

Arab Human Development Report 2022

Expanding Opportunities for an Inclusive and Resilient Recovery in the Post-Covid Era

Executive Summary





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**ARAB HUMAN DEVELOPMENT
REPORT 2022**

**Expanding Opportunities
for an Inclusive and
Resilient Recovery in
the Post-Covid Era**

EXECUTIVE SUMMARY

Foreword by UNDP Administrator

More than two years have passed since the onset of the Covid-19 pandemic. Its impacts have been far ranging and are still being felt across the world. In many cases, the pandemic has erased several years of hard-won gains in human development. This has been even more pronounced in less developed countries, fragile regions and vulnerable communities.

This Arab Human Development Report provides a timely assessment of what it will take to get human development back on track in the Arab States region in the postpandemic era. With its diverse country contexts, the region provides good examples of response measures, a diversity of lessons learnt, as well as evidence of deepening and persistent challenges.

The Covid-19 pandemic has significantly affected governance systems, economies and societies in the region. Many of these impacts are interconnected and mutually reinforcing and need to be known and fully understood to be acted upon.

Measures to combat the pandemic, including laws, orders, decrees and regulations, have in many instances affected civic freedoms, which has decreased trust in institutions. On the path to recovery, finding the balance between protecting public health and safety and safeguarding individual civil liberties and citizens' privacy will be key. An effective recovery will require a whole-of-government and a whole-of-society response, with stepped up collaboration among governments, the private sector, citizens, civil society organizations and international organizations. The Report calls for rebuilding trust between citizens and government, ensuring freedoms and strengthening human rights and the rule of law to leave no one behind in the recovery.

While the region's growth recovered to some degree in 2021, the recovery has been uneven, and future prospects are uncertain in view of emerging challenges and macroeconomic volatility.

Fiscal deficits have widened across the region, with implications for government debt, particularly in oil-importing countries in the region. During the Covid-19 pandemic, many businesses shut down, and workers lost many working hours. On average, the region experienced an 11 percent loss of labour income, which pushed more people into poverty. The pandemic's impact widened existing inequalities, with workers in small or informal businesses more impacted than those in the public sector and women more likely to exit the labour market than men. Social protection measures were implemented by all countries and played a key role in the response. The Report calls for greater regional economic integration; promotion of job creation in the private sector, especially for women; and strengthened public financial management, with increased social spending to protect the poor and vulnerable.

Social exclusion resulting from poverty and various types of inequalities has a bearing on social cohesion in the region. Prior to the pandemic, with some exceptions, inadequate public financing for healthcare placed the burden on patients, often making it beyond the reach of the most vulnerable segments of society. Following the pandemic, unpaid care work increased for women, coupled with a concerning reported rise in the incidence of gender-based violence, as has also been seen in other parts of the world. Youth already faced inequalities in the education sector before the pandemic due to factors such as gender, family income, geography and the digital divide. During the pandemic, access to quality education was further compromised, especially in conflict-affected areas. Some positive measures were also enacted by governments towards greater inclusion, enabling digital access and protection of disadvantaged groups that could lead to more comprehensive reforms. The Report calls for placing

care, solidarity and social cohesion at the centre of the recovery effort.

Not least, nature was also impacted in the region before and during the pandemic, and its continued degradation creates barriers to a resilient recovery. Enhanced environmental services can support building forward better from the crisis, with new nature-positive recovery investments addressing decarbonization, investment in renewables, and sound water and waste management.

The Arab States region can foster an inclusive and resilient recovery by making human development a central tenet and expanding opportunities for all. The Report's broad recommendations provide a recovery path that can enable the region to diffuse the triggers of exclusion and crisis and promote increased resilience in the face of future shocks, knowing that there is no silver bullet and that integrated development solutions will be needed.

A handwritten signature in black ink, appearing to read 'Achim Steiner', with a stylized, flowing script.

Achim Steiner

Administrator, United Nations Development Programme

Foreword by the Regional Director, UNDP Regional Bureau for Arab States

The *Arab Human Development Report 2022: Expanding Opportunities for an Inclusive and Resilient Recovery in the Post-Covid Era* (AHDR 2022) is the latest in our Arab Human Development Reports (AHDRs) series. It focuses on understanding the broader impacts of the Covid-19 pandemic on the region and presents recommendations for recovery that can enable building forward better towards a more inclusive and resilient development. At the core of this Report is the concept of human development, which calls for expanding opportunities for people to live productive, meaningful and empowered lives, while also reducing planetary pressures¹ and learning to live in harmony with nature.

AHDR 2022 builds upon the legacy of the AHDRs over two decades that has engaged institutions and citizens in Arab countries in debates about factors that shape choices and opportunities available to people across the region. The aim of the AHDRs since their inception has been to foster understanding and consensus around regional and national development priorities and suggest policies, strategies and opportunities to address them.

As we reflect on the far-reaching changes in the region and in the world, ushered in during the two decades since the launch of the first AHDR in 2002, the sense of urgency is renewed. Today half the countries in the region are facing varying crises, while we host the largest number of refugees and internally displaced persons in the world. There have also been modest gains towards achievement of the Sustainable Development Goals, particularly on access to education and infrastructure; however, the Covid-19 pandemic and new challenges emerging in the aftermath of the war in Ukraine risk slowing down or even setting back the progress.

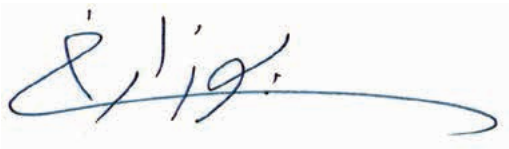
The Arab States region is notable also for a diverse range of development contexts—including high income, middle income, low income and fragile crisis-affected countries—but the rapid onset of the global Covid-19 pandemic challenged all to varying degrees, generating cascading effects across governance, economy and society. Despite the new challenges that emerged, there were also positive response measures undertaken that could be scaled up or pave the way to more comprehensive efforts. While targeted and context-specific solutions will be necessary for the diverse contexts, the Report points to several broad aspects that will be important to address:

- Critical steps will be needed to tackle the causes of inequality and vulnerability—for example, by creating social and economic safety nets, reducing the digital divide, promoting private sector growth that can advance women and youth, supporting responsive and accountable governance, increasing access to social services and enhancing social cohesion.
- The planetary pressures impacting the Arab States region require understanding the reality of our interconnectedness with the climate, dependence on fossil fuels, and depletion of water and other ecosystem services. The recovery can serve as an opportunity to reset our course towards sustainability.
- An inclusive postpandemic recovery will require the commitment and involvement of all stakeholders in the region, from governments to civil society, public to private sector, and academia and policy-makers, to effectively steer the course.

Knowledge and solutions exist to tackle the challenges; many are known and have been tested and

¹ United Nations Development Programme. 2020. *Human Development Report 2020: The Next Frontier: Human Development and the Anthropocene*. New York. <https://hdr.undp.org/content/human-development-report-2020>.

shown to work. The region is also full of potential and brimming with innovative efforts. Our collective endeavour now is to create the conditions to allow these efforts to blossom and reach fruition. What will be needed is to act with resolve towards a new social contract founded in nature-based norms, generating economic opportunities for all, ensuring citizens' enjoyment of rights and strengthening their links with responsive institutions. This can provide the basis for prosperity, stability and peace. I invite you to read the Report, and I hope you will join in discussing, debating and amplifying its messages.

A handwritten signature in blue ink, appearing to be 'Khalida Bouzar', written in a cursive style. The signature is contained within a light grey rectangular box.

Khalida Bouzar

Assistant Secretary-General, Assistant Administrator and
Regional Director, Regional Bureau for Arab States, United
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Acknowledgements

This Arab Human Development Report 2022 builds on valuable contributions of many over the course of one and a half years during the Covid-19 pandemic impacting the world and the Arab States region.

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Sarah Poole, Deputy Regional Director. The preparation of the report has benefitted from the valuable advice, guidance and perspectives provided by the high-level AHDR Advisory Board chaired by Khalida Bouzar, RBAS, and including as its members Pedro Conceição, Director of the Human Development Report Office at UNDP; Sawsan Al Lawati, Director General, National Centre for Statistics and Information, Oman; and Omar Razzaz, Former Prime Minister of Jordan. Valuable guidance and advice was provided by Mourad Wahba, former Regional Director at UNDP RBAS.

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Background researchers

The report draws upon a series of research papers commissioned by UNDP for the preparation of the AHDR that provide valuable data on the impact of Covid-19 in the Arab States Region. The process was coordinated by Iman Nuwayhid at AUB. Authors and co-authors of the respective papers include:

1. *Assessing Multisectoral Collaborations in the COVID-19 Pandemic Response in Selected Arab Countries*, by Fadi El-Jardali with Racha Fadlallah and Najla Daher.
2. *The Impact of COVID-19 on Progress Towards Achieving the SDGs: Using a human development lens to analyse the case of the Arab region*, by Hala Ghattas with Nadine Mezher, Thurayya Zreik, Nadine Nasser, Nisreen Salti, and Stephen J. McCall.
3. *COVID-19 and Gender in the Arab States: Using a human development lens to explore the gendered risks, outcomes and impacts of the pandemic on women's health*, by Jocelyn DeJong with Sasha Abdallah Fahme.
4. *Overlapping Fragilities: The Impact of COVID-19 on Refugees and IDPs in Conflict-Affected Countries in the MENA*, by Nasser Yassin with Linda Matar.

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ARAB HUMAN DEVELOPMENT REPORT / 2022

Executive summary

The 2022 Arab Human Development Report assesses the impacts of the Covid-19 pandemic on the Arab States region's sustainable human development trajectory.¹ Although more than two years have passed since the world was confronted with the pandemic, the full range of its cascading effects on the region's prospects is still emerging. It is clear, however, that the pandemic has erased several years of previous gains in human development. The Report reviews the prospects for human development in the region and contends that getting human development back on track in the postpandemic era will require greater efforts to make governance systems more accountable and responsive, economies more diversified and competitive, and societies more cohesive and inclusive—in order to ensure a resilient recovery for all.

