



International
Labour
Organization

▶ COVID-19: Labour Market Impact and Policy Response in the Arab States

Briefing Note with FAQs

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▶ 1. Overall Economic Context in the Arab States and the Impact of COVID-19¹

Beyond the devastating human consequences of the Coronavirus pandemic that has spread around the globe, economic activity has slowed down to a trickle, with huge costs imposed on economies and societies worldwide.

In the Arab States, the increasing number of COVID-19 cases quickly led to the announcement of stringent preventive measures by the region's governments to limit the spread of the virus. The vast majority of countries have stopped international air and sea travel, closed borders, banned public gatherings and imposed lockdowns, including the closure of schools and businesses. While some countries in the region have recently begun easing their lockdown measures, the process is necessarily only gradual and tentative, as governments try to balance the economic benefits and health risks of lifting restrictions.

The Arab region has been beset by difficult economic circumstances even prior to the pandemic. On the one hand, long-lasting oil price fluctuations and the heavy reliance on oil exports have dampened GDP growth in oil rich Gulf countries, despite national efforts to diversify. On the other hand, the non-GCC countries have either been embroiled in conflict and war (Iraq, OPT, Syria and Yemen), or have witnessed a large influx of refugees, putting pressure on their infrastructure and economic prospects (Jordan and Lebanon). A deterioration of living standards has resulted in renewed waves of popular protests and unrest in some countries.

As is the case in other regions, the COVID-19 pandemic has created additional economic challenges in the Arab States, driven in particular by a drop in domestic and external demand, a reduction in trade, disruption of production, a fall in consumer confidence, and tightening of financial conditions. Key job-rich sectors are being severely hit, affecting primarily economies that rely heavily on tourism, hospitality and services.²

Arab oil-exporting countries face the additional shock of rapidly decreasing oil prices. The COVID-19-related travel restrictions have reduced global demand for oil, while the absence of a new production agreement among OPEC+ members has led to an oversupply. As a result, by March 2020, oil prices had fallen by over 50 per cent since the start of the crisis,³ resulting in lower revenues and increased pressures on government budgets, with trickle-down effects on the rest of the economies. In an attempt to stall the continued downward trajectory, the 10th extraordinary ministerial meeting of OPEC was held on 12 April 2020, during which participants agreed to cut their global oil production to 9.7 mb/day from 1

¹ This note refers to the countries covered by the ILO's Regional Office for Arab States, namely Bahrain, Iraq, Jordan, Kuwait, Lebanon, Occupied Palestinian Territory, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates, Yemen.

² IMF, "COVID-19 Pandemic and the Middle East and Central Asia: Region Facing Dual Shock", March 23, 2020

³ *ibid*

May 2020 for an initial period of two months. As global economies gradually reopen, increased demand for oil with a cut in production could boost prices. However, it remains highly unlikely that prices would return to their \$70-\$80 pre-crisis levels in the near future.

On the other hand, for oil-importing countries, while low oil and gas prices are greatly beneficial, the virus remains a major blow to other sectors that constitute very important sources of revenue and employment. For example, in Jordan, a country that is very dependent on energy imports, low energy prices could help support the diversified industries and reduce the cost of living for the population. However, the huge repercussions of this global health crisis on the all-important tourism sector are leading to fewer revenues and impacting the broader economic situation in the country.

Further disruption of activities and services in conflict-affected countries, such as Yemen and Syria, will have even deeper consequences, as these countries already have very strained government structures, suffer from crippled economies and labour markets, and lack the basic infrastructures needed to address this crisis. This is in addition to the economic sanctions imposed on these countries and the related restrictions on trade flows of basic goods, including medical supplies, impacting governments' abilities to curb and contain the spread of the virus. This also applies to Gaza, where the healthcare system has been devastated by 13 years of blockade and multiple wars.

Other countries where large numbers of refugees reside are also facing heightened risks, with increased support particularly needed for these groups, but also for the more vulnerable segments of the local population, while at the same time government resources are limited and decreasing. Lebanon is a case in point: the country is already in a deep recession, facing one of its worst economic disasters, and a banking crisis that is threatening the livelihoods of millions. At the same time, more than a million Syrian and Palestinian refugees reside in the country, with a large proportion of the national population being unprotected and vulnerable. For Lebanon, this health crisis comes at a very critical point in time and risks plunging the country into even deeper recession and poverty.

