COVID-19
LABOUR MARKET IMPACT
MONITORING IN JORDAN

BI-WEEKLY UPDATE 15 TO 27 MARCH / REPORT # 1

OBJECTIVE

The Corona Virus-19 (COVID-19) pandemic is not only a health, but increasingly also an economic crisis. Micro, small and medium enterprises that provide employment to approx. 60 percent of the Jordanian labour force are likely to suffer a disproportionate impact of the nationwide movement restrictions. Economic downturn, business closures, a deterioration in working conditions and lost household income are among the likely consequences.

This bi-weekly report seeks to monitor the impact of COVID-19 on **workers** and on **employers** to build an evidence base that can inform appropriate response and recovery strategies.

IMPACT ON WOKERS

The COVID-19 crisis is a threat to Jordan's fragile labour market and will cause additional un- and under employment among Syrians and Jordanians.

- 80% of all respondents who stated to have worked in week 1 for one hour or more for profit, stopped working in week 2.

- Respondents who continued to work, reported a 42% decline in average weekly working hours between week 1 to week 2 (from 35 hours to 20 hours)

- The contraction in labour demand is concentrated in the construction and food service sectors where workers are commonly employed without a written contract and thus vulnerable to being unrightfully dismissed or sent on unpaid leave.

GO TO DASHBOARD

REFERENCE PERIOD
Week 1 (w1): 15 to 20 March
Week 2 (w2): 22 to 27 March

TWO MODULES
Workers (w1 = 314 / w2 = 292)
Employers (w1 = 43 / w2 = 50)

RESPONDENTS
Syrians (w1 = 230 / w2 = 232)
Jordanians (w1 = 84 / w2 = 60)
Women (w1 = 135 / w2 = 128)
Men (w1 = 179 / w2 = 164)

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IMPACT ON WORKERS (CONT'D)

The COVID-19 crisis is discouraging unemployed workers from continuing their job search and is likely to further reduce female labour force participation rates.

• 24% of all respondents who were looking for work in week 1, report that as a result of COVID-19 less vacancies are available (83%), employment service providers are not operational (19%) and/or that they are dedicating less time for job search activities due to increased care-taking duties (11%).

• This trend will disproportionately affect women who are more likely to be unemployed than their male counter parts and the primary care-takers in Jordan. In the medium-term, COVID-19 is likely to further reduce female labour force participation rates.

The COVID-19 crisis is a threat to household well-being and likely to push more households into poverty in the medium term.

• 59% of Syrian and Jordanian respondents state to have lost their total household income as a result of COVID-19 in week 1. This trends further increases in week 2 with more than 66% reporting to have lost their total household income.

• The reduction in household income is further aggravated by an increase in household expenditure. 38% of respondents report price increases for food and hygiene items in week 1 and 33% in week 2.

• Households report resorting to negative coping strategies to offset income loss such as reducing food intake (56%) and delaying or skipping rent and utility payments (67%).

• Syrian households appear to be less able to pay for rent and report to skip rent payments twice as much as their Jordanian counterparts. This likely to increase risks of forced eviction and debt to landlords in the near-by future.

• Whilst Syrians seem to have easier access to relief support, Jordanians have greater access to savings.

IMPACT ON EMPLOYERS

The COVID-19 crisis is causing severe disruptions to business activities and revenue generation.

• 56% of employers stated to have reduced their business operations to 20% or less in week 1 – this trend increased to 85% in week 2.

• The decline in business operations has caused a dramatic loss of revenue. In week 1, 65% of employers report that their generated revenue was 'a lot less' than expected – this trend increased to 90% in week 2.

• As a result of movement restrictions, employers report that employees are increasingly unable to report to work. In week 2, less than 10% of the regular workforce was working.

• Business that operate in the agriculture sector appear to fare better compared to businesses in the service sectors, given the increased demand for food items.

The COVID-19 crisis is likely to affect micro and small business disproportionately worse.

• 80% of all micro businesses report that their generated revenue was 'a lot less' than expected in week 1 – this trend increased to 98% in week 2.

• As a result of the foregone revenue, small businesses appear to have difficulties with their cash flow with 18% reporting in week 1 to fail paying loan instalments.

• In addition, micro and small businesses appear to be less prepared to mitigate the impacts of COVID-19 with 50% stating that they took no mitigation measures in week 1.

RECOMMENDATIONS

In line with the key findings of this report, NRC recommends the following actions to respond to immediate livelihoods needs in the short-term and to formulate appropriate economic recovery strategies in the medium-term.

- Continue to provide multi-purpose cash assistance to Syrian and Jordanian workers who have lost their household income partly or totally, focusing on workers from construction and service sectors.

- Monitor and mitigate eviction risks of Syrian households who are unable to pay rent as a result of COVID-19.

- Explore strategies to keep female job seekers active throughout the COVID-19 crisis to avoid women from dropping out of the labour force.

- Continue to monitor the impact on micro, small and medium enterprises to prepare for appropriate economic recovery strategies to safeguard employment opportunities and service provision in the medium-term.

METHODOLOGY

This report is based upon findings from a periodical cross sectional survey that NRC undertakes on a weekly basis. To the extent possible NRC will interview repeatedly the same respondents over time. Dropouts will be replaced with respondents of comparable characteristics from the same NRC datasets.

The sample for the workers' survey was randomly selected from two pre-existing project datasets of NRC for Jordanians and Syrian nationals. A proportionate random sampling procedure was followed on the combined datasets at 70 percent response distribution with 95 percent confidence interval and 5 percent margin of error. The total sample size resulted in 304 individuals which include 223 Syrian refugees and 81 Jordanians. A similar sampling process was followed for the employers' survey using an existing NRC database of micro, small and medium-sized businesses that are located in Ajloun, Amman, Irbid and Mafraq. A total of 183 employers were randomly selected at 80 percent response distribution with 95 percent confidence interval and 5 percent margin of error.