

The Informal Employment in the Arab Countries

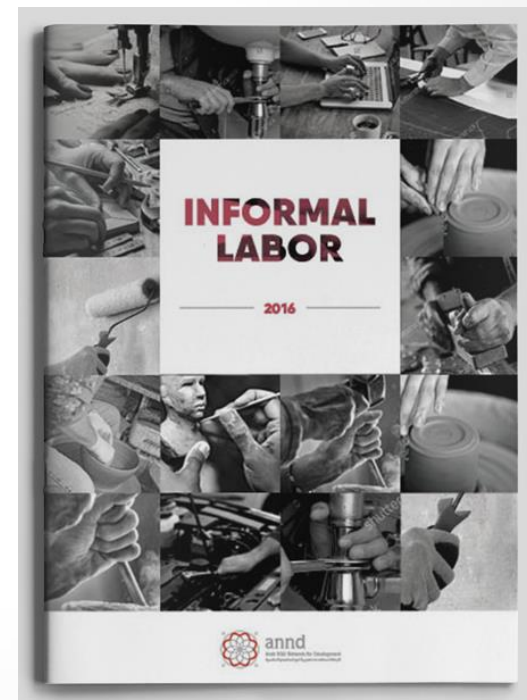
Realities and Rights

Launching the Regional Report

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What does this report target?

- Pointing on the fact that **informal employment is not a marginal issue in the Arab countries**. It is rather an **intrinsic feature of the modern Arab economies** and the division of labor therein. It is **doomed to expand** under current policies.
 - Even De Soto: *"the Arab spring is the revolution of the "informals". They seek to work in a regulated system that protects them and can be inclusive. But this system has not been invented yet"*.
 - Also to remember are the by-laws of the ILO (1919): *"World peace can only be built on social equity"* and *"the improvement of the working conditions is an urgent necessity"*.
- Comparing the characteristics of **informal employment between Arab countries**, clarifying definitions and categories from a rights-based perspective:
 - **Informal sector**, a concept related to production units... (including households) → share of GDP.
 - **Informal employment**, is about **work relations** = informal employment in informal sector + informal sector + in households.
 - Be aware : informal economy is a wider definition of informal employment, to be distinguished from any criminal activity!!!

The categories of informal employment situations

- Studying the **distribution of the categories** of informal employment along with the internationally adopted classification...
- Discussing the relative importance and comparing the **working situation between self and wage employment...**
- Discussing **dependency relationships** in informal economy
- Analyzing how **agriculture and public employment** influence the comparison between Arab countries.

Bu Azizi situation: street vendors

House workers without wage

Most of foreign workers

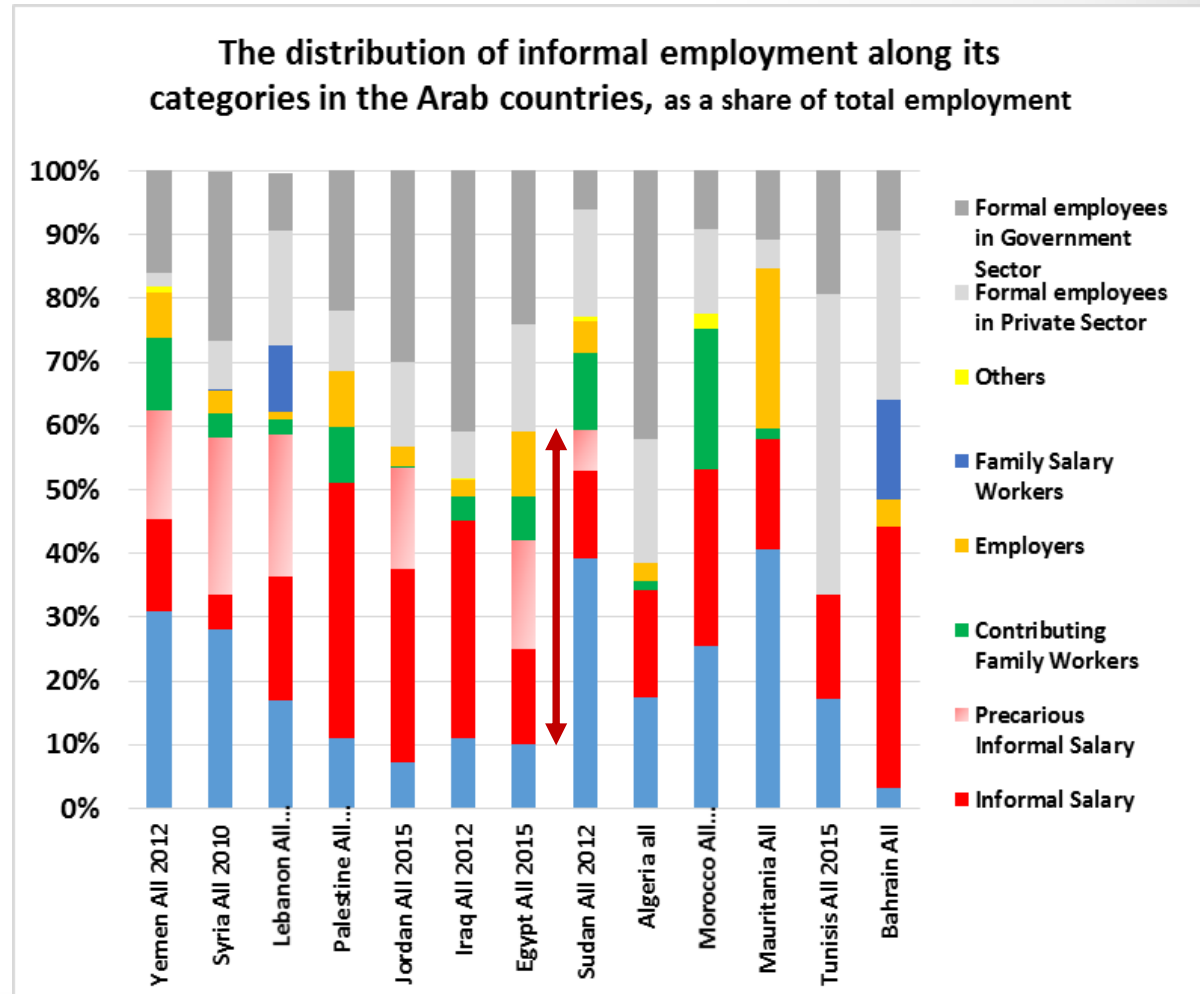
Sometimes Informal government employees

House workers

Production units by type	Jobs by states in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6	7	8	
Households ^(b)	9					10			

