

Impact of the economic crisis and food and fuel price volatility on children and women in the MENA region

Nicola Jones, Caroline Harper, Sara Pantuliano
and Sara Pavanello with Kim Kyunghoon,
Shreya Mitra and Katie Chalcraft

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and critical comment

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Acronyms

AfDB	African Development Bank
AFP	Agence France-Presse
CBS	Central Bureau of Statistics (Sudan)
CPA	Comprehensive Peace Agreement (Sudan)
CPI	Consumer Price Index
DFID	UK Department for International Development
DHS	Demographic and Health Survey
DPT	Diphtheria-Tetanus-Pertussis
EIU	Economic Intelligence Unit
EMOP	Emergency Operation (WFP)
ENCC	Egyptian National Competitiveness Council
EU	European Union
FAO	Food and Agricultural Organization of the UN
FDI	Foreign Direct Investment
FEWS Net	Famine Early Warning Systems Network
FFE	Food for Education (WFP)
FNSC	Food and Nutrition Security Council (Sudan)
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GoE	Government of Egypt
GoJ	Government of Jordan
GoNU	Government of National Unity (Sudan)
GoSA	Government of Saudi Arabia
GoSS	Government of Southern Sudan
HIV	Human Immunodeficiency Virus
HRW	Human Rights Watch
ICC	International Criminal Court
IDP	Internally Displaced Person
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
INDH	National Initiative for Human Development (Morocco)
IOM	International Organization for Migration
IRIN	Integrated Regional Information Networks
MENA	Middle East and North Africa
MEYI	Middle East Youth Initiative
NAF	National Aid Fund (Jordan)
NCHS	National Center for Health Statistics
NGO	Non-governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
OPT	Occupied Palestinian Territories
PPP	Purchasing Power Parity
SAMA	Saudi Arabian Monetary Agency
SFD	Social Fund for Development (Yemen)
SHHS	Sudan Household Health Survey
SPLM	Sudan People's Liberation Movement
SSCCSE	Southern Sudan Commission for Census, Statistics and Evaluation
SSM	Sudan Seasonal Monitor
SWF	Social Welfare Fund (Yemen)
UAE	United Arab Emirates

UN	United Nations
UNDP	UN Development Program
UNHCR	UN High Commissioner for Refugees
UNICEF	UN Children's Fund
UNIFEM	UN Development Fund for Women
UNRWA	UN Relief and Works Agency
US	United States
USAID	US Agency for International Development
VAT	Value Added Tax
WDI	World Development Indicators
WFP	World Food Programme
WHO	World Health Organization

1. Introduction

1.1 Overview

The current financial crisis, which began in mid-2008 in the developed world, has had a major adverse impact on economic performance in Europe and North America in particular. Many Organisation for Economic Co-operation and Development (OECD) countries have entered recession, with increasingly visible contagion effects in the rest of the world. Some macroeconomic indicators of the global downturn in Europe and Asia are showing initial signs of stabilisation (EIU, 2009), but the effects of the crisis with regard to poverty and vulnerability in both the developed and the developing world are likely to continue for some time. For instance, the World Bank estimates that the 'Triple F' crisis (food, fuel and finance) will increase the number of global poor by between 53 and 64 million people in 2009, based on estimates of those living on less than \$2 and \$1.25 per day, respectively (Chen and Ravallion, 2009). Meanwhile, the UK Department for International Development (DFID) estimates that an additional 90 million people will be living on less than \$1.25 per day by the end of 2010 (McCord and Vandermoortele, 2009).

The financial crisis has followed on the back of a period of significant increases in food and fuel prices in 2008 (especially in Q2 and Q3). International food and fuel prices have since declined, but domestic prices have often not fallen in line with these, meaning that consumers and producers still face higher prices than pre-crisis (Blas, 2009; Holmes et al., 2009). The temporary price increase was beneficial for countries that are net exporters of food/fuel, and countries that saved these windfall gains are better placed to respond to the financial crisis (e.g. Kazakhstan and its National Fund).¹ Countries that are net importers, however, suffered from the price increases and are now being hit again by the financial crisis.

Given the experience of previous crises, all countries need to consider the impacts on children and their caregivers. Increases in child mortality and morbidity, child labour and exploitation and violence against children and women as well as declines in school attendance and the quality of education, nurture, care, and emotional wellbeing can all be traced to times of economic crisis (Harper et al., 2009; Hossain et al., 2009). It is important to recognise the following:

- We know that women, children and young people suffer disproportionately. Parents try to protect their children from the worst impacts but there are often limits to how much they can do, especially among the poorest.
- Vulnerabilities depend on both gender and age, and are multidimensional: women are the first to lose jobs, having to work harder to seek additional income and spend less time on nurture and care; youth recover from the impact of lost job opportunities slowly or not at all; and girls often experience higher levels of nutrition and educational deprivation than boys, with long-term wellbeing implications for themselves and their own children. In addition, many women, youth and children (to varying degrees) lack voice and power which, among other effects, contributes to abuse and exploitation.
- It is essential to focus on major irreversible factors: if children are severely malnourished, pulled out of school, subject to neglect or violence, and/or pushed into the workforce, they live with the consequences for their whole life, sometimes passing the consequences on to their own children (Harper, 2005). This implies much greater future poverty, probable higher inequality and lower prospects for economic growth.
- Policy should not underestimate the agency of households, including children, in responding to crisis. The challenge is to support constructive coping mechanisms and seek to discourage damaging ones.

¹ See forthcoming ODI/UNICEF report on the effects of the global crisis on child wellbeing in Kazakhstan.

Although the global downturn has already had differential impacts on different countries within the Middle East and North Africa (MENA) region, to date there has been no comprehensive review of the impact of the economic crisis on women and children in the region. The MENA region comprises a diverse range of countries with very different assets and social and political conditions. Those with oil revenues (Gulf Cooperation Council (GCC) countries such as Saudi Arabia, Kuwait, Qatar and the United Arab Emirates (UAE)) have some financial cushioning from shocks but are nevertheless experiencing a sharp downturn in revenue. Elsewhere, in countries without substantial financial capacity, the drop in economic growth has been felt more acutely. Countries such as Lebanon, Jordan, Syria, the Occupied Palestinian Territories (OPT), Egypt, Morocco, Syria and Tunisia² are in general highly exposed to Western European markets, in terms of both exports and remittances. Therefore, the economic slowdown and rising unemployment in Europe and GCC countries have had a significant impact. Forecasts also predict intensified pressure on these countries because of decreased remittance inflows and tourism revenues and growing unemployment. A number of factors, including limited financial resources, weak governance and traditional budget deficits, have all contributed to slow policy responses and limited rescue packages compared with in GCC countries. Countries with still higher levels of poverty (such as Sudan, Yemen and Djibouti) are already coping with multiple problems, which include conflict; the economic crisis is compounding pre-existing poverty and social tensions in these nations.

These varied effects are due to highly diverse pre-crisis macroeconomic situations (dependence of economies on oil prices, workers' remittances, tourism, foreign direct investment (FDI) and levels of integration with world trade); diverse political and governance contexts (ranging from conflict and transitional societies to polities experiencing a range of social challenges, such as high unemployment and a youth bulge); as well as diverse policy responses undertaken by governments in the region to mitigate the adverse effects of the crisis. While economies in the region appear to have coped relatively well overall in the short term compared with emerging markets in other regions (e.g. Africa, Asia), in the mid to longer term a prolonged slowdown carries the potential for social and political instability in MENA countries.

1.2 Methodology and structure of the report

This report is based on a desktop review of published and grey literature on the impacts of the crisis at regional and country level, as well as an analysis of existing macroeconomic and socioeconomic quantitative indicators over time. However, it must be emphasised that recent data (since the onset of the crisis) are very limited – although economic performance forecast figures are available and included in the report, real-time monitoring of the socioeconomic impacts of these macroeconomic shifts, especially disaggregated by age and gender, is almost non-existent. In order to compensate for these data limitations, we have provided more in-depth (but still brief, given time and resource constraints) analysis of six 'snapshot' countries, which were selected in order to highlight the diversity of economic, political and socio-cultural country contexts. Examples from elsewhere in the region are also used in the main text where appropriate. The six countries were selected based on the following criteria:

Egypt: Significant rural and urban impacts already felt; ongoing policy debates on types of social transfers – whether for food or for fuel; high levels of youth unemployment;

Jordan: Displacement from Iraq War; vulnerabilities of refugee communities (Palestinian and Iraqi); high levels of youth unemployment; high level of reliance on remittances;

Morocco: High level of reliance on remittances and international tourism; impact of the crisis felt particularly in urban areas, where unemployment rates are soaring;

Saudi Arabia: Oil producer; mass exit of migrant workers from South Asia and Southeast Asia; vulnerabilities of female domestic workers; significant gender disparities;

² Some of these countries export oil but the percentage of gross domestic product (GDP) deriving from oil revenue is very modest compared with the first group of countries, where for some (Saudi) oil revenues represent the largest share of GDP.

Sudan: Oil producer; diversity between North and South; ongoing conflict environment; high levels of vulnerability in different parts of the country; food shortages and food riots last year; forecast food crisis this year;

Yemen: Poorest country in MENA; conflict in Sa'ada governorate generating thousands of internally displaced persons (IDPs); thousands of Somali refugees; country affected by natural disasters over the past decade (floods, earthquakes).

The report begins with a discussion of the conceptual framework underpinning the analysis, drawing on a framework developed by Harper et al. (2009) for the United Nations Children's Fund (UNICEF) UK to identify the macro–micro policy linkages between the global economic crisis and meso- and micro-level impacts on communities, children and their families. In Section 3 we outline the key contours of the macroeconomic impacts of the global crisis at the regional and country levels, before turning in Section 4 to a discussion of the child- and gender-specific impacts of the crisis to date. Section 5 then presents more detailed insights from our 'snapshot' countries, focusing on especially vulnerable groups and the extent to which there is documentation of government and international agency responses to the crisis to date. Section 6 summarises the dominant policy responses to date by governments in the region and Section 7 concludes and presents our key policy recommendations.

2. Conceptual framework

In order to understand how the macro-level changes brought about by the Triple F crisis translate into meso- and micro-level effects on women and children, it is important to understand the impact pathways that trace changes from the global macroeconomic environment, which are in turn filtered through country-specific policy and institutional frameworks at the national and sub-national levels down to communities, households, and, in turn, individual members of the household. The conceptual framework that underpins this report is presented in Figure 1, and each level is discussed in more detail in Appendix 5, where we draw on a broad body of international evidence to highlight what is already known from previous crises as well as emerging data from real-time monitoring of the current crisis in order to illustrate the transmission mechanisms. In this section, we summarise the most important features, before exploring in Sections 3-7 the ways in which these impact pathways have materialised specifically in the Middle East regional context.

Figure 1: Linkages between macro-level shocks and children’s experiences of poverty and vulnerability

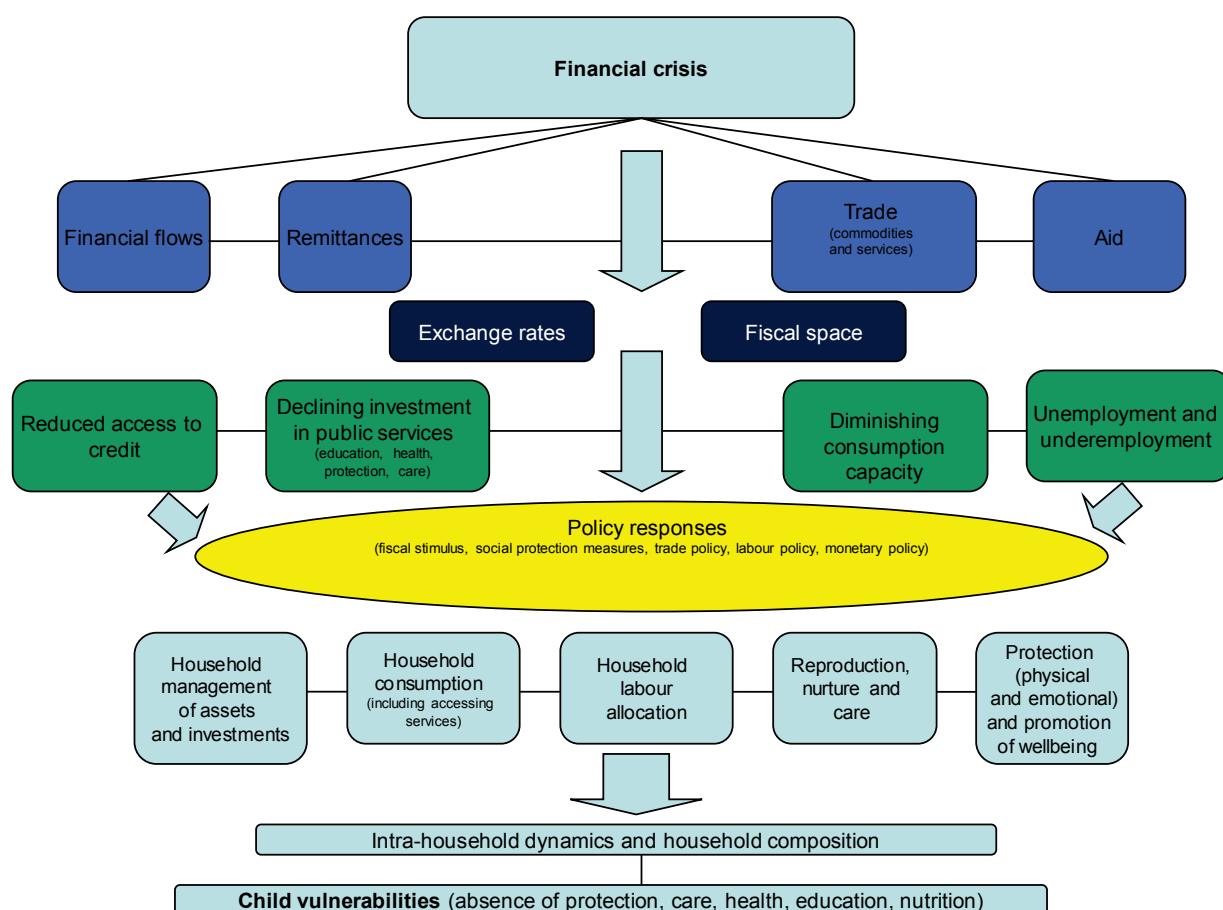


Figure 1 illustrates the macroeconomic environment dimensions of reduced financial flows, remittances, trade and aid pertinent to the current financial crisis, and their intermediate effects, including declining investment in public services, higher unemployment, diminished consumption capacity and reduced access to credit. Governmental policy responses shape the way these then affect household functioning, which translates into children’s experiences of poverty through intra-household dynamics and household composition factors. Identifying the scale and duration of these potential effects at each level is clearly important.

In relation to the above figure, it is important to realise the following factors:

- Net financial flows to developing countries may fall by as much as \$300 billion in two years, equivalent to a 25% drop (Calì et al., 2008).
- Export growth rates, especially in the Middle East and Asia, have fallen substantially, with more dynamic sectors, and therefore better-paid jobs, being worst affected initially.
- Reduced employment opportunities in the Gulf States (alongside Europe and North America) have reduced work opportunities available to migrants.
- The outlook for aid volumes is bleak and declining, and will affect countries in the MENA region that are reliant on aid to assist vulnerable populations. Countries with rampant levels of poverty and large caseloads of refugees and IDPs will be worst affected.
- The scale of the macro-level effects will clearly determine the extent of meso-level impacts, which will vary in the MENA region but will include declining investment in public services, diminishing access to credit, growing unemployment, diminished consumption and heightened social exclusion. These impacts also relate to investments in child care, child protection and social protection.
- Households respond by economising, and there is evidence of this in the MENA region in the form of reduced consumption in areas such as nutrition, education and health care. More broadly, there are other very significant responses, including the uptake of sex work and child labour. Children's time is often used as a resource and they may be withdrawn from school.
- Household functions change under economic pressure, and a range of reactions are produced, from revised resource allocations to increasing household violence and, in the extreme, family suicides.
- Intra-household conditions profoundly determine child wellbeing and can be influenced by policy. For example, the position of women in decision-making roles and the level of their education are important for child wellbeing, and this is a policy-sensitive arena. Cultural norms are very important in influencing intra-household decisions such as son preference, but again this can be addressed partially through policy.

For a fuller understanding, it is important to read Appendix 5.

3. Key characteristics of the crisis in the MENA region

MENA countries face varying levels of dependence on international economic changes in aid, exports, imports, FDI and remittances. The 2009 World Bank Global Economic Prospects vulnerability index (a weighted measure of a country's exposure to developments in sovereign spreads, equity markets and exchange rates, as well as in gross capital inflows) indicates that Lebanon, Syria, Jordan and Egypt are among the most vulnerable countries in the region; however, the level of vulnerability of these economies is low in contrast with the average exposure found in other regions (World Bank, 2009i).

3.1 Pre-crisis macroeconomic health

In order to understand the general economic health of countries in the region, we begin by comparing the average level of macroeconomic indicators between 1990-1994 and 2000-2004³ and examine whether any regional patterns emerge, in order to obtain a picture of the macroeconomic health in the region prior to the onset of the crisis. This is important in order to ascertain the magnitude and depth of a given country's vulnerability to the Triple F crisis. This process allows us to see whether changes in aid, trade, remittances and financial flows (our four key macro-level variables) have fluctuated over time or remained stable, and are therefore indicative of fundamental characteristics of the economy. For instance, if the level of FDI has not changed and remained low between two periods, it probably means that the country had low investment opportunities (including institutional arrangements such as rule of law). If it started to increase only during the period that coincided with the economic boom (2004-2007), it is likely that the country's level of FDI is vulnerable to a 'coupling effect' with the world economy (Harper et al., 2009). Detailed indicators are presented in Appendix 1.

3.1.1 Aid dependence

During the period 1990-2004, all MENA countries, with the exception of the OPT, experienced a significant fall in aid. By 2004, with the exceptions of the OPT, Iraq (post-war) and Yemen, the region was characterised by a low level of aid dependence (on average, oil-rich countries such as Libya, Qatar, Saudi Arabia and the UAE received no aid). This indicates that, although one of the risks of the current economic crisis is declining aid flows, this is likely to be a significant concern only for a small minority of countries within the region.

3.1.2 Trade flows

Exports from MENA countries increased over the 1990-2004 period, although the relative importance of exports to national GDP varied widely. Economies that depend highly on exports include Bahrain (85.5%), the UAE (77.6%) and Qatar (63.9%); Sudan (14.8%), the OPT (15.3%) and Lebanon (16.4%) are the least integrated countries in terms of export markets. The fact that international export opportunities have contracted since the onset of the crisis, especially in terms of lower demand for natural resources, is obviously a source of concern, as many MENA countries are heavily dependent on commodity exports. Conversely, import levels fell during the same time period in all but five countries: Bahrain, Jordan, the OPT, Sudan and the UAE. Low dependence on imports may be positive, suggesting that a country is self-dependent and unlikely to be exposed to rising prices in the context of international price hikes, but it may also suggest that a country is unable to afford to buy from abroad – implying that each country case would need to be examined carefully.

³ Although some countries have data available up to 2007, this is not the case across the region, hence our choice of dates. The 2004 cut-off point was chosen so as to exclude the impact of the commodities boom, the changes from which would not reflect more fundamental macroeconomic health characteristics in the region. We chose two periods rather than specific years in order to dampen the level of fluctuation, especially for financial flows, given that they vary from one year to another.

3.1.3 Foreign direct investment

The change in the level of FDI between 1990-1994 and 2000-2004 was minute, and overall dependence on FDI was relatively low compared with other developing countries. With the exception of two countries, all of the region's economies had average FDI of less than 5% of GDP for 2000-2004 (i.e. before the economic boom), with a regional average of 1.3%. However, this figure rose to 3.69% for the most recent five-year period where data are available (i.e. 2003-2007), with countries such as Jordan and Lebanon enjoying FDI average levels at 12% of GDP for the same period. This suggests that, although declining global levels of FDI during the current crisis are not expected to impact the region as dramatically as in other regions, there could nevertheless be a significant effect on some countries in the region and this should be monitored carefully.

3.1.4 Remittances

The picture in the case of remittance levels is more mixed. While nine countries in the region have become less reliant on remittances since 1990, in five countries dependence on remittances has increased, with the biggest rise found in Jordan (+6.7%) – during 2000-2004, reliance on remittances increased in Jordan (to 21.7%), Lebanon (17.3%), Morocco (14.5%) and Yemen (12.2%). Given growing global concern about declining remittance flows in the context of the current crisis, this is obviously a dimension that should be considered carefully when assessing the social impacts of the crisis on children and caregivers. We return to this issue in more detail in Sections 4-6.

3.1.5 Public fiscal position and current account

It is difficult to assess the extent to which countries in the region faced fiscal space constraints prior to the crisis, as regionally comparable data on central government debt are limited, with comparable datasets available for just five countries. Three of these (Algeria, Jordan and Oman) experienced declining levels of debt; Bahrain and Tunisia saw levels rise. Accordingly, more detailed national-level assessments would be necessary to ascertain the extent to which governments have sufficient fiscal space to expand social service and social protection expenditures to protect vulnerable populations in the context of the crisis.

3.1.6 Inflation levels

A number of countries experienced relatively high inflation levels, even pre-crisis. For instance, inflation in Yemen exceeded 20% in 2006, although it declined to 10% in 2007; Egypt and Sudan also had high inflation rates in 2007, at 9.3% and 8.0%, respectively. High pre-crisis inflation levels indicate that governments lack the ability to control inflation (i.e. limited macroeconomic management capacities), and suggest that these countries are especially vulnerable to internationally derived price hikes. This can already be seen in 2008 consumer price index (CPI) data, which show Egypt, Sudan and Yemen experiencing extremely high inflation levels (18.3%, 14.3% and 19.0%, respectively).

3.1.7 Dependence on food imports and food aid

In the context of the food price crisis, it is important to assess the extent to which countries in the region are reliant on food imports. The picture is, however, mixed across the region. For instance, Yemen (29.4%), Egypt (25.3%) and Algeria (24.7%) were highly dependent on food imports (measured as a percentage of total imports) during 2000-2004, whereas dependence was relatively low in the UAE (8.7%), Tunisia (8.8%) and Bahrain (10%). This suggests that the former countries were likely to be especially vulnerable to rising food prices during the 2007-2008 global food price crisis. The level of dependence on food aid in the region was relatively low overall by the 2003-2005 period, with the exceptions of Jordan and Sudan (around 7% of total consumption each).

3.1.8 Food consumer price index

In terms of the food CPI, food import-dependent countries such as Egypt and Yemen were already experiencing high levels of inflation during 2005-2007 owing to the global rise in food prices since 2003-2004. In 2008, the largest increase was recorded in Yemen, where it increased more than

threefold compared with 2000 levels. In Egypt and Jordan, the food price inflation index was 30% higher in 2007 than it was in 2000, with the major increases occurring between 2005 and 2007. This indicates that the impacts of the food price crisis aggravated an already serious problem of food affordability.

3.2 Future economic forecasts

We now turn to an assessment of future economic performance across the MENA region based on economic forecast data compiled by the Economist Intelligence Unit (EIU). While the pre-crisis macroeconomic health in the region was relatively strong overall, these forecasts suggest that economic growth will continue to slow over the mid term, and that negative consumption and unemployment effects are likely to be sustained for some time. It is therefore critical to pay attention to what is happening as a result of slowing growth to vulnerable populations now, as well as to invest in strengthening economic and social policy measures which will be able to cushion these groups from the likely mid-term effects of the crisis (see Appendix 2 for further trend details.)

3.2.1 GDP growth

GDP growth rates are not expected to return to the pre-crisis rate any time soon. Four countries – Israel, Kuwait, Saudi Arabia and the UAE – are expected to post negative growth rates in 2009; Iran and Tunisia are also expected to experience a sharp decline in growth rates. In the short term, just two countries – Algeria and Qatar – are likely to achieve 2010 growth rates that exceed those of 2008, and Israel, Tunisia and Morocco are expected to record 2010 growth rates of less than half their 2008 rates. Moreover, taking a mid- to long-term view, 2018 growth rates for the UAE and Qatar are expected to be half of their 2008 level, and Libya's just a quarter. In the case of Qatar, the 2008 growth rate was unsustainable, and hence its 2018 level is expected to remain healthy at 7.5%.

3.2.2 Private consumption rates

The private consumption growth rate will also fall in 2009, with Israel and Qatar being the worst hit in relative terms. All the other countries in the region will have growth rates of above 2%, and Egypt's and Libya's are expected to be resilient at 7.2% and 6.1%, respectively. Consumption growth rates are expected to return to the 2008 level relatively faster than GDP growth rates. The percentage real change in the exports of goods and services is expected to be negative for 10 countries, with the largest declines found in large oil-exporting countries such as Kuwait (-8%) and Saudi Arabia (-10%), but these should return to positive growth in 2010. Nevertheless, these sluggish projections for private consumption growth suggest that economic growth is unlikely to be driven by private consumption in the short term, meaning that governments will need to play an important role in terms of spending and investment to ensure effective macroeconomic recovery.

3.2.3 Unemployment rates

Recorded unemployment rates (which are likely to underestimate hidden unemployment and effects on migrant workers) are expected to rise in 10 countries in the region in 2009, but will decline slightly in Algeria and Saudi Arabia. The job market will be hit hard in the region, with most countries' unemployment rates remaining at around 10% in 2009. Moreover, for countries for which longer-term forecast data are available, unemployment rates look likely either to continue to increase (climbing in Iran until 2013 and in Egypt, Israel, Saudi Arabia, Syria and Tunisia until 2011) or to fall very slowly (e.g. Algeria and Jordan).

4. Crisis impacts on children and caregivers

Overall, data on the impacts of the crisis on children and their caregivers are very fragmented. The following analysis seeks to tease together some of these fragments in order to paint a composite picture of emerging trends, but also highlights areas where more monitoring is urgently needed in order to assess children's specific experiences of vulnerability at this time. In particular, the available evidence on child-specific impacts does not appear to be gender disaggregated – given highly unequal gender relations in many parts of the region, this is an area that requires urgent attention. Appendix 7 provides detailed information across 10 indicators for children and young people in 20 countries of the MENA region. This indicates the areas of key vulnerability in each country, and thus highlights particular areas of concern, as discussed below. By updating this set of indicators as new data emerge, the impact of the crisis can be assessed over the longer term. As Appendix 7 outlines, for example, the nutritional situation in Yemen and Sudan is clearly cause for concern: in Yemen, 53% of under-fives have moderate or severe stunting and 43% are moderately or severely underweight. Other countries are also suffering significant nutritional issues. Data for Saudi Arabia indicate that 20% of under-fives suffer moderate or severe stunting; this stands at 15% for Libya and 33% for Djibouti. In each case, it is possible to identify the scale of the concern and thus the priority for monitoring and addressing the vulnerability in times of crisis. In our discussion below we highlight key vulnerabilities in relation to the Triple F crisis, and thus indicate which vulnerabilities may need particular attention in relation to the crisis.

4.1 Nutritional impacts

High food price volatility combined with the impact of the financial crisis has led to food insecurity among the poor in some countries, with worsening nutritional indicators already evident. As identified above, Yemen (29.4%), Egypt (25.3%) and Algeria (24.7%) import significant proportions of their total food supply, rendering them particularly sensitive to food price increases. Food aid, also sensitive to price increases, is important to both Jordan and Sudan, at 7% of total consumption. Compounding the food price crisis in Sudan, late and possibly poor harvests are causing concern. It is thought that the delayed harvests will increase pressure on staple food prices, reduce food access and potentially increase malnutrition levels, which are already chronically high (FEWS Net, 2009). Given existing high levels of malnutrition, the impacts of the Triple F crisis could be catastrophic across Sudan. As part of the World Health Organization (WHO) response to the global food crisis, Sudan has been classified as one of 21 countries suffering from acute or chronic malnutrition and at high risk of immense health implications (WHO, 2009).

Yemen is another illustrative case in point, as the nutritional status of women and children in the country is estimated to have worsened since the recent food price hikes. According to the World Food Programme (WFP), around 97% of households (in 15 selected governorates) indicated that they had not had enough money for food and other basic essentials since the onset of food price increases. Furthermore, over 90% had to rely on less preferred and cheaper food and had reduced the size of their meals (WFP, 2008). Similarly, reports from April 2009 suggest that, with food price increases, 'Moroccan families – especially those on low incomes who rely on vegetables as a staple due to the high cost of meat – are suffering from the current price hikes', with women reportedly buying and cooking less food for their families (Benmehdi, 2009).

Despite sufficient quantity of food reaching Egyptian families, as a result of the financial crisis the nutritional content of affordable food is weak, leaving many Egyptian families malnourished (WFP, 2009d). This has given rise to 'hidden hunger', a situation whereby there is sufficient food consumption but it is lacking in essential vitamins and minerals. This is affecting child growth, productivity and cognitive capacity, and is thus threatening Egypt's human resource base. Similar trends are being noted in Iraq and Oman. Iraqi refugees in Jordan have also been reported as cutting

nutritious foods from their diet as a response to the crisis. In Oman, under-five nutrition has been exacerbated by the crisis (World Vision, 2008).

In the case of Iran, on the other hand, no major impacts on child nutrition and wellbeing have been reported as yet, but the government is taking preliminary action to monitor the situation closely.

4.2 Health impacts

Governments often cut public services during times of economic crisis (Harper et al., 2009). This is particularly worrying in the MENA region, where public health spending as a proportion of government expenditure has remained static or even declined over the 2000s (see Appendix 4). Indeed, health expenditure reductions have already been reported in Yemen and Egypt, although details on the magnitude of the cuts and the type of services affected are not yet available (WFP, 2008; World Bank et al., 2009). The combination of returning migrants putting pressure on government resources, low health expenditures and reduced capacity to purchase services could have serious health implications. In Morocco, for example, lower remittances from the three major destination countries for Moroccan migrant workers – Spain, Italy and France – not only will negatively affect the nation's GDP, making the health, employment and educational needs of the population much harder for the government to meet, but also are likely to impact thousands of families that have become dependant on remittances. As the Moroccan government already spends less than 5% of its total expenditure on health, the state's ability to maintain even its basic health care policies looks challenging.

4.3 Educational impacts

As Appendix 7 illustrates, gender disparity in education is a significant concern for the region. Although not a significant issue in some countries (e.g. Egypt, Jordan), in others it is of major concern. In Yemen, 46% of girls complete primary school compared with 74% of boys; in Sudan the comparative figures are 46% and 54%, respectively. Thus, along with concerns about already low overall attendance, gender disparities may also feature in crisis-related change. In some contexts, girls are removed from school to perform household duties in place of working parents. In other areas, girls or boys are removed to earn an income and save on education fees. Children's education is therefore frequently a casualty in the context of economic shocks, a trend that is already emerging in the MENA region. In response to the food crisis, the poorest households in Egypt, Sudan and Yemen have already been compelled to withdraw children from school owing to an inability to pay school fees (Benson et al., 2008, cited in World Bank et al., 2009; Lambers, 2009; WFP, 2008). In Yemen, some 18% of households surveyed by the WFP in a 2008 rapid assessment confirmed that they had been compelled to take their children out of school, the main reason being the current economic situation and the inability of families to pay school fees. In Jordan, where 98% of girls and 100% of boys complete primary school, declining household incomes have not resulted in school dropouts, but families have reduced investment in children's schooling. Up to 35,000 children appear to have been moved from private to government schools in 2009 – however, this trend has been concentrated in Amman, an Iraqi refugee-dominated locale where some of the rise could be attributed to refugee children newly enrolling in public schools (UNICEF MENA Office correspondence, 2009). The burgeoning transfers have resulted in overcrowding, with up to 60 children per classroom, even though 20 schools have introduced a double-shift system to cope with the rising numbers. The effects for rural children appear to be especially concerning. For instance, in Yemen, school absenteeism has been found to be higher in rural areas owing to higher transport costs and less opportunity for alternative sources of income generation (WFP, 2008). Expenditures on education and health as a percentage of central government expenditure over 20 countries are detailed in Appendix 7. These figures reflect both political will and commitment to child development, and any forthcoming changes in such expenditures can be traced over time.

