

Preliminary Findings of Case Country Analyses and the Lessons Learned

16th Meeting of the COMCEC Poverty Alleviation Working Group

May 24, 2021



- Introduction.
- Country case studies (summary of the Turkish case).
- Lessons learned.
- Draft policy recommendations.

- Cameroon, Qatar, South Africa, Turkey, and UNDP.
- Turkey case study is more complete; others are in progress—your support is appreciated.
- Case studies are important to better assess country-specific experiences and gain insights from best practices.
- Lessons learned from OIC countries' experiences and draft policy recommendations are presented.

Turkey: Summary findings

- + Agile policy response to rapidly changing circumstances (thanks to strong coordination between governmental and scientific bodies).
- + Strong public health system and health-sector human capital; high capacity to produce medical supplies.
- + Advanced social protection/assistance framework (supported by online systems).
- + Developed infrastructure in food, retail, and logistic sectors.

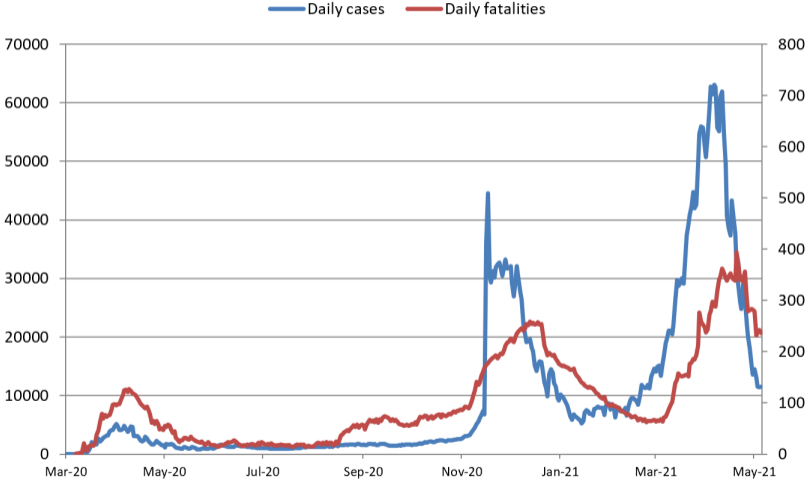
Turkey: Summary findings

- + Immediate adjustment to online education (pre-existing online tools and rapidly implemented new policies).
- + Early adoption of effective treatment protocols; effective use of information systems; online affiliation monitoring; developed statistical infrastructure.
- + Employment protection subsidies; extensive subsidies/loans/grants to firms and enterprises.
- + Rapid response of manufacturing and exporting sectors to changing circumstances and increased export capacity.

Turkey: Summary findings

- High geographic mobility; young & mobile population; major air traffic hub; attractive tourism location; refugees.
- Exposure to new variants.
- Reliance on tourism revenues and imported commodities.
- Inherent vulnerabilities to exchange rate and inflation shocks.

Cases and fatalities



Social assistance payments (as of March 1, 2021)

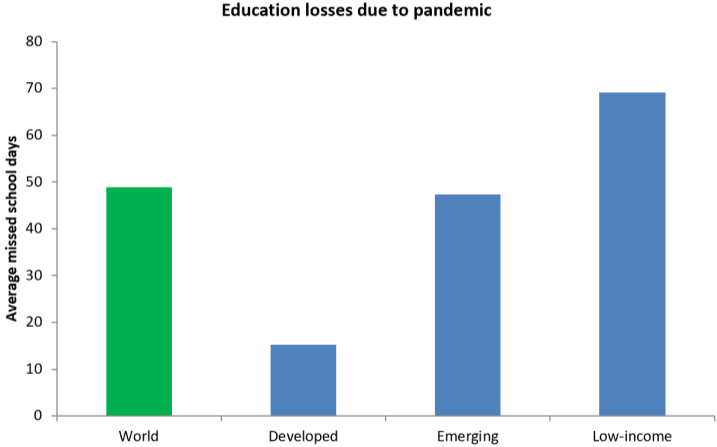
	# of beneficiaries	Total amount (billion TL)
Social Protection Program	6,430,846	6.50
"Biz Bize Yeteriz" Public Campaign	2,069,338	2.08
Short Employment Allowance	3,756,584	31.56
Cash Aid (to support unpaid leave)	2,471,134	10.24
Unemployment Benefits	994,608	5.63
Normalization Subsidy	3,183,435	4.03
Total	18,905,945	60.04