Although the Report's analysis was conducted prior to the war in Ukraine and its unfolding impacts on the Arab States region, its framework can increase understanding of shocks and crises beyond Covid-19. Recovery strategies that follow the approach set forth in this Report can serve as a means for countries to also build resilience against other emerging shocks, such as the impacts of the war in Ukraine on energy and food prices in many parts of the world. These impacts are particularly challenging for the region's oil-importing countries. By focusing on inclusive economic policies and social protection mechanisms that address inequality and support the most vulnerable populations—and by renewing efforts towards a resilient and green recovery that focuses on renewable sources of energy, the region can also better withstand the food, fuel and financial challenges emerging in the wake of the war in Ukraine.

Prior to the Covid-19 pandemic, the Arab States region was already struggling with multiple weaknesses and fragilities, in many cases exacerbated by conflict and political instability. Unsustainable economic practices and economic inequalities limited opportunities for inclusive human development. Spatial inequalities created structural impediments to accessing the basic services and coping mechanisms that could have supported the most vulnerable. The pandemic also revealed deep social inequalities and a lack of preparedness of many governments to address the emerging challenges.

How the Arab States dealt with the pandemic reflected their diverse development contexts. Across

fragile and conflict-affected countries, the health systems, government structures and social safety nets, already weak, were strained even more. Some middle-income countries were relatively successful in handling the first wave of the virus but later faced continuing challenges. The high-income Gulf countries fared better, given their resources and better healthcare systems, and were able to quickly impose restrictions to prevent Covid's spread.

By early June 2022, the Covid-19 pandemic had caused about 13 million officially reported cases in the region and about 170,000 reported deaths. Regional averages are somewhat lower than world averages, but the rates per million people range from 380 officially reported cases in Yemen to 324,000 in Bahrain (against a global average of almost 69,000) and from 69 officially reported deaths per million in Yemen to 2,376 in Tunisia (compared with a global average of 811).² Moreover, the region seems to underperform on the vaccination rate, with a regional average lower than the global one and a wide range from a mere 1.4 percent of the population fully vaccinated in Yemen up to 97 percent in United Arab Emirates (against a global average of 60 percent; figure 1).

The scourge of the Covid-19 pandemic on human development has been felt well beyond the spread of the virus itself to the impacts of the controls to contain it and the measures to alleviate its broader impacts. Lockdowns, closures and mobility restrictions reduced people's freedoms. And economic downturns stripped many people of their livelihoods while reducing public resources for healthcare and safety nets, especially for those already vulnerable.

There have been instances where rapid government action mitigated some of the worst development impacts, as well as occasions when social solidarity movements and civil society organizations quickly mobilized to respond to the pandemic's challenges. Across the region, however, inequalities and structural vulnerabilities have deepened, and greater political will and commitment will be needed to close the gaps between those enjoying a high level of human development and those likely to be left farther behind. Only fundamental reforms and well-coordinated innovative approaches can create the enabling environment for people to enjoy long, healthy and productive lives.

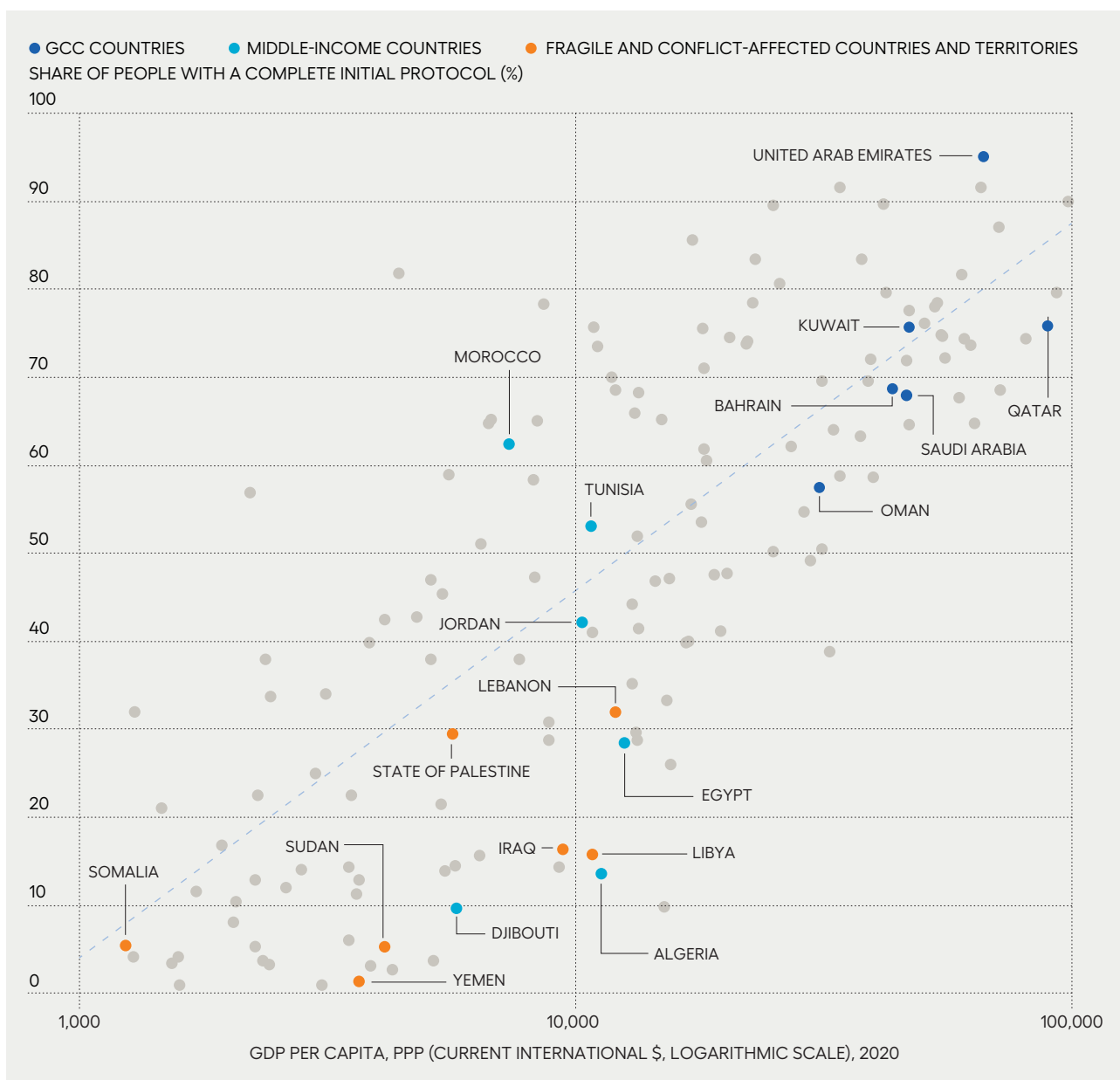
Understanding Covid-19's impacts on human development

The core premise of this Report is that human capabilities and human freedoms are enhanced by accountable and responsive governance, diversified and resilient economies, and cohesive and inclusive societies (figure 2). Across the Arab States, as in all countries, power dynamics and the interaction between institutions, economies and societies affect human capabilities and can increase or reduce many

forms of inequality. Unbalanced power structures give rise to rules, policies and outcomes that favour those with more power. This nexus between power and development underpins citizen-state relations, the processes that form and reform these relations and the trajectory of human development along the spectrum between conflict and peace.

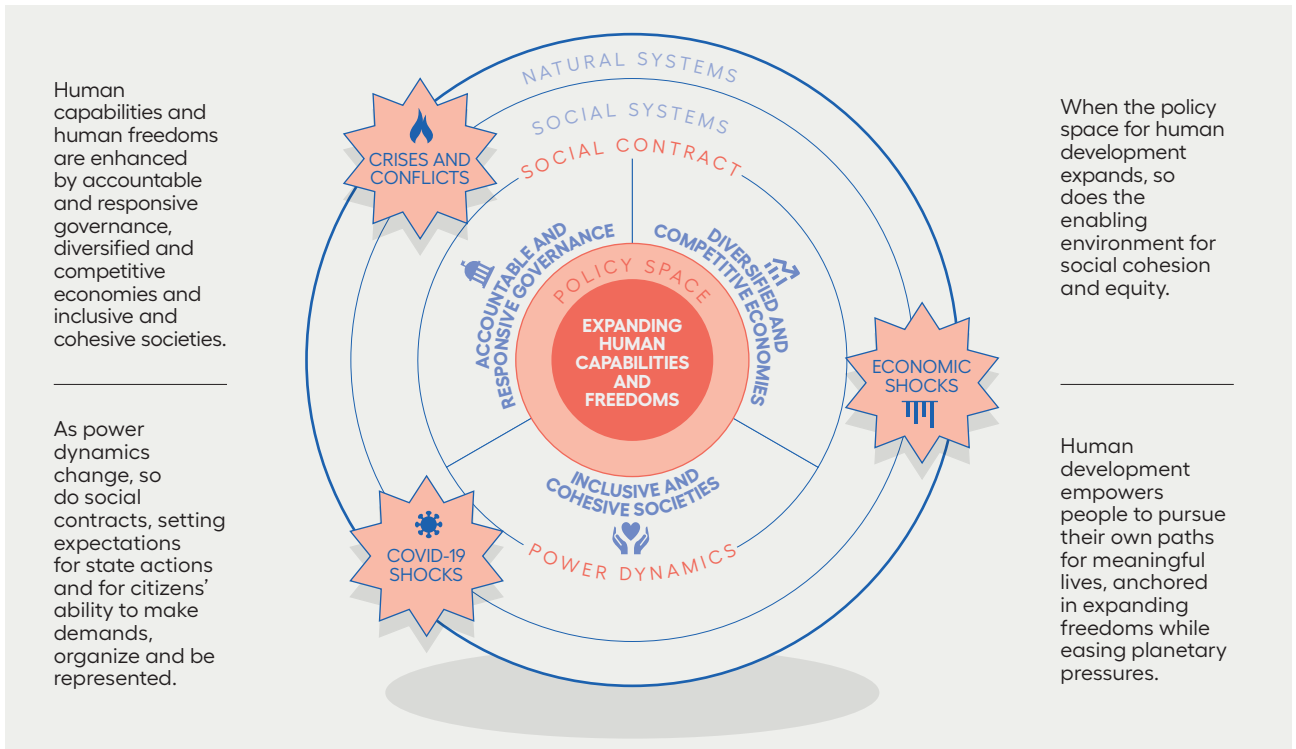
As power relations change, so do social contracts, depending on many factors. The perceptions, preferences and priorities of citizens condition their expectations for state actions, as does their capacity

Figure 1 Correlation between income level and vaccination rate



Source: Vaccination rates are official data collated by Our World Data, last updated early March 2022, <https://ourworldindata.org/covid-vaccinations>; GDP per capita data are from the World Bank's World Development Indicators.

