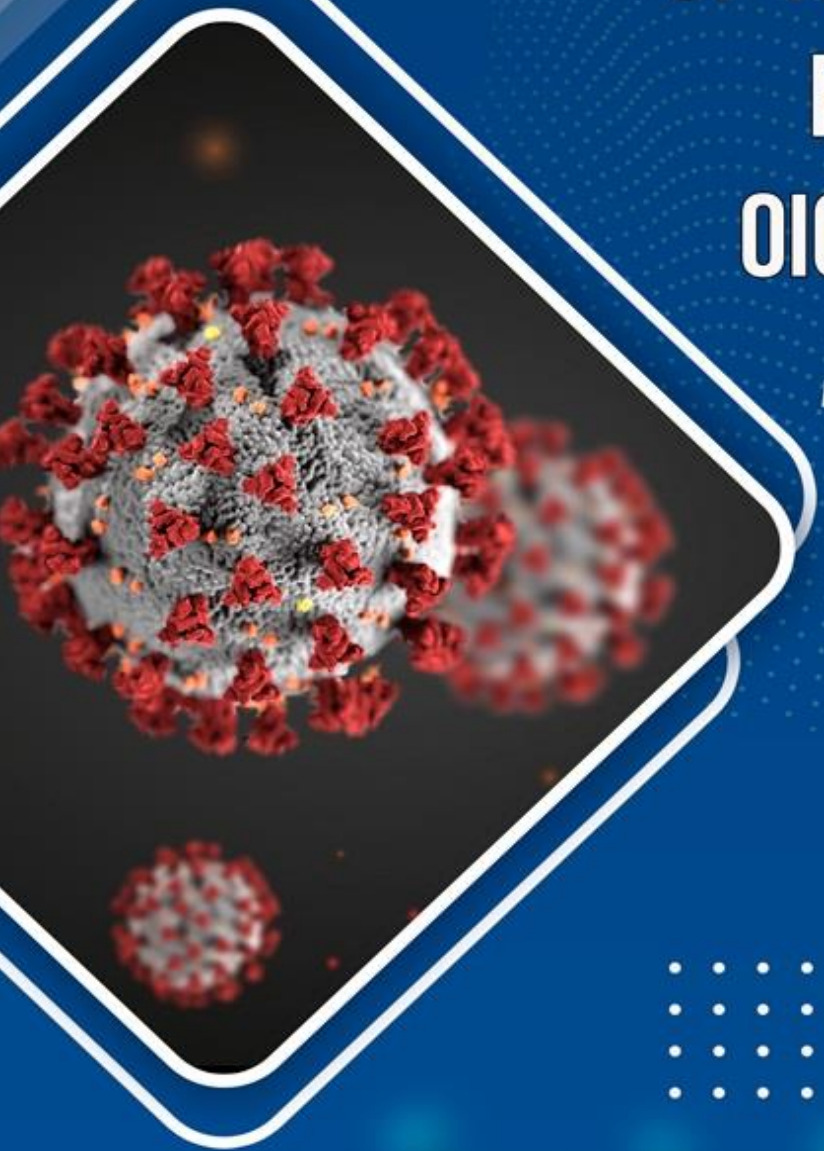
SOCIO-ECONOMIC IMPACTS OF THE COVID-19 PANDEMIC IN OIC COUNTRIES

Pathways for Sustainable and Resilient Recovery



ORGANISATION OF ISLAMIC COOPERATION

STATISTICAL, ECONOMIC AND SOCIAL RESEARCH AND TRAINING CENTRE FOR ISLAMIC COUNTRIES (SESRIC)

Organisation of Islamic Cooperation

Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC)

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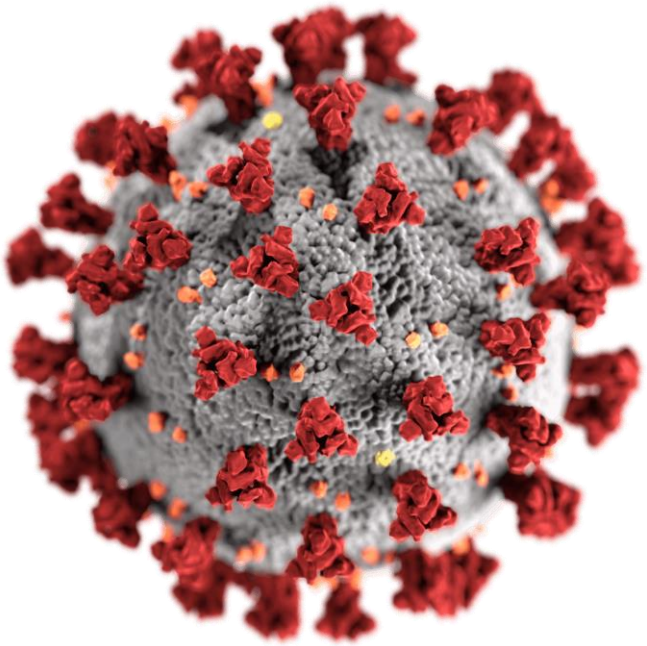

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CONTENTS

Acronyms

3V	Visit, vaccinate and vacation
AYS	Average years of schooling
CCRT	Catastrophe Containment and Relief Trust
CHE	Current health expenditure
COVID-19	Coronavirus disease (SARS-CoV-2 or 2019-nCoV)
DSSI	Debt Service Suspension Initiative
ECA	Europe and Central Asia
EHS	Essential health services
ESALA	East and South Asia and Latin America
EU	European Union
FAO	Food and Agriculture Organization
FAS	Financial access survey
FDI	Foreign direct investment
FGM	Female genital mutilation
FTE	Full-time equivalent
FTK	Freight tonne-kilometre
GBV	Gender-based violence
GDP	Gross domestic product
GNI	Gross national income
GVC	Global value chain
HIV	Human immunodeficiency virus
ICAO	International Civil Aviation Organization
ICT	Information and communications technology
ICU	Intensive care unit
IDA	International Development Association
IDPs	Internally displaced persons
ILO	International Labour Organization
IMF	International Monetary Fund
IOM	International Organization for Migration
IPA	Innovations for Poverty Action
IsDB	Islamic Development Bank
ITC	International Trade Centre
ITS	Intelligent travel systems
LDCs	Least developed countries
MENA	Middle East and North Africa
MNC	Multinational corporation
MPIDR	Max Planck Institute for Demographic Research
NEET	Not in employment, education, or training
NTM	Non-tariff measure
OECD	Organization of Economic Cooperation and Development
OHCHR	United Nations Office of the High Commissioner for Human Rights

OIC	Organization of Islamic Cooperation
PPE	Personal protective equipment
PPP	Purchasing power parity
R&D	Research and development
RGAs	Rapid assessment surveys
RLRI	Remote learning readiness index
SDG	Sustainable development goal
SESRIC	Statistical, Economic and Social Research and Training Centre for Islamic Countries
SME	Small and medium-sized enterprise
SSA	Sub-Saharan Africa
STI	Science, technology and innovation
TVET	Technical and vocational education and training
UN	United Nations
UN DESA	United Nations Department of Economic and Social Affairs
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations International Children's Emergency Fund
UNWTO	UN World Tourism Organisation
USD	United States dollar
VAT	Value added tax
VAWC	Violence against women and children
WASH	Water, sanitation and hygiene
WB	World Bank
WCO	World Customs Organization
WHO	World Health Organization
WTO	World Trade Organization
WTTC	World Travel and Tourism Council

FOREWORD

The "Socio-economic Impacts of the COVID-19 Pandemic in OIC Member Countries: Pathways for Sustainable and Resilient Recovery" is the updated edition of SESRIC earlier report titled "Socio-economic Impacts of COVID-19 Pandemic in OIC Member Countries: Prospects and Challenges", which was published in May 2020. In addition to the comprehensive analysis of the socio-economic impacts of the COVID-19 pandemic in OIC member countries, this new edition of the report highlights policy responses and good practices and provides a number of policy recommendations for a sustainable and resilient recovery.

Unlike previous crises, the COVID-19 pandemic is likely to persist and its impacts will continue to shape our economic and social behaviours and policymaking. When we published the first edition of this report in May 2020, efforts and policy measures at both the national and international levels were focused on containing the spread of the virus and address the immediate impacts of the disease on human life and socio-economic activities. As the crisis prolonged, governments have shifted their attention from short-term emergency response measures to investing in their risk reduction and management capacities to alleviate the negative impacts of the pandemic and strengthen their resilience to future shocks. In the meantime, several vaccines have been developed and a significant share of the population across the world has been vaccinated. Yet, the hope for the pandemic to come to an end did not materialize. The pandemic is still unfolding with the emergence of new variants of the Coronavirus, and it is not only the human toll that increases but also the uncertainties about the future socio-economic prospects and discomfort of living with a prolonged pandemic.

Depending mainly on the pre-pandemic social and economic conditions as well as technical and financial capacities of countries, the impacts of the COVID-19 pandemic on different economies and societies vary greatly across the world. Governments in OIC member countries and elsewhere have to respond to the challenges posed by the pandemic on multiple fronts while trying to keep a fine balance between restrictions imposed to curb the spread of the disease and avoid any further damage to socio-economic activities. Nevertheless, effective management of the pandemic is overwhelming the national responses especially in the context of widespread disruptions in international trade, tourism and investment.

Unfortunately, the rapid transformation of the pandemic into a multidimensional global crisis reversed many developmental gains attained over the past few decades especially in terms of poverty alleviation and job creation. Yet, it is in our hands to stop the reversal and build back better with effective and coherent policies designed for reducing vulnerabilities and building resilience to the pandemic and future crises. In this regard, this report pays greater attention to the role of long-term structural reforms to mitigate the impacts of the pandemic and for better preparedness for future shocks in OIC member countries.

This report is a result of substantial investment in time, effort and dedication by the SESRIC Research Team. I would like to acknowledge their contributions in hope that you will find the report engaging, but above all, useful and informative.

Nebil DABUR
Director General
SESRIC

EXECUTIVE SUMMARY

Restoring and Transforming Productive Capacities

Expanding and Diversifying Production: The measures taken to control the spread of COVID-19 have inevitably resulted in an unprecedented slowdown of economic activities all over the world. Following an already weakening global economic growth due to the challenges predating the pandemic, the world real GDP contracted by 3.2% in 2020 due to the pandemic and the associated consequences. Similarly, OIC countries, on average, contracted by 1.6% in 2020. The pandemic did not affect countries in the same way and at the same scale, depending on the pre-existing conditions as well as the effectiveness of the measures taken to contain the effects of the pandemic. The recovery is also expected to be uneven, with some countries growing much faster than others do. Of the 39 OIC economies that contracted in 2020, only 16 are expected to at least return to the pre-pandemic output level in 2021 and another 11 in 2022, with the others requiring a longer time to do so. Divergences in the speed of recovery are likely to create significantly wider gaps in living standards among countries. In many OIC countries, the COVID-19 pandemic has deteriorated the progress at per capita income catch-up with developed countries.

The outlook for recovery from the health and economic crisis beyond 2020 involves several challenges. Above all, these relate primarily to resolving the health crisis everywhere by greater progress with vaccination and strict abidance by the precautionary health measures. As the health crisis fades out, policies can concentrate more on building resilient and inclusive economies and even the transition towards a greener future.

Building Skills for Employment and Productivity: The pandemic has left devastating impacts on the world of work, and led to increased unemployment, underemployment and income losses. It is estimated that 8.8% of total working hours were lost in 2020 –the equivalent of the hours worked in one year by 255 million full-time workers. The loss in OIC countries was 53.6 million full-time equivalent (FTE) jobs, corresponding to a fifth of the global loss. Employment to population ratio in OIC countries dropped by 2.3 percentage points to 50.9% in 2020, the lowest level ever recorded over the recent decades. The number of unemployed in OIC countries increased by over 4 million to reach 49.3 million, leading unemployment rate to reach 7.1% in 2020. The crisis has affected the most disadvantaged and vulnerable disproportionately, particularly individuals in the informal economy and in insecure forms of work as well as those working in low-skilled jobs. Majority of national employment responses to the pandemic were related to the short-term prevention of job losses and mitigation of income losses of workers, extent of which largely depended on the income level, fiscal space, economic and labour market structure of individual countries.

Considering the pre-existing labour market challenges aggravated during the pandemic, such as unemployment, decent work deficits, working poverty, lower skills and lower productivity, a longer-term strategy is needed to achieve resilience in the labour market. It is recommended to improve emergency response capacity; stimulate job creation and employment opportunities; develop effective active labour market policies and institutions; and address the challenges faced by vulnerable groups. The bottom line to achieving resilience is the need to ensure a broad-based, job-rich recovery with decent work opportunities for all.

Sustaining Agricultural Production and Ensuring Food Security: Significant supply chain disruptions in agriculture and the food sector have jeopardized the OIC countries' recent progress in agricultural development and food security. Disruptions on the supply side may result in a decline in agricultural output and an increase in food prices. However, the average price of food remained relatively steady, and worldwide agricultural output and trade were able to withstand the impact of the shock. Yet, the prevalence of undernourishment (PoU) increased globally from 8.4% in 2019 to between 9.2% and 10% in 2020. Similarly, following a historic low PoU of 10.3% in OIC countries during 2017-19, COVID-19 increased the PoU by 0.7 percentage points to 11.0% in 2018-20. In the long run, food security will remain a problem of food access, instead of food availability.

To strengthen the agriculture and food sectors and safeguard food security during the pandemic, governments in OIC countries have implemented a variety of trade-, consumer-, and producer-oriented policies in the agri-food sector. With regard to producer-oriented policies, the majority of OIC countries focused on agricultural output improvement and market regulation in order to mitigate the decline in agricultural production. When it comes to consumer-oriented policy, the common measures included various forms of social protection, such as food assistance, subsidies and cash transfers to households. In the short to medium term, OIC countries must remain vigilant for pandemic aftershocks and continue to strengthen the sector's overall resilience to future shocks and disasters, including climate change. This can be accomplished through policies such as protecting vulnerable and smallholder farmers, investing in infrastructure, digitizing agri-food supply chains, and transitioning to climate-smart agricultural development.

Supporting SME Development and Entrepreneurship: In many countries, SMEs have been more affected than large firms by the COVID-19 pandemic. This is partly because smaller firms record lower levels of resilience than larger companies. Many governments provided a wide range of stimulus and support measures, including emergency liquidity support in various forms, gradually accompanied by structural support and broader recovery packages. The objective of structural measures was to help SMEs adapt to the changing business environment and build their resilience. These policies included support for digitalisation, innovation and technology development, upskilling and reskilling, encouraging start-ups, and finding new alternative markets.

Towards supporting SME development and entrepreneurship, the report provides policy recommendations in line with already existing structural measures. Additionally, it is recommended to support internationalization of SMEs to increase their productivity and improve their access to a wider range of international buyers and alternate suppliers. Considering the resource constraints, the report also suggests providing new incentives for start-ups and facilitating new financing mechanisms such as crowdfunding to keep entrepreneurs in business.

Investing in Science, Technology and Digital Infrastructure: The threat posed by the COVID-19 pandemic necessitated the quick mobilization of science, technology and innovation (STI) related activities to provide solutions. Universities, public research institutes, and pharmaceutical and biotech firms have undertaken research and development (R&D) to rapidly develop new treatments and vaccines for COVID-19. Solutions provided for the crisis led to an expansion of digital technologies, including cloud services, videoconferencing and digital collaboration tools, online shopping and online learning. Majority of countries have also implemented measures to stimulate quick innovative responses to the wide range of challenges posed by COVID-19 – from preventing virus transmission, to producing essential supplies, combatting misinformation and handling effects of the lockdown. This has led to a reduced impact on R&D expenditures in many countries. According to the initial estimations, the total value of global expenditure on R&D is

expected to decline by 1.8% in 2020, but forecasted to rise by 3.7% in 2021. In the case of nine major OIC countries, total expenditure is expected to decline by 3.2% in 2020, but increase by 4.4% in 2021.

There is an accelerated digital transformation and use of digital technology for contact tracing, vaccine passports and vaccine distribution. Wider use of digital technology applications as well as big data analytics and artificial intelligence (AI) tools during the COVID-19 crisis is likely to result in an increase in digital innovations to respond to the growing demand for digital applications, ranging from e-health services to machine learning for research. In order to benefit from this transformation, OIC countries should facilitate the widespread and lasting adoption of these technologies and tools by research centres, firms and relevant public entities. This requires investments and policy actions to improve different STI actors' access to infrastructures with enhanced digital security and privacy conditions.

Strengthening Regional and Global Economic Linkages

Facilitating International Trade in Goods and Services: The COVID-19 pandemic has put significant downward pressure on trade flows, which was already facing mounting challenges prior to the pandemic. The pandemic affected the exports from OIC countries more severely in 2020, causing a sharp decline by almost 20% as compared to the global fall of 7.5%. Global trade flows started to recover during the first quarter of 2021, but a surge in trade flows came in the second quarter of 2021 with an average growth rate of 22.5%, while the growth was 70.3% in the case of OIC countries. The year-on-year growth in intra-OIC exports was recorded at 51.3% in the same period, reflecting a strong rebound in intra- and extra-OIC trade. Services sector was affected more severely. Total contraction in global services exports reached 20% in 2020. However, the impact of the pandemic on OIC countries was more severe, which resulted in a 37.6% fall in services exports.

Many governments adopted diverse trade policy tools to respond to the various challenges and pressures posed by the COVID-19 pandemic. These included both tariff and non-tariff measures, either for the sake of trade facilitation or trade restriction. Many governments have also invested in the capacities of their customs authorities to facilitate trade through improving digital infrastructure. OIC countries require longer-term strategies to expand the diversity of export products and their technological intensities in order to reduce the vulnerabilities to fluctuations in prices and foreign demand and become more resilient in global markets. Main recommendations include improving product and market diversification, reducing trade and administrative barriers, taking measures to facilitate trade such as customs modernization and reduced formalities, maintaining a reliable network of suppliers of critical goods, initiating programmes for the development of regional value chains, and increasing preparedness to supply chain risks and improving resilience to these risks.

Stabilizing International Capital Flows and External Debts: The pandemic had significant impacts on flows of both foreign direct investment (FDI) and portfolio investments. Global FDI flows dramatically fell in 2020, by 34.7% to around US$ 1 trillion, as the pandemic discouraged investors and led to a slowdown in investments. Flows to the OIC countries fell to a lesser extent, by 12.5% to US$ 100 billion, resulting in a rise of their share in global flows up to 10.0%, the highest rate observed in the last decade. Looking ahead, projections indicate an increase of 10 to 15% in global flows in 2021, still about 25% below the 2019 level. FDI inflows to the OIC countries are estimated to increase by a moderate rate of 2.4 to 9.1% in 2021, with a central projection of 6%, implying that they will not reach the 2019 level even in the most optimistic scenario. Similarly, the available data for 27 OIC countries indicate that net portfolio investments decreased by more than half (58%) to about US$ 43 billion in 2020, compared to US$ 102 billion in 2019.

Financially, many OIC countries entered 2020 in a vulnerable position with public external debt already at elevated levels. With the increase in expenditures and the decline in revenues, fiscal balances have

deteriorated and pushed debt levels to new heights. The external debt stock of OIC member countries in 2020 rose, on average, 5.8% to US$ 1.9 trillion, though the increase was in double digits for many of them. Many OIC countries participated in global initiatives for debt service relief to create fiscal space for managing the adverse impacts of the COVID-19 pandemic. The measures taken so far to resolve debt problems are, however, clearly insufficient and challenges remain to ensure that debt burdens do not reach unsustainable levels.

Revitalizing International Tourism: The COVID-19 pandemic has led to significant disruption of international tourism activities all around the globe. It is estimated that OIC countries hosted 207.4 million fewer international tourists in 2020, leading to a potential loss of USD 155.5 billion in terms of tourism receipts (foreign exchange earnings). The pandemic also hit intra-OIC tourism activities severely, where an estimated USD 56.6 billion was lost due to a drop of 89 million in intra-OIC tourist arrivals in 2020. In order to mitigate these negative effects, OIC countries implemented a wide range of policies and measures since the outbreak of the pandemic ranging from setting up internal crisis management mechanisms to offering monetary and fiscal stimulus packages. Yet, projections reveal that the recovery is expected to take a few years and some policies such as investing in the vaccination rollout, development of new tourism products and furthering intra-OIC cooperation are likely to speed up the pace of recovery.

A set of forward-looking policies would also help the tourism industry of OIC countries to become more resilient to future shocks. To this end, the establishment of a permanent crisis-management team at the ministerial level with an objective to manage the potential impacts of any future shocks would play a critical role. Investing in digitalization and online solutions would increase the competitiveness of OIC countries in international tourism. It is of importance for OIC countries to invest in the diversification of tourism products such as by focusing on some niche markets like Islamic tourism, ecotourism, and medical tourism both during and beyond the pandemic. Diversification of tourism activities in OIC countries would help them to reduce their reliance on a few specific segments of tourists, and therefore would increase their resilience to future shocks.

Enhancing International Transport Connectivity: The transportation sector was one of the most severely affected sectors due to the restrictive measures taken to curb the pandemic. The fall in international passengers reached up to 74% from 2019 to 2020 and it is expected to rebound marginally in 2021. As a result, the civil aviation industry reported approximately US$ 371 billion loss of gross operating revenues globally in 2020 and it is expected to remain around US$ 300 billion in 2021. Contrary to the air passenger services, air cargo transport demonstrated a strong rebound in the second half of 2020, reflecting mostly the resumption of international trade after the lifting of initial restrictions that had been in place for most of the second quarter. The data for the second quarter of 2021 indicated an average growth of over 10% in freight tonne-kilometres (FTKs) compared to the pre-pandemic period. In maritime transport, the first half of 2020 witnessed a 7.7% fall in port calls compared to the first half of 2019. The fall observed in the second half of 2020 was 12.2% when compared to the same period in the previous year. Despite the fall in port calls, OIC countries did not experience a decrease in their global share, but a slight improvement was observed from 13.2% in 2019 to 13.3% in 2020.

Governments have responded to the crisis by designating ports, shipping, and trucking services as essential, and exempting them from related restrictions. Many governments provided diverse support programs to help the transport industry remains viable during the pandemic. As the countries recover from the pandemic, they will also require policies to reconfigure the transport sector to enable mobility of people and goods in a safe, sustainable and resilient way. Towards this direction, it is recommended to intensify coordination in increasing the predictability and efficient deployment of border measures in emergency situations; develop intelligent travel systems to promote safety and resilience in road transport; develop an

advanced air cargo system and capacity for a speedy response to future shocks; invest in rail sector as a critical transport modality in sustaining the mobility; and develop strategic partnerships to regulate the transportation systems for resilient supply chains.

Investing in Social Development

Expanding the Opportunities for Learning and Education: The COVID-19 pandemic has had a particularly severe impact on the education sector. Schools throughout the world were progressively shut down, which affected over 1.6 billion students around the world, including 432 million students in OIC countries. Between February 2020 and October 2021, OIC countries suspended schools for a total of 27 weeks, far longer than the global average of 22 weeks. While school closures are only temporary, the ramifications may be long lasting. Without adequate mitigation measures, school closures may result in a "generational catastrophe" due to increased risk of students dropping out, loss of learning, and loss of future earnings. COVID-19 has also highlighted the shortcomings of the education sector in OIC countries, particularly in terms of remote learning preparedness. Remote learning in OIC countries, especially those with weak ICT infrastructures, is proving to be a difficulty, hindering the education and learning of millions of schoolchildren during the pandemic.

Investments in distance learning will provide a chance to strengthen support for rural and remote teachers and schools, enhance data collection and sharing, and boost student access to high-quality learning resources while also expanding parental participation and support possibilities. More precautions must be taken to ensure school safety, with many countries relaxing restrictions and reopening schools. In addition, restoring lost learning is critical to averting generational catastrophe. Monitoring students' missed learning opportunities is necessary to determine the extent of the damage caused by school closure. Additionally, schools must begin adjusting their curricula and establishing remedial programs. There is an opportunity to use lessons learned from the successes and failures of various methods during the COVID-19 pandemic in order to deploy more effective and equitable approaches to closing learning gaps for all students.

Increasing the Resilience of the Health Systems: The redirection of health system resources to address COVID-19 care demand, coupled with inadequate infection prevention supplies and testing capacity, has led to considerable disruptions to essential health services (EHS). Disruptions to ESH have persisted in 2021, though the magnitude and extent of these disruptions have generally decreased within countries. Although the health workforce has been a vital component of the capacity of health systems to respond to the pandemic, many OIC countries had already been facing severe health workforce shortages before the outbreak. Compared to the world average, OIC countries, on average, had significantly lower numbers of both medical doctors and nursing personnel relative to their population size, affecting the capacity to deliver essential services and meet surging needs. The COVID-19 pandemic has highlighted the need for the adequate capacity of hospital beds, the availability of sufficient intensive care units and medical supplies and equipment, with emergency stocks. However, the latest statistics on hospital beds capacity of countries show that the group of OIC countries lags well behind the world average, posing a great risk of hindering effective response to the pandemic.

Although the COVID-19 response is ongoing and contexts are constantly evolving, how countries respond to pandemics is ultimately dependent on how resilient their health systems are. In this respect, strengthening and optimising health system capacity must be the top priority to respond to the current pandemic and build resilience for future emergencies. Building resilience to face future pandemics and other shocks requires sustainable workforce planning over the medium to long term. It is also suggested that OIC countries should develop their capacities for domestic production of some essential medicines,

Personal Protective Equipment (PPE) and medical devices in order to reduce reliance upon a limited number of foreign manufacturers and avoid disruptions to global supply chains.

Reinvigorating the Fight against Poverty and Inequality: The COVID-19 pandemic is particularly threatening years of progress in poverty alleviation as well as in income inequality. It is hindering efforts towards reducing poverty, and increasing challenges for implementing the SDGs. It keeps adding significant pressure to the health systems of both developed and developing countries, and its impacts pose an additional burden to wider communities, affecting again the most vulnerable social groups. The fragile economic systems of many OIC countries are, unfortunately, not able to fully cope with these challenges. The lack of financial resources to provide support to help overcome long periods of reduced economic activity and the interruptions in informal economic activities, which millions of people rely on, further add to the poverty and inequality problem in these countries.

Despite the impressive achievement in reducing the proportion of the population below the International Poverty Line, low- and middle-income OIC countries still had over 250 million people living in extreme poverty as of 2019. This figure was almost equivalent to a combined population of 35 OIC countries, and made up about 39% of the global estimate of the extremely poor population of 655 million. In addition, the top 10% of the population accounts for at least half of the national income in 22 OIC countries. Against this background, the persistence of high extreme poverty rates and income inequality in many OIC countries had already been challenging them before the COVID-19 pandemic raged the world. Currently, part of the success achieved in these areas is set to be reversed all over the world due to the pandemic, which requires alternative policies to reverse this trend back.

Supporting Family Life and Social Cohesion: A large part of COVID-19 response measures and interventions have been "anti-social" in nature, i.e., limiting physical contact and routine social interactions between individuals and groups. Such interventions have had a deep impact on cohesion in virtually every society in the world. The various aspects of social cohesion that have been impacted by the pandemic include: trust between individuals/groups and the government, inter-group dynamics and grievances, impacts of the pandemic on cohesion in marginalized groups, pandemic's unique impacts on families, and pandemic's impacts on individuals' psychological health and its impact on social engagement. While it is unrealistic for governments in OIC countries to address and resolve every single pandemic related stressor, there is a possibility for OIC countries to implement policies and measures to improve social cohesion to ensure sustainable and resilient recovery from the pandemic. This can be achieved if OIC countries understand the importance of social cohesion for social development and implement national level cohesion strategies that are inclusive, gender-, context-, and conflict-sensitive.

Efforts to improve social cohesion in OIC countries should include local community-based actors that can: (i) help identify pressure points that can exacerbate social discord and conflicts, and (ii) have established mechanisms to address cohesion in their communities/groups. OIC countries also need to actively combat misinformation and improve transparency in processes to foster trust in government, decision makers, and public services amongst individuals and groups.

Reconfiguring and Expanding Social Protection: Social protection has emerged as a critical crisis response tool during the COVID-19 pandemic. It has enabled OIC countries to provide social, economic and medical support to millions of people. Between February 2020 and November 2021, 1,865 social protection measures were introduced or implemented around the world – out of which 343 measures were introduced by governments in OIC countries. A majority of these measures were short-term or temporary, aimed at improving protection coverage and bridging gaps in the adequacy of protection measures. Yet, the proportion of the population covered by at least one protection measure in a majority of OIC countries was lower than the world average (46.9%) in 2020 – with some vulnerable and marginalized groups being

excluded from national protection programs. Out of the 343 protection measures introduced in OIC countries, some 163 measures were new programmes or benefits that had not existed before the pandemic. Overall, the most common type of protection measure was immediate cash support or one-off payment, followed by measures in the health sector, and measures that served several or multiple functions. Approximately 76% of protection measures were non-contributory and 18% were contributory, but it is worth noting that expenditure on social protection was notoriously low in 53 OIC countries – even in the midst of a pandemic in 2020.

For OIC countries, the pathway for sustainable and resilient recovery from the COVID-19 pandemic lies in understanding that the gaps in their social protection systems need to be addressed urgently so that protection systems are strengthened in the long-term and are better prepared to respond to future crises. Ultimately, both of these outcomes can have a direct impact on the promotion of inclusive and sustainable development in OIC countries.

Protecting and Empowering the Most Vulnerable

Protecting and Empowering Youth: The youth bulge in OIC countries plays a critical role in the socio-economic development of their countries. Youth have the potential to significantly contribute to positive socio-economic outcomes from innovation to sustainable development. The pandemic affected young people in many aspects, ranging from mental wellbeing to education and job-market prospects. Several policy measures in social and economic sectors undertaken by OIC countries have brought some relief and helped improve the situation of youth such as the provision of distance education and offering incentives for youth employment. Yet, an additional set of swift policy measures from the education sector to labour markets need to be exerted to address multidimensional challenges faced by them during the pandemic and unleash their full potential beyond the pandemic. Boosting investments in hybrid and alternative education channels as well as IT infrastructure, investing in youth skills development, developing a national crisis-management strategy, and mitigating risk factors (e.g. addictions) that affect youth could all play a critical role with a view to increasing the resilience of OIC countries in responding the needs of youth beyond the pandemic.

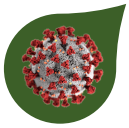
Protecting and Empowering Women and Children: The pandemic has had disproportionate impacts on women and children and several pervasive factors have exacerbated existing gender inequalities and vulnerabilities specific to women and children. The economic impacts of the pandemic, for instance, have left 70% of informally employed women in developing countries unprotected, unsupported, and at risk of falling into poverty. Preventative pandemic response measures such as school closures, lockdowns, and social isolation have increased the burden of unpaid domestic and care work for women during the pandemic. School closures, that have affected over a billion students around the world, have also jeopardized the educational and nutritional status of over 300 million children. The disruption of immunization campaigns for measles and polio in 26 countries due to the pandemic is also likely to have lasting impacts on countless children. Gender-based violence and violence against children have increased in frequency and intensity during the pandemic.

In OIC countries, the pathway for women and children's sustainable and resilient recovery from the pandemic should incorporate a few key elements. Pandemic recovery policies and plans should incorporate a gendered perspective, such plans should focus on improving women's economic participation, building regulatory infrastructure for women's informal employment, and expanding or introducing targeted social protection programmes for vulnerable women and children. Recovery policies and plans should also provide adequate support to women disproportionately burdened by unpaid domestic and care work, ensure the

continuity of childcare services even in crisis situations, and incorporate violence prevention measures as part of crisis response mechanisms.

Protecting and Empowering Elderly and People with Disabilities: The elderly and people with disabilities are disproportionately affected by the pandemic. They are at a greater risk of developing more severe cases of COVID-19, and they face significant barriers when accessing critical services (e.g. health, personal assistance, mental support). The economic downturn, disruptions in public services, curfews and lockdowns throughout the COVID-19 pandemic have exacerbated their economic difficulties. Moreover, cases of violence against them have also increased. In order to overcome these multidimensional challenges, OIC countries developed and implemented a wide range of social and economic policies. Yet, more comprehensive and inclusive policies are needed to address the growing needs of these vulnerable groups. The pandemic should serve as a call for change to policymakers in OIC countries to strengthen their resilience for future shocks with a particular emphasis on vulnerable groups. In this regard, they are recommended to invest more in data and statistics and IT solutions to track and monitor the status of the elderly and people with disabilities as well as further their cooperation with non-governmental organisations. Upskilling and reskilling of those vulnerable groups such as through delivering training programmes would also help them be more engaged and competitive, which will enhance their resilience.

Protecting and Empowering Refugees and Migrants: Around the world, refugees and migrants are some of the most vulnerable groups of people that are unduly exposed to the risks and disproportionately impacted by the consequences of the COVID-19 pandemic. In 2020 alone, OIC countries were home to some 76.2 million (or 27%) of the world's total international migrants, 13.3 million (or 64%) of the world's total refugees, and 27.7 million (or 57%) of the world's total internally displaced persons. Restrictive pandemic response measures have resulted in refugees and migrants in OIC countries experiencing a range of difficulties during the pandemic such as losing their source of income, inability to afford basic and essential goods and services, inability to access healthcare services, inability to move within and across borders, and more. The situation was doubly distressful for refugees and migrants in OIC countries that are currently experiencing a humanitarian emergency or those with insufficient resources. By and large, the social, economic and health outcomes of refugees and migrants have been adversely affected by the pandemic due to their marginalization and exclusion from national pandemic response policies and programmes. Therefore, in order to ensure sustainable and resilient recovery from the pandemic, OIC countries need to introduce targeted legislation, adopt administrative practices, and implement pragmatic programmes that ensure the inclusion of refugees and migrants in national recovery plans and policies.



CHAPTER ONE

INTRODUCTION

Emerged as a health crisis, the Novel coronavirus (COVID-19) pandemic turned rapidly into a complex global crisis that not only costed more than 5 million lives, but also disrupted production, damaged economic and social connectivity, and threw millions into poverty. The unprecedented toll of the pandemic on people's health and prosperity simply reflected the scale of unpreparedness of the world to such systemic shocks. Global inequalities, both at national and international levels, as well as economic, social and environmental vulnerabilities constituted already a major challenge for the economies across the world. Despite the breakthroughs in vaccine development, the crisis is still unfolding with significant uncertainties affecting economic and social life. Moreover, it is further exacerbating some already existing weaknesses and vulnerabilities in many developing countries, including OIC countries.

The rapid transformation of the pandemic into a multidimensional global crisis is definitely a strong reminder for policymakers and the global community to prioritize the measures towards reducing vulnerabilities and strengthen their resilience to future shocks. Temporary support measures implemented by governments over the last two years start to expire, as the resources available for short-term interventions tend to deplete. It is now imperative to focus on long-term structural reforms to build back better and be better prepared for the next shocks. Time has come to end the longstanding focus on maximization of profit and pursuit of economic growth without proportional attention on the sustainability of economic, social and environmental structures.

How the pandemic aggravated existing vulnerabilities and turned into a multidimensional global crisis

At the time when governments started to report their first COVID-19 cases, much of the focus was on the prevention of the spread of the virus within and across boundaries. The public health emergency soon turned into an economic and social crisis with significant negative impacts on economic activities and social life. Economic activities that require close human interaction (e.g.

tourism, travel and hospitality) have been suspended or heavily constricted, and millions of people faced the challenge of job and income losses. The lack of adequate preparedness measures, capacities and resources plunged millions back into poverty.

What started as a health crisis became quickly a complex global crisis. Global production networks and value chains have been disrupted. A significant number of firms, mostly small and medium sized enterprises (SMEs), faced the threat of bankruptcy. Stagnant wages and income losses for workers constrained levels of consumption and access to basic services. Those who lost their jobs remained hopeless in generating income for their households. Social protection measures expanded but remained insufficient or inaccessible for many. Countries with limited fiscal space started to face a sovereign debt crisis.

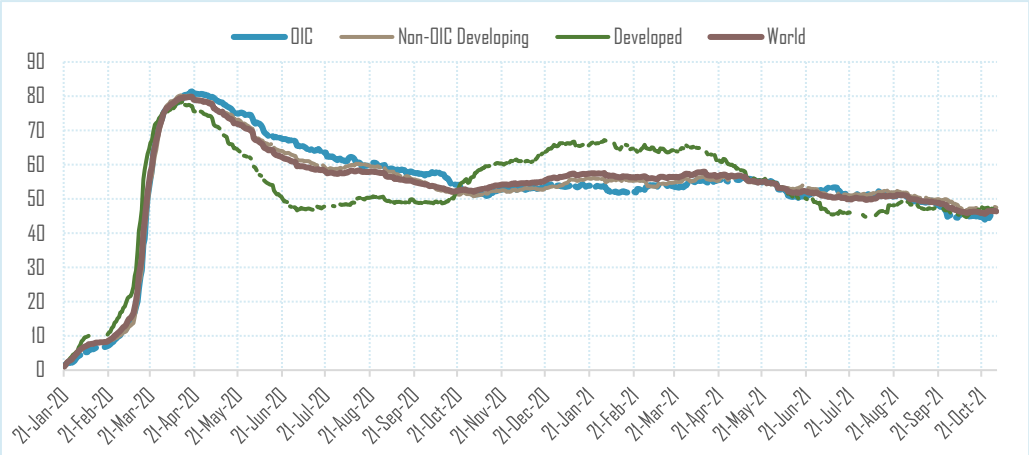
The crisis consequently affected all aspects of economic and social life. As discussed throughout the report, the disruption was severe and the impacts were uneven across communities, economic sectors and countries. For example, economic activities in some sectors came to a virtual standstill, with a massive loss of income and employment, affecting mainly lower skilled workers. Higher-skilled employees in some sectors have been able to work remotely from the relative safety of their homes, contributing to the widening income gap among skill groups. Women have been disproportionately affected by these predicaments, as many have left the workforce for other household obligations amid school and workplace closures.

The COVID-19 pandemic has uncovered and widened existing inequalities in multiple dimensions, reflected also in the growing digital divide between groups in all societies and between countries. Unequal access to digital technology and tools prevented effective participation of disadvantaged groups in the services provided through digital channels. While some schoolchildren have been able to continue their schooling online, it was out of reach for many other students.

Unlike previous crisis, the COVID-19 pandemic is likely to persist and its shocks will continue to shape economic and social behaviours and policymaking. Depending mainly on the pre-crisis social and economic conditions as well as technical and financial capacities of countries, the economic impacts of the pandemic are expected to last longer than the health impacts (Jordà et al, 2020); with low-income countries set to be disproportionately impacted (World Bank, 2020a). Remoteness did not provide economic protection, as small-island countries faced huge economic losses through tourism and remittance channels despite having low infection rates (UN, 2021).

Figure 1.1 demonstrates how quickly the COVID-19 became a global concern based on a stringency index developed by the Oxford Coronavirus Government Response Tracker project.[1] Governments in all parts of the world implemented strict measures to prevent the spread of the virus. The average stringency index exceeded 80 during the early periods of the pandemic, but remained elevated at around 50 throughout the following periods. The average stringency index for OIC countries was above the averages of other groups during April-October 2020. These measures had serious repercussions on economic and social life, which required governments to take various accommodative policies to alleviate the impacts on people and economic sectors.

Figure 1.1: COVID-19 Stringency Index (21 Jan 2020 - 31 Oct 2021)



Source: Our World in Data (ourworldindata.org/covid-stringency-index). Group averages are calculated by taking simple averages of country level data. The stringency index is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest).

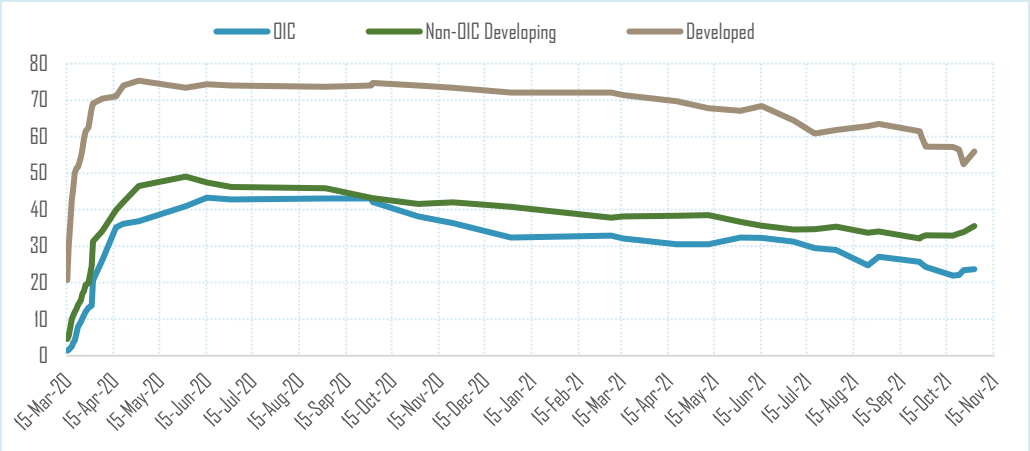
How governments responded to the crisis

The COVID-19 pandemic is an unprecedented multidimensional global crisis that required coherent policy responses. It has further highlighted the vulnerabilities and gaps in basic systems, including healthcare, social protection, education, value chains, production networks, financial markets, mass transit systems and ecosystems (OECD, 2020a).

The pandemic has reversed much of the global progress in reducing poverty and adversely affected the health and education prospects. The poor and vulnerable groups, including women, young people, migrant workers and informal sector workers, have been hit the hardest by the measures taken to curb the spread of the virus. Governments enacted by providing diverse sets of support for the people in need, but the scope and coverage of these supports varied across regions due to differences in capacities and resources. The amalgamation of persisting vulnerabilities and varying response capacities heighten the risk of greater divergence and inequality between and within countries. Responding to the crisis without aggravating the existing inequalities became another challenge.

Lockdown measures required, for example, people to work from home and students to learn through online platforms, which necessitates access to digital technologies and the internet. According to the International Telecommunication Union (ITU), however, the share of people with internet access globally was only 50% as of 2019. While this share is 86.7% in developed countries, it is just 44.4% in developing countries, reflecting the limited opportunities for access and adaption of people living in developing countries to new digital products and services. While this share is below 10% in some OIC countries, such as Guinea-Bissau, Nigeria and Somalia, it is above 90% in some others, such as Kuwait, Qatar and Saudi Arabia. Moreover, a large part of the labour force is in the informal sector with a limited chance to telework.

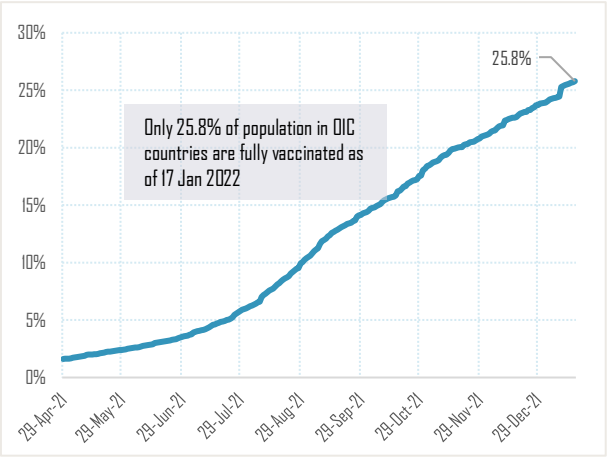
Figure 1.2: COVID-19 Economic Support Index (15 Mar 2020 - 2 Nov 2021)



Source: Our World in Data (ourworldindata.org/covid-stringency-index). Group averages are calculated by taking simple averages of individual country level data. A higher score indicates a greater income support and debt relief for households (i.e. 100 = greatest support).

Overall, depending on the capacities and resources, OIC countries introduced a diverse set of policy measures to contain the pandemic and protect the most affected. The most frequently used policy measures included, among others, the extension of social protection measures to transfer income for the most affected, tax deferrals and waivers on businesses, and targeted stimulus packages for specific sectors. Greater resources available for developed countries allowed them to provide greater support than OIC countries (Figure 1.2). Approaching the third year of the pandemic, the capacities and resources in many countries are exhausted, as also implied by the falling values of economic support index.

Figure 1.3: Share of Fully Vaccinated People in OIC Countries

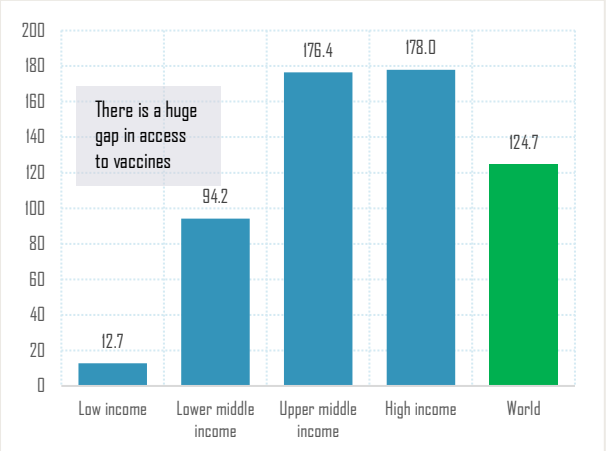


Source: SESRIC COVID-19 Pandemic Database for OIC Member Countries.
Note: Data is calculated by using the total population for the year 2020.

After developing vaccines for the virus, the hope by the global community was that the pandemic would be tamed with rapid vaccination and return to normality would be achieved soon. Yet, although developed countries made significant progress in the vaccination of their population, access to vaccines remained a major challenge for some parts of the world, including many OIC countries. As of 31 December 2021, the share of the population who are fully vaccinated was only 23.9% (Figure 1.3), which remained well below the 40% target of the World Health Organization for the end of 2021. This share has further increased to 25.8% as of mid-January 2022. The disparity in access to vaccines is depicted in Figure 1.4,

where the number of doses administered by low-income countries (including multiple doses administered per person) correspond to 12.7 per 100 person only. This number is almost 178 in high income countries. Globally, 125 doses are administered per 100 people, but the share of people fully vaccinated against COVID-19 is only 51.7% (SESRIC, 2021a).

Figure 1.4: Total Vaccinations by Income Groups (per Hundred People) as of 20 January 2022



Source: Official data collated by Our World in Data, World Bank.
Note: Income groups are based on the World Bank classification. All doses, including boosters, are counted individually. As the same person may receive more than one dose, the number of doses can be higher than the number of people in the population.

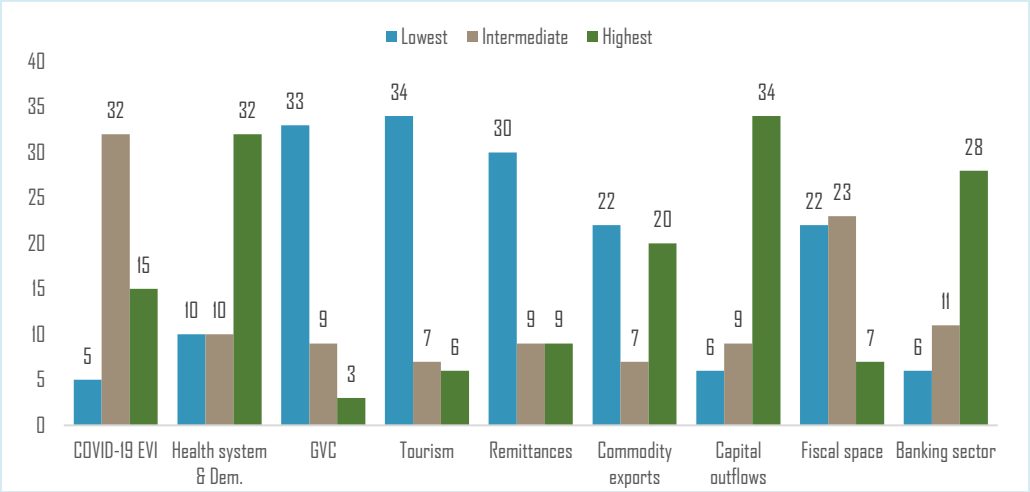
This clearly highlights that unilateral responses to a global crisis do not produce effective results. Responding to the COVID-19 crisis requires mutually supportive and integrated policies across economic, social and environmental objectives to address the deeper nature of the crisis. Addressing the underlying causes of vulnerability in our systems, which stem from inequalities, injustice and discrimination, weak governance and institutions, inadequate public services and infrastructure, depletion of natural resources and the degradation of biodiversity and climate, will be essential to building resilience against future outbreaks (OECD, 2020a).

How to reduce vulnerabilities and strengthen resilience

The COVID-19 pandemic thought important lessons on the prices of a global shock when there is not an adequate investment in resources and capacities to tackle it. Ignorance of risks and vulnerabilities has truly a heavy price. Millions of people would not fall back into poverty if systems would be more resilient. Learning from the current crisis, policymakers should now increasingly strive for strengthening resilience to future crises as an integral part of a comprehensive "building back better" strategy. There is indeed a unique opportunity to build back better and strengthen the foundations for resilience against future shocks. A holistic approach is needed to prepare the economies and societies for a diverse range of known and unknown risks.

Any intervention should start with a comprehensive assessment of existing vulnerabilities. In this fashion, the COVID-19 Economic Vulnerability Index (EVI) of the European Investment Bank (EIB) provides some insights, as it examines various main factors that influence the resilience of economies to the COVID-19 shock.[2] Unsurprisingly, the index shows that the economies of low-income countries are highly vulnerable to the COVID-19 pandemic. Half of low-income countries and 25% of middle-income countries face the highest risk of COVID-19. Among the 52 OIC countries included in the calculation of the index, 15 OIC countries are highly vulnerable, 32 countries face intermediate vulnerability and only five of them face low vulnerability (Figure 1.5).

Figure 1.5: COVID-19 Economic Vulnerability Index for OIC Countries (by Level of Vulnerability)



Source: SESRIC staff calculations based on European Investment Bank (2020). Note: Figures show the number of OIC countries.

The weak healthcare and economic systems in some OIC countries make it harder for them to fight global shocks such as the COVID-19 pandemic. The highest vulnerability in OIC countries is observed in relation to capital outflows, health system and banking sector. Economies with large current account deficits need external financing, but the availability and cost of such funds increased during the pandemic for developing economies. OIC countries whose manufacturing sectors rely on inputs produced abroad may be more vulnerable. The economic vulnerability of countries that rely on remittances may increase at the time of COVID-19. Similarly, OIC countries whose economies rely heavily on tourism face elevated risks (see Table 1.1 for the list of countries).

Considering the significant impacts of the pandemic as well as excessive vulnerabilities and gaps in basic systems, a comprehensive resilience building strategy should be at the heart of post-COVID-19 policy making. In this connection, after providing a summary of socio-economic impacts of the COVID-19 pandemic in OIC countries and highlighting a number of effective policy responses and good practices in different policy areas, this report provides a number of recommendations for recovery. In doing so, it particularly focuses on reducing vulnerabilities and strengthening resilience. Its recommendations mostly reflect a longer-term perspective to prepare OIC countries for the future crisis, reinforce their capacity to withstand or absorb shocks, mitigate the potential impacts and respond to them more effectively.

This report focuses on four critical dimensions of building resilience to future shocks in OIC countries. Chapter 2 addresses some issues related to national economic resilience. It is important to recognize that the economic recovery must have broader objectives than only restoring gross domestic product (GDP) growth. Economic growth must deliver a well-diversified and environmentally friendly economic structure and improved living standards with adequate investment in human and institutional capacities. Investing in skills for the new economy will be critical to ensure an equitable global economic recovery and transformation (WEF, 2021). Moreover, protecting the well-being of the current generation should not burden future generations with unsustainable levels of debt, debt overhang and recurrent fiscal crises.

Entrepreneurial activities should be supported and adequate investment should be made in innovative capacities.

Table 1.1: Economic Vulnerability of OIC Countries to COVID-19 Pandemic

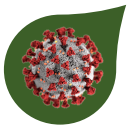
	COVID-19 Economic Vulnerability Index	Health system and demography	Economic vulnerability to drop in				Vulnerability to capital outflows	Fiscal space	Banking sector strength
			GVCs	Tourism	Remittances	Commodity exports			
Afghanistan	3	3	1	1	1	1	3	1	n/a
Albania	2	3	1	3	2	1	2	2	3
Algeria	2	2	3	1	1	3	3	1	3
Azerbaijan	2	1	1	2	1	3	1	1	3
Bahrain	2	2	1	3	n/a	3	3	3	2
Bangladesh	2	3	1	1	2	1	3	1	2
Benin	2	3	n/a	1	1	1	3	1	3
Burkina Faso	2	3	n/a	1	1	1	3	1	3
Cameroon	3	3	1	1	1	1	3	1	3
Côte D'Ivoire	2	3	1	1	1	1	3	2	2
Djibouti	3	3	1	1	1	n/a	3	1	3
Egypt	2	3	1	2	3	1	2	2	3
Gabon	3	2	1	1	1	3	2	2	3
Gambia	3	3	1	3	3	1	3	2	3
Guinea	3	3	n/a	1	1	3	2	1	3
Guinea-Bissau	2	3	n/a	1	2	n/a	3	2	3
Guyana	2	3	n/a	1	2	2	3	2	3
Indonesia	1	3	2	1	1	2	3	1	1
Iraq	2	3	1	1	1	3	1	2	n/a
Iran	1	3	1	n/a	1	3	n/a	1	n/a
Jordan	2	2	1	3	3	1	3	3	2
Kazakhstan	2	1	2	1	1	3	2	1	2
Kuwait	2	1	3	1	1	3	1	1	1
Kyrgyzstan	3	1	2	2	3	2	3	2	3
Lebanon	3	2	1	3	3	1	3	3	3
Libya	2	1	n/a	n/a	n/a	3	3	3	n/a
Malaysia	2	2	3	2	1	3	2	2	1
Maldives	3	2	1	3	1	1	3	2	3
Mali	2	3	1	1	2	1	3	1	3
Mauritania	3	3	2	1	1	3	3	2	3
Morocco	2	3	2	2	2	1	3	2	2
Mozambique	3	3	1	1	1	3	3	3	3
Niger	2	3	1	1	1	2	3	2	3
Nigeria	2	3	1	1	2	3	2	1	2
Oman	2	2	2	1	1	3	2	2	2
Pakistan	2	3	1	1	2	1	3	2	3
Qatar	2	3	1	2	1	3	1	2	1
Saudi Arabia	1	1	1	1	1	3	1	1	1
Senegal	2	3	1	1	3	1	3	2	3
Sierra Leone	3	3	1	1	1	1	3	2	3
Somalia	2	3	1	n/a	n/a	n/a	n/a	3	n/a
Sudan	3	3	1	1	1	2	3	3	3
Suriname	2	2	2	1	1	3	2	2	3
Tajikistan	3	1	1	1	3	2	3	1	3
Togo	3	3	1	1	2	1	3	2	3
Tunisia	2	3	2	2	1	1	3	2	3
Türkiye	2	2	1	1	1	1	3	1	2
Turkmenistan	1	1	1	n/a	1	3	n/a	1	n/a
Uganda	2	3	1	1	1	1	3	1	2
U.A. Emirates	1	1	2	n/a	n/a	3	1	1	1
Uzbekistan	2	1	1	1	3	2	3	1	2
Yemen	2	3	n/a	1	3	1	3	2	n/a

Source: European Investment Bank. Notes: 1 - Lowest vulnerability; 2 - Intermediate vulnerability; 3 - Highest vulnerability.