4.4 Social unrest

Rising levels of social violence often accompany major economic recessions. This has already been illustrated vividly in parts of the region – for instance, the food riots and unrest in Egypt in April 2008 in response to inadequate government response to mounting costs of food staples, and similar food riots in Khartoum in 2008.

4.5 Protection (from violence, abuse, and neglect) impacts

Although few data are available, there are already signs that child protection concerns are being exacerbated by the crisis. For example, in Egypt children removed from school are being engaged in low-paying work (Lambers, 2009), which can bring with it dangers of exploitation and abuse. With the economic downturn and growing employment insecurity, the already highly precarious situation of female domestic workers (estimated at 1.5 million) from Southeast Asia employed in Saudi Arabia and other Gulf States (some of whom are likely illegal minors) could be exacerbated. According to a Human Rights Watch report (HRW, 2008), domestic workers in Saudi Arabia receive less protection than other categories of workers, and are therefore exposed to abuse with little or no hope of redress. There are also concerns that girls are increasingly at risk of early marriage in the context of the crisis as families seek to augment scarce resources by securing the marriage of daughters before they even reach their teens. Owing to the age and power differentials in such relationships, these girls are especially vulnerable to physical and sexual violence (Hill, 2008). Many countries in the region have incidences of child marriage, and those with higher levels, such as Yemen and Sudan (see Appendix 7), could now be more susceptible to increases.

4.6 Impacts on refugees

The impacts of the crisis on refugee families are of particular concern. Jordan, for instance, has been home to refugees from Iraq and the OPT since 1948. Existing evidence suggests that the already vulnerable and impoverished Iraqi community in Jordan has been hardest hit by the recent economic crisis and soaring inflation (Palade, 2008). Rising fuel and food prices have accelerated the impoverishment of many Iraqi families, making them increasingly dependent on humanitarian assistance: in 2008, over 150,000 Iraqis in Jordan (UNHCR, 2008) were reliant on international aid to meet their basic needs. The deteriorating economic situation has resulted not only in children being withdrawn from schools to engage in menial work, but also in nutritious foodstuffs being cut from their diets. Similarly, food insecurity among IDPs (and especially children of IDPs) in Yemen is also thought to have worsened. Food aid is also sensitive to price increases, a factor that is having a significant effect. Amid rising prices, the UN High Commissioner for Refugees (UNHCR) has found it increasingly difficult to meet its funding needs to support Iraqi refugees in Jordan. For example, in 2007 a supplementary food package for a refugee family cost the agency \$70, but this had increased to \$113 by 2008. Therefore, in 2008 UNHCR announced that it had to reduce the caloric content of food packages from about 1300 calories per person per day to about 1100 (Seeley, 2008).

Lower revenue as a result of the economic crisis has also led to concerns regarding the peace process in Sudan. Rising prices and shortfalls in humanitarian assistance will negatively affect the ongoing return of IDPs and refugees to the country, particularly women and children. Delays and gaps in service provision and humanitarian assistance, as well as growing levels of insecurity in some areas of return,⁴ have resulted in returnees either congregating in already overcrowded towns and settlements or postponing return. This has contributed to significantly undermining confidence in the peace process both in Southern Sudan and in the so-called ‘transitional areas’ between the North and the South.

⁴ This is the case in Jonglei, Southern Kordofan and Central Equatoria (Pantuliano et al., 2008).

The impacts of the crisis on the families of migrant workers have not yet been studied. However, given the high risk of layoffs of workers from within the region and from South Asia, and the Saudi government's decision to halt work permit issuance to Bangladeshi workers, it seems likely that children in migrants' countries of origins (many of which are within the MENA region) are suffering owing to lower remittance flows. This is another area that requires further investigation.

4.7 Impacts on child labour

Although data again are very limited, reports to date suggest that the impacts on child labour are very real, given that children are being withdrawn from schools in Egypt and Sudan and engaged in low-paying work that often renders them subject to abuse and exploitation so as to generate additional income (Benson et al., 2008, cited in World Bank et al., 2009; Lambers, 2009). There is also evidence that refugee children in Jordan belonging to the vulnerable and impoverished Iraqi community have been forced to leave school to look for menial jobs to contribute to household income (IOM, 2008).

4.8 Impacts on employment

As identified above, unemployment is an immediate impact of the crisis, and already high levels may be exacerbated further. Children are likely to be strongly affected by declining employment rates owing to reduced household consumption capacities. The financial crisis following on the heels of the food and fuel crisis has already seen a spike in unemployment in many countries in the region. According to the Saudi Ministry of Labour, the end of August 2008 saw unemployment rising to 10%, up from 9.8% six months earlier – for women, the rise in unemployment was much higher, reaching 27% in August versus 25% in February (Reuters, 2009b). In December 2008, job creation in Egypt fell by 30% and unemployment rose to 8.8%, (EU, 2009; World Bank, 2009i). Young Egyptian men and women were already confronted with inadequate job opportunities prior to the crisis, and the current situation is only exacerbating their problems (Dhillon et al., 2009). There are growing concerns that this will lead to the expansion of the informal sector, thus causing deterioration not only of job quantity but also of job quality. Recent joblessness data for Jordan show that unemployment rose to 13% in 2009, up from 12.1% in the previous quarter; in Tunisia the crisis is gradually taking hold at some 40 offshore foreign enterprises, probably threatening some 30,000 employees owing to lower consumption in European markets. Youth are particularly affected by increases in unemployment, with proportions of young people unemployed already high in many countries. As Appendix 7 illustrates, women are also affected to a higher degree, and these numbers can be expected to increase. In Bahrain, for example, 27% of young women and 17% of young men are unemployed compared with 6% of women and 2% of men overall nationally. Other countries, such as Egypt, show even wider disparities.

Several aspects of the crisis coalesce when one considers employment and income sources alongside gender issues. Many female-headed households depend on remittance income, which is falling precipitously.

5. Country snapshots

In this section we examine the macro-, meso- and micro-level impacts of the crisis in six diverse MENA countries in order to highlight differential patterns of poverty and vulnerability, as well as the effects of governmental and intergovernmental agency responses. Where possible, we seek to focus our analysis on gender- and age-specific impacts, but this is not always possible owing to data limitations. We return to these limitations in the concluding section as a key area that needs to be addressed in order to better understand the effects of the crisis on children and caregivers, and in turn to promote more effectively tailored social protection responses.

5.1 Egypt

The economic slowdown in the latter part of 2008 followed three consecutive years (2006-2008) of more than 7% GDP growth for Egypt. Growth was fuelled by investments and in particular by FDI – of which it has been the largest recipient in the region, remittances, Suez Canal dues and exports of goods and services (EIU, 2009; ENCC, 2009; EU, 2009; World Bank, 2009j). In the first half of 2008 Egypt coped relatively well with the global downturn in comparison with other countries in the region and the world, but it has been by no means immune to its adverse effects, which have negatively affected its growth drivers, leading to lower remittances, tourism and Suez canal dues, and reduced exports since the second half of 2008 (EIU, 2009; ENCC, 2009).

Erosion of purchasing power owing to rising food and energy prices, together with the decline in tourism revenues and exports, has led to economic slowdown: in December 2008, quarterly growth fell to 4.1%, job creation fell by 30% and unemployment rose to 8.8%, (ENCC, 2009; EU, 2009; World Bank, 2009i). Egypt's heavy dependence on food imports – up to 25% in 2007 – and the government's longstanding food and fuel subsidies system meant that the country was severely affected by food price volatility in 2008. Higher prices translated into higher subsidies than in 2007, which in turn increased the burden on the government budget (EU, 2009). Increased food prices also dramatically impacted household economies, resulting in more than a 50% increase in household food expenditure, with 'more than a 100% increase in consumer prices for wheat flour, rice and maize, and around 70% increase for vegetable oils' (FAO, 2008; see also World Bank, 2009b). With lower global prices and rapid and appropriate monetary policy adjustments, inflation eventually came down from its peak of 24% in August 2008, falling to 11.8% in April 2009 (EU, 2009; IMF, 2009a; ENCC, 2009). Inflation is forecast to remain below 10% for the latter half of 2009 and the first half of 2010 (ENCC, 2009).

While Egypt has not been able to maintain its impressive performance of the three years preceding the global economic crisis, GDP growth nevertheless remains at 4% (ENCC, 2009; IMF, 2009a). The Egyptian financial and banking system's poor integration into the global financial system means that the nation has so far been fairly insulated from global financial shocks. However, forecasts for 2009 and beyond predict that Egypt is facing stormy weather. While the country has been relatively sheltered from global financial shocks, the same cannot be said for the real shocks to which it remains exposed, including drops in exports, tourism and Suez Canal revenues, and significant reductions in FDI and remittances (ENCC, 2009; MEYI, 2008b). As the recession in developed countries will lower demand for Egyptian goods such as readymade garments and foodstuffs, a sharp drop in exports is expected (ENCC, 2009; EU, 2009; MEYI, 2008a). Lower exports are already directly affecting employment: a recent report details job losses across a range of sectors, including over 3000 jobs being lost in the spinning, weaving and readymade garments sector as a direct consequence of falling global demand for goods (Mohamadieh and Pierce, 2009). Tourism, which declined sharply in early 2009, is expected to remain depressed throughout the year (World Bank, 2009i). As world trade declines, Suez Canal activity will also be affected, which will translate into fewer revenues for the Government of Egypt (GoE) (MEYI, 2008b). Being the country's second-biggest source of foreign revenue after tourism, remittances are of key importance, in terms of both GDP – accounting for almost 6% in 2007 – and domestic

consumption (ENCC, 2009; Saleh and Fifield, 2009; see also indicators in Appendix 2). For decades, Egypt has supplied schools, hospitals, offices and construction sites of Gulf countries and other countries with both professionals and workers. There are also large Egyptian communities in both the US and Europe: the US alone is source of about a third of private transfers to Egypt. However, remittance growth stopped in 2008, with the total value of private remittances for the latter half of that year representing less than half that of the year before. Further decline is expected towards the end of 2009 (ENCC, 2009; Saleh and Fifield, 2009).

5.1.1 Impact on vulnerable groups

Despite a substantial decline in poverty during the mid-1990s, 42.8% of Egypt's population still live on merely \$2 per day (EU, 2009). Distribution of poverty is uneven across regions, with the highest concentration found in rural areas, where 78% of the population are poor (World Bank et al., 2009). With the exception of the tourist industry of Luxor and Aswan, rural Upper Egypt is the most economically deprived part of the country, constantly at the bottom of the scale of human development indicators – almost 54% of the total poor live in this region (AfDB, 2007; Saleh, 2008a; World Bank, 2009j). Extreme poverty increased by 20% between 2005 and 2008, disproportionately in rural areas and in Upper Egypt (GoE and UNICEF, 2009; World Bank, 2009j). Furthermore, despite an overall trend toward poverty reduction, living standards are subject to a significant degree of instability: 'for every 4 poor persons escaping poverty during 2005 and 2008, there were 3 initially non-poor who fell into poverty', (GoE and UNICEF, 2009; see also World Bank, 2009b). There is widespread chronic malnutrition among young children living in the region, and 18% of under-fives are stunted (UNICEF, 2009b). While malnutrition in under-fives decreased on a national level from 2005 to 2008, it actually increased in Upper Egypt in the same time period (World Bank, 2009j). Iodine deficiency disorders exceed 35% in some Upper Egypt governorates, and zinc deficiency is between 10% and 20% (Lambers, 2009). The region also has significant gender disparities: 54% of rural Upper Egyptian girls aged 13 to 15 are not enrolled in school, compared with 11% of boys (Save the Children, 2004). Girls also have restricted mobility and limited social networks, suffer from relatively poor health and malnutrition and are at risk of early or forced marriage (ibid).

According to a recent report by the World Bank, the Food and Agricultural Organization (FAO) of the UN and the International Fund for Agricultural Development (IFAD), 'rural poverty is at the core of Arab countries' food-security problems' (World Bank et al., 2009). Recent food price shocks have contributed 'to an increase in the incidence and depth of poverty' in rural areas, mainly because small farmers are often net consumers of food (ibid). According to a WFP official, the rise in food prices has threatened the food security of the already poor aid beneficiaries, and the crisis is expected to lead to an exponential increase in the number of beneficiaries as the already alarming malnutrition situation worsens, especially in Upper Egypt (Lambers, 2009), where children and girls were highly vulnerable and already faced food insecurity before the crisis. The poorest households have been severely hit by the food crisis, and many have incurred debts, resorting to reduced expenditures in areas such as health and education and to changes in diet to cheaper, less nutritious staples (Lambers, 2009; World Bank et al., 2009). Poor families have also taken their children out of education and put them into low-paying work, 'most of which is abusive in one way or another' (Lambers, 2009).

While rural families in the country's poorest areas have been hit especially hard by food price rises, it is important to note that the economic crisis and rising food prices have also worsened food security conditions for the wider population. According to the WFP, despite sufficient quantities of food reaching Egyptian families, nearly half are malnourished as there is less 'fresh, nutritious food available' (WFP, 2009d). Children under five appear to have been particularly affected: recent figures put the percentage of children under five suffering from moderate and severe underweight at 7.5%, wasting at 7.2% and stunting at 28.9% (El-Zanaty et al., 2009).

Like other countries in the MENA region, Egypt is experiencing a demographic boom. The most challenging aspect of the country's demographic profile is the so-called 'youth bulge', with those aged 15-24 being the fastest growing segment of the population (UNDP, 2009a). Projections for youth growth

predict that Egypt will experience the highest youth growth among MENA nations in the coming decades, well above its regional peers (ibid). Upper Egypt, owing to its higher birth rates, will be disproportionately challenged (World Bank, 2009j). The huge issues that the country is already facing in meeting the health, educational, employment, recreational and other needs of the young population are therefore set to be exacerbated in the years to come. In particular, the youth bulge and the short- and long-term adverse effects of the economic crisis are expected to put increased pressure on the labour market, and youth unemployment is forecast to worsen.

Before the economic crisis it was already clear that the robust growth that Egypt had enjoyed in recent years was not pro-poor or pro-youth, and did not create increasing job opportunities for young citizens (MEYI, 2008b). The country's obsolete education system and the poor quality of education are also failing to prepare the young generation for participation in the labour market (ENCC, 2009; Dhillon et al., 2009; Knell, 2008). Youth unemployment was already a serious problem for the country before the crisis: according to the 2008 demographic and health survey (DHS), youth labour force participation (15-24 years) by both males and females was only 31.3% in 2007, with participation by females significantly less than that by males, at 22.3% versus 39.5%, respectively (El-Zanaty et al., 2008). Unemployment is increasingly concentrated among the educated youth, as they face declining returns on education. Of the 1.6 million young Egyptians out of work, 95% have a secondary education or higher: this indicates a severe disconnect between the skills and expectations of young workers and the availability of jobs (MEYI, 2009). A recent study found that well-educated, urban Egyptian men who gain their first job in the informal sector show some mobility and are most able to secure better jobs in the future. Young Egyptian men with low levels of education and those living in rural areas, however, face more difficult school-to-work transitions. Young men living in rural areas of Upper Egypt, where access to education beyond the primary level is very limited, face particular challenges (World Bank, 2009j). Finally, young women are confronted with the most difficult transitions as they are more likely to be trapped in the informal sector once they have started a job, and eventually exit the labour market (Dhillon et al., 2009). Poor employment prospects also mean that many young men are increasingly unable to afford the high costs associated with marriage – the costs of housing and household appliances are traditionally borne by the groom and his family (Salehi-Isfahani and Dhillon, 2008). In a country⁵ where marriage and family formation are considered fundamental rites of passage to adulthood, the involuntarily delay in marriage, mainly because of lack of jobs or low-quality employment, represents a serious form of exclusion and 'is generating new social and economic difficulties by protracting the transitions of young people' (Dhillon et al., 2009).

The economic crisis is expected to have serious consequences for the millions of young Egyptian men and women who are already confronted with inadequate job opportunities and are struggling to transition to adulthood. For example, young migrant workers returning to Egypt after having being laid off in countries affected by the global downturn will place an added strain on domestic labour markets, and will find it increasingly difficult to find employment (Dhillon et al., 2009). Given the important role that the informal sector already plays in the employment opportunities of young men and women, and thanks to the ease of entry in this sector, during the downturn 'it is likely that [the informal] sector will become a refuge for young people ... compressing already low wages' (ibid). Therefore, not only the quantity but also the quality of jobs available is expected to deteriorate (ibid). This potential deterioration could be layered on top of that which has occurred over the past few years: from 2005 until 2008, during which time Egypt's economy was growing quickly, HIECPS data suggest that the percentage of Egyptians employed in permanent jobs, and thus relatively insulated from poverty, decreased significantly (World Bank, 2009b). The long-term effects of the slowdown on the Egyptian labour market are expected to include 'depreciation of skills and lower lifetime earnings for young people enduring long periods of unemployment or low quality employment' (MEYI, 2008c), which in turn will delay transition to adulthood even further, with a consequent increase in frustration and discontent among youth. Finally, rising unemployment rates could lead to 'reverse migration back to agriculture and subsistence activities', which could also increase the incidence of poverty in the

⁵ Indeed, this is valid for all countries in the MENA region, given that marriage and the formation of a family are fundamental social institutions throughout the region and are considered the main maker of transition to adulthood.

country (ibid). This could pose particular difficulties for Upper Egypt, which already suffers from severe land fragmentation, leaving families with too little land with which to support themselves (World Bank, 2009j).

5.1.2 Government responses

Fiscal and monetary policy interventions helped to mitigate the impact of the global slowdown on Egypt. In 2009, the GoE launched an economic stimulus package worth \$2.73 billion, equivalent to approximately 1.5% of GDP, geared towards job-creating infrastructure investment: LE9.9 billion was allocated for budget sector investments, mainly in water and sewage and infrastructure; LE0.6 billion for improving railways and airports; LE2.8 billion for export promotion, infrastructure for internal trade and support to industrial zones; and LE1.7 billion for custom tariff reductions (ENCC, 2009; EU, 2009; World Bank, 2009i).

To mitigate the adverse effects of the food crisis, which in early 2008 led to riots and social unrest in different parts of the country,⁶ the GoE adopted a range of measures. The country's longstanding food subsidy programme was expanded to include an additional 15 million people, bringing the total number of beneficiaries to 63 million, equivalent to 80% of the population. The total cost of food subsidies rose from LE9.4 in 2006-2007 to LE16.5 billion, equivalent to 1.8% of 2007-2008 GDP. In addition, the GoE increased the quantities of already subsidised food items. Egyptian authorities also raised public sector basic wages by 30% and pensions by 20%. A range of price and tax increases covered the cost of these measures, estimated at LE14.4 billion. Finally, the GoE reduced import tariffs on food items by 6.5%, while also imposing an export duty on rice before entirely banning rice exports in April 2008. The ban was extended until further notice in February 2009, and resulted in an intended reduction in domestic consumer prices (Viatte et al., 2009). In order to counteract exacerbating unemployment, the GoE specifically charged the Social Development Fund to focus more on labour-intensive and small-scale income-generating projects for young people (Saif and Chouchair, 2009b). However, since financing for this initiative is insufficient, there have also been efforts to provide training to graduates (more males than females).⁷

There are longstanding concerns with regard to the effectiveness of the government-run food subsidy programme, considered a major component of the social safety net for the poor in Egypt. With an estimated financial cost of 2% of GDP before the rise in food prices, the system was considered very expensive and ineffective (World Bank, 2005, in World Bank, 2009i, see also World Bank et al., 2009). Between one-quarter and one-third of the poor did not benefit from it, and around 83% of the value of the food subsidies went to the non-poor. Moreover, the poor and vulnerable households that actually benefited from the programme received so little that the system was able to effectively lift only 5% of the population out of poverty (World Bank, 2009j). With higher prices and more people falling into poverty as a result of price shocks, it may be deduced that, despite the increase in the number of beneficiaries, existing social safety nets may have had a limited impact in mitigating the adverse effects of the economic crisis on the poorest segments of the population, such as single mothers, widows, the unemployed, the elderly or the disabled.

5.2 Jordan

In the years preceding the economic crisis, Jordan enjoyed good macroeconomic performance underpinned by strong trade links with the region and the rest of the world (IMF, 2009d). Despite a sharp rise in food and fuel prices in 2008, and the slowdown in the second quarter, Jordan's economy remained favourable, with real GDP growth averaging around 5.5% (EU, 2009; IMF, 2009d). While Jordan's relatively low integration with global financial markets may have contributed to buffering it

⁶ For example, in April 2008 riots broke out in the Egyptian industrial city in the Nile Delta, Mahalla El-Kobra. For two days, rioters protested against the high food prices and low wages (Baker, 2008).

⁷ Interview with Alia El-Madhi, Dean of Faculty of Economics and Political Science of Cairo University and Labour Expert. 14 September 2009.

from the worst effects of the global economic crisis in 2008, the situation in 2009 and forecasts for the remainder of the year offer a much bleaker picture. The impact of the global slowdown in Jordan can be seen as being driven mainly by the country's high dependence on food and fuel imports, which make it highly vulnerable to fluctuations in food and oil prices. Other factors, including high levels of unemployment and external deficit, high reliance on foreign remittances and the relative fragility of the banking system represent serious challenges for the country's economy and may further exacerbate the adverse effects of the crisis (Drine, 2009; World Bank, 2009d).

Rising oil prices in 2008 meant that Jordan's dependence on foreign oil to satisfy its domestic demand became increasingly costly: in 2008, oil prices surpassed the \$100 mark per barrel, compared with only \$23 in 2003 (USAID, 2008). The sharp rise in oil prices made the longstanding government practice of subsidising fuel no longer sustainable, and in February 2008 the Government of Jordan (GoJ) lifted most of its subsidies, a move that led domestic fuel and kerosene prices to jump up by 76% overnight (AMEinfo, 2008). The negative effect of rising oil prices was exacerbated by the inability of Jordanian monetary policy to make the necessary adjustments to ameliorate the high cost of oil (and some commodity prices) in the face of the falling of the US dollar, to which the Jordanian dinar has been pegged since 1995 (EU, 2009; USAID, 2008). Given the government's practice of also subsidising food items – in particular wheat, wheat flour, bran and barley – soaring global food prices put additional pressure on government expenditures as the relative weight of these imports rose from 0.8% of GDP in 2005 to 3% in 2008 (Jaradat, 2008). Jordan has been hit hard by rising food prices: the price of staple food rose by approximately 60% in one year (Saif, 2009). This unprecedented rise has put huge pressures on consumers in general, and especially on the poorest segments of the population and on Iraqi refugees in particular (Palade, 2008; World Vision, 2008).

The triple economic burden – the combination of rising fuel, food and commodity prices, the removal of fuel subsidies and the fixed currency exchange rate – contributed to accelerating inflation, which reached an estimated 14% during the first three quarters of 2008 (EU, 2009). At the same time, rising food, fuel and commodity prices combined with the fall in the price of the country's chief exports – phosphates and potash – to negatively affect the nation's current account deficit, which surged to 24% of GDP (ibid). For the remainder of 2009, declining exports and foreign investments, especially from neighbouring oil-rich countries, are expected to reduce economic growth, with a forecasted slowdown of 3.5% (EU, 2009; World Bank, 2009d). While falling commodity prices are expected to help narrow the current account deficit to 16% in 2009, it still remains a large deficit and could expand even further if there is a considerable reduction in FDI and remittance inflows (EU, 2009).

Accounting for almost one-fifth of GDP, remittances are an important contributor to the country's macroeconomic performance: among other MENA countries, in 2007 Jordan was the second-highest receiver of remittances after Lebanon (Behrendt et al., 2009a; Saleh and Fifield, 2009). Given the significant contribution that remittances play both in macroeconomic terms and as an important informal social protection mechanism, the economic downturn in most remittance-sending regions, and in particular in Gulf countries,⁸ is estimated to have substantial negative repercussions on the Jordanian economy. According to the Central Bank of Jordan's latest report (July 2009), remittances decreased by 12% compared with the same month last year, an important factor being the increasing number of Jordanians working in the Gulf who have been laid off since the start of the economic crisis (Obeidat, 2009).

5.2.1 Impact on vulnerable groups

Since 1948, Jordan has been periodically receiving inflows of Palestinian and Iraqi civilians displaced by nearby conflicts. According to the UN Relief and Works Agency (UNRWA) for Palestine Refugees in the Near East, there are approximately 1.9 million registered Palestinian refugees living in Jordan, 17-18% of whom are living in camps. All Palestinian refugees registered with UNRWA, whether they live in camps or not, are eligible for health, education, relief and social services (UNRWA, 2008a). Refugees

⁸ According to the Department of Statistics of Jordan, around 600,000 Jordanians work abroad, mainly in the Gulf countries: 260,000 work in Saudi Arabia, 250,000 in the UAE, 42,000 in Kuwait and 27,000 in Qatar (Obeidat, 2009).

living in camps are generally the poorest and mostly dependent on UNRWA services (ibid). However, the majority of Palestinian refugees living in Jordan have full Jordanian citizenship and enjoy citizenship rights, and are therefore eligible to work and can avail themselves of national social services (Al Abed, 2004; UNRWA, 2008a). Thanks to their decades-long presence in the country they are relatively well integrated in the Jordanian social fabric, especially when compared with Palestinian refugees living in neighbouring countries such as Lebanon.

For the thousands of Iraqi citizens who have taken residence in Jordan the situation is very different, however. Since the start of the current war in Iraq in 2003, Iraqi refugees have migrated to Jordan mainly as families, and households have a higher proportion of females than males (UNDP, 2009d). According to a 2007 survey, one in five Iraqi households is female headed and female-headed households are found more often among poorer households and those where the education of the household head is lower (Dalen and Pedersen, 2007). It is difficult to estimate the exact number of Iraqis living in Jordan. According to GoJ estimates and recent studies, the total number of refugees stands between 450,000 and 500,000; the number of refugees registered with UNHCR is much smaller, around 52,000 (Dalen and Pedersen, 2007; Nelems et al., 2009; UNHCR, 2009). Iraqi refugees are an urban-based population living mainly in the Amman governorate. As such, they do not live in refugee camps but in Jordanian neighbourhoods (Nelems et al., 2009). They are highly mobile, and many do not hold valid permits and are therefore reluctant to reveal their presence.

Aside from the traumatic and psychologically debilitating experience of conflict and displacement, Iraqis living in Jordan are confronted with a range of problems and risks related to their positions as outsiders. As Iraqis in Jordan do not possess official residency, they are not allowed to work legally, and the majority resort to finding employment in the informal sector, where they are at high risk of exploitative practices and abuse (Doocy and Sirois, 2009; IOM, 2008; UNHCR, 2009). In addition to increased impoverishment and depletion of savings, the inability of men to work and fulfil their roles as family providers has put refugee women and girls at increased risk of domestic violence, sexual exploitation and early marriage (UNHCR, 2009). Crucially, the peak influx of Iraqi refugees to Jordan coincides with the unprecedented rise in food and fuel prices and with a large number of Jordanians returning from Gulf States, adding to the thousands looking for scarce job opportunities. At this juncture, many in the host communities have attributed their increased hardship and rampant inflation to the growing number of Iraqi refugees, and are increasingly hostile to their presence (ibid). Iraqis are also widely perceived as straining the country's fragile political demographic makeup, where over 60% of the population are of Palestinian origin and face discrimination from host communities, who view them as competitors for scarce jobs and for access to already strained social welfare services (Ferris, 2007; ICG, 2008).

A recent survey found that in 2008 many Iraqi children were not attending school even if they were of school age. This was mainly because of a lack of infrastructure and teachers and a lack of required official school documentation from Iraq (IOM, 2008). The same study found that the majority of Iraqi children enrolled in school perform poorly. This may be attributed to psychological issues, including a sense of disorientation and feelings of inferiority towards resident children, as well as to practical issues, including previous prolonged school absence and precarious living conditions, as they often reside in overcrowded households where studying may be difficult (ibid). Many Iraqi children in the Unity Circle project even alluded to a difficulty in understanding the Jordanian dialect of Arabic and the school curriculum (Nelems et al., 2009). A recent assessment found that many Iraqi children find schools in Jordan a 'difficult and dangerous place' where they are subjected to 'violence and discrimination at school by Jordanian students, administrators and teachers' (Dalen and Pedersen, 2007; Seeley, 2008).

The already vulnerable and impoverished Iraqi community in Jordan has been hardest hit by the recent economic crisis and soaring inflation (Palade, 2008). Before the crisis, the majority of Iraqis were renting houses: increasingly unable to afford the spiralling rents, a growing number of families have been forced to share apartments or even rooms (IOM, 2008). There is also growing evidence that the deteriorating economic situation of Iraqi families, coupled with rising costs of living, is forcing many

children to leave school and look for menial jobs to contribute to the family income (ibid). Many refugee families were already highly food insecure before the economic crisis and were 'surviving by watering down their yogurt because milk was too expensive, and by not eating fruit and proteins' (World Vision, 2008). These families have been hit severely by soaring food prices, and have been forced 'to cut even more nutrition from their diets' (ibid). Rising fuel and food prices have accelerated the impoverishment of many Iraqi families, making them increasingly dependent on humanitarian assistance: in 2008, over 150,000 Iraqis in Jordan were relying on international aid to meet their basic needs (UNHCR, 2008).

5.2.2 Government and agency responses

Since 2008, Jordan has adopted a series of monetary and fiscal measures to stimulate the economy and banking system, including interest rates cuts and bank deposit guarantees (EU, 2009). To contain inflationary pressures and ease the impact of the rising cost of living on low-income households, the GoJ has taken a number of steps.

In response to rising food prices, the GoJ has acted mainly on three levels. At the production level, the government provided subsidies to encourage local farmers to grow wheat and barley. At the consumer policy level, it fixed the price of bread, pegged the subsidised barley price until 2009 and eliminated profit margins on basic commodities sold in military and civil cooperatives controlled by the government. At the trade policy level, it banned the export of eggs and some types of vegetables and fruit and exempted 13 basic commodities, energy saving products and agricultural inputs from taxes and duties (FAO, 2008; Janjua, 2008; Jaradat, 2008).

The removal of fuel subsidies in February 2008 was a bold move towards fiscal stability. To ensure public acceptance and to protect vulnerable groups among the Jordanian population, the GoJ announced compensatory measures estimated at \$552 million as part of the 2008 budget, amounting to approximately 4.3% of GDP (Jaradat, 2008). Those funds have been allocated to a range of social protection measures, in particular to: increase the salaries of public sector employees, civil servant workers, military and security agencies personnel; expand social safety net transfers, including direct cash payments to non-government workers or pensioners who have average per family incomes of less than \$1400 per year; and increase payments to the beneficiaries of the National Aid Fund (NAF), which was already targeting mainly widows and orphans (Janjua, 2008; Jaradat, 2008). Building on the 2007-2009 National Executive Programme, the GoJ, with the support of the UN Development Program (UNDP) and other UN agencies, is currently drafting the new Executive Programme for 2009-2011.⁹ Among other issues raised, this will address the effects of the global economic downturn on the Jordanian economy (World Bank, 2009d).

It is important to note that the steps that the GoJ has taken to mitigate the adverse effects of the economic crisis on the population and on vulnerable groups have been directed predominantly towards Jordanian citizens. Refugees, whether Iraqis or the most disadvantaged and vulnerable Palestinian refugees classified by UNRWA as 'special hardship cases',¹⁰ have not received a similar level of support. For example, while at the beginning of 2008 the GoJ tried to ease the burden of the increasing cost of living on needy Jordanian citizens by increasing payouts from the NAF by \$15 per month to each beneficiary, UNRWA was not able to similarly scale up assistance to its 'special hardship cases'.¹¹ Agencies like the UNRWA and UNHCR have been faced with a dual challenge: on the one hand soaring inflation has meant more people in need of their assistance; on the other the economic downturn climate has translated into decreased funding, and available funds now have significantly less purchasing power. In 2008, UNRWA expressed its concern with regard to decreased donor funding

⁹ The 2009-2011 National Executive Programme is currently under preparation, expected to be completed before mid-2009 (www.undp-jordan.org/Default.aspx?tabid=176). At the time of writing the programme was not yet available online.

¹⁰ According to UNRWA, 'the most disadvantaged and vulnerable refugees, such as women whose husbands have died or whose husbands have divorced or abandoned them, the elderly, the chronically ill, refugees with disabilities, or the very young, are provided with direct material and financial assistance under the "special hardship" programme' (<http://www.un.org/unrwa/programmes/rss/specialhardship.html>).