According to the ILO nowcasting model, working hours in the Arab States declined in the first quarter of 2020 by an estimated 1.8 per cent (equivalent to approximately 1 million full-time jobs, assuming a 48-hour working week), compared to the pre-crisis situation (fourth quarter of 2019). In the second quarter of 2020, the Arab region is expected to witness an even sharper decline, with a loss of 10.3 per cent of the hours worked compared to the last pre-crisis quarter, that is equivalent to 6 million full-time jobs. This will directly translate into lower levels of income and increased poverty, especially in countries where fiscal space is limited and labour market institutions are weak.

The employment impact of this crisis remains, however, far from uniform, with significant differentials expected from one sector to another. The sectors identified as "most at risk" include accommodation and food services, manufacturing, retail, and business and administrative activities. These sectors are facing huge output losses both in the region and globally, with inevitable implications on their workforce.

In the Arab States, 18.2 million individuals are employed in these most-at-risk sectors, suggesting that almost one third of the employed population in the region is facing high risks of layoff, reduction of wages or hours of work. Other sectors will undeniably also face significant losses.

Workers in the informal economy are also at higher risk, with 89 per cent of all informal economy workers in the Arab States estimated to be significantly impacted by lockdown measures.

Table 1: Employment at risk in the Arab region: a sectoral approach

Economic activity	Current impact of crisis on economic output	Employment ⁴ ('000s)			Sectoral shares of employment
		Total	Female	Male	
Education	Low	4,417	1,920	2,496	8.0
Human health and social work activities	Low	2,035	798	1,237	3.7
Public administration and defence; compulsory social security	Low	6,516	563	5,953	11.9
Utilities	Low	486	21	465	0.9
Agriculture; forestry and fishing	Low-medium	4,967	506	4,461	9.0
Construction	Medium	8,214	80	8,135	15.0
Financial and insurance activities	Medium	707	130	577	1.3
Mining and quarrying	Medium	841	42	800	1.5
Other services	Medium-high	4,865	1,977	2,888	8.9
Transport; storage and communication	Medium-high	3,623	154	3,469	6.6
Accommodation and food service activities	High	1,959	178	1,781	3.6
Real estate; business and administrative activities	High	2,968	289	2,679	5.4
Manufacturing	High	4,632	371	4,261	8.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	High	8,681	495	8,185	15.8
Total		54,912	7,525	47,386	100.0

Workers in sectors that require continued general physical presence at the workplace, including healthcare in particular, are subject to significant health risks. This necessitates the adoption and enforcement of stringent OSH measures to ensure protection of staff. Such measures would support two million individuals working in healthcare and social work activities in the Arab region, of whom 40 per cent are women.

Further to the impact of this crisis on workers and the need to protect them, enterprises are also at risk and need tailored support to maintain economic activity and avoid business failure and complete disruption. Small enterprises and those operating in the informal economy and the most impacted sectors are particularly at risk, necessitating the right policy mix to ensure business continuity of the most vulnerable firms.

⁴ These are ILOSTAT baseline regional estimates for 2020 prior to COVID-19.

▶ 2. Labour Market Implications and ILO response

How serious is this crisis for labour markets?

This is **not just a health crisis, it is an economic and labour market crisis**. It is already clear it will affect:

- ▶ The quantity of jobs, both unemployment and underemployment (underemployment is particularly important because of growing casual and informal employment); and
- ▶ The quality of work (e.g. wages, income, social protection).

This crisis will likely have a **disproportionate adverse impact on specific, more vulnerable groups** (women – who dominate the care sector and have less social protection, migrant workers,⁵ refugees, displaced populations, workers with disabilities, gig workers, daily and informal economy workers, the young and 55+).

Prior to the COVID-19 crisis, the Arab States region had one of the highest **unemployment** rates globally, with more than 4.68 million unemployed in 2019.⁶ As businesses close and economic activities slow down, large numbers of jobs could be lost in 2020 because of the COVID-19 pandemic. Many of the region's economies that have long failed to create enough jobs for those looking for one, now face an even more complex situation with the disruption of the majority of activities.

Underemployment is also expected to increase significantly as the economic/social shutdown translates into reductions in working hours and wages. In Lebanon, for example, where the financial and economic situation was already dire and where large numbers of businesses had either laid off workers or reduced their working hours and wages even prior to the COVID-19 crisis, the situation becomes extremely dangerous and should be addressed urgently.

Moreover, changes in the employment status/situation of workers will directly affect their **incomes**. For individuals, this means less consumption, which creates a downward spiral for businesses, the latter already struggling to survive in many countries in the region, either because of war and instability (e.g. Syria, Yemen and the OPT) or because of difficult economic environments (e.g. Lebanon). There is an urgent need to mitigate or even prevent this negative feedback loop from forming, otherwise the economic and social devastation will last much longer than the virus outbreak.