Chapter 3 discusses the impacts of the COVID-19 and resilience building within the context of regional and international economic linkages. International trade, investments, tourism and transport have been heavily affected by various policy responses introduced during the pandemic. Many countries increased trade protection and restricted exports of medical supplies, which impaired collective response to the crisis. Lack of effective cooperation constrains not only the multilateral response to the pandemic, but also deteriorates the trust built over decades towards facilitating global economic connectivity. Predictability and stability is essential in underpinning global economic prosperity and resilience to future shocks (OECD, 2021a)

After providing major impacts on social development, some issues related to resilience building through investing in social development is elaborated in Chapter 4. Health and educational outcomes significantly deteriorated during the pandemic. More than 4 billion people in the world lack any form of social protection benefits, which makes them extremely vulnerable to an economic or a health shock (UN, 2021a). Excessive spending during the pandemic brought new challenges in managing government finances, where many developing countries are facing debt stress. Yet, governments should be able to deliver the public goods of health, education, a clean environment and social protection for all. Attempts to balance budgets as part of austerity measures will exacerbate inequalities, undermine resilience and further weaken solidarity and social cohesion. Universal social protection schemes must serve as the foundation for fighting inequality and building economic resilience, as discussed in Chapter 4.

The final chapter of the report focuses on the particular challenges faced by vulnerable groups. Vulnerable people afflicted with economic and social exclusion suffer relatively greater losses during crisis times. Such disproportionate impacts further aggravate existing inequalities and may actually undermine the capacities of people to cope and adapt. This requires special policies designed for the protection of vulnerable groups as well as for their better integration into economic and social life.



CHAPTER TWO

RESTORING AND TRANSFORMING PRODUCTIVE CAPACITIES

This chapter evaluates the impacts of the pandemic on national economic activities with particular reference to OIC countries. Production and growth, employment and skills development, agricultural development and food safety, SME development and entrepreneurship, and finally STI and digitalization are the main headings where the impacts are assessed and alternative policy recommendations are made for building resilience to future shocks. Economic activities have been severely impacted across the world, but certain sectors and skills groups have been affected more than the others. This paved the way for a potential restructuring of economic activities, which requires targeted government intervention for effective allocation of resources for transforming productive capacities during the recovery process.

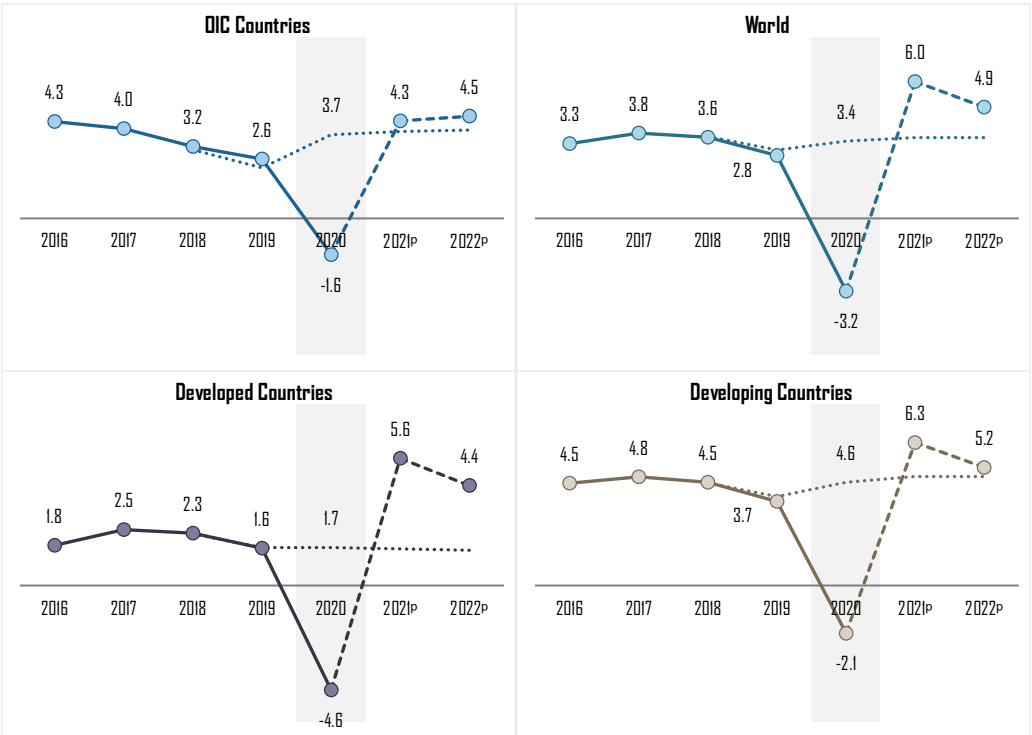
2.1 Economic Growth

Economic performance of countries is highly associated with the structural components of their economies. Diversification of economic activities reduces vulnerabilities to economic shocks and facilitates greater competitiveness in global markets. However, a well-diversified economy requires a strong and sophisticated manufacturing industry in order to enhance and retain its competitiveness in the global economy. A broad and robust domestic manufacturing base has been the key to successful economic development, since it helps generate productive linkages with other sectors of the economy, drives technological progress, and has the strongest potential for productivity improvements. In this connection, this subsection reviews the impacts of the pandemic on the economic performance of OIC countries and reiterates the importance of economic diversification and productivity for economic resilience.

Impacts of the COVID-19 Pandemic on Economic Performance

The measures taken to control the spread of COVID-19, such as lockdowns and mobility restrictions, have inevitably resulted in an unprecedented slowdown of economic activities all over the world. Following an already weakening global economic growth due to the challenges predating the pandemic, the world real GDP was expected to grow by 3.4% in 2020. However, it is now estimated to have contracted by 3.2% due to the pandemic and the associated

Figure 2.1: Real GDP Growth (%)



Source: IMF, World Economic Outlook (WEO) Database, April 2021; IMF, World Economic Outlook Update, July 2021.
Note: P = Projection; The dotted line shows the pre-pandemic projections (October 2019) while the dashed line shows the latest projections as of July 2021.

consequences (Figure 2.1). Developed economies, which have historically recorded lower growth rates than developing economies, contracted by 4.6%, though, before the outbreak of the pandemic, they were projected to grow by 1.7%. Similarly, developing countries, which were previously expected to grow by 4.6% in 2020, contracted by 2.1%.

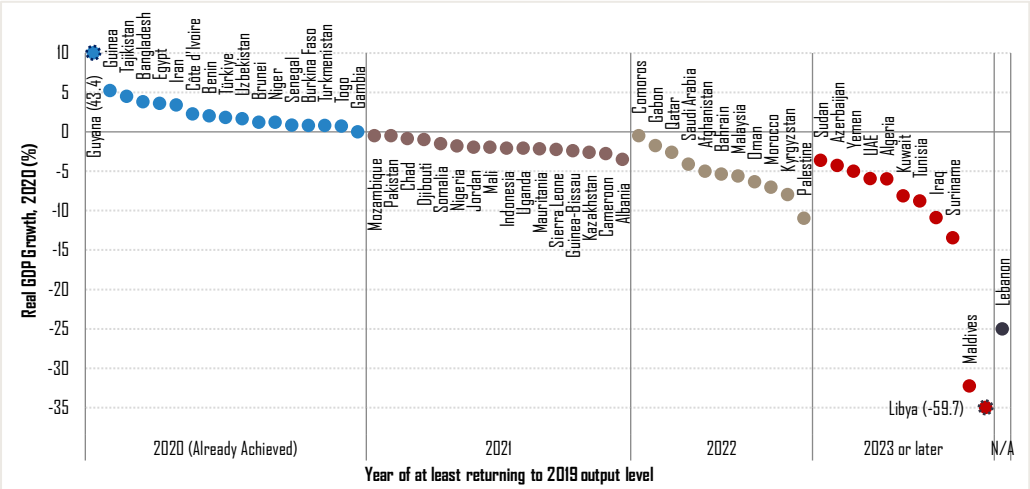
The contraction in the world economy was smaller than the pessimistic projections made earlier that year, indicating that growth rates improved for many regions in the second half of the year thanks to eased lockdowns and strong policy responses as well as better adaptation to new ways of working. The International Monetary Fund (IMF, 2021a) estimates that the contraction could have been at least three times as large without the extraordinary policy support worldwide. According to the IMF, after the contraction in 2020, the global economy is projected to grow at 6% in 2021, moderating to 4.9% in 2022. Additional fiscal supports, the anticipated speeding and widening of vaccination coverage, and the continued adaptation of all sectors of the economy to pandemic life are expected to contribute to the recovery process.

Under the pandemic conditions, the OIC region also contracted in 2020, though to a smaller extent as compared to the global averages. OIC economies, on average, contracted by 1.6% in 2020, while the pre-pandemic projections had indicated a growth rate of 3.7% for that year. It should be noted, however, that OIC countries were affected not only from the domestic outbreak of the pandemic and its consequences, but also from the economic spillovers of the deep recession in developed countries. Along with the global recovery, they are expected to grow by 4.3% in 2021 and 4.5% in 2022, according to the current projections (Figure 2.1).

The pandemic did not affect countries in the same way and at the same scale due to variances in pre-existing conditions and the level of preparedness as well as the adequacy of policy responses and the effectiveness of the measures taken to contain the effects of the pandemic. Particularly important were the structure of the economy in the context of dependency on certain sectors (like international tourism or commodity exports), the strength of national health systems, the availability of technological and digital infrastructure to facilitate adaptation to new ways of working, and the capacity to take fiscal, monetary and financial measures to maintain economic life. In this connection, 39 OIC countries experienced a negative economic growth rate in 2020[3] while the remaining OIC countries managed to expand or at least maintain their output despite the adverse effects of the pandemic (Figure 2.2).

Just as the entry into the pandemic, the recovery is also expected to be uneven, with some countries growing much faster than others do, leading to a divergence between countries and exacerbating disparities. Several international organizations, such as the IMF, the United Nations (UN), the World Bank (WB), and the Organisation for Economic Co-operation and Development (OECD), share and highlight this common concern (IMF, 2021a; UN, 2021b; World Bank, 2021a; OECD, 2021b). The current IMF projections show that, while most of the world will recover by 2022, it may take several years for some economies to reach their pre-pandemic real GDP values. Similarly, although all OIC countries are projected to record positive growth in 2021 and the year after, of the 39 OIC economies that contracted in 2020, only 16 are expected to at least return to the pre-pandemic output level in 2021 and another 11 in 2022, with the others requiring a longer time to do so (Figure 2.2).

Figure 2.2: Economic Growth in OIC Countries in 2020 and Expected Year of Recovery to Pre-Pandemic Output Level



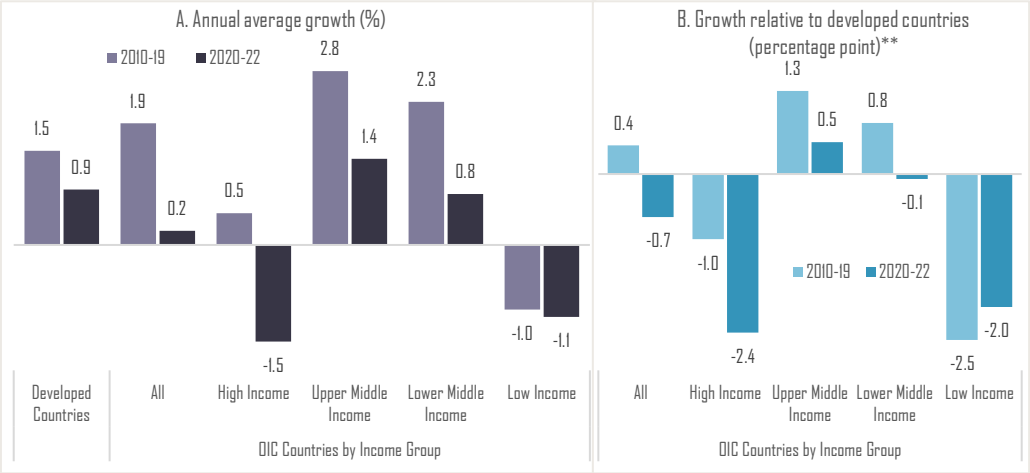
Source: IMF, World Economic Outlook (WEO) Database, April 2021; IMF, World Economic Outlook Update, July 2021.

Divergences in the speed of recovery are likely to create significantly wider gaps in living standards among countries compared to the pre-pandemic situation. Given the projections for per capita income levels[4], over half (31) of the OIC member countries are not expected to see the pre-pandemic living standards by the end of 2022, and for another 13 members, the improvement between 2019 and 2022 is projected to be less than a mere 5%. Correspondingly, in many OIC countries, the pandemic has deteriorated the progress at per capita income catch-up with developed countries. Although the OIC countries, on average, were converging with developed countries in the decade before the outbreak of the pandemic by recording a relatively higher rate of per capita income growth, they are estimated to undergo a diverging process by 2022 due to a weaker performance.

Indeed, per capita income in OIC countries increased by an annual average of 1.9% during the 2010-2019 period, 0.4 percentage points higher than in developed countries, while the current estimates show that it will grow by only 0.2% annually until 2022, 0.7 points lower than the expected growth in developed countries (Figure 2.3). A breakdown of OIC countries by income level reveals that, compared to the pre-pandemic period, a greater divergence of high-income countries, a slowdown in convergence of upper-middle income countries, and the cessation of convergence of lower-middle income countries are estimated to contribute to the deterioration in the catch-up process. On the other hand, low-income OIC countries, whose real per capita income decreased in the pre-pandemic period and is projected to further decrease in the next few years, are expected to see a slight slowdown in their divergence from developed countries due to the decelerating growth in the latter.

The COVID-19 pandemic has also led to a loss in the share of OIC countries in the global output. At current prices, the total GDP of OIC member countries contracted by 5.6% from US$ 7.3 trillion in 2019 to US$ 6.9 trillion in 2020. With this economic size, OIC countries accounted for 8.1% of the global GDP in 2020, down 0.2 percentage points from the previous year. The share of OIC

Figure 2.3: GDP Per Capita Growth: OIC Countries vs. Developed Countries*



Source: IMF, World Economic Outlook (WEO) Database, April 2021.
Note: See Annex I for the classification of OIC countries by income group. * In terms of purchasing power parity (PPP) at constant 2017 prices. ** Difference from developed countries.

countries in total GDP of developing countries also fell from 20.6% in 2019 to 20.2% in 2020, indicating that the economic contraction, in nominal terms, was deeper in OIC countries relative to the rest of the world. Although the projections for 2021 indicate a recovery by over 12% in nominal GDP of OIC countries, their global shares are expected to remain below the 2019 levels (Figure 2.4).

Combined with the population growth, the economic contraction in 2020 caused a larger drop in the GDP per capita of OIC countries in 2020 (Figure 2.5). In US dollar terms, the global average GDP per capita fell by 4.2% to US$ 11,058, while the average for OIC member countries dropped by 7.4% to US$ 3,680. Although non-OIC developing countries also witnessed a decline (-4.4%),

Figure 2.4: Total GDP of OIC Countries (current prices, US$, billion)

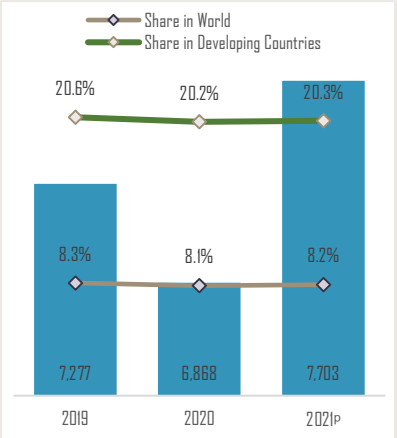
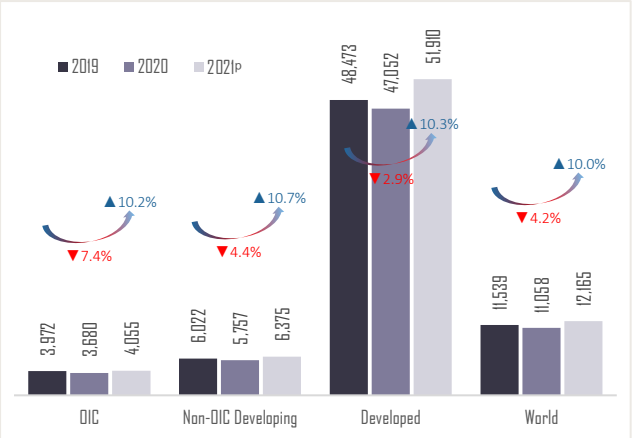


Figure 2.5: Average GDP per Capita (current prices, US$)



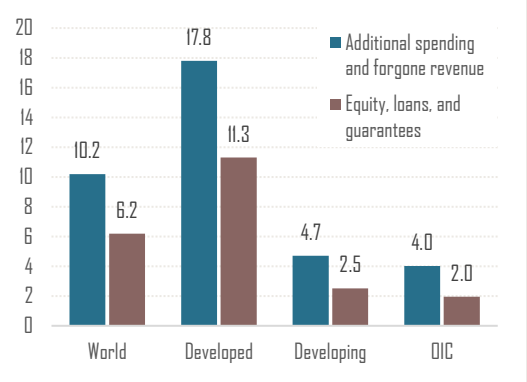
Source: IMF, World Economic Outlook (WEO) Database, April 2021.
Note: P = Projection

GDP per capita continued to be lower in OIC countries, with the gap even getting wider. The projected recovery in 2021, while helping to surpass the pre-pandemic levels, is not expected to change this gloomy picture.

Stimulus Packages and Fiscal Balances

Governments around the world have responded to the pandemic with their fiscal policies at unprecedented levels. They have used the budget to reinforce health systems and provide emergency support for households and firms, which helped alleviate the contraction in economic activity as well. Many countries continue providing fiscal support to mitigate the impact of the coronavirus pandemic and help their recoveries, although the size and composition of the support have varied across countries. According to the IMF, of the US$ 16.9 trillion in global pandemic-related fiscal actions taken through September 27, 2021, US$ 10.8 trillion consisted of additional spending and forgone revenue, and US$ 6.1 trillion of liquidity support through equity injections, loans, and guarantees. Both forms of fiscal support, as a percentage of GDP, were around four times as large in developed countries as in developing countries (Figure 2.6).

Figure 2.6: Government Fiscal Support in Response to COVID-19 (% of 2020 GDP)



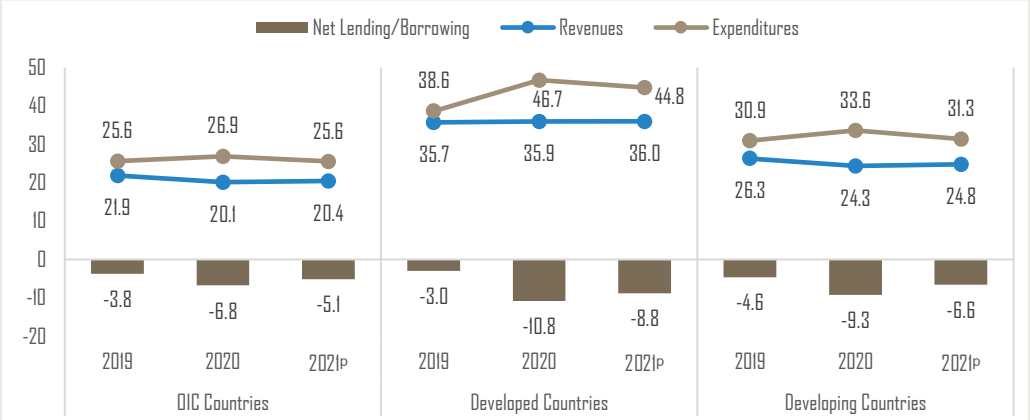
Source: IMF, Fiscal Monitor: Database of Country Fiscal Measures in Response to the COVID-19 Pandemic, October 2021.
Note: Data refers to the period from January 2020 to September 27, 2021. Country group averages are weighted by the 2020 GDP in PPP.

OIC countries, on average, provided relatively limited support in proportion to their GDP as compared to both developed and developing countries. Support in the form of additional spending and foregone revenue averaged at 4.0% of GDP in OIC countries, as compared to 17.8% in developed countries and 4.7% in developing countries. Similarly, the support provided in the form of equity, loans and guarantees amounted to 2.0% of GDP in OIC countries. This ratio reached up to 11.3% in developed countries and 2.5% in developing countries.

While giving rise to exceptional needs for government spending, the COVID-19 pandemic, at the same time, has reduced tax revenues through the economic downturn, leading to historically high fiscal deficits across the globe. General government fiscal deficits as a percent of GDP enlarged from 3.0% in 2019 to 10.8% in 2020 in developed countries and from 4.6% to 9.3%, respectively, in developing countries. Limited improvement is expected in 2021 due to the prevailing pandemic conditions (Figure 2.7).

Deficits have also expanded in OIC countries, averaging at 6.8% of GDP in 2020, compared with 3.8% in the previous year. This expansion in deficits resulted from the increase in expenditures from 25.6% to 26.9% of GDP and the concurrent decrease in revenues from 21.9% to 20.1% of GDP. Current projections for the year 2021 signal for a decline in expenditures to 25.6% of GDP

Figure 2.7: Government Fiscal Balance (% of GDP)



Source: IMF, World Economic Outlook (WEO) Database, October 2021.
Note: P = Projection

and an increase in revenues to 20.4% of GDP, resulting in a reduction in deficits to 5.1% of GDP, still above the pre-pandemic levels (Figure 2.7). It is worth noting that only 11 of the 55 OIC countries with available data witnessed an improvement in their fiscal balances as a percentage of GDP in 2020 over the previous year, and only four recorded a surplus.

Policy Recommendations for Strengthening Economic Resilience

Large divergences in recovery speeds raise the prospect of divergent policy stances across countries, which are likely to cause negative spillovers. Noting the divergent recovery across countries, developing economies, especially those with large external financing needs, may face a risk of tighter financial conditions and large portfolio outflows if developed countries move toward policy normalization and rapidly increase interest rates (IMF, 2021b). In that situation, they would also suffer an increase in currency volatility and a deterioration in the outlook for recovery.

With the prevailing uncertainty about the path of the pandemic, particularly due to the emergence of more contagious new variants of the virus, the outlook for recovery from the health and economic crisis beyond 2020 involves several challenges. Above all, these relate primarily to resolving the health crisis everywhere by greater progress with vaccination and strict abidance by the precautionary health measures. Although financial support remains important as the pandemic continues, many countries are now left with narrower policy space and higher debt levels than they had prior to the pandemic. Therefore, it is important that policies prioritize health care spending.

As the health crisis fades out, policies can concentrate more on building resilient and inclusive economies and even the transition towards a greener future. Priority areas could then include improving the social safety nets to prevent the rising inequalities and protect the vulnerable segments of the society, introducing initiatives to boost productive capacity, promoting investment in diversifying the economic structure to reduce dependency on certain sectors, supporting transformation to adapt to a more digitalized economy, and investing in green

infrastructure to join the global effort for climate change mitigation. Given the large divergence in recovery speeds and the difference in economic and financial capacities associated with the level of development, however, financing these long-term endeavours may be absolutely challenging for many countries. In this regard, formulation and implementation of well-targeted, country-specific or regional policies are of great importance. At the international level, stronger coordination and cooperation will be critical for more balanced and inclusive growth during the recovery from COVID-19 and beyond.

2.2 Employment and Productivity

The pandemic has left devastating impacts on the world of work, and led to increased unemployment, underemployment and income losses. The digital divide prevented broad based response to the crisis through teleworking and other innovative forms of employment. Women have suffered disproportionate job and income losses, including because of their over-representation in the hardest-hit sectors. The crisis has also disrupted the education, training and employment of young people, making it even harder for them to find a job, successfully transition from education to work or start a business. This section provides a brief assessment of labour market developments following the COVID-19 pandemic with particular reference to OIC countries. It provides a summary of policy responses by selected OIC countries and provides a number of policy recommendations for resilient recovery.

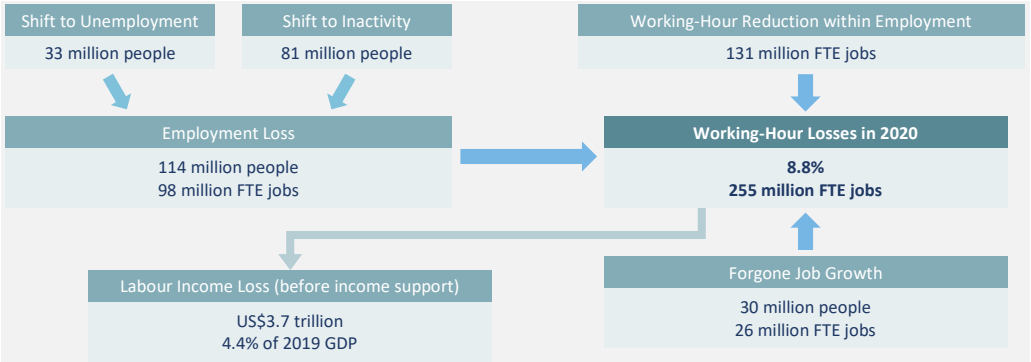
COVID-19 Pandemic and Labour Market

The pandemic, along with workplace closures and other measures implemented to curb the spread of the virus, has resulted in a remarkable slowdown in economic activity worldwide and has wreaked havoc on labour markets. Recent estimates of the International Labour Organization (ILO, 2021a) point out that, relative to the fourth quarter of 2019, 8.8% of total working hours were lost in 2020 –the equivalent of the hours worked in one year by 255 million full-time workers. Around half of the working-hour losses were due to employment losses while the remaining half was due to the reduced hours of those who remained employed (Figure 2.8).

According to these estimates, relative to 2019, total employment fell by 114 million in 2020 as a result of workers becoming unemployed (33 million) or dropping out of the labour force (81 million). Adding the loss of 30 million potential new jobs that could have been created had there been no pandemic, these losses mean that the global shortfall in employment increased by 144 million people in 2020, corresponding to 124 million full-time equivalent (FTE) jobs. The remaining part of the working-hour loss, corresponding to 131 million FTE jobs, was due to a reduction of working hours among the employed because of either shorter working hours or “zero” working hours under furlough schemes (ILO, 2021b).

ILO estimates indicate that global labour income –before taking into account income support measures (government transfers and benefits) – was US$ 3.7 trillion (8.3%) lower in 2020 than it would have been in the absence of the pandemic. This amount corresponds to 4.4% of the 2019 global GDP. The estimates also indicate that employment losses in 2020 translated mainly into rising inactivity rather than unemployment. Accounting for around 29% of employment losses,

Figure 2.8: Estimates of the Working Hours, Employment and Labour Income Lost in 2020



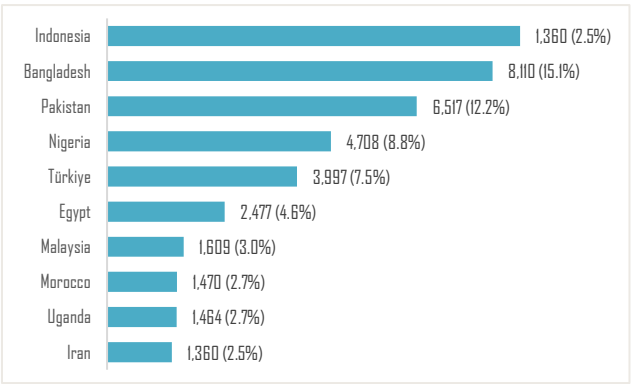
FTE: Full-time equivalent (assuming a 48-hour working week). Working hours lost are computed by comparing levels in 2020 with the no-pandemic scenario for the same year. The employment loss is computed by comparing 2020 with 2019.

Source: ILO, ILO Monitor: COVID-19 and the world of work. Seventh edition; ILO, World Employment and Social Outlook: Trends 2021. Geneva: International Labour Organization.

unemployment is estimated to have increased by 33 million in 2020, with the unemployment rate rising by 1.1 percentage points to 6.5%, the highest level since 1991.

The pandemic has brought unprecedented disruption to labour markets in OIC countries just as in other parts of the world. The challenges induced by the pandemic crisis have exacerbated the lack of employment opportunities that would have existed even without the pandemic. Given the working-hour losses, it is estimated that the pandemic caused a loss of 53.6 million FTE jobs across OIC countries in 2020, accounting for a fifth of the global loss. Three quarters of this loss occurred in ten populous OIC countries, namely Indonesia, Bangladesh, Pakistan, Nigeria, Türkiye, Egypt, Malaysia, Morocco, Uganda, and Iran (Figure ·29).

Figure 2.9: Number of Jobs Lost Due to COVID-19 Pandemic in 2020 (FTE, thousands)



Source: ILOSTAT, ILO Modelled Estimates. Note: Working hours lost due to the COVID-19 crisis expressed as FTE jobs, based on 48 hours per week. The numbers in brackets indicate the share of the respective country in OIC total.

Employment losses, due to rising unemployment or shift to inactivity, caused the employment-to-population ratio (EPR) to fell to a historically low level of 54.9% globally in 2020, compared with 57.6% in the previous year, reflecting a wider gap between employment growth and population growth. According to estimates by ILO (2021b), EPR is expected to rise by 1 percentage point to 55.9% in 2021 and further to 56.6% in 2022, yet remaining below its 2019 level. In OIC countries, EPR dropped by 2.3 percentage points to 50.9% in 2020, the lowest level ever seen given the available data dating back to the early '90s, while it had been relatively stable at around 53% for two decades before the pandemic (Figure 2.10).

Figure 2.10: Employment-to-Population Ratio

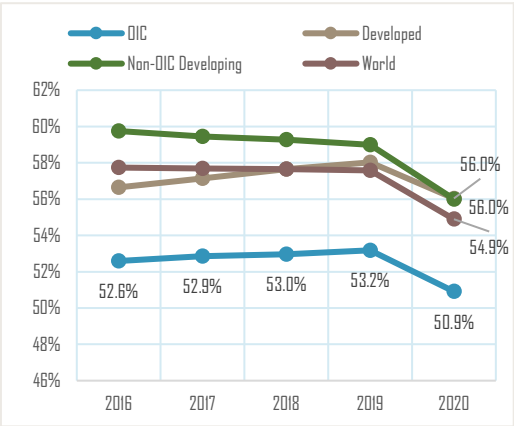
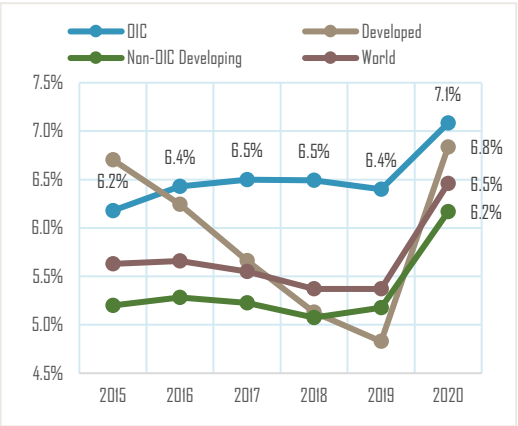


Figure 2.11: Unemployment Rate



Source: SESRIC staff calculation based on ILOSTAT, ILO Modelled Estimates, November 2020. Data coverage: 57 OIC countries, 94 non-OIC developing countries, and 38 developed countries.

As the pandemic transformed from a public health crisis into an economic crisis, millions of people across the OIC were pushed into unemployment in 2020. According to data fetched from the ILO, the number of unemployed in OIC countries increased by over 4 million to reach 49.3 million in 2020. Consequently, the unemployment rate bounced to 7.1% in that year, up 0.7 percentage points from 6.4% in 2019. Although the unemployment rate increased at a higher rate in both developed (+2.0 percentage points) and non-OIC developing countries (+1.0 percentage points), it remained higher in OIC countries (Figure 2.11).

Response Measures and Good Practices

The crisis has affected the most disadvantaged and vulnerable disproportionately, particularly individuals in the informal economy and in insecure forms of work as well as those working in low-skilled jobs. The impact of the crisis has exacerbated pre-existing decent work deficits, increased poverty and widened inequalities. The majority of national employment responses to the pandemic were related to the short-term prevention of job losses and mitigation of income losses of workers, extent of which largely depended on the income level, fiscal space, economic and labour market structure of individual countries. Many countries prioritized the sectors and groups hard hit by the crisis, including informal economy businesses and workers.

Table 2.1 provides major employment responses taken by OIC countries. As part of their national response programmes, many OIC countries activated their social protection and social assistance programs. For example, the Government of Indonesia prioritised village-based Employment Intensive Cash for Work schemes in order to support marginalised groups in villages such as deprived families, the unemployed, and day labourers. In Egypt, a one-off monetary compensation (EGP 500) is offered to informal workers registered at the database of the Ministry of Manpower through post offices.[5]

An important policy response was related to employment retention. Many governments took measures to avoid job losses through prohibitive measures. The government of Pakistan issued an order that no worker shall be laid off and all kinds of workers shall be paid salaries and wages

in full by their respective employers during the lockdown. Similarly, the Turkish government banned layoffs to secure employment and protect employees who are not eligible for short-labour pay and are put on unpaid leave. On the other hand, the government of Indonesia encouraged employers to reduce work shifts, limit/remove overtime work, reduce work hours and workdays and provide pensions for eligible employees, among others.

Table 2.1: Major Employment Responses to COVID-19

Policy Areas	Phase 1: Emergency response	Phase 2: Return to work	Phase 3: Recovery and resilience
Income support for workers	- Expansion of existing cash transfers schemes, in-kind support and other transfers to vulnerable households and workers	- Maintain support to uphold incomes and consumption of the poorest groups - Enhanced access to paid sick and care leave	- Solid social protection floor, providing a minimum set of basic guarantees, with participatory mechanisms for design and accountability
ALMPs, skills and labour market institutions	- Shift to online employment services - Subsidies for short-time working arrangements - Better protection through strengthening of dismissal regulations - Shift to online learning and exceptional measures to minimize disruptions to technical and vocational education and training and work-based learning	- Employment-intensive public employment programmes (PEPs) and hiring subsidies to support those hard hit by the crisis - Address key skills gaps in line with the changes in demand - Integrated ALMP programs to support return to work - enhanced employment services to jobless and those most impacted by the crisis	- Maintain a portfolio of scalable PEPs to target vulnerable groups and stand ready to respond to economic shocks - Strengthen and scale up employment services - Fairer and broader coverage of labour market institutions, including minimum wages, employment protection and telework regulations - Reshaping skills development systems
Sectoral policies and support to businesses	- Grants, loan guarantees and financial support to businesses, targeting SMEs and most-affected sectors - Tax waivers and postponement of payments - Cash-less and mobile payment systems	- Assist businesses in the informal economy in transiting to formalization including via digital services and cashless transactions - Maintain job retention schemes in vital sectors - Entrepreneurship training and business coaching to support adaptation	- Support new and growing sectors, e.g. shift to green technologies, digital economy - Business environment reforms and measures to improve productivity and working conditions in SMEs - Area-based employment and development programmes - Invest in the care economy to create jobs and address gender inequalities

Source: ILO (2021c), ILO (2020a) and https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#ID.

Governments also provided different social protection schemes by supporting employers. For example, the Qatari government announced a 3 billion QAR loan scheme to pay the salaries or workers and rents of employers. Indonesia allocated the budget to provide wage subsidies to 15.7 million workers. Oman temporarily suspended or postponed payment of social insurance contributions for employees. It also required employees to pay leaves to workers in the private sector, including in the case of self-quarantine.

The government of Saudi Arabia took a number of fiscal measures towards employment retention, including support to Saudi private sector employees, and covering 70% of employees working in most affected private sector establishments and a maximum of 50% of those working

in less affected private sector companies. These measures support Saudi employees, suspend fines and penalties, and delay the collection of customs fees to help the private sector contribute to the stimulation of the economy. Other initiatives included postponing the payment of value added tax (VAT), accelerating VAT reimbursement, and partial exemption from expired residency/iqama fees. Turkish government introduced short-term work allowance (equivalent to 60% of a minimum wage) to protect employment and employers in all industries. Almost $4 billion has been extended as a short-term allowance for some 3.7 million employees since the outbreak. Additional employment incentive regulating premium and tax support to employers within the scope of securing and increasing employment, which is applied to the employment of young individuals, women and individuals with professional qualification certificates. In order to support businesses,

An important aspect of policy response was active labour market policies including training and job search assistance. For example, the Human Resources Development Fund of Saudi Arabia launched a SAR 5-billion initiative to support employment and training of current employees and new job seekers as well as subsidizing wages of Saudis employed in the private sector. Similarly, the Indonesian government intensified employment opportunity development and expansion program through labour intensive and entrepreneurship for affected workers, migrant workers, repatriated Indonesian migrant workers, and SME workers. It provided competence and productivity-based training incentives through its Employment Training Body.

In the same fashion, more than 70 thousand people in Kazakhstan received training, re-skilling or upskilling through short-term courses, TVET and business skills development project “Bastau Business”, as part of its Programme for Productive Employment and Mass Entrepreneurship Development. The programme includes employment subsidy, youth apprenticeships, public works, short-term training courses, entrepreneurship training, microcredits and grants for entrepreneurship, and other types of support. Under the same programme, 12,700 preferential microcredits and 44,900 non-repayable government grants were issued to implement new business ideas, which is estimated to generate 13.7 thousand jobs. Moreover, within the framework of the project "Development of labour skills and job stimulation", 1,500 staff of employment centres from all regions of the country received three-month training.

Kazakhstan has expanded online services of employment centres to 23 more cities of regional significance. Unemployed citizens registered on the relevant government portal can take free continuing education courses in relevant skills and specialities in demand online with the issuance of the corresponding certificate. Since November 2020, more than 14.5 thousand people benefited from remote employment services. In 2020, more than 629 thousand people were employed through the portal, of which 66% found a permanent job. By the end of 2020, more than 1.4 million people were covered by employment support measures in Kazakhstan, including 783 thousand people who were on permanent employment contracts.

In order to support businesses that are hit particularly hard and to retain employment in some critical sectors, additional measures were also taken. For example, Türkiye revealed support packages aimed at micro and small-scale enterprises that have lost income and needed to maintain employment with disrupted cash flow. There was also cash support for businesses that

are severely affected by the lockdown measures, such as restaurants and cafes for their loss of turnover. Development Agencies announced loan programs to assist businesses in need of urgent cash. Indonesia established entrepreneurial groups for laid-off workers and the unemployed by involving the local community and assisted businesses by providing equipment and material for groups or communities in the affected areas.

Policy Recommendations for Resilient Recovery

Considering the pre-existing labour market challenges aggravated during the pandemic, including unemployment, decent work deficits, working poverty, lower skills and lower productivity, policy actions are needed to address the challenges and achieve greater resilience in the labour market in the longer term. The following recommendations are made towards this direction.

Improve emergency response capacity: Crises may put the affected groups into serious difficulty in terms of retaining their jobs, maintaining their skills and earning income. In order to minimize the impacts on affected participants of the labour markets, a strong institutional capacity with a diverse set of policy instruments and alternative implementation mechanisms should be developed for crisis situations. In times of crisis, it is particularly important to provide incentives to employers to retain workers despite the crisis-related reduction of business activity, such as through targeted wage subsidies and temporary measures relating to tax and social security contributions in order to maintain employment and income continuity. National employment services and policies should be strengthened to provide better employment services for workers and employers to mitigate crisis-induced economic and labour market disruption. Innovative modalities, such as teleworking, should be encouraged and supported in order to retain jobs and expand decent work opportunities.

Stimulate job creation and employment opportunities: A major challenge during crises is to ensure business continuity, as many SMEs struggle to survive the demand and supply shocks. Devising and implementing the right mix of fiscal and monetary policies can enhance strong growth and job creation in the medium to long term. Sectors that can generate a greater number of job opportunities should be supported. Investments in human capital must be accompanied by robust public and private investments in physical capital, and the adoption of monetary and exchange rate policy stances that are conducive to growth (Mwamadzingo et al., 2021). With the scaling-up of infrastructure and sectoral value chains, firms will be able to seize opportunities and create new jobs through backward and forward linkages, with further implications on skills development and productivity growth.

Develop effective active labour market policies and institutions: Active labour market policies (ALMPs) can be used to help people transition from inactivity to work or to access better jobs. They cover a wide range of interventions that can target labour supply and labour demand. ALMPs help to increase employment, improve equity, enhance employment mobility and job quality, and reduce poverty. They often target specific groups to tackle the particular problems of these groups, including youth, women, disabled, long-term unemployed and migrants. Economic crises are also usually the times where structural transformation begins, as they stimulate resource re-allocation across sectors and industries. This would create or further

exacerbate the skills mismatch problem. Therefore, an efficient labour market is important in allocating human capital to its most productive uses. Training programmes, as a classical ALMP that is most frequently used worldwide, aim at increasing human capital and reducing skills mismatch. Finally, in order to implement the various labour market policies successfully, effective institutions need to be set up, which can facilitate interaction between various actors, including public and private employment services, non-governmental organisations (NGOs), education and training centres as well as private sector representatives.

Address the challenges faced by vulnerable groups: Vulnerable workers are particularly hit by economic crises. Effective policies are needed to reduce inequalities, formalize the informal economy, address insecure forms of work and promote an enabling environment for entrepreneurship and sustainable enterprises. Policies should be designed to promote job access to vulnerable people through employment and training programmes. Skills development opportunities for such groups should be promoted for them to respond to labour market needs. The growing importance of digitalization and technological progress should be reflected in policy formulation towards vulnerable groups by reducing the digital divide and creating decent jobs.

Develop policies to improve skills and productivity: Many people may face prolonged unemployment, eroding their skills and future productivity, and new entrants may face long-term lower earnings due to the pandemic (IMF, 2021c). Economic resilience can be achieved by implementing a right mix of macroeconomic and labour market policies. Skills development strategies should be aligned with economic development priorities in order to avoid skills mismatch, labour underutilization and low productivity. Policies should be developed to support quality education, training and decent work for young people, to maximize their potential as a source of dynamism, talent, creativity and innovation in the world of work and as a driving force for shaping a better future of work. Equitable access to training, career guidance and other labour market activities can facilitate successful labour market transitions and reduce skills mismatches.

The bottom line to achieving resilience is the need to ensure a broad-based, job-rich recovery with decent work opportunities for all. Economic diversification policies, measures to facilitate formalization and private sector development, and the enforcement of labour standards can all contribute to broad-based development and the promotion of decent work (UN, 2021c). Productive transformation can be achieved by an enabling environment for enterprises and supportive macroeconomic policies. Effective labour market institutions are important catalysers of economic growth, decent jobs and human development in the longer term.

Finally, it is advised to enhance cooperation among OIC countries in the area of the labour market. There are already several mechanisms requiring active participation of Member States, such as OIC Labour Market Strategy 2025. Such mechanisms allow Member States to exchange knowledge and experience in addressing critical challenges faced by a majority of OIC countries.

2.3 Agricultural Production and Food Security

Agriculture and food sectors experienced substantial supply chain disruptions due to the COVID-19 pandemic and subsequent global lockdown measures, which put millions of people relying heavily on agriculture at risk. Significant progress in agricultural development and food security has been made over the past decades. Agriculture production in OIC countries has grown by 32% since 2005, compared to a global average of 27% (SESRIC, 2020a). Food security and hunger eradication have also improved dramatically, with the prevalence of undernourishment dropping from 15.4% in 2001–2003 to 10.3% in 2017–2019. These achievements have now been threatened with the pandemic.

The magnitude of COVID-19's impacts has reaffirmed the need for global coordination in managing risks and crises, assessing threats, coordinating responses, and developing resilience in advance of future crises (FAO, 2021c). Increasing the resilience of all systems, especially agricultural and food systems, is crucial for ensuring food security, and protecting the health of present and future generations. In this connection, this subsection summarizes the agricultural and food sectors' overall performance during the pandemic and analyses the vast range of agricultural and food policy solutions implemented by OIC member countries in response to the pandemic and accompanying lockdown measures.

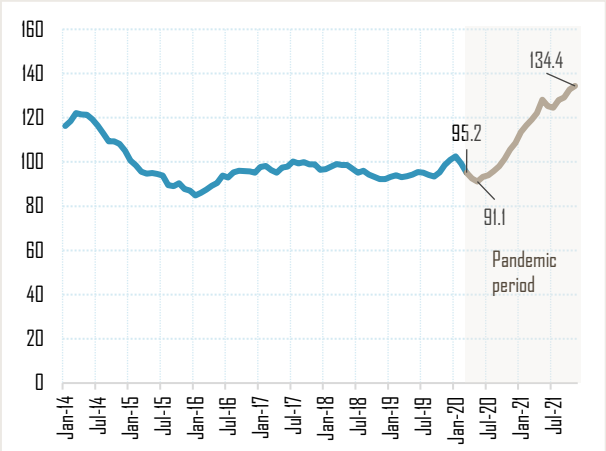
Impacts of the COVID-19 Pandemic

The pandemic had a direct impact on food and agriculture supply chains as well as indirect impacts through other economic sectors. Measures to stop the spread of the disease have had an impact on many supply chain activities, such as production, processing, logistics and retail (Hobbs, 2020). On the supply side, the pandemic poses a great risk of disturbing the production of food and agricultural products. The impacts on agriculture and food production are due to shocks in factors of production such as intermediate inputs (i.e. fertilizer), fixed capital (i.e. machines) and labour. The shock may come from stringent government efforts to contain the spread of the coronavirus, as well as a direct implication from the vastly spreading infections among the population. The demand-side transmissions of COVID-19 are through disturbances in consumption. The population that suffers a loss of income is susceptible to not being able to afford food for their daily needs. This situation is exacerbated by the possible increase in the price of food due to supply chain disruption.

While the agricultural commodities markets have been shaken, governments and agricultural sector stakeholders around the world have worked hard to maintain open agricultural markets. In general, the impacts on global food and agriculture trade remained restricted to short disruptions during the early stages of the pandemic. Foods like cereals, oilseeds, fruits and vegetables were not affected by the pandemic, but products such as beverages, fish and non-food goods like cotton, live plants and cut flowers declined sharply during the first months of the outbreak (FAO, 2021a).

Despite some early instability in certain markets, the early impact of the pandemic was minimal. The average price of food remained largely consistent on a yearly basis, although there was an

Figure 2.12: Monthly Global Food Price Index (January 2015 - September 2021)



Source: FAO food price index. 2014-2016 = 100.

increase in food prices (Gustafson et al., 2021). As illustrated in Figure 2.12, the Food Price Index[6] of the Food and Agriculture Organization (FAO) indicates that prices in international markets decreased to 91.1 points in May 2020 during the early months of the pandemic. However, the prices increased gradually over the subsequent months, reaching 134.4 points in November 2021.

Food prices have risen due to not only the pandemic, but also a slowdown in production in major producing countries (due to extreme events), higher-than-normal demand for animal feed and industrial use and a weakening US dollar (Gustafson et al., 2021). Rising food prices are a particular concern for food-importing low-income OIC countries. In low-income countries, rising agricultural commodity prices in global markets have a considerable impact on domestic food price inflation. These countries have also been heavily hit by the global recession in 2020, with demand for goods dropping and exchange rates depreciating due to a lack of contingency financing (IFPRI, 2020). This increased the cost of imported food even more.

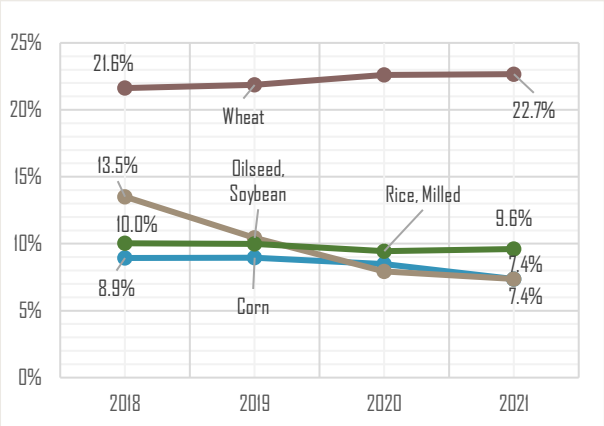
While there are some concerning trends in rising food prices, there is no reason for panic. Market conditions for major food commodities indicate that worldwide agricultural output and trade have remained resilient to the shock. Governments and agricultural sector stakeholders worldwide have contributed to the sector's resilience by ensuring the seamless operation of domestic and global food value chains, which include production, processing, distribution and trade. Disruptions to food and agricultural trade were most noticeable in the months immediately following the global implementation of severe virus containment measures (FAO, 2021a).

Production prospects for staple crops look favourable for the 2021-2022 season. Particularly in the OIC region, the stock-to-use ratio[7] of major commodities remained relatively stable during 2018-2021 (Figure 2.13). Oilseed and soybean show the most tightening in the OIC market, with a declining stock-to-use ratio from 13.5% in 2018 to 7.4% in 2021. For corn and rice, the decrease in the stock-to-use ratio is minimal, while for wheat there is an increase in the stock-to-use ratio.

On the other hand, the demand-side impacts of the pandemic are likely to be more challenging for OIC countries (SESRIC, 2020b). People have lost their jobs or had their incomes significantly reduced as a result of the economic recession amid the pandemic. This will push some households into poverty and jeopardize the overall food security of the country.

According to the most recent estimates (FAO et al., 2021), the total number of undernourished people has continued to increase globally during the pandemic. Between 720 and 811 million people worldwide battled hunger in 2020, which corresponds to between 70 and 161 million more people risking hunger in 2020 than in 2019. This further compromises the goal of Zero Hunger by 2030, where the global prevalence of undernourishment (PoU) increased from 8.4% in 2019 to between 9.2 and 10.4% in 2020.

Figure 2.13: Stock-to-Use Ratio of Major Commodities in OIC Countries (2018-2021)

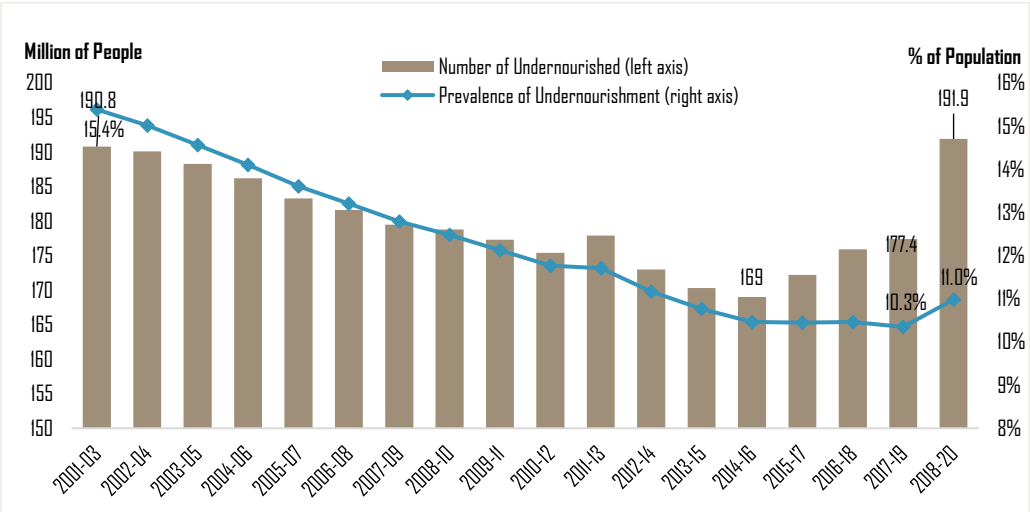


Source: SESRIC staff calculations based on IFPRI's Agricultural Production and Stocks Monitor.

Similarly, as illustrated in Figure 2.14, the number of undernourished people in OIC countries has increased. Following a historic low PoU of 10.3% in 2017-2019, COVID-19 has increased the prevalence of undernourishment by 0.7 percentage points to 11.0% in 2018-2020. This corresponds to 191.9 million people experiencing hunger, 14.5 million more undernourished people than the previous year.

At the individual country level, food security in the majority of OIC countries has deteriorated where PoU levels have increased. Only seven OIC countries managed to decrease the PoU levels, including Albania, Cameroon, Guyana, Gabon, Togo, Bangladesh and Kazakhstan. In comparison, the largest increase in PoU has been observed in Nigeria, Mali, Afghanistan, Somalia, Lebanon, Burkina Faso, Chad, Jordan and Gambia. Other crises, such as conflict/insecurity, economic

Figure 2.14: Undernourishment in OIC Countries



Source: SESRIC staff calculations based on FAOStat

insecurity and extreme weather events, have also contributed to an increase in the number of hunger in these countries (FSIN, 2021).

In the longer run, food security will continue to be a problem of access rather than availability. While future extreme weather events and emerging diseases are projected to threaten food production and supply, the overall risks to food systems are more likely to be caused by demand side effects (FAO, 2021b). Job losses and reduced earnings connected with the global economic recession are likely to result in more fundamental changes in food consumption, shifting away from higher-value foods, such as animal-sourced products, towards more affordable staples (FAO, 2021a).

Response Measures and Good Practices

Agriculture and food sector policies can be classified into three categories during the COVID-19 pandemic, namely trade-oriented, producer-oriented and consumer-oriented policies. In terms of trade policy measures, concerns regarding the market impact of the COVID-19 lockdowns prompted numerous countries to adapt their agricultural budgets and impose trade restrictions during the first wave of the pandemic in 2020. A number of countries have imposed import restrictions due to concerns about food security. However, in the majority of cases, tariffs were imposed on a small number of products from specific countries and were only temporarily. Several countries also established export restrictions in response to concerns about domestic food supplies. Numerous governments delayed or reduced import tariffs, and in some cases eliminated technical trade barriers, in order to ensure adequate local food availability (FAO, 2021a).

The measures implemented by OIC countries in response to the ongoing COVID-19 pandemic are summarized in Table 2.2. The majority of OIC countries responded to the crisis in agriculture and the food sector by enacting macroeconomic policies. This type of policy encompasses monetary, fiscal and financial policies that have an effect on the national food and agriculture sector. Additionally, some countries are boosting agriculture's share of the national budget.

Policymakers in low- and middle-income countries also used a mix of domestic policies to bolster both producers and consumers. In OIC countries, support for producers is mostly focused on agricultural output improvement and market regulation. The primary objective of these measures is to mitigate agricultural production reductions. Subsidies for inputs, the reduction or elimination of agriculture-related taxes, the facilitation of credit, government market intervention and value chain development are all examples of measures in this area (FAO, 2015).

Finally, consumer-oriented policies aim to reduce the shock on the demand side and strengthen food security through measures such as fuel tax modifications, social protection schemes, market support programs, and nutrition and health assistance schemes (FAO, 2015). The most preferred measures in OIC countries are various types of social protection. This type of policy can be a type of food assistance, subsidy and cash-based transfer to poor households or households that are badly impacted by the pandemic. This allows households to still get access to food even though their income is impacted. The other popular measure among OIC countries is market-based

policies for consumers. These include regulating food markets to ensure the availability of food, establishment or modification of food stocks and releasing food stocks.

