

WHO policy brief



**The economic
and social impact
of COVID-19
in the Eastern
Mediterranean
Region**

June 2020



**World Health
Organization**

REGIONAL OFFICE FOR THE **Eastern Mediterranean**

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1. INTRODUCTION AND OVERVIEW

The number of cases of coronavirus disease 2019 (COVID-19), which first appeared in China at the end of 2019, surpassed 6 million globally, including 450 000 in the World Health Organization (WHO) Eastern Mediterranean Region, as of 28 May 2020 (1), and is likely to increase significantly. What was initially seen as a largely China-centric outbreak is now understood to be a global crisis.

To combat the spread of severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), countries have taken necessary public health measures which will have a social and economic impact on people's lives. Although the trajectory of the coronavirus and COVID-19 are still uncertain, the spread of COVID-19 continues to have striking effects on health systems, lifestyles, social interactions, economic activities, government policies and financial markets. Presumably, as the disease spreads around the globe, more and more rolling recessions will be seen.

In a reassessment by the International Monetary Fund (IMF) of the growth prospect for the years 2020 and 2021, the Fund declared that the world was entering a recession that could be as bad as or even worse than the one in 2008–2009. In the face of such an unprecedented situation in recent history, the creativity of the response must match the unique nature of the crisis, and the magnitude of the response must match its scale. No country will be able to exit this crisis alone (2).

In the same vein, the COVID-19 pandemic has affected the countries of the Eastern Mediterranean Region, whose most prominent characteristic is its heterogeneity. In terms of income, the Region contains countries ranging from highest to lowest in the world. Crises, both man-made and natural, have affected two thirds of the Region, and protracted humanitarian crises have led to the forced displacement of millions of people, the weakening of health systems and emerging health threats over the last three decades. Poverty is one of the major causes of ill health in the Region, with five countries having more than 25% of the population living under the poverty line, and about 70% of the Region's people live in cities.

The necessary public health measures adopted to combat COVID-19 have affected the livelihoods of most individuals in the Region who depend on daily work. Workers involved in hospitality, trade, human transport and several other activities have lost their livelihoods. This loss of income combined with the ever-rising price of necessities will substantially increase poverty. The crisis additionally affects women as care givers, while quarantine and curfew may make them more vulnerable to increased gender-based violence at home. These economic and social impacts are likely to get more severe as the pandemic worsens in the Region.

This policy note reviews the potential economic and social impacts of the COVID-19 pandemic based on a literature review and consultation with countries, and identifies strategic actions for policy-makers to address these challenges at the national and subnational level. The suggested measures follow the "leaving no one behind" approach of the Sustainable Development Goals and go beyond simply addressing the symptoms of the unequal and uneven development that has left some population segments at greater risk from the pandemic and its economic and social consequences.

Key messages

- The current COVID-19 pandemic-linked economic recession will likely have long-term impacts on the lives of individuals and the economies of countries in the Region over the coming months and years. The principle and ambition of leaving no one behind is under threat.
- Several economic sectors have been greatly impacted in the Region as a result of COVID-19, including the tourism and hospitality, aviation, oil and gas, automotive, consumer products, consumer electronics and semiconductor industries.
- Several countries in the Region have large informal economies with limited social protection, so it is important that some degree of assistance is provided to the informal workforce to ensure its health and well-being during the pandemic.
- Women are disproportionately affected by the crisis, making up 70% of the health workforce globally, which puts them at greatest risk for infection. Additionally, women are at a higher risk for gender-based violence because of lockdown measures and essential services becoming harder to access.
- Food insecurity due to disrupted supply chains is likely to become a major issue for populations that are already food insecure such as internally displaced persons (IDPs), refugees, migrants, returnees, host communities, and women and children with limited coping mechanisms.
- 18 out of 22 Member States and territories in the Region are in the process of implementing social protection, social assistance, social insurance and labour market measures to mitigate the socioeconomic impact of the pandemic.
- Acknowledging the steps being taken, government policy solutions need to target rapid recovery through measures based on a comprehensive and inclusive approach that leaves no one behind.
- These measures should be designed to target the economic response, social protection and basic services, social cohesion and community resilience.
- In sustaining national efforts for pandemic mitigation, governments should consider the regional and global implications, optimize opportunities and benefit from coping mechanisms. The pandemic is a global phenomenon and dealing with its impact requires both a national and a global/regional collaborative approach, whether in the health sector response or for socioeconomic measures.

2. ECONOMIC IMPACT OF COVID-19*Economic theory*

At first, the initial impact of the COVID-19 pandemic looks like a direct supply-side shock to the economy. In almost all countries, there are closures of businesses and schools, travel bans, strict physical distancing measures and quarantines. These restrictions are viewed as drops in employment from an economic perspective. Although digital technology and cloud-based databases, in a number of countries, mitigates the size of this shrinkage, working remotely does not apply to all areas of the economy (3).

