

POLICY RECOMMENDATIONS HIGHLIGHTED BY THE 17TH MEETING OF THE POVERTY ALLEVIATION WORKING GROUP

A policy debate session was held during the 17th Meeting of the Poverty Alleviation Working Group (PAWG). The Working Group came up with some concrete policy recommendations for mitigating the adverse impacts of the COVID-19 on socio-economic inequalities in the OIC and approximating policies among the member countries in this important issue. The policy recommendations presented below have been identified in light of the main findings of the research report titled “*COVID-19 and its Adverse Effects on Socio-Economic Inequalities in the OIC Member Countries*” which was prepared to enrich the discussions during the Meeting.

Policy Recommendations for the OIC Member Countries with high institutional capacity

Policy Recommendation 1: Reducing economic damage of the pandemic by applying semi-targeted lockdowns with contact tracing and testing programs instead of full lockdowns

Rationale: Despite their important signaling function, general lockdowns may be unsustainable. Lockdowns can be an important tool to signal the seriousness of the health crisis to the population. However, after very strict lockdowns which were imposed in the early phases of the pandemic, many countries had to reopen before the virus was contained, resulting in significant economic damage and sometimes disappointing health outcomes. Intergenerational living conditions can weaken adherence to social distancing. Crowded neighborhoods and the close proximity of housing also pose challenges to the enforcement of public health measures.

Using semi-targeted lockdowns consisting of restricting the movements of infected individuals together with a testing program can prevent the stagnation of the economy. Contact tracing could serve as a preliminary tool before testing. When tests are scarce, contact tracing becomes more valuable. Moreover, asking vulnerable populations, such as the elderly and those with preexisting health conditions, to remain at home could serve as a less costly targeted lockdown.

Policy Recommendation 2: Developing food safety strategies, promoting social assistance interventions, unemployment subsidies and alternative job generation policies with the purpose of alleviating poverty especially stemming from the job losses during the pandemic

Rationale: Rising poverty could deteriorate the well-being of millions of people. Coupled with job losses that affect the vulnerable groups more, the share of people in poverty increases in many countries and represents a growing challenge.

Online databases can serve as useful tools to effectively distribute social assistance and develop food safety strategies to reduce food insecurity and undernourishment focusing on the most affected and vulnerable groups.

Employing job retention and creation policies can help ease the adjustment to the more permanent effects of the COVID-19 shock on the labor market. For those countries having considerable informal workers, offering unemployment subsidies not only to formal workers but also to informal workers as much as possible to mitigate the lack of insurance in the informal sector can be a suitable policy option.

Policy Recommendation 3: Reducing learning losses to prevent the existing inequalities through keeping suspension of face-to-face classes to an acceptable minimum, applying hybrid education models and introducing innovative methods for promoting self-learning

Rationale: The gentle balance between health and education outcomes could be broken in favor of health outcomes. This was due to public fears that schools would become incubators for the virus, causing children to become ill first and then other family members. There is no doubt that children are the most important part of a society in terms of its future and children's health must be protected. However, learning losses have increased greatly in the last 18 months and have the potential to undermine the lifetime earnings of today's children and exacerbate existing inequalities. In addition, prolonged absence from school has several negative impacts on children's psychosocial development and risks more dropouts becoming child brides or child labor.

Keeping school closures to an acceptable minimum is possible by taking necessary precautions (mask-wearing, thinned-out class populations, well-ventilated classrooms, etc.) to contain the spread of the virus in schools. Hybrid education opportunities such as partly face-to-face, partly distance can be considered. This requires the strengthening of distance education infrastructure as well as the acquisition of distance education material and program development.

Policy Recommendations for other OIC Member Countries

Policy Recommendation 1: Raising awareness of the importance of the measures and benefitting from information systems with a view to ensure effective implementation of public health measures

Rationale: Inefficiencies in the implementation of public health measures could undermine the containment efforts in terms of spread of the virus. This would increase the death toll, cause new variants of the virus emerge, prolong the pandemic and exacerbate existing inequalities.

Raising awareness of the importance of the measures in COVID-19 prevention including wearing face masks, combined with the provision of free/low-cost fabric masks could significantly increase mask use. Communicating effectively with the public is required to ensure maximum adherence to the rules and regulations.

Developing a national plan for vaccine preparedness and deployment and using information systems effectively in monitoring COVID-19 developments, mobility, and contact would improve efficiency in the delivery of health services.