Table 2.2: Policies[8] in Food and Agriculture Sector during COVID-19 Pandemic in OIC Countries

Policy	Subject	Countries
Trade Oriented	Imports (9)	Burkina Faso, Indonesia, Iraq, Kazakhstan, Kyrgyzstan, Morocco, Qatar, Saudi Arabia, Uzbekistan
	Exports (8)	Algeria, Azerbaijan, Bahrain, Kazakhstan, Kyrgyzstan, Oman, Syrian Arab Republic, Tajikistan
	Other trade and trade-related measures (8)	Afghanistan, Libya, Nigeria, Oman, Saudi Arabia, Türkiye, Uganda, United Arab Emirates
	Macroeconomic policy decisions (22)	Afghanistan, Albania, Algeria, Azerbaijan, Brunei Darussalam, Côte d'Ivoire, Indonesia, Kazakhstan, Kuwait, Kyrgyzstan, Malaysia, Maldives, Mozambique, Niger, Nigeria, Oman, Qatar, Saudi Arabia, Senegal, Tajikistan, Türkiye, Uzbekistan
Producer Oriented	Production support (36)	Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Brunei Darussalam, Burkina Faso, Côte d'Ivoire, Djibouti, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Malaysia, Maldives, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Senegal, Tajikistan, Tunisia, Uganda, United Ara b Emirates, Uzbekistan
	Market Management (23)	Algeria, Azerbaijan, Bahrain, Burkina Faso, Côte d'Ivoire, Iran, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Malaysia, Maldives, Morocco, Niger, Nigeria, Oman, Pakistan, Palestine, Saudi Arabia, Senegal, Sudan, Uganda, Uzbekistan
	Natural resources management (2)	Mauritania, Oman
	Organisational and institutional measures (5)	Azerbaijan, Iraq, Libya, Morocco, Uganda
Consumer Oriented	Tax (7)	Côte d'Ivoire, Indonesia, Iran, Lebanon, Oman, Saudi Arabia, Uganda
	Social Protection (37)	Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Burkina Faso, Côte d'Ivoire, Djibouti, Egypt, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Lebanon, Libya, Malaysia, Maldives, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Palestine, Saudi Arabia, Senegal, Sudan, Tajikistan, Tunisia, Uganda, United Arab Emirates, Uzbekistan
	Market (21)	Algeria, Bahrain, Bangladesh, Burkina Faso, Côte d'Ivoire, Egypt, Indonesia, Iraq, Jordan, Kazakhstan, Kyrgyzstan, Libya, Maldives, Morocco, Nigeria, Oman, Pakistan, Saudi Arabia, Sudan, Uganda, United Arab Emirates
	Disposable Income (17)	Algeria, Azerbaijan, Bahrain, Brunei Darussalam, Indonesia, Kazakhstan, Kyrgyzstan, Maldives, Morocco, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Tunisia, Uzbekistan
	Nutritional Health Assistance (16)	Bahrain, Bangladesh, Burkina Faso, Côte d'Ivoire, Indonesia, Iran, Iraq, Kyrgyzstan, Libya, Malaysia, Mauritania, Pakistan, Qatar, Sudan, Tajikistan, Uganda

Source: SESRIC staff compilation based on FAO Food and Agriculture Policy Decision Analysis (FAPDA)

Policy Recommendations for Strengthening Resilience in Agriculture Sector

While it is imperative to address food insecurity and remain vigilant against the potential aftershocks of the pandemic, governments should also work to improve the overall resilience of the sector to future shocks and disasters, including climate change. The development of the agriculture and food sectors should be inclusive and focused on increasing the sector's long-term sustainability. The following policy recommendations could help to accomplish resilience in the longer term:

Focus on vulnerable and smallholder farmers: The pandemic has disproportionately affected vulnerable populations and smallholder farmers in OIC countries. To mitigate the pandemic's

impact, strengthen food security and increase resilience to future shocks, special attention should be paid to this group. Numerous measures can be used to protect the most vulnerable, including shock-responsive social protection schemes; food assistance/cash transfer distribution; school feeding programs; combining cash transfer and technical assistance; labour market interventions such as public work schemes; insurance, microfinance, and credit schemes; and access to liquidity and finance for vulnerable groups (FAO, 2020).

Expand infrastructure investments: Infrastructure development is critical for agriculture's growth and resilience, as well as rural development. There are still infrastructure gaps in some OIC countries that prevent them from developing a strong agricultural and food sector. Three critical agricultural infrastructure needs must be prioritized in OIC countries: rural roads and accessibility, water resource development (i.e. irrigation and dams) and electricity.

Invest in the digitization of the agri-food sector: Increased use of digital technologies in supply chain management can also help increase resilience and decrease the likelihood of disruptions by providing data for identifying and evaluating a variety of resource efficiency risks and opportunities. In order to speed up the adoption of these new technologies, governments can impose conditions on stimulus packages and implement targeted innovation policies. However, because job creation is frequently a primary objective of stimulus measures, the implications of automation for the labour force would require careful consideration and active labour market management.

Implement climate-smart agriculture practices: Recovery measures should aim to reshape policies in the sector to promote environmental sustainability and resilience, as well as innovation for improved productivity, in addition to securing jobs and preventing short-term supply disruptions. Investments and training aimed at encouraging farmers to adopt more sustainable agricultural practices would benefit both the environment and the climate, as well as the farmers' livelihoods.

2.4 SME Development and Entrepreneurship

Small and medium-sized enterprises (SMEs) play a major role in economic activities. They account for the majority of businesses worldwide and are important contributors to job creation and global economic development. According to the World Bank, SMEs represent about 90% of businesses worldwide.[9] Thereby they contribute to around 35% of GDP in developing countries and around 50% in developed countries (WTO, 2016). Additionally, SMEs provide two thirds of all formal jobs in developing countries and up to 80% in low-income countries (ILO and GIZ, 2013). According to the more recent estimates, the self-employed and micro and small enterprises together account for 70% of total employment, which reaches up to 100% in countries with the lowest income levels (ILO, 2019).

Due to a number of constraints, SMEs are more vulnerable to external shocks than larger firms. They also lack the capacity and resources to tackle such shocks. Accordingly, in many countries, SMEs have been affected more than large firms by the COVID-19 pandemic (OECD, 2021c). According to ITC (2021), while 60% of micro and 57% of small businesses are strongly affected by

the pandemic, this share is 43% in the case of large firms. This is partly because smaller firms record lower levels of resilience, on average, than larger companies do.

A comprehensive dataset is not available to evaluate the impact of the pandemic on SMEs in OIC countries. Based on the limited data available, this section provides a general assessment of the impacts of the pandemic on SMEs and entrepreneurs with particular reference to OIC countries. It reviews the policy responses and selected country practices, and ends with some policy recommendations to achieve more resilient SMEs.

Impacts of the COVID-19 Pandemic

Considering the major role played by SMEs in total economic activities, the assessment of the impacts of the pandemic on SMEs is important in many aspects. In case of significant damage to their operational capacities, it is likely to observe rising unemployment rates, falling income levels and rising poverty across countries. There are a number of reasons why SMEs are being more affected than large firms during the pandemic (OECD, 2021c). These can be summarized as follows:

- A greater share of SMEs is active in the sectors that are most affected by the crisis, including food and accommodation services, domestic trade, local transport, real estate, professional services, and other personal services.
- SMEs have limited capacity to financially absorb the shock and they have limited access to tap into different sources of finance to improve their resilience. In addition, SMEs may involuntarily need to accept longer payment terms than they are comfortable with, putting them further at risk.
- SMEs generally have smaller inventories and supplier networks making them more vulnerable to supply chain disruptions and price increases (WTO, 2020a). Regardless of their size, firms had to encounter significant disruptions in their operations as a result of broken backward (demand) and forward (supply) linkages. While large firms are more flexible with their supplier networks, SMEs had to suffer proportionately more due to their over-dependence on few partners.
- The capacity of SMEs to make use of the latest technologies is usually limited, which reduces their response and recovery capacity. Large firms were able to sustain some of their activities through teleworking arrangements, which was hardly possible for many SMEs. However, the pandemic has increased the use of digital technologies by SMEs, albeit with substantial differences between countries (OECD, 2020b).
- The managerial capability of SMEs to adopt to new conditions is limited as compared to more professional large firms. Facing operational skills constraints, SMEs are also less likely to develop new processes and systems for their operations, reducing their adaptability and responsiveness to crisis situations.

SMEs are impacted in both domestic and international markets. The pandemic-related challenges add to the existing, well-known trade obstacles encountered by SMEs. Exports of SMEs in developing countries amount to only 7.6% of total sales in the manufacturing sector (WTO, 2020). There have been numerous surveys held among SMEs at the individual country level to assess

the impact of the pandemic on SMEs and OECD (2021c) provides a summary of over 180 surveys conducted in 32 countries. Despite differences across countries, the followings are observed among SMEs:

- Around 70-80% of SMEs experienced a serious fall in revenues.
- In the early periods of the pandemic, while around 50% of SMEs indicated that they expected to be out of business within three months, this share has declined to 20-30% from June 2020 onwards. With the emergence of new waves of pandemic and associated containment measures, the growth in optimism stagnated among SMEs.
- Up to 70% of SMEs started to make more use of digital technologies, although substantial differences exist between countries.

There are two surveys cited in OECD (2021c) on OIC countries. A study among 200 SMEs in Türkiye showed that 70% of the enterprises included set a temporary working system during the crisis while 67% of them reduced their costs and 41% decided to invest more in research and development (R&D) activities. 86% of them reconsidered their business models. One of the most popular actions was to introduce new products and services, followed by 76% of businesses. Meanwhile, 73% of firms recalculated demand and supply patterns and redesigned their operations accordingly.[10] A separate survey showed that one-third of entrepreneurs in Saudi Arabia increased their digital marketing since the start of the pandemic. 34% of small businesses intend to use social media to sell products and services in 2021, while a third intend to set up an official website. This reflects the importance of technology use as a coping mechanism for these businesses.[11]

Supporting MSMEs is vital for preserving jobs and productivity. In case of a widespread failure of SMEs, socio-economic impacts would be far-reaching. The World Bank Business Pulse Surveys provide information on the impact of the COVID-19 pandemic on the private sector in 48 countries, majority of which were held during April-August 2020. One of the indicators covered in the survey is "the share of establishments in arrears or expect to fall in next 6 months", which presents the share of establishments that have already fallen or expected to fall in arrears in any of its outstanding liabilities in the next 6 months. Among the OIC countries for which data are available, around 88% of SMEs in Bangladesh, around 74% of SMEs in Afghanistan, more than 61% of small enterprises in Guinea and Niger, more than 55% of SMEs in Pakistan and more than 50% of small enterprises in Sudan and Türkiye indicated that they were

Table 2.3: Share of establishments in arrears or expect to fall in next 6 months

	All	Small	Medium
Afghanistan	74.1	73.0	75.7
Albania	39.1	37.3	38.4
Bangladesh	88.0	88.6	87.8
Chad	6.7	6.5	n/a
Guinea	55.6	61.7	n/a
Indonesia	13.2	13.0	14.5
Jordan	39.7	45.8	32.4
Morocco	40.8	42.1	35.2
Niger	55.9	61.5	n/a
Nigeria	48.2	43.3	55.5
Pakistan	54.3	56.5	54.5
Sudan	58.3	54.1	n/a
Türkiye	40.4	50.7	36.9
Uzbekistan	36.8	35.8	36.4

Source: World Bank Business Pulse Surveys. Small firms are with 5-19 employees and medium firms with 20-99 employees. All includes small, medium and large enterprises.

expecting to fall in arrears as a result of the pandemic (Table 2.3). These results reflect the initial fear of insolvency due to severe containment measures taken in the majority of countries. Government interventions are taken to support SMEs provided relief to the affected firms. Yet, the above number indicates the severity of the impacts of the pandemic on SMEs.

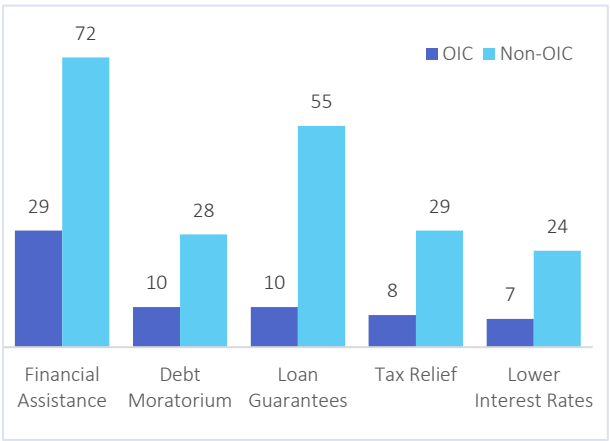
Women-owned SMEs face further challenges. Pre-COVID-19 data indicate that they face a $1.5 trillion financing gap, which is one-third of the total micro and SME financing gap (IFC, 2017). A worldwide survey of nearly 600 SMEs found that about 90% of the women-owned SMEs have experienced a serious drop in their sales due to the pandemic, and 38% fear that in the near future they will not be able to pay their employees. In Somalia, where women currently provide around 70% of household income, micro-businesses owned by women have suffered significantly from reduced mobility and lower sales as a result of containment measures, affecting household welfare in Somalia (IFC, 2021).

According to a survey, the pandemic has also caused disruptions to food production, supply chains, and financing in countries like Côte d'Ivoire and Mozambique. Farmers have reported negative impacts on their production and livelihoods and evidence of supply-chain breakdowns (in terms of trader scarcity, transport disruptions and market closures) with increased scarcity in crucial inputs, labour, and access to trade credit (World Bank, 2020b).

Support Measures and Good Practices

Governments in many parts of the world were quick in responding to the unprecedented challenges that SMEs are facing due to the COVID-19 pandemic, through a wide range of stimulus and support measures. These measures involved mostly emergency liquidity support in various forms, but were gradually accompanied by structural support and broader recovery packages. Liquidity support measures included three major categories: The first one is job retention schemes including short-time work schemes and wage subsidy schemes. These policies target firms and self-employed with the aim of preventing sharp rises in unemployment. The second one is the deferral of payments to preserve liquidity within SMEs by reducing operating expenses. These include deferrals of income and corporate tax payments, value added tax, social security and pension payments, debt payment moratoria and waivers of rent and utility payments as well as waivers or reductions of financing fees and interest. The third category is financial support via debt channels such as extended and simplified loan guarantees, direct lending through public institutions and support for non-banking finance.

Figure 2.15: Policy Measures Taken for the SMEs



Source: IMF Financial Access COVID-19 Policy Tracker, Jan. 2021.

Table 2.4: Share of establishments that received or expect to receive public assistance in the near future

	All	Small	Medium
Afghanistan	1.8	2.0	1.4
Albania	47.6	50.4	41.9
Bangladesh	1.8	2.0	4.6
Chad	8.3	7.4	n/a
Guinea	1.5	1.1	n/a
Indonesia	7.6	4.8	8.1
Jordan	33.3	25.0	43.3
Morocco	28.4	25.9	31.5
Niger	14.9	4.4	n/a
Pakistan	11.5	12.2	12.2
Togo	5.1	3.3	6.1
Tunisia	14.2	10.4	27.0
Türkiye	36.8	37.7	43.5
Uzbekistan	37.8	41.1	40.4

Source: World Bank Business Pulse Surveys. Small firms are with 5-19 employees and medium firms with 20-99 employees. All includes small, medium and large enterprises.

In addition to measures aiming at easing the liquidity concerns, further measures were taken to provide structural support. The objective of these measures is to help SMEs adapt to the changing business environment and build their resilience. These policies included support for digitalisation, innovation and technology development, upskilling and reskilling, encouraging start-ups, and finding new alternative markets.

The International Monetary Fund (IMF) collects annual data on access to and use of financial services, including digital finance and SME finance through its Financial Access Survey (FAS). Its latest version includes a COVID-19 policy response tracker of 131 countries, including 35 OIC countries. As shown in Figure 2.15, the majority of OIC countries provided financial assistance to SMEs (29), followed by debt moratorium (10) and loan guarantees (10) to counteract the economic distress on SMEs caused by the pandemic.

In many OIC countries, the support provided for SMEs has greater coverage than large enterprises. According to the World Bank Business Pulse Surveys, among the OIC countries for which data are available, Albania (50.4%), Uzbekistan (41.1%) and Türkiye (37.7%) provided public assistance for the highest share of small firms (Table 2.4). The share of medium-sized firms that received or expect to receive one or more national, state or local government support in the near future is highest in Türkiye (43.5%), Jordan (43.3%), Albania (41.9%) and Uzbekistan (40.4%).

Table 2.5 presents the SME and entrepreneurship policy support instruments used in five selected OIC countries in response to the pandemic between February 2020 and April 2021. In order to prevent sharp rises in unemployment, four out of five selected countries implemented wage subsidies. In terms of deferral of payments, deferral of income and corporate tax and debt moratorium were the most frequently applied measures to preserve liquidity within SMEs by reducing operating expenses. Direct lending to SMEs and loan guarantees were the most preferred financial support instrument. Finally, structural support measures that aim to help SMEs adapt to the changing business environment and build resilience included mainly teleworking & digitalization supports, and training and redeployment. There is no specific measure implemented by five selected OIC countries to be considered as a sustainability measure.

Depending on country-specific circumstances, OIC countries have taken different measures to support SMEs and entrepreneurship. The below cases present only more differentiated types of interventions made for the benefit of SMEs in selected OIC countries based on OECD (2021c).

Table 2.5: SME and Entrepreneurship Policy Support Instruments Used in Selected OIC Countries

		Egypt	Indonesia	Malaysia	Saudi Arabia	Türkiye
Labour related schemes	(Partial) redundancies					x
	Wage subsidies		x	x	x	x
	Self-employed					
Deferral measures	Income/ corporate tax	x	x	x		x
	Value Added Tax (VAT)		x			x
	Social security and pension					x
	Rent/utilities contributions	x		x		x
	Debt moratorium	x		x	x	x
Financial Instruments	Loan guarantees	x		x	x	x
	Direct lending to SMEs	x	x	x	x	x
	Grants and subsidies		x	x		x
	Equity Instruments					
Structural Policies	New markets	x				x
	Teleworking/ digitalization	x	x	x	x	x
	Innovation	x		x		x
	Training and redeployment	x	x	x		x
	Start-ups	x		x		x
	Sustainability measures					

Source: OECD 2021c. This table has been prepared by OECD based on official sources and media reporting. The information in the table may not be comprehensive. Last updates were included on 14 April 2021.

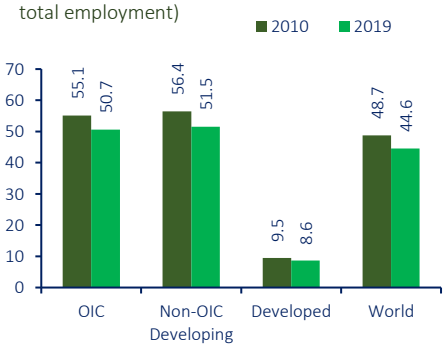
In order to support SMEs in **Türkiye**, the SME Development Organisation of Türkiye (KOSGEB) provided support for the digital transformation of SMEs in the manufacturing sector, including the Internet of Things and artificial intelligence. In early 2021, the existent SME Technological Product Investment Support Programme initiated new support for the promotion of investments and ensuring the production and commercialization of products in the field of medium - high and high technology.[12] The government also developed the "International Market Support Program" aiming that Turkish SMEs open businesses in the international market and develop their export capacities. It provides 70% of funding to SMEs for export promotion and integration into global value chains. Adding to this, in March 2021, the Turkish government launched the "Digitalization in the Manufacturing Industry" as part of the objective to increase productivity and competitiveness in SMEs through digital technologies. Multilateral development institutions provided credit exceeding one billion USD for the benefit of Turkish SMEs.

Saudi Arabia introduced a stimulus package to delay loan payments and provide loan guarantees to support SMEs during the early periods of the pandemic. The government pledged to help companies struggling with wage payments to Saudi employees. Accordingly, firms can request monthly compensation amounting to 60% of the employee's salary for three months, for which around 1.2 million Saudi nationals are eligible. Later, the government issued a decision allowing private sector companies to reduce salaries by up to 40% (in proportion to reduced working hours) and to terminate contracts due to the economic crisis. In order to protect the firms operating in industry and mining, the authorities introduced new measures including deferring and restructuring loan payments, exempting, reducing or postponing the payment of fees/fines/tax, automatically renewing industrial licenses and customs exemption.

BOX 2.1: Protecting Vulnerable Workers during the Pandemic

Globally, about 2 billion workers (61.2% of the world's labour force) work in informal employment, mostly in emerging and developing countries. According to recent ILO estimates, almost 1.6 billion workers in the informal economy in all world regions have already been affected by the lockdown and containment measures. According to SESRIC (2020d), more than 50% of workers are classified as vulnerable as of 2019. OIC countries in the sub-Saharan African region have the highest shares of vulnerable employment, reaching up to 93.7% in Niger, 93% in Chad and 89.4% in Guinea. Many of them have suffered severe economic losses with hitherto no or limited access to social protection measures, resulting in potentially long-lasting negative effects on their households and livelihoods.

Figure 2.1B: Vulnerable Employment (% of total employment)



The harsh impact of the crisis on workers and economic units in the informal economy calls for appropriate policy measures to protect and support them in maintaining and regaining their livelihoods during the recovery period. Many governments took action to support the vulnerable groups by providing various forms of cash benefits and income security. Where it is not possible to provide income support through existing schemes or programmes, other mechanisms should be explored to provide the necessary support to vulnerable workers and their families. Some governments have provided one-off payments to large segments of the population, either as a universal benefit paid to the entire resident population or as a benefit to those not covered by other mechanisms. Where agro-food value chains have been disrupted, countries such as Indonesia have sought to complement income with food support to prevent hunger among those most affected by the crisis.

Designing appropriate eligibility criteria is essential to ensure that governments can deliver benefits effectively and fairly. For incentive and equity reasons, it is crucial to define eligibility criteria based on easily observable characteristics such as type of employment, sector of occupation or enterprise size, while avoiding the specific linkage of benefits to informality status. Although the identification and registration of eligible groups, especially those operating in the informal economy, has been challenging for many countries, an inclusive strategy that targets broad categories of low-income workers can avoid creating incentives for workers to stay or become informal and can provide the basis for facilitating their transition to the formal economy.

The nature of the COVID-19 pandemic calls for rapid and effective implementation of policies on a scale that is large enough to reach the millions of people affected. Innovative policies that allow effective income support to be channelled to target groups through quick and safe identification and delivery mechanisms are essential for the rapid extension of coverage to previously uncovered workers. Countries with a large informal economy may not have the institutional and financial capacities to cover all informal economy workers at once. Some countries, including Burkina Faso, are implementing a sectoral approach that focuses on workers in occupations that are particularly affected.

Coordinating social protection measures with other policy measures is also critical to effectively address the health, social and economic impacts of the crisis on workers in the informal economy. This includes providing support to micro and small enterprises and self-employed workers in the form of grants; subsidized loans; grace periods on outstanding loans, as observed in Indonesia, or the suspension or reduction of loans, rents or utility bills, as observed in Senegal.

As the crisis recedes, it is essential to transform temporary emergency measures into sustainable mechanisms that will close social protection gaps and guarantee the effective protection of workers in all types of employment. This will contribute to ensuring that all parties pay their fair share to the social security system. Longer-term strategies for the extension of social protection should be part of broader, integrated strategies to promote the transition from the informal to the formal economy.

Source: ILO (2020e); ILO (2020f); SESRIC (2020d).

The **Egyptian** government initiated measures to support SMEs in finding new markets and sales channels by establishing a marketplace on the SME platform to support their further growth. Considering the job losses in SMEs, it provided support for the technical labour who has lost their job by offering re-training for alternative employment opportunities or self-employment. The Egyptian government has also undertaken various efforts to integrate the specific needs of women in its COVID-19 response plan. Women representatives became part of the committee in charge of designing measures to mitigate the impact of the crisis on informal sector workers.

The measures taken by **Malaysia** were mostly financial support measures. The government provided RM 700 million microcredit scheme at 0% interest without collateral to affected businesses with at least six months in operation. SMEs with business records of less than 4 years can leverage different schemes for financing up to RM 300,000 under the Credit Guarantee Malaysia Berhad. The authorities provided guarantees and increased the guarantee coverage from 70% to 80% for SMEs that face difficulties in obtaining loans. They also introduced various conventional support measures, including the suspension of income tax instalment payments to all SMEs, an enhanced wage support scheme, cash aid and moratorium. The Malaysian government also allocated funds (RM 80 million or USD 19.4 million) to encourage innovation and creativity that can propel the digitalisation of service delivery and spur start-ups.

Policy Recommendations for Sustainable Recovery

There are three particular challenges associated with SMEs: access to finance, access to markets and access to technology. Policies that are inadequately designed to address these challenges continue to leave SMEs in fragile conditions during crises. The COVID-19 crisis has shown the excessive vulnerability of SMEs to pandemic and containment measures (OECD, 2021d). Despite the critical importance of short-term emergency measures provided by governments, it is now more important to support recovery and enhance SME resilience to increase their capacity to withstand future shocks. According to a survey-based index, the pre-COVID-19 resilience score of micro and small firms was 16% lower than that of medium and large firms, (ITC, 2021). During the pandemic, only 16% of resilient companies reported laying off employees, compared with 76% of companies with a lower index of resilience.

Governments across the globe have accelerated their adoption of digital technologies to better respond to the crisis and to ensure the continuity of necessary activities from education to healthcare and manufacturing (IFC, 2021). Supporting the adoption of new technologies and practices may enable them to strengthen their post-crisis competitiveness and ability to address the challenges posed by megatrends. As shown in Table 2.6, a significant share of SMEs started or increased the use of digital platforms during the pandemic. This share exceeds 75% in Indonesia, and remains above 50% in Afghanistan, Pakistan, Togo and Uzbekistan, according to the World Bank Business Pulse Surveys.

In order to further support the resilience of SMEs, some countries took actions to help SMEs adopt new work processes, accelerate digitalization and find new markets. Such policies aim to address urgent short-term challenges but also contribute to strengthening the resilience of SMEs in a more structural way and support their further growth (OECD, 2020b). Such policies include

Table 2.6: Share of firms that started or increased the use of digital platforms

	All	Small	Medium	Large
Afghanistan	50.0	50.5	49.3	50.0
Albania	18.2	14.3	22.1	20.9
Bangladesh	17.5	11.8	27.3	n/a
Chad	12.2	9.3	n/a	n/a
Guinea	23.3	19.4	n/a	n/a
Indonesia	80.0	75.8	80.2	86.3
Jordan	38.4	40.2	35.8	42.1
Morocco	29.7	24.9	34.0	50.3
Niger	5.1	2.4	n/a	n/a
Nigeria	37.1	33.9	55.8	n/a
Pakistan	45.6	34.9	58.0	54.6
Palestine	22.6	20.9	34.5	n/a
Sudan	7.2	4.7	n/a	n/a
Togo	45.8	40.2	54.6	n/a
Tunisia	32.1	21.2	44.1	50.8
Türkiye	46.5	43.4	43.9	58.9
Uzbekistan	51.2	49.3	50.9	n/a

Source: World Bank Business Pulse Surveys. Small firms are with 5-19 employees, medium firms with 20-99 employees and large firms with more than 100 employees. All includes small, medium and large enterprises.

support for finding new alternative markets, speeding up digitalisation, stimulating innovation and reskilling of the workforce.

In addition, the following specific measures are recommended for improving the resilience of SMEs to future shocks:

- Support the internationalization of SMEs by providing necessary guidance and incentives to increase their productivity and improve their access to a wider range of international buyers and alternate suppliers.
- Take measures to facilitate trade and reduce trade costs related to the movement, release and clearance of goods in order to keep foreign market opportunities available to SMEs (WTO, 2020a). Also provide support to SMEs through deferrals of and reductions in trade-related payments, such as customs duties or freight fees, as well as export credits
- Reboot start-up policies to enhance the potential of innovative new ventures for recovery, including measures to promote second chance entrepreneurship after the pandemic (OECD, 2021e).
- Support SMEs to re-establish competitive positions in global value chains, and scale-up their capacity to absorb knowledge and innovation spillover from multinationals (OECD, 2021e).
- Establish clusters for locating productive SMEs to attract and retain international investments within more resilient value chains.
- Reduce barriers to entry, minimise regulatory uncertainty, promote entrepreneurship training, network development among different actors of the entrepreneurship ecosystem, and university-business collaborations in order to foster entrepreneurship and a dynamic business environment.
- Address the gender gap in information technology, including women's lack of digital literacy, skills, and equipment is likely to limit women-owned SMEs' ability to leverage technology during and after COVID-19
- Support transitions into new jobs, especially for more disadvantaged groups of workers by preparing workers for the future jobs

- Increase awareness about suitable technologies for achieving firm level competitiveness and boost firms' absorptive capacity through supporting research and development and fostering labour mobility
- Provide new incentives for start-ups and facilitate new financing mechanisms such as crowdfunding to keep entrepreneurs in business. According to OECD (2021f), the "missing generation" of new firms resulting from the decline in entry would significantly weigh on the economic cost of the COVID-19 pandemic, depressing aggregate employment by around 0.85% three years after the shock.

In order to achieve these objectives, an effective coordination mechanism among relevant public institutions needs to be set up. The longer-term objectives should be supported with a clear and transparent implementation plan. In many countries, industry organisations are playing a strong role in harnessing the entrepreneurial capacity of small firms. For instance, the Malaysia Digital Economy Corporation, set-up by the government as part of the country's digital strategy, offers an extensive list of digital solutions for SMEs by Malaysian tech companies (OECD, 2020b). The private sector and non-governmental organisations can also contribute to the efforts to support entrepreneurship during and after the crisis.

2.5 Science, Technology and Digital Infrastructure

The importance of scientific research, innovation, technology and digital infrastructure became evident during the COVID-19 pandemic. The capacity to develop vaccines in a relatively short period of time requires long-term investments in human capital. Countries that were able to develop their vaccines were able to start vaccinating their citizens earlier, demonstrating the vital importance of innovative capacities in responding to crises. Similarly, the availability of detailed and timely data was particularly critical for effective response to health related emergencies. Owing to advanced digital technologies, some workers started to work from home, children expanded the use of digital tools to learn, digital payments accelerated and online shopping replaced on-site shopping. However, significant heterogeneity was observed across countries, sectors and people in terms of availability and accessibility to digital tools and infrastructure.

In this connection, this section provides an assessment on the importance of science, technology and innovation (STI) as well as digital infrastructure within the framework of the pandemic, although data on major STI indicators, such as research and development (R&D) expenditures or patent applications are not available at global level for a comprehensive assessment. This section also reviews the major impacts and responses, and discusses alternative policy options on how to support STI and digitalization to build more resilient societies.

Impacts of the COVID-19 Pandemic on STI and Digitalization

The threat posed by the COVID-19 pandemic necessitated the quick mobilization of STI related activities to provide solutions. In effect, this has led to a distortion in R&D activities. Uncertainties in economic developments and unprecedented needs for solutions to pandemic led the funds to flow more towards health related R&D activities away from some other traditional sectors. Universities, public research institutes, and pharmaceutical and biotech firms have undertaken

R&D to rapidly develop new treatments and vaccines for COVID-19. On the other hand, a large share of innovative small and medium-sized enterprises (SMEs), early-stage start-ups, and youth and women-led initiatives were severely affected in terms of accessing the funds for innovation. The sectors most hit by the crisis including tourism, retail and aviation were also impacted in terms of R&D activities and technological innovation performance.

Scientific evidence to inform the policy response to COVID-19 has been critical, and eagerness to understand the impacts of the virus has led to a surge in scientific publications related to the COVID-19. By mid-April 2020, more than 3,500 COVID-19-related articles had already been published in medical academic journals (OECD, 2021g). In fact, the containment measures affected almost all scientific disciplines by diverting research interests towards COVID-19 related subjects. Many journals have accelerated their peer-review processes to ensure rapid dissemination (Horbach, 2020). The pandemic has also affected certain scientific activities due to interruption in the mobility of human resources in STI, including visiting researchers and academicians. Schools and universities across the world have resorted to online education. However, lack of necessary infrastructure, appropriate training for educators and general absence of digitalised teaching content caused significant challenges and disparities in developing countries.

The private sector has also experienced significant deterioration in its STI activities. Many businesses cut back on innovation activities at the height of the lockdown. According to a survey of innovative companies in Germany with 1,800 responses (86% from SMEs), 54% of companies had suspended ongoing research and innovation projects, and 24% were planning to terminate one or more projects (BMWi, 2020).

Yet, the overall impact of the COVID-19 on R&D expenditures was rather limited. According to the initial estimations of *R&D World*, the total value of global expenditure on R&D is expected to decline by 1.8% in 2020, but forecasted to rise by 3.7% in 2021. China and USA alone account for half of the global expenditure on R&D. There are nine OIC countries reported among the top 40 spenders of the world. With an estimated USD 19.5 billion R&D expenditure in 2020, based on purchasing power parity (PPP), Türkiye is the top OIC country, followed by Malaysia (USD 12.7 billion) and Indonesia (USD 11.2 billion). In terms of the share of R&D expenditure in GDP, Qatar has the highest ratio with 2.5%, followed by Malaysia (1.3%) and Türkiye (0.9%). Overall, the total expenditure of nine OIC countries is expected to decline by 3.2% in 2020, but increase by 4.4% in 2021. The top nine performing OIC countries account for less than 4% of the global expenditure on R&D (Table 2.7).

Solutions provided for the crisis led to an expansion of digital technologies, including cloud services, videoconferencing and digital collaboration tools, online shopping and online learning. An exceptional growth was observed in digital tools and artificial intelligence (AI) to respond to the COVID-19 health emergency and to keep the economy operating during the crisis. This uptake is expected to have long-lasting consequences for research and innovation (Paunov and Planes-Satorra, 2021). There have been examples of AI being deployed in the form of tiny robots serving food and providing medical help to quarantined people in China and US.[13] Disinfecting robots, smart helmets, thermal camera-equipped drones and advanced facial recognition software are

all being deployed in the fight against COVID-19.[14] A review of new technologies revealed that robotics, AI, and digital technologies have provided major assistance during the COVID-19 pandemic and shown their promising future in society (Zhao et al., 2021).

Table 2.7: Gross Expenditures on R&D (PPP)

		2019 (Actual)		2020 (Estimate)		2021 (Forecast)	
Rank	*Country*	*% of GDP*	*Billion USD*	*% of GDP*	*Billion USD*	*% of GDP*	*Billion USD*
1	China	2.0%	532.8	2.0%	574.4	2.0%	621.5
2	United States	2.8%	596.6	2.9%	580.2	2.9%	598.7
3	Japan	3.5%	190.7	3.5%	181.1	3.5%	182.4
17	Türkiye	0.9%	20.5	0.9%	19.5	0.9%	20.4
23	Malaysia	1.3%	13.5	1.3%	12.7	1.3%	13.7
26	Indonesia	0.3%	11.4	0.3%	11.2	0.3%	11.9
28	Iran	0.8%	11.1	0.8%	10.5	0.8%	10.9
31	Qatar	2.5%	9.0	2.5%	8.6	2.5%	8.8
32	Saudi Arabia	0.5%	8.9	0.5%	8.5	0.5%	8.7
33	Egypt	0.6%	7.6	0.6%	7.9	0.6%	8.1
35	Pakistan	0.6%	7.5	0.6%	7.5	0.6%	7.6
39	Bangladesh	0.7%	5.2	0.7%	5.4	0.7%	5.7
	Top 40	1.9%	2292.5	2.0%	2252.5	2.0%	2363.9
	Rest of World	0.4%	78.4	0.4%	72.7	0.4%	76.6
	All Countries	1.7%	2370.9	1.7%	2325.2	1.7%	2440.5

Source: R&D World. https://www.rdworldonline.com/2021-global-rd-funding-forecast-released/

The pandemic has also caused concerns in terms of cybersecurity, where cybercriminals are said to exploit the situation and spread malicious content with misleading information about the coronavirus.[15] Some of the factors that have contributed to the increase in cyberattacks are higher security risks due to remote working or learning, working from public spaces and using free internet, and delays in cyberattack detection and response.

Response Measures and Good Practices

Early STI policy responses to the crisis strongly focused on providing funding for COVID-19-related research and innovation, with governments, foundations and industry raising several billion dollars to fund new vaccines and therapeutics (OECD, 2021g). Initial efforts directed resources at finding medical solutions (i.e. vaccines and treatments), and supporting innovation actors in research and industry hit by the pandemic shock. Increasing investment in research on the COVID-19 was one of the key policy measures adopted by developed countries, but it was more challenging for developing countries to allocate resources in times of major government interventions required for the alleviation of socio-economic impacts on households and firms. Nonetheless, governments invested in STI, including through initiatives to boost digital services, enhance the capacity of public and private organisations to use these across education and industry, and tackle the spread of misinformation.

Most countries have implemented measures to stimulate quick innovative responses to the wide range of challenges posed by COVID-19 – from preventing virus transmission, to producing essential supplies, combatting misinformation and handling effects of the lockdown (OECD, 2021g). Governments, firms and foundations have committed large amounts of funding for R&D activities aimed at developing vaccines, therapeutics and diagnostics for COVID-19. According to the tracker developed by a global health think tank, more than USD 9.1bn had been committed by government, industry and philanthropic organisations as of 18 September 2020 to COVID-19 R&D projects. Nearly 60% of such funding has been allocated to R&D on vaccines, and around half of the funds have come from organisations located in the United States.[16]

As of 31 December 2021, there were 31 approved vaccines (10 vaccines approved for use by WHO), 168 vaccine candidates and 548 vaccine trials, according to the WHO COVID-19 vaccine tracker. Research centres from OIC countries have engaged in developing a significant number of vaccines for the pandemic, with already approved vaccines developed by Kazakhstan, Iran and Türkiye. The vaccine developed by Kazakhstan (QazVac) has been approved by Kazakhstan and

Table 2.8: COVID-19 Vaccine Candidates Developed by OIC Countries

Country	Institution	Vaccine Name	Phase	Approving Countries
Egypt	National Research Centre Egypt	Covi Vax	1	-
Indonesia	PT Bio Farma	SARS-CoV-2 Protein Subunit Recombinant Vaccine	2	-
Iran	Shifa Pharmed Industrial Co	COVID-19 Inactivated Vaccine	3	Iran
Iran	Razi Vaccine and Serum Research Inst.	Razi Cov Pars	3	Iran
Iran	Organization of Defensive Innovation and Research	FAKHRAVAC (MIVAC)	3	Iran
Iran	Bagheiat-allah University of Medical Sciences	COVID-19 Recombinant RBD Protein Vaccine	2	-
Kazakhstan	Research Institute for Biological Safety Problems	QazVac	3	Kazakhstan, Kyrgyzstan
Kazakhstan	Research Institute for Biological Safety Problems	QazCoVac-P	2	-
Türkiye	Kayseri Erciyes University	ERUCOV-VAC (TURKOVAC)	3	Türkiye
Türkiye	The Scientific and Technological Research Council of Türkiye (TUBITAK)	SARS-CoV-2 VLP Vaccine	2	-
Türkiye	The Scientific and Technological Research Council of Türkiye (TUBITAK)	SARS-CoV-2 VLP Vaccine Alpha Variant	2	-
Türkiye	Kocak Farma	Koçak-19 Inaktif Adjuvanlı COVID-19 Vaccine	1	-
Türkiye	The Scientific and Technological Research Council of Türkiye (TUBITAK)	Adjuvanted Inactivated Vaccine	1	-
Uganda	MRC/UVRI and LSHTM Uganda Research Unit	LNP-nCOV saRNA-02 Vaccine	1	-

Source: COVID-19 Vaccine Tracker. https://covid19.trackvaccines.org/trials-vaccines-by-country/, as of 31 December 2021.

Kyrgyzstan, and Kazakhstan is in the process of developing another vaccine. There are three vaccines developed and approved by Iran, with another vaccine is being in the second phase in Iran. Türkiye is also making significant investments to develop its own vaccines. EUROCOV-VAC (TURKOVAC) developed by Erciyes University is in phase 3 clinical trials and has already been approved by Türkiye. Two other vaccines in their second phase and 2 additional ones in the first

phase. A candidate vaccine is in its second phase of clinical development in Indonesia and in the first phase in Egypt. It is also promising to observe that Uganda has registered a vaccine in the first phase of clinical development to the WHO vaccine tracker (Table 2.8). There are additionally numerous pre-clinical vaccine candidates being developed by OIC countries, including Bangladesh, Egypt, Indonesia, Iran, Kazakhstan, Nigeria, Türkiye and Uzbekistan. It is noteworthy to mention that 16 out of 194 pre-clinical trials registered worldwide as of September 2021 were from Türkiye only, reflecting the investment and support made for scientific research for vaccine development.

During the pandemic, some OIC countries revealed their programs and strategies for the development of STI. A summary of STI measures initiated by selected OIC countries during the pandemic is provided in Table 2.9. Among the OIC countries, Türkiye introduced several initiatives to support STI activities during the pandemic, as reported in the International Database on STI Policies of the OECD. TÜBİTAK of Türkiye mobilized its High Technology Platforms to provide funds for a bundle of research projects. This platform constitutes a good example for a co-creation research hub, involving 225 researchers coming from 25 different universities, 8 public bodies and 8 private sector organisations. TÜBİTAK is providing grants to 15 projects dedicated to drug and vaccine development and development for the SARS-COV-2 virus. In order to support entrepreneurs who have the potential to provide technology-based solutions for the pandemic, selected technology transfer offices used a top-up fund provided by TÜBİTAK. Again, in order to support R&D projects for protective products against the virus or products for diagnosis and treatment, a special call dedicated to young researchers was made.

Table 2.9: STI Policies Initiated during the COVID-19 Pandemic

Policy Instrument Type	Egypt	Indonesia	Saudi Arabia	Türkiye	Total
Creation or reform of governance structure or public body	0	1	1	1	**3**
Dedicated support to research infrastructures	1	0	0	0	**1**
Emerging technology regulation	0	0	1	0	**1**
Formal consultation of stakeholders or experts	1	1	1	2	**5**
Grants for business R&D and innovation	0	0	1	0	**1**
Information services and access to datasets	0	0	1	3	**4**
National strategies, agendas and plans	0	1	1	1	**3**
Networking and collaborative platforms	1	0	0	0	**1**
Policy intelligence (e.g. evaluations, benchmarking and forecasts)	0	1	1	2	**4**
Public awareness campaigns and other outreach activities	0	0	1	0	**1**
Regulatory oversight and ethical advice bodies	1	0	0	0	**1**
Total	**4**	**4**	**8**	**9**	**25**

Source: EC/OECD (2020), STIP Compass: International Database on Science, Technology and Innovation Policy (STIP), edition 10/1/2021, https://stip.oecd.org.

According to the International Database on Science, Technology and Innovation Policy (STIP) of OECD, Egypt launched in 2020 an Applied Innovation Centre for creating applications in different

emerging technologies including Artificial intelligence. The objective is to become a centre of excellence for applied research that focuses on creating solutions using AI technology and developing projects in line with the UN Sustainable Development Goals (SDGs). Again in 2020, Saudi Arabia revealed its National Strategy for Data & AI (NSDAI), which aims to make the country a global leader in AI by 2030. The main objectives of the strategy are, among others, to launch AI and data-related initiatives and events; to implement a national AI workforce certification program; to activate regulatory frameworks for data and AI activities; to build targeted funds and investor support programs to attract domestic/foreign investments in AI; and to elevate data and AI institutions' innovation, quality and commercialisation outcomes.

The Indonesian government outlined five sectors of focus with its National AI Strategy from 2020 to 2045, known as Stranas KA (Strategi Nasional Kecerdasan Artifisial): AI, Internet of Things (IoT), advanced robotics, augmented reality, and 3D printing. The strategy also aims to support five national priorities: (i) health services, (ii) bureaucratic reform, (iii) education and research, (iv) food security, and (v) mobility and smart cities. The strategy aims to transform Indonesia into an innovation-based country by encouraging AI research and industrial innovation. It also aims to improve data and data-related infrastructure, establish ethical and relevant policies, and develop AI-related talents in the population.

Relevant OIC institutions have also taken actions to support the member countries in strengthening their STI capacities during the pandemic. The Islamic Development Bank (IsDB) has called for innovation to support member countries' long-term preparedness and response to the current COVID-19 pandemic via the US$ 500 million Transform Fund.[17] The World Academy of Sciences (TWAS) and the IsDB are also offering a competitive grant for research collaboration. Technologists and researchers from IsDB Member Countries are invited to submit research and innovation proposals that can help address challenges, directly and indirectly, related to COVID-19.[18] The Islamic World Educational, Scientific and Cultural Organization (ICESCO) has announced a 200,000 US dollar-worth ICESCO prize to reward anyone who has discovered an efficient cure or vaccine against the Coronavirus.[19]

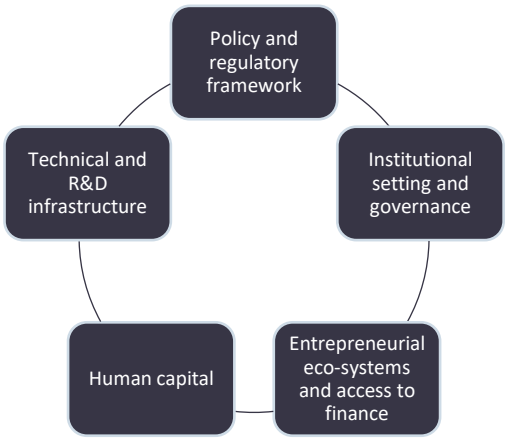
Policy Recommendations

STI has been long seen as a vital route to structural change, economic diversification, productivity growth, jobs and competitiveness. During the pandemic, there is an accelerated digital transformation and use of digital technology for contact tracing, vaccine passports and vaccine distribution. Wider use of digital technology applications as well as big data analytics and AI tools during the COVID-19 crisis is likely to result in an increase in digital innovations to respond to the growing demand for digital applications, ranging from e-health services to machine learning for research. In order to benefit from this transformation, OIC countries should facilitate the widespread and lasting adoption of these technologies and tools by research centres, firms and relevant public entities. This requires investments and policy actions to improve different STI actors' access to infrastructures with enhanced digital security and privacy conditions.

From a longer-term perspective, investment should be made in the five building blocks of innovation systems in order to improve the capacity for STI (UNCTAD, 2019), depicted in Figure 2.16. These include:

- **Policy and regulatory framework** should provide incentives to established and emerging firms to invest in learning, knowledge and innovation, and take related risks.
- **Institutional setting and governance** are vital in supporting and managing learning, knowledge creation and the accumulation of technological capabilities by firms and research centres.
- **Entrepreneurial eco-systems and access to finance** are key for encouraging business incubation and growth of innovative companies.
- **Human capital** enables technology adoption and the innovation process, and can harness the wider benefits of STI, including in the poorest and most remote communities.
- **Technical and R&D infrastructure** comprises basic technical infrastructure, specialized infrastructure supporting R&D and innovation processes, and existing technologies. Basic technical infrastructure is one of the key factors promoting innovation as it improves the physical mobility of people and enables exchanges of information and knowledge locally and internationally.

Figure 2.16: Building Blocks of Innovation

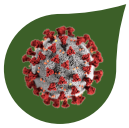


Building resilience to crises has become a new policy priority for many governments to prevent or mitigate the effects of similar crises in the future. According to OECD (2021h), STI can contribute to two dimensions of resilience. The first is anticipation, which involves developing solutions to prevent and improve preparedness for future crises. The second is agility and responsiveness to shocks, which involves the capacity to adjust quickly in the event of a shock in order to mitigate its negative impacts and seize emerging opportunities. Moreover, the COVID-19 crisis provides an impetus for STI to play more important roles in building more environmentally sustainable, inclusive and resilient futures.

Digital innovation policies may become a more critical component of the prospective STI policies, but future adoption of digitalisation will depend on the safety of those systems. Protecting data privacy is also crucial. Rules and regulations should be designed in a way that protects the right of an individual or group to maintain control over and confidentiality of information about themselves against unintentional sharing and illegal gathering and use of data. Moreover, digital literacy skills of citizens should be developed so that they can access, manage, understand, integrate, communicate, evaluate, and create information safely and appropriately through digital devices and networked technologies for participation in economic and social life.

The pandemic also posed major challenges for STI systems, threatening key productive and innovation capabilities. A large share of SMEs, early-stage start-ups, young researchers, and women have been severely affected in terms of STI capabilities, driven mainly by resource constraints and economic uncertainties. In this context, the COVID-19 crisis creates a number of threats to future inclusiveness in STI systems. If difficulties stemming from the crisis disproportionally affect families of students from disadvantaged backgrounds, then the pandemic may exacerbate unequal participation in STI ecosystems. In such circumstances, targeted support should be provided to SMEs and firms in traditional sectors in order to expand their capacities in STI and digital applications, and support their productivity.

Finally, increasing cyber threats have the potential to cause significant disruption across sectors, further exacerbating the impacts of the COVID-19 crisis and limiting response efforts. Remote work during COVID-19 made systems more vulnerable to cyber-attacks. Strengthening the cyber capacity and resilience of governments, civil society, private sector and citizens is crucial for supporting social and economic recovery over the coming years.



CHAPTER THREE

STRENGTHENING REGIONAL AND GLOBAL ECONOMIC LINKAGES

This chapter evaluates the impacts of the pandemic on regional and economic linkages with particular reference to OIC countries. Four important dimensions of cross-border economic connectivity are discussed. These are (i) international trade in goods and services, (ii) international capital flows, (iii) international tourism, and (iv) international transportation. While all types of cross-border economic activities are negatively impacted due to the pandemic related measures, impacts on tourism and transport sectors were particularly severe. After the initial shock to the movement of goods and capital across borders, trade and investment flow demonstrated a strong recovery during the later periods. Yet, the pandemic proved the need for regional and international strategic partnership mechanisms for effective response and reduced impact on national economies.

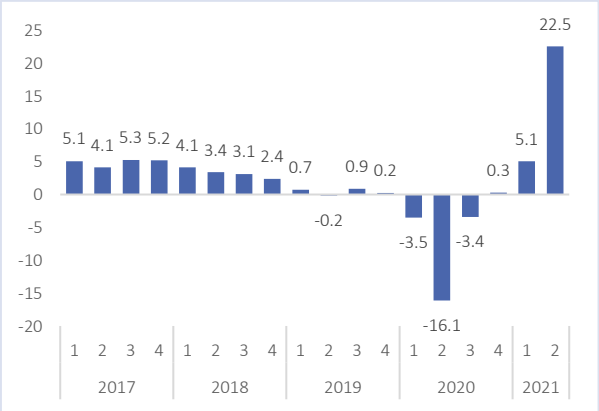
3.1 International Trade in Goods and Services

The COVID-19 pandemic has put significant downward pressure on trade flows, which was already facing mounting challenges prior to the pandemic as a result of trade tensions among major economies. The measures taken by governments to protect their citizens from the pandemic have disrupted supply chains and generated serious demand and supply shocks. Major international organizations predicted a dramatic fall in global trade. In the first months of the pandemic, global trade has declined in line with the early predictions, but the subsequent recovery was strong due to rising demand for consumer goods, denying the pessimistic predictions. Growing protectionism during the pandemic, however, created further stress on global trade flows.

COVID-19 Pandemic and International Trade

Quarterly growth rates in merchandise exports indicate that the growth in global trade volume was already sluggish in 2019; and the pandemic left severe impacts on exports especially in the second quarter of 2020 (-16.1%), at a time when the most restrictive measures were taken against the spread of the virus all across the world. During the fourth quarter of the year, the growth rate turned to positive with an average growth rate of 0.3%, but a surge in trade flows came in the second quarter of 2021 with an average growth rate of 22.5%, largely driven by low base effect (Figure 3.1).

Figure 3.1: Volume of Global Merchandise Exports, Quarterly (Year-on-year Change, %)

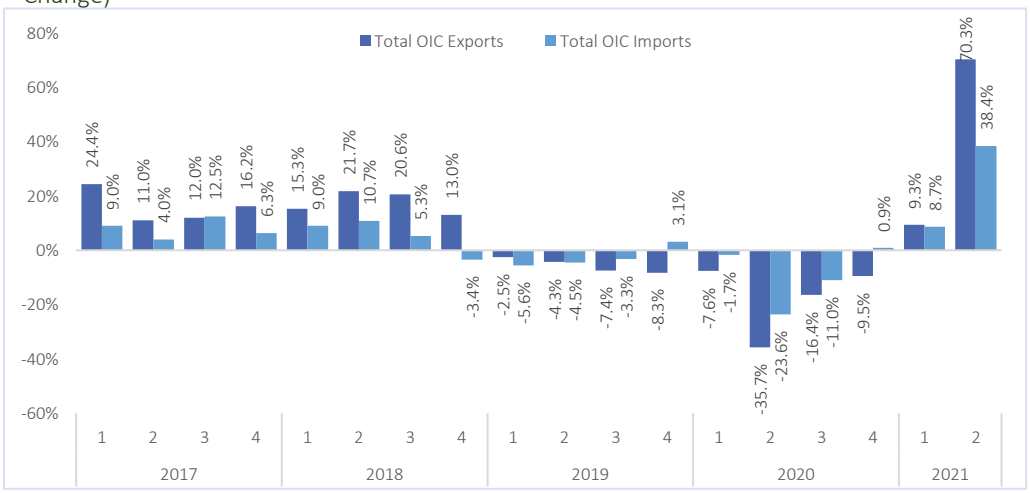


Source: UNCTADstat Database, November 2021.

During the last two decades prior to the outbreak of the COVID-19 pandemic, the annualized growth rates in merchandise exports were stronger in OIC countries as compared to the global average, except in the period 2011-2015. Between 2016 and 2019, aggregate exports from OIC countries grew stronger with an annualized growth rate of 5% as compared to the global average of 3.5% (SESRIC, 2021b). Yet, the pandemic affected the exports from OIC countries more severely, causing a sharp decline by almost 20% in 2020 as compared to the global fall of 7.5%. The fall in global merchandise exports is even lower than the optimistic end of the projections made by the WTO in the wake of the pandemic, which ranged from -13% to -32% (WTO, 2020b).

