

05

Conclusion



Prior to the COVID-19 pandemic, social protection systems in the Arab region were weak, fragmented, costly, unsustainable and not inclusive. They were marked by underinvestment and exclusion of vulnerable populations. The COVID-19 crisis highlighted the problems and presented a historic opportunity to address some of the challenges in social protection systems. It also provided many lessons learned in various countries worldwide and instigated some useful innovations.

In the Arab region, the response to the COVID-19 pandemic in terms of social protection measures demonstrated strong political will through the substantive disbursement of funds to alleviate the needs of vulnerable populations, and social solidarity through the innovative use and creation of solidarity funds. This effort drew assistance from the private sector and other stakeholders to feed into these governmental social protection programmes.

Another important observation is the shift in policy during the pandemic, from targeting only the poorest populations to also including the “missing middle”, such as informal workers who often did not receive any social protection benefits before the pandemic because they were deemed not eligible (for example, in Egypt, Jordan and Morocco). This shed light on the structural challenges that preceded the pandemic in terms of neglecting the social rights of this group of workers. Reform plans in some Arab countries are underway to address this structural challenge.

Arab countries excelled in using innovative technologies for the delivery of social protection programmes, especially cash transfers that were delivered in few days to beneficiaries through newly created outlets, e-wallets and digital registration. In many Arab countries, the pandemic accelerated stronger partnerships and greater collaboration between different stakeholders. This was especially demonstrated in the collaboration, for example, between different governmental parties at the national level, in the sharing/using of databases of beneficiaries (civil registry, vital statistics, tax and social insurance database) and e-platforms such as G2G in Egypt.

COVID-19 spending in the Arab region varied from one group of countries to another but, regionally, remained lower than global spending. The total fiscal support in this region has been 3.9 per cent of GDP, compared to a world

average of 22.6 per cent. Wealthier Arab countries spent more than poorer ones. Spending in the GCC member countries was the highest, at \$69.9 billion, compared to \$24.78 billion spent by the other Arab countries altogether.

Sources of spending also differed from one country to the other. Among Arab countries for which data is available as at June 2021, the private sector in Tunisia and Morocco contributed \$410 million and \$104.5 million, respectively, as a response to the pandemic. Philanthropies also played a major role in financing in Morocco and the United Arab Emirates, with approximately \$2.2 million.

While most Arab countries reprioritized their national spending or created special funds, conflict-stricken countries relied mainly on humanitarian aid and donor funding.

In addition, COVID-19 spending varied according to different areas, including social assistance (cash transfer, school feeding and others), loan and tax benefit (tax exemption, interest rate waivers and others), social insurance (unemployment waiver, sick leave pensions and others), labour markets (wage subsidies, paid leave and work from home), health-related support (free vaccines, testing, health-care systems and others), financial policy support (soft loans and credit support, tax exemption and others) and general policy support (creation of funds, digital solutions and others).

In this context, the Arab region allocated an average of 18 per cent of fiscal support for, with Somalia allocating 100 per cent, followed by Lebanon with 96.8 per cent and Iraq with 95 per cent. Oil-importing countries focused their spending on health and targeted social transfers, while oil-exporting countries prioritized temporary tax reductions, extended payment deadlines and increased other spending, such as partial salary payments to preserve jobs.

Most Arab countries have provided temporary consumption smoothing programmes such as cash assistance or tax relief to vulnerable groups, including the unemployed, women and children, rather than extending social insurance and life-course programmes. The reason for this is the absence of an adequate tax base and reduced fiscal space resulting

from high levels of debt, poor economic performance and reduced oil revenues. These factors account for the gap in social protection coverage during the pandemic and recovery period.