Figure 2 Understanding the forces shaping human development in the Arab States



Source: Arab Human Development Report team.

to be represented and take part in decisionmaking. Advances in formal institutions strengthen state formation relative to informal and nonstate institutions.³ Corruption, patronage and clientelism weaken citizen–state relations and set back development processes. Economic diversification broadens opportunities, avoids high dependence on one sector and cushions the volatility of economic cycles—to the extent that the private sector is independent from the public sector.

The combination of these factors determines the strength of the social contract. When the policy space for human development shrinks, the risks of elite capture, social fragmentation and inequality increase, and as these risks increase, they contribute to further shrinkage of policy space. When the policy space expands, so too does the enabling environment for inclusion, social cohesion and equity, thereby expanding opportunities for human capabilities and freedoms. People with extensive, well-developed capabilities have the tools they need to make their vision of a good life a reality. Without basic capabilities, human potential remains unfulfilled.

As for the rest of the world, human development outcomes in the Arab States region require a balance between expanding choices and well-being and addressing planetary pressures and sustainably using natural resources. How social and natural systems interact and respect the planetary boundaries has a bearing on economic, social and natural vulnerabilities, which also affect the region's prospects for peace and stability. The drivers of conflict, crises and displacement in social and natural systems must be addressed for the Arab States region to recover from the pandemic's development setbacks and advance towards a peaceful and secure future for all.

Impacts of the pandemic on governance systems

Prior to the pandemic, countries in the region faced a legacy of governance challenges,⁴ in many cases heightened since the 2011 uprisings across the region. Power struggles in the region have continued to varying degrees since the Arab spring in 2011, and feelings are mixed about the prospects for accountable and responsive governance. While Tunisia is

an exception with its transition to a representative government, its ongoing reform process has stalled, which endangers the achievements produced so far. Some countries dealt with demands for greater freedom and accountability by offering partial reforms, or promising stability as essential for prosperity, as in many of the Gulf Cooperation Council (GCC) and middle-income countries. Several other countries have grappled with protracted crises, including armed conflicts, especially in Libya, Somalia, Syrian Arab Republic and Yemen.

The prevalence of crises and armed conflicts in some parts of the region is partially attributable to poor governance and weak institutions. The region is home to only 5.5 percent of the world's population but accounted for more than 45 percent of the world's displaced persons and 58 percent of the world's refugees in 2018.⁵ According to the United Nations Refugee Agency, the number of displaced people in the Middle East and North Africa Region increased from 15.8 million in 2020 to 16.0 million in 2021.⁶ Furthermore, the Syrian refugee population continued to be the largest globally, with 6.8 million refugees, constituting 27 percent of the global refugee population at the end of 2021.⁷ However, the war in Ukraine has displaced 8 million within the country in 2022, and more than 6 million refugees from Ukraine have been registered.⁸ As in the rest of the world, the outbreak of the Covid-19 pandemic strained the political and administrative systems of most Arab States, many of which were already under pressure. There was a great variation in the response to Covid-19 in the region across the different typologies of countries. Fragile and conflict-affected countries have been most exposed, while stable middle-income and GCC countries have also been affected but to varying degrees.

The availability of resources was an obvious factor in the efficacy of countries' response to the pandemic, along with the agility and coordination of institutions. Most GCC countries were very successful in their vaccination rollout and their speedy economic recovery in 2021 amid rising oil and gas prices.⁹ GCC governments succeeded in bringing the pandemic outbreak under control in their countries, displaying an average recovery rate that was significantly higher than the global average.¹⁰ A study has shown that Bahrain ranked highest for satisfaction with the

governmental response, followed by the Kingdom of Saudi Arabia, United Arab Emirates and Kuwait.¹¹

Middle-income countries such as Jordan, Lebanon and Tunisia were relatively successful in handling the first wave of the virus but loosened their control afterward. In some middle- and low-income countries, there was often lack of coordination between government agencies and other actors—and the slow response in implementing some public health measures required to address the pandemic eroded trust in the state.

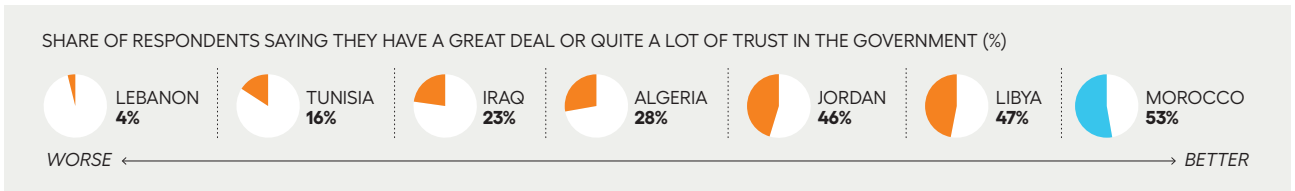
Countries in crises had limited capacity to mitigate the impact of Covid-19 outbreaks owing to other setbacks, such as the breakdown of social relations, economic challenges, the destruction of health infrastructures and the displacement or migration of many healthcare workers. The pandemic thus overstretched the already strained capacities of the public and private institutional systems in these countries and further weakened their ability to swiftly respond to the health crisis.

Public trust

A recent Arab Barometer survey of seven Arab countries between the summer of 2020 and spring of 2021 found that only 30 percent of respondents reported that they had a great deal or quite a lot of trust in government (figure 3).¹² A United Nations Development Programme survey in 12 Arab States found in 2019 that 31 percent of respondents do not believe that their government is responsive to the needs of its citizens, while 34 percent consider their government to be quite responsive (35 percent did not answer).¹³ When asked about changes in government responsiveness over the past 10 years, 38 percent said that it has stayed the same, 30 percent that it had declined and 22 percent that it had improved.

This decline in public trust in governments is also apparent in the results from the 2021 Edelman Trust Barometer, which noted that the Covid-19 pandemic had "accelerated the erosion of trust around the world."¹⁴ The Oxford Covid-19 Government Response Tracker, in its international survey on Covid-19, asked the public how much they trusted their government to take care of them and how factually truthful they thought their government had been

Figure 3 Public trust in government in selected Arab States—a great deal or quite a lot?



Source: Arab Barometer Wave VI, Part III (March–April 2021), 2021.

about the coronavirus outbreak. The results reveal a widening trust deficit in governments.¹⁵

However, the latest Edelman Trust Barometer (2022) listed two countries from the Arab States region—Saudi Arabia and United Arab Emirates—among seven countries worldwide with high public trust (out of 27 countries tracked).¹⁶

The Arab States public’s lack of trust in government institutions is reflected in the pushback against Covid-19 containment measures and mistrust of vaccination campaigns. The Arab Barometer Wave VI survey in March–April 2021 reveals high rates of vaccine hesitancy, with the majority of respondents in Algeria, Iraq, Jordan and Tunisia reporting that they were somewhat or very unlikely to get a free vaccination. Respondents in Lebanon, Libya and Morocco were more likely to favour vaccination. Low and declining trust in governments and institutions is among the reasons for vaccine hesitancy, and higher public trust is positively correlated with higher vaccine acceptance.¹⁷

Governments in the region, as in many other countries, put in place new measures that affect civic freedoms, including laws, orders, decrees, regulations and other government practices, in some cases expanding the digital surveillance of citizens. Such measures expose the tension between public health safeguards and protecting individual civil liberties; they also reveal the threat of government overreach under the pretext of the pandemic.

Indeed, perceptions of freedoms are declining.¹⁸ The pandemic created new challenges for civil society and civic space in the region, especially considering the deterioration of many groups’ livelihoods and their increasing hardships. In addition to lockdowns, emergency laws, curfew orders and bans on gatherings, there was greater control of free expression and the media, including social media. Many governments suspended newspapers while criminalizing

“fake news” about the virus. Some employed new surveillance technologies, ostensibly for tracking Covid patients and their contacts¹⁹ but with privacy implications.²⁰ There is concern that unchecked use of technology to monitor individuals’ movements and their interactions with others can lead to control of a vast amount of personal data.²¹

Some governments expanded their executive powers through emergency regulations, with limited or no oversight mechanisms. They weakened checks and balances, mechanisms of accountability and demands for participatory democracy. The lack of coordination between government agencies and other actors—and the slow response in implementing some public health measures required to address the pandemic—further eroded trust in the state for some countries. The limited trust in government in some instances generated reactions of discontent, thus further delaying or slowing responses and contributing to vaccine hesitancy.

Covid-19 started as a public health emergency that quickly deteriorated into an economic, social and human emergency. So, the response and recovery measures cannot be the responsibility of the health sector alone, or even the government alone. Instead, a whole-of-society response is needed, with governments collaborating with private firms, civilian volunteers, civil society organizations and international organizations.

Impacts of the pandemic on economies

Few Arab states have competitive private sectors, particularly for tradable goods and services, and countries with oil and gas are subject to highly volatile prices. Outside the GCC, the productivity of labour, much of it informal, is low, compared with the world average, and has been declining over the past several years—in many cases even before the Covid-19 pandemic, especially in fragile and conflict-affected

countries. This persistent equilibrium of low growth–low productivity–low employment–low institutional capacity emerges from a social contract based on a deep-seated rentier state that may favour the status quo and reject truly transformative economic reforms. The region’s well-known economic fragilities are not destiny, however. They can be corrected with a strong human development approach to tackle the region’s long-term structural challenges.