Working poverty is expected to increase significantly, as employment conditions deteriorate and incomes decrease. This is in addition to the 4.25 million pre-existing

⁵ Annex I of this briefing note focuses specifically on the impact of the COVID-19 crisis on migrant workers in the Arab region, given that their extensive presence in the region is an important feature, and particularly in the Gulf Cooperation Council (GCC) where migrant workers comprise the large majority of workers in the private sector in three GCC countries in particular (Kuwait, Qatar and UAE).

⁶ ILO modelled estimates, Nov. 2019.

working poor in the Arab region, as of 2019, whose employment-related incomes, prior to the COVID-19 crisis, were not sufficient to lift them and their families out of poverty and ensure decent living conditions. The more recent health crisis has potentially devastating consequences for families, with those living in poverty vulnerable to becoming even poorer, and a large number of additional families falling into poverty. People in working poverty cannot 'invest' in health or education and face real challenges affording their basic needs.

Some sectors of the population can be disproportionately affected, thereby increasing **inequalities**. These include women who are more likely to lack social protection and more likely to have care responsibilities/work); youth and 55+ workers; in addition to migrant workers and other refugee and displaced populations who, even prior to this crisis, have been subject to discrimination, unequal treatment and poor working and employment conditions, compared with their national counterparts.

In terms of gender inequalities, this pandemic has greatly increased the time spent by women in unpaid work. As schools, childcare and other care facilities are closed, Arab women, and particularly those working in the health sector and other vital sectors, face a double burden of longer shifts at work and additional unpaid care work at home.

Refugees in the region are also facing compounded challenges. An outbreak of COVID-19 could easily spread through the overcrowded camps and settlements, where people are more susceptible to getting ill, because they do not have proper access to sanitation and handwashing facilities; and at the same time are less capable of fighting off the disease because of barriers to accessing healthcare services. These groups are also greatly impacted by the lockdown imposed by the governments of their respective hosting countries, and have either lost their jobs and incomes, or are risking their lives by going to work without taking any real protective measures.

Daily, on-call and other informal workers who lack economic security and who constitute a large proportion of the workforce in the Arab States, will be severely hit. Social protection systems in the region remain weak and fragmented at a time when such support is a must and universal comprehensive social protection systems can best help governments weather this pandemic. For many countries the scaling up of emergency social protection measures to protect income of vulnerable workers and families, particularly those who are currently uncovered, can be an important opportunity to set foundations for the development of a more inclusive and comprehensive national social protection system.

How does this crisis compare with the 2008/9 financial crisis? Are we more prepared now to deal with the employment and social impact?

Following the 2008-9 global financial crisis, unemployment in the MENA region (excluding Yemen, for which 2010 data are not available) increased by 0.36 million (from 9.53 million in 2007 to 9.89 million in 2010).⁷ The COVID-19 pandemic is likely to have a much more

⁷ ILO modelled estimates, Nov. 2019

damaging impact on employment (and so on societies) than the 2008-9 financial crisis.

Since the 2008 crisis, there has been a significant rise in **'new' forms of employment** (e.g. gig work) and an expanding informal sector. Increasing flows of migrant workers, large displacements of populations between and within countries, especially after the Arab uprisings, further added to the pre-existing labour market challenges in the region. These workers have little or no social protection coverage. Self-employment, which can act as a cushion, may not be even possible because of limits on movement of people (e.g. service providers) and goods.

The recent disillusionment with **multilateralism and rise of nationalism** in a number of countries across the world makes it more difficult to deal with a threat that does not recognize borders. National economies are too interwoven to be able to solve these employment and economic issues in isolation. Countries must therefore work together to combat this borderless crisis – as was seen in the 2008 financial crisis. International support should also be provided to countries that lack fiscal space and the needed resources to design and implement actions quickly.

What responses are needed?

Policy responses should focus on two areas: **health protection measures** and **economic support** on both the demand and supply-side, including in particular social protection.

Workers, employers and their families should be protected from **health risks**. This requires large- scale public support and investment. Paid sick leave, teleworking, and improved occupational safety and health (OSH) can all help.

Timely, large-scale, and **coordinated policies** are needed to protect employment, help businesses and support incomes. It is important to stimulate economies to avoid a prolonged economic recession. In particular, people need to be kept in work so that they can support themselves.

