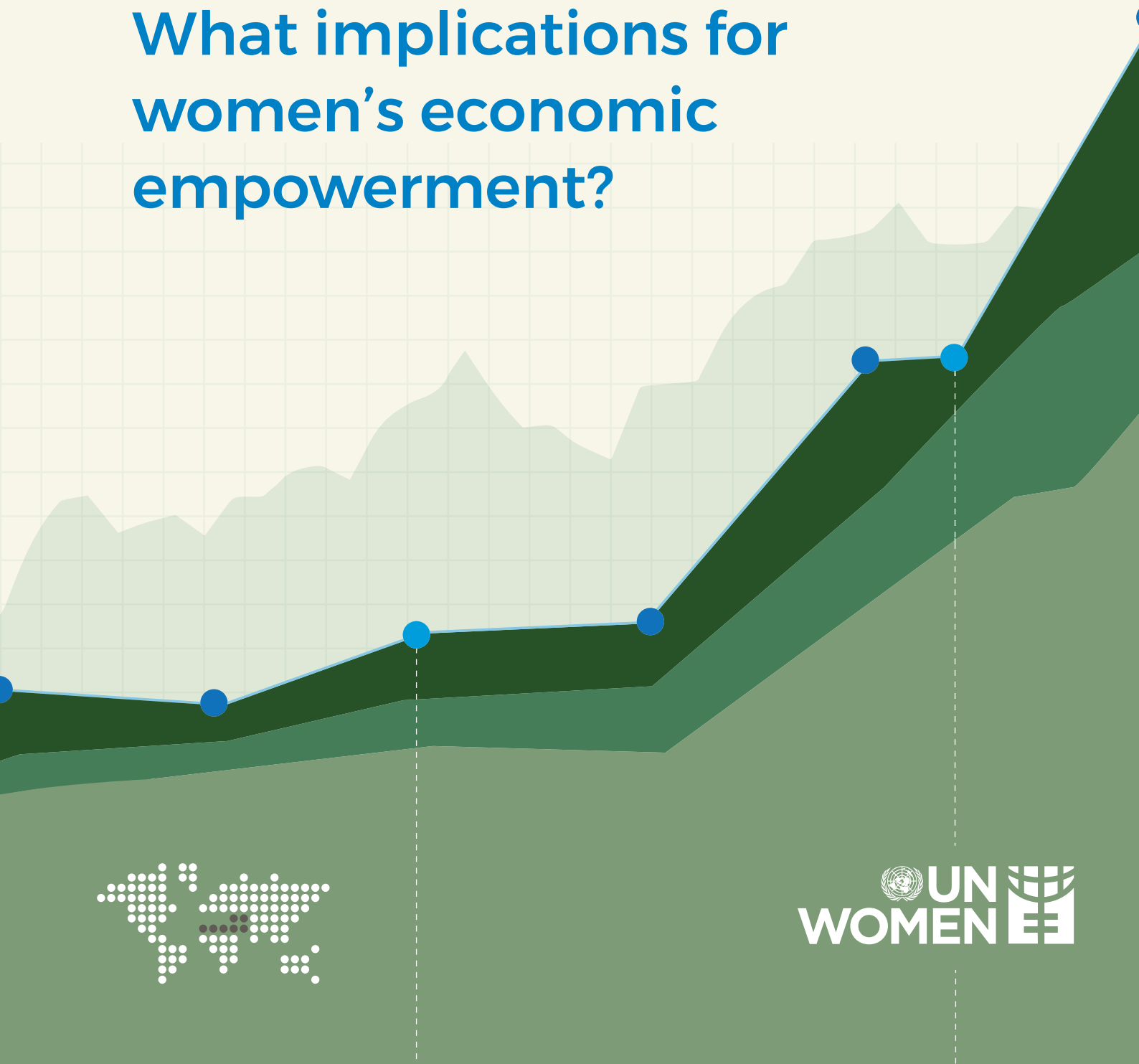


Assessing macroeconomic response policies to COVID-19 in the Arab region:

What implications for women's economic empowerment?



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What implications for women's economic empowerment?



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Executive Summary

The objective of this regional assessment is to look at the implications of the macroeconomic response to the COVID-19 pandemic in the Arab region. The regional mapping allows for identification of the dominant trends and policy priorities across different areas of interventions and looks at the potential implications of [largely] gender-blind macroeconomic responses and investments during the first six months of the pandemic. The gender impact of these interventions is estimated, with a focus on labour market outcomes and livelihoods. The countries included in the report are: Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria, Tunisia, the United Arab Emirates, and Yemen. Data on the response packages is collected and classified along four major pillars of intervention to produce a mapping of the regional macroeconomic response policies up to the end of August of 2020: i. employment and economic activity, ii. social protection, iii. social infrastructure and public services, and iv. food security. Policies are classified into gender-sensitive versus gender-blind responses.

Key Findings:

- There is extreme variability in the size of the response but similarity in the composition.
- Less than 5% of COVID-19 response spending in the Arab region is gender sensitive.
- About 90% of the regional stimulus package is spent on **protecting employment and economic activity**. Only 6% of spending on this pillar is gender sensitive. The extensive stimulus spending on this pillar is expected to result in some 20 million jobs in the region, but women only benefit from 18% of jobs created by stimulus spending while bearing 41% of job losses.
- Investments in **social protection** constitute 3% of total spending in response to COVID-19 in the Arab region. The variation is wide and the spending is mostly concentrated on social assistance schemes. The budget of social protection policies explicitly targeting women constitutes a minimal share of COVID-19 response spending,
- At a regional scale, spending on **social infrastructure** **represents 6%** of the total intervention spending of the region. Many countries adopted additional or expanded policies for the protection from GBV, in one way or another. However, most devote minimal budgets to these policies.
- Most interventions to protect **food security** have taken the form of a one-time distribution of in-kind assistance, or a temporary top-up to existing cash transfer programs.

A number of [recommendations](#) are proposed to steer the economies back on track based on a rich global body of evidence on the policies' effectiveness and high economic and social returns. Further, the proposed interventions are identified on the basis of their ability to advance countries towards their set national targets, their promise to recover some of the losses due to the crisis but also redress many of the pre-crisis imbalances, as well as their implementability even within existing budgets for recovery spending, through reallocation and reprioritization.

Introduction

The [October edition](#) of the IMF's Regional Economic Outlook for the Middle East, North Africa and Central Asia forecasts a contraction in the economies of the Middle East and North Africa (MENA) by 5% in 2020, and by as much as [7.6% for members of the Gulf Cooperation Council](#) (GCC). [UN-ESCWA](#) estimates the economic loss associated with the pandemic in the Arab world to be of 5.7%, or² \$153 billion. While all regions of the world are enduring a rapid economic downturn, war, conflict and displacement, water scarcity,³ and declining oil prices make the MENA economies especially vulnerable to the global shock and disruptions from the pandemic. This economic loss is not shared equally by everyone, and some groups are likely to bear a heavier burden than others. The scale of the loss has pushed governments to respond with ambitious stimulus packages, protective fiscal policies, and large-scale macroeconomic interventions. These policies too have differential impact on different groups.

While both men and women have been affected by both the pandemic and the response, the gendered effects must be carefully analysed and considered for the response and recovery effort to be most effective. Research shows that women are [especially susceptible](#) to the [economic and social implications](#) of the pandemic, both directly and [indirectly](#). This report looks at the potential implications of gender blind macroeconomic response plans and investments during the first six months of the pandemic.⁴ The assessment focuses on data, response and recovery needs for women in particular, and seeks to support policy makers in identify and maintaining investments that ensure that priorities for the advancement of women are achieved within the intended deadlines described in the various national plans and the 2030 agenda for Sustainable Development

Goals (SDGs). Without an assessment of the gender burden of the pandemic and the identification of corrective and protective investments, national goals for the advancement of women will remain largely unmet, and gender-based discrimination will likely persist much longer.

The report starts with a regional mapping of the macroeconomic response up to the end of August of 2020. Data on the stimulus packages is collected from a number of trackers, databases and national government sources and classified along four major pillars of intervention: employment and economic activity, social protection, social infrastructure and public services, and food security. These pillars are not always mutually exclusive, but they span all the response spending identified in constructing the database. Using this classification sheds some light on the underlying priorities of the region's governments and the likely shape of the recovery.

Based on the sizes and types of interventions, the mapping seeks to identify the dominant trends and fiscal priorities from among these four pillars, for which the following section of the report estimates the impact on women. The final section maps the way forward for Arab governments by proposing principles of allocation that are within their fiscal envelope but that are more sensitive to the specifics of the economic costs the pandemic has imposed. Additionally, this section provides guidelines and recommendations for Arab states to meet their national targets and priorities that relate to gender. Lastly, the section proposes fiscal reforms that push fiscal envelopes for the medium and long terms.

3 Policies for disease control have led to an [increase in demand for water](#) and have highlighted problems of poor water quality, weak water infrastructure and large inequality in access to water.

4 While this report maps uniquely the macroeconomic response of governments in the Arab region, it does acknowledge the role carried by private banks and financial institutions as well as all policies and practices of the private sector.

