International Labour Organization

Jobs Creation Commission
Federal Democratic Republic of Ethiopia

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

***November 2020**, 2nd wave*

With support from

Sida

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DEVELOPMENT COOPERATION AGENCY

Introduction

This note presents the summary findings from the first two waves of rapid surveys of the labour market conducted by the ILO and the JCC in Ethiopia in August and November 2020[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). Some 35'000 mobile phone lines have been called to reach the sample target. 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.[1]

Key findings

- **Unemployment** in our sample jumped to 12% in August and to 13% in November, from a baseline estimate of 7% in February,. Formal employment has contracted (-15%) and **informal employment** further expanded. A drop in inactivity is also observed (-19%) as households need a second or third breadwinner to earn an income.
- Rising unemployment and income losses have been much steeper for **the least educated**., as well as among **youth and women**.
- **Business revenue** has improved between August and October 2020, with the share of entrepreneurs indicating their sales were "much worse" than before Covid19 declining from 73% to 42%. Still, some 70% of entrepreneurs indicate they haven't recovered their pre-covid sales/revenue levels. Significant demand and supply-side constraints are reported by 4 out of 5 businesses.
- For about half of the population, monthly **incomes** have not recovered from their pre-Covid levels, despite government assistance.
- **Business sentiment** has improved only slightly since our first measurement in August 2020. 8 out 10 businesses were still foreseeing a bad year for revenues in 2020.

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].

[1] This note was prepared by Luca Fedi (ILO/Employment), with help from Elisa Benes (ILO/Stats 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.

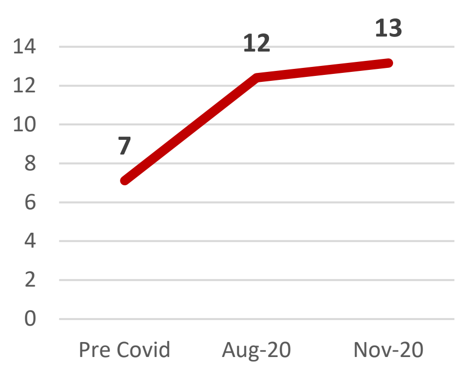
[3] "COVID-19: Guidance for labour statistics data collection. Capturing impacts on employment and unpaid work using Rapid Surveys", ILO, May 2020.

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

Contents

1. Employment and unemployment

Fig. 1. Unemployment rates



Unemployment in our sample rose from a baseline estimate of 7% in February, to 12% in August[5] and to 13% in November.

COVID19 has also affected the possibility to look for jobs; among those in the potential labour force, 73% were not searching for a job "because of COVID19". A wider definition of unemployment is useful, 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. A slight contraction of unemployment under the later definition may be observed in the later period, as conditions have become slightly more conducive for job search.

