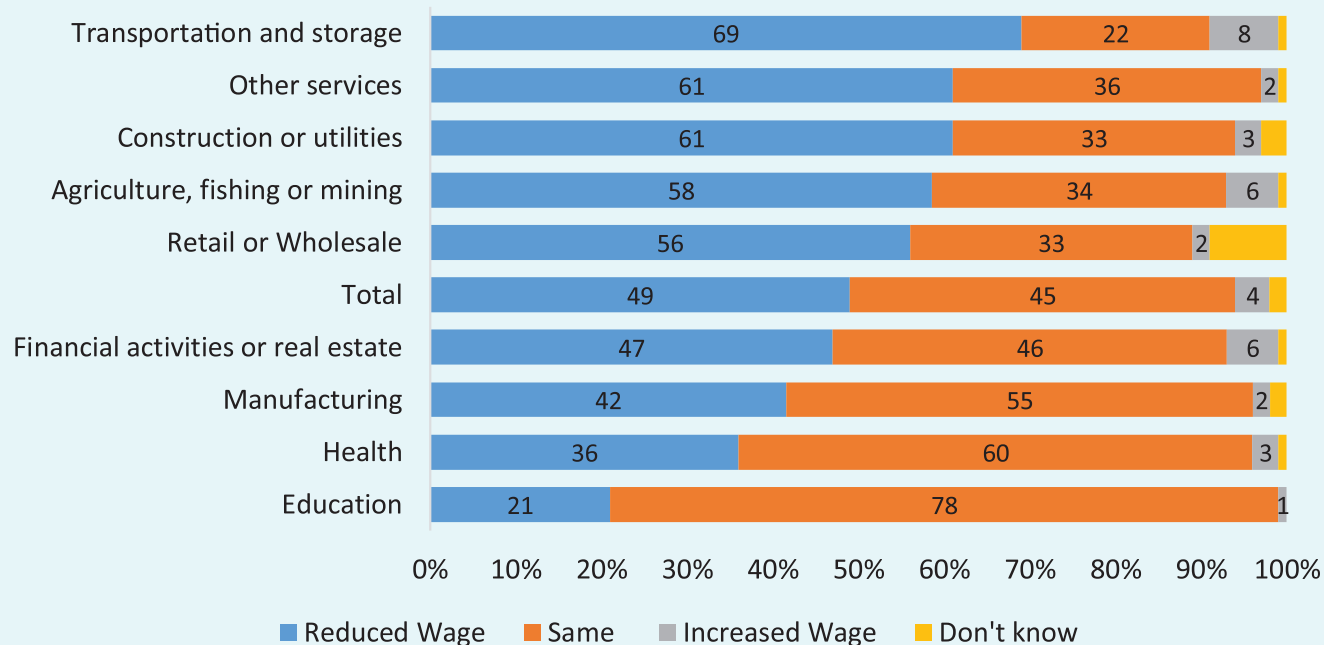
Evolution of the Working Hours and Wages since February 2020

► Wage workers

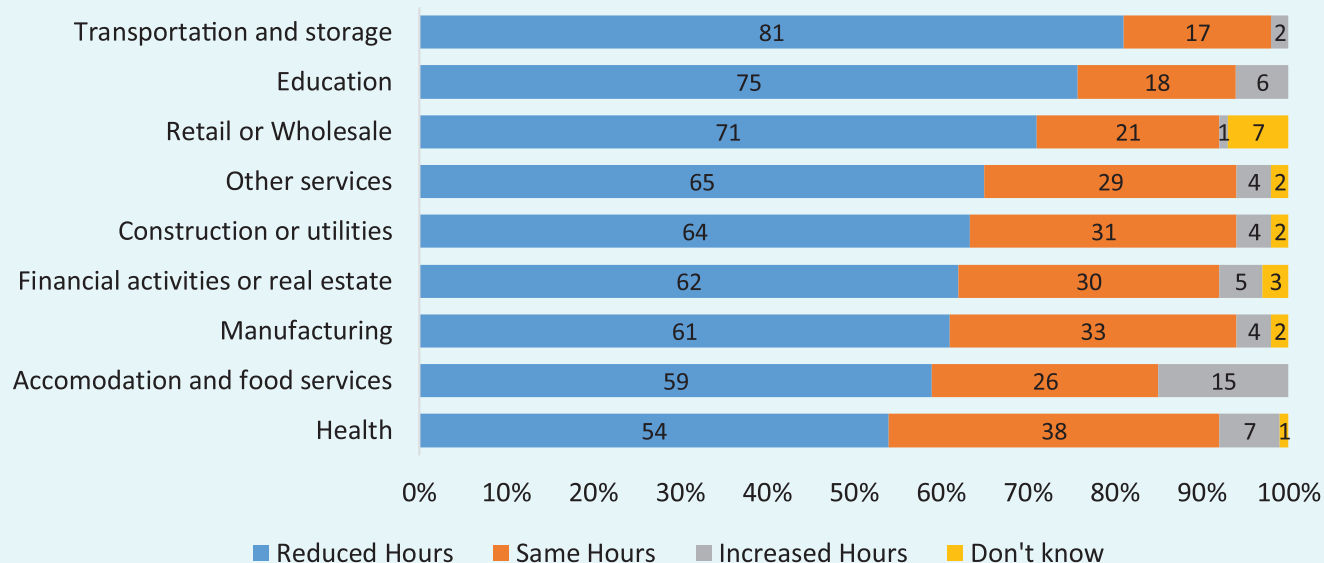
As compared to other sectors of activities, accommodation and food, transportation and services have the largest shares of wage workers impacted by wage drops since February 2020; workers in health and education have been the least affected (Figure 7). Over two-thirds of informally employed wage workers have suffered wage losses (Figure 9), while the same is true only for 21% of those with formal jobs. In the public sector, where a significant share of formal employees are working, the proportion of wage workers reporting a loss in wage is also lower (21%). Workers with low education attainment and those in the informal sector reported wage losses of over 60% (Figure 10).

