



**Brief #4: 17 April 2020**

## THE IMPACT OF THE COVID-19 OUTBREAK ON EMPLOYMENT IN THE GAMBIA

### INTRODUCTION

Access to full and productive employment and decent work for all is a fundamental development issue and key determinant to promoting sustained, inclusive and sustainable economic growth, as identified in Sustainable Development Goal 8 of the 2030 Agenda for Sustainable Development. The value of employment has been emphasized in The Gambia through its development plans, the Programme for Accelerated Growth & Employment (PAGE) 2012-2016 and its successor, the National Development Plan (NDP) 2018-2021.

Following the outbreak of the COVID-19 virus in The Gambia, the Government took swift measures to minimize the spread of the virus declaring a State of Emergency initially for 21 days which was then extended by 45 days. Other measures included closing the airspace and country's borders, closure of all non-essential public and private businesses, freezing prices on essential food and non-food commodities, closing schools and universities, limiting public gatherings and transport and encouraging social distancing through quarantine measures.

These measures have made it very difficult for many workers to either commute to their place of work or be able to work at all, making an already precarious employment situation in the country worse. This will also have knock-on effects on workers' incomes, particularly for informal and casually employed workers in different sectors of the economy. Given the current environment of uncertainty and fear, enterprises are likely to delay investments, purchases of goods and the hiring of new workers. With the COVID-19 outbreak creating an even more turbulent economic environment, many more people will enter unemployment and find it difficult to secure jobs.

### STATUS OF LABOUR FORCE IN THE GAMBIA

The Gambia has a total population of 2.3 million people, of which 1.3 million are age 15 or above and 1 million are between the ages of 0-14 years. Among those ages 15 years and above 52.4 percent are females while 47.6 percent are males. Data further shows that the average household size is 9.7 persons per household. Rural households have larger household sizes of 11.2 persons per household compared to 8.0 persons per household in the urban areas. Male headed households have a higher average number of persons per household (10.2) compared to female headed households (7.0).



According to the latest Labour Force Survey (2018), the working age population of the country is 1.26 million people. By age group 68.2 percent of the working age population is of the ages 15-35 years (youth) and 31.8 percent are between the ages 36-64 years. Furthermore, 53 percent of the population are in the labour force while 43 percent are outside the labour force. The labour force participation rate is 53 percent and the proportion are higher in the rural areas (58%) than in the urban (49.2%).

There are 431,168 employed people (64.8%) of which 275,939 are male and 155,229 are female, meaning there are more employed males than females. By place of residence, the proportion of the employed population is higher in the urban areas with 65.5 percent compared to the rural areas (34.5%). In all occupations, more males are engaged than females and the difference is more pronounced in plant and machine operation and assembling occupation.

The national unemployment rate is 35.2 percent. Female and youth unemployment are higher at 57.1 and 41.5 percent respectively. By residence, there are more unemployed persons living in the rural areas (76.6%) compared to the urban areas (23.4 %). The number of underemployed persons is 75,174, the majority of whom (64.5%) live in the urban areas and the remaining 35.5 percent live in the rural areas. There are more underemployed females (60.7%) than males (39.3%).

## GLOBAL DEVELOPMENTS IN EMPLOYMENT RESULTING FROM COVID-19

The rapidly intensifying economic effects of COVID-19 on the world of work are proving to be far worse than the 2008-9 financial crisis, with cutbacks equivalent to nearly 200 million full-time workers expected in the next three months alone, according to the International Labour Organization (ILO). According to the ILO, the impact of the COVID-19 outbreak on global employment deteriorated drastically reflecting the full or partial lockdown measures affecting almost 2.7 billion workers – four in five of the world’s workforce. At the start of the year – before COVID-19 spread worldwide - global unemployment already stood at around 190 million.

Workers in four sectors that have experienced the most “drastic” effects of the outbreak and falling production are: food and accommodation (144 million workers), retail and wholesale (482 million); business services and administration (157 million); and manufacturing (463 million). Together, they add up to 37.5 per cent of global employment and this is where the “sharp end” of the impact of the pandemic is being felt now. The Gambia as a service driven economy relies heavily on tourism (food & accommodation) and trade (wholesale and retail) and workers and businesses in these sectors are going to be the hardest hit, a severe shock for the economy.