Mapping the policy response at the six-month mark

Methods

We survey all macroeconomic responses by governments in the Arab world involving fiscal spending, tax and fee policies and exemptions, subsidies, in-kind provision, and credit facilitation in the period up to and including August of 2020. The survey produced a database of macroeconomic policy interventions constructed from several global trackers and dashboards of policy responses to COVID-19. The policies were collected from the [UNDP-UN Women Global Gender Response Tracker](#) and the [IMF Policy Response to COVID-19 Tracker](#). These were then supplemented and cross-checked with data from UN-ESCWA's [COVID-19 Stimulus Tracker](#), the [Global Database on Social Protection and Jobs Responses to COVID-19](#) of the World Bank, the [Oxford COVID-19 Government Response Tracker](#), the [International Growth Centre COVID-19 Policy Response Dashboard](#) and the [Yale University Financial Response Tracker](#). The countries included in the policy selections are: Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Syria,⁵ Tunisia, the United Arab Emirates, and Yemen.⁶

These responses are then classified along four pillars based on their broad objectives:

- a. **employment and economic activity**, this includes policies that aim to protect, preserve and create new job opportunities by supporting small and medium enterprises, other employers, as well as the self-employed. It also takes the form of loan repayment deferment plans, low-cost credit, tax

exemptions or deferrals, suspension of employer fees and contributions to social security.

- b. **social protection**, this includes support for the beneficiaries of contributory social insurance programs, including workers, professionals, retirees and their dependents, as well as support for beneficiaries of non-contributory social assistance programs, such as conditional and unconditional cash transfers, and in-kind contributions. It also includes subsidies, fee exemptions, and loan repayment deferral plans for consumers.
- c. **social infrastructure and public services**, this includes capital, supply and infrastructural support⁷ to education, health, including both mental and physical health, as well as awareness, protection and assistance programs around gender-based violence (GBV), and other publicly provided services, and
- d. **food security**, this includes in-kind and cash and voucher programs for food assistance.

The classification into these four pillars is close to the categorization used in the UNDP-UN Women tracker. Where the classification used here is different is in its treatment of food security as a separate pillar of intervention, and in the inclusion of policies on GBV under the broader social infrastructure pillar. The categorization is also close to the one used by the policy tools developed jointly by UN Women and the ILO for gendering fiscal intervention.

5 The global databases contained information on two policies introduced by the Syrian government in response to COVID-19, but no information could be found on the spending linked to these initiatives. As a result, Syria is omitted from the presentation and discussion of findings regarding spending budgets.

6 None of the global databases contained any record of any macroeconomic policy adopted by the Yemeni government, so while Yemen is part of this paper's scope, it does not appear in any of the results or analyses.

7 Policies that support workers in the healthcare and education sectors are categorized under the first pillar, to allow us to focus on employment effects of interventions, particularly for women workers, who tend to be concentrated in these sectors.

Data are also extracted on the size of each policy⁸ in order to identify the areas of convergence and the pillars of priority of the region's governments. Since data on the size of many of the policies retrieved from the trackers is missing, the findings below likely underreport the amount of spending by the region's governments. The large-scale interventions, though, are included, so the results should provide some indication of the relative magnitude, the composition and the focus of countries' responses in the MENA region. In addition, the survey records for each policy whether it is gender sensitive. Policies are classified as gender sensitive not when they exclusively target women, but when they prioritize or explicitly track female beneficiaries, or focus on female-dominated sectors or female-headed households.

Findings

Variability in the size of the response

Figure 1 shows a map of the region which displays the findings on spending in response to COVID-19 by Arab governments, its size relative to GDP, and its composition across the four pillars. There is a striking disparity in the level of spending across the different countries in the region, in both absolute and relative terms. Scaled to GDP, stimulus spending averaged 10.2%, but ranged from 0.4% in Iraq to 31.7% in Bahrain. Spending as a share of GDP tends to be high in Morocco and in the small GCC states (with the exception of Kuwait), and especially low in Iraq, Libya, and Lebanon. The size of each bubble shows the relative size of overall spending as a fraction of GDP, its slicing shows the composition of spending across the four pillars.

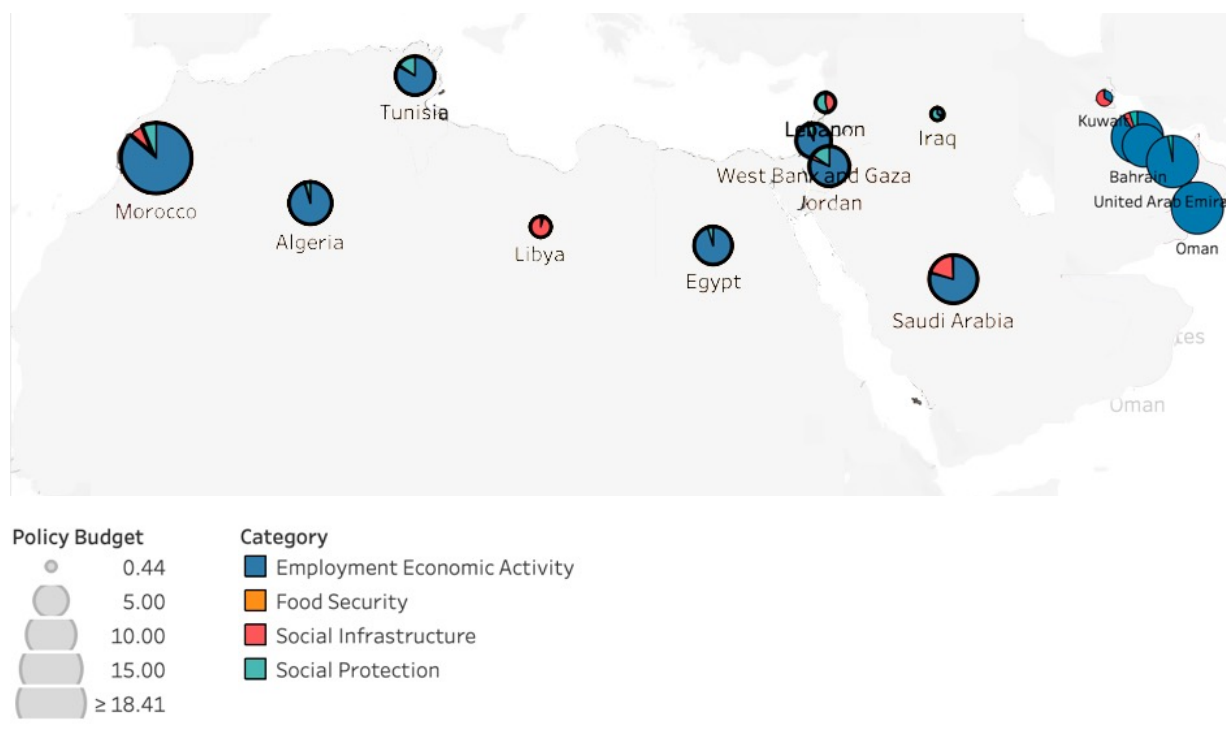


Figure 1: Spending in response to COVID-19 as a share of GDP and by pillar. Source: calculations by authors based on various databases.

The findings are also displayed numerically in Table 1, where the first column shows the total size of the intervention, and the remaining columns scale the intervention to GDP for each pillar separately.

⁸ Data on the size of the intervention is missing for many of the policies extracted from the various trackers and databases are missing. Where budget and spending information on an intervention could be extracted from other sources (government websites, media reports, etc...), these were added to the dataset.

Table 1: Total intervention spending and spending by pillar (as a % of GDP). Source: Authors' calculations based on various sources.

Country	Total spending	Employment Economic Activity	Food Security	Social Infrastructure	Social Protection
Algeria	11,186,679,808	6		0.056	0.24
Bahrain	11,970,158,592	28.89		1.24	1.56
Egypt	12,670,407,680	4.81			0.23
Iraq	976,129,600	0.12	0.0047	0.018	0.28
Jordan	2,370,979,584	4.56		0.16	0.88
Kuwait	2,457,464,832	0.58		1.13	0.020
Lebanon	665,346,048		0.021	0.51	0.63
Libya	665,760,000	0.06		1.31	
Morocco	21,699,999,744	15.86		1.41	1.12
Oman	20,800,000,000	26.23			
Qatar	23,767,216,128	12.41			
Saudi Arabia	65,499,127,808	6.58	0.067	1.61	0.063
Tunisia	2,111,572,096	4.39		0.090	0.80
United Arab Emirates	102,255,181,824	23.97			0.71
West Bank and Gaza	605,750,208	3.87	0.0073		0.26

Of all the spending in the region in response to the pandemic, 90% was spent on protecting employment and economic activity. For the average country, employment and economic activity accounted for 69% of total spending. For most countries in the region, spending was overwhelmingly concentrated on this pillar: for 11 out of the 15 countries, spending to support employment and economic activities comprised more than 80% of total spending in response to the pandemic.

Social infrastructure is a distant second, with 16% of the average country's total spending. Social infrastructure and public spending account for the near totality of COVID-19 spending in Libya (95%) and a large share of the budget in Kuwait (65%) and Saudi Arabia (19%). Lebanon also devoted a sizable share (44%) of its COVID-19 recovery spending to social infrastructure. For almost all other countries in the region, the share of the intervention budget spent on this pillar does not exceed 5%.

Social protection accounts, on average, for 14% of total spending. It constitutes the bulk of COVID-19 response in Iraq (65%), and in Lebanon (54%), but receives less than 10% of the budget in 11 of the 15 countries.