- 100 million additional people fell below poverty line in 2020 (IMF-WEO, April 2021). 80 million added undernourished individuals. Economic inequalities increased beyond expectations.
- These projections suggest a reversal in global poverty-reduction gains, which have been accumulated through tremendous effort and global cooperation in the past two decades.
- Lower-middle-income people especially in developing and low-income countries have increased poverty perceptions—due to higher weight of cheaper staple foods in their diet habits, and therefore undernourishment, caused by sharp declines in their income.
- Without more focused policy coordination and equal access to vaccination/treatment, widening cross-country gaps in people's well-being and living standards would be a concern, and global poverty reduction gains could reverse.

- Covid-19 hit women harder than men (Alon et al, 2020; Deryugina et al, 2021).
- (1) Direct impact on healthcare and social care workers (above 70% female employment). (2) Women are disproportionately affected from negative labor market impact of Covid-19 due pre-existing patterns of women's employment—sectoral, occupational, task-specific distribution, contract status, and involvement in informal work. (3) Women had to spend more time at home, which led to adverse effects on well-being (increased domestic violence, adverse mental health effects, etc).
- Prioritizing women should be an important policy objective given the fact that there have only been limited gains in eliminating gender equality and strengthening women's rights in the past few decades—which are now clearly in danger due to the adverse effects of Covid-19.

- Recent estimates suggest that nearly 1.2 billion learners—around 68% of enrolled students—are affected by school closures.
- Education losses measured in terms of average missed days of instruction indicate that around 50 school days are missed across the globe in 2020.
- Losses are particularly high in OIC countries. Girls and students from low-income households are affected more. Parental job losses may also have negatively affected educational outcomes of vulnerable children.
- Improvements in educational outcomes in OIC countries are at risk, given limited scope to allocate funds to remedial educational policies. Without such policies, cross-country disparities in human capital levels may perpetuate inequalities.

Learning losses during Covid-19



- Around 4 billion people are not covered by social insurance/assistance. One fifth of unemployed people are covered by unemployment benefit schemes, and coverage is much lower in low-income countries.
- Extensive informal employment and large rural populations relying mostly on subsistence agriculture also exacerbates the problems posed by lack of social protection.
- A well-established and institutionalized social assistance framework will alleviate the burden on households and can serve as an automatic policy response (e.g., Turkey, Togo, and Indonesia).

- 80 million forcibly displaced people by mid-2020—around 46 million internally displaced people (IDPs), 30 million refugees, and 4 million asylum seekers.
- IDPs are located in countries suffering internal conflict. Refugees are located in emerging and low-income countries neighboring the countries of origin. Recent estimates suggest that more than half of the IDPs and refugees live in countries with high socio-economic risks due to Covid-19.
- Social protection coverage is typically ill-defined and they are mostly informally employed.

- More than 1 billion slum dwellers; to grow significantly over the next decades. OIC countries are vulnerable to urban poverty risks due to rapid growth of slums.
- Over 90 percent of the cases have happened in urban areas. With the high density of informal settlements and slum-like conditions in some OIC countries, Covid-19 is exacerbating the vulnerability of these population groups (Friesen and Pelz, 2020).
- Measures to contain the pandemic are less effective in slum conditions. High population density, over-crowded residential units, and lack of sanitation are the main reasons.
- Lack of data, health care records, and monitoring systems make it almost impossible to develop effective policies to contain the disease and address socio-economic vulnerabilities.

- 1.6 billion informal workers lost more than half of their income, with little savings and no access to social protection. Informality is an inherent feature of “economic structure” in OIC countries and it largely affects the effectiveness of containment measures.
- Lower-skilled individuals are mostly employed in “contact-intensive” jobs, which are located mostly in the informal sector.
- Employment losses are concentrated in sectors more vulnerable to automation. This suggests that many of the jobs lost by disadvantaged individuals may be unlikely to return; thus, the speed of recovery also depends on the composition of jobs.

