



World Food Programme

SAVING
LIVES
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Socio-economic impact of COVID-19 in Middle East and North Africa

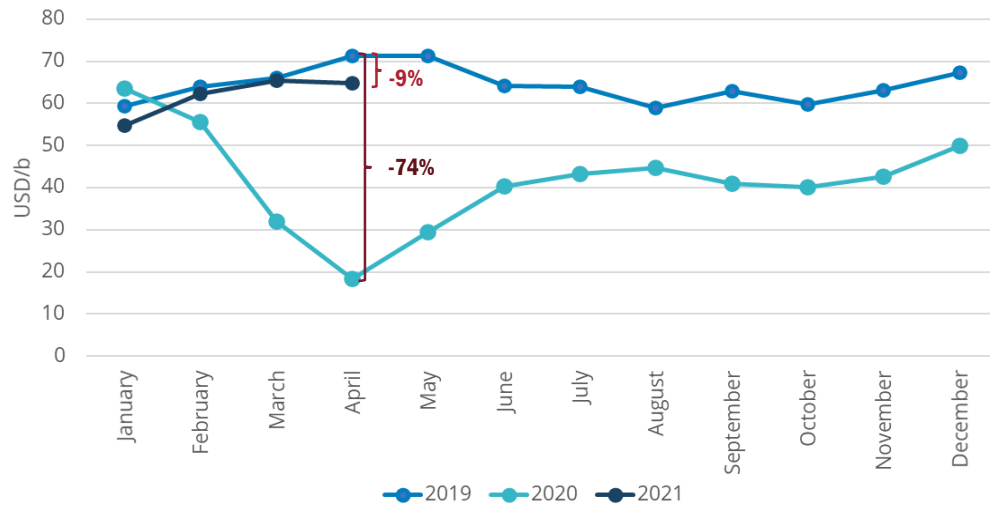
May 2021

While the pandemic affected all economies in the region, the extent of impact varied

- The impact of the pandemic was more pronounced in countries that were already facing existential crises; ongoing intensified conflict or financial crisis or imposed sanctions. (e.g. **Libya, Lebanon, Syria, Yemen, Iran**)
- Economies of the region highly dependent on Oil or Tourism were particularly affected:

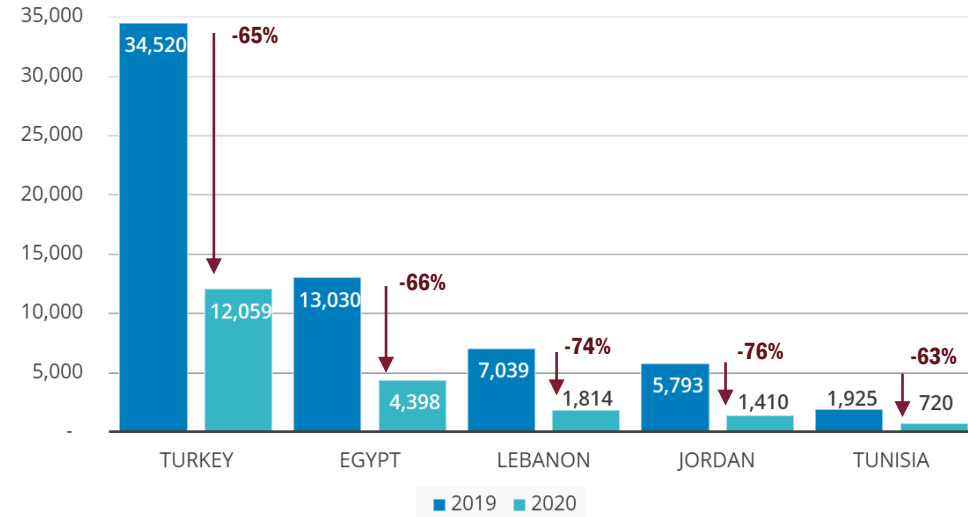
I - Oil sector was hit hard-even prior to the pandemic- for a decline in global demand and significant fall in oil prices. This severely affected **Libya, Algeria, Iraq, and Iran**. Yet, restore in prices was observed during the first 4 months of 2021.

