

# IMPACT OF COVID-19 ON DAILY-WAGE WORK AND THE REFUGEE HOUSEHOLDS THAT RELY ON IT IN THE KURDISTAN REGION OF IRAQ (KR-I)

Assessment Overview and Findings

April 2021



# 01

# INTRODUCTION



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# Background and context



## Informal work around the world

- 2 billion workers (61.2% of the world's employed population) in informal employment (International Labour Organization, 2020)
  - Men (63%) usually have higher rates of informality than women (58%) (ILO, 2018)
  - Countries in Middle-east and North Africa (MENA) region employ 65% of their labor force informally (World Bank, 2016)
    - Woman in the MENA region are associated with a lower probability of working in the informal sector (World Bank, 2014)
- Daily-wage work: engagement of workers on a very short-term or occasional and intermittent basis - often for a specific number of hours or days (ILO)
  - Work agreements often informal and casual in nature (non-written, non-verbal)
  - Mostly outside of the scope of any employment regulations



## Informal sector and daily-wage work in Iraq

- Formal labour force participation rate in Iraq one of the lowest in the world (ILO, 2020)
- Informal workers comprise 52% of the total workforce - majority are daily-wage workers (United Nations Development Programme, 2020)
- High proportion of refugee households in the informal sector
  - Absence of: proper work contracts, social protection norms, defined labor regulations for refugees

# Background and context



## COVID-19 and the economic situation

### Global

- Closure of public spaces and non-essential local businesses, and movement restrictions locked daily-wage workers out of their livelihoods. (World Bank, 2020)
  - Face extreme poverty and food insecurity
- Daily-wage workers are particularly vulnerable to economic and labor market shocks (Food and Agriculture Organization of the United Nations, 2020)
  - Most at risk of losing their jobs and incomes as they lack secure employment contracts



### Iraq

- March 2020: Governments in Federal Iraq and KR-I imposed lockdown to combat spread of COVID-19
- Pandemic-related lockdown measures negatively impacted employment and livelihood opportunities (World Bank, 2020)
  - Retail, construction and general services most affected



### Assessment rationale

- Limited data on the impact of COVID-19 on daily-wage work and particularly on refugee households in KR-I
- IMPACT Initiatives (IMPACT) conducted a qualitative assessment, funded by the United Nations High Commissioner for Refugees (UNHCR), to fill this information gap



# 02

## Methodology



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# Research objectives



## Overall objective

To understand whether, and to what extent, daily-wage work and the socio-economic conditions of refugee households that rely on income from daily-wage work have been impacted since the COVID-19 pandemic started in KR-I in March 2020

## Specific objectives:

- To understand whether, and to what extent, daily-wage work has been impacted since the COVID-19 pandemic started in KR-I (March 2020)
- To explore how the socio-economic conditions of refugee households that rely on income from daily-wage work have been affected since COVID-19 and the related mitigation measures began
- To provide insight into how these households are adapting to the economic changes, if any, in their situation since the COVID-19 pandemic started, and what mechanisms are available for them to do so
- To understand gender and governorate-level differences in the impact of COVID-19 on daily-wage workers

# Methodology overview



## Geographical Coverage

Kurdistan Region of Iraq

- Al-Sulaymaniyah, Duhok, Erbil



## Population of Interest

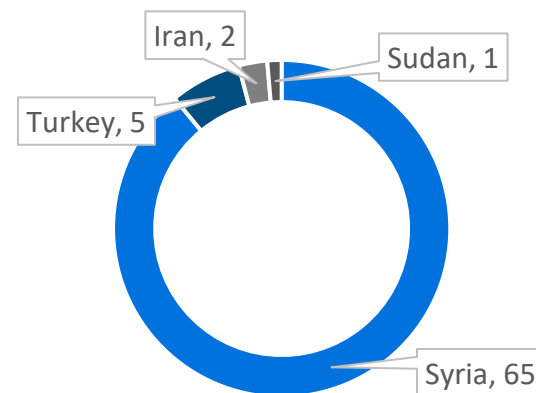
- All out-of-camp refugee households in KR-I that engage in and rely on daily-wage work
  - Refugee households of all nationalities included



## Data collection

- Primary list of contacts for Key Informant Interviews (KIIs) compiled using UNHCR's refugee database
- Short selection interviews were conducted between 15-17 December 2020 to determine the eligibility of participants for the study
- Only individuals in a household who engaged in daily wage work were selected for participation
- **Qualitative household-level KIIs conducted between 16-23 December 2020 with 73 Key Informants (KIs)**
- Respondents primarily asked to provide a description about the situation of their households, as well as questions pertaining to their individual challenges as daily-wage workers

