

COX'S BAZAR PANEL SURVEY: RAPID FOLLOW-UP ROUND 2

# IMPACTS OF COVID-19 ON WORK AND WAGES IN COX'S BAZAR: PART 1 – *ROHINGYA CAMPS*



This is the second in a series of briefs to disseminate findings from high-frequency rapid follow-ups on the CBPS sample, by the Poverty and Equity GP of the World Bank.

DISPLACED  
COMMUNITY

COVID-19

EMPLOYMENT  
REGULATIONS

This brief summarizes findings from rapid welfare tracking surveys in Cox's Bazar. Two rounds of tracking surveys were implemented via phone interviews in 2020 to monitor the impacts of the COVID-19 crisis on labor markets, wages, and household coping strategies. The first round was conducted during the COVID-related lockdowns in April-May 2020. A second round was conducted from October-December 2020 (roughly 6 months after the government-imposed lockdowns).

These rapid phone surveys are built on the Cox's Bazar Panel Survey (CBPS), which is a multi-topic survey that focused on socio-economic outcomes and access to services. The baseline CBPS survey, implemented in March-August 2019, was designed to be representative of the recently displaced Rohingya population (displaced after August 2017) and the full Bangladeshi population in Cox's Bazar. Within the host community, the survey included hosts from two strata: high exposure (HE, within 3 hours walking distance of a Rohingya camp) and low exposure (LE, more than 3 hours walking distance from a Rohingya camp) areas within the district. The overall sample size of the CBPS baseline was 5020 households (and two adults per household), split roughly equally across Rohingya camps and host communities, and within the latter, equally among HE and LE areas. Key modules of the baseline survey, including detailed labor market modules were administered to two randomly selected adults in each household. The first tracking survey re-interviewed 3,012 adults originally interviewed in the baseline, while the second survey interviewed 3,438 adults baseline adult respondents (1,554 adults in camps). This brief (Part 2) focuses on key findings among the Rohingya population in camps, with findings for the host community discussed in an accompanying brief (Part 1).

## KEY MESSAGES:

### 1.

**Among the Rohingya, employment rates have fallen, and unemployment has increased, due to a COVID-induced curtailment in cash-based work opportunities within camps.** Compared with baseline, employment rates within the labor force have declined from 64 to 24 percent, representing roughly 35,000 lost jobs. This has been accompanied by a large increase in unsuccessful

job seekers, with the number of unemployed increasing by 280 percent (roughly 170,000 individuals). This increase in unemployment has been driven by a combination of COVID-induced losses in work opportunities within camps and increasing job search to attempt to compensate for this contraction in economic opportunities.

### 2.

**The bulk of the work available in camps are manual daily-wage labor, mostly taken up by men. In this context, men both disproportionately lost jobs when humanitarian operations were curtailed and were also quicker to recover access to the same upon resumption of activities.** Employment composition in camps have changed since the lockdowns with men recovering employment at faster rates, while women remaining unemployed i.e., left looking for work. This pattern is driven by the almost complete dependence on humanitarian site development and maintenance activities for work, work which is socio-culturally dominated by men.

### 3.

**While employment remains contracted, weekly earnings for those who are employed have recovered as workfare programs have returned to standard operations.** Weekly earnings levels, which had dropped during the lockdowns, have recovered, driven by recovery in the number of hours worked. The latter has increased in tandem with the gradual restoration of humanitarian operational activity to pre-COVID levels. Average hourly wage rates remained constant at government-mandated fixed rates throughout 2020.

**Defining economic engagement indicators:** The camp economy operates under strict employment regulations set by the Government of Bangladesh on scale and level of engagement in cash-for-work programs in camps for the displaced. As such, regulated self-reliance and livelihoods activities inside the camps cannot be compared to a conventional labor market, such as in host communities. The Rohingya are engaged in fixed wage-based self-reliance activities or paid technical life-skills trainings under the humanitarian response to cater for operational needs, with another small proportion running small shops or street vending. This brief focuses on these types of economic engagement activities and refers to key indicators using standardized terminology in the interest of brevity. These standard terms should be interpreted keeping in mind the limited economy operating within camps:

**“Labor force participation”** refers to active engagement or looking for engagement in any kind of income-generating activity (including paid skill development activities) reported by adults in camps. These activities have been previously found to include self-reliance activities under the response, paid technical life-skills training programs, and small-scale own-account work or trade within camps.