While supporting vulnerable groups should be mainstreamed across any government response strategy, certain segments require specific, tailored responses. It is imperative for support to reach informal economy workers and enterprises, noting that they ordinarily tend to operate outside the reach of government authorities. Support actions include: identifying their needs and priorities and determine accordingly the nature and level of interventions needed; reducing their exposure to the virus; ensuring their access to health care; ensuring their participation in social dialogue; providing income and food support to individuals and their families to compensate for the loss of, or reduction in, economic activity; and supporting small businesses and SMEs both in the formal and informal sectors.

Many national governments are taking action, with large stimulus and **support packages**.

- ▶ It is vital that these packages **focus on ordinary people**, not just big business and financial systems, and not just nationals (refugees, displaced populations and

migrant workers are among the most vulnerable and must also be supported).

- ▶ There is a lack of **international and regional coordination**. This risks a ‘beggar-thy-neighbour’ approach to recovery, and means nothing is being done for poorer countries that lack financial resources (and are often the same countries that lack social protection networks). A national recovery is not a real recovery. Arab States should work together, and ideally with the global community, to be able to lift themselves out of this crisis. Wealthier Arab countries could consider providing support to the poorer countries in the region where health sectors are already weak and social protection systems almost absent.

The ILO proposes a **four-pillared approach**, based on the experience of previous crises (SARS/MERS, 2008-9 financial crisis), and founded in international labour standards (ILS):

1. **Stimulating the economic and employment**

- ▶ Active fiscal policy
- ▶ Accommodative monetary policy
- ▶ Lending and financial support to specific sectors, including the health sector

2. **Supporting enterprises jobs and incomes**

- ▶ Extend social protection for all
- ▶ Implement employment retention measures - short-time work, paid leave, etc.
- ▶ Financial/tax relief for MSMEs (tax holidays, loans, wage support).

3. **Protecting workers in the workplace**

- ▶ Strengthen OSH measures
- ▶ Health access for all
- ▶ Adapt work arrangements (e.g. teleworking)
- ▶ Expand access to paid leave
- ▶ Prevent discrimination/exclusion

4. **Relying on structured social dialogue for developing, assessing and reviewing evidence-based solutions**

- ▶ Strengthen the capacity and resilience of employers’ and workers’ organizations
- ▶ Strengthen the capacity of governments
- ▶ Strengthen social dialogue, collective bargaining and labour relations institutions

A phased multi-track approach should include **stabilizing livelihoods and income** through immediate social protection and employment measures and promoting local economic recovery.

Setting and sustaining **minimum wage levels** is particularly relevant because minimum wages can protect vulnerable categories of workers and reduce poverty, increase demand and contribute to economic stability.

All these measures, however, will not work in isolation and if not accompanied by effective implementation and enforcement mechanisms, as well as accessible complaint channels. Supporting enhanced, expedited and transparent labour dispute mechanisms is also

advisable to ensure protection of the rights of all workers.

Social protection systems are critical in supporting workers and enterprises in times of crisis. They:

- remove financial barriers in accessing needed testing and healthcare;
- allow infected workers to comply with confinement measures without facing income losses;
- support households to afford basic needs at times of reduced economic activity and growing unemployment, and prevent major fall in living standards;
- help companies retain workers on payroll and retain human capital that is critical for fast reactivation of economic activity in the aftermath of the health crisis;
- help to stabilize labour markets and ensure sustained aggregate demand;
- help prevent escalation of social tensions.

Many countries in the world and in the region are adopting aggressive measures to scale up social protection responses in the crisis. These measures alone do not however compensate for the lack of comprehensive social protection systems that should apply to all segments of the population. As such, in the same vein as the 2008-2009 financial crisis, the present crisis reinforces the need to develop such systems with extended coverage to all.

Countries in the region should consider the following range of social protection measures:

- ▶ Ensuring **free-of-charge access to testing for COVID-19 and healthcare treatment** to all workers and their families, regardless of insurance and socioeconomic status, including migrant workers.
- ▶ Extending **coverage and adequacy of sick-leave cash benefits** to ensure infected and quarantined workers' incomes are protected.
- ▶ Expanding **in-kind and especially cash social assistance programmes** to support the poor and vulnerable, as well as existing social allowances for particular groups (e.g. child benefits, old age and disability benefits) through vertical (increased benefits) and horizontal (increased caseload) expansion. Reduce other costs for businesses and families (taxes, loans, utilities, rent).
- ▶ Where **unemployment benefits** exist, extend them to workers facing a loss of earnings due to partial unemployment and the suspension or reduction of earnings due to a temporary suspension of work. Reduce eligibility criteria and increase duration and benefit levels. Where not applicable, governments should invest in establishing emergency funds to provide unemployment benefits to all those affected.
- ▶ Introduce **wage subsidy** mechanisms to help businesses (particularly SMEs) cover wage bills and retain workers on the payroll, as an alternative to lay-offs.
- ▶ Support vulnerable workers (e.g. self-employed and daily/on-call and other informal workers) who are not registered in social insurance with **temporary income support**.