Macroeconomic dynamics

Following a deep contraction in 2020, the region’s growth bounced back in 2021, but the recovery has been uneven, contingent on each country’s policy space to support its economy. The region’s economy contracted by around 4.5 percent in 2020, with fragile and conflict-affected countries experiencing the largest average drop (around 15 percent).²² The region recovered by an estimated 6 percent in 2021, but Yemen still suffered a contraction of about 2 percent.²³ An accelerated recovery in 2022 is unlikely, with an average expected growth rate of 5.5 percent for the whole region, driven mainly by oil-exporting countries, with upward revisions in their growth outlook amid soaring international oil prices. However, downward revisions are substantial for oil-importing and crisis-affected countries amid greater inflationary pressures.²⁴

During the first year of the pandemic, already large fiscal deficits widened further across the region, with falling revenues and rising financing needs. In 2020, the average overall deficit widened by 7 percentage points, to 9.2 percent of GDP, while the region’s average fiscal deficit narrowed to 2.3 percent of GDP in 2021 and is expected to turn into a surplus of 4.1 percent in 2022.²⁵ High fiscal deficits were attributed to the big drop in oil revenues amid falling oil global demand, combined with higher spending on measures to support households and businesses. The largest deteriorations were in oil-exporting countries, but with the continued rise of oil and gas prices over the last year or so, their fiscal picture greatly improved.

Large fiscal deficits have increased government debt, worsening an already vulnerable debt position. In 2020, the region’s overall government debt peaked at 60 percent of GDP, up around 13 percentage points from 2019.²⁶ While government debt as a percentage

of GDP came down in 2021 to 56.5 percent and is expected to reach about 47 percent in 2022, it is projected to rise substantially and remain above 2019 levels over the medium term for the majority of countries in the region, which are oil importers.²⁷

On the external front, current account balances for the region deteriorated from a surplus of 1.4 percent of GDP in 2019 to a deficit of 3.5 percent in 2020 and registered a surplus of 4.4 percent in 2021.²⁸ Net flows of foreign direct investment to the region fell by 6 percent in 2020, and GCC FDI to the Middle East and North Africa region plummeted by around \$4.6 billion from the first half of 2019 to the first half of 2020.²⁹ FDI net inflows to the region recovered by about 46 percent in 2021, driven mainly by investments into GCC countries.³⁰ Despite an initial forecast of an 8 percent decline in remittance inflows to the region, the latest estimates reveal an increase of around 5.4 percent in 2020 and 7.4 percent in 2021, showing their countercyclical role for millions of households.³¹

The governments of Arab States announced average fiscal support of about 2 percent of GDP in 2020—reportedly lower when compared with that in emerging economies.³² Additional spending directed to the health sector was also below that of peer countries, and the median fiscal package to the health sector was around 0.4 percent of GDP. Saudi Arabia topped the list with 2.1 percent of GDP, while Iraq allocated 0.02 percent.

Employment losses

In response to the pandemic, most governments implemented restrictions on gatherings, ranging from strict lockdowns to partial curfews at night to temporary full curfews that had severe impacts on labour markets.³³ Unemployment rose from 10.9 percent in 2019 to 12.5 percent in 2021 in the Arab States region,³⁴ much higher than the world average of 6.2 percent.³⁵ Women’s unemployment rate rose faster, from 21.4 percent in 2019 to 24 percent in 2021, three to four times the world average and twice that of men in the region. In 2021, the region had the world’s highest youth unemployment rate (15–24 years old), at 28.6 percent, rising steeply from 25.3 percent in 2019. The unemployment rate among young women was also the highest in the world and over twice the rate among

young men, reaching 49.1 percent in 2021 from 44.7 percent in 2019 (compared with 23.8 percent among young men in 2021 and 20.8 percent in 2019).³⁶

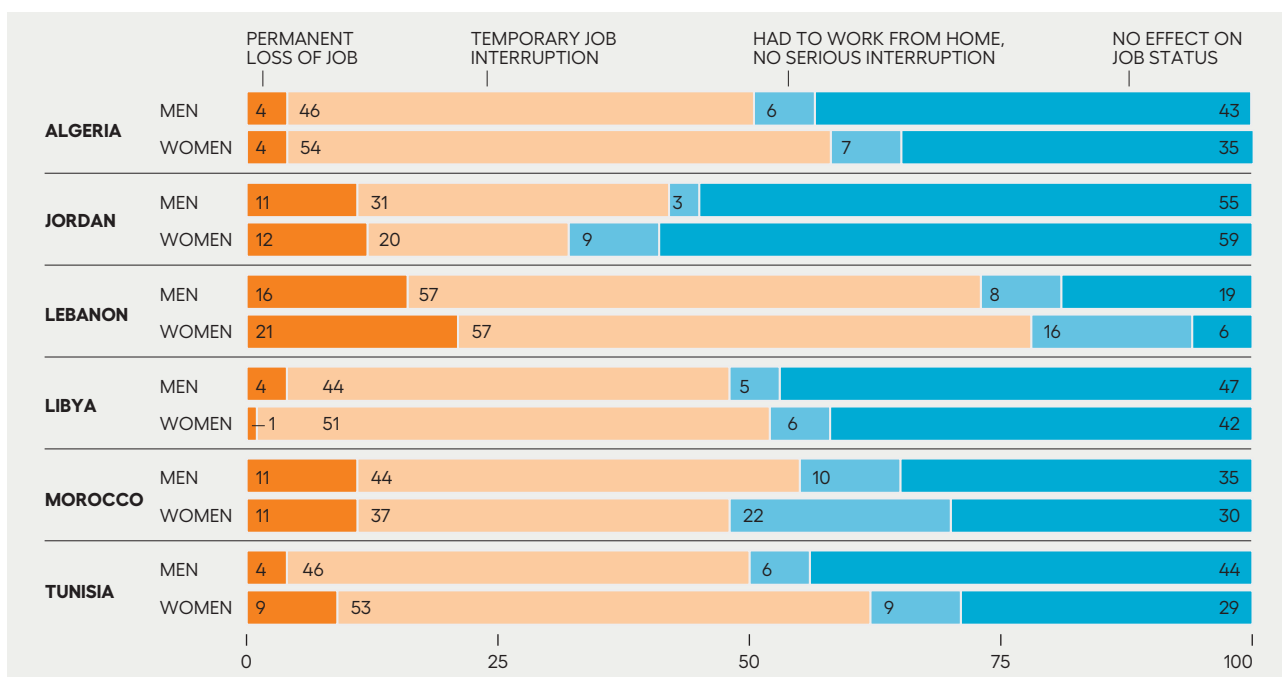
Lockdowns and curfews associated with the Covid-19 pandemic had severe impacts on businesses and their workers, with many working hours lost, varying with the stringency of lockdowns and workplace closures. Relative to the fourth quarter of 2019, over 21 percent of working hours were lost in the second quarter of 2020 and over 8 percent in the third.³⁷ These losses were equivalent to more than 23 million full-time equivalent jobs (based on a 48-hour week) in the second quarter of 2020 and more than 9 million in the third. Working hour losses continued in 2021 but at lower rates, as countries largely abandoned strict lockdown measures and as vaccination rates rose, especially in GCC countries, reflecting the lasting impact of the pandemic in supply chain bottlenecks and continued uncertainty throughout 2021 and into 2022.

In all of 2020, the region lost almost 9 percent of working hours,³⁸ equivalent to 10.2 million full-time jobs; in all of 2021, the region lost 5 percent of working hours, equivalent to 5.9 million full-time equivalent jobs.³⁹ These losses translated to a loss of labour

income of about 11 percent for the region.⁴⁰ Without adequate income support schemes, these substantial reductions in incomes will exacerbate future economic prospects, as workers are pushed into poverty, reducing aggregate demand. This could create a vicious cycle where lower demand further reduces incomes and thus the prospect of a swift recovery.

The impact of the pandemic on labour markets has been uneven and has varied over time across countries, depending on the stringency of the lockdowns, and between men and women (figure 4). More than 50 percent of men who had been working before pandemic faced either permanent job loss or temporary suspension by July–October 2020, according to an Arab Barometer survey conducted at three intervals in 2020 and 2021 in selected Arab states. The impact was most severe in Lebanon, especially early on, but continued to be strong across all countries in the survey even by March 2021. Lebanon was suffering from an exchange rate crisis and other macroeconomic challenges, but the pandemic exacerbated the impact on workers. Through various waves of the pandemic, the highest reduction in hours worked in Egypt, Iraq and Tunisia took place during the first wave, when restrictions were strictest.⁴¹

Figure 4 The Covid-19 pandemic’s impact on labour markets in July–October 2020 was highly uneven and varied by country and gender



Source: Arab Human Development Report team calculations based on Arab Barometer Wave VI, Part I (July–October 2020), 2021.

In some countries the impact of the pandemic was harsher for women than for men, and women were more likely to exit the labour market than men, whether permanently or temporarily. Women were also more likely to work from home, likely a reflection of the types of jobs that the small share of women in the region who do work hold. These jobs tend to be more conducive to remote work, such as those in education and the public sector.⁴²

Young people and the most vulnerable workers—those self-employed or in temporary or informal employment—were also more likely to bear the brunt of the Covid-19 pandemic’s impact.⁴³ In Morocco and Tunisia, for example, public sector workers were affected far less than private sector workers (figure 5).⁴⁴ As expected, informal workers—especially those informally employed outside of establishments—were the most severely affected. The severity of the impact also varied over time and by country, starting out mildly and worsening over time in Morocco, while in Tunisia, the impact was immediately evident in the form of temporary or permanent layoffs, decreased hours or even a change of work status to no longer being a wage worker. In both countries, workers faced strong impacts in February and April 2021, sometimes even more severe than in 2020, that continued into June 2021, reflecting the lingering and worsening economic outcomes as economies struggled to return to prepandemic normalcy amid new variants of the virus, supply chain bottlenecks worldwide and rising uncertainty.