¹¹ <http://www.irinnews.org/Report.aspx?ReportId=76672>

which, together with rising food and fuel prices, has negatively impacted the agency's ability to support refugees, in particular affecting its food distribution, education and health service programmes (UNRWA, 2008b). The GoJ has taken a positive step in support of Palestinian refugee children by approving food ration distributions to approximately 70,000 children enrolled in UNRWA schools in response to soaring food prices to ensure equal treatment of Palestinian children with their Jordanian counterparts in government-run schools (IRIN, 2008c).

Similarly, with rising prices UNHCR has found it increasingly difficult to meet its funding needs to support Iraqi refugees in Jordan. For example, in 2007 a supplementary food package for a refugee family cost the agency \$70; in 2008 it cost \$113. Therefore, in 2008 UNHCR announced that it was reducing the caloric content of food packages from about 1300 calories per person per day to 1100 (Seeley, 2008). Despite the growing needs among Iraqi refugees as a result of soaring inflation, UNHCR has repeatedly expressed its concerns about inadequate funding to support the large Iraqi refugee population living in Jordan (Seeley, 2008; UNHCR, 2009).

5.3 Morocco

To date, the overall impact of the global economic crises in Morocco has been relatively mild. The economy has so far been cushioned to a significant extent by both the sound state of the banking sector and strong growth in the agricultural sector (Loman, 2009). Morocco's financial sector emerged unscathed following the first round of financial crisis shocks; however, second-round shocks (over the second half of 2008 and the first quarter of 2009) began to affect the country's most exposed real sectors (World Bank, 2009e). Actual figures for 2008 show a drop from the 6.8% projected in the Budget Law 2008 to 5.8% growth (ibid). This downward trend has continued in 2009, falling to 4.4%, but it is less marked than for countries like Jordan and Egypt, which have seen declines from 7.2% to 3.6% and 5.6% to 3.0%, respectively (Hamzawy, 2009). This more limited impact stems from the fact that, although Morocco is highly dependent on energy imports and is therefore vulnerable to fluctuations of the international oil market (World Bank, 2007d), 'Morocco's phosphate exports tripled in value in 2008 and covered the oil deficit' (World Bank et al., 2009).

According to 2007 World Development Indicators (WDI), Morocco's economy is dominated by the services sector, which constitutes 59% of GDP, followed by industry at 27% and agriculture at 14% (World Bank, 2007a). Morocco's largest industry is phosphate mining, its second-largest source of income is remittances from nationals living overseas and third is tourism revenue (Medibtikar, 2007). The greatest threat to Morocco during the current crisis is reported to be the impact of the decline in revenue from expatriate remittances, international tourism 'and its external investment (the banks' external deposits have lost around 7 percent), which has already decreased by 17 percent' (Saif and Choucair, 2009b).

Pre-crisis figures from 2007 show expatriate remittances at 8.96% of Morocco's GDP. However, increasing unemployment in Europe has led to the decrease in those remittances, further negatively impacting investment and household consumption (Saif and Choucair, 2009a). As per the Exchange Office's estimates, at the end of the first semester of 2009, remittances from Moroccans living abroad had dropped by 12.5% (-3216 billion dirham, equivalent to \$0.5 billion) in comparison with the same period in 2008.¹² Previous evidence from the 2000-2002 economic recession in the West links Morocco's decline in remittances (from \$3.26 billion in 2001 to \$2.88 billion in 2002) to its subsequent negative GDP growth rate. This correlation is indicative of what may follow as a result of the current crises. In 2008, international tourism constituted 9% of GDP in Morocco (Fakir, 2009). External investment in the four-year period of 2003-2007 made up an average of 3.22% of GDP. The anticipated decline following the financial crisis may be cushioned to an extent by a substantial €600 million investment by Renault, the French carmaker, 'in what will become its biggest factory in Africa to produce low-cost cars and vans destined for export to emerging markets' (Ghanmi, 2009; Saleh,

¹² Interview with Aloys Kamuragiye, UNICEF Representative, Rabat, Morocco. 18 September 2009. .

2008b). This project is anticipated to 'employ 4,000 people directly and 24,000 people indirectly' and is still on track to begin in September 2009' (Ghanmi, 2009).

The sharp economic contraction in Europe, which dampened demand for all exports, is forecast to impact Morocco (Loman, 2009; Saif and Choucair, 2009a). For example, the garment and textile sector has lost approximately 6-10% of its European market (Saif and Choucair, 2009b). Tourism income, remittances and textiles exports combined in 2009 accounted for approximately 'USD 16.5 bn in foreign income, or about 21% of GDP' (Loman, 2009). With the decline of these sources of income, both economic growth and consumption will be dragged down (ibid). In contrast, the agricultural sector looks set to have a good year, with expected economic growth of around 15%, while maintaining its contribution of around 17% of GDP and employing 45% of Morocco's workforce (ibid).

Despite enjoying relatively high GDP growth over the past several years, Morocco remains blighted by poverty and unemployment. Official poverty may have dropped from 14% in 2005 to 9% by end-2008, but 30% of Morocco's population struggles to get by on a daily basis (EU, 2009). Prior to the crisis, Morocco's unemployment rate was 9.5%, but it is expected to rise to 10.3% in 2009 (Fakir, 2009; Hamzawy, 2009). Inflation has also increased following a spike in commodity prices in early summer 2008, causing social unrest in Morocco (Fakir, 2009).

As a country heavily dependent on imports of maize, wheat, oilseeds and, to a degree, livestock for domestic consumption, Morocco has been hit by rising world food prices (Diao et al., 2008). These imports provide much of the raw materials used to produce wheat flour, vegetable oil and feed for domestic consumers and livestock producers. High material prices have put pressure on domestic prices of food products, the staples for urban and rural households (ibid). Food inflation over the seven-year period preceding the crisis (2000-2007) was 14.27% – in the last two years of this period it increased by 7.26%. However, general inflation increased by 13.03% in that same seven-year period – in the last two years of this period it increased by 5.39%.

There are concerns that increasing unemployment, combined with high food prices, could fuel social unrest (Loman, 2009). While the government is responding to the crisis with enhanced social programmes (such as the conditional cash transfer programme mentioned below), there remains a fear that 'the crisis has resulted in social unrest that is notably disconnected from any opposition or ruling coalitions in the formal political sphere... [and that] the lack of political voice for their dissatisfied citizens may drive greater radicalism in the region' (Hamzawy, 2009). Such social unrest is most likely to affect Morocco's urban areas, where unemployment remains significantly higher than for the country's rural population.

5.3.1 Impact on vulnerable groups

In Morocco, official poverty was expected to drop from its rate of 14% in 2005 to 9% by end-2008. The distribution of poverty remains highly unequal between urban and rural populations (EU, 2009) – in rural areas, 68% of the population is poor (World Bank et al., 2009). In addition, this poverty is strongly gendered in character: according to the UN Development Fund for Women (UNIFEM, 2009), in Morocco 'every second woman does not know how to read or write'. A World Bank report from 2007 similarly indicates that 2.5 million children, the majority of whom are rural girls, do not attend school, and 'gender indicators in literacy and health, especially in rural areas, are among the worst in the region. In rural areas, 83 percent of women remain illiterate' (World Bank, 2007b).

These statistics suggest that the rural poor (in particular rural women and children) are in a vulnerable position, and thus are likely to be hardest hit by increases in food prices, echoing the views expressed in World Bank et al. (2009).

Despite improvements in the reduction of poverty, health indicators that had made progress for many years have recently deteriorated. Only 50% of the rural population have access to proper health care, while less than one-fifth have access to sanitation and safe water (EU, 2009). Similarly, between 1990

and 2004 Morocco recorded increases in both absolute numbers and the prevalence of under-nourishment (FAO, 2008, cited in UNDP, 2009a). According to National Center for Health Statistics (NCHS)/WHO statistics, between 2000 and 2007 10% of children under five years were moderately or severely underweight and 9% suffered from wasting; 15% of infants had low birth weight. This situation is likely to be exacerbated by the increase in food prices. Historically, such income shocks have also been shown to have a significant negative effect on infant mortality, with more than 1 million excess deaths between 1986-2004 in countries experiencing large contractions (Harper et al., 2009).

Reports from April this year highlight how the increased cost of basic foodstuffs is eroding both urban and rural Moroccans' purchasing power and leading to increased citizen dissatisfaction about limited government response (Benmehdi, 2009). Vegetable and fresh fish prices increased by 18% and 11%, respectively, between January and February of this year. In April, the cost of chicken and sardines (both very popular foods in Morocco) had almost doubled within one month (ibid). This report suggests that, with these price increases, 'Moroccan families – especially those on low incomes who rely on vegetables as a staple due to the high cost of meat – are suffering from the current price hikes', with women reportedly buying and cooking less food for their families (Benmehdi, 2009).

While the impacts of the crisis on the rural poor are likely to be most severe owing to food price inflation, increasing unemployment as a result of the crisis (and subsequent social unrest) is more likely to affect the urban population. This is because the sectors most affected by the crisis – tourism, exports and FDI – are not based in rural Morocco. In contrast, the agricultural sector (which is central to Morocco's economy (Saleh, 2008b), employing 45% of the country's workforce) looks set to have a good year (Loman, 2009). The agricultural sector employs more women than any other sector: 61.3% of employed women work in agriculture (see Appendix 7). This suggests that employed men, 22.4% of whom work in industry and 40.8% in services, may be more directly affected by job cuts than employed women.

More than half of Morocco's population is currently under 25 years old (Hanafi, 2009). Programmes have been put in place in an attempt to embrace the 'youth bulge' as an opportunity rather than a challenge, such as the National Initiative for Human Development (INDH), which was introduced in 2005 to generate income for those people most in need, particularly women and youth. The latest statistics show that male youth unemployment in Morocco is actually higher than that for female youth, at 10.6% for males and 3.8% for females. Despite the government's efforts to address poverty and unemployment, 'observers say that the progress of economic reform is moving too slowly, hindering the reduction of massive urban unemployment, a particularly pronounced problem among youth' (Silatech, 2009). The challenges that the Triple F crisis presents are likely only to exacerbate these problems, with increasing youth unemployment a probable result of a pressurised labour market.

Recent studies show that sudden increases in food prices have particularly negative repercussions for female-headed households. This is in part because of the tendency of these households to 'spend proportionally more on food than male-headed households', meaning they are hit harder by higher food prices (FAO, 2008, cited in Holmes et al., 2009). Currently, 17% of Moroccan households are female headed, with this figure set to increase (World Bank, 2007c). Reports from the wider MENA region indicate that the majority of female-headed households depend heavily on transfers from family and friends (rather than earned income). 'Only 36% of female heads of households versus 71% of male heads of households receive their income from earnings' (ibid). The predicted decline in remittances, particularly from Spain, where Moroccans are the country's largest source of immigrants (UN, 2009), and where unemployment among Moroccan immigrants is at its highest rate of 21% (UNDP, 2009b), could have serious financial implications for female-headed households.

However, the damage of the decline of remittances from overseas is not limited to this group. In 2007 alone the number of unemployed Moroccans in Spain increased to 82,262, from 62,085 in 2006 (Touahri, 2008a). In 2008, in response to the strains of the economic crisis, the government of Spain introduced a programme using financial incentives in the form of unemployment benefits to encourage unemployed Moroccan immigrants to return to their home country (ibid). Not only will the decline in

remittances from the three major destination countries for Moroccan migrants – Spain, Italy and France – have a negative effect on Morocco's GDP, but also it will likely impact the thousands of families in Morocco that have become reliant on these remittances. This will make the health, employment and educational needs of the population much harder for the government to meet. Governments often make cuts in public services during times of economic crisis, but the Moroccan government is already spending less than 5% of its total expenditure on health, implying that the state's ability to maintain even its basic health care policies is challenging.

5.3.2 Government responses

In January 2009, Salahiddin Mizwar, Minister of Economy and Finance, asserted that the Government of Morocco would address the crisis by 'designing different policy scenarios' (Al Hayat, 2009, cited in Saif and Choucair, 2009b). Each of these scenarios includes policy measures to address each sector of the economy. These include a fiscal stimulus package 'to maintain growth rates by increasing public investment by US\$16.7 billion (135 billion dirham), subsidizing citizen purchasing power by 40 billion dirham, introducing tax cuts on small and medium enterprises, and spending around 103 billion dirham on the education and health sectors' (Saif and Choucair, 2009b). Morocco has also taken measures to lower interest rates to ease monetary pressures (Fakir, 2009), and introduced tariff reductions on food imports in 2008, lowering prices and increasing supplies (Viatte et al., 2009).

The government's main relief action involves the formation of the Strategic Intelligence Committee, which brings together the public and private sectors to draft an Emergency Plan to stave off unemployment, ensure access to financing and support Moroccan exports (Achy, 2009). The main objective of the social measures component was to uphold employment and social coverage of employees at the 2008 level: in practice, this was achieved by the government providing 100% of employers' social security contributions, but only for companies that met certain fiscal administration standards and provided social security coverage. In the case of the financial component, the state provided a guarantee of 65% of credit extended by banks to select sectors. The government also sought to protect exports by launching a targeted communication campaign to promote Morocco's traditional markets, as well as through increasing the share of exports covered by risk insurance (from 50% to 80%). However, the Emergency Plan's coverage was relatively narrow, affecting only two economic sectors: 'the textile and leather industries (representing only 20% of manufacturing firms, 39% of employment and 39% of exports) and the automobile industry (roughly 1% of manufacturing firms, 10% of employment and 17% of exports). No reasons were given for the exclusion of the other economic sectors from this plan (ibid).

Over two-thirds of the poor in Morocco live in rural areas. Government strategies to tackle rural poverty include increasing agricultural productivity, improving rural infrastructure, increasing access to finance, raising the minimum wage and boosting education provision (EU, 2009). The government's long-term strategy of shifting the economy away from agriculture and sourcing revenue flows from outside this sector has enabled Morocco 'to absorb the shock of higher energy and cereal prices' and 'to spend far more on its food and fuel subsidy programme' – described by the International Monetary Fund (IMF) as the 'most important policy issue facing the authorities' (Saleh, 2008b). However, this heavy reliance on food subsidies as the primary safety net for the poor has two substantial drawbacks. First, in 2007 food subsidies cost 0.7% of Morocco's GDP, diverting 'significant resources from alternative, more productive uses' (World Bank et al., 2009). Second, existing non-targeted safety nets do not benefit those most in need: the poor in Morocco receive only 10% of government universal price subsidies, while 90% goes to subsidise goods consumed by the non-poor (Yemstov, 2008, cited in World Bank et al., 2009).

In light of these factors and skyrocketing food and oil prices, the Moroccan government attempted to 'address concerns that its subsidies of oil and food are failing to benefit the poorest of the poor' (Touahri, 2008b). A new approach would ensure that financial support is granted directly to poorer families 'provided they make a commitment to send their children to school and look after their health' (ibid). September 2008 saw the introduction of such a scheme in the form of a pilot study on

conditional cash transfers with the objective of reducing dropout rates in rural primary schools (World Bank, 2009e).

5.4 Saudi Arabia

Being the largest oil exporter in the world, with oil revenues accounting for around 85% of total government revenues, the drop in world oil prices in 2008 and the decrease in world demand clearly affected the Saudi economy (Jadwa Investment, 2008). In an effort to stabilise prices, in November 2008, Organization of the Petroleum Exporting Countries (OPEC) members agreed to a 1.5 million barrel per day cut in oil production. Under this new agreement, Saudi Arabia's quota was reduced by 466,000 barrels per day (ibid). The drop in oil prices and reduced production have impacted government revenues, which are significantly lower in 2009 than in 2008 (EU, 2009). While the country's fiscal and external accounts are projected to remain in surplus despite the economic slowdown, lower oil revenues and an expansionary fiscal stance have translated into much lower budget and current account surpluses; this represents a clear departure from the exceptional surpluses that Saudi Arabia enjoyed in recent years on the back of high oil prices (IMF, 2009c). Non-oil GDP growth is projected to continue growing by 3.3% in 2009, but lower oil production is expected to lead to an almost 1% contraction in overall GDP for the first time since 1999 (ibid). While Saudi Arabia can still count on the sizable net foreign reserves that it amassed during the petrodollar-fuelled economic boom, between December 2008 and January 2009 lower oil revenues reduced foreign reserves (EU, 2009). In early 2008, the Saudi stock market suffered the negative effects of international stock markets, and registered a drop of 46% (IMF, 2009c). Inflation reached the exceptionally high rate of 11.1% in July 2008. According to the Saudi Arabian Monetary Agency (SAMA, 2008), the Saudi economy's high degree of openness and the rise of imported goods prices were the main drivers of soaring inflation in the country – inflation eventually came down to 5.2% in April 2009 thanks to weaker demand and lower import prices (IMF, 2009c).

In addition to lower oil prices, lower commodity prices have negatively impacted the Saudi economy. For example, base metals account for 10% of non-oil exports, and the drop in base metal prices in 2008 has affected large projects that were being implemented in the northern areas of the country (Jadwa Investment, 2008). Similarly, with petrochemicals accounting for over 30% of non-oil exports, around \$20 billion worth of investment in petrochemical projects have been put on hold, since the prices of most petrochemicals had fallen by two-thirds by July 2008. The outlook for all non-oil sectors, especially manufacturing, which tends to be export-oriented, has deteriorated since 2008 owing to reduced consumer confidence resulting from plunging oil prices and stock markets (ibid).

5.4.1 Impact on vulnerable groups

Despite the phenomenal growth that Saudi Arabia has witnessed in recent years, the country is confronted with a growing young population – around 65% of the population is under 25 years of age, a demographic that is suffering high unemployment rates (Financial Times, 2009). While better access to education has resulted in significant improvements in women's literacy, this progress has not led to better job prospects for women. Unemployment rates for Saudi women are higher than those for Saudi men: in 2004 male unemployment was 4% while female unemployment stood at 12% (World Bank, 2007c). A number of factors, including the mismatch between educational outputs and employment opportunities, women's lack of freedom of movement, sex segregation and the guardianship system, which greatly limits women's employment and career opportunities, explain women's low participation in the workforce (Ertürk, 2009). Employment within the Saudi population, both of men and women, has thus far concentrated on high-skill occupations requiring technical or university qualifications – lower and middle levels are left to the large foreign workforce (ibid).

With the ongoing slowdown in the economy, weakening business confidence and lower business growth, unemployment in Saudi Arabia is on the rise. A survey of 765 companies showed that in early 2009 the majority of businesses expected overall business and revenue growth to flatten, and 74% of respondents expected to institute a hiring freeze because of the slowdown (Sfakianakis and Al Hugail,

2009). According to the Saudi Ministry of Labour, at the end of August 2008 unemployment rose to 10%, up from 9.8% six months earlier. The increase was attributed to unemployment among women having risen to 27% in August from 25% in February (Reuters, 2009b).

Like other GCC countries, Saudi Arabia is home to a large number of male and female migrant workers – who account for about one-third of the population – originating both from MENA countries (e.g. Jordan, Lebanon, Egypt) and from Asian countries (e.g. Bangladesh, Sri Lanka, Indonesia, Philippines). Since the beginning of the crisis, migrant workers employed in Saudi Arabia have been considered at high risk of layoff. Although not always directly competing for jobs with Saudis, the current slowdown may offer the government ‘a faster way (at least on paper) of achieving some of the more ambitious targets it has set itself for achieving “Saudization” of the local workforce in the years to come’ (Dhillon, 2009). Indeed, Saudi authorities stopped issuing working permits to Bangladeshi workers in 2008, and there is widespread evidence of lower remittance flows out of Saudi Arabia because of migrant workers returning to their countries of origin. At the same time it is important to note that Saudi Arabia has suffered less from the repercussions of the economic crisis than other Gulf countries, and therefore does not seem to have laid off as many migrant workers, especially in the construction and real estate sector, as have the UAE and Kuwait.

In the face of the economic downturn and growing employment insecurity, female domestic workers in Saudi Arabia, already precariously situated, may be particularly at risk. There are approximately 1.5 million women working as domestic workers in the kingdom, originating primarily from Indonesia, Sri Lanka and the Philippines (HRW, 2008). Domestic workers in Saudi Arabia receive less protection than other categories of workers, and are therefore exposed to abuse with little or no hope of redress. The range of abuse includes ‘non-payment of salaries, forced confinement, food deprivation, excessive workload, and instances of severe psychological, physical, and sexual abuse... [in] forced labor, trafficking, and slavery-like conditions’ (ibid). A recent report investigating HIV vulnerabilities of Asian migrants working in Bahrain, Lebanon and the UAE also noted the widespread physical, sexual and psychological abuses that female domestic workers suffer, and pointed to the fact that, with lower demand for labour and because of their weak bargaining positions, migrant workers may be increasingly vulnerable to abuse and exploitation as they may accept almost any condition to hold on to their jobs (UNDP, 2009c). Given the already highly unsafe situation of domestic workers in Saudi households, and reduced job opportunities during the slowdown, it may be possible to deduce that, like in the other countries examined by the UNDP report, domestic workers in Saudi Arabia may be seriously at risk of heightened abuse and exploitative conditions.

5.4.2 Government responses

Monetary policy dealt with rising inflation in the first half of 2008 and the consequences of the intensification of the global crisis in the second half (IMF, 2009c). The Government of Saudi Arabia (GoSA) responded by lowering reserve requirements, cutting policy rates and providing liquidity and deposit guarantees. The huge stock of assets that the GoSA accumulated when oil prices were high gives the country an advantage over most MENA countries (and indeed other countries in the world) in alleviating the impacts of the economic crisis (Jadwa Investment, 2008). Therefore, even if oil revenues are expected to be around 40% lower in 2009 than in 2008, this has not compelled the GoSA to cut spending, as oil revenues have been far in excess, even during 2008, of government spending (ibid).

Saudi Arabia has announced the largest fiscal stimulus package among the G-20 for 2009-2010, supplemented by a \$400 billion investment plan over five years (IMF, 2009c). Contrary to the responses of other countries, Saudi Arabia has increased, rather than decreased, public spending to maintain its huge investments and projects in construction, petrochemicals, oil and gas and water (Saif and Chouchair, 2009b). The 2009 budget projected expenditures at \$126 billion, which represents a 15% increase from the originally planned figure for fiscal year 2008. A large portion of these expenditures has been put ‘toward subsidising the price of basic goods, increasing public wages, enhancing education and health services, and investing further in agricultural and other projects that will generate job opportunities for the citizens’ (ibid).

In response to rising food prices, the GoSA eliminated its wheat tariff and cut tariffs on poultry, dairy, produce and vegetable oils (Beattie, 2008). In order to secure more food stock, the GoSA, one of the major importers of rice in the Middle East, in 2008 'proposed that rice importers consider raising their stocks of grain by 50% ... which implies increasing strategic stock levels to cover between six and eight months of national consumption requirements' (Demeke et al., 2009). Following the food crisis, the GoSA also decided to phase out its longstanding domestic wheat production by 2016 (England and Blas, 2009). Since 1971, the government's policy of achieving self-sufficiency in wheat production has meant strong support for farmers and heavily subsidised large-scale irrigation. However, reports of an alarming fall in underground water resources and the global food crisis, which prompted many food-exporting countries to implement trade restrictions, have led the GoSA to look for alternative ways to ensure food security for the country. The government recently invested \$800m into a new public company, the Saudi Company for Agricultural Investment and Animal Production, which will invest in overseas agricultural projects (ibid). This shift in policy means that, rather than producing locally, Saudi Arabia will invest in agricultural projects abroad and import cereals to satisfy its domestic demand. The GoSA is exploring ways of compensating local farmers for stopping wheat production, which include direct compensation, buying farmers land or a combination of both (Kawach, 2009).

The GoSA recently offered private firms a new incentive to hire young locals after a rise in unemployment amid the economic slowdown. Through the government-run Human Resources Development Fund, the GoSA will pay in advance half of the first annual salary of Saudis who are newly hired by private firms. It earlier paid the 50% of the first salary only after completion of the first year (Reuters, 2009b). The move is expected to make the private sector 'more enthusiastic about recruiting and addressing the needs of Saudis from less-endowed households after record inflation last year' (ibid).

5.5 Sudan

Described by the WFP (2009b) as 'a microcosm of humanitarian challenges', Sudan entered the 21st century mired in several conflicts (IMF, 2009e). The South of Sudan and the transitional areas at the juncture between the North and the South, also known as the 'Three Areas' (Southern Kordofan, Blue Nile and Abyei) are attempting 'to rebuild and recover from more than two decades of civil war'; meanwhile, insecurity in the western region of Darfur has displaced approximately 2 million people (somewhat overshadowing the reconciliation between the North and the South), while the East of Sudan is characterised by chronic food insecurity, underdevelopment and sporadic conflict (ibid). These conflicts have led to huge loss of life and have seriously hampered the country's capacity to rebuild and develop, a situation exacerbated by the existence of two separate levels of government: a central-level government coalition, the Government of National Unity (GoNU), composed of the National Congress Party and the Sudan People's Liberation Movement (SPLM), previously at war with each other, and the largely autonomous Government of Southern Sudan (GoSS), led almost exclusively by the SPLM. The two governments have yet to demonstrate that they are able to work together towards these ends.

In recent years, the Sudanese economy has grown over 10% per annum, boosted by increased oil production, successful harvests and a boom in construction and services (World Bank, 2009f). Such rapid growth was also predicted for this year; however, with the sharp decline in oil prices, the IMF lowered its growth estimate for 2009 to a mere 6%. Sudan is now considered one of 26 low-income countries 'highly vulnerable to the adverse effects associated with the global recession, mainly through its impact on trade' (ibid).

Over the years, Sudan has neglected its agricultural sector and moved away from being an agriculture-based economy to becoming increasingly oil-dependent (Mohammed, 2009). During the past year, oil revenues have accounted for more than 65% of the GoNU's income and more than 90% of the GoSS'. While the IMF (2009e) describes the oil sector in Sudan as a 'modest part of overall economic output',

the impact on the fiscal and external balances is considerable: in 2008 oil accounted for some 95% of exports and 60% of domestic revenue.

Owing to Sudan's dependence on oil exports as its main source of revenue, particularly in the South, a decline in the price of oil is thought to end in falling exports and a worsening of the trade balance, the balance of payments and the budget deficit. According to one source, the sharp decline in oil prices (from \$149 to under \$40 per barrel in late December 2008) will have a serious effect on oil revenues, putting strong pressure on the Sudanese pound to fall. 'The negative effects will also be felt in the monetary, fiscal, and development sectors of the economy' (Medani, 2009).

Meanwhile, real non-oil growth is driven by services and remains vulnerable to reduced public consumption and investment. Inflation remains below 15%, following the decline in world food and fuel prices. 'The fiscal impact of the crisis has been felt nationally, but most strongly in the South, where oil constitutes 97% of revenue' (World Bank, 2009f).

Much of Sudan's population, especially in Southern Sudan and the conflict zones of Darfur, the east and the Three Areas, are probably at risk of food insecurity, although fully dependable projections are unavailable. In Southern Sudan, the UN warns that a combination of high levels of insecurity and displacement, late rains, disruptions to trade and high food prices has caused a massive food deficit (IRIN, 2009b). Southern Sudan 'imports large volumes of food from neighbouring countries' and as the region is landlocked 'increases in food import prices are compounded by increases in fuel and transport costs' (World Bank, 2008a). GoNU policies do not help: 'While Sudan is one of the biggest recipients of food aid, it is reported to have produced large cereals for export for several years, ignoring its own food insecure population' (ibid).

5.5.1 Impact on vulnerable groups

The UN has categorised Sudan as a low-income, food-deficit country, ranked 147th out of 177 countries and territories on the 2007-2008 Human Development Index (WFP, 2009b). A recent joint World Bank–UNDP mission shows approximately '60-75 percent of the population in the North and 90 percent in the South is estimated to be living below the poverty line of less than US\$1 a day' (UNDP, 2009e). These figures demonstrate the already precarious living conditions of much of Sudan's population. A recent publication (FAO, 2008) suggests the relevance of poverty in food security discourses in the extent to which poor households are generally more likely to pay more for food (they are, for instance, generally less able to store food properly and more prone to buying food on credit and paying surcharges on it). It also stresses how urban food insecurity in particular should not be underestimated, and thus encourages policymakers to take concrete steps to stimulate urban food markets by increasing the poor's access to food in urban areas and by boosting income in rural areas through links with urban markets

A food security update by the Famine Early Warning Systems Network (FEWS Net) in August 2009 describes the situation of Southern Sudan as one of increasing concern. The report indicates that, as crop production has been delayed owing to the late start of the June–September rains, the hunger season that usually ends in August/September is now expected to extend into October/November, and harvests may also be moderately below normal. It is thought that the delayed harvests will increase pressure on staple food prices, reduce food access and potentially increase malnutrition levels, which are already chronically high. For example, Southern Sudan's staple of red sorghum has shown prices 30-65% higher than in 2008, thus substantiating FEWS Net's observation that those worst affected are those least able to cope, comprising mainly 'returnees, the chronically food-insecure, conflict-affected households, and some refugees' (IRIN, 2009b). Consistent with these numbers, the WFP (2009b) reports that prices of millet are 63% higher than the average over the past five years and the FAO (2009c) reports that, in June 2009, sorghum prices in the main growing area of El Gedarif were three times higher than two years ago.

While the season in the northern area seems to be developing relatively well thanks to heavy rainfalls, which have led to above-average vegetation development, the Sudan Seasonal Monitor (SSM, 2009) highlights how hunger gaps and negative effects on maturing sorghum varieties nonetheless affect those areas in the North where a mix of cereal varieties is present.

In Darfur, currently the largest humanitarian emergency in the world, approximately 2 million IDPs are reliant on monthly food rations from the WFP, which provides food to an additional million more vulnerable people throughout the hunger season. With the delayed increase in food prices, the extension of the hunger season and no signs of the conflict in Darfur abating, the prospects of feeding all these people are looking bleak (WFP, 2009b). In the East of Sudan, the combined impacts of persistent conflict and drought have resulted in malnutrition rates in the states of Kassala and the Red Sea at consistently above emergency levels (ibid).

Given these existing high levels of malnutrition across Sudan, the impacts of the Triple F crisis on the country could be catastrophic. As part of the WHO's response to the global food crisis, Sudan was classified as one of the 21 countries suffering from acute or chronic malnutrition and at high risk of immense health implications (WHO, 2009).

The latest national figures endorsed by both the GoNU and the GoSS in the Sudan Household Health Survey (SHHS) (CBS and SSCSE, 2006) reveal that 14.8% of Sudanese children between 0 and 59 months suffer from moderate and acute wasting and 32.5% from moderate and acute stunting. Among children under five, children aged 6-29 months exhibit levels of wasting that are often higher than those of children aged 30-59 months. These statistics mask severe geographical disparities: for example, wasting prevalence (moderate and severe) in Southern Sudan is as high as 21.9%. According to a NCHS/WHO study, 31% of babies born in Sudan between 2000 and 2007 were of low birth weight. These numbers are aggravated by suggestive evidence that 'childhood malnutrition diminishes adult intellectual ability and work capacity, causing economic hardships for individuals and their families' (Caulfield et al., 2006 cited in World Bank et al., 2009).

UNDP highlights the people hardest hit by poverty in Sudan as those living in rural areas, especially women and IDPs, who account for approximately 12% of the population (UNDP, 2009e). However, little specific information exists documenting the impact of the economic crisis on women and children in Sudan, thus lessons learnt in either rural or urban areas may shed light on the current situation. A number of studies in different MENA countries have provided evidence of a gender bias in intra-household consumption and investment in human capital (World Bank, 2007c). Women are shown to bear the greatest burden of poverty 'by being the last ones to eat, the first ones to be taken out of school if need be, and the least likely to seek treatment for a medical condition in times of financial constraints' (ibid). With its existing high levels of gender disparity, it could be assumed that this would also be the case in Sudan.

The latest available figures on schooling in Sudan show a significant difference between the sexes. Net figures in 2000 show that 44.9% of boys were enrolled in primary school at the correct age, in contrast with 37.2% of girls. In 2007, 53.6% of boys completed primary and only 46.2% of girls (UNICEF, 2009a). However, these statistics do not reflect the stark realities of levels of schooling in different parts of Sudan. For example, in Southern Sudan, there is a greater proportion of children out of primary school than anywhere else in the world (Save the Children, 2007). The SHHS reports a mere 1.9% completion rate of primary school in Southern Sudan (CBS and SSCSE, 2006). The situation is even more severe for girls: 'of a population of between six and seven million, only 500 girls complete primary education each year' (ibid). A recent UNICEF study found the leading contributors to such high dropout rates among girls during their first years of primary school in Southern Sudan to be 'attitudes and traditions leading to early marriages and pregnancies' and negative attitudes towards girl's education (UNICEF, 2009a).

