

COVID-19 and Its Adverse Effects on Socio-Economic Inequalities in the OIC Member States Part II

Prepared for
the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC)
by Prof. Ayça Tekin-Koru



Outline



Country Case Studies
(Turkey, Qatar, Cameroon, South Africa)



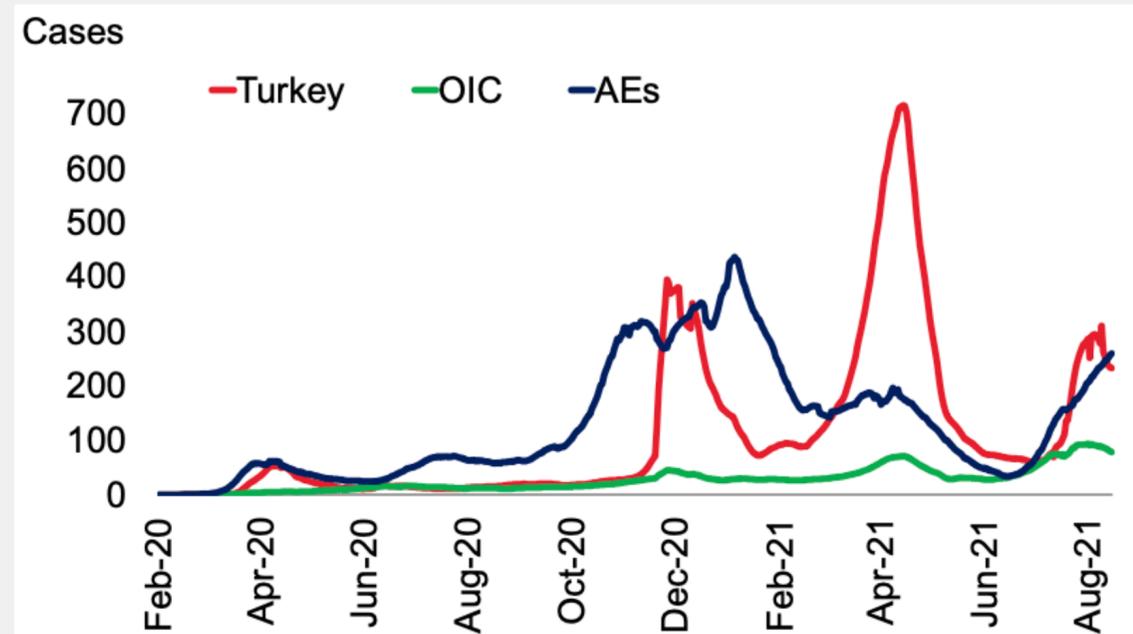
Policy Recommendations

Case Study: TURKEY

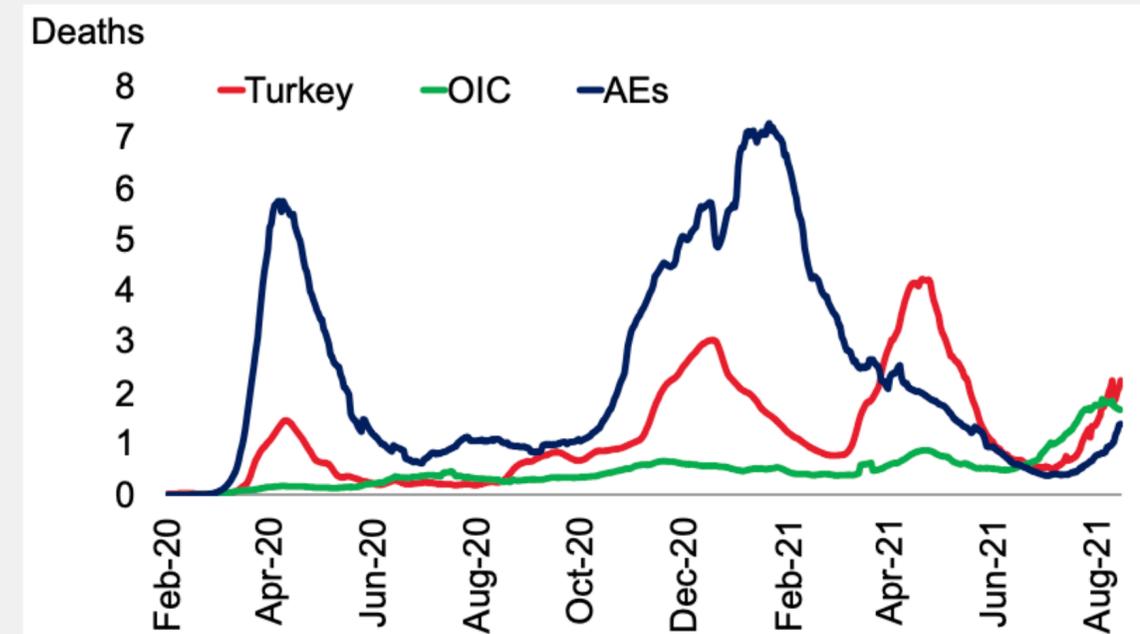


The Pandemic Logbook

A. Daily new COVID-19 cases, per million



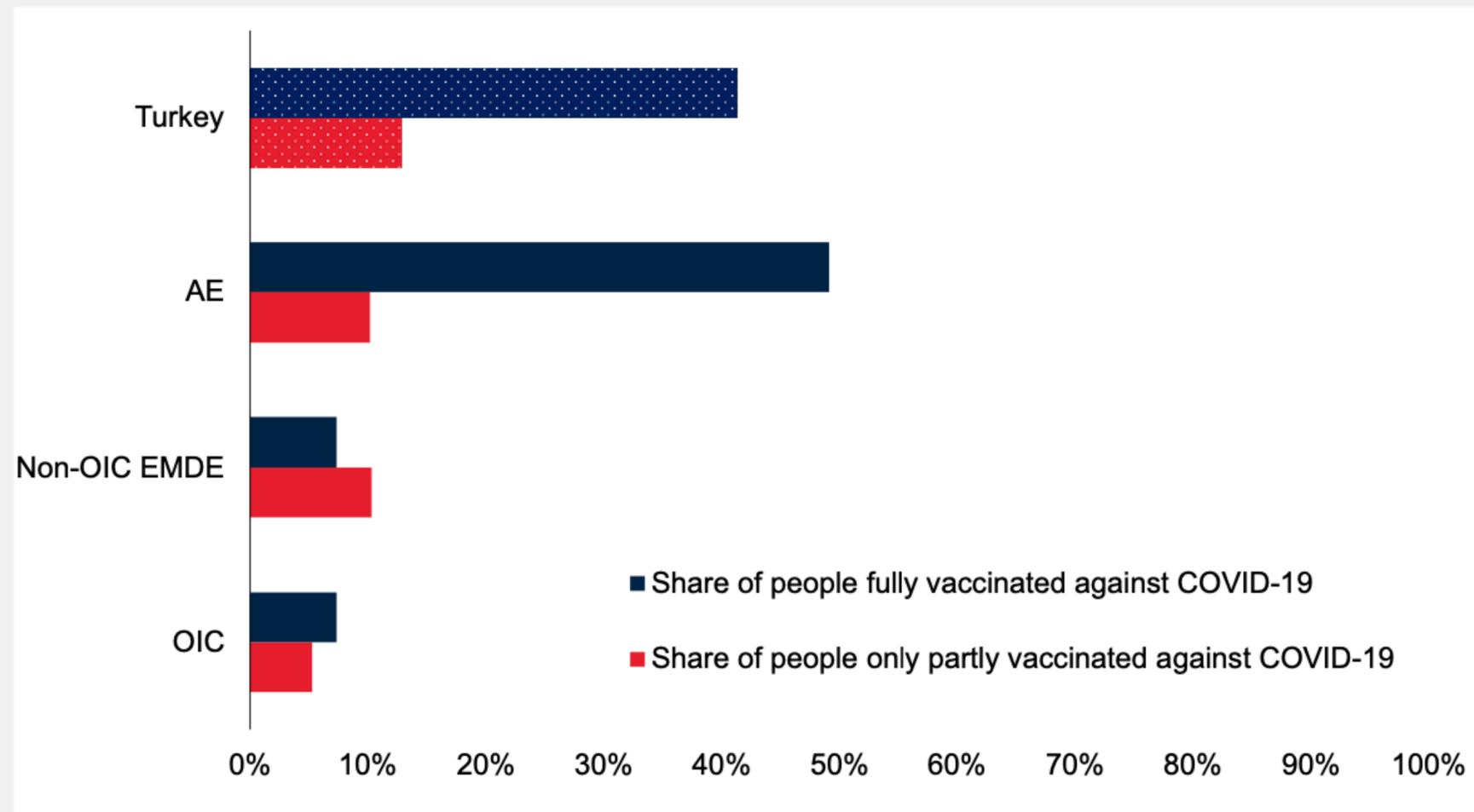
B. Daily new COVID-19 deaths, per million



Data Source: Our World in Data (database)

Note: AE = Advanced Economies; OIC = Organization of Islamic Cooperation. Figure shows the seven-day moving average of daily new COVID-19 cases and deaths per million people for Turkey, 56 OIC countries and 38 AEs. Last observation is August 21, 2021.

Vaccination Coverage



Data Source: Our World in Data

Note: AEs = Advanced Economies; OIC = Organization of Islamic Cooperation; non-OIC EMDEs = Non-OIC Emerging Market and Developing Economies. Based on 56 OIC countries, 38 AEs and 95 non-OIC EMDEs. Last observation is August 21, 2021.

Socio-Economic Landscape during the Pandemic

Growth, Poverty and Labor Markets

- * Sharp fall (11 percent in 2020Q2) followed by a sharp rise (16 percent in 2020Q3) in GDP amounting to a yearly 1.8 percent in 2020 -the fastest growth among the G20 countries in 2020 along with China .
- * Emergence of economic risks that threaten recovery in late 2020, yet the growth outlook for 2021 onwards is optimistic. IMF projections (2021a) point to GDP growth of 6 percent in 2021, followed by milder growth in the order of 3.5 percent in 2022.
- * An estimated poverty bill of more than 3 million new poor by 2021, amounting to 10 million nationwide, a 40 percent increase over the number of poor in 2018.
- * 15 percent decline in working hours, unequally spread across the population.
- * Aggravation of preexisting vulnerabilities in the labor market, with female, low-income, informal, and unskilled workers most affected.
 - * A total of 363 thousand young people fell out of the labor force.
 - * The labor force participation rate (LFPR) fell to 49.3 percent from 52.5 percent from 2019 to 2020, and women lag significantly behind, especially among youth.
 - * Household responsibilities dominating 31 percent of exit from the labor force and driven by women.

Socio-Economic Landscape during the Pandemic

Education

- * Schools in Turkey were fully closed for 129 days -among the highest in the world- and partially closed for 41 days between March, 2020 and February, 2021. Different distance education methods were adopted, which surfaced some existing and some new difficulties:
 - * Teacher preparations for the new mode of education was not sufficient.
 - * Access to online education was an issue for disadvantaged children.
 - * A quiet place to study and a dedicated device to follow lessons per child are also among the challenges for families with multiple school-age children.
 - * Student adjustment to self-directed learning was not smooth.