Gender-sensitive response

The region also shows substantial variability in the vigour and intensity of the policy response. Figure 2 shows a crude count of policies collected from the trackers while also showing the share, for each pillar of policies that are gender sensitive.⁹ Our data extraction exercise shows that almost every country in this study has issued at least one gender-sensitive policy in the first six months of the pandemic. The exceptions are Libya, Oman and Qatar. The share of policies that are gender sensitive is especially high in Egypt, Lebanon, Morocco, Palestine and Syria.

⁹ Throughout this report, a policy or intervention is classified as "gender sensitive" if it explicitly targets women or if it seeks to protect employment or economic activity in female-dominated sectors.



Figure 2: Count of policies by pillar and by country (EEA: employment and economic activity, SP: social protection, FS: food security, SI: social infrastructure). Source: authors' calculation from various databases and trackers.sources.

A closer look at the type of gender-sensitive policies adopted shows that many of the interventions consist of introducing a hotline for the reporting of incidents of GBV and for the assistance of victims, or raising awareness campaigns about GBV. While of paramount importance, especially that such policies can help grease the wheels of Arab states towards advancing their national goals for women, they typically have minimal budgets, when compared to some of the other COVID-19

response programs. The bulk of spending on employment and economic activity, on social protection and on food security, the pillars that constitute the largest spending tickets, is gender blind. So while the sheer count of policies that are gender sensitive indicates growing acknowledgement of the importance of adopting a gender lens in policy making, such a policy count can mask, in the case of most countries in the region, the weakness of any commitment to devoting sizable

resources towards more gender-sensitive interventions. And without any such commitment to back gender sensitive policies with budgets commensurate with the threats to gender equality, progress towards national goals on women's empowerment will remain elusive.

To illustrate the contrast between a willingness to issue gender-sensitive policies and the willingness to invest money in such policies, figures 3 and 4 show for each country, spending per capita (in USD) on each of the pillars, as well as the share of the intervention budget by pillar going toward gender-sensitive policies.¹⁰

In total, close to \$790 were spent per person in the region. But this average masks a variation in spending per capita that mirrors the patterns observed in Figure 1 (in which

spending was scaled to GDP rather than to population). Spending per person ranged from \$25 per capita in Iraq to over \$10,460 per capita in the UAE. The report also finds a similar difference in scale between spending levels per head in GCC countries (which average close to \$5,470 per person) and spending levels elsewhere (just over \$180 per person), which is why the findings on spending per capita by pillar are shown separately for non-GCC (Figure 3) and GCC countries (Figure 4).

Figure 3 shows spending per capita in current US dollars by pillar for non-GCC countries. Morocco is omitted from this figure and discussed separately in Box 1 because of the significantly larger scale of spending. In every country in North Africa except for Libya, more than \$100 was spent per person to support employment and economic activity.¹¹ In the rest of the non-GCC Arab world, this scale is matched only by Jordan and Palestine.

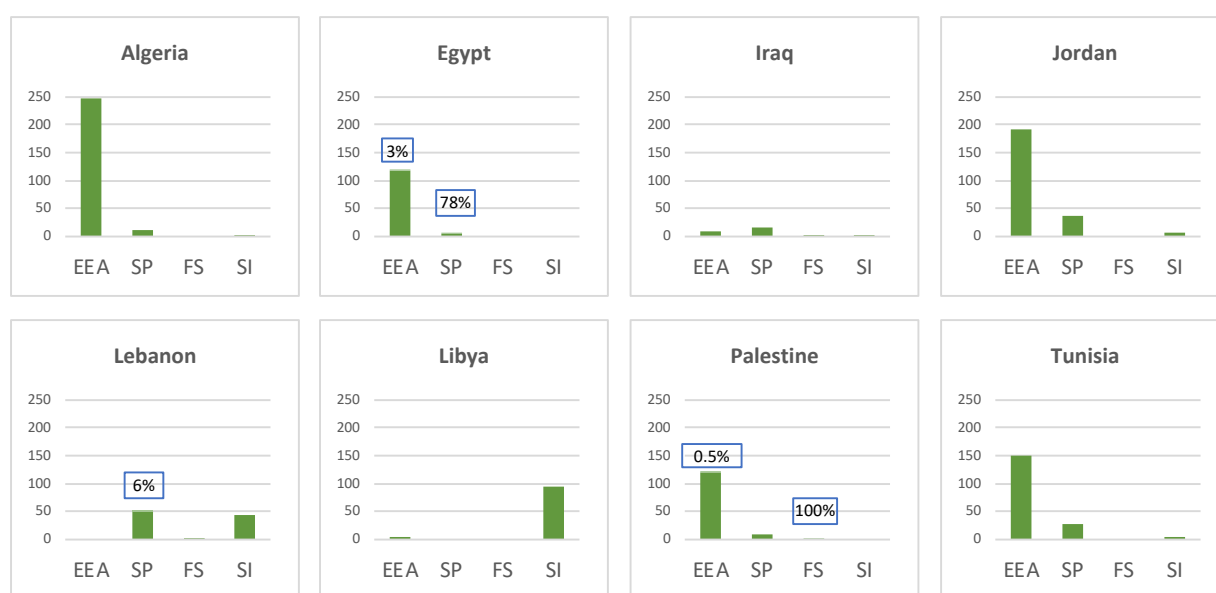


Figure 3: Spending per capita (in current USD) by pillar for non-GCC countries (EEA: employment and economic activity, SP: social protection, FS: food security, SI: social infrastructure). Where there was any spending on gender-sensitive interventions, the share of spending by pillar is shown. Source: authors' calculations from multiple databases and trackers.

¹⁰ It should be noted, as mentioned in the previous section, that the size of interventions in terms of budget or spending is missing for many of the entries in the trackers and databases surveyed. For interventions with missing size, budget data is appended where such information could be obtained from alternative sources.

¹¹ This is the dollar size of policy responses per person (including both gender-sensitive and gender blind interventions). Percentages reported in figure 3 display the share of dollar spending per person that is gender sensitive, whenever the database allows tracking of gender sensitive interventions.

Where the database is able to record the spending amount for gender-sensitive interventions, the figure also indicates the share of spending per capita that is gender sensitive. As can be seen from the figure, spending on gender-sensitive policies is at best negligible, at worst simply non-existent. The only exception to this trend is again Morocco (see Box 1). Some countries did spend on gender-sensitive interventions: low-cost credit programs for micro, small and medium enterprises were introduced in Egypt and Palestine, some with explicit numbers of enterprises run by women to target (see Box 2 on Egypt). But the sizes of these programs were generally quite minor.

In Egypt, Lebanon and Palestine, some of the spending on social protection, namely in the form of conditional and unconditional cash and in-kind transfer programs, explicitly targeted female-headed households (see Box 2 on Egypt). However, since the pillar of social protection is more modestly funded than the pillar of employment and economic activity, when scaled to the overall size of interventions, policies explicitly targeting women comprise a minimal share of COVID-19 response spending.

BOX 1

Robust Interventions: The Case of Morocco

Outside the GCC, COVID-19 response spending per capita in Morocco has far outstripped spending in other countries in the region: at \$595, spending per person by Morocco is twice what it is for the next biggest spender, Algeria, at \$260 per capita. Even in comparison to the GCC, when measured as a fraction of GDP, Morocco spent relatively more than Saudi Arabia, Kuwait and Qatar. How did the kingdom manage such a scale?

- Canvassing multiple funding [sources](#):
 - The creation of the special fund to manage the pandemic tapped on domestic contributions from the central state budget (including the passing of special provisions to allow for extra-budgetary spending), from regional and provincial administrations, **as well as from companies** and individuals in the private sector
 - Moroccan authorities were successful at securing funding from various **multilateral contributors** including the European Union, and the French Development Agency
 - Morocco also used its **Special Drawing Right** to draw on all available resources from the IMF through the Precautionary and Liquidity Line
- Lending as spending
 - The bulk of the spending took the form of loans to the productive sector, not grants, subsidies or purchases
 - In parallel, the state deferred the due date of fees, taxes, bills and contributions to social security for both individuals and employers
 - Payment of interest on commercial and consumer loans was also suspended

The **share of spending that is gender sensitive** in Morocco also dwarfs that in other countries, with \$307 per person going towards gender-sensitive interventions. COVID-19 response spending was explicit about the inclusion of women among the beneficiaries of some of the large fiscal interventions targeting micro, small and medium enterprises (MSMEs); the sectoral focus of support also allowed interventions to focus on areas of economic activity that tend to employ more female labour.

- Casting a wide net of beneficiaries for smaller-scale benefits
 - Over [85,000 MSMEs](#) had benefited from credit from the two business support programs launched by the Moroccan government by the end of 2020
 - Focus on employment-generating enterprises
 - Specific platforms were developed to reach the self-employed
 - The database of social assistance beneficiaries was used to identify informal workers and people with precarious employment
- Mainstreaming female employment through all beneficiary groups
 - The sectoral focus on agriculture affords wider reach among female workers
 - The structural focus on MSMEs allows support to hone in on women-owned and women-employing businesses
 - Special attention was given to creating **new export marketing outlets** for the production of small trades (crafts, textiles, leather goods) with high female labour concentration that traditionally depend on tourism. This type of intervention serves the dual purpose of protecting women's economic empowerment while boosting exports, if modestly

However, all countries in the region could engage in such beneficiary profiling and sectoral concentration that is intended to favour women. What may have set Morocco apart in gender-sensitive spending, when compared to other countries in the region, is likely the fact that it is the only country in the region that has adopted **gender-responsive budgeting**.