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

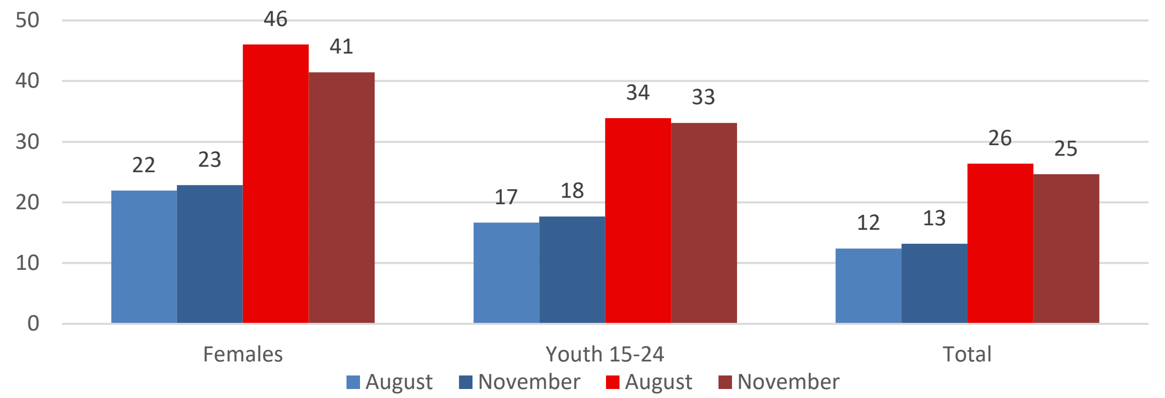
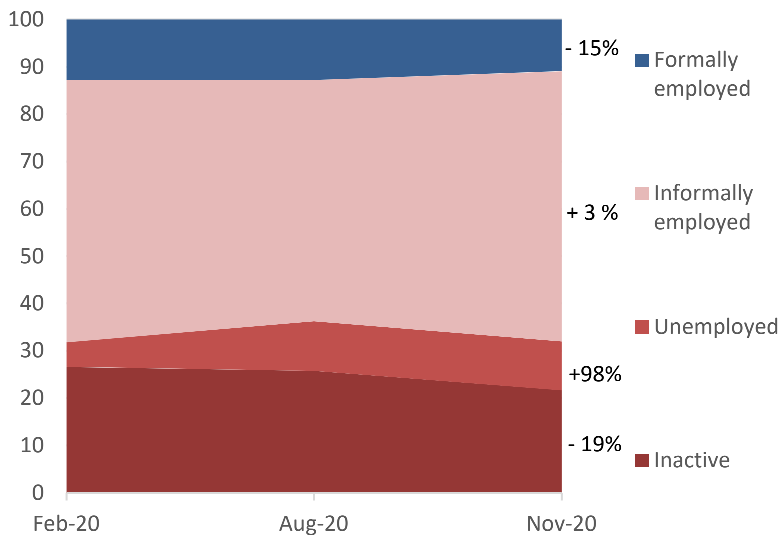


Fig.3 Labour market status



Since February 2020 formal employment has contracted considerably (-15%), and informal employment further expanded, from already high levels. A pronounced drop in inactivity (persons not working nor searching for work) has occurred as households need a second or third breadwinner to earn an income. The crisis has pushed working age Ethiopians further into unemployment and informal employment.

[5] The detection of unemployment for February was done in August 2020. It is to be considered a "baseline estimate", as the questionnaire provides greater precision for the August and November measurements, and some memory effects should also be considered.

Prior to the COVID19 epidemic, and as seen in other African countries[6], those with higher educational attainment were more likely to be unemployed. These persons are more likely to have the means to await 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. Between August and November, unemployment has remained stable among those with more education but has continued to progress significantly among those with no formal education.

Fig.4 Unemployment by educational level, %

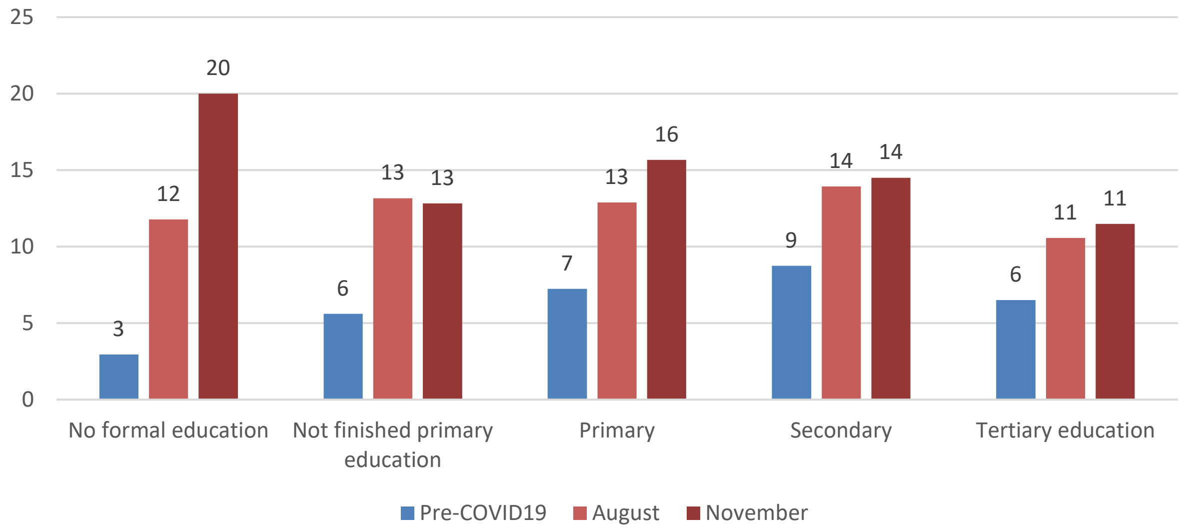
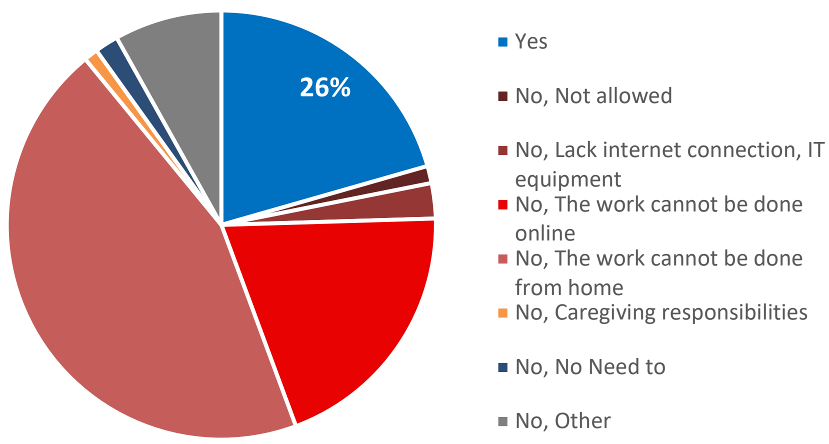


