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HIGHLIGHTS: SECOND WAVE JUNE 2021

Rapid Labour Force Survey of COVID-19 Impact on Small and Medium Enterprises in Egypt

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Key Findings

- This report complements the household survey analysis by looking at the key findings from the data collected on small and medium enterprises in Egypt. The survey targets firms that had 6 to 199 workers before the pandemic (February 2020), and is conducted by phone. A sample of 500 firms was randomly drawn and stratified using the Yellow Pages. Wave 2 was conducted between May and July 2021.

- As of May 2021, more than half of the firms surveyed in Egypt operated in trade and retail and manufacturing and agriculture (38 and 27 percent, respectively), while 18 percent were in services and 10 percent were in food and accommodation.

- Overall economic activities, the mean number of all workers increased slightly between February 2020 and the time of the interview for the first wave (from 27.4 to 27.5). However, in the second wave the mean number of workers in all activities increased significantly to 36.8 workers, with the largest increase in the category of definite and indefinite duration contract workers (from 8.6 workers in Feb 2020 to 9.3 in wave 1 and 14.6 in wave 2). While the mean number of indefinite duration contract workers increased from 10.6 and 10.4 in February 2020 and wave 1 to 15.1 in wave 2. Within the category of indefinite duration contract workers, the median firm in the full sample had a decline in the number of workers (from four workers in February 2020 and wave 1 to three in wave 2). This suggests a large difference between the number of indefinite duration contract workers in the median firm and the average number of workers in that category.

- The number of firms having import/export activities declined between waves 1 and 2, from nearly one third in wave 1 to only 24.3 percent in wave 2. The economic sector with the highest mean share of importing and/or exporting firms (traders) is still unchanged between both waves (46.7 percent of firms in wave 1 and 46.1 percent in wave 2).

- Out of the 500 firms surveyed in Egypt, 146 firms reported keeping inventory, the majority of which are in trade and retail (63 firms). The highest share of firms keeping inventory by economic activity was in trade and retail (46.3 percent, 63 firms), with the highest average number of inventory days being 68.3 days for firms in trade and retail.

- The majority of firms surveyed in the second wave reported adopting no coping strategy (43 percent of all firms surveyed), while 36 percent reported receiving aid from friends and family in Egypt. Also, a large share of firms reported resorting to credit and advances (34 percent). A small share of firms contracted bank credit (14 percent), and 5 percent rescheduled bank loans. The main change in waves results, in terms of coping strategies, is that most of the first wave firms reported receiving aid from family and friends, while in the second wave, most of the surveyed firms reported adopting no coping strategy.

Introduction

This report complements the household survey analysis by looking at the key findings from the data collected on small and medium enterprises in Egypt. The phone survey targets firms that had 6 to 199 workers before the pandemic (February 2020). A sample of 500 firms was randomly drawn and stratified using the Yellow Pages. Wave 2 was conducted between May and July 2021[1]. Table 2.1 presents the distribution of the firms surveyed (number of firms) by size and economic activity with percentages from total sample in parenthesis for both waves 1 and 2[2].

Table 2-1: COVID-19 Policy Responses (Wave 1)

Firm size			Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Wave 1	6-9 workers	Feb-20	26 (19.5)	7 (5.1)	54 (40.3)	10 (7.4)	37 (27.6)	133 (100)
		Current	24 (16.6)	10 (6.9)	63 (43.5)	10 (6.9)	38 (26.2)	145 (100)
	10-24 workers	Feb-20	21 (10.2)	21 (10.1)	91 (44.8)	21 (10.2)	50 (24.7)	204 (100)
		Current	26 (13.2)	17 (8.6)	89 (44.5)	21 (10.4)	46 (23.2)	199 (100)
	25-49 workers	Feb-20	16 (17.6)	8 (9.3)	34 (36.9)	9 (9.6)	24 (26.6)	91 (100)
		Current	16 (18.8)	8 (9.1)	26 (30)	8 (9)	28 (33.1)	85 (100)
	50+ workers	Feb-20	21 (29.1)	11 (15.8)	11 (15.7)	5 (7.5)	23 (31.9)	72 (100)
		Current	17 (24.7)	12 (17.4)	12 (17.6)	7 (9.2)	22 (31.1)	71 (100)
	Total	Feb-20	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
		Current	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)

[1] Can be accessed at https://www.yellowpages.com.eg/en.
[2] Figures in table 2.1 are weighted using firm weights.

Wave 2	6-9 workers	Feb-20	12 (10.9)	5 (4.2)	35 (30.7)	25 (22)	36 (32.2)	113 (100)
		Current	12 (10.4)	7 (5.5)	41 (34.3)	25 (20.8)	35 (29)	120 (100)
	10-24 workers	Feb-20	20 (11)	13 (7.1)	70 (39.3)	25 (14.1)	51 (28.4)	178 (100)
		Current	22 (12.6)	6 (3.6)	67 (38.1)	24 (13.8)	56 (31.9)	176 (100)
	25-49 workers	Feb-20	6 (6.5)	7 (7.8)	20 (21.8)	14 (14.8)	46 (49.2)	94 (100)
		Current	4 (5.2)	9 (11.1)	14 (16.7)	14 (16.6)	42 (50.3)	84 (100)
	50+ workers	Feb-20	12 (10.4)	9 (7.7)	9 (8.2)	28 (24.3)	57 (49.4)	115 (100)
		Current	8 (7.3)	9 (8.5)	9 (8.6)	28 (25.3)	56 (50.4)	110 (100)
	Total	Feb-20	50 (10)	34 (6.7)	135 (26.9)	92 (18.4)	190 (38)	500 (100)
		Current	47 (9.6)	32 (6.4)	132 (26.9)	91 (18.6)	189 (38.5)	490 (100)

Source: Constructed by authors using the ILO/ ERF COVID-19 Monitor.

The stratification was done using economic activity, namely: services, food & accommodation, trade and agriculture, construction, and industry[3]. The sample frame was restricted to firms that had 6 to 199 workers in February 2020, based on an eligibility question during the phone interview. Up to three attempts were made to ensure response, if a phone number was not picked up/answered, disconnected or busy, or picked up but could not complete the interview at that time. After the third failed attempt, the firm is treated as a non-response and a random firm from the same stratum is selected as a substitute.

The response rates of each group is presented in table 2.2. The panel column shows the response rates among firms who consented to a follow-up. Phones lines that were disconnected/busy (after multiple calls) and firms who were not eligible are excluded from the response rate calculations. The refresher column shows response rates among the newly added firms to the sample. The responses are based on the final result, which may have been collected in the first, second, or third call attempt.

[3] See ERF sample and weighting technical documentation for more details.