64% of the waged workers reported decreases in working hours. When looking at the responses by economic activities, Figure 8 shows that the highest percentage of workers that reported a reduction in working hours were those in the transportation and storage sector, and education, with 81% and 75%, respectively. Given the continued need for food and health services, agriculture and health were the least affected sectors, with 51% and 54%, respectively. The gap between formal and informal workers as far as reduced working hours was smaller than for the wage loss gap (67% for the informal workers vs. 58% for the formal workers).

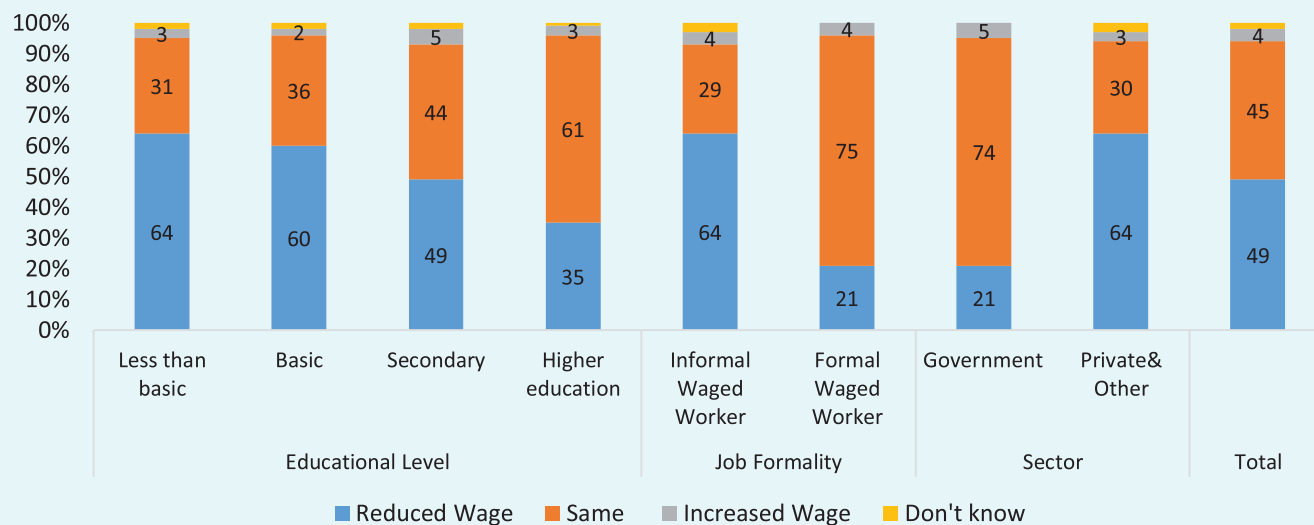
► **Figure 7:** Change in wages since February 2020, by economic activity



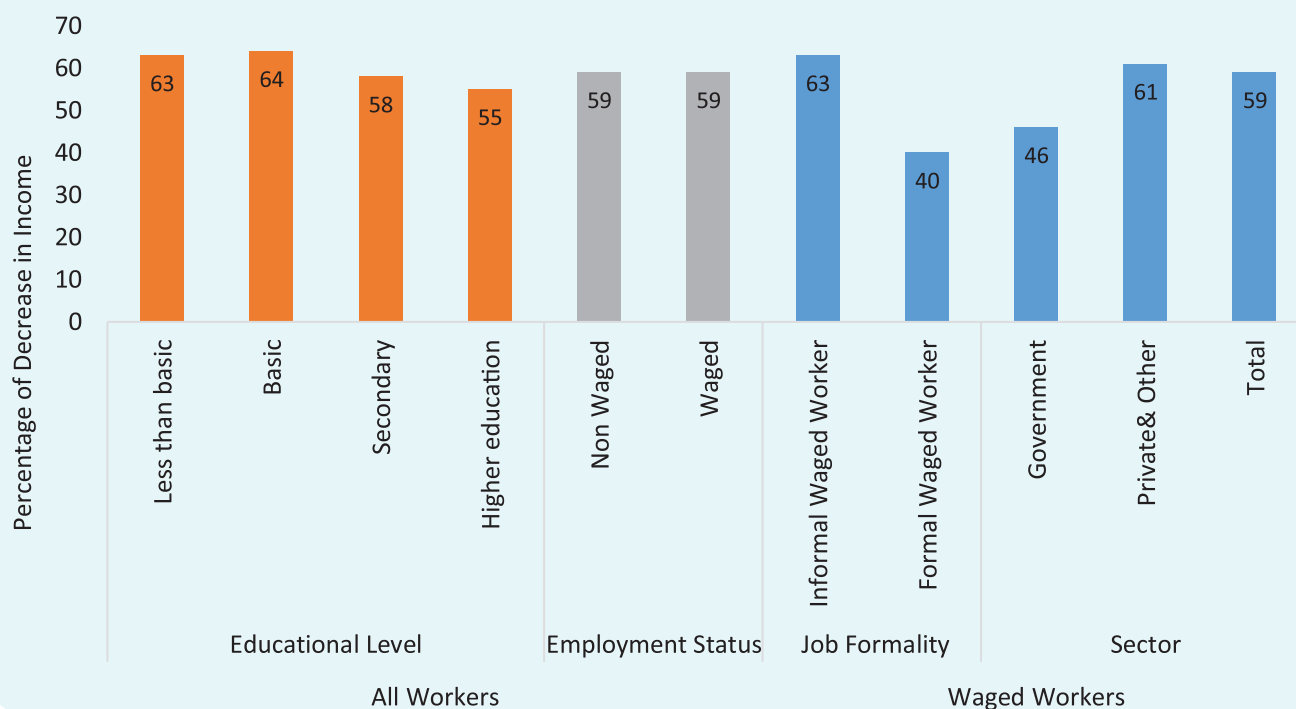
► **Figure 8:** Change in working hours since February 2020, for waged workers, by economic activity (%)