Demand shocks follow the supply shocks in the market as consumers are prevented from consuming their usual amount because of the strict restrictions on the market. The pandemic also increases uncertainty in the market and panic is likely to cause a further significant reduction in consumption and the freezing of investment.

The large decline in demand dries the cash flows of companies, which triggers the bankruptcy of firms, especially those who are more dependent on cash flows and do not have sufficient liquidity. Demand and supply further decline, as with other crises, and uncertainty remains about the disease and its progress.

Consequently, the economy enters a long-term loop, and the global recession becomes inevitable, especially for underdeveloped or developing economies.

Macroeconomic impact

COVID-19 has plunged the world economy into a recession with the potential for major consequences and historical levels of unemployment and deprivation. Various predicted scenarios for the reduction of GDP in the global economy depict worse outcomes than originally predicted. Even a low-end pandemic model is expected to reduce global GDP by around US\$ 2.4 trillion, while a more serious outbreak scenario, similar to the 1918 influenza pandemic, would reduce global GDP by over US\$ 9 trillion (10% of global GDP) in 2020 (4).

As the economies in the Region face the global COVID-19 outbreak and the collapse of oil prices, the shocks have exacerbated already slow economic growth in the Region. GDP growth for the Region according to several sources is projected to be -4% to -5% (5,6). Further, initial estimates of the United Nations Economic and Social Commission for Western Asia (ESCWA) (7) for the Arab region suggest that loss to GDP will be approximately US\$ 42 billion in 2020. Capital markets have suffered huge losses of about US\$ 420 billion across the Arab region from January to mid-March 2020. The resulting loss of wealth is expected to be about 8% of the Arab region's total wealth.

In Pakistan, according to Human Rights Watch reports, an estimated 12 to 18 million workers may lose their jobs, including garment and textile workers, domestic workers, home-based workers and other workers in low-income households (8). The Iranian economy, already severely affected by sanctions, is going through its toughest times; initial estimates in the grey literature state that 15% of the economy is affected by the outbreak (9).

The situations in underdeveloped countries and fragile and conflict-affected states are of special concern. The spreading of the coronavirus to these countries will further weaken an already fragile macroeconomic situation, where debt accumulation was outpacing income growth even before the crisis. Afghanistan, ranked as a high-intensity conflict among fragile and conflict-affected states, is experiencing a blow to its already depressed economy (10).

Markets, trade and prices

All sectors have already been affected and some are experiencing serious consequences. The tourism and hospitality, aviation, oil and gas, automotive, consumer product, consumer electronics and semiconductor sectors stand out as the most affected. The restaurant industry is seeing big drops in revenue, more than 80% since the beginning of 2020. Gold, in the search

for a haven, is at its highest price since 2013. Oil prices have been falling sharply since the beginning of 2020 due to COVID-19's negative impact on energy demand, in addition to disputes among the members of the Organization of the Petroleum Exporting Countries (OPEC) (11,12). This is a major shock, especially for oil-producing countries in the Region. Nevertheless, falling oil prices can provide relief, especially for sectors such as logistics and transportation. Also, low oil prices may slow the fluctuations in prices as they reduce the production costs in many sectors.

Food and pharmaceutical industries have been given exemptions to continue their operations in many countries. If the lockdowns continue for an extended period, more industries will exert pressure on governments to classify them as "essential services". Even food and pharmaceutical industries cannot operate for long if customers, vendors, suppliers and transporters supporting the supply chain for their essential components are not functional. Further, the agricultural industry, usually the backbone of food supply chains, cannot function if distributors for pesticides and fertilizers are not working. Hence, the boundaries of essential services cannot be tightly demarcated for an extended period in modern economic systems.

International trade is one of the leading mechanisms by which the outbreak of COVID-19 is harming domestic economies globally. Trade flows are sensitive to both demand and supply shocks. Supply shocks in one country or industry within a nation become supply shocks in other industries and nations when imported goods becomes the inputs of another output. Economists point to the fragility of the electronics, optics and automobile sectors. Demand shocks caused by COVID-19 will also affect imports and countries' trading partners.

Financial markets

The supply chain disruptions halting manufacturing industry and falling commodity prices, in particular oil, are further compounding the economic impact of the pandemic. This has rattled the financial markets, tightened liquidity conditions in many countries, created unprecedented outflows of capital from developing countries and put pressure on the foreign exchange markets, with some countries experiencing dollar shortages. Weak local currencies will constrain the ability of governments to enact fiscal stimulus at the scale needed to stabilize the economy and tackle the health and human crisis.