Table 2-2: Firms response rates by response (%)

	Wave 1	Wave 2 - Refresher	Wave 2 - Panel
Phone disconnected/busy	5	26	12
Not in service	45	13	0
Did not answer	7	19	11
Picked up and refused	25	26	36
Incomplete, and refused	2	3	8
Incomplete, return call	0	0	0
Complete	5	6	32
Not Eligible	10	7	0
Total	100	100	100
Response rate	14	11	37

The presented data in this report has been weighted to ensure the basic characteristics of the sample reflect the underlying universe of firms. An inverse probability weighting was used to weight the firms' sample to account for non-response rates and the sampling strategy. The weights are then normalized to have a mean of one.[4]

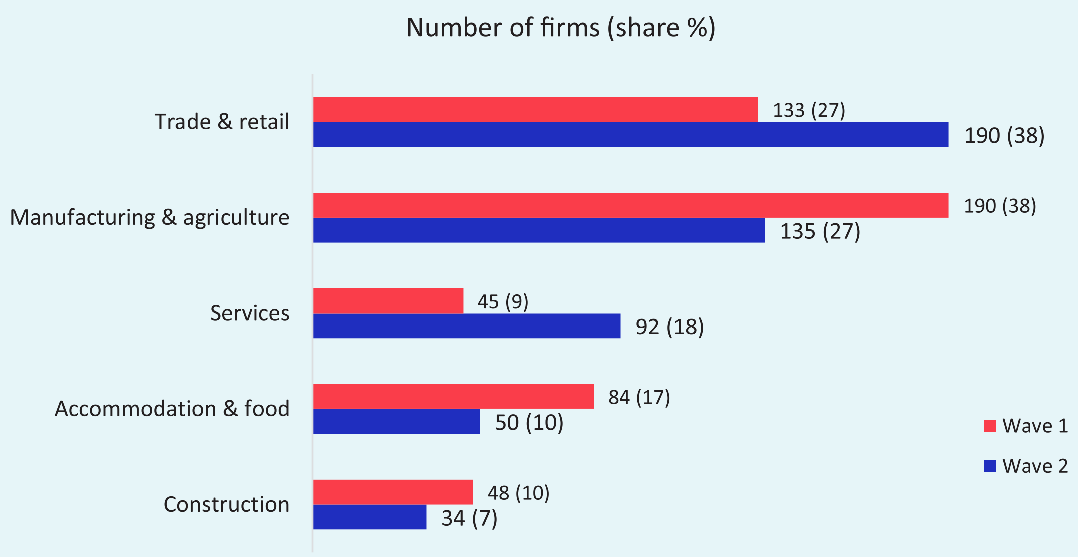
The following section summarizes the main findings from the firms' data in the second wave, focusing on those indicators that showed a notable change between the first and second waves. Section 3 presents the analysis for firm characteristics, firm survival, and coping strategies. Sections 4 and 5 present stylized facts on sales and revenues and employment for firms in Egypt, respectively.

[4] The weights used cannot overcome the unobservable characteristics of firms and their respective non-response bias. The weighting of the firms' data is discussed in further detail in the appendix of this report.

Firm characteristics, survival, and coping strategies

As shown in figure 3.1, the distribution of the 500 surveyed firms is based on aggregated economic activities due to the low variation at a disaggregated level (given the sample size). The distribution of firms by economic activity and size did not vary between waves 1 and 2. The majority of SMEs in Egypt still operates in trade and retail and manufacturing and agriculture (38 and 27 percent, respectively), while 10 percent are in food and accommodation and 18 percent are in other services.

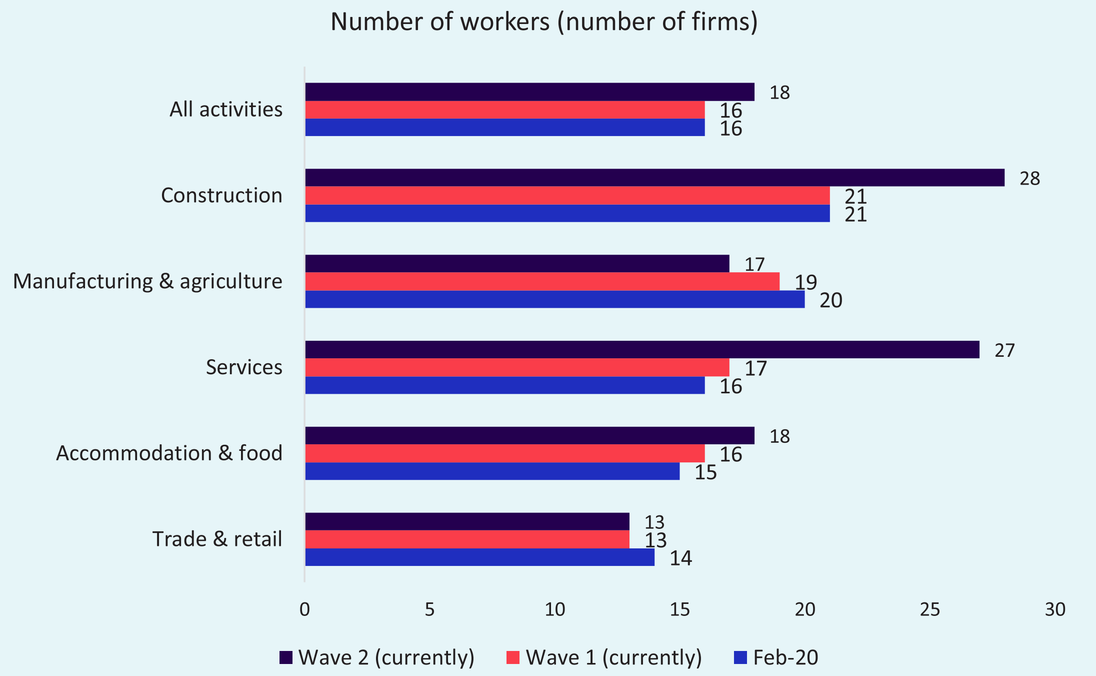
Figure 3-1: Share of firms by economic activity



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Figure 3.2 compares the median number of workers between February 2020 and at the time of interview of wave 1 and wave 2 by economic activity. The median number of workers in the full sample did not change between February 2020 and wave 1 (16 workers). The median firm in wave 2, however, witnessed an increase of two workers (18 workers). The same applies to firms in construction, there was no change between February 2020 and wave 1 (21 workers), however, an increase of 7 workers is observed in wave 2 (28 workers). The largest increase for the median SME surveyed in Egypt was in services, where the median firm had 16 workers in February 2020, 17 workers in wave 1 and then 27 workers in wave 2. Firms in manufacturing and agriculture and trade and retail witnessed a decline in the number of workers for the median firm in wave 2 (compared to wave 1 and February 2020).

Figure 3-2: Median number of workers by economic activity



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Looking at the total number of workers by economic activity before and after the pandemic, shows a holistic view of how firms and workers were impacted. In the following table (3.1), we demonstrate the impact of the pandemic on firms across different types of workers, from the most stable type of employment (indefinite duration contract workers) to the least (unpaid workers). In addition to other types of employment such as definite duration contract workers and workers without contracts. Table 3.1 provides more detailed summary statistics on the impact of COVID-19 on firms and workers, for both waves. More detailed analysis on employment is presented in section 5.