Policy Recommendation 2: Ensuring equal access to education, employment, and health facilities particularly by women, youth, and unskilled workers through benefitting from online databases, employing job creation policies, and unemployment subsidies

Rationale: Even though the death toll of the COVID-19 in many OIC countries have been less severe than many Emerging Markets and Developing Economies and Advanced Economies, socio-economic costs of the pandemic could be heavy due to existing inequalities. Unequal access to education, employment and health facilities particularly by women, youth and unskilled workers poses large scale risks.

Developing and utilizing online databases can help effectively distributing social assistance and develop food safety strategies to reduce food insecurity and undernourishment focusing on the most affected and vulnerable groups including women, elderly and unskilled workers, or the ones who lost their jobs.

Employing job retention and job creation policies focusing on women youth and unskilled workers can help these groups to be involved in the labor market. For those countries having considerable informal workers, offering 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 can be a suitable policy option.

Policy Recommendation 3: Closing learning gaps through remedial educational programs

Rationale: The learning losses of children and young people could reach alarming levels. If these losses persist in the future, both differences in living standards between countries and socio-economic inequalities within countries would worsen considerably. In other words, asymmetric shocks to schooling could further exacerbate income inequality along several dimensions.

Learning losses can be compensated by hybrid education opportunities such as partly face-to-face or partly distance. This requires strengthening of distance education infrastructure as well as the acquisition of distance education material and investing in program development. Employing need-based, tailored solutions devised by local authorities where required and suitable should also be a policy option.

Policy Recommendation 4: Mitigating internal economic imbalances that could disrupt growth through implementing resilient fiscal measures

Rationale: Increased internal imbalances could disrupt growth. The fiscal outlook could be parsimonious, as incentives provided during the pandemic could worsen the budget in the future if contingent liabilities are realized. Other internal imbalances include (i) reduced fiscal capacity, (ii) debt overhang, (iii) declining remittances, (iv) declining tax revenues, (v) existing financial vulnerabilities, (vi) opaque fiscal practices.

A combination of targeted direct fiscal measures, debt restructuring, temporary deferral of taxes, loose monetary policy, and other regulatory policies can be applied to achieve recovery.

Transparency and accountability of public entities need to be improved 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.

Furthermore, timely, targeted, and temporary financial support can be provided to protect vulnerable households and alleviate employment losses.

Policy Recommendation 5: Increasing the scope and capacity of social protection and assistance programs by allocating more resources and supporting them with digital technologies

Rationale: Coupled with job losses that affect the underprivileged groups more, the share of people in poverty has increased in many countries and represents a mounting challenge.

Sufficient resources should be allocated to social protection measures that address crisis-related needs, especially social transfer programs, as they help support the immediate and often basic needs of existing and emerging groups of poor and vulnerable people so that they do not remain in poverty. Regulations and programs should include a gender perspective and be tailored to the needs of women and other disadvantaged workers in the informal economy.

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, including social insurance and universal benefit programs, such as child support or social pensions. It is important to use a mix of funding sources, primarily through domestic resources such as taxes and social security contributions, to ensure fiscal and financial sustainability and reduce pressure on government budgets.

Universal social protection through nationally outlined policies and programs that protect all people throughout their lives from poverty should be supported to ensure that no one is left behind. Such programs could include noncontributory systems that guarantee at least a basic level of income security and access to health care for all.

Institutional and international coordination and integration should be promoted in the design of social protection policies and programs. The power of digital technology (such as mobile money platforms) should be harnessed to quickly deliver services in a secure and responsible way that respects individual privacy.

Instruments to Realize the Policy Recommendations:

COMCEC Poverty Alleviation Working Group: In its subsequent meetings, the Working Group may elaborate on the above-mentioned policy areas in a more detailed manner.

COMCEC Project Funding: Under the COMCEC Project Funding, the COMCEC Coordination Office issues calls for project proposals each year. With the COMCEC Project Funding, the member countries participating in the Working Groups can submit multilateral cooperation projects to be financed through grants by the COMCEC Coordination Office. For realizing above-mentioned policy recommendations, the member countries can utilize the COMCEC Project Funding facility. These projects may include organization of seminars, training programs, study visits, exchange of experts, workshops and preparation of analytical studies, needs assessments and training materials/documents, etc.

COMCEC COVID Response (CCR) Program: With a view to address the existing and potential ramifications of the COVID-19 Pandemic, the CCO has initiated the CCR for the benefit of member country public institutions. The CCR is mainly about alleviating the negative impacts of the pandemic on member country economies. Under the Program, the CCO finances certain types of projects which would focus on needs assessment, sharing expertise and providing direct grants to final beneficiaries.