
الاتحاد العربي للنقابات
ARAB TRADE UNION CONFEDERATION

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# THE ECONOMIC AND SOCIAL IMPACTS OF THE CORONA PANDEMIC IN THE ARAB COUNTRIES

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## Introduction

The Middle East region is facing unprecedented challenges in light of the collapse in oil prices, regional conflicts, and high rates of poverty and unemployment, in addition to the outbreak and spread of the novel Coronavirus (COVID - 19). These shocks have led to an increase in the decline of the already slowing economic growth in the region, the expansion of poverty and unemployment, and the expansion of the informal economy, which is one of the basic components of the economic fabric in the Arab countries.

The Coronavirus (COVID-19) pandemic has affected the economies of Arab countries in four directions: (the deterioration of public health, the decline in global demand for goods and services, the decrease in domestic supply and demand due to social distancing measures, and the decline in oil prices) in addition to the decline in economic growth. The World Bank forecast in October / 2019 states that the rate of economic growth in Arab countries will reach in 2020 (2.6% and in a reassessment of expectations in April / 2020 due to the Corona pandemic, the World Bank forecasted that there will be a decline in economic growth rates in Arab countries at a rate of (-3.7%). Hence, we can say that growth in the Arab countries is still sterile and does not generate impactful job opportunities, and that the pandemic has made matters worse, especially in terms of unemployment and poverty rates, which have continued to rise according to official data. [1]

Hence, the aim of the current study is to study the economic fabric in the Arab countries, and to describe the economic and social situation and the measures taken by the Arab countries to limit the effects of this phenomenon on the social and economic level and the damage resulted from it.

The study will also include a comprehensive analysis of an exploratory survey of a sample of Arab trade unions and their views on the extent of Arab governments' success in dealing with this pandemic and their ability to reduce economic and social damage. Finally, the last part covers the most important conclusions, recommendations, and mechanisms to be followed in order to address the effects of this pandemic and to improve the conditions of workers, employers, and community members from the Arab trade unions' point of view.

## Objectives

The study aims to describe the economic and social situation in the Arab countries, the measures taken by the Arab countries in dealing with the Coronavirus phenomenon, as well as limiting the effects of this phenomenon on the health, social and economic level. Moreover, it highlights the extent of Arab governments' success in dealing with this pandemic and their ability to limit the damage Economic and social. Furthermore, it shows the Arab trade unions' point of view on the efficacy of these measures, especially through a survey of Arab trade unions' views dedicated to this purpose.

[1] Source: The economic update for the Middle East and North Africa, April 2020

**In order to achieve this, the following topics will be covered:**

- Description of the economic and social situation in Arab countries before the spread of the Coronavirus, the extent of the impact of the pandemic's repercussions on Arab economies, description of the size of the agricultural sector and the service sector, and unemployment rates and social protection policies.
- Measures of declaring general quarantine and the financial measures taken by the Arab countries and the consequences thereof, taking into account the specificity of the economic, social, and political fabric of each country.
- Reviewing the views of Arab trade unions in light of the Coronavirus pandemic, and the suggestions made about alternative policies that Arab governments can adopt to reduce the effects of the pandemic, which would ensure social stability and restoring the economy from the Arab trade unions' point of view.

## Methodology

In order to achieve the objectives of the study, all indicators, reports, and published studies related to this outline will be examined. Moreover, an exploratory survey of Arab trade unions' views will be used. All these opinions will be analyzed and their characteristics are to be identified. Finally, recommendations will be made from that point of view.

# Theme I: The Economic and Social Context in the Arab Countries

Economic and social policies are the biggest influencer on the economic and social performance in the Arab countries, as they are the basis for identifying risks and opportunities and achieving economic and social development in these countries. Therefore, it is necessary to carefully analyze the structure and mechanisms of these policies, to secure adequate human resources, and to secure income and protection for individuals. Moreover, these things should be harmonized as there is a close link between economic and social policies; social policies are not complete without economic monetary and financial policies that contribute to achieving economic growth and increasing job opportunities. Establishing an appropriate framework for economic and social policies is the basis for reaching the goals of sustainable development.

Among the economic and social policies that countries seek to achieve (reducing economic vulnerability and increasing growth rates as well as reducing unemployment rates and reducing its consequences on society and the economy, such as poverty, domestic violence, etc.in addition to improving decent work opportunities, social protection, and increasing productivity).

Arab countries face many challenges in achieving these policies, including high population growth rates, fluctuating economic growth rates, fluctuating global oil prices, collapse of global stock markets, high unemployment rates among youth and women in light of declining investments and job creation, and high immigration flows to Arab countries, etc.

This part will describe the economic and social reality in the Arab countries, the challenges facing Arab countries in light of the current circumstances, and the global economic downturn. It should be noted that the most prominent issues that will face the description of the economic and social reality in the Arab countries is the issue of lack of data and the obsolescence of some indicators, in addition to the inaccuracy of the description as a result of comparing data over time, especially when comparing them among countries. Data is assumed to be available for all Arab countries from the official statistical sources, but the reality is different. Therefore, data from multiple sources have been used to reach an integrated picture to the extent possible.

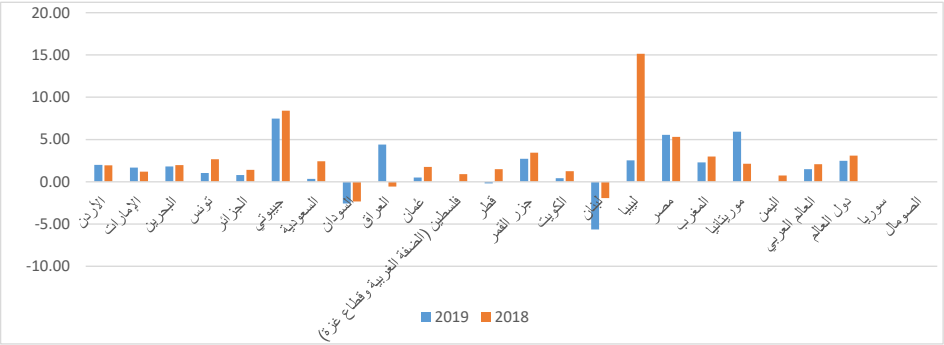
## I. Economic Growth:

The gross domestic product of the Arab countries witnessed a growth rate of (1.48) in 2019 compared to growth rate of (2.09) in 2018. This decline, along with the decline in growth in advanced economies, has contributed to a slowdown in the growth of the global economy, which reached the rate of (2.47) in 2019 compared to (3.10) in 2018 given the challenges that faced the Arab region in the past years, as the average economic growth rates in the Arab countries stood at the level of (2.4) in the years between (2013-2019).

Lebanon, Sudan, and Qatar recorded the largest decline in GDP growth in 2019 as per the following percentages, respectively (-5.64), (-2.56), and (-0.18-), while there was a clear improvement in GDP growth in Iraq, Mauritania, and Egypt, and slowing growth in Jordan and the United Arab Emirates compared to the numbers of 2018.

According to ESCWA's preliminary estimates of the effects of the Corona pandemic, it is forecasted that in 2020 the Arab region will lose at least (42) billion dollars. With the spread of this pandemic in European countries, the United States of America, and other major economies, and as a result of the multiplier effects of lower oil prices, It is feared that income losses will increase in the Arab region.[2]

**Figure 1: The rate of GDP growth in the Arab countries for the period 2018-2019 (annual %)[3]**




The World Bank report indicated that the October / 2019 projections for real GDP growth rates in the Middle East and North Africa in 2020 will reach (2.6). However, given the exceptional situation that the world is experiencing in light of the spread of the Coronavirus and the widespread economic impacts that followed (international trade movement, consumption activities, investment and manufacturing, etc.), economists at the World Bank have amended the 2020 growth projections to decrease by (3.7) percentage points compared to the projections published in October / 2019. Moreover, the 2021 projections have also been revised to decrease towards (0.8) percentage points.

[2]Source: (ESCWA) - Report of an emergency regional response to mitigate the repercussions of the Coronavirus pandemic.
[3]Source: World Bank database.

According to the report, growth in the region is expected to reach in 2020 (-1.1) and (2.1) in 2021.

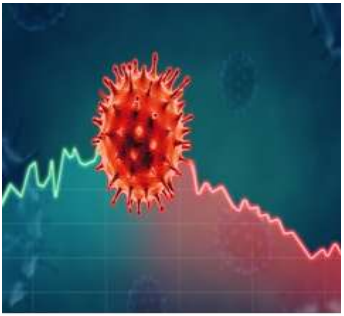
**Table 1: Unconfirmed forecasts: World Bank Group growth forecasts until April 1[4]2020**

| Real GDP growth (%) | Projections for October / 2019 | | | Projections for April / 2020 | | | The difference (April / 2020, October / 2019) | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 e | 2020 f | 2021 f | 2019 e | 2020 f | 2021 f | 2019 e | 2020 f | 2021 f |
| **MENA Region** | **0.6** | **2.6** | **2.9** | **0.3** | **-1.1** | **2.1** | **-0.2** | **-3.7** | **-0.8** |
| **Developing countries in the MENA Region** | **0.0** | **3.0** | **3.1** | **-0.2** | **-1.8** | **2.3** | **-0.2** | **-4.8** | **-0.7** |
| **Oil-exporting Countries** | **-0.4** | **2.1** | **2.3** | **-0.5** | **-1.6** | **1.7** | **-0.1** | **-3.7** | **-0.7** |
| **Gulf Cooperation Council** | **1.1** | **2.2** | **2.7** | **0.9** | **-0.4** | **1.8** | **-0.2** | **-2.6** | **-0.9** |
| Bahrain | 1.8 | 2.1 | 2.3 | 1.8 | -2.5 | 3.0 | 0.0 | -4.5 | 0.7 |
| Kuwait | 1.5 | 2.5 | 2.8 | 0.7 | 0.0 | 1.6 | -0.8 | -2.5 | -1.2 |
| Oman | 0.3 | 3.5 | 4.0 | 0.5 | -3.5 | 2.7 | 0.2 | -7.0 | -1.3 |
| Qatar | 2.0 | 3.0 | 3.2 | 1.4 | 0.4 | 1.5 | -0.6 | -2.6 | -1.7 |
| Saudi Arabia | 0.5 | 1.6 | 2.2 | 0.3 | 0.2 | 2.1 | -0.2 | -1.4 | -0.1 |
| UAE | 1.8 | 2.6 | 3.0 | 1.7 | -1.1 | 1.2 | -0.1 | -3.7 | -1.8 |
| **Oil-exporting developing countries** | **-3.3** | **1.8** | **1.7** | **-3.1** | **-3.9** | **1.4** | **0.1** | **-5.7** | **-0.3** |
| **Algeria** | 1.3 | 1.9 | 2.2 | 0.9 | -3.0 | 1.1 | -0.4 | -4.9 | -1.1 |
| Iran | -8.7 | 0.1 | 1.0 | -8.2 | -3.7 | 1.3 | 0.5 | -3.8 | 0.3 |
| Iraq | 4.8 | 5.1 | 2.7 | 4.4 | -5.0 | 1.9 | -0.4 | -10.1 | -0.8 |
| **Oil-importing developing countries** | **4.1** | **4.4** | **4.6** | **3.5** | **0.6** | **3.3** | **-0.6** | **-3.8** | **-1.3** |
| Djibouti | 7.2 | 7.5 | 8.0 | 7.5 | 1.3 | 9.2 | 0.3 | -6.2 | 1.1 |
| Egypt | 5.6 | 5.8 | 6.0 | 5.6 | 3.7 | 3.8 | -0.1 | -2.1 | -2.2 |
| Jordan | 2.2 | 2.3 | 2.5 | 2.0 | -3.5 | 2.0 | -0.2 | -5.8 | -0.5 |
| Lebanon | -0.2 | 0.3 | 0.4 | -5.6 | -10.9 | -6.3 | -5.4 | -11.2 | -6.8 |
| Morocco | 2.7 | 3.5 | 3.6 | 2.3 | -1.7 | 5.5 | -0.4 | -5.2 | 1.9 |
| Tunisia | 1.6 | 2.2 | 2.6 | 1.0 | 4.0 | 4.2 | -0.6 | -6.2 | 1.6 |
| Palestine (West Bank and Gaza Strip) | 1.3 | -1.1 | -0.4 | 0.9 | -2.5 | 2.1 | -0.4 | -1.4 | 2.5 |
| **Memo** | | | | | | | | | |
| Libya | | | | 2.5 | -19.4 | N/S | | | |

* Note: e = estimates, f = forecast, N/S = Not shown, countries (Libya, Syria, and Yemen) are not included in the regional and sub-regional averages.

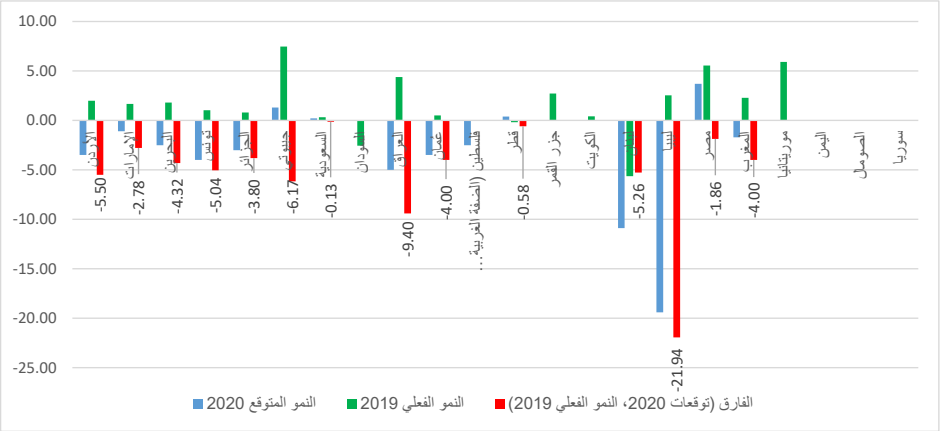
[4]Source: World Bank, Economic Update for the Middle East and North Africa, World Economic Outlook, April 2020.

These unconfirmed forecasts indicate that growth rates in 2020 will be low in the Arab countries, compared to 2019, with the exception of the State of Qatar, where growth in the State of Qatar in 2020 is expected to reach (0.4) Compared with the (-0.18) in 2019. As for the other Arab countries, it is expected that there will be a decline in growth rates of varying proportions.



It should be noted that the World Bank report indicated that these forecasts are unstable and subject to change in the event that new data become available, according to the changes imposed by the nature of the pandemic and its effects, the level of health system readiness in each country, and the extent of the economy's dependence on net oil exports.

**Figure 2: The total growth in GDP for the Arab countries in 2019, and the World Bank Group's growth forecasts until April 1, 2020**[5]




The decline in economic growth in the Arab region in light of the downturn of the global economy as a result of the pandemic will greatly affect the provision of job opportunities and will lead to high rates of unemployment. The impact of this effect on Arab countries will be in two directions:

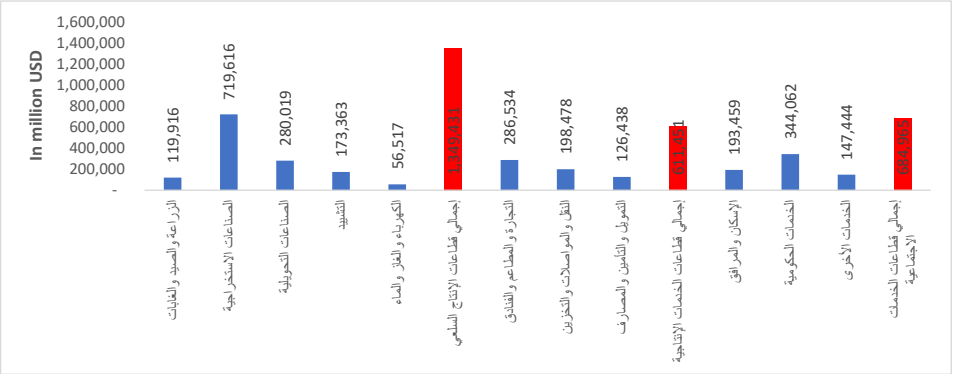
[5] Source: The economic update for the Middle East and North Africa, April 2020 And World Bank Database 2019.

**First**, **Oil-exporting countries:** It is expected that these countries will increase GDP growth by raising oil prices in an attempt to overcome the increase in the decline in GDP, but this increase will not have a contribution to providing job opportunities in these countries; nonetheless, it may be used to strengthen the role of social protection in society. **Second, non-oil-exporting countries:** the decline in GDP growth is expected to be a source of concern, especially in light of the current conditions and weak social safety nets.

This imposes on policymakers in Arab countries, in both directions, the necessity to seize the opportunity to carry out structural reforms that enhance comprehensive and sustainable growth, which will necessitate taking serious and resolute steps to improve the business climate, investments, the rule of law, efficient debt management, and raise productivity.

In terms of GDP indicators for the Arab countries for the year 2018, we find that the total commodity production sectors has reached about (1.349 trillion) US dollars, while the total productive services sectors recorded about (611.451 billion) US dollars, and (684.965 billion) US dollars for the total sectors of social services.

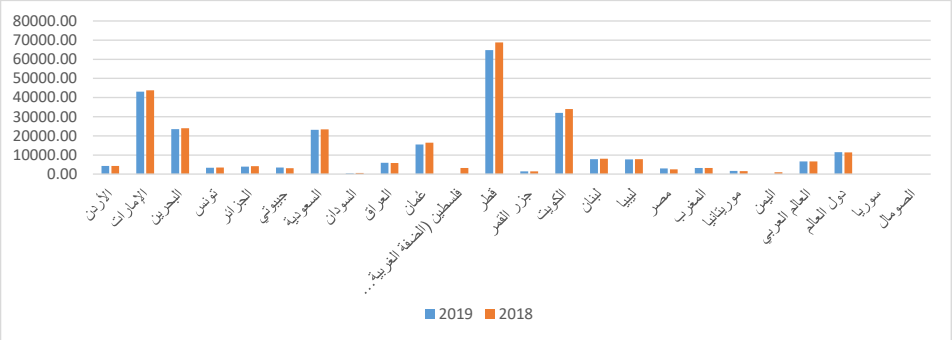
**Figure 3 : GDP by Economic sectors at the current market prices 2018**[6]




[6]Source: The Consolidated Arab Economic Report 2019.

On the other hand, the decline in growth in the Arab countries has negatively affected the level of per capita income of GDP at current prices, which reached (6580.06) thousand dollars in 2019 compared to (6603.35) thousand dollars in 2018, which is attributed to the high rate of population growth in the Arab countries at a faster rate than the growth of GDP. Qatar ranked first in the per capita GDP index of (64781.73) thousand dollars in 2019, compared to (68793.78) thousand dollars in 2018, with a decline rate of (-5.8). The UAE ranked second with a per capita GDP index of (43103.32) thousand dollars in 2019 per capita, compared to (43839.36) in 2018, with a decline rate of (-1.7). Bahrain ranked third, where the per capita share of the GDP reached (23503.98) thousand dollars in 2019, compared to (23991.06) thousand dollars in 2018, with a decline rate of (-2.0).

**Figure 4: GDP per capita for the period 2018-2019 (at current USD prices )**[7]

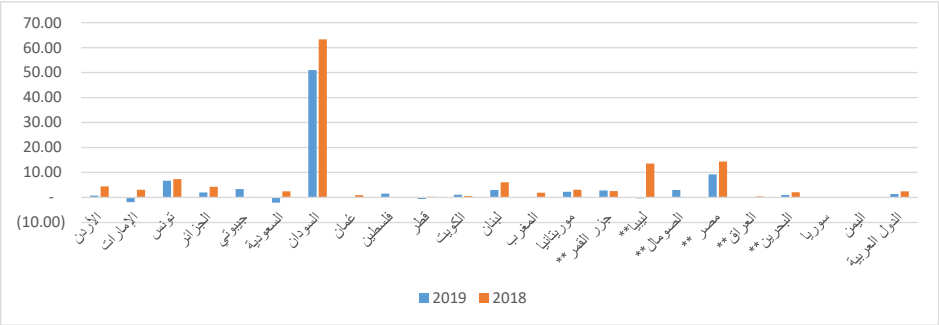



Given the diversified growth paths in the Arab region, the annual volume of consumer price inflation has reached (1.34) in 2019; down from the previous year 2018 that has recorded (2.46). However, these indicators may not give an accurate and comprehensive picture of price movement in the Arab region because inflation trends vary greatly among Arab countries. In addition, the indicators related to inflation are not available for some countries, and some are outdated and do not reflect the current reality.

[7]Source: World Bank database.