Figure: Brent prices, monthly average



II - Tourism sector contributes significantly to some economies and was severely interrupted in 2020 following closure of airports and travel bans, mainly in **Turkey, Egypt, Lebanon, Jordan and Tunisia**.

Figure: Tourism receipts in million USD



III- The associated containment measures of the pandemic slowed down retail sector activities and contributed to contraction of most economies in 2020.

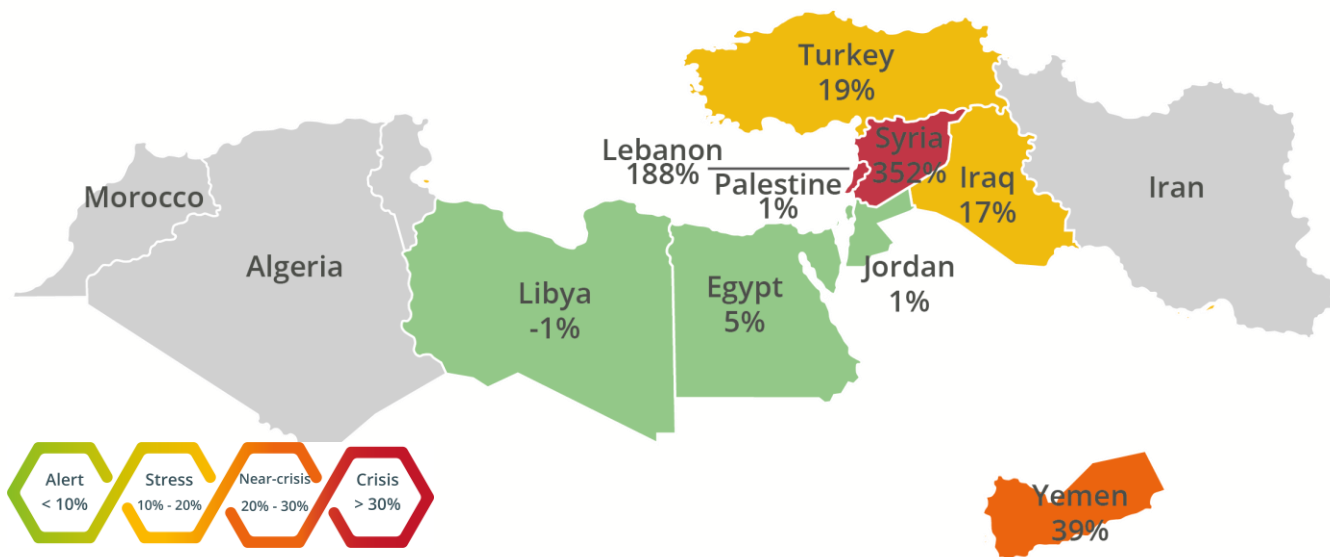
The most severe contraction was foreseen in **Libya** (-31 percent) followed with **Lebanon** (-19 percent). Nevertheless, the Libyan economy is foreseen to grow by nearly 67 percent following ceasefire agreement and instant recovery in oil sector.

Regional Overview (current vs. pre-covid)

Cost of the WFP food basket

Fluctuations in the cost of food basket varied across countries of the region. **Syria and Lebanon** recorded the highest and most alarming increases **at 352 and 188 percent** in March 2021 against February 2020, respectively. The substantial increases have to do with ongoing conflict and existential financial crisis-even prior to the pandemic. Food prices in Iran were as high as 75 percent in April 2021 against February 2020. Yemen recorded the highest food basket cost since the start of price monitoring in 2011 (an increase of 39 percent in March 2021 against February 2020).

Turkey and Iraq fell within alert levels for an intensified conflict and/or currency devaluation.