Strengthening **unemployment protection** (including partial unemployment benefits that help enterprises to retain workers) and general social assistance, can help support

households and stabilize aggregate demand and create a basis for faster recovery.

Effective Social dialogue – collaboration and negotiation – is essential, both at enterprise level and at sector/national level. If responses are to be effective, they have to be built on trust and trust requires continuous consultation and collaboration.

International Labour Standards (created by tripartite consensus) provide a strong foundation for the policy responses needed for sustained and equitable recovery. They encapsulate the idea of a human-centred approach to economics and development, and balance the needs of stimulating demand, supporting businesses and protecting workers.⁸

Is fiscal stimulus the answer?

Fiscal measures (government tax and spending, unemployment benefits, social protection) are useful but are not enough. While tax reductions, holidays or deferrals can help companies maintain needed liquidity to pay salaries and buy raw material, amongst others, these cannot help businesses that are dying because they have no customers/income.

Monetary policy (e.g. reducing interest rates) also has a role but is not enough either – fragile businesses may not want more loans.

Nor are **'new' policies** like 'helicopter money' – people won't spend if they fear things will get worse. The full toolbox is needed – for example, job guarantees, support for business (large and small), universal health care, enhanced social protection, ad hoc payments, support for the self-employed.

There is an imperative to keep as many of the economic wheels turning as possible.

Which countries are best prepared?

Arab countries with stronger institutions and larger/accumulated **fiscal space** will be able to more easily address this crisis, building on pre-existing systems and programmes, and resorting to additional funds as needed, to address the negative repercussions of this pandemic.

Countries with stronger **social protection systems** in the Arab region are also in a better position to step up the response immediately, while for others the introduction of emergency measures can pave the way for strengthening national systems in the future.

Countries with unemployment protection schemes can provide workers with unemployment insurance or unemployment assistance benefits. However, these are not

⁸ For further information on how ILS provide a much-needed foundation for policy responses to the COVID-19 crisis, please see: https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_739937.pdf

available in many countries of the region. Only four countries in the Arab region (Bahrain, Jordan, Kuwait and Saudi Arabia) have contributory unemployment insurance systems in place. However, they are not accessible to large proportions of the population as they exclude most categories of non-nationals.

Recognizing that economic impacts of the crisis are going to affect households across the whole income distribution, the response necessarily involves scaling up both contributory and non-contributory social protection systems, with a view to achieving universal coverage, and devoting special attention to vulnerable populations and vulnerable workers, including informal workers, migrant workers and workers in non-traditional forms of work who are falling outside formal social insurance mechanisms.

The crisis highlights the importance of **universal social protection systems**, and the severe inadequacy of fragmented systems which provide market solutions for those who can afford them and porous 'safety nets' for the poorest.

Countries that have built **universal health and social security systems** are likely to be in a stronger position to respond.

Countries that also have better **IT infrastructure** are better prepared. In fact, where schools and universities are closed, online learning becomes crucial to keep teachers in the education sector employed. The same applies to all other sectors that can shift to "teleworking", but need the relevant infrastructure (and, in many instances, government support) to be able to do so.

Finally, **countries that have invested in their care economy**, including professional child and elderly care, are also in a better position, as workers in these sectors can shift to homecare work and support families in balancing their work and family responsibilities. Examples from other countries in other regions seem to also shed light on the importance of investing in the care economy, especially where some schools and childcare facilities remain open, though with a limited number of staff, to look after children of essential service workers (e.g. Austria, France, Germany and the Netherlands).

What is the role of governments?

A crucial role of government is to bolster **confidence**. The "whatever it takes" approach is a good start.

Large interventions (of a size only governments can make) can keep things going until a demand-led recovery is possible. Large-scale social assistance, cash transfers, and other support will also be needed, in particular for vulnerable groups and workers. Increased spending on social protection schemes are key.

Employment promotion measures, including employment services and vocational training can help workers made redundant to restart once circumstances allow.

