International Labour Organization

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Jobs Creation Commission
Federal Democratic Republic of Ethiopia

The jobs impact of COVID19: Rapid labour force survey (RLFS/E)

***October 2021**, 3rd wave*

With support from

Sida
SWEDISH INTERNATIONAL
DEVELOPMENT COOPERATION AGENCY

Introduction

This note presents the summary findings from three waves of rapid labour market surveys conducted by the ILO and the JCC in Ethiopia, in August and November 2020 and in October 2021[1], with baseline retrospective data from February 2020 (collected in the first wave in August 2020). The data has been collected by phone from a randomised digital dialling (RDD) sample of 2500 persons aged 18 to 64, residing in urban areas[2]. Questions covered respondents' situation before the epidemic (in February) and at the time of the survey (either the previous week or month). The survey was designed in line with ILO's Statistical department guidance for rapid labour force surveys on Covid19 impact[3]. The note presents the findings of the first and second waves in a series of rapid surveys to be carried out in 2020 and 2021, to monitor the evolving impact of the Covid19 pandemic.

Key findings

- **Unemployment** remained stable at 13% from November 2020 to October 2021 up six points from pre-Covid19 level. Formal employment has contracted considerably (-21%), and **informal employment** further expanded (+7%). A pronounced drop in inactivity (is also observed as households need a second or third breadwinner to earn an income (-22%).
- Rising unemployment and income losses have been much steeper for **the least educated**. The decline in unemployment is slower among **youth**, who are also increasingly neither working, seeking jobs nor in education or training (NEETs).
- **Business revenue** had improved between August and October 2020; it continued to improve though at a slower pace until October 2021. 65% of entrepreneurs are still reporting they haven't recovered their pre-Covid19 revenue levels. Both demand and supply-side constraints are reported by 3 out of 4 businesses.
- Persisting **income losses** are suffered by about 40% of households.
- **Business sentiment** has improved only slightly since our first measurement in August 2020. 7 out 10 businesses were still foreseeing a bad year for revenues in 2021.

Sampled population, coverage and bias

To appreciate validity and identify potential bias, this survey's sample is compared with the population of the Urban employment and unemployment survey (UEUS), last conducted in 2018 by the Central Statistics Agency, on a large nationally representative sample. The regional distribution of this RLFS/E sample aligns well with the regional distribution of the Ethiopian population in the UEUS (see annex for more details). Activity rates and the occupational structure of the employed also closely mirror each other. This RLFS/E sample is slightly younger and more educated than the UEUS 2018 population. The one significant difference between the RLFS/E sample and the UEUS 2018 population is in the gender distribution, as this sample includes significantly more males (66% vs 37%) while the UEUS 2018 population is more balanced. These differences tie in with differences to be expected between the population owning mobile phones and the general population[4].

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[1] This note was prepared by Luca Fedi (ILO/Employment), with help from Elisa Benes (ILO/Stats), Sevane Ananian (ILO/Wages) and Niall O'Higgins (ILO/Employment). The data was collected by Ethiopoll.

[2] Given the limited penetration of mobile phones and landlines in rural areas of Ethiopia, the survey design focused on urban centres. Urban centres are defined as settlements of 50'000 persons or more. A question on residency before COVID19 was included in the questionnaire.

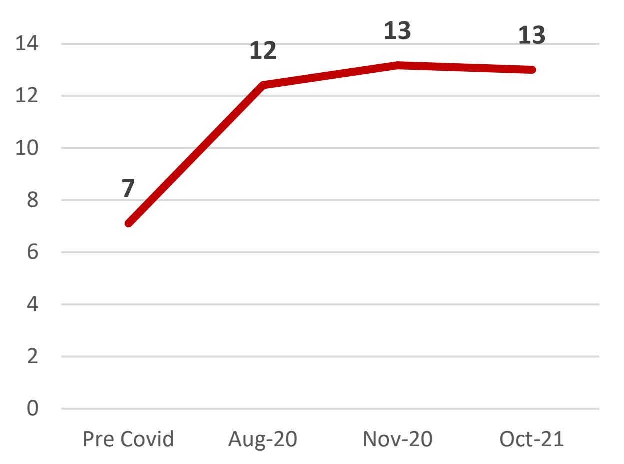
[3] "COVID-19: Guidance for labour statistics data collection. Capturing impacts on employment and unpaid work using Rapid Surveys", ILO, May 2020.