Global financial markets have reacted significantly to the effects of the coronavirus. Since the beginning 2020, the SSE Composite Index, (China) has declined by more than 10%, Standard & Poor's 500 (USA) by about 25%, the Financial Times Stock Exchange (UK) by 30% and FTSE MIB (Italy) by more than 35% (13). Similar to the trend observed in the world's major stock markets, those from the Eastern Mediterranean Region have also experienced significant losses, hit by renewed concerns about the increasing rates in several countries, falling oil prices and the downward revision in ratings of regional companies and economies. Regional stock markets have lost an average of more than 15% since January 2020, with stock markets in Lebanon falling 33%, Egypt 28%, United Arab Emirates 25%, Saudi Arabia 14%, Pakistan 13%, Bahrain 11%, Oman 10%, Morocco 10%, Qatar 9%, West Bank and Gaza Strip 9% and Tunisia 8% (14). Countries worldwide have begun to announce packages of monetary intervention. In mid-March, the US Federal Reserve announced another intervention package, including a surprise interest rate of 0%. Other countries have followed the USA by announcing monetary and fiscal stimulus packages, but the expected impact has yet to come.

Labour market

Among private businesses, many small firms rely on cash flows. The significant drop in demand will force these firms to close. This is expected to lead to an increase in layoffs and a further decrease in consumption. The tourism and accommodation, aviation, oil and gas, automotive, consumer product, consumer electronics and semiconductor industries stand out as the main sectors that will be affected.

According to International Labour Organization (ILO) estimates, the pandemic could wipe out the equivalent to 195 million full-time jobs globally in just the second quarter of 2020 (15). Informal economic activity is widespread in terms of both production and employment in the countries of the Eastern Mediterranean Region, and is estimated to account for 50–74% of those employed (16). Even when using precise definitions of employment and excluding informal employment, the Region is expected to face an 8% increase in the unemployment rate (17). Small and medium enterprises, the self-employed and daily wage earners are being hit the hardest.

Migrants account for 50–80% of workers in some of the most affected sectors in Gulf Cooperation Council (GCC) countries, where migrant workers sent home some US\$ 119 billion in 2017, the world's largest source of remittances after the US (18). Massive job losses among migrant workers will have knock-on effects on economies heavily dependent on remittances, such as those of Egypt, Jordan and Lebanon (19). The current crisis also threatens to push back the limited gains made in women's equal participation in the labour force. Overall, the effects are expected to be substantial in economies with a large informal sector, where social protection systems often do not exist or are limited, or where the formal sector is exposed to market volatility.

Economic measures adopted in the Eastern Mediterranean Region

Already several countries in the Region have announced stimulus packages to support their citizens and strengthen businesses. See Annex 1 for a summary of the key economic responses by governments in the Region and Annex 2 for a summary of the responses by country.

In the Eastern Mediterranean Region, 18 of the 22 countries are currently providing social protection through measures developed to help mitigate the impact of the COVID-19 pandemic on their population. Social insurance is the second most common support measure in place during the pandemic, with 11 of the 18 countries currently implementing or planning to implement such measures. Social insurance measures commonly used in the Region include unemployment benefits for the recently unemployed, paid sick leave, provision of family and health insurance benefits, pension top-ups and the halting of contributions to national social security schemes for workers and employers. It should be noted that social insurance schemes focus mainly on formal employment through pensions, national insurance schemes and unemployment benefit contributions.

Labour market interventions remain very limited globally and even more so in the Eastern Mediterranean Region. Only four countries (Egypt, Qatar, Saudi Arabia and United Arab Emirates) have developed labour market measures, including providing assistance to job seekers in Saudi Arabia and provision of wage subsidies in selected sectors in Egypt, Qatar and United Arab Emirates. Activating similarly comprehensive measures in low- and middle-

income countries in the Region will be much more complex in light of the ongoing economic downturn due to the pandemic.

The majority of countries in the Region are low- or middle-income countries. Due to their potentially negative impact, especially on inflation and exchange rates, governments of these countries try to avoid expansionary policies, even in times of no crisis. Also, the private sector in such countries consists mostly of small and medium-sized enterprises controlled by the central government. These businesses, which already struggle to cope with low profits, high taxes and risk, may be further negatively affected by expansionary policies. Therefore, countries should consider more detailed stimulus and expansionary packages, including postponement of capital gains tax, to support their economies when determining their policies and finding ways to mitigate the impact of COVID-19 on businesses and the health sector.