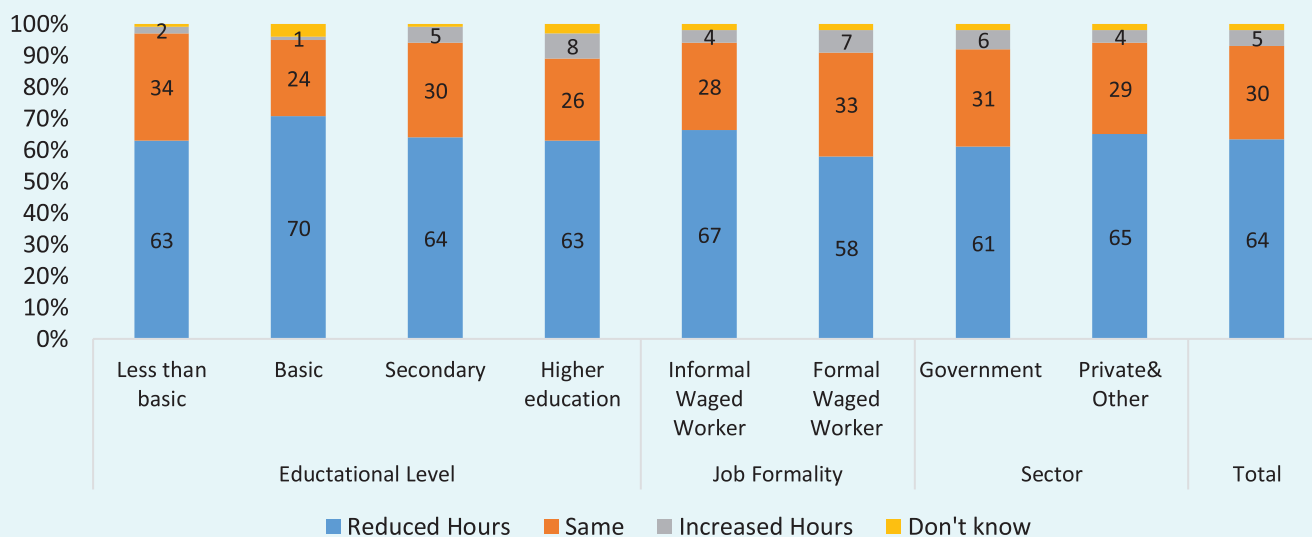
► **Figure 9:** Change in wages since February 2020 among wage workers, by educational level, job formality, and sector



► **Figure 10:** For workers reporting a decrease, average percentage of income decrease by educational level, employment status, job formality, and sector



► **Figure 11:** Change in working hours since February 2020, by educational level, job formality, and sector

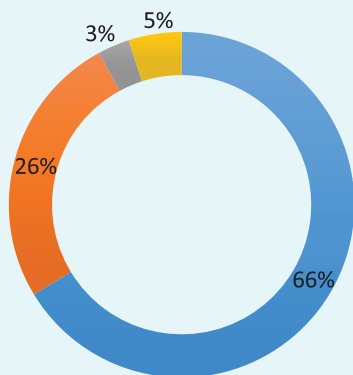


► Non-Waged Workers⁴

Around two thirds of the non-waged workers suffered from a decrease in their income and working hours since February 2020. Only 5% mentioned that their income increased since February 2020.