The summary statistics of the number of workers by type of employment and economic activity is shown in table 3.1. In the survey, firms were only asked to report on the number of unpaid workers as of February 2020. Overall economic activities, the mean number of all workers increased slightly between February 2020, as well as the time of the interview for the first wave (from 27.4 to 27.5)[5]. However, in the second wave the mean number of workers in all activities increased significantly to 36.8 workers, with the largest increase in the category of definite and indefinite duration contract workers (from 8.6 workers in February 2020 to 9.3 in wave 1 and 14.6 in wave 2). While the mean number of indefinite duration contract workers increased from 10.6 and 10.4 in February 2020 in wave 1, it increased to 15.1 in wave 2.

[5] Compared to an unchanged number of all workers for the median firm between February 2020 and the time of the interview, as shown in figure 3.2.

Table 3-1: Workers by employment type and activity

			Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Total workers	Mean	Feb-20	32.6	36.1	20.7	30.5	29.4	27.4
		Wave 1	31.4	36.5	20.1	34.9	30.1	27.5
		Wave 2	29.2	44.2	21.1	45	44.4	36.8
	Median	Feb-20	20	21	14	15	16	16
		Wave 1	19	21	13	16	17	16
		Wave 2	17	28	13	18	27	18
	Sd	Feb-20	31.3	38.4	23.1	41.6	33.5	31.4
		Wave 1	33.7	39.7	24	55.9	34.5	34.4
		Wave 2	33.4	47.8	28.7	53.3	46.1	43.7
Indefinite duration contract workers	Mean	Feb-20	11.3	13.7	8	11.9	12.3	10.6
		Wave 1	11.1	13.9	7.7	11.2	12.4	10.4
		Wave 2	13.5	13.9	6.9	15.2	21.4	15.1
	Median	Feb-20	0	6	4	4	4	4
		Wave 1	0	4	4	3	4	4
		Wave 2	6	0	2	1	6	3
	Sd	Feb-20	19.8	21.4	15.7	27.3	22.5	20.2
		Wave 1	20.5	21.6	15.2	25.1	22.7	19.9
		Wave 2	22.6	30	13.2	31.9	37.7	30.1
Definite duration contract workers	Mean	Feb-20	10	13.5	6.3	11	8.5	8.6
		Wave 1	10.7	14.2	6.3	16.2	8.8	9.3
		Wave 2	9.2	17.4	7.9	23.2	16.1	14.6
	Median	Feb-20	0	0	0	3	0	0
		Wave 1	0	0	0	2	0	0
		Wave 2	0	5	0	0	1	0
	Sd	Feb-20	24.5	25.2	16.2	26.1	19.7	20.7
		Wave 1	26.3	26	16.3	50.3	21.1	25.1
		Wave 2	22.5	29.4	22.4	47.4	31.2	32.3

No contract workers	Mean	Feb-20	9.2	6.9	4.4	5.2	6.8	6.1
		Wave 1	7.4	6.4	4.1	5.2	7.1	5.8
		Wave 2	5.1	9.8	4.6	4.9	5.8	5.5
	Median	Feb-20	2	0	0	2	0	0
		Wave 1	2	0	0	3	2	0
		Wave 2	0	1	0	2	0	0
	Sd	Feb-20	16.1	12.9	8.7	8.1	18.6	13.7
		Wave 1	14.1	13	9.3	7.7	18.7	13.5
		Wave 2	10.5	15	9.2	7.1	18.9	14
Unpaid workers	Mean	Feb-20	2.2	2	2	2.3	1.9	2
	Median	Feb-20	1	2	1	1	1	1
	Sd	Feb-20	1.9	2.4	2.7	3.5	2.5	2.6

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Within the category of indefinite duration contract workers, the median firm in the full sample had a decline in the number of workers (from 4 workers in February 2020 and wave 1 to 3 in wave 2). This suggests a large difference between the number of indefinite duration contract workers in the median firm and the average number of workers in that category. Firms that have more than 3 indefinite duration contract workers (50 percent of the firms) have considerably larger number of such workers, and hence, this reveals the large difference between the mean and median. This is also reflected in the large standard deviation.

Meanwhile, almost all economic activities witnessed an increase in the mean number of all types of workers, except for firms in manufacturing and agriculture. With the largest increase being in SMEs in services (an increase from 29.4 and 30.1 in February 2020 and wave 1 to 44.4 in wave 2). Firms in manufacturing and agriculture witnessed a slight decline in all types of workers from 32.6 in February 2020 to 31.4 in wave 1 to 29.2 in wave 2.

A high standard deviation within all types of employment (in some cases considerably higher than the mean) can explain the notable difference between the median number of workers and the mean. Moreover, it indicates that the data on the number of workers by economic activity is spread over a large range of values. This low variation can also be due to the low sample size within each economic activity, since the standard deviation for all workers in all economic activities is slightly higher than the mean for the full sample.

As for the least stable type of employment, the average number of no contract workers slightly decreased for all firms. With the most notable decline witnessed between manufacturing and agriculture sector firms (from 7.4 in wave 1 to 5.1 in wave 2), food and accommodation (from 5.2 to 4.9), and services (from 7.1 to 5.8). However, firms in construction, trade and retail had a considerable increase in the average number of no contract workers between waves 1 and 2 (from 6.4 to 9.8 and from 4.1 to 4.6, respectively).

Table 3-2: Foreign ownership and inventory status

			Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Traders (%)	Wave 1	Mean	35.1	20	46.7	14.6	19.1	31.9
		Sd	48	40.3	50	35.7	39.5	46.7
	Wave 2	Mean	34.9	20	46.1	7.1	14.9	24.3
		Sd	48	40.3	50	26	35.7	42.9
Foreign owned (%)	Wave 1	Mean	3.1	0.6	1.8	7.3	3.8	3
		Sd	17.5	8.1	13.5	26.3	19.1	16.9
	Wave 2	Mean	9.4	2.1	0.5	4.2	9.1	5.4
		Sd	29.4	14.5	7.3	20.2	28.8	22.7
Size of foreign ownership (%)	Wave 1	Mean	39.5	100	56.7	100	62.7	64
		Median	39.5	100	50	100	55	50
		Sd	14.8		30.6	0	32.4	30.5
	Wave 2	Mean	75.5	60	100	100	73.6	77.4
		Median	100	60	100	100	90	100
		Sd	33.3			0	28.1	27.8
Keeps inventory (%)	Wave 1	Mean	43.6	30.3	46.2	27.1	15.8	34.4
		Sd	49.9	46.3	50	45	36.6	47.5
	Wave 2	Mean	29.7	26	46.3	24.4	19.9	29.2
		Sd	46	44.3	50	43.5	40	45.5
Number of inventory days	Wave 1	Mean	114.8	34.2	64.9	29.4	77.5	72
		Median	30	30	30	20	14	30
		Sd	207.9	32	91.6	31.5	121.3	125.8
	Wave 2	Mean	82	40.8	68.3	28.1	55.1	60.1
		Median	30	30	30	15	30	30
		Sd	150	45.6	103.4	23.6	80	98.1

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Table 3.2 shows other firms' characteristics, including the percentage of traders firms, the share of foreign-owned firms (partially or fully), the size of foreign ownership, whether the firm keeps inventory or not and the number of inventory days kept by economic activity. The number of traders firms declined between waves 1 and 2, from nearly 1/3 in wave 1 to only 24.3 percent in wave 2. The economic sector with the highest mean share of importing and/or exporting firms (traders) is still unchanged between both waves (trade and retail), where nearly 46.7 percent of firms were traders in wave 1 and 46.1 percent were traders in wave 2.