Fig 5. Since february, have you been able to do more work from home or online?

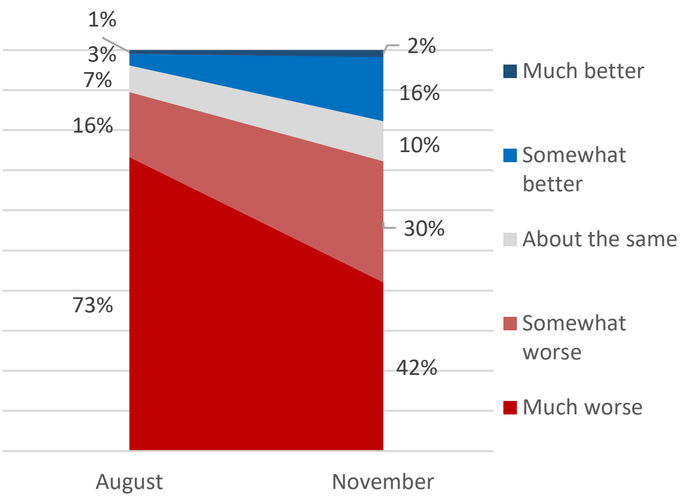


The share of workers able to shift work online or to their homes remains stable at about 25%. For most workers, that is not an option.

[6] 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[7]

Fig. 6 How were your sales in the last 60 days compared to your sales in the same period last year?



Business revenue has improved since August; the share of entrepreneurs indicating their sales are "much worse" than before Covid19 has declined from 73% to 42%. Still, 72% of entrepreneurs indicate they haven't recovered their pre-covid sales/revenue levels.

Only 3% of respondents indicated to the surveyors that they hadn't faced particular challenges during this period. 85% of businesses are reporting weaker demand and 60% report supply-side challenges, underscoring the crisis as both a supply and a demand crisis for the Ethiopian economy.

