



المنتدى العربي للتنمية المستدامة

إسراع العمل نحو خطة عام 2030 ما بعد كوفيد

29-31 March 2021 – 2021 آذار/مارس 29-31



8 DECENT WORK AND
ECONOMIC GROWTH



SDG 8

DECENT WORK AND ECONOMIC GROWTH

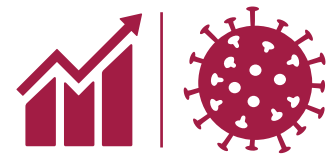
Promote sustained, inclusive
and sustainable economic growth,
full productive employment and
decent work for all

Economic growth in Arab countries has been uneven and largely failed to meet demand for productive employment and decent work. Overall, economic planning has been detached from social policies and governance structures that could increase equality and prosperity (SDGs 1, 4, 5, 10, 11 and 16). Overdependence on oil, the dominance of low-productivity sectors, and a problematic labour market also hamper efforts to move towards sustainable growth that safeguards the wellbeing of people and the planet (SDGs 7, 9, 12 and 13). These challenges have exacerbated the effects of the pandemic and limited the effectiveness of State action, especially in terms of ensuring functioning health and care systems (SDG 3).

A shift in economic thinking and planning towards economic structural transformation is

necessary for the Arab region to move forward on SDG 8. The post-pandemic economic agenda must leverage the lessons learned to strengthen national social safety nets and employment policies, which are crucial to resilient economies that can withstand external shocks. The desired 'return to normalcy' should not reinstate – or even strengthen – unsustainable dynamics that give primacy to economic performance indicators over long-term structural reforms that improve job quality, and enhance people's ability to fulfil their potential and improve their living standards. Such a transformation is vital for an effective and efficient post-pandemic recovery, but it cannot succeed without active pan-Arab and international collaboration to ensure that poorer countries are not left behind.

Impact of COVID-19 on SDG 8 in the Arab region



The COVID-19 crisis has exacerbated employment challenges in the region, adding pressure on already fragile labour markets and further exposing structural imbalances in Arab economies.

Millions are at risk of layoffs or wage reductions, and millions of working hours have been lost. Working hours declined in the second and third quarters of 2020 by an estimated 20.8 per cent and 9.1 per cent, respectively equivalent to 23.9 million and 10.5 million full-time jobs,¹ compared with the fourth quarter of 2019.² Around a third of the employed population in the region (equivalent to 39.6 million individuals)³ could also be at risk of layoffs or reduced wages and/or hours of work, owing to their employment in sectors most at risk of

decline in economic activity, namely accommodation and food services, manufacturing, retail, and business and administrative sectors.

The crisis has increased the vulnerability of millions of informal workers. Containment measures taken by Governments contributed to the increased vulnerability of informal workers, resulting in loss of livelihoods given the nature of their employment and lack of benefits. Informal workers in the region are also highly concentrated in the service sector, which suffered a sharp drop in demand that is unlikely to be reversed soon. Rapid assessments in Jordan and Lebanon, for example, have found that over 40 per cent of informal workers lost their jobs as a result of the pandemic.⁴

1 Assuming a 48-hour working week.

2 ILO modelled estimates, February 2021.

3 ILO modelled estimates, November 2020.

4 UNDP, COVID-19 Impact on Households in Jordan: A Rapid Assessment, 2020; ILO and Fafo, Facing Double Crises: Rapid assessment of the impact of COVID-19 on vulnerable workers in Lebanon, 2020.

Support to small and medium enterprises (SMEs):

The Central Bank of Jordan established a fund for soft loans to support SMEs facing potential closure, with the Jordan Loan Guarantee Corporation acting as guarantor. Benefiting companies will not be entitled to lay off their employees for the duration of the loan.