Table 3-3: Distribution of firms by foreign ownership and inventory status

		Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Wave 1	Fully local	81	47	186	42	129	485
	Partly or fully foreign	3	0	3	3	5	15
	Total	84	47	190	45	134	500
Wave 2	Fully local	45	33	135	88	173	474
	Partly or fully foreign	5	1	1	4	17	27
	Total	50	34	135	92	190	501
Wave 1	Does not keep inventory	47	33	102	33	113	328
	Keeps inventory	37	14	88	12	21	172
	Total	84	47	190	45	134	500
Wave 2	Does not keep inventory	35	25	73	69	152	355
	Keeps inventory	15	9	63	22	38	146
	Total	50	34	135	92	190	501

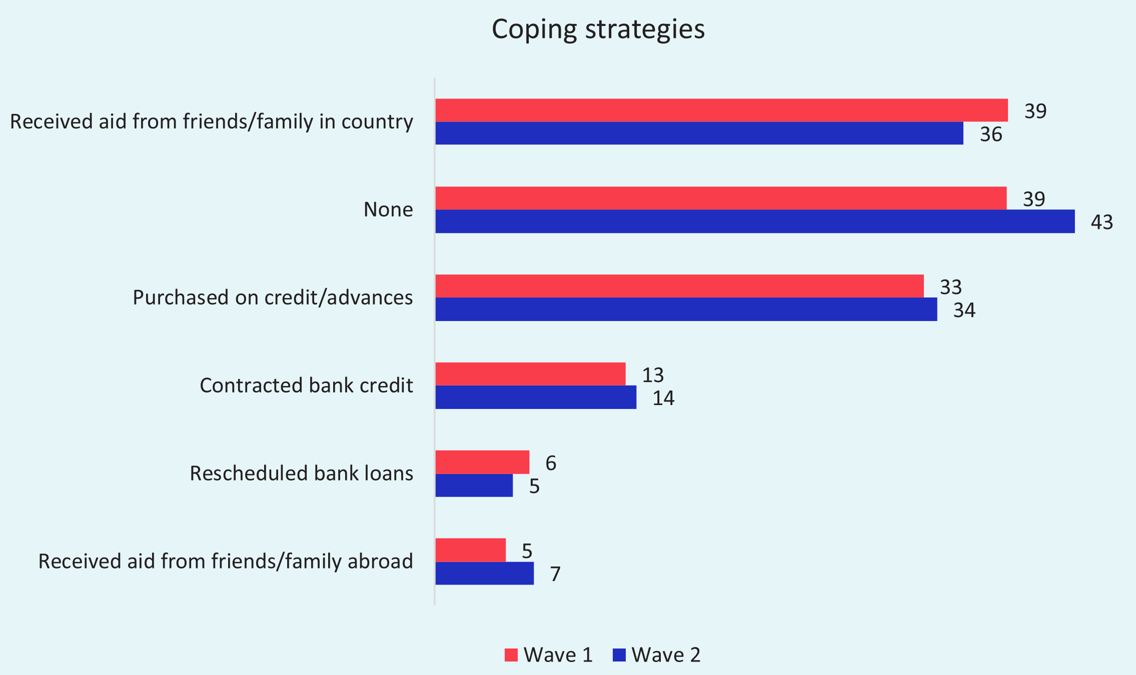
Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Across all economic activities, only 3 percent of firms (on average) were either partially or fully foreign owned in Egypt in the first wave, compared to 9 percent in wave 2 (15 and 27 firms, respectively, see table 3.3). Out of the 27 firms partially or fully foreign owned, 17 were in services, 5 in manufacturing and agriculture, and four were in food and accommodation. With the highest average size of foreign ownership being in services (73.6 percent foreign ownership in wave 2) compared to 90 percent foreign ownership for the median firm in the same sector (out of the 17 firms with foreign ownership operating in services). It is difficult to draw any interpretations from the size of foreign ownership variable in the data, since only a quite small number of firms in Egypt reported having partial or full foreign ownership (see table 3.3).

In terms of inventory status, the issue of low variation due to sample size is less applicable compared to the size of foreign ownership variable. Out of the 500 firms surveyed in Egypt, 146 firms reported keeping inventory, the majority of which are in trade and retail (63 firms). The highest share of firms keeping inventory by economic activity was in trade and retail (46.3 percent, 63 firms). Additionally, the highest average number of inventory days is 68.3 days for firms in trade and retail[6].

In addition to business models, economic activities and types and size of employment offered, firms also differed by their response to the pandemic and adopted different coping strategies. Figure 3.3 below shows the share of firms adopting different coping strategies.

Figure 3-3: Firms' coping strategies



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

The majority of firms surveyed in the second wave reported adopting no coping strategy (43 percent of all firms surveyed), while 36 percent reported receiving aid from friends and family in Egypt. Also, a large share of firms reported purchasing in credit and advances (34 percent). A small share of firms contracted bank credit (14 percent), and 5 percent rescheduled bank loans. Figure 3.3 also shows that comparison between firms' coping strategies in waves 1 and 2.

Table 3.4 presents the summary of all firm responses in terms of coping strategies by economic activity for both waves. The number of firms is shown in the table along with the row percentage shares in parenthesis. Out of 216 firms (nearly 43 percent of all firms surveyed), the majority of firms that reported adopting no coping strategies were in services (87 firms) and trade and retail (55 firms). Meanwhile, out of the 179 firms receiving aid from family or friends in country, 34.8 percent were in services (62 firms) and 25.6 percent were in trade and retail (46 firms).

The main change between both waves in terms of coping strategies, is that most of the first wave firms received aid from family and friends in Egypt, while in the second wave, most of the firms reported adopting no coping strategy.

[6] Numbers from table 3.2 shall not be compared to table 3.3, as the summary statistics presented in table 3.2 are weighted (see the appendix).