Merchandise exports of OIC countries were demonstrating a more robust trend during 2017-2018 as compared to imports, as year-on-year growth rates of exports were higher than the growth rates of imports during that period. At a time when global trade linkages dwindled, exports from OIC countries started to decline at a higher rate than their imports, particularly after the third quarter of 2019 (Figure 3.2). With the outbreak of the COVID-19 pandemic, the fall in

Figure 3.2: Total Exports and Imports of Goods by OIC Countries, Quarterly (Year-on-Year Change)

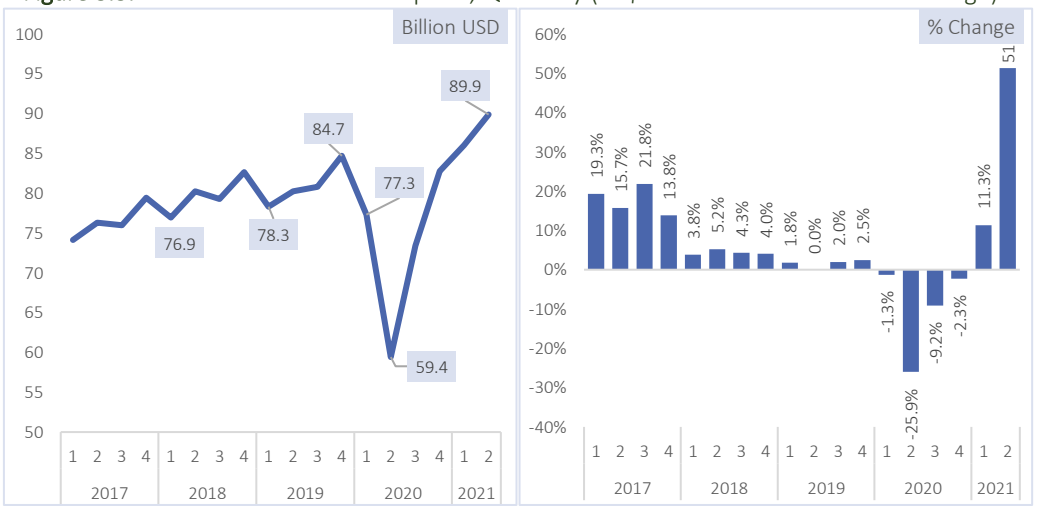


Source: IMF Directions of Trade Statistics (DOTS), November 2021. Data coverage: 56 OIC countries.

exports reached up to 35.7% in the second quarter of 2020, which is significantly higher than the world average. After falling for eight consecutive quarters, the total value of exports from OIC countries increased again during the first quarter of 2021. The second quarter of 2021 demonstrated a huge increment in exports by 70.3%, part of which is to be explained by the low base effect vis-à-vis the second quarter of 2020.

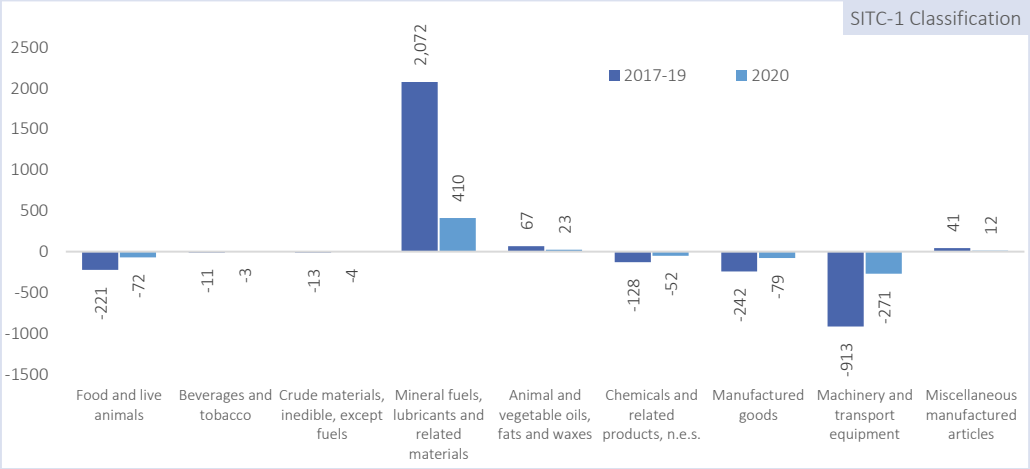
In line with these trends, intra-OIC exports also declined sharply by 25.9% in the second quarter of 2020 and the growth rate turned to positive only in the first quarter of 2021 (Figure 3.3). Demonstrating a strong recovery with a US$ 89.9 billion quarterly volume of exports, the year-on-year growth in intra-OIC exports was recorded at 51.3% in the second quarter of the year. This reflects a strong rebound in intra-OIC trade during the pandemic.

Figure 3.3: Intra-OIC Merchandise Exports, Quarterly (US$ Billion and Year-on-Year Change)



Source: IMF Directions of Trade Statistics (DOTS), November 2021. Data coverage: 56 OIC countries.

Figure 3.4: Sectoral Trade Balance in Merchandise Goods, USD Million

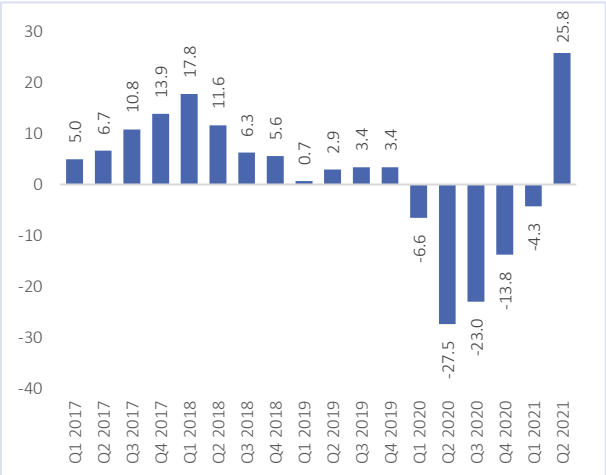


Source: UNCTADstat Database, July 2021.

During the pandemic, a reversal was observed in the trade balance of OIC countries at the sectoral level, depicting a more balanced picture of exports and imports values compared to pre-pandemic years. While the deficits in some sectors declined, the surpluses also shrank in traditionally stronger sectors. In particular, the trade surplus in mineral fuels declined sharply from its 2017-19 average value of US$ 2.1 billion to US$ 410 million in 2020 as a result of falling energy prices and declining demand (Figure 3.4). On the other hand, the trade deficit in machinery and transport equipment as well as in food products declined considerably in 2020. Yet, the overall surplus of OIC countries in merchandise trade turned negative in 2020, as reported in SESRIC (2021b).

Trade in services has been affected more severely than the trade in goods. The value of global services exports shrank by 6.6% in the first quarter of 2020 compared to the same period in 2019. It further deteriorated by 27.5% in the second quarter of 2020 (Figure 3.5). As the restrictive measures to curb the spread of the pandemic prevailed throughout 2020, the contraction in services exports has persisted in the subsequent quarters. The first quarter of 2021 also witnessed a contraction by 4.3% as compared to the same period in 2020, demonstrating the long-lasting severe impacts of the COVID-19 on the services trade. At the sectoral level, the most severe impact was

Figure 3.5: Year-on-year Change in Global Services Exports, Quarterly



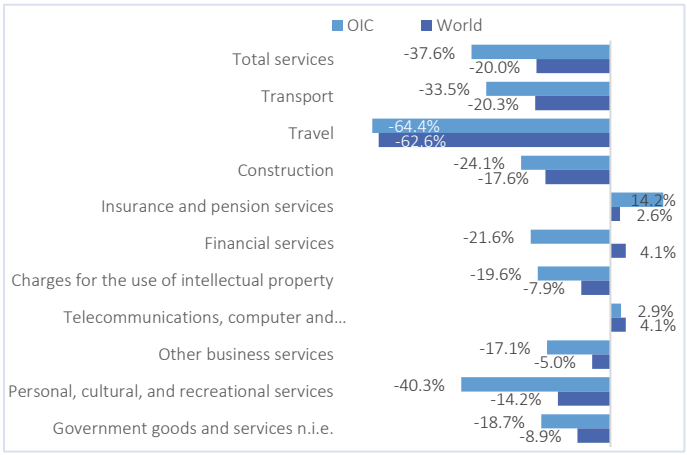
Source: UNCTADstat Databases, November 2021.

observed in travel services, which has been falling for five consecutive quarters. Ease of restrictions during the second quarter of 2021 enabled the travel sector to grow by 66.6%, which contributed to the growth of global services exports by 25.8% during the same period (Figure 3.5)

Overall, total contraction in global services exports reached 20% in 2020. However, the impact of the pandemic on OIC countries was more severe, which resulted in a 37.6% fall in services exports (Figure 3.6). Travel services have been hit particularly hard as a result of restrictions on cross-border movement of people. Contracted by 64.4% in OIC countries, travel services exports fell by 62.6% globally. The transport sector, the largest sector in services trade of OIC countries, experienced a fall of over 33%, while the global average contraction was 20.3%. Severe contraction in these two most critical services sectors brought a sharp decline in services exports from OIC countries.

In OIC countries, two sectors took advantage of the changing consumer behaviour during the pandemic. While rising uncertainty and quest for financial security increased the demand for insurance services, the growing need for information and communication technologies raised the demand for digital products and services. Accordingly, exports of insurance and pension services grew by 14.2% in 2020 and exports of telecommunication, computer and information services increased by 2.9%.

Figure 3.6: Services Exports (annual change by sector), 2020



Source: WTO and UNCTADstat Databases, July 2021.

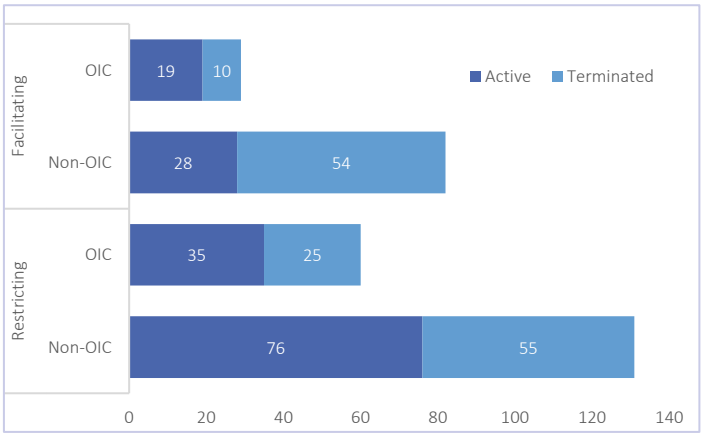
Response Measures and Good Practices

Many governments adopted diverse trade policy tools to respond to the various challenges and pressures posed by the COVID-19 pandemic. These included both tariff and non-tariff measures, either for the sake of trade facilitation or trade restriction. Non-tariff measures (NTMs) such as export restrictions have been more frequently used during the pandemic to prevent shortages of supplies of medical products in exporting countries as a reaction to increased domestic demand. They are also implemented to facilitate imports of critical goods and products.

According to the UNCTAD COVID-19 trade measures database published in March 2021, nearly 300 measures were applied across the world. Around 30% of these measures were implemented by OIC countries. Out of the 89 NTMs implemented by OIC countries, 29 were to facilitate trade and 60 to restrict the flow of certain critical goods (Figure 3.7). Among these measures, 19 facilitating measures and 35 restrictive measures were still active. Similarly, in non-OIC countries,

28 out of 82 trade-facilitating measures and 79 out of 131 trade-restricting measures were active, as reported by UNCTAD in its latest update in March 2021.

Figure 3.7: Non-Tariff Measures in Response to the Pandemic



Source: UNCTAD COVID-19 Non-Tariff Measures Database, July 2021.

Trade restricting NTMs included export restrictions of various forms to prevent shortages of essential goods, and stricter sanitary and phyto-sanitary requirements to ensure product quality and safety. Measures to facilitate trade involved relaxation of authorization and licensing requirements as well as exemption from or deferral of various taxes on imported products. Such measures expedited the trade of such goods, thus ensuring adequate supplies for the country.

In addition to NTMs, tariff measures were also taken by many countries, but they were mostly directed towards facilitating trade. OIC countries have introduced 24 tariff measures to facilitate trade, 20 of which are still active. In non-OIC countries, 48 of the 72 tariff measures initiated during the pandemic to facilitate trade are still in effect (SESRIC, 2021b).

In times of emergencies, export restrictions on critical products hamper the effective response of import dependent countries, which is usually exacerbated by over-dependence on few suppliers. In some cases, producing key medical supplies domestically or repurposing production lines for more COVID-19-related goods would be beneficial. For example, in Uganda, alcohol manufacturers agreed to convert 7.3 million litres of ethanol into hand sanitizers.[20] Turkish defence and electronics firms teamed up to support a technology enterprise to begin mass production of the mechanical ventilators. They managed to start mass production in less than three weeks.

Many governments have also invested in the capacities of their customs authorities to facilitate trade through improving digital infrastructure. Some OIC countries sought the possibility of introducing or expanding a single window system to reduce human interaction. Cote d'Ivoire, Morocco, Oman, Pakistan and Uganda are among the OIC countries that adapted certain digital tools to facilitate trade during the pandemic (WCO, 2020). With regard to practices related to customs authorities, most of the OIC countries for which data are available provided full or partial exemption on duties and taxes on goods mostly related to supplies, materials and equipment normally used to combat COVID-19. OIC countries also implemented special customs procedures, including fast clearance, immediate release and direct delivery (with deferred payment) in order to facilitate trade. It is also observed that some OIC countries facilitated trade by easing

documentary requirements, especially through reducing the number of documents to be submitted or accepting copies of the original documents (WCO, 2020).

Policy Recommendations for Resilient Recovery

Limited product and market diversification led to a greater reduction in exports from OIC countries as compared to non-OIC countries. OIC countries require longer-term strategies to expand the diversity of export products and their technological intensities in order to reduce the vulnerabilities to fluctuations in prices and foreign demand and become more resilient in global markets. Many OIC countries are exporters of primary products but fail to add value by further processing them. For example, although Cameroon exports latex, it does not export any surgical gloves (Hakobyan and Cherif, 2021).

In addition to lack of product diversification, significant tariff and non-tariff barriers constitute a major obstacle in improving trade flows. Relatively high tariff rates and trade-related taxes hit the competitiveness of OIC countries in terms of international trade. During the pandemic, trade barriers have been re-activated by a number of OIC and non-OIC countries to alleviate the immediate negative effects of the pandemic on domestic economies. However, it is necessary to keep trade flowing, both to ensure the supply of essential products and to send a signal of confidence for the global economy.

NTMs can be useful tools to achieve legitimate objectives and are highly effective in ensuring high quality of goods and protecting the safety of consumers. However, many countries resorted to the use of trade restrictive measures possibly without considering their potential negative effects. There is a high degree of global economic interconnectedness, and single-sided actions threaten the global supply and value chains, and pose threats to public health, food security or livelihoods. This requires effective coordination among countries to minimize the negative impacts of NTMs.

While efforts should be made to reduce such barriers in the post-pandemic period, special emphasis should be made on facilitating trade. In many OIC countries, the number of required procedures to complete customs formalities, high-cost of transportation, long-waiting times in customs, and the lack of OIC-wide harmonized or uniform quality standards for goods and services are some of the obstacles limiting efficiency in merchandise trade. If the level of trade cooperation among OIC countries is to reach desired levels, there is a need for quick operationalization of trade facilitation schemes such as the OIC Trade Preferential System, export credit and investment insurance as well as recognition of standards, technical regulation and conformity assessment procedures. The establishment of export processing and free trade zones also could contribute to the development of intra-OIC trade.

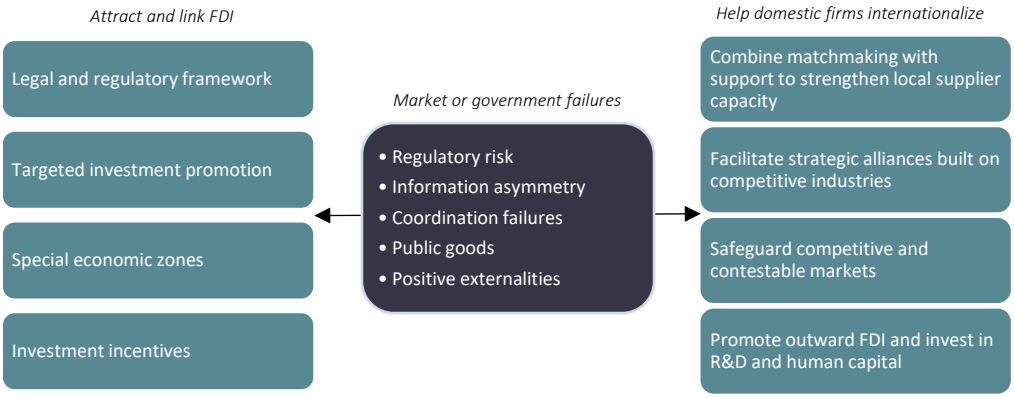
In order to attract multinational companies and benefit from the potential remaking of the GVCs prompted by the pandemic, OIC countries should develop their physical and digital infrastructure, improve the overall investment climate, and reduce non-tariff and administrative barriers. Investments in transport and communication infrastructure are critical in achieving an enabling environment for firms seeking alternative value chain networks. In order to improve

BOX 3.1: Using Investment Policies to Stimulate Global Value Chain Participation

Sound macroeconomic policy, infrastructure building, an enabling regulatory environment, and human capital development constitute a set of necessary minimum conditions for any country to be considered an attractive investment destination and to participate in global value chains (GVCs). To attract and link multinational corporations (MNCs), investment policies may help reduce regulatory or procedural burdens for foreign investors, provide public goods within special economic zones, or use investment incentives to tilt MNCs' decisions to locate to a new country. In other cases, investment promotion agencies can showcase a country's comparative advantages and help facilitate entry. Policy makers can also help domestic firms internationalize and integrate into GVCs by supporting their engagement with MNCs through investment, partnerships, or trade. Successful support programs tend to combine information provision (to increase exposure), matchmaking (to overcome coordination failures), and temporary subsidies (to compensate for expected social benefits from these interactions).

There is no "blueprint" for strengthening GVC participation. Reforms should be implemented as coherent packages rather than as individual, one-off policies that are likely to have only a marginal effect. A successful reform package requires a sustained, coordinated, and long-term approach based on the design of incentive mechanisms that are tailored to the specific needs of countries, revealed and latent comparative advantages of firms, and value chains in question. The best approaches help to improve firm performance without "picking winners." Through GVCs, firms in developing countries enter foreign markets at lower costs, benefit from specialization in niche tasks, and gain access to larger markets for their output. Such specialization is often the result of a country's long-term involvement in a specific sector that takes advantage of and builds on the country's unique combination of factor endowments and firm capacity.

Figure 3.1A: Investment policy instruments to integrate countries into global value chains



The COVID-19 outbreak has highlighted the importance of supply chain robustness and resilience and reopened the debate on reshoring, nearshoring, and GVC regionalization. On one hand, some economists foresee more unexpected shocks and argue for a rethinking of GVC strategies, with an emphasis on holding more inventory, diversifying suppliers, and shortening supply chains. Some policy makers are even calling for their countries' manufacturers to bring their production back home. On the other hand, many business executives find that such prescriptions oversimplify the problem. These calls for reshoring may be just wishful thinking because doing so on a large scale would defy economic rationality. A recent World Bank survey of MNCs found that 37% and 18% were diversifying their sourcing and production bases, respectively, in response to COVID-19, but only a relatively small portion (14%) planned to nearshore or reshore.

Potential GVC reconfigurations could create opportunities for some developing countries that are close to major markets and have both comparative advantages in relevant sectors and open and conducive business environments. Nearshoring could benefit certain developing countries near major markets, but those countries would need to demonstrate their capability to meet MNCs' quality, speed, scale, and reliability requirements in the value chain segments they enter.

Source: World Bank (2021e). This is an adaptation of an original work by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank.

expenditures, and protecting intellectual property rights. Finally, measures should be taken to increase preparedness to supply chain risks and improve resilience to these risks, such as failure of transportation and communication networks, financial market risks, epidemic and pandemic risks, and cyber security risks.

Even if the services sector has been affected more severely than the manufacturing sector during the pandemic, it was the fastest growing sector of the global economy and trade in services has grown faster than in goods over the past decade. There is a significant transformation within the services sector. While the shares of traditional service exports, including tourism and transport, are falling, exports of modern and more technology intensive services, particularly those related to ICT services, are increasing. This trend has further accelerated with the outbreak of the COVID-19 pandemic. In this connection, OIC countries need to diversify their export base in services to account a higher share of global trade in services. Heavy reliance on traditional services sectors led to a greater contraction in services exports from OIC countries during the pandemic as compared to the world average. Developing an efficient and competitive services economy and the trade in services in emerging sectors could significantly contribute to the improvement of the trade performance of OIC economies.

There are also opportunities for regional economic integration. Even though some OIC countries are competing with a similar basket of products in international markets, there are important complementarities among OIC countries, which could be better exploited in the current economic setting. In the presence of a strong political will, the development of regional value chains in certain industries could create important economic benefits in the form of productivity, economies of scale, and competitiveness, which would further strengthen the opportunities arising from the reshoring and diversification of GVCs. Furthermore, regional cooperation initiatives could help reduce trade barriers and further encourage regional production of critical products.

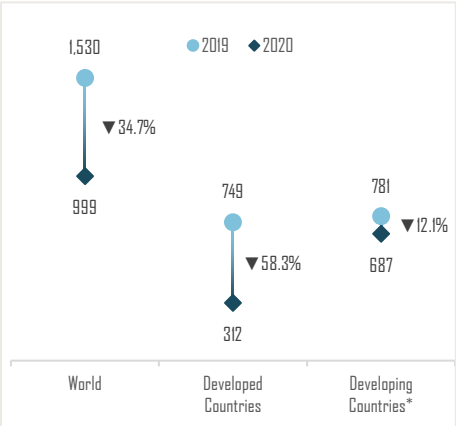
3.2 International Capital Flows and External Debts

In a world of GVCs and mobile capital, international investment flows are vital for sustainable development in developing countries, including the OIC countries. In particular, under appropriate conditions, foreign direct investment (FDI) can improve economic growth and standards of living, create job opportunities, transfer technology and know-how, facilitate access to foreign inputs, goods and services, and enhance supply chains. This subsection evaluates the impacts of the pandemic on international capital flows by focusing on FDI flows, portfolio flows and external debts.

COVID-19 Pandemic and International Finance

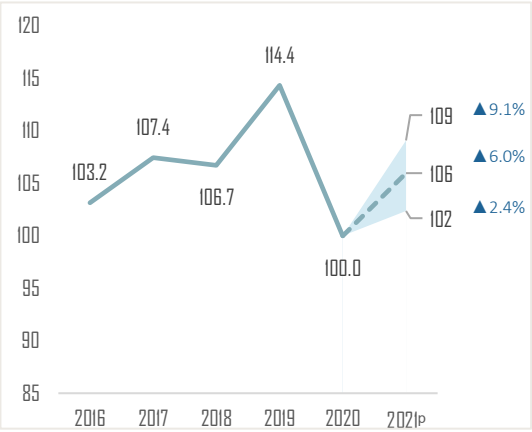
The pandemic had a significant impact on FDI flows. Lockdowns around the world slowed down investment projects, and the elevated expectations for a global recession discouraged international investors and led them to reconsider the feasibility of new projects. According to the World Investment Report of the United Nations Conference on Trade and Development (UNCTAD, 2021a), global FDI flows dramatically fell in 2020, back to the 2005 levels, due to the

Figure 3.8: FDI Inflows: 2019 vs. 2020 (US$, billion)



Source: UNCTAD, World Investment Report 2021, Annex Tables. * Include the transition economies as well, which are classified separately by the UNCTAD.

Figure 3.9: Total FDI Inflows to OIC Countries (US$, billion)



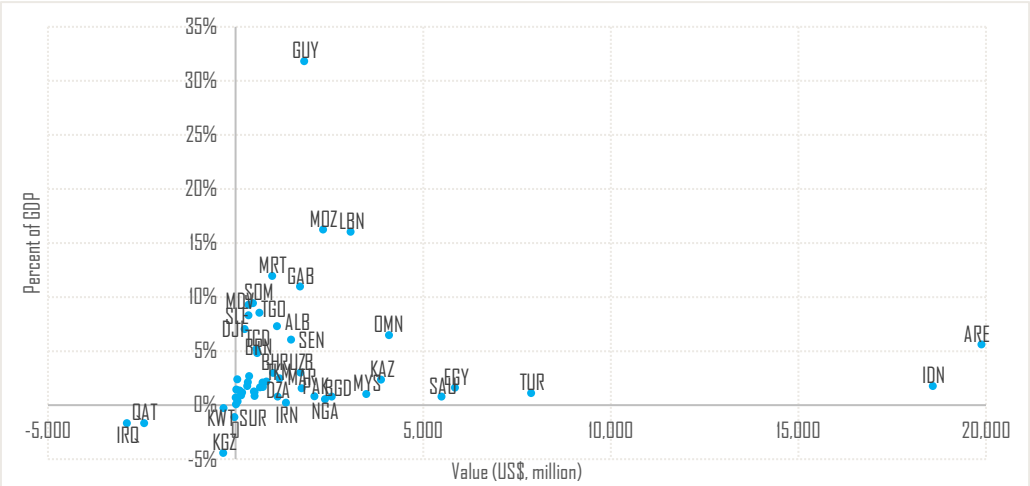
Source: SESRIC staff calculation based on UNCTAD, World Investment Report 2021, Annex Tables.
Note: P = Projection (Based on the regional prospects).

pandemic. They dropped by 34.7% to around US$ 1 trillion from US$ 1.5 trillion in 2019 mainly due to the decline in flows into developed countries (Figure 3.8). FDI inflows to developed countries decreased by 58.3% to US$ 312 billion, while inflows to developing countries fell only by 12.1% to US$ 687 billion mainly owing to resilient flows to Asia. Although global FDI flows are not expected to contract further, projections indicate a moderate increase of 10 to 15% in 2021, with total FDIs still remaining about 25% below the 2019 level. Moreover, this improvement is estimated to be driven by developed economies, in that they are projected to register a 15 to 20% increase as compared to a 5 to 10% increase in developing economies.

FDI flows to OIC countries followed a similar course as developing countries and fell by 12.5% to US$ 100 billion in 2020 compared to US$ 114 billion in 2019 (Figure 3.9). Thus, the relatively lower contraction in flows to OIC countries compared to global flows led to a rise of their share up to 10.0% in 2020, the highest rate observed over the last decade. Looking ahead, similar to the projections for developing countries, FDI inflows to OIC countries are estimated to increase by a moderate rate of 2.4 to 9.1% in 2021, with a central projection of 6%, implying that they will not reach the 2019 level even in the most optimistic scenario (Figure 3.9).

The United Arab Emirates (US$ 19.9 billion) and Indonesia (US$ 18.6 billion) continued to be by far the largest FDI recipients among OIC countries in 2020 (Figure 3.10). Inflows to these two countries accounted for about two-fifths of the total inflows to all OIC countries. Türkiye, Egypt and Saudi Arabia followed next, each with over US$ 5 billion of FDI inflows. The flows to these five countries were actually low relative to their economic size, reaching up to 5.6% of GDP in the United Arab Emirates and below 2% in the others. In contrast, many other OIC countries had a higher ratio of FDI inflows to GDP, although they had much smaller amounts of FDI inflows. The ratio reached as high as 31.8% in Guyana[21], 16.2% in Mozambique, 16.0% in Lebanon, 12.0% in Mauritania and 11.0% in Gabon (Figure 3.10).

Figure 3.10: FDI Inflows to OIC Countries, 2020



Source: UNCTAD, World Investment Report 2021, Annex Tables; IMF, World Economic Outlook (WEO) Database, April 2021.
Note: See Annex 1 for the country codes.

The modest growth forecast for 2021, according to the UNCTAD (2021a), reflects lingering uncertainty about access to vaccines, the emergence of virus mutations and delays in the reopening of economic sectors. The pace of economic recovery, the possibility of pandemic relapses, the potential impacts of recovery spending packages on FDI and policy pressures are among the factors considered to shape the outlook. Additionally, the increasing tendency towards localization in sectors such as pharmaceuticals, healthcare and food, whose importance has increased due to the pandemic, may affect international trade flows, global supply chains and, consequently, capital flows. In parallel, multinational corporations (MNCs) are likely to undertake geographical repositioning in their foreign operations in the long term to be able to deal better with crises. They may potentially shorten their GVCs to protect themselves from supply-chain disruptions, or alternatively, seek geographic diversification to reduce exposure to location-specific shocks (OECD, 2020c). These relocation arrangements will undoubtedly restructure the global capital flows.

Similar to the FDIs, cross-border portfolio investments have also been affected adversely by the pandemic. At the outbreak of the COVID-19 crisis, many developing and developed countries faced unprecedented outflows of portfolio investments, driven by sales of portfolio assets by foreign investors, a usual pattern whereby international investors transfer capital back home or invest in safer assets during periods of uncertainty (OECD, 2020d). In 2020, a significant part of the global portfolio investments was directed to the United States, such that the net inflows to the country exceeded US$ 710 billion, four times the previous year.

In OIC countries, the available data for 27 members indicate that net portfolio investments decreased by 58% to about US$ 43 billion in 2020, compared to US$ 102 billion in 2019 (Table 3.1). Net inflows decreased by 35 to 80% in Saudi Arabia, Indonesia, Egypt and Qatar, which were relatively rich in portfolio investments in 2019. In some other countries, such as Türkiye and Nigeria, net investments even turned negative, indicating that foreign investors' sales of portfolio

Table 3.1: Net Foreign Portfolio Investment Flow in OIC Countries: 2019 vs. 2020 (US$, million)

	2019	2020	Change
Indonesia	21,581	4,567	-17,013
Saudi Arabia	46,089	29,777	-16,312
Qatar	12,677	2,264	-10,413
Türkiye	3,256	-6,663	-9,919
Egypt	10,394	2,588	-7,806
Nigeria	3,178	-3,585	-6,764
Malaysia	3,547	2,525	-1,022
Pakistan	-529	-1,429	-900
Maldives	779	174	-605
Bangladesh	84	-189	-273
Azerbaijan	-180	-259	-79
Tunisia	13	-31	-43
Palestine	-23	-45	-22
Guinea	6	-12	-18
Mozambique	10	3	-7
Kyrgyzstan	0	0	0
Afghanistan	0	0	0
Brunei	0	0	0
Sudan	0	3	3
Iraq	-3	8	11
Suriname	-17	2	18
Uzbekistan	1,346	1,389	44
Tajikistan	-73	0	74
Djibouti	0	219	219
Albania	-75	341	416
Kazakhstan	-232	993	1,225
Morocco	1,200	2,491	1,292
Lebanon	-2,354	998	3,351
Kuwait	1,459	6,833	5,374
Total	102,132	42,962	-59,170

Source: IMF, International Financial Statistics (IFS)

assets exceeded their purchases. In Pakistan, Azerbaijan and Palestine, where net inflows were already negative in 2019, the situation further deteriorated in 2020. On the other hand, Kuwait, Morocco and Uzbekistan, each having received US$ 1.2-1.5 billion of net portfolio investments in 2019, had a more resilient picture than the other member countries, considering that they managed to attract even larger investments in 2020 than in 2019. In addition, several other member countries, particularly Lebanon and Kazakhstan, managed to achieve positive net inflows in 2020, unlike the previous year. Overall, it is worth noting that, among the OIC countries, Kuwait was the country with the highest increase (US$ 5.4 billion) in net inflows of portfolio investment in 2020, while Saudi Arabia continued to be by far the largest recipient (US$ 29.8 billion) despite the significant fall in 2020.

Financially, many OIC countries entered 2020 in a vulnerable position, with public external debt already at elevated levels. The pandemic has given rise to public expenditures as countries seek to mitigate the health and economic effects of the crisis. In parallel, revenues have fallen due to the economic downturn, particularly in countries with high dependency on commodity and oil exports, tourism and remittances (see Box 3.2). In this state of affairs, fiscal balances have deteriorated and pushed debt levels to new heights. The external debt stock of OIC member

Table 3.2: External Debt Stock of OIC Countries

	Billion US$		Annual Change		Share in Total	
	2019	2020	2019	2020	2019	2020
TOTAL	1,787.9	1,891.3	4.4%	5.8%	100.0%	100.0%
Long Term	1,469.7	1,527.4	4.1%	3.9%	82.2%	80.8%
Public & Publicly Guaranteed	899.0	980.3	7.3%	9.0%	50.3%	51.8%
Public	*898.4*	*979.7*	*7.3%*	*9.0%*	*50.3%*	*51.8%*
Private Non-guaranteed	570.6	547.1	-0.6%	-4.1%	31.9%	28.9%
Short Term	269.7	291.7	4.8%	8.1%	15.1%	15.4%
Use of IMF Credit	48.5	72.3	10.5%	49.1%	2.7%	3.8%

Source: World Bank, International Debt Statistics (IDS) Database [10.10.2021]. Data coverage: 45 low- and middle-income OIC countries.

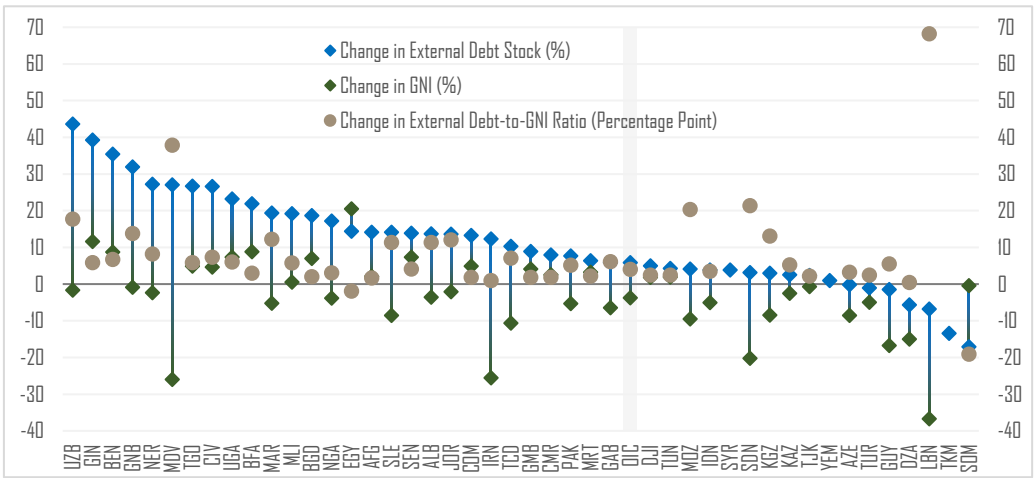
countries in 2020 rose, on average, 5.8% to US$ 1.9 trillion (Table 3.2), which is comparable to the average increase of 5.3% in low- and middle-income countries.

The increase in the combined external debt stock of OIC countries was propelled by a 3.9% increase in long-term debt, by far the largest component of the external debt. Long-term external debt, driven by a 9% increase in public debt against a 4.1% decline in private debt, rose by US$ 57 billion to over US$ 1.5 trillion in 2020, equivalent to 80.8% of the total external debt stock. Short-term debt reached US$ 292 billion, with an increase of 8.1% from the previous year, and slightly increased its share to 15.4%. The smallest component of the total external debt stock, IMF credits were the component that increased proportionally the most. Compared to 2019, obligations to the IMF increased by half (49.1%) to US$ 72 billion in 2020, constituting 3.8% of the total external debt stock.

The unbalanced effects of the pandemic on OIC countries were also reflected in the development of external indebtedness. Figure 3.11 shows that, for half of the 45 member countries with available debt data, the increase in external debt stock was in double digits, reaching up to 44% in Uzbekistan, over 30% in Guinea, Benin, and Guinea Bissau, and over 25% in Niger, Maldives, Togo, and Cote d'Ivoire. On the other hand, seven member countries, namely Somalia, Turkmenistan, Lebanon, Algeria, Guyana, Türkiye, and Azerbaijan, experienced a decline in the external debt stock, indicating a negative net debt inflow to these countries in 2020.

In addition to the increase in debt levels, the contracted outputs of most OIC economies in 2020 worsened their indebtedness outlook, reflected by a rising ratio of external debt stock to gross national income (GNI). Out of the 42 indebted countries with available data, 26 recorded a contraction in GNI in 2020, and the growth rates achieved by all the others except Egypt remained below the increase in external debt (Figure 3.11). Thus, the external debt-to-GNI ratio rose, on average, by 4 percentage points to 43.5% in 2020, with the contribution of not only the increase in external debt, but also the contraction or weaker increase in GNI.

Figure 3.11: Change in External Indebtedness between 2019 and 2020



Source: World Bank, International Debt Statistics (IDS) Database [10.10.2021].
Note: See Annex 1 for the country codes.

Lebanon is an outstanding example of the extreme situation in which, despite a decline in the external debt stock, the debt-to-GNI ratio increased by as high as almost 70 percentage points due to the severe contraction in GNI. Guyana, Azerbaijan, Türkiye, and Algeria underwent a similar situation, albeit to a rather limited extent. The debt-to-GNI ratio declined only in Somalia and Egypt, due to a larger reduction in debt stock than in GNI in the former and a smaller increase in debt stock than in GNI in the latter. As of 2020, the external debt stock level exceeded the GNI in five OIC countries, with the debt-to-GNI ratio reaching as high as 212% in Lebanon, 154% in Mozambique, 117% in Kyrgyzstan, 107% in Tunisia, and 105% in Kazakhstan.

Response Measures and Good Practices

To assist the poorest and most vulnerable low- and middle-income countries in managing the adverse impacts of the COVID-19 pandemic, the Group of Twenty (G-20) countries launched the Debt Service Suspension Initiative (DSSI) in April 2020. The initiative offered 73 International Development Association (IDA)-eligible and least developed countries a temporary suspension of debt-service payments owed to official bilateral creditors. The suspension period was originally set for payments falling due from May 1 to December 31, 2020, but was subsequently extended to end-December 2021 (World Bank, 2021b). DSSI borrowers are required

BOX 3.2: Global Aid Flows and Remittances during the Pandemic

The pandemic has limited access to resources by low-income countries and people to combat the crisis such as by affecting aid flows, investments, and remittances (UN, 2021d). An estimated 114 million jobs have been lost and about 120 million people have been plunged back into extreme poverty. To overcome this historic crisis around USD 16 trillion in stimulus and recovery funds were mobilized globally to stave off the worst effects, but less than 20% of that sum was spent in developing countries.

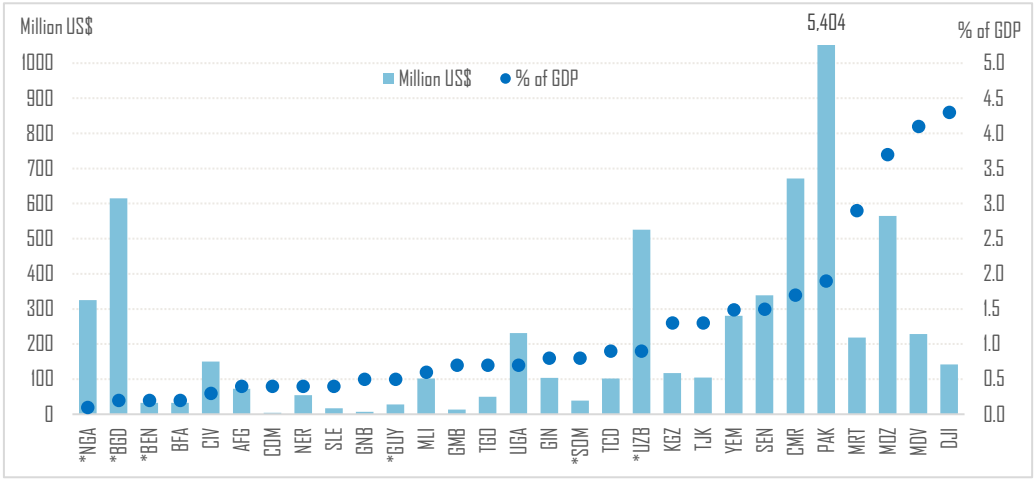
In terms of Official Development Assistance (ODA) by member countries of the Development Assistance Committee (DAC) reached USD 161.2 billion in 2020 by increasing only 3.5% in real terms compared to 2019. The increase can be explained by the DAC members' support of an inclusive global recovery in light of the pandemic and in part due to an increase in bilateral sovereign lending by some loan-giving members. In addition, some were able to rapidly mobilise additional funding to support developing countries facing exceptional circumstances. Total ODA figures in 2020 only represented 0.32% of DAC members' combined GNI that was far lower than the United Nations' target of 0.7% of GNI (OECD, 2021m).

Remittances constitute an important source of income for receiving families in developing countries. Remittances account for more than 5% of GDP for at least 60 low and middle-income countries. Migrants' families in their home countries depend on incoming remittances for basic necessities such as purchasing food and paying for housing, education, and healthcare. Therefore, a reduction in remittances has major ripple effects across entire local economies and communities, resulting in a decrease in productive investment, consumer spending, and access to education and health services.

Remittances are estimated to decline by 7.2% to USD 508 billion in 2020, and it will further shrink potentially by another 7.5% in 2021 as the pandemic has not fully stopped. Large disparities among regions continued in 2020. While remittances were almost at the same level in 2020 as in 2019 in Latin America and the Caribbean by year-end, they declined by 16% in Europe and Central Asia (KNOMAD, 2021; UN, 2021d).

In 2020, three factors were the main drivers of the decline in remittances: (i) increased unemployment among migrant workers; (ii) restrictions on entry of new migrant labour; and (iii) restrictions on physical access to remittance providers during lockdowns (Reality of Aid Network, 2021). In 2020, the high cost of sending remittances also remained. The average costs of sending USD 200 remittances were 6.5% at the end of 2020. Costs continue to be highest in sub-Saharan Africa, at 8.2% (UN, 2021).

Figure 3.12: DSSI-eligible OIC Countries: Estimates of Potential DSSI Savings (May 2020 – Dec. 2021)



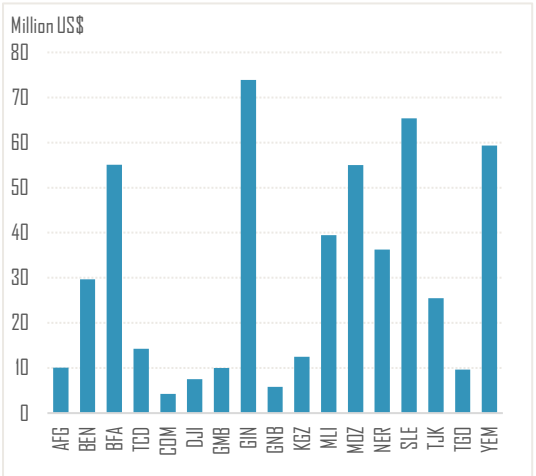
Source: World Bank, COVID 19: Debt Service Suspension Initiative [November 5, 2021].
Note: * Not participating in the DSSI. See Annex 1 for the country codes.

- to use the freed-up resources for expenditures related to crisis response,
- to disclose all public sector debt, and
- to refrain from contracting new non-concessional debt during the suspension period, other than agreements in the context of DSSI, or in compliance with limits agreed under the IMF Debt Limit Policy or World Bank Sustainable Development Finance Policy.

Out of the 73 DSSI-eligible countries, 29 are OIC countries, 23 of which have participated in the initiative. The participating OIC countries are estimated to potentially save a total of over US$ 9 billion within this initiative during the period from May 2020 to December 2021. The potential savings are estimated to reach as high as over 4% of GDP in Djibouti and Maldives (Figure 3.12).

Additionally, to free up resources to meet the exceptional balance of payments needs created by the pandemic, the IMF also provided debt service relief for 31 vulnerable countries through the Catastrophe Containment and Relief Trust (CCRT), and 17 of them were OIC countries (Figure 3.13). Debt service relief for these OIC countries amounted to about US$ 513.8 million, which was 60% of the total debt relief approved under the four tranches of CCRT for debt service falling due during the period April 13, 2020, through January 10, 2022.

Figure 3.13: Debt Service Relief from the CCRT for OIC Countries (Apr. 2020 – Jan. 2022)



Source: Source: IMF, COVID-19 Financial Assistance and Debt Service Relief [November 9, 2021].
Note: Amounts calculated using the SDR/US$ exchange rate of the day of approval, and presented for illustrative purposes. See Annex 1 for the country codes.

Policy Recommendations

Towards improving FDIs, investment promotion and facilitation, as well as incentives, can help countries attract more FDI. Although strengthening investment promotion agencies, which play a key role in these areas, is of the essence, appropriate legal and policy frameworks are also required to effectively facilitate and retain investments, i.e. governments should aim to support an enabling environment for investment. Considering the sustainable development challenge of today, however, these efforts should seek a balance between the competing priorities of the traditional investor-oriented policies and the social, economic, and environmental components of sustainable development. In other words, driven by the international competition for FDI, the attractive opportunities offered to foreign investors should not undermine the sustainable development objectives. Given the ongoing pandemic-induced health crisis, special efforts should be made to attract greater FDIs in the health sector to improve the response capacities of the sector.

On the other hand, international investment is recovering from the pandemic, but investors are still cautious with their overseas investment decisions. They are now inclined to prioritise sustainability and resilience to avoid potential future shocks to the global supply chains. OIC member countries need to be prepared for a reconfiguration of international production networks through reshoring, regionalization or diversification and utilise their potential to benefit from this process.

On another front, the measures taken so far to resolve debt problems are clearly insufficient and challenges remain to ensure that debt burdens do not reach unsustainable levels. Given the diverse situations of countries, especially in terms of the composition of their debt, the engagement of private creditors in these measures is of critical importance. Countries whose lenders are mostly from the private sector face different challenges and risks. It was reported that, because private creditors have not engaged with the DSSI, some developing countries have opted out of these programmes for fear of seeing their credit ratings downgraded (OECD, 2021i).

Strengthening the management of debt and public finances has become even more important under the pandemic conditions. Through sound debt-management practices, countries need to ensure that both the level and rate of growth in public debt is fundamentally sustainable, and can be serviced under such unfavourable circumstances.

In addition, concerns still prevail that insufficient transparency on the size and composition of debts hinders rapid action to provide necessary debt relief. Comprehensive and accurate public debt data are vital for creditors to take informed decisions on debt policies and for the public sector to better manage financial risks.

Beyond debt relief, internationally coordinated action with efforts by borrowers, lenders and donors is needed to promote long-term debt sustainability. This should focus on the provision of adequate liquidity and easing the debt burden for countries that need it by, *inter alia*, ensuring prudent borrowing and offering appropriate concessional finance. At the same time, OIC countries need to concentrate on achieving sustained economic growth and diversifying their exports while seeking greater access to markets in developed countries.

3.3 International Tourism

International tourism is one of the main economic activities and an important source of foreign exchange earnings, economic growth and employment in many developed and developing countries, including OIC countries. Before the outbreak of the COVID-19 pandemic, around 10.4% of the world's GDP (USD 9.2 trillion) and 10.6% of all jobs (334 million) were generated in this sector in the year 2019 (WTTC, 2021). The tourism sector created one in every four new jobs across the globe before the pandemic. As the tourism sector has direct and indirect linkages with 185-supply side activities in the economy, a shock such as a pandemic could have the potential to affect a chain of economic activities from transportation to hoteliers (OECD, 2020e).

Against this background, this sub-section, first, provides an assessment regarding the impacts of the COVID-19 pandemic on international tourism in OIC countries. Second, it reviews a selected number of OIC countries' policies and measures that are aimed at mitigating the impacts of the pandemic. The sub-section concludes with a number of policy recommendations.

Impacts of the COVID-19 Pandemic

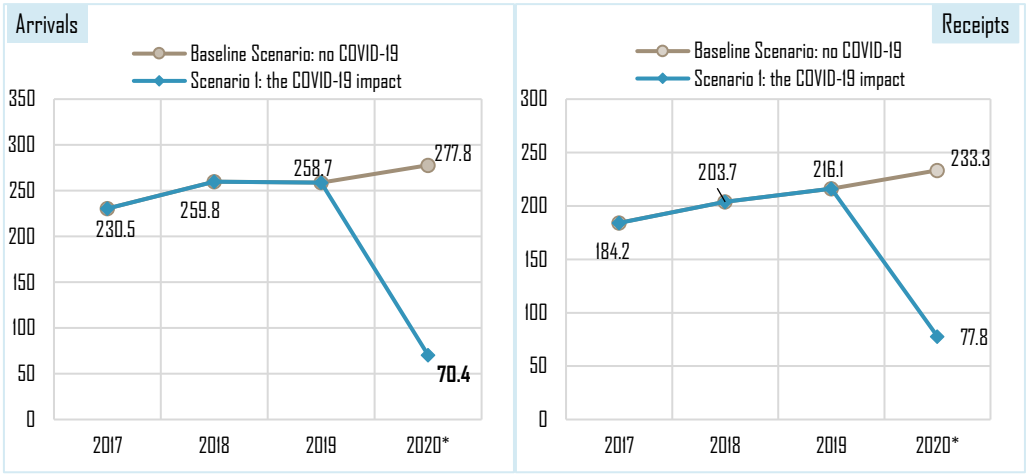
The declaration of the pandemic of COVID-19 on 11 March 2020 by the World Health Organization (WHO) triggered a wave of travel restrictions in different forms and intensities that put the tourism sector into a difficult position. As a result, the biggest crisis in the history of the tourism industry since World War II started in 2020. The worldwide tourist arrivals declined by 72.8% in 2020 as compared to 2019, which resulted in an estimated loss of USD 1.3 trillion in export revenues. The tourism receipts declined by 64% in 2020 (UNWTO, 2021a). UNWTO (2020) reported that, due to the COVID-19 pandemic, the global tourism sector lost between five- and seven years' worth of growth and it will take several years to reach the pre-pandemic levels.

The tourism sector in OIC countries was hit by the pandemic severely. The devastating impacts of the pandemic such as by eroding the confidence in international travel and strict containment measures put in place (e.g. curfews, lockdowns, border-closures, cancellation of international flights) resulted in significant losses in terms of both tourist arrivals and tourism receipts.

To put it into perspective, Figure 3.14 presents projections made for OIC countries on international tourist arrivals and tourism receipts based on the two scenarios. The baseline scenario assumes that there is no COVID-19 outbreak that OIC countries followed the positive pattern seen over the period 2017-2019 in terms of both tourist arrivals and tourism receipts in 2020. Scenario 1 assumes that the COVID-19 hit the OIC countries' tourism sector to the same extent, as it did in the world. Accordingly, OIC countries are estimated to host 70.4 million international tourists instead of a baseline projection of 277.8 million in 2020. This translates into a potential USD 155.5 billion loss in tourism receipts in the OIC group. In other words, the pandemic prevented OIC countries to generate potential USD 233.3 billion tourism receipts and the prevailing conditions only allowed them to collect tourism revenues of USD 77.8 billion in 2020.

As compared to 2019, OIC countries, as a group, were estimated to host 72.8% fewer international tourists and earned 64% fewer tourism receipts, according to scenario 1 (Figure 3.14). Those figures seem to be realistic. The provisional data reported by UNWTO (2021a) for a

Figure 3.14: International Tourist Arrivals (in Millions, left) and Receipts (in Billion USD, right) in OIC Countries



Source: SESRIC staff calculations based on UNWTO data (Barometer May 2021) covering 45 OIC countries. *The baseline scenario used the trend values over the period 2017-2019 to estimate 2020. *Estimation in Scenario 1 used the UNWTO world averages of 72.8% decline in arrivals and 64% decline in receipts.

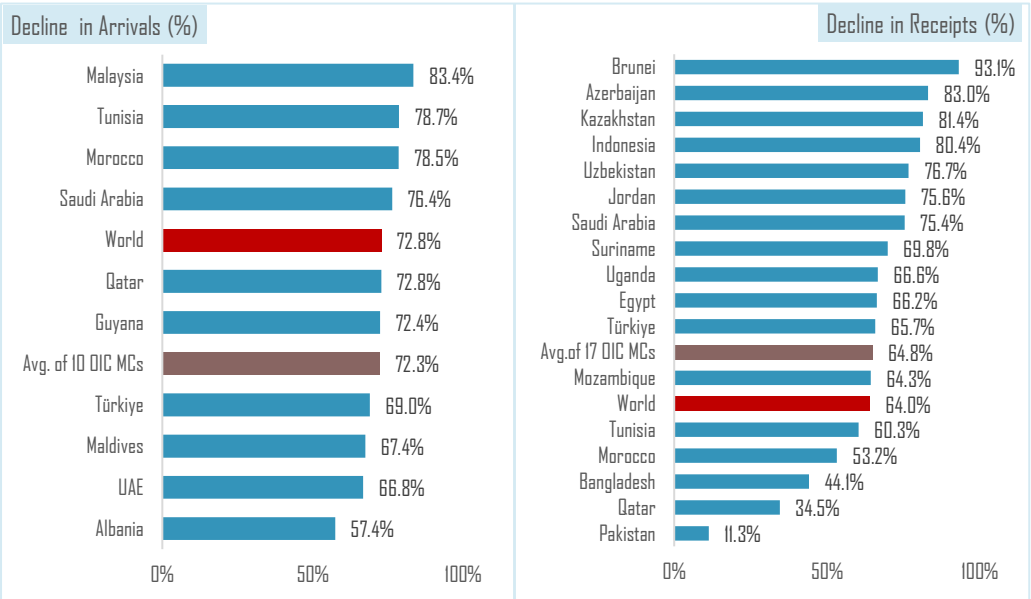
number of OIC countries revealed that tourist arrivals, on average, declined by 72.3% and receipts went down, on average, by 64.8% in 2020 as compared to 2019 (Figure 3.15). Nevertheless, wide disparities exist at the individual country level. In terms of arrivals, the magnitude of decline exceeded 75% in Malaysia, Tunisia, Morocco, and Saudi Arabia. The drop in tourism receipts was more than 80% in Brunei Darussalam, Azerbaijan, Kazakhstan and Indonesia in 2020.

A similar gloomy picture exists in intra-OIC tourism activities in 2020. SESRIC (2021b) showed that intra-OIC tourism receipts are estimated to record a potential loss of USD 56.6 billion and a drop of 89 million in intra-OIC tourist arrivals in 2020.

The heavy disruptions in the tourism sector of OIC countries in 2020 resulted in declines in the contribution of tourism to employment and GDP. In 2020, the average contribution of tourism to employment in OIC countries regressed from 7.5% in 2019 to 6.2% in 2020, corresponding to an estimated loss of 8.6 million jobs. In a similar vein, the contribution of travel and tourism activities in GDP in the OIC group decreased from 8.1% in 2019 to 4.3% in 2020 (SESRIC, 2021b). The estimated size of the loss in GDP generated by the travel and tourism industry was measured at USD 292.6 billion in 2020 in OIC countries mainly stemming from a variety of measures taken to contain the spread of the virus.

A survey reported in UNWTO (2021a) showed that the majority of international experts (48% of the respondents) do expect international tourism is set to reach pre-pandemic 2019 levels by 2024 or later in their respective countries. Around 37% of them expect that this can be achieved by 2023. In this respect, the pace of recovery seems to be slow. Yet, a number of factors like the speed of vaccination rollout and tourism policy coordination among countries could influence the pace of recovery in the tourism industry of OIC countries.

Figure 3.15: Decline in Tourist Arrivals (left) and Tourism Receipts (right) in Selected OIC Countries (2020 vs 2019)



Source: UNWTO, Provisional Data Reported in the World Tourism Barometer, May 2021.

Response Measures and Good Practices

Many OIC countries have developed and implemented a wide range of policies to mitigate the negative impacts of the pandemic on the tourism sector, support tourism stakeholders and restart tourism activities.