Food price increases on lower-income households have led to poor families withdrawing children from education to reduce costs or to generate additional income by putting them to work (Benson et al.,

2008 cited in World Bank et al., 2009). This is very pertinent in Sudan, where the existing lack of formal education and high levels of youth unemployment are turning the potential of Sudan's young generation 'from an asset to a challenge for the future' (UNDP, 2009e).

There exists a growing concern that the drop in government revenue may adversely affect the peace process in Sudan. Again, those most affected by this would be the IDPs and refugees, in particular women and children. Repatriation of these groups of people and redeveloping areas affected by war are less likely to be carried out as 'there are no funds to support these activities' (Mohammed, 2009). In Southern Sudan, the GoSS depends on the central government for more than 90% of its budget. The GoSS 'will be unable to compensate for the sharp drop in oil and non-oil revenues', a fact that poses 'a grave threat to the Sudan's Comprehensive Peace Agreement and the Eastern Sudan Peace Agreement if Sudanese oil revenues are endangered or dropped sharply' (Medani, 2009).

High levels of insecurity in areas like Central, Eastern and Western Equatoria, Abyei and Southern Sudan compound the food deficit situation. Trade and markets have broken down, and in farming areas many fields cannot be harvested as food production is being hampered by fighting and displacement (WFP, 2009b). Furthermore, in Darfur the humanitarian crisis shows no sign of abating.

By the end of June 2008, two truck drivers delivering food for WFP had been killed, 41 drivers were missing, and 83 trucks had been hijacked, with 55 still missing (WFP, 2009b). The UN warns that the WFP's ability to deliver much-needed food supplies is being seriously hampered by the violence (IRIN, 2009b). With the increase in food prices and an increasingly food-insecure population, it could be argued that such attacks will become even more prevalent.

The recent revocation of non-governmental organisation (NGO) licenses to operate in North Sudan is contributing to further instability. Following the announcement of the International Criminal Court (ICC) warrant for the arrest of Sudan's President Bashir for crimes committed in Darfur, the GoNU 'revoked the registration of 13 international and 3 national NGOs' (World Bank, 2009f). The government alleged that these NGOs went beyond their humanitarian mandate by providing evidence to the ICC. The expulsion of these agencies from North Sudan has left a large gap in the distribution of humanitarian assistance to millions of IDPs, primarily in Darfur, where the impact of the revocation was comparatively greater owing to the larger number of operating partners (ibid).

5.5.2 Government responses

Government of National Unity

At the start of the current economic crisis, the GoNU downplayed its potential impact on the Sudanese economy. It claimed that Sudan was not linked to the world economy and that, owing to its Islamic credit system, the country would not be affected by the financial meltdown (Mohammed, 2009). However, as soon as demand for oil dropped and prices began to fall, the government could not deny the difficulties it was facing (ibid)

The 2009 budget amounted to less than 50% of the 2008 budget, in large part because of the government's failure to accumulate reserves against this eventuality (Mohammed, 2009). In response to these severe budget cuts and depleted oil prices, at the National Assembly in November last year Finance Minister Dr. Abu al Jaz introduced new taxes, 'including raising the duties on imported cars and also increasing VAT on the telecommunication service' (ibid). This strategy fell in line with the existing trend in the government of increasingly depending on 'indirect taxation of consumables and imports' in light of falling oil prices (Medani, 2009). This has been criticised for 'placing a burden on the general population and increasing poverty in the country' (ibid), and is not expected to compensate for a large proportion of the loss experienced from the fall in oil prices (Mohammed, 2009).

In the government's scramble to cut costs and raise revenues, at the start of this year 'state employees in the South went unpaid. In Khartoum, government doctors went on strike to protest missing

paychecks' (Sanders, 2009). Earlier this year 'the Sudanese presidency agreed to form a ministerial committee to study the repercussions from the global credit crisis' (Sudan Tribune, 2009). The committee includes ministers from the GoNU and the GoSS, particularly finance officials (ibid). However, any further activities or actions taken by this committee have yet to be publicised.

Government of Southern Sudan

The GoSS is reported to have been hit harder by the crisis than the GoNU owing to its higher dependency on oil revenues. According to one report, oil price drops have forced the GoSS 'to live on a quarter of the money it budgeted' (Sanders, 2009). This led to the introduction earlier this year of a 10% salary cut for GoSS senior officials, and the approval for the first time of income tax on Southern Sudan's citizens, who are among the poorest people in Africa (ibid).

As a result of its dire financial situation, and in contrast with the GoNU, the GoSS has developed more comprehensive response strategies to the food crisis with the assistance of its development partners, in particular the World Bank and UN agencies. The short-term response strategy focuses on the establishment of an 'an inter-ministerial Food and Nutrition Security Council (FNCS) to guide policy development; targeted safety net programs to meet basic needs; the enhancement of quick impact agricultural interventions to resource poor farmers; and the mitigation of the "domestic pass-through of global price rises" to ensure a consistent supply of imported foods in the future'¹³ (World Bank, 2008a). The mid- to long-term response endeavours to boost domestic food production and invigorate markets in Southern Sudan, including 'improving rural infrastructure and establishment of strategic food security reserves' and 'scaling-up and strengthening agricultural production systems' (ibid).

5.5.3 Agency responses

The WFP, UNICEF and FAO, together with NGO partners, are mounting an integrated response to the food gap aimed at meeting immediate needs and addressing some of the underlying causes of food insecurity and malnutrition. Agencies have scaled up their operations and redirected funding and emergency stocks. It has been estimated that to support the Sudanese government's response, however, the three UN agencies require an additional \$57.16 million (UNICEF MENA correspondence, 2009).

The WFP is struggling to fill the gap produced by the expulsion of agencies from North Sudan through its emergency operation programme and its country programme. Sudan is the WFP's largest operation in the world: in 2008 the agency provided food assistance to 5.9 million people in the country, including 3.8 million conflict-affected people in Darfur (WFP, 2009b). In June, the WFP began 'a second round of distributions of food rations using the local Food Relief Committees with the help of staff borrowed from expelled NGOs, as well as additional WFP international staff to enhance monitoring and accountability' (ibid).

The WFP operates in Darfur, the South, the East and the transitional 'Three Areas' (Abyei, Blue Nile and South Kordofan). The WFP supports the 2005 Comprehensive Peace Agreement (CPA), which ended the 21-year North-South civil war in Sudan, running programmes to assist returnees to reintegrate into their communities, build their livelihoods and plan for the future (ibid). In Southern Sudan, WFP recovery activities target 1.4 million people. The country programme focuses on strengthening recovery and development and targets 306,000 people; the two core components are school feeding and food for work.¹⁴ The first of these includes support around maternal and child nutrition; food for work has a specific emphasis on increasing the food security of women. However, owing to the current economic crisis, the WFP is not getting enough food aid. For example, in Akobo, where the agency is a key source

¹³ 'Measures being considered include: removal of multiple taxes on staple food trade, removal of import duties on some selected staple food, like wheat, among others' (World Bank, 2008a).

¹⁴ 'Through school feeding for 270,000, the Sudan Country Programme aims to improve access, quality and level of education for primary and secondary school children, particularly girls. The programme also makes it possible for poor families to gain and preserve assets through food-for-work activities targeting 36,000 people' (WFP, 2009b).

of food for locals, it 'has received some 83 percent of the food aid it requested in 2009 – 80,000MT out of 96,000MT' (IRIN, 2009b).

Alongside food aid responses, the WFP is currently working with local farmers to support local economic development. Consistent with its longstanding policy of promoting the purchase of food in the country where it operates, the WFP connects smallholder and low-income farmers to markets and creates incentives for them to supply food through the Purchase for Progress Initiative (WFP, 2009b).

UNICEF is working in all states of Darfur both to offer humanitarian assistance to women and children and to engage in community-level development initiatives. It has been specifically involved in addressing severe and moderate malnutrition in Darfur, and the activities it supported over the first six months of 2008 focused, *inter alia*, on providing nutritional supplies to over 20,000 children (Therapeutic and Supplementary Feeding Programmes) and vitamin supplements to over 1 million children under the age of five, and supporting the provision of water and sanitation (UNICEF, 2009a).

Throughout 2008, the FAO (2009b) aimed at providing vulnerable households with most immediate food security alongside improving livelihood prospects for the longer term. In the process of strengthening coordination across UN agencies and capacity building of governmental agencies relative to food security, major activities included distributing agricultural and fishing inputs, training, protecting livestock through vaccinations and natural resource management initiatives at the community level. In Darfur, key interventions specifically encompassed providing inputs such as seeds to returnees and training for essential animal care.

5.6 Yemen

Yemen is the poorest country in the Middle East, and the recent economic crisis came against a backdrop of longstanding challenges, which include widespread poverty, malnutrition, illiteracy, high levels of unemployment, natural disasters, conflict and insecurity. Yemen is expected to be among the countries in the region that will bear the worst burden of the crisis (UNDP, 2009b; WFP, 2008). According to the World Bank (2009k), the country's overall economic performance in 2008 was disappointing, and economic and political uncertainties will continue to cloud its mid-term prospects.

Yemen's economy is dominated by its declining oil resources, which represent 27% of GDP and 90% of merchandise exports (World Bank, 2009g). The fall in oil prices in 2008 has translated into a sharp decline in oil export government revenues: during the first two months of 2009 revenues were down by about 76% compared with the same period in 2008. Lower returns also restrained GDP growth to 2.7% in 2008 and increased the fiscal deficit by 3% of GDP (World Bank, 2009g; 2009k). The decline in oil revenues has also started to affect the country's foreign reserves, which had decreased to \$7521.8 million as of end-February 2009, compared with \$7845.3 million at end-January 2009 (World Bank, 2009k).

On the back of rising global commodity prices, especially food prices, inflation showed a marked increase in 2008, with the average inflation rate reaching 19% (compared with 8% in 2007) before starting to moderate towards the end of the year and in early 2009 (World Bank, 2009k). Yemen's high reliance on food imports – over 91% of wheat and 100% of rice is imported – to satisfy domestic demand makes it highly vulnerable to food price volatility (Reuters, 2009a; WFP, 2008). In 2008, foods like bread and potatoes more than doubled in price, and prices of wheat, rice oil and milk powder increased 60-80% (WFP, 2008). While food price hikes in 2009 have moderated since their 60% spike in 2007-2008, they have nevertheless remained high by historic standards. The combination of lower oil revenues, high dependence on food imports and decreasing foreign reserves (which are also used to purchase food in the open market), mean that the country is faced with an alarming deterioration in food security.

Yemen's relatively minor exposure to foreign banks and its small and underdeveloped financial market have meant a limited risk of contagion from the financial side of the global crisis (World Bank, 2009g). Nonetheless, Yemen remains exposed to real shocks such as lower FDI flows, lower remittances and even lower levels of official development assistance (ODA). The economic crisis is expected to lower FDI flows, which come mostly from other Gulf countries and tend to be concentrated in tourism, real estate and some manufacturing industries (World Bank, 2009k). Yemen has a large expatriate population working in the Gulf, and if the crisis deepens and more workers are laid off, the flow of remittances, currently above 5% of GDP, could be adversely affected (ibid). Despite being classified as a least-developed country, ODA accounts for a very small portion of Yemen's GDP compared with countries at the same development level and with other countries in the region (e.g. the OPT and Iraq), where high levels of assistance are driven by political factors. According to recent IMF projections, ODA is expected to drop even further, from 1.1% of GDP in 2008 to 0.7% in 2009 as a result of the global economic crisis (Behrendt et al., 2009a; IRIN, 2009c).

5.6.1 Impact on vulnerable groups

Around 35% of the Yemeni population lives below the poverty line, and food insecurity is widespread: one in three Yemenis is estimated to suffer from chronic hunger (IRIN, 2009c). The 60% spike in food prices during 2007-2008 has seriously affected the already impoverished and highly vulnerable population and has reduced standards of living throughout the country (WFP, 2008; World Bank, 2009k). World Bank estimates show that the doubling of wheat prices could reverse all gains in poverty reduction achieved between 1998 and 2005, and that higher food prices may have pushed an additional 6% of the population into poverty (IRIN, 2009c; World Bank, 2008b). A rapid assessment conducted by the WFP in 2008 in 15 governorates showed that, as a result of soaring food prices, the poor were spending between 50% and 70% of their income on food, with the highest expenses on food recorded in the Shabwah and Hadramout valleys, where the highest percentage of food insecure people are found (WFP, 2008). The sharp increase in the prices of imported cereals and the heavy reliance of the population on these staples have resulted in a rise in poverty and food insecurity in both rural and urban areas, but families in rural areas with little or no production appear to be the most food insecure. In addition, families that rely on remittances and pensions and female-headed households are considered more vulnerable. Around 97% of households indicated that since the rise in food prices they had not had enough money for food and other basic essentials; over 90% had to rely on less preferred and cheaper food and had reduced their meal sizes. Other reported response strategies include incurring debts, reducing health and education expenses and distress sales of assets.

Given their alarming pre-crisis situation, children under five are considered especially at risk in Yemen. According to the WFP, between the mid-1990s and 2005, 46% of children under five were underweight for their age, 60% were under height for their age and 30% of infants had low birth weight (WFP, 2008). According to the 2003 Family Health Survey (in WFP, 2008) which presents the latest available national nutritional data, the rates for stunting and underweight remained close to the rates reported for 1996-2005. In addition, 12% of children under five were found to be wasted and a quarter of women of reproductive age were malnourished. A significant proportion of children and women suffered from very low intake of essential micronutrients, including vitamin A, iron/folate and iodine, and up to 80% of children under six suffered from anaemia.

The nutritional status of women and children is estimated to have worsened since the recent rise in food prices, with a significant reduction in access to food, especially among households that were already food insecure prior to the crisis. The WFP's 2008 rapid assessment indicates that 'good sources of nutrients, such as animal foods, are being replaced by cheaper and non-nutrient food. This is expected to have significant impact on the already poor micronutrient status of young children and women of childbearing age'.

In terms of children's human capital development, some 18% of the households surveyed by the WFP confirmed that they had been compelled to take their children out of school, the main reason being the current economic situation and the inability to pay school fees. Absenteeism was higher in rural areas

where there is also a lack of school infrastructure, and it was especially high in the Shabwah and Hadramout valleys because of the lack of infrastructure and early marriage of girls.

Children who belong to the IDP population are at particular risk. Yemen is confronted by ‘simultaneous political and social crises made all the more serious by the global financial meltdown’ (ICG, 2009). Unrest in southern Yemen driven by secessionist goals, the long-running conflict in the northern governorate of Sa’ada between al-Houti rebel group and government forces and a series of natural disasters¹⁵ in recent years have all resulted into thousands of casualties, enormous destruction and forced displacement. Escalating clashes between rebel and government forces since the beginning of August 2009 in Sa’ada have prompted a new wave of forced displacement, with the total number of IDPs in the country estimated to be currently around 150,000 (IRIN, 2009c). Displaced communities living in IDP camps, and especially women and children, who make up 70% of IDP communities, are especially vulnerable and highly food insecure (ibid). Child labour, including begging, smuggling and garbage collection, was already widespread among displaced children in camps and in vulnerable IDP households in the capital. Malnutrition among IDP families, and especially among children under five, was also a serious concern: a survey conducted among 1500 households in 2008 showed that most displaced families were malnourished: among children under five severe malnutrition was at 3.8% and moderate malnutrition stood at 11.8% (IRIN, 2008a). The new wave of displacement generated by renewed violence in Sa’ada has taken place against a backdrop of rising poverty and growing food insecurity following the recent rise in food prices. Given the above evidence it may be deduced that the situation of the already highly vulnerable and food-insecure displaced families, in particular women and children, may have significantly worsened.

5.6.2 Government and agency responses

In Yemen, formal social safety nets are only recent in origin, having been established in 1996. The arrangements include ‘a social welfare fund; a fund to promote agriculture and fisheries production; a fund for social development; a public works project; a poverty alleviation and employment programme; a food security programme; and a special initiative for the southern governorates (UNDP, 2009a). In response to the economic crisis, Yemen has created a workfare programme building on an infrastructure-based social fund and is currently reforming and expanding its cash transfer programme (World Bank et al., 2009). However, in 2005 there were already concerns with regard to the effectiveness of the social welfare fund cash transfer programme and its targeting system: the fund reached only 13% of the poor and, of those who actually received the transfers, 70% were not in the target group (ibid). According to the 2008 WFP rapid assessment, around 32% of the surveyed households have received some type of in-cash/in-kind assistance during the past six months, and the most vulnerable areas – the Shabwah and Hadramout valleys – have received the highest level of money transfers from social safety nets. However, the same report points to poor targeting of social safety net programmes: for example, some of the poorer households (especially in urban areas) have not received assistance, while some of the richer households have. According to the report: ‘under-coverage might be due to the non-inclusion of the “newly needy”, yet to be addressed by the targeting systems’.

The Yemeni government has introduced a number of policies and actions specifically to mitigate the adverse effects of soaring food prices on the population. Short-term actions have included training bakeries to produce bread from mixed cereals, standardising the weight and size of bread loaves, plans to increase the number of beneficiaries of the social welfare fund to reach over 1 million and raising government and staff salaries by \$15 per month. Mid-term actions have included conducting studies on reducing prices and learning from other countries’ experiences – such as those of Egypt, which has removed import taxes on staples, increased the amount of assistance to beneficiaries, purchased local cereals from farmers and encouraged farmers to plant wheat. Planned long-term actions include a focus on reducing wheat and wheat flour imports, building government cereal silos to

¹⁵ Yemen is highly vulnerable to natural disasters, and especially prone to floods, landslides and earthquakes. In October 2008, floods in the South resulted in the displacement of up to 22,000 people, losses and damages of about 8% of GDP, with the poor of the Hadramout valley suffering the most (World Bank, 2009g; UNICEF, 2009c).

encourage more imports by the private sector, and encouraging the local production of wheat by supporting local farmers (WFP, 2008).

International agencies have also stepped up their operations to respond to the sharp increase in food prices. UNICEF focused its efforts on acutely malnourished children under five through the establishment of community therapeutic care centres (UNICEF, 2009c). In addition, UNICEF supported the Yemeni government in developing its Emergency Nutrition Action Plan mid-2008, which includes the establishment of 13 therapeutic feeding centres and offering in-patient care in main referral hospitals nationwide and outpatient therapeutic programmes in every district, with the prioritisation of areas experiencing emergencies, including Hadramout, al-Mahara and Sa'ada, as well as those with the highest severe acute malnutrition indicators (ibid).

In early 2009, the WFP launched its Emergency Operation (EMOP) to address growing food insecurity and mitigate the effects of high food prices on the poor. The WFP aimed to scale up its general food distribution assistance in selected districts, targeting the 54,000 poorest households with a monthly ration of 50kg of cereals for six months to help meet their food gap (WFP, 2009a). In addition, the agency planned to scale up its supplementary feeding programme to include nutrition interventions, using special food products fortified with micronutrients and minerals. The supplementary feeding programme targets 210,000 children aged 6-24 months, pregnant women and lactating mothers to prevent malnutrition and to treat moderate malnutrition in children under five. This intervention complements UNICEF programmes to treat severe malnutrition (ibid). In addition, the WFP continues to run its five years Food for Education (FFE) programme, which aims to promote girls' enrolment in school while helping to mitigate food insecurity: girls enrolled in schools and attending over 80% of class days are provided with take-home rations. However, in July 2009 the WFP issued an urgent appeal for \$23 million in financial support specifically targeted at women and children, saying that without increased support to its operations the FFE programme would be particularly at risk (AFP, 2009).

6. Policy responses

There is a general consensus that, to date, apart from the implementation of monetary and financial policies, both oil-rich and non-oil rich economies in the MENA region appear to have neglected the social implications of the economic crisis, in turn largely sidelining the formulation and implementation of comprehensive social policies in their responses. Despite the rollout of substantial rescue packages, through which GCC countries have tried to mitigate the adverse effects of the crisis, their responses have been criticised for being ‘partial, focused on only a few sectors, lacking in transparency, exclusively designed by governments with minimum engagement from the private sector and lacking long-term vision’ (Saif and Chochair, 2009b). In Egypt, Yemen, Lebanon and Syria, policy responses ‘lack a clear vision and are highly arbitrary in setting benchmarks to define priority sectors for aid’ (ibid). In some countries, policies and rescue packages have been promised, but relatively few have materialised. When policies have been implemented, they have often lacked clear vision and have been driven by selected pressure groups. There is also concern that some governments have denied the existence of a crisis (Yemen), not dealt with the crisis with the needed sense of urgency (Yemen, Jordan) or initiated policies dominated by political rather than social calculations (Egypt). All countries in the region have disregarded the informal sector in their policy responses, despite its substantial contribution to their economies.

It is important to contextualise this discussion with a brief overview of pre-crisis social sector infrastructure development. Even during the period of economic growth¹⁶ that the region experienced in the years preceding the economic crisis, wealth and growth surpluses were not systematically channelled into building strong industrial, infrastructural and human skills bases (Behrendt et al, 2009a). Crucially, Arab countries have long been characterised by a disjunction between levels of material wealth and human development (UNDP, 2009a). During years of growth, governments did not invest substantially in building social protection programmes/social safety nets, which means that MENA countries entered the economic crisis with already inadequate social protection systems. In addition, as the following discussion highlights, food subsidies appear to be the most important pre- and post-crisis social protection mechanism promoted by Arab governments. We will discuss three broad clusters of responses based on available information: fiscal stimulus packages; food-related measures; and broader social protection interventions.

6.1 Fiscal stimulus package

Fiscal stimulus packages have been the response to the crisis favoured by the governments of many developed and developing countries. Three good examples in the MENA region include Egypt, Morocco and Saudi Arabia. In 2009, the Egyptian government launched an economic stimulus package valued at LE15 billion, (\$2.73 billion), equivalent to about 1.5% of GDP, geared towards job-creation infrastructure investment.¹⁷ The Moroccan government announced an emergency plan designed to protect the export sector by giving preferential access to credit and marketing and safeguarding workers’ salaries in select companies dealing in traditional exports (Achy, 2009). Similarly, Saudi Arabia implemented the largest fiscal stimulus package among G-20 nations for 2009-2010 and announced a \$400 billion investment plan to be rolled out over five years (IMF, 2009c). The 2009 budget projected expenditures of \$126 million, which represents a 15% increase over the original figure for fiscal year 2008. A large portion of these expenditures has gone ‘toward subsidising the price of basic goods, increasing public wages, enhancing education and health services, and investing further in agricultural and other projects that will generate job opportunities for the citizens’ (ibid).

¹⁶ In economic terms, growth was problematic as it was driven by oil revenues, real estate investments tourism and foreign assistance, rather than by productive activity. In addition, many GCC countries (Saudi Arabia in particular) have not invested in diversifying their economies, which means that they are highly vulnerable to oil shocks.

¹⁷ LE9.9 billion was allocated for budget sector investments, mainly in water and sewage and infrastructure; LE0.6 billion for improving railways and airports; LE2.8 billion for export promotion, infrastructure for internal trade and support to industrial zones; and LE1.7 billion for custom tariff reductions (EU, 2009; World Bank, 2009b).

6.2 Food-related measures

A wide range of food-related responses can be identified among countries in the region.

6.2.1 Import tariffs on food

Several governments have sought to reduce import tariffs on food items in order to stabilise prices. Egypt has reduced import tariffs on food items by 6.5%, and Morocco has cut wheat import tariffs to their lowest level ever. There is also evidence that the Moroccan government is considering privatising soft wheat imports and providing state subsidies to importers purchasing above a certain benchmark price (Financial Times, 2009). Saudi Arabia has eliminated its wheat tariff (from 25% to zero) and cut tariffs on poultry, dairy, produce and vegetable oils (Beattie, 2008). In order to secure more food stock, Saudi Arabia, one of the major importers of rice in the Middle East, has issued directives to increase import stock by 50% in 2008, which represents six to eight months of national consumption requirements (Demeke et al., 2009). In Sudan, the World Bank has reported that the GoSS was considering removing import duties on selected staple food items such as wheat, although further details are not available (World Bank, 2008a).

6.2.2 Export tariffs on food

In order to protect consumers, export tariffs on some food stuffs have also been imposed. Egypt imposed an export duty on rice before entirely banning rice exports in April 2008 until further notice, resulting in an intended reduction in domestic consumer prices (Viatte et al., 2009). Likewise, Jordan's response to rising food prices was to ban the export of eggs and some types of vegetables and fruits and to exempt 13 basic commodities, energy-saving products and agricultural inputs from taxes and duties (FAO, 2008; Janjua, 2008; Jaradat, 2008).

6.2.3 Increase food supplies

Other efforts to increase food security have included measures to increase food supplies through investment in international agricultural production. Saudi Arabia recently invested \$800m in a new public company, the Saudi Company for Agricultural Investment and Animal Production, which will invest in overseas agricultural projects (England and Blas, 2009). This strategy is aimed at importing cereals grown abroad to satisfy domestic demand rather than producing locally.

6.2.4 Price controls

Price controls as a response to rising food prices are another mechanism favoured by some governments in the region. For example, Jordan has provided subsidies to encourage local farmers to grow wheat and barley, and has fixed the price of bread. It has also eliminated profit margins on basic commodities sold in military and civil cooperatives controlled by the government. Meanwhile, in 2008 Egypt ordered the national army to run some industrial bakeries in order to produce bread at affordable prices. The GoE also expanded its longstanding food subsidy programme to cover an additional 15 million people, bringing the total number of beneficiaries to 63 million, versus the pre-crisis number of 45 million – the programme now reaches about 80% of the population. The total cost of food subsidies rose from LE9.4 billion in 2006-2007 (\$1.71 billion) to LE16.5 billion in 2007-2008 (\$3 billion), equivalent to 1.8% of 2007-2008 GDP. In addition, Egypt has increased the quantities of already subsidised food items available. It must be noted, however, that the World Bank has criticised the Egyptian system of food subsidies on the premise that it is ineffective and costly and that a substantial proportion of the subsidies is not pro-poor (World Bank et al., 2009).

6.2.5 Food aid/food transfers

In Yemen, widespread poverty and food insecurity have led the WFP to scale up its general food distribution assistance in selected districts, targeting the 54,000 poorest households with a monthly ration of 50kg of cereals for six months in order to help bridge their food gap (WFP, 2009a). In addition,

the WFP plans to scale up its supplementary feeding programme to include nutrition interventions via special food products fortified with micronutrients and minerals for 210,000 children (6-24 months old), pregnant women and lactating mothers to prevent malnutrition and aims to treat moderate malnutrition in under five year olds. This intervention complements UNICEF programmes to treat severe malnutrition (ibid).

6.2.6 School feeding

Yemen is also the only country for which information on school feeding as a response to the crisis emerged. The FFE programme, which aims to promote girls' enrolment in school, helps to mitigate food insecurity by requiring that girls enrolled in schools attend more than 80% of class days in order to receive take-home rations. Although the WFP has been running the FFE programme in Yemen for the past five years, in July 2009 it issued an urgent appeal for \$23 million in financial support specifically targeting women and children, indicating that without increased support to its operations, the FFE programme would be particularly at risk (AFP, 2009).

6.3 Broader social protection measures

Overall, although many MENA countries have developed extensive social protection systems, they often suffer from institutional capacity gaps and inefficient resource allocation (World Bank, 2002). These pre-existing conditions have to be borne in mind when assessing the ability of formal social protection mechanisms to adequately cushion vulnerable groups from crisis situations. Here, however, we focus specifically on new or expanded measures introduced by governments in response to emerging vulnerabilities.

6.3.1 Income supplements

A number of governments have sought to respond to rising inflation and unemployment by providing income supplements to mainly public but also some private sector employees. For instance, Egyptian authorities raised public sector basic wages by 30% and pensions by 20% for 2009 – a range of price and tax increases covered the cost of these measures, estimated at LE14.4 billion (\$2.6 billion) (Viatte et al., 2009). Similarly, Yemen plans to increase government and staff salaries by YR3000 (\$15 monthly, totalling about \$120 million) (WFP, 2008). Meanwhile, in response to rising unemployment amid the economic slowdown, the GoSA through the government-run Human Resources Development Fund recently offered private firms an advance of half of the first annual salary of Saudi citizens newly hired by private firms – it previously paid 50% of the first annual salary only after the completion of the first year (Reuters, 2009b).

To protect vulnerable groups among its population, Jordan's 2008 budget included compensatory measures (having removed fuel subsidies in February 2008) estimated at \$552 million, equivalent to approximately 4.3% of GDP (Jaradat, 2008). These funds have been allocated for a range of social protection measures, in particular to: increase the salaries of public sector employees, civil servants and military and security agency personnel; expand social safety net transfers including direct cash payment to non-government workers or pensioners who have average per family income of less than \$1400 per year; and increase payments to beneficiaries of the NAF, which was already primarily targeting widows and orphan (Jaradat, 2008; Janjua, 2008).

However, these types of measures have not been possible in all MENA countries. In Sudan, the government has responded to the crisis very differently: as a cost-cutting measure, the GoNU has discontinued payment of state employees, leading government doctors in Khartoum to go on strike to protest missing pay cheques (Sanders, 2009). In the same vein, the GoSS has resorted to a 10% salary cut for senior officials.

6.3.2 Cash transfers

Several governments in the region have also increased the coverage of cash transfer payments to vulnerable groups. Yemen has doubled its cash transfer payments under the Social Welfare Fund (SWF), which had remained unchanged since 2001, to YR4000 (\$20) per month at an annual cost of approximately \$132 million and a release of 50% of 'approved' pension payments. Indeed, according to the 2008 WFP rapid assessment, around 32% of surveyed households had received some type of in-cash/in-kind assistance over the past six months, with the most vulnerable areas – the Shabwah and Hadramout valleys – receiving the highest level of cash transfers from social safety nets. However, the same report points to poor targeting of the social safety nets programme: for example, some poorer households (especially in urban areas) have not received assistance while some richer households have. In Oman, cash grants were expanded to an additional 50,000 cases among 'vulnerable groups' in August 2008 at a cost of \$7.28 million, while in September 2008 Morocco introduced a pilot conditional cash transfer scheme with the objective of reducing dropout rates in rural primary schools (World Bank, 2009e).

6.3.3 Cash for work

'Cash for work' programmes as a response to the crisis have been limited, although Yemen has implemented such a programme via its Social Fund for Development (SFD), which secured a \$10 million grant from the World Bank to finance cash payments to the needy for community-based, labour-intensive work.

6.3.4 Support packages for refugees and IDPs

Support for refugees and IDPs in the region appears to be limited owing to funding constraints. For instance, to mitigate the adverse impacts of the economic crisis, Jordan has predominantly targeted its own citizens, while refugees (Iraqis or even the most vulnerable Palestinians) have not received a similar level of support. However, the government has extended food ration distributions to approximately 70,000 Palestinian refugee children enrolled in UNRWA schools in response to soaring food prices. At the same time, unable to meet its funding needs to support Iraqi refugees in Jordan, UNHCR has been forced to reduce the caloric content of food packages to Iraqi refugees. In Sudan, rising food and fuel prices have made return more challenging for IDPs and refugees and delayed the provision of services and assistance essential to underpin their reintegration in the areas of origin.

