Global Virtual Workshop

Building Urban Economic Resilience during and after COVID-19

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Perspectives on the Socio-Economic Impact of COVID-19 in the Arab Region

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In partnership with:
Prevalence of COVID-19 in the Arab region

Urban areas have become the epicenter of the pandemic
Selected main COVID-19 Control and Mitigation Measures in Place in the region

- Quarantine
- Social distancing
- Restricted use public and private transportation
- Travel restrictions
- Lockdowns in varying time periods and frequency
- Border closures
- Welfare Programme and Stimulus Packages
- others
## Preparedness of Arab Countries to Respond to COVID-19

<table>
<thead>
<tr>
<th>Region</th>
<th>Human Development</th>
<th>Health System</th>
<th>Connectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(index) 2018</td>
<td>(percentage) 2018</td>
<td>(per 10,000 people) 2010-2018</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>0.866</td>
<td>23.9</td>
<td>56</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>0.857</td>
<td>23.9</td>
<td>57</td>
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<tr>
<td>Qatar</td>
<td>0.848</td>
<td>23.9</td>
<td>66</td>
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<tr>
<td>Bahrain</td>
<td>0.833</td>
<td>9.3</td>
<td>25</td>
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<tr>
<td>Oman</td>
<td>0.834</td>
<td>18.7</td>
<td>43</td>
</tr>
<tr>
<td>Kuwait</td>
<td>0.805</td>
<td>25.8</td>
<td>70</td>
</tr>
<tr>
<td>Algeria</td>
<td>0.788</td>
<td>18.3</td>
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<tr>
<td>Tunisia</td>
<td>0.739</td>
<td>12.7</td>
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<tr>
<td>Lebanon</td>
<td>0.731</td>
<td>22.7</td>
<td>56</td>
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<tr>
<td>Jordan</td>
<td>0.723</td>
<td>23.4</td>
<td>54</td>
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<tr>
<td>Libya</td>
<td>0.708</td>
<td>21.6</td>
<td>67</td>
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<tr>
<td>Egypt</td>
<td>0.700</td>
<td>7.9</td>
<td>14</td>
</tr>
<tr>
<td>Palestine, State of</td>
<td>0.693</td>
<td>13.8</td>
<td></td>
</tr>
<tr>
<td>Iraq</td>
<td>0.689</td>
<td>19.8</td>
<td>17</td>
</tr>
<tr>
<td>Morocco</td>
<td>0.676</td>
<td>7.3</td>
<td>11</td>
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<tr>
<td>Syrian Arab Republic</td>
<td>0.549</td>
<td>12.2</td>
<td>15</td>
</tr>
<tr>
<td>Comoros</td>
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<td>1.8</td>
<td>10</td>
</tr>
<tr>
<td>Mauritania</td>
<td>0.527</td>
<td>41.9</td>
<td>8</td>
</tr>
<tr>
<td>Sudan</td>
<td>0.507</td>
<td>4.1</td>
<td>9</td>
</tr>
<tr>
<td>Djibouti</td>
<td>0.465</td>
<td>2.2</td>
<td>5</td>
</tr>
<tr>
<td>Yemen</td>
<td>0.462</td>
<td>3.1</td>
<td>7</td>
</tr>
<tr>
<td>Somalia</td>
<td>0.462</td>
<td>0.2</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Adapted from the Human Development Index.
Estimated Socio-Economic Impact of COVID-19 on the Arab Region

- Loss in real GDP: $152 billion
- Loss in jobs measured in lost working hours: 17 million
- Pushed into poverty: 14.3 million people
- Existing recipients of humanitarian aid are at higher risk: 55 million people
- Existing forcibly displaced are at higher risk: 26 million people
- At higher risk of COVID-19 due to lack of basic handwashing facilities: 74 million people
- Loss in Arab stock markets: 23 per cent

Source: ESCWA calculations and estimates (all figures are of July 2020 and are likely to increase as the pandemic evolves).
Estimated Impact of COVID-19 on Gender Inequality in the Arab Region

- The largest gender gap in human development in the world
- Women spend 4.7 more time in unpaid work than men, the highest rate among all regions globally
- Particularly in the informal sector where they constitute 61.8% of workers.

Women will lose over 700,000 jobs.
A Zoom into the Economic Impact of COVID-19 in the Arab Region

- **The region’s fiscal revenue**, crucial to COVID-19 mitigation efforts, is expected to experience a loss of nearly **$20 billion in indirect taxes**

- Against this backdrop, responding to the pandemic will increase fiscal deficits from an average of 2.9% in 2018 to more than 10% of GDP in 2020. **These deficits are likely to be financed by increased borrowing that is likely to burden most Arab countries with more debt.**
Oil-rich countries face constraints on their ability to provide adequate stimulus and recovery packages, due to the plunge in the demand for, and price of, oil.