## Number of KIs by their reported countries of origin (CoOs)



# Challenges and limitations



- Findings for this assessment are indicative and therefore not generalizable to the population of interest
- Interviews were conducted with refugee KIs of different nationalities based in KR-I
  - Findings based on the perceptions of KIs of all nationalities who took part in the study
  - Majority of KIs reported being from Syria (65/73), thus, perceptions could primarily be those of Syrian refugees
- Due to public health risks and considerations linked to the spread of COVID-19, KIIs replaced the originally planned 24 face-to-face Focus Group Discussions (FGDs)
- Some challenges in gathering non-verbal responses as KIs were conducted over the phone
- Due to contextual and time constraints, it was not possible to find and interview an equal number of male and female KIs in each governorate
- Findings based on self-reporting
  - Due to inherent biases in self-reporting, possibility of under-or over-reporting





# 03

## Key Findings



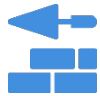
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# KIs were primarily employed in labor-intensive jobs and earned insufficient wages

## Primary industry of work



	Construction, goods laborer	Manufacturing, oil industry	Service, food industry	Healthcare	Agri- businesses	Vendors	Professional	Driver, cleaner, etc.	Education
Male	34	5	4	-	3	3	1	2	1
Female	-	6	3	6	2	-	2	-	1
<b>Total</b>	<b>34</b>	<b>11</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>2</b>	<b>2</b>

- 41/73 KIs mentioned that their work was mostly in the private sector; 8/73 KIs reported working in the public sector
- Only 1/6th of all KIs reported being able to find employment for three weeks or more in a month (12/73)
- 8 KIs reported being unemployed and looking for work at the time of the interview – 6 lost their primary jobs after March 2020 (4 removed from jobs because the workplace shut down, 2 left jobs due to non-payment of salaries)
- Reported monthly income found to be insufficient
  - KIs reported receiving as little as 5,000 IQD / day; hours per day varied between 4 to 12 hours or more
  - Female KIs in service industries complained about late working hours and feeling unsafe while traveling back to their homes late at night

# Work situations and livelihoods opportunities were better before March 2020

## Difficulties at work before and after COVID-19

- Number of daily-wage workers reportedly increased since March 2020
  - Many companies decreased their staff, workplaces shut down due to financial issues
- Reported increase in daily wage workers from the host community
  - Non-payment of salaries in primary jobs, willingness to work for lower wages further driving down wages

### Number of KIs reporting their perceptions on the work situation prior to the start of the COVID-19 pandemic in March 2020\*



Easier to find work

25



Greater number of days one could find work/ higher income

24



Higher daily wages

19



Less competition

10



Fewer number of days one could find work/ lower income

36



Movement restrictions make it difficult to go for/ engage in work

22



Lower wages for the same work

14



Health issues/ risks have increased

12

\*KIs provided multiple responses. Number of responses provided are for indicative and comparative purposes, and could be more or less than the total number of participants who were asked each question.



# Difficulties at work increased after March 2020

- KI reported that due to the lockdown sale and demand of products and services reduced
  - Non-payment of wages by business owners
  - Reduction in daily wages
  - Decrease in number of working days
  - Closure of workplaces, factories
- Restrictions on international travel, travel within Iraq, gatherings of large groups, and dining at restaurants reportedly impacted industries reliant on income related to these activities
  - Women mostly employed in the food and service industries
    - Highly impacted by closure of cafes and restaurants

## Number of KIs by the most commonly reported difficulties at work at the time of interviews\*



Insufficient wages and income	33
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Lack of or limited livelihoods opportunities	29
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Long hours of work	26
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KIs noted preference by employers for workers from within the host community

KIs mentioned facing disrespect from employers because of their status as refugees










\*KIs provided multiple responses. Number of responses provided are for indicative and comparative purposes, and could be more or less than the total number of participants who were asked each question.

# Households were unable to cover basic needs

## Current household economic situation\*

- 58/73 KIs reported an inability to cover basic monthly expenses and needs like food, rent, etc. of their households
- 42/53 male KIs and 16/20 female KIs noted poor current economic situation and inability to cover their household's basic needs overall

## Top 3 primary needs of households at the time of the interview, by the number of KIs reporting each need, by governorate

	Al-Sulaymaniyah			Duhok			Erbil	
	Food	14		Healthcare	9		Food	9
	Rent	12		Food	8		Healthcare	9
	Debt repayment	10		Winterization needs	7		Winterization needs	7



Expenditure on medical needs and items for protection from COVID-19, such as masks and sanitizer, reportedly increased after March 2020 (7) - these items have become a part of the basic needs of households





\*At the time of data collection in December 2020.