[4] For more on this and other aspects of the survey design you may refer to the Annex here and in the first wave Report.

Contents

1. Employment and unemployment

Fig. 1. Unemployment rates, %



Unemployment remained stable at 13% from November 2020 to October 2021, up six points from the pre-Covid19 baseline estimate of 7%.

COVID19 has also affected job search; among those in the potential labour force, 73% were not searching for a job "because of COVID19". It is thus useful to consider a wider definition of unemployment, where actively searching for a job is not a necessary criterion. When widening the definition, the extent of unemployment as well as disparities by age and gender are magnified. After a slight contraction in November 2020, by October 2021 the wider measure of unemployment increased further.

Fig. 2. Standard unemployment rates (in blues) and unemployment rates including those not actively searching for work (in reds)

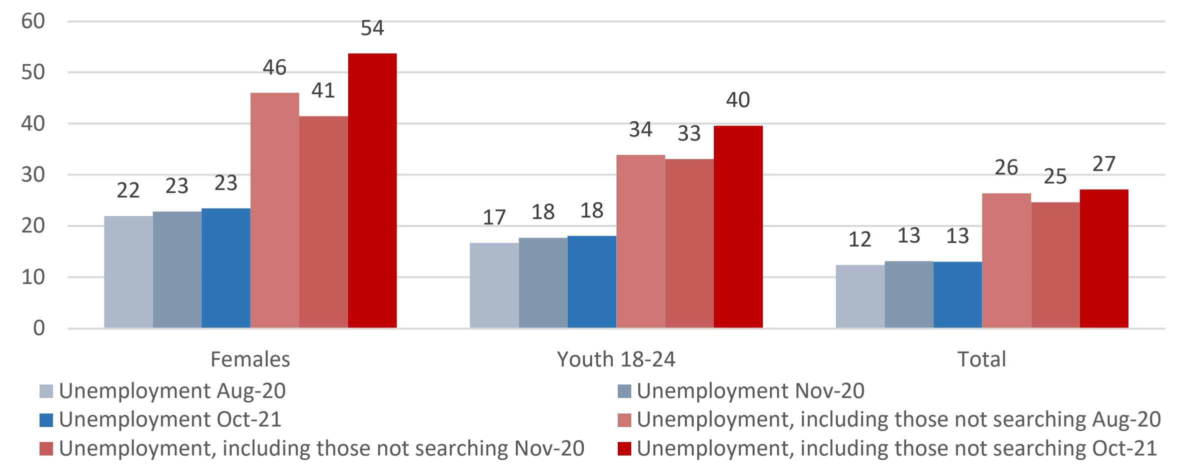
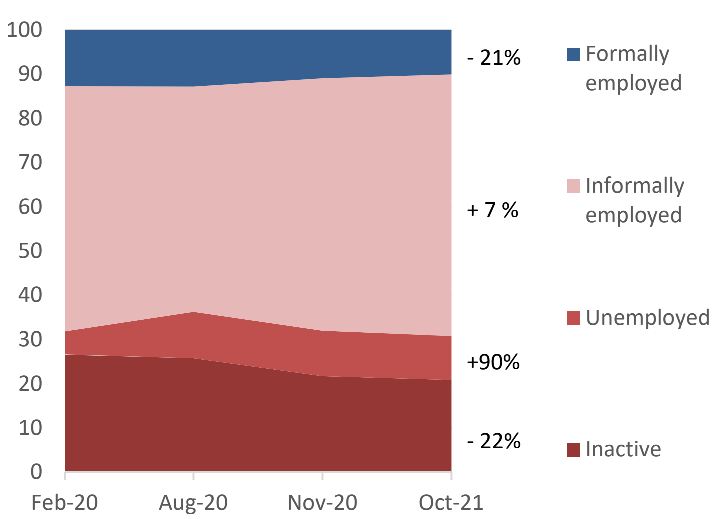


Fig.3. Labour market status



Since February 2020 formal employment has contracted considerably (-21%), and informal employment further expanded from already high levels (+7%). A pronounced drop in inactivity (persons not working nor searching for work) is also observed as households need a second or third breadwinner to earn an income. The crisis has pushed Ethiopians further into unemployment and informal employment.