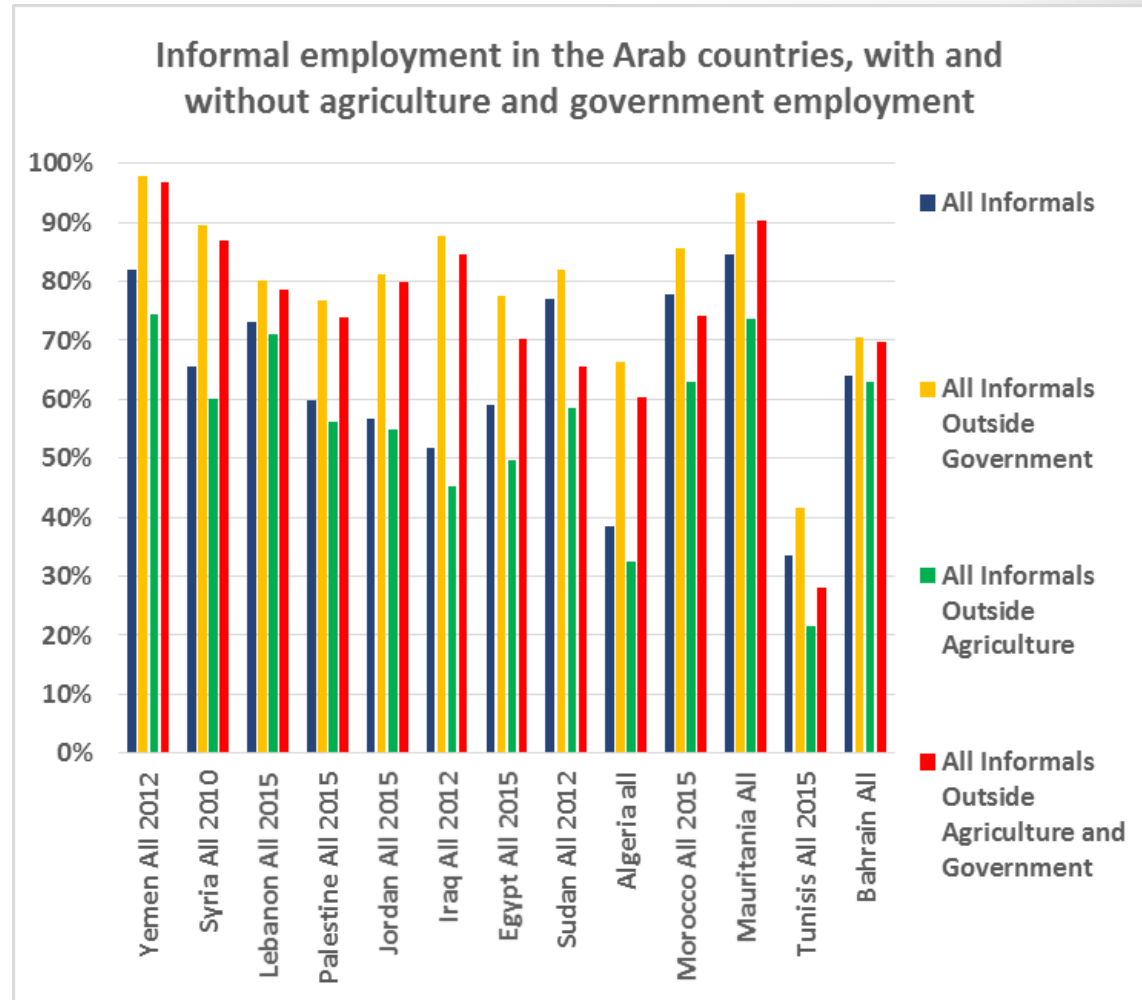
The main results of the study

- According to latest LFSs
- Basic criteria is social security coverage (rights-based criteria)
- The situation of informal employment varies significantly between Arab countries
- Except Tunisia and Algeria, Informal employment > 50% of total employment
- Other-account work (with or without wage) is the main characteristic of Arab informal employment, and not own-account!!!



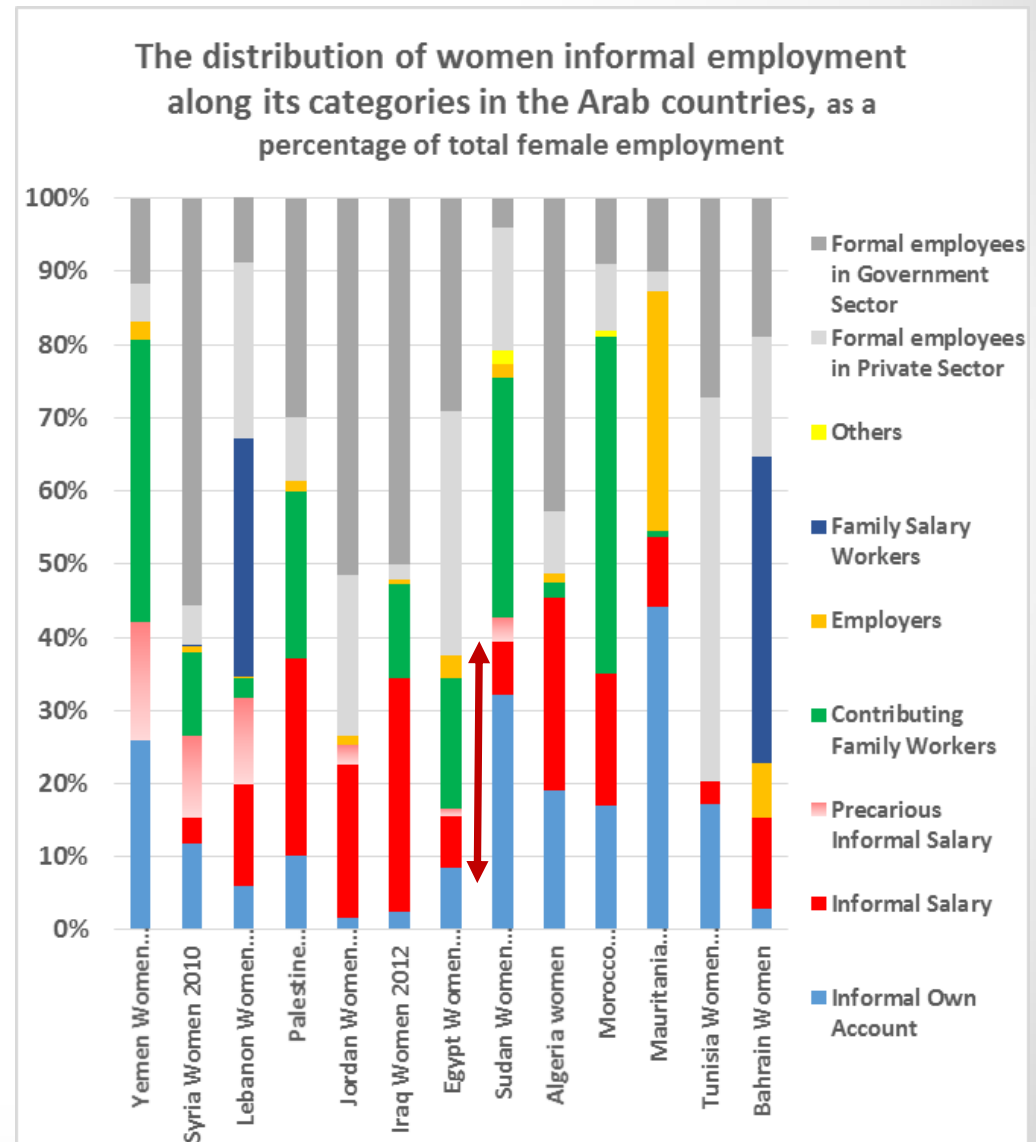
The main results of the study

- Outside government employment, informal employment > 60% of total employment (excluding Tunisia)
- Outside agriculture, informal employment > 45% of total employment (excluding Tunisia and Algeria).
- Outside agriculture and government employment, informal employment > 60% of total employment (except Tunisia).
- LFSs does not always allow to analyze details of non agriculture informal employment... However, other-account work is the dominant characteristic of informal employment in most Arab countries