We can conclude from the available indicators that (Sudan and Tunisia) may continue achieving high levels of inflation during the year 2019, while (Djibouti, Palestine, Comoros, Kuwait) recorded an increase. As for the Arab countries experiencing political and military conflicts (Yemen and Syria), no official data is available about goods and services, and it is expected that the inflation rate will remain high during the year 2019-2020. In Libya, the general level of prices recorded a decrease of about (0.4) compared to an increase in the general level of prices in 2018 by about (13.6).

**Figure 5: The size of inflation in Arab countries 2018 - 2019 (% Annually) measured at the prices the consumer would pay**[8]

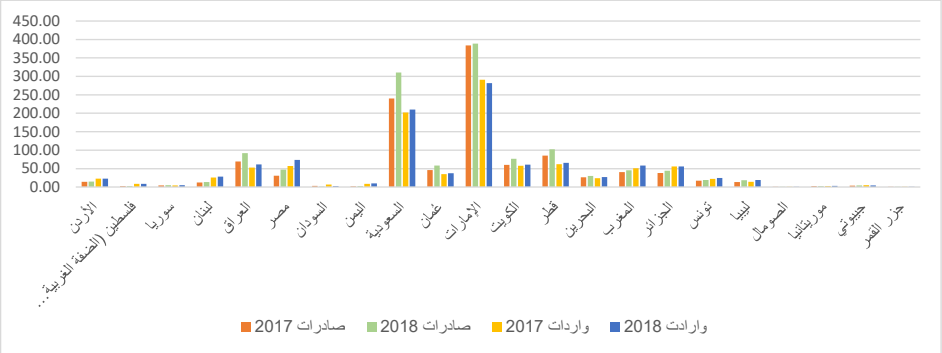



## II. Foreign Trade:

The total foreign trade statistics of the Arab countries show an increase in the trade exchange of Arab countries with the outside world. The total of exported goods and services of the Arab countries recorded a growth higher than the growth of revenues from goods and services, as the volume of exports of goods and services increased in 2018 by (16.7) to reach (1.28) A trillion) US dollars, compared to (1.10 trillion) US dollars in the year 2017 as a result of the increase in the value of oil exports. The imports of Arab countries grew by (5.0) in 2018 reaching about (1.06 trillion) US dollars, compared to (1.01 trillion) US dollars in 2017.

[8] Source: World Bank database, ** Source: Arab Monetary Fund - Arab Economic Outlook 2020 for (Bahrain, Iraq, Egypt, Somalia, Libya, Comoros).

**Figure 6: The volume of exports and imports of goods and services for the years 2017-2018 (USD) (billion)**[9]




According to ESCWA's preliminary estimates of the effects of the Corona pandemic, it is forecasted that in 2020 the Arab region will lose at least (42) billion dollars. With the spread of this pandemic in European countries, the United States of America, and other major economies, and as a result of the multiplier effects of lower oil prices, It is feared that income losses will increase in the Arab region.

The global economic slowdown will also affect the exports of the Arab region by $ 28 billion, which will threaten the viability of export-dependent companies and industries, as companies in the Arab region recorded during the period between January and mid-March 2020 huge losses in market capital whose value reached (420) billion dollars. In addition, the losses in the wealth of these companies are equivalent to (8.0%) of the total wealth of the Arab region. It is expected that the countries of the region will lose customs revenues that may reach (1.8) billion dollars.[10]

**Table 2: Arab foreign trade statistics (proportion of goods and services) exports and imports by goods and services 2016-2018**[11]

| | The proportion of goods exports out of total merchandise exports by type of exports, and the proportion of services exports out of total services exports by type of exports (%) for the Arab world | | | | | | | | The proportion of goods imports out of total merchandise imports by type of imports, and the proportion of services imports out of total services imports by type of imports (%) to the Arab world. | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Years** | **Goods out of the total merchandise exports** | | | | | | **Services out of the total exports of commercial services** | | **Imports out of the total merchandise imports** | | | | | | **Imports out of the total imports of commercial services** | |
| | Manufactured goods | Fuel | Ore and minerals | Foodstuff | ICT goods | Primary agricultural | Tourist services | Transportation services | Manufactured goods | Fuel | Ore and minerals | Foodstuff | ICT goods | Primary agricultural | Tourist services | Transportation services |

[9]Source: OIC Database 2017-2018.
[10]Source: (ESCWA) - Report of an emergency regional response to mitigate the repercussions of the Coronavirus pandemic.
[11]Source: World Bank data.

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | resources | | | | | | | | resources | | |
| **2016** | 17.19 | 65.05 | 3.29 | 3.43 | 0.99 | 0.17 | 45.94 | 29.11 | 65.35 | 5.97 | 2.66 | 13.23 | 5.28 | 0.93 | 28.96 | 35.79 |
| **2017** | 16.78 | - | 3.40 | 3.45 | - | 0.19 | 45.85 | 29.63 | 72.35 | 6.99 | 3.19 | 13.94 | - | 0.91 | 28.59 | 34.65 |
| **2018** | 17.09 | - | 3.60 | 3.53 | - | 0.17 | - | 29.64 | 72.16 | 9,06 | 3.62 | 12.40 | - | 0.96 | - | - |

Fuel is considered one of the most important Arab commodity exports, as it constitutes about (65.2%) of total merchandise exports, followed by industrial exports, which constitute about (17.1%). As for services, exports of tourism services constitute about (45.9%) of total exports of commercial services. In the same The context, imports of manufactured goods are the highest of total merchandise imports in the Arab region, which constitute (72.1%), followed by imports of foodstuffs at (12.4%). As for services, imports of transport services constitute about (34.7%), while imports of tourism services constitute about ( 28.6%).

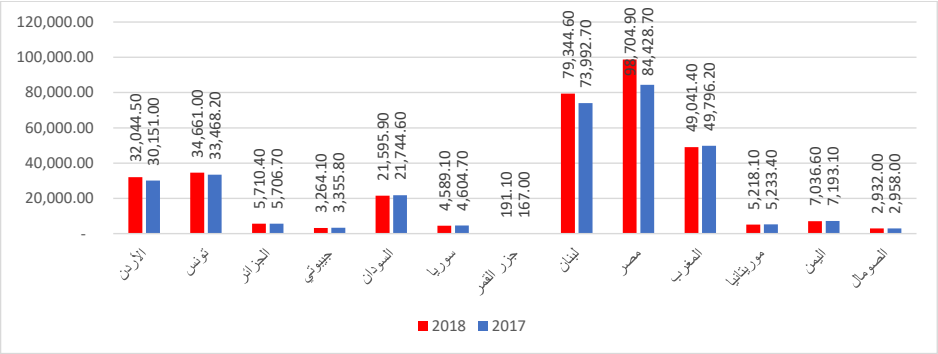
## III. Financial Developments:

Total public revenues and grants in the Arab countries increased by (19.0%) to reach about (786 billion) dollars in 2018, compared to (660.3 billion) dollars in 2017, while the total public spending of Arab countries increased by (8.6%) to reach about (899.7 billion) dollars in 2018 compared to (828.6 billion) dollars in 2017. The value of grants in 2018 decreased by (36.0%) in 2018 to reach (2.8 billion) dollars, compared to (4.4 billion) dollars in 2017.[12]

In 2018, external debt stocks recorded in the region the fastest accumulation of external debt stocks at an average of (6.7%), up from (16.9%) in 2017 in Egypt, which is the largest borrower in the region, followed by Lebanon with (7.2%), where the external debt in the region reached about (344.33 billion) dollars in 2018.

[12]Source: The Consolidated Arab Economic Report 2019.

**Figure 7: The volume of external debt in Arab countries 2017-2018 (In millions of dollars)**[13]




The Arab countries have paid special attention to tax collection, within the framework of efforts to diversify sources of financial revenue, especially the oil-producing and exporting Arab countries. A number of Arab countries have completed legislative and regulatory frameworks to strengthen tax systems and introduce new tax tools. This has led to an increase in tax revenues and the consolidation of the financial situation in 2018 by (16.7%). Tax revenues in 2018 amounted to (241,128 billion) US dollars compared to (206,626 billion) US dollars in 2017.

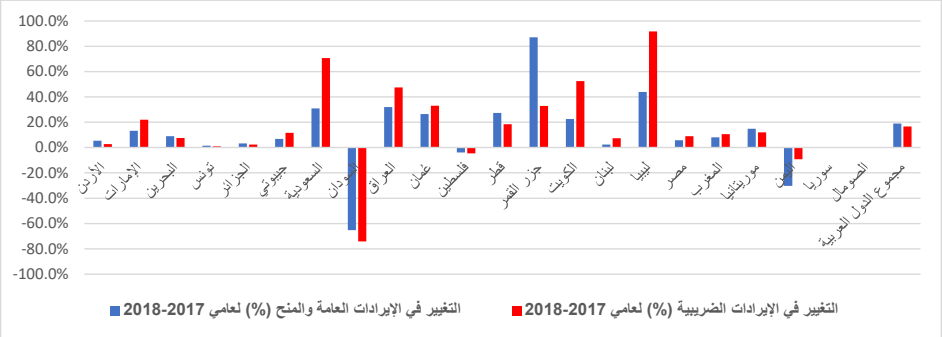
**Table 3: Public revenues in the Arab countries for the years 2017-2018 (billion US dollars)**[14]

| Government Revenues | 2017 | 2018 | change (%) |
|---|---|---|---|
| Oil Revenues | 330.5 | 439.3 | 32.9% |
| Tax Revenues | 206.6 | 241.1 | 16.7% |
| Non-tax Revenues | 75.9 | 77.9 | 2.6% |
| Investment Income | 42.9 | 24.9 | -42.0% |
| **Total Public Revenues** | **656.0** | **783.2** | **19.4%** |
| Grants | 4.4 | 2.8 | -36.4% |
| **Total Public Revenues and Grants** | **660.3** | **786.0** | **19.0%** |

The Comoros, Libya, Iraq, Saudi Arabia, Qatar, Kuwait, and the UAE recorded an increase in total public revenues and grants in 2018 over the previous year. Sudan, Yemen, and Palestine recorded a significant decline in total public revenues and grants by (65.6%), (30.3%), and (3.8%) respectively. As for tax revenues, it is noticed that there is a slight increase in (Jordan, Algeria, and Tunisia), while the largest increase was in (Libya, Saudi Arabia, and Kuwait).

[13]Source: International Debt Statistics - World Bank 2017-2018, http://datatopics.worldbank.org/debt/ids/.
[14]Source: The Consolidated Arab Economic Report 2019.

**Figure 8: Change in public revenue, grants, and tax revenue (%) for the years 2017-2018**[15]




Arab countries have continued efforts to contain the expansion of growth in public expenditures or reduce them in order to strengthen the financial situation, by containing the rise in the value of wages, controlling and reducing the spending on subsidies, rationalizing expenditures for the purchase of goods and services, raising the efficiency of government spending, and directing the financial savings achieved towards enhancing government investment that stimulates private sector activities, supports growth and creates jobs, in addition to enhancing social expenditures aimed at protecting vulnerable groups of society, in addition to controlling the pace of current spending growth in light of the limited resources available, and despite these measures, total public spending in the Arab countries increased in 2018 by (8.6%) to reach (899.7) billion dollars, compared to (828.6) billion dollars in 2017.

**Table 4: Public spending in the Arab countries (2017-2018) (billion dollars)**[16]

| Government Revenues | 2017 | 2018 | change (%) |
|---|---|---|---|
| Current spending | 658.0 | 727.7 | 10.6% |
| Capital spending | 169.8 | 171.7 | 1.1% |
| Government Net Lending** | 0.8 | 0.3 | -62.5% |
| **Total Public Spending *** ** | **828.6** | **899.7** | **8.6%** |

** Includes government spending minus reimbursement

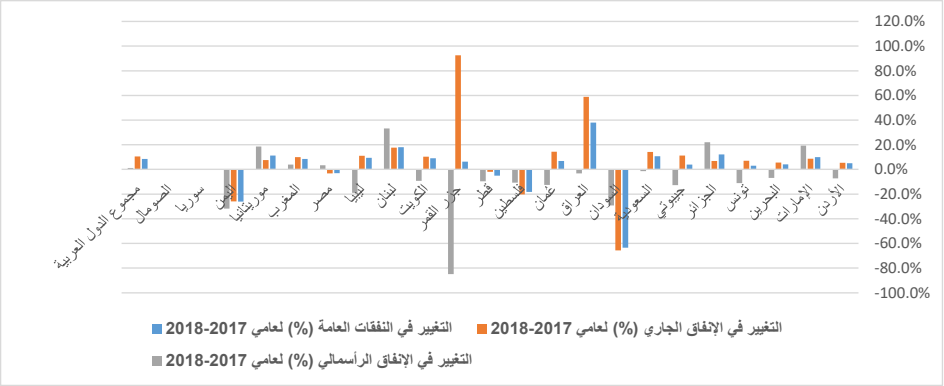
*** Includes total current and capital public spending in addition to net government lending

The rate of current spending in the Arab countries increased by (10.6%) to reach about (727.7 billion) dollars in 2018, compared to (658.0 billion) dollars in 2017, while total capital spending increased by (1.1%) to reach about (171.7 billion) dollars in the year In 2018 compared to (169.8 billion) dollars in 2017. Net government lending (including government spending minus reimbursement) decreased in 2018 from 2017 by (-62.5%),

[15]Ibid.
[16]Ibid.

so in 2018 it reached (0.3) billion US dollars, compared to (0.8) billion US dollars in 2017.

**Figure 9:Change in public expenditure , current and capital expenditures (%) for the years 2017-2018[17]**




## IV. Evolution of the Size of Medium, Small and Micro Enterprises:

Medium, small and micro enterprises greatly contribute to providing job opportunities, and Arab countries have paid special attention to this sector through the implementation of a large number of support programs for these enterprises in a number of Arab countries. However, their contribution in the field of production and operation is still modest and much less than potentials, especially in comparison with a large number of developing countries. These projects do not receive sufficient attention despite their great role in generating job opportunities and reducing poverty and unemployment rates.

Small and medium enterprises in the Arab countries represent between (90-99%) of the total projects in the formal sector, and contribute to varying percentages to the GDP ranging between (22-80%). Nonetheless, that contribution decreases in the oil-exporting countries and rises in the Arab countries that have more diversified economies. Furthermore, it contributes with about (10-49%) of job opportunities in the formal sector, which is under than the average in developing countries, which is (60.0%).[18]

The Arab countries differ in their definition of micro, small and medium enterprises, due to the variation in the standards used; they depend on three main criteria (number of workers, capital, and annual sales volume). We find that some countries apply the three criteria together, such as Kuwait. Other countries adopt the criteria of the number of workers and annual sales such as (Jordan, the UAE, Bahrain, Saudi Arabia, Lebanon, and Qatar). In contrast, other countries rely on the criteria for the number of labor and

[17]Ibid.
[18]Source: Arab Monetary Fund - Promotion of Micro, Small and Medium Enterprises in the Arab Countries, 2019.

capital, such as Tunisia and Oman. Other Arab countries adopt one criterion, which is the size of annual sales only, such as Morocco. Iraq relies on the criterion of the number of workers only.

There is also a discrepancy between the Arab countries at the level of common standards. As for the criterion of the number of workers, the category of workers for small enterprises ranges between (5-50) workers in each of (Jordan, the UAE, Bahrain, Tunisia, Saudi Arabia, Kuwait, Palestine, and Mauritania). This standard in Egypt reaches 200 workers. As for countries that have a definition for the category of micro-enterprises, the number of workers for this category ranges from (less than 5) to (less than 10), while the number of workers for the category of medium enterprises ranges between ( 10 - 250) workers.

**Table 5: The size of micro, small, and medium enterprises in the economies of every Arab country.**[19]

| Country | Year | Number of Projects | | | | Proportion from the total state projects (%) | Contribution to GDP at current prices (%) | Contribution to employment in the formal sector (%) |
|---|---|---|---|---|---|---|---|---|
| | | Total | Medium | Small | Micro | | | |
| **Jordan** | 2015 | 187,645 | 1.6% | 8.7% | 89.3% | 90.0 | 40.0 | 24.7 |
| **UAE** | 2016 | 314,277 | 2.3% | 30.9% | 66.8% | 98.9 | 49.0 | 27.4 |
| **Bahrain** | 2018 | 87,470 | 0.8% | 15.6% | 82.9% | 99.0 | 35.0 | - |
| **Tunisia** | 2017 | 771,000 | 0.3% | 1.2% | 98.4% | 95.0 | 73.0 | 31.6 |
| **Saudi Arabia** | 2017 | 977,500 | 7.0% | 14.0% | 87.0% | 99.0 | 22.3 | 64.0 |
| **Sudan** | 2014 | 22,460 | - | - | - | 93.1 | - | - |
| **Iraq** | 2017 | 28,000 | - | - | - | 99.5 | 0.8 | 20.2 |
| **Oman** | 2018 | 103,600 | 4.6% | 33.6% | 61.7% | 13.5 | - | - |
| **Palestine** | 2018 | 136,000 | 0.3% | 3.5% | 96.2% | 86.0 | 46.0 | - |
| **Qatar** | 2014 | 13,000 | - | - | - | - | - | 9.9 |
| **Kuwait** | 2014 | 33,000 | - | - | - | - | - | - |
| **Lebanon** | 2014 | 171,000 | 3.5 | 20.0 | 73.0 | - | 27.0 | - |
| **Libya** | 2014 | 18,000 | - | - | - | 99.6 | - | - |
| **Egypt** | 2018 | 2,408,429 | 0.3% | 2.7% | 97.0% | - | 80.0 | 20.5 |
| **Morocco** | - | 503,000 | - | - | - | - | 29.0 | 49.0 |

The total of micro, small and medium enterprises operating in the Arab countries is estimated at about (5.77) million establishments. The largest number is concentrated in countries (Egypt, Saudi Arabia, Tunisia, Morocco, and UAE), and the service sector has the largest number of small and medium enterprises with a percentage of (60.0%) of the total number of projects as a whole, followed by the industrial sector with a percentage of (28.0%). The contribution of these projects to employment in the formal sector ranges between (10.0 and 49.0%), which is much lower than the average contribution recorded

[19]Ibid.

in developing economies of (60.0%), which highlights a number of challenges facing this vital sector in creating more job opportunities.[20]

The challenge of access to funding is one of the most significant challenges facing micro, small and medium enterprises in the Arab countries, which limits their ability to drive economic growth. There are no access to funding for about (79.0%) of these enterprises, and the banking facilitations provided to the sector are only (9.0%) of total banking facilitations, which is much less than the average of middle-income countries, which is about (18.0%).[21]

Many Arab countries have worked to develop loan guarantee mechanisms, including establishing funds and loan guarantee agencies and issuing the necessary laws to protect the rights of dealers in the lending market. As a result of these efforts, the number of companies operating in the field of loan guarantee in the Arab region has reached about (12 companies). Some Arab countries are also making strenuous efforts to establish the necessary legislative framework to develop material and in-kind guarantees systems in terms of legislation and regulatory dependency in order to meet the international principles and standards for guarantee funds issued by the World Bank initiative and the SME Reform Forum.[22]

Countries are making strenuous efforts to develop the required legal frameworks, but at varying levels. There are countries that have issued laws for the use of securities for movable assets and are preparing executive regulations and developing the system for registering guarantees. These countries include UAE, Egypt, Palestine, Mauritania and Morocco. A number of other countries, including Jordan, Lebanon, Tunisia and Sudan, are working to develop frameworks supporting the use of movable assets in guaranteeing loans, including laws, regulations and electronic records. Moreover, there are countries such as Saudi Arabia that rely on existing legislation related to the financing process, such as an executive bylaw for the corporate control system. Kuwait, which relies on the National Fund for Small and Medium Enterprises Development and

[20] Ibid.
[21] Ibid.
[22] Ibid.

Welfare Law to regulate the financing rules and the method of payment, including the adoption of the project's fixed and movable assets as guarantee for loans.[23]

**Below is an overview of the MSMEs in the Arab countries**:[24]

## Jordan

The number of micro, small and medium enterprises is (187,018) establishments, distributed as follows: (89.3%) micro enterprises, (8.7%) small enterprises, and (1.6%) medium enterprises in 2015. This sector constitutes the largest percentage of the total enterprises in the country with (90.0%). Its contribution to the GDP is estimated at about (40.0%), and its contribution to the employment levels of the formal sector is estimated between (40.0 to 60.0%). In terms of the sectoral distribution of micro, small and medium enterprises, the total number of operating projects is in the industrial sector was about (26,717) establishments and the service sector (52,038) establishments in 2015.