**“Employment”** refers to active/current engagement in any income-generating activity and

**“Unemployment”** refers to looking for/search for said engagement.

## ABOUT THE COX’S BAZAR PANEL SURVEY AND HIGH FREQUENCY ROUNDS



Bangladesh’s local economy started experiencing impacts of the COVID-19 crisis in early to mid-March 2020, with the first case being reported on 7 March. A full countrywide lockdown was in place from 26 March-28 May 2020. The first round of the CBPS high-frequency tracking surveys was conducted within the government lockdowns (between April-May, 2020) and focused on capturing key trends in the labor market related to the economic contraction.

Findings from the 2nd round, conducted approximately 6 months following the lockdowns (October-December 2020) are summarized in these 2-part briefs, on host communities and camps respectively. This part focuses on recovery patterns and potential sustained impacts on the

### TIMELINES

<b>Baseline</b>	Mar-Aug	2019
<b>Round 1</b>	Apr-May	2020
<b>Round 2</b>	Oct-Dec	2020

labor market in Rohingya camps in Cox’s Bazar. Round 2 surveyed 958 adults in high exposure upazilas (primarily Ukhia-Teknaf) and 927 adults in low exposure upazilas (Cox’s Bazar Sadar, Ramu, Pekua, Chakaria). Findings are presented as cross-sections across the three rounds: baseline, round 1 and round 2, but are also complemented with panel analysis across the rounds where feasible<sup>1</sup>.

<sup>1</sup> In this second tracking survey, 3,438 adults out of the 9,045 adults originally surveyed in the baseline were covered. Of these, 1,710 adults were surveyed in the first round of tracking as well.

FINDINGS FROM THE HOST COMMUNITY IN COX'S BAZAR UNDER THE SAME TRACKING SURVEYS ARE PRESENTED IN A COMPANION PART 1 BRIEF.

#### KEY MESSAGES FOR HOSTS:

1. **Host community areas have experienced an increase in labor force participation rates relative to baseline, driven by a fivefold increase in the number of unemployed persons looking for work in low exposure areas.** The relatively rural, agrarian economy in high exposure areas appears to have recovered to pre-COVID levels across headline labor market indicators. However, in more urbanized, service sector-dependent low exposure areas, job seeking behavior induced by the economic downturn is reflected in a surge in labor market participation. Increased job search has been so substantial that despite the number of employed persons returning to pre-COVID levels, employment as a share of the labor force has declined (details discussed in part 1).
2. **Increased job search may be driven by the incomplete recovery in employment, with lockdown-induced temporary absences turning into permanent job losses, particularly in low exposure areas.** In these areas, more than a third of those reporting temporary absence in round 1 are still absent, currently unemployed, or have dropped out of the labor force (details discussed in part 1).
3. **In addition, there is evidence of continued strain on the local economy through (i) a shift to daily wage work and longer work hours and (ii) an incomplete recovery in earning levels.** These patterns are pronounced in low exposure areas. The host economy has increased its reliance on daily wage work as a source of employment. These daily wage workers are also working longer hours in a week to compensate for lower wage rates compared to pre-COVID levels. Two-thirds of the self-employed (own-account workers (and micro-enterprise owners or workers) continue to report sub-par earnings, citing lack of consumer demand as the main reason (details discussed in part 1).

