

# Women and Youth labor market outcomes during Covid19: evidence from Egypt and Jordan

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### PITCH

In response to the onslaught of Covid-19, many countries introduced lockdowns and social distancing measures of varying stringency, with severe repercussions for labor market participants. Youth and female workers, without solid attachments to formal establishments, or with caretaker roles at home, were hit particularly hard. Governments need to enhance social protection schemes to include informal workers, to institute demand-driven reskilling and upskilling of workers for better meeting market needs, and to institute stronger incentives for the private sector to create decent jobs.

### MOTIVATION & CONTEXT

Labor markets in the MENA region were already suffering from insufficient job creation, high degrees of informality and high levels of inactivity. Youth (18-29) unemployment and inactivity was already the highest in the world, while women in the region had the lowest labor market participation rates, despite having almost closed the gap between them and men in terms of education. Among those who were

employed over 85% of youth and over 60% of women were informal. We study the impact of Covid-19 labor market outcomes in Egypt and Jordan, two middle income MENA countries that introduced very different mitigation regimes in response to the pandemic.

Egypt implemented relatively lenient responses to Covid-19 in the first half of 2020, and maintained the measures at a consistent level longer, reducing them gradually. Jordan started out with a stringent regime as of early 2020, but did not maintain it, and was forced to re-introduce it in the spring of 2021.

Given these differences in policies and pre-existing labor market conditions, workers in each country are expected to have experienced divergent impacts on their labor market status. A new study contributes to the limited literature on the impact of Covid-19 on MENA labor markets by estimating how Covid-19 regimes affected workers' outcomes controlling for pre-Covid-19 formality and regularity of employments status.<sup>1</sup> The study confirms that the crisis exacerbated the fragmentation and inequalities in the region's labor markets. Those made unemployed

under Covid-19 came predominantly from among women, those without formal employment pre-pandemic, and the less educated. Youths of both sexes were also hit particularly hard.

### METHODS

We analyze the impacts of the pandemic on vulnerable workers in Egypt and Jordan using panel microdata from several ERF Covid-19 MENA Monitor waves spanning the period July 2020 to August 2021. We examine workers' probability of remaining employed, becoming unemployed or exiting the labor market for workers who were in various employment categories representing differing degrees of formality and vulnerability. We also examine their probability of temporary and permanent layoff over time as the pandemic progressed, by workers' age and sex. We estimate logit models of workers' job loss, and multinomial logit models of workers' employment statuses, relating those to the degree of stringency of lockdowns and to workers' education and initial employment status.

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**Key words** Employment vulnerability, youth, COVID-19, MENA

**Geography** Egypt and Jordan

**Themes** Labor market outcomes, Vulnerability, Youth and Women

**Find out more about this project:** <https://www.afd.fr/en/carte-des-projets/impact-covid-19-households-and-firms-mena-region>

<sup>1</sup> Hlasny, Vladimir, and Shireen Alazzawi (2021) First out, last in amid COVID-19: Employment

vulnerability of youths in Arab countries, AFD Research Papers no.245.

## RESULTS

The stringency of governments' Covid-19 responses affected negatively employment and labor participation of most groups of workers, and particularly women and youths.

Transitions to being employed, unemployed or out of the labor force (OLF) for workers who were in each of six employment categories<sup>2</sup> in February 2020, confirm that a year after the onset of the pandemic (Feb. 2021), youth women were the most adversely affected in both Egypt and Jordan, either being more likely to become unemployed or to exit the labor force all together, followed by non-youth women. Informal workers outside establishments were also more likely to become unemployed or to exit the labor force, regardless of age and sex, but again youth women were hardest hit in that

category. Results also confirm that for all workers there was hardly any transition between employment categories, with workers who did not retain the February 2020 status either becoming unemployed or moving out of the labor market completely. There were almost no transitions from formal to informal jobs or vice versa.

Decreased working hours were less likely among public sector workers, except for women who witnessed sharp declines regardless of age even in public sector jobs. Temporary and permanent layoffs were most common among informal workers, especially those working outside establishments and youth men as well as women of all ages.

Regression results also confirm that Covid-19 regime stringency has the expected negative effect on labor force participation and

employment prospects. Among both sexes, youth prospects deteriorated under the tightness of the Covid-19 regime more than non-youths'. Workers' education, and employment status in February 2020 were also important determinants of outcomes amid Covid-19, confirming the high degree of state-dependence in worker's employment outcomes, and the difficulty for workers to exit vulnerability.

Sketching the employment prospects of workers to post-pandemic times, as of July–August 2021, men's employment prospects were recovering from the pandemic shock of the early 2021. Male youths' progress was less pronounced. Women have witnessed more of a stagnation of their status by being largely excluded from work opportunities.

## RECOMMENDATIONS

- National authorities should tackle in future policies issues stemming from the existing lack of employment protection for informal workers, from the weak anti-discriminatory provisions and enforcement in the region's labor markets. Attention should be paid to the working conditions of women, youths, and informal workers, which were more economically vulnerable amid Covid-19 closures.
- A broader and more generous system of social assistance is needed to sustain and lift those stuck behind.
- Building comprehensive social protection floors should be explored as tools for poverty and vulnerability reduction and prevention, such as through piloting targeted basic income programs and employment guarantee schemes.
- Governments of Egypt and Jordan should implement measures to target social-protection schemes to include informal workers, such as expanding eligibility and support to irregular workers under Egypt's Takaful, but also to design upskilling and reskilling programs matching demand, and to provide stronger incentives for decent job creation. These measures could all speed up the pandemic recovery and lay the foundation for more inclusive, dynamic and fulfilling norms in labor markets.

<sup>2</sup> The six categories were: public sector; formal private (having social security or a contract); informal (lacking social security or a contract) inside an establishment,

informal outside an establishment, unemployed, and OLF.