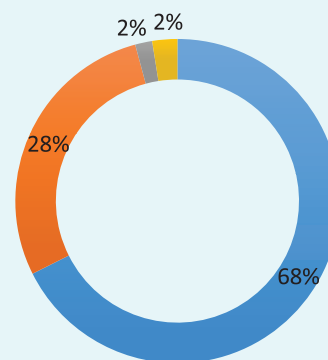
► **Figure 12:** Change in working hours and earnings for non-waged since February 2020

Change in earnings since Feb.2020



■ Reduced ■ Same ■ Increased ■ Don't know

Change in working hours since Feb.2020



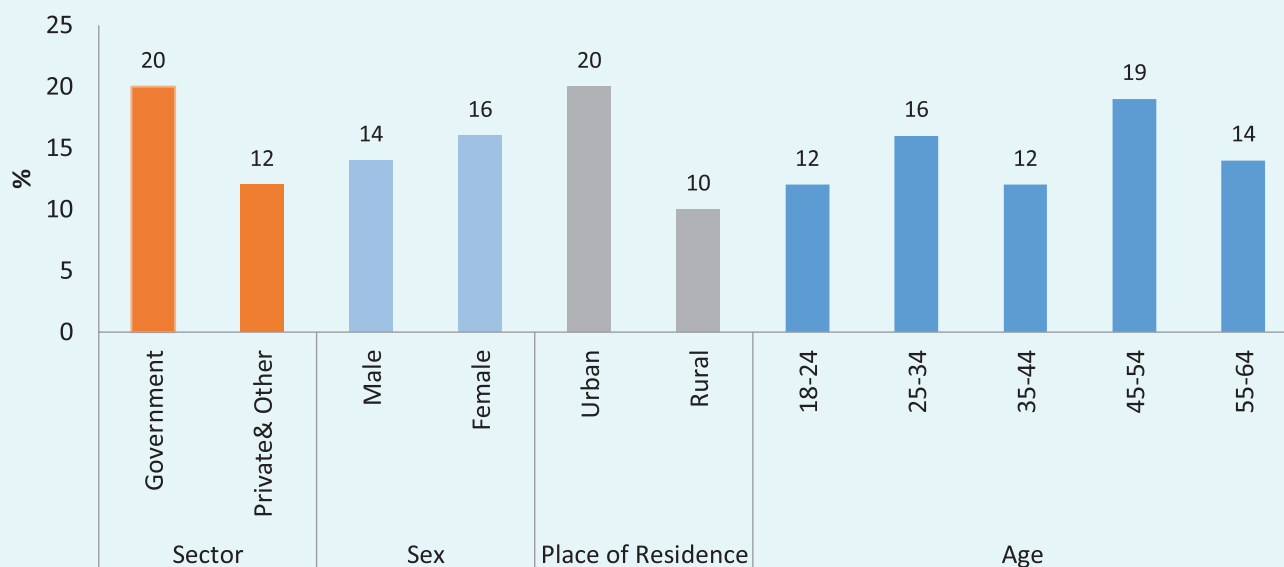
■ Reduced ■ Same ■ Increased ■ Don't know

⁴ Non-waged workers include only self-employed and employers.

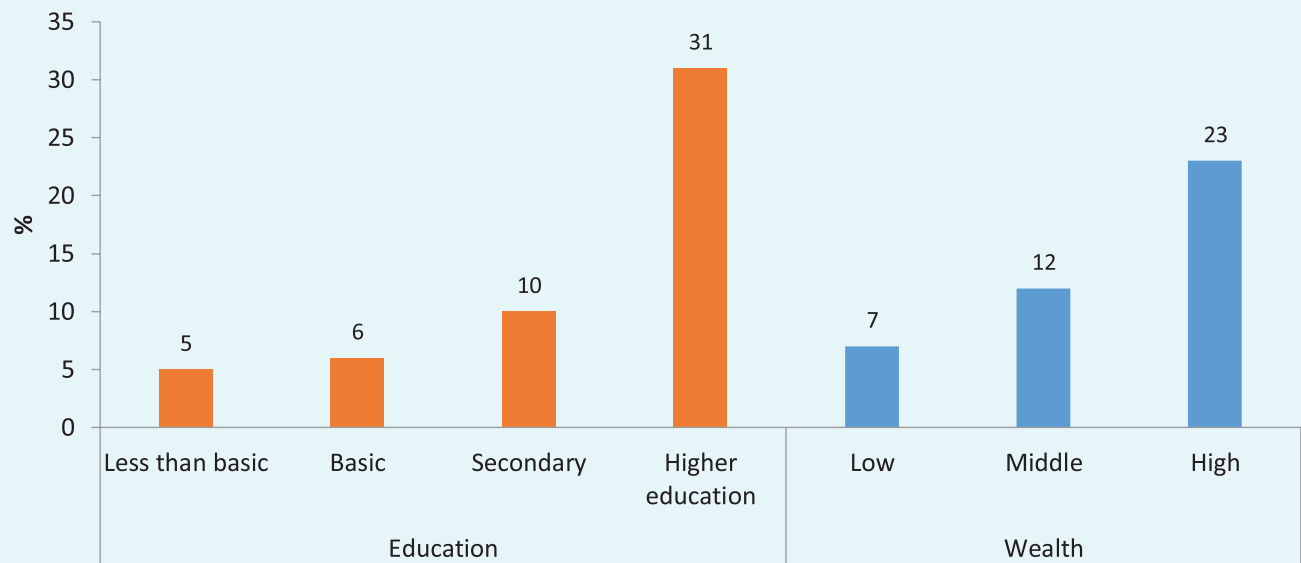
Working from Home

Only 15% of the waged workers and 16% of non-waged workers were able to work from home after February 2020. Wealthier, highly educated, and urban waged workers were more likely to be able to work from home (Figure 13, Figure 14, and Figure 15). Only one fifth of the workers in the government sector mentioned that they were able to work from home, and 12% of workers in the private sector. Although workers in the education sector were more likely to be able to work from home, their percentage was only 24%.