Domestic financing through banks and specialized finance houses, and external financing through loans granted by regional and international institutions are among the most prominent sources of financing for micro, small and medium enterprises in Jordan. The total domestic financing granted to the sector amounted to about (2.6 billion) Jordanian dinars in 2017, while the total external financing amounted to about (170.2 million) dinars. The total number of institutions providing financing to the sector (banking) reached (23), and non-banking (43) institutions in 2018.

The most important challenges still facing the MSME sector in terms of access to finance are the lack of guarantees available in this sector, the insufficient and accurate financial statements that enable them to obtain financing from banks, the high cost of financing due to the high risk associated with this sector, and the lack of experience and knowledge in managing these projects.

## UAE

The number of micro, small, and medium enterprises is (314,277) establishments, distributed as follows: (66.8%) micro enterprises, (30.9%) small enterprises, and (2.3%) medium enterprises in 2016. This sector constitutes the largest percentage of the total enterprises in the state with a percentage of (98.0%). Its contribution to the GDP at current prices is estimated at about (49.0%).

[23] Ibid.
[24] Ibid.

Commercial banks, partnerships between entrepreneurs and family support are among the most important sources of internal and external financing for the sector, and the ratio of bank credit granted to the sector to total bank credit accounted for approximately (5.9%) of the total credit facilities provided by the banking sector until the end of September of 2018. The total number of institutions providing financing to the sector is: banking institution (60) and non-banking institutions (26).

The most important challenges that are still facing the MSME sector regarding access to finance are the increasing requirements of banks in financing micro, small and medium enterprises, in addition to the lack of reliable financial data in accordance with internationally approved standards for this type of companies according to the requirements of banks. In addition to the difficulty these projects face in communicating with market forces at the local, regional, and international levels.

## Bahrain

The number of micro, small, and medium enterprises is (87,470) establishments, distributed as follows: (82.9%) micro enterprises, (15.6%) small enterprises, and (0.8%) medium enterprises in 2018. This sector constitutes the largest percentage of the total enterprises in the country with a percentage of (99.0%). Its contribution to the GDP at current prices is estimated at about (35.0%). Regarding sectoral distribution of micro, small, and medium enterprises, the total number of enterprises operating in the industrial sector reached about (8,457) establishments and (44,970) in the service sector establishments, and the commercial sector (29,120) and agricultural sector (4,923), in 2018.

This sector relies on internal financing sources (Bahrain Development Bank, Ebdaa Bank, and Family Bank). It also relies on retail banks as one of the sources of domestic financing. The "Tamweel" program is one of the mechanisms provided by the Labor Fund "Tamkeen" to assist the sector in providing financing facilitations in cooperation with banking institutions. The percentage of financing provided to the sector to the total financing provided by the banking sector was about (5.0%), and the total number of banking institutions that provide financing to the sector reached about (25) institutions represented by the retail banks.

## Tunisia

The number of micro, small, and medium enterprises reached (771 thousand) establishments in 2017, distributed as follows: (98.4%) micro enterprises, (1.2%) small enterprises, (0.3%) medium enterprises. This sector constitutes the largest percentage of the total enterprises in the country with a percentage of (99.89%) in 2017. Its contribution to the GDP at current prices was estimated at about (73.0%), while its contribution to the employment levels of the formal sector was estimated at (31.6%). In terms of the sectoral distribution of micro, small, and medium enterprises, the total number of enterprises operating in the industrial sector was about (11.4) establishments, the service sector (88.0) establishments, and the agricultural sector (0.5) in 2017.

Domestic financing is considered one of the most important sources of financing for the sector through banks, financial institutions, institutions and associations of microfinance, financing lines based on the state's general budget, companies and investment funds in development capital in addition to self-financing. External financing is also considered one of the most important sources of financing for the sector, and has reached the highest rate for bank financing directed to the sector in 2017 at a value of (58,994 million) Tunisian dinars. The total number of banking institutions that grant financing to the sector was about (23) in 2018, and the number of non-banking institutions was about (306) non-banking institutions.

There are still a number of challenges facing this sector in terms of access to financing, which leads to the reluctance of banks to finance this category of institutions, and this is often due to the lack of in-kind guarantees, and the risks related to loans granted to such type of facilities, such as the risk of default.

## Saudi Arabia

The number of micro, small, and medium enterprises is (977,500) establishments, distributed as follows: (87.0%) micro-enterprises, (14.0%) small enterprises, (7.0%) medium enterprises for the year 2017. This sector constitutes the largest percentage of the total enterprises in the state with a percentage of (99.0%). Its contribution to the GDP at current prices is estimated at about (22.3%), while its contribution to the operating levels in the formal sector is estimated at (64.0%). In terms of the sectoral distribution of micro, small, and medium enterprises, the total number of operating projects in the industrial sector are about (107.3 thousand) establishments, the service sector (776.3 thousand) establishments, and the agricultural sector (93.9 thousand).

Domestic financing through self-financing and working capital is one of the most important sources of financing for the sector in Saudi Arabia, in addition to external financing from commercial banks, investment funds, government funds and financing companies. In 2018, the total number of banking institutions that grant financing to the sector was about (34), of which (13) were banking institutions and (21) were non-banking institutions.

The most important challenges that still face the sector are the need to simplify government procedures and the stability of legal and regulatory frameworks, followed by difficulties in accessing financing. Then, challenges related to accessing markets, in addition to the weak legal and administrative awareness of these projects, which makes it difficult for them to quickly adapt to the changes, the presence of great competition from the informal economy for these projects due to the absence of a law or system governing such practices.

### Sudan

The number of micro, small and medium enterprises reached (22,460) establishments in 2014, and this sector constitutes the largest percentage of the total enterprises in the country, representing about (93.1%).

Domestic financing through (self-resources and credit granted by banking and non-banking institutions and the Ministry of Finance) is one of the most prominent sources for financing these projects. There are also a number of local non-banking institutions that provide financing to the sector, such as microfinance institutions, which link the granting of financing to these projects. The projects, and the state's goals aimed at increasing financial inclusion and achieving sustainable development goals, the sector also benefits from external financing opportunities (through financial resources provided by donors from regional and international organizations).

The total bank financing granted to the microfinance sector amounted to about (6.5 billion) pounds in 2018, equivalent to (5.0%) of the total bank financing granted, on the other hand, there are (37) banking institutions and (43) non-banking institutions that provide financing to the sector.

Among the most important challenges that the sector still faces in Sudan is the absence of appropriate procedural controls for the sector, in addition to the inability of the current guarantee mechanism to cover all actors in the sector in addition to the high risks associated with projects operating in the sector due to the absence of experience in the

areas of promotion, high costs and difficulties of competition domestically and externally.

### Iraq

The number of micro, small, and medium enterprises reached (28,000) establishments in 2017, and this sector constitutes the largest percentage of the total projects in the country, representing about (99.5%). Its contribution to the gross domestic product at current prices is estimated at about (0.8%), while its contribution to employment levels in the formal sector is (20.2%). Regarding sectoral distribution, the total number of projects operating in the industrial sector reached about (28,000) establishments.

Domestic financing through the company's capital financed by the founders, and external financing such as loans and banking facilitations are among the most prominent sources of financing the sector. It is worth noting that there are a number of local non-banking institutions that provide financing to the sector, but with specific conditions, and the total value of credit facilitations granted by the non-banking sector to sector enterprises reached about (84.8 million) dinars in 2017.

The most important challenges that still face the sector in terms of access to finance are the high interest rates compared to the revenues of these projects, in addition to the difficulty in providing bank guarantees required by government and private banks in terms of quantity and quality, the inability of projects to provide them, in addition to the absence of guarantor companies. For loans granted by banks, and the low volume of deposits compared to the size of the monetary mass outside banks, which limits the ability of banks to grant credit. In addition to the most important challenges that are represented in the failure of some laws and legislations to keep pace with the requirements of the stage and their impact on the concept of the central system, which impedes the work of these projects, such as the high production costs of these projects due to taxes, and the exorbitant customs duties that are paid for imported production elements, which increases their costs, in addition to legal and administrative procedures that impede their work, and weak integration and consolidation of these projects, which weakens their productive and material potentials.

## Oman

The number of micro, small, and medium enterprises is (103,600) establishments, distributed as follows: (61.7%) micro enterprises, (33.6%) small enterprises, and (4.6%) medium enterprises for the year 2018, and this sector constitutes the largest percentage of the total enterprises in the country with a percentage of (93.5%). Its contribution to the employment levels in the formal sector was estimated at about (52,000) workers. Regarding sectoral distribution of projects, the total number of projects operating in the industrial sector reached about (51,600) establishments, the service sector (61,200) establishments, and in the agricultural sector (2,900) establishments in 2018.

Domestic financing through various types of commercial banks (local, foreign, specialized, and Islamic) and financing companies and funds are among the most prominent sources of domestic financing for the sector in Oman. In general, the sector has access to finance through a large number of institutions, which number (25) banking institutions, and (4) non-banking institutions. It is worth noting that the percentage of financing granted to the sector out of the total bank financing has decreased to (3.10%) in 2018 compared to (3.45%) in 2017.

The most important challenges that still face the sector in terms of the availability of the legal and regulatory environment, the multiplicity of agencies supervising these projects, often without coordination between them, but some of them have special definitions and concepts for these projects that are not shared by other parties, and in terms of access to financing, the Central Bank of Oman will continue seeking to urge all banks operating in Oman to be flexible in evaluating the guarantees required to grant loans to small and medium enterprises. The Omani authorities are also working to reduce taxes imposed on enterprises to facilitate the access of micro, small, and medium enterprises into foreign markets. The government also seeks to support small and medium enterprises by establishing funds that support these projects, such as the Raffd Fund, and facilitating the institutions' procedures through the electronic portal of the Ministry of Trade and Industry.

## Palestine

The number of micro, small, and medium enterprises is (136,000) establishments, distributed as follows: (96.2%) micro enterprises, (3.5%) small enterprises, and (0.3%) medium enterprises in 2018. This sector constitutes the largest percentage of the total enterprises in the state with a percentage of (86.0%). Its contribution to the GDP at current prices is estimated at about (46.0%).

Local financing is considered one of the most prominent sources of financing for micro, small, and medium enterprises in Palestine. The banking sector contributes to the largest part of the financing for the small and medium enterprises sector, as about (15.0%) of the banking facilitations granted in 2018 went to projects operating in this sector, and non-bank financing also grew at a rate of (20.2%) during the period (2016-2017), i.e., about (0.326 million) in 2018.

## Qatar

The number of micro, small, and medium enterprises reached (13,000) establishments in 2014, and the Qatari government adopts a number of successful initiatives and practices in order to advance the sector. It is expected that the sector will benefit in the future from the efforts made to legalize the work of these projects by a number of sector regulators such as the Ministry of Trade and Industry, the Ministry of Labor, the Qatar Chamber, the Ministry of Justice, and the Qatar Development Bank, thus issuing and drafting laws, each according to its respective competencies.

The local financing granted by banks and finance houses is one of the most prominent sources of financing the sector in Qatar, as the total number of banking institutions providing financing to the sector reached about (16) banks in 2018. In this context, the financing provided to the sector was about (4.3%) of total bank financing to the private sector in 2017. The total value of financing granted to the sector as a whole from banking institutions amounted to about (20.6 billion) Qatari Riyal in 2017, with a growth rate of (62.2%) compared to 2016.

Some challenges still face this sector, and it is worth noting that at the national level the national definition of small and medium enterprises has been adopted by the Ministry of Trade and Industry (after its application was limited to the banking sector only), which will constitute an important building block for building a statistical system for this sector and help in the development of relevant laws and legislation.

## Kuwait

The number of micro, small and medium enterprises reached (33,000) establishments in 2014.

Domestic finance is considered one of the most prominent sources of financing the sector, and among these sources are banks, finance companies and investment companies, and the National Fund for Small and Medium Enterprises Development was established with the aim of sponsoring the financing and development of small and medium enterprises, enhancing the capabilities of their owners to implement them, planning, coordinating and promoting their spread. The Industrial Bank of Kuwait also provides financing for small projects in light of the provisions of Law No. (10) of 1998 and its amendments regarding the establishment of a financial portfolio with the Industrial Bank of Kuwait to support the financing of crafts and small projects for Kuwaitis.

The number of banking institutions that grant financing to the sector, including the Industrial Bank of Kuwait, reached (23) establishments in 2018. The number of non-banking institutions, including investment companies, financing companies, and the National Fund for Small and Medium Enterprises, which finance the SME sector, decreased to (60) enterprises in 2018 compared to (97) institutions in 2010.

There are some challenges that still face the MSME sector, as the products of small and medium enterprises target the domestic markets more than the external markets, due to their knowledge of these markets. Other problems include the bureaucratic procedures and the length of the documentary cycle.

## Lebanon

The number of micro, small and medium enterprises is (171,000) establishments, distributed as follows: (73.0%) micro enterprises, (20.0%) small enterprises, (3.5%) medium enterprises, and (3.5%) large enterprises for the year 2020, and this sector constitutes the largest percentage of the total projects in the country, which represents about (96.5%). Its contribution is estimated at about one third of the GDP in Lebanon. It contributes about (27.0%), i.e., equivalent to about (15.7 billion) US dollars. In terms of sectoral distribution of projects, the percentage of operating projects

is about (56.8%) in the wholesale and retail trade and repair sector, in real estate, leasing and commercial activities (14.1%), (11.0%) in manufacturing, (4.8%) in construction, (3.9%) in transport, storage and communication, ( 3.7%) in hotels and restaurants, (2.3%) in financial intermediation, (1.7%) in community, social and personal services activities, and (1.6%) in other sectors.

The number of banking and non-banking institutions is (9) and (32) institutions, respectively. The total microfinance portfolio is estimated at (230 million) dollars, and there are in Lebanon a number of actors active in financing the sector, such as the "Economic and Social Fund for Development", which finances more than (10 thousand) projects, and the value of the financing has reached (4.5 million) US dollars in 2018. In addition, there is the "Kafalat Foundation", which granted loans in 2018 of about (29 million) US dollars.

The most important challenges that the sector still faces are difficulties related to guarantees imposed on the applicant for financing in addition to the absence of banking culture and some don't have any previous experience with banks, which makes dealing with banks to request financing difficult, in addition to the challenges of mixing the assets of the institution with the personal assets of the owner of the project. The asymmetry and lack of information is a general problem for financing through borrowing, or by increasing private funds, in addition to the failure of these institutions to have sufficient guarantees to present to the credit institution. These guarantees may in general reach double the value of the loan and even seven times in some areas, where credit institutions introduce a higher rate of risk on new and small companies because of their vulnerability to crises and market fluctuations. There are also other challenges in terms of enhancing productivity, competitiveness and supporting human capital, such as the absence of policies to support and stimulate the MSME sector, the inability of companies to enter foreign markets, and their inability to grow and continue.

## Egypt

The number of micro, small and medium enterprises is (2,408,429) establishments, distributed as follows: (97.0%) micro enterprises, (2.7%) small enterprises, and (0.3%) medium enterprises in 2018. Their contribution to the GDP at current prices is estimated at about (80.0%). Their contribution to employment levels in the formal sector was estimated at (20.5%), and in terms of the sectoral distribution of micro, small and medium enterprises, the total number of

enterprises operating in the wholesale, retailing, and vehicle repair sector was about (57.0%), followed by the industrial sector.

Domestic financing through banks is considered one of the most important sources of financing the sector; there are (38) banks in addition to other sources of financing represented in (companies, associations and community institutions operating in the field of microfinance, the MSME Development Agency, financial leasing companies, real estate finance companies, factoring companies, direct investment funds, business incubators and accelerators, and venture capital companies). In addition to domestic financing, external financing is one of the main sources of financing on which the SME sector depends, and the European Bank for Reconstruction and Development is one of the most important sources of external financing.

The most important challenges still facing the sector in Egypt are the weak technical and administrative capabilities of enterprise owners, the inability to prepare feasibility studies, appropriate work plans, and an administrative and organizational structure in order to obtain the necessary financing, and the limited and high cost of non-financial services provided to these projects (advisory, financial, accounting, legal services, etc.) in addition to the reluctance of a number of banks to finance the small and medium enterprises sector due to their lack of capabilities and expertise. The challenge of having a number of these projects outside the formal system adds to the size of the challenges that prevent these projects from accessing financing in light of the lack of a credit history or a documented financial history, in addition to the weak ability of startups to procure a percentage of self-resources acceptable to financing institutions. In terms of the availability of guarantees necessary to obtain financing, there are a number of challenges that face agricultural projects, specifically problems related to the lack of adequate insurance and guarantee programs for their agricultural products against the risks of climate change and the spread of agricultural pests. In addition, they suffer from insufficient awareness of how to use the available guarantees tools to mitigate financing risks.

## Morocco

The number of micro, small and medium enterprises is (503,000) establishments, and the "National Agency for the Promotion of Small and Medium Enterprises" was established in the form of an institution that created a more appropriate legal framework for the funding and support agencies of the small and medium enterprises sector. The roles vary according to the powers of the relevant supervisory or control authority.


Self-financing and working capital are one of the most important sources of domestic financing for micro, small and medium enterprises, in addition to bank financing, joint financing between banks and the central guarantee fund as well as inter-project lending facilities. The total number of banking and non-banking institutions that grant financing in 2019 was about (76) institutions, including (24) banks, (32) financing companies, (6) foreign banks, (13) micro-credit societies, and the Central Guarantee Fund. The total credit facilitations granted by the banking sector amounted to (475 billion) Moroccan dirhams in 2017, of which about (142.7 billion) dirhams were directed to the MSME sector at (33.0%), which represents the highest percentage of bank financing granted to the sector in the Arab countries. Credit facilitations granted by the non-banking sector, including non-banking institutions, leasing credit companies, debt buy-back companies, and small loan associations, amounted to about (55,216 million) dirhams in 2017, of which about (24,617 million) dirhams are directed to the MSME sector.

## V. Employment and Unemployment:

In recent years, the countries of the Arab region have witnessed a slowdown in economic growth levels, which remained at an average of (2.4%), while unemployment rates still stood at (10.34%) in 2019, which is much higher than the global average of (5.40%) in 2019.[25]

Unemployment is a major problem that affects the Arab countries region both economically and socially, especially among the youth and women, given that most of the population of these countries are young, the percentage of youth under the age

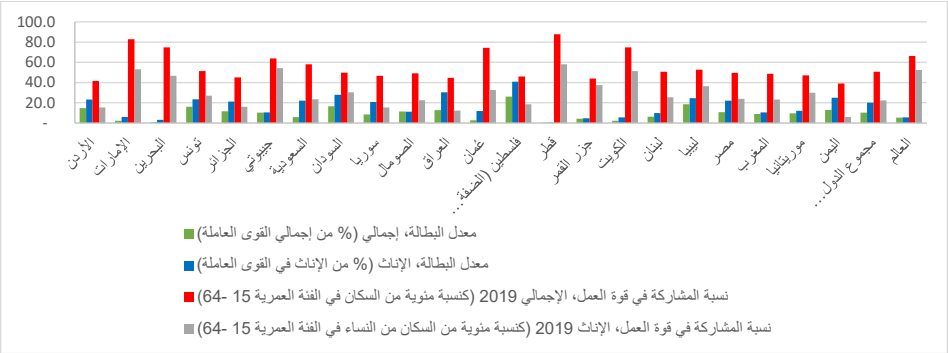
[25]Source: World Bank database.

of (15) in 2019 is about (32.7%) of the total population of Arab countries, i.e., about139 thousand people, while the percentage of the population in the age group (15-64 years) constitutes about (62.7%) of the total population of the Arab countries, i.e., about (268 thousand) people. Youth unemployment (15-24 years) constitutes (27.17%) out of the total workforce.[26]

Although unemployment affects the youth in general, females are the most affected. Unemployment rates among females in Arab countries are much higher than rates for males and are among the highest rates in the world. Female unemployment in Arab countries reached (20.0%) in 2019, compared to (5.6%) at the world level. Therefore, the high unemployment rates among youth and females is a concern for policymakers at the national level in the Arab countries.

One of the main challenges facing job seekers is the inability of Arab countries to diversify their economies sufficiently to accommodate large numbers of new entrants to the labor market, and migration from rural areas to cities is increasing due to the concentration and confinement of most of the Arab countries' population and their facilities in the main cities. As well as the entry of large numbers of Asian workers to the Arab countries to search for job opportunities, which contributed to the increase in unemployment, poverty, inequality and low levels of social protection in the rural areas of the Arab countries.