For future pandemics, three lessons need to be taken into consideration. First, in-kind services and public procurement would be better suited to withstand the impact of fluctuating supply chains or prices that might make cash assistance less reliable (example of Lebanon). Second, many conditional cash transfers in the Arab region are conditional on the provision of education, reproductive health and health services, a policy that should be reconsidered during crisis situations. The conditionality should remain lifted even after the pandemic, for instance, in the case of school-feeding programmes since children usually received meals only on schooldays, excluding weekends and holidays, which reduced their potential food security and nutritional impacts. Extending the school feeding at home could cover these gaps, enhance the life-course approach of the reforms and ensure continuous provision of nutritious food to malnourished and vulnerable children throughout the year. Third, the determination of targeting impacts the capacity of the COVID-19 response to incorporate a life-course approach (using sociodemographic or economic indicators). The recalculation of cut-off points in the eligibility criteria in some countries in the Arab region yielded positive results, and needy people benefitted more from governmental social assistance programmes.

Since most of the COVID-19 measures were temporary, they are less likely to be sustained and will not constitute sufficient incentive (or contribution) to transforming social protection systems in the region into sustainable, life-course systems that are inclusive and equitable. Ideally, these systems should evolve into a universal entitlement of basic services that are provided to all and not tied to contributions alone. In particular, the introduction of a basic income guarantee or universal child allowance would help to provide longer-term structural reform and directly support modes towards a life-course approach to social policy. Morocco is taking positive steps by gradually replacing its subsidies by a family allowance programme.

During the pandemic, instead of putting in place new legislation, most countries relied on extrabudgetary funds or executive decrees to deliver the spending packages. While these measures promptly facilitated spending on social protection programmes, they undermined accountability mechanisms of fiscal policy decisions in Arab countries.

Equipping these systems with a life-course approach will require some major reforms including legislative reforms, particularly on taxation, expansion of the contributory base, seeking other sources of funding, strengthening governance structures and institutions such as transparency and anticorruption measures, effective public procurement, and strengthening the capacity of digitalization and open government approaches. This will also require political will which can be reinforced through societal dialogues between the State, the private sector, employees and unemployed non-contributory potential beneficiaries and other stakeholders. During the recovery period, Arab countries should consider environmental sustainability through, for instance, low carbon economic recovery measures and access to essential resources such as clean water.

By making clean energy transitions central to their recovery plans, Arab oil-producing countries can pave the way for more robust structural changes to support economic recovery that is both environmentally and financially sustainable. Stimulus measures could be an opportunity for Arab countries to invest in real economic transformations and technological innovations (avoiding greenwashing), such as boosting technologies for solar and wind energy, smart green cities, seawater desalinization projects (powered by renewable energy sources), and developing and greening public transport systems. As an example, sustainability-enhancing policies in Arab countries may include making sector-specific financial support measures conditional on environmental improvements. Financial support measures such as preferential loans, loan guarantees and tax abatements could be directed towards supporting stronger environmental commitments and performance in pollution-intensive sectors that may be particularly affected by the crisis.

The unique constraints imposed by COVID-19 inspired innovations in the design and delivery of education, health care and social protection, which not only protected access to services under extraordinarily challenging conditions, but also facilitated more inclusive outreach. The digital divide remains a constraint in lower-income and conflict-affected countries in the region and exacerbates inequalities in access to Government services. Investments that were made in innovative solutions (such as online learning and telehealth applications) must be supported with investments in digital infrastructure and reduced costs of access to mobile and online technologies.

Building on the good practices encountered during the pandemic, Arab countries need to continue intergovernmental collaboration in the sharing/using of databases of beneficiaries (civil registry, vital statistics, tax and social insurance database) and e-platforms, and strengthen their capacities to record, monitor and evaluate data.

Overall, the initiatives analysed in this report show that, whilst examples of small-scale measures exist that may lay good foundations for a life-course approach in Arab countries, challenges still remain in terms of the long-term financing and reformulation of social protection beyond targeting low-income groups. Therefore, a transition period will be needed between current and reformed systems that may require solidarity funding to bridge the gap. Meanwhile, contingency planning can help in addressing potential future crises.