

Policy Brief:
The Impact of
COVID-19 on the
Arab Region
An Opportunity to
Build Back Better

JULY 2020

Executive summary

The COVID-19 pandemic has exposed serious fault lines and vulnerabilities in societies, institutions and economies all around the world.

The Arab region, home to 436 million people,¹ initially kept transmission and mortality rates lower than the global average but more recent trends are cause for concern, especially in light of fragmented health care and insufficient primary care in many countries. The pandemic has also magnified many decades-long challenges. These include violence and conflict; inequalities; unemployment; poverty; inadequate social safety nets; human rights concerns; insufficiently responsive institutions and governance systems; and an economic model that has not yet met the aspirations of all.

The consequences of the pandemic are likely to be deep and long-lasting.

The region's economy is expected to contract by 5.7 per cent,² with the economies of some conflict countries projected to shrink by as much as 13 percent, amounting to an overall loss of US\$ 152 billion.³ The twin shock of the pandemic and low oil prices has prompted the International Monetary Fund to lower its Middle East and North Africa economic forecast to its lowest level in 50 years.⁴ The value of the

Arab stock market has dropped by 23 per cent, depriving the region of capital that could otherwise be invested in the recovery phase.

The impacts of these shocks will be felt by all countries and communities in the region with some **groups likely to be especially hard hit**.

The **ranks of the poor are estimated to rise** by 14.3 million people, swelling to more than 115 million overall. That is **one quarter of the total Arab population**. Many of the newly poor were recently in the middle-class and, if their impoverishment is prolonged, social and political stability might be impacted. Highly dependent on food imports, the region may also witness food shortages and price hikes. In a region where 14.3 million people were already unemployed, the ILO estimates losses in the equivalent of 17 million full time jobs in the second quarter of 2020.⁵ Young people were already five times more likely to be unemployed than adults; special attention to their needs will be important.

With the largest gender gap in human development in the world, **women in the Arab region are likely to suffer significant consequences of the pandemic**. Gender equality legislation and participation by women in the

1 All sources of data are from the United Nations Economic and Social Commission for Western Asia (ESCWA), unless otherwise indicated.

2 International Monetary Fund, *Regional Economic Outlook Update*, available at <https://www.imf.org/en/Publications/REO/MECA/Issues/2020/07/13/regional-economic-outlook-update-menap-cca#report>.

3 ESCWA estimates.

4 Ibid.

5 Estimates from International Labour Organization, *ILO Monitor: COVID-19 and the World of Work*, fourth edition, 27 May 2020.

labour market lag markedly behind compared to other parts of the world. Women earn on average 78.9 per cent less than men on a per capita basis and they stand to lose 700,000 jobs particularly in the informal sector where they constitute 61.8 per cent of workers.

Migrants, accounting for 40 per cent of all workers in the region, will be hard hit by the pandemic, notably in terms of access to services, job losses and ability to return to their countries of origin.

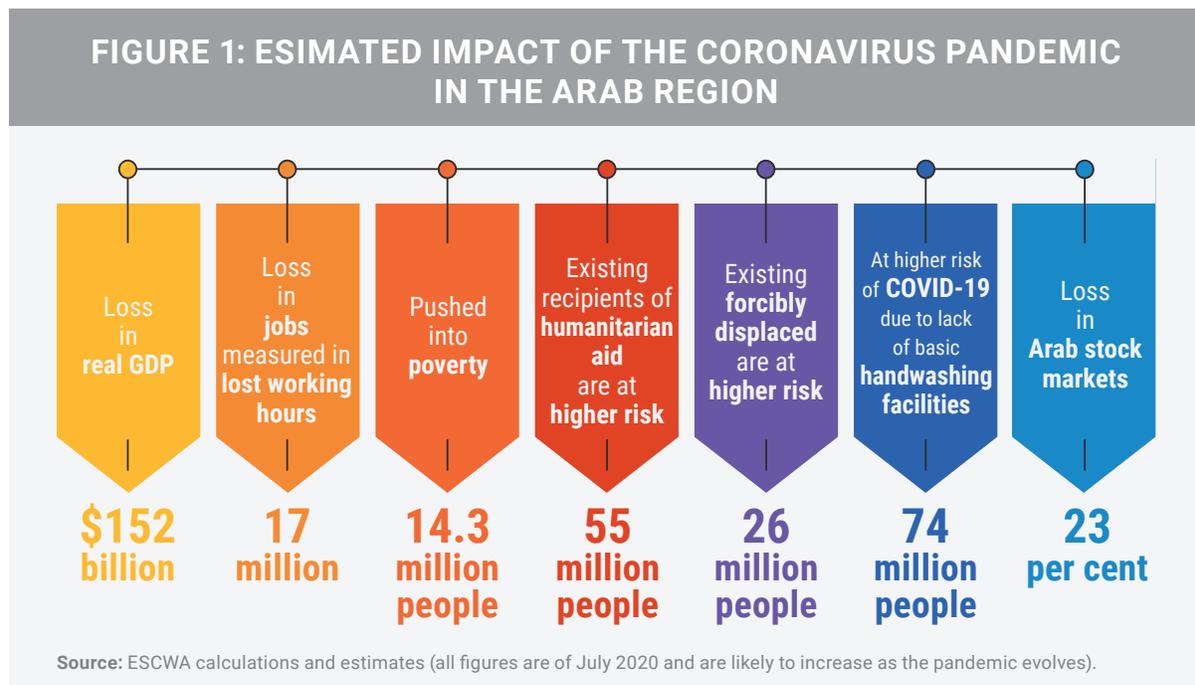
The region is home to 55.7 million **people who need humanitarian assistance**, including 26 million forcibly displaced. 74 million people are at a higher risk of contracting the virus due to lack of handwashing facilities. An additional \$1.7 billion is required in 2020 alone to address the risks and impact of the COVID-19 pandemic⁶ on the most vulnerable people in countries affected by humanitarian crises or otherwise at risk.

COVID-19 is also likely to exacerbate wealth inequality in the region, which already has the highest wealth inequality worldwide with 31 billionaires owning as much wealth as the bottom half of the adult population in 2020.⁷

No country in the region is spared the challenges of responding to the pandemic.

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. This has underscored the urgent need to expedite diversification efforts to expand their sources of revenue beyond oil and embark on low-carbon development.

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.



6 United Nations Office for the Coordination of Humanitarian Affairs, *Global Humanitarian Response Plan: COVID-19*, available at <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>.

7 ESCWA estimates based on Forbes and Credit Swiss data.

Least Developed Countries (LDCs), highly indebted countries and conflict-affected countries, already limited in their ability to respond effectively to the crisis, have seen their capacity reduced to almost negligible levels and are in dire need of international support.

Countries and communities caught up in **armed conflict face particular challenges. In some cases, conflict has impeded the necessary health response** to the pandemic, including by destroying health infrastructure, causing the death or migration of care workers and the interruption of critical care. Conflict has also created an additional pressure on national health systems to deliver services to millions of refugees and Internally Displaced Persons (IDPs).⁸

On the other hand, the response to the COVID-19 pandemic presents an opportunity for reconciliation and lasting peace and security. With notions of security expanding to integrate health security, regional collaboration becomes all the more critical.

More broadly, the response to the COVID-19 crisis can also be used to address some of the long-standing structural weaknesses in the region, notably to build back better in line with the 2030 Agenda for sustainable development through stronger support to local authorities, while strengthening democracy, safeguarding human rights, and achieving and sustaining peace.

Despite some progress prior to the pandemic, the Arab region was not on track to achieve the Sustainable Development Goals (SDGs). Recovery will require therefore a new approach to development and a whole-of-society strategy guided by a collective commitment to peace and stability and by the 2030 Agenda for Sustainable Development, the

Paris Agreement, the Addis Ababa Action Agenda and the Sendai Framework.

Several specific sets of priorities emerge for this region to respond to the pandemic:

A. Slow the spread of the disease, end conflict and attend to the most vulnerable

- Prioritize **urgent life-saving medical care** to COVID-19 victims and seize opportunities to strengthen the capacity of the region's health care systems to provide integrated health services, including prevention, primary care, and better planning for potential future pandemics.
- Adhere to **ceasefires calls** in conflicts in the region in line with the Secretary-General's appeal for a Global Ceasefire and Security Council resolution 2532 (2020), so that all populations can be reached and all of society's resources go to combatting this virus. On the path of recovery, seize the historic opportunity to address some of the **root causes** that have led to violence and conflict.
- Consider **special measures** to ensure that COVID-19 prevention and treatment reach **refugees, internally displaced persons (IDPs) and host communities**. The international community has an important role to play in the delivery of humanitarian assistance, in line with humanitarian principles, to all those in need, and to support conflict resolution.
- In the short term, consider **emergency support to the most vulnerable individuals and households**, as well as refugees and IDPs.
- Consider near-term measures to support children and young people's **continued access to education**, for instance, through better

⁸ United Nations High Commissioner for Refugees (UNHCR), <https://www.unhcr.org/search?comid=56b079c44&cid=49aea93aba&tags=globaltrends>.

internet access and accelerated efforts to develop online educational material.