BOX 2

Vigorous Engagement: The Case of Egypt

With a total of 44 distinct policies adopted in the first six months of the pandemic across all pillars of intervention, Egypt tops the region in terms of crude count of interventions. Additionally, the share of policies that are gender sensitive is especially high. When measured as a fraction of GDP, response spending in Egypt was the highest in the Mashreq. Egypt's active interventions and the dynamic actors advocating gender equality illustrate the possibility of pushing a gender-sensitive agenda even within the existing budget constraints through persistence, communication, and engagement. Below are aspects of Egypt's response that have set it apart from the rest of the region:

- Effective targeting:
 - Like several other countries in the region, Egypt supplemented some of its existing conditional and unconditional cash transfer programs during the pandemic. Both the *Takaful* (conditional) and the *Karama* (unconditional) programs saw an increase in their budgets in 2020, allowing them to expand their scope of coverage. What sets Egypt apart is the already high concentration of female beneficiaries in these programs: [88%](#) of Takaful beneficiary households are female-headed, and [75%](#) of individual beneficiaries from both programs are women.
 - Identifying key actors, such as rural women leaders, and providing them with support (with the decision to [triple their monthly support](#) during the pandemic) is key to expanding programs and support into provincial networks and border governorates.
 - Low-cost credit programs for micro, small and medium enterprises were introduced, many with explicit targets for supporting women-run enterprises.

- Unpaid care:
 - While most countries in the Arab region disregarded unpaid care, Egypt led the region on policies addressing unpaid care by implementing 3 policies.
 - Policies targeting unpaid care include re-opening of nurseries under specific conditions and precautionary measures. Egypt passed a [decree](#) granting pregnant women or those taking care of children or mothers of children with disabilities exceptional leaves allowing working mothers to fulfil family duties without having to lose their jobs.
- Tackling GBV:
 - Egypt introduced a great number of policies targeting violence against women. These included continued support and operation of eight shelters, updating the referral system, extending operating hours for existing services, establishing a hotline to support women survivors of violence. Additionally, a national amendment was introduced to protect women and girls from FGM practices.
 - There are very few estimates of the economic costs of GBV in the region, but [one baseline calculation](#) puts the total economic and social losses associated with GBV in Egypt in 2015 at close to 3% of Egypt's [total health budget](#) for that year.
- Effective monitoring:
 - The National Council on Women [launched](#) a [Women's Policy Tracker](#) on Policies and Programmes during COVID-19 Pandemic. Tracking is one way to ensure continuity in engagement, dynamism and adaptability to change, and learning and communication.

Figure 4 shows the same data for GCC countries. As in the rest of the region, there is very large variation in spending per capita also within the GCC, with spending per person ranging from \$584 in Kuwait to \$10,466 in the UAE. When compared to non-GCC countries, spending in the GCC seems to be even more concentrated around the employment and economic activity pillar, but much like the rest of the countries in the region, spending on gender-sensitive interventions is negligible.

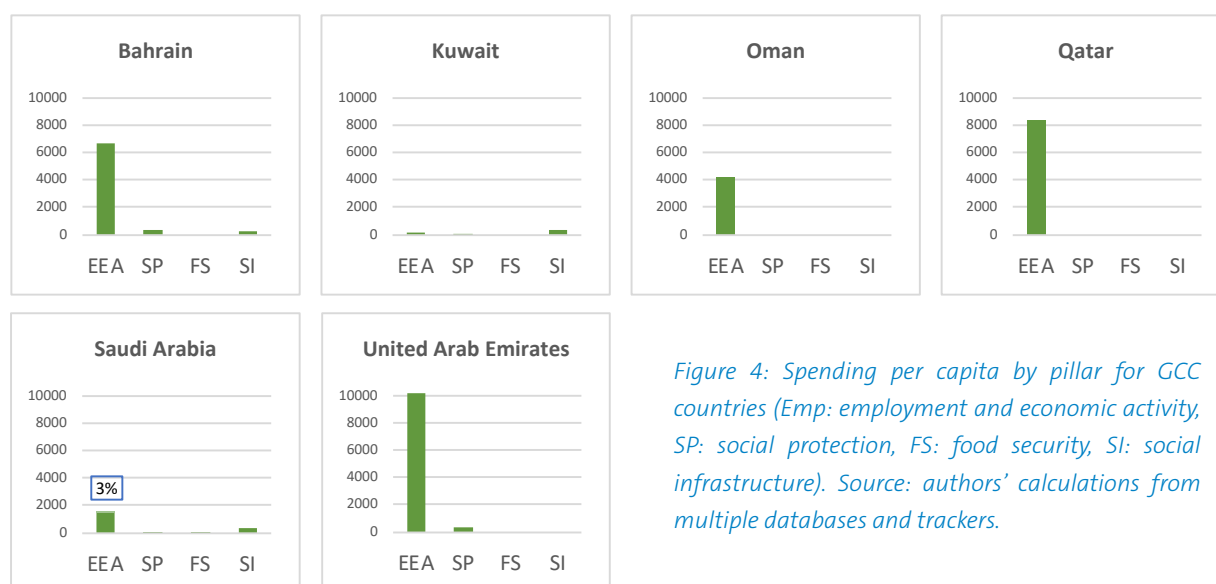


Figure 4: Spending per capita by pillar for GCC countries (Emp: employment and economic activity, SP: social protection, FS: food security, SI: social infrastructure). Source: authors' calculations from multiple databases and trackers.

Overall, this dominant pillar in both GCC and non-GCC countries offers a telling snapshot of the extent of resources devoted to gender-sensitive recovery efforts: only 6% of all spending on the pillar finances responses that take gender into account.

Expected effect on women's economic empowerment

The policy response is still recent, and the pandemic continues to be very much present, with its repercussions still unfolding. The narrow time frame since the measures have been enacted means that their effects are still evolving and can, at best, be predicted, not measured.

This section attempts to estimate the potential effects on aspects of women's livelihoods and economic security of the COVID-19 response policies described in the previous section.¹² With the bulk of the regional intervention going to protect economic activity and jobs, the section will focus on the predicted effect these interventions will have on women's labour market outcomes. This is then reckoned with countries' national targets for women's labour force participation to estimate the macroeconomic cost of countries' failure to meet their targets.

Effect by pillar Women's labour market outcomes

The contractionary effect of the pandemic has resulted in extensive job loss globally, but the ILO estimates the reduction in work hours and labour earnings to be [especially high](#) in the Arab world. This is in line with the finding in Purfield et al (2018) that more of real GDP growth is driven by labour utilization in the region than elsewhere. One [recent estimate](#) of the size of the job loss for the Arab world, based on the IMF forecast of the GDP contraction in 2020 for the region, puts the number of jobs lost between 6 and 7 million (Bentour 2020a). Many who have not lost their jobs still suffered temporary interruptions and layoffs, leading to disruptions in their earnings.

¹² It should be noted that in quantifying the predicted effects of interventions, estimations are only possible for those policies for which budget or spending information is available. As explained earlier, this excludes those interventions for which we were unable to ascertain the size.

Estimates from June of 2020 anticipated that [women would bear 41% of job losses](#) in the Arab world, even though they constitute no more than 21% of the workforce (according to data from 2018). Results from [Wave VI of the Arab Barometer](#) run between July and October of 2020 corroborate this finding for North Africa, showing that both job loss and job interruptions are borne disproportionately by women. The difference in job loss between women and men in Morocco is of 8 percentage points, four percentage points in Tunisia and Algeria.

This section does not seek to estimate the exact labour market loss resulting from the pandemic. Rather, the aim is to attempt to quantify the mitigating effect of the spending by the region's governments in response to the crisis. With the Arab world bearing higher labour market losses than the global average, it is perhaps not surprising that most of the spending in the region has been concentrated on programs to support employment and economic activity. Yet, and despite ample evidence that women in the workforce have been disproportionately burdened by the pandemic, spending on the protection of employment and economic activity from the fallout of COVID-19 has been largely blind to the burden of loss that falls on women: evidence shows that no more than 6 cents out of every dollar spent on employment protection addressed the needs of working women's or aimed to reduce their vulnerability.

Still, even gender-blind fiscal stimulus is likely to affect women's labour market outcomes. The fiscal response, like the economic contraction, has labour market effects other than job protection/creation, including a mitigation or reversal of many of the "finer" labour market effects of the pandemic that are described above, and that include a reduction in the hours of work, a change in work status from full- to part-time, layoffs and furloughs. Given the regional scope of this assessment, and because of

data and space limitations, the estimation exercise in this section only looks at the effect of the COVID-19 response on the size of employment. While this estimation does not constitute a comprehensive account of all the labour market effects, it describes a result that is largely representative of the general trend and magnitude of the implications of the COVID-19 response on jobs.