Due to limited economic activity and the massive shifting of state resources towards the COVID-19 response, countries need significant resources to manage their debt situation and economic losses. This may instigate a contest between state, big businesses and citizenry to divert the losses to each other. Further, larger countries with decentralized governance arrangements may find faultlines and competing claims among federal and provincial/state governments over the sharing of losses incurred by state enterprises and expenditures on enhanced social protection systems (20). Renegotiations over lending terms with multilateral agencies such as the International Monetary Fund, the World Bank and regional banks have already started in many low- and middle-income countries, and the international community, especially the G20 countries, will have a very important role to play in the coming months in supporting countries that are struggling because of the damage to their local industry and the sharp fall in remittances (21).

3. SOCIAL IMPACT OF COVID-19

Poverty and safety nets

Tragically, the COVID-19 crisis risks reversing decades of progress in the fight against poverty and exacerbating already high levels of inequality within and between countries. Volatility, combined in some countries with market tampering and stockpiling, is starting to impact food prices, with deleterious effects on the nutrition of the most vulnerable.

Countries with a large informal economy, narrow fiscal space and limited social protection (welfare) mechanisms in place, are facing a daunting challenge in balancing saving lives with protecting livelihoods. Countries with a significant proportion of the population living below the poverty line, including daily wage earners and the unemployed, are considering quick policy options and mechanisms for expanding their social protection systems to provide subsistence income to those who need it the most so that they are not forced to be mobile, potentially spreading the infection. Coming up with appropriate criteria for identifying deserving households, locating them and transparently disbursing the income support through a large-scale social protection mechanism is not only administratively complex but is politically challenging (22,23). Unless measures are promptly put in place, the disruptions imposed by the pandemic and the measures adopted to suppress the virus will dramatically worsen the situation. This is especially important in the least developed countries, where the degree of complexity of the crisis is likely to be further compounded by the significant size of the vulnerable population, including migrants, and the extent of the informal sector.

Education

In the education sector, 166 countries worldwide have implemented countrywide school and university closures. More than 1.52 billion children and youth are currently out of school or university, representing 87% of the world's enrolled school and university student population. In addition, nearly 60.2 million teachers are no longer in the classroom (24).

Despite the disruption, this event has been seen as a critical opportunity for digital learning. However, this may further reinforce inequality in terms of education. An estimated 3.6 billion people remain offline, with the majority of the unconnected living in the least developed countries (3). In the Eastern Mediterranean Region in 2017, the percentage of individuals using the internet in Afghanistan was 11.4%, Pakistan 15.5%, Yemen 26.7%, and Bahrain, Qatar and United Arab Emirates 95.5% (25). Given the effects of the quality of parental education on a student's educational status and long-term outcomes, school closures may further contribute to educational inequality (26).

When schools close, many children also lose the meals provided at school and a zone of safety. This impact on their nutrition also has knock-on effects on family income, which in turn adds to the demand for women and girls' unpaid work. The World Food Programme estimates that more than 320 million primary schoolchildren in 120 countries are now missing out on school meals (27). School interruption also causes gaps in childcare, which puts pressure on the work-life balance, especially for women, and for parents asked to facilitate their children's learning at home (28).

Sustained disruption of education could lead to a rise in child labour and child marriage, placing a further brake on developing countries' growth. A recent IMF paper showed that child marriages reduce the GDP of low-income countries by 1% (29).

Differential effect on segments of the population

The response to the virus is also having a differentiated impact on segments of the population. The fact that women make up 70% of the global health workforce puts them at greater risk of infection (30). Additionally, accompanying the crisis has been a spike in the reporting of domestic violence, at exactly the time that services, including rule of law, health care and shelters, are being diverted to address the pandemic. According to a 2010 WHO report, the prevalence of intimate partner violence among ever-partnered women in low- and middle-income countries was 23%, while in the Eastern Mediterranean Region among these countries it was 30%. Among high-income countries for all regions the prevalence was 23.2% (31).

The pandemic may also result in higher rates of divorce. With families isolated in their homes, children are facing a rapid increase in online child abuse, while the elderly are not only struggling with the greater health risk but are also likely to be less capable of supporting themselves in isolation (32). Homeless people, because they may be unable to safely shelter in place, are more vulnerable to contracting the coronavirus. Persons with disabilities could be left without vital support and advocacy due to physical distancing. Persons in prisons, migrant detention centres or mental health institutions could face a higher risk of contracting the virus due to the confined nature of the premises (33).

Staying at home, uncertainty about the future, anxieties over lifestyle changes and losing employment increase the likelihood of depression or other mental disorders. Households who have lost a family member to COVID-19 are also more likely to be depressed than others (34).