**Figure 10: Proportion of participation in the work force, unemployment, and participation and unemployment of females in the Arab countries in 2019**[27]




The employment situation in the Arab region in terms of unemployment and participation in the labor force was the worst. The labor force participation rates in Arab countries are the lowest in the world, because the participation of women is much less

[26]Source: World Bank database.
[27]Source: World Bank database.

than the global average. In 2019, the participation of women in Arab countries remained at ( 22.2%), which is much lower than the global average of (52.5%).

We also find that the lowest female participation in the labor force is limited to the countries of (Yemen, Iraq, Jordan, Syria, and Algeria), where the lowest percentage of female participation in the labor force was recorded in Yemen at (6.1%), followed by Iraq at (12.2%), then Jordan, Syria, and Algeria by (15.3%), (15.5%), (16.1%), respectively.

While it is noticed that the highest participation of women in the work force is confined to the Gulf countries, where the highest rates were recorded in Qatar, UAE, Kuwait and Bahrain (58.1%), (53.2%), (51.5%), (46.7%) respectively. On the other hand, this percentage decreased in the Kingdom of Saudi Arabia compared to other Gulf countries, where it stands at (23.3%) and in Oman (32.5%).

As for female unemployment, the highest unemployment rates were recorded in Palestine (the West Bank and Gaza Strip) at (40.9%), followed by Iraq and Sudan at (30.4%) and (27.8%) respectively. In Jordan, Tunisia, Algeria, Saudi Arabia, Syria, Libya, Egypt, and Yemen the percentage ranged between (20-25%). The lowest percentage of female unemployment was recorded in the State of Qatar at (0.4%), followed by Bahrain at (3.0%).

In terms of the overall participation rate in the labor force of Arab countries, Qatar recorded the highest rate at (87.7%), followed by the UAE (82.8%), then Bahrain and Kuwait came with (74.4%) for each of them and the Sultanate of Oman (74.9%). The lowest total participation in the labor force was recorded in Jordan at (41.6%).


With regard to total unemployment in the Arab countries, the highest unemployment rate was recorded in the State of Palestine (the West Bank and the Gaza Strip) by (26.2%), followed by Libya, Sudan and Tunisia at (18.6%), (16.5%) and (16.0%), respectively. The lowest unemployment rate in the State of Qatar was (0.1), followed by Bahrain (0.7). It is noticed that unemployment rates between 2018 and 2019 are close, but unemployment in Egypt decreased between 2018 and 2019 at a rate of (0.8) percentage points, to reach (10.8) in 2019 compared to (11.6) in 2018.

As for the workers at the level of economic sectors, we find that most of the workers are concentrated in the services sector at a percentage of (55.0%) of the total workers, which is higher than the global average of (50.1%). The workers in the agricultural and

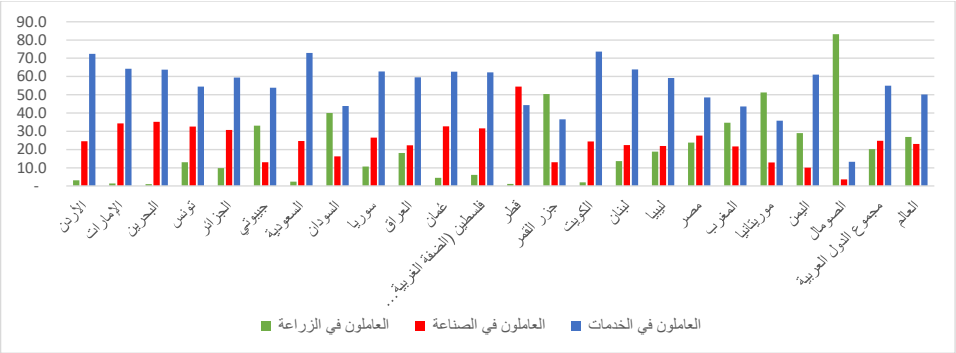
industrial sectors are much less than those in the services sector as the percentage of workers in the agricultural sector reached (20.2%), and in the industrial sector (24.8%).

Given that the service sector is the main source of job opportunities in the Arab region, the effects of the circumstances or developments occurring in the region or the world will affect the activity of this sector and will have dire consequences in job losses and raising unemployment rates. [28]Consequently, the conditions in the Arab region as a result of the (Covid-19) pandemic have raised additional economic challenges in the Arab countries, which have affected the main job-generating sectors, which mainly affected the economic systems that depend heavily on tourism and services.

According to the estimates of the International Labor Organization, it is expected that in the first part of 2020, the Arab region will lose about (one million) full-time jobs, and in the second part, about (6 million) full-time jobs will be lost. This situation will lead to moving towards lower levels of income and increased poverty, especially in countries that suffer from limited tax space and weak private institutions.[29]

It is expected that the most jobs that will be lost will be in the service sector, which constitutes the highest percentage of employment in the Arab countries. This will lead to an unprecedented rise in unemployment rates, especially in countries that rely heavily on employment in this sector, such as (Kuwait, Saudi Arabia, and Jordan) in which the service sector workers recorded percentages of (73.6%), (72.9%), (72.4%), respectively, of the total employed. The dependence of these countries in employment on the agricultural sector was very low, ranging between only (2.0 - 3.0%).

**Figure 11: The employed in the Arab countries, by economic sectors 2019 (% of total employed)**[30]




[28]Source: World Bank database.

[29] Source: International Labor Organization, COVID-19, its impact on the labor market and public policy response in Arab countries, May 2020.

[30]Source: World Bank database.

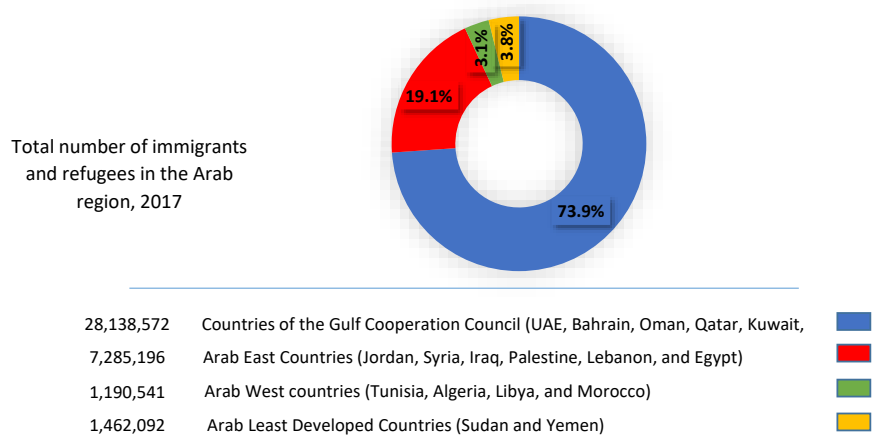
The high unemployment rates in Arab countries remain a major challenge facing their economies, and in the event that political crises and conflicts persist in the Arab region, and developments related to the Corona pandemic, this will impede the development of the labor market in the Arab region and the rise in unemployment. This necessitates strengthening economic reform efforts through improving the business environment and investment climate to prepare the private sector to play a more active role in employment, improve the efficiency of employment programs, develop education and training curricula and align its outputs with the needs of the labor market.

## VI. Migrant Labor and Employment in the Unregulated Economy:


The issue of migrant labor in the Arab countries is one of the most important issues related to development and its effects on the labor market, especially in the sectors known to use immigrant labor intensively in some countries (such as agriculture, construction, services, etc.), and the issue of demand for labor has also been created. The skilled person with the skill to use high technology, a new pattern of migration, and the large multinational companies had a great role in showing these patterns, in creating strong competition in the labor market, and the issue of inadequate educational outputs in the labor market played another role in relying on expatriate workers by the big domestic and foreign companies, which contributed to high unemployment rates and the competition of migrant workers to national workers for jobs.

The number of immigrants hosted by the Arab region has reached over (38 million) immigrants and refugees due to regional and international conflicts, and the percentage of immigrants in the Gulf region is about (73.9%) of the total immigrants in the Arab region.

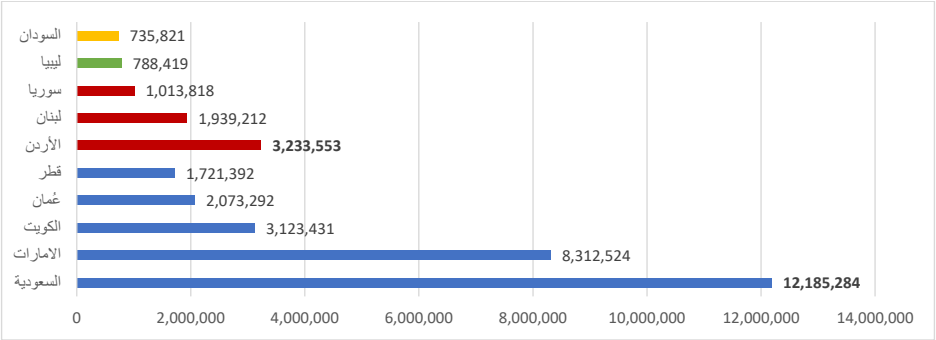
**Figure 12: Number and percentage of immigrants and refugees in the Arab region, by country groups, 2017**[31]




10 countries recorded about (92.3%) of the total immigrants in the Arab region, and all the Gulf countries, with the exception of Bahrain, were among the first countries of destination for immigrants, led by Saudi Arabia followed by UAE. Moreover, as a result of regional and local conflicts in some countries of the Arab region, all of (Jordan, Syria, Sudan, Lebanon, and Libya) are also among the top ten countries of destination; the number of refugees and immigrants residing in Jordan reached the highest rate among these countries by about (3.2 million) people, followed by Lebanon with about (1.9 million) people.

[31]Source: ESCWA - State of International Migration Report 2019

**Figure 13: Number of immigrants and refugees in the top ten countries of destination in the Arab region, 2017**[32]




The number of migrant workers in the world reached (164 million) in 2017, and the number of migrant workers in Arab countries was (23.8 million), which is (14.5%) of the number of migrant workers in the world. The countries of the Middle East contained (22.7 million) people out of the total migrant workers in Arab countries, and North African countries contained (1.1 million) people.

The rates of participation in the labor force among immigrants and non-immigrants in the Arab region are (33.2%) compared to (8.4%) worldwide, and 8 out of 10 migrant workers are men. In addition, these rates vary according to sectors. As for the youth group, the total young migrant workers of the age group 15-24 years is (1.5 million).

**Table 6: Migrant workers in the Arab region, by country groups in the world, 2017**[33]

| Indicators | Middle Eastern Countries | | | North African Countries | | |
|---|---|---|---|---|---|---|
| | Total | Males | Females | Total | Males | Females |
| Number of migrant workers (million) | **22.7** | 19.1 | 3.6 | **1.1** | 0.9 | 0.2 |
| (%) of migrant workers in the world | **13.9** | 20.0 | 5.3 | **0.7** | 0.9 | 0.4 |
| Migrant workers as a proportion of all workers (%) | **40.8** | 41.0 | 39.9 | **1.6** | 1.6 | 1.5 |
| (%) labor force participation for immigrant population | **75.4** | 85.9 | 45.7 | **56.7** | 70.9 | 33.0 |
| (%) labor force participation for non-immigrant population | **42.2** | 72.0 | 13.6 | **46.7** | 72.0 | 21.7 |

**Table 7: Distribution of migrant workers in the Arab region, by age and sex (in millions), and by country groups in the world, 2017**[34]

| Indicators | Middle Eastern Countries | | | North African Countries | | |
|---|---|---|---|---|---|---|
| | Total | Males | Females | Total | Males | Females |

[32]Source: ESCWA - State of International Migration Report 2019
[33]Source: ESCWA - State of International Migration Report 2019
[34]Source: ESCWA - State of International Migration Report 2019

| | | | | | | |
|---|---|---|---|---|---|---|
| Number of young workers (15-24) years, (in million) | **1.4** | 1.1 | 0.3 | **0.1** | 0.1 | 0.0 |
| The number of workers of working age (25-64) years, (in millions) | **21.0** | 17.7 | 3.3 | **1.0** | 0.8 | 0.2 |
| The number of elderly workers (65+) years, (in millions) | **0.3** | 0.3 | 0.1 | **0.1** | 0.0 | 0.0 |
| Total (in millions) | **22.7** | 19.1 | 3.7 | **1.1** | 0.9 | 0.2 |

The percentage of immigrants and refugees coming from the countries of the Arab region reached (37.0%) or about (one million) people in the Arab region, and this percentage has remained stable since 2015. The percentage of immigrants coming from non-Arab, Asian countries to the Arab region reached (56.0%) in the year 2017, most of them are workers. The number of immigrants residing in the Arab region and coming from India reached about (8.9 million) people, which represents (23.0%) of immigrants in the region. In addition, the countries of the Arab Gulf are the destination of the largest number of immigrants, (out of every five migrants and refugees in the Arab region three reside in the Gulf countries). The Gulf countries host a total of (28.1 million) people, most of them are temporary migrant workers, and these countries have a demand for labor that is higher than the supply of workers, so they are trying to fill this gap by hiring migrant workers, most of whom come from Asia.

The Coronavirus (Covid-19) crisis now threatens (55 million) people in need of humanitarian aid in the Arab region, about (24 million) of them are either refugees or internally displaced persons, and this aid may be in the form food, water, sanitation, medical supplies or health services. The disruption of humanitarian programs may have dire consequences for millions of people, as conflict-affected countries are unable to contain the effects of the Coronavirus outbreak due to the destruction of their health infrastructure, and the displacement or immigration of many health care workers.[35]

In general, migrant workers suffer from limited access to health care in light of the Corona crisis, especially if they are in an irregular situation, in addition to the possibility of arbitrary termination of their contracts, especially since most migrant workers are employed in temporary or fragile jobs. Moreover, they rarely benefit from social protection and it is likely that they will face tremendous difficulties in finding alternative work in the current situation, so they will move to the category of irregular status, which makes them vulnerable to arrest, detention, and deportation.

**Migrant workers and workers in the unregulated economy** face many difficulties in light of the pandemic, in particular:

[35]Source: (ESCWA) - Report of an emergency regional response to mitigate the repercussions of the Coronavirus pandemic.

- Sudden termination of their employment contracts without social protections and without protection of their wages.
- Non-payment of wages, partial or late payment, or withholding of wages.
- Longer working hours due to remote / from home work, and the absence of a weekly rest day.
- Danger to occupational safety and health in the workplace, from handling cleaning materials, sterilization, and exposure to virus infection.
- Isolation in the home of the employer, additional restrictions on movement and use of technology to communicate, and increased vulnerability to harassment.
- Loss of livelihoods, including food security, in the case of self-employed / resident domestic workers outside the workplace.

On the other hand, the **day laborers**, and other **workers in the informal economy**, who lack economic security and make up a large part of the workforce in Arab countries will be severely affected by this pandemic. The social protection systems in the region are weak and dispersed, at a time when such support is an imperative to protect the income of vulnerable workers and their families, especially those without health coverage.

In addition to the impact of the crisis on workers and the need to protect them, companies are also vulnerable and need tailored support to maintain economic activity and avoid failure. Small companies and those operating in the unregulated economy and the most affected sectors are more exposed to risk than others, which necessitates finding appropriate policies to ensure business continuity of the most vulnerable companies.

The size of **unregulated economy** in the Arab region is about (26.71%), and (Comoros, Egypt, and Morocco) are the highest among the Arab countries; the average unregulated economy recorded during the period between (1991-2015) in these countries is (39.11%), (34.24%), (34.01%) respectively. However, (Qatar and Saudi Arabia) scored the lowest at (15.93%) and (16.65%), respectively.[36]

As for **informal employment** in the Arab region, the ILO 2016 estimates indicate that it constitutes about (68.6%), including agricultural labor, and without agricultural labor it is about (65.9%).[37]Many Arab countries are witnessing an inflation in the informal

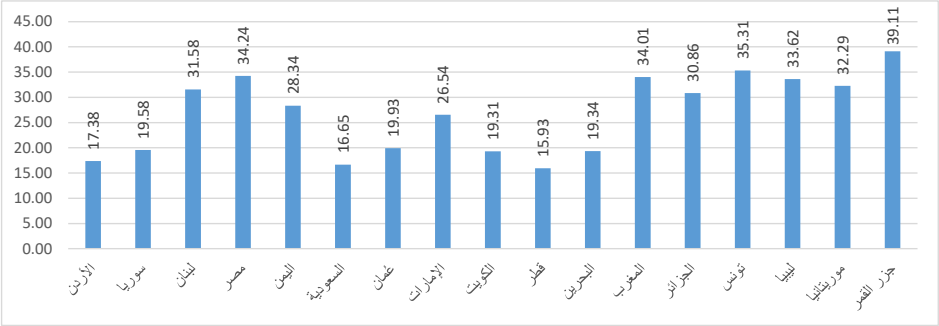
[36]The average shadow economy in the Arab countries except for (Palestine, Iraq, Sudan, Somalia, and Djibouti).
[37]ILO - Statistics of the Informal sector in the Arab Countries, 2016

economy, dominated by inappropriate labor relations and lacking all legal guarantees, not to mention that it is not subject to legislation, and that it does not contribute to financing the countries' treasury through taxes and fees, in addition to the unfair competition that this economy creates for the formal sector, which weakens it. On the other hand, the inability of states to provide decent work in the formal sector for the growing numbers of the unemployed due to the weakness of their economies, and the rapid expansion of the informal economy makes the future of decent work relations under threat.


There is no doubt that the developed social protection systems contribute directly to establishing stable and advanced work relations and vice versa. Therefore, every deterioration in social protection systems will result in tense and unstable work relations, and in order to develop work relations it is necessary to activate the social insurance network to apply it to those subject to it. It is also necessary to establish flexible social insurance systems for workers in the informal economy that take into account the instability of their work relations and their low wages so that joining them does not require the payment of large monthly contributions to protection institutions in exchange for insurance against sickness and work injuries and the provision of disability or retirement benefits.

Moreover, this extends to the scope of practicing the rights and freedoms of association and formulas of collective work relations, so that workers in new types of work benefit one way or another, especially in light of the pandemic and its negative effects on workers in the informal economy, day laborers, and self-employed workers, which have created new work patterns, such as temporary work, work from home, and remote work.

**Figure 14: the size and development of the shadow economy of the countries of the Arab world during the period (1991-2015)(Percentage of GDP)**[38]




## VII. Social Protection:

In many Arab countries there is no minimum level of social protection, and most of them do not have clear national strategies for social protection. The prevailing pattern of social protection systems in which is a combination of labor market programs, social insurance, and social benefits, and the dominant feature of the services provided by the state is comprehensive social programs that are in the form of support or are based on contributions through social benefits and pensions, which are limited programs that are not supportive of the poor, as there are still high levels of informal jobs in all countries that are not covered by them, and the World Bank estimates that only one third of the population of the countries of the Near East and North Africa are covered by a formal social insurance program, and that (67.0%) of the workforce is not covered by social insurance programs.[39]

Most of the countries in the region have social insurance funds for civil servants, which are often funded through joint contributions from employees and the government. These funds cover compensations (pensions, safety and occupational health, sickness insurance, maternity leave, and unemployment).

State institutions supervise social insurance systems related to formal employment, and in most countries there are still large gaps in the coverage provided by social insurance. Thus, we find that the benefits of social insurance systems do not reach agricultural workers, migrant workers, and informal workers, who constitute an important proportion of the work force. Some countries such as Egypt and Tunisia provide special programs for farmers and agricultural workers, or those who are currently working on draft laws to include farmers in the labor law, such as Lebanon and Egypt.[40]

[38]Source: IMF Working Paper, Shadow Economies Around the World: What Did We Learn Over the Last 20 Years.
[39]Source: FAO - Social Protection in the Near East and North Africa Region 2017.
[40]Source: FAO - Social Protection in the Near East and North Africa Region 2017.

In addition, social insurance and pensions fail to reduce income disparities in the region, because they mostly serve the middle and upper classes, and exclude rural residents and informal workers in urban areas. This stereotype is repeated within health insurance programs, which are characterized by limited coverage and distribution.


Although all countries have comprehensive health systems (with the exception of Lebanon, which relies heavily on private health care providers), most health insurance programs are designed to focus on employees in the public sector and the formal private sector. In Egypt, Jordan and Tunisia these insurances are run through healthcare facilities designated only for those included in it.