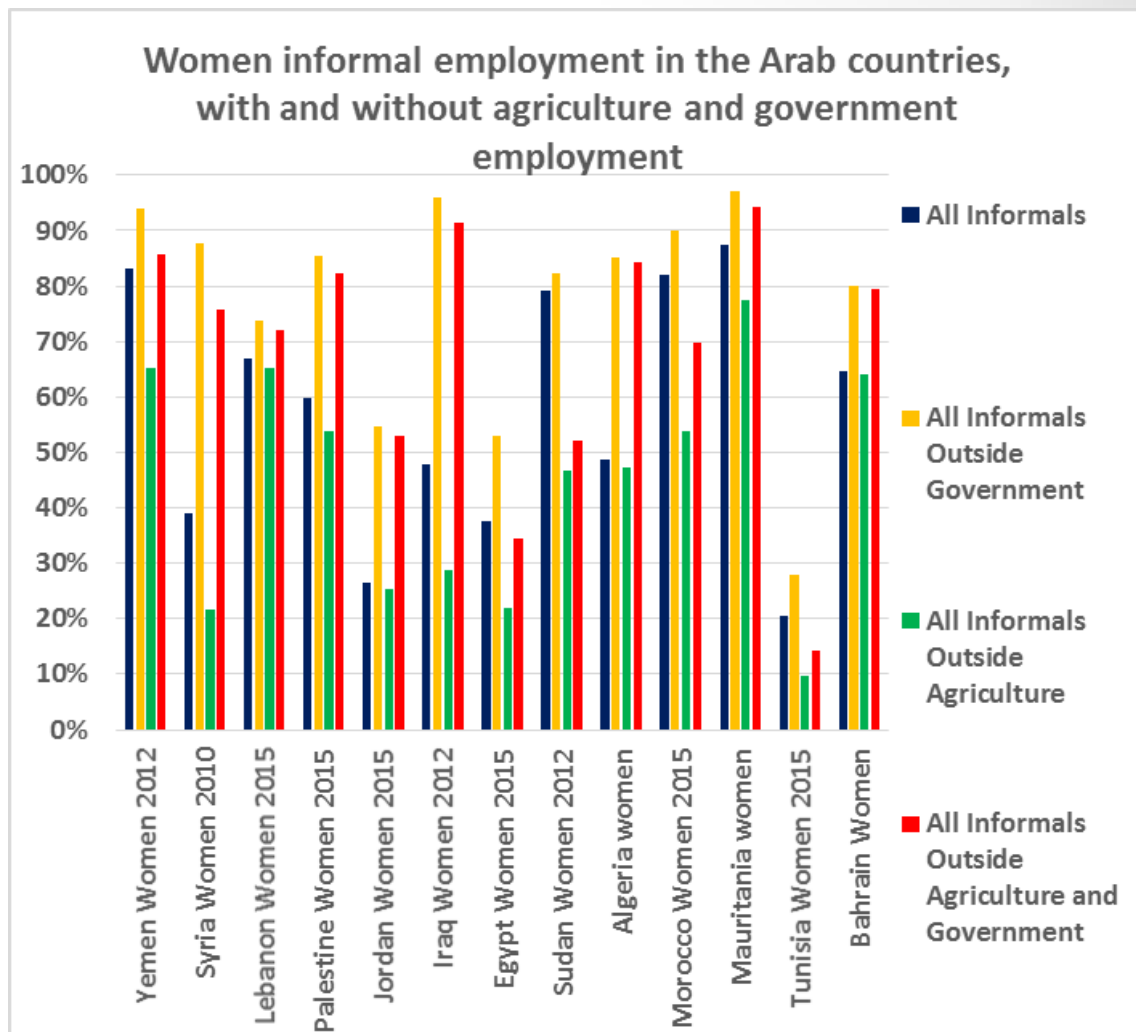
The Main results of the study concerning women informal employment

- Globally, women are less involved than men in informal employment.
- Except Yemen, Sudan, Algeria, Morocco, Mauritania and Bahrain.
- The situations of women informal employment vary significantly between Arab countries.
- Other-account work is the main characteristic of women informal employment.
- Informality amongst (non-paid) contributing family workers is dominant in Yemen, Palestine, Sudan and Mauritania.
- Informality amongst family salary women workers is dominant in Lebanon and Gulf countries



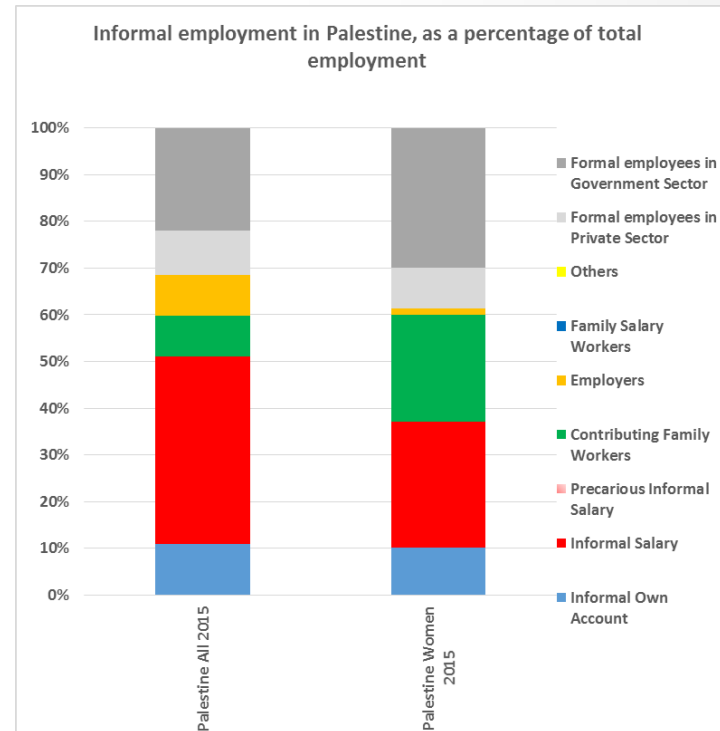
The Main results of the study concerning women informal employment

- Outside government employment, the share of informality in women employment increases drastically in most Arab countries.
- Outside agriculture, the share of informality decreases to 10% in Tunisia, 22% in Egypt and Syria, 25% in Jordan and 29% in Iraq.
- Outside agriculture and government, informal employment > 60% of total women employment (except Tunisia).
- Outside agriculture, other-account work is the main characteristic of women informal employment.



Informal employment in Palestine

- In the middle of the youth bulge: 39% youth
- High unemployment 26% (36% female)
- Low female participation (WB 18%; Gaza 20%)... increasing
- 53,000 yearly newcomers to LF (+4,5% yearly), 15,000 women (+6,3%)
- New employment opportunities 70%, 50% only for women
- Major differences between WB and Gaza in public employment
- 17% of WB informal wage workers are employed in Israeli settlements
- WB accounts for 82% of all informals
- Latest specialized survey 2008??!!
- Share of own-account very small
- Informal sector contribution = 9 to 88% of GDP
- Child labor > 7% (6–14 years)
- Poverty = 26% of Palestinians, 50% of revenues below poverty line (especially WB).