Employment retention: *In April 2020, King Salman bin Abdul Aziz Al Saud ordered the Government, through the Saned programme, to bear 60 per cent of Saudi employees' salaries for three months, amounting to 9 billion Saudi riyals. The aid will support those working in coronavirus-affected companies. The decree is conditional on the employer's continuation of the payment of salaries once the aid is stopped. This support was extended in July 2020.*

Global disruptions have further challenged the region's low integration in international value chains. Lockdowns have severely disrupted global supply chains worldwide and made it increasingly difficult to address the region's low integration in international value chains, a key barrier

to achieving SDG 8. Stronger regional integration of Arab economies into international value chains and increased trade, investment and aid flows between Arab countries would increase demand for Arab goods and services, and would translate into more and better-quality jobs for workers in the region.

The rentier nature of Arab economies proved particularly vulnerable to the impact of the crisis. Over-reliance on economic rents, especially oil rents, is another barrier to achieving SDG 8 in the Arab region.⁵ The pandemic and the resulting worldwide economic slowdown have had a negative impact on oil prices, with oil demand shrinking by 8.8 per cent in 2020. A return to 2019 demand levels is not expected in 2021,⁶ which will place additional restraints on oil-producing Arab countries' economies where oil revenues are the main source of government revenues and driver of economic activity. A limited fiscal space will also constrain post-pandemic macroeconomic policies, highlighting the need to intensify diversification efforts and invest in resilient sectors that create decent job opportunities and can withstand the volatility of the global economy.

Measures taken by Arab Governments

- 1. Many Governments have introduced measures to protect against layoffs,** including financing and liquidity support, fee and tax payment deferrals, and wage subsidies. In Oman, the General Federation of Oman Workers successfully reinstated the workers of 13 companies whose contracts had been terminated, through its active engagement in the tripartite committee established by the Government to mitigate non-compliance with labour laws and measures adopted in response to the Covid-19 crisis.⁷
- 2. Many Governments have adopted policies to reduce the negative impact of the crisis on the most vulnerable groups and workers.** Such measures include the provision of utility subsidies, waivers and payment deferrals for rent and electricity bills, and direct cash support to workers,

especially informal workers (Egypt, Jordan, Morocco and Tunisia). Several Gulf Cooperation Council countries lifted or suspended restrictions on migrants, and provided fee waivers for visa and work permit renewals.

- 3. Many Governments have taken steps to offer economic support to women,** including by incorporating institutions responsible for women's affairs in their crisis units to ensure a gender-sensitive response. A total of 73 of the 220 measures introduced in response to the crisis are gender sensitive, and 21 aim to ensure women's economic security.⁸ In Morocco, for example, the Ministry of Tourism, Air Transport and Social Economy has certified 15 cooperatives with all-female members to produce face masks.⁹

5 ESCWA, Arab Sustainable Development Report, 2020.

6 IEA, Oil Market Report, December 2020.


7 ILO, COVID-19 Country policy responses.


8 Calculations using data from UNDP and UN-Women Covid-19 Global Gender Response Tracker.


9 UN-Women and UNDP, COVID-19 Global Gender Response Tracker: Factsheet North Africa and Western Asia, 2020.


Most at risk of being left behind


A detailed review of the Arab region revealed that SDG 8 targets will not be met by 2030 for the following social groups,¹⁰ whose vulnerability has been amplified by the pandemic.

 **Children and young people:** Many children have had to stop their education and enter the labour market to support their families, owing to increased economic hardship of vulnerable households. Waves of layoffs and business shutdowns have impacted working young people, adding to youth unemployed and underemployment.

 **Women:** Lockdowns have increased women's double burden, adding to their care responsibilities and affecting their ability to work remotely. With around 24 per cent of women in the region working in sectors most at risk of decline in economic activity,¹¹ large gender gaps in livelihoods and labour force participation are likely to further increase. With the overrepresentation of women (over 60 per cent) in the informal sector and the large numbers working in sectors critically affected by the pandemic,¹² the already high female unemployment rate in the region is expected to increase owing to shutdowns and layoffs, with long term implications for women's engagement in paid work and their role in society. Girls are likely to drop out of school and many will never return, being forced into early marriage as a cost saving mechanism by their families. There is a real risk of the current crisis overturning decades of advancement in terms of girls' education and women's participation in the labour force.¹³

 **Persons with disabilities:** The health crisis has hit persons with disabilities especially hard, further increasing their vulnerability to layoffs given that they are more likely to be in the informal sector, if employed. Students with disabilities also face additional challenges in accessing remote education without adequate services and support.