Prior to the COVID19 epidemic, and as seen in other African countries[5], those with higher educational attainment were more likely to be unemployed. These persons are more likely to have the means to keep waiting for a suitable job opportunity, rather than take up the first income generating opportunity that presents itself. Since February, rising unemployment has affected most significantly those with lower educational attainment, those for whom making an income is a matter of survival in the very short term.

Fig. 4 Unemployment by educational level, %

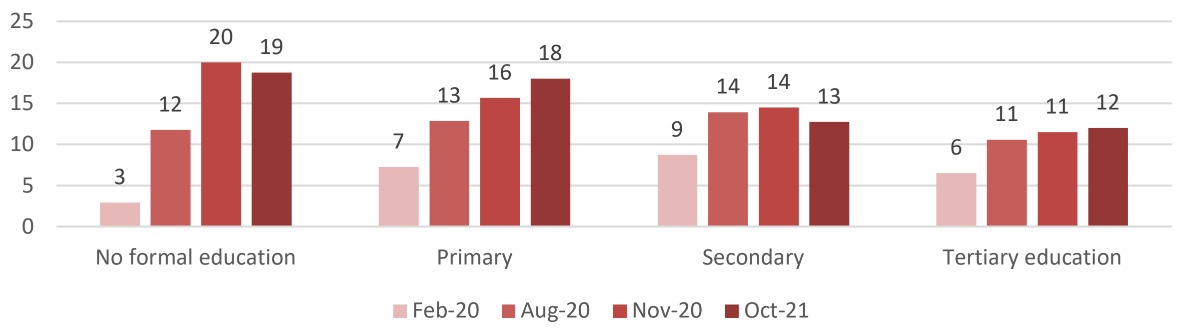
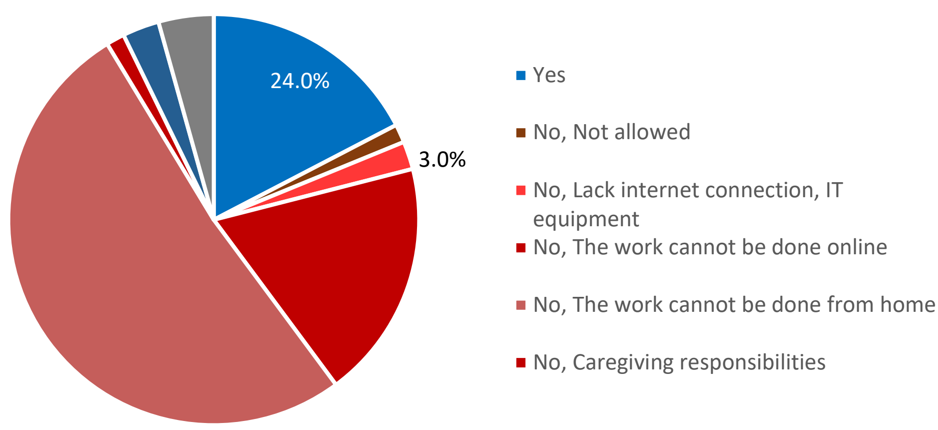


Fig. 5 Have you been able to do more work from home or online?

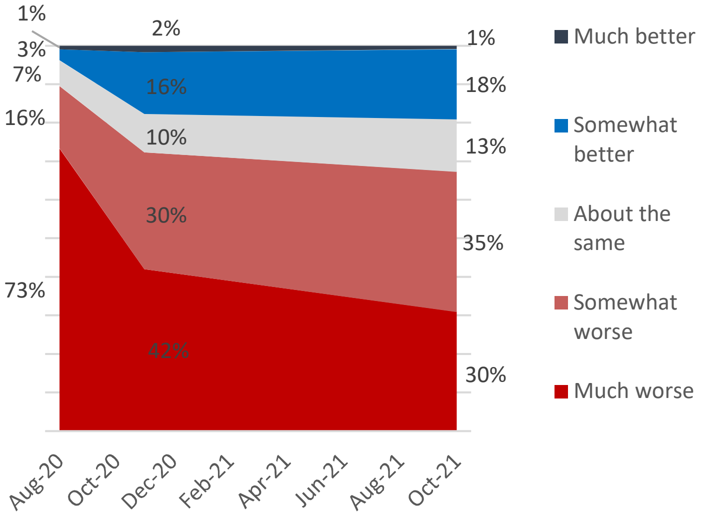


The share of workers able to shift work online or to their homes remained stable from earlier survey rounds at about 1 in 4. For the most workers that is not an option.