The effect of fiscal spending on overall employment and on women's employment in particular is estimated in two steps, as represented in figure 5 below: the first step predicts the change in GDP associated with the intervention (A to B) using a fiscal spending multiplier. The second step estimates the change in employment associated with the predicted change in GDP (B to C) using the employment elasticity of GDP growth.



Figure 5: Transmission from spending response to labour market outcomes

In the first step, the computation uses estimates of the fiscal multiplier from [Bentour \(2020b\)](#).¹³ It should be noted that while Bentour (2020b) estimates a different multiplier for the short and long runs and distinguishes between the multiplier during expansions and during recessions, all four distinctions of the multiplier are gender blind in that they treat fiscal spending neutrally, regardless of its gender responsiveness. With less than 5% of COVID-19 response spending being gender-sensitive, little precision is lost by applying such a blanket multiplier to fiscal spending.

Instead, the estimation here disaggregates the effect of fiscal interventions by gender in the second step of the calculation, moving from node B to C in Figure 5. To compute the labour market outcomes associated with the calculated change in GDP, the report uses estimates of the employment elasticity of growth taken from [Morén and Wändal \(2019\)](#).¹⁴ Since Morén and Wändal (2019) calculate employment elasticities for the overall economy as well as for men and women separately, differential employment effects by gender can be estimated for COVID-19 spending interventions.

¹³ While there are several country-level studies in the literature that estimate the fiscal multiplier for various countries included in this assessment, there are several methodological advantages to using the estimates of fiscal multipliers from Bentour (2020b): (i) the estimates are recent (using data up to 2018), (ii) they are estimated using the same regression specification and estimation technique for all countries in the region, so there is consistency in the assumptions made across all countries, and (iii) the author takes into account the asymmetry in fiscal spending multipliers between recessions and expansions, and estimates different multipliers for periods of oil price increases and oil price decreases. We use the author's estimates of short-run multipliers during periods of decreasing oil prices, which corresponds to the first year after the intervention. Bentour (2020b) is missing a fiscal spending multiplier for Palestine. We impute the value for Palestine based on the mean of the estimates for Lebanon and Jordan.

¹⁴ While there are several country-level and regional studies in the literature that estimate the elasticity of employment, there are several advantages to using Morén and Wändal (2019): (i) the estimates are relatively recent (using data up to 2017), (ii) the same specification and the same estimation technique is used to estimate elasticities for all the countries included in this assessment, so the same assumptions are made across all countries, and (iii) the authors estimate employment elasticities for subgroups of the population, including women alone. We use estimates calculated for the period 2009-2017. No estimates for the elasticities for Palestine are provided by Morén and Wändal (2019), so we impute values of the elasticities of employment from Lebanon and Jordan. These imputed elasticities tend to be higher than the long-run elasticity for Palestine estimated by [Araji and Pesce \(2019\)](#). The regional results are qualitatively similar when the lower elasticity estimate from Araji and Pesce (2019) is used to calculate the effect on overall employment.

Because the size of interventions is secularly larger in GCC countries than elsewhere in the region, whether scaled to the population or to GDP, the results of the estimation are presented separately for GCC states. Using baseline labour market statistics from the ILO, we find that based on 2018 data, the labour force is more masculine in GCC countries than non-GCC countries in the Arab world (83% male in GCC vs. 77% elsewhere). The GCC workforce was close to 30-million strong in 2018. The extensive stimulus spending on the pillar of economic activity and employment is expected to result in 15 million jobs collectively for the GCC. Based on the female-specific elasticity of employment, however, only 16% of these are likely to be jobs held by women.

The equivalent exercise applied to non-GCC countries in our data that have engaged in spending on the first pillar yields effects that are, unsurprisingly, far more modest: for the baseline labour force of close to 85 million, the interventions are likely to result in no more than 5 million jobs, collectively. The gender decomposition of this employment generation shows an interesting uniformity across the whole Arab region, with only 24% of these new opportunities here too going to women.

Despite heterogeneity in fiscal multipliers, in employment elasticities, and in employment elasticities for women across the different countries in the region, even within the GCC and the non-GCC groups, our calculations suggest a regularity in the gender distribution of labour market opportunities created by the average stimulus dollar: a job is created for women for every four created for men.

In those countries in the region that engaged in any spending on employment and economic activity, women held 15% of pre-crisis jobs in GCC countries and 19% of pre-crisis jobs in non-GCC countries. As a result of the pandemic, women are estimated to have borne 41% of the job loss, so over twice their share of jobs, and to have only benefited from 18% of jobs created by stimulus spending. Figure 6 illustrates this gradual hemorrhaging of jobs for women for both groups of countries combined, using the labour force composition in 2018 as a baseline.¹⁵ The gender skew in the pre-crisis labour

force is set to become more acute, as even compared to that skewed baseline, women are over-represented in the jobs lost and under-represented in the jobs created.

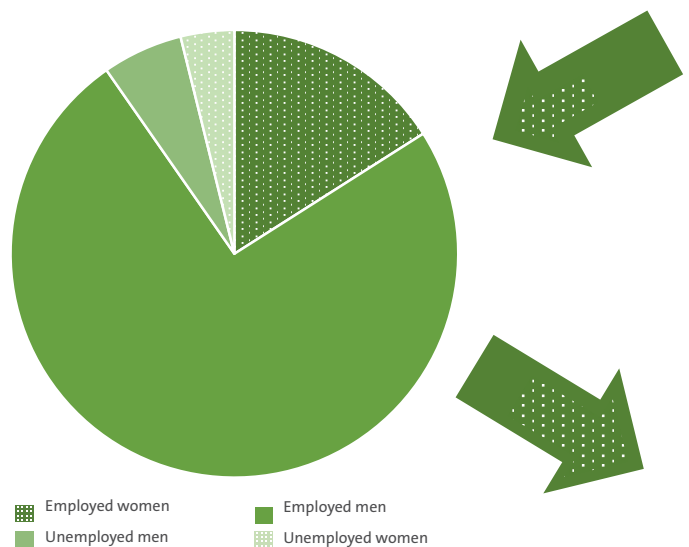


Figure 6: Gender composition of job loss and job creation (GCC and select non-GCC countries). Source: World Development Indicators, ESCWA, and authors' calculations using Morén and Wändal (2019).

Social protection

The total spent regionally on social protection amounts to no more than 3.5% of overall spending. For the average country, social protection pillar accounts for 14% of total spending. It constitutes a minor share of the total intervention budget of every country in the region except for Iraq and Lebanon. The types of interventions to enhance social protection are varied across countries, and even within countries across different social protection programs. As a result, the gender incidence of the benefits from social protection interventions will likely differ from one policy to the next. However, since data on the gender distribution of beneficiaries of social protection programs is not available, the share of women among the beneficiaries from the interventions and the share of benefits accruing to women cannot be accurately determined. Instead, the classification of interventions by broad type of social protection program, as detailed below, provides an aggregate approximation of the likely gender composition of beneficiaries and gender distribution of benefits.

¹⁵ Annex 2 shows employment indicators in Figure 6 disaggregated by country.

Social protection can take the form of social insurance or of social assistance. Social insurance is typically contributory and is intended to protect workers, retirees and their dependents against adverse events that might affect their income. With the labour force participation rate of women well below that of men, particularly for women over 50, and with working women more concentrated in the informal work sector, social insurance schemes end up having significantly higher coverage rates for men than women, since contributory arrangements are generally only possible with formal employment. The benefits from blanket increases in spending on social insurance are therefore likely to accrue more to men than to women.

Social assistance schemes, on the other hand, are typically non-contributory programs and include policies such as child support, cash and in-kind transfers, subsidies, and social pensions. When these programs are universal, as is the case with subsidies and blanket fee waivers, all users of the subsidized good or service

benefit from the assistance. When the programs are targeted, the intended beneficiaries are typically more vulnerable and marginalized groups in society, and these will often include a higher concentration of women.

The expected gender impact of measures to enhance social protection therefore depends on the type of social protection supported. Figure 7 shows the composition of spending on this pillar by type of protection. It suggests that spending tends to be more concentrated on social assistance schemes. For Iraq and Lebanon, the two countries with (relatively) sizable social protection interventions, social protection spending is entirely comprised of social assistance programs. For most social assistance interventions identified, the gender composition of beneficiaries cannot be ascertained, but female-headed households are specifically targeted by cash-assistance programs in Lebanon and Palestine, and by a multitude of different cash grants and in-kind support programs in Egypt.

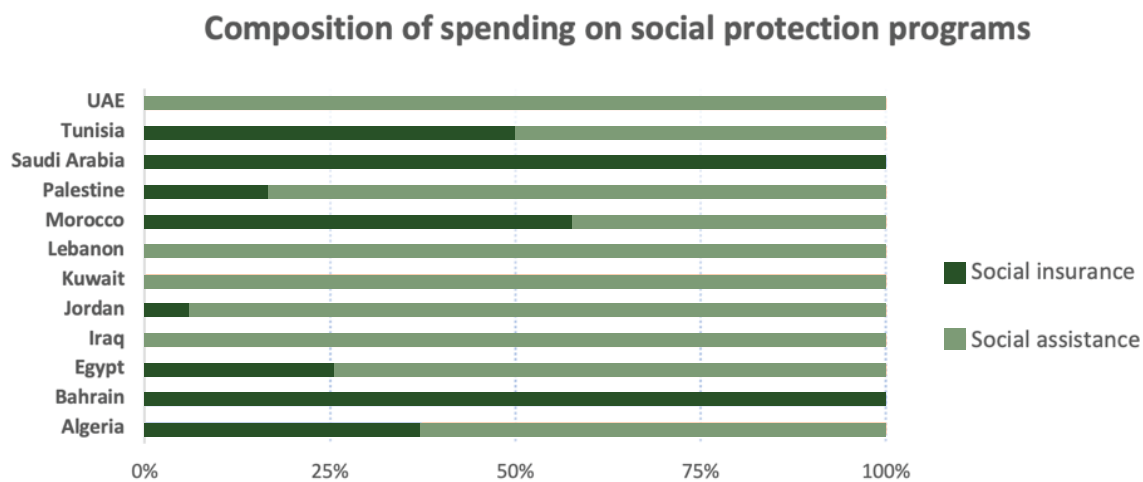


Figure 7: Composition of spending on the social protection pillar. Source: authors' calculations based on various databases.