Table 3-4: Coping strategies by economic activity

Coping strategy		Number of firms (row share, %)	Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Contracted bank credit	Wave 1	Did not adopt	71 (16.4)	39 (9)	162 (37.2)	36 (8.3)	127 (29.1)	435 (100)
		Adopted	12 (19)	8 (12.5)	28 (42.9)	9 (13.6)	8 (12)	65 (100)
		Total	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
	Wave 2	Did not adopt	38 (8.7)	29 (6.7)	112 (25.9)	81 (18.7)	174 (40.1)	433 (100)
		Adopted	12 (18.1)	5 (7)	24 (34.6)	11 (16.4)	16 (23.9)	68 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Rescheduled bank loans	Wave 1	Did not adopt	81 (17.4)	43 (9.2)	176 (37.5)	43 (9.1)	125 (26.8)	468 (100)
		Adopted	2 (7.4)	4 (13.4)	14 (43.7)	2 (7)	9 (28.4)	32 (100)
		Total	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
	Wave 2	Did not adopt	46 (9.8)	30 (6.4)	128 (26.9)	88 (18.6)	182 (38.3)	474 (100)
		Adopted	4 (13.7)	3 (12.7)	8 (29.3)	4 (13.8)	8 (30.5)	27 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Purchased on credit/ advances	Wave 1	Did not adopt	43 (12.7)	28 (8.3)	128 (38.1)	32 (9.5)	105 (31.4)	335 (100)
		Adopted	41 (24.9)	19 (11.7)	62 (37.6)	13 (8)	29 (17.7)	165 (100)
		Total	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
	Wave 2	Did not adopt	30 (9.2)	16 (5)	81 (24.5)	69 (20.7)	135 (40.6)	331 (100)
		Adopted	19 (11.5)	17 (10.2)	54 (32)	23 (13.6)	55 (32.7)	170 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)

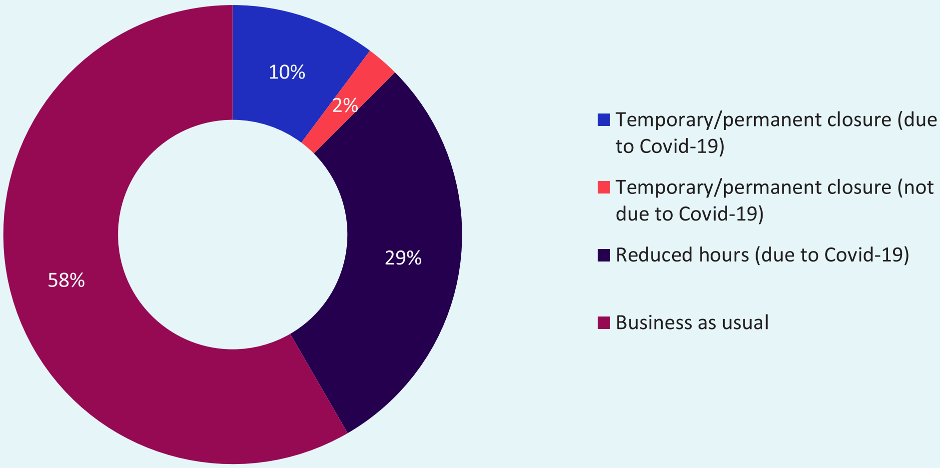
Received aid from friends/ family in country	Wave 1	Did not adopt	51 (16.5)	31 (10.2)	120 (39.1)	29 (9.3)	77 (25)	307 (100)
		Adopted	33 (17.2)	16 (8.3)	70 (36.2)	16 (8.5)	58 (29.9)	193 (100)
		Total	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
	Wave 2	Did not adopt	33 (10.3)	21 (6.5)	90 (27.8)	51 (15.8)	128 (39.7)	322 (100)
		Adopted	17 (9.4)	13 (7.2)	46 (25.6)	41 (23)	62 (34.8)	179 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Received aid from friends/ family abroad	Wave 1	Did not adopt	79 (16.6)	43 (8.9)	182 (38.2)	44 (9.2)	129 (27.1)	476 (100)
		Adopted	5 (19.3)	5 (19.5)	8 (33.7)	1 (4.5)	6 (23)	24 (100)
		Total	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
	Wave 2	Did not adopt	48 (10.3)	31 (6.7)	128 (27.4)	88 (18.7)	172 (36.9)	467 (100)
		Adopted	2 (5.2)	3 (7.6)	7 (21.9)	4 (13)	18 (52.3)	34 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
None	Wave 1	Did not adopt	59 (19.3)	31 (10)	112 (36.5)	28 (9.3)	77 (24.9)	307 (100)
		Adopted	24 (12.7)	17 (8.6)	78 (40.2)	16 (8.5)	58 (29.9)	193 (100)
		Total	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
	Wave 2	Did not adopt	33 (11.5)	24 (8.3)	81 (28.4)	45 (15.7)	103 (36.1)	285 (100)
		Adopted	17 (7.9)	10 (4.6)	55 (25.3)	47 (21.9)	87 (40.3)	216 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Looking at the current status of businesses at the time of interview, a similar trend is observed in table 3.4. Figure 3.4 shows the shares of firms reporting different business statuses at the time of the interview. The majority of firms surveyed in Egypt in the second wave reported having business as usual (nearly 58 percent). Out of the firms that experienced disruptions due to the pandemic, most reported reducing hours as a change to their current business status (29 percent) and only 10 percent reported temporarily or permanently closing. A quite small percentage of firms reported temporary or permanent closure unrelated to the pandemic (2 percent). This is also quite similar to the first wave findings, where most of the firms reported business as usual (47 percent) while 41 percent reported reduced working hours[7].

[7] See the highlights reports from wave 1.

Figure 3-4: Current business status



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

The breakdown of the business status responses by economic activity is shown in table 3-5. It is then followed by the main challenges faced by businesses that led to their current status and can also be linked to the firms' respective coping strategies.

Table 3-5: Business status by economic activity

Number of firms (share, %)		Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Temporary/ permanent closure (due to COVID-19)	Wave 1	5 (10.9)	4 (8.8)	13 (26.6)	11 (22.5)	15 (31.2)	48 (100)
	Wave 2	7 (12.8)	3 (6.4)	15 (29.4)	8 (14.7)	19 (36.8)	51 (100)
Temporary/ permanent closure (not due to COVID-19)	Wave 1	2 (19)	0 (2.5)	5 (37.9)	1 (8.9)	4 (31.7)	12 (100)
	Wave 2	1 (4.9)	0 (2.9)	5 (46.8)	4 (37.5)	1 (7.9)	12 (100)
Reduced hours (due to COVID-19)	Wave 1	44 (21.5)	15 (7.3)	85 (41.8)	14 (7.1)	46 (22.3)	204 (100)
	Wave 2	12 (8.2)	9 (5.8)	45 (30.9)	28 (19.3)	52 (35.8)	146 (100)
Business as usual	Wave 1	32 (13.7)	28 (11.8)	87 (36.9)	19 (7.9)	70 (29.7)	235 (100)
	Wave 2	31 (10.6)	22 (7.4)	70 (23.9)	52 (17.7)	118 (40.4)	292 (100)
Total	Wave 1	84 (16.8)	47 (9.4)	190 (37.9)	45 (9)	134 (26.9)	500 (100)
	Wave 2	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

A more detailed summary of current business status for firms by different economic activities is presented in table 3.5. Out of the 146 firms reporting reduced number of working hours, 35.8 percent were in services, 30.9 percent were in trade and retail, and 19.3 percent were in food and accommodation. Quite a few firms (51) reported temporary or permanent closure due to the pandemic (as seen in figure 3.4), most of which operated in services (36.8 percent, 19 firms). The detailed breakdown for the distribution of firms by business challenges and economic activity is presented in table 3.6.