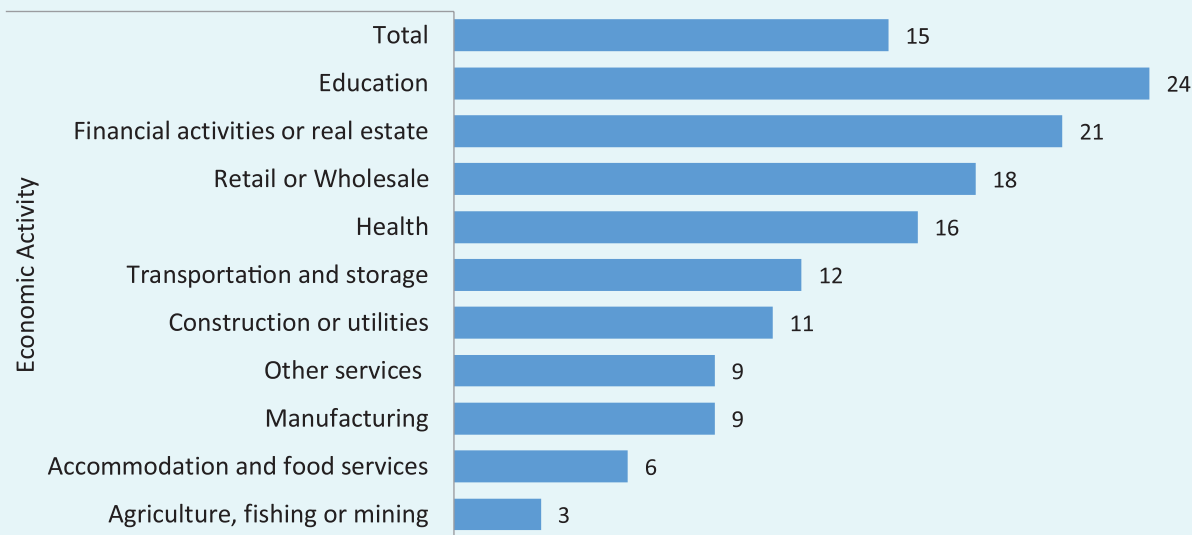
► **Figure 13:** Percentage of waged workers able to work from home, by sector, sex, place of residence, and age



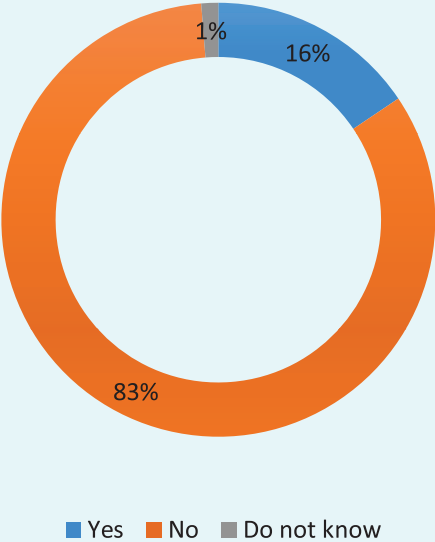
► **Figure 14:** Percentage of waged workers able to work from home, education and wealth



► **Figure 15:** Percentage of waged workers able to works from home, by economic activity



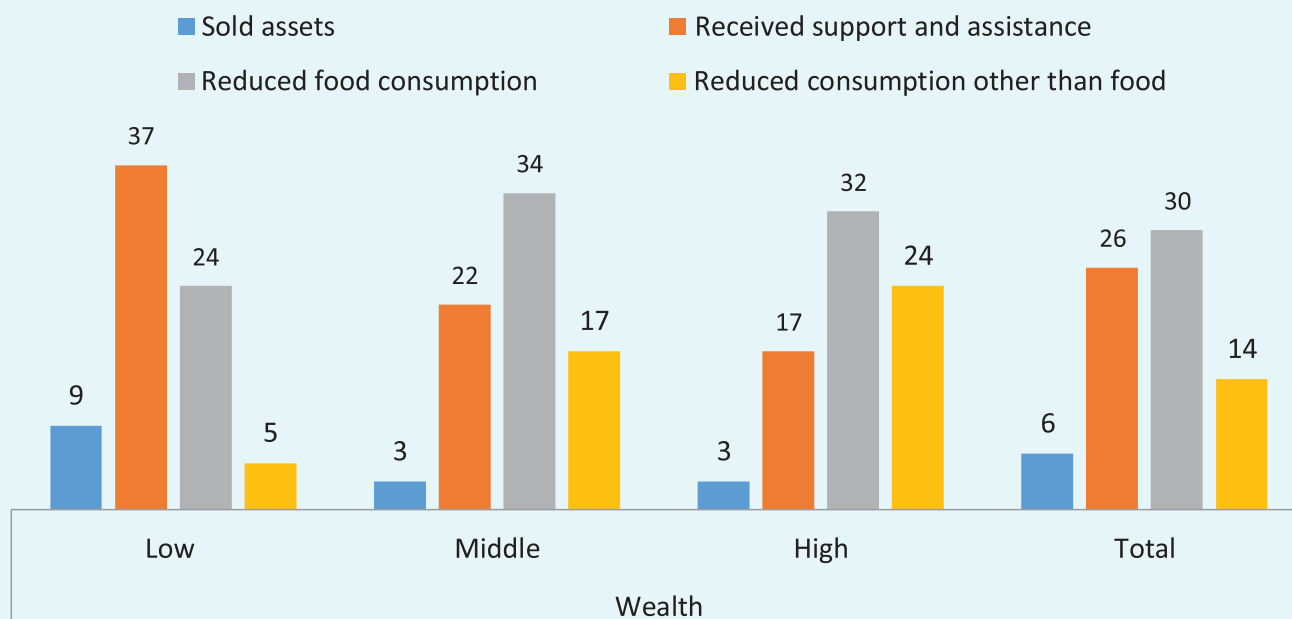
► **Figure 16:** Percentage of non waged workers able to work from home