Fig. 7 Main challenges faced by businesses

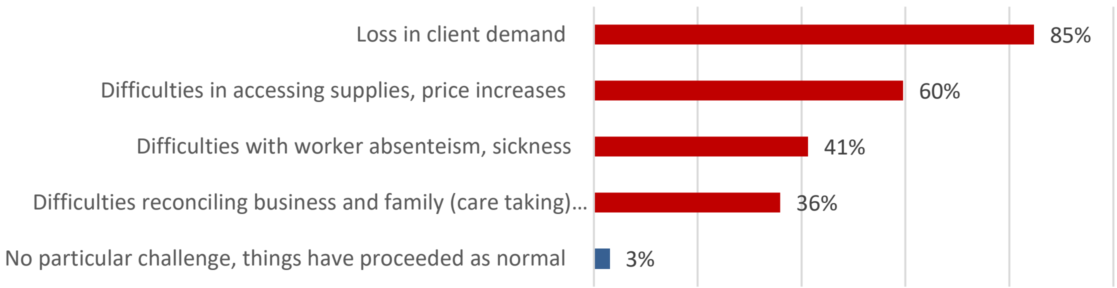
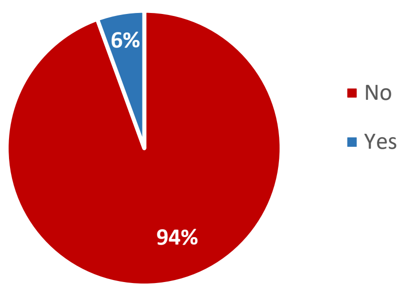


Fig. 8 Is your business benefiting from any government support?

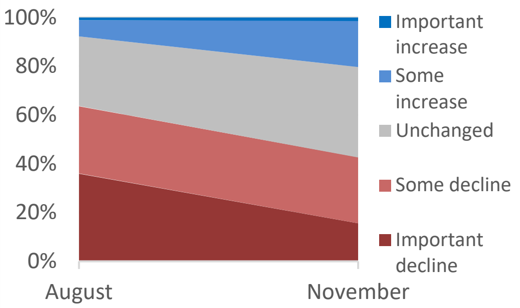


Only 6% of businesses indicate having accessed government support, a figure up just 2 points from August. It's worth noting these results do not take into account financial liquidity and regulatory measures taken inter alia by the Central bank, which may not be directly identifiable by enterprises.

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

3. Household incomes and coping strategies

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



While in August close to 40% of respondents had indicated important declines in their monthly total household incomes, the share is down to about 20% in November. Still, for about half of the population, monthly incomes have not recovered from their pre-Covid levels, despite government assistance.

Over 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...?

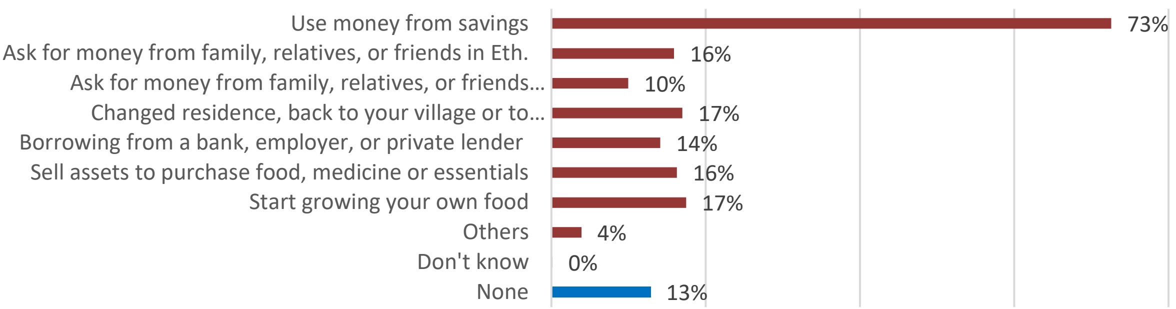


Fig. 11 Last week, have you or any of your household members experienced...?

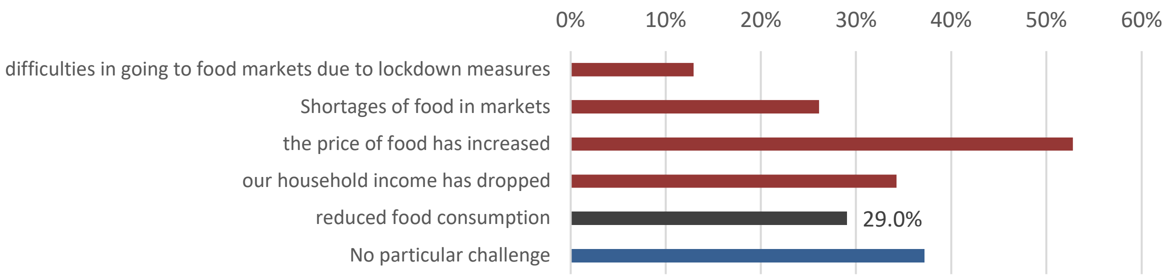
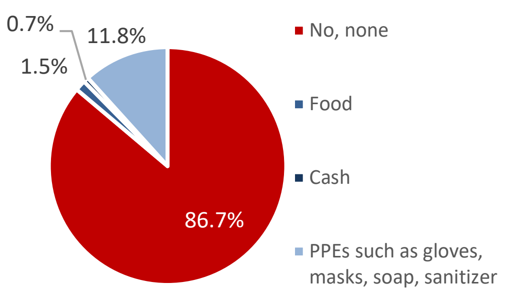