#### BACKGROUND:

Displaced Rohingya are allowed to be engaged in cash-for-work or volunteer activities for operational needs in camps at fixed wage rates. Cash for work programming is applicable for targeted vulnerable beneficiaries/households at a daily flat rate of 350 BDT/day for 16 consecutive days or 32 days scattered over a quarter. Volunteers for operational needs also have fixed wage rates permitted by the government<sup>2</sup>:

- |  |  |   |
|--|--|---|
| <p>1. unskilled labor volunteers (porters, construction workers, cleaners, gatekeepers) at a flat rate of 50 BDT/hour,</p> | <p>2. semi-skilled volunteers with basic literacy and training prior to engagement (outreach workers, community mobilizers, site management assistants, data collectors etc.) at 50-75 BDT/hour or 7200-12600 BDT/month for longer term engagement</p> | <p>3. skilled volunteers with literacy and significant training have sector-determined wage rates</p> |
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<sup>2</sup> Source: Guidance on Rohingya Volunteer incentive rates by the Office of Refugee Relief and Repatriation Commissioner (RRRC) GoB and Inter-Sector Coordination Group (ISCG).

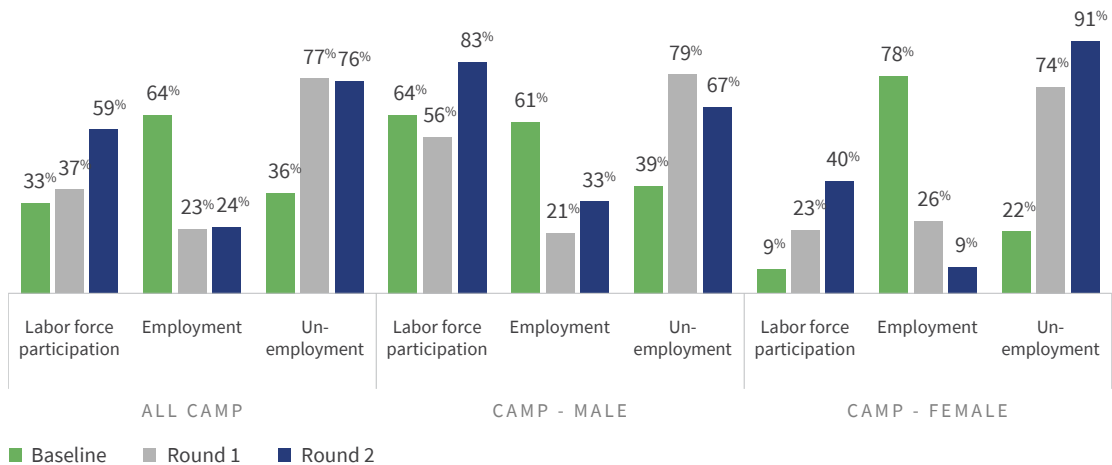
Given this highly controlled labor environment, it is expected that the closed aid economy in camps would not face direct impacts of COVID-19 labor market disruptions. However, operational contractions in humanitarian operations in the same timeline had in turn resulted in contraction

of the economic activities that the response was generating<sup>3</sup>. So, while camps somewhat mimic the drops in economic activities observed in hosts during the lockdowns, the recovery as well as sustained impacts (if any) are expected to be driven very differently from host markets.

UNEMPLOYMENT RATES IN CAMPS HAVE INCREASED, DRIVEN BY BOTH JOB LOSSES AND THE INFLUX OF NEW LABOR FORCE ENTRANTS.

6 months after the lockdown-induced contraction of humanitarian assistance, labor force participation in camps has shot upwards, with 59 percent of the population reporting either working or looking for work compared to 37 percent in April-May 2020 and an even lower pre-COVID level of 33 percent in 2019. The trends are driven by increasing numbers of men and women unsuccessfully looking for work opportunities.

Figure 1: Changes in headline labor force indicators (2019-2020) in camps



Looking at the proportion of employed and unemployed people in the full working-age population<sup>4</sup> provides more context into what happened since the baseline in 2019. The share of population employed went down from 21 percent to 9 percent during lockdowns and recovered to 14 percent post-COVID. The steep increase in the share of unemployed population since 2019 reflected the employment drops during the lockdowns, but in the post-lockdown period, it is almost entirely

reflected in the sharp rise in labor force participation. In other words, the lockdown-related restrictions in work available within camps elicited a coping response whereby more camp residents entered the labor force looking for work, most of them unsuccessful so far.