Coping Strategies⁵

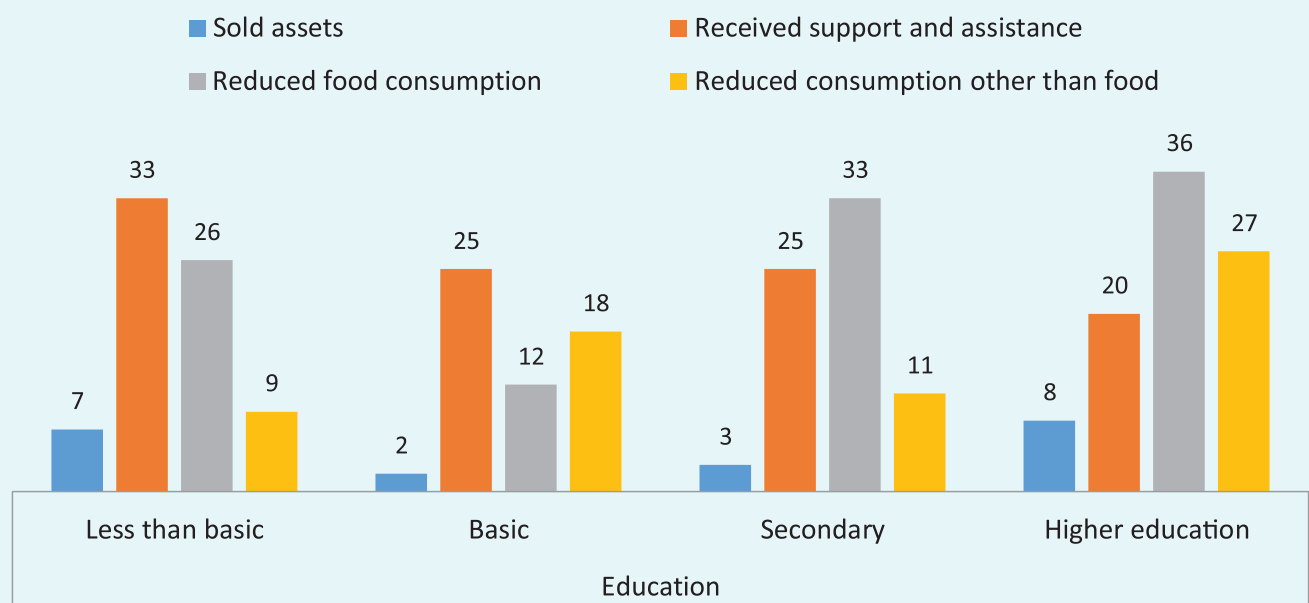
In order to cope with the income loss during the COVID-19, around 30% of respondents reduced their food consumption, 26% received support, 14% had to reduce non-food consumption, and 6% had to sell their assets. Wealthier respondents were more likely to reduce their food and non-food consumption (32% and 24%, respectively), while poorer respondents relied more on receiving support and assistance (37%) as shown in Figure 17.

► **Figure 17:** Main adopted coping strategies by wealth index



⁵ Multiple answers were allowed.

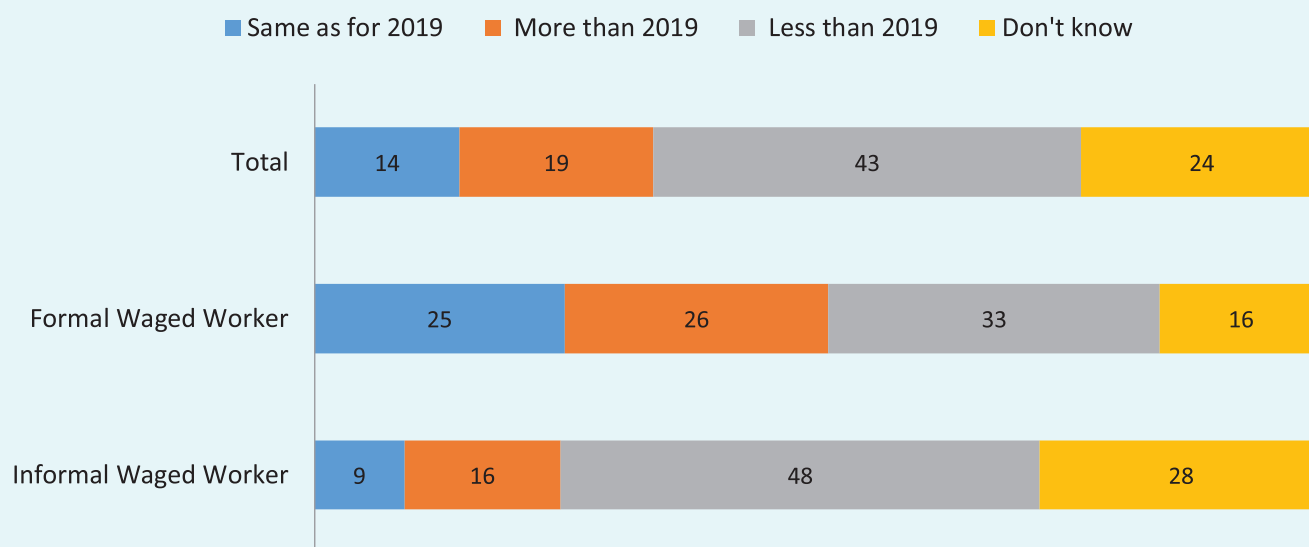
► **Figure 18:** Main adopted coping strategies by educational level