▶ **Table 3-6:** Business challenges by economic activity

Business challenge		Number of firms (row share, %)	Manu. & Agri.	Const.	Trade & retail	Accom. & food	Services	All activities
Difficulties in accessing customers mobility restrictions	Wave 1	Not Mentioned	48 (20.8)	28 (12.1)	73 (31.6)	17 (7.4)	65 (28.1)	231 (100)
		Mentioned	39 (14.5)	39 (14.5)	95 (35.3)	24 (8.9)	72 (26.8)	269 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	27 (12.2)	15 (6.9)	61 (27.6)	26 (11.6)	92 (41.7)	221 (100)
		Mentioned	23 (8.2)	19 (6.6)	75 (26.6)	66 (23.6)	98 (34.9)	280 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Loss in demand due to other customer reasons	Wave 1	Not Mentioned	26 (15.4)	25 (14.8)	52 (30.8)	16 (9.5)	50 (29.6)	169 (100)
		Mentioned	61 (18.4)	42 (12.7)	116 (35)	25 (7.6)	87 (26.3)	331 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	16 (7.8)	14 (6.9)	52 (25.4)	38 (18.6)	85 (41.3)	205 (100)
		Mentioned	34 (11.5)	20 (6.6)	83 (28.2)	54 (18.1)	105 (35.5)	296 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Difficulties in accessing suppliers due to mobility restrictions	Wave 1	Not Mentioned	58 (21.3)	34 (12.5)	77 (28.3)	20 (7.4)	83 (30.5)	272 (100)
		Mentioned	29 (12.7)	33 (14.5)	91 (39.9)	21 (9.2)	54 (23.7)	228 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	28 (10.1)	16 (5.8)	58 (20.6)	58 (20.6)	121 (43)	281 (100)
		Mentioned	22 (9.9)	17 (7.9)	78 (35.3)	34 (15.5)	69 (31.4)	220 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)

Reduction in the availability/ price increases for the main inputs	Wave 1	Not Mentioned	21 (14)	22 (14.7)	42 (28)	15 (10)	50 (33.3)	150 (100)
		Mentioned	66 (18.9)	45 (12.9)	126 (36)	26 (7.4)	87 (24.9)	350 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	6 (4.7)	8 (5.7)	25 (18.2)	28 (20.4)	69 (51)	136 (100)
		Mentioned	44 (11.9)	26 (7.1)	111 (30.3)	64 (17.6)	121 (33)	365 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Difficulties with worker absenteeism	Wave 1	Not Mentioned	51 (20.7)	27 (11)	76 (30.9)	22 (8.9)	70 (28.5)	246 (100)
		Mentioned	36 (14.2)	40 (15.7)	92 (36.2)	19 (7.5)	67 (26.4)	254 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	24 (9.4)	15 (6.1)	68 (26.5)	51 (20.1)	97 (38)	255 (100)
		Mentioned	26 (10.6)	18 (7.4)	68 (27.6)	41 (16.5)	93 (37.9)	246 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Difficulties tending to my business b/c care giving	Wave 1	Not Mentioned	54 (17.9)	39 (13)	99 (32.9)	24 (8)	85 (28.2)	301 (100)
		Mentioned	33 (16.6)	28 (14.1)	69 (34.7)	17 (8.5)	52 (26.1)	199 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	30 (11.7)	13 (4.9)	73 (28.5)	47 (18.4)	93 (36.4)	255 (100)
		Mentioned	20 (8.1)	21 (8.6)	63 (25.5)	45 (18.3)	97 (39.4)	246 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)
Other difficulty (specify)	Wave 1	Not Mentioned	87 (17.5)	66 (13.3)	167 (33.7)	40 (8.1)	136 (27.4)	496 (100)
		Mentioned	0 (0)	1 (25)	1 (25)	1 (25)	1 (25)	4 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	48 (9.9)	31 (6.4)	134 (27.7)	82 (17.1)	188 (38.9)	483 (100)
		Mentioned	2 (12.6)	3 (16)	2 (8.3)	9 (52.4)	2 (10.8)	18 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)

No particular challenge	Wave 1	Not Mentioned	78 (17.2)	60 (13.2)	155 (34.2)	37 (8.2)	123 (27.2)	453 (100)
		Mentioned	9 (19.1)	7 (14.9)	13 (27.7)	4 (8.5)	14 (29.8)	47 (100)
		Total	87 (17.4)	67 (13.4)	168 (33.6)	41 (8.2)	137 (27.4)	500 (100)
	Wave 2	Not Mentioned	50 (10.7)	31 (6.7)	128 (27.6)	87 (18.7)	167 (36.2)	462 (100)
		Mentioned	0 (0.9)	3 (7)	8 (19.9)	5 (13.7)	23 (58.5)	39 (100)
		Total	50 (10)	34 (6.7)	135 (27)	92 (18.3)	190 (37.9)	501 (100)

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

The most reported challenge faced by businesses in Egypt is the shortage in main inputs or price increase (365 firms out of 500, 73 percent of firms). Similarly, most of the firms that reported challenges with input availability and prices operate in services (33 percent, 121 firms). The second most reported business challenge is the decreased demand (296 firms, 59.1 percent), followed by difficulties in accessing customers due to mobility restrictions (280 firms, 55.9 percent). Most of the firms reporting loss in demand, also operate in services (105 firms, 35.5 percent out of 296 firms). The same firms reported having difficulties in accessing customers due to mobility restrictions (98 firms in services, 35.3 percent, out of 280 firms). Meanwhile, the least reported business challenge is difficulties tending to business because of care-giving commitments and workers absenteeism (246 out of 500 firms, 49.1 percent equally for both challenges).

Sales and revenues

Table 4.1 shows the reported revenue percentage change over the past 60 days compared to the same period last year. In addition, firms were also asked to report their expectations of revenue change for the coming 60 days. Overall, firms reported an average decline in their revenue percentage change over the last 60 days from the time of the interview in the second wave, compared to the same period last year, reporting a decline in revenue between 39 and 49 percent on average. Their expectations of the same reference period for the coming 60 days, however, seem to be slightly more optimistic and certainly worse than their expectations in the first wave.

Firms in trade and retail were the most optimistic, expecting a revenue decrease by 8.8 percent in the coming 60 days (from the time of the interview), followed by firms in construction (reporting an expected decline in revenue by 13.2 percent). In fact, all firms reported expecting a decline in revenue over the next two months from the interview date (wave 2). Nearly all firms reported a growth in revenue for the coming 60 days on average (except for firms in trade and retail in wave 1), notably a different perspective from their responds in wave 1.