Other social impacts

COVID-19 is likely to impact food availability and accessibility, thus increasing the threat of food insecurity. Possible containment measures may disrupt the food supply chain and limit food availability in remote areas, especially if planting season is affected due to lack of inputs and the low supply of labour given restrictions in movements. Food insecure populations, including IDPs, refugees, migrants, returnees, host communities and women and children have limited coping mechanisms to buffer the impact. Food safety is also a concern due to outdated legislation and limited capacities for carrying out the required inspections of food processing and storage facilities. Multiple and overlapping vulnerabilities, including food insecurity, undernutrition, the infectious disease burden and lack of access to adequate water, sanitation and hygiene facilities, could put the most vulnerable populations at higher risk of infection.

Social assistance and social protection measures adopted in the Eastern Mediterranean Region

Social assistance is the most common support measure being implemented during the pandemic both worldwide and in the Region. Currently, a total of 14 countries have in place, or are planning, social assistance measures. Social assistance measures range from cash transfers (both conditional and unconditional) and childcare support, to social pensions and vouchers.

Cash transfers, commonly used in emergency response and humanitarian interventions, have increased by 143% worldwide and are being adapted to the COVID-19 response. Governments are working to expand coverage, increase benefits and make administrative requirements simpler and more user-friendly for the recipients of these cash infusions. Because of the different socioeconomic status of countries, the duration and volume of these cash transfers vary greatly across the Region. Cash transfer schemes are the only schemes that can successfully target those in the informal sector, who are not registered with national schemes and cannot otherwise be reached.

Food insecurity is likely to become a reality for many households due to the pandemic and the potential disruptions to food supplies. Food insecurity can cause malnutrition that can make people more susceptible to disease, including COVID-19. To counter this in the Region, social protection measures specifically tackling food insecurity and improving access to food have been put in place. In Jordan, Lebanon and Sudan, governments have developed food distribution schemes, while in Somalia, cash transfers are linked to nutrition and food security. In Libya, social protection measures have been developed to prevent food prices rising by controlling the prices of basic food items such as fruits, vegetables and meat.

4. RECOMMENDATIONS TO MEMBER STATES AND PARTNERS

Considering the growing economic and social challenges, policy solutions for governments need to target rapid recovery through measures based on a comprehensive and inclusive approach that leaves no one behind.

*National solidarity action***Economic response (35,36,37)**

1. Governments, in coordination with funders, international aids, nongovernmental and faith-based organizations, should continue to provide the sizeable and continuous necessary support to employees and firms to protect jobs, small and medium-sized enterprises, and vulnerable workers in the economy, through policies including:
 - paid sick leave, family leave, or wage subsidies to people and firms to minimize the impact on the economy and ensure the supply of living resources while reducing the contagion; a specific target could be people who need to stay at home to take care of their children during school closures or who have to self-quarantine themselves due to the coronavirus;
 - compensation of individuals and employers for workdays lost due to requirements for quarantine through financial or in-kind support;
 - unemployment insurance for those who are laid off, with relaxed eligibility, extended duration, or increased benefits;
 - subsidies to firms affected by shutdowns or low demand to help prevent potential bankruptcies and substantial layoffs that could have negative effects on market demand and for future recovery;
 - tax relief, tax cuts, tax holidays, or tax incentives for firms and households in the most vulnerable sectors;
 - direct assistance to maintain the flow of essential inputs, final products and services;
 - special emergency public procurement procedures, with dedicated attention to business opportunities for women and youth, and temporary assistance and transfers to subnational and municipal governments to support businesses.

2. Governments should continue pursuing the following monetary policies:
 - central banks should be prepared to provide liquidity in the financial market, and can offer credit guarantees, expanded term lending, or other open market operations to banks or non-bank financial companies;
 - to support demand and confidence in the market, central banks can choose broader monetary incentives such as policy rate cuts or asset purchases; many countries, including the USA through the US Federal Reserve, have already introduced interest rate cuts, asset purchases and a drop in reserve requirements;
 - in times of crisis, strong coordination between central banks can help to stabilize global financial markets; coordinated monetary easing and swap lines are especially important for reducing potential risks in developing countries;
 - central banks and monetary policies in developing countries are fragile due to fluctuations in commodity prices and capital flow reversal, and while monetary expansion policies in developed countries and exchange rate flexibility can prevent some of the external shocks, market conditions may still become disorderly demonstrating the need for a coordinated and international response.