Socio-Economic Landscape during the Pandemic

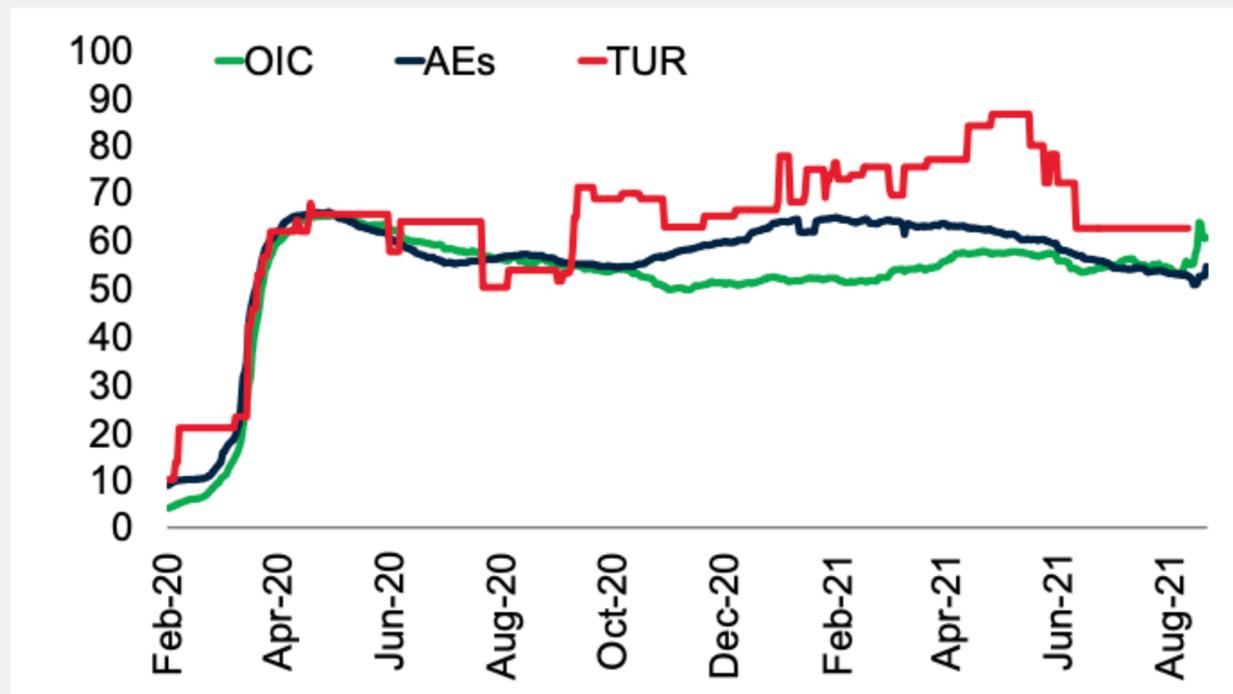
Health

- * As of September 25, 2021 the COVID-19 related metrics:
 - * # of cases = 7,013,639 (56th in the world in 1M population) w/ infection rate = 8.2%
 - * # of dead = 62,938 (87th in the world in 1M population), w/ mortality rate = 0.9%
- * Among the assets of the health system in Turkey are young median age (32), very low levels of communicable disease related deaths (5 percent) and a large care capacity (3 beds per 1,000). Furthermore, during the pandemic
 - * the COVID-19 treatment and monitoring protocols were designed early, strictly implemented, and improved over time.
 - * production capacity for basic materials (e.g., medical masks) and equipment (e.g., ventilators) is rapidly developed and expanded, which later made Turkey a major supplier of these materials and equipment.

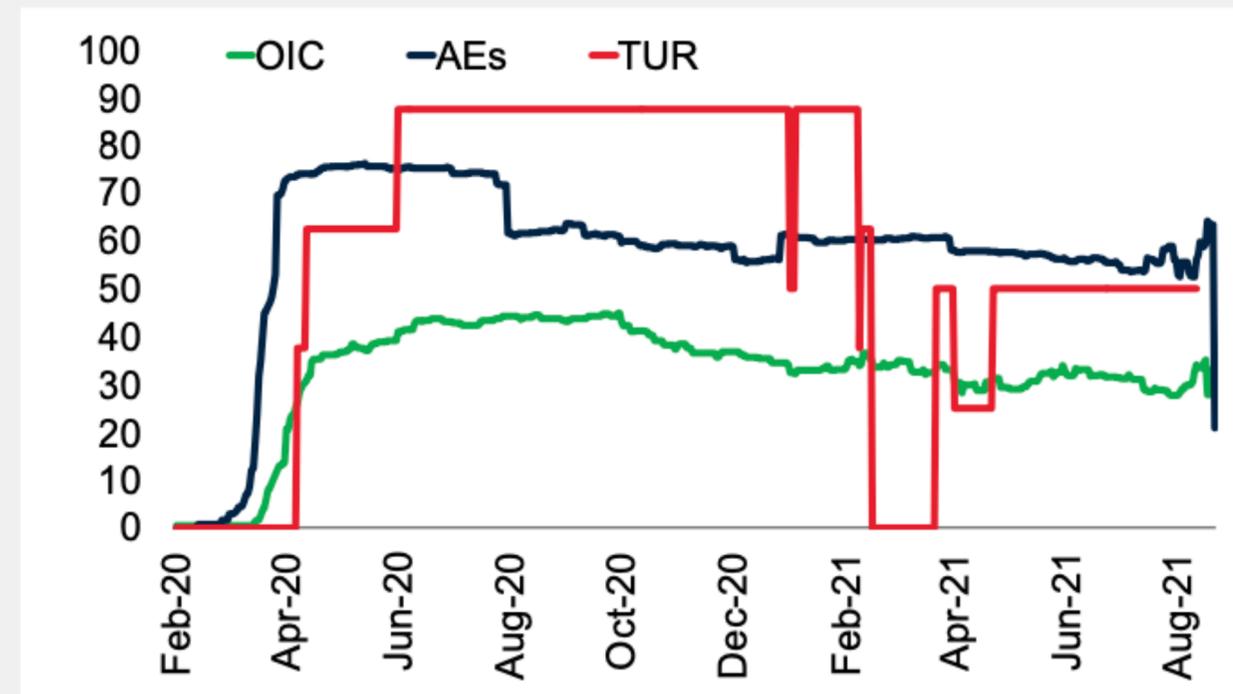
Policy Response

Overview

A. Health and containment index



B. Economic support index



Data Source: The Oxford COVID-19 Government Response Tracker

Note: AE = Advanced Economies, OIC = Organization of Islamic Cooperation

Policy Response

Fiscal and Monetary Measures

* Fiscal Measures

- * Predominantly concentrated on credit channel support.
- * Fiscal stimulus package at about 12 percent of GDP, the second largest among EMDEs after Brazil and the 12th largest among all G-20 countries.
- * Employed mostly below-the-line fiscal measures, with 75 percent of the stimulus package consisting of contingent liabilities.
- * Well-targeted and effective above-the-line fiscal measures, albeit on a smaller scale.

* Monetary Measures

- * Expansionary (300 basis points cut) at first.
- * Contractionary (more than 1000 basis points) later as a response to capital flight, rising inflation and currency depreciation.

Policy Response

Social Assistance Measures

- * **Workers**

- * Short-term work allowance
- * Ban of laying off workers
- * Widened unemployment benefits
- * Normalization support

- * **Households**

- * Social support program in three phases
- * “Biz Bize Yeteriz Türkiyem” campaign
- * Full lockdown social assistance program

- * **Students**

- * Mobile support vehicles
- * Distribution of tablet computer sets and learn-at-home kits to disadvantaged students
- * Conditional cash transfers to vulnerable students

Evaluation of Findings

Escaping the Crisis - What Worked

- 1 Strict implementation of curfews and age-specific lockdowns based on a data-driven approach
- 2 Effective use of information systems in monitoring COVID-19 developments, mobility, and contact
- 3 A strong, well-developed, and well-organized healthcare system
- 4 A combination of credit stimulus, targeted direct fiscal measures, loose monetary policy, and other regulatory policies to achieve recovery
- 5 The digital social assistance systems

Evaluation of Findings

Escaping the Crisis - What Could Be Done Differently

- 1 The balance between health and educational outcomes should be more carefully considered.
- 2 Although the current distance education infrastructure helped K-12 students during the pandemic, it proved to be an inefficient method for delivering distance education.
- 3 During a pandemic, avoiding sudden changes in the disclosure of health data would improve health outcomes by increasing the likelihood that the general public will comply with restrictions.
- 4 Daily disclosure of data stratified by provincial level and age groups helps control the environment of uncertainty.

Evaluation of Findings

Current Bottlenecks

- * The reappearance of COVID-19 and risks to progress on vaccine uptake could put the brakes on growth.
- * Increased internal imbalances and external volatility could disrupt growth.
- * Rising poverty can affect the well-being of millions of people.
- * Turkey hosts about 4 million refugees of various nationalities.
- * The frequency and severity of natural disasters due to extreme weather events related to climate change have increased in Turkey in recent years.

Evaluation of Findings

Optimal Policy Mix - Safeguarding Recovery

No one is safe until everyone is safe.

Timely, targeted and temporary fiscal support will continue to be vital to support recovery.

Fiscal consolidation should be measured to contain the adversities caused by the pandemic.

The primary objective of the current monetary policy agenda is to reduce inflationary pressures and must be maintained.

Even the expanded policies to protect disadvantaged workers and vulnerable remain low given the challenges COVID-19 especially for women and youth and should be broadened.

Evaluation of Findings

Optimal Policy Mix - Investing in Future

The recovery efforts towards COVID-19 shock offers Turkey the opportunity to restructure its economy on a more resilient, inclusive, and sustainable growth path.

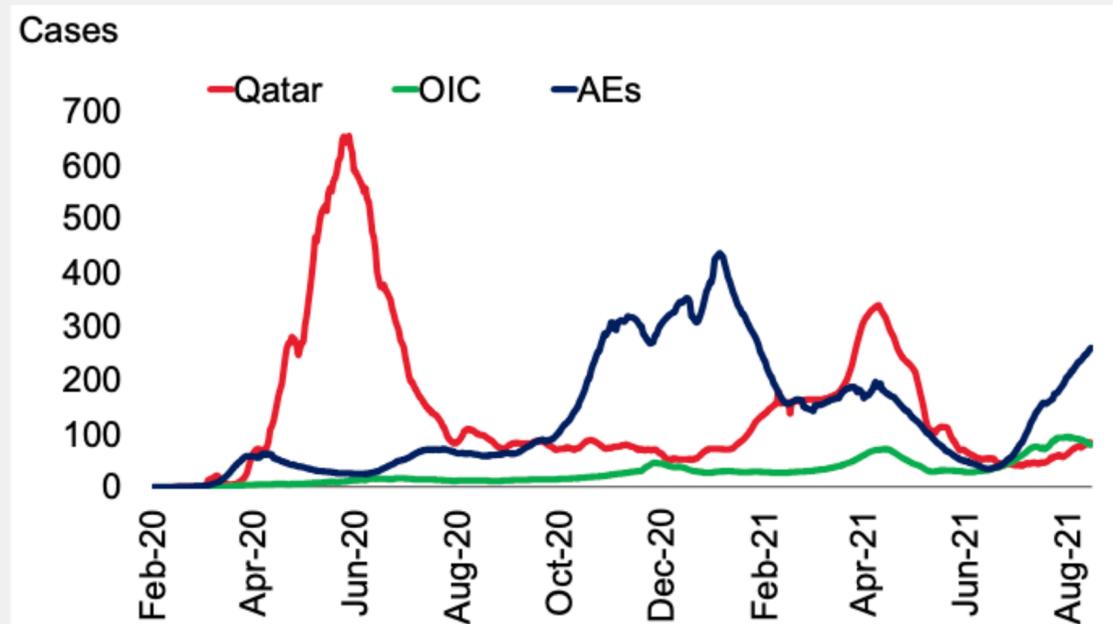
In the face of frequent natural disasters due to climate change, actions to promote a green recovery and/or kickstart a green revolution can provide Turkey with a competitive advantage in decarbonization process of global markets.