# COVID-19 negatively impacted the economic situation of households

## Perceived impact of COVID-19 on the economic situation of households

- 61/73 KIs noted zero income or a loss of income in several months following the start of pandemic in March 2020. Loss of income attributed to:
  - Government-imposed movement restrictions
  - Unavailability of work/ livelihood opportunities
  - Overall decrease in daily-wages

## Negative coping strategies employed by households, by the number of KIs who reported each strategy\*

	Types of coping strategy	Al-Sulaymaniyah	Duhok	Erbil	Total
	Borrow/ increase debts	19	18	21	58
	Reduce expenses	14	18	10	42
	Spend savings	14	15	8	37
	Sell household assets	4	10	4	18

- 28/53 male KIs and 16/20 female KIs noted that they had to use coping mechanisms to cover the basic needs of their households (44/73)
- All female KIs reported an increase in the use of coping strategies to cover their households' basic needs since the start of COVID-19 pandemic

\*KIs provided multiple responses. Number of responses provided are for indicative and comparative purposes, and could be more or less than the total number of participants who were asked each question.



# COVID-related lockdown measures negatively impacted psychosocial wellbeing



2 KIs reported having to stop sending their children to school

1 KI reported having to send his/her children to work

## Changes in psychosocial wellbeing

- Reported increase in stress and tension among adults of the family during the period of lockdown due to their economic situation and inability to cover expenses (22/73)



- 3 KIs reported suffering from depression during the lockdown period due to loss of income
- 1 KI reported that her child was depressed and needed professional help after the lockdown ended to get better

- Reported increase in food consumption due to staying at home at all times during the lockdown



23/73 KIs reported receiving some type of cash assistance in 2020

Cash assistance expenditure primarily on food (10), rent (10) and healthcare needs (7)\*

\*KIs provided multiple responses. Number of responses provided are for indicative and comparative purposes, and could be more or less than the total number of participants who were asked each question.

# KIs reported multiple barriers to transitioning to the formal economy

## Challenges for KIs in transitioning away from daily-wage work



Secondary Data Review: Most people enter the informal economy not by choice but as a consequence of a lack of opportunities in the formal economy, or in the absence of particular skills or any other means of earning a living

- 1/4th of all KIs noted that the main reasons for them to work as a daily-wage worker was lack of skills and experience in other types of work, and that this was the only way to provide for their family (28/73 each)
- Reported challenges in trying to engage in any work other than daily-wage work included\*:
  - Insufficient or lack of capital to invest in own businesses (22)
  - Lack of education/inability to finish education in CoOs before displacement (12)
  - Not enough job opportunities for specific skills (10) - craftsmanship, agricultural engineering, teaching, photography
  - Preference among employers to select members of the host community over refugee applicants (8)
  - Lack of social connection (8)





\*KIs provided multiple responses. Number of responses provided are for indicative and comparative purposes, and could be more or less than the total number of participants who were asked each question.

# Barriers to transitioning to the formal economy increased after March 2020

## Challenges for KIs in transitioning away from daily-wage work

45/73 KIs noted that challenges in engaging in any kind of non-daily wage work have increased since the start of the COVID-19 pandemic

Change in challenges since the start of COVID-19 in transitioning to non-daily wage work, by the number of KIs mentioning each type of challenge\*

		Al-Sulaymaniyah	Duhok	Erbil	Total
	Increased because spent savings/loss of income, so no capital left	9	7	1	17
	Increased due to lack of livelihoods opportunities	3	1	11	15
	Increased due to increase in competition for all types of work	1	2	7	10
	Increased due to difficulties in obtaining/processing documents	-	4	-	4

\*KIs provided multiple responses. Number of responses provided are for indicative and comparative purposes, and could be more or less than the total number of participants who were asked each question.



# KIs reported gender and age-based differences in the impact of COVID-19 on daily-wage work



- 58/73 KIs noted that they believed that the COVID-19 pandemic affected the work of all people, irrespective of age and gender
- Out of those KIs who noted that there were some differences (15):
  - 7/15 reported that there was bias on the basis of age
    - Younger workers could more easily find work and were preferred over older workers by employers
  - 5, all male, said that men were more affected in their field of work due to COVID-19
    - Believed women were unaffected because they did not work in their fields or did not work at all because they have household responsibilities
  - 2 female KIs reported that women were more affected by the COVID-19 pandemic. Reasons included:
    - Closure of malls, shops and restaurants due to COVID-related restrictions where most women work
    - Increase in tasks and duties at home after the COVID-19 crisis
    - More job opportunities available for men than women
  - One male KI noted that biases occur on the basis of type of work
    - Employers preferred women for work in the service industry; men preferred for heavy goods and labor work such as construction



# 04

## Conclusion



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# Summary of findings

- Lack of work and low wages a recurring theme throughout the study
- Finding livelihood opportunities was easier before the COVID-19 pandemic
- Host communities increasingly turning towards informal work
- KIs' households reportedly unable to meet basic needs and often employed coping mechanisms; frequency of use of coping mechanism increased
- Increase in stress and anxiety among households during the period of government-imposed lockdown
- Challenges to transition from informal to formal work increased since March 2020 - lack of skills and experience, insufficient capital to invest in own businesses
- Perceptions and normative barriers to women's employment
- Overall poor economic situation in Iraq, exacerbated by the economic slowdown due to the pandemic







# THANK YOU FOR YOUR ATTENTION

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