3. The basis of the response is the planning, organization and restructuring of population-based and integrated health care service delivery to meet urgent needs. Governments should take health financing measures as a supportive role to respond quickly to the outbreak by:
 - estimating the needs and current gap in financial resources required for an effective response phase and developing a contingency financing plan to ensure that sufficient resources are available for the response phase;
 - identifying cost-effective options for implementing the response strategy and establishing the basis for a longer-term recovery plan;
 - quickly re-programming existing budgetary resources and foreign aid to provide adequate, stable and sustained financial flows to cope with expected increases in demand;
 - prioritizing funding for inputs required for cross-cutting system functions, such as surveillance, information systems, communication campaigns, supply chains and logistics, that are vital to the response process;
 - implementing financial health risk protection programmes by suspending all user fees during the pandemic for all people to ensure access to services without the risk of financial hardship or other barriers to access;
 - creating a dedicated health systems recovery fund, with appropriate governance mechanisms, where appropriate.
4. Governments should support, guide or coordinate fundraising efforts, voluntary donation activities and relief funds.
5. Governments should create a business continuity plan. Institutions and organizations of the State should coordinate the continuity of operations and activities with agents of the economy in the case of widespread contamination, providing services via remote and electronic means.

Social protection and basic services measures (38)

All governments in the Region will need to adapt, extend and scale-up the needed social protection measures to ensure that the population everywhere continues to have access to social services and social protection. Social protection responses must consider the differentiated impact of COVID-19 on all vulnerable groups, women and men, including those surviving on income in the informal sector or unpaid care work, migrants, refugees, expatriates and homeless people.

6. All governments, regardless of the level of economic development, should scale up and expand resilient and pro-poor social protection systems, through policies including:
 - cash and in-kind transfers to low-income households and vulnerable groups to meet their needs to survive during the crisis;
 - allowing delayed mortgage, rental or utility payments, or providing cash-on-hand, for households with difficulties in payment;
 - deferment of individual loans and government fees.
7. Governments should maintain essential food and nutrition services, with a focus on infants and young children, women and particularly vulnerable populations. This should include:
 - promoting and supporting maternal health, adequate breastfeeding practices for infants, nutrient-rich diverse diets and responsive feeding practices for young children, amongst others;

- fostering facility- and community-based programmes for the early detection and treatment of children and women impacted by malnutrition (wasted), including the use of simplified protocols and therapeutic and supplementary foods for the treatment of child wasting;
 - ensuring affordable healthy food options for children, women and families, as well as vulnerable populations, including migrants, refugees and expats, through options including food-support, cash-support and vouchers coupled with volunteer-supported social behaviour change communication programmes to improve children's and women's diets.
8. Governments should ensure the continuity and quality of water, sanitation and hygiene (WASH) services, which will be highly affected by the reduced workforce, disrupted supply chains and payment challenges, through close collaboration with national and local WASH authorities. Particular attention should be given to households relying on vendors, markets and community sources of water, women-headed households, children with disabilities and those living in humanitarian settings, refugee camps, slums and informal settlements.
9. Governments should secure sustained learning for all children and adolescents by:
- supporting the provision of digital or other distance learning solutions that use multimedia approaches to ensure learning continuity for students;
 - scaling up innovative approaches to continue learning at all levels during the crisis, via parenting programmes, television, radio, digital platforms and other delivery mechanisms;
 - supporting preschools and schools that can safely remain open in the mid- and long-term, and allowing for a safe and quick return of children to schools, which includes re-instating school meals;
 - supporting teachers through professional training programmes on alternative learning methods.
10. Governments should support the continuity of social services and access to shelters by:
- ensuring continuity of the first line of response for children, women and families at risk of violence, abuse, exploitation, neglect and family separation;
 - expanding programmes that support prevention as well as the continuum of care for children and women experiencing violence;
 - expanding specific programmes to support shelters, especially in fragile humanitarian situations, camps and densely populated urban areas where social distancing and other preventive measures are not possible.
11. Governments should support victims of gender-based violence by:
- ensuring that basic essential services are maintained, such as maternal health care, sexual reproductive health programmes and services for survivors of gender-based violence, and that new methods are rolled out as part of the response;
 - supporting the distribution of information on how to prevent gender-based violence or where to seek help, expanding shelters, and improving referral systems, hotlines and other options using remote support.

Social cohesion and community resilience measures (34,39,40,41)

To foster social dialogue and consensus about key measures related to the socioeconomic response to COVID-19, governments need to rapidly deploy multidisciplinary expert teams to

help open up spaces for dialogue and facilitate participatory national responses to strengthen social cohesion, trust and confidence.

12. National and local governments need to empower community resilience and participation through community development, decentralization, local government financing, slum upgrading and disaster risk reduction, in both urban and rural settings. A special focus is needed on empowering and connecting community-based organizations and networks into community-led response systems.
13. Governments should continue protecting human rights and exert efforts to ensure the inclusion of all people, including the most vulnerable, across the preparedness, response and recovery spectrum. Age, gender and migratory status are factors, among others, to be considered. Special emphasis should be given to the elderly, people with underlying health conditions and people with disabilities.
14. Governments should take every measure to preserve civic and democratic space, maintain trust in institutions and stem rising xenophobia, discrimination, racism and stigmatization. The use of surveillance technology to track the spread of the coronavirus must be non-intrusive, limited in time and purpose, and abide by the strictest protection and international human rights standards.
15. Taking international labour standards into consideration, governments should support the most adversely affected people, including young people, while subsidizing employment in the short-term.
16. Governments should suspend visa/residency restrictions in order to allow refugees and migrants whose permits have lapsed, to access health care and other basic services and not be in fear of persecution or deportation.