Table 1: Decline in working hours and employment due to COVID-19 outbreak

|                                  | Decline in working hours (%) | Full-time equivalent (40 hours, million) | Full-time equivalent (48 hours, million) |
|----------------------------------|------------------------------|--|--|
| World                            | 6.7                          | 230                                      | 195                                      |
| Low income                       | 5.3                          | 14                                       | 12                                       |
| Lower-middle income              | 6.7                          | 80                                       | 70                                       |
| Upper-middle income              | 7.0                          | 100                                      | 85                                       |
| High income                      | 6.5                          | 36                                       | 30                                       |
| Africa                           | 4.9                          | 22                                       | 19                                       |
| Americas                         | 6.3                          | 29                                       | 24                                       |
| Arab States                      | 8.1                          | 6  | 5  |
| Asia and the Pacific             | 7.2                          | 150                                      | 125                                      |
| Europe and Central Asia (Europe) | 6.0<br>7.8                   | 24<br>15                                 | 20<br>12                                 |

Source: International Labour Organization (ILO)

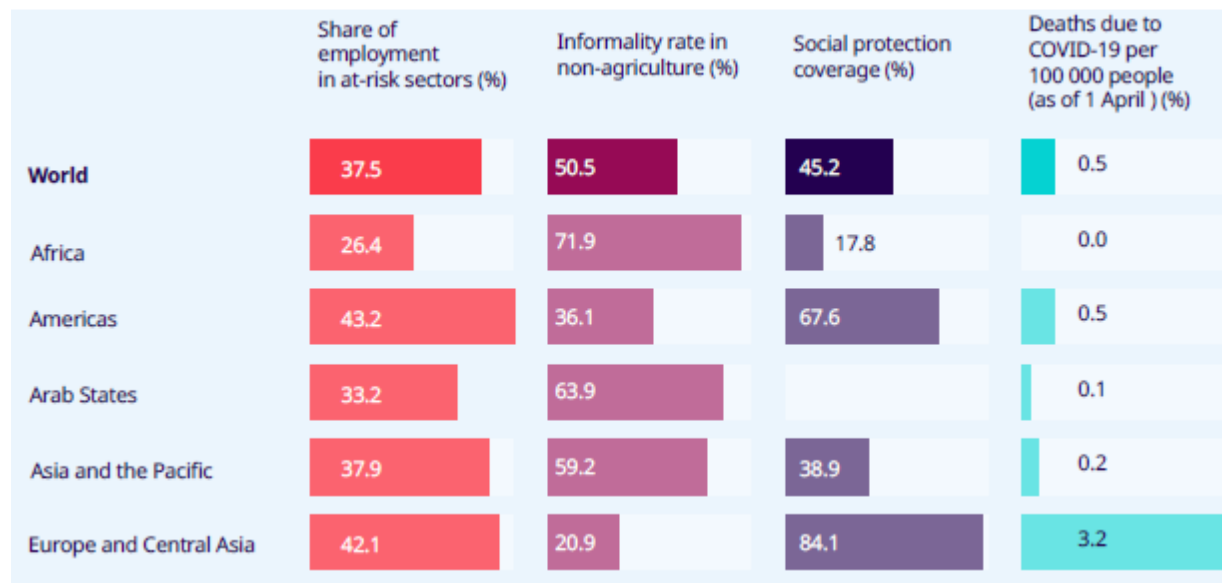
The final tally of annual job losses in 2020 will depend critically on the evolution of the pandemic and the measures taken to mitigate its impact. Particularly in low- and middle-income countries, hard-hit sectors have a high proportion of workers in informal employment and workers with limited access to health services and social protection. Without appropriate policy measures, workers face a high risk of falling into poverty and will experience greater challenges in regaining their livelihoods during the recovery period.

Those who continue to work in public spaces, in particular health workers, are exposed to significant health and economic risks. In the health sector, this affects women disproportionately. Ensuring that the world's 136 million health and social professionals who are working in the frontline of the fight against the virus are adequately protected and have the right type of protection is of utmost importance.

There is no doubt that the COVID-19 outbreak is having a dramatic impact on the world's workforce. Policy responses need to focus on providing immediate relief to workers and enterprises in order to protect livelihoods and economically viable businesses, particularly in hard-hit sectors and developing countries, thus ensuring the conditions for a prompt, job-rich

recovery once the pandemic is under control. Limited public resources need to be used to encourage enterprises to retain and/or create jobs.