Furthermore, the Corona pandemic is expected to have particularly severe negative effects on low-income families around the world, including the Arab States region, which may cause inequality to increase significantly. This crisis will likely have a disproportionate negative impact on specific groups that are more vulnerable. (Women - who usually dominate the care sector and enjoy less social protection -, migrant workers, refugees and internally displaced workers, workers with disabilities, self-employed workers, day workers and unorganized workers, youth, and those over the age of 55).[41]

**The following is the reality of social protection in some Arab countries and the reforms they have implemented in their countries:**[42]

## Tunisia

**I. Social Security Programs**: **The National Social Security Fund** covers the private sector, through about seven different programs.[43]Tunisia is developing new programs, and a special program for agricultural workers was established in 1981 and it was improved in 1989. Then, a unified program was introduced that covers self-employed workers in the agricultural and non-agricultural sectors in 1995 and a program covers Tunisians working outside the country in 1989. In the year 2002, a program was implemented to cover low-income groups not covered by social insurance, which also included artists, creative people, and intellectuals. As for workers in the public sector, they are covered by an independent fund. **The National Retirement and Social Security Fund** it provides them with old-age pensions, disability benefits and heirs.

[41] Source: ILO, COVID-19, its impact on the labor market and public policy response in Arab countries, May 2020.
[42]Source: ESCWA - Reforming Social Protection Systems in Arab Countries 2019.
[43](The seven programs: Non-agricultural workers, agricultural workers, agricultural workers - improved, self-employed workers, workers outside the country, low-income workers, artists and creatives and intellectuals).

In 2004 Tunisia passed a law establishing a new health insurance system, represented by the National Health Insurance Fund **, and the joining of which is mandatory**. This reform led to the coverage of workers in the public and private sectors and their families according to the same principles, with a distinction between workers in the public sector and the private sector.

**Second: The system of providing health services not based on subscription.** This system consists of free treatment targeted at poor households, and provides free access to care in public hospitals. **The low-cost treatment program** also targets vulnerable households and provides medical coverage on a highly subsidized basis. Moreover, the free treatment program is available to all families that receive cash transfers from the National Program of Assistance for Needy Families, and the number of families that benefit from the program reached at least (622 thousand) in 2018.

**Third: The National Program of Assistance for Needy Families** which was established more than 30 years ago to compensate the poor for the effects of the structural economic reforms that were taking place at that time, and the number of beneficiary households increased at an accelerated pace in recent years, until it reached about (285 thousand) families in 2018.

**Fourth: Cash for Work Programs** Among them is the Regional Urban Development Program run by the Ministry of Development, Investment and International Cooperation, based on (1.2 million) working days for about (72,000) people between 2011 and 2015. The number of those involved in the program reached about (56,000) in 2017, and in 2018 the scope of insurance coverage included workers in the regional urbanization program, while workers in cash-for-work programs have turned into public sector employees.

## Morocco

**First: Social Security Programs** In 2002, Morocco passed legislation to establish a mandatory unified system for health insurance, which is compulsory sickness insurance. The Moroccan Health Insurance Fund undertakes the task of managing compulsory sickness insurance on behalf of workers in the public sector, and the National Social Security Fund administers it on behalf of workers in the private sector as follows: **The staff**, (Old-age pensions and benefits for disability, inheritors, family, sickness, maternity and unemployment), **self-employed** (Old-age pensions and heirs' pensions), as for **workers in the public sector** There are two basic social insurance programs,

namely the Moroccan Retirement Fund, which covers fixed employees (civil and military employees in the public sector) and the collective system for granting retirement pensions (informal workers in the public sector and employees of public agencies) and these two systems provide (old-age pensions and disability benefits, heirs and family). However, informal workers in the public sector and public agency employees have only one health insurance system.


Since 2005, when compulsory sickness insurance began to be implemented, the proportions of private sector workers who were affiliated with the National Social Security Fund increased to (82.0%) in 2016. During 2009 and 2017 the conditions of more than half a million workers in the informal sector were resolved as a result. Workplace inspections and the use of technology, while the percentage of participants in the National Social Security Fund of workers in the agricultural sector did not exceed (6.0%) in 2010, this percentage increased to (10.0%) in 2016.

**Second: Medical Assistance System:** The law that was passed in 2002 establishing compulsory sickness insurance also stipulated the establishment of a special system for health services not based on subscriptions to target the poor and vulnerable groups, and it has come into effect in several regions since 2008, and throughout the country in 2012. The beneficiaries of this system are about (11.87 million) until 2018. The Medical Assistance System provides free health coverage for households which are considered poor.

**Third: the Cash Transfer Program,** It is a conditional cash transfer program launched in 2008 focusing on improving school enrollment rates among children. The number of families benefiting from it reached about (526 thousand) in 2015/2016 and is expected to have reached (1.3 million) in 2018/2019. Morocco, also launched **direct support program for widowed women** in 2014, which was a cash transfer program for widows with children, and about (88,000) households benefited from it.


## Lebanon

**First: Social Security Programs** Since its establishment in 1963, the coverage of the National Social Security Fund continued to expand gradually to include more groups Unlike other social security systems in the region, it does not provide monthly pensions to elderly retirees, but rather provides compensation at the end of service.

Lebanon also took steps in 1982 through which it included newspaper sellers (with health and maternity insurance only) and taxi drivers (with health and maternity insurance in addition to end-of-service compensation and family benefits). Taxi drivers now constitute (9.0%) of the total participants in the fund, while newspaper sellers constitute a negligible percentage of total participants.

**Second: The National Program to Support the Poorest Families,** Launched in 2011, this program enables households in Lebanon to access public and private healthcare at very low prices, as the Ministry of Health pays (85.0%) of hospital fees.

## Jordan

**First: Social Security Programs** In 2014, a new social security law was adopted, after the existing social security group was completed with unemployment and maternity benefits in 2010, noting that maternity benefits are funded by contributions that apply to both men and women, which means that there are no economic factors that discourage women's employment. The number of registered people in social security was (1.12 million) in 2017, and the number of covered working women increased from (204 thousand) to (313 thousand).

Jordan expanded social security coverage in 2008 to include establishments in which less than (5) workers work, as well as self-employed workers by allowing them to join the optional program. Moreover, this program became available to employers in 2015.

Jordan expanded the coverage of civil health insurance to include the elderly and began to cover people over the age of 80 years, then expanded to include those over the age of 70. In 2017 it was decided to include people over 60 years old and about (135 thousand) people are expected to benefit from that. Moreover, free health coverage is provided to other community groups, such as children under the age of six and people with disabilities. The percentage of beneficiaries of civil health insurance in 2018 was about (3 million).

**Second: The National Aid Fund,** It was established over 30 years ago to compensate the poor for the effects of the structural economic reforms that were taking place at that time, and the number of households benefiting from it has increased rapidly in recent years reaching about (111,000) in 2018. The fund is currently witnessing a new expansion and is expected to cover (177,000) households in 2021.

## Palestine

**First: Social Security Programs** in 2016, a social insurance system for workers in the private sector was established, which is the first of its kind in the country, after intense deliberations and negotiations between various stakeholders, including civil society groups. By 2030, however, implementation of the program was suspended following public opposition.

During the second intifada, the Palestinian government sought to expand the coverage of the governmental health insurance system to include all the unemployed and their households. As a result, the number of households covered by health insurance increased. In 2007 it was decided to exempt all households in the Gaza Strip from paying contributions, and the Ministry of Social Development pays Contributions for households benefiting from social assistance, while the Commission of Detainees and Ex-detainees Affairs pays household contributions for detainees. The number of beneficiary households reached about (41,000) beneficiaries in 2017 (14.7% of the insured households), and the number of the covered detainees' households reached about (18 thousand) in 2017, or about (6.4% of the total insured households). With regard to coverage by the government health insurance system, the coverage rate increased from (48.0%) in 1997 to (66.2%) in 2017 to reach (615 thousand households).

**Second: The Palestinian National Cash Transfer Program**, Established in 2010, by merging two previous programs, the program covered (110,000) households in 2018.

## Oman

**Social Security Programs** In 2013, by virtue of a royal decree, a social insurance program was established that covers self-employed workers, and includes old-age pensions, disability benefits and inheritors. The program has determined the value of contributions at (20.0%) of the workers income, but with varying degrees of governmental support determined by eight income groups; the government pays (13.5%) for the lowest income group, while the insured pays (6.5%). For the higher income group, the government pays (4.0%) and the insured pays (16.0%). The number of insured people has reached nearly (10 thousand) public people 2017, and (42.2%) of them are women.

## Sudan

**Social Security Programs** Sudan has supported the National Health Insurance Fund to expand its coverage to include persons with disabilities, the poor and the elderly.

## Egypt

**First: Social Security Programs** In 1992, the Egyptian government expanded the scope of health insurance to include all children in schools on the basis of a fixed symbolic contribution, and in the following years after 1995, it expanded again on a similar basis to include children (under 15 years old) and households headed by women, and the coverage rate reached about (58.0). In 2015, and despite this, a survey conducted in Egypt indicated that no less than (80.0%) of households have at least one person covered by public health insurance, but only 25.0% of them benefit from insurance due to the low quality of services and overly bureaucratic procedures.

The Egyptian government has also put in place an ambitious long-term plan to reform the national health system, which was adopted by the Parliament in 2017, by establishing a comprehensive health insurance system that will operate in stages over a period of 15 years. The role of the Public Health Insurance Organization, which is the institution that operates the health insurance system in Egypt, is limited to purchasing health care from providers of these services in the public and private sectors on behalf of the insured, not providing services to them. Another body has been established to oversee and accredit the quality of health care provided through this program. Contributions to the new program will be based on income, but the poorest groups will be exempted from payment; instead, the state will support the program by providing a subsidy (5.0%) of the minimum wage for each member of the poor household.

**Second: Energy Subsidy Program** Spending on energy subsidies equaled (6.8%) of GDP in 2012/2013, but that support decreased to (2.1%) in 2018/2019.

**Social Pension Program** It provides cash benefits according to the classification of participants into categories, and this program is now considered insufficient and suffers from various deficiencies. Eventually, Egypt did not seek to reform it, but rather introduced a new program called "Solidarity and Dignity" which was launched in 2015. The "Solidarity" component targets households with children, while the "Dignity" component targets the poor and persons with disabilities. The number of households covered by the program reached (1.99 million) households until February 2019; 90.0% of whom benefit from the "Solidarity" component. The rest benefit from the "Dignity" component.

### Mauritania

**First: The Energy Subsidy Program** Spending on energy subsidies declined from an estimated (2.3%) of GDP in 2012 to under (0.4%) in 2019.

**Second: The Solidarity Cash Transfer Program**, Launched in 2016, and it is a program that provides a fully standardized subsidy to all benefiting households, regardless of the number of children and other factors, and the subsidy is (15,000) Mauritanian Ouguiya every three months, which represents (17.0%) of the minimum wage. The number of households benefiting from it was about (30,000) in 2019, and it aims to cover (100,000) of the poorest households by 2021.

### Iraq

**First: The Social Safety Net Program** It is a cash transfer program established in 2005 to distribute aid to specific target groups (the unemployed, people with disabilities, widows, orphans, and married students) Regardless of their poverty status. The number of families covered by it increased, until it reached (1.1 million) families in 2017.

**Second: A cash-for-work program,** Iraq plans to implement this program to benefit (150,000) households by the year 2021, and it aims to create job opportunities in ways that facilitate women's participation, such as identifying simple projects located near their homes, and providing childcare facilities at project sites. The proposed activities for women include handicrafts, such as sewing and embroidery, the production of homemade food to be sold in the local markets or to be provided as meals for the participants in the program, and the management of day care centers for children.

Saudi Arabia

**First: the Citizen Account Program,** The implementation of the program began in 2017 to keep pace with the economic reforms necessitated by the drop in oil price. The scope of this program is wide and covers more than half of the Kingdom's population (with the exception of non-citizens). In February 2019, the included households reached more than (3.73 million) families.

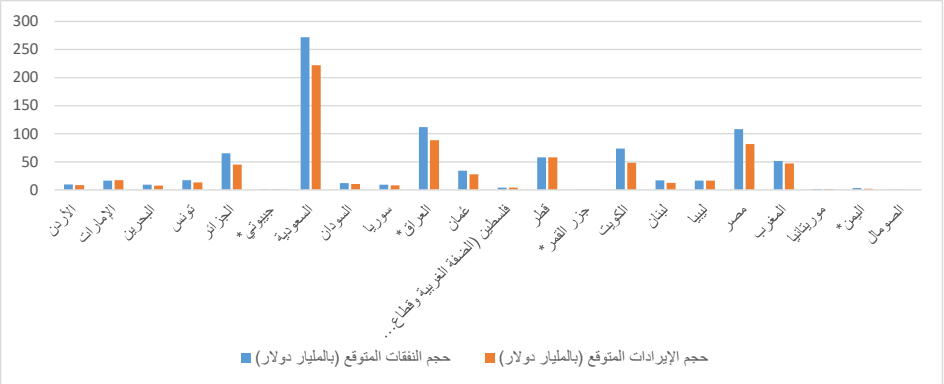
# Theme II: Measures Taken by Arab Countries in Light of the Corona Pandemic

The Arab countries worked to prepare their budgets for the year 2020 in the year before the outbreak of the Corona pandemic, and one of the most prominent features of these budgets was that they were characterized by financial deficits and a decline in investment revenues and expenditures in order to enable the state to take austerity measures and increase taxes on individuals and companies, in addition to taking decisions in some Arab countries to reduce or end government subsidies on services and goods. Arab governments have taken these measures to help them limit the aggravation of the fiscal deficit resulting from the decline in financial flows, and to enhance liquidity to meet the needs of countries through the imposition of taxes.

Saudi Arabia has recorded the highest rank in the size of the general budget among the Arab countries at about (271.9) billion dollars, and it is expected that the deficit will reach about (49.9) billion dollars. Iraq is ranked second in the budgets of Arab countries, and Egypt came in the third place, where the size of the budget reached about (108.3)

billion dollars with a deficit estimated at about (26.8) billion dollars. It is expected that there will be no deficit in both (Qatar and the UAE) for 2020.

**Figure 15: The size of annual budgets for 2020 / (billion US dollars)** [44][45]




In light of the repercussions of "Corona" on government budgets, the outbreak of this virus has represented an additional burden on the volume of public debt in Arab countries, especially since the measures currently taken by Arab countries will increase the total public debt in the coming years.

The Arab countries have taken measures to cope with the deficit in their budgets and the difficult economic situation created by this pandemic. Most of them tended to reduce public spending, while others took austerity measures in addition to stimulus packages to mitigate the damage, which led to exacerbating financial losses in their economies, exacerbating stagnation in business sectors, high rates of poverty and unemployment, and increasing burdens on citizens.

[44]Source: Multiple sites across websites, * Source: (2018) budgets: The Consolidated Arab Economic Report 2019.
[45]As for the 2020 budget for (Iraq and Yemen), it was not adopted. As for the other countries (Comoros, Palestine, and Djibouti), no data on the 2020 budget is available on the websites of any of them.

It is also expected that the level of external demand, which contributes about 48.0% of the total demand in the Arab countries, will be affected. It is also expected that production as well as consumer spending will decline in most productive sectors. Arab countries are also expected to face major financial challenges that may extend to the coming years as a result of the increasing volume of government spending to limit the spread of the virus in return for the decline in public revenues, especially in oil-exporting countries, whose revenues are expected to decline significantly as a result of the decline in global oil prices due to the pandemic.

In spite of the precautionary measures taken by Arab countries at the economic and social level to confront the repercussions of the spread of the virus on Arab economies, such as establishing financing funds in which commercial banks contribute, solidarity funds that receive donations from home and abroad, providing support through central banks by reducing interest rates, and other measures. Nevertheless, most Arab governments have not succeeded with their economic and social plans in dealing with this pandemic and achieving material stability for citizens and operating companies, as these measures (general closure) have damaged the economic situation and burdened companies with heavy losses in all economic sectors. Therefore, most governments allowed companies in the affected sectors to reduce workers' salaries at specific rates, which increased the burdens of citizens and weakened their purchasing power and their ability to provide for their basic needs. The governments should have resorted to activating effective tools for social protection to compensate workers for the losses they incurred.

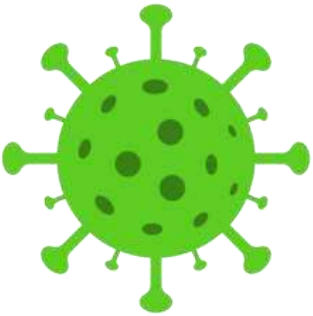
In the same context, these measures had an impact on the high cost of living due to some merchants 'exploitation of the citizens' need for goods and services, and large numbers of workers were laid off from their jobs, which led to an unprecedented rise in unemployment rates, high poverty rates, and the impact of various other economic and social indicators.

The measures taken by the Arab countries in dealing with the Corona pandemic were as follows:[46]

[46]Source: IMF, report data until July 16, 2020.

## Jordan

The Jordanian government has taken a set of measures to deal with the epidemic and prevent its spread. It has suspended all international flights, closed all schools and universities, closed restaurants and archaeological sites, and canceled all public events and gatherings. In mid-March, the government activated the Defense Law to impose a comprehensive curfew, and to close businesses and industrial establishments. In the beginning of June 2020, the government allowed the resumption of transport between governorates, reduced the night curfew period, and reopened hotels and cafes. However, strict measures are still being implemented, with penalties imposed on institutions and individuals not adhering to the public safety measures in place to combat the spread of the virus. The phase-out approach entailed the complete restart of economic activities.



In May 2020, the Executive Board of the International Monetary Fund approved Jordan's request for emergency financial assistance under the Rapid Financing Instrument (RFI) equivalent to about (400 million) US dollars. The Ministry of Finance announced a set of measures to confront the pandemic, such as an exemption from sales tax on a group of goods; allocating (50.0%) of the maternity insurance proceeds (about 23 million dollars) for material assistance for the elderly and the sick; imposing a ceiling on the prices of basic products; postponing (70.0%) of collecting customs duties due from selected companies; and a temporary cash support program for day laborers and self-employed workers with a value of (81 million dinars, (114 million dollars)).

The Central Bank of Jordan has also reduced most interest rates, in addition to a package of measures aimed at containing the economic effects of the pandemic by delaying the payment of loans, and injecting additional liquidity of 550 million dinars ($ 776 million).

## UAE

The authorities have taken several measures to limit the spread of the virus, such as closing schools, nurseries, malls, parks, restaurants, and many tourist attractions. Moreover, it imposed widespread restrictions on travel, enacted legislation to work remotely in government offices, and launched the remote learning initiative. By the end of April 2020, it allowed the gradual reopening of malls and other companies, and facilitated the procedures for the return of foreign workers wishing to return to their home countries, and many airlines have resumed a limited number of flights. Most government employees returned to work in mid-June.

The authorities announced a stimulus package of 26.5 billion UAE dirhams (US $ 7.2 billion) in the form of various financial support measures, including support for the private sector by reducing various government fees, reducing government fees, and providing additional water and electricity subsidies, credit guarantees and liquidity support to small and medium enterprises.

The Central Bank of the Emirates has cut the interest rate twice, at a rate (125) basis points and announced a package of measures worth 256 billion dirhams ($ 70 billion), including the reduction of banks' reserve requirement to half, facilitating access to more financing for small and medium enterprises, waiver of all payment service fees charged by the Central Bank for a period of six months, and allowing banks to delay the payment of loans until the end of 2020.

## Bahrain

The authorities closed educational institutions, retail stores, restaurants, and cinemas. Furthermore, it suspend flights to affected areas and switched to remote work in public agencies. It also reduced tuition fees for private schools and expanded facilities for intensive care units (ICU). By mid-April 2020, it allowed retail stores to reopen under strict conditions, with the least number of employees.

It also announced a stimulus package worth 560 million Bahraini dinars (1.5 billion US dollars), in the form of various financial support measures to face the epidemic, including paying the salaries of Bahrainis working in the private sector from the unemployment fund, paying electricity and water bills on behalf of Bahraini individuals and companies, exemption of commercial establishments from municipal fees, exemption of tourist establishments from tourism fees, exemption of industrial and commercial establishments from paying rent to the government, doubling the size of the Liquidity Fund to support SMEs, reorienting Tamkeen programs to support affected businesses, and an additional enhancement of (BD 5.5 million) for social benefits for low-income families.

In mid-March 2020, the Central Bank of Bahrain expanded its lending facilities to banks by up to 3.7 billion Bahraini dinars (10 billion US dollars) to facilitate deferred debt payments, extending additional credit, and lowering the interest rate.

## Tunisia

The Tunisian authorities declared a state of national emergency and adopted comprehensive lockdown measures, which led to the containment of the pandemic and to reduce the number of daily domestic cases. In early June 2020 Tunisia began implementing a strategy to completely remove restrictions and open the borders by the end of June 2020.