Regional solidarity action

Much has been done by national governments to respond to the downward slide of their economies and the negative social impact of COVID-19. However, a global economic and social problem requires a global economic and social response. The aim should be to prevent a liquidity crisis turning into a solvency crisis, and a global recession becoming a global or regional depression. To achieve this, better regionally coordinated fiscal, monetary, central bank and anti-protectionist initiatives and social policies are needed. The largescale fiscal stimuli of some countries will be more effective if complemented by all countries in the Region.

Some of the regional measures that can be taken, adjusted for regional specificity, are listed below (21,42,43).

17. Given the existential threat to the economies of the Region, the increasing disruption to livelihoods and education, and their limited capacity to cushion people and companies, an overall financial support will be needed for health, social safety nets and other urgent help.
18. Regional collaboration between governments, particularly for countries experiencing political instability, is needed to support each other to mobilize financial and technical resources for crisis response and rapid recovery. Engagement with the private financial sector to support

businesses would be helpful. Regional COVID-19 taskforce platforms can be created to engage governments, institutions and companies in a regional response to the outbreak.

19. Adoption of “do no harm” trade policies ensuring the free flow of goods and services within and across all regions is essential. Governments should remove or lessen tariffs and non-tariff measures affecting the import of essential products, including essential drugs, medical equipment and their related inputs. Efforts should be made to maintain transit of products across the Region, especially for landlocked countries, geographically disadvantaged regions, and fragile and conflict-affected states. The Region may take advantage of existing and/or new commitments under regional trade agreements and mechanisms.
20. Governments should address regional and domestic structural challenges and work together to strengthen normative frameworks to deal with transboundary risks and to prevent and mitigate future pandemics. This may include developing collaborative regional policy frameworks for the regional economy, climate change, environmental concerns, harmonization of sanitary standards, illegal trade, habitat loss and different sources of pollution.
21. Besides domestic or regional fiscal stimulus, the need for a coordinated and synchronized global fiscal stimulus is increasing day by day. Many low-income countries are being affected by shocks to foreign demand, trade conditions and financing conditions, and need global growth more than ever. Global coordination and support through concessional financing could soften this crisis.
22. A wider group of central banks should be given access to arrangements for currency swaps and the IMF should enter into swap arrangements with the major central banks. The IMF should use hard-currency resources and establish its own swap line facility to provide emergency financial support to emerging and developing nations.
23. The international community should waive the debt repayments of poor countries for this year and consider future debt relief to allow poor countries the fiscal space to tackle the health and economic impact of the COVID-19 pandemic. Countries in the Region should task the IMF and the World Bank to further assess the debt sustainability of affected countries.
24. The World Bank and many regional development banks have recently been recapitalized, but a much larger expansion of available resources will be needed. To meet its responsibilities for providing humanitarian aid, and for refugees and displaced people, whose plight is likely to become desperate, and for achieving the Sustainable Development Goals, United Nations agencies issued a call in the last week of March 2020 for an urgently needed US\$ 2 billion in additional global resources.

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ANNEX 1**Summary of key economic responses by governments in the Eastern Mediterranean Region***Fiscal policies*

- Relief to daily wage workers and limiting layoffs.
- Allocation of a certain percentage of maternity insurance revenues to medical assistance for the elderly and sick.
- Disbursement of cash payments to poor/low-income households, people with disabilities and the homeless.
- Distribution of a solidarity basket of food and sanitizers for families hit economically and financially.
- Relief in fuel prices, support for health and food supplies, and electricity bill payments relief.
- Reduction in government fees, the provision of additional water and electricity subsidies, and the simplification of business procedures.
- Increase in pensions.
- Lending facilities for laid-off employees of firms disrupted by the coronavirus.
- Redirection of government loans programmes to support adversely-affected companies.
- Exemption of commercial entities from municipality fees and rent to the government, and tourist facilities from tourism fees.
- Stepping up of subsidy pay-out for exporters.
- Funds to cover employer insurance for affected businesses.
- Exemption of food and medical goods from customs duties for six months.
- Introduction of price ceilings on essential products and ensuring their regular supply.
- Extension of all deadlines related to payment of taxes and fees.
- Extension of the moratorium on the tax law on agricultural land.
- Reduction in the stamp duty on transactions and tax on dividends.
- Postponement of capital gains tax.
- Postponement of sales tax collection for all domestic sectors and imports related to health and the supply of medicines.
- Establishment of a national solidarity fund that can accept in-kind and monetary donations.
- Reduction in energy costs for the entire industrial sector.
- Submission of a draft law by the government to parliament to allocate additional funds to support the efforts of governmental entities to fight the spread of COVID-19.
- Doubling the size of the liquidity fund to support small and medium-sized enterprises.