Case Study: QATAR

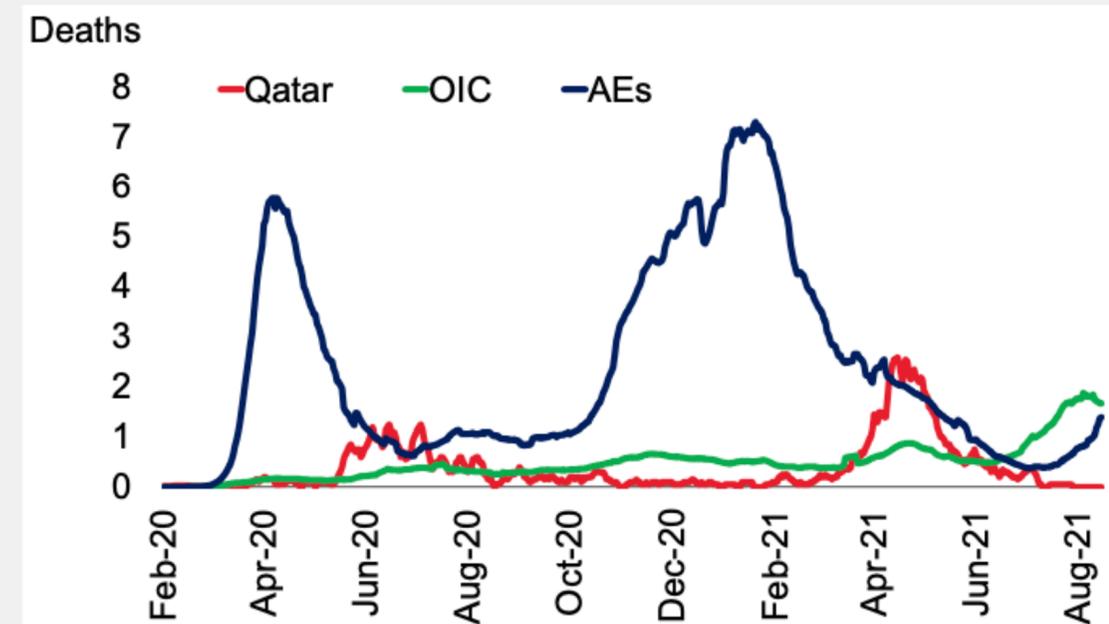


The Pandemic Logbook

A. Daily new COVID-19 cases, per million



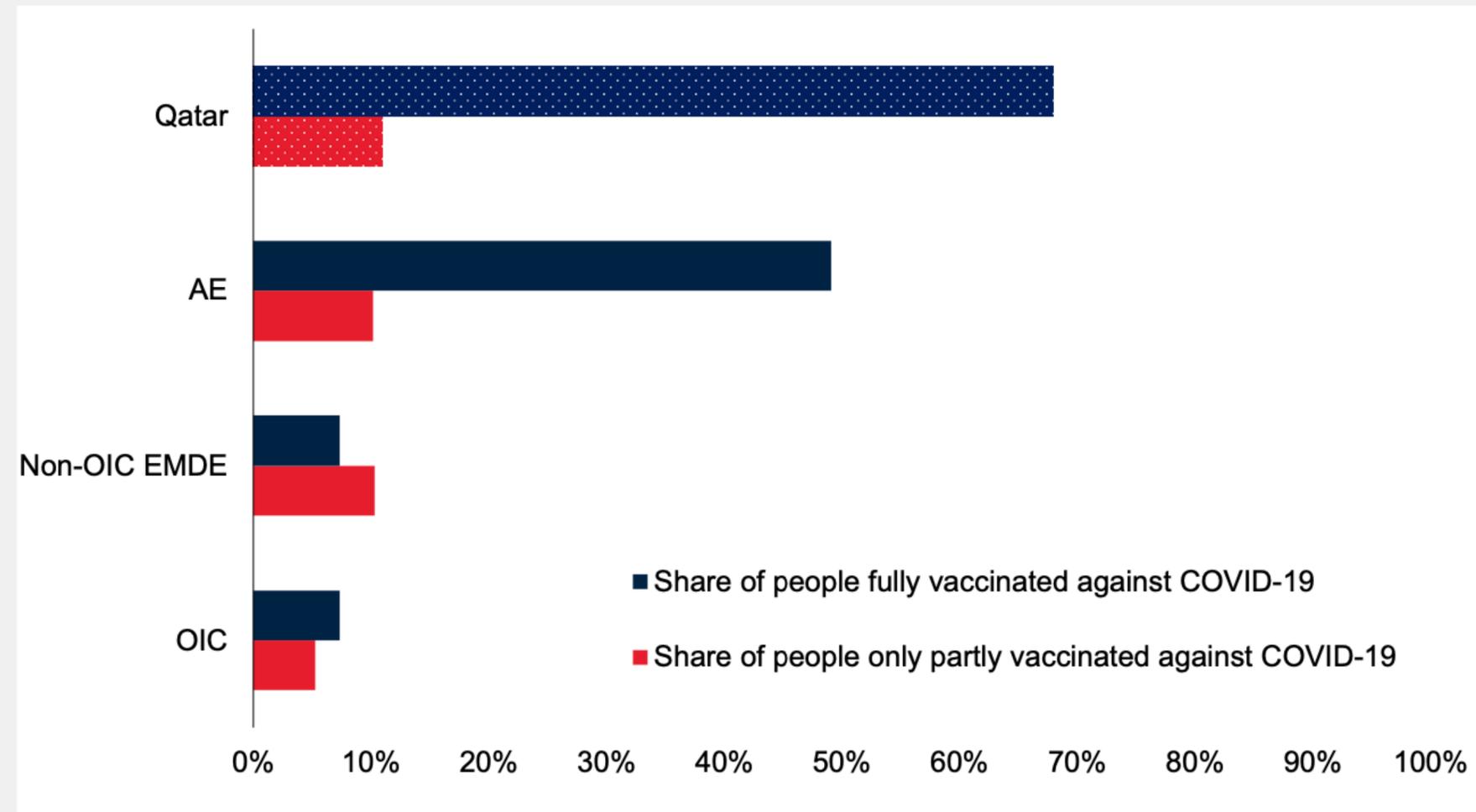
B. Daily new COVID-19 deaths, per million



Data Source: Our World in Data

Note: AEs = Advanced Economies; OIC = Organization of Islamic Cooperation. Figure shows the seven-day moving average of daily new COVID-19 cases and deaths per million people for 56 OIC countries, 38 AEs and Qatar. Last observation is August 21, 2021.

Vaccination Coverage



Data Source: Our World in Data

Note: AEs = Advanced Economies; OIC = Organization of Islamic Cooperation; non-OIC EMDEs = Non-OIC Emerging Market and Developing Economies. Based on 56 OIC countries, 38 AEs and 95 non-OIC EMDEs. Last observation is August 21, 2021.

Socio-Economic Landscape during the Pandemic

Growth, Poverty and Labor Markets

- * With the collapse of crude oil prices at the start of the pandemic, Qatar found itself squeezed, especially for oil-linked LNG contracts. This in turn played an important role in the weakening of overall GDP growth (-2.6 percent in 2020).
- * The growth outlook for 2021 onwards is optimistic. IMF projections (2021a) point to GDP growth of 2.6 percent in 2021, followed by milder growth in the order of 2.3 percent in 2022.
- * The lingering diplomatic dispute with four strategic neighbors (Bahrain, Egypt, Saudi Arabia, and UAE) was resolved in early 2021, removing some basic barriers to the movement of people, goods, and services between the countries.
- * 9.5 percent decline in working hours, unequally spread across the population
- * Aggravation of preexisting vulnerabilities in the labor market, particularly for the workers in labor camps.

Socio-Economic Landscape during the Pandemic

Food Insecurity

- * Despite Qatar's high dependence on imported food products (90 percent of food is imported), COVID-19 had no impact on food supply or prices.
- * Prices stayed stable and no scarcity of commodities, food and consumer goods was experienced.
- * Qatar's degree of preparedness in this context, in the past, has originated from its robust fiscal position and thus high purchasing power.
- * Granted, the blockade and the COVID-19 crisis are two unrelated events, but it appears that the policies and strategies Qatar adopted in response to the blockade equipped the country with the necessary reflexes and experience in terms of food insecurity challenges that might have arisen during the COVID-19 pandemic.

Socio-Economic Landscape during the Pandemic

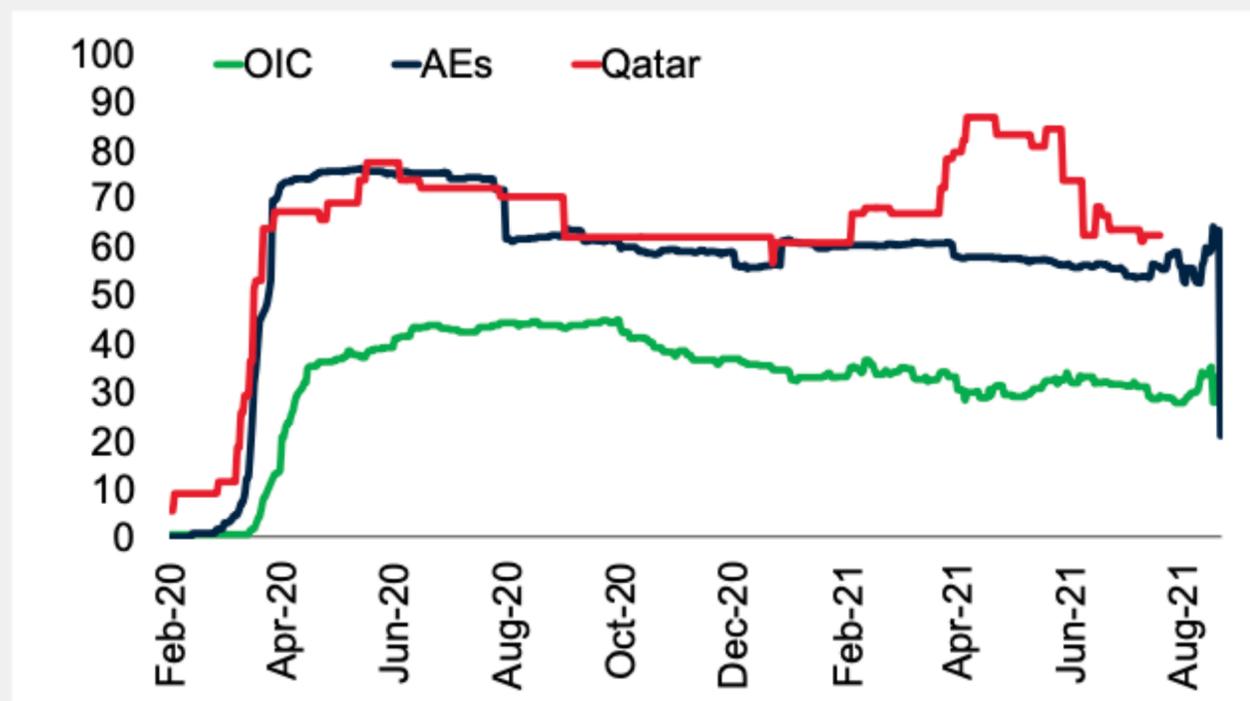
Education and Health

- * Students in Qatar switched between different forms of instruction, face-to-face, distance, and hybrid, as the pandemic progressed. Schools in Qatar were fully closed for 68 days and partially closed for 101 days between March, 2020 and February, 2021.
 - * Parallel education systems coexist due to the high share of migrant and expatriate households in the country. Many non-governmental "community schools" are significantly less well-equipped than their public- school counterparts, charge tuition, and lack the similar level of government funding.
- * As of September 25, 2021 the COVID-19 related metrics:
 - * # of cases = 236,231 (52nd in the world in 1M population) w/ infection rate = 8.4 percent
 - * # of dead = 604 (95th in the world in 1M population), w/ mortality rate = 0.3 percent
- * Among the assets of the health system in Qatar are young median age (32) and very low levels of communicable disease related deaths (5 percent). One liability for Qatar is its small care capacity (1.2 beds per 1,000).