[5] See for instance: ILO: Report on employment in Africa, 2020, at: https://www.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/documents/publication/wcms_753300.pdf

2. Small businesses[6]

Fig.6 How were your sales/revenue in the last 60 days compared to your sales/revenue in the same period in 2019



Business revenue had improved between August and October 2020, between our second and third measurements. Since then, in the course of the past year, business activity does not appear to have recovered in any significant manner. The share of entrepreneurs indicating their sales are “much worse” than before Covid19 has declined from 73% to 30%, but 65% of entrepreneurs are still reporting they haven’t recovered their pre-Covid19 sales/revenue levels.

Only 3% of respondents indicated they hadn’t faced particular challenges during the surveyed period. Demand-related challenges remained stable since our last measure in November 2020, with 85% of businesses reporting weaker demand; supply-side constraints appear to have worsened, with 72% report price or supply challenges (up from 60% for last November). The pandemic remains both a supply and a demand crisis for the Ethiopian economy.

Fig. 7 Business Challenges

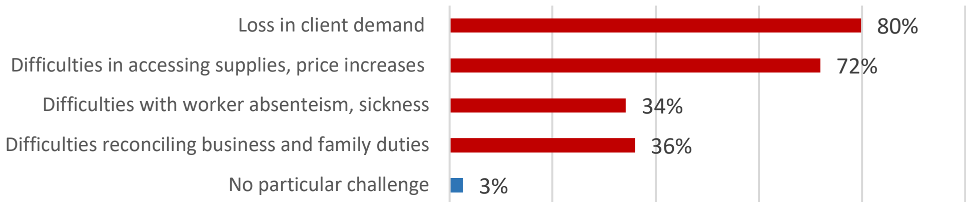
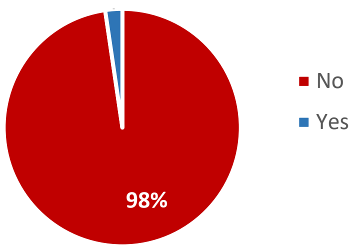


Fig. 8 Is your business benefiting from any government support?



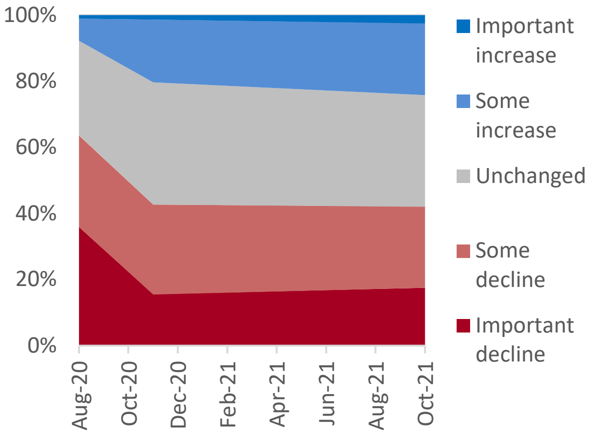
Only 2% of businesses indicated receiving government support, down 4 points since 2020.[7]

[6] The RLFS questionnaire included a module for entrepreneurs employing at least one person. 178 such respondents have been detected and included in the survey.

[7] It should be noted these results do not take into account financial liquidity and regulatory measures taken inter alia by the Central bank, which may not be directly identifiable by enterprises.

3. Household incomes and coping strategies

Fig. 9 How was your household's monthly income last month compared to February 2020?



Data collected on household incomes is also indicative of persisting income losses. The share of respondents indicating losses in income remained largely unchanged since November 2020, at about 40%.

To meet the shortfall 70% of household are drawing from their savings to meet the short-term financial needs of their households. Almost one in five has had to move back to a village or other family dwelling, and one in five has sold some business or household assets since the start of the pandemic.

Fig. 10 Since the end of February 2020, did you or any member of your household have to...?