Spending on social insurance constitutes a more significant share of the social protection pillar in North African countries, as well as in Bahrain and Saudi Arabia. None of these programs specifically targets women or sectors in which women are likelier to be employed. A handful of programs in Egypt, Tunisia, Morocco and Palestine targeted informal sector workers, which are likelier to include women.

Social infrastructure and public services

Although investments in social infrastructure and public services constitute the second largest pillar by budget on average (16%), they remain shy in comparison to interventions to protect employment and economic activity, as they amount to only 6% of the total intervention spending of the region. In the period between March and August of 2020, with only a few exceptions, most

interventions on social infrastructure and public services took one of two broad forms: i. spending on the health sector (including providing medicines, equipment, facilities), of which we count 14 such interventions, and ii. interventions related to GBV, of which we count 46. However, when the respective budgets allocated to these two avenues of intervention are tallied (for those interventions for which budget data is available), the contrast is stark: a total of \$18 billion have been spent on supporting healthcare infrastructure, while policies of GBV prevention and response come with little or no budget to speak of, as they typically consist in relatively small-scale interventions, such as extending opening hours of shelters, launching an awareness campaign on social media, training security personnel on protocols for cases of GBV, or introducing hotlines for reporting and support. Inadequate funding is also affecting civil society (CSOs) and non-governmental organizations (NGOs) that work on the prevention of Violence Against Women and Girls (VAWG) and on providing protection and support to victims, further curtailing the services available to women at risk of violence.

GBV is not only a human rights violation. It is also a drain on the economy, and the costs associated with GBV are on the rise with the [global increase](#) in the incidence of VAWG [during lockdowns](#), and as a result of job loss and other income shocks even as lockdowns ease. The costs include direct physical and mental health costs to the victim, and the associated labour market and productivity costs, as well as costs to the social relations, the capabilities and wellbeing of the victim and her children and siblings. GBV is also associated with a higher risk of inducing victims into poverty due to out-of-pocket expenditures related to health, legal and relocation costs (Alvarado et al, 2019). There are very few estimates of the economic costs of GBV in the region, but [one baseline calculation](#) puts the total economic and social losses associated with GBV in Egypt in 2015 at close to 3% of Egypt's [total health budget](#) for that year. While it is difficult to estimate its magnitude, the region is no doubt incurring higher economic losses from the rising incidence in GBV and the increased difficulty in access to care, support, safety and redress due to the pandemic. With GBV already endemic even before the crisis, there are real savings to be reaped by investing in prevention.

A more robust response is therefore both an urgent measure to adopt as the incidence of GBV rises, and a high-return investment in a time of economic contraction. The scale of response spending on GBV services by countries like Australia (USD 114 million) and Canada (USD 40 million) signals that authorities in these countries acknowledge the gravity of the situation, and recognize the need for large-scale investments. Spending has gone towards health, social, legal and employment support for victims and families, often by providing funding to implementing partner CSO and NGOs, especially as public service resources (including resources for law enforcement, the judiciary and public health) are disrupted or diverted to assist in pandemic control.

The predominant form of spending on social infrastructure has gone to supporting the healthcare sector. [Evidence from industrialized countries](#) shows that of all the potential sectors for public investment, education and health have the highest fiscal multipliers in terms of their effects on GDP growth. During recessions, in particular, the returns to investing in health, education and social protection were shown to be especially high [in Europe](#). No such estimates exist for developing or middle-income countries, however, there is evidence that multipliers in general tend to be larger in magnitude in economies with lower initial capital stocks (Izquierdo et al, 2019). The [IMF](#) also estimates that in addition to their effect on GDP, investments in social services, especially health and education, have a large job-creating potential in both emerging markets and in low-income developing countries. Ramping up investments in health and education could thereby achieve the dual objectives of enhancing access, quality and availability of these services while also contributing to improving livelihood and economic activity through the creation of formal and decent work.

While investing in health is sensible in response to a pandemic, [evidence from the MENA region](#) suggests that investments in education may have more recovery bang for the stimulus buck. The \$18 billion invested in health infrastructure will likely yield more in dividends than the upfront investment, but there may be even higher returns to diversifying social infrastructure investment to include support for education and care work too and not exclusively health.

The [2020 update of the World Bank's Human Capital Index](#) (HCI) for the region confirms that the region remains well below its human capital potential: a child born in the region today will be 55% as productive when they grow up as they could be if they enjoyed complete education and full health (50% for non-GCC and 62% for GCC). The learning adjusted school year in the MENA region is worth 64% of an actual school year (62% for non-GCC and 68% for GCC). And while the HCI shows improvement over the last 10 years for all but a handful of countries in the region, the current shocks to the health and education sectors could jeopardize this achievement.

The Arab region was already [one of the most gender-skewed](#) in unpaid house and care work even before the crisis hit: women in the Arab States perform on average [4.7 times more unpaid care work than men](#), the highest ratio anywhere in the world. The pandemic has brought with it another imperative to respond to the disruptions and changes in the modality of delivery of education since the shelter-in-place policies, limits on movement, and remote schooling directives that have been put in place in almost every country in the region have only further added to the burden of unpaid care work borne by women. The disruptions resulting from the pandemic have made starkly apparent what conventional wisdom in feminist economics has argued and documented for a long time: gender gaps will persist as long as the burden of unpaid work falls disproportionately on women.

Food security

Most interventions to protect food security have taken the form of a one-time distribution of in-kind assistance, or a temporary top-up to existing cash transfer programs. Some of these emergency campaigns, like the one instituted in Algeria, had a geographical focus, targeting rural populations and households in remote areas. Others, like the programs in Egypt, Palestine and Lebanon, targeted households based on their demographic characteristics, some using female-headed households as one of the criteria for receiving support. These emergency measures no doubt momentarily dampen the immediate disruptions to food availability and nutrition that result from strict lockdowns and closures, but they do little to correct the protracted effects of the shocks to the [demand and supply of food](#) that have resulted from the pandemic.

Agriculture is where [most informally employed women](#) in the region are concentrated, with [ownership of agricultural](#) land however still overwhelmingly masculine. Rural women face multiple layers of exclusion and are thus particularly vulnerable to food insecurity and hunger when exposed to income shocks and disruptions in the food supply chain as a result of lockdowns and closures of markets.

The Arab region is also one of the most reliant regions on food imports globally, with half the [average caloric intake](#) from imported food. With interruptions in food supply, food price increases and reductions in GDP, the availability and affordability of food products in low- and middle-income countries of the region is severely affected. Initial estimates suggest that close to [2 million people](#) in the region are at risk of becoming undernourished as a result of the pandemic. [In every continent, even before 2020](#), more women than men were [food insecure](#) and [hungry](#), even when controlling for education and poverty status, indicating that food security status reflects subtler forms of discrimination and inequity. The pandemic's effect on food security and nutrition [has only furthered the already entrenched gender skew](#).

Simulations of the effects of GDP shocks on the prevalence of undernourishment in low- and middle-income net food importers shows that even under the most conservative estimates of the size of GDP reductions, the [rate of undernourishment would rise](#) significantly. With the rise in both undernourishment and food insecurity, we are [likely to see](#) a rising prevalence of anemia among women of reproductive age. And maternal anemia is, in turn, a correlate of malnourishment and stunting in children under 5, this inter-generational link further extending the losses from a food security shock into protracted costs.

An emergent pivotal node

The success of the recovery effort across any of the pillars discussed above hinges on a more cross-cutting priority that emerges as a pivotal node: equal digital access. Failure to intervene in this sector could be catastrophic for gender equity, but the right kind of intervention can go a long way in levelling the playing field. The critical position of the digital technology sector is further detailed in Box 3.

BOX 3

The digital razor's edge

The digital gender gap is another layer of the overlapping marginalizations and deprivations that women suffer in the region.