- Consider **international and regional support** to national efforts with **greater access to funds** (such as a regional social solidarity fund resourced in part by a social solidarity tax rooted in *Zakat*), measures to help manage debt sustainability, removal of barriers to trade, and facilitating integration in global value chains and access to technology and innovation.

B. Build back better by bolstering the capacity of vulnerable groups and deepening social protection reforms for greater equality and inclusion.

- In mitigating the impact of COVID-19, **address inequalities in gender, health, education** and other areas to foster long-term inclusive and sustainable development using the SDGs as a framework for recovery.
- Consider scaling up investments and **shifting resources towards critical areas of sustainable development**, including universal health coverage, social protection floors, old age pensions, and affordable education.
- Use COVID-19 recovery as an opportunity to **invest in women** and ensure that they can be equal contributors in society through bridging the gender divide and addressing gender inequalities. This is particularly important for young women who face tremendous inequities, resulting in disparities in education, protection, employment and political/public participation.
- Consider **revising national youth strategies** to ensure greater inclusion and participation, promote a new vision for education that meets the ambition of the SDGs, and develop

special plans for youth reintegration into the education system and the job market.

C. Boost economic recovery

- Reconsider the current economic and development model, specifically by boosting **public investments in three strategic areas**: economic sectors that add significant value to the economy, the green and innovative economy, and inclusive human capital and infrastructure that contribute to greater productivity. Investments could aim at creating **decent sustainable jobs**, widening the fiscal space equitably through **progressive taxation and phasing out fossil fuel subsidies**, strengthening the water, food and energy nexus, building the resilience of communities. Public policies and financial decisions could more consciously take account of exposure to climate risks and seek to preserve the region's natural capital.
- Consider supporting the private sector to **reduce job layoffs and stimulate the economy** by postponing social contribution payments for employees, extending tax exemptions, providing wage subsidies to maintain workers on payroll, and suspending loan repayments.

D. Seize the opportunity to reform institutions

- Prioritize human rights, the rule of law and more effective, responsive, accountable public institutions that will increase citizen trust, in line with the 2030 Agenda and states' human rights commitments. Building back better and enhancing resilience to future shocks require a whole-of-society approach that strengthens the social contract and widens **participation and inclusion**. A vibrant civil society and a free media should be part of this effort.

1. Daunting challenges made more complex by COVID-19

A. HEALTH AND HUMAN COSTS

Due to early action by member states, the health and human cost of the COVID-19 pandemic on the Arab region has been relatively low initially, but more recent trends are cause for concern. As of 19 July 2020, 842,206 people have been infected, and 14,956 have died. This represents an average rate of infection of 1.9 case per 1000 people and 17.8 deaths per 1000 cases, which is below the global average of 42.6 deaths per 1000 cases.

COVID-19 is afflicting the Arab region at a time where health care in many countries is fragmented and primary care is underserved. The pandemic has highlighted the deep inequalities and uneven capacity of health systems. One-third of Arab countries have fewer than 10 health-care providers per 10,000 people, while the richest third have at least 50 providers per 10,000 population and, in some cases, over 70.⁹ The regional doctor-to-population ratio stands at 2.9 per 1,000 people, below the world ratio of 3.42 per 1,000 people.¹⁰ Similar trends are observed in hospital beds, intensive care units and primary care, with stark differences both between and within countries. While urban areas are emerging as the epicentres

of this pandemic, people in rural areas and those who move between rural and urban areas for work or education, are also at risk.

While on average 61 per cent of the population can access health services without suffering deep financial hardship, this rate varies significantly among countries, from as high as 77 per cent in Kuwait to as low as 22 per cent in Somalia.¹¹ Health insurance schemes are often fragmented and do not cover the unemployed or workers in the informal sector. Out-of-pocket expenditure on health care is high at an average of 37 per cent of cost and can be as high as 81 per cent in poorer countries.¹² These out-of-pocket payments threaten the ability of families to meet their basic subsistence needs and increases the potential of transmission and illness. Despite the ongoing emergency health response and ramped up efforts to enhance access to COVID-19-related information, testing and health care, falling ill will have devastating consequences on poor individuals and risks pushing tens of millions of people into poor health and poverty. Efforts to contain outbreaks often divert resources away from routine health services, such as pre- and post-natal health care and sexual and reproductive health services. COVID-19 is no exception.

⁹ Global Health Security Index, available at <https://www.ghsindex.org>.

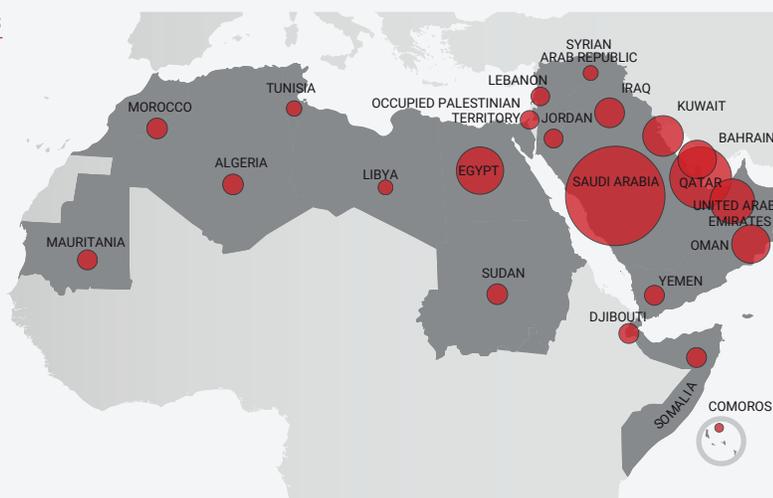
¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

FIGURE 2: COUNTRIES AFFECTED BY COVID-19 IN THE ARAB REGION

COUNTRY	CASES	DEATHS
Algeria	23,084	1,078
Bahrain	36,422	126
Comoros	334	7
Djibouti	5,011	56
Egypt	87,775	4,302
Iraq	92,530	3,781
Jordan	1,218	11
Kuwait	59,204	408
Lebanon	2,859	40
Libya	1,866	48
Mauritania	5,873	155
Morocco	17,236	273
Oman	66,661	318
State of Palestine	10,052	65
Qatar	106,648	157
Saudi Arabia	250,920	2,486
Somalia	3,119	93
Sudan	10,992	693
Syrian Arab Republic	496	25
Tunisia	1,374	50
United Arab Emirates	56,922	339
Yemen	1,610	445



The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Source: World Health Organization (figures as of 19 July 2020).

FIGURE 3: PREPAREDNESS OF ARAB COUNTRIES TO RESPOND TO COVID-19

Low to high	Human Development			Health System			Connectivity		
	Human development index (HDI)	Inequality-adjusted HDI (IHDI)	Inequality in HDI	Physicians	Nurses and midwives	Hospital beds	Health expenditure	Mobile phone subscriptions	Fixed broadband subscriptions
	(index) 2018	(index) 2018	(percentage) 2018	(per 10,000 people)	(per 10,000 people) 2010-2018	(per 10,000 people)	(% of GDP) 2016	(per 100 people)	(per 100 people) 2017-2018
United Arab Emirates	0.866	..	..	23.9	56	12	3.5	208.5	31.4
Saudi Arabia	0.857	..	..	23.9	57	27	5.7	122.6	20.2
Qatar	0.848	..	..	..	66	12	3.1	141.9	9.6
Bahrain	0.838	..	..	9.3	25	20	4.9	133.3	11.8
Oman	0.834	0.732	12.2	19.7	43	16	4.3	133.4	8.7
Kuwait	0.808	..	..	25.8	70	20	3.9	178.6	2.5
Algeria	0.759	0.604	20.4	18.3	22	19	6.6	121.9	7.3
Tunisia	0.739	0.585	20.8	12.7	26	23	7	127.7	8.8
Lebanon	0.730	..	..	22.7	26	29	8.0	64.5	0.1
Jordan	0.723	0.617	14.7	23.4	34	14	5.5	87.6	4
Libya	0.708	..	..	21.6	67	37	..	91.5	4.8
Egypt	0.700	0.492	29.7	7.9	14	16	4.6	95.3	6.7
Palestine, State of	0.690	0.597	13.5	..	..	..	..	89.5	7.5
Iraq	0.689	0.552	19.8	8.2	17	14	3.3	94.9	11.7
Morocco	0.676	..	..	7.3	11	11	5.8	124.2	4.3
Syrian Arab Republic	0.549	..	..	12.2	15	15	..	98.4	7.8
Comoros	0.538	0.294	45.3	1.7	9	22	7.6	59.9	0.2
Mauritania	0.527	0.358	32.1	1.8	10	..	4.2	103.7	0.3
Sudan	0.507	0.332	34.6	4.1	8	8	5.7	72.0	0.1
Djibouti	0.495	..	..	2.2	5	14	3.5	41.2	2.7
Yemen	0.463	0.316	31.8	3.1	7	7	5.6	55.2	1.4
Somalia	..	..	..	0.2	1	9	..	48.8	0.7
Regions									
Arab States	0.703	0.531	24.5	11.1	21	15	4.9	100.3	7.4
East Asia and the Pacific	0.741	0.618	16.6	14.8	22	35	4.8	117.6	21.3
Europe and Central Asia	0.779	0.689	11.5	24.9	61	51	5.2	107.3	14.6
Latin America & Caribbean	0.759	0.589	22.4	21.6	47	20	8.0	103.6	12.8
South Asia	0.642	0.520	19.0	7.8	17.0	8	4.1	87.7	2.2
Sub-Saharan Africa	0.541	0.376	30.5	2.1	10.0	8	5.3	76.9	0.4
Least developed countries	0.528	0.377	28.6	2.5	6	7	4.2	70.9	1.4
World	0.731	0.596	18.6	14.9	34	28	9.8	104.0	14.0

Source: Adapted from the Human Development Index.