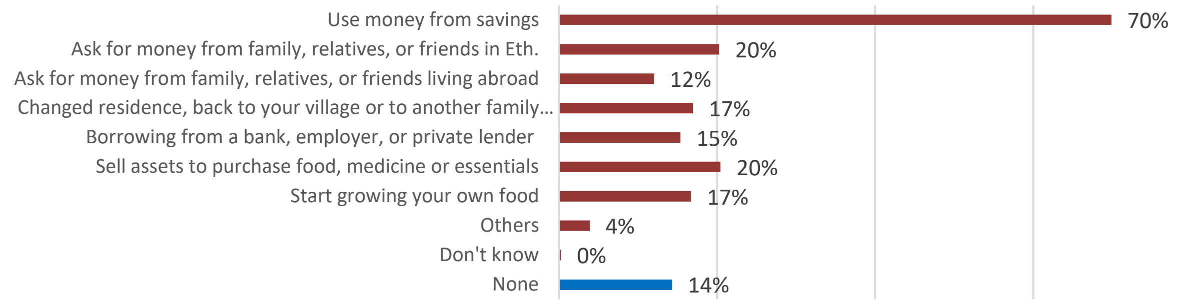


Fig. 11 Last week, have you or any of your household members experienced...?

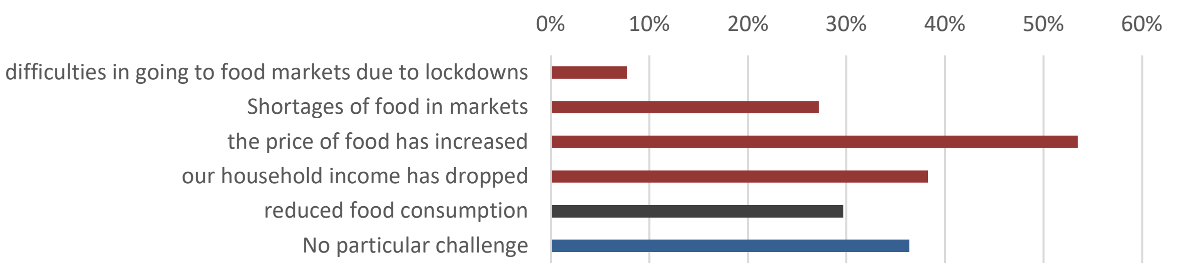
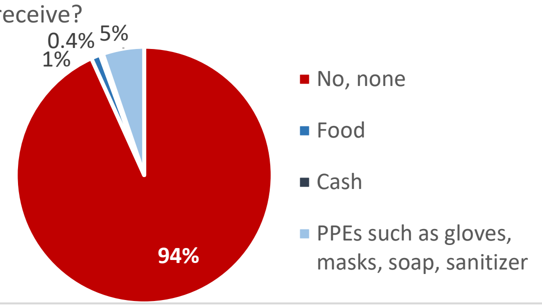


Fig. 12 In the past month, did you receive any food, cash or other support from the government that you do NOT usually receive?



29% of households are still reducing food consumption, a measure that also remained stable. Higher prices and lower incomes were reported more frequently as main factors in this survey round, and mobility restrictions much less. Special government support programmes appear to be narrowing, with 94% of respondents not accessing any government assistance additional to usual social assistance.

4. The outlook

In August 2020 about 60% of respondents were "worried" or "very worried" of loosing their job or principal source of income. This measure is down to 43%, indicating an improvement from such very high levels, but also the persistence of a sentiment of economic insecurity among a large share of the population. No major differences in perceived insecurity are observed between genders or age groups; instead the divide is between workers in formal or informal jobs. Sentiment across groups has deteriorated since November 2020.

Fig. 13 How worried are you of loosing your job or main source of income?

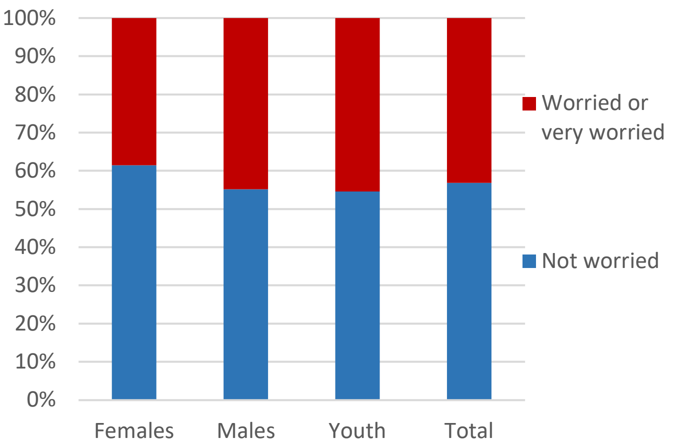


Fig. 14 How worried are you of loosing your job or main source of income?