In mid-March 2020, it announced an emergency plan worth 2.5 billion Tunisian dinars (0.71 billion US dollars), in the form of various financial support measures to confront the pandemic, including tax exemptions, value-added tax exemptions, rescheduling of taxes and customs arrears, etc., in order to provide liquidity to the private sector, reduce layoffs and protect the most vulnerable people, especially in the informal sector, and cash transfers to low-income families, the handicapped and the homeless, worth (450 million Tunisian dinars) for a period of three months), and supporting the unemployed temporarily due to the pandemic by (300 Million Tunisian dinars).

In March 2020, the Central Bank of Tunisia lowered the official interest rate by 100 basis points, and announced a package to support the private sector, and the government announced a set of financial measures, including the establishment of investment funds at a value of (600 million Tunisian dinars), and the state guarantee for new bank credits worth 500 million Tunisian dinars.

## Algeria

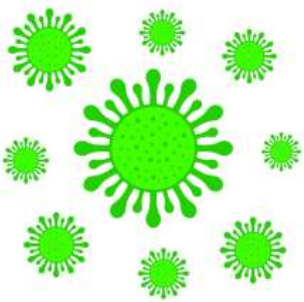
The authorities have implemented measures to contain the spread of the virus, so they have adopted comprehensive lockdown measures, including closing schools, universities, restaurants and shops, canceling public and private social events, and closing down transportation services (internal and external). In early June 2020, the complete removal of restrictions on some cities and the easing of curfews began.

In mid-July 2020, the authorities announced the preparation of a national plan for economic and social recovery to be discussed with all economic stakeholders in mid-August 2020. Moreover, the supplementary finance law (SFL) was issued in early June 2020, which includes (70 billion Algerian dinars) to mitigate the health and economic impacts of facing the epidemic.

The Bank of Algeria announced in mid-March 2020 the reduction of the official interest rate, and in early April 2020 the Bank of Algeria announced that it would reduce the

solvency, liquidity, and non-performing loans of banks. It will also allow banks to extend the payments of some loans without the need for allocations against them.

## Saudi Arabia



The authorities have implemented a set of measures to limit the spread of the virus, so they imposed curfews and travel restrictions (including international flights, public transport, and taxis), suspended prayer in mosques, closed all schools, universities and malls. At the end of April 2020 it started the partial lifting of the curfew in all regions and the gradual reopening of sectors.

It also announced a package of measures to support the private sector worth 70 billion Saudi riyals (US $ 18.7 billion), including suspending government tax payments, fees and other dues to provide liquidity to the private sector, and increased funding available through the National Development Fund; it allowed the use of the unemployment insurance fund (SANED) to support wages for private sector employees that maintain Saudi employees at a value of (9 billion riyals); laxed restrictions on the movement of expatriate workers and their contractual arrangements; and additional measures to mitigate the impact on the private sector, including temporary electricity subsidies for the commercial, industrial, and agricultural sectors.

The Saudi Arabian Monetary Agency (SAMA) lowered its interest rates, and reduced its repurchase rates (repos) and reverse repos, and a package to support the private sector at a value (50 billion riyals, (13.3 billion dollars)), especially small and medium-sized companies, by providing financing to banks to allow them to postpone existing loans and increase lending to companies.

## Sudan

The authorities implemented a set of measures to limit the spread of the virus, so they closed the borders and airports, closed schools, banned social gatherings, and suspended gatherings inside mosques in Khartoum State. Coronavirus had its impact on the economic level as the prices of basic food rose, unemployment rates increased, and caused high rates of inflation at a rate of (136.0), which exacerbated the macroeconomic challenges that the country was previously facing. In early July 2020 the lockdown began to be laxed with a gradual return to work and flights were resumed with a number of countries.

The authorities also announced the preparation of a plan to prepare for dealing with health emergencies, which included allocating about ($ 150 million) for healthcare (30 billion Sudanese pounds) were allocated to support the Sudanese health system, (8.5 billion pounds) were allocated to support the informal sector and families affected by the closure measures, and (4.5 billion pounds) were allocated for unemployment benefits for employees who were previously working in the informal sector.

## Iraq

The authorities implemented a set of measures to limit the spread of the virus, such as closing borders and travel restrictions (including international flights and internal public transport), closing schools and universities, and implementing curfews and a comprehensive curfew was in place for the first time on March 22. There was a significant negative impact on non-oil activity as a result of containment measures, and the drop in oil prices has led to a sharp decline in oil revenues since the beginning of the year, and revenues are likely to remain low throughout the year. In mid-June, curfew restrictions and restrictions on border crossings in Iraq were laxed and commercial centers and malls were allowed to reopen.

The authorities also announced the provision of an additional amount of 50 billion Iraqi dinars (42 million dollars) from the emergency reserve to the Ministry of Health. To support the efforts of the Ministry of Health to combat the pandemic. Moreover, the Central Bank of Iraq has established a fund to collect donations from financial institutions, and the Supreme Committee for National Health and Safety presented a cash transfer plan targeting families of workers in the private sector who do not receive salaries or benefits from the government so that each eligible individual gets 30 thousand Iraqi dinars (25 dollars) at a total cost of about 300 billion Iraqi dinars, (254 million dollars).

The Central Bank of Iraq also reduced the reserve requirement from (15.0) to (13.0) and announced a moratorium on interest and loan assets repayment by small and medium-sized companies through its targeted lending initiative the "The Trillion Initiative". Moreover, it has encouraged banks to extend the maturities of all loans.

## Oman

The authorities have imposed restrictions on travel (including international flights, domestic public transport, and taxis), partial lockdown, the prayers were suspended in mosques, and all schools, universities, malls and commercial establishments (except for groceries, pharmacies, food delivery and gas stations) were closed. Moreover, the attendance of employees in Government workplaces and private companies was reduced to the minimum required. In mid-April, the government approved measures aimed at preserving working Omani citizens and supporting private sector companies by encouraging them to provide annual paid leave and negotiating a reduction in their salaries in exchange for rescheduling their bank loans without interest or additional fees for a period of three months, providing fuel subsidies, and postponing electricity and water bills until the end of June 2020. The incentives offered to the affected private sector companies included delaying electricity and water fees for a period of three months.

In late April, the government began to lax the lockdown measures announcing the opening of some commercial activities, including servicing, repairing and renting cars, money exchange, electrical and electronic equipment stores, printing houses and quarries. In addition, private sector employees were allowed to return to their offices and government agencies to start their work and open commercial and industrial activities. Moreover, travel of Omani citizens abroad was facilitated, provided that the precautionary measures are adhered to.


The authorities also announced a (10.0%) spending cuts in the 2020 budget, suspension of municipal taxes and some government fees, reduction of port and air freight charges, and postponing loans to borrowers from the Oman Development Bank and the Small and Medium Enterprises Support Fund for a period of six months. The Tax Authority also announced a set of measures that include exemption from fines and penalties for late disclosure, allowing taxes to be paid in installments, and deducting donations made to combat the Coronavirus. It has also allowed an emergency interest-free loan program to help some sectors of entrepreneurs whose businesses have borne the brunt of the pandemic.

The Central Bank of Oman announced a set of immediate effective policy measures to support the financial sector, including reducing the interest rate on repurchase operations, extending the period of repurchase operations to three months, reducing the preventive capital by (50.0%), increasing the lending interest by (5.0%), immediate acceptance of the requests of affected borrowers to postpone the repayment of loan installments for the next six months without negatively affecting the risk rating of these loans, and postponing the risk rating of loans related to government projects for a period of six months.

## Palestine

The authorities have restricted the movement of all residents from homes, and closed public places, including schools, universities, tourist attractions, cafes and shops. Moreover, they have limited banking services and working hours and restricted travel within between governorates and villages. In late April, the government announced several measures to gradually lax economic and movement restrictions.

The authorities also announced a plan to spend (410 million shekels) to cover the critical short-term gap (1-3 months) related to the spread of the virus, allocating additional resources to support poor and needy families, and spending (20 million shekels) to support workers and unemployment benefits. It allowed an extension of the deadline for tax filing, and an understanding was reached between trade unions and employers' representatives to postpone paying half of workers' wages while preserving their jobs. In mid-May the government began disbursing aid to (40,202) workers affected by the Corona pandemic in eligible sectors (such as construction, tourism, services, and transportation), and the Monetary Authority established the Small and Medium Enterprises Fund to provide soft loans to small and medium-sized companies affected by the crisis.

## Yemen


The authorities closed shops and restaurants in Aden after news of the first outbreak in Aden, but they reopened quickly due to fears of food shortages. The government's efforts and measures are still focused on the containment phase in the context of the conflict, and some governorates have begun to lift curfews, but preventive measures are still in place.

The government also announced the formation of a committee to deal with the Corona virus at the beginning of the crisis, and the Ministry of Health provided medical equipment to quarantine centers in some governorates. It received some respirators and medical safety equipment from the World Bank through the World Health Organization, and the government allocated some limited budgetary resources to respond to the crisis; however, humanitarian programs in Yemen are severely underfunded.

## Qatar

Authorities restricted travel and suspended public transportation, public and private schools were replaced with remote learning, domestic services were suspended, non-essential businesses were closed (except for grocery stores and pharmacies), all public gatherings were banned. In early May, the ban measures began to be laxed, so authorities decided to open the entire industrial zone, restaurants and cafes were allowed to resume the activity of delivering orders to customers outside the shops, and exchange offices and bank branches inside the commercial complexes were also reopened.

The government announced a package of 75 billion Qatari riyals ($ 20.6 billion) to limit the effects of the spread of the virus, with the aim of supporting small companies and severely affected sectors including (hospitality, tourism, retail, and malls), and exempting marketing areas And SMEs from six-month rental payments. It also enabled migrant workers who are in quarantine or undergoing treatment to obtain full salaries. The Qatar Central Bank reduced interest rates, and the repo rate was reduced by (100) basis points to (1.5). Moreover, it set up mechanisms were to encourage banks to postpone the installments and obligations of loans to the private sector with a grace period of six months, and it decided to postpone the installments of all borrowers from it for a period of six months.

## Kuwait

The first confirmed case of Coronavirus was recorded in Kuwait on February 24, 2020, and the government took early and strict measures to contain the spread of the virus, so it suspended commercial flights coming from abroad, closed schools and universities, banned celebrations and public gatherings, and suspended non-essential work in government agencies. Moreover, the authorities adopted a set of measures to mitigate social repercussions and prevent economic distortions, with a focus on small and medium enterprises and preserving employment. At the end of May the authorities announced a plan to reopen sectors in five phases, so that each phase would last for three weeks and target specific activities.

The government also announced the allocation of 500 million Kuwaiti dinars (1.6 billion dollars) additional funds to support efforts to combat the spread of the virus. A committee has been formed to implement stimulus measures to mitigate the negative impact of the virus on economic activity, and social security contributions have been postponed for a period of (6 months) for private sector companies. Moreover, government fees were eliminated for selected sectors and the provision of full unemployment benefits to citizens continued. In addition, long-term soft loans were provided to small and medium-sized enterprises through co-financing from banks and the Small and Medium Enterprises Fund.

The Central Bank of Kuwait, in cooperation with other banks, worked to ensure continuous and uninterrupted access to online banking financial services, electronic payment, settlement, and clearing systems, as well as access to sterilized banknotes. In addition, there was a number of facilitations, including lowering interest rates on all monetary policy tools, and delaying loan payments from companies affected by the pandemic for a period of six months.

## Lebanon

The current economic situation in Lebanon is challenging with high public debt, current account deficit, and financing needs. The spread of Coronavirus has contributed to plunging the country into a severe economic recession. The authorities have implemented a set of measures to try to limit the spread of the virus, including a complete closure of all private sector and public institutions until May 24, 2020, the closure of educational institutions for the remainder of the academic year, and the closure of the airport, ports and land borders. Then, a five-stage plan was approved to gradually lax the full lockdown.

The parliament has approved an additional allocation from the 2020 budget of 1,200 billion Lebanese pounds to support social safety nets. The government established a National Solidarity Fund that accepts donations in kind and cash, and the Ministry of Finance announced the extension of all deadlines related to paying taxes and fees. Moreover, it began implementing a plan to distribute cash assistance to families who were economically and financially affected by the pandemic, and the Bank of Lebanon issued a circular allowing banks and financial institutions to give exceptional loans at zero interest rate for five years for customers who already have credit facilitations but are unable to meet their obligations and operating expenses, or pay their employees' salaries.

## Libya

The National Council for Disease Control and Prevention continued to implement strict measures to contain the spread of the virus inside Libya, but the fighting between militias and the migration of civilians posed a difficult challenge. Among the measures taken by the government are closing the country's borders, banning large public gatherings, and imposing travel restrictions, including between cities. The authorities in the eastern region of the country also ordered the imposition of a curfew from night to dawn, and the ongoing civil war had a more severe social and economic impact than the Coronavirus, which led to a significant deflation of the Libyan economy due to the sharp drop in oil prices and the collapse of oil production by more than (90.0%) because of the conflict.

The Government of National Accord announced a package of (500 million Libyan dinars) for emergency spending related to the Coronavirus in addition to reducing the wages of civil employees by (20.0%).

## Egypt

The pandemic is likely to affect the Egyptian economy primarily due to reduced travel and tourism activity, reduced remittances of workers, foreign capital inflows, and slowdown in domestic activities due to the lockdown. Moreover, weak demand in the global market will also reduce Egyptian exports as well as profits from the Suez Canal. The government has taken measures to contain the spread of the virus, imposing night-time curfews, closing places of worship, temporarily halting all flights, and encouraging civil servants to work from home in non-essential sectors, and began planning to increase strategic food reserves to meet local demand. At the end of April 2020, measures to lax restrictions on movement and economic activity of all kinds began.

The Egyptian government also announced stimulus policies in a package worth 100 billion Egyptian pounds (6.13 billion US dollars) to mitigate the economic effects of the virus. It included raising wages by (14.0%), expanding social programs for targeted cash transfers (solidarity and dignity) to include more families, and the announcement of a support initiative directed at informal workers in the most affected sectors of (EGP 500) in the form of monthly grants for a period of (3 months) for nearly (1.6 million) beneficiaries. Moreover, energy costs for the entire industrial sector have been reduced, industrial and tourism sectors were exempted from real estate taxes, and exporters received subsidies.

The Central Bank of Egypt lowered the interest rate by (300) basis points and lowered the preferential interest rate from (10.0%) to (8.0%) on loans to the tourism, industry, agriculture and construction sectors, as well as for housing for low and middle income families. A government loan guarantee was also announced for a number of economic sectors.

## Morocco

The government formed an emergency committee headed by the Minister of Finance to monitor the situation, and the authorities declared a state of health emergency until August 10. Moreover, the authorities adopted containment measures, including quarantine, suspension of all international passenger flights, banning all public gatherings, and closed mosques, schools, universities, restaurants, cafes and swimming pools. In addition, the authorities decided to regulate prices and control distribution channels for masks and alcohol gel. On June 11, 2020, they announced measures for partial reopening of economic activities, laxed restrictions in most rural areas and small

towns, resumed public transport operations, and removed restrictions on movement and travel, domestic travel.


The government has announced the establishment of a fund dedicated to managing the epidemic, from about (2.7%) of the gross domestic product financed by the government and voluntary contributions from public and private establishments that will be deducted from their taxes to cover the costs of modernizing medical facilities and support companies and families affected by the pandemic and temporarily unemployed persons registered in the retirement fund.

The Central Bank of Morocco has lowered the interest rate by (75) basis points to (1.5) since March 2020. In order to support companies, loan payments to SMEs and the self-employed have been suspended until June 30, acceptable guarantees for repurchase and credit guarantees to public and private debt instruments (including mortgages) have been extended, central bank refinancing operations have been increased and prolonged to support bank credit for SMEs.

## Mauritania

The government has taken strict measures to curb the spread of the virus, including suspending all commercial flights (to and from) the country, closure of all land borders except for the transportation of goods, closing schools and universities as well as all non-essential businesses, including restaurants and cafes, suspending unnecessary movements of people between provinces, enforcing a curfew from 9:00 PM to 6:00 AM across the country, and suspension of Friday prayers. The authorities also intensified their import of medical equipment and medicines. In early May 2020, the government took a number of measures to reopen the economy, then the curfew was completely lifted throughout the country, restaurants and cafes reopened, and the movements of people and internal flights between regions resumed.

At the end of March, the government announced the creation of an emergency fund of about (80 million dollars) for urgent purchases of medical supplies and equipment. Providing subsidies to (30,000) poor families, and providing financial support to small individual companies. It also waived customs duties and taxes on basic commodity imports, support for small and medium companies, food stocks and security-related expenditures to confront the pandemic with support of (210 million dollars). The Central Bank of Mauritania has taken measures to ease the liquidity situation and support the financing of the economy, including lowering the interest rate, reducing the marginal lending rate, and reducing bank reserve requirements.

# Theme III: Alternative Proposals and Policies from the Arab Trade Unions' Point of View

# Conclusion and Recommendations:

# References:

# Appendices:

**Table 1: GDP growth rate in the Arab countries for the period 2015-2019 (% annually)**[47]

| Country | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Jordan** | 2.00 | 1.94 | 2.12 | 2.00 | 2.39 |
| **UAE** | 1.68 | 1.19 | 2.37 | 3.06 | 11.5 |
| **Bahrain** | 1.82 | 1.96 | 3.81 | 3.47 | 2.86 |
| **Tunisia** | 1.04 | 2.66 | 1.92 | 1.16 | 1.19 |
| **Algeria** | 0.80 | 1.40 | 1.30 | 3.20 | 3.70 |
| **Djibouti** | 7.47 | 8.41 | 5.40 | 6.65 | 7.70 |
| **Saudi Arabia** | 0.33 | 2.43 | (0.74-) | 1.67 | 4.11 |
| **Sudan** | (2.56-) | (2.32-) | 4.28 | 4.70 | 4.91 |
| **Syria** | - | - | - | - | - |
| **Iraq** | 4.40 | (0.56-) | (2.49-) | 15.21 | 2.48 |
| **Oman** | 0.50 | 1.76 | 0.35 | 4.96 | 4.68 |
| **Palestine (West Bank and Gaza Strip)** | - | 0.91 | 3.14 | 4.71 | 3.43 |
| **Qatar** | (-0.18) | 1.49 | 1.58 | 2.13 | 3.66 |
| **Comoros** | 2.72 | 3.43 | 3.82 | 3.32 | 1.12 |
| **Kuwait** | 0.41 | 1.25 | (4.71-) | 2.93 | 0.59 |
| **Lebanon** | (-5.64) | (-1.93) | 0.85 | 1.53 | 0.21 |
| **Libya** | 2.54 | 15.13 | 26.68 | (2.80-) | (8.86-) |
| **Egypt** | 5.56 | 5.31 | 4.18 | 4.35 | 4.37 |
| **Morocco** | 2.30 | 2.99 | 4.23 | 1.06 | 4.54 |
| **Mauritania** | 5.93 | 2.12 | 3.50 | 1.26 | 5.38 |
| **Yemen** | - | 0.75 | (5.07-) | (9.38-) | (27.99-) |
| **Somalia** | - | - | - | - | - |
| **The Arab world** | 1.48 | 2.09 | 1.14 | 3.42 | 3.17 |
| **Countries of the World** | 2.47 | 3.10 | 3.26 | 2.59 | 2.88 |

[47]Source: World Bank database.