Fig.12 In the past month, did you receive any food, cash or other support from the government that you do not usually receive?



29% of households are still reducing food consumption in the week preceding the interview; this represents only a minor 4-point decline since August. Higher prices and lower incomes are reported as the main factors. 87% of respondents aren't accessing any special government assistance additional to usual social assistance, a level stable since August.

4. The outlook

In August 2020 about 60% of respondents were "worried" or "very worried" of loosing their job or main 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. The divide is instead between workers with formal jobs and workers in informal employment.

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

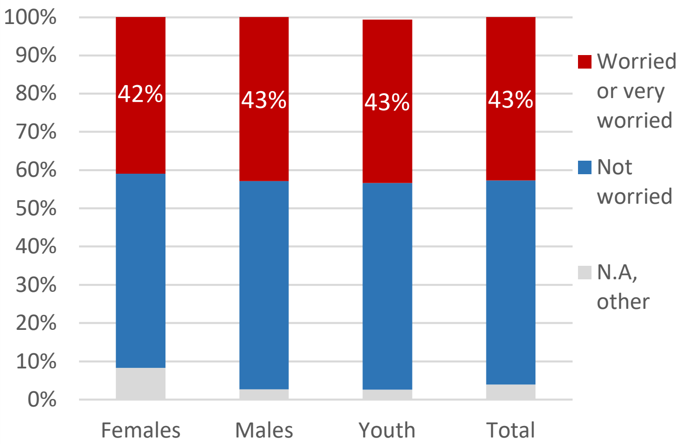


Fig. 14 How worried are you of loosing your job?: "Very worried"

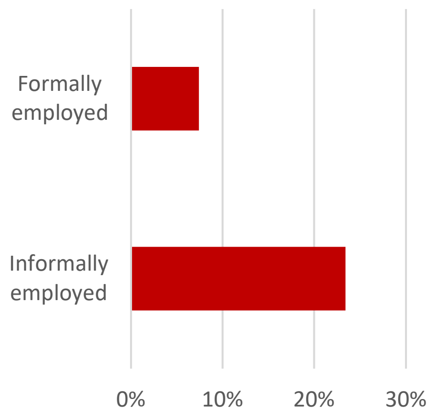
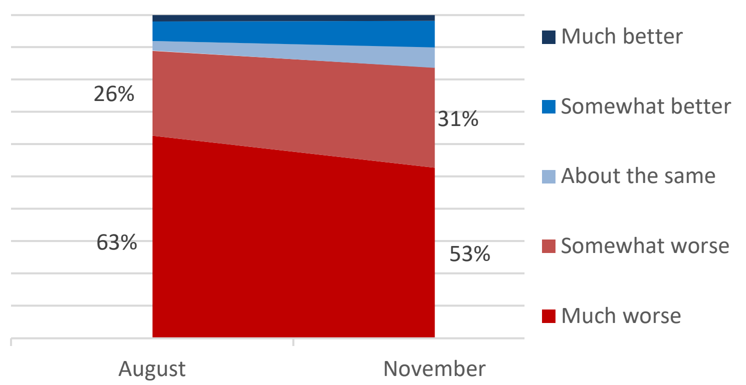


Fig.15 Expectations on business revenue for 2020, compared to 2019



In August two thirds of businesses expected sales in 2020 to be "much worse" than in 2019. The business sentiment had only improved marginally by November, with 8 out 10 businesses foreseeing a bad year for revenues.