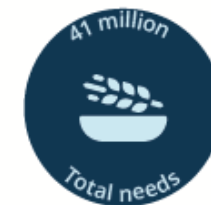
- Current month refers to March 2021, except for Libya and Palestine as the latest available is April 2021.
- Pre-covid month refers to February 2020 for all countries.



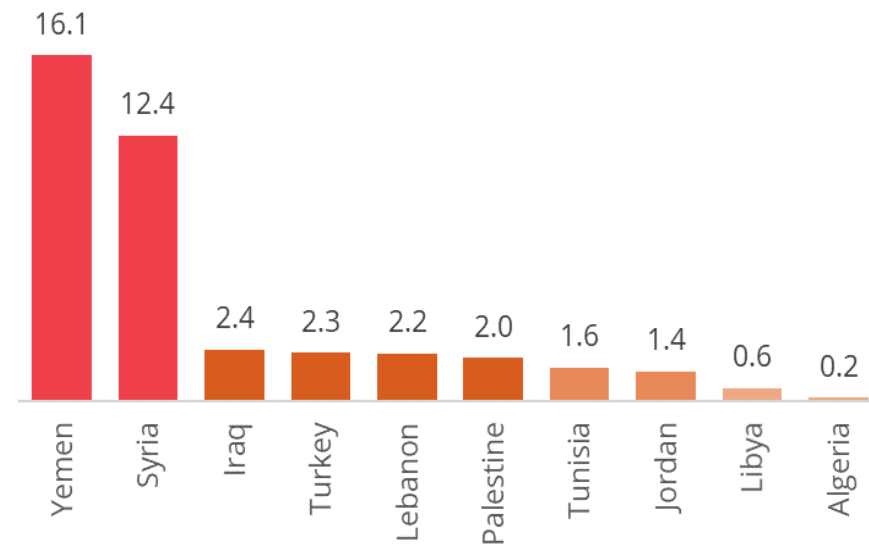
Food security and beneficiaries

Total needs jumped by 31 percent compared with pre-COVID levels for a total of 41 million. Yemen followed by Syria capture the lion share (39 and 30 percent of total needs in the region, respectively).

Likewise, number of beneficiaries increased by 6.3 million, compared with pre-COVID level.