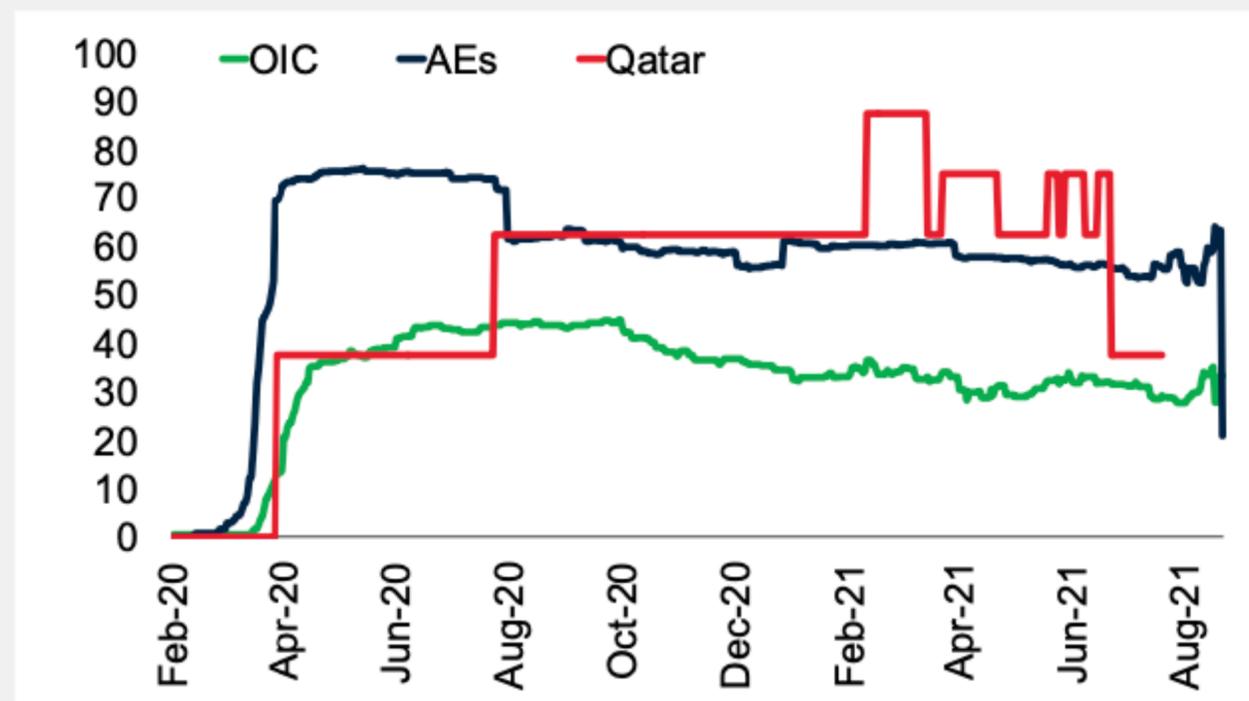
Policy Response

Overview

A. Health and containment index



B. Economic support index



Data Source: Oxford COVID-19 Government Response Tracker

Note: AE = Advanced Economies, OIC = Organization of Islamic Cooperation

Policy Response

Fiscal and Monetary Measures

* Fiscal Measures

- * A major stimulus package of 75 billion QAR (\$20.6 billion) for the private sector.
- * The direct component of the fiscal support package (above-the-line measures) is estimated at 2.1 billion QAR (0.4 percent of GDP) in 2020.
- * 10 billion QAR of liquidity to support Qatar Stock Exchange.
- * The 3 billion QAR (\$825 million) National Guarantee Program to offer guarantees to local banks

* Monetary Measures

- * Expansionary (100 basis points cut in deposit rate and 175 basis points cut in lending rate).
- * An interest-free repo window of 50 billion QAR (9.3 percent of GDP) to provide liquidity to banks for deferring loan installments or granting new bank loans.

Policy Response

Social Assistance Measures

* Supporting Enterprises, Jobs and Income

- * introduction of an online platform to expedite the re-employment of workers in the local market, including those furloughed.
- * exemption of food and medical supplies from customs duties along with price and profit setting for disinfectants and antiseptics.
- * paid leave for workers in isolation, quarantine, or undergoing treatment (whether or not they are eligible for sick pay).
- * free treatment for anyone (no Qatar IDs required) who needs to be tested or treated.

* Protecting Workers in the Work Place

- * In the private sector, physical presence at the workplace was reduced to 20 percent, while the rest of employers were expected to work from home.
- * Working hours in the public and private sectors were limited to six hours per day.
- * Busses that transport workers saw their capacity cut in half.

Evaluation of Findings

Escaping the Crisis - What Worked

- 1 Granting equal access to citizens and migrants in the provision of vaccines
- 2 Effective use of information systems in monitoring COVID-19 developments, mobility, and contact
- 3 A strong, well-developed, and well-organized healthcare system
- 4 Current food security policies and strategies helped avoid vulnerabilities
- 5 A combination of credit guarantees, targeted direct fiscal measures, loose monetary policy, and other regulatory policies

Evaluation of Findings

Escaping the Crisis - What Could Be Done Differently

1

Even though strict implementation of curfews and lockdowns is important to control the pandemic, it needs to be tailored towards the realities of the country

Evaluation of Findings

Current Bottlenecks

- * The reappearance of COVID-19 and risks to progress on vaccine uptake could put the brakes on growth.
- * Uncertainty about oil and natural gas prices, stemming from the downside risk of resurgent waves of infection triggering other demand shocks in the world, may derail the Qatari recovery.

Evaluation of Findings

Optimal Policy Mix - Safeguarding Recovery

No one is safe until everyone is safe.

Timely, targeted and temporary fiscal support will continue to be vital to support recovery.

Qatar would benefit from improving the transparency and accountability of public entities to reduce fiscal weaknesses.

Significant reforms to the sponsorship program over the past year should continue without letup.

Improving diplomatic relations should be maintained to reduce geopolitical risks that can worsen the risks of a pandemic.

Evaluation of Findings

Optimal Policy Mix - Investing in Future

The recovery efforts towards COVID-19 shock offers Turkey the opportunity to restructure its economy on a more resilient, inclusive, and sustainable growth path.

Qatar is forecast to grow strongly among the GCC states, with strong demand for LNG in the South and East Asia underpinning its medium-term prospects.

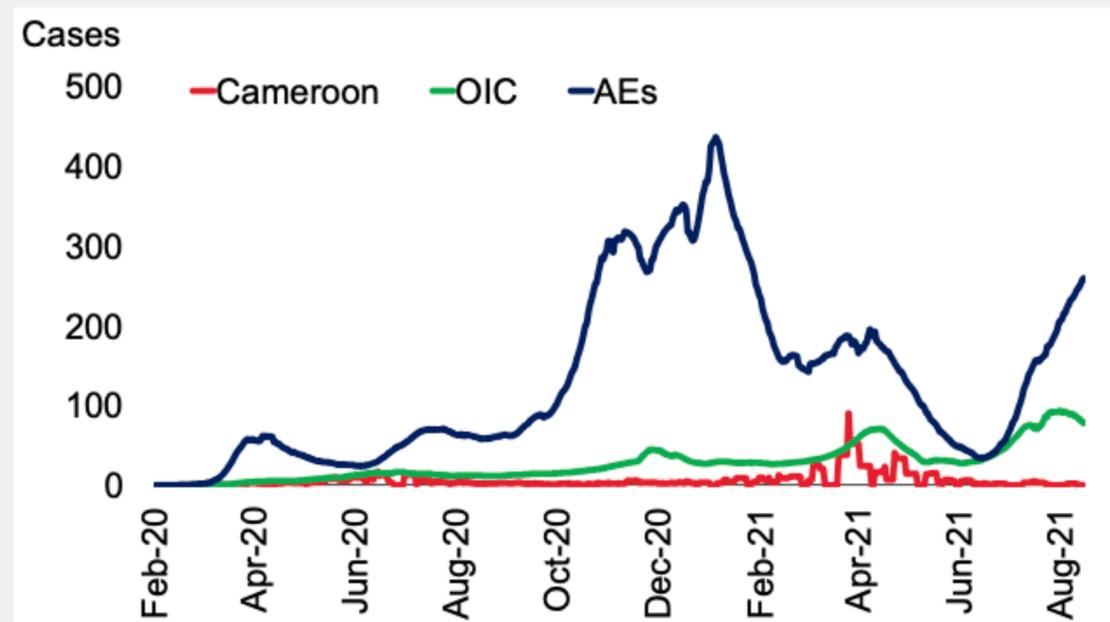
For Qatar as a country rich in hydrocarbon resources, economic diversification is a vital structural reform for development and long-run prosperity.