As governments assemble their fiscal stimuli, there should be a **balance** between financial

support to enterprises to retain workers and measures to support the newly unemployed. Government policies should also ensure not to neglect those affected by humanitarian crises, particularly refugees and displaced populations and/or those living in camps and camp-like settings, facing compounded challenges and vulnerabilities.

How should companies respond and what is their responsibility?

Some (larger) companies will have **resources** that can help them pay workers' full salaries and benefits. Some will have **insurance** (but not many, as business interruption insurance seems tightly worded). But no business can survive for months without income – and it is not clear how long shutdowns will last. While some countries have started to gradually re-open their economies, heavily restrictive measures are still imposed on businesses. Government support will be crucial for the survival of many businesses impacted by the crisis and the retention of their workforce. Nonetheless, **employers have the responsibility** to at least provide adequate protective equipment, at no cost to the worker, and adequate information and training.

What is the answer for the thousands of small and/or informal businesses that are in danger of closing?

Unlike some of the largest enterprises with more resources and buffers, small businesses are greatly distressed because global economic activity has ground to a halt, not through any fault of their own.

SMEs are a cornerstone of Arab economies, accounting for the majority of all businesses and providing a major source of new job creation. Their survival is crucial, for jobs, the economy and social cohesion. The priority must be to help them **preserve jobs** until an upturn comes, and prevent a supply shock from turning into a labour demand shock.

Vulnerable firms, whether SMEs or firms operating in the informal sector or in the most impacted sectors, need swift, continuous and expedited government support (e.g. tax holidays, reductions or rescheduling; interest-free loans; wage and employment subsidies etc.) but also help from banks and other financial institutions (flexibility with debt, more lending - possibly conditional on retaining workers etc.) and other parts of the private sector, with simplified administrative processes to facilitate and expedite access of those in need to the different services and funds provided.

Further efforts should be made not only to support informal economy businesses but also to support and prevent any formal enterprise from being pushed into informality because of the financial collapse and the envisaged slow recovery.

Workers have a role to play – social dialogue is needed so that workers can discuss with employers how to keep businesses alive, even if work is done remotely.

What about the employment rights of people whose jobs are affected by the crisis?

International labour standards set the basis for the rights of workers and provide a useful benchmark of decent work standards in a period of crisis response. They are incorporated into national legislation, while being flexible in cases of 'force majeure'. These should guide national planning, situational analysis and assessment and policy development in the Arab region, as elsewhere.

International labour standards contain **specific guidance** on employment, including termination of employment, social protection, wage protection, protection of specific categories of workers (e.g. migrant workers, domestic workers), SMEs promotion or workplace cooperation that would ensure a human-centred approach to the crisis and recovery. For example, the Protection of Wages Convention (C.95) stipulates that if an employer goes out of business, employed workers shall be treated as privileged creditors for unpaid wages. Also relevant are the Recommendation on Employment and Decent Work for Peace and Resilience (R.205), the Employment Policy Convention (C.122) and the Recommendation concerning the the Transition from the Informal to the Formal Economy (R. 204), amongst others.

Workers affected by suspension/termination of employment should be entitled to **unemployment benefits** or assistance to compensate for the loss of earnings. They should have access to employment promotion measures, including employment services and vocational training with a view to their reintegration in the labour market.

Temporary **absence from work** due to illness or family responsibilities does not constitute a valid reason for employment termination.

Towards sustainable longer-term solutions

Further to the proposed measures required by countries in the Arab region to best respond to the immediate crisis, Arab States need to ultimately review their overall policy frameworks if they are to better position themselves not only to respond to this current crisis, but also to address their pre-existing labour market deficiencies and build resilience in the face of potential future crises which may have similar implications for the world of work.

Greater attention should be given to developing comprehensive National Employment Policies that address both the demand and supply sides of the labour market and serve as a vehicle for greater policy coherence.

Labour market institutions need to be built/enhanced as appropriate along with stronger and more inclusive **social protection systems** and **improved regulatory and legislative frameworks**.

Arab States need to rethink their current **macroeconomic models** and support their

economies to diversify into higher value added sectors, where both private enterprises and workers can achieve their full potential.

Facilitating transition from the informal to the informal economy should also be a priority in the medium-to-longer term given that informal economy workers and enterprises have fewer means to address the repercussions of this pandemic and will thus dive into deeper poverty if no support is provided.

Finally, these medium to longer-term objectives should be pursued through tripartite social dialogue, with greater participation of informal economy workers and enterprises, women and youth, and be guided by relevant international labour standards.