**Table2: Unconfirmed Expectations: The World Bank Group expectations for growth Until 1 / April / 2020[48]**

| Real GDP growth (%) | Projections for October / 2019 | | | Projections for April / 2020 | | | The difference (April / 2020, October / 2019) | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2019 e | 2020 f | 2021 f | 2019 e | 2020 f | 2021 f | 2019 e | 2020 f | 2021 f |
| **MENA Region** | **0.6** | **2.6** | **2.9** | **0.3** | **-1.1** | **2.1** | **-0.2** | **-3.7** | **-0.8** |
| **Developing countries in the MENA Region** | **0.0** | **3.0** | **3.1** | **-0.2** | **-1.8** | **2.3** | **-0.2** | **-4.8** | **-0.7** |
| **Oil-exporting Countries** | **-0.4** | **2.1** | **2.3** | **-0.5** | **-1.6** | **1.7** | **-0.1** | **-3.7** | **-0.7** |
| **Gulf Cooperation Council** | **1.1** | **2.2** | **2.7** | **0.9** | **-0.4** | **1.8** | **-0.2** | **-2.6** | **-0.9** |
| Bahrain | 1.8 | 2.1 | 2.3 | 1.8 | -2.5 | 3.0 | 0.0 | -4.5 | 0.7 |
| Kuwait | 1.5 | 2.5 | 2.8 | 0.7 | 0.0 | 1.6 | -0.8 | -2.5 | -1.2 |
| Oman | 0.3 | 3.5 | 4.0 | 0.5 | -3.5 | 2.7 | 0.2 | -7.0 | -1.3 |
| Qatar | 2.0 | 3.0 | 3.2 | 1.4 | 0.4 | 1.5 | -0.6 | -2.6 | -1.7 |
| Saudi Arabia | 0.5 | 1.6 | 2.2 | 0.3 | 0.2 | 2.1 | -0.2 | -1.4 | -0.1 |
| UAE | 1.8 | 2.6 | 3.0 | 1.7 | -1.1 | 1.2 | -0.1 | -3.7 | -1.8 |
| **Oil-exporting developing countries** | **-3.3** | **1.8** | **1.7** | **-3.1** | **-3.9** | **1.4** | **0.1** | **-5.7** | **-0.3** |
| **Algeria** | 1.3 | 1.9 | 2.2 | 0.9 | -3.0 | 1.1 | -0.4 | -4.9 | -1.1 |
| Iran | -8.7 | 0.1 | 1.0 | -8.2 | -3.7 | 1.3 | 0.5 | -3.8 | 0.3 |
| Iraq | 4.8 | 5.1 | 2.7 | 4.4 | -5.0 | 1.9 | -0.4 | -10.1 | -0.8 |
| **Oil-importing developing countries** | **4.1** | **4.4** | **4.6** | **3.5** | **0.6** | **3.3** | **-0.6** | **-3.8** | **-1.3** |
| Djibouti | 7.2 | 7.5 | 8.0 | 7.5 | 1.3 | 9.2 | 0.3 | -6.2 | 1.1 |
| Egypt | 5.6 | 5.8 | 6.0 | 5.6 | 3.7 | 3.8 | -0.1 | -2.1 | -2.2 |
| Jordan | 2.2 | 2.3 | 2.5 | 2.0 | -3.5 | 2.0 | -0.2 | -5.8 | -0.5 |
| Lebanon | -0.2 | 0.3 | 0.4 | -5.6 | -10.9 | -6.3 | -5.4 | -11.2 | -6.8 |
| Morocco | 2.7 | 3.5 | 3.6 | 2.3 | -1.7 | 5.5 | -0.4 | -5.2 | 1.9 |
| Tunisia | 1.6 | 2.2 | 2.6 | 1.0 | 4.0 | 4.2 | -0.6 | -6.2 | 1.6 |
| Palestine (West Bank and Gaza Strip) | 1.3 | -1.1 | -0.4 | 0.9 | -2.5 | 2.1 | -0.4 | -1.4 | 2.5 |
| **Memo** | | | | | | | | | |
| Libya | | | | 2.5 | -19.4 | N/S | | | |

* Note: e = estimates, f = forecast, N/S = Not shown, countries (Libya, Syria, and Yemen) are not included in the regional and sub-regional averages.

[48] Source: The economic update for the Middle East and North Africa, April 2020

**Table 3: Total GDP growth for Arab countries 2019, and The World Bank Group projections growth until 1 / April / 2020[49]**

| Country | Projected growth 2020 | actual growth 2019 | Spread (2020 projections, 2019 actual growth) |
|---|---|---|---|
| **Jordan** | (-3.50) | 2.00 | (-5.50) |
| **UAE** | (-1.10) | 1.68 | (-2.78) |
| **Bahrain** | (-2.50) | 1.82 | (-4.32) |
| **Tunisia** | (-4.00) | 1.04 | (-5.04) |
| **Algeria** | (-3.00) | 0.80 | (-3.80) |
| **Djibouti** | 1.30 | 7.47 | (-6.17) |
| **Saudi Arabia** | 0.20 | 0.33 | (-0.13) |
| **Sudan** | - | (-2.56) | - |
| **Syria** | - | - | - |
| **Iraq** | (-5.00) | 4.40 | (-9.40) |
| **Oman** | (-3.50) | 0.50 | (-4.00) |
| **Palestine (West Bank and Gaza Strip)** | (-2.50) | - | - |
| **Qatar** | 0.40 | (-0.18) | (-0.58) |
| **Comoros** | - | 2.72 | - |
| **Kuwait** | - | 0.41 | - |
| **Lebanon** | (-10.90) | (-5.64) | ( -5.26) |
| **Libya** | (-19.40) | 2.54 | (-21.94) |
| **Egypt** | 3.70 | 5.56 | (-1.86) |
| **Morocco** | (-1.70) | 2.30 | (-4.00) |
| **Mauritania** | - | 5.93 | - |
| **Yemen** | - | - | - |
| **Somalia** | - | - | - |

**Figure 4: GDP by economic sector at current market prices 2018 (Million USD)[50]**

| Sectors of commodity production | Productive services sectors | Social services sector |
|---|---|---|

[49]Source: The economic update for the Middle East and North Africa, April 2020, and the World Bank database 2019.
[50]Source: The Consolidated Arab Economic Report 2019.

| Country | Agriculture, hunting, and forestry | extractive industries | Manufacturing | Construction | Electricity, gas, and water | Total sectors of commodity production | Trade, restaurants, and hotels | Transport and storage sector | Finance, insurance, and banking | Total productive services sectors | Housing and utilities | Governmental services | Other services | Total social services sector |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Jordan** | 2,379 | 890 | 8,039 | 1,228 | 1,503 | 14,038 | 4,099 | 3,660 | 857 | 8,617 | 6,034 | 5,527 | 3,386 | 14,946 |
| **UAE** | 3,060 | 107,130 | 36,928 | 34,544 | 15,190 | 196,852 | 55,346 | 35,412 | 38,366 | 129,125 | 34,875 | 28,574 | 24,753 | 88,202 |
| **Bahrain** | 109 | 6,114 | 6,661 | 3,101 | 496 | 16,480 | 2,460 | 2,672 | 6,078 | 11,210 | 2,072 | 4,904 | 2,689 | 9,665 |
| **Tunisia** | 4,034 | 1,326 | 5,395 | 524 | 455 | 11,734 | 5,627 | 4,532 | 1,154 | 11,314 | 1,568 | 7,099 | 4,913 | 13,580 |
| **Algeria** | 22,178 | 39,212 | 7,627 | 20,771 | 1,951 | 91,738 | 22,282 | 19,248 | 1,180 | 42,710 | 1,234 | 24,959 | 4,812 | 31,005 |
| **Djibouti** | 45 | 10 | 93 | 122 | 124 | 393 | 197 | 416 | 101 | 715 | 122 | 428 | 145 | 695 |
| **Saudi Arabia** | 17,496 | 235,363 | 100,748 | 40,399 | 13,137 | 407,143 | 74,709 | 45,776 | 34,161 | 154,646 | 55,166 | 147,692 | 16,713 | 219,572 |
| **Sudan** | 6,609 | 3,297 | 3,904 | 1,186 | 136 | 15,131 | 5,796 | 3,201 | 7,121 | 16,118 | - | 1,301 | 3,105 | 4,406 |
| **Syria** | 8,861 | 2,271 | 2,342 | 215 | 146 | 13,836 | 2,991 | 2,172 | 549 | 5,712 | - | 2,332 | 1,185 | 3,517 |
| **Iraq** | 4,143 | 99,995 | 3,815 | 9,040 | 6,226 | 123,219 | 16,513 | 22,578 | 1,097 | 40,189 | 12,424 | 30,473 | 6,096 | 48,992 |
| **Oman** | 1,743 | 28,612 | 7,831 | 5,165 | 1,475 | 44,827 | 6,601 | 4,289 | 2,804 | 13,694 | 3,821 | 9,300 | 8,705 | 21,825 |
| **Palestine (West Bank and Gaza Strip)** | 439 | 55 | 1,581 | 932 | 283 | 3,289 | 2,906 | 860 | 203 | 3,969 | 956 | 2,162 | 1,828 | 4,946 |
| **Qatar** | 336 | 69,340 | 17,634 | 28,818 | 1,596 | 117,724 | 14,899 | 10,420 | 6,599 | 31,918 | 17,519 | 13,054 | 11,584 | 42,157 |
| **Comoros** | 348 | 13 | 104 | 22 | 7 | 494 | 235 | 92 | 27 | 354 | 178 | 111 | - | 289 |
| **Kuwait** | 683 | 68,069 | 11,165 | 3,082 | 3,587 | 86,586 | 7,083 | 8,594 | 4,270 | 19,948 | 14,618 | 13,643 | 14,086 | 42,346 |
| **Lebanon** | 1,636 | 214 | 4,824 | 2,148 | 1,263 | 10,085 | 8,990 | 3,337 | 4,778 | 17,106 | 12,277 | 5,378 | 7,625 | 25,281 |
| **Libya** | 637 | 27,100 | 835 | 878 | 316 | 29,766 | 1,845 | 1,142 | 228 | 3,215 | 193 | 16,392 | 2,284 | 18,869 |
| **Egypt** | 28,082 | 27,022 | 40,729 | 14,457 | 5,565 | 115,855 | 39,604 | 21,950 | 11,236 | 72,789 | 18,176 | 18,012 | 19,510 | 55,698 |
| **Morocco** | 14,460 | 2,720 | 18,511 | 6,358 | 2,973 | 45,022 | 12,417 | 6,866 | 5,327 | 24,611 | 10,994 | 10,805 | 13,197 | 34,996 |
| **Mauritania** | 1,209 | 677 | 410 | - | 11 | 2,306 | 436 | 279 | - | 715 | 469 | 579 | 731 | 1,779 |
| **Yemen** | 1,429 | 185 | 845 | 374 | 80 | 2,912 | 1,469 | 981 | 301 | 2,778 | 761 | 1,338 | 98 | 2,197 |
| **Somalia** | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **The Arab world** | 119,916 | 719,616 | 280,019 | 173,363 | 56,517 | 1,349,431 | 286,534 | 198,478 | 126,438 | 611,451 | 193,459 | 344,062 | 147,444 | 684,965 |

### Table 5: GDP per capita for the period 2015-2019 (in current prices in USD)[51]

| Country | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| **Jordan** | 4,330.33 | 4,241.79 | 4,162.82 | 4,103.73 | 4,105.45 |
| **UAE** | 43,103.32 | 43,839.36 | 40,644.80 | 48,141.85 | 38,663.38 |
| **Bahrain** | 23,503.98 | 23,991.06 | 23,709.43 | 22,619.12 | 22,688.94 |
| **Tunisia** | 3,317.54 | 3,438.79 | 3,481.23 | 3,697.93 | 3,861.69 |
| **Algeria** | 3,948.34 | 4,114.72 | 4,044.28 | 3,946.44 | 4,177.89 |
| **Djibouti** | 3,408.85 | 3,141.89 | 2,914.38 | 2,802.20 | 2,658.98 |
| **Saudi Arabia** | 23,139.80 | 23,338.96 | 20,803.74 | 19,879.30 | 20,627.93 |
| **Sudan** | 441.51 | 623.87 | 1,111.87 | 1,299.26 | 1,909.74 |
| **Syria** | - | - | - | - | - |

[51]Source: World Bank database.

| | | | | | |
|---|---|---|---|---|---|
| **Iraq** | 5,955.11 | 5,834.17 | 5,205.29 | 4,776.73 | 4,989.80 |
| **Oman** | 15,474.03 | 16,414.89 | 15,130.94 | 14,618.88 | 16,028.75 |
| **Palestine (West Bank and Gaza Strip)** | - | 3,198.87 | 3,254.49 | 3,074.29 | 2,967.85 |
| **Qatar** | 64,781.73 | 68,793.78 | 61,264.40 | 57,163.06 | 63,039.02 |
| **Comoros** | 1,393.50 | 1,415.96 | 1,323.81 | 1,273.06 | 1,242.60 |
| **Kuwait** | 32,031.98 | 33,994.38 | 29,759.44 | 27,653.07 | 29,869.53 |
| **Lebanon** | 7,784.32 | 8,024.80 | 7,801.18 | 7,629.89 | 7,644.55 |
| **Libya** | 7,683.75 | 7,877.12 | 5,756.70 | 4,035.19 | 4,337.92 |
| **Egypt** | 3,020.03 | 2,549.13 | 2,440.51 | 3,525.02 | 3,598.97 |
| **Morocco** | 3,204.10 | 3,222.20 | 3,036.33 | 2,896.72 | 2,875.26 |
| **Mauritania** | 1,677.92 | 1,600.88 | 1,578.11 | 1,536.85 | 1,524.07 |
| **Yemen** | - | 968.16 | 882.40 | 1,033.73 | 1,395.44 |
| **Somalia** | - | - | - | - | - |
| **The Arab world** | 6,580.06 | 6,603.35 | 6,102.21 | 6,097.24 | 6,387.66 |
| **Countries of the World** | 11,435.61 | 11,381.68 | 10,817.48 | 1,021.91 | 10,246.51 |

*Table 6: The size of inflation in Arab countries 2016-2019 (% annually) measured at the prices the consumer pays* [52]

| Country | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| **Jordan** | 0.76 | 4.46 | 3.32 | (-0.78) |
| **UAE** | (-1.93) | 3.07 | 1.97 | 1.62 |
| **Bahrain** | **1.0 | 2.08 | 1.39 | 2.80 |
| **Tunisia** | 6.72 | 7.31 | 5.31 | 3.63 |
| **Algeria** | 1.95 | 4.27 | 5.59 | 6.40 |
| **Djibouti** | 3.32 | 0.15 | -0.57 | 2.74 |
| **Saudi Arabia** | (-2.09) | 2.46 | (-0.84) | 2.07 |
| **Sudan** | 50.99 | 63.29 | 32.35 | 17.75% |
| **Syria** | - | - | - | - |
| **Iraq** | **(-0.20) | 0.37 | 0.18 | 0.56 |
| **Oman** | 0.13 | 0.88 | 1.60 | 11.1 |
| **Palestine (West Bank and Gaza Strip)** | 1.58 | (-0.20) | 0.21 | (-0.22) |
| **Qatar** | (-0.67) | 0.26 | 0.39 | 2.68 |
| **Comoros** | **2.8 | **2.5 | - | - |
| **Kuwait** | 1.09 | 0.54 | 2.17 | 3.20 |
| **Lebanon** | 3.01 | 6.08 | 4.32 | (-0.78) |
| **Libya** | **(-0.40) | **13.6 | *29.50 | *10.20 |
| **Egypt** | **9.2 | 14.40 | 29.51 | 13.81 |
| **Morocco** | 0.20 | 1.91 | 0.75 | 1.64 |
| **Mauritania** | 2.30 | 3.05 | 2.28 | 1.49 |
| **Yemen** | - | - | *16.10 | *17.60 |

[52]Source: World Bank database 2016-2019, *Arab Monetary Fund - The Arab Economies Competitiveness Report 2019, **Arab Monetary Fund - Arab Economic Outlook 2020.

| | | | | |
|---|---|---|---|---|
| **Somalia** | **3.0 | - | - | - |
| **The Arab world** | 1.34 | 2.46 | 1.97 | 2.07 |

**Table 7: The volume of exports and imports of goods and services 2015-2018[53]**

| Country | Volume of exports of goods and services (in USD) (billion) | | | | Volume of imports of goods and services (in USD) (billion) | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 | 2015 | 2016 | 2017 | 2018 |
| **Jordan** | 14.10 | 13.58 | 14.30 | 15.02 | 22.69 | 21.71 | 22.94 | 23.00 |
| **Palestine (West Bank and Gaza Strip)** | 2.24 | 2.21 | 2.54 | 2.60 | 7.65 | 7.87 | 8.50 | 9.02 |
| **Syria** | 6.14 | 4.00 | 4.26 | 5.36 | 6.20 | 4.03 | 4.30 | 5.41 |
| **Lebanon** | 13.65 | 12.95 | 12.73 | 13.85 | 23.39 | 23.95 | 25.97 | 28.25 |
| **Iraq** | 61.14 | 49.43 | 69.46 | 92.12 | 62.14 | 46.57 | 52.97 | 61.35 |
| **Egypt** | 41.90 | 27.96 | 30.87 | 47.23 | 68.83 | 53.78 | 57.19 | 73.34 |
| **Sudan** | 5.46 | 4.74 | 3.48 | 1.38 | 10.16 | 9.73 | 7.11 | 2.84 |
| **Yemen** | 1.87 | 1.04 | 2.17 | 2.48 | 7.63 | 9.20 | 9.03 | 9.83 |
| **Saudi Arabia** | 218.01 | 200.86 | 239.99 | 310.38 | 253.55 | 198.11 | 202.05 | 209.98 |
| **Oman** | 31.05 | 36.96 | 46.19 | 58.17 | 31.21 | 34.96 | 35.30 | 37.58 |
| **UAE** | 361.25 | 360.63 | 384.04 | 388.75 | 266.28 | 270.44 | 290.78 | 281.55 |
| **Kuwait** | 61.61 | 52.11 | 60.23 | 76.97 | 51.49 | 53.09 | 57.45 | 60.75 |
| **Qatar** | 92.29 | 72.40 | 85.20 | 102.56 | 59.27 | 63.48 | 62.19 | 65.81 |
| **Bahrain** | 25.65 | 23.78 | 26.73 | 30.17 | 22.30 | 21.09 | 23.88 | 27.05 |
| **Morocco** | 35.21 | 36.52 | 40.83 | 45.68 | 42.90 | 47.02 | 51.30 | 58.08 |
| **Algeria** | 38.46 | 33.40 | 37.93 | 44.52 | 60.62 | 56.10 | 55.60 | 56.20 |
| **Tunisia** | 17.30 | 16.73 | 17.44 | 19.02 | 21.99 | 21.22 | 22.36 | 24.53 |
| **Libya** | 6.56 | 2.90 | 13.85 | 18.80 | 12.58 | 10.44 | 14.31 | 19.15 |
| **Somalia** | 0.00 | 0.00 | 0.01 | 0.01 | 0.02 | 0.02 | 0.03 | 0.03 |
| **Mauritania** | 1.91 | 2.15 | 2.59 | 2.85 | 2.93 | 2.51 | 2.57 | 2.98 |
| **Djibouti** | 3.44 | 2.62 | 4.07 | 4.49 | 3.41 | 3.26 | 4.94 | 4.80 |
| **Comoros** | 0.10 | 0.11 | 0.13 | 0.15 | 0.27 | 0.29 | 0.30 | 0.35 |

[53]Source: OIC Database 2017-2018.