Table 1: Summary of governmental and interagency responses to the social impacts of the crisis – general and child-specific measures

	Fiscal stimulus package	Import tariffs on food	Export tariffs on food	Increase food supplies	Price controls	Food aid/ food transfers	School feeding	Income supplements	Cash transfer	Cash for work	Support packages for refugees	Food for work	Nutritional supplements for children
Egypt	2009 economic stimulus of LE15 billion (1.5% of GDP).	6.5% reduction in import tariffs on food items.	Imposed export duty on rice before entirely banning rice exports in April 2008 (to reduce domestic consumer prices).	X	Expansion of food subsidy programme (additional 15 million people, total = 63 million, i.e. 80% of population). Cost of subsidies 1.8% of GDP in 2007/08. Ordered national army to run some industrial bakeries to produce bread at affordable prices.	X	X	Increase in salaries for civil servants by 30% and announced 20% increase in pensions for 2009.	X	X	X	X	X
Jordan	X	X	Ban on export of eggs and some types of vegetables and fruit and exempting 13 basic commodities, energy-saving products and agricultural inputs from taxes and duties.		1) Fixed price of bread, maintaining subsidised barley price until 2009; 2) profit margins on basic commodities sold in military and civil cooperatives controlled by government eliminated. Increased price of subsidised barley last year; now plans to end barley subsidy. Next year, it may raise the price of subsidised wheat.	X	X	1) Government compensatory measures – increase salaries of public sector employees, civil servant workers, military and security agencies personnel; cash payments to non-government workers or pensioners who have average per family income less than \$1400 pa; 2) increase payments to beneficiaries of the NAF, which was already targeting mainly widows and orphans.	X	X	Limited. Government food ration distributions to Palestinian refugee children (around 70,000) enrolled in UNRWA schools. Reduction in caloric content of food packages to Iraqi refugees.	X	X

	Fiscal stimulus package	Import tariffs on food	Export tariffs on food	Increase food supplies	Price controls	Food aid/ food transfers	School feeding	Income supplements	Cash transfer	Cash for work	Support packages for refugees	Food for work	Nutritional supplements for children
Morocco	Emergency Plan to protect export sector through preferential access to credit, marketing and safeguarded salaries – workers in select companies involved in traditional exports.	Wheat import tariffs cut to lowest level ever. Government considering privatising soft wheat imports and providing state subsidies to importers purchasing above a certain benchmark price.	X	X	X	X	X	X	X	X	X	X	X
Saudi Arabia	Largest among G-20 countries – \$400 billion.	1) Elimination of wheat tariff and tariffs on poultry, dairy, produce and vegetable oils; 2) directive to rice importers to increase import stock by 50%. Wheat tariff slashed from 25% to zero.	X	Investment (\$800 million) in Saudi Company for Agricultural Investment and Animal Production – invest in overseas agricultural products, import cereals, satisfy domestic demand.	X	X	X	Through 'HR Development Fund', Saudi govt advances payment of half of the first annual salary of Saudis who are newly hired by private firms	X	X	X	X	X
Sudan	X	GoSS removal of 1) multiple taxes on staple food trade; 2) import duties on some selected staple foods such as wheat.	X	X	X	X	X	Govt of National Unity - Non-payment of state employees (government doctors and other officials in various sectors missing pay cheques) Govt of South Sudan - 10% salary cut for senior officials	X	X	X	X	X

Yemen	X	X	X	X	X	WFP scale-up of food distribution.	WFP continuing FFE programme: take-home rations to girls enrolled with over 80% class attendance.	Plans to increase government and staff salaries by US\$15 ↑ Civil service wages by YR3,000 (US\$ 15) (total cost of about US\$ 120m.)	1) Doubled cash transfer payments under the SWF to YR4,000 (\$20) per month; 2) release of 50% of 'approved' pension payments.	\$10 million grant obtained from World Bank for cash payments to needy for community-based, labour-intensive work, using the SFD as a funding mechanism.	X	X	X
Oman	X	X	X	X	X	X	X	X	Grants of 2.8 million rial (\$7.28 million) extended to 50,000 cases of vulnerable groups through social protection scheme.	X	X	X	X

7. Conclusions and policy implications

Overall, our findings highlight the pressing need for greater analytical and policy attention to address both the immediate effects of the crisis on especially vulnerable groups, including some groups of children and caregivers, as well as the more mid-term impacts of the crisis, which could affect a considerably broader swathe of the population. Our desktop review suggests that, in general, there appears to be substantially less information and analysis on the age- and gender-specific impacts of economic crises (past and present) than in other regional contexts, with the possible exception of Yemen, where the greater presence of international humanitarian agencies (e.g. FAO, UNICEF) engaged in ongoing food insecurity, vulnerability and emergency monitoring work appears to have partially plugged this gap.

The key policy implications of our findings are as follows:

1. In those countries with pre-existing high levels of poverty, insecurity, violence and governance failure (i.e. Sudan and Yemen but also Djibouti), children and women have been seriously affected by the economic crisis and there is an urgent need for the international community to help support the funding shortfall so as to address the immediate needs of these populations.
2. Children and women in refugee populations and IDPs are especially vulnerable and immediate measures are needed to make up the shortfall in funding that humanitarian organisations such as the WFP and UNHCR are facing to ensure that adequate nutrition and basic health can be maintained.
3. Migrant workers are another vulnerable group meriting particular attention – remittance flows are significant in a number of countries in the region and are already facing sharp downward spikes. What we do not know is how these declines impact children in the migrants' countries of origin. Research on this topic is urgently needed as this is not a problem contained within national borders. The deteriorating working conditions to which migrant workers are exposed also need monitoring as, even if remittances are maintained, these flows may not be sustainable if conditions become abusive and dangerous.
4. Very little information is available on the impacts of the crisis on children's right to protection from abuse, violence and neglect. UNICEF should urgently undertake this type of analysis, given that research from past crises has highlighted increased child protection deprivations, including involvement in harmful forms of child labour, increased vulnerability to sexual violence and commercial sex work and abandonment of some children.
5. Although all of the snapshot countries we considered have undertaken various policy responses to the crisis, few of these responses were child or gender sensitive in design, and they appear to have been implemented based on the assumption that tackling household poverty and vulnerability will help protect all citizens. However, ample research evidence suggests that this is not always the case, given unequal intra-household resource allocations. Accordingly, discussing age- and gender-sensitive policy recommendations with government partners appears to be an urgent priority so that measures can be targeted effectively and scarce resources optimally utilised. These could include investment in and rapid release of real-time monitoring findings (e.g. we are aware that Egypt has started to invest in such monitoring but data from April/May this year were not available for inclusion in this report, thereby suggesting that timely decision making is hampered); greater investment in nutritional supplementation for both pre-school and school-age children; sensitisation of protection-related social services that women and children can turn to in case family violence is exacerbated in the context of the crisis; introduction of education and health service fee waivers for the poorest to ensure them continued access to services; etc.
6. Given the overall decline in health sector spending in the region over the past decade, particular attention should be paid to ensuring that further expenditure cuts are not made, and that spending is instead maintained or increased to cushion families suffering from declining

incomes from resorting to negative coping strategies, such as self-diagnosis of health care needs or waiting too long to seek medical attention owing to cost implications.

7. For the oil-rich group of countries in the region in particular, but also for non-oil rich countries (e.g. Jordan, Egypt) that have experienced positive economic growth in recent years, the crisis could usefully be framed as an ‘opportunity’. While oil revenues may enable governments to protect social sector spending in this instance, governments would be well advised to monitor the extent to which existing safety nets and services provide vulnerable families with adequate support in the context of crisis, and to invest in strengthening social protection and basic service infrastructure so as to provide more sustainable mechanisms in the mid to long term. Importantly, in these countries, growth to date has been neither pro-poor nor pro-youth. Albeit for different reasons, growth in Saudi Arabia, Jordan and Egypt, for example, did not translate into the expansion of job opportunities for young people (and especially for young women) during the years preceding the economic crisis. This points to the fact that the recent crisis has exacerbated existing structural problems, such as unemployment, in these countries. In addition, in a number of countries (e.g. Yemen, Egypt), social protection mechanisms were already poor/problematic before the crisis (e.g. poor targeting mechanisms). This highlights the need for meaningful efforts, by both governments and international partners, to leverage the increased global and regional spotlight on poverty and vulnerability to support pro-poor growth and improve and strengthen social protection mechanisms.
8. There is an urgent need to invest in real-time monitoring of impacts on women and children – much of the available data and analysis on impacts is neither age nor sex disaggregated, making it difficult to understand the impacts on children and on different groups of children (e.g. refugees, girls, boys, children with disabilities, etc). However, our knowledge of other crises suggests that children are generally among the hardest hit. Moreover, although macroeconomic indicators may improve more quickly, the impacts on the ground generally experience a lag, both in terms of the onset of impacts and in terms of recovery. Hence, it is still opportune to monitor the impacts. This will also provide invaluable data on the robustness of existing formal and informal social protection mechanisms in supporting families to cope with the impacts of the global downturn.
9. Information on international agency and NGO responses to the crisis is by and large sparse for the region. This suggests that efforts should be made to strengthen knowledge management systems so as to facilitate learning within and across countries, as well as to enhance coordination efforts among non-governmental agencies. Such synergies are especially critical when resources are scarce.

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Appendix 1: Level of economic integration and external dependence of MENA countries

Level of integration and external dependence: a) macroeconomic indicators; and b) capacity to respond

The first two columns show an average value of each component between 1990-1994 and 2000-2004, and the third column shows the difference between the two. All values are measured in % of GDP unless otherwise stated. A decrease in the value is highlighted in red.

	Aid			Exports			Imports			FDI			Remittances		
	1990-1994	2000-2004		1990-1994	2000-2004		1990-1994	2000-2004		1990-1994	2000-2004		1990-1994	2000-2004	
Algeria	0.5	0.4	-0.1	24.4	38.2	13.7	24.3	23.6	-0.7	0.0	1.3	1.3	2.4	2.0	-0.4
Bahrain	1.8	0.6	-1.2	90.0	85.5	-4.5	88.3	65.5	-22.8	5.2	4.2	-0.9			0.0
Djibouti	24.3	11.1	-13.2	47.6	37.6	-10.1	70.7	48.6	-22.1	0.4	2.0	1.6	3.2	3.8	0.6
Egypt	9.1	1.4	-7.7	24.9	20.4	-4.5	31.5	24.4	-7.2	1.4	0.9	-0.5	10.9	3.4	-7.6
Iran (Islamic Republic of)	0.2	0.1	-0.1	20.4	25.2	4.9	22.4	22.1	-0.3	0.0	0.2	0.2	2.1	0.7	-1.5
Iraq	0.1		-0.1			0.0			0.0			0.0			0.0
Jordan	13.7	6.8	-6.9	54.0	46.2	-7.8	81.5	70.6	-10.9	0.2	4.9	4.7	15.0	21.7	6.7
Kuwait	0.0	0.0	0.0	40.2	52.3	12.1	64.9	33.8	-31.1	0.0	-0.1	-0.1			0.0
Lebanon	3.2	1.5	-1.6	12.0	16.4	4.4	78.6	38.6	-40.0	0.2	9.1	8.9	38.5	17.3	-21.3
Libyan Arab Jamahiriya		0.0	0.0	31.9	37.6	5.8	29.0	23.5	-5.5	0.2	0.5	0.3		0.0	0.0
Morocco	3.4	1.2	-2.2	25.3	29.1	3.8	30.9	32.7	1.8	1.4	1.4	0.1	7.2	7.3	0.1
Occupied Palestinian Territories	14.4	28.6	14.2	14.6	15.3	0.6	72.3	70.3	-1.9			0.0	17.2	14.5	-2.7
Oman	0.4	0.2	-0.2	44.2	57.5	13.3	34.1	37.1	2.9	1.0	0.3	-0.7	0.3	0.2	-0.1
Qatar	0.0		0.0	44.9	63.9	19.0	33.8	27.2	-6.6			0.0			0.0
Saudi Arabia	0.0	0.0	0.0	37.5	44.7	7.2	32.9	24.6	-8.3	0.6	-0.3	-0.9			0.0
Sudan	6.7	2.9	-3.8	4.3	14.8	10.5	10.1	19.7	9.6	0.1	5.4	5.3	0.9	6.1	5.3
Syrian Arab Republic	3.9	0.6	-3.3	28.0	36.2	8.2	36.8	30.9	-5.8	0.9	0.9	0.0	3.6	2.0	-1.6
Tunisia	2.2	1.4	-0.8	41.8	45.6	3.9	47.6	49.5	1.9	2.3	2.9	0.6	3.8	4.8	1.0
United Arab Emirates	0.0	0.0	0.0	70.1	77.6	7.4	56.0	64.2	8.2			0.0			0.0
Yemen	6.2	3.7	-2.5	25.6	39.0	13.4	45.9	39.3	-6.7	6.8	0.6	-6.2	23.5	12.2	-11.3
MENA	2.9	1.3	-1.6	25.3	28.4	3.1	32.6	28.7	-3.9	0.8	1.3	0.5	7.3	3.9	-3.4

	Central government debt			Current account balance			External debt stocks			Total reserves (months of imports)			Food imports (% of total imports)		
	1990-1994	2000-2004		1990-1994	2000-2004		1990-1994	2000-2004		1990-1994	2000-2004		1990-1994	2000-2004	
Algeria	68.9	55.2	-13.6	3.7		-3.7	60.1	39.2	-21.0	3.3		-3.3	27.7	24.7	-3.0
Bahrain	16.7	32.7	15.9	-8.0	3.8	11.8			0.0	2.2	2.3	0.1	14.3	10.0	-4.2
Djibouti			0.0	1.4	2.1	0.6	50.0	51.8	1.9	3.3	3.3	0.0	28.9		-28.9
Egypt			0.0	5.6	1.8	-3.8	74.5	32.8	-41.7	7.1	7.6	0.5	27.5	25.3	-2.3
Iran (Islamic Republic of)			0.0	0.2	12.3	12.1	27.3	9.1	-18.2			0.0		12.9	12.9
Iraq			0.0			0.0			0.0			0.0			0.0
Jordan	132.5	89.5	-43.0	-9.7	3.9	13.6	180.9	80.1	-100.9	3.9	7.0	3.2	23.2	18.1	-5.1
Kuwait			0.0	-39.6	24.8	64.5			0.0	4.9	7.6	2.7	14.7	16.4	1.7
Lebanon			0.0		-22.5	-22.5	30.7	86.1	55.4		11.0	11.0		17.4	17.4
Libyan Arab Jamahiriya			0.0	1.3	12.5	11.1			0.0	9.2	24.9	15.7	23.8	16.9	-6.9
Morocco		56.5	56.5	-1.6	2.3	3.9	86.5	44.3	-42.2	4.3	8.0	3.7	13.2	12.8	-0.4

Occupied Palestinian Territories			0.0			0.0			0.0			0.0			0.0
Oman	26.7	19.5	-7.3	-2.7	9.2	11.9			0.0	5.1	4.0	-1.1	19.2	16.9	-2.3
Qatar			0.0			0.0			0.0			0.0	15.7	10.5	-5.2
Saudi Arabia			0.0	-11.7	10.6	22.2			0.0	2.6	6.2	3.6	12.4	16.0	3.6
Sudan			0.0	-5.1	-4.7	0.4	174.8	115.6	-59.2	0.4	1.2	0.8	17.1	18.1	1.0
Syrian Arab Republic			0.0	2.2	4.7	2.6		118.5	118.5			0.0	25.0	16.7	-8.4
Tunisia	57.9	61.3	3.5	-5.4	-3.4	2.0	63.4	71.3	7.9	1.7	2.5	0.9	9.0	8.8	-0.3
United Arab Emirates			0.0			0.0			0.0			0.0	16.0	8.7	-7.3
Yemen			0.0	-7.1	5.9	13.0	141.0	54.3	-86.7	1.5	10.2	8.7	27.1	29.4	2.3
MENA			0.0			0.0	60.5	33.6	-26.9			0.0		17.5	17.5

Source: World Bank World Development Index.

This table treats the estimated 2008 values for each indicator as an anchor (i.e. 100) and compares the forecasted values. Values that are below the 2008 level, i.e. that are less than 100, are highlighted in red.

	GDP (% real change)											Private consumption (% real change)										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Algeria	100	97	129	117	134	146	154	169	177	183	186	100	84	81	66	46	46	95	135	159	168	166
Bahrain	100	46	62	76	87	86	46	87	68	71	73	100	39	47	88	92	98	23	135	78	84	86
Egypt	100	63	54	78	95	101	88	84	81	80	78	100	126	101	106	127	133	140	152	157	159	157
Iran	100	8	45	54	63	58	75	74	72	71	69	100	36	39	47	56	53	95	93	95	98	100
Iraq	100	74	79																			
Israel	100	-27	37	67	94	84	82	87	87	89	89	100	8	39	59	83	98	65	59	49	49	52
Jordan	100	55	54	71	84	80	84	88	91	93	93	100	71	66	105	108	108	84	68	63	61	66
Kuwait	100	-8	52	61	65	61	60	78	89	96	99	100	50	56	67	78	72	103	159	186	192	186
Lebanon	100	38	52									100	35	56								
Libya	100	63	87	92	102	98	73	54	41	32	25	100	87	93	89	100	100	80	63	49	39	30
Morocco	100	36	49	65	80	70	73	68	65	68	70	100	46	36	45	51	50	64	65	65	70	70
Oman	100	41	61									100	51	59								
Qatar	100	66	178	69	36	27	28	37	50	54	56	100	16	33	47	48	46	47	74	105	107	102
Saudi Arabia	100	-24	79	83	88	93	83	76	74	69	69	100	42	69	83	88	90	200	252	281	285	277
Sudan	100	50	73									100	60	62								
Syrian Arab Republic	100	39	75									100	37	66								
Tunisia	100	16	41	66	84	89	93	98	100	102	102	100	64	78	60	89	100	122	127	129	127	124
United Arab Emirates	100	-54	55	74	93	85	74	66	59	55	52											
Yemen	100	119	156									100	85	97								

	Exports of goods and services (% real change)											Imports of goods and services (% real change)											Recorded unemployment (%)					
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2008	2009	2010	2011	2012	2013
Algeria	100	74	230	196	330	404	322	270	239	226	222	100	81	89	87	97	109	96	88	82	79	77	100	96	90	82	73	59
Bahrain	100	22	38	43	45	45	39	40	39	39	38	100	22	37	44	47	44	44	42	41	40	39						
Egypt	100	4.9	9.7	27	51	62	44	33	27	23	21	100	32	31	41	63	75	56	44	37	33	30	100	115	119	120	114	105
Iran	100	-100	20	65	75	50	140	208	250	270	278	100	69	67	78	78	67	126	161	177	181	179	100	103	106	113	120	120
Iraq																												
Israel	100	-228	52	130	192	205	218	225	225	225	222	100	-201	145	150	212	274	289	294	300	300	300	100	133	139	139	138	128
Jordan	100	-28	9.7	42	72	69	78	83	88	90	92	100	-38	1.8	51	76	80	71	67	67	69	73	100	106	107	103	97	94

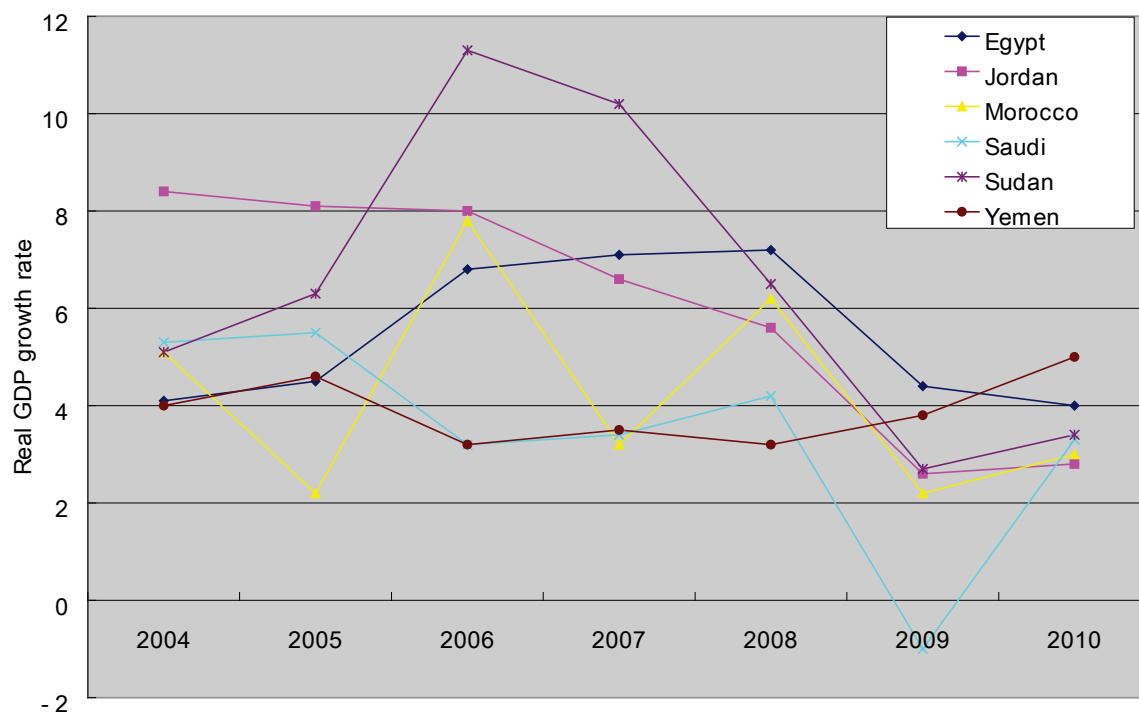
Kuwait	100	-100	25	31	25	28	21	18	16	18	20		100	64	71	100	129	107	163	194	207	209	203							
Lebanon	100	31	62										100	28	62															
Libya	100	-167	107	167	200	200	167	140	123	113	107		100	53	110	110	127	127	103	85	71	62	55							
Morocco	100	747	-140	-411	-514	-560	-560	-551	-551	-542	-542		100	12	34	46	55	62	63	64	64	64	64		100	101	105	103	101	98
Oman	100	130	200										100	94	98															
Qatar	100	125	282	73	28	0.8	16	27	36	40	43		100	24	52	16	33	14	62	93	107	109	105		100	125	125	100	75	75
Saudi Arabia	100	-172	34	43	52	53	72	86	97	103	107		100	30	50	52	52	50	98	128	142	144	139		100	99	102	102	100	99
Sudan	100	-214	414										100	-600	185															
Syrian Arab Republic	100	-333	317										100	-143	114										100	107	113			
Tunisia	100	-98	13	75	85	85	95	103	110	115	120		100	16	105	81	102	119	140	149	151	149	144		100	111	118	116	109	102
United Arab Emirates																														
Yemen	100	-283	-521										100	-28	8.7															

	Budget balance (% of GDP)							Exchange rate LCU:US\$ (average)											Public debt (% of GDP)						
	2008	2009	2010	2011	2012	2013		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		2008	2009	2010	2011	2012	2013
Algeria	100	-46	-22	-16	2.2	18		100	112	109	109	106	103	106	109	113	116	120		100	140	129	117	84	47
Bahrain	100	-11	-17	-16	17	31		100	100	100	100	100	100	100	100	100	100	100		100	106	100	97	91	87
Egypt	100	101	125	107	96	85		100	104	103	103	102	102	104	106	108	109	111		100	93	98	95	91	86
Iran	100	137	83	71	63	46		100	105	107	108	108	109	118	127	137	147	158		100	98	92	84	76	68
Iraq	100	-133	-51					100	98	98															
Israel	100	268	292	235	193	136		100	112	111	112	111	110	110	111	112	112	113		100	110	115	115	112	108
Jordan	100	114	116	112	107	104		100	100	100	100	100	100	101	102	103	105	106		100	109	114	119	123	126
Kuwait	100	25	38	37	50	56		100	105	107	103	102	102	107	110	111	111	110		100	116	96	89	76	68
Lebanon	100	112	108					100	100	100										100	99	96			
Libya	100	-11	21	-1.2	8.9	4.3		100	103	102	101	100	98	105	113	122	132	142		100	159	126	128	113	103
Morocco	100	-281	-357	-408	-485	-306		100	106	104	103	104	104	104	105	106	107	108		100	98	94	90	87	86
Oman	100	58	142					100	100	100										100	100	89			
Qatar	100	29	66	86	119	128		100	100	100	100	100	100	100	100	100	100	100		100	137	88	63	45	41
Saudi Arabia	100	-0.9	8.9	-1.2	17	17		100	100	100	100	100	100	102	105	109	113	118		100	115	86	90	84	78
Sudan	100	221	71					100	114	121										100	112	102			
Syrian Arab Republic	100	333	179					100	102	103										100	126	127			
Tunisia	100	185	124	103	74	65		100	110	105	104	102	100	99	99	98	98	97		100	112	117	118	116	113
United Arab Emirates	100	-2.2	14	4.4	21	19		100	100	100	100	100	100	100	100	100	100	100		100	117	106	90	72	59
Yemen	100	287	228					100	102	108										100	141	157			

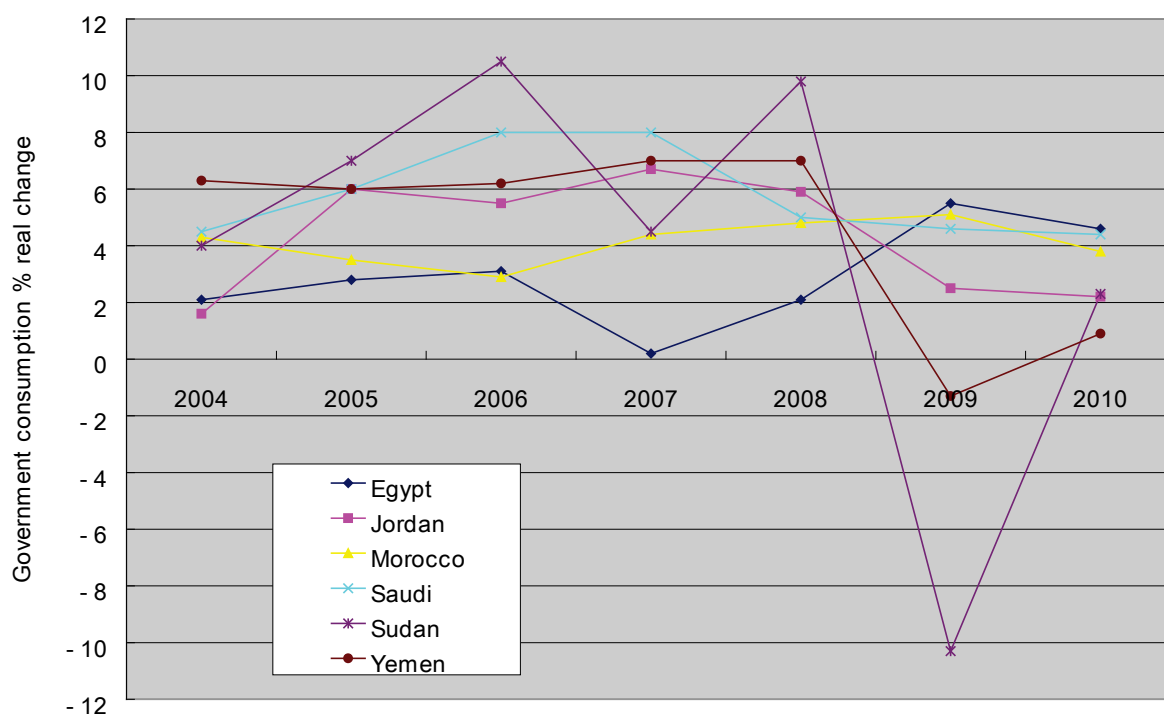
Source: EIU.

Annual estimates and forecasts from the EIU (2008-2010)

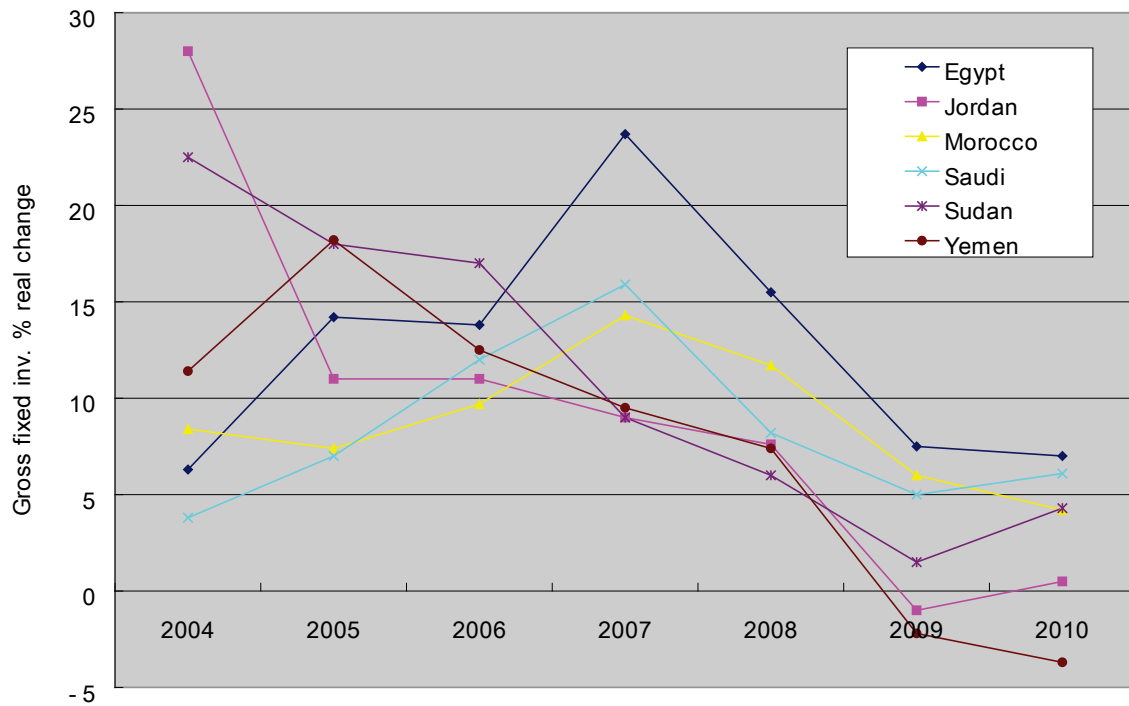
i) Real GDP growth (%)



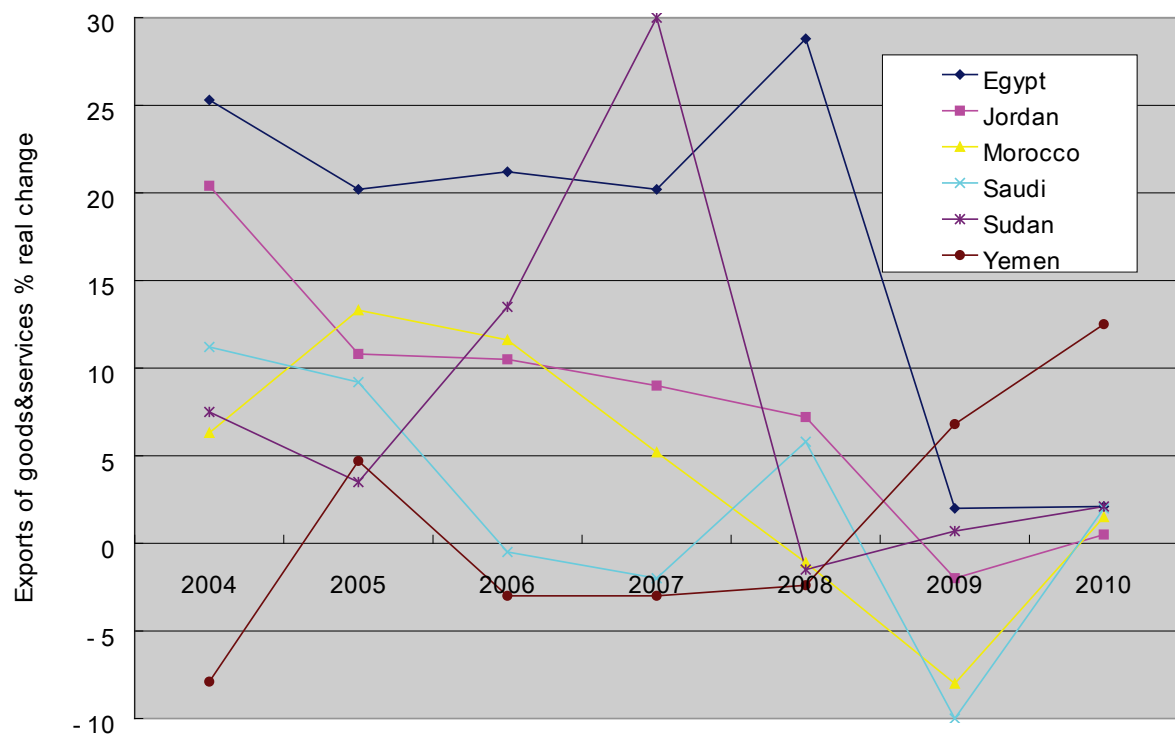
ii) Government consumption (% real change)