Distribution of employed in Palestine (LFS of informality 2008)					
Women	Men	Total	Gaza	WB	
					Wage workers
30%	21%	22%	37%	16%	In Public sector
9%	9%	10%	16%	8%	Formal in formalprivate sector
27%	43%	40%	27%	45%	Informal in formal private sector
					Own account and employers
1%	10%	9%	5%	10%	Formal
10%	11%	11%	10%	11%	Informal
23%	5%	9%	5%	10%	Contributing family workers no wage
60%	60%	60%	43%	66%	Total of the informally employed

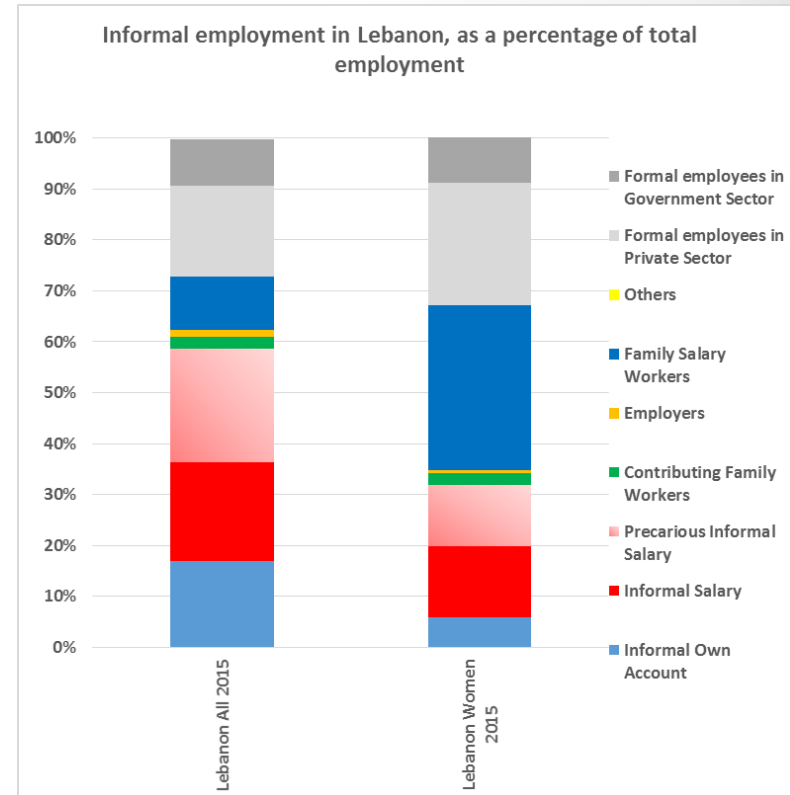
Informal employment in Palestine (general picture)

% of total employment

The shares of informal employment categories in Palestine (% of total employment)														
Type of production unit	Jobs by Status in Employment													
	Own-account workers			Employers			Contributing		Wage workers			Members of cooperatives		
	Informal		Formal	Informal		Formal	Informal		Informal		Formal	Informal		Formal
	West Bank	Gaza		West Bank	Gaza		West Bank	Gaza	West Bank	Gaza		West Bank	Gaza	
Formal sector enterprises								33,2%	6,9%					
Informal sector enterprises	8,5%	2,6%		?	?		7,4%	1,4%				?	?	
Households									?	?				

Informal employment in Lebanon

- No youth bulge, 29% youth... but high outward migration rates (1–2% yearly).
- Lebanese, Palestinian, Syrian and other foreign labor force (including large home workers)
- Inward migration = 2/3 of demographic growth
- Urbanized population: 90% in cities
- Yearly newcomers to LF 44,000 in 2006–2010, becoming 110,000 in 2011–2015 (1/3 women).
- Participation:
 - Men: Lebanese 42%, Palestinians 42%, Syrians 47%
 - Women: Lebanese 21%, Palestinians 15%, Syrians 19%
- Unemployment:
 - Men: Lebanese 9%, Palestinians 9%, Syrians 30%
 - Women: Lebanese 18%, Palestinians 14%, Syrians 68%
- Informal employment:
 - Lebanese 59%, Palestinians 95%, Syrians 99%, other migrants 90%.
- Main characteristic of informality : wage workers
- Own-account share is generally weak, but high for Lebanese in medium income country!!!!



Informal employment in Lebanon

- Global picture of the country linking LFSs for each category of workers. But does not allow to follow changes since 2011.
- 85% of those working in Government and public sector temporary contracts = informal?
- Share of informal sector in GDP 36% (World Bank)
- Child labor: Lebanese 2%, Syrians 8%
- Poverty: 29% of population, 8% in extreme poverty (WB), other studies: Lebanese 3%, Palestinians 66%.....

Distribution of employed in Lebanon along nationality, gender and job status															
Total employed			Other migrants			Syrians			Palestinians			Lebanese			
Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	Total	Women	Men	
100%	28%	72%	13%	11%	1%	18%	2%	17%	6%	1%	5%	63%	14%	49%	Share of Total employed in Lebanon
															Wage workers
9%	9%	7%							1%	1%	1%	14%	18%	10%	Government Public sector
11%	22%	10%	10%	10%	10%	1%	1%	1%	4%	9%	3%	15%	34%	14%	Formal in private sector
29%	45%	22%	80%	80%	80%	22%	9%	23%	36%	60%	30%	20%	20%	20%	Permanent informal wage workers
23%	13%	26%	10%	10%	10%	72%	85%	71%	31%	12%	35%	10%	7%	11%	Vulnerable wage workers (daily, etc)
21%	7%	26%							18%	12%	20%	32%	14%	36%	Own-account
5%	1%	6%				5%	5%	5%	9%	3%	11%	5%	1%	6%	Employers
2%	3%	2%										3%	5%	3%	Contributing family workers
0%	0%	0%										1%	1%	1%	Trainees
0%	0%	0%							1%	3%	1%				Others
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	TOTAL
73%	67%	74%	90%	90%	90%	99%	99%	99%	95%	90%	96%	59%	44%	63%	Share of Informal employment

Informal employment in Lebanon (general picture)

% of total employment

The shares of informal employment categories in Lebanon (% of total employment)

Type of production unit	Jobs by Status in Employment													
	Own-account workers			Employers			Contributing		Wage workers			Members of cooperatives		
	Informal		Formal	Informal		Formal	Informal		Informal		Formal	Informal		Formal
	Lebanese	Migrants		Lebanese	Migrants		Lebanese	Migrants	Lebanese	Migrants		Lebanese	Migrants	
Formal sector enterprises														
Informal sector enterprises	16,0%	1,0%		?	1,4%		2,2%	0,0%	19,4%	22,3%		?	?	
Households									?	10,1%				

The shares of women informal employment categories in Lebanon (% of total employment)

Type of production unit	Jobs by Status in Employment													
	Own-account workers			Employers			Contributing		Wage workers			Members of cooperatives		
	Informal		Formal	Informal		Formal	Informal		Informal		Formal	Informal		Formal
	Lebanese	Migrants		Lebanese	Migrants		Lebanese	Migrants	Lebanese	Migrants		Lebanese	Migrants	
Formal sector enterprises									13,8%	12,0%				
Informal sector enterprises	5,6%	0,4%		?	0,4%		2,5%	0,0%				?	?	
Households									?	32,5%				