The bottom panel of table 4.1 also shows that firms that reported business as usual were the most optimistic in terms of revenue change over the next two months. There is also a notable pessimistic change in firms' perspective in terms of revenue growth for the next two months. In wave 1, we found that temporarily or permanently closed firms, due to the pandemic, expected a decline of 19.8 percent in revenue. In wave 2, the same type of firms expected a 64.6 percent decline in revenue. Within the full sample, firms in wave 1 expected a revenue increase of 3.7 percent compared to a reported decline of 16 percent in wave 2.

Table 4-1: Sales and revenue change

	Percentage revenue change last 60 days compared to last year (%)						Expected percentage revenue change over the coming 60 days compared to last year (%)					
	Wave 1			Wave 2			Wave 1			Wave 2		
Economic activity	Mean	Median	Sd	Mean	Median	Sd	Mean	Median	Sd	Mean	Median	Sd
Manufacturing & agriculture	-45.4	-50.0	31.1	-44.9	-50.0	34.5	8.3	20	40.7	-15.3	-20	42
Construction	-29.0	-40.0	44.1	-41.6	-50.0	28.7	19.7	20	52.5	-13.2	-20	46
Trade & retail	-40.6	-45.0	31.0	-38.6	-40.0	36.9	-2.7	10	43.1	-8.8	-10	46
Accommodation & food	-52.4	-50.0	33.5	-49.0	-50.0	35.6	1.6	20	54.9	-20.2	-30	55
Services	-38.8	-40.0	40.4	-40.8	-50.0	40.2	4.7	15	42.9	-19.9	-20	46
All activities	-41.1	-50.0	35.4	-42.3	-40.0	37.1	3.7	15	45	-16	-20	47

Current business status												
Temporary/ permanent closure (due to COVID-19)	-70.7	-80.0	32.4	-77.4	-90.0	32.8	-19.8	-20	55.5	-64.6	-70	42
Temporary/ permanent closure (not due to COVID-19)	-73.1	-70.0	21.5	-76.6	-100.0	30.7	-14	-25	41.9	-69.4	-100	41
Reduced hours (due to COVID-19)	-46.5	-50.0	30.3	-46.9	-50.0	29.0	-3.1	10	44.3	-18.6	-25	41
Business as usual	-28.3	-30.0	35.4	-29.7	-30.0	36.0	13.5	20	42	-1	10	43
Total	-41.1	-50.0	35.4	-42.3	-40.0	37.1	3.7	15	45	-16	-20	47

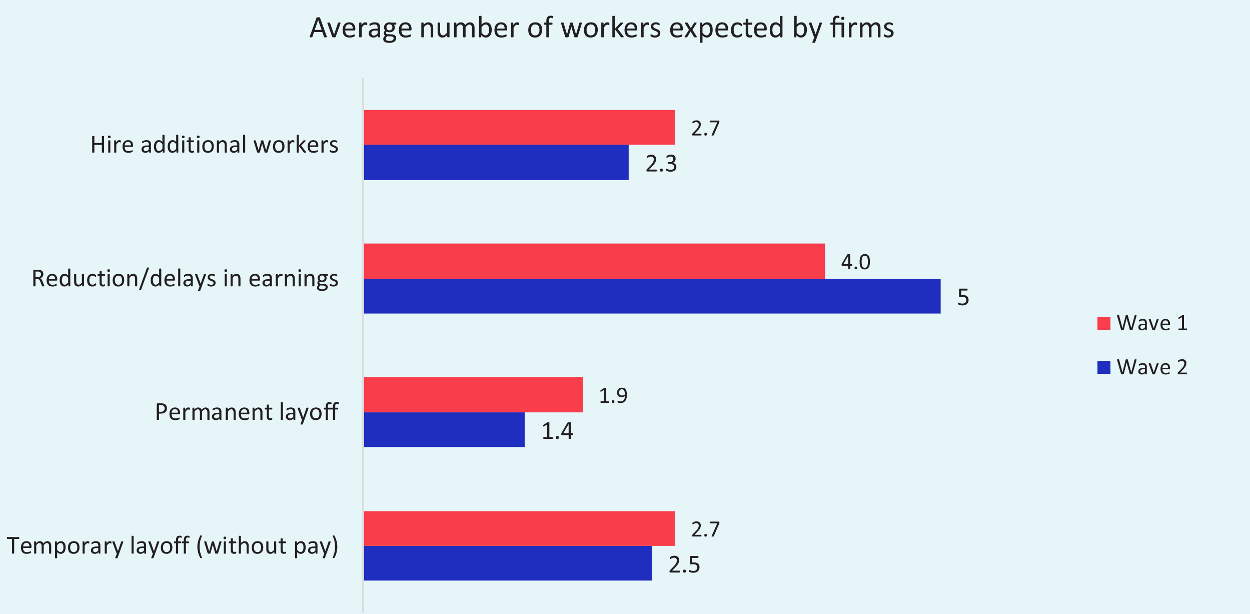
Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Employment

As shown in table 3.1, the mean number of employees increased across all economic activities between waves 1 and 2. This is the same except for firms working in the manufacturing and agriculture sector, when firms were asked to compare their number of employees as of February 2020 and at the time of the interview for both waves. The downsizing in manufacturing and agriculture took place in both indefinite duration contract workers and no contract workers (see table 3.1).

In addition, firms were also asked about their expectations for the next six months regarding their workforce. Figure 5.1 shows the responses in terms of the number of workers firms expect to hire, fire, and reduce or delay earnings for the next six months from the time of the interview in both waves.

Figure 5-1: Employment expectations



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

The most influential adaptation method reported in both waves, in terms of the workforce currently hired, is to reduce or delay earnings paid to employees. Firms surveyed in Egypt, expected to reduce or delay wages of around four workers on average due to the pandemic. More alarmingly, it is expected that 1.4 workers will be permanently laid off, and almost three are expected to be temporarily laid off during the next six months as a result of the pandemic or its related challenges. The reported trends of the current workforce expectations are quite similar between both waves.

To better capture the effect of the pandemic on firms' hiring decisions, table 5.2 presents the breakdown of the effect of the pandemic on workers actually hired by type of employment. On average and across economic activities, the highest increase in new hires in wave 2 were definite duration contract workers (1.2 workers). The highest number of definite duration contract workers were 3.1 newly hired in the food and accommodation sector (a considerable decline from 7 workers in wave 1). In fact, firms in food and accommodation were the most to hire new workers, on average, within all types of contracts. Firms in the food and accommodation sector were also the most expected to hire new indefinite duration contract workers (1.4 new hires on average). Firms operating in trade and retail hired the least number of new workers, with 0.2 definite and indefinite duration contract workers.