In addition to the structural weaknesses in the region's health-care systems, conflict has destroyed precious health infrastructure and left many populations without access to even the most basic care. This has led to the death, or migration of, care workers and the interruption of critical care. Conflict has also created an additional unexpected pressure on national health systems to deliver services to 11.5 million refugees, including Palestine refugees, and 14.5 million Internally Displaced Persons (IDPs)¹³ in the region, many of whom have been repeatedly displaced. Today, millions reside in camps, informal dwellings or underserved communities, which often lack regular access to health care and, crucially, water and sanitation services. They live in small overcrowded quarters where social distancing is difficult, if not impossible, exacerbating the possibility of spreading the virus and challenging basic containment and mitigation actions, while making them more prone to discrimination, stigmatization and collective punishment. Host communities are increasingly seeing the burden of caring for refugees and IDPs as unsustainable in light of what they consider insufficient support from the international community.

B. ECONOMIC, SOCIAL AND ENVIRONMENTAL COSTS

The economic costs of the pandemic are likely to be significant in the Arab region. High dependence on oil resources, tourism and remittances – sectors that are negatively impacted by the pandemic, in addition to protracted conflict, further aggravate the impact of COVID-19 on the Arab region. The region's economies have not fully

recovered from the 2008 global financial crisis, nor from the 2014 drop in oil prices. The consequences of the dramatic drop in oil prices in early 2020 and the projected continued low demand for oil are likely to compound the socioeconomic impact of the pandemic and will most certainly complicate recovery efforts. Arab countries whose economies are already vulnerable, were made even more so by the COVID-19 crisis. The Arab region's **gross domestic product (GDP) is expected to fall** by about \$152 billion as a result of the forecasted 5.7 per cent contraction in growth between 2019 and 2020.¹⁴ An average of 23 per cent loss to the major Arab stock markets has been recorded, depleting part of the region's wealth. The International Monetary Fund has lowered its Middle East and North Africa economic forecast to its lowest level in 50 years.¹⁵

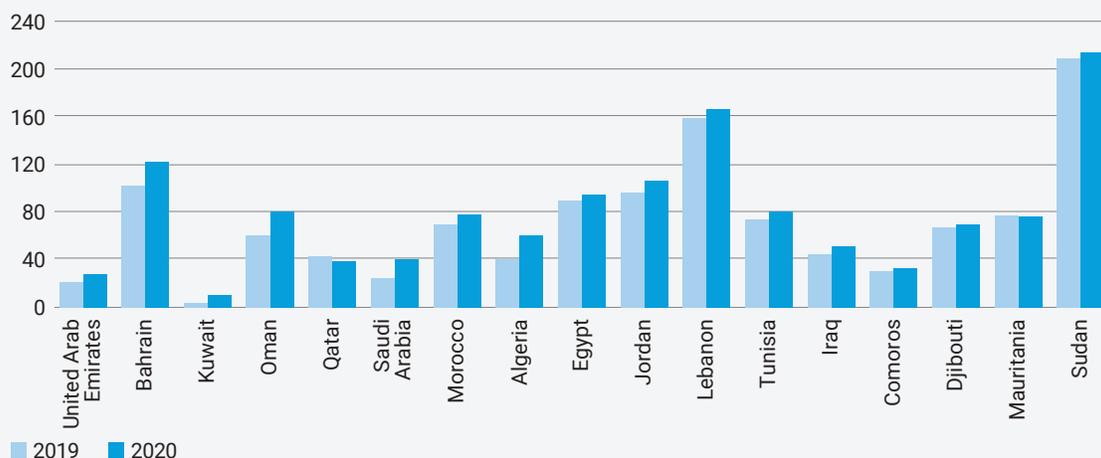
The region's **fiscal revenue**, crucial to COVID-19 mitigation efforts, is expected to experience a loss of nearly \$20 billion in indirect taxes, including \$5 billion in import tariffs and \$15 billion in other indirect taxes, including value added tax (VAT) and specific consumption taxes. This will adversely impact government revenues, especially for non-oil rich Arab economies. Against this backdrop, responding to the pandemic will increase fiscal deficits from an average of 2.9 per cent in 2018 to more than 10 per cent 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. At an average of 91 per cent in 2018, public debt-to-GDP ratio is already high for most Arab middle-income countries, reaching unsustainable levels of 151 per cent and 212 per cent of GDP in Lebanon and the Sudan, respectively. Additional borrowing will need to integrate sustainability measures negotiated with creditors.

¹³ UNHCR, <https://www.unhcr.org/search?comid=56b079c44&&cid=49aea93aba&tags=globaltrends>.

¹⁴ International Monetary Fund, *Regional Economic Outlook Update*, available at <https://www.imf.org/en/Publications/REO/MECA/Issues/2020/07/13/regional-economic-outlook-update-menap-cca#report>.

¹⁵ Ibid.

FIGURE 4: GROSS DEBT TO GDP RATIO (percentage) IS EXPECTED TO INCREASE FOR MOST COUNTRIES IN THE REGION IN 2020 DUE TO COVID-19



Source: ESCWA, *Survey of Economic and Social Developments in the Arab Region 2019–2020, Summary, 2020.*

Compared with the \$9.6 trillion in **stimulus packages** in countries across the world, the cumulative regional fiscal stimulus in the Arab region amounted to only \$102 billion, equivalent to nearly 4 per cent of the Arab region’s GDP, significantly lower than the global average of 11 per cent.¹⁶ When loan guarantees and credit support are excluded, the value of the fiscal stimulus packages is only about \$95 billion, of which a major share has been extended by the Gulf Cooperation Council (GCC) Governments.¹⁷

Measures necessary to limit the spread of COVID-19 are reducing employment across all sectors, especially the services sector which is the main employer in the Arab region. ILO estimates that 10.6 per cent of hours worked

were lost across the entire Arab region in the second quarter of 2020, compared to the final quarter of 2019. This is the equivalent of 17 million full time jobs, based on a 48 hour working week.¹⁸ Job losses are expected to be highest in the ‘most at risk’ sectors, such as hospitality and food services, manufacturing, retail and business and administrative activities, where 18.2 million individuals are employed.¹⁹ A higher toll is projected for the informal economy, where an estimated 89 per cent of workers are expected to be significantly impacted by lockdown measures.²⁰ In a region where 14.3 million people were unemployed pre-COVID-19,²¹ these job losses are a potential major source of instability and an added social and economic responsibility for states.

¹⁶ ESCWA stimulus tracker, available at <http://covdata.unescwa.org/RPT/RPTDSH1.aspx>.

¹⁷ Ibid.

¹⁸ Estimates from International Labour Organization, *ILO Monitor: COVID-19 and the World of Work*, fourth edition, 27 May 2020.

¹⁹ Ibid.

²⁰ United Nations Development Programme, *Human Development Report*.

²¹ ILOSTAT database, available at ilostat.ilo.org.

The environmental costs of the pandemic come on top of pre-existing patterns of economic growth that largely relied on the excessive extraction of scarce, non-renewable natural resources and substandard waste management. Unsustainable patterns of consumption and production over the past decades combined with the consequences of climate change have contributed to growing water scarcity, increased energy consumption, and associated greenhouse gas emissions, thus exacerbating land degradation and desertification and escalating food and energy import bills.

The pandemic resulted in a temporary reduction in greenhouse gas emissions and improved air quality. However, greenhouse gas emissions are expected to rise to previous levels, maybe more, as countries prepare for aggressive economic recovery plans.

The pandemic is bringing to light **reverses in human development gains** in most Arab countries, some caused by conflict in such countries as Libya, the Syrian Arab Republic and Yemen. Income inequality had been rising in the region. Moreover, the gender gap in human development, as measured by the Gender Development Index, is the largest among all the world's regions. Women's per capita income is on average 78.9 per cent lower than that of men in the Arab region,²² and gender equality legislation in most Arab countries is lagging behind the rest of the world.

C. INTERNATIONAL AND TRANSBOUNDARY CONSTRAINTS EXACERBATING THE IMPACT OF COVID-19

Trade, transport, foreign direct investment and conflict are some of the main regional and transboundary constraints that have exacerbated the impact of COVID-19 and are likely to hinder post-pandemic recovery efforts.

Out of \$1 trillion in **exports**, the Arab region is expected to lose \$35 billion because of the COVID-19 crisis, excluding oil revenue loss. Moreover, given that most exports from the region are related to energy, the global fall in oil prices and steep production cuts mean that the region will see its oil and gas revenues decline from \$329 billion in 2019 to \$197 billion in 2020 (equivalent to 40 per cent loss).

While the main decline in exports from the Arab region is likely to come from oil, the second and third most affected sectors are agriculture and food products which are expected to decline by 6 per cent and textiles and clothing by 5 per cent.