Informal employment in Egypt

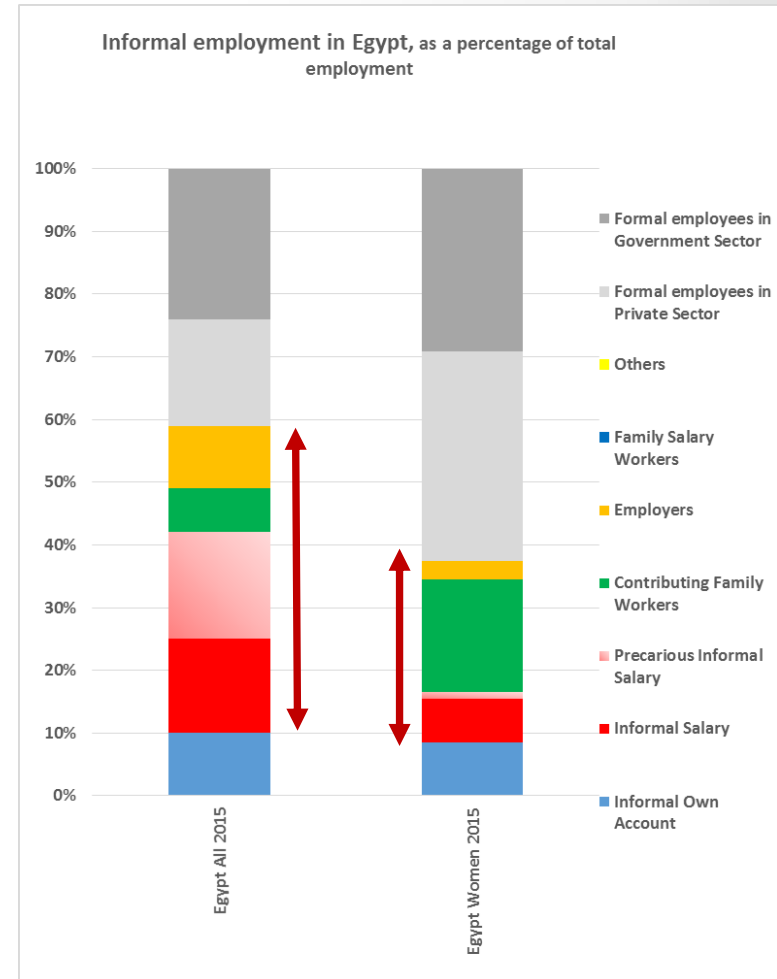
- End of the youth bulge: 25% youth, low outward migration.
- No major rural–urban migration wave: 57% of population still rural; but **acceleration**.
- New entrants to LF 690,000 yearly in 2006–2010 (240,000 women), reduced to 560,000 in 2011–2015 (126,000 women).
- New job opportunities only 50% of labor demand in 2011–2016, 60% for women.
- 24 million male employed, only 4 million women.
- Unemployment: male 9%, female 35%.
- **Informal employment : 59% of total employed, only 38% of women employed.**
 - Main characteristic is other–account work
 - Low own–account employment

Distribution of employed (men and women) in Egypt as for status in jobs		
ELMPS 2012	% of all employed	% of informally employed
Government services	26%	
Public sector	4%	
Wage regular work in private sector	11%	
Wage regular work in informal sector	15%	25%
Irregular wage work	17%	29%
Contributing family workers outside agriculture	2%	3%
Contributing family workers in agriculture	5%	8%
Own-account workers outside agriculture	8%	14%
Own-account workers in agriculture	2%	3%
Employers	10%	17%
Total employed	100%	
Total informally employed	59%	100%

Distribution of women employed in Egypt as for status in jobs		
ELMPS 2012	% of all employed	% of informally employed
Government services	49%	
Public sector	3%	
Wage regular work in private sector	7%	
Wage regular work in informal sector	7%	18%
Irregular wage work	2%	6%
Contributing family workers outside agriculture	3%	8%
Contributing family workers in agriculture	15%	36%
Own-account workers outside agriculture	8%	20%
Own-account workers in agriculture	2%	4%
Employers	3%	7%
Total employed	100%	
Total informally employed	41%	100%

Informal employment in Egypt

- **Informal employment: 59% of total, only 38% for women**
 - **Outside agriculture: 50% of total employment, only 22% for women**
 - **Outside agriculture and Gvt: 70% of total, only 34% for women**
- **91% of youth employment is informal... most of it in the formal sector !!!!**
- **First jobs for youth 79% informal for men, only 15% for women.**
- **The share of precarious work is increasing: from 8% in 2006 to 17% in 2012.**
- **A significant share of contributing family work without wage for women.**
- **A significant share of government employment is informal.**
- **Informal sector contribution to GDP estimated between 35% and 68%.**
- **Children work 4% (5–11 years), 13% (12–14 years).**



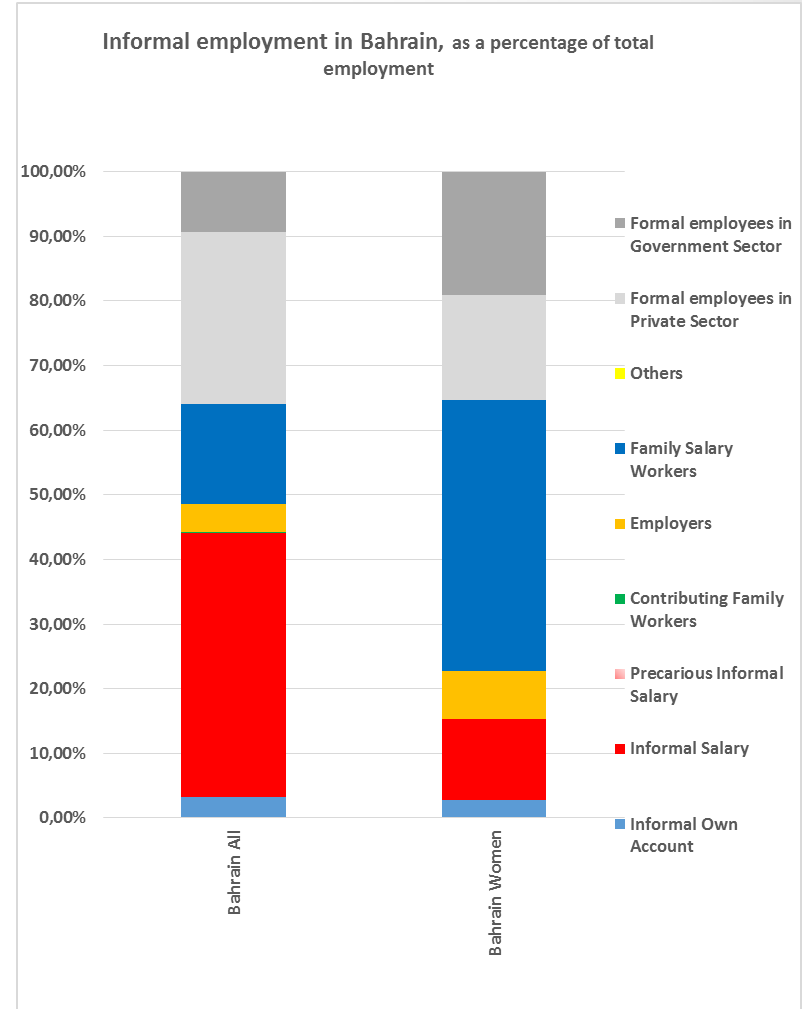
Informal employment in Bahrain

- Demographic growth is mainly fixed by incoming migration...90% of migrants participate to LF. **So what does participation to LF means in Gulf countries? Female participation 36%!!!**
- Gender unbalance: 62% men! As most of incoming migrants are men.
- 8,000 Bahraini new-comers every year to LF, out of total 59,000 in 2006–2010.
- **A Gulf countries' cahracteristic: Labor Force adapts itself to the Labor market, and not the opposite !!!!!.**