► Income and wages

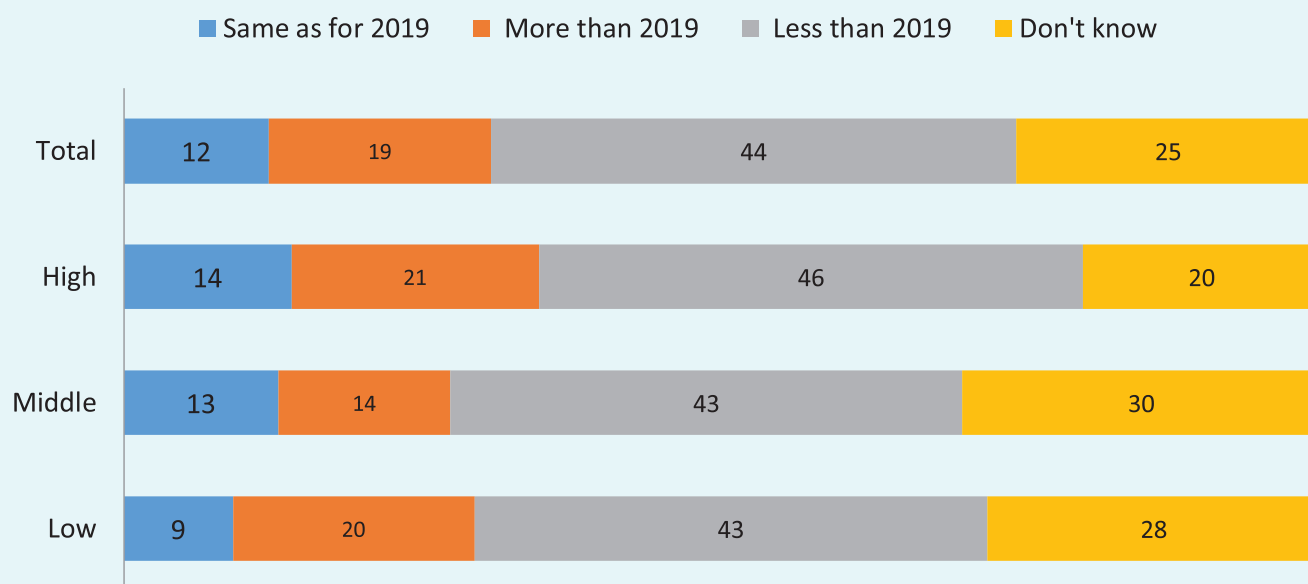
Around two fifths of the waged workers believed that their wages would decrease during 2020 compared to 2019. Informal Waged workers were more likely to be pessimistic and uncertain about their wages in the future. Around 48% thought that their wages will decrease and 28% were uncertain; while only 33% % of the formal waged workers⁶ believed that their wages would decrease.

► **Figure 19:** Expectations of future income for waged workers, by job formality (%)



⁶ While around 35% of the waged workers were in the public sector, around 69% of the formal waged workers were in the public sector.

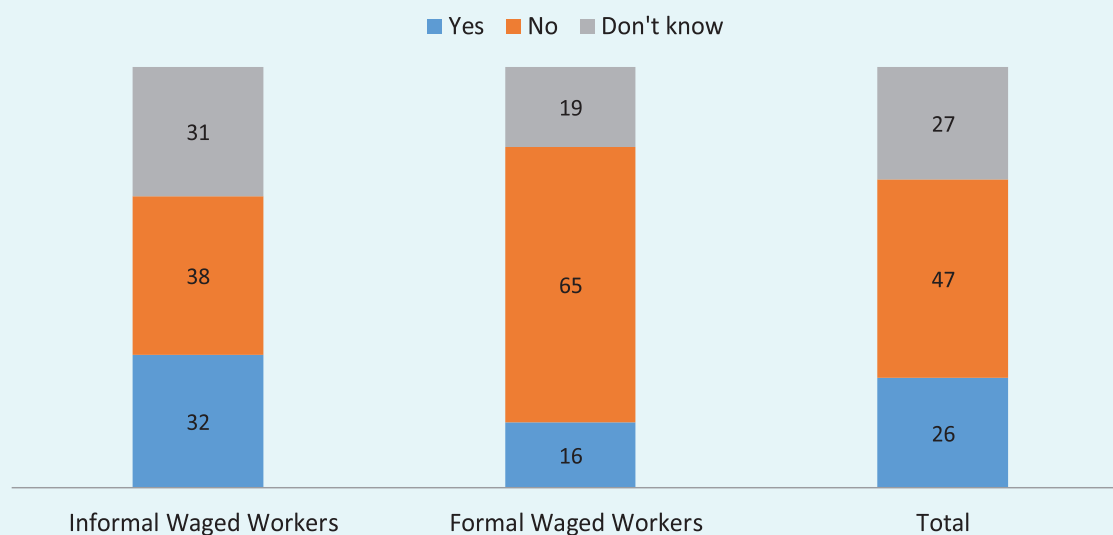
► **Figure 20:** Expectations of future income for all workers, by wealth index (%)