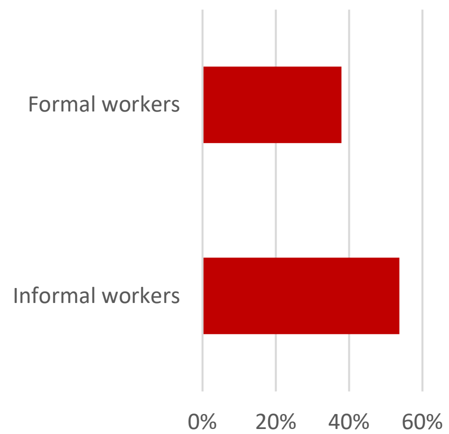
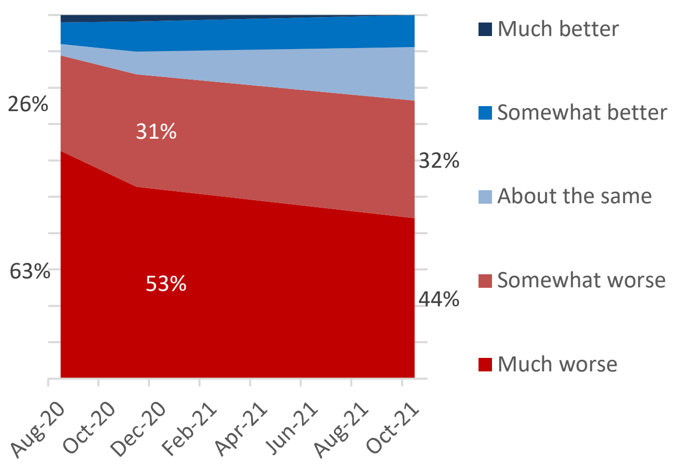


Fig. 15 Expectations on business revenue for 2021, compared to 2019



Business sentiment has improved only marginally over the past year. 8 out 10 businesses were foreseeing a bad year for revenues in 2020, by last November; by October 2021 this measure was down to 7 out of 10, a fairly gloomy context.

ANNEX

The following sampling methods were used to complete the 3rd round of the survey.

1. Primary sampling frame

The 2,654 respondents from the 2nd wave of the survey constituted the primary sampling frame

a. Respondents who did not answer their phone after the third trial were called using the second phone number they provided (TR16) and they were dropped from the sample when we were not able to reach them through their second phone number.

b. We took all possible measures to reach the existing numbers, including making calls over weekends and at different times of the day.

2. Secondary Sampling Frame

Random Digital Dialling (RDD) technique was used to fill the nonresponses from the 2nd wave.

a. During the first four days of the 2nd wave, we determined the attrition rate (the share of nonresponses).

b. Based on the attrition rate and the percentage of RDD completion rate (7% based in the 1st wave), we generated a random sample of 20,000 mobile subscribers. The sampling frame contained presumed mobile numbers that range from 0900-000000 to 0999-999999.

The existing and new numbers were spread during the survey period by focusing solely on existing cases for the first four days of the survey. After the fourth day, the strategy was to reach as many existing cases as possible and adding new cases as needed. Starting the fifth day, cases with appointments and existing cases were given priority and new cases were called to fill gaps.

All respondents from the 2nd wave were identified in the survey database as "Existing" while the ones added as a replacement were identified as "New." The survey application used the unique identifier to skip some questions for the 2nd wave respondents.

The total number of completed interviews was 2,581, and 1,743 (68%) were existing cases, and the remaining 839 (32%) were new cases. Out of a total of 2,654 existing cases from the 2nd round survey 1,742 (66%) were reinterviewed in this 3rd round, 144 (5%) refused and 767 (29%) did not answer their phone. One of the main reasons for the "No Answer" cases is in Ethiopia is that persons own multiple sim cards and easily switch their numbers.

In addition, mobile services were blocked in some places due to ensuing conflict in the Tigray region, which made reaching existing respondents very difficult.

The comparison of the regional distribution of the sample population with the 2017 urban population survey shows the sample provided a strong representation of the urban population in Ethiopia.