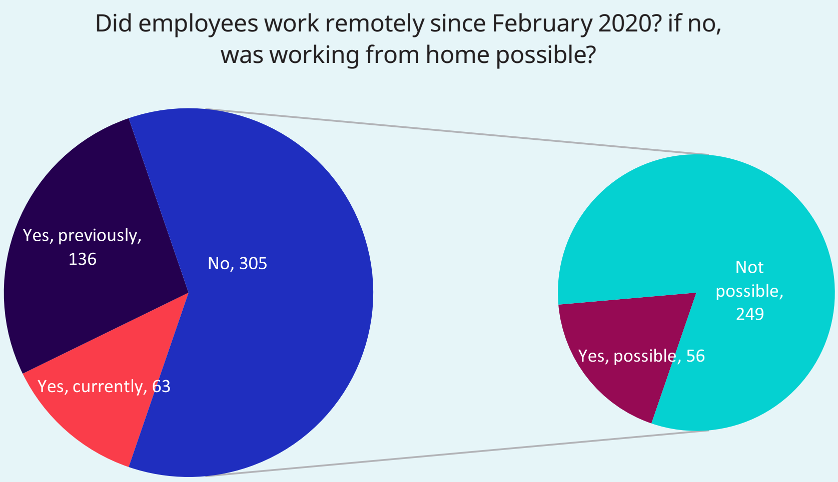
Table 5-1: Workers hired since February 2020 by contract type

		Workers without contracts hired since February 2020			Definite duration contract workers hired since February 2020			Indefinite duration contract workers hired since February 2020		
		Mean	Median	Sd	Mean	Median	Sd	Mean	Median	Sd
Manufacturing & agriculture	Wave 1	0.7	0	3.7	0.9	0	4.3	0.4	0	1.7
	Wave 2	0.1	0	0.4	0.3	0	1.6	0.7	0	3.1
Construction	Wave 1	0.4	0	2.2	1.1	0	3	0.5	0	1.7
	Wave 2	1.4	0	3.3	1.6	0	3.9	0.6	0	1.8
Trade & retail	Wave 1	0.6	0	2.7	0.3	0	1.4	0.3	0	1.1
	Wave 2	0.4	0	1.5	0.2	0	1.1	0.2	0	1
Accommodation & food	Wave 1	1.5	0	4.7	7	0	31.8	1.5	0	5.8
	Wave 2	0.7	0	3.2	3.1	0	20	1.4	0	4.8
Services	Wave 1	0.7	0	2.6	0.8	0	3	0.3	0	1.4
	Wave 2	0.3	0	1.7	1.1	0	4.1	0.4	0	1.3
All activities	Wave 1	0.7	0	3	1.2	0	10	0.4	0	2.2
	Wave 2	0.4	0	2.1	1.2	0	9	0.6	0	2.5

Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

246 firms reported having difficulties due to workers absenteeism since the start of the pandemic (table 3.6). The second wave surveyed firms were also asked about remote employment and the difficulties experienced when workers were allowed (if allowed) to work remotely from home. Figure 5.2 shows the distribution of firms by remote employment status. Out of the 500 surveyed firms in Egypt, 136 observed firms had employees that previously worked remotely, 63 still had employees working remotely at the time of the interview and 305 reported that their employees never worked remotely since the start of the pandemic. Only a small fraction of the firms that had no remote workers (305), reported that it was possible for employees to work remotely (56 firms), while the majority reported that it was not possible for employees to work remotely.

▶ **Figure 5-2:** Remote employment

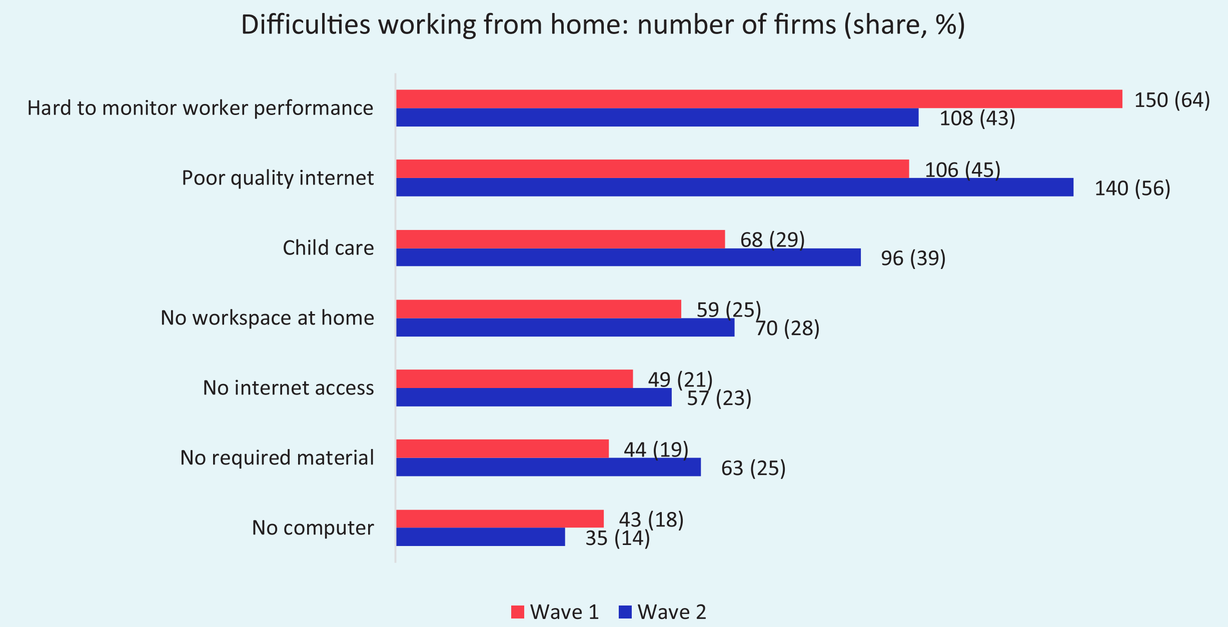


Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Revisiting those firms that reported not having any remote workers, and to capture some of the issues faced by firms who desired more working from home for their employees, figure 5.3 shows the distribution of the responses made by firms on difficulties faced with working from home arrangements for both waves.

Out of the 305 firms that reported having no remote workers, the majority of firms responding to this question cited poor internet quality as the main obstacle to remote employment. This is a significant change to the response in the first wave, where most firms believed that the main challenge with remote employment is monitoring worker performance. This is a notable change in perceptions as the pandemic continued to ground businesses while firms are gaining more experience with remote employment. Also, a considerable share of the 305 firms, cited childcare as the main obstacle to remote employment.

Figure 5-3: Difficulties working from home



Source: Constructed by author using the ILO/ ERF COVID-19 Monitor

Appendix

Inverse probability weighting was undertaken to account for the sampling strategy and non-response. Weights had the following inputs:

- Total number, T, of firms in the stratum, s, in the sampling frame (T_s)
- Number, N, of firms in the stratum, s, successfully completed in the sample (N_s)
- Share of firms successfully contacted in the stratum that were eligible (es)

The weight for a firm, f, in stratum s is calculated as:

$w_{(f,s)}=(T_s*e_s)/N_s$

We adjust the total number of firms in the sampling frame to account for the fact that not all firms were eligible by multiplying the sample frame number of firms in the strata, T_s, by the fraction eligible among contacted firms, e_s. Weights are then normalized to have a mean of one. The resulting weight is the same for all firms that are in the same stratum.

Sweden
Sverige

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HIGHLIGHTS: SURVEY JUNE 2021