The Early Labor Market Impacts of COVID-19 in Developing Countries: Evidence from High-Frequency Phone Surveys

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What Are the Impacts of Covid-19 on Labor Markets in Developing Countries?

Covid-19 has caused severe economic damage

Direct effects of containment measures—supply and demand shock

Indirect effects—adverse demand amplification

Long-term scarring effects—potential hysteresis

Governments have responded to decrease size of the economic damage

Protect jobs

Support businesses

Support those falling ill or losing income due to other reasons

Lots of evidence from developed countries

Chetty et al. (2020) and others

But we know little about developing countries

Lack of administrative data

Few surveys that allow comparison

High degree of informality
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Harmonized high-frequency phone survey (HFPS) data to bridge this gap

Data currently cover 39 countries from 5 regions (mostly Latin America and Sub-Saharan Africa)

Harmonized to facilitate comparison (though many issues remain)

Labor markets were very much disrupted in developing countries too

34 percent of the respondents reported stopping work

20 percent of wage workers reported lack of payment for work performed

9 percent reported job changes due to the pandemic

62 percent reported income loss in their household

Correlated with macroeconomic estimates in Latin America, but not in Sub-Saharan Africa

Due to informality?

Highlights value of surveys in understanding "on-the-ground" economic impacts
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Covid-19 has caused a severe pandemic: 100 million cases, 2 million deaths

Very severe in Latin America

Not so much in Sub-Saharan Africa (very few deaths)

Government responses: lockdowns, closure of workplaces, etc.

More stringent in Latin America than in Sub-Saharan Africa (no causal interpretation of course)

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Latin America: WEO projections downgraded 5-18%

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High-Frequency Phone Survey Data

Phone surveys carried out since beginning of the pandemic

Use data for 39 countries for now (12 from Latin America and 12 from Sub-Saharan Africa)

Harmonized ex ante and ex post, but some differences remain

Focus on first wave of surveys (April-July)

Key outcomes: stop working, partial or no payment for work, change jobs, reduced household income (total and by type)

Macroeconomic data: use IMF World Economic Outlook (WEO)

Macroeconomic impact of Covid-19 = change between October 2019 and October 2020 projection for 2020
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COVID-19
HIGH-FREQUENCY
MONITORING DASHBOARD [BETA]

Learn more about the socioeconomic impacts of COVID-19 on households and individuals in 45 countries across all developing regions.

This dashboard provides 93 harmonized indicators on 14 topics, allowing users to compare and analyze how COVID-19 impacts vary across countries, over time and by industry sector and regions. The data can be downloaded for further analysis.
Some sample selection issues: not everyone has phones or electricity, willingness to participate

These are adjusted for using conventional survey weights

More serious issue: sampling differences across countries

Household head vs anyone

Pre-existing survey (Sub-Saharan Africa) vs random digit dialing (Latin America)

Do some additional adjustment using benchmark survey database (GMD), but limits cross-regional comparability (but within-region comparisons still valuable)
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Share Stopped Working

Average: 34%
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- BOL: Planning to Return to Work = 0.52, Not Planning = 0.69
- PER: Planning to Return to Work = 0.32, Not Planning = 0.59
- SLV: Planning to Return to Work = 0.39, Not Planning = 0.54
- HND: Planning to Return to Work = 0.37, Not Planning = 0.52
- DOM: Planning to Return to Work = 0.37, Not Planning = 0.51
- ECU: Planning to Return to Work = 0.33, Not Planning = 0.51
- COL: Planning to Return to Work = 0.26, Not Planning = 0.50
- PRY: Planning to Return to Work = 0.30, Not Planning = 0.43
- GTM: Planning to Return to Work = 0.24, Not Planning = 0.42
- MEX: Planning to Return to Work = 0.28, Not Planning = 0.39
- CRI: Planning to Return to Work = 0.20, Not Planning = 0.36
- CHL: Planning to Return to Work = 0.24, Not Planning = 0.30
Share Wage Workers With Partial or No Payments

Average: 20%

![Bar chart showing the share of wage workers with partial or no payments]

- **IGN**: 0.57
- **PER**: 0.30
- **EGY**: 0.30
- **MEX**: 0.26
- **SSD**: 0.25
- **PKY**: 0.24
- **MNG**: 0.24
- **NGA**: 0.24
- **BOL**: 0.23
- **DOM**: 0.21
- **COL**: 0.20
- **CRI**: 0.20
- **GTM**: 0.19
- **SLV**: 0.17
- **CIL**: 0.17
- **VNIV**: 0.12
- **ETI**: 0.10
- **MWI**: 0.07
- **ZWE**: 0.06
- **MNG**: 0.05
- **DJ**: 0.05

Legend:
- EAP
- LAC
- MENA
- SSA
Share Changed Job During the Pandemic

Average: 9%
Share Stopped Working—Agriculture

Average: 22%
Share Stopped Working—Industry

Average: 40%
Share Stopped Working—Services

Average: 38%

EAP  ECA  LAC  MENA  SSA
Share Stopped Working—Self-Employed

Average: 46%
Share Stopped Working—Employee

Average: 39%
HFPS Measure of Share Stopped Working vs Macroeconomic Projections—Latin America

Slope = -2.24 (0.90)
HFPS Measure of Share Stopped Working vs Macroeconomic Projections—Sub-Saharan Africa

Slope = 1.85 (2.04)
Covid-19 had a severe negative impact on labor markets in the developing world:

- Stopping work, reduced working hours
- Partial/no payment for work, job changes common
- Labor market disruptions resulted in severe income losses
- Lack of social insurance

Consistent with macroeconomic estimates in Latin America but not in Sub-Saharan Africa.

Importance of informal sector?

Highlights the value of high-frequency surveys in uncovering "on-the-ground" impacts.

Planned work: analyze recovery and further pandemic waves using further survey waves.

Also opportunity to use data over time to understand effects of policies in the developing world.
Discussion

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