The region is also expected to import \$111 billion less than the usual \$828 billion imported prior to the pandemic. While a significant share of import reductions is in consumer goods, imports of equipment and raw materials will also suffer, which will affect the pace of the recovery.

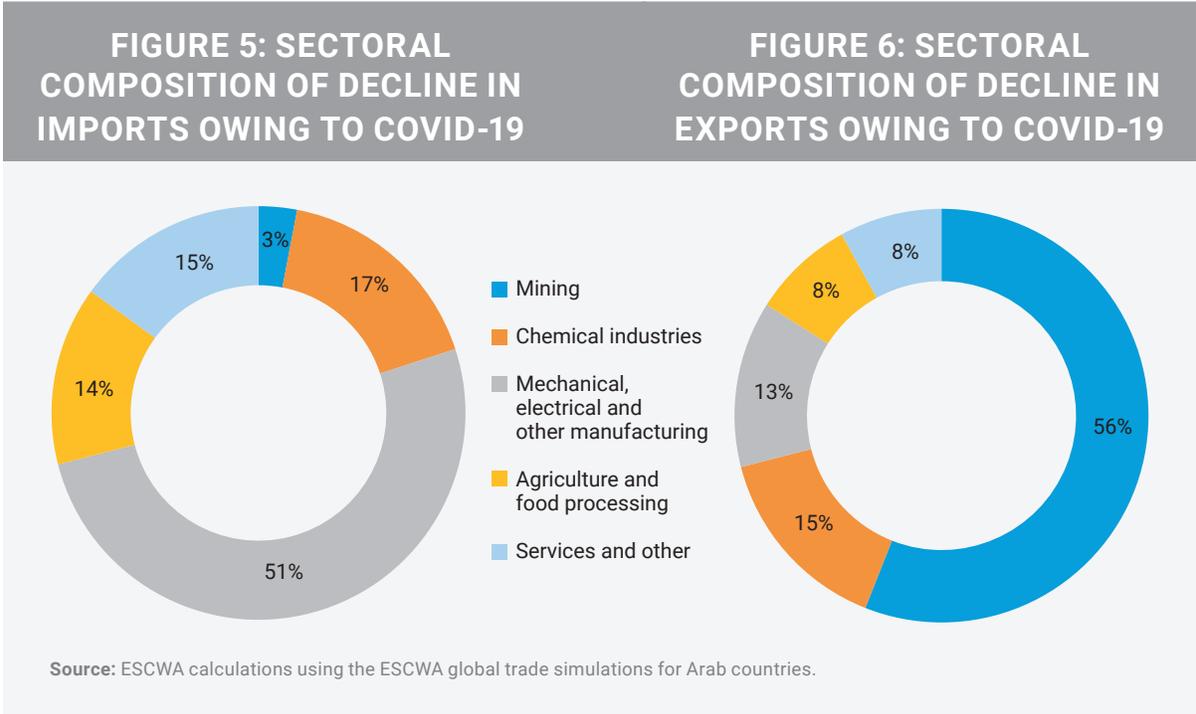
Most of the decline in the region's imports is likely to be in the form of manufactured products. Moreover, imports of mining and chemical products and of agriculture and food products are also expected to be highly affected by the pandemic.

Transport as a mechanism for trade facilitation and enhanced economic activities will play a

22 United Nations Development Programme, *Human Development Report*.

major role in the post-COVID-19 economic recovery. The poor road and rail interconnectivity in most Arab countries will negatively impact the contribution of inter-Arab trade to the recovery efforts. Moreover, while Arab air carriers witnessed significant growth in their 2019 revenue, the sector risks losing approximately \$23 billion in revenue and 2.4 million in jobs in 2020.

Foreign direct investment (FDI) is likely to drop by as much as 45 per cent, depriving the region of \$17.8 billion that could have been used in recovery efforts and job creation. FDI flows before the pandemic had already dropped to \$31 billion in 2018 from a peak of \$88.5 billion in 2008. Sectors that could be most affected by the decline in FDI are electrical industries and transport industries, which represent the most integrated global value chains.



2. Vulnerabilities in the Arab region

A. CONFLICT AND HUMANITARIAN SITUATIONS

Armed conflict in the Arab region has caused immeasurable suffering and led to massive economic loss over the last decade. Violence and conflict represent a significant impediment to responding to COVID-19, placing millions of people in far more precarious situations than they otherwise might have been, from the health, humanitarian, human rights and socioeconomic perspectives.

On 23 March 2020, the Secretary General called for a global ceasefire to facilitate life-saving aid and to create conditions for sustaining peace. A number of Arab countries endorsed the Secretary General's call. Building on the Secretary-General's appeal, the Security Council also called, in resolution 2532 (2020) of 1 July, for all parties to armed conflict to immediately engage in a durable humanitarian pause to enable the safe, unhindered and sustained delivery of lifesaving aid. Over 110 women-led civil society organizations across conflict-affected countries in the Arab region issued a joint declaration in support of the Secretary General's call, appealing for unity in the face of COVID-19.²³ However, these endorsements have yet to yield the

promised ceasefires, as violence continues and humanitarian needs overwhelm efforts to set impacted communities on the path to recovery.

Seven countries in the Arab region are covered in the Global Humanitarian Response Plan, indicating that they already faced serious humanitarian emergencies before the impact of COVID-19.²⁴ Ensuring humanitarian access and continuity of life-saving assistance is the first line of defence against COVID-19 for the most vulnerable people in the region, some 55.7 million people in need. These numbers illustrate the levels of vulnerability in the region. The situation in Yemen is particularly dire with 24.1 million people requiring humanitarian assistance. While in the Syrian Arab Republic 11.1 million are in need of assistance, full, sustained and unimpeded humanitarian access to all those in need remains a significant challenge. Other worrisome situations include Iraq (4.1 million in need), Sudan (9.3 million in need), Somalia (5.2 million in need) and Libya (830,000 in need).²⁵ For the 2.4 million Palestinians²⁶ in need of assistance in the Occupied Palestinian Territory, the pandemic adds vulnerability. The situation in Gaza is compounded by the occupation and the closures, which have created a particularly severe situation, especially for its collapsing health system's ability to handle the pandemic.

23 <https://www.scribd.com/document/462793101/Ceasefire-Declaration-by-Women-s-CSOs-ENG>.

24 <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>.

25 Ibid.

26 <https://www.ochaopt.org/content/humanitarian-needs-overview-and-humanitarian-response-plan-2020-dashboard>.

Functioning health-care systems and water and sanitation services (WASH) are critical for containing the virus. Yet, in these countries, health and WASH constitute the highest need for humanitarian assistance with an estimated 41.1 million in need of health assistance and 38.8 million in need of WASH assistance.²⁷

The impact of COVID-19 will be extreme for the 26 million **refugees and IDPs**²⁸ hosted in the region, many of whom live in informal settlements or camps, with inadequate access to critical health-care services, water or sanitation. The intensification of conflict in Libya and the Syrian Arab Republic could also significantly increase the number of forcibly displaced.

Barriers to reliable livelihoods, limited access to health care and social safety nets and susceptibility to socioeconomic pressures

make internally displaced persons and refugees among the most at risk. Interruptions to care for chronic conditions weaken their general health and render them more vulnerable to disease and complications, particularly since 16 million of them are already moderately to severely food insecure.

Countries hosting large displaced populations have already experienced increased pressure on local labour markets, particularly in informal activities where displaced people primarily find work. In this context, IDPs and refugees struggle to access employment and secure livelihoods, particularly since most of them are not covered by reliable social protection networks. These conditions highlight the importance of providing financial assistance to refugees and IDPs and also to local communities hosting them to mitigate social tensions and maintain stability.

FIGURE 7: REFUGEES AND PEOPLE LIVING IN REFUGEE-LIKE SITUATIONS IN THE ARAB REGION, DECEMBER 2019

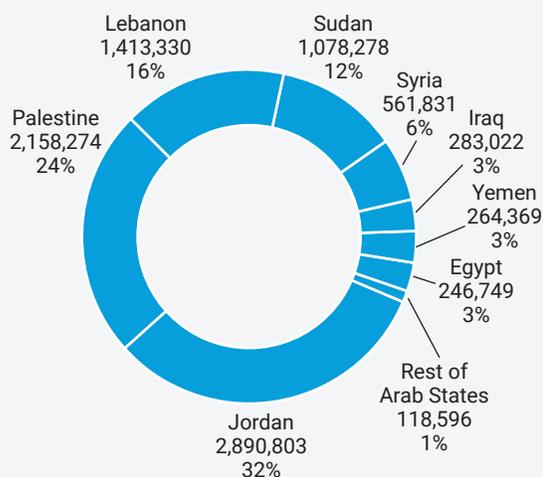
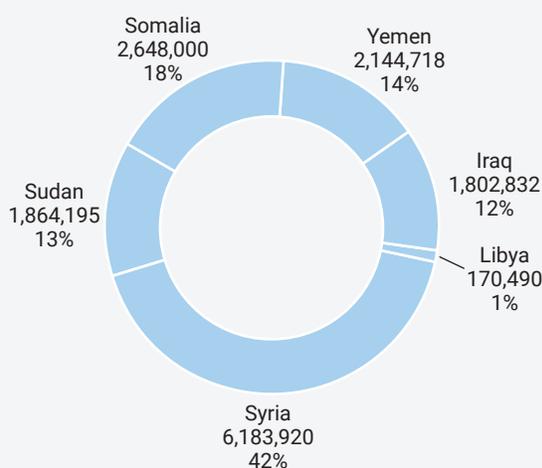


FIGURE 8: INTERNALLY DISPLACED PERSONS IN THE ARAB REGION, DECEMBER 2019



Source: UNHCR, *Global Trends: Forced Displacement in 2019*; and UNRWA data.