Analysis of informal employment in Bahrain				
2015	number of workers (000)	% of total employment	% of Bahrainis employed	% of migrants employed
Bahraini Own-account workers (3)	23	3,2%	15%	
Migrant Own-account workers (3)	1	0,1%		0%
Bahraini employers (4)	30	4,2%	19%	
Migrant employers (4)	1	0,1%		0%
Bahraini Contributing family Workers (9)	1	0,1%	1%	
Migrant Contributing family workers(9)				
Bahraini wage workers in formal sector (2)	4	0,6%	3%	
Migrant wage workers in formal sector (2)	293	40,9%		52%
Bahraini wage workers in informal sector (6)				
Migrant wage workers in informal sector (6)				
Migrant wage workers in households	111	15,5%		20%
المجموع	464	64,8%	37%	73%
		716	157	559
Analysis of female informal employment in Bahrain				
2015	number of workers (000)	% of total employment	% of Bahrainis employed	% of migrants employed
Bahraini Own-account workers (3)	4,5	2,8%	8%	
Migrant Own-account workers (3)	0	0,0%		0%
Bahraini employers (4)	12	7,5%	21%	
Migrant employers (4)	0	0,0%		0%
Bahraini Contributing family Workers (9)			0%	
Migrant Contributing family workers(9)				
Bahraini wage workers in formal sector (2)			0%	
Migrant wage workers in formal sector (2)	20	12,5%		19%
Bahraini wage workers in informal sector (6)				
Migrant wage workers in informal sector (6)				
Migrant wage workers in households	66,9	41,9%		65%
المجموع	103,4	64,7%	29%	84%
		159,8	56,8	103

Informal employment in Bahrain

- **Informal Bahrainis**
 - Own-account, employers and free professions
 - New employments created by new technologies
 - Precarious employment in public sector, especially women (ex. kindergarten)
 - Producing families
- **Informal migrants**
 - « loose » employment... migrants having lost official residency... 50,000 (10% of total employment).
 - Household employees... 60% of them women
 - **64% of migrant workers are here for less than ONE year... no rights**
 - **77% for less than 3 years**
- **Informal employment 65% of total**
 - **Almost same percentage between Bahrainis and migrants**
 - **Despite that Bahrain is best country in the Gulf respecting workers rights!**



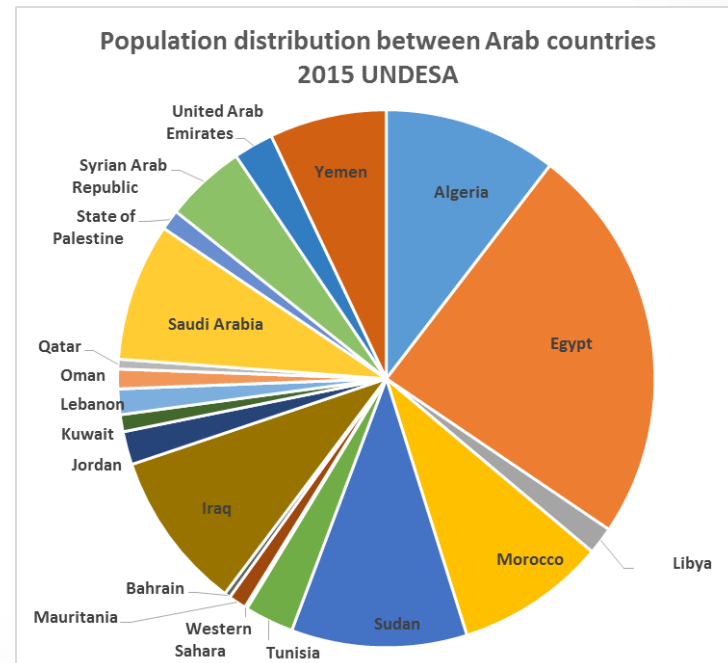
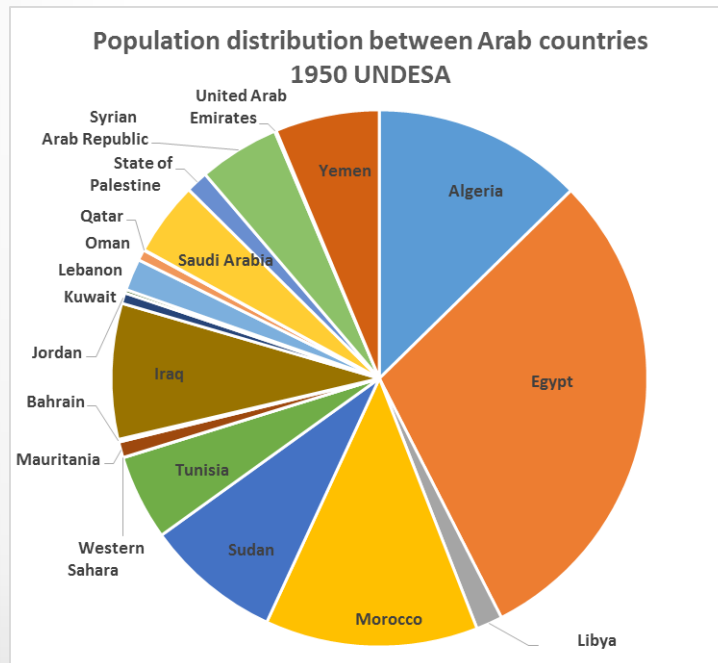
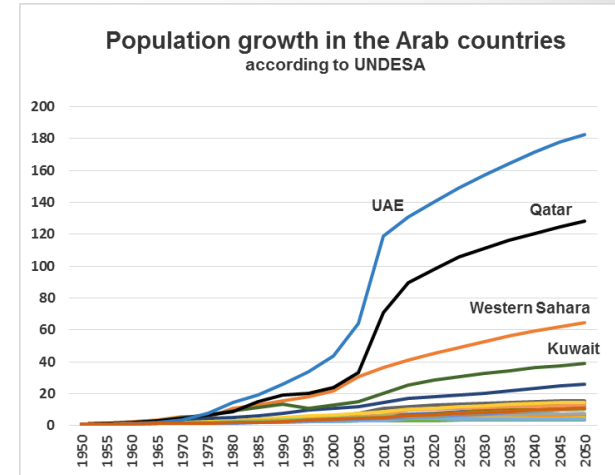
Informal employment in Bahrain (general picture)