Gaps in labor force participation between men and women in camps have steadily decreased throughout the year: what started as a 7:1 ratio

<sup>3</sup> While it is unclear whether stringent lockdowns similar to host communities were implemented inside camps, there is evidence that there were efforts made to minimize footfall in public spaces. This would mean that markets/hubs inside camps close to operational centers/offices would have been shut down or operating in very limited capacity during the lockdown period.

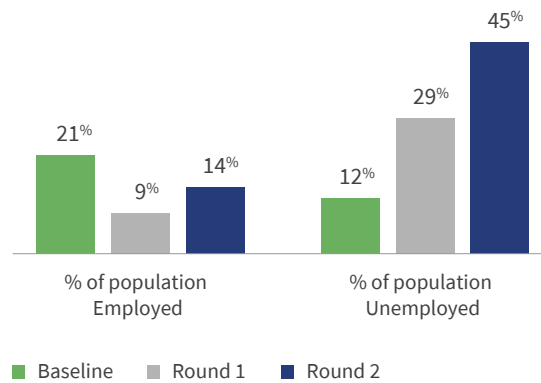
<sup>4</sup> As opposed to employment and unemployment rates within those participating in the labor force.

of male and female participants now stands at a 2:1 ratio. Higher female labor force participation is driven by two factors<sup>5</sup> :

**1. women were relatively more protected from job losses than men in absolute terms.** Since the baseline, estimates find that 17,000 men have lost jobs compared to 8,000 women. In addition to the lower base of women who were employed pre-COVID, the bulk of these job losses originated from daily labor and non-wage work, which are the primary source of work for men in camps.

**2. more women have entered the labor force and are looking for work, unsuccessfully.** As previously discussed, the lockdown activity contractions have elicited an economy-wide response with households sending out more

**Figure 2: Employed and unemployed shares of the full working age population**

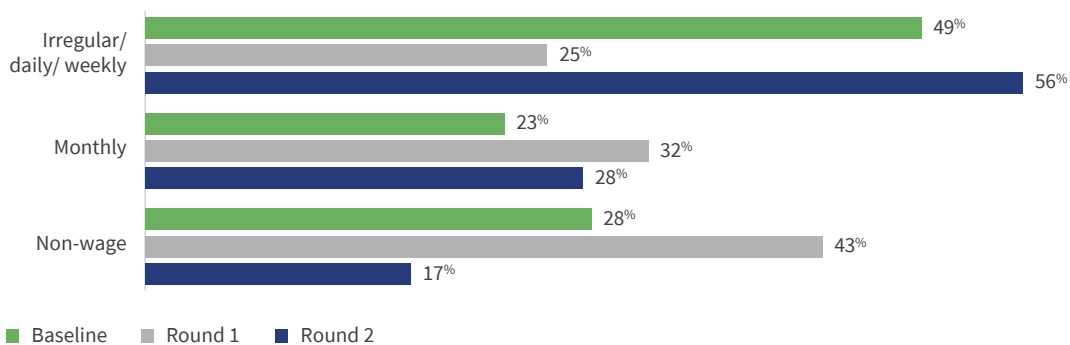


members to work or look for work. Subsequently, more women have joined the labor force. The persistent and increasing unemployment however indicates that the market has not been able to accommodate this surge in female job search.

THE CAMP LABOR FORCE SHOWS INCREASING DEPENDENCE ON IRREGULAR/DAILY WAGE LABOR POST-LOCKDOWNS.

50 percent of the camp population was engaged in irregular/daily wage labor<sup>6</sup> during the baseline in 2019, 2 years since the influx. During the lockdowns, this share was understandably much lower (25 percent) on account of camp operations being suspended to essential-only services<sup>7</sup>.

**Figure 3: Changes in shares of employment types in camps (2019-2020)**



<sup>5</sup> Panel transitions between the baseline and the follow up rounds confirm these patterns.