During the pandemic, in the existence of international travel restrictions, many countries around the globe paid special attention to domestic tourism activities as an alternative way to sustain and revive the tourism industry (UNCTAD, 2021b). A number of OIC countries like Uganda, Malaysia and Jordan have also followed this suit and organized several campaigns to boost domestic tourism to support the tourism industry and economic growth in general.

As the outbreak of the pandemic is considered as one of the biggest crises in the tourism sector, several OIC countries like Algeria, Saudi Arabia and Bangladesh have established an internal crisis mechanism/team at the level of the Ministry of Tourism with an objective to manage the negative impacts of COVID-19 on the sector. Some OIC countries also worked out crisis management teams responsible for reviving the tourism sector in their respective countries. For instance, the Ministry of Tourism & Antiquities of Palestine has established the "Palestine Tourism Recovery Taskforce", which includes members from the Ministry and the private sector associations with a number of objectives on addressing the crisis.

Several OIC countries like Türkiye, Algeria and Bangladesh developed and put in practice some health protocol-related measures targeting the tourism sector. For instance, the Ministry of Tourism, Handicrafts and Family Work in Algeria has developed and released "COVID 19 health

protocols" to guide safe reopening of the sector. In a similar direction, in August 2020, the Ministry of Tourism in Saudi Arabia prepared a document on "Preventative Protocols for Tourism Accommodation Facilities" to reduce the spread of the virus and ensure a healthy environment for visitors and workers. Türkiye has started the "Safe Tourism Certification Program" that defines and advises an extensive series of measures to be taken for tourism establishments.

In order to mitigate the economic impacts of the COVID-19 pandemic on the tourism stakeholders, several OIC countries, including Malaysia, Türkiye, Palestine, Jordan, Uzbekistan, Egypt and Bahrain, developed comprehensive support and stimulus packages. These involved both fiscal and monetary policy measures in the form of tax breaks or deferrals, subsidies, coverage of the social security contributions of workers in the industry, and provision of lending lines with no interest or low-interest to support establishments (SESRIC, 2021b). For instance, Palestine decided to provide an exemption of tourism establishments from licensing fees for the year 2020 and refund to all tourism establishments 50% of their Value Added Tax (VAT) dues in the Ministry of Finance. In particular, in a number of OIC countries like Türkiye, Malaysia and Kuwait, such measures targeted especially SMEs that represent more than 80% of establishments with limited capabilities to confront such a devastating crisis.

A number of OIC countries have offered stimulus packages to assist business entities that create jobs and minimize job losses in the sector. For instance, Saudi Arabia decided to pay 60% of the salary for private-sector workers affected by COVID-19. A social safety net package of USD 4.5 billion was also announced to support employment in the country. In Malaysia, financial assistance of USD 137 (monthly) was offered to workers forced to take unpaid leave for up to 6 months. Some OIC countries have started offering some subsidies and incentives to encourage tourism stakeholders. For instance, Uzbekistan has started to offer bonus subsidies to tour operators and travel agents. The companies receive USD 15 for each foreign tourist brought.

A number of OIC countries have developed alternative strategies related to vaccination in order to restart tourism activities such as the administration of vaccination upon arrival. The Maldives developed the 3V Strategy (standing for "Visit, Vaccinate and Vacation"), which will help the Maldives to restart international tourism, attract more international visitors and provide the opportunity to get vaccinated during their stay in the Maldives.

Policy Recommendations for Sustainable Recovery

As being the biggest crisis in the history of the tourism sector since World War II, the pandemic has got back the gains made over the past decade such as in terms of international tourist arrivals and tourism receipts, intra-OIC tourism activities, job creation, and contribution to the GDP in the OIC group. Consequently, with the outbreak of the pandemic in 2020, OIC countries, as a group, hosted 207.4 million fewer international tourists that led to a potential loss of USD 155.5 billion in terms of tourism receipts (foreign exchange earnings). Even though regional disparities do exist and individual country performances vary, the tourism industry has continued to suffer both in 2020 and 2021 in many OIC countries.

The predictions show that the pandemic is expected to affect the industry in the upcoming few more years. It is therefore essential to continue implementing measures and policies to support tourism stakeholders and ensure the sustainability of operations. In this picture, investing in diversification tourism activities and niche markets like Islamic tourism, ecotourism and medical tourism could bring a number of benefits such as increasing the value-added in the industry. For instance, Jordan has recently identified medical tourism and filming tourism as niche markets to be developed (UNWTO, 2021b).

Restoring confidence and trust in the sector remains crucial, and convincing people to start travelling internationally will take some time. In this context, an increasing number of destinations are putting in place different measures including safety and hygiene protocols, the promotion of domestic tourism and the creation of travel corridors to ensure a safe restart of tourism. In this context, OIC countries are recommended to follow up international developments like the "Safe Travels Stamp" initiative of the WTTC. For instance, Saudi Arabia was one first OIC countries that adopted the global safety and hygiene protocols of the WTTC that obtained the Safe Travels Stamp. Speeding up the vaccination rollout could OIC countries restore visitors' confidence and facilitate the ease of travel restriction. In this way, they could compensate for their losses rapidly.

In the end, it is a combination of various factors (such as the availability of efficient public mechanisms, financial resources and crisis-response preparedness) that determine how and to which extent each OIC country can successfully respond and recover from the unprecedented crisis that hit the tourism stakeholders. With the availability of the vaccines against COVID-19, OIC countries, like other countries around the globe, have started to use the silver bullet to fight the pandemic and restart international tourism activities.

There is a close link between health-related preventive measures and tourism policies in the wake of the pandemic. For instance, once OIC countries could increase the share of vaccinated populations rapidly, international tourism activities are likely to restart and recover as early as possible. In this regard, ensuring effective coordination through established mechanisms among various authorities such as the Ministries of Health and Tourism in OIC countries is essential to mitigate the challenges faced by the tourism stakeholders.

The quality of infrastructure, human resources and the existence of strong political willingness will all play a role in responding to the needs of the tourism sector in OIC countries. In this context, investing in physical infrastructure (e.g. hygiene kits, screening, and rapid COVID-19 test equipment) and upskilling the capacities of staff through offering training programmes such as with a view to equipping them with new COVID-19 related health and hygiene protocols could help OIC countries to become more competitive in the international tourism sector.

The pandemic is considered to be one of the biggest crises in the history of the tourism sector, several OIC countries like Algeria, Saudi Arabia, and Bangladesh have established an internal crisis mechanism/team at the level of the Ministry of Tourism with an objective to manage the negative impacts of COVID-19 on the sector. Beyond the pandemic, it is also recommended that all OIC countries should consider establishing such dedicated and trained teams at their respective

Ministries to build up resilience for future shocks (e.g. disasters and accidents) and deal with crises in a timely manner. Equipping those teams with knowledge and working on various crisis scenarios that could hit the tourism sector would help increase the resilience and preparedness of tourism stakeholders of OIC countries as well as reduce the potential negative impacts of future shocks.

The pandemic has highlighted the high importance of investing in digitalization whether it is in the education, health or tourism sectors. It is likely that digitalization and online solutions would be more dominant in the post-pandemic era. In the tourism industry, more countries have started to extensively utilize online marketing and promotion solutions in their tourism campaigns during the pandemic, as physical events like tourism fairs and exhibitions could not be held. Yet, not all OIC countries have access to such online tools and possess a sufficient number of trained staff. To this end, OIC countries should invest more in digitalization in tourism. In addition, staff of the respective tourism entities should be equipped with knowledge and skills on how to use and manage new technologies. This would increase the competitiveness of OIC countries in international tourism while making their tourism industry more resilient.

It is of importance for OIC countries to invest in the diversification of tourism products such as by focusing on some niche markets like Islamic tourism, ecotourism, and medical tourism both during and beyond the pandemic. Diversification of tourism activities in OIC countries would help them to host more international visitors by broadening the base of potential tourists and help build resilience in the tourism industry for future shocks. Some OIC countries have already taken steps such as by developing some innovative ideas and practices towards this direction since the beginning of the pandemic that has helped them to compensate some portion of their losses gradually.

OIC countries are very rich in terms of policy responses to mitigate the negative impacts of the pandemic on tourism. Sharing of best practices or lessons learned during the pandemic in the domain of tourism would help to increase the capacities of national institutions in OIC countries and help them in the process of building resilience for future shocks.

3.4 International Transportation and Connectivity

The containment measures taken to curb the COVID-19 pandemic have brought severe disruptions to nearly every aspect of domestic and international transportation. Passenger transportation within and across borders was hit hardest due to strict quarantine measures, where airline companies experienced unprecedented challenges to remain financially viable due to sharp declines in demand and earnings. On the other hand, cargo transportation and logistics remained more robust during this period, despite experiencing occasional interruptions and obstacles over time. The resilience of marine transportation has been particularly critical in avoiding supply chain interruptions across regions.

In this connection, this section provides an assessment of the impacts of the COVID-19 pandemic on the transportation sector with particular reference to OIC countries. It also provides selected policy responses and recommendations for resilient recovery.

Impacts of COVID-19 Pandemic

Air Transport: Air transport industry plays an important economic role with strong inter-industry linkages. Reduced demand for air travel not only affects the revenues of airline companies but also lowers the demand for new aircrafts and deteriorates operational capacities in airports, affecting employment in all related industries. A well-functioning air transport industry facilitates establishing reliable trade linkages with partner countries, where air cargo enables the smooth operations of global supply chains. Air transport has two main arms: civil aviation and cargo transportation. Due to border closures during the pandemic, the civil aviation industry was among the most severely affected sectors globally. Travel restrictions and dipping appetite for travel have resulted in a dramatic drop in demand for airline services and compromised the financial viability of transport operators and transport systems, including airports.

In April 2020, global international passenger capacity experienced an unprecedented 94% reduction, as reported in ICAO (2021). Among OIC countries, with a fall of 94%, Türkiye was one of the most severely affected countries in terms of the percentage change in passenger capacity. Air transportation in other major OIC countries, including United Arab Emirates, Indonesia, Malaysia, and Qatar, also experienced an initial shock that is mostly above 80% (ICAO, 2021). Throughout the year 2020, every region of the world was strongly affected, but the airlines in the Middle East were the worst hit (with a decline in the overall market of 72% in 2020) (OECD, 2021j).

According to the International Civil Aviation Organization (ICAO, 2021), the total number of scheduled passengers declined by 60% in 2020 as compared to 2019 (Table 3.3). Despite some improvements in 2021, the total number of passengers is expected to remain 42-48% below the number achieved in 2019. The fall in international passengers reaches up to 74% from 2019 to 2020 and it is expected to rebound marginally in 2021. As a result, the global aviation industry experienced a significant fall in revenues, reporting approximately US$ 371 billion loss of gross operating revenues in 2020 compared to the previous year. The loss of revenue is expected to remain around US$ 300 billion in 2021 as compared to 2019.

The impact on the air industry persisted throughout the year and airline companies recorded losses in their revenues. Most of the losses by carriers in 2020 were accrued by companies in Europe, Asia/Pacific, and North America. Losses in the Middle East and Africa, where a majority of OIC countries are located, accounted for 10% of total losses. Similarly, in terms of revenue losses by airports, these two regions accounted for 10% of the global losses. According to global statistics, there are two major hubs in the OIC region with significant international air transport capacity, namely United Arab Emirates and Türkiye (SESRIC, 2021b). Even though they experienced significant losses in revenues, timely measures taken by relevant authorities prevented larger potential losses. The drop in air traffic had important labour market implications, as globally around 65 million jobs are dependent on the aviation industry, including 2.7 million airline jobs (OECD, 2021j).

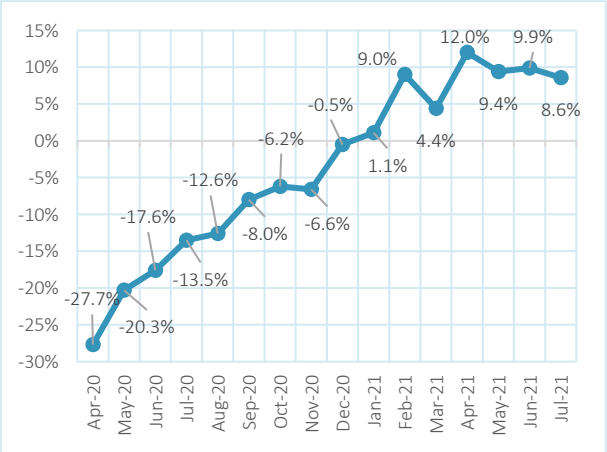
Table 3.3: Estimated Impacts of COVID-19 on Aviation Industry

	Domestic	International	Total
2020 vs 2019 (Estimated Actual Results)			
Seats	-38%	-66%	-50%
Passengers	Reduction of **1,323 million** passengers (-50%)	Reduction of **1,376 million** passengers (-74%)	Reduction of **2,699 million** passengers (-60%)
Revenue	Approx. **US$ 120 billion** loss of gross operating revenues of airlines	Approx. **US$ 250 billion** loss of gross operating revenues of airlines	Approx. **US$ 371 billion** loss of gross operating revenues of airlines
2021 vs 2019 (Preliminary estimates)			
Seats	-18% to -21%	-56% to -63%	-34% to -38%
Passengers	Reduction of **674 to 776 million** passengers (-26% to -29%)	Reduction of **1,207 to 1,369 million** passengers (-65% to -74%)	Reduction of **1,881 to 2,146 million** passengers (-42% to -48%)
Revenue	Approx. **US$ 59 to 69 billion** loss of gross operating revenues of airlines	Approx. **US$ 217 to 246 billion** loss of gross operating revenues of airlines	Approx. **US$ 276 to 315 billion** loss of gross operating revenues of airlines

Source: ICAO (2021).

Contrary to the air passenger services, air cargo transport demonstrated a strong rebound in the second half of 2020, reflecting mostly the resumption of international trade after the lifting of initial restrictions that had been in place for most of the second quarter. Many airline companies in the world reacted to this by converting passenger aircraft for full freighter operations. This allowed them to offset some losses they incurred from passenger transportation.

Figure 3.16: Freight Traffic, FTK (Change over 2019)



Source: ICAO Air Transport Monthly Monitor, June-September 2021. FTK: Freight Tonne-Kilometres

As an indicator of air cargo performance, the industry-wide freight tonne-kilometres (FTKs) fell by 10.6% in 2020 relative to 2019. According to International Civil Aviation Organization (ICAO), this is the fastest rate of annual decline since data collection started in 1990. World freight traffic started to report growth rates in 2021 again (Figure 3.16). The data for the second quarter of 2021 indicated an average growth of over 10% in FTKs compared to the pre-pandemic period (2019). Overall, air cargo demand appears to be strong, supported by the gradual rebound in global economic activity and increase in exports.

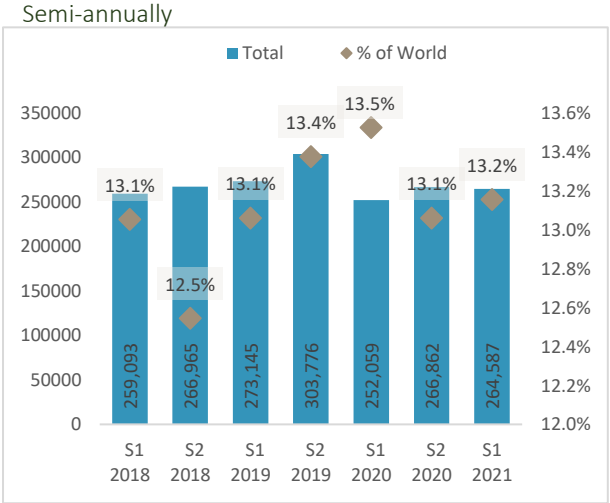
Maritime Transport: Different sources estimate that around 80-90% of global trade is being carried by maritime transport and handled by ports worldwide. During the early periods of the pandemic, global trade was expected to experience a strong contraction, with severe implications

on the shipping sector. Following an initial shock, however, changes in consumption and shopping patterns have led to robust demand for imported goods, a large part of which was to be transported in shipping containers. A vast majority of ports were able to stay open to cargo operations, facilitating the cross border movement of goods and essential supplies.

During the second half of 2020, trade and cargo volumes saw a remarkable recovery, but with the changing patterns of consumption and ongoing measures to prevent the spread of the virus, a new challenge emerged for maritime transport, namely the container crisis. Various factors contributed to this crisis, but mainly it was due to the failure of relocating the empty containers in addition to port labour shortages, port congestions and capacity constraints in the truck and other inland transport systems (UNCTAD, 2020). This led to a surge in freight rates reaching historical highs by the end-2020 and early in 2021. According to the most recent composite index published by Shanghai Shipping Exchange, the China Containerized Freight Index (CCFI) more than tripled between January 2020 and July 2021. The rise in the Shanghai Containerized Freight Index (SCFI) was even higher, increasing approximately four times during the same period.

Accordingly, the first half of 2020 witnessed a 7.7% fall in port calls compared to the first half of 2019. The fall observed in the second half of 2020 was 12.2% when compared to the same period in the previous year. Despite the fall in port calls, OIC countries did not experience a decrease in their global share, but a slight improvement was observed from 13.2% in 2019 to 13.3% in 2020 (Figure 3.17). Yet, only two OIC countries, namely Türkiye and Indonesia, accounted for more than 65% of total port calls in the OIC region, reflecting a high concentration of maritime shipments in a few countries, according to the UNCTAD statistics. Among the OIC countries with a higher number of port calls, only Saudi Arabia was able to increase the total number of ship calls during the second half of 2020 as compared to the corresponding period of the previous year (SESRIC, 2021b).

Figure 3.17: Number of Port Calls in OIC Countries, Semi-annually



Source: UNCTADStat, UNCTAD.

Road and Rail Transport: Restrictions on services and people's movement, combined with authorities' advice to not travel, have led to a decrease in passenger volumes of approximately 80% for all national rail services during lockdowns. As compared to maritime transport, road and rail transport, especially road transport, were more vulnerable to the restrictive measures taken by the authorities and hence experienced more significant impacts. According to the

International Road Transport Union (IRU), global losses for the goods road transport sector was 679 billion USD in 2020 and it is expected to reach 347 billion USD in 2021 (IRU, 2021).

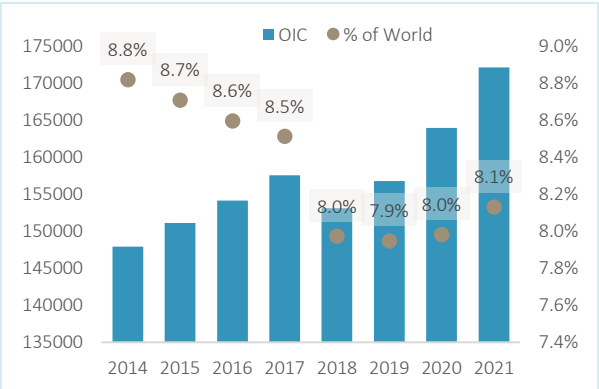
Road and rail transport is an important complement for hinterland transport from ports. Abrupt changes in freight volumes on several big trade routes and disruptions in hinterland transport connectivity in some ports have been testing the capacity limits of some ports/terminals and their inland transport systems during the pandemic. According to the International Association of Ports and Harbors (IAPH,2021), after witnessing delays in more than 40% in April 2020, none of the ports surveyed were reporting delays (6-24 hours) or heavy delays (> 24 hours) in cross-border road transportation in October. This figure bounced up to 16.3% in November (week 45) and increased further to 20% in February 2021. While this percentage is far below the initial figures, it shows that fewer ports are experiencing normal cross-border trucking operations.

Moreover, even if trucking availability remains unaffected, some 18.6% of ports face disruptions in rail services in February 2021, up from the record low figure of 4.9% in October and 11.1% in December 2020. This percentage has further increased reaching 25% in April 2021, mostly due to some difficulties reported in North America. This is close to the level of disruptions reported in the early days of the pandemic, where almost 30% of ports reported that rail traffic had fallen. The situation in other parts of the world has only slightly deteriorated, as reported by the IAPH.

Response Measures and Good Practices

With the demand for travel plunging to a modern all-time low, the COVID-19 crisis in the transport sector required governments to develop a strong policy response. Governments have responded to the crisis by designating ports, shipping, and trucking services as essential, and exempting them from related restrictions. Physical distance and quarantine requirements have drastically reduced available transport capacity both for domestic and international travel. Many governments provided diverse support programs to help the transport industry remains viable during the pandemic. The focus in domestic transportation was to keep a core transportation system operational for the requirements of essential public transport and local supply chains. As the countries recover from the pandemic, they will also require policies to reconfigure the transport sector to enable mobility of people and goods in a safe, sustainable and resilient way.

Figure 3.18: Merchant Fleet by Beneficial Ownership



Source: UNCTADStat, UNCTAD. Data refer to the beginning of a year indicated and are presented in thousands of deadweight tons (DWT).

A major challenge was observed in maritime transport and rising freight rates. Figure 3.18 shows the size of the merchant fleet owned by OIC countries. There is a rising trend in the number of fleets, even during the pandemic. OIC countries appear to turn the pandemic into an opportunity, as their share in the global fleet has slightly risen from

7.9% in 2019 to 8.1% in 2021(UNCTAD, 2021). The total number of merchant fleets in OIC countries has increased by 9.8% since 2019. Türkiye (16.3%), Indonesia (15.6%), United Arab Emirates (14.5%), Iran (11.2%), and Saudi Arabia (9.8%) are the OIC countries with the highest number of merchant fleet ownership. As a result, the liner shipping connectivity index has increased in many OIC countries despite the containment measures during the pandemic (SESRIC, 2021b).

Appropriate policy responses by the major airline companies from the OIC region brought them to the top ranks reported by IATA (2021). Emirates (1), Qatar Airways (3) and Turkish Airlines (5) placed among the top five companies in terms of international revenue passenger traffic. These companies are also among the world's top 10 cargo carriers. Being one of the first movers in converting passenger aircraft for full freighter operations and seeking out new markets, Qatar Airways managed to register a 5.5% increase in cargo traffic to 13.7bn cargo tonne-kilometres (CTK) and became the largest international cargo carrier in 2020 (CAPA, 2021). It was followed by Emirates (3rd in the world) with 9.6bn CTK and Turkish Airlines (8th in the world) with 7bn CTK. Turkish Cargo has also increased its market share from 3.7% in 2019 to 4.7% in 2020, as the airline utilised 50 of its passenger aircraft and its 25 freighters for cargo operations, according to Air Cargo News. With strong consumer demand and the lack of container capacity expected to continue until late 2021 at the earliest, air cargo is likely to remain a viable alternative to container shipping for some businesses, and firms in OIC countries relying on air cargo are expected to benefit from this trend.

The OECD Indicators on Product Market Regulation shows that, in 2018, the public sector was a shareholder of the largest domestic airport in three out of every four OECD countries and of the largest air carrier in one out of three countries (OECD, 2020f). The state has a majority of the shares in major airline companies within the OIC region, including Emirates, Turkish Airlines, Qatar Airways, Saudi Airlines, and Royal Air Maroc. Therefore, the governments were proactive in protecting the flag carriers from the impacts of the pandemic by utilizing various support schemes and providing various incentives.

Policy Recommendations for Resilient Recovery

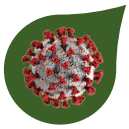
The pandemic has highlighted the importance of resilient supply chains and logistics networks. The sector plays a particularly critical role in facilitating trade across borders and supporting international tourism. When the transport network is disrupted, the consequences can be widespread, including halting the production and distribution, increasing the cost of goods, and preventing people from accessing critical services. While experiences regarding the disruption may vary depending on pre-existing conditions and levels of preparedness, prolonged disruptions in transport links may further distress communities and a country's economic health. For this reason, reducing vulnerability and achieving greater resilience to future shocks is critical for the sustainability of not only the sectoral activities but also overall economic activities. Even though governments are taking measures to protect the economic sectors from diverse economic and financial difficulties, the longer-term measures require a wider perspective.

It is important to recognize the critical importance of digitalization and automation in transport services for achieving greater efficiency and sustainability. It has the potential to reduce human contacts at various transport services from clearance processes to ticketing. With regard to the inland transport systems, specific measures can be developed to react to future pandemics, such as emergency plans showing which transport networks and border crossings should be kept operational. Uncoordinated border closures and restrictions posed serious challenges worldwide. For example, of 54 African countries, 38 introduced different types of border closures, causing cross-border trade to slow down significantly, while limited comprehension and inconsistent application of COVID-19 measures led to confusion among both truck drivers and border authorities (UNECE, 2021). This requires OIC countries to intensify coordination in increasing the predictability and efficient deployment of border measures in emergency situations.

In terms of road transportation, it is encouraged to develop Intelligent Travel Systems (ITS) to promote safety and resilience in road transport. ITS solutions include real-time travel information services and sophisticated management models across all transport modes. Intelligent and automated transport systems tend to reduce the frequency and duration of human-to-human contact while in transport and thus reduce the likeliness of contagion of communicable diseases. ITS solutions utilise advanced information technologies related to driver assistance, traffic management and vehicle control, which are constantly improving the quality of interaction between highway systems and vehicles (UNECE, 2012).

Although many airports were closed to passenger flights, most remained open to cargo, reflecting the particular importance, resilience and strength of air cargo. In this regard, it is imperative to develop an advanced air cargo system and capacity for a speedy response to future shocks. Investments in the rail sector can also be prioritized as a critical transport modality in sustaining the mobility of goods and people within and across borders. The rail freight can be key in supporting a sustainable logistic value chain, but also for passenger activity at a time when travel conditions and expectations are changing considerably.

It is also recommended to develop regional and international strategic mechanisms to regulate the transportation systems to ensure resilient supply chains, transport and trade to avoid any disruptive effects of similar shocks. Maritime transport is particularly critical for the sustainability of global trade and value chains. The recent shortage in containers and maritime equipment raised concerns about the efficiency of existing mechanisms. Monitoring of port calls and liner schedules, along with better tracing and port call optimization, are among the challenges that need to be addressed in the near future. National competition authorities should be able to monitor freight rates to prevent abusive behaviours.



CHAPTER FOUR

INVESTING IN SOCIAL DEVELOPMENT

This chapter evaluates the impact of the pandemic from the perspective of social development. It deals with the issues and challenges related to education, health, poverty and inequality, family life and social cohesion, and finally social protection. Originally being a health emergency, the COVID-19 pandemic had severe impacts on the health system. Restrictions on physical contact also left hard-to-recover damages on educational outcomes. Disruptions in economic activities led to job and income losses for many low skilled informal workers, who lack access to social protection schemes. This created further challenges with respect to poverty, inequality and social cohesion. The recovery process should include policies to adequately tackle all these challenges and minimize any longer-term negative implications.

4.1 Education and Learning

Efforts to contain the spread of the COVID-19 pandemic have affected millions of students and significantly deteriorated educational outcomes all around the world. It posed great challenges for governments in preserving the achievements made in education and literacy over the past decades. Accordingly, the long-term development of the young generation is put in unprecedented jeopardy. The outbreak of the pandemic highlighted the vulnerability and shortcomings of education systems in implementing proper policy measures to ensure their uninterrupted functioning during crisis times. Considering the widespread impacts on learning, recovery measures in the education sector must be among the top priorities of governments to avert a generational catastrophe. This requires governments to bolster their efforts for preventing further closure of schools by taking necessary measures at educational centres and implementing swift measures to recover learning losses, particularly of vulnerable and disadvantaged groups.

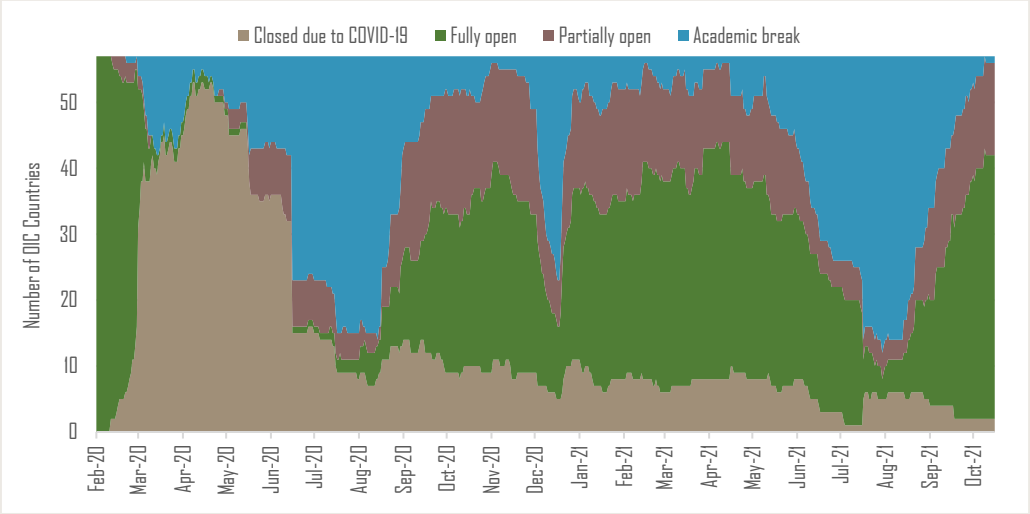
This chapter examines the state of education in OIC countries during the COVID-19 pandemic. To begin, the impacts of school closures on education and learning are being explored. The methods of instruction used while schools are closed are also being investigated. The chapter proceeds with an examination of recovery in education, where efforts by member countries during school reopening are presented.

Impacts of the COVID-19 Pandemic

Prior to the COVID-19 outbreak, OIC countries were already facing a learning crisis, falling below the world average despite recent progress. In recent years, OIC countries have boosted enrolment in pre-primary through secondary education as well as the number of teaching personnel (SESRIC, 2021c). The average number of years spent in school (AYS) has grown from 5.2 years in 2000 to 7.0 years in 2017. Despite these favourable trends, OIC countries continue to fall behind in a number of categories when compared to the averages of non-OIC country groupings. For example, AYS in OIC countries remain significantly lower than those in non-OIC developing countries (7.7) and developed countries (12.6). In 18 OIC countries, the average number of school years is still less than five. Moreover, there are 13 OIC countries with literacy rates even below 50%.

When the pandemic situation deteriorated, governments around the world gradually enacted school closures, including OIC countries. The school closures reached a peak in April 2020, when around 53 OIC countries completely closed their schools and two others took an academic break (Figure 4.1). During this period, around 1.6 billion learners in more than 190 countries have been impacted by these closures (UNESCO, 2021). The education sector in OIC countries has been particularly impacted by the pandemic, with 432.6 million learners being forced out of school—with the biggest concentration of out-of-school learners in East and South Asian member countries (SESRIC, 2020b). A trend reversal occurred in September 2020 and schools gradually reopened, as the pandemic was brought under control and vaccinations were distributed to the public. The trend of school reopening continues, with just two countries completely closing their schools as of the end of October 2021.

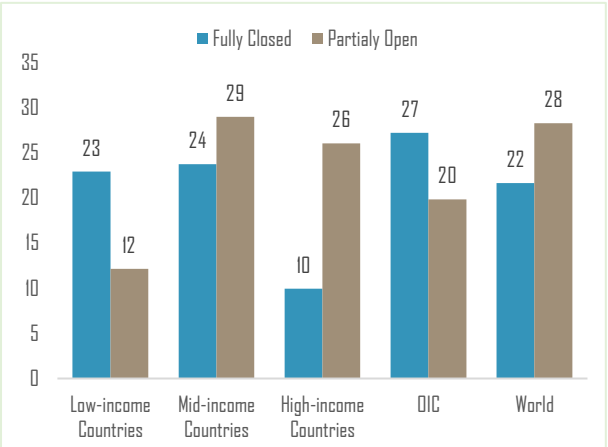
Figure 4.1: School Closures Status in OIC Countries (February 2020 - October 2021)



Source: UNESCO Global Monitoring of School Closures Caused by COVID-19.
Schools were closed: Closures of educational institutions (e.g., building closures) mandated or recommended by the government that affect all or the majority of the student population enrolled at a given level of education. Despite national school closures, schools remained open in many countries for vulnerable students or/and children of key workers.
Schools were fully open: Classes are held exclusively in person for the majority of schools (e.g., buildings are opened), with measures to ensure safety and hygiene in schools varying significantly from context to context and/or by level of education.
Schools were partially open: Government-mandated or recommended (a) partial re-opening in specific areas, (b) phased (re-) opening by grade level or age, and/or (c) use of a hybrid model combining in-person at school and distance education. It also includes countries where national governments have postponed decisions on (re-)opening to other administrative units (for example, regions, municipalities, or individual schools), and where a variety of (re-)opening modalities are used.

Figure 4.2 depicts the length of school closures in the OIC and around the world. The number of weeks schools were closed reflects the number of weeks students did not get classroom instruction in person. Different regions were disproportionately impacted by school closures. Between February 2020 and October 2021, OIC countries closed schools for 27 weeks and partially opened for 20 weeks. School closures in the OIC region are longer than the global average of 22 weeks, but partial openings are shorter than the global average of 28 weeks. The period of OIC school closures is also longer than that of low-income countries (23 weeks), middle-income countries (24 weeks), and high-income countries (10 weeks). In terms of partial school openings, OIC countries take longer than low-income countries (12 weeks) but less time than middle-income countries (29 weeks) and high-income countries (26 weeks).

Figure 4.2: School Closure Duration in Weeks (February 2020 - October 2021)



Source: UNESCO Global Monitoring of School Closures Caused by COVID-19.
Note: Estimates are weighted by number of students from pre-primary to upper secondary schools in each country.

At the country level, there are also variations in school closures amongst OIC countries. 19 OIC countries closed their schools for longer than the global average, with Bangladesh (63 weeks), Kuwait (62 weeks), Uganda (58 weeks), Iraq (51 weeks) and Saudi Arabia (50 weeks), having the longest closures. In comparison, two OIC countries, Tajikistan and Turkmenistan, have never enforced school closures. In terms of partially opened schools, 10 countries have partially opened schools for a longer period than the global average. The top five OIC countries with the longest length of partially open schools were Indonesia (52 weeks), Palestine (43 weeks), the United Arab Emirates (42 weeks), Oman (41 weeks) and Libya (40 weeks). In comparison, 6 countries have never mandated partially open schools.

While school closures are temporary, they have a long-lasting impact on the level of human development in society, particularly in those with a high proportion of children and adolescents—as the OIC has. According to UN (2020b), school closures caused by COVID-19 could result in a "generational catastrophe" due to *lost schooling*, *lost learning*, and *lost earnings* of students.

Lost Schooling: Prolonged school closures may result in an increase in the number of children who drop out or do not return to school as a result of the disruption to their education. While the exact number of dropouts is still unknown, recent estimates indicate that over 24 million students from pre-primary to tertiary education are in danger of dropping out or not returning to school (UNESCO, 2020a). The risk of interruptions in schooling is particularly high for those who are most sensitive and whose fundamental core learning was weak to begin with. Children from disadvantaged socio-economic families, members of minority groups, and female learners are frequently more adversely affected (UNESCO, 2020a). Indeed, the Malala Fund (2020) finds that enrolment rates for girls decline significantly following a global pandemic for a variety of reasons, including increased poverty rates, household responsibilities, early marriages and cultural practices that may prevent girls from returning to school (Malala Fund, 2020). Given that approximately 207 million girls are currently experiencing disruptions in their education across 55 OIC countries, these findings underscore the critical need for developing a succinct policy response to mitigate the negative effects on female learners (SESRIC, 2020b).

Lost Learning: The shutdown of schools has resulted in billions of students being unable to attend school, which has a negative impact on their learning. Azevedo et al. (2021) simulate the effects of COVID-19 on learning and concludes that global levels of education and learning will decline, resulting in a loss of between 0.3 and 1.1 years of schooling (quality-adjusted).[22] This corresponds to reducing the number of effective years of basic schooling that students receive during their lifetime from 7.8 to between 6.7 and 7.5 years. In the case of OIC countries, this would correspond to a fall in the effective years of basic schooling from 6.4 to between 5.3 and 6.1 years. The country-level analysis found a similar pattern. In Indonesia, for example, the pre-pandemic years of schooling (adjusted for quality) are 7.9. In the absence of additional government interventions, school closures precipitated by the pandemic could result in an additional loss of between 0.4 and 0.7 (Yarrow et al., 2020). Similarly, in Pakistan, the loss of learning years is estimated at between 0.3 and 0.8 years, degrading further the (already low) schooling years from 5.1 years to between 4.3 and 4.8 years (Geven & Hasan, 2020).

Lost Earning: The cumulative impact of the pandemic may have a long-term influence on an entire generation of students. In addition to higher income, more educational attainment and accomplishment are related to improved health, lower incarceration rates, and greater political involvement (Dorn et al., 2021). It is projected that, if pandemic-related loss of learning goes unaddressed, annual earnings could be reduced by an order of $366–$1,776. This roughly equates to $10 trillion (2017 PPP) in lifespan earnings, or approximately 16% of the investments governments have made in basic education (Azevedo et al., 2021). In Pakistan, for example, a 0.3 to 0.8 year loss in learning translates to a decline of between $193 and $445 in a student's yearly earnings (2017 PPP). This loss of earnings would cost the Pakistani economy between $67 billion and $155 billion in GDP at Net Present Value (Geven & Hasan, 2020). Similarly, in Indonesia, students are estimated to lose between $249 and $484 annually. This would result in a present value loss in lifetime earnings for all students ranging between $161 billion and $293 billion, or 13.5–26.2 percent of the 2019 GDP (Yarrow et al., 2020).

On top of all of these issues, there is strong evidence that COVID-19 education disruption will disproportionately affect low-income developing countries and vulnerable populations. According to the IMF (2021e), learning losses will be particularly severe for children from lower-income households and rural areas without access to digital infrastructure. Realized learning losses associated with forced school closures range between 20% and 25% of the school year in developed countries and 40% to 50% in developing countries, depending on socio-economic quintile and parental education (IMF, 2021e). These estimates anticipate that some children will participate in remote education, which will offset some of the educational losses, while those who do not will experience greater losses.

Responses Measures and Good Practices

Many governments responded quickly and established numerous modes of remote learning to reach children and adolescents while schools were closed. These modes of remote learning include print-based take-home materials, broadcast media such as television and radio, and digital web platforms. Table 4.1 lists the remote learning methods employed in the 37 OIC countries. Throughout 2020 and 2021, almost all OIC countries provided at least one remote learning modality for one or more education levels. Television was the most popular platform, which was used in almost all OIC countries across various education levels. Online platforms were the second most common learning modality. In contrast, less than half of the countries utilized mobile phones, radios, and take-home packages for their remote learning.

Combining one-way technologies such as radio or television with interactive mobile modalities such as SMS or phone calls enables teachers to provide personalized feedback to students, potentially increasing the effectiveness of remote instruction (UNESCO et al., 2021). Furthermore, utilizing multiple modalities can help to increase access for children from marginalized, rural, or low-income households who do not have regular access to the technology required for remote learning (Dreesen et al., 2020).

Disruptions to education systems caused by pandemics have been demonstrated to be particularly severe in countries with limited infrastructure. Over 460 million students worldwide

lack access to the internet, computers, or mobile devices needed to participate in virtual learning while their schools are closed (UNICEF, 2020a). Countries with electricity access below the world average suffer educational losses of 70%, far higher than countries with electricity access above the global average (IMF, 2021a). Additionally, when instructors were not given ICT devices or free connection, the number of missed learning days was recorded to be nearly double (IMF, 2021a). In countries with limited access to online platforms, education is provided through radio and television, which results in less effective learning.

Table 4.1: Distance Learning Modalities during School Closures, by Education Level

Country	Online Platforms			Television			Mobile phones			Radio			Take-home Packages		
	P	LS	US	P	LS	US	P	LS	US	P	LS	US	P	LS	US
Afghanistan				X	X	X	X	X	X	X	X	X		X	X
Albania	X	X	X	X	X	X	X	X	X						
Azerbaijan	X	X	X	X	X	X									
Bangladesh		X	X		X	X									
Brunei Darussalam	X	X	X	X	X	X	X	X	X				X	X	X
Burkina Faso															
Cameroon	X	X	X	X	X	X		X	X	X	X	X			
Chad		X	X		X	X					X	X			
Comoros				X	X	X			X	X	X	X	X	X	
Gambia				X	X	X				X	X	X			
Guyana	X	X	X	X	X	X				X	X	X	X	X	X
Iraq	X	X	X	X	X	X	X	X	X				X		
Jordan	X	X	X	X	X	X									
Lebanon	X	X	X												
Libya	X	X	X	X	X	X		X	X					X	X
Malaysia	X	X	X	X	X	X	X	X	X				X	X	X
Mali				X	X	X									
Mauritania				X	X	X				X	X	X			
Mozambique			X	X	X	X					X	X	X	X	X
Niger					X	X		X	X						
Nigeria	X	X	X	X	X	X				X	X	X	X	X	X
Oman	X	X	X	X	X	X									
Pakistan	X	X	X	X	X	X	X	X	X	X	X	X			
Palestine	X	X	X	X	X	X	X	X	X				X	X	X
Qatar	X	X	X	X	X	X	X	X	X				X	X	X
Senegal	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Somalia	X									X					
Suriname				X	X	X	X	X	X				X	X	X
Syria	X	X	X	X	X	X	X	X	X			X			
Togo		X	X	X	X	X				X	X	X			
Türkiye	X	X	X	X	X	X	X	X	X				X	X	X
Uganda		X	X	X	X	X				X	X	X	X	X	X
United Arab Emirates	X	X	X												
Uzbekistan	X	X	X	X	X	X									
OIC Total (34)	21	24	25	27	30	30	12	15	16	12	13	14	13	14	13

Source: Third round of Survey of National Education Responses to COVID- 19, jointly conducted by UNESCO, UNICEF, the World Bank and OECD, and administered by the UNESCO Institute of Statistics and OECD. Note: (P): Primary education, (LS): Lower secondary education, (US): Upper secondary education (general).

This reality is also faced in OIC countries. Access to electricity, mobile phones, the internet, and computers in OIC is still below the global average (Table 4.2). As a result, online platforms for

distance learning are not readily available in many OIC countries. Furthermore, according to the Remote Learning Readiness Index (RLRI)[23], among the 27 OIC countries analysed, eight have above-average remote learning readiness, six have average remote learning readiness, and 13 countries have below-average remote learning readiness.

Table 4.2: Access to Technology

Country Group	Rural Electricity Access (% of rural population)	Mobile Phone Subscribers (per 100 population)	Internet Access at Home (% of household)	Computer Ownership (% of household)
OIC	65.9	105.9	43.3	27.6
World	82.0	109.0	55.2	46.1

Source: Statistical Yearbook on OIC Member Countries (SESRIC, 2021c).

Remote learning during school closures in OIC countries, especially those with weak ICT infrastructures, is proving to be a difficulty, hindering the education and learning of millions of schoolchildren. For example, in Nigeria, restricted access to devices and the internet, as well as a lack of reliable electricity, were cited as barriers to effective learning, prohibiting students from studying during school closures (TEP Centre, 2020). Remote learning access is also found to increase already existing inequities in many African countries, disproportionately affecting children who were already at risk of being excluded from a decent education (Human Rights Watch, 2020). Therefore, investments in remote learning is needed to strengthen support for rural and remote teachers and schools, enhance data collection and sharing, and boost student access to high-quality learning resources.

On the other hand, reopening schools on its own is not sufficient. It is essential to recognise the negative impacts of school closures on children's learning and welfare, and to take additional steps to offset the effects of lost education, lost learning and lost income. Primarily, to avoid new outbreaks of the virus, health and safety precautions must be implemented at schools. Furthermore, students, particularly those from disadvantaged backgrounds, will require targeted and continuous support to avoid dropping out and to assist them in catching up on missed learning (Giannini et al., 2021).

Safety Measures and Protocol at School Opening: The crucial concern is whether reopening schools will result in an outbreak of diseases among students, faculty, and the broader community. Low-income countries fell behind even on the most basic measures of health and safety after school reopening; for example, less than 10% reported having sufficient soap, clean water, sanitation and hygiene facilities, and masks to assure the safety of all learners and staff, compared to 96% in high-income countries (UNESCO et al., 2021).

Enhance Re-Enrolment and Prevent Drop-Out: When schools reopen, some students, particularly those who are most vulnerable, may choose not to return. To encourage re-enrolment of students, the majority of low- and middle-income countries reported utilizing at least one method of outreach, most frequently through changes to water, sanitation, and hygiene (WASH) facilities or through community engagement. Based on the result of the third round of *Survey of National Education Responses to COVID- 19*, out of 29 OIC countries with data, nine countries do not apply any measures to encourage the return to school for vulnerable populations. The

majority of OIC countries opted for modifications to WASH services and community engagement as the preferred methods to encourage students to return to school.

Support to Catch up Lost Learning: The risk of learning loss due to school closures must be adequately addressed. Student monitoring and assessments are necessary to determine the real magnitude of the learning loss, assist teachers in adapting their instruction to the student's level, and facilitate planning. Furthermore, the curriculum must be adapted along with remedial programs to allow students to quickly regain lost learning. According to UNESCO et al. (2021), around 40% of countries globally extended the academic year, while a comparable percentage focused on specific curricular subjects. However, more than half of the countries indicated that no changes had been made or would be made. According to the third round of *Survey of National Education Responses to COVID- 19*, the majority of OIC countries have completed assessments of learning gaps at the primary school level, with 15 out of 27 OIC countries saying that they do the assessments. Globally, more than two-thirds of countries stated that remedial efforts to bridge learning gaps for primary and secondary school students were extensively adopted when schools reopened (UNESCO et al., 2021). Even short-term remediation has been shown to prevent long-term learning losses by half (Kaffenberger, 2021).

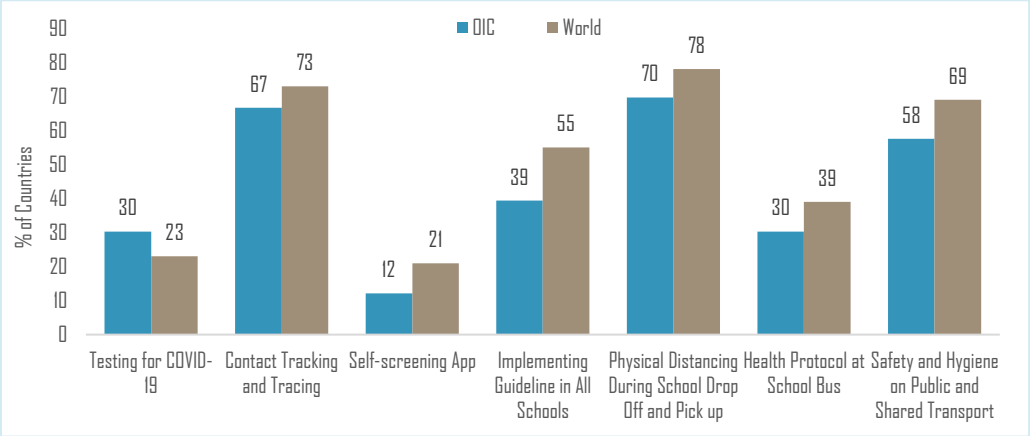
Policy Recommendations for Resilient Recovery

The COVID-19 pandemic has revealed the vulnerability of the education system in OIC countries. Nonetheless, there is an opportunity to learn from the crisis and strengthen the resiliency of the educational system. Governments must not only respond to the short-term issue at hand during the pandemic, but also create the framework for vital long-term human capital development and prepare for future shocks. To accomplish that purpose, a series of recommendations are presented below:

Ensure a safe and healthy school opening. The pandemic is far from over, and the future outcome is still unclear. However, schools must remain open to avert a generational catastrophe caused by prolonged school closures. The key to reopening is the ability to assure a safe return to physical premises while maintaining physical distance and executing public health precautions, such as the use of masks and frequent handwashing. Countries may develop a framework for securely opening schools and enhancing school readiness and response in order to avoid further COVID-19 outbreaks. Except for school-based COVID testing, the share of OIC countries that have taken these measures is lower than globally (Figure 4.3).

Address learning losses and prevent dropouts, especially for the vulnerable. Prolonged school closures in OIC countries have increased the likelihood of students dropping out of school and the loss of learning. It is, therefore, necessary to provide timely attention and assistance. Vulnerable groups bear a disproportionate share of the burden, and they must be given special treatment. To avoid future damage to human capital development, ongoing and diverse initiatives to encourage re-enrolment must be implemented. Students, particularly those from disadvantaged backgrounds, will require specialized support to adjust and make up for missed learning. Many students may require remedial instruction to re-establish their academic standing. There is an opportunity to use the lessons learned from the successes and failures in

Figure 4.3: Measures Included in Health and Hygiene Guidelines for Schools



Source: Third round of Survey of National Education Responses to COVID- 19, jointly conducted by UNESCO, UNICEF, the World Bank and OECD, and administered by the UNESCO Institute of Statistics and OECD. Note: Data include 33 OIC countries and 143 countries worldwide.

order to develop more effective and equitable approaches to reducing learning gaps for all students. This can help build a more solid and resilient educational system. Improvements in face-to-face and remote learning are essential since they will likely coexist for some time.

Sustaining education finance and investment. During times of crisis, countries frequently redirect budgetary resources to crucial sectors. During the COVID-19 pandemic, countries throughout the world have shifted resources away from education in order to focus more on health care. However, it is vital for OIC countries to continue investing in and financially supporting education sectors throughout and after the pandemic. Failure to do so may compromise the quality of educational resources available in member countries, which will have negative long-term consequences for their overall growth. In the medium run, investments in education and ICT must be prioritized. The pandemic has highlighted the digital divide in OIC countries, with students in countries lacking in ICT infrastructure suffering a greater loss of learning. Investing in and integrating ICT into the education sector will bolster the resiliency of the educational system.

Conceptualize education and speed up changes in teaching and learning. Massive efforts made in a short period to respond to shocks in the education system demonstrate that change is possible. Concerns have been expressed regarding the long-term viability of conventional schooling systems throughout the world following the outbreak of COVID-19. While the majority of OIC countries have managed to provide education through distance learning, this is only a temporary fix. When reshaping the current educational model, OIC countries must place an emphasis on developing innovative learning methods, which include revising traditional curricula, anticipating learners' needs in line with the country's human capital needs, integrating ICT into education, and cultivating a culture of "learning" outside of traditional learning spaces. Countries could use the positive practices that emerged from education during the pandemic to inform future educational practices, including: hybrid and blended learning; parental engagement in learning and home-school communication; assessment, curriculum, and instruction adaptation; learning support for the most marginalized students; innovative partnerships for education delivery.

4.2 Health

The human toll of the COVID-19 pandemic continues to rise worldwide, as the pandemic is still unfolding with the emergence of new variants of the underlying novel coronavirus (SARS-CoV-2). Globally, as of 31 December 2021, there have been over 288 million confirmed cases of COVID-19, including 5.4 million deaths, reported to the World Health Organization (WHO).[24] In OIC countries, the number of cases exceeded 39 million while deaths approached to 662 thousand, corresponding to 14% and 12% of the world total, respectively. Although these figures appear to be low considering that the OIC countries account for 24.5% of the world population, it is worth mentioning that concerns are rising worldwide over the capacity of the reported numbers to reflect the actual situation. The total number of global deaths attributable to the COVID-19 is estimated to be much more, given the limited testing and challenges in the attribution of the cause of death, particularly in the developing world.

In addition to the millions of deaths, the COVID-19 pandemic has caused an unprecedented global crisis, leading to economic and social disruptions and a shock to national health systems. Primarily focused on containing and mitigating the spread and infection rate of the novel coronavirus, health systems are, in fact, facing the most severe global pandemic crisis in the last century. The crisis has led to substantial and unexpected changes in demand for health services. On the one hand, the novel infectious disease has increased demand for specialised acute care, while, on the other hand, the demand for routine services has sharply declined for various reasons. The surge in demand for diagnostics and treatment has already overburdened health systems and put healthcare providers under unprecedented demand pressure.

In this regard, the pandemic has actually challenged the capacities of health systems and exposed their limitations, driving major attention to their resilience to disease outbreaks such as COVID-19. Indeed, countries have taken various national strategies to control the viral transmission, but the relative success of these strategies depends largely on the preparedness and responsiveness of the existing health system, i.e. its ability to manage such shocks and other kinds of change within a resilience framework.

Impacts of COVID-19 Pandemic on Health Systems

Disruptions to Health Services

The COVID-19 pandemic has pushed all health systems to their limits, showing how vulnerable they actually are to health shocks. About two years into the pandemic, the impact of COVID-19 on the provision and utilization of essential health services (EHS) continues to be a major concern around the world, particularly in low-income countries including many OIC countries. Early in the pandemic, the WHO warned that “even a modest disruption in essential health services could lead to an increase in morbidity and mortality from causes other than COVID-19 in the short to medium and long term” (WHO, 2020a). Disruptions to health service delivery, in this regard, are threatening the health and wellbeing of people in need of healthcare.

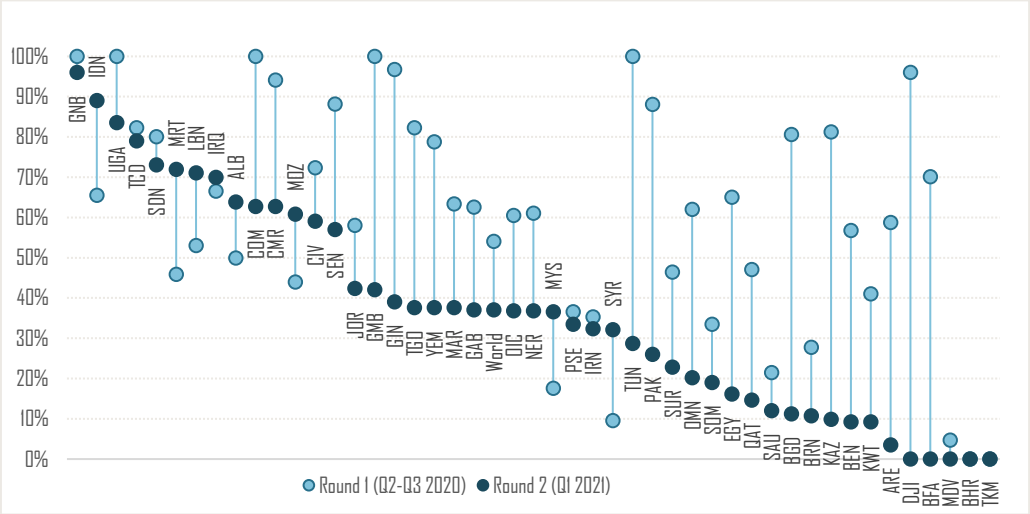
The second round of a WHO survey on continuity of EHS during the COVID-19 pandemic reveals that, as of the first quarter of 2021, substantial disruptions persist, with about 90% of countries

still reporting one or more disruptions to EHS, marking no substantial global change since the first survey conducted in the summer of 2020. Nevertheless, it is reported that the magnitude and extent of disruptions have generally decreased within countries, with the proportion of EHS disrupted declining from about half to just over one third (WHO, 2021a). According to the WHO, these gains and the partial rebound of health systems may be linked to intensified country efforts over the past year to respond to health systems challenges, bottlenecks and barriers to care in the context of COVID-19.