Impact on micro, small and medium-sized enterprises

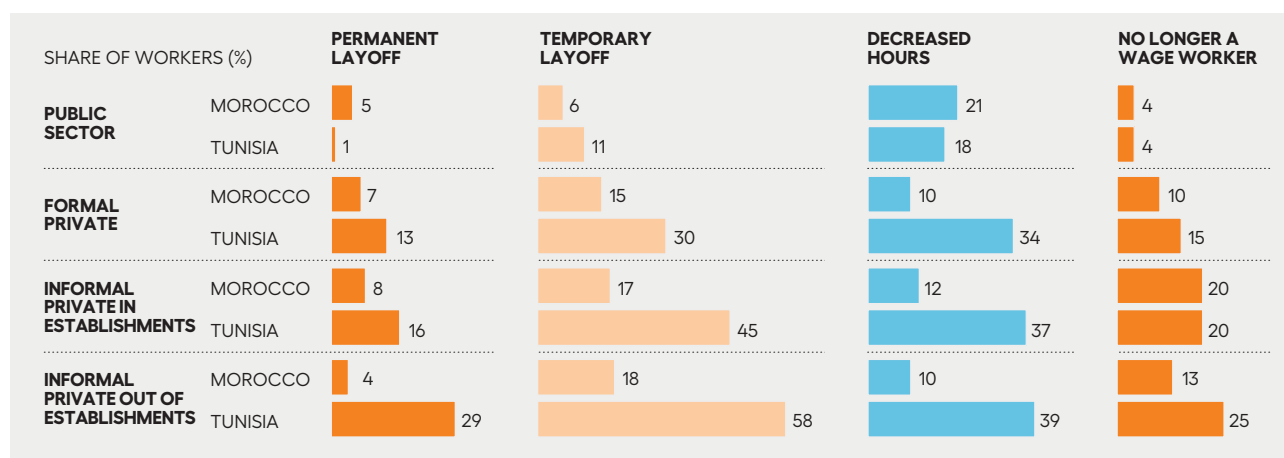
Social distancing measures, the interruption of economic activities and intermittent reopening of businesses have impacted heavily on micro, small and medium-sized enterprises (MSMEs), creating substantial losses of livelihoods.⁴⁵ The results of household and enterprise surveys in Egypt, Jordan, Morocco and Tunisia suggest that microenterprises were the most likely to be closed due to Covid-19 and that small enterprises declared the most impact of Covid-19 on revenue changes by the first quarter of 2021.⁴⁶ Among SMEs, those that adapted and switched to remote work or to e-commerce were more likely to recover faster.

All countries in the region have implemented mitigation mechanisms to support MSMEs, mainly related to easing challenges of enterprise liquidity, followed by tax or fee payment deferrals and employment protection schemes. Despite the gradual reopening observed since May–June 2020, many MSMEs in the region are still struggling to recover.

Social protection responses

Social protection has been one of the main instruments of governments responding to the pandemic’s shock to households and businesses.⁴⁷ Many social protection programmes have been expanded vertically⁴⁸ or horizontally,⁴⁹ and new emergency

Figure 5 The Covid-19 pandemic’s effect on workers differed in Morocco and Tunisia



Note: Data reflect workers’ experience in the 60 days prior to survey interview date in November 2020.

Source: Arab Human Development Report team based on Economic Research Forum Covid-19 Household Monitors, Wave 1.

programmes have been implemented, with funding mobilized to meet the increasing demand.

The United Nations Development Programme gender tracker estimated that the Arab States had a total of about 200 social protection measures in 2020, ranging from 2 in Libya, 3 in Yemen and 4 in Sudan to 18 in Tunisia and the State of Palestine and 26 in Jordan. The UN ESCWA Covid-19 stimulus tracker estimated the number of social protection measures at 174 in the Arab countries, ranging from 1 in Somalia, 2 each in Qatar and Yemen, up to 17 in Bahrain, 19 in Lebanon and 23 in Egypt.

The percentage of people covered by at least one social protection programme increased in Bahrain, Lebanon and State of Palestine in the Covid-19 period.⁵⁰ But social protection coverage is still low in the Arab countries with only about 40 percent of the population covered by at least one social protection benefit,⁵¹ ranging from 4 percent in United Arab Emirates to 82 percent in Saudi Arabia.⁵²

The expansion of coverage was slow even under Covid-19, with exceptions such as Lebanon, where it increased by more than 10 percentage points between 2018 and 2020. In Egypt, the coverage stayed the same between 2016 and 2020 (36.9 percent). In Bahrain, the coverage expanded by only 3 percentage points between 2019 and 2020. In State of Palestine, the coverage increased by 2 percentage points between 2019 and 2020. In Qatar, it increased from 4 percent in 2018 to 4.3 percent in 2020. In some countries, data were available only for one year but still low, especially in Sudan (9.3 percent in 2020) and United Arab Emirates (3.5 percent in 2020). The coverage in GCC countries might be affected in part by a larger share of migrants in the population, who are not eligible for social protection programmes and all welfare state benefits. In fragile and conflict-affected countries, the low coverage is due mainly to limited fiscal space, overreliance on short-term humanitarian support and limited institutional capacity.⁵³

Impacts of the pandemic on societies

The pandemic has underscored the imperative of placing social cohesion, solidarity and care at the centre of the recovery, to build resilience for future shocks and underpinning human development within new social contracts.

Social cohesion

The weaknesses in governance and institutions, the persistence of conflicts leading to displacement, and the high economic inequalities in the region are factors contributing to social and political fragmentation across and within countries. The region also performs poorly compared to other regions in the world, on many indicators related to gender equality, which undermines women's full participation, citizenship and enjoyment of rights.

Social cohesion in terms of social relationships among citizens, was comparable to global averages prior to the pandemic. However, interpersonal trust, which has been positively correlated with confidence and trust in government institutions, registered lower than average in the region. The multiple humanitarian crises and high levels of migration in the region further compromised social cohesion. Massive population displacement led to tense relations between residents and migrant populations, and attitudes towards migrants were not very favourable before the pandemic.⁵⁴ Evidence from several Arab countries early in the pandemic suggests that migrant populations faced Covid-related discrimination as well, such as physical violence and racist speech in some localities.⁵⁵ And there are instances where individuals, communities and social networks stepped up to confront the pandemic and provided essential support for the disadvantaged.

Social exclusion resulting from poverty and various types of inequalities is another aspect that affects social cohesion in the region. Poor and disadvantaged communities suffered higher rates of exclusion from access to vital health and education services which limited their opportunities for social mobility and compromised their social rights. The outbreak of the pandemic led to further exclusion of some groups from essential health and education services. This is especially the case in conflict-affected countries and among displaced populations, however it is equally so overall among women and girls, and the poorer populations across countries.

Prior to the pandemic, inadequate public financing had placed the burden of healthcare on patients. Out-of-pocket spending averaged 28 percent of current healthcare expenditure in the region, compared with 18 percent worldwide. But there were significant variations ranging from a low of 6.6 percent in Oman

to a high of 81 percent in Yemen.⁵⁶ Affordability was a burden to receiving healthcare in many countries. In some cases, noncitizen communities, such as migrant workers and refugees, were excluded from healthcare services.⁵⁷

Following the outbreak of the pandemic, access to and continuity of healthcare were also impeded in part by the containment measures put in place to control the spread of the virus. In conflict affected countries, healthcare disruptions were compounded by violence against health facilities and providers. Women's access to reproductive health services was notably impeded in many parts of the region. In addition, large percentages of refugees and internally displaced persons experienced greater difficulty getting medical care. Host governments in the Arab States region did not initially include refugees in their national Covid-19 plans. Among the notable exceptions was Jordan, which included refugees in its pandemic response plan from the outset.⁵⁸ A similar positive measure was the granting of access to free healthcare to migrant workers in Gulf countries during the pandemic.

In the education sector, inequalities were notable before the pandemic across and within countries, with limitations in access specifically in conflict-affected countries. Gender, family income and geography were other factors impeding access to quality education. The high cost of private education in the region made a quality education out of reach and unaffordable for many. This resulted in a widening gap between public and private education that increased inequality among students. Following the pandemic outbreak, school closures and the transition to distance education led to additional exclusion of significant segments of society. For example, on average, only 55 percent of surveyed children who were enrolled in education in Algeria, Egypt, Jordan, Morocco, Qatar, Syrian Arab Republic and Tunisia prior to the pandemic were able to access some form of remote learning after schools were physically closed.⁵⁹ Access to distance learning has been higher among students in private schools than public schools. Major inequalities in internet access between and within Arab States meant that school closures had a disproportionate negative impact on more vulnerable households, rural and marginalized communities, including refugee and IDP children and children with disabilities—increasing the risk of child labour and early marriage among girls.⁶⁰

Digital access and social media

The use of social media has increased in the region over the past decade.⁶¹ However, certain groups remain excluded from this type of media due to disparities in digital infrastructure and digital literacy, and due to inequalities in socioeconomic conditions.⁶² Gender disparities in social media use are evident, as women make up only about a third of social media users in the region.⁶³ During lockdowns following the pandemic, many people turned to social media for news and to connect with others. Social media and digital platforms were valuable for linking communities and facilitating volunteer action. But social media platforms were also fertile ground for misinformation during the pandemic, undermining the success of the response efforts. Moreover, cyberviolence against women increased during Covid-19 and was the highest form of reported violence in the region. According to a study by UN Women during 2021, 60 percent of respondents reported exposure to online violence, contributing to self-censorship by women, or their exclusion entirely from online social media spaces, including education platforms designed to reach girls in schools.⁶⁴

Care work and gender-based violence

Family relationships were affected in multiple ways by Covid-19, including increased mortality and illness due to the disease, as well as anxiety and stress due to job losses and reduced income, and disruption of vital health, education, social care and legal services. In line with global trends, several research studies in the region have shown a rise in unpaid care responsibilities in households, with most of the burden falling on women, negatively affecting their well-being and opportunities for employment.⁶⁵ According to International Labour Organization (ILO) data, even prior to the pandemic, women devoted 5.1–6.2 times more time than men to unpaid care work in West Asia and North Africa, which is much higher than the world average of 3.2 times more.⁶⁶ Lack of care policies, social care service provision and gendered social norms have contributed to women's disproportionate burden of unpaid care work in the region. While few government measures were implemented following

the pandemic to address the burden of care work, more attention was given to care policies, a step in the right direction.⁶⁷