<sup>6</sup> Most of this labor work is derived from the needs of humanitarian response in camps, mostly in programs undertaking site engineering, construction, daily cleaning and waste management, shelter support and repair, disaster management and afforestation activities etc.

<sup>7</sup> Since 26 March 2020, all non-critical operations in camps had been suspended including Complementary Food Voucher, Farmers’ Markets, Self-reliance support, and site maintenance activities – which were the main sources of income for the Rohingya population in camps.

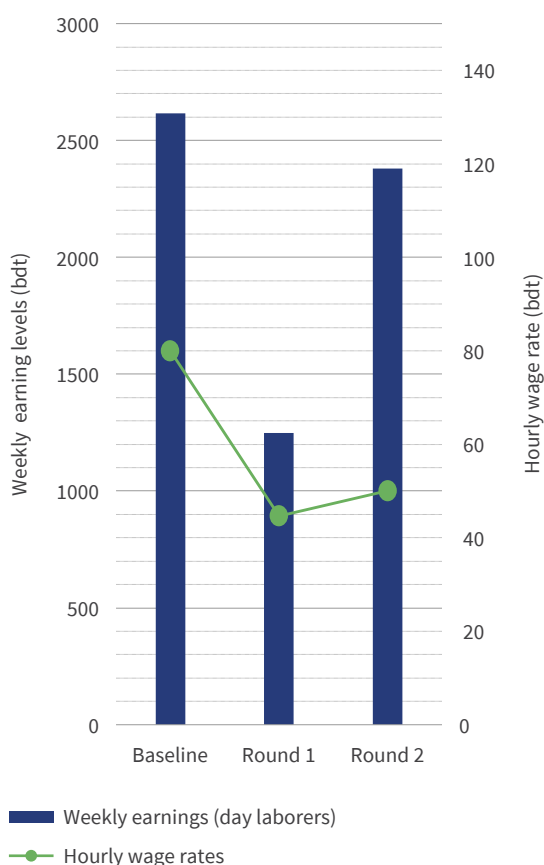
Humanitarian operations have gradually picked up since then, albeit at a slower pace than in host markets<sup>8</sup>. The share of irregular/daily wage laborers in the active labor force has not only recovered but increased. This is driven by new labor force entrants taking up more unskilled labor within what is available in camps for a population with low human and financial capital.

**WAGE RATES UNAFFECTED; WEEKLY EARNING LEVELS HAVE PICKED UP IN TANDEM WITH RETURN TO REGULAR OPERATIONAL HOURS.**

Monthly salaried jobholders in camps did not face any significant changes in income levels. Daily or weekly wage laborers on the other hand, reported a drop in weekly earning-levels<sup>9</sup> during the operational suspensions in Round 1, and then a recovery in Round 2. However, the stability in hourly wage trends post-2019 restrictions<sup>10</sup> on cash-for-work programs confirm that the drops in earnings were in fact driven by the number of days they worked in a week as opposed to a wage-rate fluctuation.

The trends characterize the controlled labor market environment in camps. While this amounts to camps being less susceptible to external shocks, the regulations on engagement in any economic activity also further restricts households from being able to choose how to cope with difficulties faced at times, such as the operational suspensions. In protracted situations like this, households pushed to deprivation will be further inclined to adopt alternative and potentially harmful coping mechanisms in the absence of economic opportunities, including turning to high-risk, informal and illegal income modalities.

**Figure 4: Trends in wage rates in camps (2019-2020)**



<sup>8</sup> Preliminary findings for the 4th round of the Refugee-influx Emergency Vulnerability Assessment conducted by the World Food Programme in Cox’s Bazar (data collected November-December 2020) show host community labor market activity levels picking up from June while in camps, the upwards trend start from August on a relatively flatter trajectory.

<sup>9</sup> Weekly earning-levels represent approximately two thirds of monthly earnings for day laborers in camps as the government-imposed additional restrictions on cash-for-work activities in September 2019 mandated that Rohingya can be engaged in public work activities for no more than 10 days per month.