

Executive Summary

Navigating beyond COVID-19, Recovery in the MENA Region reflects on the impacts of the COVID-19 crisis on MENA countries and the potential changes it may bring to their reform agendas. It addresses not only the ongoing effects of the crisis, but also examines long-term consequences and identifies emerging new trends.

The report suggests directions for policy action, knowing that MENA governments will need to set priorities due to limited public resources today. To increase resources, governments should continue their transitions toward a more sustainable economic model, with a competitive private sector and a business environment that attracts foreign direct investment and serves sustainable development goals.

Existing structural weaknesses of MENA economies hindered a resilient crisis response

Even before the pandemic, unemployment rates in the MENA region were among the highest in the world. In 2020, ILO Rapid Labour Force Surveys on the impact of COVID-19 revealed that among surveyed people, the unemployment rate increased 50% in Egypt, 33% in Tunisia and 23% in Morocco, further drawing attention to the labour market's structural weaknesses. The public sector accounts for large shares of formal employment in most MENA countries, but its ability to maintain and/or to create jobs was reduced by the pandemic, due to the need to allocate substantial public funds to address the socio-economic impacts of the crisis. Scarce formal employment opportunities outside the public sector led to increased informal work, already particularly high in the region.

The pandemic caused disruptions across multiple employment sectors, including tourism, a major employer in several MENA countries. Despite governments' efforts to support SMEs facing the crisis, structural problems – notably the shortage of working capital and limited access to finance – increased the vulnerability of small firms.

Trade flows from and to the MENA region fell 16% in 2020, although trade subject to regional trade agreements (RTAs) in MENA countries was often more resilient to the downturn, depending on the specific RTA and trade direction (i.e. export or import flows).

The COVID-19 crisis also put a spotlight on the MENA region's already weak health and social protection systems, as well as its weak supply chains of fundamental goods, notably food. The pressure of the pandemic on these existing weaknesses increased the risk of poverty and worsened food insecurity and malnutrition, particularly for vulnerable groups such as informal workers, women and unemployed young people. Countries that had invested in modern data and information systems for social protection programmes were more agile at scaling up of social protections and reached more people, including marginalised groups.

Restricted mobility during the pandemic fostered the use of digital tools, creating a shift toward digitalisation in education and research. In this regard, the crisis revealed the extent of the digital divide and the socio-cultural inequalities in the MENA region, especially for populations far from the urban centres.

The crisis has also highlighted the importance of thinking about sustainable models for urban space and of finding solutions to challenges such as distance to essential services or poor access to water. In the MENA region, these vulnerabilities indirectly resulted from rapid urbanisation, which often lacked sufficient provision of adequate infrastructure and services.

Pandemic-related plastic waste, such as masks and gloves, pointed to inefficient waste management systems in the MENA region, which already had systematic failures in the plastic value chain. In tandem, the decrease in air pollutants during periods of restricted mobility underlined the health costs of high exposure to air pollution associated with current models of economic and urban development in the region. Improving the governance of public transport and reduced mobility through teleworking could, in the long run, substantially reduce NO² pollution.

The COVID-19 crisis has exacerbated water stress in the MENA region, already the world's most water scarce area. To counteract the shortages of imported food in the early months of the pandemic, countries had to re-allocate extra water resources to agricultural production to boost local food output. This, however, further undermined the region's fragile overall water resource management (8.51 km³/year of the region's wastewater is not reused), as it has required substantial additional investment to meet the greater water needs.

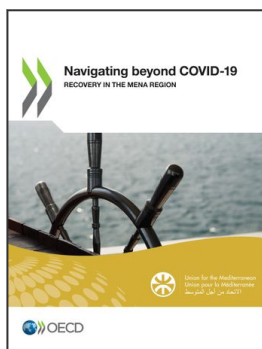
Financial difficulties and fluctuations in oil prices during the pandemic have had a negative impact on the feasibility and/or attractiveness of green energy solutions in the MENA countries. The costs of energy price volatility confirmed, however, the fundamental need for stable, renewable and resilient energy sources for the MENA region.

The pandemic also highlighted the central role of R&D in providing scientific and technical solutions to mitigate the negative effects of COVID-19 and in fields important for the MENA region, such as climate change and water scarcity. This has led to deeper regional appreciation for the value of international collaboration in research and encouraged public-private partnerships.

Policy considerations for a sound recovery and sustainable growth

To build a sustainable, resilient and inclusive recovery, MENA countries are encouraged to:

- Address the structural weaknesses of the labour market and capitalise on new economic trends for maintaining and creating employment.
- Further digitalise the education system for long-term resilience and more inclusiveness.
- Help young people and women access new learning and job opportunities by boosting digital skills and infrastructure.
- Foster a culture of entrepreneurship and private sector development that encourages the formalisation of informal activities.
- Capitalise on new travel behaviours induced by the pandemic, away from busy tourist hotspots to proximity tourism and less air travel.
- Deepen scientific co-operation at the regional level and increase the investment in R&D.
- Increase investment jobs in the water sectors, and include environmental fiscal reforms in policy agendas.
- Promote public and private initiatives on green and resilient urban mobility in order to maintain new mobility habits and reduce pollution levels.
- Build public-private partnerships in order to mobilise the private sector financing needed for resilient energy infrastructure systems.
- Enhance regional environmental co-ordination in order to prevent biodiversity loss, which can be a driver of infectious diseases.



From:
Navigating beyond COVID-19
Recovery in the MENA Region

Access the complete publication at:
<https://doi.org/10.1787/48300c64-en>

Please cite this chapter as:

OECD (2022), “Executive Summary”, in *Navigating beyond COVID-19: Recovery in the MENA Region*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/6a4af07c-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.