► Annex I: Specific Impact on Migrant Workers

Migrant workers play a key role in the labour markets of Arab States, particularly in sectors such as construction, domestic work, agriculture and food production, hospitality, services, including facilities management/cleaning, and the care economy, including health care. The important contributions of migrant workers should therefore be acknowledged, particularly as some of the above sectors are providing so-called “essential services” (e.g. care and health work, food production, cleaning) during the COVID-19 pandemic. In the short- to medium-term, given the adverse impact of the crisis on the service sector, which is the main employment provider in the Arab region, and the large number of migrants working in services (particularly in GCC countries), migrant workers are likely to be disproportionately affected by job losses.

Why are migrant workers particularly vulnerable and likely to be disproportionately affected by the crisis?

All migrant workers are potentially at risk, but the most vulnerable are low-skilled/low-income workers, women migrant workers and especially domestic workers, and informal workers, who in many cases will also be in irregular status.

In the immediate context of the risk of COVID-19 infection, migrant workers across the region have limited access to health care or may fear accessing health services, particularly if they are in an irregular status/undocumented.

Previous crises (e.g. 2008-9 financial crisis) have shown that migrant workers are at a greater risk of arbitrary dismissal from their jobs or are more likely than nationals to be subject to deteriorating working conditions. Migrant workers are also frequently employed in temporary/short-term or precarious work. Those migrant workers who lose their jobs in the region will rarely have access to social protection, are likely to experience considerable difficulties in finding alternative employment in the current climate, and will fall into irregular status – a consequence also of the operation of the ‘kafala’ (sponsorship) system in the region – making them subject to arrest, detention and deportation.

Migrant workers in the informal economy (e.g. migrant day/casual labourers, freelance workers, such as live-out migrant domestic workers and cleaners) are losing their means of livelihood and thus unable to buy food or pay rent, and do not have access to paid or sick leave mechanisms and social protection more generally.

Migrant workers who wish to leave the destination country cannot do so in many instances because of travel restrictions imposed to curb the spread of the pandemic:

- In the Arab States, there are many cases of migrant workers whose contracts have been terminated (or who have left their jobs), but who have become stranded in the

destination country because airports of have been closed or commercial flights back to their countries are not operating;

- Those in irregular status and who are awaiting deportation in immigration detention facilities will likely be confined for longer periods and are also more at risk of contracting COVID-19 if the conditions in such facilities become overcrowded;
- Where it is still possible to leave the destination country (i.e. on a specially arranged repatriation flight), some countries of origin are not accepting back their nationals unless they have a PCR certificate stating that they have been tested negative for COVID-19. Authorities in countries of origin are also experiencing challenges in managing the safe return of large numbers of their nationals at this time.

Migrant domestic workers, who comprise a large workforce across the GCC and Lebanon (and to a lesser extent in Jordan), are a particularly vulnerable category of workers and many are experiencing the following:

- Abrupt termination of employment contracts with no wage or social protection;
- Non-payment, partial or late payment of wages, or retention of wages;
- Longer working hours in light of families being required to work from/ stay at home, and no weekly rest day;
- Risk to OSH in the workplace (including if instructed to clean homes with toxic detergents/disinfectants on a more frequent basis or to run errands for family members without provision of appropriate personal protective equipment (PPE));
- Isolation in employer households, including through increased limitations on home internet access, additional restrictions on mobility, and at greater risk of harassment;
- Loss of means of livelihood, including food security, in case of freelance/live-out domestic workers.

Migrant workers are also at greater risk of violence, xenophobia, discrimination, stigmatization and further marginalization as a result of the crisis.

What policy responses should be considered to support migrant workers in the Arab region?

Migrant workers have equal rights in the workplace and employment as national workers

- ▶ International labour standards cover all workers, including migrant workers unless otherwise stated, and provide important guidance in terms of responses. There are also specific ILO standards on protection of migrant workers and governance of labour migration (C97, C143, R86, R151), as well as other instruments of particular relevance to migrant workers (C181, C189, C190, R205).