The cumulative regional fiscal stimulus in the Arab region amounted to $102 billion (compared with $9.6 trillion in stimulus packages in countries across the world), equivalent to nearly 4% of the Arab region’s GDP (compared to 11% global average).

The capacity of middle-income countries to offer stimulus packages has been severely limited by a serious drop in revenues from tourism, remittances, trade and general economic activities.

Unsustainable level of debts and low tax revenue make economic and social investments difficult.
A Zoom into the Economic Impact of COVID-19 in the Arab Region @ LOCAL LEVEL

- **Municipal revenues.** Local government capacity in financial management is insufficient in the region. Local inflows do not cover expenditures and local investment budgets are minor and insufficient.

- **Municipal expenditures:** Coupled with low levels of local revenue generation, high operating expenses have shrunk Arab cities’ fiscal space over time, leaving no choice but to depend on central government transfers to pursue infrastructure investments.

Affected ability of local governments to responding to the pandemic in the Arab region.
Mapping COVID19 Policy Responses in the Arab Region

**Social Protection Policy**
- **Social Assistance**
  1. Cash transfer/income support
  2. In-kind transfers or food vouchers
  3. Rent and housing subsidies
  4. Waiver of utilities bills
  5. Waiver of government fees
  6. Reduction of government fees

- **Loan and Tax Benefit**
  1. Tax exemption/reduction
  2. Waiver of customs duties for individuals
  3. Interest rate reduction
  4. Loans and interest deferment

- **Social Insurance**
  1. Social insurance contributions
  2. Unemployment benefits
  3. Sick leave
  4. Paid maternity leave
  5. Health insurance
  6. Pensions
  7. Disability pension

- **Labour Markets**
  1. Wage subsidies to employers against layoffs
  2. Paid leave or work from home
  3. Labor regulation
  4. Work hours

- **Health Related Support**
  1. Targeted health services
  2. Access to free COVID-19 testing (health care)
  3. Stocks of basic goods and medicine
  4. General awareness campaigns

**Economic Policy Support**
- **Financial Policy Support**
  1. Cash-flow assistance
  2. Liquidity support
  3. Cash reserve ratio reduction
  4. Price controls
  5. Soft loans & credit support

- **General Policy Support**
  1. Government spending
  2. Healthcare system
  3. Creation of a fund
  4. Research and development expenditure
  5. ICT and digital solutions
  6. Food security
  7. Other support (specify)

**Social Protection and Economic Policy Support**
- **Multiple Policy Measures**

**Target beneficiary People**
1. Individuals and Families
2. Poor Households
3. Categorically Targeted Households
4. Female Headed Households
5. Corona Virus Patients
6. Vulnerable Groups
7. Employees
8. Self-Employed Workers & Professionals
9. Non-Citizens (Note: migrants, refugees and stateless persons)
10. Students

**Target beneficiary Businesses**
1. Small and Medium Enterprises (SMEs)
2. Real Economy Businesses
3. Commercial Banks
4. All
### Common Top Five Social Protection Policy Measures in the World

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<td>🅿️</td>
</tr>
<tr>
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<td>Stocks of basic goods and medicine</td>
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**Note:** These measures exclude the combined measures under multiple policy measures.
Key Observations from the Arab Region

All countries and all income groups of population are **negatively affected**.

The impact on people, businesses, workers and families **vary largely by sector**, enterprise conditions and workers status and is expected **to be long lasting**.

Countries with **developed social protection systems** are in a better position to respond during the crisis.

**Lack of adequate fiscal space** is a major challenge for extending social protection, especially for the middle income countries and the least developed countries.

Need for robust monitoring and reporting frameworks to understand **gendered differences in socioeconomic impacts**, to inform national/local strategic plans on COVID-19 preparedness and response.

Socioeconomic policies should focus on **protecting women from falling into poverty**, and protecting workers in the informal sector through emergency cash transfers, small scale grants or loans.
Emerging Sets of Priorities for the Arab region to respond to COVID-19

- Slow the spread of the disease, end conflict and attend to the most vulnerable
- Build back (vulnerable groups, social protection reforms for greater equality and inclusion)
- Boost economic recovery
- Seize the opportunity to reform institutions
Selected Key References:

- ESCWA Socioeconomic Impact of COVID-19: Policy Briefs

- ESCWA Social protection Policy in response of COVID-19
  http://covdata.unescwa.org/RPT/RPTDSH1.aspx

- SG Policy brief on the impact of COVID-19 on the Arab Region
Thank you for your attention