The situation in OIC countries shows a parallel course with the global trend (Figure 4.4), with 42 (89%) of the 47 OIC countries that responded to both rounds of the WHO survey still reporting to have some level of disruption to services. Notwithstanding the sustained disruptions, a drop in the percentage of disrupted services is still seen, from an average of 60% in 2020 to 37% in 2021. On the other hand, it is observed that the situation has deteriorated in eight member countries, where the percentage of disrupted services increased over the survey periods.

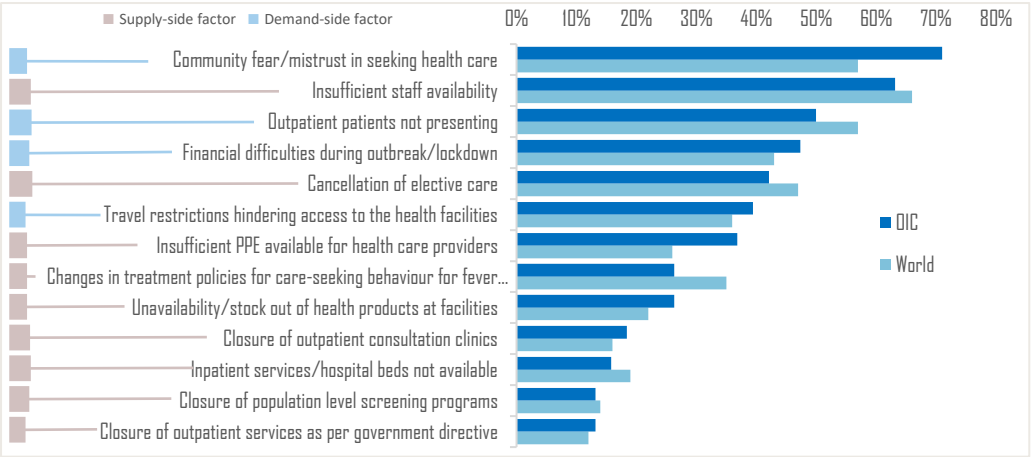
The redirection of health system resources to address COVID-19 care, coupled with inadequate infection prevention supplies and testing capacity, has led to considerable disruptions to essential health services. Furthermore, new barriers to the healthcare demand, such as restricted movements, reduced ability to pay and fear of infection, have posed additional and unprecedented challenges. Indeed, the WHO survey has revealed that the service disruptions are perceived to be caused by a mix of supply and demand side factors (Figure 4.5). Demand-side factors were among the most mentioned causes both in OIC countries and in the world. Particularly, community fear/mistrust in seeking health care was the factor considered

Figure 4.4: Percentage of Essential Health Services Disrupted in OIC Countries



Source: Source: World Health Organization, Pulse survey on continuity of essential health services during the COVID-19 pandemic. Global results – as of 16 April 2021.
Note: Represents findings from the countries that responded to both Round 1 and Round 2 of the survey. nWorld = 125, nOIC = 47. See Annex 1 for the country codes.

Figure 4.5: Reasons for Service Disruptions (percent of countries)



Source: World Health Organization, National pulse survey on continuity of essential health services during the COVID-19 pandemic, Round 2, January - March 2021 / Dashboard.
Note: Denominator excludes "Not applicable" or "Do not know" responses. nWorld = 111-112, nOIC = 38.

responsible for disruption to services in over 70% of OIC countries, even higher than the global average of 57%. Therefore, addressing mistrust and distrust must be at the centre of efforts to improve trust and mitigate the disruptions in healthcare utilization. "Decrease in outpatient volume due to patients not presenting" and "perceptions that financial difficulties during the outbreak were affecting attendance" were the other two demand-side factors most frequently reported by OIC countries.

On the supply side, insufficient staff availability – due to deployment of staff to provide COVID-19 relief or other causes – was the most reported cause of disruptions to EHS across the world (66% of countries). Similarly, 63% of OIC countries cited this problem, making it the second most reported factor within the region. Other major supply-side factors reported by OIC countries included "decrease in inpatient volume due to cancellation of elective care" (42%) and "insufficient Personal Protective Equipment (PPE) available for healthcare providers" (37%).

Regardless of the underlying reasons, the continuity of disruptions to EHS has serious implications on the availability of and access to high-quality services for all, especially the most vulnerable groups of the population. This requires countries – particularly those hit hardest by the COVID-19 – to take further actions to ensure the maintenance of routine service delivery while addressing the urgent needs that have arisen during the pandemic. Analysing how the existing health system is organised, governed and financed at all levels to identify gaps can also help identify the key areas that can be highly effective in combatting COVID-19. While providing short-term responses, health systems should evolve based on lessons learned during the pandemic crisis to build resilience for future pandemics.

Health Workforce

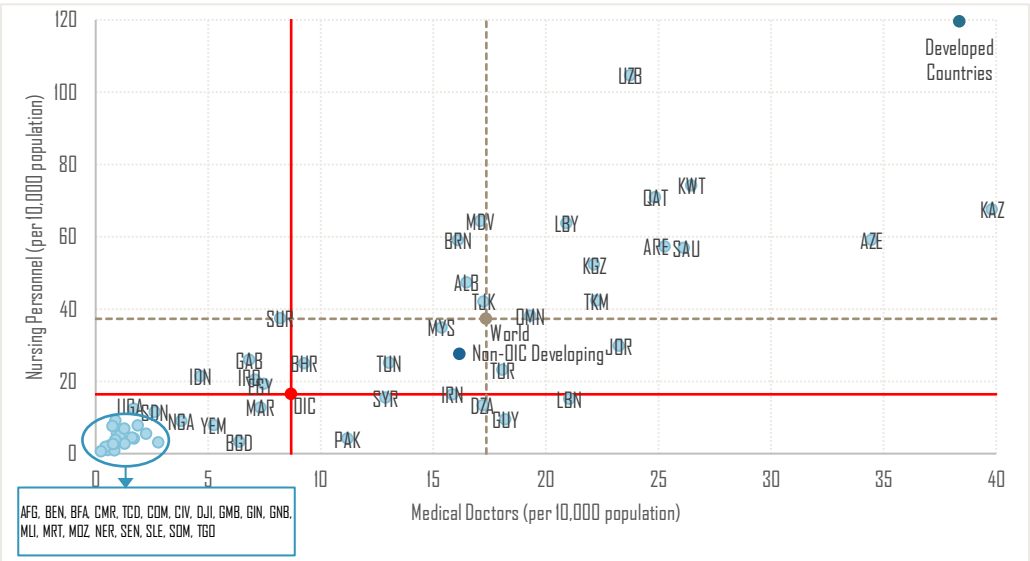
The health workforce is one of the building blocks of a health system and it is a vital component of the system's ability to respond to shocks. Indeed, health professionals have been at the

frontline of combatting COVID-19 since the outbreak of the pandemic. Nevertheless, many countries had already been facing health workforce challenges before the outbreak (including shortages, inequitable distribution, and misalignment of needs and skills) and the pandemic has further affected the availability and capacity of health workers to deliver essential services and meet surge needs (WHO, 2020b). Weak health systems with insufficient health workers are unable to respond to emerging needs. Indeed, as mentioned above, insufficient staff availability is perceived among the top causes of disruptions to health services during the pandemic.

WHO (n.d. -b) estimates a projected shortfall of 18 million health workers by 2030, mostly in low- and lower-middle income countries. However, countries at all levels of socioeconomic development face, to varying degrees, difficulties in the education, employment, deployment, retention and performance of their workforce. The chronic under-investment in education and training of health workers in some countries as well as the mismatch between education and employment strategies in relation to health systems and population needs are contributing to continuous shortages.

Health workers are distributed unevenly across the globe but shortages are more severe in OIC countries. The latest available data shows that the OIC countries, on average, have significantly lower numbers of both medical doctors and nursing personnel relative to their population size than the global average as well as the average of non-OIC developing countries (Figure 4.6). Around 73% of OIC countries have a density of medical doctors less than the global average of 17.4 per 10,000 population, and over 41% report having fewer than five medical doctors per 10,000 population. Similarly, the density of nursing personnel is less than the global average of 37.3 per 10,000 population in over 71% of OIC countries, and is fewer than 10 per 10,000 population in about 43%. The limited existing workforce in these countries will therefore be even

Figure 4.6: Density of Medical Doctors and Nursing Personnel (2019)

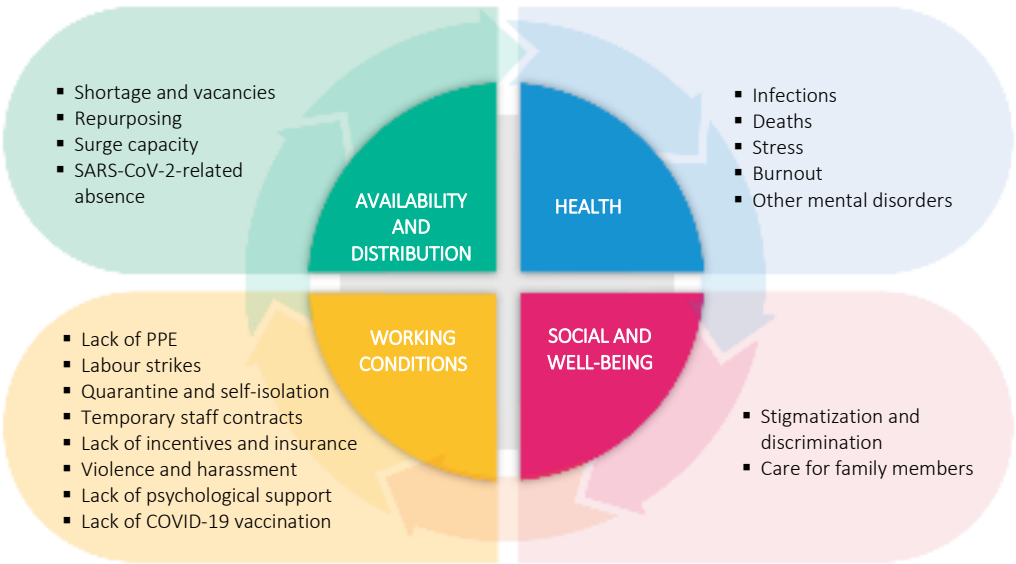


Source: World Health Organization, The Global Health Observatory.
Note: Data are for the year 2019 or latest year available. See Annex A for the country codes.

more stretched in their efforts to address the additional demand for care arising from the pandemic. Another challenging point is that countries with the greatest relative need – mostly sub-Saharan African countries – have the lowest figures, i.e. they must make do with a much smaller health workforce.

The COVID-19 pandemic has worsened health workforce shortages and negatively affected the health and care workers through numerous channels (Figure.7). Most importantly, it has endangered the health of the health personnel themselves. Health workers have been among the most vulnerable to infection due to the nature of their profession, with data indicating that they have been disproportionately affected by the pandemic and too many of them have become infected, ill or died as a result of COVID-19. WHO (2021b) estimates that between 80,000 and 180,000 health and care workers could have died from COVID-19 in the period from January 2020 to May 2021, converging to a medium scenario of 115,500 deaths. Moreover, it argues that these figures largely derive from the COVID-19-related deaths reported to the WHO, which is much lower than the actual death toll. This is an alarming picture of the impact of the pandemic on health and care workers, who need to be provided with better protection and decent work conditions.

Figure 4.7: Multidimensional Factors Related to COVID-19 that Affect Health and Care Workers



Source: World Health Organization, The impact of COVID-19 on health and care workers: a closer look at deaths. Health Workforce Department – Working Paper 1. Geneva: World Health Organization; September 2021. https://apps.who.int/iris/handle/10665/345300

Countries have followed diverse health workforce policies to boost overall numbers of health personnel and optimize the capacity, including reallocating healthcare professionals, recruiting new staff, mobilizing medical students, inactive and recently retired staff, and bringing in personnel from the private sector. The roles of existing medical staff have also been adapted to treat COVID-19 patients. Given these new roles or expanded job scopes, the pandemic-related training of health workers has gained importance to track and contain the spread of infections.

All these efforts have proved that overcoming the current pandemic and building resilience for future emergencies will only be achieved if dramatic improvements are made to strengthen the health workforce. Therefore, countries should prioritize protecting and investing in the health workforce during and beyond the current global COVID-19 pandemic.

Health Infrastructure and Equipment

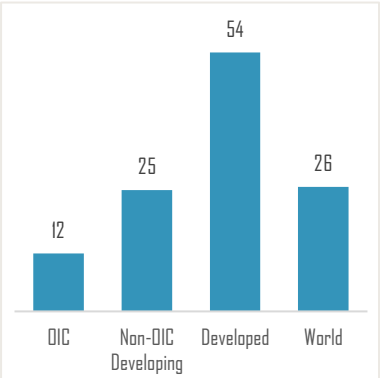
The COVID-19 pandemic has highlighted the need for the adequate capacity of hospital beds, particularly the intensive care unit (ICU) beds, to address sudden surges in seriously ill patients. The pandemic has also revealed that countries need to be flexible and creative to boost infrastructure capacity in case of emergencies. Health systems around the world have employed three common approaches to rapidly scale up health system infrastructure to meet sudden spikes in COVID-19 cases: constructing new, dedicated treatment facilities, repurposing non-medical spaces to create temporary field hospitals or testing centres, and reconfiguring existing medical facilities (Haldane et al., 2021; OECD, 2021k). Additionally, countries often relied on home care for patients with mild to moderate COVID-19, while making facilities available if patients were unable to self-isolate within their homes. Many countries also cancelled elective surgeries in an effort to ensure system capacity for COVID-19 care, which was reported as a cause of disruptions to essential health services (see Figure 4.5 above).

The latest available statistics on hospital beds capacity of countries show that the group of OIC countries lags well behind the world average as well as the average of non-OIC developing countries. The OIC countries, on average, have only 12 hospital beds per 10,000 population, less than half of the global average (Figure 4.8). This, obviously, implies an increased demand for hospital beds due to the COVID-19 public health emergency – unless met by immediate temporary solutions – has a great potential to hinder effective COVID-19 response in OIC countries.

In addition to hospital beds, the availability of sufficient ICUs and medical supplies and equipment, with emergency stocks, has proven to be of paramount importance during the pandemic. Despite the growing need for the production and distribution of mass quantities of medical supplies and technologies, overreliance on few countries for production, competition among countries, and supply chain disruptions have caused global supply shortages (Haldane et al., 2021). Countries with some stockpiles of PPE (masks, gloves, face shields and gowns) used them as a buffer while waiting for imported supplies or scale up of domestic production. Vaccine procurement has also been a problematic issue, and concerns remain about equitable access to vaccines in short supply.

In this regard, infrastructure and essential medicines and equipment are among the fundamental requirements that must be in place to support the functionality of health

Figure 4.8: Hospital Beds, 2018 (per 10,000 population)



Source: World Health Organization, The Global Health Observatory. Note: Data are for the year 2018 or latest year available.

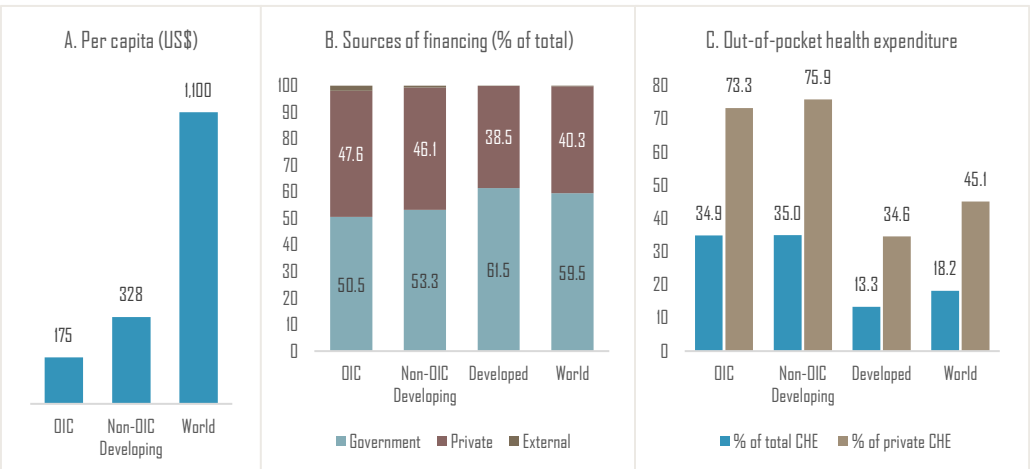
systems and public health services. It is necessary to prioritise health infrastructure and equipment to minimize the difficulties encountered in delivering essential health services and to strengthen the response to the current pandemic. Reassessment of the capacity of health infrastructure and determination of potential requirements for essential supplies are needed to prepare for possible future waves of COVID-19.

Health Financing

Countries announced budgetary measures in different areas, including the health sector, in response to the pandemic. Additional resources were provided for the health sector to combat COVID-19 and relieve health system pressures to maintain the delivery of essential health services. Government COVID-19 health expenditures included mostly the purchase of PPE, medical supplies and equipment for testing and treatment, increases in remuneration of health professionals, support to hospitals and other health providers, and research and development into new vaccines and treatments (OECD, 2021k). The size of these expenditures varied across countries depending on the differences in the prevalence of COVID-19, the state of health systems, and the financial capacity to generate supplementary fiscal space.

Like other developing countries, the OIC member countries provided limited fiscal support in response to COVID-19 (see Figure 2.6 above) and their health expenditures remain well below the global averages. The latest available data show that before the outbreak of the pandemic, OIC countries accounted for less than 4% of the global spending on health that amounted to US$ 8.3 trillion in 2018. Per capita health spending averaged at only US$ 175 in OIC countries, which was quite low as compared to the world (Figure 4.9A). Globally, 53 countries with around 40% of the world population had a per capita health expenditure of less than US$ 100, and 28 of them were OIC countries. In addition, public sources of health spending accounted for half (50.5%) of the total health spending in OIC countries, which was again below the global averages (Figure 4.9B). Moreover, out-of-pocket expenditure was relatively high, accounting for about

Figure 4.9: Current Health Expenditures, 2018



Source: World Health Organization, The Global Health Observatory.

one-third (34.9%) of the total health expenditures and three-quarters (73.3%) of private health expenditures (Figure 4.9C).

The low per capita health spending and the relatively high private share, which mostly consists of out-of-pocket expenditures, are critical factors challenging the OIC countries during the pandemic, particularly the low-income countries that receive external aid for health. These factors are likely to leave most OIC countries more vulnerable to the macroeconomic and fiscal disruptions resulting from the COVID-19 crisis. Thus, protecting the health of citizens is a critical task for health systems confronted with the spread of COVID-19, requiring that both diagnosis/testing and appropriate care should be readily available, affordable and provided in a safe environment (OECD, 2020g). It is an undeniable fact that financial barriers to accessing healthcare can undermine the efforts towards containing the pandemic, as high levels of out-of-pocket payments may prevent people from seeking early diagnosis and treatment, and thus contribute to an increase in the spread of COVID-19. Therefore, health-financing policies should ensure that households do not have to pay large sums out-of-pocket for health interventions in the context of COVID-19.

In addition, the pandemic has significantly undermined health insurance coverage across the world. As the pandemic transformed from a public health crisis into an employment crisis, the number of unemployed in OIC countries increased by over 4 million to reach 49.3 million in 2020 (see section 2.2). This sudden surge in unemployment may have caused many people to lose employer-sponsored insurance. As in the case of out-of-pocket expenditures, high rates of underinsurance could disincentivise health-care use and discourage citizens from seeking emergency care, leading to untreated chronic diseases, reducing capacity for syndromic surveillance, and undermining overall trust in public services; thus further accelerating the effect of COVID-19 (Lal et al., 2021).

Policy Recommendations

Although the COVID-19 response is ongoing and contexts are constantly evolving, how countries respond to the pandemic is ultimately dependent on how resilient their health systems are. In this respect, **strengthening and optimising health system capacity must be the top priority** to respond to the current pandemic and build resilience for future emergencies. The current crisis should be seen as an opportunity to improve health systems based on the lessons learned and to make them more effective and better prepared to be responsive to future shocks.

Considering the prolonged disruptions to essential health services, countries need to **ensure that policies to control the pandemic are in balance with the policies to address other health priorities**, and that everyone, particularly the most vulnerable, has continued access to health services.

Considering also that the prevalence of fear and mistrust is perceived by most OIC countries as a factor responsible for disruptions to health services, it is critical to design policies and initiatives to **promote trust or decrease mistrust throughout the healthcare system**. The engagement of healthcare providers with communities is important in this process to create more accurate and effective measures, programs and policies, which could also help alleviate health inequities.

Building resilience to face future pandemics and other shocks requires **sustainable workforce planning** over the medium to long term. Issues to resolve in this regard include ensuring a sufficient number of doctors and nurses with an optimal mix of professions to provide effective patient care and reduce the pressure on health systems to manageable levels. This, in turn, requires finding the ways in which the health sector can attract and retain workers. For countries with chronic workforce shortages, sustained investments into the workforce are needed, notably through improved pay and working conditions.

To **reduce reliance upon a limited number of foreign manufacturers** and avoid disruptions to global supply chains, OIC countries may need to investigate their potential for domestic production of some essential medicines, PPE and medical devices. In this regard, to prevent shortages and stock-outs during future pandemics, they may consider **developing their manufacturing capabilities** by providing assistance for domestic producers in various ways.

While COVID-19 has increased the pressure on government resources, it is important to acknowledge that **investing in health systems** contributes to economic recovery as well. Policies should ensure ongoing investment into health systems, with efforts to achieve outcomes within tight constraints. **Sound health financing policies are required** to help ensure that there are adequate resources to cope with COVID-19, that the resources are disbursed rapidly, and that resources are spent in an effective manner.

Resources should be made available to the health sector as necessary for COVID-19 related activities, but health-financing policies need to ensure that existing resources are allocated to the areas of greatest need. Reprioritization efforts can help to **eliminate ineffective or wasteful spending**.

The current crisis demonstrates the importance of **universal health coverage** as a key element for the resilience of health systems. Persistent gaps in coverage undermine the health system response, given that the failures to be tested or diagnosed for COVID-19 due to costs damage the efforts to control the transmission. Appropriate policies are needed to **reduce high levels of out-of-pocket payments and eliminate other financial barriers to accessing healthcare**.

Adding that the pandemic is disproportionately affecting the **most vulnerable groups** of population, for example, retirees, children, students, disabled people, and the unemployed, ensuring their access to diagnostics and treatment is particularly important. The corresponding budget resources should cover transfers, subsidies, or direct payments to ensure full coverage for testing, diagnosis, and treatment for COVID-19.

4.3 Poverty and Inequality

Acknowledging the significance of poverty reduction for sustainability and development, many initiatives have been undertaken over the years by international organizations, countries and communities to eradicate poverty across the world. On top of all, poverty is one of the central elements of the 2030 Agenda for Sustainable Development, and ending poverty in all forms and everywhere is the first Sustainable Development Goal (SDG). The OIC-2025 Programme of Action also placed poverty alleviation among its 18 priority areas.

The high incidence of poverty continues to be one of the most critical challenges facing the world, particularly the OIC, whose 21 members are still classified among the Least Developed Countries (LDCs) by the United Nations. In addition, over the last three decades, the concentration of the world's poorest has shifted from East and South Asia to Sub-Saharan Africa, where most of the OIC-LDCs are located.

Poverty leads to and is influenced by hunger and malnutrition, among many other problems, and threatens the very basic human need for survival. Due to undernourishment, children across the globe are exposed to serious health issues, particularly their physical and cognitive development are adversely affected. This is also a hindering factor in socio-economic development of the least developed OIC countries.

The COVID-19 pandemic is particularly threatening years of progress in poverty alleviation as well as income inequality. The pandemic is hindering efforts towards reducing poverty, and increasing challenges for implementing the SDGs. It keeps adding significant pressure to the health systems of both developed and developing countries, and its impacts pose an additional burden to wider communities, affecting again the most vulnerable social groups. The fragile economic systems of many OIC countries are, unfortunately, not able to fully cope with these challenges. The lack of financial resources to provide support to help overcome long periods of reduced economic activity and the interruptions in informal economic activities, which millions of people rely on, further add to the poverty and inequality problem in these countries.

COVID-19 Pandemic and Extreme Poverty

As in other parts of the world, poverty in OIC countries is a result of the complex socio-economic and political structure, and it is associated with poor economies, poor human resources, poor social services provision and poor policies to tackle the challenges facing human and socio-economic development. In some cases, the conditions are so severe that poverty reaches extreme levels. Although they vary from one country to another, there are several basic causes of extreme poverty, including adverse geographical conditions, prolonged violent conflict and international sanctions, poor governance, gender and ethnic or social discrimination, extreme total fertility rates, and lack of access to land and employment opportunities (SDSN, 2012).

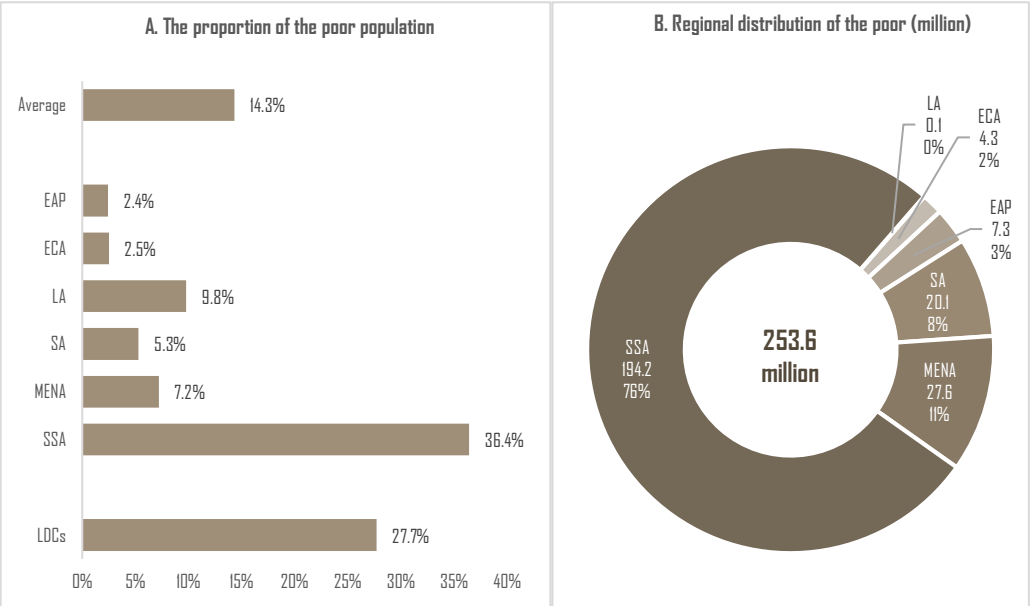
Eradicating extreme poverty[25] is a critical priority of the international development community. Ending poverty in all its forms is the first of the 17 SDGs adopted by the United Nations, and poverty alleviation is among the 18 priority areas of the OIC-2025 Programme of Action. The World Bank has set an ambitious goal of reducing the rate of extreme poverty to 3% by 2030 (Castañeda et al., 2018). Indeed, there has been remarkable progress during the past two decades in raising the living standards of the poorest across the world. According to the World Bank's PovcalNet database[26], approximately 1.7 billion people, or 28% of the global population, lived on less than the current international poverty line of $1.90 a day in 2000. By 2017, the year for which the latest global poverty estimates are available, the number of extremely poor persons had fallen by almost 60%, to 696 million people. During the same period, the proportion of the global population living in extreme poverty fell even faster, from 27.8 to 9.3%.

OIC countries also made significant progress over the last two decades. The available data shows that 30.8% of the population in low- and middle-income OIC countries[27] was living below the international poverty line of $1.90 in 2000, and this percentage fell down to 14.3% in 2019. Regional analysis, however, indicates that over a third (36.4%) of the population in the Sub-Saharan African countries still live in extreme poverty, while this ratio is below 3% in East Asia and the Pacific (EAP) and Europe and Central Asia (ECA) (Figure 4.10A). In the OIC-LDCs, most of which are in Sub-Saharan Africa, the proportion of the extremely poor remains at a significant level (27.7%). This clearly indicates that the progress made was uneven across countries. There were several OIC countries with an increasing share of the population falling below the poverty line over the past two decades. Moreover, in some member countries, more than half of the population was still living under extreme poverty conditions as of 2019.

Despite the impressive achievement in reducing the proportion of the population below the International Poverty Line, low- and middle-income OIC countries still had over 250 million people living in extreme poverty as of 2019. This figure was almost equivalent to a combined population of 35 OIC countries, and made up about 39% of the global estimate of the extremely poor population of 655 million. Three-quarters (76%) of them were in Sub-Saharan Africa, as expected, and another 11% in the Middle East and North Africa (Figure 4.10B).

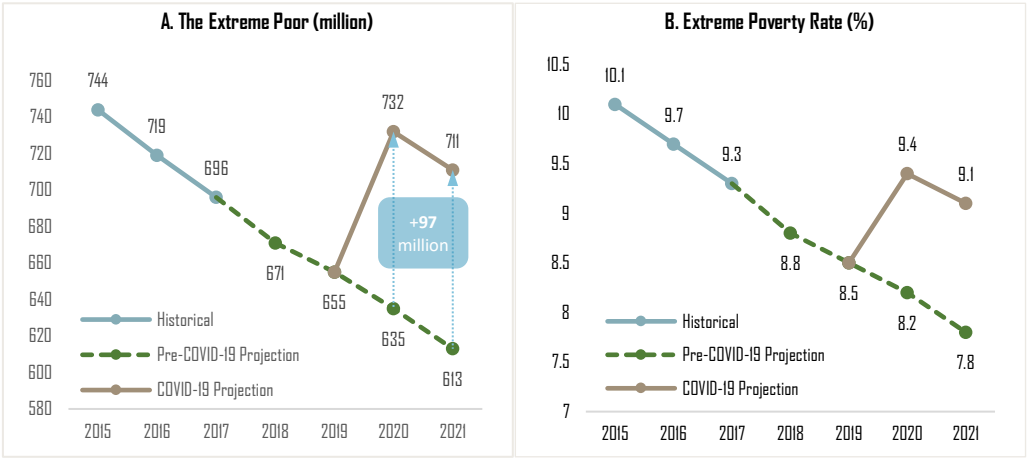
The persistence of high extreme poverty rates in many OIC countries had already been challenging them before the COVID-19 pandemic raged the world. Currently, part of the success

Figure 4.10: Population below the International Poverty Line of $1.90 in Low- and Middle-Income OIC Countries, 2019



Source: PovcalNet: the on-line tool for poverty measurement developed by the Development Research Group of the World Bank. http://iresearch.worldbank.org/PovcalNet/home.aspx (Data as of June 23, 2021). Note: Afghanistan and Libya were not included due to the unavailability of data. EAP = East Asia and the Pacific, ECA = Europe and Central Asia, LA = Latin America, SA = South Asia, MENA = Middle East and North Africa, SSA = Sub-Saharan Africa, LDC = Least Developed Countries

Figure 4.11: Estimated Impact of the COVID-19 Pandemic on Global Extreme Poverty



Source: Mahler et al. (2021). Note: Extreme poverty is measured as the number of people living on less than $1.90 per day. 2017 is the last year with official global poverty estimates.

achieved in reducing poverty is set to be reversed all over the world due to the pandemic. During 2020, as the pandemic spread around the globe and growth forecasts deteriorated, many developing countries responded by locking down major parts of their economy. These lockdowns decreased incomes and employment, pushing many vulnerable households living at the margins back into poverty. Thus, for the first time in more than 20 years, extreme poverty is set to increase in 2020[28]. Recent estimates by Mahler et al. (2021) show that the pandemic led to 97 million more people being in extreme poverty in 2020, raising the global total to about 732 million. For 2021, their projections indicate a decrease in global poverty by about 21 million people compared with 2020. This recovery, however, will not be sufficient to close the gap that the pandemic is estimated to have caused in 2020, and the pandemic-induced poor in 2021 will remain at about 97 million. Accordingly, the global poverty rate is estimated to increase to 9.4% in 2020 and then to slightly decline to 9.1% in 2021, with three to four years of progress toward ending extreme poverty to be lost (Figure 4.11).

Although the number of the extreme poor increases in all regions in 2020, it is expected to increase the most in Sub-Saharan Africa, which is plausible in that the region has many more people near the global poverty line. As mentioned above, a significant majority of the poorest people in OIC countries live in Sub-Saharan Africa. Moreover, the region is estimated to witness a further increase in 2021 despite the projected global decline. Actually, poverty in the region was already projected to increase in 2021 before the pandemic, but the rate of increase in poverty is projected to more than double (from 1.0% to 2.5%). This suggests that extreme poverty in the poorest and the most fragile region is worsening under the pandemic conditions.

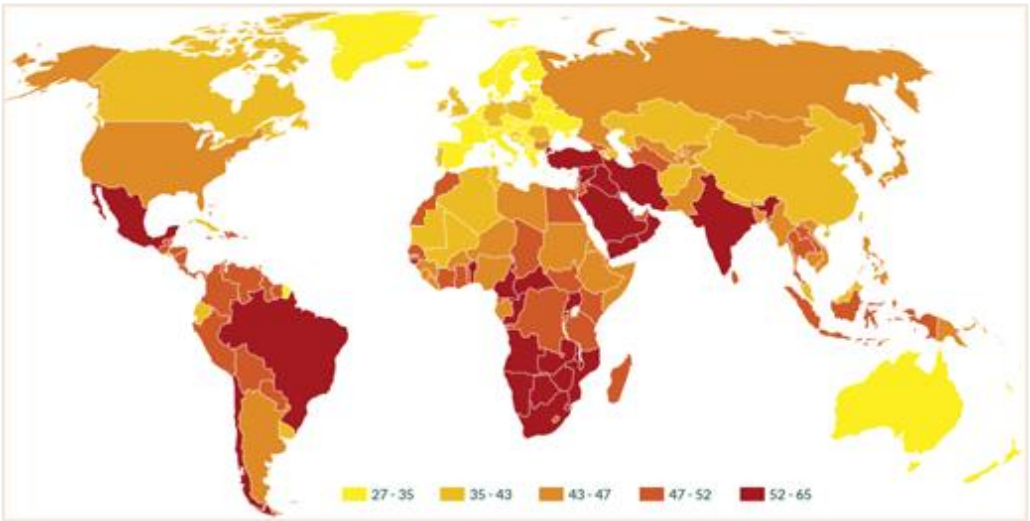
Considering that economic growth is the largest driver of poverty reduction, the increase in global economic activity in line with the projected economic recovery may lower poverty in low- and middle-income countries as long as it translates into more employment opportunities and more demand for their exports. Nevertheless, although economies and societies have gradually improved their ability to cope with the pandemic, the evolution of COVID-19 and its ultimate

impact on economic and social development remains highly uncertain. The prospects of new waves, further delays in vaccination rollouts, the emergence of more contagious strains of the virus, increasing debt levels, and rising food prices could all significantly worsen the outlook.

COVID-19 Pandemic and Income Inequality

Pre-pandemic economic and sanitary conditions were unfavourable to many OIC countries, reflected in higher rates of extreme poverty and higher levels of income inequality. According to World Inequality Lab data, as of 2019, the top 10% of the population captures as high as 52-65% of the national income in 16 OIC countries, mirroring the highest inequality. This share is between 47-52% in another 16 countries, 43-47% in 11 countries, 35-43% in 13 countries, and 27-35% in only 1 country (Figure 4.12). Overall, the richest 10% accounts for at least half of the national income in 22 OIC countries. The fact that these countries have different income levels indicates that the inequality outcomes do not necessarily depend on the average standard of living. As highlighted by the *World Inequality Report 2022*, "there is no trade-off between higher income levels and higher inequality levels. At the same time, higher average income levels by no means imply less inequality" (Chancel at. al., 2021).

Figure 4.12: Inequality Levels across the World, 2019 (Top 10% income share, % of national income)



Source: World Inequality Database

The COVID-19 pandemic has brought about an unprecedented global economic crisis, which resulted in a severe economic contraction all over the world. As mentioned in Section 2.1 above, the pandemic affected economies at different rates, and the recovery from the pandemic is expected to be uneven, too, with some countries growing much faster than others do. These divergences are likely to create significantly wider gaps in living standards among countries compared to the pre-pandemic situation. For instance, while some OIC countries continued to increase real GDP per capita in spite of the unfavourable pandemic conditions, some others are not expected to see the pre-pandemic living standards in the next few years. Moreover, for many

OIC countries, the COVID-19 pandemic has deteriorated the progress at per capita income catch-up with developed countries.

Besides the inequality *between* countries with respect to per capita GDP, income inequality *within* countries is also considered to have grown during the pandemic. However, it is early to tell whether that is the case because data on individual incomes, which come from household surveys and administrative sources, are not yet available for 2020. It nevertheless seems reasonable to infer that inequality within many countries is on the rise, given evidence of increasing poverty and growing billionaire incomes, and there are good reasons to expect that the pandemic both created new inequalities and exacerbated pre-existing income gaps within countries (Ferreira, 2021; IMF, 2020; IMF, 2021a).

Given the asymmetric nature of the COVID-19 shock, the employment and earnings impact of the pandemic has been highly unequal across groups of workers, disproportionately affecting women, the informally employed, and those with relatively lower educational attainment (see Section 2.2). Job and income losses due to the pandemic are likely to have hit lower-skilled and uneducated workers the hardest, as they are less likely to benefit from remote work, which has been frequently applied during the pandemic. In addition, these groups of workers are predominantly employed in informal sectors, where they have no access to furlough programs or unemployment insurance. As in sectors with lower-skilled workers, employment has declined largely in sectors more vulnerable to automation. As the crisis has accelerated digitalization and automation, many of the jobs lost are unlikely to return. Moreover, the exacerbation of gender-based occupational differences is likely to give rise to gender disparities in the labour market, and the additional time spent mostly by women for childcare and housework during the pandemic is likely to worsen gender inequality in earnings.

The injection of liquidity by central banks into financial markets to help prevent bankruptcies and preserve jobs has inflated the value of assets held primarily by rich people. In a similar fashion, given the learning and schooling inequalities, which are further intensified due to the lockdowns, the disadvantaged children are likely to face unfavourable consequences when they join the labour force. Unequal setbacks to schooling could thus further amplify income inequality.

Although it is too early to produce global income inequality estimates that properly take into account the effect of COVID-19 on income inequality within countries, some country-level studies reveal that, in high-income countries, the pandemic initially affected low-income and wealthy groups disproportionately but that government responses were able to counter this effect (Chancel et. al., 2021). Nevertheless, despite the fact that the large stimulus packages implemented by rich countries were both essential and successful in preventing a sharp rise in poverty and inequality in the short-term, concerns prevail about the future consequences of these programs, as they were costly and increased public debt.

In developing countries, with weaker social security systems, the effect of the pandemic on low-income groups has been more severe, as explained above in the context of rising extreme poverty. Compared to richer countries, these countries often have low financial resources and borrowing capacities to buffer shocks, and they are usually characterised by strained public

health systems, patchy safety nets, and inadequate social protection programmes. Under these adverse conditions, the impacts of the crisis are much more likely to be unequal, with people with relatively limited access to markets, capital, and basic services to be most severely hit. Indeed, IMF (2020), for example, estimates that, in 2020, income inequality (measured by the Gini coefficient) increased by 2.6 percentage points in emerging markets and developing economies as a consequence of the crisis to a level comparable to that in 2008, reversing any potential gains made since the global financial crisis.

Policy Recommendations

Poverty is likely to remain high in countries where growth remains stubbornly low. Therefore, tackling increases in poverty and inequality in OIC countries needs to start by accelerating the economic recovery, especially in countries with lower income. Increasing the supply of COVID-19 vaccines to these countries is particularly important, as low vaccination rates are an obstacle to growth. These efforts will need to be combined with **large-scale structural reform efforts** to enable long-term growth. Increasing fiscal space, such as through the Official Development Assistance programmes, and **ensuring efficient resource allocation** are needed to support investments required for inclusive growth.

To ensure that the recovery is equitable and benefits all groups within OIC countries, spending and policies that target women, low-skilled workers, and urban informal sector workers are necessary. This includes providing **equal access to financial services and investing in safety nets and social insurance**.

While greater economic growth is the most comprehensive way to bring people out of poverty, **social protection programs** are also needed to help support the most vulnerable segments of society. While these programs proliferated in 2020 as temporary measures, with the experience gained and the lessons learned from best practises in other countries, these programs could continue to provide assistance for the poor and help them move out of poverty.

The concentration of extreme poverty in rural areas emphasizes the central importance of policies and programs that benefit households in rural areas and those with large numbers of children in reducing extreme poverty. In addition to direct support, **increasing female education levels, improving educational attainment and quality, and increasing opportunities for non-agricultural employment** can accelerate the movement from extreme to moderate poverty.

Among the social spending measures beyond education to counter the increase in inequality are **strengthening social assistance** (for example, conditional cash transfers, food stamps and in-kind nutrition, medical payments for low-income households), **expanding social insurance** (relaxing eligibility criteria for unemployment insurance, extending the coverage of paid family and sick leave), and **investments in retraining and reskilling programs** to boost reemployment prospects for displaced workers (IMF, 2020).

The mobilization of more aid and government resources should be implemented in an effective way, by **targeting aid flows to the right places**. It is necessary to increase the production of inequality data and the transparency in order to accurately monitor the effect of the pandemic

on socioeconomic inequality and on the distribution of macroeconomic growth, which is one part of multidimensional inequalities (Voituriez and Chancel, 2021). This would facilitate the design and increase the impact of response policies targeting particularly vulnerable groups.

Granting that there are many dimensions to poverty and inequality, the policies needed to **address the underlying challenges cut across a large spectrum of policy areas**. There is a need for comprehensive approaches to tailoring, implementing, and coordinating a variety of policies and programs dealing with different dimensions.

4.4 Social Cohesion and Group Dynamics

Social cohesion refers to "the degree of social connectedness and solidarity between different groups within a society and individuals within and across groups" (Jewett, Mah, Howell, & Larsen, 2021). There is also cogent evidence that the cohesiveness of a society is heavily dependent on the unity and strength of its most basic unit, the family (Leung et al., 2003). COVID-19 has posed severe challenges to family life and social cohesion around the world. It has caused disruptions in both horizontal social cohesion (which is indicative of the relations, interactions, and trust amongst individuals) and vertical social cohesion (which is indicative of the trust that individuals have on economic, social, or political leaders, processes and institutions) (Abbasi, Ejaz, & Akhtar, 2021).

Impacts of the COVID-19 Pandemic on Social Cohesion

COVID-19 infection and mortality rates have been higher in countries where social capital and social cohesion were relatively lower before the pandemic (Negura, Gasper, & Potoroaca, 2021). Social trust (amongst individuals and in institutions) has been a key determinant of the success of pandemic response measures because people are more likely to comply with COVID-19 health regulations, mobility restrictions, and quarantine rules if they trust the government and public institutions (Bargain & Aminjonov, 2020). In fact, evidence from several European countries shows that in countries where governments did not impose appropriate preventative measures in the early days of

Table 4.3: Stringency Index scores for OIC Countries, 2021

Stringency Index Scores	OIC Countries
Below 10	Cote d'Ivoire
10-20	Burkina Faso, Gambia, Togo, Tunisia, Niger, and Afghanistan
20-30	Senegal, Palestine, Mauritania, Tajikistan, and Sierra Leone
30-40	Pakistan, Kuwait, Nigeria, Bahrain, Jordan, Mozambique, Somalia, and Bangladesh
40-50	Mali, Gabon, Lebanon, Libya, Egypt, Algeria, Albania, Kyrgyzstan, Türkiye, Djibouti
50-60	Malaysia, Guyana, Azerbaijan, Iran, Syria, Benin, Qatar, Brunei Darussalam, Oman, and United Arab Emirates
60-70	Suriname, Guinea, Indonesia, Morocco, and Iraq
70-80	Kazakhstan and Uganda
Above 80	-

Source: University of Oxford's COVID-19 Government Response Tracker, 2021. OIC n = 47.

the pandemic, social cohesion played an important role in containing the spread of the virus (Negura, Gasper, & Potoroaca, 2021). Similarly, countries, where the trust in public institutions was low, had to implement stricter preventative measures to curb the virus as compared to countries where this trust was relatively higher (Petrovic et al., 2020).

According to the University of Oxford's COVID-19 Government Response Tracker, the Stringency Index[29] scores for COVID-19 related measures in OIC countries were quite varied (Table 4.3). For example, the scores for Uganda and Kazakhstan were over 70 – meaning that the implementation and enforcement of COVID-19 related policies was very strict in these countries. In Guinea, Suriname, Indonesia, Morocco and Iraq, the stringency index scores were between 50 and 60, also indicating a relatively higher degree of strictness. At the same time, the index score for Cote d'Ivoire was 6.48 – indicating a very low level of strictness of COVID-19 measures. Similarly, in Burkina Faso, Gambia, Togo, Niger, Tunisia and Afghanistan, this score was also comparatively lower (between 10 and 20). While the stringency does not indicate the appropriateness or effectiveness of the restrictions, it is indicative of the severity with which governments in OIC countries addressed the pandemic.

A mistrust in the government's response to the pandemic, combined with a communities' pre-existing grievances, has driven social conflict and weakened social cohesion during the pandemic. For example, a Search for Common Ground study, conducted in 2020, found that some religious groups in Nigeria had a perception that the government had prioritized Muslim populations to receive public services and only 26% of respondents believed that the government was giving equal priority to everyone when deciding about COVID-19 services (Search for Common Ground, 2021a). Group grievances in Nigeria, thus, impacted both vertical and horizontal social cohesion during the pandemic.

As compared to the early months of the pandemic where people relied on the government to provide services, there was a slight shift in social dynamics in the later months of the pandemic. In Nigeria, for instance, horizontal social cohesion was seen to improve as the pandemic drew on, with people depending more on community interventions by religious groups or other local actors to meet their specific needs (Search for Common Ground, 2021b). At the same time, people who perceived interventions by community actors to be more effective than the government indicated a weakened trust and dissatisfaction with COVID-19 related public services. Similarly, in Uganda, data from 2021 shows that the government was not the top requested service provider for COVID-19 related services, instead, people were more likely to trust and depend on International Non-Governmental Organisations (INGOs) for such services (Search for Common Ground, 2021c). In Nigeria, Palestine, and Uganda, there was an increase in the value of collaboration between different social groups (such as refugees and host communities) to address the COVID-19 crisis (Search for Common Ground, 2021d). On the contrary, in Yemen, collaboration between groups was not valued as much because the host community perception was that humanitarian agencies were prioritising internally displaced persons (IDPs) for services over them (Search for Common Ground, 2021d).

By and large, the very measures that have been critical in preventing and containing the spread of the COVID-19 virus have had far reaching impacts on social cohesion. A large number of COVID-

19 prevention and containment measures are essentially 'anti-social' because they enforce social distancing and isolation resulting in a decline in physical contact and routine social interactions (Abbasi, Ejaz & Akhtar, 2021). There are a number of studies that identify how the pandemic has caused an increase in mental distress and loneliness in individuals (Sibley et al., 2020; Killgore et al., 2020). Studies also show that households living in poverty or individuals with pre-existing health conditions are more likely to experience depression due to the pandemic (Kim & Laurence, 2020). Marginalized groups are also more likely to face economic uncertainty and bear higher healthcare costs because of the pandemic (Couch et al., 2020; Harlem, 2020).

Physical and psychological stress and socio-economic insecurity is known to weaken social cohesion (Borkowska & Laurence, 2020). For instance, pre-pandemic studies show that when a household experiences financial insecurity, its members are more likely to redirect resources to support themselves and immediate family members as opposed to the wider community and individuals that are psychologically stressed and are more likely to socially isolate and disengage from their communities (Borkowska & Laurence, 2020). Moreover, even though marginalized individuals and groups tend to have a higher social capital[30], they often lack access to social resources, norms, and communal infrastructures that are necessary to sustain and promote social cohesion, making them less resilient (as a social unit) in a crisis (Borkowska & Laurence, 2020). Therefore, it is likely that the decline in cohesion will be greater for individuals and groups that experience the effects of the pandemic disproportionately and face higher levels of uncertainty and anxiety.

Individuals and social groups that have been disproportionately impacted by the pandemic include women and children, elderly, persons with disabilities, households living in poverty, minorities, refugees and migrants, and others. For instance, evidence[31] from several OIC countries shows that vulnerable and marginalized individuals are at a greater risk of contracting the virus, are not able to access essential Water, Sanitation and Hygiene (WASH) services or practice social distancing due to financial or physical constraints, have experienced a loss of income and economic opportunities due to pandemic related restrictions, have been excluded from formal social protection systems and pandemic response mechanisms, and have also experienced a rise in discrimination, xenophobia, and gender-based violence. They are also less likely to benefit from the 'digitalization' of services during the pandemic because of their inability to afford digital technology, lack of telecommunication infrastructure in their vicinity, and lack of knowledge and skills about digital goods and services. Studies indicate that these individuals and groups will face an inordinate number of difficulties in accessing opportunities and resources to socially and economically recover from the pandemic (Jewett, Mah, Howell, & Larsen, 2021).

Policy Recommendations

The focus of social cohesion policies is to limit latent social conflicts in a society (i.e., conflicts based on race, religion, gender, wealth, and ethnicity) and strengthen social bonds (i.e., sense of civic duty, social responsibility, and individual and institutional impartiality) (Durkheim, 1897 as cited in Fonseca, Lukosch, & Brazier, 2019). If implemented effectively, social cohesion policies can have a fundamental impact on social development because of their potential to address

issues such as the exclusion and marginalization of individuals/groups, discrimination and xenophobia, lack of trust amongst individuals and between individuals and state apparatus, poverty and socio-economic disparity, gender inequality, social injustice, and more.

In order to ensure that COVID-19 recovery efforts are resilient and socially cohesive, OIC countries should develop a national level strategy to improve social cohesion in tandem with COVID-19 responses. This approach should ideally be sensitive towards the distinctive needs and characteristics of the various social groups in a society, it should also be gender-sensitive and conflict-sensitive with a focus on both horizontal and vertical cohesion. The existence of a national level strategy can consolidate the efforts of various national and local actors so that their roles are complementary and coordinated.

The existence of a national strategy can only benefit social and economic recovery from the pandemic if it promotes inclusivity and participation of various social groups – especially those groups that are routinely marginalized – in pandemic response and recovery efforts. Promoting participation in pandemic response and recovery policies and processes can increase people's trust in the government and improve their satisfaction with the adequacy and equitability of response and recovery measures. More importantly, even though it is difficult to eliminate every single pandemic stressor, including individuals and social groups in response and recovery processes can help reduce their feelings of marginalization and exclusion.

To address social cohesion within and across groups in the long-term, it is recommended that OIC countries identify pressure points that can potentially exacerbate social discord and conflicts within a society. Effective cohesion strengthening interventions should utilize existing community-based actors (such as religious leaders, grassroots organizations, and other community actors) and the processes that they use to address routine challenges to not only identify context-specific pressure points but also understand how to booster social resilience for future crises.

Lastly, there is a need for OIC countries (especially those with a history of social conflicts) to establish effective mechanisms to actively combat misinformation because misinformation escalates social conflicts. OIC countries should include public messaging to promote social cohesion and dialogue as part of the pandemic response and recovery communication campaigns in order to mitigate misinformation and misperceptions related to COVID-19 policies and measures. Improving access to COVID-19 information and ensuring transparency in procedures can also foster people's trust in their government and decision makers.

4.5 Social Protection

The COVID-19 pandemic has highlighted the invaluable role that social protection instruments play in responding to and recovering from a global crisis. Throughout the pandemic, social protection systems have been instrumental in supporting individuals, especially the poor and vulnerable, in mitigating economic shocks, afford basic necessities, and access critical medical services (World Bank, 2020c). However, even as countries around the world have made considerable efforts to mitigate the negative impacts of the pandemic, social protection

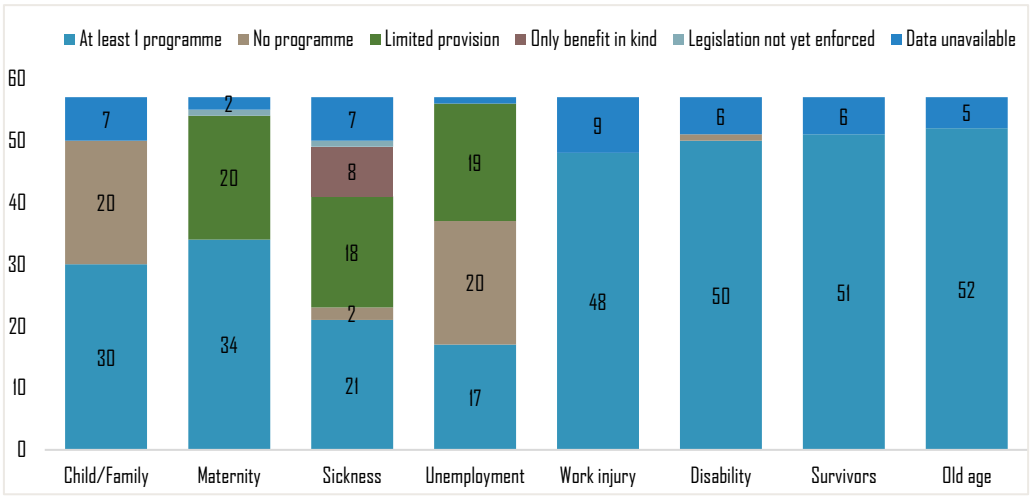
mechanisms in many developing countries have struggled to keep up with the overwhelming demand for assistance and support throughout the pandemic.

In order to ensure that social protection systems in OIC countries are able to support recovery efforts and are resilient for future crises, the following section presents an overview of how social protection systems in OIC countries fared in response to the COVID-19 pandemic by analysing three criteria: (i) the adequacy/coverage of programmes, (ii) the adeptness of social protection responses, and (iii) the types of programmes. This section utilizes data from ILO's Social Protection Monitor on COVID-19.[32]

Social Protection Measures during the COVID-19 Pandemic

The scope of social protection programmes, the coverage of such programmes and the expenditure on social protection are all quite varied in OIC countries. The findings of ILO's World Social Protection Report 2017-2019 show that the scope of social protection is 'comprehensive'[33] in only 10 OIC countries, 'nearly comprehensive' in 7 OIC countries, 'intermediate' in 22 OIC countries, and 'limited' in 10 OIC countries. A breakdown of the number of countries with protection programmes in each of the 8 areas, shown in Figure 4.13, reveals that:

Figure 4.13: Breakdown of Social Protection Programmes Offered by OIC Countries (number), 2019



Source: ILO's World Social Protection Report 2017-2019 Dataset. OIC n = 57.