Figure 1: Workers at risk, informality and social protection



Source: International Labour Organization (ILO)

Looking at Africa, its share of workers in at-risk sectors is lower than other regions of the world and COVID-19 deaths are so far low, however, the virus has started spreading rapidly in a number of countries where the nexus between informality, weak capacity and high-density populations poses severe health and economic challenges for governments.

#### DEVELOPMENTS IN EMPLOYMENT FROM COVID-19 OUTBREAK IN THE GAMBIA

A desk review by the Ministry of Trade, Industry, Regional Integration and Employment, estimates job losses at 52,752 for informally employed people in both the formal and informal sector as a result of COVID-19 outbreak and preventive measures taken. The Gambia was already facing an employment crisis, especially for women and youth, and the outbreak of the COVID-19 pandemic will only further exacerbate this crisis.

Initial estimates from the Gambia Bureau of Statistics (GBOS) point to a significant rise in unemployment and underemployment in the wake of the outbreak. The decline in economic activity and constraints on people’s movements has a high impact on the services sector. Table 2 below shows that the services sector, tourism and travel (captured under Transport and Storage, Wholesale and retail trade; repair of motor vehicles and motorcycles, Construction; Accommodation and food service activities and other service activities) are most affected.

The agriculture, forestry and fishing sectors are excluded as they are not as affected by the lockdown as compared to the other sectors.

**Table 2: Estimated Job Losses by Industry due to COVID-19 outbreak, The Gambia**

| Industry   | Persons |         |
|--|---------|---------|
|  | Count   | Percent |
| Agriculture, forestry and fishing                                    | 0       | 0.0     |
| Mining and quarrying   | 5       | 0.0     |
| Manufacturing  | 248     | 0.5     |
| Electricity, gas, steam and air conditioning supply                  | 84      | 0.2     |
| Water supply; sewerage, waste management and remediation activities  | 7       | 0.0     |
| Construction   | 3650    | 6.9     |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 6761    | 12.8    |
| Transportation and storage   | 1964    | 3.7     |
| Accommodation and food service activities                            | 2191    | 4.2     |
| Information and communication  | 32      | 0.1     |
| Financial and insurance activities                                   | 42      | 0.1     |
| Real estate activities   | 9       | 0.0     |
| Professional, scientific and technical activities                    | 238     | 0.5     |
| Administrative and support service activities                        | 82      | 0.2     |
| Public administration and defense; compulsory social security        | 194     | 0.4     |

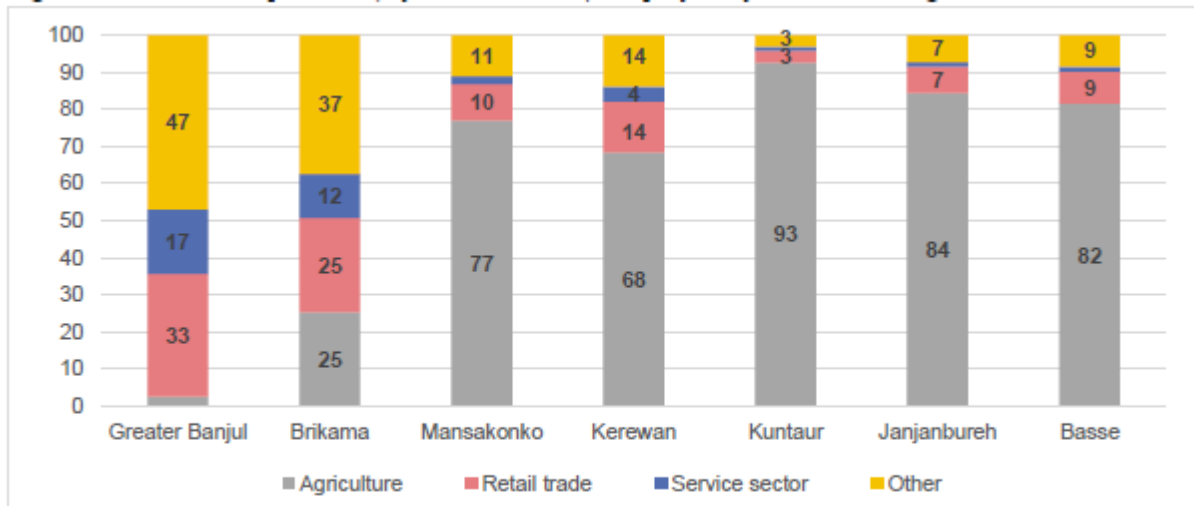
|  |               |             |
|--|---------------|-------------|
| Education  | 861           | 1.6         |
| Human health and social work activities  | 99            | 0.2         |
| Arts, entertainment and recreation   | 634           | 1.2         |
| Other service activities   | 35628         | 67.5        |
| Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use | 21            | 0.0         |
| Activities of extraterritorial organizations and bodies  | 0             | 0.0         |
| Not stated   | 2             | 0.0         |
| <b>Estimated number of job losses</b>  | <b>52,752</b> | <b>12.2</b> |