- Remittances to middle and low income countries fell by 15-20 percent by end-2020.
- Remittances are important sources of external financing for many countries; reduction in remittances negatively affect financial conditions in receiving countries.
- It is a major non-labor income component for many vulnerable households. Job losses faced by immigrants in host countries not only directly affect life standards of immigrants themselves, but there are negative spillovers affecting their families.

- The pandemic negatively affected global trade values and volumes in 2020 and 2021.
- Merchandise trades returned to pre-pandemic levels (due significant pick up in durables demand), while trade in services still under-performs. Limitations on international mobility and travel safety concerns are expected to subdue tourism revenues, which is an important concern for many OIC countries.
- Protectionist tendencies limiting cross-border supply of medical technologies, medical/health equipment, Covid-19 vaccines, etc adversely affect Covid-19 risks in low-income countries.

- Commodity prices fluctuated since the beginning of the crisis—a huge source of uncertainty in developing countries.
- Consistent with global recovery scenarios, projected increases in commodity prices would support economic rebound in commodity exporting countries.
- Various side effects—such as high inflation and, in particular, high food inflation—of this increase are also expected in importing countries. Inflationary pressures would fade away as base effects in commodity prices disappear.

- Covid-19 doubled the number of people in acute food insecurity. Assessing the impact of Covid-19 on undernourishment and food insecurity is important for sustainable development policies in OIC countries.
- Covid-19 shock is a threat to decades of progress in undernourishment. Three main channels through which food insecurity interacts with Covid-19: (1) income reductions, (2) disruptions in food supply chains and resulting increase in food inflation, and (3) reduced calorie intake.
- Over-reliance on imported food makes food prices vulnerable to external shocks. Guaranteeing smooth functioning of food markets through measures on domestic production and limiting over-reliance to external markets can mitigate risks (Qatar case study).

- Tourism is hit hardest by the Covid-19 outbreak and the loss of international tourists in 2020 is more than 1 billion, which corresponds to a loss of around \$910 billion to \$1.2 trillion.
- Job losses in the tourism sector, which estimated to be above 100 million, inflate the bill further.
- The degree of reliance in tourism revenues also determines speed of recovery—a major concern for OIC countries given the expectations about slow normalization of cross-border travel.

- Devote more resources and set fiscal spending priorities to reverse learning losses among disadvantaged children.
- Develop effective food safety strategies to address the problems of food insecurity and undernourishment—emerged due to dramatic fall in income.
- Utilize online databases and other digital tools to identify the needs, monitor changing situations of individuals and households, build automatic decision systems to check for eligibility, and effectively distribute social assistance in emergency situations.

- Diversify concentrated exposures and resolve over-reliance on a single or small number of suppliers for critical goods and services to minimize the damages in future emergencies.
- Invest in health infrastructure and ensure health equality to effectively provide healthcare for disadvantaged/vulnerable groups during emergencies.
- Design labor market policies (i) to establish a balance between protecting existing shocks and addressing the destructive effects of labor reallocation and (ii) to provide unemployment subsidies that also cover informal workers.

Policy recommendations (preliminary draft)

- Improve policy coordination both within the OIC group, and between OIC countries and the rest of the world for more effective policy implementation during times of crises and to continue to narrow the gap between their living standards and those of advanced countries.
- Invest in health infrastructure and ensure health equality to effectively provide health care for disadvantaged and vulnerable groups during emergencies.
- Strengthen cooperation between firms through (1) increasing large companies' support in SMEs' operations along the supply chains, sustaining SMEs' loan recovery, supplying raw materials or intermediate goods, and enhancing project outsourcing, (2) encouraging large firms to make their digital solutions available to SMEs' use for the purpose of enhancing SMEs' access to online markets, and (3) operationalizing traditional mechanisms (such as Islamic institutions and Islamic finance tools) to subsidize the SMEs and micro enterprises in these turbulent times.