- 52 OIC countries had at least one programme for **old age**, 51 countries had at least one programme for **survivors**, and 48 countries had at least one programme for **employment injury**.
- In 50 OIC countries, there was at least one programme for **disability/invalidity**. Djibouti is the only OIC country that did not have any programmes in this area.
- In 30 OIC countries, there was at least one programme for **children and families**, but another 20 countries did not have any programmes for children and families.
- In 34 OIC countries, there was at least one programme for **maternity** and programmes in another 20 countries had limited provisions (e.g., employer-liability programmes

disbursed directly by the employer). In Lebanon, the legislation to implement a statutory programme for maternity has not entered into force yet.

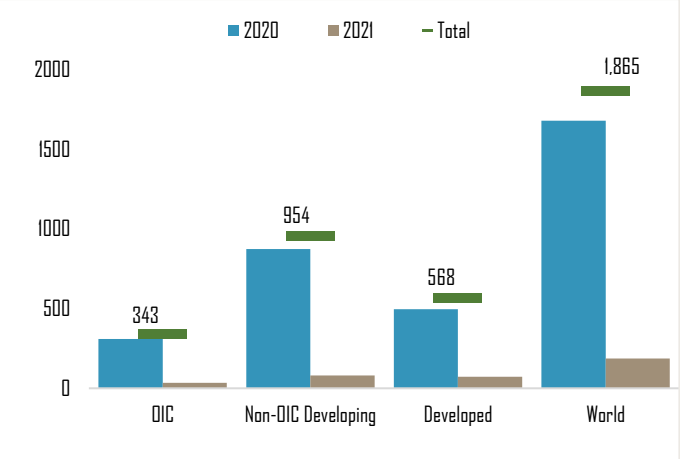
- Only 21 OIC countries had at least one programme for **sickness**, with another 18 countries offering programmes in this area with limited provisions, and an additional 8 countries providing only benefit in kind. There were no programmes for sickness in Sierra Leone and Oman, and the legislation to implement this programme has not entered into force yet in Lebanon.
- Lastly, only 17 OIC countries had at least one programme for **unemployment**, with another 20 countries not offering any programme in this area, and 19 countries offering programmes with limited provisions.

Adequacy of Social Protection Programmes

Since the onset of the COVID-19 pandemic, OIC countries – like much of the world – have implemented an unprecedented number of social protection measures to support their populations. Between February 2020 and November 2021, 210 countries and territories around the world implemented a total of 1,865 social protection measures (ILO, 2021e). Out of these 1,865 measures, 343 were implemented by OIC countries, 954 by non-OIC developing countries, and 568 by developed countries (Figure 4.14).

Given that OIC countries are home to around a quarter (24.5%) of the world's total population, it is not ideal that only 18.4% of the world's total social protection measures for COVID-19 were implemented in these countries. It is especially worrisome because a substantive share of the total population in OIC is made up of people that are uniquely vulnerable to the negative impacts of the pandemic such as children, elderly, women, refugees and migrants, and individuals living in poverty.[34]

Figure 4.14: Number of Social Protection Measures Implemented in Response to COVID-19, 2021

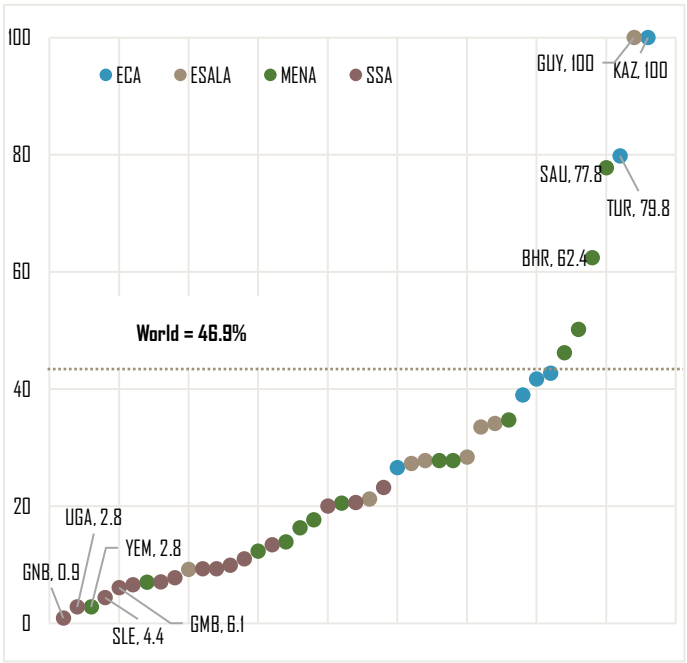


Source: ILO's Social Protection Monitor on COVID-19 (30.11.2021 update). Numbers of measures: OIC n = 343, non-OIC developing n = 954, and developed n = 568.

Furthermore, according to the ILO World Social Protection Report 2020-2022, the proportion of population covered by at least one social protection benefit (excluding health) is lower than the world average of 46.9% in 37 OIC countries - with less than 10% of the population covered in 13 OIC countries (Figure 4.15). There are only six OIC countries where this proportion is higher than the world average and only 2 OIC countries (Kazakhstan and Guyana) where 100% of the population is covered by social protection programmes.

In terms of the adequacy of coverage of protection measures, evidence from several OIC countries shows that a large number of social protection measures were focused on urban areas but often failed to support some of the more marginalized individuals in society. The main factors responsible for the exclusion and/or under-coverage of some vulnerable groups from formal social protection measures were selective/conditional eligibility criterion, the lack of targeted programmes for various groups of people, insufficient financing and infrastructure to provide adequate coverage to populations in the long-term, lack of knowledge about protection schemes or inability to access payment platforms (especially digital payment platforms), and more.

Figure 4.15: Social Protection Coverage in OIC Countries (% of population covered by at least one social protection benefit (excluding health), 2020*



Source: ILO's World Social Protection Report 2017-2019 Dataset. *Data is from 2020 or latest year available. OIC n = 43.

In Niger, for instance, a United Nations Office of the High Commissioner for Human Rights (UNOHCHR) study reports that there was only one free testing site in Niamey, which persons with disabilities could not access due to physical and communication related barriers (OHCHR, 2021). Persons with disabilities were also less likely to seek testing from private providers despite having symptoms because they could not afford it due to reductions in their income (OHCHR, 2021). Persons with disabilities in Niger also reported that selection procedures for social protection programmes were riddled with inequalities and a lack of transparency, with some groups receiving support (e.g., those with leprosy) before others without any justifications (OHCHR, 2021). Similarly, a lack of reliable recipient data in Indonesia resulted in mistargeted and unequal distribution of social protection and aid – affecting poor people who were not registered the most (Nurhidayah, 2021). Individuals in the Jakarta region also objected to the adequacy of cash transfers (worth 60 dollars) reporting that "this amount was only sufficient to cover expenses for 3 days in urban areas in Jakarta" (Nurhidayah, 2021).

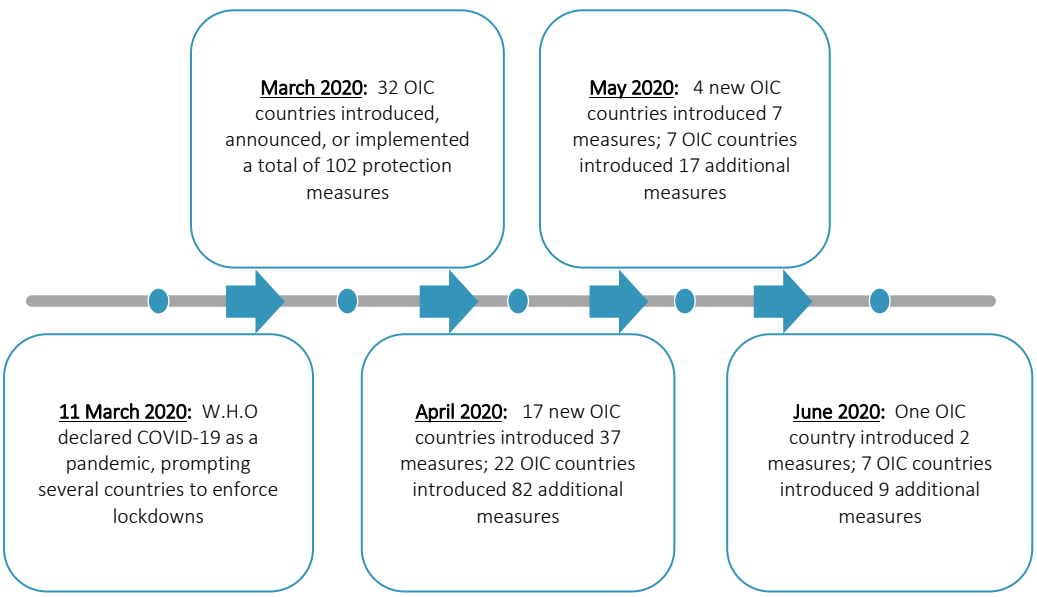
Amongst marginalized populations, protection programmes aimed at refugees were also significantly lacking in several OIC countries. Yet, in countries like Jordan and Pakistan that are host to significant refugee populations, international organizations stepped in to work with the

government and provide critical support to refugees during the pandemic – often yielding mixed outcomes. In Pakistan, for instance, UNHCR's emergency cash transfer for refugees started disbursing payments two months after the imposition of a lockdown in March 2020. However, by September 2020, the programme had disbursed payments to only 42% of the programme's target population (Hagen-Zanker and Both, 2021). Studies also show that the amount of cash transfers for refugees was purposely aligned with that of government protection schemes in both Jordan and Pakistan. However, there is clear evidence that this amount was insufficient for meeting the needs of refugees because not only do refugees bear higher housing costs and higher costs for medical needs but they are also overly dependent on informal and daily wages and do not have any fiscal savings to fall back on during a crisis (Hagen-Zanker and Both, 2021) (see section 5.4 for more discussion on refugees and migrants).

Timeliness of Social Protection Programmes

The latest data on COVID-19 related social protection measures from 54 OIC countries offers varied lessons on the adeptness of protection measures that can be useful for future crisis preparedness and response. ILO's Social Protection Monitor on COVID-19 finds that, in response to the pandemic, 32 OIC countries introduced or announced protection measures promptly in March 2020 and another 17 OIC countries introduced measures in April 2020. However, four OIC countries (Afghanistan, Guyana, Qatar and Suriname) had not introduced any measures until May 2020 and Syria had not introduced a protection measure until June 2020 (Figure 4.16).

Figure 4.16: Timeline of COVID-19 related Social Protection Measures in OIC countries, 2021



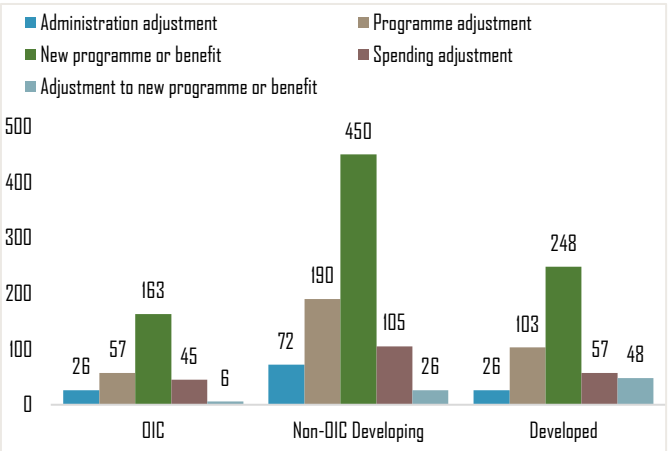
Source: ILO's Social Protection Monitor on COVID-19 (30.11.2021 update). OIC n = 54.

Surprisingly, some OIC countries that have a relatively lower income and development level were able to implement social protection programmes more quickly than those that had relatively higher income levels or help from international agencies. For example, the Government of Togo announced nation-wide curfew on 1st April 2020 and within a week responsible agency had developed a digital cash transfer app as part of the Novissi cash transfer program in Togo, which provided benefits to urban informal workers. The Novissi cash transfer program started disbursing payments on 8th April 2020, within a day of its launch (Lowe et al., 2021). Similarly, the Government of Malaysia approved a package of 6 billion RM targeted towards increased health spending, temporary tax and social security relief, cash transfers to affected sectors, and rural infrastructure spending on 27th February 2020 (IMF, 2021d), which was almost a week before the World Health Organization declared COVID-19 as a pandemic on 11th March 2020.

However, the situation was the opposite in several OIC countries. For example, the Emergency Cash Transfer for informal workers in Sierra Leone was announced in March 2020 but started disbursing payments two months later in June 2020 (Roelen et al., 2021). Similarly, the government of Nigeria announced cash transfers for urban areas in April 2020, but designing the programme and challenges related to its implementation delayed the disbursement of transfers until January 2021 (Lowe et al., 2021). In Uganda, the government's Urban Cash for Work programme (co-financed by the World Bank) received approval in June 2020 with an intended start in October 2020 but the funds for the programme had not been approved for disbursement by the Ministry of Finance, Planning and Economic Development and the Solicitor General as off February 2021 (Doyle et al., 2021).

Types of Social Protection Programmes

Figure 4.17: Types of Adjustments to COVID-19 Social Protection Measures, 2020



Source: ILO's Social Protection Monitor on COVID-19 (31.12.2020 update). Numbers of measures: OIC n = 297, non-OIC developing n = 843, and developed n = 482.

A majority of social protection measures implemented in response to the pandemic by OIC countries (i.e., 163 measures) were 'new programmes or benefits' (ILO, 2020b) (Figure 4.17). This is similar to the trend in non-OIC developing countries and developed countries. The most commonly disbursed new programmes or benefits in OIC countries included benefits for poor or vulnerable population (54 measures), benefits for workers/dependents (39 measures), subsidies to or deferring or reducing costs of necessities/utilities (32 measures).[35] Around 57 social protection measures in OIC countries were in the form of programme adjustments (i.e., changes to an active

programme). Some examples of programme adjustment are increasing benefit level (25 measures), extending coverage (17 measures), and increasing benefit duration (6 measures). A further 45 social protection measures were in the form of spending adjustments (i.e., changes in spending provisions on social protection). These adjustments included increases in resources/ budgetary allocation (24 measures), deferral, reduction, or waiver in social contributions (14 measures), and more. In 26 protection measures, OIC countries adjusted the administration of an active programme by either improving delivery mechanism/capacity (20 measures) or introducing benefits for all citizens or residents (1 measure).

A further breakdown of the types of programmes reveals that:

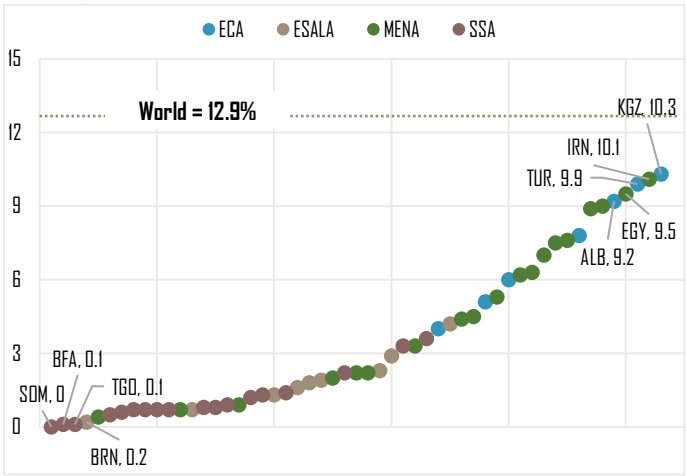
- Special allowances/grants in the form of immediate cash support or one-off payments/cash transfers were the most popular social protection measures implemented in response to the COVID-19 pandemic around the world (ILO, 2020b). In this area, 30 OIC countries implemented a total of 57 protection measures.
- In the area of health, which bore the brunt of the pandemic, 28 OIC countries introduced a total of 47 new measures. Examples of popular protection measures in the area of health include distribution of masks for poor population, free testing and treatment services, increasing financing and budget for the health sector, upgrading or opening new medical facilities, paid sick leaves for healthcare workers, special monthly allowance for medical staff, and more.
- The third most common type of measures, categorized as 'measures for several functions', offered tax deferrals or waivers for individuals and businesses, reallocation of financial resources to fund targeted programmes, digitalization of payment tools, and deferral of social security contributions, and more. In this area, 24 OIC countries introduced a total of 43 measures.

In addition to the above, countries around the world also implemented a number of social protection measures in the areas of: income/job protection, housing/basic services, food and nutrition, children and family, pensions, unemployment, sickness, access to education, maternity/parental, and employment injury (ILO, 2020b).[36]

Out of the total measures implemented in OIC countries, some 76% of the measures were non-contributory, meaning that these benefits were offered to individuals not based on previous payment of contributions but other criteria. In general, OIC countries financed non-contributory social protection measures using general taxation and included "universal schemes for all residents (such as national health services), categorical schemes for certain broad groups of the population (e.g., for children below a certain age or older persons above a certain age), and means-tested schemes (such as social assistance schemes)" (ILO, 2020b). A further 18% of measures in OIC countries were contributory, meaning that these measures offered benefits based on contributions from insured persons and/or their employers.

Nevertheless, the amount that OIC countries spent on social protection was notoriously low – especially considering the additional burden that the pandemic put on protection systems. According to the ILO's World Social Protection Report 2020-2022, countries around the world spent an average of 12.9% of their GDPs on social protection in 2020. However, all the 53 OIC countries included in the dataset had lower social protection spending as compared to the world average (Figure 4.18). As a matter of fact, less than 1% of the GDP was spent on social protection in 17 OIC countries – out of which 12 countries were from Sub-Saharan Africa. In only Iran and Kyrgyzstan, the social protection expenditure was above 10% of the GDP. Generally, OIC countries in the ECA and MENA region had relatively higher social protection expenditure as compared to those in the SSA region.

Figure 4.18: Total Expenditure on Social Protection (excluding health) in OIC Countries, 2020*



Source: ILO's World Social Protection Report 2017-2019 Dataset. *Data is from 2020 or latest year available. OIC n = 53.

Policy Recommendations

Social protection measures adopted in response to the pandemic can impart critical lessons for long-term policy development even though a majority of these measures were temporary in nature (Bastagli and Lowe, 2021). In this regard, the primary recommendation is for policy makers in OIC countries to identify and reform exclusionary and inequitable policies and practices embedded within social protection systems that result in millions of marginalized individuals being underserved by social protection programmes. One approach to building inclusive social protection systems is to expand or relax strict eligibility rules for vulnerable groups for both contributory and non-contributory programs. However, in order to ensure that the protection systems are sustainable in the long-term and that the balance between adequacy and coverage is maintained, it is important to encourage marginalized groups to formally participate or contribute in protection programmes – regardless of the size of their contribution. It is also important that social registries are regularly updated to include individuals belonging to marginalized groups because invisibility and lack of data for a particular group is a common obstacle that affects policy design and implementation.

During the pandemic, countries that already had a robust social protection infrastructure were able to design, adopt and implement protection programmes in an efficient and time-sensitive manner, which was crucial for effective crisis response. In OIC countries, a majority of protection measures that were introduced in response to the pandemic were new programmes or benefits that did not exist before the pandemic. Designing and implementing new protection measures

can be costly and time-consuming and there is no way to assure the success of untested measures in a crisis setting. Therefore, OIC countries need to enhance and diversify their legal protection frameworks, strengthen coordination mechanisms between national protection agencies and crisis management authorities, and reinforce the capacities of national protection programmes (institutions and individuals). OIC countries should also invest in building administrative systems that are robust and flexible – particularly in sustainable operational modalities (such as digital technologies) that can deliver benefits quickly in a crisis situation.

BOX 4.1: Best Practice on Utilising Digital Platforms to Disburse Cash Transfers in Response to the COVID-19 Pandemic from Togo

The government of Togo announced a nationwide curfew in response to the COVID-19 pandemic on 1st April 2020. In the same month, the Government established the new Novissi program to provide unconditional cash transfers to informal workers and their households. The Ministry of Digital Economy and Digital Transformation (MENTD) of Togo was given less than two weeks to build and implement a new digital platform that would allow the government to manage eligibility verification, registration, disbursement of cash transfers, and monitor the situation live. In order to achieve this ambitious task, the Ministry focused on:

i. Integrating existing mobile money operators into a central digital platform. Even though Togo is thought to be a cash-based society, there has been a rise in the number of mobile money platforms in recent years. The Ministry integrated existing mobile money operators into the Novissi platform, encouraging the use of contactless digital payment methods.

ii. Utilizing existing information sources to register recipients. Togo did not have a social registry that could assist the government in registering beneficiaries for the Novissi program, however, the government improvised and used the national voter registry database to do so. If the government had not used existing administrative data and built additional checks and balances on top of it, it would not have been possible to launch the program rapidly.

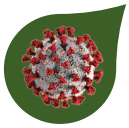
iii. Ensuring multisectoral cooperation to resolve issues quickly. On the day that the program was launched, approximately 3.9 million attempted registrations led to a system wide crash. In order to resolve this issue, the Ministry worked with multiple telecom providers to upgrade their platforms, which was made possible by purchasing new equipment with higher server capacities. In the following weeks, the Ministry also established a toll-free line and hired a call centre where recipients could report any issues related to registration and disbursement.

The Novissi program began disbursing cash transfers within a day of its launch and as of March 2021, Novissi has disbursed payments worth 23.9 million USD to approximately 819, 972 beneficiaries. According to Innovations for Poverty Action (IPA), Togo's Novissi Program is a prime example of how governments around the world can utilize digital technologies to quickly mobilize resources to address social, health, and economic emergencies in a crisis setting.

Source: Debenedetti, 2021.

Lastly, OIC countries need to address the limitations of existing social protection financing mechanisms. During the pandemic, the implementation of effective social protection measures in many low- and middle-income OIC countries was only made possible by the assistance of international aid, international agencies, and international donors. As it stands, several low- and middle-income OIC countries find it difficult to sustain their protection programmes, let alone expand existing programs. Therefore, it is important that OIC countries employ innovative

sources of finance to fund social protection measures – especially during a crisis. At the national level, these sources can include, but are not limited to, efficient domestic tax systems, flexible national contributory schemes (that include marginalized individuals that are generally excluded from contributory schemes), private sector support, deficit financing, extra budgetary funds, contingency funds, and integration of disaster risk financing into protection systems. At the international level, OIC countries can negotiate crisis-response contingencies in international donor financing agreements, explore how official developmental aid can be leveraged for additional humanitarian aid, and utilize Islamic social finance to fund shock-responsive social protection measures.



CHAPTER FIVE

PROTECTING AND EMPOWERING THE MOST VULNERABLE

This chapter evaluates the socio-economic impacts of the pandemic on the most vulnerable groups of the population. It specifically touches on the challenges faced by youth, women, children, elderly, disabled, refugees and migrants as the most vulnerable segments of society. Most of the challenges faced by these groups were mainly related to their participation to labour market and access to social protection programs. Inadequate protection of these groups from harmful effects of the pandemic may further deteriorate their already fragile situations in terms of economic and social participation. During the recovery process, a sufficient amount of resources should be allocated for the reintegration of vulnerable groups into economic and social life and they should be empowered with proper policy instruments.

5.1 Youth

Young people are the dominant force for socio-economic development for now and in the decades to come. This is true in both OIC countries and elsewhere, as they constitute a dynamic, energetic and innovative segment of society. The rapid changes in technology have further increased the role of youth given their capabilities and abilities for the use and development of new skills and productive capacities in developing and developed countries.

OIC countries host around 28% of the world's total youth, which is projected to reach 30.7% by 2030 (SESRIC, 2020c). Even though OIC countries have made noteworthy progress in improving the state of their youth, many of them are not able to realize the full potential of their young population. In varying degrees, youth in OIC countries were facing a number of challenges ranging from economic inactivity and limited social participation to concerns over health, wellbeing, education and skills development even before the pandemic.

Impacts of the COVID-19 Pandemic

The outbreak of the COVID-19 pandemic has affected some segments of the societies, particularly vulnerable groups such as children, youth, women and elderly populations to a higher extent (SESRIC, 2020b). In particular, youth bulge in the developing world including several OIC countries have faced a number of critical challenges resulting from the COVID-19 pandemic and measures taken to contain the pandemic such as curfews in several fronts from education to cultural life.

Even though the COVID-19 pandemic is a health-related crisis, it has affected children's and youth education adversely all across the world. In particular, school closure measures were taken in 188 countries that lasted several weeks in order to contain the spread of the COVID-19 virus. Those imposed countrywide school closures affected more than 1.5 billion children and youth (see section 4.1 for more discussion). Despite various online teaching solutions offered, this period has resulted in significant losses for young generations in terms of developing and learning new skills, socializing with cohorts and building up careers. Overall, more than 70% of youth across the globe who study or combine study with work have been adversely affected by the closing of schools, universities, and training centres. Accordingly, 65% of young people reported having learned less since the beginning of the pandemic because of the transition from classroom to online and distance learning during lockdown (ILO, 2020c).

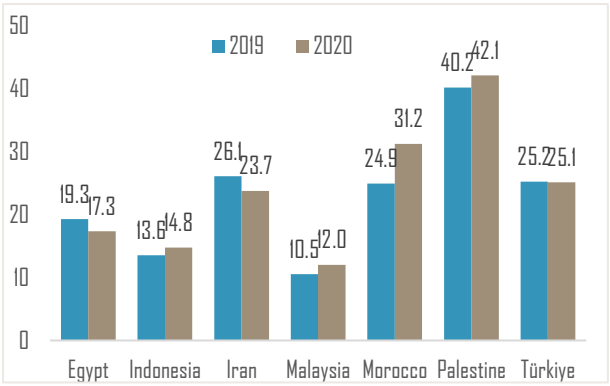
The outcomes are particularly more devastating for developing countries mainly due to inadequate IT infrastructure, limited accessibility of youth to IT equipment and broadband internet, and lack of experience on online education tools. In low-income countries, 44% of students reported not having any courses during the pandemic, whereas it was only 4% in developed countries (ILO, 2020c). According to an ILO survey that aimed to learn about the impact of the COVID-19 pandemic on Indonesian youth, the pandemic had caused 56% of the respondents to delay their studies (ILO, 2021f). More strikingly, 75% of respondent Indonesian youth admitted that they learned less during online learning due to the pandemic.

While youth had experienced difficulties in access to educational institutions and investing in their future, labour market outcomes for youth were also gloomy. The pandemic hit economic growth and supply chains, and deteriorated prospects for the future. In this picture, many employers struggled to cope with negative outcomes of the pandemic such as by reducing the number of workers and working hours. Several OIC countries witnessed increases in their youth unemployment rates during 2020 as compared to 2019 (the pre-pandemic period). For instance, following the pandemic, the youth unemployment rate rose by almost 12 percentage points, to above 42% in Palestine. A number of OIC countries like Indonesia, Morocco and Malaysia also reported increases in their youth unemployment rates in 2020 (Figure 5.1).

The disproportionate increase in youth unemployment could partly be caused by fewer years of work experience youth have. When deciding whom to lay off, firms tend to keep workers they have invested in more rather than fresh graduates. Youth may also disproportionately work in sectors most affected by the pandemic, such as agriculture in many developing countries where hiring and firing are relatively easier (Morocco Employment Lab, 2020; ILO, 2020c).

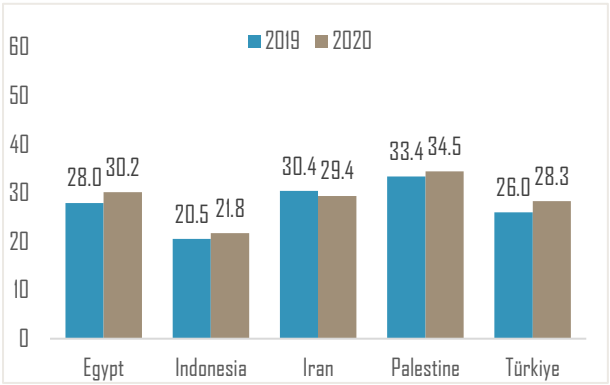
Even before the pandemic, 24.1% of youth in OIC countries were not in employment, education, or training (NEET) in 2019, a proportion that was higher than the global average of 21.2% (SESRIC, 2020c). Evidence from OIC countries for which data are available for 2020 revealed that during the pandemic the proportion of youth NEET went up in most cases. For instance, it climbed up from 26% in 2019 to 28.3% in 2020 in Türkiye while it increased from 28% to 30.2% in Egypt during the same period (Figure 5.2). In many other countries across the globe, the reduced job opportunities coupled with school closures during the pandemic further led to an increase in the youth NEET rate (ILO, 2021g). Daily patterns of youth NEET rate also changed during the pandemic. Youth NEETs are reportedly increasing their sleeping patterns, doing more of the household chores, watching TV longer and spending more time online (ILO, 2021g).

Figure 5.1: Youth Unemployment Rate in Selected OIC Countries



Source: ILO Stat, SDG Indicator 8.5.2 and Haut Commissariat au Plan (Morocco).

Figure 5.2: Proportion of Youth Not in Education, Employment or Training in Selected OIC Countries



Source: ILO Stat, SDG Indicator 8.6.1.

The consequences of the pandemic on youth's overall mental health and wellbeing are overwhelming due to its rippling effects on the social and educational life of youth and fears fuelled by the pandemic. Accordingly, young people's mental health has worsened significantly in 2020-2021. In most countries, mental health issues among this age group have doubled or more (OECD, 2021l). Young people were 30% to 80% more likely to report symptoms of depression or anxiety than adults in a study covering Belgium, France and the United States in March 2021 (OECD, 2021l). Belgian public health institute, Sciensano, found young people aged 18-24 and students were by far the most affected by anxiety and depression during the crisis (UNRIC, 2021).

The pandemic has affected the mental well-being of young people through a number of channels. First, the closures and curfews fuelled higher levels of loneliness, and mental health support for young people has been heavily disrupted such as in schools, universities and workplaces. Second, the closures of educational institutions also contributed to the weakening of protective factors, including daily routine and social interactions that help maintain good mental health. Third, the COVID-19 pandemic has hit career prospects of young people, resulting in an elevated level of stress and risks of experiencing mental health issues. Lastly, the pandemic affected the social environment of young people (e.g. family members, friends, neighbours etc.) associated with high stress from both financial and emotional perspectives.

According to an online survey conducted by UNFPA (2020a), 90% of young people in Indonesia feel anxious during the pandemic, with social distancing measures forcing schools and workplaces to close. The survey revealed a number of reasons for this anxiety, ranging from lack of improvement of the situation (70%) and inability to socialize (58.7%) to financial issues (40%) and feeling unsafe in their environment (38%). Factors that increase suicide risks such as chronic mental health conditions, social isolation and financial difficulties have also been exacerbated by the COVID-19 crisis. A study in the case of Japan found that the suicide rate among youth under 20-years-old increased from July to October 2020 (OECD, 2021l).

Response Measures and Good Practices

In order to mitigate the negative effects of the pandemic and improve the wellbeing of youth, many OIC countries have put in place a number of measures. Those measures are wide in their scope and vary in their coverage.

More than two-thirds of countries in the world have introduced a national distance-learning platform, but among low-income countries, the share is only 30% (OECD, 2021l). Several OIC countries have exerted additional efforts to ensure that such platforms are accessible to all youth and students. For instance, the GSM operators in Türkiye in consultation with the public authorities have decided to offer free internet package to ease access to online education platforms (Educational Informatics Network-EBA). Moreover, a dedicated education TV channel was established by the Turkish Radio and Television Corporation (TRT) in cooperation with the Ministry of National Education to reach out to more students and young people during the pandemic in all parts of the country and mitigate the negative impacts of caused by disruptions to face-to-face education (Ozer, 2020).

Several OIC countries, like Kuwait and the United Arab Emirates, have started offering hotline call lines and telephone counselling for people experiencing general psychosocial distress and those threatening self-harm including youth. In Lebanon, the Ministry of Public Health has launched an action plan comprehensively addressing mental health aspects of COVID-19 that also specific targets for the youth bulge (UN, 2020c).

In Malaysia, the Government announced financial incentives for employers to hire and train 300,000 unemployed people. This included 600 Malaysian ringgit (MYR) per month for apprenticeships for school leavers and graduates for up to six months (ADB, 2020b). Senegal included a number of additional financial measures into its revised 2021 budget targeting to elevate youth and women employment. Kazakhstan in its efforts to restore economic growth designed a subsidized mortgage program for households with a segment targeting youth specifically (IMF, 2021d).

The Gambia (the Ministry of Basic and Secondary Education) developed a comprehensive national strategy on education titled the "COVID-19 Education Sector Response Plan". It is aimed at mitigating the loss of instructional hours and keeping school children engaged and ensuring continuity of learning at home by involving various national stakeholders. The plan also aimed at ensuring that school meals reach students in their homes. (UNESCO, 2020b). Some OIC countries like Türkiye have increased financial support to apprenticeships for youth in vocational education (EBRD, 2021). In this way, it is aimed to minimize the risk of dropout rate from the programme due to financial hardships caused by the pandemic.

Many OIC countries extended the coverage of social benefits and announced stimulus packages during the pandemic with a view to reaching more vulnerable groups including youth (SESRIC, 2020b). For instance, on March 31, 2021, Jordan announced a stimulus package with a total value of JD 448 million. The package includes measures to protect existing jobs (JD 113 million), employ youth in COVID-related programs (JD 10 million) and augment social welfare programs (JD 60 million, primarily via an expansion of the Takaful cash transfer program (World Bank, 2021d).

In a similar vein, Morocco announced the "Pact for Economic Recovery and Employment". The recovery plan introduced in early August 2020 contains specific measures targeting vulnerable sectors (e.g., tourism), the youth, and an ambitious social reform (IMF, 2021d). The recovery plan attaches special attention to the youth through reviving the Intelaka program, an initiative offering young entrepreneurs state-guaranteed loans. A special measure in the 2021 proposed Budget Act involved an income tax exemption for two years for youth who are under age 30 and recruited on a permanent basis.

In Chad, the National Assembly adopted a new law on May 11, 2020, that establishes a Youth Entrepreneurship Fund (0.6% of non-oil GDP) to enhance youth entrepreneurship, which will help create new jobs and reduce youth unemployment and inactivity. In Chad, the 2021 budget introduced other measures to help companies overcome COVID-19 repercussions such as exonerations of employer's charges for the recruitment of young graduates, exemption from VAT on many items (IMF, 2021d).

Policy Recommendations

Many young people are distressed due to the immediate health impacts of the coronavirus and the consequences of physical isolation stemming from the pandemic. Many are afraid of infection, dying and losing family members. For a good time, they have stayed far away from their social environment including schools. Millions of them have been facing economic turmoil, having lost or being at risk of losing their income and livelihoods. In this regard, the government policy responses specifically targeting youth could help them in improving their wellbeing, reducing their stress and increasing hopes for the future.

Addressing the education gap stemming from the pandemic should be a priority for OIC countries. The online or distance learning programmes have limitations and not all young people have benefited from such programmes. Moreover, it is time to consider hybrid-learning schemes, in which both physical and distance-learning systems are implemented simultaneously. Many developed countries have already taken steps towards this direction even before the pandemic. The pandemic has increased the pace of transformation in the education sector for youth. In the post-pandemic period, it seems that 'hybrid education' will be one of the pillars of the new normal. In this regard, OIC countries should invest more in hybrid and alternative education channels and equip the youth and education providers with the necessary knowledge and skills. Those efforts would help OIC countries to have a more resilient education sector such as by reducing inequalities in access to education.

Strengthening employment services for young people is vital in efforts to cope with the immediate impacts of the pandemic and build resilience for future shocks. Due to the pandemic and containment measures, millions of young people could not find an apprenticeship or part-time job opportunities. Full-time job opportunities also eroded due to ongoing uncertainties and lay-offs stemming from the COVID-19 pandemic in many OIC countries. Considering financial and non-financial incentives for youth employment, quota schemes and tax breaks could help to increase youth employment.

The social safety nets have become more critical under the pandemic conditions as many young people have to rely on support from the government. Yet, as in many developing countries, due to financial constraints, not all needed youth could benefit from social safety nets in many OIC countries. In this regard, OIC countries in cooperation with regional and international organisations are recommended to develop specific social safety net programmes targeting youth.

The lockdowns and curfews have shown that non-governmental organisations (NGOs) and volunteers could play a critical role in reaching out to people such as those living in slums or rural areas. They also help to convey the expectations or concerns of youth to policymakers. This is a critical time for the youth sector and NGOs face a number of financial challenges due to the long-lasting pandemic. Therefore, OIC countries are recommended to work out modalities to increase the contribution of active youth NGOs in policy response programmes and consider supporting them to increase the effectiveness of youth policy measures.

Lastly, OIC countries are recommended to develop comprehensive national strategies and action plans to evaluate and mitigate short, middle and long run socio-economic impacts of the pandemic on the youth segment. In particular, for strengthening the resilience of OIC countries to future shocks in terms of youth policies, it is essential to invest in youth skills development including technical and soft skills such as through organizing capacity-building programmes in cooperation with civil society organizations and increasing the number of elective courses in the school curriculum. It is also critical to develop a national crisis-management strategy that includes possible policy interventions of public institutions on various segments of the population including youth in times of shocks.

The pandemic has highlighted that having good quality IT infrastructure helps governments to develop swift policies as in the case of distance learning solutions. In this regard, OIC countries should invest more in IT solutions especially in social sectors like education and health that could help the delivery of such services to the young population during future shocks. During the pandemic, the well-being of youth populations such as those with some addictions and obesity were affected to a higher extent. To this end, developing and implementing strategies to fight health risk factors that affect the wellbeing of youth would help increase the resilience of youth living in OIC countries. This will also facilitate developing and delivering policy responses in the future against shocks by reducing the pressure on public and social services.

As the duration of the pandemic has prolonged due to the slow pace of vaccination and new emerging variants of the virus like Delta and Omicron, responses of OIC countries should be amplified on youth. Young people expect more support from their governments. For example, a survey conducted across OECD (2021l) countries revealed that despite considerable efforts by governments across OECD countries to mitigate the impact of the COVID 19 crisis, two in three youth (between 18-29-year-olds) think the government should be doing more to ensure their economic and social security and well-being.

As young people's expectations and concerns differ from other demographic groups, policy measures should also be customized for this demographic group. For instance, TV campaigns and offline materials have some limited impact on youth whereas social media and social media influencers could be more effective to reach out to youth, and reduce their stress, anxiety and restoring their self-confidence. Moreover, such channels could be used to promote youth entrepreneurship in order to encourage youth to follow their dreams.

5.2 Women and Children

There is a wide consensus amongst policy makers and experts that the COVID-19 pandemic has put at risk the gains made towards women's empowerment and gender equality in the past decades in almost every country in the world. The World Economic Forum's Global Gender Gap Report for 2021 estimates that approximately 39 years of progress towards gender equality has been upended due to the pandemic. In the developing world, in particular, the pandemic has worsened gender-based inequalities and exacerbated women's economic participation, health outcomes of women and children, and social vulnerabilities that are discussed in the following section.

Impacts of the COVID-19 Pandemic

Globally, women account for 49.6% of the 183.5 million confirmed COVID-19 cases and 43.4% of the 3.7 million COVID-19 deaths, according to the latest data available between March 2020 and December 2021 from Global 5050's COVID-19 Sex-Disaggregated Data Tracker. In OIC countries, women account for 44% of the 15.7 million confirmed cases and 42% of the 0.3 million deaths (Table 5.1). Additionally, children and youth under the age of 20 account for 17% of the reported COVID-19 cases and 0.4% of the reported COVID-19 deaths, as of January 2022.[37] Gender-disaggregated data from 26 OIC countries also shows that, in most OIC countries, men are more likely to die of COVID-19 as compared to women. The male to female ratio for the proportion of deaths in confirmed COVID-19 cases is 1 or higher in 23 OIC countries (Table 5.1). This ratio is exceptionally high in two OIC countries: Albania (2.2) and Tunisia (2.47) and lower than 1 in three OIC countries (Brunei Darussalam 0.66, Jordan 0.83 and Iraq 0.88).

Table 5.1: Gender Disaggregated Data for Confirmed COVID-19 Cases and Deaths*

	Confirmed cases (Millions)		Deaths (Thousands)	
	Male	Female	Male	Female
OIC	8.8	6.9	165.4	118.9
Non-OIC Developing	36.7	33.4	1,057.3	772.3
Developed	46.9	50.8	896.2	730.3

Source: Global 5050 COVID-19 Sex-Disaggregated Data Tracker. *Latest available data between March 2020 and December 2021. Confirmed cases: OIC n = 49, Non-OIC Developing n = 91, Developed n = 37. Deaths: OIC n = 29, Non-OIC Developing n = 70, Developed n = 36.

It is important to note that gender-disaggregated COVID-19 data is not being collected or disseminated with regularity by several OIC countries. As of December 2021, only 26 OIC countries reported gender-disaggregated data for COVID-19 confirmed cases and deaths, another 23 OIC countries reported this data partially, and 7 OIC countries did not report any gender-disaggregated data.

Economic Participation and Unpaid Work

Evidence suggests that the COVID-19 pandemic has affected women's economic lives disproportionately because of their relatively low capacity to absorb and/or respond to economic shocks that are all a part and parcel of the pandemic. This is partly because 70% of women's employment is in the informal sector in developing countries (UN, 2020d). The latest data available between 2018 and 2020 from ILOSTAT shows that women make up for 34.2% (69.9 million) of the 203.8 million workers employed in the informal economy in 19 OIC countries. During the pandemic, women working in the informal economy are more likely to suffer from reduced incomes, reduced savings, job insecurity and limited access to social protection.

Data from UN Women Rapid Assessment Surveys (RGAs)[38] conducted in Bangladesh, Maldives, and Pakistan also show that, as compared to men, women in informal employment were more likely to have their working hours reduced in 2020. For instance, 8% more women than men in Bangladesh and 14% more women than men in Maldives reported reductions in working hours. Even in formal employment, 69% more women than men in Bangladesh and 2% more women than men in Pakistan reported having their working hours reduced.

The situation is particularly dire for women or single-parent households headed by women living in poverty who are experiencing a loss of income, lack of access to social assistance, lack of access to health services, and increased food insecurity because of the pandemic. Moreover, remote work – that has become the de facto alternative for employment and education during the pandemic – is also often inaccessible to women and children belonging to low-income backgrounds who cannot afford digital technologies and/or do not have the skills required to use them.

Children, in particular, experience poverty differently as compared to adults (UNICEF, 2021). Some of the negative impacts of the pandemic such as child malnutrition, lack of immunization for children, and loss of education will have long term effects on the 386 million children that were living in poverty in 2019 and the 42 to 66 million additional children that were expected to fall into poverty in 2020 (UN, 2020f). Furthermore, UNICEF projections estimate that the COVID-19 pandemic will push approximately 100 million additional children into multidimensional poverty by the end of 2021, depriving them of access to education, healthcare, housing, nutrition, and water and sanitation services (UNICEF, 2021).

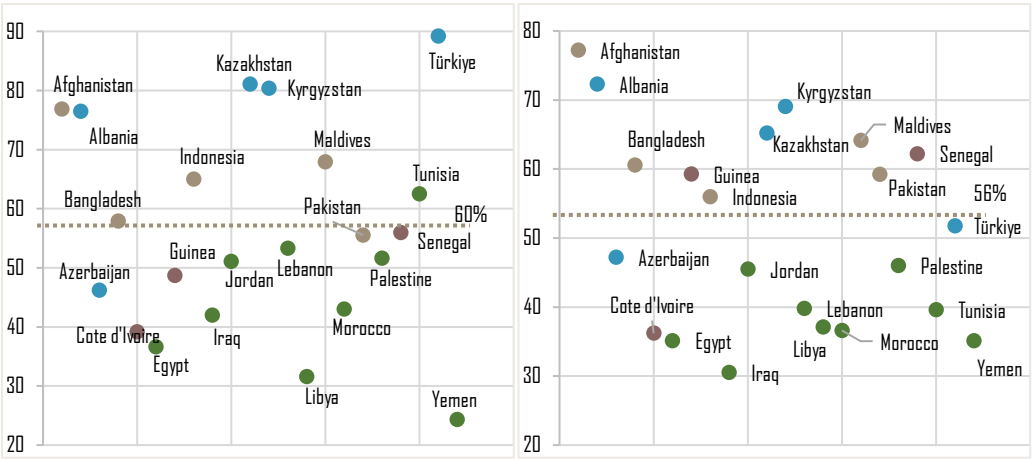
When it comes to the impact of COVID-19 on women's labour force participation, ILOSTAT data for 55 high- and middle-income countries finds that in the 6 months between December 2019 and June 2020 nearly 29.4 million women above the age of 25 lost their jobs and by June 2020 there were 1.7 times more women outside the labour force than men (Azcona et al., 2020). The high job losses amongst women can be attributed to the fact that nearly 40% of all women that are formally employed and 42% of all women that are informally employed work in the service sector (retail, entertainment, accommodation, food and beverage industry, etc.), which has been severely affected by pandemic related containment measures such as lockdowns, mobility restrictions, and social isolation measures (ILO, 2020d).

Another factor that has led to more women leaving the labour force during the pandemic is an increase in demand for unpaid domestic and care work within the household. Even before the pandemic, women around the world performed three times more unpaid care and domestic work as compared to men but the pandemic has worsened the burden for women – especially in traditionally structured societies that adhere to rigid gender roles and follow conservative social and cultural norms.

Data from UN Women RGAs conducted in 38 countries (of which 22 were OIC countries) shows that 60% of women and 54% of men that were surveyed reported an increase in time spent on at least one unpaid domestic activity since COVID-19 (UN, 2020e). The proportion of women in OIC countries who reported an increase in time spent on at least one unpaid domestic activity[39] ranged between 24% in Yemen to 89% in Türkiye (Figure 5.3, left). In 8 OIC countries (Türkiye, Kazakhstan, Kyrgyzstan, Afghanistan, Albania, Maldives, Indonesia, and Tunisia), the proportion of women who reported this increase was higher than 60%.

The same 2020 Rapid Assessment Surveys also show that 56% of women and 51% of men reported an increase in time spent on at least one unpaid care activity[40] since COVID-19 (UN, 2020e). The proportion of women in OIC countries who reported an increase in time spent on at

Figure 5.3: Unpaid Work (% of women who reported an increase in at least 1 unpaid domestic activity (left) or at least 1 unpaid care related activity (right) during the pandemic (%), 2020



Source: UN Women Rapid Gender Assessment Surveys on the impacts of COVID-19. OIC n = 22.

least one unpaid care activity ranged from 31% in Iraq to 77% in Afghanistan (Figure 5.3, right). In Afghanistan, Albania, Kyrgyzstan, Kazakhstan, Maldives, Senegal, Bangladesh, Guinea, and Pakistan, more than half of the women surveyed reported spending increased time on at least one unpaid care activity.

Findings from this dataset also show that 64% of parents that were surveyed rely more on their daughters to help with household chores and/or caregiving during the pandemic as compared to 57% of parents who rely on their sons (UN, 2020e). This can partially explain why more girls have dropped out of school (or are expected to stay out of school) to take over domestic/care giving responsibilities at home.

Studies have found that women's unpaid domestic and care work is a major driver of inequality, having direct links to 'wage inequality, lower income, poorer education outcomes, and physical and mental health stressors'; factors that have all been exacerbated by the pandemic (UN, 2020d). The increase in the demand for women's unpaid work at home during the pandemic is a direct result of school closures – with women having to care for children fulltime and helping them with their schooling; a rise in care needs of older and disabled people who are unable to seek institutional or formal assistance; and a breakdown of support services such as formal/informal child care, domestic help, and more. Formal and informal support services that were disrupted by the pandemic play a vital role in helping women balance their responsibilities in the work place and at home; but, pandemic related restrictions such as social isolation and mobility restrictions have made it difficult for women to avail such services, affecting their ability to participate in the labour force.

Health Outcomes

In the health sector, women are more likely to be exposed to contracting the COVID-19 virus because they account for 69.9% of the global health workforce and make up for a majority of front-line, formal and informal health workers dealing with COVID-19 patients in their

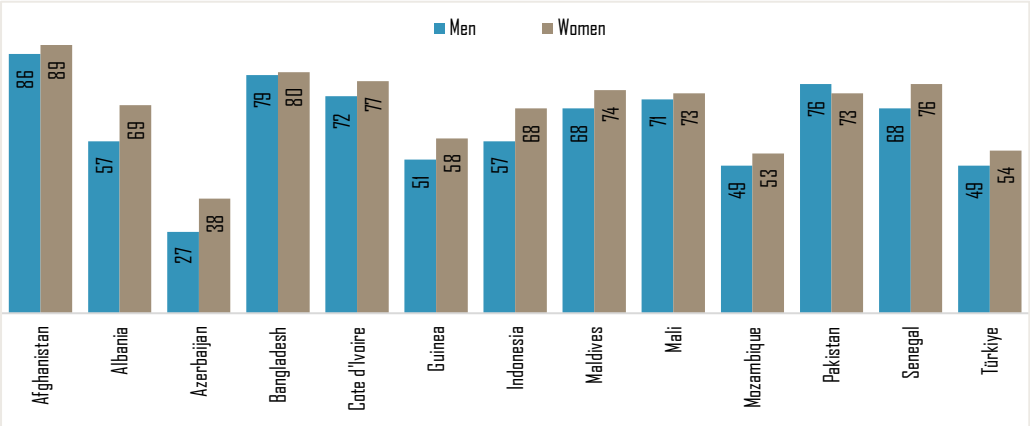
communities. In OIC countries, the share of women employed in human health activities was 50% or higher in 13 OIC countries in 2019 – with the highest share in Kyrgyzstan (82.7%), according to the ILOSTAT. Even in OIC countries with a relatively lower share such as Pakistan, Togo, Palestine and Niger, 20% to 30% of women were employed in the human health activities sector. Moreover, ILO's Data on HIV care work from Sub-Saharan Africa also shows that nearly 70% of community health workers in Sub-Saharan Africa are women, who receive little to no compensation to perform care activities (Cattaneo et al., 2019). Given women's overrepresentation in the global health workforce, researchers estimate that women's unpaid contributions to health care are worth approximately USD 1.5 trillion and women's contributions to all types of care (such as child and elder care, including health care) are estimated to be worth USD 11 trillion (Addati et al., 2018).

Yet, in many developing countries, the share of women (who are not formally employed) that are not covered by any health insurance is alarmingly high. For example, according to UN Women RGAs on the socio-economic consequences of COVID-19, 99% of women in Bangladesh (vs. 97% of men) and 97% of women (vs. 87% of men) in Pakistan are not covered or don't know if they are covered by any health insurance. Moreover, the pandemic has also brought to fore the differences in difficulty faced by men and women in accessing medical care. According to data from UN Women RGAs conducted in 35 countries (of which 13 are OIC countries), globally, 37% of women vs. 42% of men who were surveyed reported that access to medical care is more difficult for them. However, in several OIC countries including Albania, Afghanistan, Cote d'Ivoire, Pakistan, Bangladesh and Mali, women had more difficulty in accessing medical care during the pandemic.

COVID-19 pandemic has also had severe impacts on the psychological health of individuals around the world. UN Women RGAs find that 62% of men and 62% of women who were surveyed said that their psychological, mental, or emotional health has been affected by the pandemic. For women, the psychological strain caused by preventative measures is further exacerbated by an increase in unpaid domestic and care work and a rise in domestic violence. This is why data from several OIC countries shows that more women, as compared to men, are affected psychologically, mentally, or emotionally by the pandemic. These countries include Albania, Indonesia, Azerbaijan, Senegal, Guinea, Maldives, Cote d'Ivoire, Türkiye, Mozambique, Afghanistan, Mali and Bangladesh (Figure 5.4).

For women in developed and developing countries, the reallocation of medical resources during the pandemic has also had an adverse impact on the availability of maternal, sexual, and reproductive health services. In April 2020, a UNFPA study projected that approximately 47 million women in 114 low- and middle-income countries would be unable to use modern contraceptives if the average lockdown in a country continues for 6 months (with serious service disruption) and that a 6 month lockdown would result in the occurrence of over 7 million unintended pregnancies. The study also estimates that, over the next decade, some 2 million FGM cases and over 13 million child marriages are expected to occur – incidents that would not have occurred if it was not for the disruptions related to the COVID-19 pandemic (UNFPA, 2020b).

Figure 5.4: Psychological and Mental Health in selected OIC countries (% of men and women who were affected psychologically, mentally, or emotionally by the pandemic), 2021*



Source: N Women Rapid Gender Assessment Surveys on the impacts of COVID-19. *RGAs were conducted between March 2020 and March 2021. OIC n = 13.

Poverty, in particular, is a direct driver of child marriages and the economic impacts of the pandemic are expected to increase poverty rates in vulnerable communities.

For children, economic difficulties caused by the pandemic are expected to result in malnutrition in 368.5 million children in 143 countries. There is also the likelihood of 6 to 7 million children (under the age of 5) having suffered from wasting or acute malnutrition in 2020 alone. This is partly because children who generally rely on school meals have been affected by school closures (that have impacted over a billion children) which has made it difficult for them to find reliable sources of food and nutrition. Malnutrition can have lasting impacts on a child's physical, social, and emotional development (UNICEF, 2021).

The COVID-19 pandemic has also led to the suspension of measles immunization campaigns in 26 countries, putting more than 94 million children up to the age of 9 at risk and suspension of all polio vaccination campaigns (UNICEF, 2020b). Without proper immunization drives, children are unable to receive life-saving vaccines and treatments necessary to live out healthy lives (UNICEF, 2021). It is also estimated that up to 2 million child deaths and 200,000 additional stillbirths can occur annually if COVID-19 related service disruptions continue (UNICEF, 2020c). As a result, the pandemic is expected to upend 2 to 3 years of progress in reducing global infant mortality (UN, 2020f).

Social Vulnerabilities

The UN has dubbed the increase in gender-based violence (GBV) during the COVID-19 pandemic as a 'shadow pandemic', which is affecting women around the world. According to the WHO, in 2018, nearly 245 million women (ages 15 and above) had been subjected to physical and/or sexual intimate partner violence in the preceding year and 1 in 3 women wase likely to experience violence during their lifetimes.

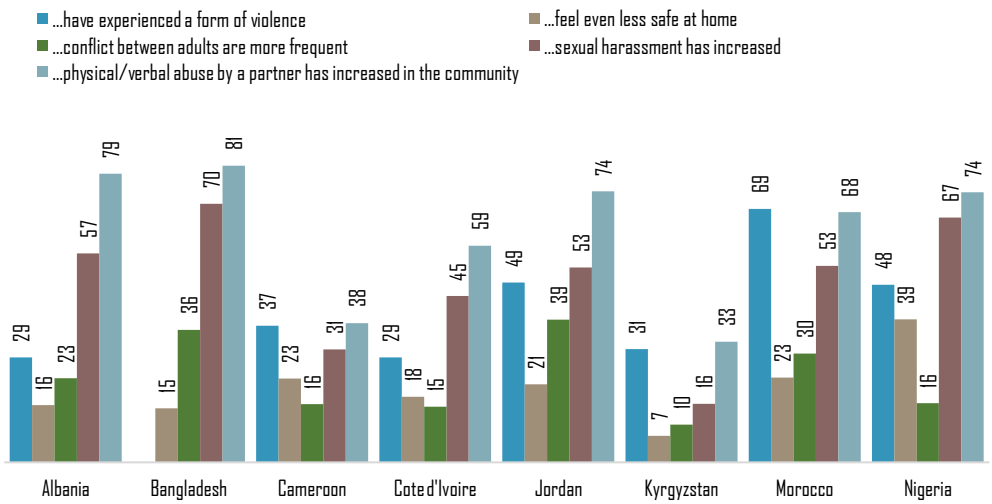
The COVID-19 pandemic has exacerbated the occurrence of gender-based violence because of factors including, but not limited to, economic and social stress, restricted mobility, crowded

living spaces, reduced support systems, limited access to services, and psychological or mental stressors (UN, 2020d). UNFPA predicts that 31 million additional GBV cases are likely to occur for every 6-month long lockdown in response to the pandemic (UNFPA, 2020b). According to the UN, COVID-19 pandemic has also revealed novel methods in which perpetrators of GBV are exploiting women. For example, "abusers are exploiting women's inability to call for help or assistance or exploiting the fact that women would not have anywhere to go if thrown out of their homes amidst a pandemic" (UN, 2020d). This is why, in many cases victims of GBV are being forced to continue living with their abusers, isolated from personal and professional support systems and resources.