Case Study: CAMEROON

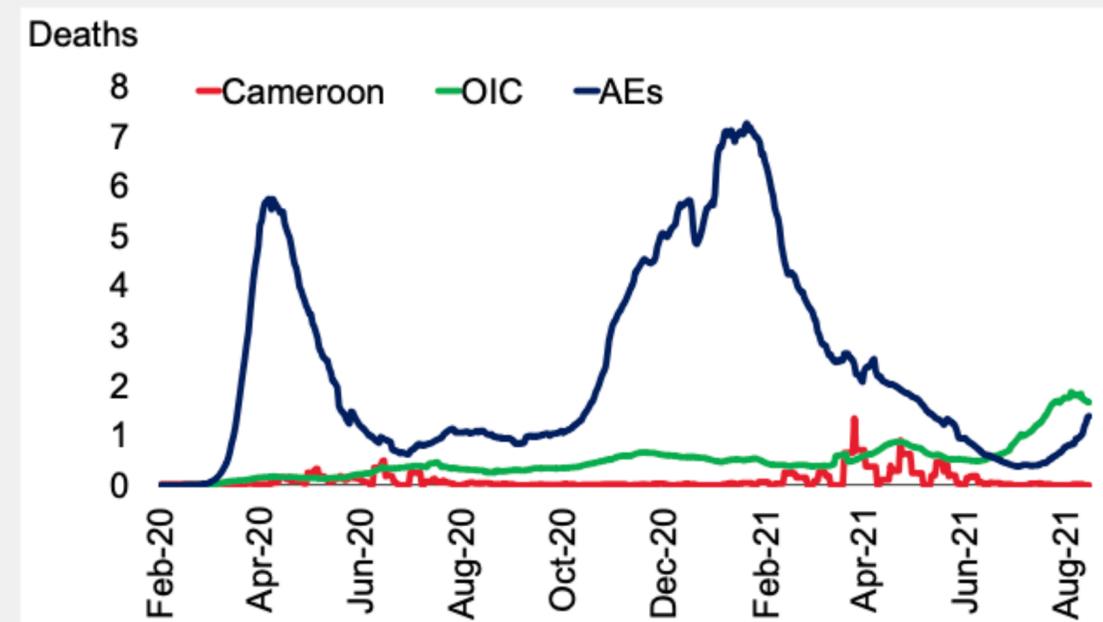


The Pandemic Logbook

A. Daily new COVID-19 cases, per million



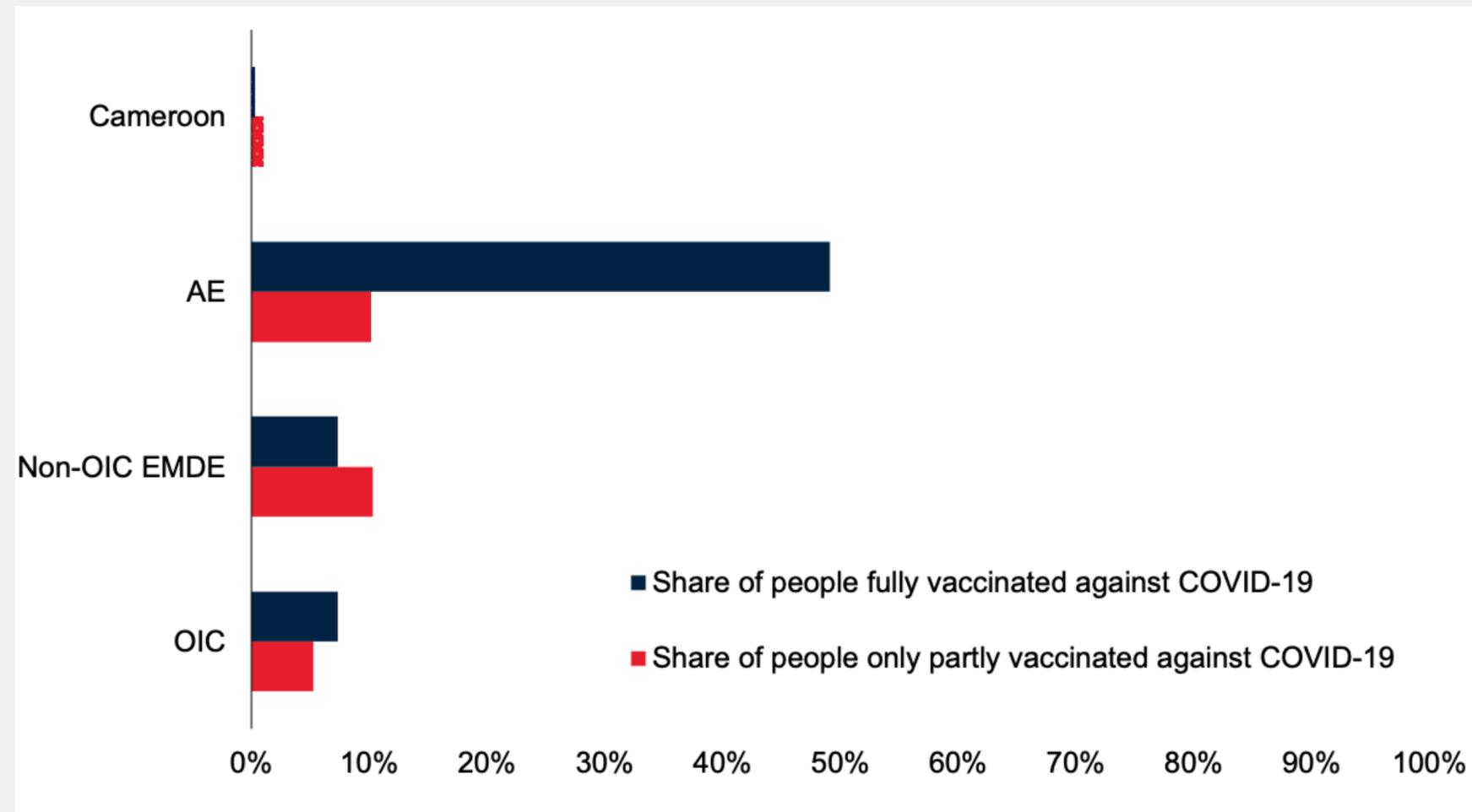
B. Daily new COVID-19 deaths, per million



Data Source: Our World in Data

Note: AEs = Advanced Economies; OIC = Organization of Islamic Cooperation. Figure shows the seven-day moving average of daily new COVID-19 cases and deaths per million people for 56 OIC countries, 38 AEs and Cameroon. Last observation is August 21, 2021.

Vaccination Coverage



Source: Our World in Data (database)

Note: AEs = Advanced Economies; OIC = Organization of Islamic Cooperation; non-OIC EMDEs = Non-OIC Emerging Market and Developing Economies. Based on 56 OIC countries, 38 AEs and 95 non-OIC EMDEs. Last observation is August 21, 2021.

Socio-Economic Landscape during the Pandemic

Growth, Poverty and Labor Markets

- * Decline in real GDP had by 2.8 percent in 2020 and downward modification of growth in 2021 to 3.4 percent (from 4.5 percent).
- * IMF emergency support of 276 million SDR (about \$382 million and 100 percent of the country's quota).
- * 26th in the income inequality rank in the world, 150th out of 189 on HDI, 141st out of 189 in terms of the level of gender inequality, with 39 percent of the Cameroon's population living below the poverty line.
 - * substantial disparities in the three main dimensions of human development: (1) reproductive health, (2) right to education, and (3) access to employment.
- * Regional difficulties (poverty, ethnic and political tensions, conflict, IDPs, border closures)
- * 4.2 percent decline in hours worked amidst 77 percent employment informality.
 - * Between April and May 2020, 65 percent of firms reduced the working hours of their staff, 50 percent have laid off certain workers, 45 percent have reduced the wages of employees, 39 percent have delayed the payment of employees' wages, and 34 percent have rotated staff.

Socio-Economic Landscape during the Pandemic

Food Insecurity and Malnutrition

- * Conflict remains a major cause of food insecurity in Cameroon.
 - * Nearly 2.3 million people are projected to be in Phase 3 and 4 food insecurity from June to August 2021.
- * Increases in staple food prices (28 to 78 percent for maize, 22 to 33 percent for imported rice, 50 to 140 percent for beans).
 - * Security concerns, temporary closure of import points, and limited food supply from imports were the main causes of the price increase.
 - * COVID 19 restrictions have further reduced trade flows between urban and rural areas, affecting staple food prices.
- * Adverse effects on malnutrition prospects:
 - * 34 percent of households hold poor or borderline food consumption scores.
 - * Relatively high prevalence of acute malnutrition (more than 5 percent in the Far North, North, and East).
 - * Stunting (more than 37 percent in the Far North and East).
 - * Micronutrient deficiencies (57 percent of children and 40 percent of women of childbearing age with anemia)

Socio-Economic Landscape during the Pandemic

Education

- * Schools in Cameroon were fully closed for 40 days and partially closed for 53 days between March, 2020 and February, 2021.
 - * The electricity grid covers only a few localities and remains poor, with an overall household electrification rate of less than 15 percent.
- * Violence, coercions against education, displacement, and the inadequate capacity of the school system have left nearly 1.9 million school-age children.
- * Only 39 percent of primary school teachers and 21 percent of secondary school teachers reporting to work due to security concerns.
 - * The lack/loss of birth certificates due to displacement and destruction of homes.
 - * Repeated flash flooding that devastates communities, school infrastructure, and materials (e.g., 18,000 students out of school due to floods in September and October 2020).

Socio-Economic Landscape during the Pandemic

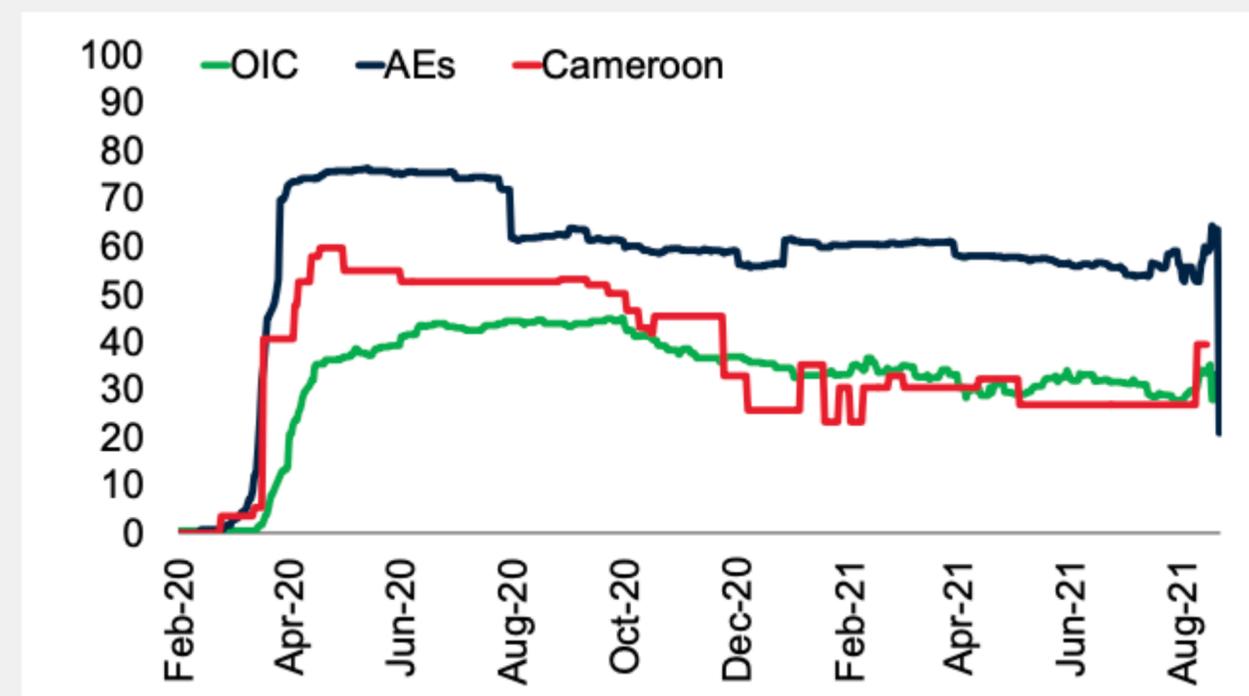
Health

- * As of September 25, 2021 the COVID-19 related metrics:
 - * # of cases = 85,414 (174th in the world in 1M population) w/ infection rate = 0.3 percent
 - * # of dead = 1,368 (52nd in the world in 1M population), w/ mortality rate = 1.6 percent
- * The number one assets of the health system in Cameroon is the very young median age (19). Very high levels of communicable disease related deaths (52 percent), high infant mortality rates (782 per 10,000) and small care capacity (1.3 beds per 1,000) are among the liabilities.
- * The problems and challenges in Cameroon are much different than advanced economies and most of the OIC countries.
 - * The need for safe drinking water remains critical in the whole country. 99 per cent of the people belonging to the wealthiest 20 per cent of the population have access to an improved water source compared to 43 per cent of the bottom income quintile.
 - * Waste is not being collected in rural areas and is mostly thrown into streams (reducing water quality), bushes or burnt.
 - * With regards to basic sanitation, latrines are often insufficient in number and insecure.