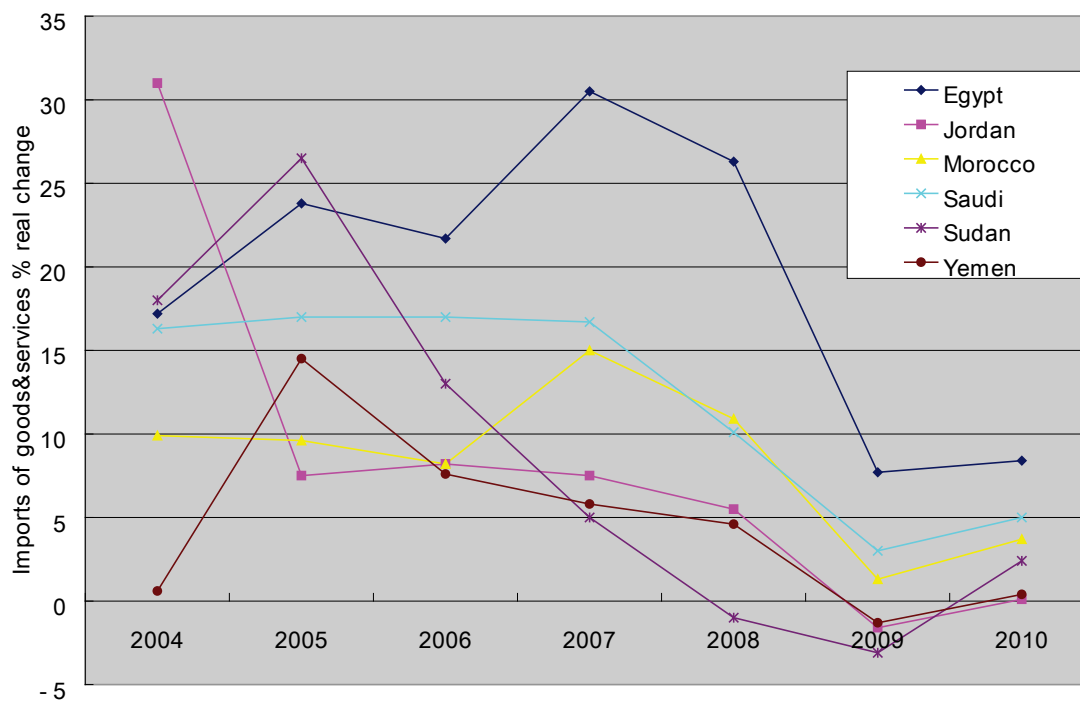
iii) Gross fixed investment (% real change)



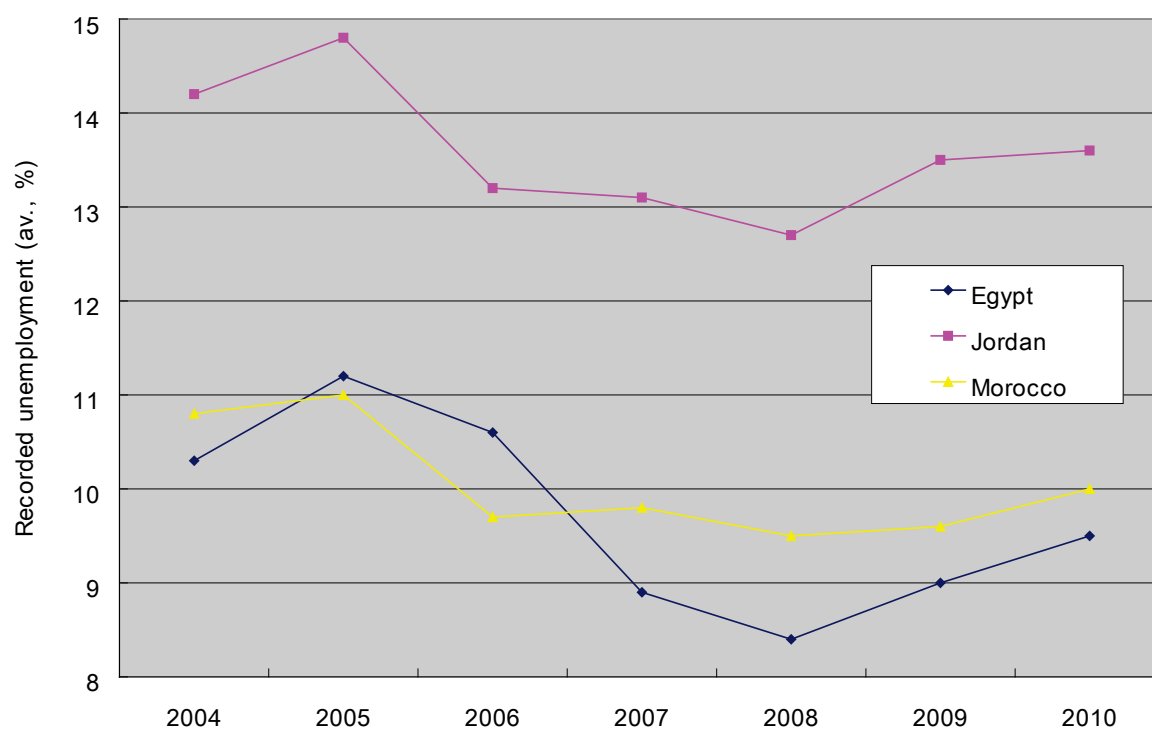
iv) Exports of goods and services (% real change)



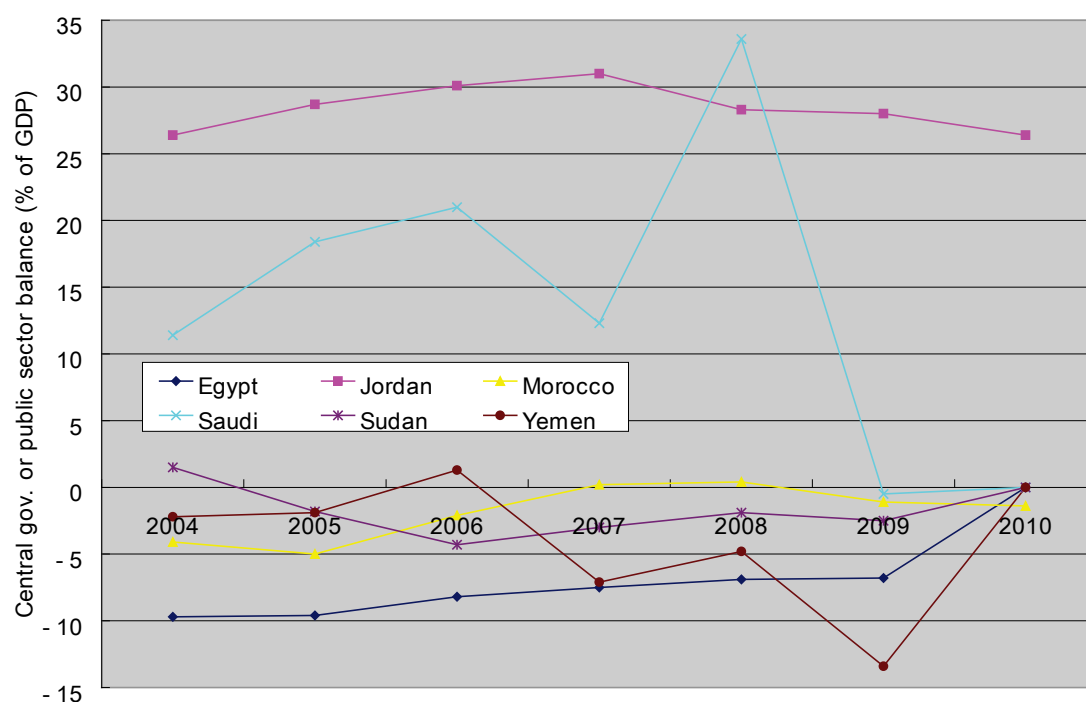
v) Imports of goods and services (% real change)



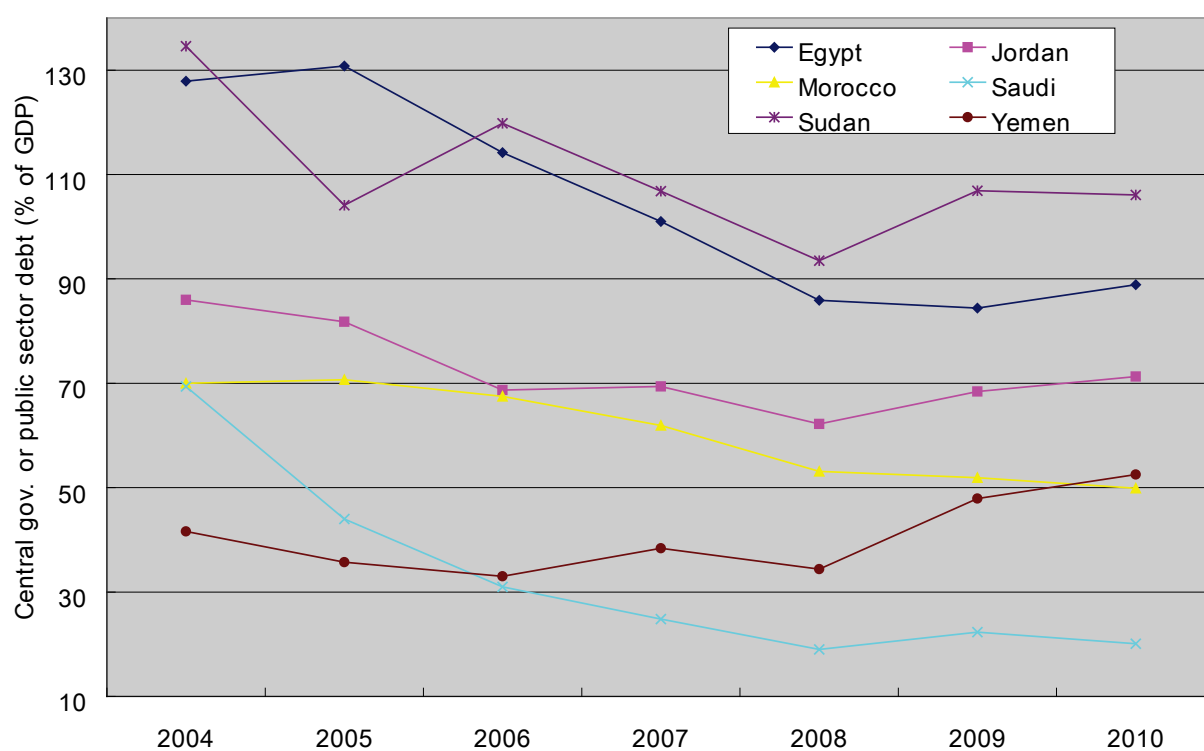
vi) Recorded unemployment (average; %)



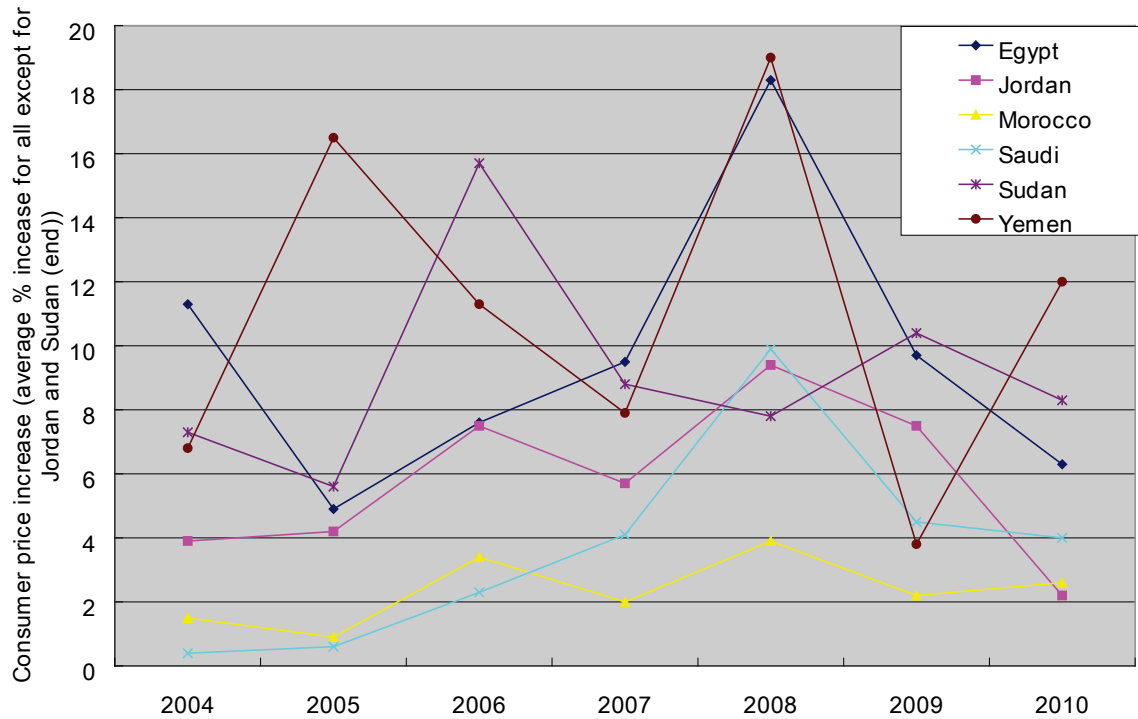
vii) Central government balance ('budget revenue' for Jordan and 'public sector balance' for Sudan) as % of GDP



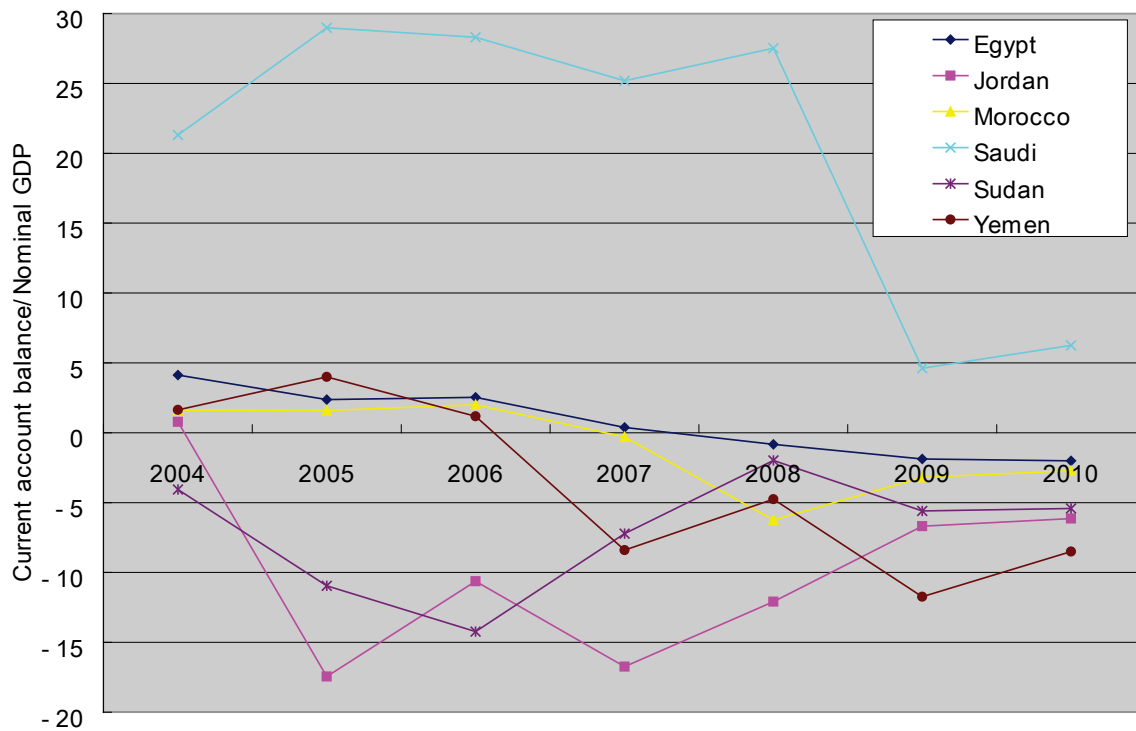
viii) Central government debt or public debt



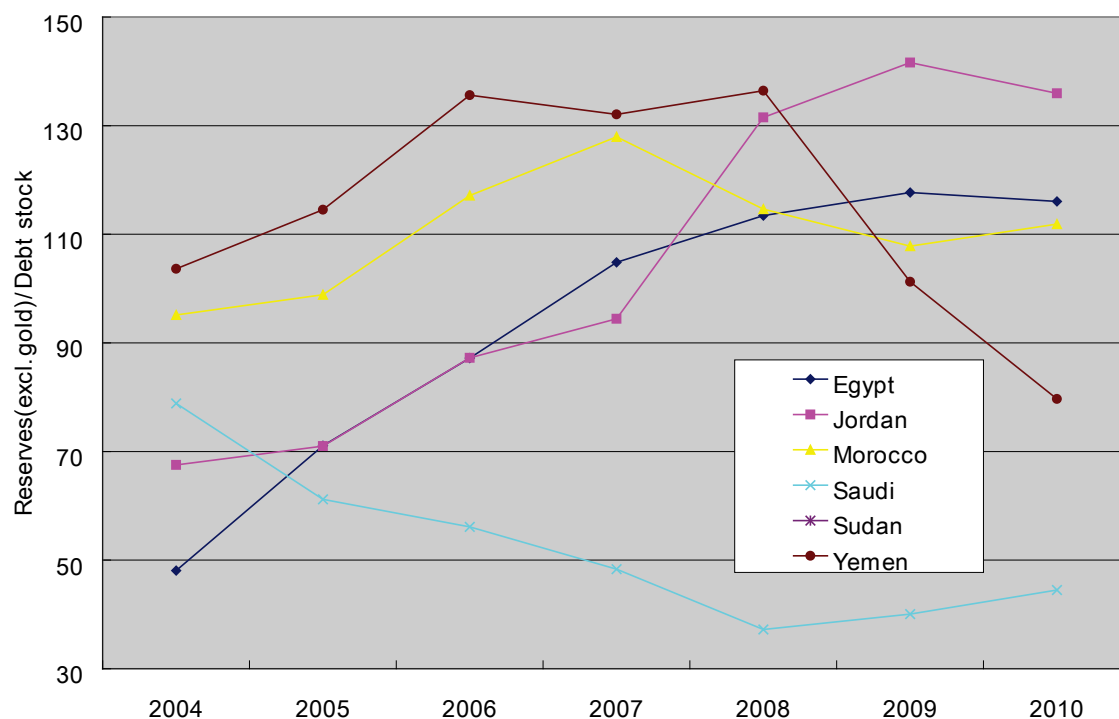
ix) Consumer prices (average (end of period for Jordan and Sudan); %)



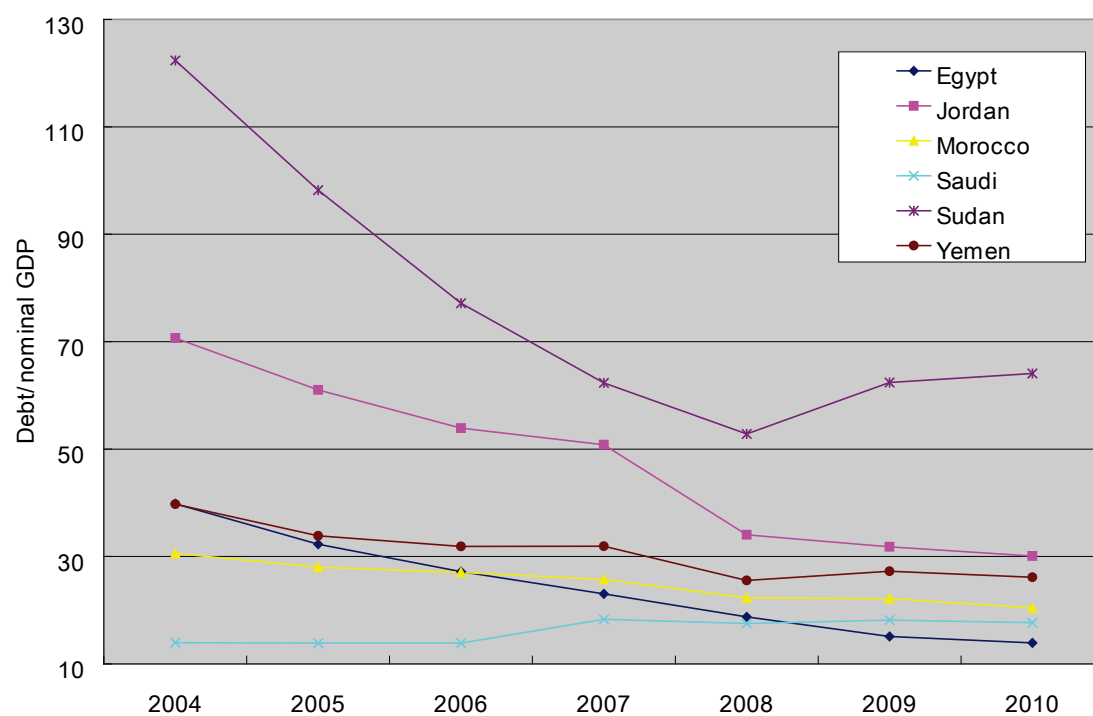
x) Current account balance/nominal GDP



xi) Total international reserves/external debt stock



xii) External debt stock/nominal GDP



Remittances, 2004-2010

(US\$ million)	2004	2005	2006	2007	2008e	2009f-B	2009f-L	2010f-B	2010f-L	2007 (% of GDP)
Egypt	3,341	5,017	5,330	7,656	9,476	-6.2	-9.8	3.3	-0.4	5.9%
Jordan	2,330	2,500	2,883	3,434	3,737					21.7%
Morocco	4,221	4,590	5,451	6,730	6,730					9.0%
Saudi Arabia					
Sudan	1,403	1,016	1,179	1,769	1,850					3.8%
Yemen	1,283	1,283	1,283	1,322	1,420					5.9%
MENA	23,034	24,971	26,127	31,717	34,431					

e= Estimate

f= Forecast for the MENA region

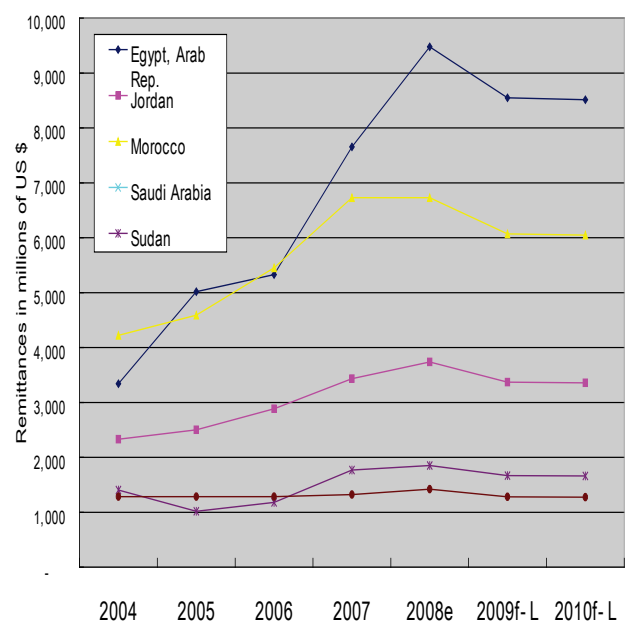
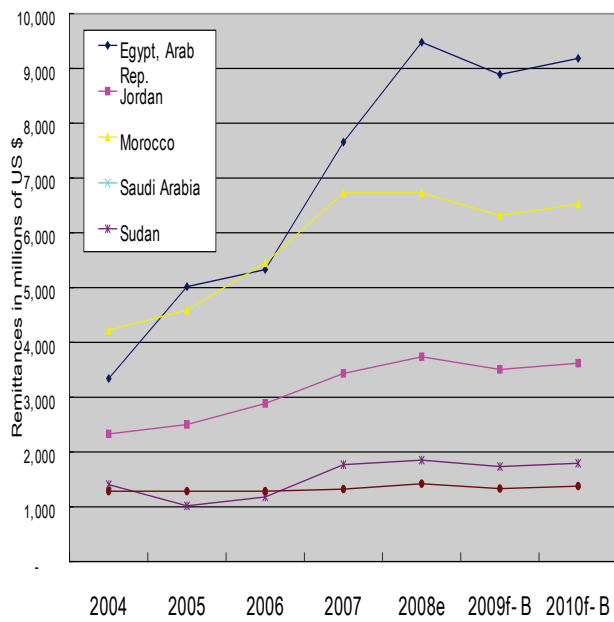
B= Base-case forecast

L= Low-case forecast

Assuming that countries all experience the regional growth rate:

i) Base case

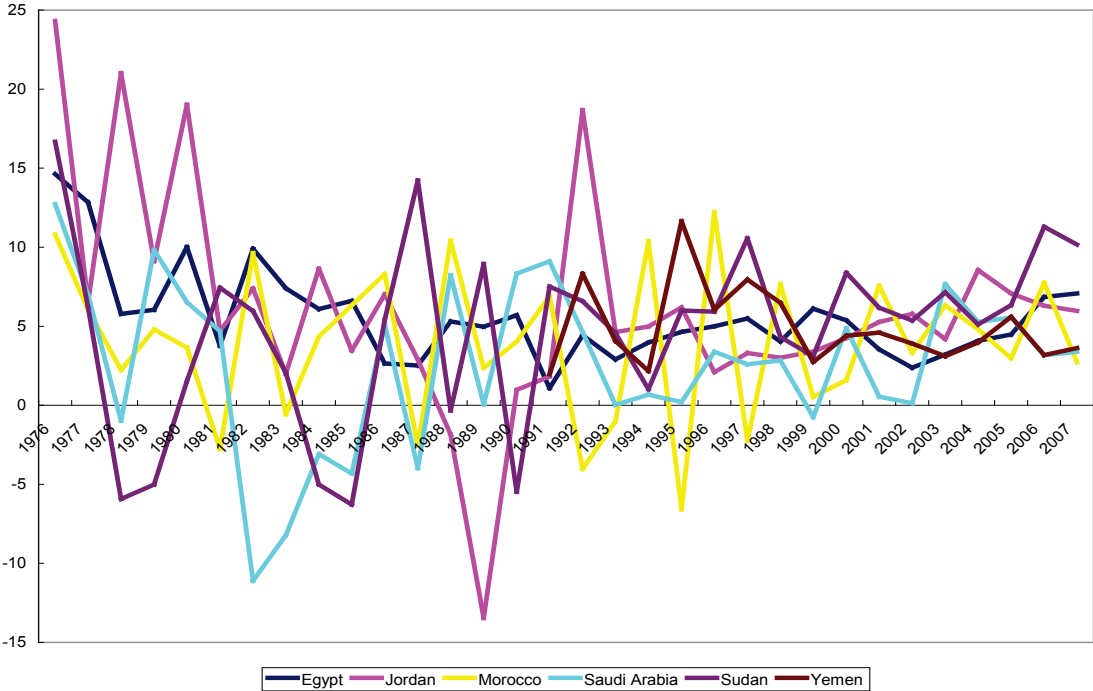
ii) Low case



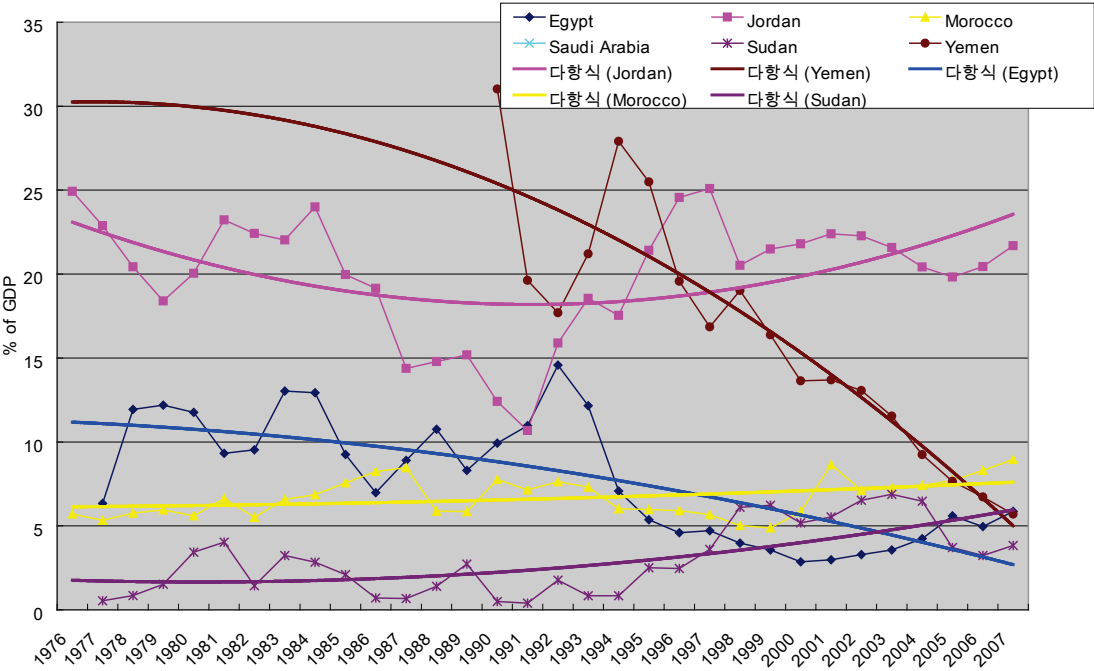
Appendix 2: Trend analyses of macro indicators for MENA snapshot countries