Monetary and macro-financial policies

- Reduction in the policy rate.
- Expansion of central bank lending facilities to banks to facilitate deferred debt payments and the extension of additional credit.
- Reduction in the cash reserve ratio for retail banks.

- Relaxing loan-to-value ratios for new residential mortgages.
- Relaxing the regulations requiring banks to obtain detailed information on borrowers.
- Reduction in the interest rate on repurchase agreements, and extension of the period of repurchase agreements to three months.
- Reduction in the capital conservation buffer.
- Deferring the risk classification of loans related to government projects for six months.
- Capping fees on debit cards.
- A moratorium on interest and principal payments by small and medium-sized enterprises through a lending initiative.
- Directing government funds to increase investment in the stock market.
- Increasing the loan-to-value ratio for first-time homebuyers.
- Limiting bank fees for small and medium-sized enterprises.
- Central bank injection in the foreign exchange market to stabilize the local currency.
- As part of a gradual and orderly transition to a more flexible exchange rate regime, the authorities broadened the local currency fluctuation band to +/- 5% (from +/- 2.5%).
- Expansion of contactless payments and an increase in the limits for bank transactions to reduce the circulation of banknotes and exchange of debit cards.

ANNEX 2**Brief summary of economic responses by Eastern Mediterranean Region countries**

Afghanistan	The government has allocated US\$ 25 million in the budget to cover immediate expenses related to the epidemic and worked on additional fiscal and support measures to be activated in response to the developing situation.
Bahrain	The government announced a US\$ 1.5 billion (BD 560 million) or 4% of GDP stimulus package to respond to the economic distress due to COVID-19 on 17 March 2020.
Djibouti	The government will increase health spending.
Egypt	The government has announced stimulus policies in a US\$ 6.4 billion package (EGP 100 billion or 2% of GDP) to mitigate the economic impact of COVID-19.
Iran (Islamic Republic of)	The government adopted measures including the disbursement of cash payments (US\$ 14–40) to 1.5 million poor households from March to June 2020, and extra funding for the National Committee on COVID-19, Tehran and other provinces (0.06% of GDP).
Iraq	To support the Ministry of Health's efforts to address the COVID-19 pandemic, the Central Bank of Iraq has established a fund to collect donations from financial institutions, with initial donations of US\$ 20 million from the Bank itself and US\$ 5 million from the Trade Bank of Iraq.
Kuwait	The government has submitted to parliament a draft law that would allocate US\$ 1.6 billion (KD 500 million or 1.4% of GDP) additional funds to support efforts to fight the spread of COVID-19. The details on how these funds will be disbursed have not been made public yet.
Lebanon	The government has established a national solidarity fund to accept in-kind and monetary donations.
Morocco	The authorities have created a special fund dedicated to management of the pandemic of about US\$ 1 billion, financed by the government and voluntary contributions from public and private entities that will be tax-deductible.
Oman	The authorities have announced that they will reduce spending in the 2020 budget by 5% (2.5% of GDP) due to loss of revenue as a result of the decline in oil prices.
Pakistan	A PKR 1.2 trillion relief package announced by the authorities on 24 March 2020.
Qatar	Qatar's US\$ 20.6 billion (QAR 75 billion or about 13% of GDP) package to reduce the effects of COVID-19 was announced on 16 March 2020.
Saudi Arabia	A US\$ 18.7 billion (SAR 70 billion or 2.7% of GDP) private sector support package was announced on 20 March 2020.
Somalia	Somalia has no policy space to independently address the impact of the COVID-19 crisis. However, the authorities are seeking donor support to respond to the crisis.
Sudan	The government faces significant financing shortages to cope with large economic imbalances on top of the COVID-19 outbreak.
Tunisia	A US\$ 0.8 billion emergency plan (TND 2.5 billion or 2% of GDP) was announced on 21 March 2020.
United Arab Emirates	US\$ 7.2 billion (AED 26.5 billion or 1.8% of GDP) has so far been announced in various fiscal measures.
West Bank and Gaza Strip	No measures have yet been announced. The authorities are finalizing their 2020 budget which is expected to include measures to address the COVID-19 crisis.

Source: Policy responses to COVID-19 [website]. Washington D.C: International Monetary Fund; 2020 (<https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>).