27 <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>.

28 UNHCR, <https://www.unhcr.org/search?comid=56b079c44&cid=49aea93aba&tags=globaltrends>.

In this challenging context, the cost of **sustained humanitarian assistance** continues to increase, while new obstacles arise in the context of COVID-19, including travel restrictions, logistical disruptions, and overstretched health-care systems. These challenges have added to concerns that lifesaving assistance reaches all those in need of humanitarian assistance across the region.

An additional \$1.7 billion is required in 2020 alone to address the risks and impact of the COVID-19 pandemic²⁹ on the most vulnerable people in countries affected by humanitarian crises or at high risk of facing humanitarian crisis, in the Arab region.

B. VULNERABLE GROUPS AND INEQUALITY

The COVID-19 crisis is **exacerbating existing vulnerabilities** for all social groups.

Poverty and inequality in Arab countries were already on the rise prior to the pandemic. Inequality and discrimination have undermined the region's progress in all the SDGs, while impinging on human rights and threatening peace and social cohesion. The region was also witnessing the world's only increase in extreme poverty. Today, vulnerable groups, including refugees, migrants, displaced persons, women, young people, the unemployed, those living in slums and workers in the informal sector, are at risk of becoming even poorer in the absence of universal social protection floors. Owing to the pandemic, an estimated 14.3 million more people will slide into poverty, raising the total to 115 million people – slightly over 32 per cent of the population of the Arab

Middle-Income Countries (MICs) and Least Developed Countries (LDCs). Increased poverty could also lead to an additional 1.9 million people becoming undernourished.

As health budgets and other resources are redirected towards dealing with the COVID-19 emergency, non-COVID-related medical services are expected to suffer. Close to 60 million people who live with one or more **disabling conditions** in the Arab region³⁰ are at risk of suffering disproportionately. Women living with disabilities face higher risk of violence. Some Arab communities already struggle with inadequate infrastructure, restricted mobility, weak education enrolment and limited participation in economic, political and cultural life, in addition to discrimination and stigma.

Accounting for 40 per cent of all workers in the region, **migrants** will be hard hit by the pandemic in terms of access to services, job losses and ability to return to their countries of origin. The significant decrease in remittances will have a two-way detrimental effect on Arab economies and on migrants and their families, putting millions of people in and outside the region at risk of extreme poverty and increased vulnerability.

While early experiences of the pandemic suggested that young people would largely be spared the health impacts compared to other age groups, the socio-economic impacts of COVID-19 crisis hit them immediately and will be long-lasting. Schools and universities full or partial closures, as well as the reduction in access to youth centres and other public spaces, affect the education of more than 110 million students.³¹ Lockdowns and physical distancing measures put young people at risk of mental health concerns and the economic slowdown resulting from the crisis will further

²⁹ <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>.

³⁰ United Nations, *World Population Prospects 2019*, available at <https://population.un.org/wpp/Download/Standard/Population>.

³¹ UNICEF, "Middle East and North Africa Region COVID-19: Situation Report No.1", 2020, available at https://www.unicef.org/mena/media/8061/file/MENA_per_cent20SitRep_COVID_per_cent2019_per_cent20#1_31_per_cent20March_per_cent202020.pdf_per_cent20.pdf.

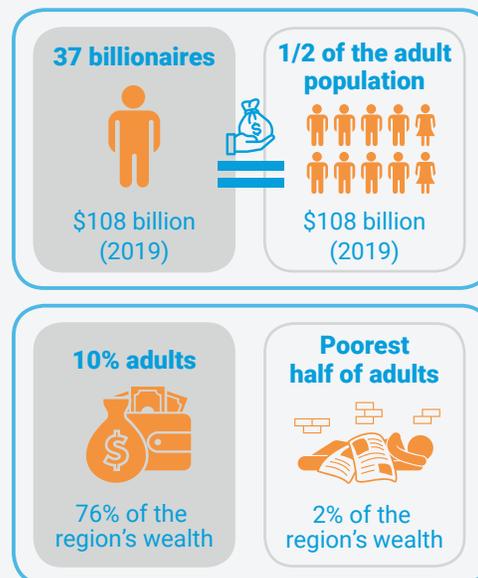
exacerbate youth's vulnerability within the labour market, as youth unemployment is higher, and young people are five times more likely to be unemployed than their adult counterparts.³²

There are 32 million **older persons** in the Arab region³³ who are at heightened risk of complications from COVID-19. Globally and regionally, many people are not seeking care for non-COVID-19 conditions. Older persons in the region are also heavily impacted by the non-medical effects of COVID-19. The absence of universal or comprehensive old-age pensions and health insurance in most Arab countries forces many older persons to remain financially dependent on family members, who may already be poor or slipping into poverty owing to the economic impact of the pandemic, thus making older persons even more vulnerable. In addition, high levels of illiteracy among the older population in the region exacerbate the digital divide and increase the social isolation and ability to access services of the 2 million older persons living alone.³⁴

Women globally and in the Arab region face intersecting inequalities and entrenched barriers that heighten their vulnerability to COVID-19 and its impact. Arab women's economic participation is the lowest in the world at 25 per cent, and over 39 per cent of young Arab women are unemployed.³⁵ In addition, women in the region make up 62 per cent of the informal labour force,³⁶ working in agriculture and other sectors with no job security or health insurance. Often, women have the added responsibility of caring for immediate relatives and extended family members. With limited access to land and financial resources compared with men,

women in the Arab region will suffer the economic impacts of this pandemic to a larger degree. The current outbreak of COVID-19 is also fast becoming a protection crisis, especially for women and girls. Confinement, loss of income, isolation and psychosocial needs are increasing the already record-high amount of unpaid work and care that women undertake. Additionally, gender-based violence predominately perpetrated against women and girls, which was already experienced by 37 per cent of women in Arab countries before the crisis, has spiked.³⁷

FIGURE 9: WEALTH DISTRIBUTION IN THE ARAB REGION



Source: ESCWA, E/ESCWA/2020/Policy Brief.7.

32 International Labour Organization, "ILOSTAT Database", 2017, available at <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=ZQ>.

33 Ibid.

34 Ibid.

35 ESCWA and the United Nations Entity for Gender Equality and the Empowerment of Women.

36 Ibid.

37 World Health Organization, *Global and regional estimates of violence against women: prevalence and health effects of intimate partner violence and non-partner sexual violence*, 2013, available at https://apps.who.int/iris/bitstream/handle/10665/85239/9789241564625_eng.pdf?jsessionid=DE3035B0E0C800C0988C9BB48BB626FA?sequence=1.

PALESTINE REFUGEES: A POPULATION HIGHLY VULNERABLE TO THE IMPACT OF COVID-19

Over 5.6 million Palestine refugees are registered with the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) in Jordan, Lebanon, the Syrian Arab Republic, and the Occupied Palestinian Territory. Many of them live in conditions that exacerbate their exposure to COVID-19, with knock-on effects for host communities and the entire region.

Poverty among Palestine refugees has reached excessively high levels: above 50 per cent, and two or three times the poverty rates in host countries. In 2018, UNRWA estimated that 91 per cent of Palestine refugees in the Syrian Arab Republic were living on less than \$2 per day, excluding any cash assistance provided. Palestine refugees in Syria have also been displaced multiple times since the start of the conflict in Syria in 2011, like many of the displaced.

It is estimated that about half of the total employed and registered Palestine refugee population is engaged in daily labour or informal employment and have no regular income, which have made them extremely vulnerable to the reduced

economic activities due to COVID-19. Decreasing employment opportunities in GCC countries have also affected Palestine refugees, who have traditionally sought work in the Gulf. This, in turn, has affected the vital streams of remittances sent back to extended families.

Many live in extremely difficult circumstances: under continued occupation and closures in Gaza, exposed to conflict in the Syrian Arab Republic, and subject to socioeconomic exclusion in many contexts. The 58 Palestine refugee camps in the Near East are characterized by overcrowding, sub-standard construction and higher poverty rates, all of which pose serious challenges to applying physical distancing, quarantine and self-isolation during the pandemic.

UNRWA health care centres ensure triage and testing for early detection and referral of suspected COVID-19 cases. While UNRWA is mandated to provide refugees with basic health, education and relief assistance, its ability to maintain its activities is under threat owing to its financial crisis.

Hundreds of millions of **children** are currently out of school globally. In the Arab region, more than 16 million children were already out of school pre-COVID-19 owing to conflict and/or poverty.³⁸ These numbers are likely to increase, particularly for girls, even as lockdown measures ease and schools gradually reopen. Inequality in education, both in terms of quality and access, is high across the region, and will greatly influence the way children bear the short- and long-term impact of lockdown. There are already alarming trends in terms of food security and malnutrition in the region, a situation likely to deteriorate as poverty is

set to increase and children who depend on school meals are missing out because of widespread closures. In general, social assistance schemes and socioeconomic policies do not target the long-term development of children.