% of total employment

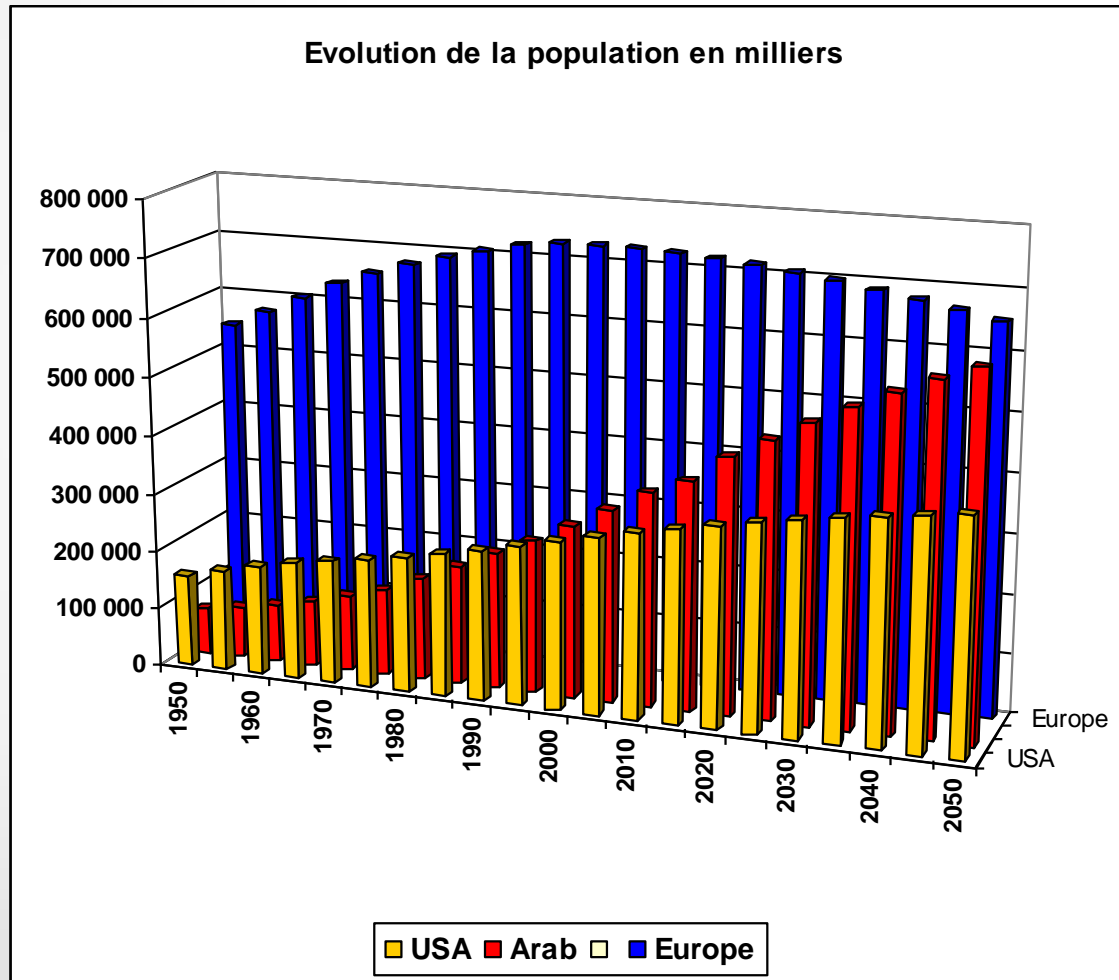
The shares of informal employment categories in Bahrain (% of total employment)														
Type of production unit	Jobs by Status in Employment													
	Own–account workers			Employers			Contributing		Wage workers			Members of cooperatives		
	Informal		Formal	Informal		Formal	Informal		Informal		Formal	Informal		Formal
	Bahrainis	Migrants		Bahrainis	Migrants		Bahrainis	Migrants	Bahrainis	Migrants		Bahrainis	Migrants	
Formal sector enterprises									0,6%	40,9%				
Informal sector enterprises	3,2%	0,1%		4,2%	0,1%		0,1%	0,0%	0,0%					
Households									?	15,5%				

Future perspectives

- **A major change has occurred in the population weight of Gulf countries**
 - Gulf: from 6% to 14% of total population... (UAE x 140)
- **Major influence of migrations**
 - Internal migrations between non-Gulf countries (wars!)
 - Outward migration from non-Gulf countries
 - Inward migration to Gulf countries... not from Arab non-Gulf countries



The informal employment in the Arab countries shall have a global impact, especially on Europe

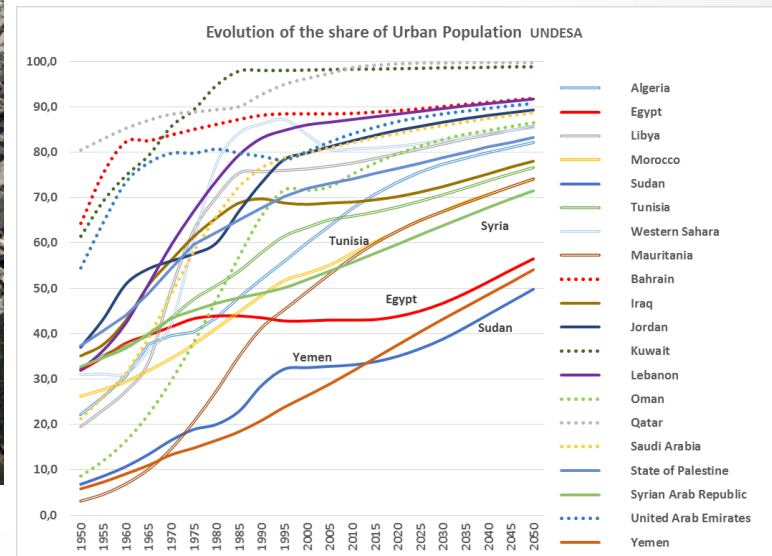
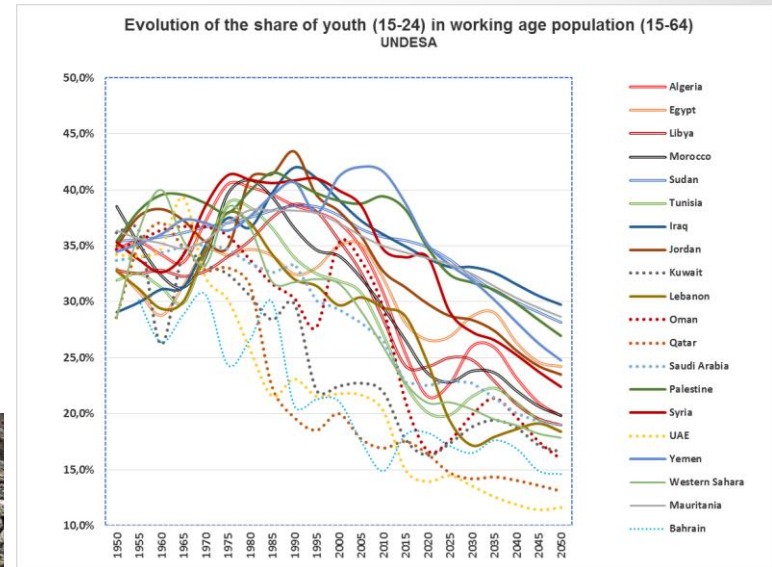