- ▶ Equality of treatment and non-discrimination for migrant workers needs to be ensured – with specific attention to low-skilled/low-income workers and domestic workers, on the basis of the full range of prohibited grounds of discrimination, including nationality – in respect of workplace and employment rights; in particular, stronger OSH measures, continued payment of wages, access to complaints mechanisms, prompt access to health care (including access to accurate health information and hotlines on, and free testing and treatment for, COVID-19) without fear of being reported to the immigration authorities if undocumented, and access to paid leave and sick leave.
 - In the Arab States, stronger OSH measures are particularly important in congested working and living environments (e.g. some migrant dormitories in the garment sector in Jordan and labour camps in the GCC) where conditions were already challenging in terms of cramped accommodation and insufficient sanitation before the crisis. Transferring workers to more spacious accommodation, introducing social distancing in communal dining and sleeping areas, and making suitable quarantine areas available are just some of the important measures to consider in these circumstances. To address this issue, governments in some GCC countries (e.g. Bahrain, KSA) have taken steps to identify alternative accommodation for migrant workers.
 - Practical issues are also emerging, in light of the social distancing measures introduced as a result of the COVID-19 pandemic, regarding payment of salaries to those workers in dormitories or labour camps who may not receive digital payments in accordance with Wage Protection Systems and who normally queue up to pick up their wages in cash. The same problem applies to workers who queue at financial services outlets (e.g. Western Union) to send money home.
 - Equal access to health care for migrant workers is critical (uninsured migrant workers or those without papers should not be denied testing for COVID-19 and subsequent treatment if needed; for example, in Qatar and KSA, governments have committed to ensuring that all workers receive all necessary treatment for free, and that their status is not relevant); there are also evident public health reasons for the provision of free testing for COVID-19 irrespective of social status, nationality or immigration status.
 - Greater efforts are needed to disseminate accurate and targeted information on COVID-19 and protective measures to migrant workers in a language they understand and to reach out to workers in more remote locations, such as domestic workers (the Ministry of Labour and other relevant government entities, including municipalities, social partners and NGOs have an important role to play in this regard).

Government measures to ensure continued employment and support incomes also need to be applied to migrant workers on the basis of equality with nationals

- ▶ As noted above, migrant workers should be able to benefit from employment retention schemes and support packages on an equal basis with nationals. Their contracts should not be terminated in the case of illness, COVID-19 containment measures, or family responsibilities.
 - Many of the support schemes put in place in the Arab region so far focus mainly on nationals, with no reference regarding their application to migrant workers.
- ▶ If migrant workers temporarily lose their job, they should have access to unemployment benefits, social assistance benefits or other forms of cash transfer, and afforded grace periods in the payment of rent and utility bills.
- ▶ Freelance/live-out migrant domestic workers and casual/day workers, many of whom are likely to be in irregular status, are especially in need of support, particularly cash to buy food and access to emergency accommodation/shelters, since to date most of them are not included in the general government provision of humanitarian assistance for vulnerable groups (this will require a significant policy change in the region as the standard response has been to detect, apprehend and detain these categories of migrant workers with a view to their removal from the destination country).

Migrants' permission to work in the destination country is closely related to their lawful residence status and there are specific challenges in this regard that should be addressed

- ▶ As a general rule in the Arab States, if migrant workers lose their jobs or overstay their work/residence visa they fall into irregular status (often through no fault of their own) unless they are able to find another employer/sponsor, and are subject to overstay penalties, detention and deportation. This is also a consequence of the operation of the kafala system. It would be important to ensure that these restrictive measures are lifted/suspended during the crisis (even if originally imposed before the start of the crisis).
 - In this regard, some GCC countries have responded positively by exempting migrant workers who become irregular from the payment of penalties enabling them to leave the country once commercial flights resume or if charter repatriation flights are arranged by governments in countries of origin and destination (e.g. Kuwait); adopting an amnesty for migrant workers in an irregular situation enabling them to regularize their residency status (Bahrain) or extending work/residence visas (Kuwait, KSA, Lebanon, UAE); or have released migrant workers in irregular status from detention with a view to reducing overcrowding and controlling the spread of COVID-19 (Bahrain, UAE).

- ▶ Once the situation improves, consideration should also be given to the promotion of greater internal labour market mobility, including by granting migrant workers a 'grace period' enabling them to look for alternative employment, or to access employment services/vocational training with a view to finding another job.

Enhanced cooperation between destination and migrant countries of origin is needed

- ▶ Diplomatic missions of countries of origin, in close cooperation with the authorities, have the the responsibility in international law to assist their nationals in distress, and to help disseminate in their own language accurate information on COVID-19 as well as government response measures, including those relating to employment and the labour market.
- ▶ In the context of bilateral labour agreements, and the joint committees established under these agreements to oversee implementation, there is a ready-made mechanism in place for officials from both countries to discuss issues of concern relating to migrant workers. Any such discussions should also be expanded to include the participation of representatives of social partners as well as migrant/diaspora organizations.

▶ **International Labour Organization**

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