It has become evident that inequality is a significant factor affecting the resilience to this pandemic and its impacts. Arab countries have some of the highest levels of wealth inequality worldwide. The regional Gini coefficient of wealth is estimated at 83.9. Even when not considering within-country inequality, the average national wealth Gini is estimated at 73.6 compared with 73.1 in other countries worldwide.³⁹

³⁸ <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>.

³⁹ World Bank, <https://data.worldbank.org/indicator/SI.POV.GINI>.

In 2019, the Arab region's top 37 billionaires (all of whom are men) owned as much wealth as the bottom half of the adult population, totalling about \$108 billion.⁴⁰ In 2020, the number has fallen to 31 billionaires holding \$92.1 billion.⁴¹ This wealth is more than double the annual cost needed to close the poverty gap in all Arab countries, even after accounting for the impacts of COVID-19.

The wealthiest 10 per cent of adults in the Arab region accounted for 76 per cent of the region's total household wealth, totalling \$5.8 trillion in 2019.⁴² The poorest half of the adult population held around only 2 per cent of total household wealth.⁴³

C. STRUCTURAL WEAKNESSES

Economic growth in the Arab region is susceptible to international oil price fluctuations.

While oil-rich countries are directly affected by oil price fluctuations, other Arab countries suffer from a spillover effect impacting remittances and intraregional development funds. Owing to insufficient diversification and poor integration in global value chains, Arab economies will lose opportunities to grow and become more resilient when global productivity improves, while remaining vulnerable to global declines in demand. The recent decline in oil prices and demand, the fall in remittances, and the abrupt stand-still in the tourism sector underscore the need to diversify economies in the region to withstand similar future shocks and make the most of the growth opportunities of the green economy.

The **weak growth-employment-poverty** relationship lies at the heart of challenges facing the Arab region. The region's relatively high average

economic growth over the decades prior to the 2008 global economic slowdown, and the slow recovery in the following years, did not significantly improve incomes of the poor, nor did it generate enough decent work for the youth which make up a growing educated labour force. While structural changes have taken place in the economies of both oil-rich and oil-poor countries across the region, they have yielded mainly informal poorly paid jobs, and these economies remain relatively dependent on inefficient rentier extractive industries. As a result, productivity has barely improved, economic growth has been slow, and benefits have been unevenly shared.

The relatively small stimulus package that Arab countries were able to mobilize to mitigate the impact of COVID-19 exposed the **severe fiscal constraints** that most Arab Governments face. Oil-rich countries found themselves constrained by low revenues from a troubled global oil market, while oil-poor and middle-income countries are unable to find the necessary resources without borrowing or raising taxation – both difficult choices.

Expanding the fiscal space to mitigate the medium to long term impact of COVID-19 is important for most countries in the region. Tax revenues constitute an important tool for expanding this fiscal space. Tax revenues continue to be under-exploited and they range from a low of 1 per cent to an average of 30 per cent in low- and middle-income countries. Moreover, indirect tax is the main tax source in all the tax systems of oil-poor middle-income countries. Income tax out of total tax revenue remains low, while wealth tax is almost negligible.

Absence of other sources of revenue significantly constrain economic and social investments, including for emergencies such as the

⁴⁰ ESCWA estimates based on Forbes and Credit Swiss data.

⁴¹ Ibid.

⁴² Ibid.

⁴³ Ibid.

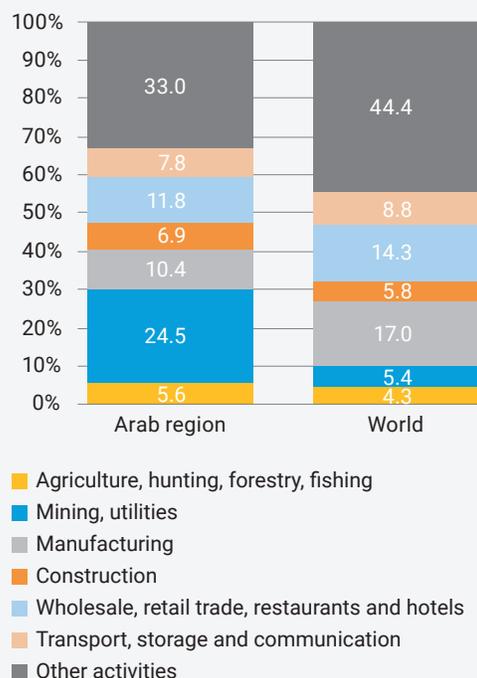
current pandemic. Borrowing is not a viable option for most Arab countries. The public debt-to-GDP ratio remains high for most middle-income countries, where some Arab countries allocate more than 30 per cent of their annual budgets to debt servicing. Phasing-out fossil fuel subsidies, which account for around 9 per cent of the region's GDP, could expand the fiscal space in the context of COVID-19 recovery. These unsustainable levels of debt and poor fiscal revenues not only hamper countries from mitigating the immediate impact of COVID-19 but, more importantly, they impede progress on the SDGs which requires much higher levels of financing than is currently available or projected in the near future.

Across the region, public expenditure has not responded well in addressing **shortfalls in inclusive and sustainable development**, including access to quality education, health care, social protection and innovation. Out-of-pocket spending on both health and education constitute a major burden on most households, adversely impacting outcomes and opportunities that contribute to high human development and to bridging inequality. In a situation such as a pandemic, these shortfalls increase the vulnerability of poor and marginalized people, because they are less adequately prepared.

Despite the region's substantial potential for agricultural development, high **dependency on food imports** renders it more vulnerable to crises such as COVID-19, when transport of food and other products is suspended, even for a short period. The region spends around \$110 billion on food imports, including up to 90 per cent of its grain needs and 65 per cent of its wheat needs. Trade restrictions are affecting the free flow of food and agricultural inputs, while lockdowns are driving up prices, restricting

economic activity and reducing income. A global food emergency is likely in the face of this crisis, and the Arab region is unlikely to be unscathed.⁴⁴ The Arab region may witness food shortages and price hikes if a prolonged COVID-19 pandemic disrupts global food supply chains, production, transportation and distribution. These risks are highest in Yemen and the Syrian Arab Republic, where 15.9 million people (53 per cent of population) and 9.3 million people (50 per cent), respectively, were classified as being 'in crisis' prior to the pandemic.⁴⁵

FIGURE 10: SECTORIAL SHARE OF TOTAL OUTPUT (percentage)



Source: United Nations Statistics Division, National Accounts Section.

44 United Nations, "Policy Brief: The Impact of COVID-19 on Food Security and Nutrition", available at https://www.un.org/sites/un2.un.org/files/sg_policy_brief_on_covid_impact_on_food_security.pdf.

45 <https://www.unocha.org/sites/unocha/files/Global-Humanitarian-Response-Plan-COVID-19.pdf>; <https://www.wfp.org/publications/syria-2>.

D. SYSTEMS, INSTITUTIONS AND GOVERNANCE

Strong and resilient institutions, which are also open, transparent and accountable, are key to managing societal progress and ensuring full enjoyment of human rights in normal times. They are even more critical in times of crisis. While COVID-19 is testing institutions and governance structures across the world, it is important for necessary lockdown and other restrictive measures to respect human rights so that all such measures are proportionate, transparent, time-limited and sensitive to the rights and needs of vulnerable groups.⁴⁶ Many citizens of this region continue to seek more socioeconomic justice, less corruption and more rights and dignity. These demands have contributed to large protest movements and instability in some countries and have also been partial drivers for conflict in other countries.

Trust in government has proved to be a major factor in effective handling of the COVID-19 pandemic around the world. Except for slight progress in terms of 'voice and accountability', governance indicators have declined over the last decade.⁴⁷ In countries affected by conflict, crumbling **institutions** are unprepared to address the COVID-19 pandemic in an inclusive manner. By undermining trust in institutions, a fundamental attribute of peaceful societies, structural institutional deficiencies and instability have severely reduced the capacity of some countries to focus on achieving inclusive and sustainable development for their peoples. Negative trends, regional spill-overs and intergenerational impacts continue to undermine the realization of the 2030 Agenda in many Arab countries.

An additional symptom of institutional weakness, is inequality that manifests itself within

and across countries. The geographic distribution of oil resources and the extreme distortion of income distribution are key causes and predictors of conflict and structural underdevelopment. In several settings, political groups have used the public sector to serve their own narrow interests, while underfunding basic human and physical infrastructure required to effectively deliver health services, education and other vital services, such as electricity, water and sanitation.

In some cases, insufficient resources to build an effective public sector with equal access to and for all citizens has eroded people's coping abilities in the context of COVID-19. Many people have lost jobs and/or incomes and they lack adequate public support to help them through the crisis. This will deepen inequalities and may increase the likelihood of social protests.

High levels of inequality and socioeconomic disenfranchisement may also impact political stability, promote the escalation of violence and could facilitate radicalization, and recruitment, which poses long-term threats to the whole region.