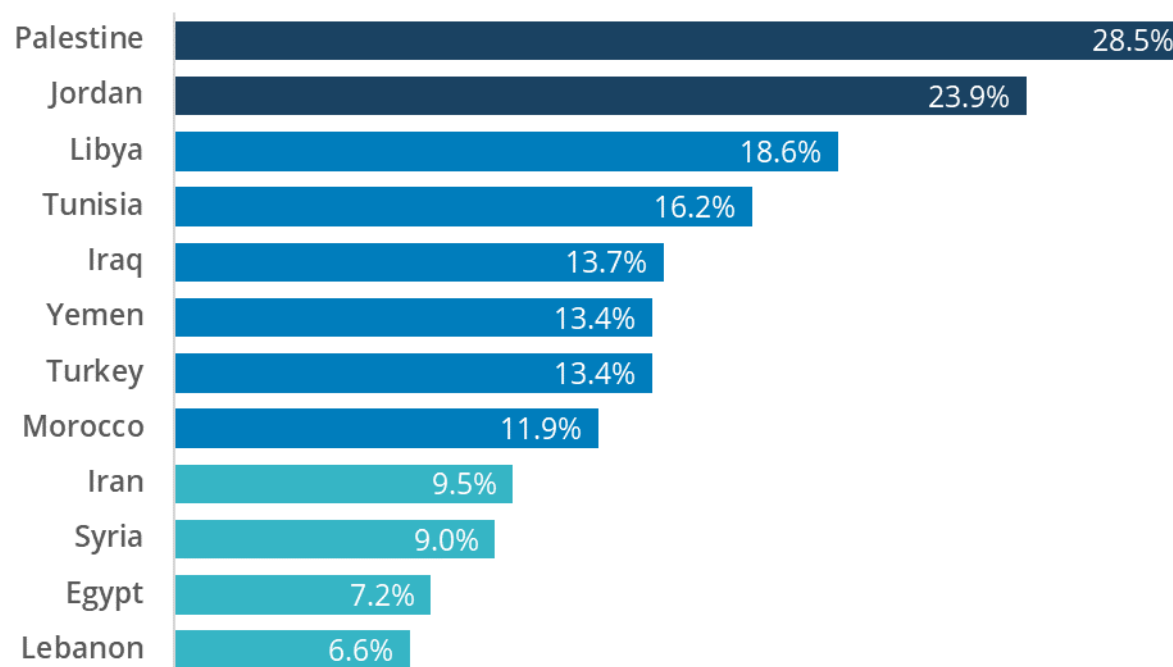


Total needs by country



Higher unemployment rates stressed the purchasing power of households

- Unemployment rate recorded 14.3 percent in 2020, on average, in the RBC region.
- Palestine, Jordan, Libya, and Tunisia are the four countries reporting higher than regional average rates.



Detailed info. About Gov. debt, Job losses, and significant of remittances flow

Government Debt

- According to [Jubilee Debt Campaign](#), six out of 8 RBC countries* are in a debt crisis. *No data for Iraq, Libya, Palestine and Syria.*
- A country is facing a debt crisis if net international investment position of -30% of GDP or worse, or a current account deficit averaging over 3% per year for three years.

AND

- government external debt payments are greater than 15% of government revenue.

Job losses

- The pandemic resulted in a total loss of 17 million jobs in the Arab region.
- Job losses are measured in lost working hours.
- Estimates are conducted by [ESCWA](#) back in July-latest available.

Remittance's inflow

- Remittance's inflow play big part in the economies of some countries in the RBC region (>9% of GDP).
- Lebanon, Yemen, Palestine, and Egypt receive remittances worth 33, 19, 17, and 8 percent of GDP respectively. *No data for Libya.*
- The [World Bank](#) estimates remittance's inflow to fall by 4 percent in the RBC region compared with a world average of 2.4%.

Conclusions

- Countries in which tourism play a big role in the economy, lost on average no less than 69 percent of their tourism revenues in 2020. **Jordan, Lebanon, Egypt, Turkey, and Tunisia** were the most affected.
- Services sector- mainly retail- was the most challenged as a result of the imposed governmental measures to contain the virus.
- Existing and long-lasting crises proved to have a more powerful role in suffocating economies, than the pandemic itself



Countries facing existing and ongoing crises were most affected by the Pandemic as already weak economic conditions were further exacerbated by the pandemic.

- The economic and debt crises in **Lebanon** were the main factors behind spiraling inflation rates (88.2 percent in 2020), and the economic contraction (- 19.2 percent in 2020 from – 6.7 percent in 2019, compared to a MENA average of -5 percent in 2020).
- Intensified conflict in **Libya** and associated oil blockades, combined with OPEC agreement to cut oil production in light of global slump in oil prices that began by the end of 2019, cut off oil production by 66 percent in 2020 against 2019. Accordingly, the highly dependent country on oil revenues, suffered an economic downturn of 31 percent in 2020. Nevertheless, the Libyan economy is foreseen to grow by nearly 67 percent following ceasefire agreement and instant recovery in oil sector.
- Ongoing conflict in **Yemen** and depletion of foreign reserves were reflected in a continuous depreciation in the local currency and considerable annual increase in the value of the food basket by 39 percent in March 2021 compared to February 2020 (pre-covid).
- The situation in **Syria** is no different as the standardized food basket recorded the highest national average rate since WFP started monitoring prices in Syria in 2013. In March 2021, the food basket value increased by 352 percent against February 2020 (pre-covid). Ongoing conflict, depreciation of the Syrian pound in the informal market, fuel availability crisis, and the Lebanese economic crisis are the main factors.