An alarming trend harming women in the region is a rise in domestic violence, similar to the global trend.⁶⁸ While domestic violence was already a serious concern in the region prior to the pandemic, more than half of the respondents in a UN Women study in 15 Arab States reported an increase early during the pandemic.⁶⁹ The most common reasons cited for the increase in violence were mobility restrictions, financial stress and disruptions in access to support services. The pandemic also halted legal proceedings against perpetrators of domestic violence. Women refugees were particularly at risk of increased violence. It is also likely that domestic violence against children has increased. A study in Egypt reported a substantial increase in violence towards children during the 2020 lockdown.⁷⁰ Across the Arab States, 11 governments and civil society organizations have stepped up their response to the rising incidence of domestic violence, highlighting the necessity for a comprehensive response to this problem.⁷¹

Workers and labour rights

The severity of closures and workplace restrictions varied in the Arab States region during the pandemic. Workplaces in many Arab States have been slow to switch to online operations, mainly because of the dominance of small enterprises, the preponderance of informal work, disparities in internet infrastructure and access, and other factors affecting different categories of workers. Healthcare workers continued to report to their workplaces during the pandemic. Adequate protective clothing and equipment were often unavailable, especially at the beginning of the pandemic, which led to an escalation in infections and deaths among healthcare workers.⁷² Stress and mental health problems also increased, especially among female healthcare workers. Healthcare workers also mobilized against the unsafe working conditions in several countries.⁷³

In many countries, especially in Gulf countries, which host 75 percent of the migrant workers in the region, migrants make up a significant proportion of workers in healthcare, cleaning, domestic work,

agriculture, food production and other essential jobs that ensure continuity of supply chains in the Arab States region.⁷⁴ Across the region, while many migrant workers experienced challenging working conditions prior to the pandemic, during the pandemic, they had less access to sanitation and clean water, increasing their risk of infection. Many migrant workers had their wages reduced, and some were not paid.⁷⁵ The working conditions of live-in domestic workers were specifically affected, with increases in their workload during lockdowns, with cases of violence and harassment leaving some at higher risk of exploitation and human trafficking.⁷⁶

As a positive step, several Arab States introduced measures to improve the conditions of migrant workers.⁷⁷ These measures signal a welcome shift in government policies towards more egalitarian and fair treatment of migrant workers. For workers more generally, some positive measures have been undertaken to provide paid leave covering full and partial salaries and providing compensation payments for laid-off employees.⁷⁸ But the existing deficits in labour rights and protections left most workers vulnerable across the region to arbitrary dismissals, wage suspensions and deficient occupational health and safety measures.

Overall, unequal access to education and health services for parts of the population, and power imbalances in communities, families and workplaces, have weakened social cohesion. And the growing burden of care work and rise of gender-based violence threatens gender equality, while limited workers' rights increase their vulnerability. Even so, the crisis has also led to some positive measures by governments towards greater inclusion and protection of disadvantaged groups that could pave the way for more comprehensive reforms.

Building resilience and transitioning to sustainable human development

The convergence of climate change with socio-economic crises over the past decade generated unprecedented levels of vulnerability and instability in the years running up to Covid-19.⁷⁹ In the period 2006–2010, for example, in advance of the Arab uprisings and converging with the last major global financial crisis, the region experienced one of its worst

drought cycles in almost a thousand years.⁸⁰ Today, climate change and socioeconomic crises are once again coinciding, with particular challenges for poor and vulnerable communities, for which the climate crisis poses a threat to lives and livelihoods.

Many countries in the region continue to experience protracted drought and food and water insecurity, with 2020 and 2021 among the hottest years on record for the region. There have been unprecedentedly severe forest fires and droughts in Algeria, Lebanon and Syria; acceleration of the region's longstanding sand and dust storms and outbreaks of locusts in the Arabian Peninsula, driven in part by climate change.⁸¹ Fragile and conflict-affected countries have been especially vulnerable to climate change, leading to a growing awareness across the region of the threat posed by climate change to peace, security and a long-term recovery from crisis.⁸²

The convergence of the climate emergency with the Covid-19 pandemic is a major challenge for the region, but the pandemic must not distract decision-makers from the increasingly dire consequences of climate change. Rather, this convergence should serve as a wake-up call concerning the complex and multidimensional nature of the crises facing the region and the need to advance climate-resilient recovery pathways and to build forward better with integrated solutions that address both climate change and the pandemic.⁸³

Transitioning to renewable energy

Indeed, the pandemic offers an opportunity to accelerate the green transition. As the global community comes to grips with the converging demands to re-energize the economy and combat climate change, a strong momentum has emerged to diversify beyond the fossil fuel economy and accelerate the transition to renewable energy and energy-efficient solutions.⁸⁴ The renewable energy sector, in particular, has been a bright spot since the onset of the Covid-19 crisis. It has been the only segment of the energy market to experience notable growth, building on its cost-effectiveness and strategic value for increasingly carbon-constrained economies.⁸⁵ Despite these trends, the protracted nature of the Covid-19 crisis and continuing economic uncertainty bring risks for the clean

energy transition globally and in the Arab States region, with potential fragility in foreign investment, public budgets and private finance in the renewable energy sector.

Expanding the solar market as part of the recovery from the COVID-19 crisis can build on some of the successes in the Arab States region in recent years. Since the last major economic crisis of 2008–2009 and the uprisings of 2011, many countries have expanded renewable energy investments as part of their recovery strategy. Solar and wind energy capacities rose 10-fold over the past decade, from a combined capacity of around 0.5 gigawatts (GW) in 2008 to about 7.2 GW by 2018 and continuing their ascent in 2019–2020.⁸⁶ Still, only about 7 percent of overall energy is from renewables, and only 1–2 percent from solar and wind. Thus, despite the region's position as the largest recipient of solar radiation, capacities for capitalizing on this strategic asset are still at a nascent stage. Nevertheless, the upward trajectory over the past decade has been a positive development and offers a base to build on in coming years. Green hydrogen, produced with renewable energy sources, is also being considered by countries in the region as an alternative to fossil fuels.⁸⁷

An important foundation for the rise of renewable energy in the region has been the National Renewable Energy Action Plans (NREAPs) enacted in recent years. Across the region, ambitious targets and innovative policies now form a base for attracting private investment, reforming energy subsidies and establishing renewable energy institutions and renewable energy development zones.⁸⁸ Countries in the region have set a cumulative target of 190 GW of renewable energy capacity by 2035, which is expected to account for as much as 30 percent of global growth in renewable energy.⁸⁹

The growth of renewable energy capacity in the region over the past decade advances the region's aspirations to move beyond the fossil fuel-based model of development, reduce the carbon intensity of growth and expand energy access for crisis-affected communities. However, maintaining this strong momentum as part of the socioeconomic recovery from Covid-19 will require additional measures so that countries' economic fragility as they emerge from Covid-19 does not result in the loss of hard-won gains in solar energy expansion.

Protecting and sustaining ecosystems

As a resource-scarce region, the Arab States must sustain critical ecosystems to protect the health and well-being of communities. Ecosystems across the region have been under mounting pressure in recent years. More than a thousand species in the region are threatened today, most of them classed as “critically endangered.”⁹⁰ Communities and the ecosystems on which they depend for their livelihoods have been battered by expanding and unrelenting pressures from war, urbanization, industrialization and climate change.

Deteriorating ecosystems not only endanger the species they host but also threaten human health and welfare.⁹¹ As pressures assail natural habitats, animals are pushed closer to human communities, increasing the risk of zoonotic disease transmission. Actions to enhance the sustainable use and management of ecosystems are thus vital for reducing the risk of future zoonotic outbreaks, in the region and globally.

In building forward better from Covid-19, a priority should be to scale up policies and institutions that shield the ecological safety nets that nurture sustainable human development, health and welfare in the region. Actions are needed for the expanded protection and sustainable use of critical ecosystems across the region, including wadis, wetlands, marshlands, oases, and the region’s unique dryland, mountain and coastal ecosystems. These ecosystems are both a refuge for the region’s threatened species and assets for community livelihood and welfare.

Conserving water and managing waste

Water security is a high priority for communities, especially for the poor. Covid-19 has been a stark reminder of the centrality of water for community resilience. The pandemic resulted in a 5 percent increase in water demand in 2020 for intensified hygiene practices, adding pressures on already scarce water supplies.⁹² The average person in the region receives just one-eighth of the global average renewable water per person, and 18 of the 22 Arab States face water scarcity.⁹³ Over 70 million people lack regular household water supply, in addition to over 26 million displaced persons in or from conflict-affected

countries.⁹⁴ Most water bodies in the region are transboundary, creating additional challenges for their management and requiring cooperation among countries to ensure sustainability. Lack of water access has impeded the ability of communities to prevent the spread of Covid-19 and the ability of health facilities to provide emergency services. The situation is particularly dire in conflict-affected countries, where destruction of water systems has led to cholera and other diseases.

Lack of water access also imperils achievement of broader recovery goals, as water is a key input in agriculture, manufacturing and small and medium-size business activities. Water demand has been rising across the region, with the deficit expected to reach 75.4 billion cubic meters (bcm) by 2030, a large leap from 28.3 bcm in 2000.⁹⁵ Waste management services have also come into strong focus as a result of the pandemic. The need to safely dispose of medical waste has increased dramatically,⁹⁶ alongside the greater use of plastic and other disposable protection.⁹⁷ Billions of masks and gloves have been used and disposed of in the region over the past two years, with risk to freshwater and marine ecosystems.⁹⁸

Supporting and enabling local action

Local governments and community organizations stand on the frontline for both the socioeconomic impacts of Covid-19 and trends in ecological change. National and local actors must work together more closely if the Arab States region is to mount an effective response to both. Yet, many green transition initiatives across the region happen largely at the national level, without effective local engagement. Local initiatives that do take place are often isolated, and successes are rarely leveraged to achieve broader impacts.

The road ahead will be defined by a new generation of green transition initiatives that address systemic risks in the region. In building capacities for action, the focus must be on subnational and local levels rather than on conventional approaches towards nationally oriented initiatives. A greater focus on subnational action, with area-based, integrated solutions to green local socioeconomic recovery from Covid-19, is the best way to ensure that new local infrastructure

and resource-based community livelihoods can withstand future impacts of ecological change. While national laws and policies on climate change, energy and ecosystems are critical to establish an enabling environment and responsibilities for climate action, local policy and action are the foundation for results on the road to 2030.