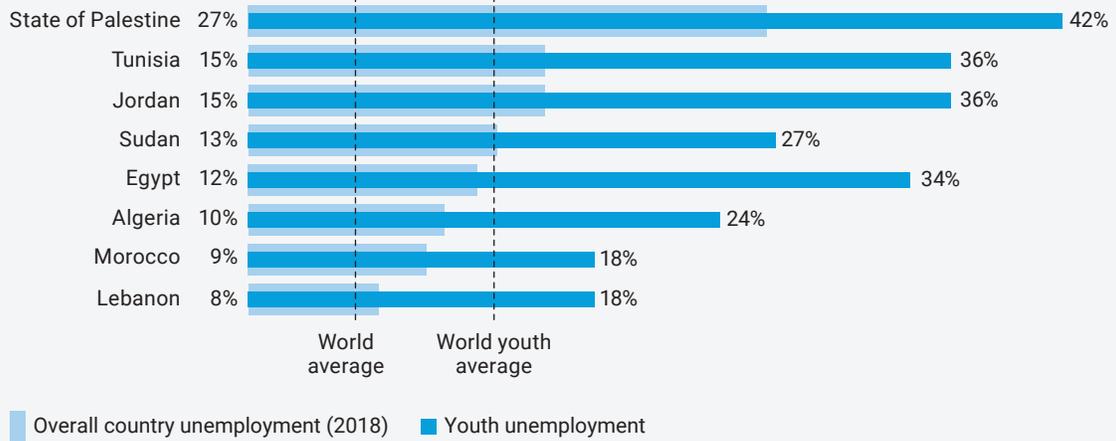
In addressing the challenges associated with COVID-19, empowerment and the active participation of **local government** is important. Local governance structures, such as municipalities and local councils, need to be supported (financially and technically) to assist their constituencies and resident vulnerable groups.

The legacy of violent political transitions in some countries of this region, continued conflict in others and massive social protests, reflect a deep structural crisis of confidence, vertically between citizens and the state and horizontally, among groups of citizens themselves. The social contract that had been in place since the end of the colonial era in this region continues to be tested.

⁴⁶ United Nations, "COVID-19 and Human Rights: We are all in this together", available at https://www.un.org/sites/un2.un.org/files/un_policy_brief_on_human_rights_and_covid_23_april_2020.pdf.

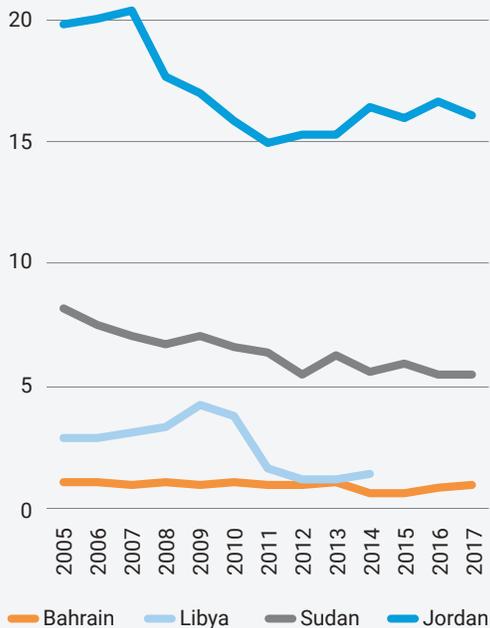
⁴⁷ World Bank World Development Indicators, available at <https://databank.worldbank.org/source/world-development-indicators/preview/on>.

FIGURE 11: YOUTH UNEMPLOYMENT IN THE ARAB REGION



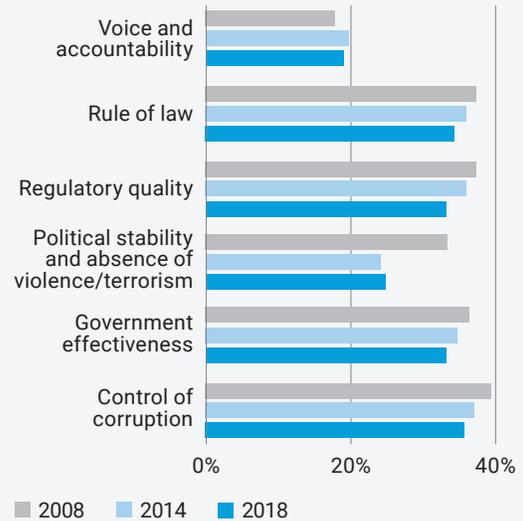
Source: International Labour Organization.

FIGURE 12: TAX REVENUE (percentage of GDP)



Source: ESCWA, Fiscal Policy Review of Arab States 2019.

FIGURE 13: WORLDWIDE GOVERNANCE INDICATORS IN THE ARAB REGION, 2008, 2014 AND 2018 (percentile rank)



Source: ESCWA, based on World Bank, Worldwide Governance Indicators, 2019.

Note: Regional average based on the percentile rank of the 22 members of the League of Arab States.

3. Rethinking peace in the region, multilateral cooperation and peace-building

The Arab region can seize the opportunities of COVID response and recovery to make progress on human rights, reconciliation, displacement, humanitarian challenges, the root causes of conflict, and sustainable peace and, in so doing, make tangible progress towards growth, prosperity, equity and social justice for all.

As notions of ‘security’ are expanded to include health security, new avenues emerge for regional collaboration. Some countries of the region have already stepped up humanitarian efforts to provide medical aid to other countries in the region to curb the spread of COVID-19. Others are gearing up to do the same and to extend their support beyond the medical emergency phase.

The Israeli-Arab conflict remains a major source of instability in the region.

For many years now, intertwined local, regional and global interests have only prolonged conflicts in several countries, including Libya, the Syrian Arab Republic and Yemen. This dynamic has generated an enormous toll on people, communities, property and centuries old well-knit social fabrics. The impact of COVID-19 has only worsened those protracted conflict situations. Finding a solution to end conflicts through mediation and negotiations is therefore more critical than ever.

Several conflict-affected countries, as well as warring parties, have expressed their support for the Secretary-General’s call for a global ceasefire and his call for “peace at home – and in homes – around the world”. Religious leaders from the region participated in a videoconference in May 2020 with the Secretary-General in response to his call for solidarity among them. However, more needs to be done in terms of tangible and sustainable actions on the ground.

The COVID-19 crisis has exposed critical under-investment in health and social protections in many countries, and this region is no exception. Meanwhile, the imports of arms by countries in the Middle East increased by 61 per cent between 2010–2014 and 2015–2019, constituting 35 per cent of total global arms imports over the past five years. The world’s first and the third largest military importers are from the Arab region.⁴⁸ The billions of dollars spent on arms purchases could be invested in the strengthening of local, regional and global mechanisms for the realization of economic and social rights and promoting peace and people’s resilience to the socio-economic, justice and health repercussions of the pandemic.

With COVID-19 lockdowns and many people interacting primarily online, some actors may seize the opportunity to reinforce extremist views or xenophobic discourse. Political, cultural,

48 Stockholm International Peace Research Institute (SIPRI).

religious and community leaders, as well as social media platforms and regional media outlets, should reject such messages and seek opportunities to advance a culture of tolerance, mutual respect and peaceful co-existence.

More regional cooperation would assist in tackling the many transboundary sources of fragility that plague the Arab region. The League of Arab States provides for concerted action by Arab Governments through mechanisms, such as the Summit of the Heads of Arab States, the Economic and Social Council, and the Council or the Arab Ministers of Interior. Greater use could be made of these institutions to fight

the pandemic, resolve conflict, protect human rights and launch socioeconomic recovery. Furthermore, there is a need to strengthen national institutions to tackle human-made and natural risks. Greater resources are needed to enhance risk management and mitigation and support national and local entities on the front lines dealing with the health, social and economic impact of the pandemic. The United Nations, with its specialized agencies, is prepared to provide support to the League of Arab States to prevent conflict, resolve disputes and act in the spirit of solidarity and unity.

4. Building a more prosperous future

A. SLOW THE SPREAD OF THE DISEASE, END CONFLICT AND ATTEND TO THE MOST VULNERABLE

1. **In the immediate term, and until the infection and transmission phase of the disease are under control, focus should be on saving lives and providing medical treatment to all, free of discrimination** and irrespective of legal or migratory status, as well as providing targeted measures to protect the most vulnerable groups.

In the immediate term, focus on saving lives and treating all without discrimination

Public funds could be used to purchase medicines, equipment and (when ready) vaccines, and to make them available to people, either free of charge or at subsidized prices. Regional funds could channel investments to the health sector. Where appropriate, they can support government concessional loans or soft loans to fund additional expenditure in the health sector in each country and support Member States in building their strategic stocks of medications and life-saving equipment. Beyond the immediate emergency, the response to COVID-19

provides an opportunity to undertake structural reforms of public health sectors, particularly in building capacities, investing in facilities and equipment, and focusing on full coverage of health-care systems to provide integrated health services, including prevention, primary care and better planning for potential future pandemics. Countries in the region could consider expanding affordable universal health care coverage to everyone, starting with the most vulnerable.