- Pre-crisis setup:
[Significant gender gap](#) in internet use in [Algeria in 2018](#) and in Egypt, Jordan, Saudi Arabia and [Tunisia in 2020](#), and slightly smaller gap in smart phone ownership. The gender divide in internet use actually increased in Egypt between 2015 and 2017, and in the region more generally between [2013 and 2019](#). What is especially of concern is the significantly lower rates of internet use among certain segments of the female population: rates of internet use are 60% lower for women 45 years and older in the same countries in addition to Lebanon and Qatar, with alarmingly low rates in Egypt (14%) and Tunisia (21%). Similarly, internet use among women with only primary education or less are 4% in Egypt and 11% in Tunisia. No systematic cross-country data exist to document the disparities in access for other sub-populations, but the digital gap is even starker for rural women and for women with lower incomes. The pre-crisis landscape is one of sharp inequality in access.
- Crisis:
With the shock of COVID-19, the consequences of unequal digital access are far worse. Countries in the region have seen an overwhelming reliance on digital technology as a measure for shock absorption in the delivery of education services, healthcare services, protection and support for victims of GBV, public health awareness and disease information about the novel coronavirus. There was a largescale switch to remote work, for jobs that allow it. Many government programs for social protection also used mobile technology as the modality of administering support such as e-cash transfers and vouchers. This rapid rise in digital reliance has meant that offline subpopulations have been [largely excluded](#) from these crisis mitigation measures.
- Critical juncture:
With the pandemic, not only will a digital divide left unabated continue to widen, it will also [further exacerbate](#) all [other inequalities](#) between the tech haves and tech have nots. But by the same token, efforts to equalize digital access also hold the promise of removing some of the more structural barriers (e.g. geographical distance, conservative values, time poverty) to access to other empowering opportunities:
 - According to a study by McKinsey, the tech sector is likely to [double job opportunities for women](#) in the region by 2030
 - Some online professional training courses have seen [a rise in enrollment by women](#)
 - The region boasts some of the [highest rates of women](#) among graduates in Science, Technology, Engineering and Math (STEM) degrees globally

Meeting national targets for women's labour force participation rates

Policy responses that are quick to abandon national targets for women's labour force participation rates are not costless: estimates of foregone GDP from failing to meet these goals range from 4.4% in Lebanon over the next 3 years to 12.5% in Egypt between now and 2030.

With the pattern of recovery spending identified in this survey of the first six months of the pandemic, countries of the Arab region run a serious risk of losing ground on some of the targets, goals, and priorities for women's economic empowerment that they had set for themselves. The danger in the impending regression on women's labour market participation is not only in the failure to meet present national targets and abide by nationally developed strategies. The reversal of progress towards women's economic empowerment also gravely compromises economic recovery overall, the very goal of this substantial pattern of recovery spending.

Over the last few years, most countries in the region have explicitly committed to reducing gender gaps in economic and political life. Many have also set specific national targets towards achieving these goals. A summary of national targets that relate to explicit goals for female labour force participation is provided in Table 2. Some of these goals coincide with the SDG due date, others have closer time horizons. While many of these countries may have been on track to try to reach their targets, the negligible efforts to mitigate the effects of the crisis on women's labour market outcomes seem to

indicate that the commitment to the targets is at best weak, at worst simply expired. No data allow us to closely track the participation rate for countries in the region, still there are several reasons to believe that catch up is unlikely.

Firstly, judging from the recorded experience of other countries, the shocks to female labour force statistics from the pandemic have been alarming. For [some OECD countries](#) that [have been tracking](#) participation and employment dynamics since the beginning of the pandemic, the data show that on [every labour market metric](#), women have been hit harder. The risk of job loss and the associated unemployment rate have been higher for women, so too have the risk of discouragement and the ensuing exit from the labour force. This is likely the result of female jobs being more precarious, and of women's time being less protected against the sharp increase in unpaid work duties that came with the pandemic. The fact that these underlying risk factors are systematically higher in the Arab region, whether in terms of female jobs being more precarious, or in terms of the gender bias in the division of unpaid work being even more skewed, the resulting incentives for women in the region are stacked sharply against participation in the labour force.

Secondly, the region's own past experience with sharp economic downturns has shown that they have resulted in [increases](#) in youth unemployment rates that were significantly sharper for women than for men in North Africa, even when these downturns have involved less systematically gendered disruptions and shocks.

Table 2: National targets for female labour force participation and estimated GDP foregone from failing to meet them. (Sources: Arab Development Portal, World Bank 2019, Vision 2030 KSA, authors' calculations based on MGI (2016))

	Goal	Date	Foregone GDP from abandoning FLFPR goal
Egypt	Increase by 12 percentage points (from 23%)	2030	12.5%
Iraq	Increase by 5 percentage points (from 18%)	2023	2.6%
Jordan	Increase by 7 percentage points (from 17%)	2025	5.6%
Lebanon	Increase by 5 percentage points (from 23%)	2024	4.4%
Saudi Arabia	Increase by 8 percentage points (from 22%)	2030	5.0%

Yet policy responses that are quick to abandon these targets are not costless. To estimate the foregone GDP from failing to meet these goals, the approach used by the McKinsey Global Institute (MGI) is adopted. [MGI \(2016\)](#) simulated the gains in GDP from advancing toward gender parity in participation rates. Table 2 also provides estimates of these gains (scaled to GDP) associated with the advances in participation set by each country. Research simulating the GDP gains from closing the gender gap in employment also suggests

that even without explicit numerical targets for female labour force participation, equalizing employment opportunities for men and women promises to increase [MENA GDP by 27%, Morocco's by 33% in the long run](#). At a time when governments are scrambling to come up with any measure that could raise their rapidly shrinking GDP, a valuable opportunity is missed when the potential gains from pursuing their own stated goals are disregarded.

The way forward: towards meeting and exceeding national commitments for the advancement of GEEW

This section identifies a number of priority interventions that promise to redress the losses in women's labour market outcomes that continue to accrue even as Arab states devote abundant resources for recovery. These proposed interventions can thereby advance countries towards their set targets of gender equality, but they are also proposed here because they are implementable even *within* existing budgets for recovery spending, through reallocation and reprioritization. Furthermore, the proposed interventions come with a solid evidence base of effectiveness.

The hope, at this pivotal moment in the region's development, is that response spending not aim at mere recovery, but also use this opportunity to set countries on a more sustainable path of gender-equitable development that makes them more resilient to future shocks. The shift to such a path would require more transformative change, beyond response and recovery. The annex to this report proposes a few policies that could help bring about such a paradigmatic shift and that could work

towards achieving the ambition of the 2030 agenda and the SDGs.

Invest in Early Childhood Education

[Forty four percent of women](#) in the region cite limited policies on work-life balance as the main obstacle to holding a job.

With the focus on employment and economic activity, certain sectors emerge as **development best buys**, for their potential to produce higher returns that are less concentrated and more equally distributed, and to create formal employment, covered by contributory social protection schemes. The job creation and growth resulting from [investment in the care industry in OECD economies](#) holds lessons for the region. As a sector, care has thus far not featured prominently in the recovery packages introduced by governments. Efforts to maintain service delivery in health and education is protective for users of these services, but also benefits providers, where

the female work force tends to be concentrated. Investment in Early Childhood Education (ECE) in the MENA region in particular [are lagging far behind global](#) and other regional averages. ECE investments promise triple dividends, accruing to different actors involved, including the child benefiting from the service, the child's household in general and their mother in particular, as well as the provider of the early education service. At each of these levels, spending on early education programs comes with higher yields. It is more effective at producing better outcomes later in life for child beneficiaries and for correcting a landscape of service provision that is currently fragmented and highly unequal. It creates formal employment in a sector predominantly staffed by women. And it goes some way in correcting the skew in unpaid care work at home and reducing women's time scarcity thereby affecting their decision of whether to join the labour market. This is especially relevant when [44% of women](#) in the region cite limited policies on work-life balance as the main obstacle to holding a job.

Introduce a gender-sensitive procurement law

The most recent estimate (2013) of the size of procurement contracts in the MENA region puts it at [18% of GDP](#). Reforming procurement laws to be more explicitly inclusive of women-led businesses also has the potential to unlock a lot of other downstream benefits: female-owned SMEs in the region are likelier to employ women, including in high managerial positions, are active exporters, are more sensitive to workers' rights and benefits (for both male and female workers).

One systematic way of mainstreaming gender equality across sectors or structures, and of championing those sectors and structures that are more equal is through enacting appropriate [gender-sensitive procurement laws](#).¹⁶ Experience from public procurement reforms of a variety of countries indicate that it can be effective at pushing the equality agenda

even in construction contracts, the most traditionally masculine of sectors (Wright and Conley, 2018). Procurement law can also be designed to support particular classes of business structures, such as Small and Medium Enterprises (SMEs).

In many of the region's countries, SMEs are major private sector employers, and therefore potentially employers of women, and sometimes large contributors to GDP. Very few SMEs in the Arab world, however, are female owned (IMF, 2019). The region also has the second lowest Female Entrepreneurship Index globally (Global Entrepreneurship and Development Institute, 2015). Reforming procurement laws to be more inclusive of female-led businesses has the potential to increase their numbers and redress this large imbalance. But there is more at stake than a blanket target of equality: business surveys conducted by the World Bank show that female-owned SMEs in the region are likelier to employ women, including in high managerial positions, are active exporters, are more sensitive to workers' rights and benefits (for both male and female workers) and have less access to finance than male-owned SMEs (ESCWA 2009).

Among trading firms, even when they are larger enterprises, the World Bank also finds that the work force tends to be [more feminine](#) under female ownership and management. Thus, correcting the large gender skew in entrepreneurship also promises to create decent jobs for skilled women (for whom both unemployment and informal employment are especially high in the region) in addition to men, and to boost the current account and generate much needed foreign currency inflows. Recent findings on the Egyptian manufacturing export sector, for instance, suggest it is characterized by more secure employment, higher wages and skill premia, and higher female employment (Saad, 2020).