While gaps in integrating green solutions into recovery plans exist at the national level, the gaps are even larger at the subnational level. Challenges and opportunities around issues like climate change, energy access and water insecurity are influenced largely by local contexts and local actors. Most of the environmental services that people rely on, such as energy, water and waste services, are managed by local governments and affiliated public or private companies and have important connections to green transition opportunities. Major shares of carbon emissions and energy use, for example, are influenced by local economic behaviour, while virtually all climate adaptation and water management actions in the region have to be tailored to highly localized contexts of land use and drought severity.

Towards an inclusive and resilient recovery

In the Arab States region, a sound recovery from the impact of the pandemic will require greater effort to protect the vulnerable, empower citizens, strengthen human rights, ensure the rule of law and make systems more effective and responsive. The outdated social contracts between states and citizens continue to stand in the way of peace, justice and stability. Countries need new social contracts that leave no one behind, build more resilient, inclusive and accountable institutions and expand human capabilities and freedoms.⁹⁹

A new social contract can lay the foundation not only for more trusted state–society relations but also for lasting peace. By focusing recovery efforts on enhancing trust, inclusion and social cohesion, countries in the region can take strides towards peacebuilding and conflict prevention. This will require intensifying support for processes that enable national dialogues and strengthen conflict analysis and prevention capacities. Restoring peace and

reducing conflict are the preconditions for recovery, resilience and sustainable human development.

Indeed, the pandemic presents an opportunity for countries to evaluate and strengthen capabilities and make structural changes to cope with emerging shocks, including the impact of the ongoing war in Ukraine, as well as future shocks and disasters. To do this, the Arab States need to act quickly, decisively and at scale.

The Report's broad recommendations for fostering an inclusive and resilient recovery call for expanding opportunities for all. Drawn from the many specific recommendations on the topics covered, they include the following:

To advance towards accountable and responsive governance, the Arab States can build effective institutional structures to cope with future shocks and disasters. Some Arab States have the capacity to do so, but others may need to tackle institutional inefficiencies, bolster their preparedness and increase trust in their governments. Rebuilding trust between citizens and government requires a process that leaves no one behind, ensures freedoms and strengthens human rights and the rule of law. By engaging all parties—including local governments, the private sector, civil society and citizens at large—governments can support an inclusive and faster recovery, and greater popular participation can enhance trust and political legitimacy. Local governments should be on the frontlines of implementing human development policies, delivering services and combating poverty and inequality.

To advance towards diversified and resilient economies that are less exposed to commodity cycles and macroeconomic volatility requires moving into high-productivity goods and services and expanding trade through greater integration with regional and global value chains. In addressing unemployment and the broader challenges in Arab labour markets, countries can promote job creation in the private sector, with decent working conditions, especially for women. That will require improving the investment climate and levelling the playing field for businesses and investors, both domestic and foreign, and large and small, as well as improving access to finance.

They can also strengthen public financial management through enhanced tax and budget management and bolster social spending to protect the poor and vulnerable.

To advance towards cohesive and inclusive societies, a comprehensive approach to overcome divisions, invest in social services and build care and solidarity requires five priority actions. First, investing in social care, healthcare and education, a cornerstone for building trust and solidarity, requires undertaking necessary reforms for equality in access to social services, addressing factors that exclude vulnerable groups, tackling corruption and increasing engagement with communities within countries. Second is investing in social cohesion initiatives and monitoring and taking action against all forms of discrimination, harmful practices and violence, including gender-based violence in the private, public and online spaces. Third is removing restrictions on civic participation and unionization in the workplace, to increase protection for all workers including migrants and refugees. Fourth is addressing power imbalances in the family by reforming gender discriminatory laws and investing adequately in care policies and services that can benefit women. Fifth is ensuring the equal inclusion of traditionally excluded groups in all aspects of the recovery, especially women, migrants, refugees and people with disabilities.

The pandemic could provide a critical juncture to break from piecemeal reforms and the limited development model of past decades, and to embrace instead a more inclusive and equitable development model that places care, solidarity and social cohesion at the centre of recovery efforts. This will build resilience within Arab States to withstand future shocks and expand opportunities for all.

To advance towards sustainable human development, countries can include green solutions in their recovery measures, as some are already doing. They should identify actions to increase and maintain momentum on the clean energy transition. They can expand green transportation and infrastructure investments, close gaps in water and waste services and incorporate circular economy solutions into

local development. And they can advance ecological restoration and safeguards for biological systems. If properly planned, green recovery measures can generate new, sustainable forms of revenue, create green job opportunities and enhance resilience for communities and the ecosystems on which they depend for people's lives and livelihoods. In building capabilities for action, the focus must be on subnational and local levels not just on conventional national initiatives. Subnational action—with area-based, integrated solutions to local socioeconomic recoveries from Covid-19—can ensure that new local infrastructure and resource-based community livelihoods will withstand the future impacts of ecological change.

Towards a new social contract

The severity of the pandemic is a reminder that today's development models are unsustainable.¹⁰⁰ A key take-away from the pandemic is this: the ability to resolve the complex crises affecting the world today and avoid future crises rests on the ability to reset the state-citizen relationship and our relationship with nature. This particular crisis can serve as an opportunity to rethink the nature of the social contract in the region and the basic development paradigms that have in many ways been complicit in the evolution of today's vulnerabilities to repeated rounds of crises.

Social contracts have grown fragile across the region, as people's confidence in the state has diminished.¹⁰¹ The past decade has seen a growing focus on redefining the basic assumptions that underlie the existing social contracts, including the nature of state institutions, growth models and public values. In the context of the climate crisis, many voices are also calling for a new social contract based on a nature-based paradigm of development and systems of accountability, justice and environmental citizenship.¹⁰²

Shifting to a nature-based social contract will reinforce a shift in development values and paradigms. The complexity and multidisciplinary nature of risk today requires looking beyond sectoral, linear approaches to decision-making and constructing new development paradigms and policies with both people and nature at the centre. This shift in perspective

can catalyse a transition from a legacy model of development founded on an extractive, clientelist orientation to one recognizing complex socioecological systems and founded on equality of opportunities. The solutions exist and many have been developed

and tested in the region. By acting with resolve, the Arab States can fundamentally reset the current development trajectory towards a more inclusive and resilient one that can withstand future shocks more effectively.

Notes

EXECUTIVE SUMMARY

- 1 The Arab States region in UNDP covers 20 countries and territories, including: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, State of Palestine, Qatar, Kingdom of Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen.
- 2 Worldometer's Covid Statistics. According to some estimates, the actual Covid-related deaths in many countries in the region might be much higher than the officially reported ones—with a regional average about 5 times higher and, in Somalia, up to 67 times higher (Covid-19 Excess Mortality Collaborators 2022).
- 3 It is through strong formal institutions that the state increases its capacity to enforce its authority and the rule of law, mobilize resources and provide services to the population.
- 4 UNDP 2002, 2003, 2004, 2005.
- 5 World Bank 2018.
- 6 UNHCR 2022b.
- 7 UNHCR 2022a.
- 8 UNHCR 2022b.
- 9 <https://www.worldbank.org/en/country/gcc/publication/economic-update-october-2021>.
- 10 <https://www.arabnews.com/node/1733941/middle-east>.
- 11 Diverging levels of Covid-19 governmental response satisfaction across middle eastern Arab countries: a multinational study, <https://bmcpublihealth.biomedcentral.com/articles/10.1186/s12889-022-13292-9>.
- 12 Surveyed countries include Algeria, Iraq, Jordan, Lebanon, Libya, Morocco and Tunisia (Arab Barometer 2021).
- 13 Jamal, Pagliani and Hsu 2020. The 12 are Algeria, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, State of Palestine, Somalia, Syrian Arab Republic, Tunisia and Yemen.
- 14 Edelman 2021.
- 15 University of Oxford n.d.
- 16 Edelman 2022.
- 17 Arab Barometer 2021.
- 18 Surveyed countries include Algeria, Iraq, Jordan, Lebanon, Libya, Morocco and Tunisia (Arab Barometer 2021).
- 19 International IDEA 2020.
- 20 ICNL n.d.
- 21 Article 19 2020.

- 22 IMF 2021a.
- 23 IMF 2021a.
- 24 Yee and Alami 2022; Beaubien 2022; Aydıntaşbaş and others 2022; Krieg 2022; Tataru 2022.
- 25 IMF 2021b.
- 26 IMF 2021b.
- 27 IMF 2022.
- 28 IMF 2022.
- 29 Arezki and others 2020; UNCTAD 2022.
- 30 Arezki and others 2020 ; UNCTAD 2022.
- 31 Authors' calculations based on World Bank migration and remittances data (updated as of May 2022).
- 32 Average of additional spending or forgone revenues (percent of GDP) for 17 Arab states based on data from IMF (2021c). UN ESCWA estimates the average government fiscal support in the Arab region (including Comoros and Mauritania) to be around 4 percent of GDP, noting that the figures do not include forgone revenues for which monetary values are not available (UN ESCWA n.d.).
- 33 UNDP 2020.
- 34 Calculated as the population-weighted averages for Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Morocco, Qatar, State of Palestine, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen.
- 35 ILO modelled estimates (November 2021), ILOSTAT.
- 36 ILO modelled estimates (November 2021), ILOSTAT.
- 37 Calculated as a weighted average of quarterly data for the Arab Middle East, which includes Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, State of Palestine, Saudi Arabia, Syrian Arab Republic, United Arab Emirates and Yemen, and North Africa, which includes Algeria, Egypt, Libya, Morocco, Sudan and Tunisia. The ILO monitor does not provide individual country estimates (ILO 2020a, 2021a), while ILOSTAT (November 2021 update) provides only quarterly data for country groups, not individual countries. Annual estimates are available by country, but do not show as much detail in terms of the changing impact of the pandemic and accompanying workplace closures, on employment, over the course of each year, which is informative.
- 38 Calculated as the population-weighted averages for Algeria, Bahrain, Djibouti, Egypt,