Time series: 1976-2007

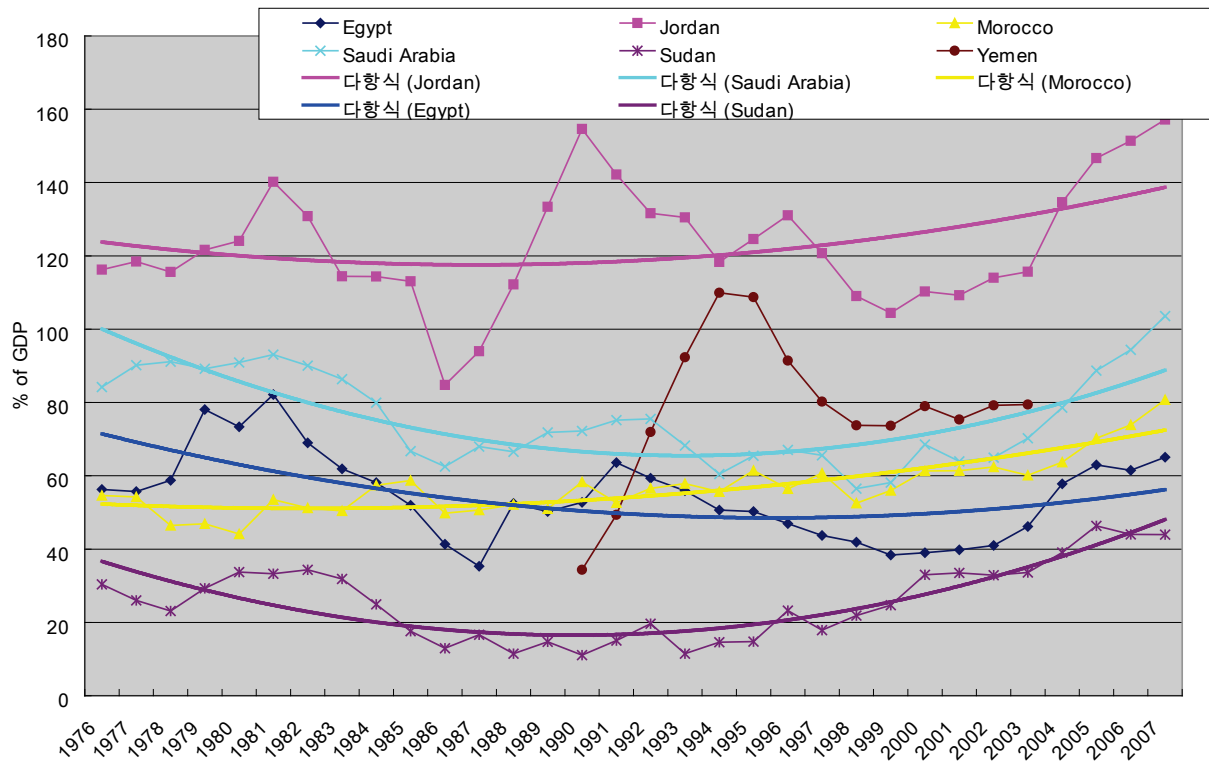
i) GDP



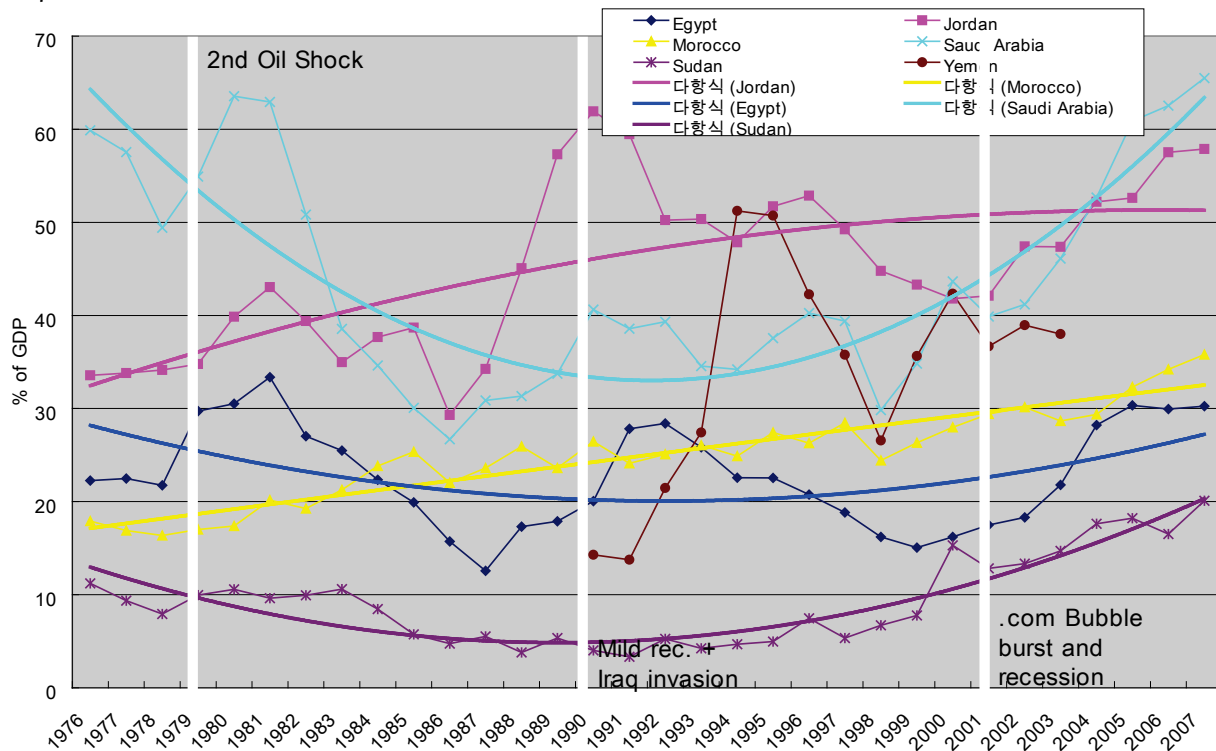
ii) Remittances



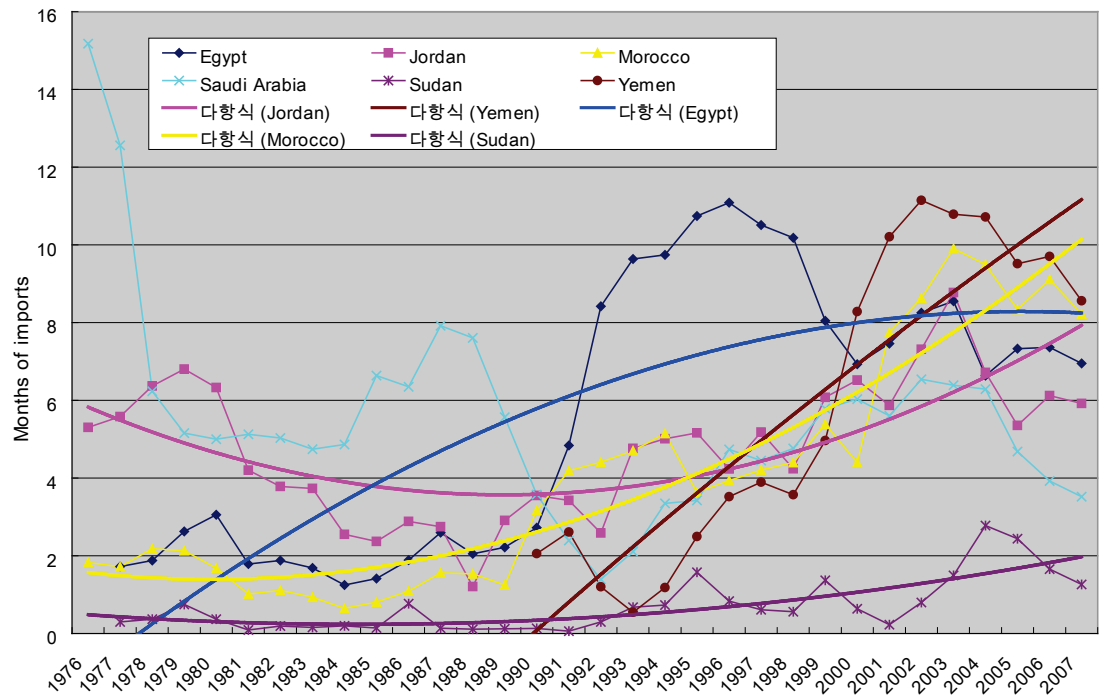
iii) Trade



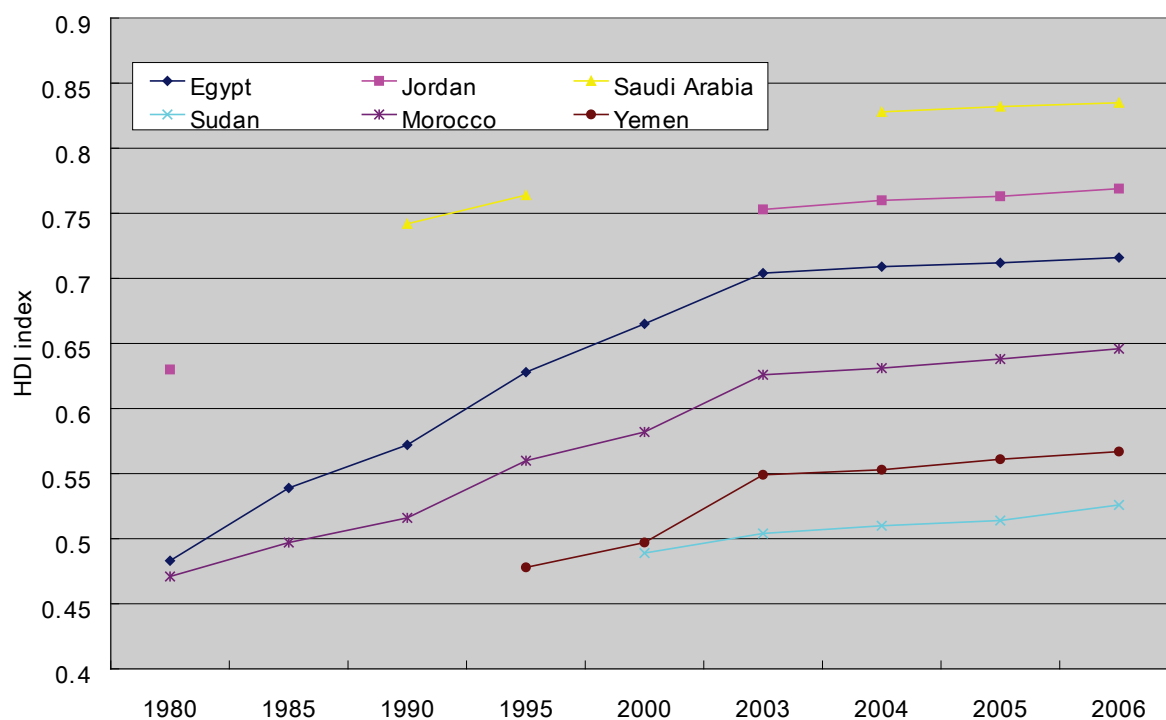
iv) Exports



v) Reserves

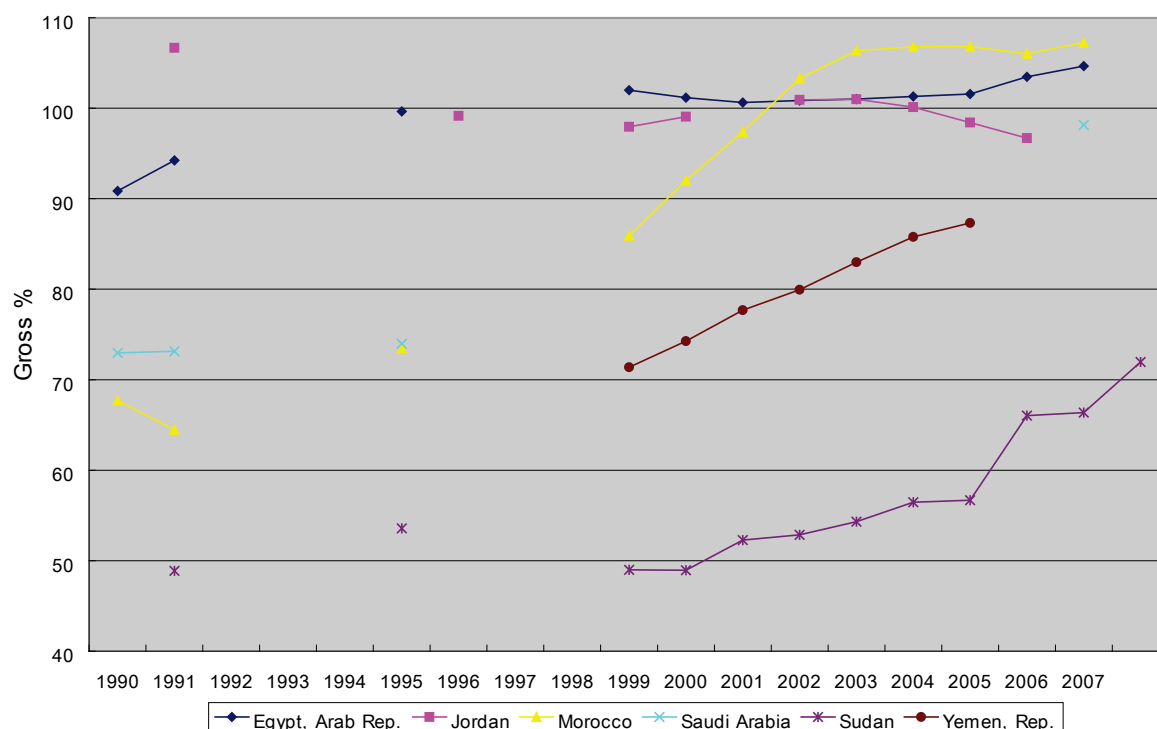


Appendix 3: Trend analyses on socio-indicators for MENA snapshot countries at a glance (Human Development Index)

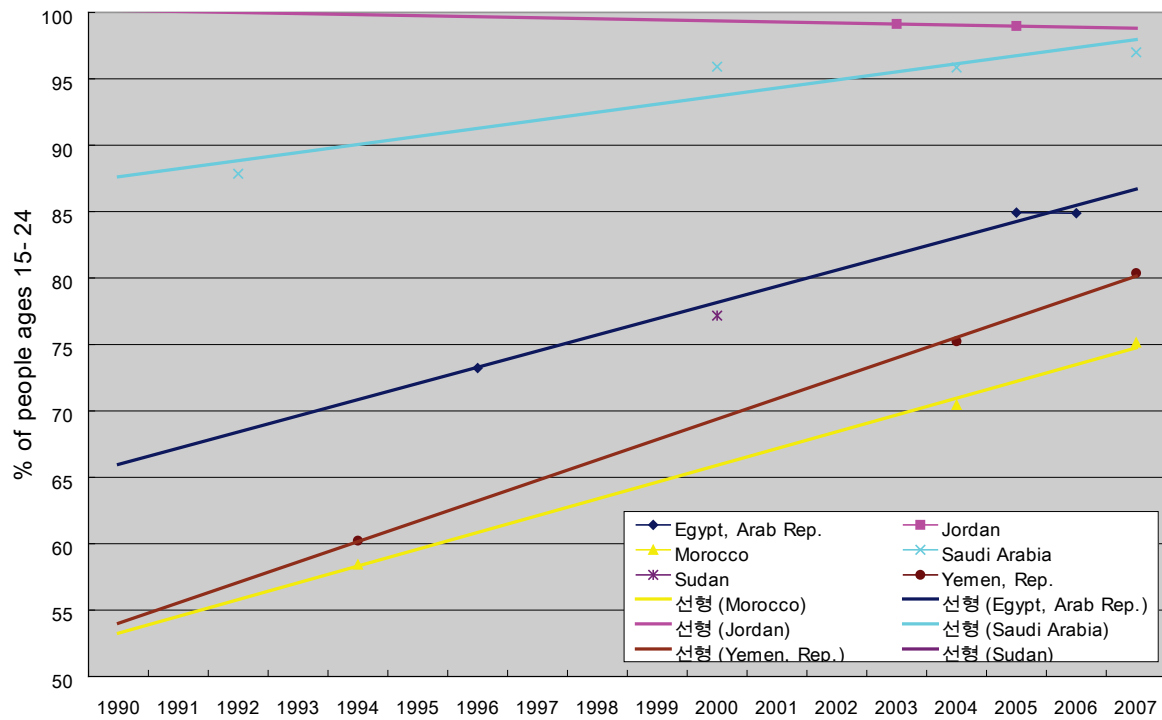


Education

i) School enrolment, primary (% gross)

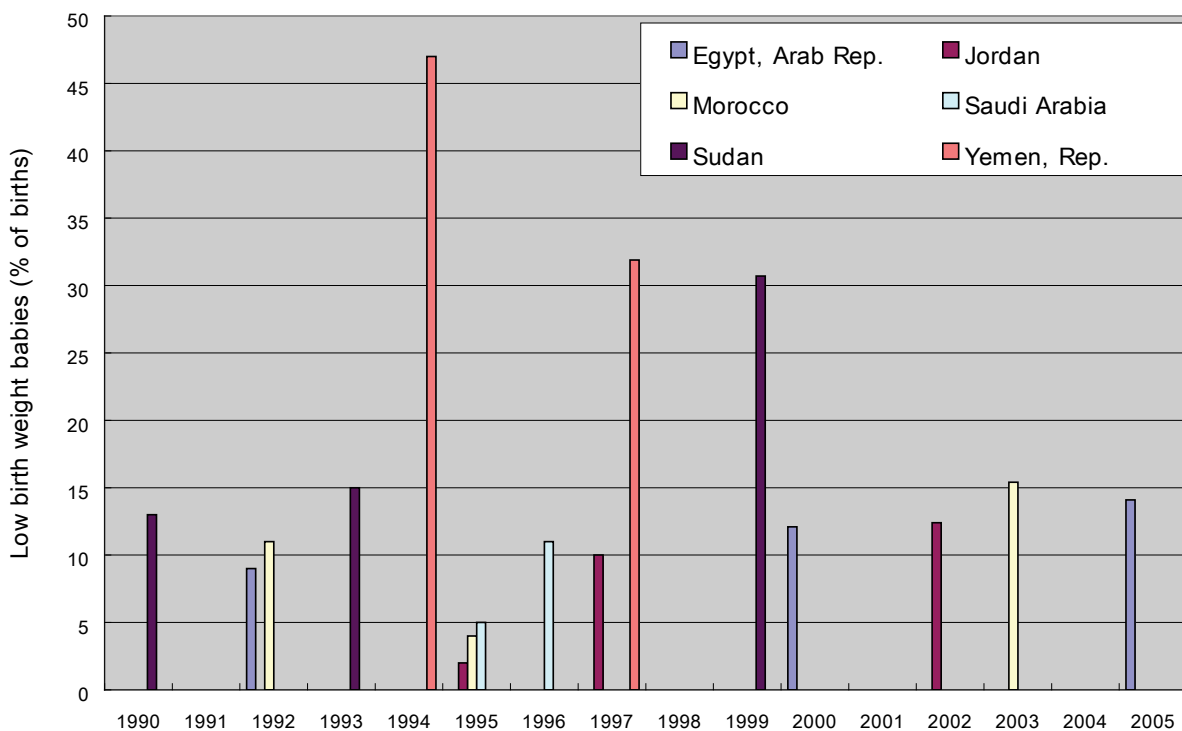


ii) Literacy rate, youth total (% of people aged 15-24)

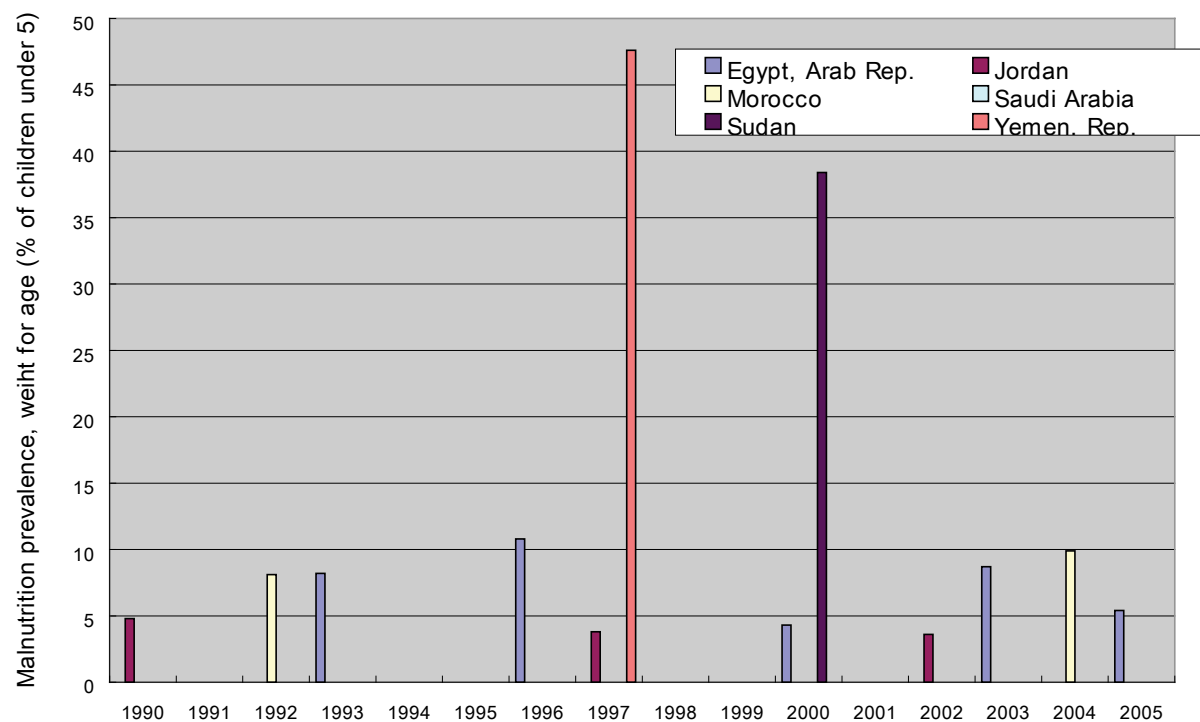


Nutritional status and under-five mortality rate

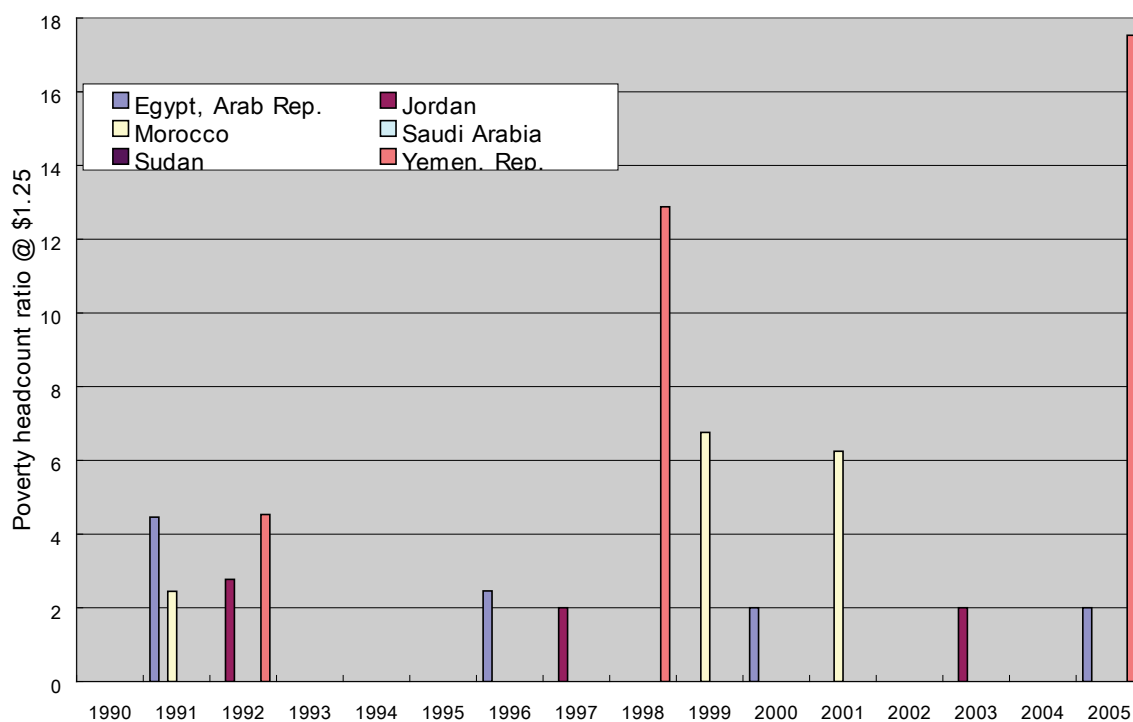
i) Low-birthweight babies (% of births)



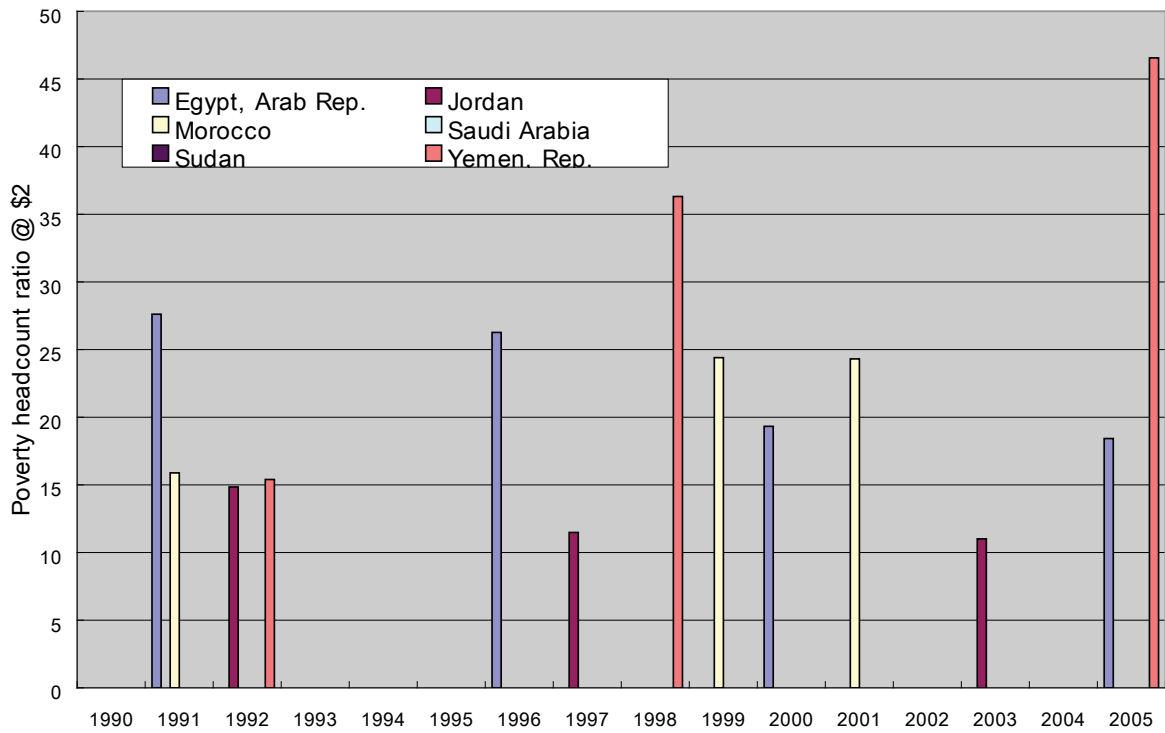
ii) Malnutrition prevalence, weight for age (% of children under five)



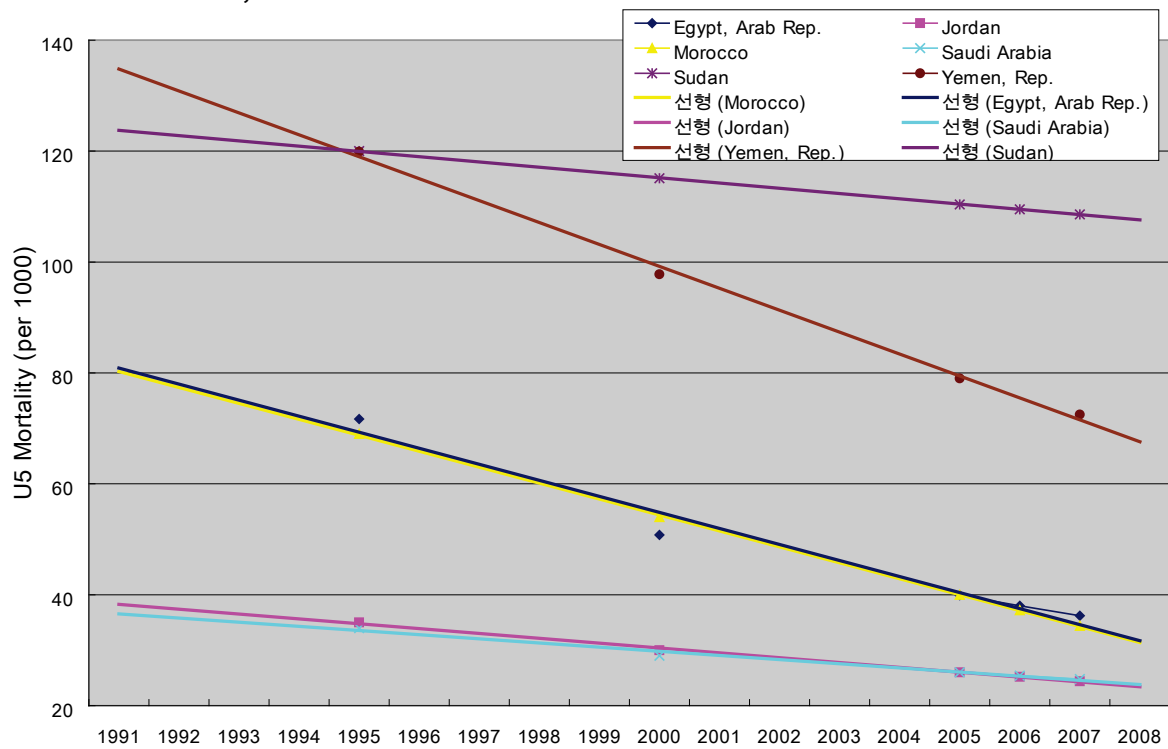
iii) Poverty headcount ratio at \$1.25 a day (PPP) (% of population)



iv) Poverty headcount ratio at \$2 a day (PPP) (% of population)

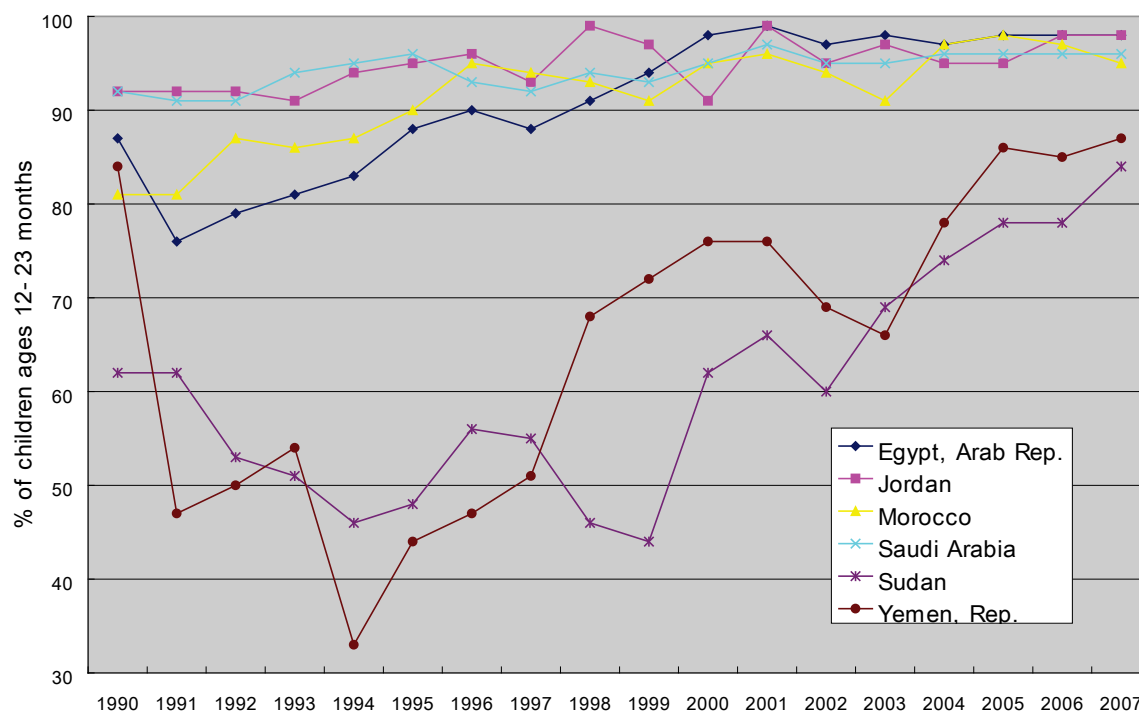


v) Under-five mortality rate

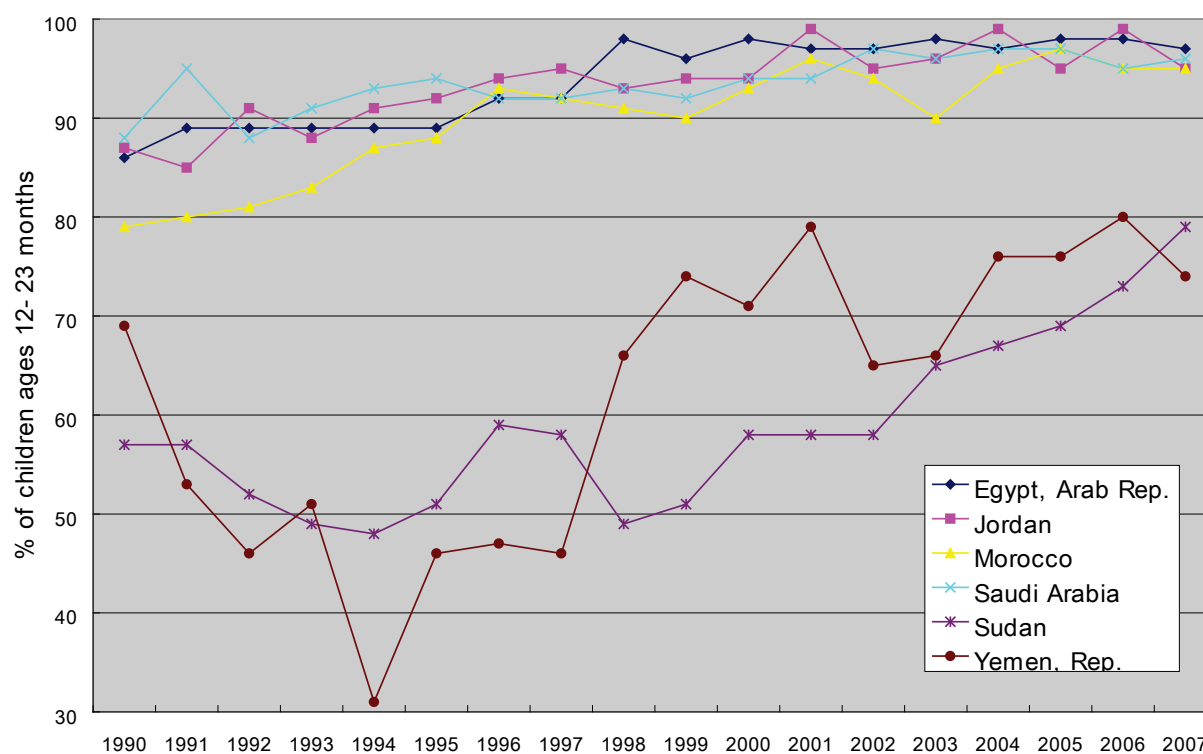


Health status and care provision

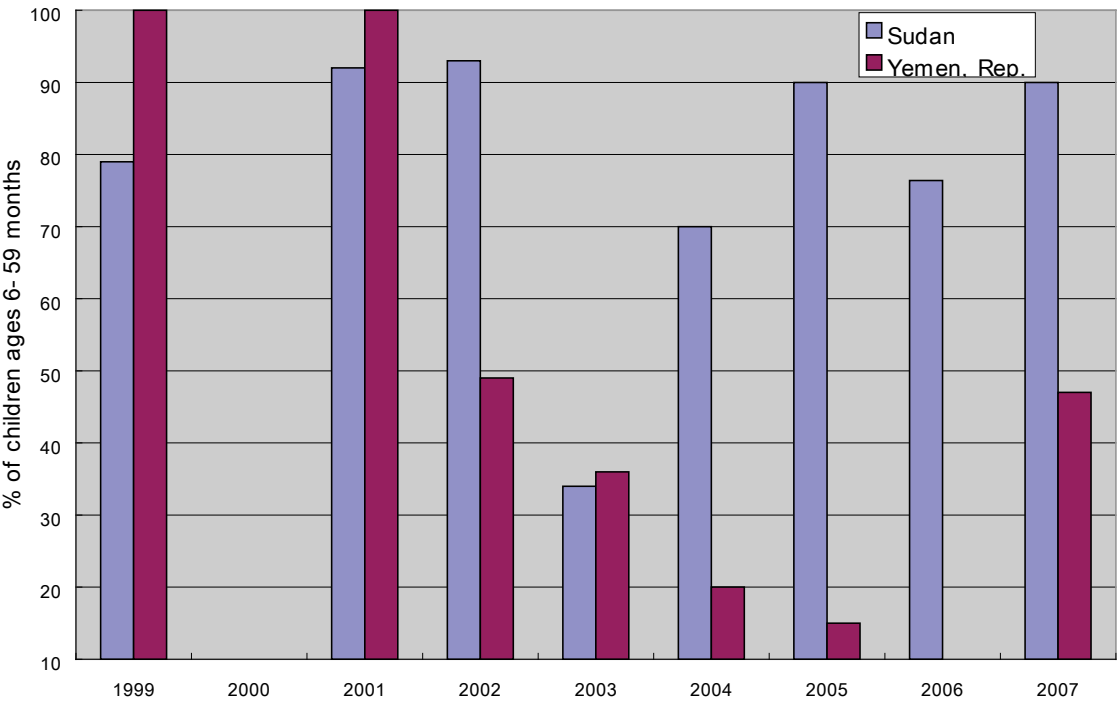
i) Immunisation, DPT (% of children aged 12-23 months)



ii) Immunisation, measles (% of children aged 12-23 months)