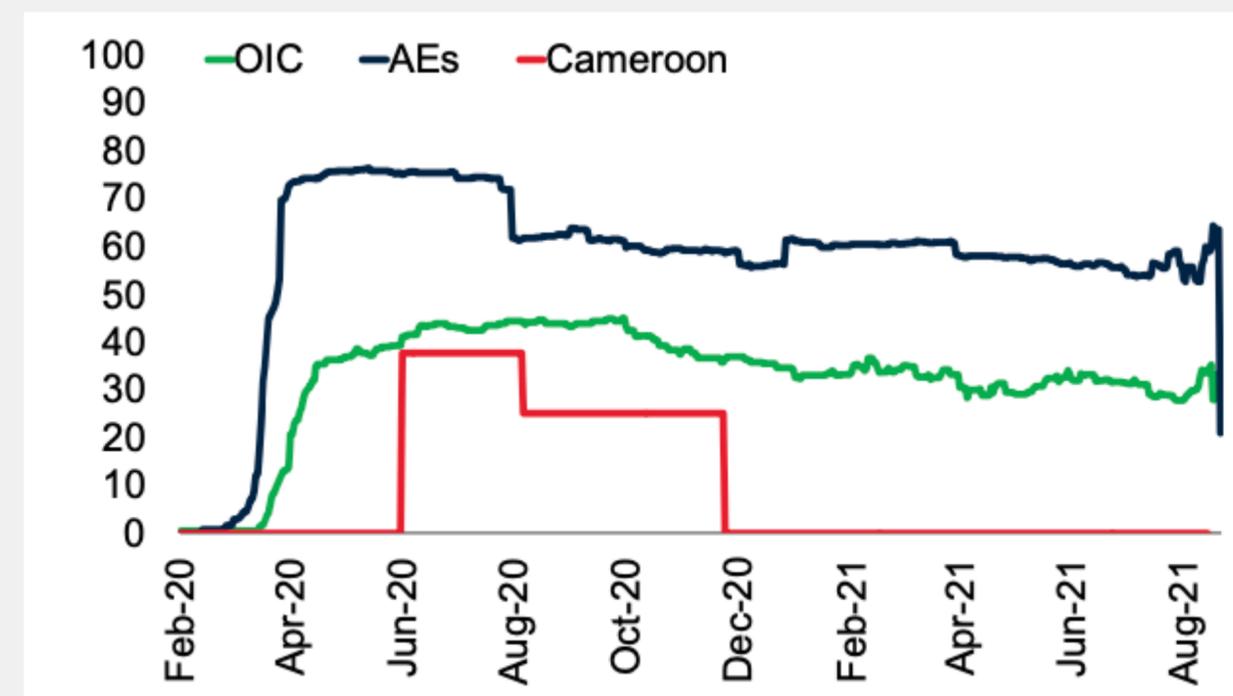
Policy Response

Overview

A. Health and containment index



B. Economic support index



Source: *The Oxford COVID-19 Government Response Tracker (database)*

Note: AE = Advanced Economies, OIC = Organization of Islamic Cooperation

Policy Response

Fiscal and Monetary Measures

* Fiscal Measures

- * a series of measures provide temporary tax relief to businesses directly affected by the crisis through tax moratoriums and payment deferrals.
- * the distribution of the payment of social security contributions for the second quarter into three installments and the cancelation of late fees.
- * Allocation of approximately US\$310 million to the COVID-19 special account in 2020, 76 percent of which would be financed by funds released through debt service suspension and external budget support followed by an allocation of additional \$185 million in 2021.

* Monetary Measures

- * Expansionary (100 basis points cut).
- * An increase in liquidity provision from 240 billion CFA to 500 billion CFA.
- * Various of macro-financial measures.

Policy Response

Social Assistance Measures

- * An increase in the family allowance from 2,800 to 4,500 CFA.
- * A 20 percent increase for pensions that did not benefit from the 2016 reform.
- * The continuation of family allowance payments from May to July to employees of companies that are unable to pay social security contributions or that sent their employees on technical leave due to the crisis.
- * The distribution of the payment of social security contributions for the second quarter into three installments and the cancelation of late fees.

Evaluation of Findings

Escaping the Crisis - What Worked

1

A regionalized approach based on Cameroon's health districts and regions, aimed at fortification of case surveillance and reinforcement of the continuity of healthcare systems

2

Effective use of information systems in monitoring COVID-19 developments, mobility, and contact

Evaluation of Findings

Escaping the Crisis - What Could Be Done Differently

1

Strict implementation of curfews and lockdowns based on a data-driven approach, as well as rapid and effective responses to changing conditions, are necessary to disrupt the spread of the virus and maintain supply chains and economic activity.

2

To achieve optimal compliance, context-specific public health interventions need to be developed to address different circumstances.

3

A strong, well-developed, and well-organized health care system is critical to controlling the pandemic.

Evaluation of Findings

Current Bottlenecks

- * The short-term outlook remains very uncertain.
- * Unequal access to vaccines around the globe acts as a risk multiplier in terms of stopping the pandemic.
- * Even though the human toll of the COVID-19 in Cameroon was less severe than many EMDEs and AEs, socio-economic costs of the pandemic have been heavy due to existing inequalities.
- * The ongoing conflict in different regions of the country disrupts education in ways that are not related to the pandemic itself.
- * The risk of disastrous floods remains high in Cameroon.
- * The challenge of reaching the most vulnerable populations in need of government assistance persists because of informality.

Evaluation of Findings

Optimal Policy Mix - Safeguarding Recovery

No one is safe until everyone is safe.

Providing special financial grants to vulnerable households could promote adherence to confinement measures.

The expanded policies to protect disadvantaged workers and vulnerable remain low given the challenges COVID-19 especially for women and youth.

Timely, targeted and temporary fiscal support will continue to be vital to support recovery.

The Cameroonian authorities should closely monitor potential fiscal risks to limit further revenue losses.

The commitment to strengthen transparency and good governance increase the chances for a healthy recovery period.

Evaluation of Findings

Optimal Policy Mix - Investing in Future

Cameroon and its development partners should seize the opportunity of this pandemic to spotlight investments in social protection for today and tomorrow if they want to rebuild the country better and stronger after COVID-19 and achieve the SDGs.

Enough resources should be assigned to social protection measures that tackle crisis-related needs, especially social transfer programs.

Building on the temporary measures taken during the COVID-19 pandemic, investment in social protection systems should be increased to include not only cash and in-kind transfer programs, but also a much broader range of systems.

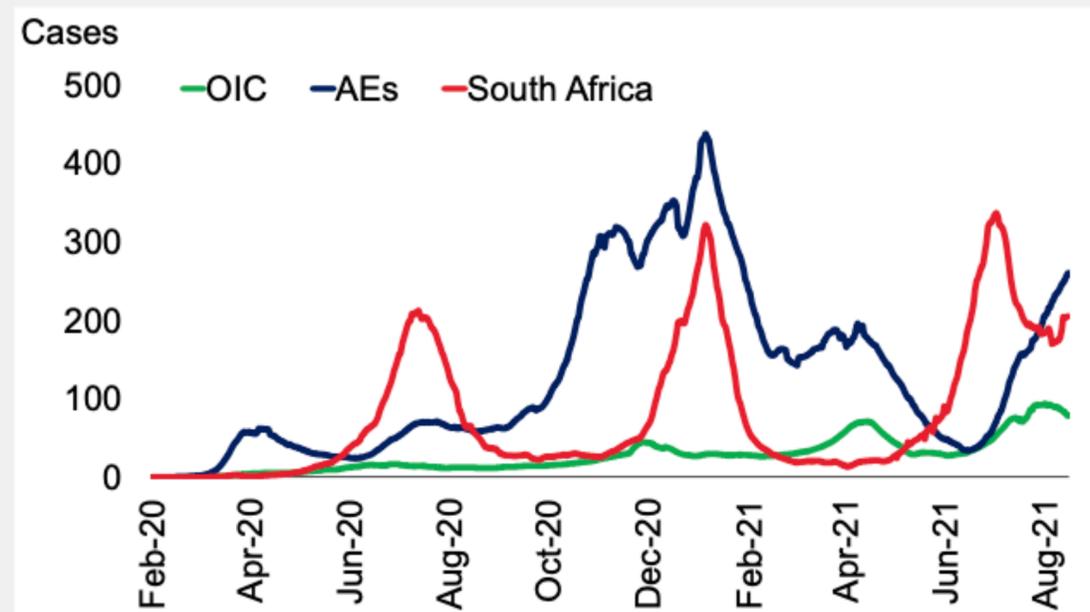
Institutional and international coordination and integration should be promoted in the design of social protection policies and programs.

Case Study: SOUTH AFRICA

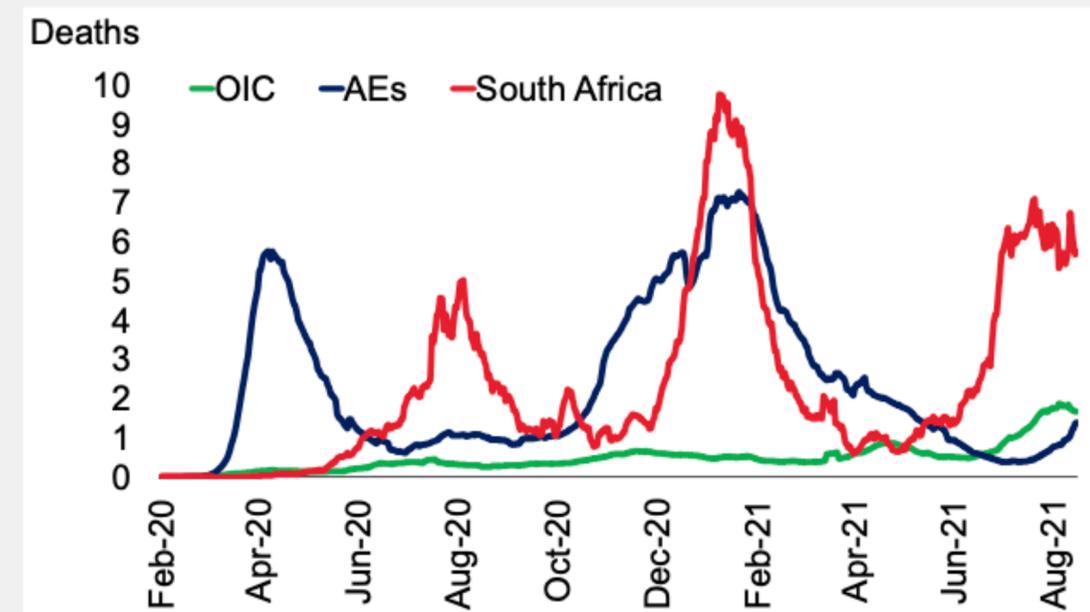


The Pandemic Logbook

A. Daily new COVID-19 cases, per million



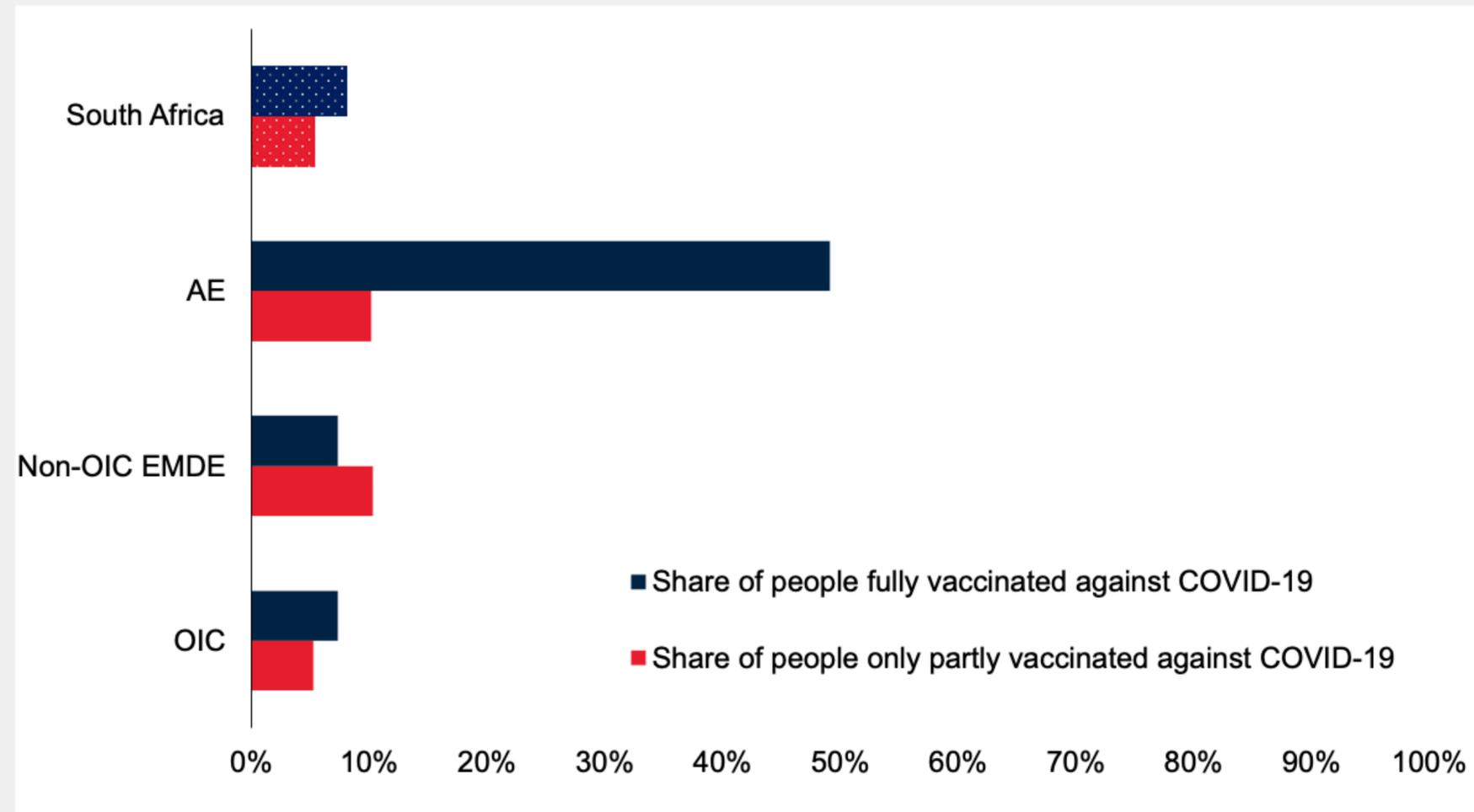
B. Daily new COVID-19 deaths, per million



Data Source: Our World in Data

Note: AEs = Advanced Economies; OIC = Organization of Islamic Cooperation. Figure shows the seven-day moving average of daily new COVID-19 cases and deaths per million people for 56 OIC countries, 38 AEs and South Africa. Last observation is August 21, 2021.