- Iraq, Jordan, Kuwait, Lebanon, Libya, Oman, Morocco, Qatar, State of Palestine, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen from ILO modelled estimates (November 2021), ILOSTAT.
- 39 ILO modelled estimates (November 2021), ILOSTAT.
- 40 ILO 2020b.
- 41 Hoogeveen and Lopez-Acevedo 2021.
- 42 UNDP 2021.
- 43 ILO 2021b.
- 44 The Economic Research Forum conducted a series of rapid panel phone surveys during 2020 and 2021 to track households and workers in Egypt, Jordan, Morocco, Tunisia and Sudan, at several points in time. This analysis is based on data from the surveys for Morocco and Tunisia that spanned the longest period conducted at four intervals: November 2020, February 2021, April 2021 and July 2021, allowing for a longer-term analysis of labour market impacts.
- 45 World Bank Group Enterprise Surveys.
- 46 Covid-19 MENA Monitor Enterprise Survey by the Economic Research Forum.
- 47 Social protection measures include social insurance, social assistance and care services.
- 48 Additional assistance has been furnished to existing beneficiaries.
- 49 The programmes have been broadened to cover a larger number of households.
- 50 ILO Social Security Inquiry Database, <https://ilostat.ilo.org/topics/social-protection/>.
- 51 ILO 2021c.
- 52 Data on social protection coverage are scarce, and the figures on social protection coverage relies on partial information available in some countries.
- 53 ILO 2021d.
- 54 World Value Survey Wave 7, 2017–2022.
- 55 IOM 2021.
- 56 World Bank data, available at <https://data.worldbank.org/indicator/SH.XPD.OOPC.CH.ZS>.
- 57 Batniji and others 2014.
- 58 UNHCR 2021.
- 59 UNICEF 2020.
- 60 International Rescue Committee 2020.
- 61 According to a recent survey, 86 percent have accounts on Facebook, 84 percent on

	WhatsApp, 43 percent on Twitter, 56 percent on Instagram and 44 percent on Snapchat (Khamis 2020).	75	Alsahi 2020; Equidem 2020.	89	UNDP and RCREEE 2022.
62	Khamis 2020.	76	Begum 2020; ILO 2021.	90	UN ESCWA 2016a.
63	Salem 2017.	77	Equidem 2020; ILO 2020; HRW 2020; Sovereign Group 2020.	91	El-Zein and others 2014.
64	UN Women 2021.	78	United Nations 2020b.	92	UN ESCWA 2020a.
65	Cookson and others 2020; UN Women 2020a, 2020b; United Nations 2020a.	79	Khoday 2012.	93	UN ESCWA 2020b; UNDP 2013.
66	Charmes 2019.	80	Cooke and others 2016.	94	UN ESCWA 2020a.
67	UNDP and UN Women 2020.	81	Malik 2021; FAO 2021; Ogema and Broom 2020; World Bank 2019.	95	UN ESCWA 2016.
68	Diab 2021.	82	Saghir 2020; Smith and Krampe 2019; Smith and others 2019; Khoday 2019.	96	WHO 2019; UNDP 2020b.
69	UN Women 2020.	83	Bieler, Bischoff and Melches 2020; IPCC 2022.	97	UNEP 2020.
70	Abokresha, Abdelkreem and Ali 2021.	84	Steiner and La Camera 2020.	98	Hughes 2020.
71	UNDP and UN Women 2020a.	85	IEA 2020.	99	UNDP 2004.
72	Egyptian Initiative for Personal Rights 2021.	86	UNDP and RCREEE 2019.	100	Folke and others 2021.
73	ATUC 2020.	87	IRENA 2020.	101	Devarajan and Ianchovichina 2017; El-Haddad 2021; Trautner, Zintl and Loewe 2019; Belhaj and Hoogeveen 2020.
74	UNDP 2020; UN ESCWA 2020.	88	UNDP and RCREEE 2022.	102	O'Brien, Hayward and Berkes 2009; Kempf and Hujo 2022.

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Human Development Index and its components

HDI rank	Human Development Index (HDI)	Life expectancy at birth	Expected years of schooling	Mean years of schooling	Gross national income (GNI) per capita	GNI per capita rank minus HDI rank	HDI rank	
	Value	(years)	(years)	(years)	(2017 PPP \$)			
	2019	2019	2019	2019	2019	2019	2018	
Very high human development								
31	United Arab Emirates	0.890	78.0	14.3	12.1	67,462	-24	30
40	Saudi Arabia	0.854	75.1	16.1	10.2	47,495	-16	40
42	Bahrain	0.852	77.3	16.3	9.5	42,522	-12	41
45	Qatar	0.848	80.2	12.0	9.7	92,418 ^b	-43	45
60	Oman	0.813	77.9	14.2	9.7 ^c	25,944	-5	56
64	Kuwait	0.806	75.5	14.2	7.3	58,590	-51	62
High human development								
91	Algeria	0.748	76.9	14.6	8.0 ^d	11,174	13	91
92	Lebanon	0.744	78.9	11.3	8.7 ^e	14,655	-11	90
95	Tunisia	0.740	76.7	15.1	7.2	10,414	14	94
102	Jordan	0.729	74.5	11.4 ^g	10.5 ^f	9,858	8	103
105	Libya	0.724	72.9	12.9 ^e	7.6 ^h	15,688	-29	106
115	Palestine, State of	0.708	74.1	13.4	9.2	6,417	12	114
116	Egypt	0.707	72.0	13.3	7.4 ^f	11,466	-14	117
Medium human development								
121	Morocco	0.686	76.7	13.7	5.6 ^f	7,368	1	121
123	Iraq	0.674	70.6	11.3 ^d	7.3 ^c	10,801	-16	123
151	Syrian Arab Republic	0.567	72.7	8.9 ^c	5.1 ^e	3,613 ⁱ	2	152
156	Comoros	0.554	64.3	11.2	5.1 ^e	3,099	5	154
Low human development								
157	Mauritania	0.546	64.9	8.6	4.7 ^f	5,135	-21	157
166	Djibouti	0.524	67.1	6.8 ^c	4.1 ^e	5,689	-34	166
170	Sudan	0.510	65.3	7.9 ^c	3.8 ^f	3,829	-18	171
179	Yemen	0.470	66.1	8.8 ^c	3.2 ^f	1,594 ⁱ	2	179
Other countries or territories								
	Somalia	..	57.4
	Arab States	0.705	72.1	12.1	7.3	14,869	-	-
	Developing countries	0.689	71.3	12.2	7.5	10,583	-	-
	World	0.737	72.8	12.7	8.5	16,734	-	-

Notes

Aggregates for Arab States include only 20 countries and do not include Comoros and Mauritania, which are part of the UNDP Arab States region but in the global HDR are included in the Sub-Saharan Africa region.

- a Data refer to 2019 or the most recent year available.
- b In calculating the HDI value, GNI per capita is capped at \$75,000.
- c Updated by HDRO based on data from UNESCO Institute for Statistics (2020)
- d Updated by HDRO based on data from United Nations Children's Fund (UNICEF) Multiple Indicator Cluster Surveys for 2006–2019.
- e Based on cross-country regression.
- f Based on projections from Barro and Lee (2018).
- h Updated by HDRO using projections from Barro and Lee (2018).
- g Updated by HDRO based on data from ICF Macro Demographic and Health Surveys for 2006–2019.
- i HDRO estimate based on data from World Bank (2020a) and United Nations Statistics Division (2020b), and the projected growth rate from UNESCWA (2020).

Definitions

Human Development Index (HDI): A composite index measuring average achievement in three basic dimensions of human development—a long and healthy life, knowledge and a decent standard of living. See *Technical note 1* at https://hdr.undp.org/system/files/documents/hdr2020technical_notespdf.pdf for details on how the HDI is calculated.

Life expectancy at birth: Number of years a newborn infant could expect to live if prevailing patterns of age-specific mortality rates at the time of birth stay the same throughout the infant's life.

Expected years of schooling: Number of years of schooling that a child of school entrance age can expect to receive if prevailing patterns of age-specific enrolment rates persist throughout the child's life.

Mean years of schooling: Average number of years of education received by people ages 25 and older, converted from education attainment levels using official durations of each level.

Gross national income (GNI) per capita: Aggregate income of an economy generated by its production and its ownership of factors of production, less the incomes paid for the use of factors of production owned by the rest of the world, converted to international dollars using PPP rates, divided by midyear population.

GNI per capita rank minus HDI rank: Difference in ranking by GNI per capita and by HDI value. A negative value means that the country is better ranked by GNI than by HDI value.

HDI rank for 2018: Ranking by HDI value for 2018, calculated using the same most recently revised data available in 2020 that were used to calculate HDI values for 2019.

Main data sources

Columns 1 and 7: HDRO calculations based on data from UN-DESA (2019a), UNESCO Institute for Statistics (2020), United Nations Statistics Division (2020b), World Bank (2020a), Barro and Lee (2018) and IMF (2020).

Column 2: UNDESA (2019a).

Column 3: UNESCO Institute for Statistics (2020), ICF Macro Demographic and Health Surveys, UNICEF Multiple Indicator Cluster Surveys and OECD (2019b).

Column 4: UNESCO Institute for Statistics (2020), Barro and Lee (2018), ICF Macro Demographic and Health Surveys, UNICEF Multiple Indicator Cluster Surveys and OECD (2019b).

Column 5: World Bank (2020a), IMF (2020) and United Nations Statistics Division (2020b)

Column 6: Calculated based on data in columns 1 and 5.



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The Arab Human Development Report 2022 focuses on post-Covid-19 recovery, assessing long-standing development challenges across governance, society and the economy and tackling aspects of gender; youth; education and health; multidimensional poverty; impacts on economic sectors, micro, small and medium-sized enterprises, and labour markets; displacement and migration; and nature and climate change challenges—to put the region on a resilient and sustainable human development path.

The Report also assesses the adequacy and efficacy of response policies, especially where the Covid-19 pandemic has led to wider inequalities and exacerbated existing challenges in such areas as public service provision, including social protection, care, education, healthcare and vaccine rollout.

The Report provides concrete recommendations on how to guide a resilient, sustainable, equitable and inclusive recovery. It calls on Arab states to act quickly, decisively and at scale to assess, evaluate and strengthen capabilities and capacities and build effective and trustworthy institutional structures that can support a new social contract to better help societies cope with future shocks and disasters.