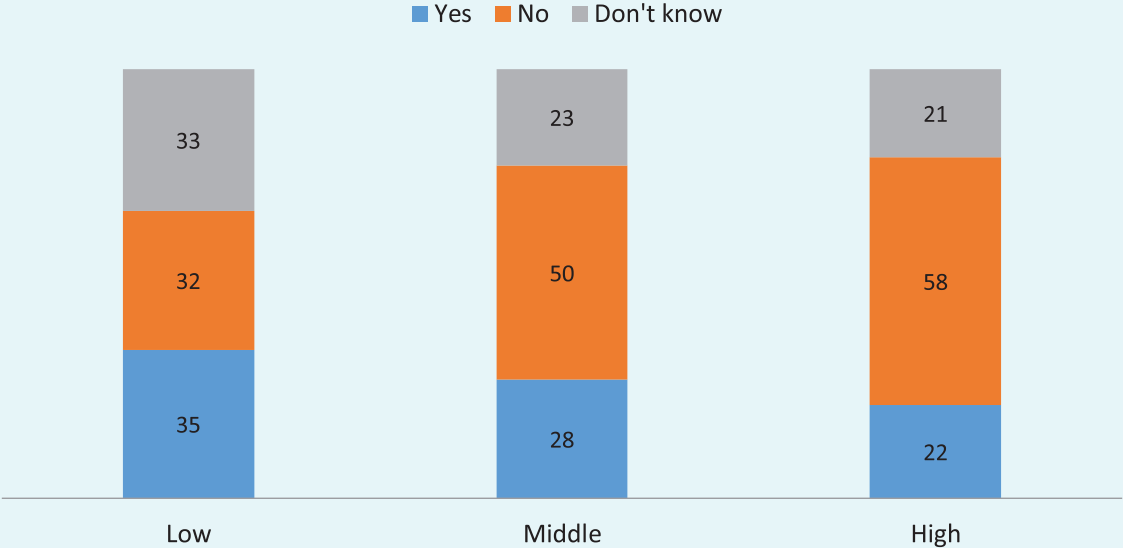
► Job expectations

Two-thirds of informal workers and a third of formal workers fear losing their job in the following four weeks. Uncertainty about maintaining the job increased among poorer respondents (Figure 21).

► **Figure 21:** Waged workers' expectations of maintaining the job, by job formality (%)



► **Figure 22:** All workers' expectations of maintaining the job, by wealth index (%)





ANNEX

Assumptions

► Weights are computed based on the probability that an individual and the household owns a mobile phone, and reflect the population age, sex, and education distribution. Hence, for those who were interviewed by landline and own a mobile, a market company was assigned to them randomly based on the company market share.

► One big challenge was to accurately identify the employment status from the questionnaire in February 2020 and at the time of the survey.

For the status in February 2020, the following assumptions are considered:

- If the individual worked in February (Q110) or had employment characteristics in section 2, then this person is considered employed in February 2020. The employment characteristics are used to classify the employment as the classes in COVID-19 MENA Monitor questionnaire (COR18).
- The individual is considered unemployed and looking for work if not employed/attached (Q101/Q102), wanted to work (Q105), and were not working in Feb. (Q111/Q112) (not necessarily ready/search).
- The remaining categories from those out of the labour market are based on Q107.
- The questionnaire skipped asking those who mentioned that they are engaged in work and temporarily not working because of corona any further questions that investigate possible unemployment under the assumption that they should be considered employed. This assumption caused a decrease in the unemployment between February 2020 and current status (at time of the survey) if we require “the search in the current status” (from Q155 to Q136). If the search is not required for the numbers to be comparable, then there is an increase (Q155 -Q221).

For the current status we assumed the following:

- The employed are those who answered yes to be working last week, or answered temporarily not working but engaged to a work (for less than a year).
- Not currently working and not engaged and does not want to work/not willing to work is considered out of labour market.
- Not currently working and not engaged to work and willing to work/ready to work is considered unemployed.

⁷There is not enough evidence in the data to confirm that engagement to a job among the informal workers implies they are employed, but they are considered employed in the analysis.

⁸Formal is defined if the employee holds a contract and social insurance.

⁹Two observation mentioned that they did not want to work in the past week (Q105), but searched for a work (Q110). The reference period is not available for search and the skipping allowed for answering both questions they were considered out of labour force.

Acknowledgements

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