2. **Strongly consider adhering to ceasefires in all ongoing conflicts in the region in line with the Secretary-General's appeal for a Global Ceasefire and Security Council resolution 2532 (2020).**

All combating parties should cease fire and allow medical services to reach COVID-19 victims

The Security Council has called, through its resolution 2532 (2020), for all parties to armed conflicts to immediately engage in a durable humanitarian pause to enable the safe, unhindered and sustained delivery of lifesaving aid. This builds on the Secretary-General's 23 March appeal for an immediate ceasefire, to focus on the shared battle against the pandemic and to help create conditions for

effectively assisting the most vulnerable, while ensuring that no-one is left behind. Parties to armed conflicts in the Arab region are urged to adhere to these calls.

3. **In the short term, consider providing emergency support to the most vulnerable individuals and households, as well as refugees and IDPs.**

Provide emergency support to the most vulnerable and prepare the ground for a more equitable and sustainable social compact.

Coverage of existing social protection schemes, including cash transfers, subsidised food, unemployment benefits, and other forms of social assistance could be extended and expanded. The region's responses could be tailored to reach those most vulnerable to COVID-19 and its socio-economic impact. These include refugees and IDPs, host communities, persons with disabilities who are having difficulties accessing non-COVID medical care, young people, the elderly and women who are experiencing more violence as a result of confinement. Governments in the region could integrate these COVID-19 related measures in overall social protection reforms as part of a new post-Covid-19 social contract that leaves no one behind, promotes inclusion and social equality and helps realise social and economic rights for all. Measures to make distance learning available to all, through better internet access and accelerated efforts to develop online educational material, could also be implemented, as a whole generation's prospects hang in the balance with this pandemic.

B. BUILD BACK BETTER BY BOLSTERING THE CAPACITY OF VULNERABLE GROUPS AND DEEPENING SOCIAL PROTECTION REFORMS FOR GREATER EQUALITY AND INCLUSION.

4. **Plans for recovery could address inequalities in income, health, education, affordable housing, resilient and sustainable cities, with the SDGs as a framework for recovery.**

Recovering with the SDGs in mind is about reducing inequality and leaving no one behind

This includes reducing inequalities between urban and rural areas, different age, income and social groups, regions at the subnational level, women and men and girls and boys. Ongoing efforts to end all discrimination on the basis of gender, age, ethnicity, social origin, religion, political or other opinion, location, disability and migratory status and sexual orientation or gender identity need to be stepped up. Investments could be increased in critical areas of human development, including universal health coverage, affordable education and social protection floors and old-age pensions, not only to mitigate the impact of COVID-19 but also to foster long-term and sustainable development. National youth strategies could be revised to ensure greater inclusion and participation, youth reintegration into the education system and the job market, and new forms of remote formal and informal education, training and vocational capacity-building. In education, for instance, the region could attain the world average

in mean years of schooling by increasing public education spending by 1 per cent of GDP over the next six years.⁴⁹ Switching expenditures from fossil fuel subsidies and military spending could release substantial resources, which would contribute not only to human capital, but also to renewing a frayed social contract, caused in part by a lack of social and economic mobility. This calls for a human-rights-based approach. A comprehensive “Social Expenditure Monitor” could be a useful tool to improve the efficiency and effectiveness of spending toward achieving the SDGs.

5. Promote a new vision for education that meets the ambition of the SDGs and is about lifelong learning, critical thinking and innovation, as a centre piece of the recovery from COVID-19.

The Arab region could invest more fully in its young people, giving them the tools and the freedom to devise solutions, including skills and jobs.⁵⁰ Increasing investments in research and development and strengthening the science-policy interface could also be considered. Where one country lacks the resources, other countries from the region can step in. The region needs the capacity not just to use technology but to produce technology, including tests for viruses and vaccines, and to be part of global scientific efforts to address this and future crises.

⁴⁹ ESCWA estimates, 2020.

⁵⁰ United Nations, “Policy Brief: The World of Work and COVID-19”, available at https://www.un.org/sites/un2.un.org/files/the_world_of_work_and_covid-19.pdf.

C. BOOST ECONOMIC RECOVERY

6. Supporting impacted businesses to reduce job layoffs and stimulate the economy by postponing social contribution payments for employees, extending tax exemptions, providing wage subsidies to maintain workers on payroll, and suspending loan repayments.

Support SMEs to reduce job layoffs

This could include extending credit support and providing interest free loans to small and medium enterprises (SMEs) and to women and the self-employed, the majority of whom are young people. Moreover, demand and job creation could be boosted through increased government spending on labour-intensive projects and procurement, especially expenditure on health-care programmes and emergency response systems.

7. Public investments could also be boosted in three strategic areas to transform the current pattern of poor-quality growth and address structural weaknesses in the region.

Design fiscal policies to promote economic transformation and decent work

First, **economic sectors that add significant value** to the economy and have strong potential to generate decent work and favourable integration in sustainable and green global value chains, such as

higher-end services and industry, could be encouraged. This could promote diversification of national economies and create the proper environment for a more competitive and productive private sector.

Second, **investments in green, innovative, circular, low-carbon economic sectors**, could place sustainability at the heart of decision-making and chart a path to economic diversification while reducing the effects of price fluctuations linked to fossil fuel. For instance, investments in sustainable energy, energy efficiency, retrofits of buildings and other low-carbon sectors which are labour-intensive, can stimulate economic recovery while creating more jobs per dollar invested than in a business-as-usual scenario. Solar technologies have a key role to play, including for vaccine production and storage and to help bridge the energy access gap. In one of the most water-scarce regions globally, with a record-high dependence on food imports, it is vital to increase the sustainability and productivity of agricultural systems and invest in rural development.

Third, **equitable investments could be made in innovation, inclusive human capital and infrastructure that contribute to greater productivity**. Countries could provide equitable employment opportunities to women, increase investments in education, and support youth-led ventures and solutions to capitalize on young people's talents and innovation. Aligning monetary, trade, industrial, environment and climate policies could accelerate the pace of transformation, and sustain it over time. Regional integration and more optimal global value chain integration are also opportunities, building on long-standing regional trade and integration agreements. Overall, the recovery from COVID-19 is an opportunity to reimagine

the economic and development model in the region and to create more sustainable consumption and production patterns.

8. **Increasing tax revenues** without imposing higher taxes on goods and services that burden the middle class and the poor could be considered.

Expand and sustain fiscal space by raising and diversifying revenues

Equitable expansion of fiscal space could be achieved through measures such as a wealth tax, capital gains tax and progressive income taxes, as well as improving tax compliance to enhance the tax sharing burden between the rich and the poor. Such measures could deliver multiple benefits, providing more resources for social protections, propelling economic reforms and human capital investments, lessening inequalities and shielding revenue streams from shocks, such as oil price fluctuations. For oil revenue-dependent economies, diversification of revenues is needed. For all Arab economies, expansion of the fiscal space could occur with minimum borrowing, while maintaining strict sustainable debt management strategies and practices. Financing for development principles can guide such reforms.

9. **A regional social solidarity fund to support the poorest and most vulnerable groups and countries** could help countries access sources of financing with limited bearing on their indebtedness and could help countries in the region target the poorest to address health emergencies, provide relief during food shortages and also help Small and Medium Enterprises stay afloat, particularly those that contribute to health, food, and basic economic activities. The region

could finance the fund by introducing, where appropriate, a social solidarity tax that is rooted in the well-established Zakat practice. There is a real opportunity to raise revenues to finance poverty reduction through this tax, given that the wealthiest 10 per cent of adults account for \$4.4 trillion of household wealth in the Arab region. While such a fund requires a broad-based political consensus, it could be facilitated by reforming tax administration, ensuring regular filing and improving collection, including a one-time settlement of long-standing overdue taxes while strictly combating tax evasion.

Develop a regional social solidarity fund to support the poorest groups and countries

D. SEIZE THE OPPORTUNITY TO PRIORITIZE HUMAN RIGHTS AND REFORM INSTITUTIONS

- 10. COVID-19 recovery could be used as an opportunity to lay institutional foundations for sustainable development, including through information-sharing and a whole-of-society approach.**

Reform the public sector as a key pillar in upholding democratic values of transparency and accountability

In the post COVID-19 era, the resilience of the Arab region could be bolstered through stronger adherence to human rights and the rule of law, as well as public sector reform and focus on more effective and accountable state institutions. Specific steps could be taken, such as fighting corruption, enhancing bureaucratic efficiency, upholding transparency and accountability, broadening the civic space, basing employment on merit rather than connections, and applying the rule of law while defending fundamental human rights and freedoms, in accordance with states' commitment to the 2030 Agenda and international human rights law. These steps could increase citizen trust and confidence in, and effective operation of the public sector thus enhancing state legitimacy as well as performance.

Strengthening the ability to forecast disasters, utilizing technologies and ensuring that information sharing mechanisms are in place to respond quickly and effectively could also be considered. Data collection and disaggregation, as called for by the 2030 Agenda, are critical as the region responds to this pandemic and identifies the most vulnerable, where they are and what kind of support they need and anticipates events of the future.

A whole-of-society approach to recover better and enhance resilience to future shocks could be adopted. No recovery is possible without a vibrant civil society, a free media and an engaged academia. Recovery requires a new approach to public-private partnership, considering lifting barriers to the growth of the private sector, as a key partner in the shift towards sustainable and prosperous economies.