The most recent estimate (2013) of the size of procurement contracts in the MENA region puts it at [18% of GDP](#). A number of regional initiatives are under way to build capacity for public procurement reform, establish networks for shared knowledge and best practices, and coordinate reforms across

16 See UN Women Women's Empowerment Principle 5 (WEPs 5) regarding business practices in the marketplace.

various components of the procurement ecosystems. However, in none of the regional reform efforts does gender equality feature as one of the cornerstones of the reforms. The recently published [draft procurement law](#) in Lebanon includes a single mention “balanced economic development,” which includes “women’s economic participation,” while the [newly reformed procurement law](#) in Saudi Arabia makes mentions equality of opportunity, but makes not one reference to gender equality.

Gender-responsive budgeting

Gender-responsive budgeting alters fiscal policy in ways that [can address some of the factors](#) that discourage women from joining the labour force and that perpetuate the gender wage gap.

The only country in the region to have enacted a gender-responsive budget (GRB) is Morocco. Several other countries have taken steps towards introducing GRB, including Tunisia, where sectoral ministries have started mainstreaming gender into their annual performance goals and indicators. The exercise of measuring the impact of gender-responsive budgeting and evaluating its effectiveness is an exceedingly difficult one, so the literature assessing the experiences of countries that have adopted GRB remains thin and consists largely of country- (and less frequently sector-) case studies. Still, there are a handful of [somewhat consistent results](#) that can be distilled from a survey of this literature. GRB has been shown to:

- i. increase awareness and transparency and accountability of the decision-making process on budgets,
- ii. increase awareness of gender issues in budgeting and provide gender-sensitive data and statistics for tracking and for advocacy,
- iii. contribute to changing budgets and priorities in line with gender equality,
- iv. improve participation in the decision-making process, including, in some cases, the participation of poor women, and

v.v. improve service delivery, in some instances (Combaz 2013).

While these findings are drawn from an international body of evidence, they also match the experience of Morocco: more gender-sensitive statistics are now produced as a result of the adoption of GRB, and public actors are held to higher standards of transparency and accountability on their efforts for reducing gender inequalities.

Limitations

The recommendations listed above should be read while keeping in mind the following limitations in the data on which they are based:

1. This report maps the macroeconomic response in only the first six months of the pandemic.¹⁷
2. Given that the data on the size of many of the tracked policies is missing, the findings below likely underreport the amount of spending by the region’s governments.
3. Data on some countries in the Arab region is missing, especially for Syria and Yemen.
4. The overall quality of the data available, especially disaggregation by gender, if enhanced, would allow for more accurate estimates. For instance, data on the gender composition of beneficiaries of social protection systems, as well as measures of the returns to investments in health, education and social protection during recessions for the Arab region, would make possible a more granular description of the lay of the land.

¹⁷ The approach can be extended as data on additional policy responses or extensions of already existing ones becomes available.

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Annex 1:

Medium-term actions

The overall size of a government's response package in the first six months of the pandemic is contingent on its ability to react on a short-term basis by quickly securing resources that were otherwise untapped or destined for other ends. The motivation for the increased spending is shared across all the different states in the region: limiting the economic and social damage caused by the pandemic and by the public health measures that disease containment policies entailed. In trying to mitigate these losses, the room for expanding fiscal outlays in the short run can often be constrained institutionally, economically and politically. This shared motivation of damage control and these common constraints of solvency and sustainability as given, but proposes principles of allocation that are more sensitive to the specifics of the economic costs the pandemic has imposed.

Within the fiscal envelope: realigning investments

Within the fixed fiscal umbrella, the goal should not be to recover the pre-crisis status quo ante, but rather to use the allocative opportunity to mitigate the losses imposed by the crisis while also correcting some of the pre-existing biases and failures, and while advancing national goals.

Public social expenditures (excluding health expenditures) as a percentage of GDP are [lowest globally](#) in the Arab region, informality is [highest](#). Yet total spending on social protection, social infrastructure and food security together did not match spending on preserving economic activity. While we have seen some spending on healthcare services in the first six months of the pandemic, there has been far less attention given to spending on education.

A more traditional “go to” sector for stimulus and one that is likely to feature in the upcoming recovery efforts is investment in infrastructure, which has been shown to have more limited job creation potential, particularly for formal jobs. But infrastructure investments too [can be fashioned for gender equality](#).

Strategies for the care economy are [best complemented](#) by legal and administrative efforts to address some of the structural imbalances: investing in national time-use surveys, reforming maternity leave policies, and addressing job quality more broadly, as well as planning for long-term care options. The upcoming implementation of some of the joint [UN-Women-ILO policy tools](#) in several of the region's countries holds promise for the development of linkages between decent employment for women and investments in the care economy. The [financing options](#) for enhancing social protection are known, the challenge is to also institute gender-sensitive policies in the effort to [expand fiscal space](#).

Pushing the fiscal envelope: expanding fiscal space

[Debt](#) is expected to grow, and with it and for several years to follow, debt servicing, unless specific measures are taken for fiscal restructuring and the management of debt maturity profiles. Data from the [January 2021](#) edition of World Economic Outlook summarized in Table A1 below show that in nearly every country in the region, gross debt as a percentage of GDP has increased in 2020. In the case of some countries, that increase is substantial.

Table A1: Projections of gross government debt to GDP (%) for 2020. Source: IMF's World Economic Outlook, January 2021

	2019	2020	Rate of growth of debt/ GDP
Algeria	46.3	57.2	23.6%
Bahrain	103.4	128.3	24.1%
Egypt	83.8	86.6	3.3%
Iraq	46.9	68.3	45.5%
Jordan	78.0	88.4	13.3%
Kuwait	11.8	19.3	63.6%
Lebanon	174.5	171.7	-1.6%
Morocco	65.8	76.9	16.9%
Oman	63.1	81.5	29.3%
Qatar	56.2	68.1	21.1%
Saudi Arabia	22.8	33.4	46.6%
Tunisia	72.3	84.8	17.2%
United Arab Emirates	27.3	36.9	35.4%
West Bank and Gaza	34.6	44.2	27.7%

Some lending countries in the region have [suspended debt servicing](#), and others, like Egypt, Jordan and Tunisia have benefited from [rapid financing instruments](#) from the IMF. There have also been several [calls](#) for a [debt service standstill](#). However, these temporary breaks do not address some of the structural imbalances in the fiscal spaces of many countries in the region. Their scale also remains

woefully insufficient: [Oxfam](#) reports that in the period between March and August of 2020, the increase in the wealth of MENA billionaires was twofold the total IMF emergency funding to the region, and five times the size of the UN's COVID-19 humanitarian appeal.

This accelerated polarization of wealth in the region points to another side of the systemic imbalance in fiscal policy that also narrows policy makers' fiscal space: the structure of government revenues. In every country in the region, governments still rely primarily on consumption taxes, indirect levies and fees for revenues, all of which tend to have a regressive impact on incomes, and therefore constitute a relatively larger burden on disadvantaged groups, including women. Income and wealth taxes constitute [less than 50%](#) of total tax revenues in every country, and even in these forms of taxation, there is much room left for more progressive regimes.

Fiscal reforms were underway in the region even before the pandemic, but only some of these included measures to expand fiscal revenues (IMF 2018 –Purfield et al). Even fewer included policies to improve the progressivity of revenues, which would also go a long way to reducing gender inequity. These reforms are likely stalled, if not abandoned altogether, because of the pandemic. Yet they are more relevant than ever. Pushing for gender-based budgeting in the medium-term response can help governments meet their overall social protection goals, particularly at a time when women are bearing a disproportionate burden of the costs. But with the pressure to increase government revenues that will prevail in the medium run, the revenue side of gender-based budgeting, which has so far been more neglected, will help ensure fiscal space is not expanded at the expense of gender equity.

Annex 2:

Jobs created by stimulus spending benefiting women

	Estimates of jobs created by stimulus spending (total)	Jobs benefiting women	% of jobs benefiting women
Algeria	1,332,677	304,688	22,86%
Bahrain	1,023,493	206,901	20,21%
Egypt	2,167,970	594,238	27,40%
Iraq	8,154	983	12,05%
Jordan	242,736	54,433	22,42%
Kuwait	30,453	8,869	29,12%
Morocco	1,215,151	240,139	19,76%
Oman	1,494,392	112,239	7,51%
Qatar	617,308	71,382	11,56%
Saudi Arabia	2,145,289	301,128	14,03%
Tunisia	149,552	157,427	22,37%
UAE	10,017,421	33,464	17,83%
Palestine, State of	51,862	1,786,390	19,52%

Estimates of jobs created by spending on employment and economic activity

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UN Women supports UN Member States as they set global standards for achieving gender equality, and works with governments and civil society to design laws, policies, programmes and services needed to implement these standards. It stands behind women's equal participation in all aspects of life, focusing on five priority areas: increasing women's leadership and participation; ending violence against women; engaging women in all aspects of peace and security processes; enhancing women's economic empowerment; and making gender equality central to national development planning and budgeting. UN Women also coordinates and promotes the UN system's work in advancing gender equality.



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