In addition to GBV, a rise in violence and abuse against children during the pandemic is also worrisome. Caregiver violence is the most common type of violence against children and such violence is more likely to occur when children are confined at home. For children belonging to unstable families, lower income households, or those without caregivers, pandemic related measures such as lockdowns and school closures can mean higher school dropout rates, a rise in child labour, and a higher incidence of child marriages. As it stands, 104 countries have reported disruptions in services addressing violence against children (UNICEF, 2020d).

While the data on violence against women during the pandemic is not readily available for a majority of OIC countries, UN Women RGAs (conducted between April and September 2021) include data from 8 OIC countries (Figure 5.5). This data shows that upwards of 20% of women reported that they or a woman they know has experienced a form of violence since the start of the pandemic. In Morocco, in particular, more than half of the women reported that they or a woman they know has experienced violence since the start of the pandemic. Between 7% and 39% of women in these 8 OIC countries said that COVID-19 has made them feel even less safe at home. In Jordan (39%) and Bangladesh (36%), more than one-third of the women said that

Figure 5.5: Gender –based Violence during the Pandemic in Selected OIC Countries (%), 2021



Source: UN Women Rapid Gender Assessment Surveys on the impacts of COVID-19. *RGAs were conducted between April and September 2021.

BOX 5.1: Best Practices on Violence against Women and Children during the COVID-19 Pandemic

According to the World Health Organization Regional Office in Europe, three OIC countries in Europe and Central Asia region spearheaded concentrated efforts to prevent and combat violence against women and children (VAWC) during the COVID-19 pandemic. These initiatives and interventions, listed below, can provide guidance for similar policy interventions in other OIC countries.

1. **Albania**: As part of its efforts to monitor and curb VAWC during the pandemic, the Government of Albania issued specific regulations to ensure effective "functioning of public and non-public residential centres providing housing services for victims/survivors of domestic violence and for victims/survivors of trafficking in the COVID-19 pandemic situation" and regulations on "managing cases of children in need of protection during the emergency COVID-19" in April 2020. The government allowed VAWC helpline staff to continue to provide services from home during the pandemic and took measures to prioritize and/or fast track legal processes for cases involving VAWC. Starting from 1st April 2020, the government of Albania also announced that 482 survivors of intimate partner violence would receive a double payment of economic assistance for three months.

2. **Türkiye**: Using digital platforms to address VAWC, Türkiye introduced three new digital measures to tackle VAWC: (i) Launching the Women Emergency Support app that allowed women to take out injunctions against their abusers, (ii) Developing apps that provided legal advice and psychosocial support to victims and survivors of violence, and (iii) NGOs in Türkiye used messenger apps such as WhatsApp to provide legal advice.

3. **Uzbekistan**: Following a rise in violent incidents in 2020, the Interior Ministry of Uzbekistan assigned a "prophylactic inspector" for each neighbourhood for a period of five years, who is responsible for assisting the neighbourhood chiefs in preventing and combatting VAWC. In utilizing digital platforms, the government also launched a Telegram channel for gender-based violence and set up new helplines for reporting violence and providing legal and psychosocial support to victims of violence. The Ministry for Supporting Mahallas and Families also prepared flyers to distribute in Tashkent region that would reach vulnerable and marginalized populations and provide them with referral numbers in case of violence.

Source: WHO ROE (2021).

COVID-19 has made conflicts between adults in a household more frequent. In Albania, Bangladesh, Jordan, Morocco and Nigeria, more than half of the women said that sexual harassment has increased during the pandemic. And in 6 OIC countries, with the exception of Cameroon and Kyrgyzstan, more than 50% of women reported that physical/verbal abuse by a partner has increased in their communities during the pandemic. The UN Women has also found that 58% of women who have experienced violence and 56% of women who feel less safe at home are more likely to be food insecure in the pandemic (UN Women, 2021).

Policy Recommendations

In order to aide COVID-19 recovery efforts, policy makers in OIC countries need to understand that women and children are not only more exposed to the risks posed by the pandemic but also suffer disproportionately from the negative impacts of the pandemic. Therefore, it is extremely important that a gendered perspective is employed while designing recovery policies and programs. It is also important that women and women's organizations receive equal representation in COVID-19 related decision-making because policy making apparatus that excludes women is more likely to yield results that are counterintuitive and ineffective.

COVID-19 recovery measures in OIC countries also need to take into account evidence from past public health crises. For example, evidence from the Ebola epidemic shows that containment measures (lockdowns, isolation, and quarantines) can reduce women's economic participation and their ability to earn a livelihood to support themselves and their families. Evidence from the Ebola epidemic and Zika outbreak also indicates that women take longer to economically recover from a public health crisis as compared to men.

To mitigate the adverse economic impacts of the pandemic on women and children, policies and programs in OIC countries need to remove obstacles hindering women's economic participation, promote equal opportunities for women's participation in the labour force and bridge the wage gap, and introduce financial support for women's entrepreneurship and self-employment. Given the high percentage of women's employment in the informal economy, existing social protection systems in OIC countries need to expand the coverage of unemployment benefits, health insurance, maternity or parental leaves, etc. to women who are not able to formally participate in contribution-based schemes while working in the informal sector (including domestic, part-time, and seasonal workers).

Using a gender lens, social protection programmes in OIC countries also need to be considerate of the limitations that most vulnerable women may face in trying to access social assistance such as lack of awareness about social protection programmes and their conditionalities, inability to collect disbursements due to domestic responsibilities, inability to access formal banking institutions or digital disbursement methods, and their employment in the informal economy.

The COVID-19 pandemic has offered a valuable opportunity for OIC countries to build inclusive societies that recognize and support women's unpaid domestic and care work. One recommendation for doing so is to ensure that women who shoulder caregiving responsibilities have the proper knowledge, training and equipment needed to care for their family members, including children and the elderly. OIC countries can also invest in accessible public service infrastructure that can quickly adapt to a crisis and ensure the continuity of care for children, elderly and persons with disabilities – especially in low-income neighbourhoods and rural areas.

In the domain of health, the COVID-19 pandemic has had direct and indirect impacts on women and children. It is important that OIC countries have resilient crisis response plans that ensure uninterrupted service delivery of critical reproductive, maternal, and sexual health services for women even in a crisis situation. There is also a need for COVID-19 recovery efforts in OIC countries to include targeted provisions for vulnerable women and children including older women, women and children living in poverty, children living in unstable households or institutions, women and children living in refugee camps and slums, and victims and survivors of violence and abuse. Since a majority of the global health workforce is comprised of women, it is also important that frontline female health workers, community workers, and even midwives are included in pandemic response and recovery planning and decision making.

There is a need for OIC countries to prioritize the uninterrupted delivery of child services, with a focus on providing access to children from the more vulnerable segments of society. These services should include education, food and nutrition programmes, health care for new-borns

and infants, health services for psychological and psychosocial support of children, programmes that protect children from violence and abuse and support child victims of violence, targeted services for children with disabilities, and social services for children at risk of exploitation. It is also important that policies and programmes provide guidance and support to parents and caregivers (including information, training, and resources) so that they can ensure the physical and mental well-being of their children during a public health crisis.

For OIC countries to build resilient systems to combat gender-based violence and violence against children in future crises, policy makers need to integrate violence prevention measures into pandemic response plans and mandate support services for victims of violence and abuse as essential services and judicial, medical, and social service workers dealing with domestic violence as essential workers. OIC countries need to also invest in increasing the capacity of safehouses and shelters, train service providers and first responders, and offer remote psychological and legal services for victims of abuse. It is also important that violence reporting mechanisms (physical and virtual) are active and efficient even during a public health crisis. Lastly, OIC countries can build functional support systems for victims of violence though multisectoral cooperation, by providing resources to grassroots organizations that deal with violence against women and children in their communities.

5.3 Elderly and People with Disabilities

The changing demographic structure and increased life expectancy in OIC countries have led to an increase in the number of the older population and people with disabilities. In OIC countries, the share of the population aged 60 or above increased from 5.7% in 1990 to 7.4% in 2020 (SESRIC, 2021d). The estimated number of people with disabilities in OIC countries went up from 235.2 million in 2010 to 280.9 million in 2019 (SESRIC, 2021e). Such an important part of the population could play an important role in achieving sustainable development and addressing inequalities in the OIC group if proper policies and programmes are designed and utilized.

The elderly and people with disabilities generally have greater healthcare and social needs than other segments. Yet, with the outbreak of the pandemic in early 2020, provision of services for those people in OIC countries such as basic healthcare services and specialized rehabilitation diminished due to the underinvestment in social security systems, the insufficient number of trained health professionals and rehabilitation units as well as due to lockdowns and curfews implemented by OIC countries. To this end, the outbreak of the COVID-19 pandemic has the potential to get back the gains made in almost all socio-economic domains and will likely affect outcomes for the elderly and people with disabilities adversely from education to health in OIC countries (SESRIC, 2020b).

Impacts of the COVID-19 Pandemic

In order to contain the spread of the virus, the majority of OIC countries have imposed strict public health and safety measures. Those measures usually were customized by taking vulnerable health situations of the elderly and people with disabilities. However, such measures have posed significant challenges for those segments of society. In particular, the impacts of COVID-19 on

them are multidimensional and interlinked and they affect the economic, health, and social wellbeing of older people and people with disabilities (OECD, 2020h). Figure 5.6 summarizes the major impacts of COVID-19 on the elderly and people with disabilities.

In terms of physical wellbeing, older adults and people with pre-existing health conditions including people with disabilities are at a higher risk of life-threatening complications from COVID-19. An estimated 66% of people aged 70 and over have at least one underlying condition, placing them at an increased risk of severe forms of COVID-19 (SESRIC, 2020b). For instance, 41% of the COVID-19 related deaths were among older persons in Indonesia (i.e. excessive death) (ERIA, 2020). Moreover, the development of illness during old age has the potential to deteriorate older people's function and health significantly. The COVID-19 pandemic is causing the disruption of routine healthcare for many older people with chronic health conditions (OECD, 2020h). For instance, due to restrictions, many older persons are not allowed to visit healthcare institutions. With the outbreak of the pandemic in early 2020, it is expected that the burden of persons with disabilities in OIC countries will increase due to their reduced access to services under challenging pandemic conditions.

In terms of mental wellbeing, around the world and in many OIC countries, the elderly and people with disabilities experience social and systemic disadvantages resulting in their marginalization and exclusion from productive capacities as well as decision-making. The outbreak of the pandemic and the implementation of a wide range of containment measures to protect the health of those vulnerable groups have increased the pressure on them by isolating and excluding them from social life. A case study conducted in Abu Dhabi revealed that the movement restrictions imposed on the elderly and not being able to see children and grandchildren when wanted were the two main concerns reported (Badri et al., 2021).

Figure 5.6: Impacts of COVID-19 on the Elderly and People with Disabilities

Source: SESRIC Staff Analysis from SESRIC (2020b) and UN (2020).

People with cognitive impairments may have difficulty in accessing advice on infection prevention and are at higher risk of isolation (SESRIC, 2021e). The mental wellbeing of the elderly and people

with disabilities not only deteriorated due to isolation and exclusion but also by increased instances of violence and abuse observed during the pandemic (SESRIC, 2020b).

With respect to social and mental wellbeing, COVID-19 poses particular risks for the elderly and people with disabilities – especially those residing in long-term care facilities - in terms of increased mortality and low subjective well-being due to isolation and lower care time (OECD, 2020h). The absence of physical contact with family members due to confinement measures has negative effects on psychological wellbeing, especially in the case of a prolonged outbreak. The wellbeing of older persons in humanitarian emergencies across OIC countries also worsened during the pandemic, requiring special interventions (SESRIC, 2021d).

Measures to contain the spread of COVID-19 have resulted in significant disruptions to services, support systems and informal networks, such as personal assistance, sign language and tactile interpretation and psychosocial support. The number of cases of violence on persons with disabilities has also increased during the pandemic (UN, 2020g; Mustaffa et al., 2020). The pandemic has made the wellbeing of people with disabilities worse as they face additional barriers to accessing public health information due to the unavailability or inaccessibility of such information in disability-friendly formats, experience difficulties in following hygiene measures and social distancing (SESRIC, 2021e).

In terms of economic wellbeing, the UN (2020g) revealed that the impact of the pandemic on economic activities of disadvantaged groups including the elderly and people with disabilities is devastating such as due to economic slowdown, disruptions in public services, curfews and lockdowns. Many of them lost their income or faced with reduced earnings due to working hours lost during lockdowns. To put it in perspective, working-hour losses in 2020 were approximately four times greater than during the global financial crisis in 2009 (ILO, 2021a). In the OIC group, on average, working hours lost due to the COVID-19 pandemic were measured at 8.2%, which is slightly lower than the world average of 8.8%. At the individual country level, the highest relative working-hour loss was observed in Kuwait (16.4%). COVID-19 has also a direct negative wealth impact on asset holders including elderly people and people with disabilities due to volatility in several asset values (OECD, 2020h).

The COVID-19 pandemic has exacerbated their exclusion of the elderly and people with disabilities from social services other than healthcare such as education, life-long learning programmes and civil society activities. In particular, students with disabilities are least likely to benefit from distance learning solutions during the pandemic (SESRIC, 2020b). Lack of support, access to the internet, accessible software and learning materials is likely to deepen the gap for students with disabilities during the pandemic (UN, 2020h). During the COVID-19 pandemic, the use of online resources to deliver healthcare services has become essential for vulnerable groups such as the elderly and people with disabilities. However, in countries where investment in health-related technologies is lower, offering such services has emerged as a significant challenge to the well-being of those groups. To this end, as the duration of the pandemic extends, the negative impacts of the crisis on vulnerable groups including the elderly and people with disabilities tend to deepen and have become multidimensional.

Response Measures and Good Practices

To contain the spread of infections, the majority of OIC countries have imposed strict public health and safety measures like ensuring effective social distancing, lockdowns, curfews and border closures. Some of those measures included specific items targeting the elderly and people with disabilities. For instance, in Türkiye, a number of restrictions were imposed specifically for the elderly in order to minimize the likelihood of exposure to the virus such as in public transport and daily life. Most of those measures have helped to limit the number of cases in many OIC countries (SESRIC, 2020b).

In order to respond to the COVID-19 crisis and to reduce its impact on vulnerable people including the elderly and people with disabilities, many OIC countries have adopted a wide range of measures from extending unconditional cash transfers to providing health care and social services at home. More than 42 OIC countries have designed and implemented fiscal stimulus packages that include support measures for vulnerable groups including the elderly (SESRIC 2020b; SESRIC 2021e). Some OIC countries have introduced donation mechanisms to support vulnerable groups by encouraging solidarity in society. This includes, among others, Iraq, Jordan, Lebanon, Morocco, Senegal and Türkiye. Jordan decided to suspend its old-age insurance contributions for the private sector during the crisis and extended its old-age insurance coverage to people previously excluded.

Jordan extended about USD 23 million in the form of material assistance for the elderly and the sick. In Suriname, a SRD 200 million budget allowance is being considered for 2021 to continue support for health related expenses while the social support system has been expanded and allowances increased for the elderly, disabled, children, and the poor (IMF, 2021d).

Millions of older workers, workers with chronic diseases and disabilities have been allowed to work from home during the pandemic in several OIC countries like Saudi Arabia and Türkiye to reduce the risk of being infected. Some OIC countries like Türkiye have begun offering mental health support for the elderly who have been affected by lockdown measures. In Malaysia, several state hospitals and designated hospitals for COVID-19 are offering public telemedicine services (i.e. remote) - especially for vulnerable populations including the elderly and people with disabilities (Mustaffa et al., 2020). The United Arab Emirates launched a national programme to test persons with disabilities in their homes, and as of mid-April had conducted 650 thousand COVID-19 tests of persons with disabilities. In Malaysia, several state hospitals and designated hospitals for COVID-19 started to offer public telemedicine services - especially for vulnerable populations including the elderly and people with disabilities.

In terms of vaccination rollout, vulnerable populations have been prioritized in many OIC countries. For example, in Lebanon, the vaccine rollout has started with the medical frontliners and the elderly above 75. On 13 March 2021, Tunisia launched its vaccination campaign starting with health professionals in the front line against the pandemic and elderly people. Turkmenistan has used around 1 million vaccine doses to vaccinate its entire medical staff, public officials, teachers in schools and higher education, and elderly people (IMF, 2021d).

Many OIC countries have also taken additional measures to ensure that the COVID-19 vaccination reaches all disadvantaged groups. For example, the Ministry of Health of Saudi Arabia has launched a COVID-19 vaccine service, which will see health workers administer jabs to those aged 70 or older in their own homes. The home service was aimed at ensuring the health and safety of elderly citizens who are eligible for vaccination, without putting them at risk of infections in hospital or health care settings (Al Arabiya, 2021).

Nevertheless, given the scope of the pandemic, many OIC countries are still in the process of developing additional interventions to alleviate the negative impacts of the pandemic on the elderly and people with disabilities. This is not only to address their immediate needs but also to improve their wellbeing during the pandemic and beyond, such as by encouraging them to be part of the labour force through introducing some incentives and quota schemes. Throughout this process, the exchange of experiences and best practices among OIC countries could be instrumental in order to identify successful initiatives and policies as well as enhancing intra-OIC cooperation.

Policy Recommendations

Despite the discrepancies across countries, it is evident that the socio-economic well-being of the elderly and people with disabilities in almost all OIC countries is under severe strain. This requires OIC countries to take additional measures and implement policies to address challenges faced by the elderly and people with disabilities. However, these policies should have a medium and long-term perspective with a view to keeping them in the economic life and benefiting from their potential for sustainable development.

One observation is that the social protection services and support programmes are inadequate in their scope and delivery in some OIC countries to meet the needs of the elderly and people with disabilities. The pandemic has worsened the situation in some countries as the focus and priorities of policy makers have shifted. In this regard, many OIC countries need to take additional measures to improve the accessibility and availability of such services for those vulnerable groups.

To fully recover from this pandemic, there is a need for special measures that encourage and support the elderly and people with disabilities economically, ensure their retention in employment and entrepreneurship, and develop long-term policies and programs that enable OIC countries to benefit from their economic potentials. In the labour market, remote working and flexible working schemes were introduced in a number of OIC countries, especially for vulnerable groups. The availability of those working arrangements should continue in the post-pandemic period in order to benefit from the potentials of the elderly and people with disabilities. In a similar vein, a wide range of distance learning solutions made a positive impact for the elderly and people with disabilities during the pandemic such as by allowing them to learn new skills. Such programmes should be extended in the post-pandemic period and include more subjects in order to upgrade the skills set of those groups.

Upskilling and reskilling of those groups would enhance their resilience to future shocks. Yet, this requires the development of a long-term strategy on ways and means of investing in the skills of those groups. In particular, investing in the IT skills of those groups have become more important than ever. In a similar fashion, OIC countries are also recommended to invest more in data and IT solutions to track and monitor the status of the elderly and people with disabilities especially from the perspective of the public services delivery.

The pandemic has highlighted the importance of having online rosters and datasets about the status of the elderly and people with disabilities such as to deliver them social assistance, healthcare services and financial support under the tight conditions of the pandemic. In this regard, those OIC countries without having such datasets or rosters should develop them swiftly and make them available to all relevant public institutions at the national level that would be used by them during any future shocks like natural disasters or accidents.

As the impacts of COVID-19 are severe and multidimensional, policy responses of OIC countries should also be multidimensional and comprehensive enough to mitigate challenges faced by the elderly and people with disabilities during the pandemic and beyond. Otherwise, uncoordinated policy responses across different sectors like economy and health are likely to have a limited impact on the overall wellbeing of those groups in OIC countries and elsewhere. For example, the impact of the pandemic on the mental wellbeing of the elderly and people with disabilities will likely be bigger than initially expected as the duration of the containment measures and social distance measures prolong. To this end, a medium and long-term policy perspective needs to be developed in OIC countries in order to improve the wellbeing of those groups by involving various stakeholders like religious leaders, civil society organisations and public health experts.

Lastly, the COVID-19 pandemic highlighted the role of families and societies as support groups in general where public services are under immense pressure. In particular, during a crisis, public services face limitations and challenges due to increased demand. In such cases, support groups like families or NGOs can play a critical role. To this end, the role of families and social support groups should be improved to address challenges faced by the elderly and people with disabilities.

5.4 Refugees and Migrants

Refugees and migrants are amongst the social groups most impacted by the COVID-19 pandemic. They are also the ones to suffer disproportionately from the social and economic consequences of the pandemic. The pandemic has exacerbated the vulnerabilities of millions of migrants, refugees and IDPs in the OIC countries ranging from a loss of income to restrictions on movement and mobility. The situation is especially worrisome in OIC countries that are currently experiencing a humanitarian emergency.

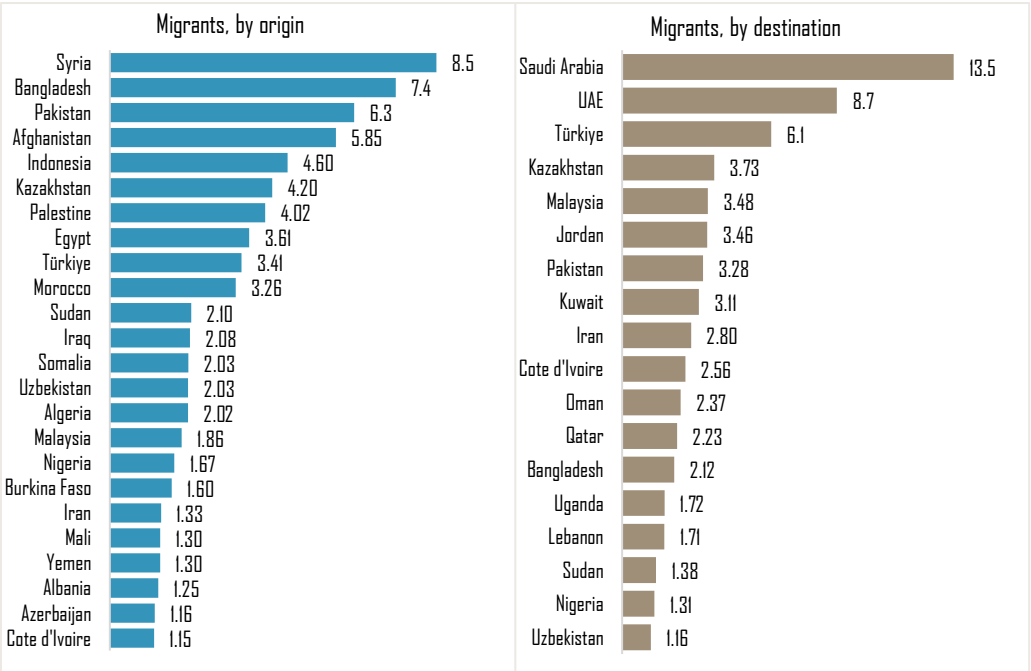
In furthering the discussion on refugees and migrants presented in SESRIC's report on the Socio-Economic Impacts of COVID-19 Pandemic in OIC Member Countries (2020b), the following section uses recent findings from OIC countries to succinctly review the impacts of COVID-19 on migrants and refugees, highlight selected measures that OIC countries have taken to mitigate the

negative impacts of the pandemic on migrants and refugees, and recommend policies that ensure the inclusion of refugees and migrants in COVID-19 recovery efforts in OIC countries.

According to UN DESA, there were approximately 280.6 million international migrants around the world during the COVID-19 pandemic in 2020. A majority (51%) of these migrants originated in non-OIC developing countries and more than half (52%) are living in developed countries. Out of the world's total international migrants, 85.7 million (or 31%) originated in OIC countries and 76.2 million (27%) came to OIC countries from other parts of the world. In 2020, the international migrant stock accounted for nearly 4% of the total population in OIC countries, 1% of the population in non-OIC developing countries, 14% of the population in developed countries, and 4% of the global population.

At present, 24 OIC countries are the point of origin for the international migrant population exceeding 1 million people – with the greatest number of migrants originating in Syria (8.5 million), Bangladesh (7.4 million), and Pakistan (6.3 million) (Figure 5.7, left). Similarly, 18 OIC countries are home to more than 1 million international migrants – with the greatest number of migrants living in Saudi Arabia (13.5 million), UAE (8.7 million) and Türkiye (6.1 million) (Figure 5.7, right). Gender-disaggregated data from OIC countries further shows that 56% of the 85.7 million migrants originating in OIC countries are men and 44% are women and 61% of the 76.2 million migrants living in OIC countries are men and 39% are women.

Figure 5.7: OIC Countries with over 1 Million International Migrants (millions), 2020

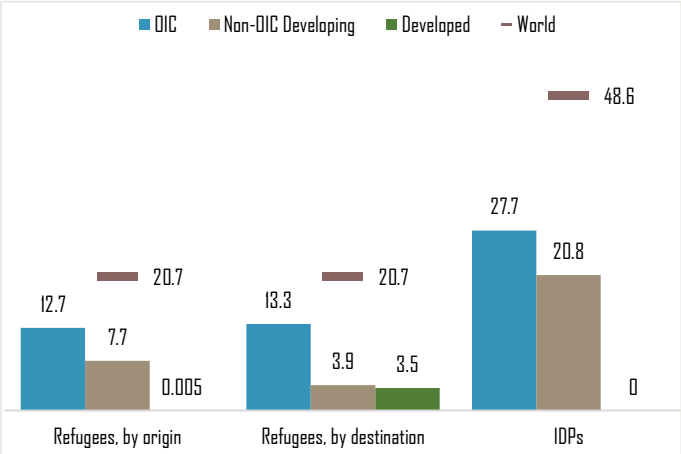


Source: UN DESA International Migrant Stock 2020. OIC n = 57.

In addition to international migrants, there were approximately 48.6 million IDPs and 20.7 million refugees in the world during the COVID-19 pandemic in 2020. A breakdown of refugee and IDP statistics by their country of origin and destination in Figure 5.8 shows that:

- 62% of the world's total refugees originated in OIC countries, 37% in non-OIC developing countries, 0.02% in developed countries, and 1.2% were either stateless or their point of origin was unknown. Within the OIC region, the highest number of refugees originated in Syria (6.7 million) and Afghanistan (2.6 million).

Figure 5.8: Refugee and IDPs in OIC Countries (millions), 2020



Source: UNHCR Refugee Statistics, 2020. For data on refugees, by origin, OIC n = 56, non-OIC developing n = 99, and developed n = 32. For data on refugees, by destination, OIC n = 53, non-OIC developing n = 76, and developed n = 34. For IDPs data, OIC n = 56, non-OIC developing n = 99, and developed n = 34.

- 64% of the world's total refugees are hosted by OIC countries, 19% by non-OIC developing countries, and 17% by developed countries. OIC countries hosting over 1 million refugees are Türkiye (3.7 million), Pakistan (1.4 million), Uganda (1.4 million) and Sudan (1.04 million).
- 57% of the world's total IDPs are in OIC countries and 43% are in non-OIC developing countries (UNHCR, 2020). OIC countries with more than 1 million IDPs are Syria (6.7 million), Yemen (4 million), Somalia (3 million), Afghanistan (2.9 million), Nigeria (2.6 million), Sudan (2.6 million), Iraq (1.2 million), Burkina Faso (1.1 million) and Cameroon (1 million).

Impacts of the COVID-19 Pandemic

The economic fallout of the pandemic has impacted the income and livelihood of migrants, refugees, and IDPs disproportionately; affecting their ability to afford housing, meet basic needs, purchase food, and access healthcare. For instance, according to an International Organization for Migration (IOM) survey, 48% of IDPs in Sudan reported higher unemployment levels since the beginning of the pandemic (IOM, 2021). Similarly, in Yemen, 60% of IOM's survey respondents indicated a loss of income due to closure of businesses, mobility restrictions, and lack of customers and in Tunisia, the proportion of migrants in employment decreased from 66% in February 2020 to 9% in May 2020 (IOM, 2021).

The pandemic has also caused a reduction in migrant worker remittances owing to a decline in income, depreciation of currencies, and closure of remittance service providers during the pandemic. In many low- and middle-income countries, remittances are a key source of income for many poor households. In Bangladesh, for example, 60% of families with a migrant member

are completely dependent on remittances for their daily expenses and remittances make up for 85% of daily expenditures for these families (IOM, 2020).

The reduced purchasing power of migrants and refugees, combined with higher prices of basic goods due to disruptions in the global supply chain, has led to a significant number of migrants and refugees not being able to afford or access basic goods during the pandemic. For instance, evidence from IOM's survey in Yemen shows that nearly 50% of respondent IDPs were unable to purchase medical items, 46% were unable to purchase food items, and 19% were unable to purchase shelter items during the pandemic (IOM, 2021). According to IOM, the affordability and accessibility of basic goods was particularly problematic in countries experiencing a humanitarian emergency (such as Libya, Yemen and Sudan), but not as severe in Algeria, Jordan and Tunisia (IOM, 2021).

In several countries around the world, irregular migrants, refugees and IDPs are unable to access sources of credit due to the lack of legal status, unable to use online financial instruments due to the inaccessibility of such platforms or their lack of knowledge about such platforms, and are excluded from social protection systems. This makes them heavily dependent on daily wages to support themselves and their families. However, with COVID-19 disrupting the daily wages of millions of individuals, many vulnerable migrants, refugees and IDPs have been forced to rely on borrowing money from friends and relatives to sustain themselves and their families – as reported by 38% of IOM survey respondents in Iraq. Migrants and refugees have also been forced to reduce their food-related expenses and consumption due to financial constraints. For instance, 69% of IOM respondents in Yemen reported having reduced the number of meals they consume per day. The loss of income also leads to migrants and refugees reducing essential expenses, such as education, as evidenced in Libya where 74% of IDPs were less likely to send their children to school once they reopened. Lastly, without a source of income, migrants and refugees have to utilize their savings or sell their assets to sustain themselves during a crisis, which may or may not be sufficient. In Libya, for instance, 69% of IDPs surveyed by IOM reported that their savings would only support them for 6 months or less (IOM, 2021).

During the pandemic, access to healthcare for marginalized populations (including migrants, refugees and IDPs) was also compromised due to a number of reasons. A reallocation of healthcare budgets and resources and the additional burden on healthcare systems resulted in the exclusion or de-prioritization of marginalized individuals. This exclusion or de-prioritization is compounded in situations where discrimination against migrant and refugee populations is prevalent in society through behaviours and attitudes such as blaming migrants for the spread of the virus – as evidenced in the case of Bangladesh, Indonesia, Kazakhstan, Kyrgyzstan and Malaysia (International IDEA, 2021). According to a Norwegian Refugee Council study, more than 11% of IDPs in Iraq were denied healthcare in April 2020 due to a lack of legal status (Egeland, 2020). The economic consequences of the pandemic have resulted in migrants, refugees and IDPs not being able to afford or pay for health facilities and medications. In Libya, for instance, 52% of the respondents surveyed by IOM reported an inability to pay for health services (IOM, 2021). Pandemic related mobility restrictions have made health facilities inaccessible for many migrants, refugees and IDPs. Evidence from Yemen shows that 17% of respondents surveyed by

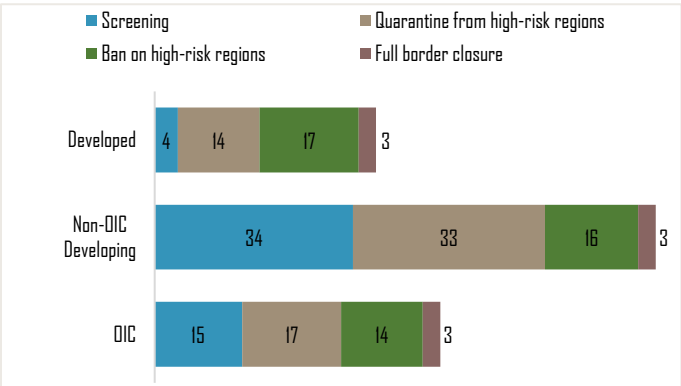
IOM reported the lack of transportation as the biggest barrier to accessing healthcare during the pandemic (IOM, 2021).

It is also likely that migrants, refugees and IDPs living in rural areas or crowded camps are unable to practice social distancing or have access to protective equipment and adequate WASH services, which are critical to controlling the spread of the virus. The IOM survey finds that around 30% of households in Sudan do not have access to adequate WASH facilities, 41% of IDPs in Iraq reported issues with access to clean water and around 46% of refugees in Yemen were unable to access drinking water due to an increase in the cost of water since the beginning of the pandemic (IOM, 2021). It is also common for irregular migrants, refugees and IDPs to not go to health facilities due to a fear of being reported to authorities. In some cases, migrants, refugees and IDPs are also less likely to have access to critical information about COVID-19 and its treatment due to the inaccessibility of information sources, language barriers and more (IOM, 2021).

However, there are a number of OIC countries that have taken extra measures to ensure that migrants, refugees, and IDPs are covered by healthcare services during the pandemic. In Albania, for example, COVID-19 care does not require an out-of-pocket payment from migrants and refugees. Similarly, universal access to healthcare is extended to all refugees and migrants (regardless of their status) in Türkiye. In Maldives, migrant workers receive access to necessary health services regardless of their legal status. In Oman, COVID-19 related health services are covered by health insurance or government for regular migrant workers. In Saudi Arabia, COVID-19 screening and testing services are free for migrant workers regardless of their legal status. In Egypt, Iraq, Jordan, Lebanon and Tunisia, migrants and refugees can access free healthcare, as per the national legislation. Similarly, the governments of Türkiye and Saudi Arabia have undertaken efforts to ensure the dissemination of important COVID-19 related public health information amongst migrants, refugees and IDPs by publishing brochures in multiple languages and distributing them in places frequented by migrants and refugees.

Another important factor that is specific to migrants, refugees (including asylum seekers), and IDPs is their ability to move within and across borders – which has been gravely impacted by the pandemic. As of January 2022, there were 173 countries around the world having some form of border restriction in place (Figure 5.9). Amongst 49 OIC countries, 15 countries have on-arrival screening requirements, 17 countries have imposed a quarantine for passengers from high-risk regions, 14

Figure 5.9: Border Closures and Entry Restrictions around the World, 2022



Source: University of Oxford's COVID-19 Government Response Tracker, 2022. OIC n = 49, non-OIC developing n = 86, and developed n = 38.

countries have banned the entry of passengers from high-risk regions and 3 countries (Azerbaijan, Brunei Darussalam and Tajikistan) have closed their borders completely.

Lockdowns, mobility restrictions and border closures have not only left migrants and refugees stranded in locations where the risk of contagion is high, such as camps and detention facilities but have also restricted individuals from seeking international protection. According to UNHCR, in May 2021, 75 countries around the world, with full or partial border closures, did not provide any exceptions for individuals seeking international protection – in direct violation of international refugee law (WHO, 2021c). There was a 33% decrease in the number of asylum applications registered in the first half of 2020 solely due to pandemic related entry restrictions in a majority of countries around the world (WHO, 2021c). There have also been reports from some North African countries of arbitrary, forceful or violent arrests and detention of irregular migrants and asylum seekers held in immigration facilities, detention centres and even prisons (International IDEA, 2021).

Global border closures, travel bans and entry restrictions have also led to migrants being unable to travel back to their countries of origin (even if they no longer have a job or financial resources to continue living in the destination country) and/or re-unite with their family members. There have also been reports of abuse and discrimination against migrant workers in some countries (International IDEA, 2021). However, several OIC countries have readily adapted their policies and regulations (for regular migrants) in consideration of the exceptional circumstances brought on by the pandemic. In Bahrain and Kuwait, for example, the government has taken measures to offer limited amnesty for irregular migrants – even though regularization of irregular migrant workers during the pandemic was not a common practice around the world. Similarly, in Uganda, administrative sanctions and financial penalties for those unable to leave the territory due to pandemic related travel restrictions are waived. In Bahrain, Gabon, Nigeria, Saudi Arabia and UAE, visas, residence and work permits for migrant workers were automatically extended and in Azerbaijan, Indonesia and Mozambique, visas, residence and work permit for migrant workers were extended upon request. Also, in order to improve migrant workers' access to labour market, some OIC countries have allowed migrants to shift to working in essential sectors (like agriculture). In Saudi Arabia, for example, regular migrant workers are allowed to change their employer and sector.

Policy Recommendations

Given the indefinite presence of millions of migrants, refugees and IDPs in OIC countries, national COVID-19 recovery policies and plans have to include tailored measures for migrants, refugees and IDPs in order to be effective. It is important that OIC countries rethink their approach to assisting migrants, refugees and IDPs in a crisis setting and employ innovative and adaptable practices to address challenges unique to these groups of individuals. These practices should include legislation, policy frameworks, administrative regulations and practical measures aimed at ensuring that migrants and refugees have timely, effective and equal access to economic, health and social support.

More specifically, OIC countries should accommodate the inclusion of migrants, refugees and IDPs in their national health systems regardless of their legal status, especially when it comes to COVID-19 vaccination programs. OIC countries should ensure that migrants, refugees and IDPs are able to access COVID-19 treatments and vaccines without any discrimination and healthcare services prioritize treatment and vaccination of vulnerable individuals. It is also important that OIC countries continue to provide critical mental and psychological healthcare services to these groups of people that are generally limited or overlooked even in normal times. It is important that migrants, refugees and IDPs currently in OIC countries have access to clear, effective and culturally sensitive information about COVID-19 (including infection prevention and control, treatment measures and vaccination efforts). Public information campaigns should ensure that the response to COVID-19 does not incite xenophobia, racism, stigma or violence against migrants and refugees.

A major reason why migrants, refugees and IDPs are especially vulnerable to the negative impacts of the COVID-19 pandemic is their exclusion from social protection systems. It is important that OIC countries have targeted social protection measures for migrants, refugees and IDPs (regardless of their legal status) that enhance their access to critical services such as income support and healthcare. Ideally, social protection measures for migrants, refugees and IDPs that are unable to access banking institutions should be in the form of cash support instead of in-kind support, allowing beneficiaries to decide on how to spend the amount. Having such measures can also ensure that irregular migrants and refugees are not forced to work in exploitative environments during a crisis. For migrants returning to their country of origin, it is important that OIC countries have measures in place to ensure their economic reintegration into the labour force.

Under no circumstance should any OIC country deny access to territory and asylum for individuals in need of international protection. Governments in OIC countries should also continue combatting and preventing all forms of slavery, inclusive of forced labour and human trafficking – that are dominantly experienced by migrants and refugees. More importantly, OIC countries should ensure that migrants and refugees can access essential services without a fear of being deported, detained or forcefully returned to their country of origin because of their legal status.

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ANNEXES

I. COUNTRY CLASSIFICATIONS

A. Major Country Groups used in the Report

OIC Countries (56+1)

Code	Name	Code	Name	Code	Name
AFG	Afghanistan	GUY	Guyana	PAK	Pakistan
ALB	Albania	IDN	Indonesia	PSE	Palestine
DZA	Algeria	IRN	Iran	QAT	Qatar
AZE	Azerbaijan	IRQ	Iraq	SAU	Saudi Arabia
BHR	Bahrain	JOR	Jordan	SEN	Senegal
BGD	Bangladesh	KAZ	Kazakhstan	SLE	Sierra Leone
BEN	Benin	KWT	Kuwait	SOM	Somalia
BRN	Brunei Darussalam	KGZ	Kyrgyz Republic	SDN	Sudan
BFA	Burkina Faso	LBN	Lebanon	SUR	Suriname
CMR	Cameroon	LBY	Libya	SYR	Syria*
TCD	Chad	MYS	Malaysia	TJK	Tajikistan
COM	Comoros	MDV	Maldives	TGO	Togo
CIV	Cote d'Ivoire	MLI	Mali	TUN	Tunisia
DJI	Djibouti	MRT	Mauritania	TUR	Türkiye
EGY	Egypt	MAR	Morocco	TKM	Turkmenistan
GAB	Gabon	MOZ	Mozambique	UGA	Uganda
GMB	Gambia	NER	Niger	ARE	United Arab Emirates
GIN	Guinea	NGA	Nigeria	UZB	Uzbekistan
GNB	Guinea-Bissau	OMN	Oman	YEM	Yemen

* Membership to the OIC is currently suspended.

Developed Countries* (39)

Australia	Germany	Lithuania	Singapore
Austria	Greece	Luxembourg	Slovak Republic
Belgium	Hong Kong SAR	Macao SAR	Slovenia
Canada	Iceland	Malta	Spain
Cyprus	Ireland	Netherlands	Sweden
Czech Republic	Israel	New Zealand	Switzerland
Denmark	Italy	Norway	Taiwan Province of China
Estonia	Japan	Portugal	United Kingdom
Finland	Korea	Puerto Rico	United States
France	Latvia	San Marino	

* Refers to "advanced economies" as classified by the IMF. Last update April 2021.

Developing Countries

Includes all countries other than those classified as developed countries.

B. OIC Countries by Income Group

High Income* (7)			
Bahrain	Kuwait	Qatar	United Arab Emirates
Brunei Darussalam	Oman	Saudi Arabia	

Upper Middle Income* (14)			
Albania	Iraq	Libya	Türkiye
Azerbaijan	Jordan	Malaysia	Turkmenistan
Gabon	Kazakhstan	Maldives	
Guyana	Lebanon	Suriname	

Lower Middle Income* (20)			
Algeria	Côte d'Ivoire	Kyrgyz Republic	Palestine
Bangladesh	Djibouti	Mauritania	Senegal
Benin	Egypt	Morocco	Tajikistan
Cameroon	Indonesia	Nigeria	Tunisia
Comoros	Iran	Pakistan	Uzbekistan

Low Income* (15+1)			
Afghanistan	Guinea	Niger	Syria**
Burkina Faso	Guinea-Bissau	Sierra Leone	Togo
Chad	Mali	Somalia	Uganda
Gambia	Mozambique	Sudan	Yemen

* Country grouping by income level is based on World Bank classification by GNI per capita in 2020. Accordingly;

- Low-income countries: with a GNI per capita of $1,045 or less,
- Lower middle-income countries: with a GNI per capita between $1,046 and $4,095,
- Upper middle-income countries: with a GNI per capita between $4,096 and $12,695, and
- High-income countries: with a GNI per capita of $12,696 or more.

** Membership to the OIC is currently suspended.

II. ANNEX TABLES TO CHAPTER 4

Table 4A.1: Aggregate values from ILO's Social Protection Monitor on COVID-19 datasets

(i) Dataset updated on 31.12.2020:				
	2020			
	No. of countries	No. of measures		
OIC	54	297		
Non-OIC Developing	116	843		
Developed	39	482		
World	209	1,622		
(ii) Dataset updated on 30.11.2021:				
	2020		2021	
	No. of countries	No. of measures	No. of countries	No. of measures
OIC	54	309	19	34
Non-OIC Developing	117	874	26	80
Developed	39	496	19	72
World	210	1,679	64	186

Source: ILO's Social Protection Monitor on COVID-19. The dataset update on 31.12.2020 is available here: https://www.social-protection.org/gimi/ShowWiki.action?id=3417. The dataset update on 30.11.2021 is available here: https://www.social-protection.org/gimi/ShowWiki.action?id=3426

Table 4A.2: Types and examples of COVID-19 social protection measures, 2020

Type of measure	Example of measure	OIC	Non-OIC Developing	Developed
Programme adjustment	Advancing benefit payment	4	26	2
	Extending coverage	17	60	31
	Increasing benefit duration	6	31	61
	Increasing benefit level	25	58	35
	Increasing package of services/benefits	5	14	1
Financial adjustment	Deferring, reducing or waiving social contribution	14	45	25
	Improving access/administration	6	21	7
	Increasing resources/budgetary allocation	24	43	25
	Introducing or increasing subsidy on benefit	1	2	6
	Introducing or increasing subsidy on contribution	2	8	2
	Reallocation of social protection resources	4	8	1
Administration adjustment	Improving delivery mechanism/capacity	20	52	18
	Introducing benefit for all citizens or residents	1	9	8
New programme or benefit	Introducing benefit for persons/families confirmed or suspected with COVID-19	2	9	6
	Introducing benefit for poor or vulnerable population	54	128	37
	Introducing benefit for workers and/or dependents	39	116	88
	Introducing part-time work/employment	1	8	3
	Introducing prophylactic/care leave	6	12	16
	Introducing subsidies to or deferring or reducing cost of necessities/utilities	32	72	27
	Introducing subsidies to wage	11	53	43
	Introducing tax relief or deferral for workers or individuals	8	25	6
	Prohibiting dismissal of workers	4	4	3
	Relaxing or suspending eligibility criteria or conditionalities	2	32	28
Other	Other	9	7	3

Source: ILO's Social Protection Monitor on COVID-19 (31.12.2020 update). Numbers of measures: OIC n = 297, non-OIC developing n = 843, and developed n = 482.

Table 4A.3: Areas and examples of COVID-19 social protection measures, 2020

Type of Measure	Number of OIC countries	Number of Measures	Examples of Popular Measures
Special allowance/grant	30	57	Immediate (temporary) cash support and one-off payments/grants
Health	28	47	Distribution of masks for poor population, free testing and treatment services, increasing financing and budget for health sector, upgrading or opening new medical facilities, paid sick leaves for healthcare workers, special monthly allowance for medical staff, and more
Several functions	24	43	Tax deferrals or waivers for individuals and businesses, reallocation of financial resources to fund targeted programmes, digitalization of payment tools, and deferral of social security contributions
Income/job protection	24	43	Wage subsidies to affected sectors, pay cuts for selected workers, prohibition of dismissals, and monetary support for informal/seasonal workers
Housing/basic services	24	32	Deferring/waiving rent payment or payment of utility bills temporarily
Food and nutrition	23	31	Distribution of food to vulnerable populations, cash transfers for food to individuals/households in need, distributions of relief packages (including basic necessities), maintenance of food prices in local markets, and more
Children and family	11	15	Cash transfers to needful households, increasing family allowances, free childcare for frontline health workers, paid leave for working parents, and increase in family benefits
Pensions	11	15	Increase in pension benefits, deferral of social security payments, changes in pension delivery mechanisms (at home or digital), and subsidies on contributions
Unemployment	11	14	Increased unemployment benefits, extended time period for benefits, temporary special allowance to unemployed persons, and more
Sickness	7	7	Paid sick leave for those affected by COVID-19, temporary paid leave for all public sector workers, coverage of salaries for workers in quarantine, and paid leave to vulnerable groups (ages 55 and above, pregnant and nursing women, etc.)
Access to education	1	1	Government to cover student's tuition fees during the lockdowns

Source: ILO's Social Protection Monitor on COVID-19 (31.12.2020 update). Numbers of measures: OIC n = 297, non-OIC developing n = 843, and developed n = 482.

NOTES

[1] The Oxford Coronavirus Government Response Tracker project calculate a Stringency Index, a composite measure of nine of the response metrics; including school closures, workplace closures, cancellation of public events, restrictions on public gatherings, closures of public transport, stay-at-home requirements, public information campaigns, restrictions on internal movements, and international travel controls. The index on any given day is calculated as the mean score of the nine metrics, each taking a value between 0 and 100. A higher score indicates a stricter response (i.e. 100 = strictest response).

[2] The EVI covers three main factors that influence the resilience of economies to the COVID-19 shock: (i) quality of healthcare and demographics, (ii) structure of the economy, and (iii) exposure and ability to respond to shocks. Accordingly, it provides three categories of vulnerability: lowest, intermediate and highest. The categories are relative, meaning that the countries with the lowest vulnerability to the crisis may still suffer from a significant shock depending on the magnitude of shock and scale of policy response. See EIB (2020) for more details.

[3] By comparison, this number was only 11 during the global financial and economic crisis in 2009.

[4] GDP per capita on purchasing power parity (PPP) terms at constant 2017 prices.

[5] Information on country responses are obtained from ILO Country Policy Response database, available at: https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#ID.

[6] The FAO Food Price Index (FFPI) is a measure of the monthly change in international prices of a basket of food commodities. It consists of the average of five commodity group price indices weighted by the average export shares of each of the groups over 2014 –2016.

[7] Stock-to-use ratio is a convenient way to quantify the supply and demand dynamics of commodities. This ratio expresses the level of carryover stock for a certain commodity as a percentage of overall use.

[8] Detailed descriptions of each policies can be seen in FAO (2015)

[9] See https://www.worldbank.org/en/topic/smefinance

[10] See https://www.dailysabah.com/business/economy/majority-of-turkish-firms-reshape-business-models-after-pandemic-study

[11] See https://www.arabnews.com/node/1801341/saudi-arabia

[12] See https://en.kosgeb.gov.tr/site/tr/genel/destekdetay/6443/sme-technological-product-investment-support-programme

[13] See https://www.forbes.com/sites/jilliandonfro/2020/02/02/robots-to-the-rescue-how-high-tech-machines-are-being-used-to-contain-the-wuhan-coronavirus/?sh=1a9dff811779 and https://www.businessinsider.com/robots-fighting-coronavirus-in-china-us-and-europe-2020-3?r=US&IR=T#workers-on-scooters-control-the-robot-3

[14] See https://www.bbc.com/news/technology-51717164

[15] See https://dig.watch/trends/covid-19-crisis-digital-policy-overview

[16] See https://www.policycuresresearch.org/covid-19-r-d-tracker

[17] See https://www.isdb.org/news/islamic-development-bank-to-support-pioneering-ideas-in-the-fight-against-covid-19-via-us-500m-transform-fund

[18] See https://twas.org/opportunity/isdb-twas-joint-research-technology-transfer-grant-2021-quick-response-research-covid-19

[19] See https://www.icesco.org/en/2020/04/12/nomination-details-jury-composition-and-submission-requirements-of-icesco-prize-for-fighting-novel-coronavirus-COVID-19/

[20] See https://www.monitor.co.ug/uganda/news/national/gov-t-permits-manufacturers-to-turn-ethanol-into-hand-sanitizers-1882010

[21] Mostly attributed to the recent discovery of large offshore oil reserves.

[22] Years of schooling adjusted for quality is also known as Learning Adjusted Years of Schooling (LAYS). LAYS is one of the components in WB's Human Capital Index, which accounts for the difference between the number of years a child attends school and the actual years of learning the child has completed according to harmonized test scores. By adjusting years of school for quality, LAYS reflects the reality that children in some countries learn far less than those in other countries, despite being in school for a similar amount of time (World Bank, 2021).

[23] The Remote Learning Readiness Index (RLRI) is a new composite indicator developed by the United Nations Children's Fund (2021) that measures countries' readiness to deliver remote learning in response to school closures or the disruption of in-person learning. The index is composed of three domains: households, a government's policy response capacity, and the emergency preparedness of the national education sector. The index categorized countries into 1–5 stars, where the higher the star, the better the remote learning readiness.

[24] WHO COVID-19 Explorer. Geneva: World Health Organization, 2020. Available online: https://worldhealthorg.shinyapps.io/covid/ [30.11.2021].

[25] Extreme poverty is defined as those living in households spending less than $1.90 per person per day in 2011 PPP terms.

[26] http://iresearch.worldbank.org/PovcalNet/home.aspx

[27] Excluding Afghanistan and Libya, for which data are not available.

[28] The quantitative impact of COVID-19 on poverty is not clear yet, given the difficulty in carrying out household surveys during the pandemic. Thus, it may take a year or two to know about the full impact of the pandemic.

[29] Stringency is measured on a scale of 0 to 100, with 100 being the strictest. The nine metrics used to calculate the Stringency Index are: school closures; workplace closures; cancellation of public events; restrictions on public gatherings; closures of public transport; stay-at-home requirements; public information campaigns; restrictions on internal movements; and international travel controls.

[30] Social capital is "the degree of interpersonal relationships and connectedness that people rely on for non-governmental aid during a crisis" (Jewett, Mah, Howell, & Larsen, 2021).

[31] Evidence that is presented throughout this report, particularly in Chapter 5.

[32] Note: The datasets from ILO's Social Protection Monitor on COVID-19 used in this section are: (i) Dataset updated on 31.12.2020 (covering data from Feb 2020 - Dec 2020) and (ii) Dataset updated on 30.11.2021 (covering data from Feb 2020 - Nov 2021). Aggregate values (no. of countries and no. of measures) differ in both the datasets (see Table 4A.1 for further details).

[33] Comprehensive protection encompasses programmes in eight policy areas: child and family, maternity, sickness, unemployment, work injury, disability, survivors, and old age. Therefore, comprehensive scope means the country has programs in 8 policy areas, nearly comprehensive scope = programs in 7 areas, intermediate scope = programs in 6 or 5 areas, and limited scope = programs in 1 to 4 policy areas.

[34] In 2019, approximately 28% of the world's total persons with disabilities were residing in OIC countries (UN Disability Statistics). As off 2020, OIC countries are home to 32.1% of the world's total children (ages 0 – 14), 28.2% of the world's total youth (ages 15 – 24), 13.5% of the world's total elderly population (ages 60+), and 24.3% of the world's female population (UN World Population Prospects, 2019). In 2020, OIC countries were home/host to 64.4% of the world's total refugees and 57.1% of the world's total IDPs (UNHCR Refugee Statistics Database). As per data from 2019, approximately 253.6 million people are currently living below the international poverty line of $ 1.90 in low and middle income OIC countries (World Bank PovcalNet).

[35] For a complete list of social protection measures disaggregated by adjustment type, see Table 4A.2.

[36] For a detailed list of social protection measure areas and examples, see Table 4A.3.

[37] The aggregate data for children is from the MPIDR COVerAGE database (reported by UNICEF in January 2022) that accounts for 47% of the global COVID-19 confirmed cases and 65% of global COVID-19 deaths.

[38] Between March 2020 and March 2021, UN Women conducted multiple Rapid Gender Assessment surveys in up to 52 countries focusing on 1) economic activities and resources; 2) unpaid domestic and care work; 3) access to goods and services, 4) emotional and physical wellbeing; and 5) relief measures.

[39] Unpaid domestic activities include cooking, cleaning, shopping, decoration, repair, maintenance, and pet care.

[40] Unpaid care activities include childcare, adult care, time spent on teaching children, time spent on playing with children, and time spent on providing affective/emotional support for adult.

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