Vaccination Coverage



Data Source: Our World in Data

Note: AEs = Advanced Economies; OIC = Organization of Islamic Cooperation; non-OIC EMDEs = Non-OIC Emerging Market and Developing Economies. Based on 56 OIC countries, 38 AEs and 95 non-OIC EMDEs. Last observation is August 21, 2021.

Socio-Economic Landscape during the Pandemic

Growth, Poverty and Labor Markets

- * The sharpest decline in real GDP (7 percent) in 2020 in the last 25 years due to a very strict lockdown.
- * Number one in income inequality in the world with a Gini coefficient of 63.
- * Characterized not only by ever-increasing levels of inequality, but also by extremely high levels of poverty and unemployment, which together are commonly referred to as the “triple challenge”
 - * substantial disparities in the three main dimensions of human development: (1) reproductive health, (2) right to education, and (3) access to employment.
- * 13.6 percent decline in hours worked during the pandemic in an environment of an already high unemployment rate (above 25 percent since 2016) and high levels of inactivity (2 out of 5 people are NEET).
 - * A record 2.2 million jobs were lost by mid-2020, of which less than 40 percent had been recovered by the end of the year. On balance, 1.4 million jobs have been lost since March 2020, more than double the number lost during the global financial crisis.

Socio-Economic Landscape during the Pandemic

Education

- * Schools in Cameroon were fully closed for 54 days and partially closed for 40 days between March, 2020 and February, 2021. Students in South Africa alternated between different forms of instruction, face-to-face, distance, and hybrid as the pandemic progressed.
- * Among existing difficulties are poor quality of education and continuing legacy of the Bantu education system.
- * Against this backdrop, the impact of school closures on educational poverty is expected to be even higher for at least two reasons:
 - * Loss of learning is harder to reverse given the existing low quality of education.
 - * Due to inequality in access to good quality education, black children would be among the hardest hit and are therefore more vulnerable to further increases in their projected poverty rates.

Socio-Economic Landscape during the Pandemic

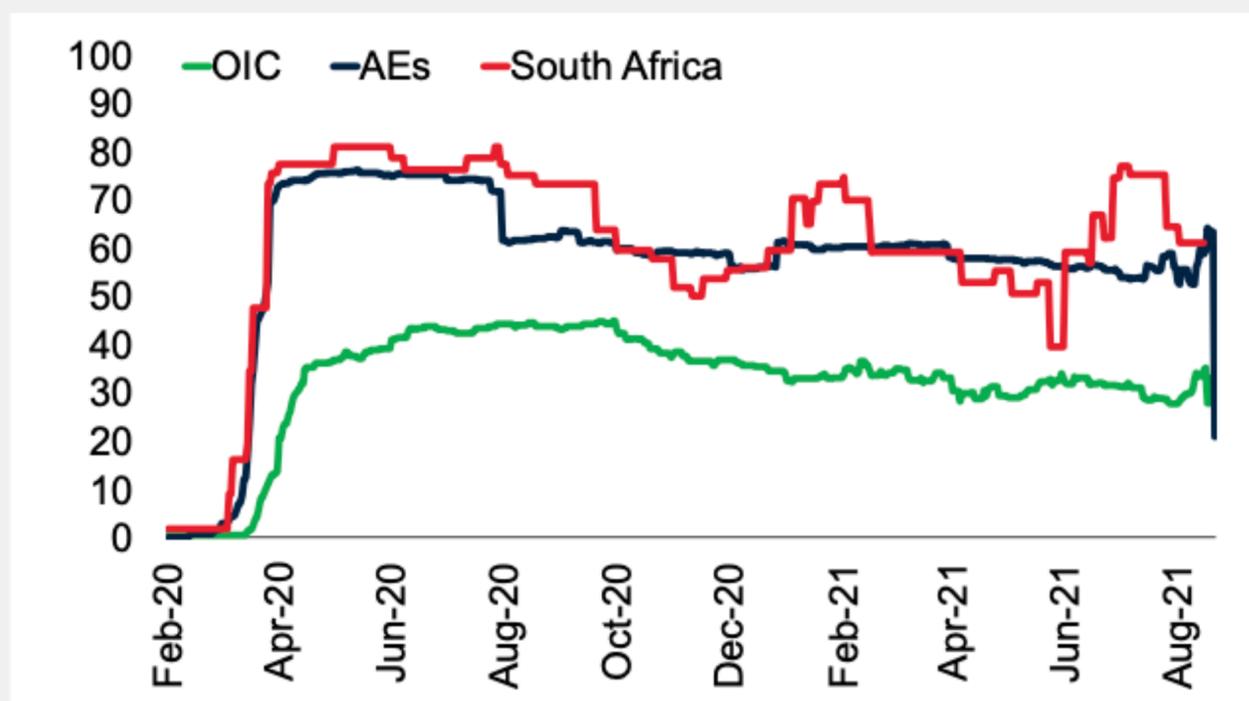
Health

- * As of September 26, 2021 the COVID-19 related metrics:
 - * # of cases = 2,895,976 (125th in the world in 1M population) w/ infection rate = 4.8%
 - * # of dead = 87,001 (45th in the world in 1M population), w/ mortality rate = 3%
- * The number one assets of the health system in South Africa is the young median age (27) and respectable level of care capacity (2.3 beds per 1,000). Very high levels of communicable disease related deaths (36 percent) and low level of life expectancy (64 years of age) are among the liabilities.
- * The cause of death is one of the indicators to measure health risks in a country. Various regions of South Africa continue to be haunted by vaccine-preventable diseases such as cholera and measles. Unequal access to healthcare and education are among contributing factors to the otherwise preventable outbreaks of cholera, polio, and measles.

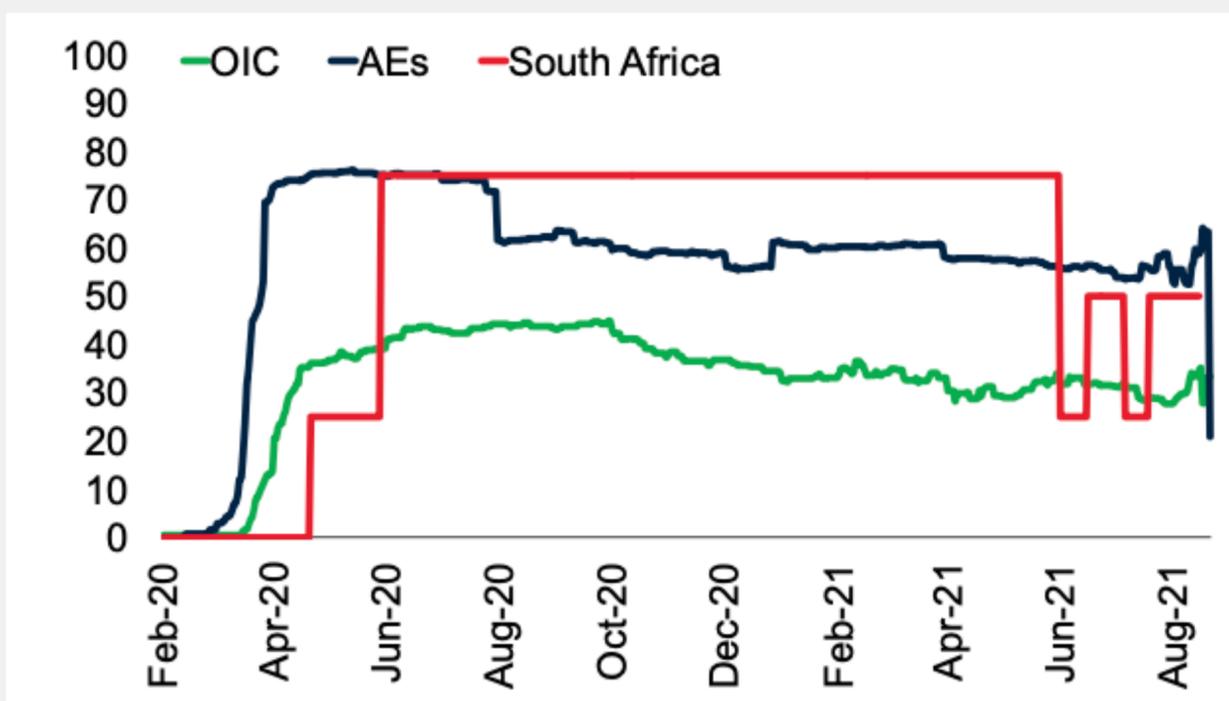
Policy Response

Overview

A. Health and containment index



B. Economic support index



Data Source: *The Oxford COVID-19 Government Response Tracker (database)*

Note: AE = Advanced Economies, OIC = Organization of Islamic Cooperation

Policy Response

Fiscal and Monetary Measures

* Fiscal Measures

- * A combination of above-the-line (tax and welfare subsidies, support for water provision, health supplies and food/shelter for homeless as well as unemployment insurance) and below-the line (loan guarantees, measures. predominantly concentrated on credit channel support)
- * Weakening of fiscal position
 - * Overall, consolidated spending in fiscal year 2020 was estimated to be about 4 percent higher than projected in Budget Review.
 - * The budget deficit doubled in fiscal year 2020, reaching 12.9 percent of GDP. The debt-to- GDP ratio is estimated at 78.8 percent in fiscal year 2020, and interest payments at 4.9 percent of GDP.

* Monetary Measures

- * Expansionary (275 basis points cut).
- * A plethora of macro-financial measures.

Policy Response

Social Assistance Measures

- * South Africa had a comprehensive social protection system before the COVID-19 pandemic that was strongly pro-poor. The three largest grant programs covered 97 percent of all grant recipients: the child grant (71 percent), the elderly grant (20.3 percent), and a disability grant (5.9 percent).
- * The social protection system was effectively used to provide emergency assistance to vulnerable people.
 - * Grants for the elderly and disabled were increased by 250 Rand (\$17) per month for 4.7 million beneficiaries.
 - * More than 12.8 million child social grant beneficiaries received a one-month increase of 300 Rand (\$20) per beneficiary.
 - * The 7.1 million child social grant caregivers received monthly top-ups of 500 Rand (\$33) from June to October 2020.
- * In response to the pandemic, the UIF paid out 7.5 billion Rand (\$502 million) in 1.3 million payments through February 2021.
- * As of February 2021, Temporary Employee /Employer Relief Scheme (TERS) provided wage support amounting to 57 billion Rand in more than 13 million payments to more than 4.5 million individuals. This represents about one in three individuals employed in the formal sector, or half of all UIF contributors.