 **Workers in the informal and agricultural sectors:** Lacking job security and social insurance, with no savings to tap into in the event of a shock, informal and agricultural workers disproportionately bear the risk of layoffs given their concentration in sectors severely affected by the pandemic, further increasing their vulnerability. In addition, they are at higher risk of exposure to the virus owing to the lack of safety measures in most informal workplaces. These circumstances have severe implications for their livelihoods, even in the long term.

 **Migrant workers:** Migrant workers in the region often lack basic services and rights, and sometimes live in quarters where social distancing is impossible and hygiene measures are inadequate. The sponsorship (kafala) system makes their ability to find alternative employment in the event of layoffs or temporary shutdowns more complicated. Female migrant workers are also at heightened risk of abuse and marginalization. They face increased restrictions on their mobility, heavier workloads with families forced to stay at home, risks of violence, and non-payment of wages or compensation for extra hours worked.

10 ESCWA, Arab Sustainable Development Report, 2020.

11 Calculations based on ILO modelled estimates, November 2020.

12 ILO, The COVID-19 response: Getting gender equality right for a better future for women at work, 2020.

13 Centre for Global Development, COVID-19 and Girls' Education: What We Know So Far and What We Expect, 2020; and UNICEF, Gender Equality and COVID-19, 2020.

Policy recommendations for ensuring an inclusive recovery and achieving SDG 8 by 2030

The Arab Sustainable Development Report 2020 identifies the following recommendations to accelerate the achievement of SDG 8 in the region and support action on

other SDGs. These recommendations also facilitate the COVID-19 recovery, and enhance resilience to future shocks and crises.¹⁴

Pursue fiscal and regulatory policy reform

Engage in economic restructuring to develop sectors that are sustainable, inclusive and productive, and promote the creation of decent jobs in the private sector

Improve the regional ecosystem for knowledge production, research and innovation






Eliminate limitations on the participation of women across different industries and sectors

Improve labour laws and protect labour rights through an inclusive policy design process based on social dialogue

14 For a comprehensive analysis of these recommendations, see ESCWA, Arab Sustainable Development Report, 2020.



Key facts on SDG 8

	ARAB REGION	WORLD
Annual growth rate of real GDP per employed person ¹⁵	 <p>-1% annual growth rate of real GDP per employed person in 2019 -3.1% since 2015</p>	<p>1% annual growth rate of real GDP per employed person in 2019 -7.36% since 2015</p>
Unemployment rate for persons aged 15+ years ¹⁶	 <p>11.5% of people were unemployed in 2020 +1.16% since 2015</p>	<p>6.5% of people were unemployed in 2020 +2.3% since 2015</p>
Unemployment rate for females aged 15+ years ¹⁷	 <p>20% of females were unemployed in 2019 -0.16% since 2015</p>	<p>6% of females were unemployed in 2019 -1.1% since 2015</p>
Youth unemployment rate (aged 15-24 years) ¹⁸	 <p>25.7% of young people were unemployed in 2019 -1.1% since 2015</p>	<p>13.5% of young people were unemployed in 2019 -0.1% since 2015</p>
Proportion of youth (aged 15-24 years) not in education, employment or training (NEET) ¹⁹	 <p>♀ 42% of disengaged female young people in 2019 ♂ 18% of disengaged male young people in 2019 +0.25% since 2015</p>	<p>♀ 31% of disengaged female young people in 2019 ♂ 14% of disengaged male young people in 2019 -0.1% since 2015</p>

Note: The change between time periods is calculated by ESCWA. All figures in the table have been rounded.

¹⁵ ILO estimates.

¹⁶ ILO estimates.

¹⁷ ESCWA Arab SDG Monitor. Available at <http://arabsdgmonitor.unescwa.org/>.

¹⁸ ILO estimates.

¹⁹ ESCWA Arab SDG Monitor. Available at <http://arabsdgmonitor.unescwa.org/>.