Comparison of total population between Arab countries, Europe and the US

No social protection → no citizenship → troubles → wars and migrations

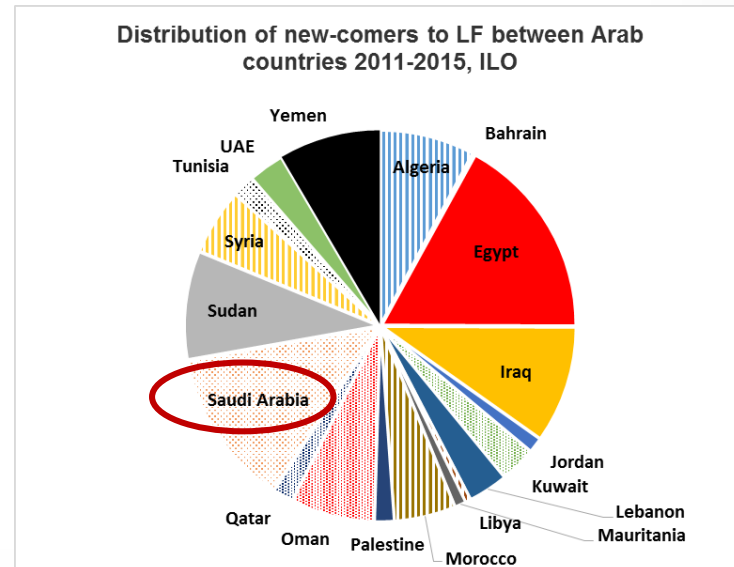
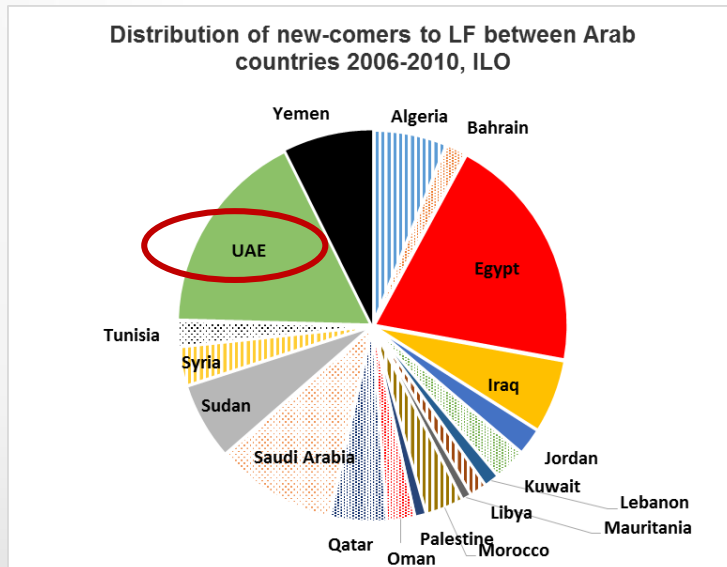
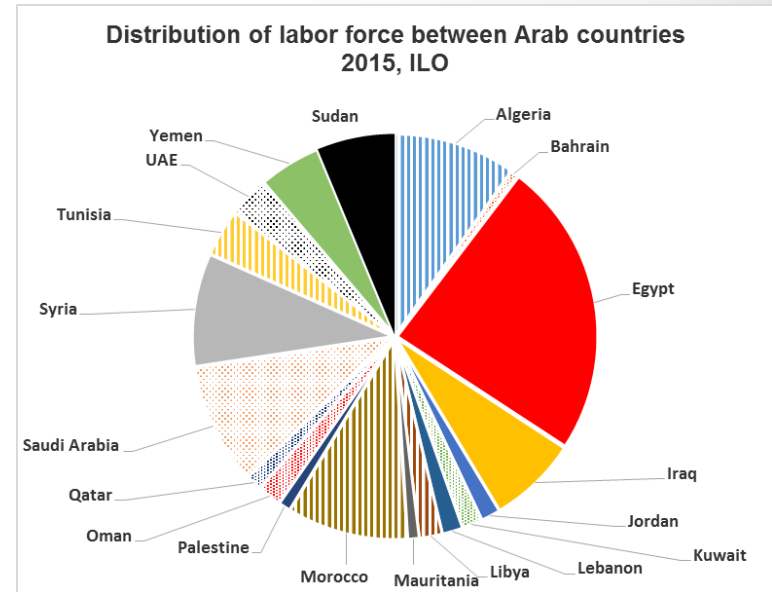
Future perspectives

- **The end of the youth bulge**
 - **Lastest in Yemen and Palestine**
- **New acceleration of rural-urban migration**
 - **Especially in Egypt and Sudan**



Future perspectives

- **The relative distribution of the labor force between Arab countries**
 - Egypt, Syria, Algeria, Morocco and Iraq
- **Acceleration of LF growth**
 - Especially in the Gulf countries (migrants!?)
 - Major difference in the dealing with the effects of crises between Gulf and non-Gulf states



The Arab Watch report, the policies and necessary activities

- A better documentation of case studies of informal employment in Arab countries is needed to reflect the main informalities in each country...
- A better documentation is needed concerning the positions and the struggles of unions and NGOs for the rights of informal workers...
- Government policies towards informal employment:
 - There is a need to better study the **Tunisian best case**, and how this experience can be improved and generalized to protect the human, social and economic rights of informal workers and the population...
 - Why NGOs and Unions do not perform **their own labor force surveys** to compare with official LFSs or to compensate their absence? Especially to analyze:
 - The **large differences** in informal employment **between regions of a country**
 - The links between informal employment and **informal settlements**, and the regional and urban planning policies.
 - There is a need to better address IMF analysis of **taxes and social contributions**, as well as its « recommendation » concerning subsidies: **within a general review of the role of the State in re-distribution.**
- Are micro-credits really THE solution while most informal employment is wage working?

Recommendations

- **Struggles:**

- The priority of the rights issue → Awareness campaigns: **Informal employment is the true nature of employment in the Arab countries**
- Social and economic rights are human rights... **dignity** is needed for all workers, citizens or non-citizens
- There is need of independent union activities to represent **the interests of informal workers groups**
- There is a need for independent unions and NGOs defending the rights of women in work
- Priority of struggles: **obtain social protection for informal employees**
- **All social contributions** (taxes and fees, against services including health and retirement) should be put on a **unique negotiation table**.
- Combatting poverty and promoting entrepreneurship in a **global development perspective**.
- The **place of work** is an essential issue of labor relations, to deal with in social negotiations
- Dialogue is necessary with **trade and industry chambers**, locally and in country
- There is a necessity of **international collaboration** with all NGOs defending rights of informals.
- **Labor market institutions**: as a framework... its management has to be shared (employment, inspection, negotiation, control of application of rules and regulations).

Recommendations

- **Surveys:**
 - Pressure must be made on governments to perform regular surveys
 - Unions and NGOs should perform their own surveys
 - International cooperation on the expertise of surveys
 - Focusing surveys on issues related to youth, women and precarious employment, to regional gaps, to migrant workers rights and to social protection... **The indicator of unemployment means nothing in Arab countries...**
- **Social security:**
 - Taking profit of the Tunisian experience... **and beyond... the horizontal deployment of social security...**
 - Studying the financial equilibrium of social security in countries experiencing youth bulge
 - Negotiation total social contributions against total social services... with governments and IMF.
- **Combating poverty and promoting entrepreneurship**
 - Analyzing the **Moroccan experience in micro-credits?** The most important
 - Analyzing **entrepreneurship promotion** policies in Arab countries, especially for the youth...
 - Analyzing living conditions in **informal cities and regional and urban planning policies.**