Evaluation of Findings

Escaping the Crisis - What Worked

1

In response to COVID-19, the South African government has implemented one of the strictest lockdowns in Africa.

2

A combination of credit guarantees, targeted direct fiscal measures, loose monetary policy, and other regulatory policies arrested the size of the downturn

Evaluation of Findings

Escaping the Crisis - What Could Be Done Differently

1

A lockdown, if managed well, can save lives, reduce pressure on health care facilities, and also limit economic damage and put the economy on the path to a more secure long-term recovery.

2

Among other things, the crisis brought to light structural weaknesses in the labor market. Even in the best of times, the labor market of South Africa was characterized by high unemployment and inactivity.

3

The crisis has broadened the very high-level inequalities in the country.

Evaluation of Findings

Current Bottlenecks

- * The reappearance of COVID-19 and risks to progress on vaccine uptake could put the brakes on growth.
- * With high levels of inequality, stagnant growth for a decade, a shrinking economic pie, dwindling confidence in government, and a defensive posture in business, the prevailing game in South Africa has become a zero-sum game.
- * Increasing poverty can distress the well-being of millions of people. Together with job losses that hit the disadvantaged groups harder.
- * COVID-19 has brought the worst recession since the end of apartheid. South Africa's GDP shrank by 7 percent in 2020, more than almost any other emerging market.
- * Increased internal imbalances and external volatility could disrupt growth.

Evaluation of Findings

Optimal Policy Mix - Safeguarding Recovery

No one is safe until everyone is safe.

A stronger-than-expected next wave of infections may slow recovery.

A strong, well-developed, and well-organized health care system is critical to controlling the pandemic.

A weaker-than-expected global recovery may derail the recovery in South Africa.

Increasing global risk aversion caused by tightening financial conditions can lead to net portfolio investment outflows and a rise in risk premia at South Africa.

Even the expanded policies to protect disadvantaged workers and vulnerable remain low given the challenges COVID-19 especially for women and youth.

Above-average tax revenues from higher exports and stronger growth help South Africa recover in the short term.

Evaluation of Findings

Optimal Policy Mix - Investing in Future

Structural reforms are essential to increase competitiveness and productivity in the country and promote higher growth.

To create jobs, South Africa would have to address three chronic problems in the labor market: the extremely high inactivity rate, the high unemployment rate, and the low self-employment rate.

Revitalizing the labor market is even more important to capitalize on the projected growth in the working-age population.

Policy Recommendations

*“It’s your road, and yours alone, others may walk it with you, but no one can walk it for you.”
- Jalāl ad-Dīn Mohammad Rūmī*



Resilience



By Achille Etna Michallon, 1816, Fitzwilliam Museum, Cambridge

Policy Recommendations for All OIC Countries

- 1. Diversify extreme exposures and address over-reliance.*
- 2. Improve labor market policy mix.*
- 3. Utilize online databases to effectively distribute social assistance.*
- 4. Develop food safety strategies to reduce food insecurity and undernourishment.*
- 5. Increase priority spending to reverse learning losses.*
- 6. Invest in health infrastructure to ensure health equity.*
- 7. Increase priority actions to ensure equal access to vaccines.*

**Policy Recommendations for OIC Members
with Sufficient Institutional Capacity**

Escaping the Crisis

Risk 1: Despite their important signaling function, general lockdowns may be untenable.

Recommended Policy Response

- ▶ Use semi-targeted lockdowns consisting of restricting the movements of infected individuals. This requires a testing program. Contact tracing could serve as a preliminary tool before testing. When tests are scarce, contact tracing becomes more valuable.
- ▶ Ask vulnerable populations, such as the elderly and those with preexisting health conditions, to remain at home. This is a less costly targeted lockdown.

Escaping the Crisis

Risk 2: Even when there are targeted and well-executed public health interventions, inefficiencies in managing pandemic data could drive behavior in undesirable directions.

Recommended Policy Response

- ▶ Prioritize transparency of health data and avoid sudden changes in data disclosure practices.
- ▶ Share data stratified by appropriate regional level and age groups on a regular basis.

Escaping the Crisis

Risk 3: Rising poverty could deteriorate the well-being of millions of people.

Recommended Policy Response

- ▶ Utilize online databases to effectively distribute social assistance.
- ▶ Use job retention policies to mitigate the unequal impacts of the COVID-19 shock across workers.
- ▶ Employ job creation policies to help ease the adjustment to the more permanent effects of the COVID-19 shock on the labor market.
- ▶ Offer unemployment subsidies/benefits not only to formal workers but also to informal workers as much as possible to mitigate the lack of insurance in the informal sector.
- ▶ Develop food safety strategies to reduce food insecurity and undernourishment.

Escaping the Crisis

Risk 4: The gentle balance between health and education outcomes could be broken in favor of health outcomes.

Recommended Policy Response

- ▶ Keep school closures to an acceptable minimum.
- ▶ Take necessary precautions (mask wearing, thinned-out class populations, well-ventilated classrooms, etc.) to contain the spread of the virus in schools.
- ▶ Consider hybrid education opportunities: Partly face-to-face, partly distance. This requires the strengthening of distance education infrastructure as well as acquisition of distance education material and program development.
- ▶ Employ need based, tailored solutions devised by local authorities rather than centralized decision making for the entire country.

Safeguarding Recovery

Risk 1: The resurgence of COVID-19 and risks to progress on vaccine introduction could slow growth.

Recommended Policy Response

- ▶ Implement targeted lockdowns based on a data-driven approach.
- ▶ Adopt rapid and effective responses to changing conditions to help disrupt the spread of the virus and maintain supply chains and economic activity.
- ▶ Use information systems effectively in monitoring COVID-19 developments, mobility, and contact to improve efficiency in the delivery of health services.
- ▶ Maintain a strong, well-developed, and well-organized health care system.
- ▶ Incentivize vaccine development efforts by either granting temporary monopoly rights to the firms or providing insurance against losses arising from failure.
- ▶ Develop a clear vaccine rollout policy that gives priority to vaccinating vulnerable populations, critical workers or super-spreaders.
- ▶ Openly address vaccine hesitancy by vaccinating politicians early and in public or by incentivizing the vaccinated privileges.

Safeguarding Recovery

Risk 2: Increasing internal imbalances and external volatility could disrupt growth.

Recommended Policy Response

- ▶ Use a combination of credit stimulus, targeted direct fiscal measures, liquidity support, debt restructuring, temporary deferral of taxes, loose monetary policy, and other regulatory policies to achieve recovery.
- ▶ Employ timely, targeted and temporary fiscal support to protect vulnerable households and alleviate employment losses.
- ▶ Improve the transparency and accountability of public entities to reduce fiscal weaknesses. This includes strengthening mechanisms to enhance control over contingent liabilities, rule-based formal reporting requirements for state owned enterprises, collection of relevant data for fiscal hazard analysis, and establishing clear standards (based on credit risk appraisals) for issuing guarantees.
- ▶ Have a measured approach towards premature fiscal consolidation that could harm the vulnerable and interrupt a systematic recovery.
- ▶ Reduce inflationary pressures and avoid early and impulsive monetary easing to prevent unnecessary volatility in capital markets, tackle dollarization, anchor inflation expectations and reduce pressures on the currency.

**Policy Recommendations for OIC Members
with Limited Institutional Capacity**

Escaping the Crisis

Risk 1: Inefficiencies in the implementation public health measures could undermine the containment efforts in terms of spread of the virus.

Recommended Policy Response

- ▶ Implement targeted lockdowns based on a data-driven approach.
- ▶ Adopt rapid and effective responses to changing conditions to help disrupt the spread of the virus and maintain supply chains and economic activity.
- ▶ Use information systems effectively in monitoring COVID-19 developments, mobility, and contact to improve efficiency in the delivery of health services.
- ▶ Decentralize national COVID-19 measures to allow different regions/municipalities to implement the measures they deem appropriate for their respective populations.
- ▶ Communicate effectively with the public to ensure maximum adherence to the rules and regulations.
- ▶ Raise awareness of the importance of face masks in COVID-19 prevention, combined with the provision of free/low-cost fabric masks designed to optimize user comfort, could significantly increase mask use.
- ▶ Educate the public about the importance of lockdowns to prevent transmission of COVID-19.
- ▶ Develop and a strong, well-developed, and well-organized health care system.
- ▶ Develop a national plan for vaccine preparedness and deployment.

Escaping the Crisis

Risk 2: Even though the human toll of the COVID-19 in many OIC countries have been less severe than many EMDEs and AEs, socio-economic costs of the pandemic could be heavy due to existing inequalities.

Recommended Policy Response

- ▶ Develop and utilize online databases to effectively distribute social assistance.
- ▶ Use job retention policies to mitigate the unequal impacts of the COVID-19 shock across workers.
- ▶ Employ job creation policies help ease the adjustment to the more permanent effects of the COVID-19 shock on the labor market.
- ▶ Offer unemployment subsidies/benefits not only to formal workers but also to informal workers as much as possible to mitigate the lack of insurance in the informal sector.
- ▶ Develop food safety strategies to reduce food insecurity and undernourishment.

Escaping the Crisis

Risk 3: The learning losses of children and young people could reach alarming levels.

Recommended Policy Response

- ▶ Close the learning gaps early on through remedial educational programs.
- ▶ Strengthen the distance education infrastructure.
- ▶ Acquire distance education material and invest in program development.
- ▶ Employ need based, tailored solutions devised by local authorities rather than centralized decision making for the entire country.

Safeguarding Recovery

Risk 1: A stronger-than-expected next wave of infections may slow recovery.

Recommended Policy Response

- ▶ Deploy vaccines more widely and address vaccine hesitancy with multi-faceted policies targeted for different segment of the society.
- ▶ Take the necessary containment and relief measures to limit the impact of the pandemic on people and the economy.
- ▶ Implement structural reforms once the pandemic is brought under control to pave the way for a faster recovery.

Safeguarding Recovery

Risk 2: A weaker-than-expected global recovery may derail the recovery.

Recommended Policy Response

- ▶ Implement structural reforms to increase competitiveness and encourage private investment.
- ▶ Allocate fiscal resources to programs with the greatest developmental impact.
- ▶ Maintain monetary policy space consistent with the inflation target.

Safeguarding Recovery

Risk 3: Increasing global risk aversion caused by tightening financial conditions can lead to net portfolio investment outflows and a rise in risk premia.

Recommended Policy Response

- ▶ Consider increased financing from international financial institutions, which tend to put less strain on the budget and domestic financing.
- ▶ Implement an appropriate policy mix to maintain investor confidence.

Safeguarding Recovery

Risk 4: Increased internal imbalances could disrupt growth.

Recommended Policy Response

- ▶ Use a combination of targeted direct fiscal measures, debt restructuring, temporary deferral of taxes, loose monetary policy, and other regulatory policies to achieve recovery.
- ▶ Employ timely, targeted and temporary fiscal support to protect vulnerable households and alleviate employment losses.
- ▶ Improve the transparency and accountability of public entities to reduce fiscal weaknesses. This includes strengthening mechanisms to enhance control over contingent liabilities, rule-based formal reporting requirements for state owned enterprises, collection of relevant data for fiscal hazard analysis, and establishing clear standards (based on credit risk appraisals) for issuing guarantees.

Thank you

Contact Details:

Prof. Ayça Tekin-Koru
TED University, Ankara, TURKEY

E-Mail: ayca.tekinkoru@tedu.edu.tr

Web Page: <https://www.tedu.edu.tr/en/ayca-tekin-koru>