**Table 8: Percentage exported and imported goods out of total exports and imports by type of exports and imports, the percentage of exported and imported services out of the total exports and imports of services by type of exports and imports (%) to the Arab world[54]**

| Exports | | | | | | | | | Imports | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| out of the total exported goods | | | | | | | out of the total exported of commercial services | | out of the total imported goods | | | | | | out of the total imported commercial services | |
| Years | Manufactured goods | Fuel | Ore and minerals | Foodstuff | ICT goods | Primary agricultural resources | Tourist services | Transportation services | Manufactured goods | Fuel | Ore and minerals | Foodstuff | ICT goods | Primary agricultural resources | Tourist services | Transportation services |
| 2015 | 16.41 | 65.60 | 2.99 | 3.85 | 1.04 | 0.18 | 48.10 | 25.20 | 63.85 | 6.57 | 2.78 | 13.06 | 5.28 | 0.98 | 27.48 | 37.94 |
| 2016 | 17.19 | 65.05 | 3.29 | 3.43 | 0.99 | 0.17 | 45.94 | 29.11 | 65.35 | 5.97 | 2.66 | 13.23 | 5.28 | 0.93 | 28.96 | 35.79 |
| 2017 | 16.78 | - | 3.40 | 3.45 | - | 0.19 | 45.85 | 29.63 | 72.35 | 6.99 | 3.19 | 13.94 | - | 0.91 | 28.59 | 34.65 |
| 2018 | 17.09 | - | 3.60 | 3.53 | - | 0.17 | - | 29.64 | 72.16 | 9,06 | 3.62 | 12.40 | - | 0.96 | - | - |

**Table 9: Volume of revenues in the economy of the Arab countries2017-2018 (Million USD)[55]**

| | Total Public Revenues and Grants | | | Tax Revenues | | |
|---|---|---|---|---|---|---|
| **Country** | **2017** | **2018** | **change (%)** | **2017** | **2018** | **change (%)** |
| **Jordan** | 10,442 | 11,002 | 5.4% | 6,222 | 6,395 | 2.8% |
| **UAE** | 109,433 | 124,030 | 13.3% | 45,535 | 55,548 | 22.0% |
| **Bahrain** | 5,854 | 6,382 | 9.0% | 761 | 819 | 7.6% |

[54]Source: World Bank data.
[55]Source: The Consolidated Arab Economic Report 2019.

| | | | | | | |
|---|---|---|---|---|---|---|
| **Tunisia** | 9,969 | 10,106 | 1.4% | 8,781 | 8,862 | 0.9% |
| **Algeria** | 54,777 | 56,565 | 3.3% | 24,875 | 25,452 | 2.3% |
| **Djibouti** | 644 | 688 | 6.8% | 368 | 411 | 11.7% |
| **Saudi Arabia** | 184,403 | 241,500 | 31.0% | 25,937 | 44,267 | 70.7% |
| **Sudan** | 11,537 | 4,012 | -65.2% | 9,554 | 2,478 | -74.1% |
| **Syria** | - | - | - | - | - | - |
| **Iraq** | 58,750 | 77,530 | 32.0% | 5,314 | 7,840 | 47.5% |
| **Oman** | 22,627 | 28,625 | 26.5% | 3,475 | 4,623 | 33.0% |
| **Palestine** | 4,289 | 4,127 | -3.8% | 3,178 | 3,033 | -4.6% |
| **Qatar** | 44,855 | 57,120 | 27.3% | 6,728 | 7,967 | 18.4% |
| **Comoros** | 109 | 204 | 87.2% | 85 | 113 | 32.9% |
| **Kuwait** | 43,221 | 52,968 | 22.6% | 1,846 | 2,815 | 52.5% |
| **Lebanon** | 10,778 | 11,025 | 2.3% | 8,213 | 8,820 | 7.4% |
| **Libya** | 16,026 | 23,054 | 43.9% | 724 | 1,388 | 91.7% |
| **Egypt** | 44,588 | 47,120 | 5.7% | 31,250 | 34,048 | 9.0% |
| **Morocco** | 25,612 | 27,676 | 8.1% | 22,639 | 25,024 | 10.5% |
| **Mauritania** | 1,379 | 1,585 | 14.9% | 903 | 1,012 | 12.1% |
| **Yemen** | 1,029 | 717 | -30.3% | 237 | 215 | -9.3% |
| **Somalia** | - | - | - | - | - | - |
| **All Arab countries** | 660,321 | 786,036 | 19.0% | 206,626 | 241,128 | 16.7% |

**Table 10: The volume of expenditure in an economy in the Arab countries2017-2018 (in USD million)[56]**

| Country | Public expenditure | | | Current spending | | | Capital spending | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2017 | 2018 | Percentage of change (%) | 2017 | 2018 | Percentage of change (%) | 2017 | 2018 | Percentage of change (%) |
| **Jordan** | 11,539 | 12,127 | 5.1% | 10,988 | 11,584 | 5.4% | 530 | 492 | 7.2 |
| **UAE** | 110,184 | 121,062 | 9.9% | 98,004 | 106,535 | 8.7% | 12,179 | 14,527 | 19.3% |
| **Bahrain** | 9,407 | 9,806 | 4.2% | 8,464 | 8,929 | 5.5% | 943 | 878 | -6.9% |
| **Tunisia** | 11,256 | 11,610 | 3.1% | 8,818 | 9,443 | 7.1% | 2,438 | 2,167 | -11.1% |

[56]Source: The Consolidated Arab Economic Report 2019.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Algeria** | 64,104 | 71,948 | 12.2% | 41,368 | 44,217 | 6.9% | 22,737 | 27,730 | 22.0% |
| **Djibouti** | 676 | 703 | 4.0% | 472 | 525 | 11.2% | 204 | 178 | -12.7% |
| **Saudi Arabia** | 248,000 | 274,667 | 10.8% | 192,600 | 220,000 | 14.2% | 55,400 | 54,667 | -1.3% |
| **Sudan** | 13,632 | 4,971 | -63.5% | 12,854 | 4,420 | -65.6% | 778 | 551 | -29.2% |
| **Syria** | - | - | - | - | - | - | - | - | - |
| **Iraq** | 63,878 | 88,118 | 37.9% | 42,339 | 67,264 | 58.9% | 21,538 | 20,854 | -3.2% |
| **Oman** | 30,429 | 32,511 | 6.8% | 21,909 | 25,057 | 14.4% | 8,520 | 7,454 | -12.5% |
| **Palestine** | 4,811 | 3,931 | -18.3% | 4,176 | 3,333 | -20.2% | 370 | 330 | -10.8% |
| **Qatar** | 55,823 | 52,959 | -5.1% | 32,194 | 31,592 | -1.9% | 23,629 | 21,367 | -9.6% |
| **Comoros** | 204 | 217 | 6.4% | 106 | 204 | 92.5% | 86 | 13 | -84.9% |
| **Kuwait** | 58,426 | 63,720 | 9.1% | 54,456 | 60,119 | 10.4% | 3,970 | 3,601 | -9.3% |
| **Lebanon** | 14,078 | 16,611 | 18.0% | 13,705 | 16,113 | 17.6% | 374 | 498 | 33.2% |
| **Libya** | 28,424 | 31,094 | 9.4% | 26,891 | 29,850 | 11.0% | 1,534 | 1,244 | 18.9% |
| **Egypt** | 70,263 | 68,058 | -3.1% | 62,419 | 60,422 | -3.2% | 7,382 | 7,636 | 3.4% |
| **Morocco** | 29,884 | 32,464 | 8.6% | 23,157 | 25,469 | 10.0% | 6,727 | 6,995 | 4.0% |
| **Mauritania** | 1,271 | 1,414 | 11.3% | 840 | 904 | 7.6% | 431 | 511 | 18.6% |
| **Yemen** | 2,355 | 1,741 | -26.1% | 2,289 | 1,696 | -25.9% | 66 | 45 | -31.8% |
| **Somalia** | - | - | - | - | - | - | - | - | - |
| **Arab States** | 828,645 | 899,731 | 8.6% | 658,048 | 727,675 | 10.6% | 169,836 | 171,737 | 1.1% |

**Table 11: Volume of foreign debt in Arab countries 2016-2018 (in million USD)**[57]

| Country | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| **Jordan** | 32044.5 | 30151.0 | 27239.0 | 25738.7 |
| **UAE** | - | - | - | - |
| **Bahrain** | - | - | - | - |
| **Tunisia** | 34,661.0 | 33,468.2 | 28,363.5 | 27,244.8 |
| **Algeria** | 5,710.4 | 5,706.7 | 5,463.2 | 4,671.4 |
| **Djibouti** | 3,264.1 | 3,355.8 | 2,991.4 | 2,603.6 |
| **Saudi Arabia** | - | - | - | - |
| **Sudan** | 21,595.9 | 21,744.6 | 21,114.1 | 21,426.4 |
| **Syria** | 4,589.1 | 4,604.7 | 4,368.4 | 4,419.6 |

[57]World Bank Database 2016-2018.

| | | | | |
|---|---|---|---|---|
| **Iraq** | - | - | - | - |
| **Oman** | - | - | - | - |
| **Palestine (West Bank and Gaza Strip)** | - | - | - | - |
| **Qatar** | - | - | - | - |
| **Comoros** | 191.1 | 167.0 | 160.6 | 130.6 |
| **Kuwait** | - | - | - | - |
| **Lebanon** | 79,344.6 | 73,992.7 | 70,577.4 | 67,706.6 |
| **Libya** | - | - | - | - |
| **Egypt** | 98,704.9 | 84,428.7 | 69,173.1 | 49,847.2 |
| **Morocco** | 49,041.4 | 49,796.2 | 46,375.4 | 43,070.2 |
| **Mauritania** | 5,218.1 | 5,233.4 | 5,080.2 | 4,993.5 |
| **Yemen** | 7,036.6 | 7,193.1 | 7,062.9 | 7,298.9 |
| **Somalia** | 2,932.0 | 2,958.0 | 2,864.5 | 2,893.9 |
| **The Arab world** | **344,333.7** | **322,800.1** | **290,833.7** | **262,045.4** |

**Table 12: The volume of MSMEs in the economies of every Arab country**[58]

| Country | Year | Number of Projects | | | | Percentage of MSMEs out of the total state projects (%) | Contribution of projects to GDP at current prices (%) | Contribution of SMEs to employment in the formal sector (%) |
|---|---|---|---|---|---|---|---|---|
| | | Total | Medium (%) | Small (%) | Micro(%) | | | |
| **Jordan** | 2015 | 187,645 | 1.6 | 8.7 | 89.3 | 90.0 | 40.0 | 24.7 |
| **UAE** | 2016 | 314,277 | 2.3 | 30.9 | 66.8 | 98.9 | 49.0 | 27.4 |
| **Bahrain** | 2018 | 87,470 | 0.8 | 15.6 | 82.9 | 99.0 | 35.0 | - |
| **Tunisia** | 2017 | 771,000 | 0.3 | 1.2 | 98.4 | 95.0 | 73.0 | 31.6 |
| **Saudi Arabia** | 2017 | 977,500 | 7.0 | 14.0 | 87.0 | 99.0 | 22.3 | 64.0 |
| **Sudan** | 2014 | 22,460 | - | - | - | 93.1 | - | - |
| **Iraq** | 2017 | 28,000 | - | - | - | 99.5 | 0.8 | 20.2 |
| **Oman** | 2018 | 103,600 | 4.6 | 33.6 | 61.7 | 13.5 | - | - |
| **Palestine** | 2018 | 136,000 | 0.3 | 3.5 | 96.2 | 86.0 | 46.0 | - |
| **Qatar** | 2014 | 13,000 | - | - | - | - | - | 9.9 |
| **Kuwait** | 2014 | 33,000 | - | - | - | - | - | - |

[58]Source: Arab Monetary Fund - Promotion of Micro, Small and Medium Enterprises in the Arab Countries, 2019.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Lebanon** | 2014 | 171,000 | 3.5 | 20.0 | 73.0 | - | 27.0 | - |
| **Libya** | 2014 | 18,000 | - | - | - | 99.6 | - | - |
| **Egypt** | 2018 | 2,408,429 | 0.3 | 2.7 | 97.0 | - | 80.0 | 20.5 |
| **Morocco** | - | 503,000 | - | - | - | - | 29.0 | 49.0 |

**Table 13: Some indicators of population, labor force and unemployment in the Arab countries, according to the latest available data, 2019 [59]**

| | **Residents** | **Unemployment** | | | **Workforce** | | | **Participation in workforce** | |
|---|---|---|---|---|---|---|---|---|---|
| **y** | **Population (Million)** | **Unemployment rate % 2019** | **Unemployment rate, males %** | **Unemployment rate 2019, females %** | **Labor Force 2019 (Thousands)** | **Workforce, males %** | **Workforce, females %** | **Workforce participation percentage, total 2019** | **Work partic perce femal** |
| **n** | 10.102 | 14.7 | 12.8 | 23.3 | 2,637.89 | 81.9 | 18.1 | 41.6 | 15.3 |
| | 9.771 | 2.3 | 1.6 | 6.0 | 6,840.92 | 82.4 | 17.6 | 82.8 | 53.2% |
| **in** | 1.641 | 0.7 | 0.2 | 3.0 | 978.62 | 79.9 | 20.1 | 74.9 | 46.7 |
| **a** | 11.695 | 16.0 | 13.4 | 23.4 | 4,087.30 | 73.7% | 26.3 | 51.3 | 26.9 |
| **a** | 43.053 | 11.7 | 9.7 | 21.1% | 12,303.93 | 82.4 | 17.6 | 45.1% | 16.1 |
| **ti** | 0.974 | 10.3 | 10.2 | 10.4 | 415.21 | 60.2 | 39.8 | 63.8 | 54.2 |
| **n** | 34.269 | 5.9 | 2.9 | 22.1 | 14,387.60 | 84.2 | 15.8 | 58.0 | 23.3 |
| | 42.813 | 16.5 | 11.6 | 27.8 | 12,410.69 | 69.6 | 30.4 | 49,7 | 30.3 |
| | 17.070 | 8.4 | 5.9 | 20.8 | 5,191.55 | 83.5 | 16.5 | 46.6 | 15.5 |
| | 39.310 | 12.8 | 10.1 | 30.4 | 10,475.72 | 86.5 | 13.5 | 44.7 | 12.2 |
| | 4,975 | 2.7 | 1.3 | 11.9 | 2,793.21 | 87.3 | 12.7 | 74.4 | 32.5 |
| **ne** | 4.685 | 26.2 | 22.5 | 40.9 | 1,260.10 | 80.0 | 20.0 | 45.9 | 18.6 |
| | 2.832 | 0.1 | - | 0.4 | 2,124.50 | 86.3 | 13.7 | 87.7 | 58.1 |
| **ros** | 0.851 | 4.3 | 4.1 | 4.7 | 223.59 | 57.9 | 42.1 | 44.0 | 37.6 |
| **t** | 4.207 | 2.2 | 1.1 | 5.5 | 2,424.99 | 74.9 | 25.1 | 74.9 | 51.5 |
| **on** | 6.856 | 6.2 | 5.0 | 9.9 | 2,398.86 | 75.5 | 24.5 | 50.7 | 25.4 |
| | 6.777 | 18.6 | 15.5 | 24.6 | 2,422.26 | 66.0 | 34.0 | 52.8 | 36.4 |
| | 100.388 | 10.8 | 7.2 | 22.1 | 30,828.41 | 76.4 | 23.6 | 49.5 | 23.8 |
| **co** | 36.472 | 9.0 | 8.6 | 10.4 | 12,067.48 | 75.8 | 24.2 | 48.7 | 23.2 |
| **tania** | 4.526 | 9.5 | 8.4 | 12.1 | 1,248.25 | 68.4 | 31.6 | 47.1 | 29.9 |
| **n** | 29.162 | 12.9 | 11.9 | 24.9 | 6,734.98 | 92.3 | 7.7 | 39.1 | 6.1 |
| **ia** | 15.443 | 11.4 | 11.4 | 11.1 | 3,924.82 | 76.8 | 23.2 | 49.1 | 22.6 |
| | 427.870 | 10.3 | 7.8 | 20.0 | 138.18 | 79.3 | 20.7 | 50.6 | 22.2 |
| **Vorld** | 7,670,000 | 5.4 | 5.3 | 5.6 | 3,459.97 | 61.1 | 38.9 | 66.4 | 52.5 |

[59] Source: World Bank database 201.

**Table 14: Employment in Arab countries by economic sectors 2019 (% of total employed)**[60]

| Country | Workers in agriculture (% of total employed) | Industrial workers (% of total employed) | Workers in services (% of total employed) |
|---|---|---|---|
| **Jordan** | 3.1 | 24.5 | 72.4 |
| **UAE** | 1.4 | 34.4 | 64.2 |
| **Bahrain** | 1.0 | 35.2 | 63.8 |
| **Tunisia** | 13.0 | 32.6 | 54.4 |
| **Algeria** | 9.9 | 30.7 | 59.4 |
| **Djibouti** | 33.1 | 13.1 | 53.8 |
| **Saudi Arabia** | 2.4 | 24.7 | 72.9 |
| **Sudan** | 39.9 | 16.2 | 43.8 |
| **Syria** | 10.7 | 26.6 | 62.7 |
| **Iraq** | 18.1 | 22.3 | 59.6 |
| **Oman** | 4.6 | 32.8 | 62.7 |
| **Palestine (West Bank and Gaza Strip)** | 6.1 | 31.6 | 62.3 |
| **Qatar** | 1.2 | 54.4 | 44.4 |
| **Comoros** | 50.4 | 13.0 | 36.6 |
| **Kuwait** | 2.0 | 24.4 | 73.6 |
| **Lebanon** | 13.6 | 22.5 | 63.9 |
| **Libya** | 18.9 | 21.9 | 59.2 |
| **Egypt** | 23.8 | 27.7 | 48.5 |
| **Morocco** | 34.7 | 21.7 | 43.6 |
| **Mauritania** | 51.3 | 12.9 | 35.8 |
| **Yemen** | 29.0 | 10.1 | 61.0 |
| **Somalia** | 83.1 | 3.6 | 13.3 |
| **The Arab world** | **20.2** | **24.8** | **55.0** |
| **The World** | **26.9** | **23.0** | **50.1** |

[60]Source: World Bank database.

**Table 15: The size and development of the shadow economy in the Arab world during the period (2010-2015) (Percentage of GDP)**[61]

| Country | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | Average from 1991-2015 |
|---|---|---|---|---|---|---|---|
| **Jordan** | 15.16 | 14.2 | 14.64 | 15.0 | 15.38 | 14.96 | 17.38 |
| **UAE** | 24.26 | 22.02 | 22.44 | 23.11 | 23.92 | 25.09 | 26.54 |
| **Bahrain** | 16.63 | 19.21 | 20.03 | 21.11 | 21.01 | 20.30 | 19.34 |
| **Tunisia** | 30.90 | 33.08 | 32.94 | 31.97 | 33.85 | 27.83 | 35.31 |
| **Algeria** | 23.98 | 25.74 | 25.98 | 26.94 | 27.37 | 25.89 | 30.86 |
| **Djibouti** | - | - | - | - | - | - | - |
| **Saudi Arabia** | 14.70 | 13.88 | 13.60 | 13.34 | 13.97 | 14.37 | 16.65 |
| **Sudan** | - | - | - | - | - | - | - |
| **Syria** | 19.53 | 22.24 | 22.79 | 22.18 | 21.50 | 19.39 | 19.58 |
| **Iraq** | - | - | - | - | - | - | - |
| **Oman** | 23.91 | 21.07 | 19.07 | 18.25 | 17.65 | 16.76 | 19.93 |
| **Palestine (West Bank and Gaza Strip)** | - | - | - | - | - | - | - |
| **Qatar** | 13.08 | 12.31 | 12.15 | 12.28 | 12.72 | 14.56 | 15.93 |
| **Comoros** | 40.92 | 36.44 | 36.63 | 38.61 | 38.63 | 39.05 | 39.11 |
| **Kuwait** | 21.72 | 22.07 | 20.55 | 19.86 | 19.81 | 19.75 | 19.31 |
| **Lebanon** | 29.16 | 29.06 | 27.96 | 25.67 | 25.51 | 24.63 | 31.58 |
| **Libya** | 38.27 | 37.91 | 34.75 | 32.79 | 38.76 | 27.05 | 33.62 |
| **Egypt** | 33.32 | 34.96 | 34.37 | 33.64 | 32.91 | 30.50 | 34.24 |
| **Morocco** | 27.13 | 29.18 | 29.79 | 29.83 | 28.98 | 29.37 | 34.01 |
| **Mauritania** | 25.75 | 24.38 | 24.45 | 25.42 | 27.03 | 28.39 | 32.29 |
| **Yemen** | 28.81 | 27.61 | 31.07 | 31.98 | 32.07 | 23.57 | 28.34 |
| **Somalia** | - | - | - | - | - | - | - |

[61]Source: IMF Working Paper 2018.

**Table 16: size of annual budgets 2020 / (billion $)**[62][63]

| Country | Year | Projected expenditures (billion dollars) | Projected revenue (billion dollars) |
|---|---|---|---|
| **Jordan** | 2020 | 9.81 | 8.56 |
| **UAE** | 2020 | 16.70 | 17.40 |
| **Bahrain** | 2020 | 9.41 | 7.80 |
| **Tunisia** | 2020 | 17.25 | 13.10 |
| **Algeria** | 2020 | 65.00 | 45.00 |
| **Djibouti*** | 2018 | 0.70 | 0.69 |
| **Saudi Arabia** | 2020 | 271.94 | 222.00 |
| **Sudan** | 2020 | 12.20 | 10.34 |
| **Syria** | 2020 | 9.22 | 8.10 |
| **Iraq*** | 2019 | 112.00 | 88.50 |
| **Oman** | 2020 | 34.30 | 27.80 |
| **Palestine (West Bank and Gaza Strip) *** | 2018 | 3.93 | 4.10 |
| **Qatar** | 2020 | 57.81 | 58.00 |
| **Comoros*** | 2018 | 0.22 | 0.20 |
| **Kuwait** | 2020 | 73.51 | 48.40 |
| **Lebanon** | 2020 | 16.98 | 12.61 |
| **Libya** | 2020 | 16.50 | 16.50 |
| **Egypt** | 2020 | 108.35 | 81.50 |
| **Morocco** | 2020 | 51.40 | 47.00 |
| **Mauritania** | 2020 | 1.71 | 1.62 |
| **Yemen*** | 2018 | 3.32 | 2.22 |
| **Somalia** | 2020 | 0.46 | - |

[62]Source: Multiple sites across websites, * Source: (2018) budgets: The Consolidated Arab Economic Report 2019.
[63]As for the 2020 budget for (Iraq and Yemen), it was not adopted. As for the other countries (Comoros, Palestine, and Djibouti), no data on the 2020 budget is available on the websites of any of them.

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