Source: Ministry of Trade, Gambia Bureau of Statistics

It should be noted that two thirds of workers in The Gambia work in the informal sector, which accounts for 80% of the informal economy. 71 percent of MSMEs are in the informal sector and they employ 95 percent of the informal sector workforce. Most workers in the MSME sector rely on daily activity to sustain themselves and their families. The impact of the closures brought on to mitigate the spread of COVID-19 will negatively impact these individuals and business more than anyone. The majority of informal sector workers are women and protecting the economic empowerment of Gambian women has to be of utmost priority at this time given its implications on families and poverty reduction as a whole.

Many workers are still vulnerable to shocks and a crisis like COVID-19 will move most of the vulnerable population back into poverty while increasing vulnerability for others. In such situations, women and children tend to be more adversely affected mostly because of the gendered nature of the informal sectors. These at-risk workers have no regular income and therefore no savings and no social security buffer in case of lost wages. In the absence of all this, today they find themselves in great difficulties: they simply lack the money to buy food, pay rent or meet their basic necessities.

Figure 2: Share of population employed, by sector and region



\*Other sectors include manufacturing, mining, public administration, education, health, electricity and water supply, and international actors (NGOs, Foreign government institutions, etc.).

Source: DSPD – Office of the President

The measures taken by the Government to curb the spread of COVID-19 or to flatten the curve will impact greatly on the people and the economy. Figure 2 shows the share of the population employed in different sectors by region. The majority of working Gambians are in the urban areas of Greater Banjul and Brikama and are most employed in the services sector. In the rural areas, especially the rural poor (69.5% live below the poverty line), are mainly working in agriculture that is mostly subsistence. Closing down non-essential businesses may therefore affect a large share of the working population and lead to great income losses, which in turn will reduce tax revenues and therefore Government resources. On an individual level, the severity of income losses varies greatly, but for a significant number of people it could lead to them not affording accessing necessary healthcare or even buying food to feed their families.

While agriculture may be less affected by the measures undertaken, as some people have their plot of land next to their homes and can therefore still access them, disruptions to supply chains will make it more difficult for people to sell their crops and people working on the farms that live in other households may not be able to or be allowed to go to work if precautionary measures are tightened.

Although some of the businesses that fall under the retail trade category may be classified as essential and therefore allowed to operate, the retail sector will likely be severely impacted by the measures undertaken. This has led to a slowdown in economic activity and a total suspension of the tourism industry with tour operators forced to cancel operations and hotels forced to close. From the figure we see that the impact will be greatest felt in the urban areas and this will have repercussions throughout the country. A majority of urban workers are the breadwinners for their families and family in the rural areas and we know that households are large in size with usually one or two people working to support the rest. These potential job losses will have multiplier effects and plunge many more people and households into poverty.

## RECOMMENDATIONS

Stakeholders have reflected on how to mitigate the negative effects of the COVID-19 crisis:

- ✓ Tripartite social dialogue between Governments (National, Regional & Local), Workers' and Employers' organizations is a key tool for developing and implementing sustainable solutions, from the community level to the national level.
- ✓ Protect employment and incomes for enterprises and workers negatively impacted by the indirect effects (hotel closures, travel bans, cancellation of public events, etc.)
- ✓ Social protection through existing schemes and/or ad-hoc payments for workers, including informal, casual, and seasonal workers, and the self-employed (e.g. through access to unemployment benefits, social assistance, and public employment programmes);
- ✓ Employment retention schemes, including short-time work arrangements/partial unemployment benefits and other time-bound support for enterprises, such as wage subsidies (and temporary cuts to payroll tax/exemptions from social security contributions), provision of paid leave and extension of existing entitlements to workers, and training leave, grants and related schemes;
- ✓ Lending and financial support to hard hit sectors through stimulus packages to businesses to encourage retention of workers.