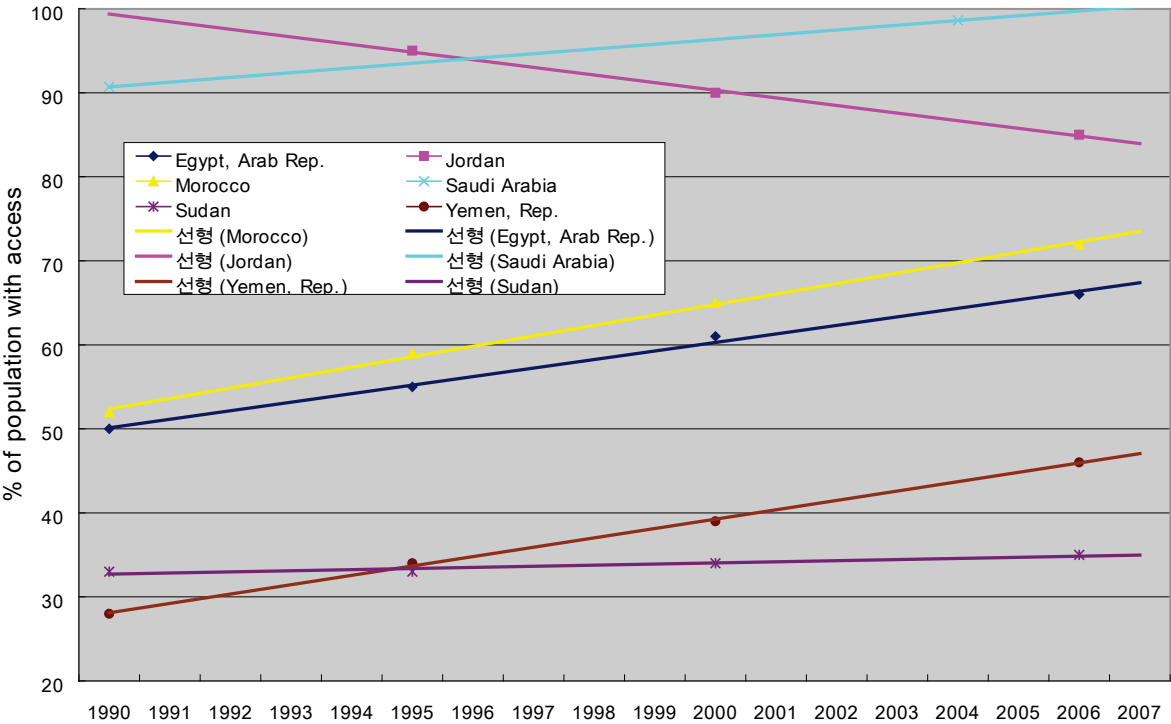


iii) Vitamin A supplementation coverage rate (% of children aged 6-59 months) (available for two countries only)

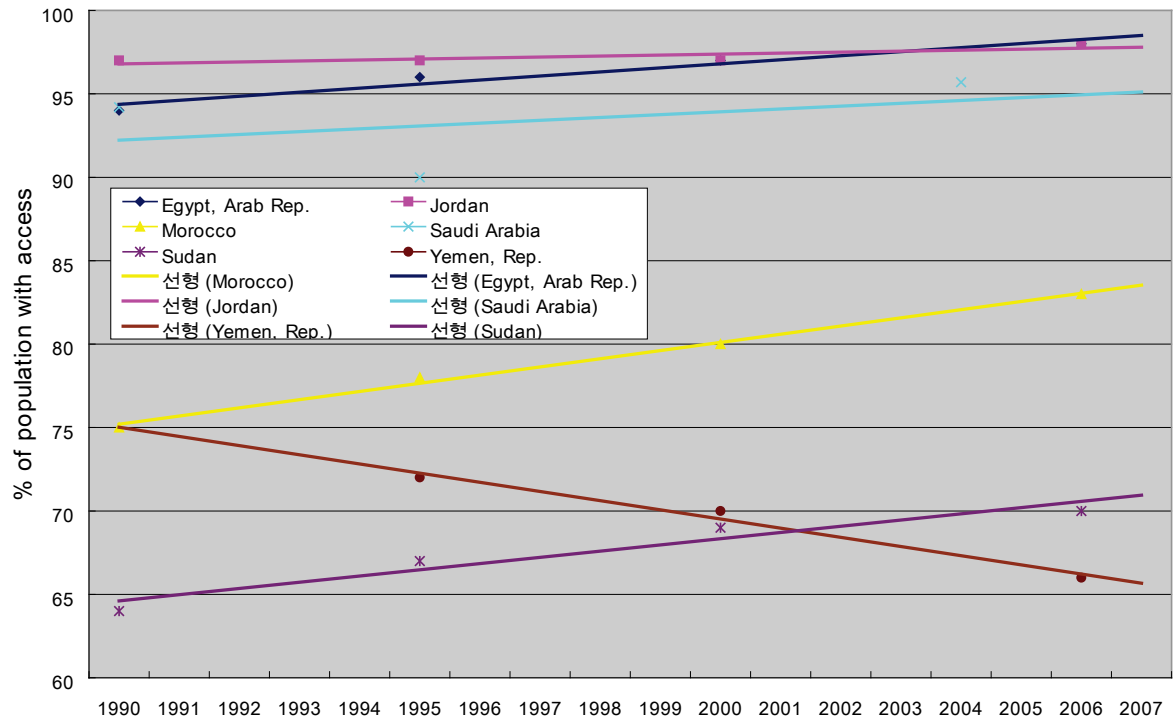


Access to safe water and sanitation

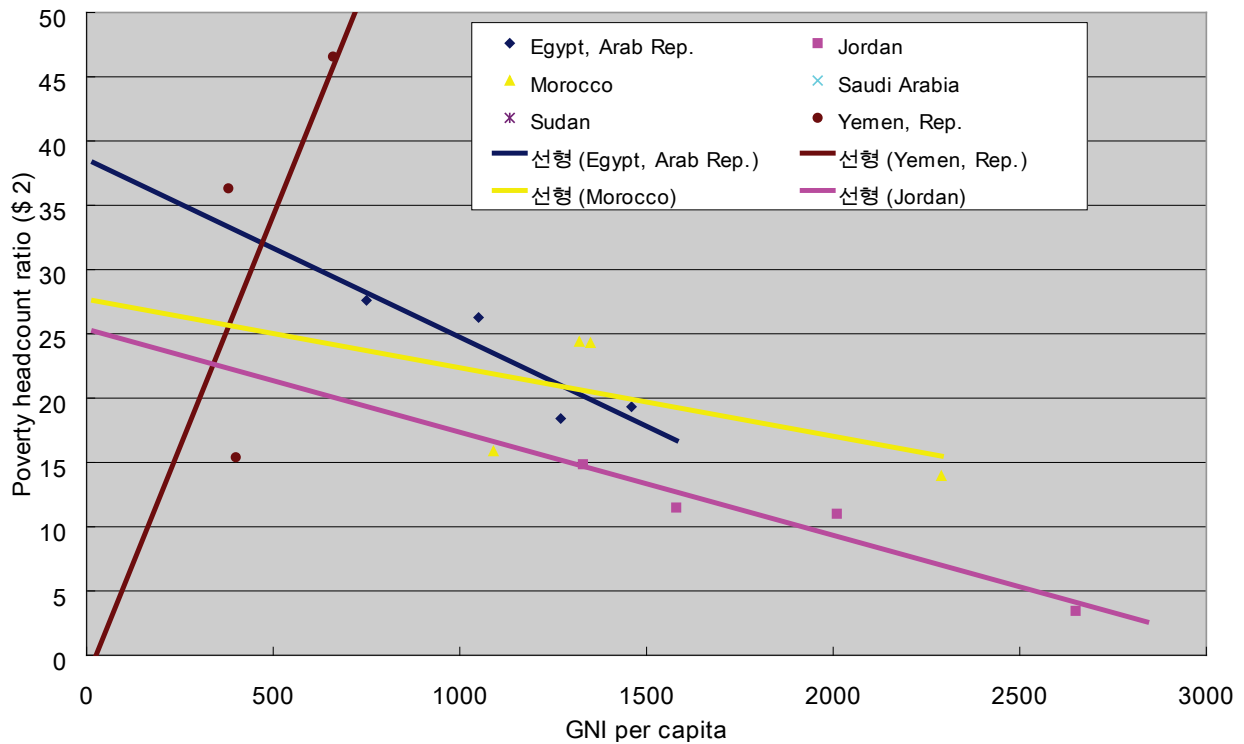
i) Improved sanitation facilities (% of population with access)



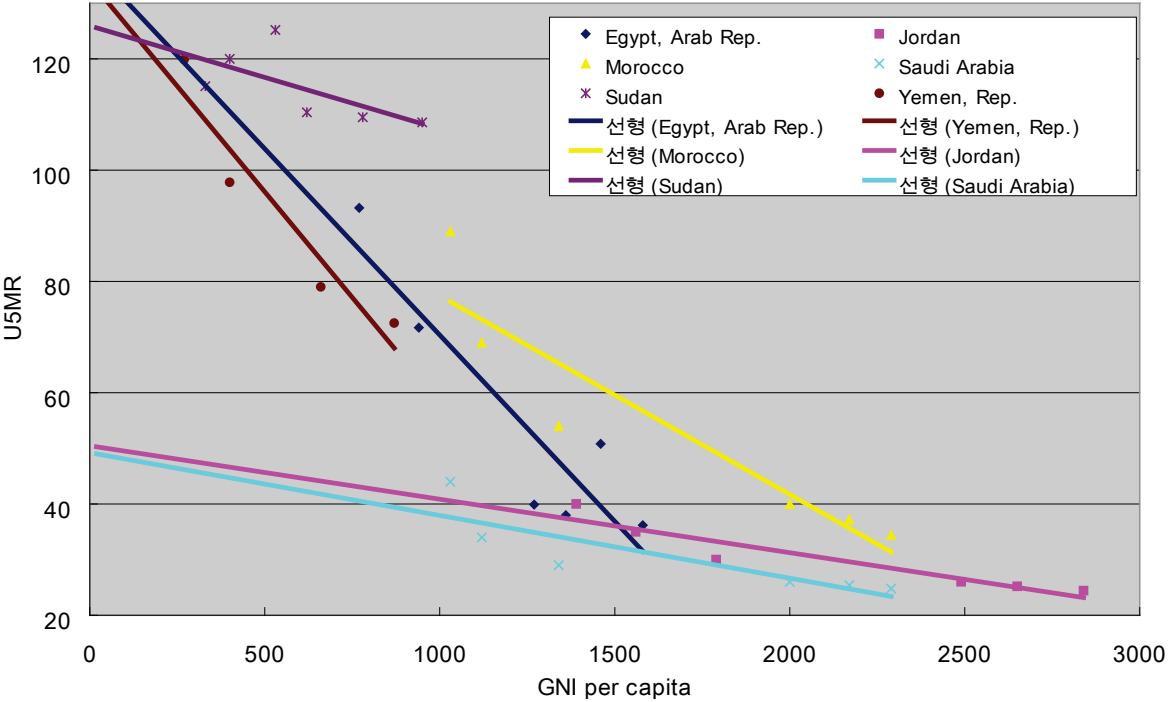
ii) Improved water source (% of population with access)



iii) Poverty headcount ratio at \$2 a day

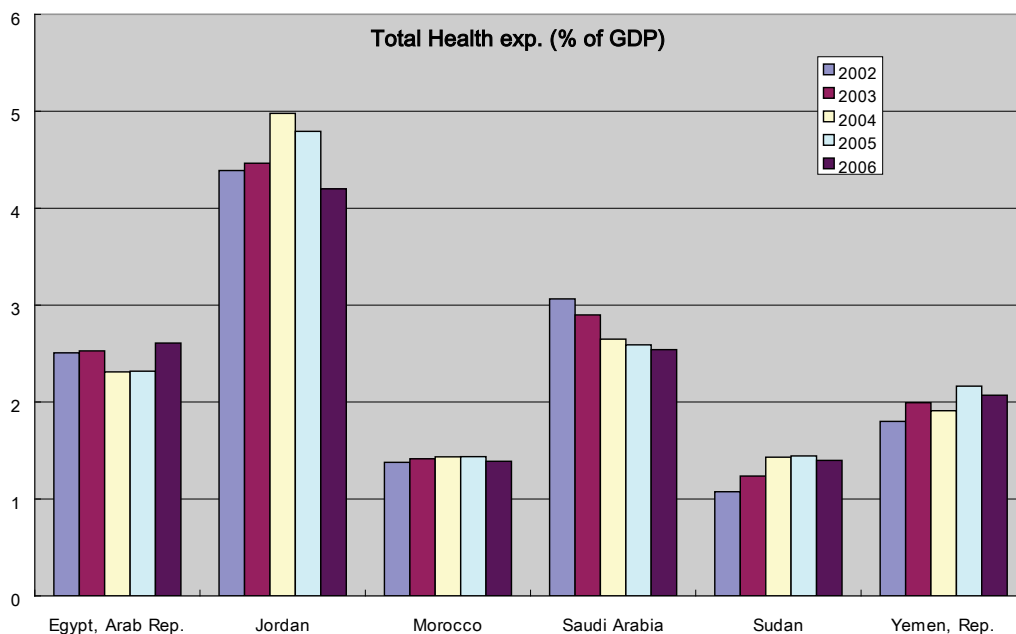


iv) Under five mortality rate (per 1000)

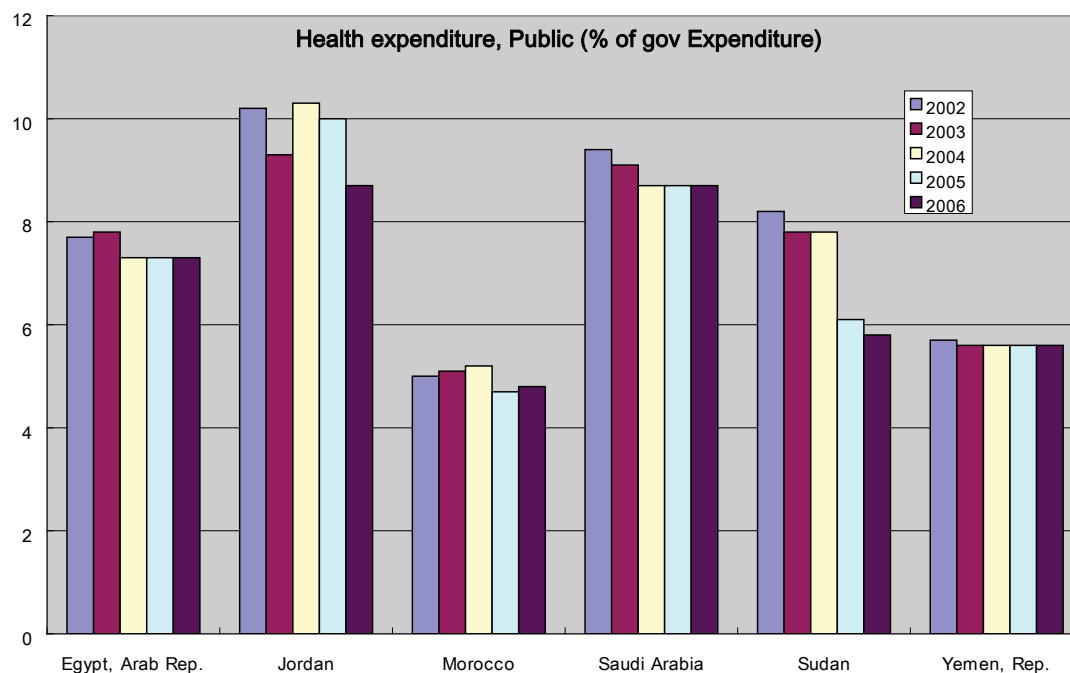


Appendix 4: Trend analyses of health expenditures for MENA countries (comparable data available for 2002-2006 only)

i) Total

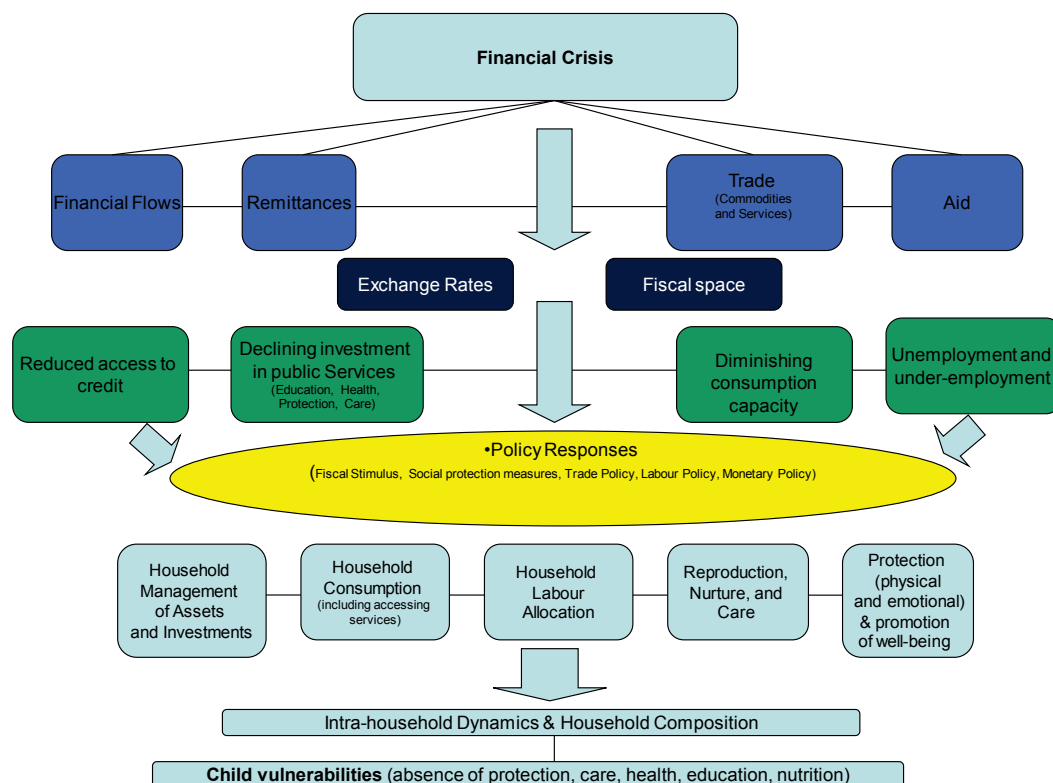


ii) Government (i.e. public) expenditures



Appendix 5: Children and economic crises: Conceptual framework

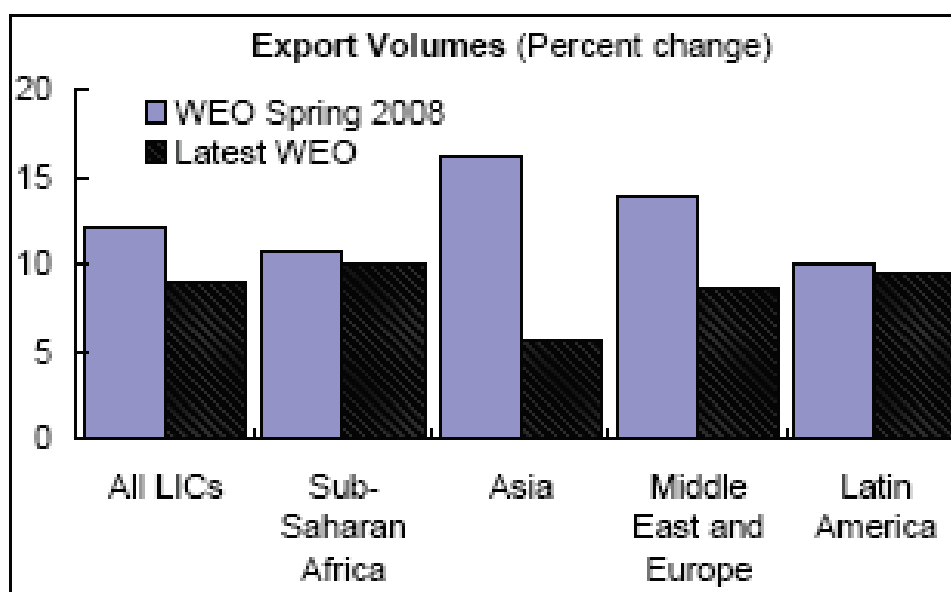
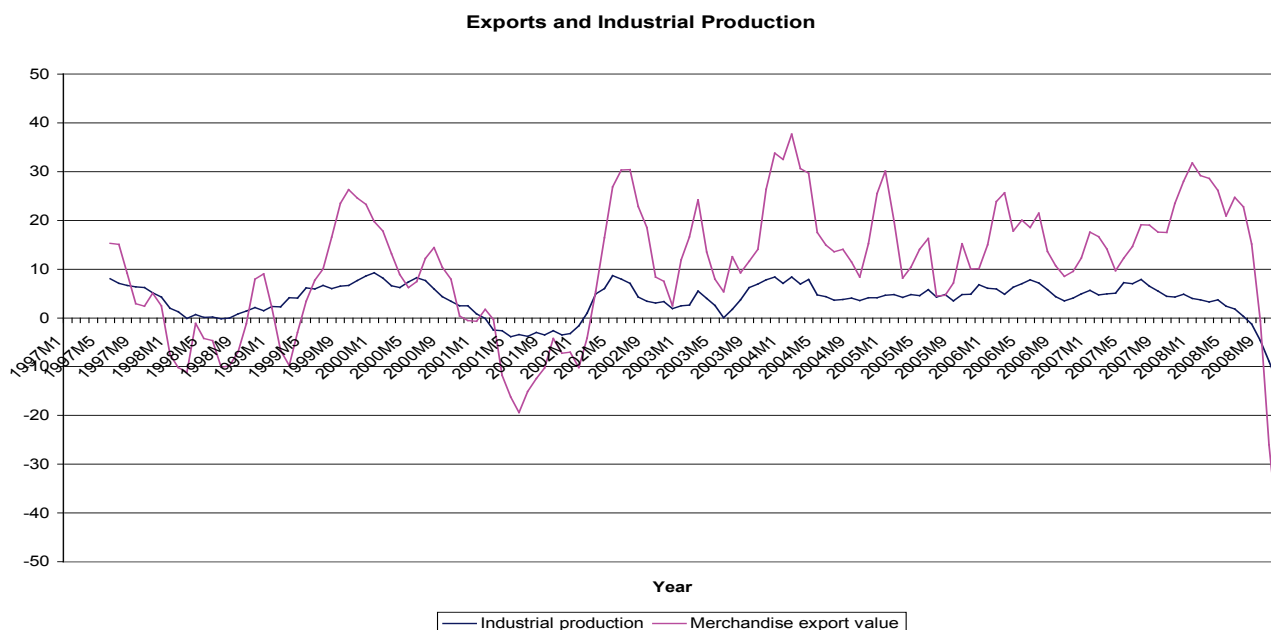
Linkages between macro-level shocks and children's experiences of poverty and vulnerability



The impact of the crisis on the macro-level environment

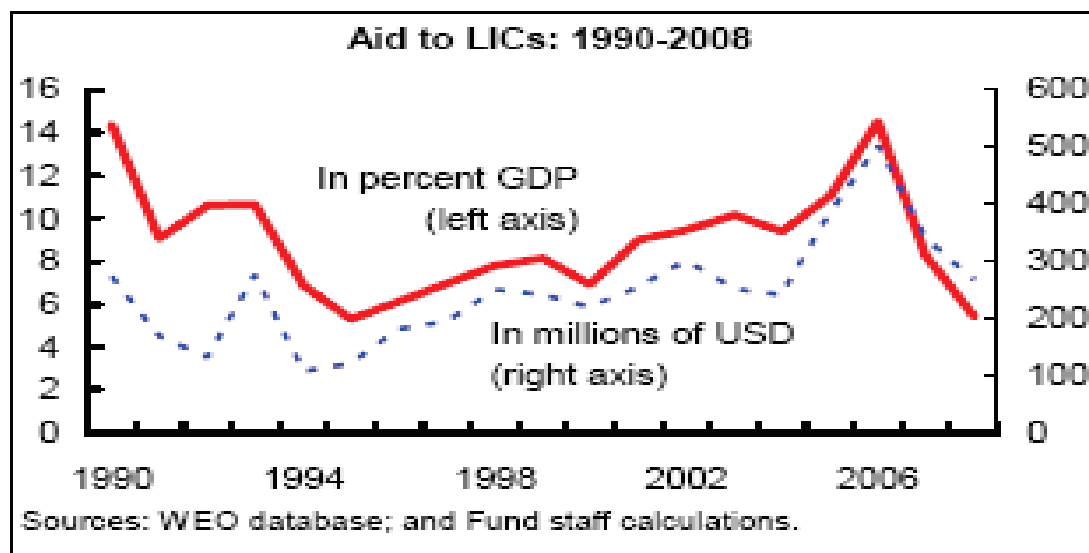
The financial crisis has had a substantial impact on financial flows within countries, and also between countries. Net financial flows to developing countries could fall by as much as \$300 billion in two years, equivalent to a 25% decline (te Velde, 2008). Although not yet entering recession, many emerging and developing economies' growth rates have fallen substantially (though to date they remain positive for these countries as a group) (te Velde, 2009).

The recession in the North has had a major adverse impact on global production levels, and in particular on trade volumes, with global exports having fallen precipitously this year. Export growth rates in the developing world, and especially for Asia and the Middle East, have fallen substantially. The sectors that have been worst affected are often the more dynamic sectors that provide better-paying jobs. Imports, for example of computers and computing equipment, are declining in all major industrialised country markets, and clothing and footwear import growth is contracting sharply.



Reduced employment opportunities in Europe, North America and the Gulf States have in turn reduced the work opportunities available to migrants. To date, existing evidence suggests that remittances sent by migrants are continuing to grow, although the very rapid rate of increase seen in recent years has declined, and the most recent forecasts predict that they will actually contract over the course of 2009 (te Velde, 2009).

The outlook for aid volumes received by low-income countries is even bleaker, with aid flows already starting to decline substantially from 2007, both as a share of GDP and in absolute dollar value. A recent Overseas Development Institute (ODI) study suggests that aid has already declined by as much as 20% (Economist, 14 March 2009).



Meso-level effects

The scale of the macro-level effects will determine the extent of meso impacts, from declining investment in public services to diminishing access to credit, and from growing unemployment and diminished consumption capacities to potentially heightened social exclusion.

More specifically, the reduction in the fiscal resources available to governments often affects service delivery in education, health, sanitation and water, as well as in equally important areas such as child protection, child care and social protection. McCord and Vandermoortele (2009) argue that:

The financial effects of the crisis were not recognised fully in most 2008-2009 budgets, which underestimated the likely impact on government revenue ... The medium-term effects on social protection allocations are more likely to be significant, and the extension of social protection to those affected by the crisis is likely to be compromised by lack of resources. Even the extension of existing programmes, planned prior to the financial crisis, will be limited by falling revenues and concerns regarding the control of budget deficits.

This may in turn be affected by declining revenues among NGO and private sector service providers. For example, in Uganda, NGO revenues are reported to have fallen by over 5% in the space of a year, with the decline most pronounced since October 2008 (ibid).

Employment is also falling and expected to fall further, and credit tightening is already evident (te Velde, 2009), and may erode the already limited opportunities that women in particular face in accessing microfinance. Combined, this could result in a retreat into more subsistence modes of production, with negative implications for growth and probably for levels of inequality. All of these meso-level effects are likely to be exacerbated for socially excluded groups, especially women, children, youth and minority populations.

Effects on household coping capacities

Meso-level effects in turn have an important impact on household coping capacities. First, there is considerable evidence to suggest that some of the most common household responses to economic shocks are to reduce consumption – in quantity and quality of food, expenditure on health care, investment in children's education, etc – and/or to draw on household savings and sell assets, such as livestock (Holmes et al., 2008; Holmes and Jones, 2009) .

In terms of household labour supply, past crises have often had a disproportionately negative effect on women's employment, frequently leading to greater working hours and a move into more risky and lower status forms of employment, including commercial sex work. There is considerable evidence of

this, for instance, from the Asian economic crisis of 1997-1998.¹⁸ Declining household employment options frequently also result in increased child labour, either paid forms (especially for boys) or unpaid domestic work (especially girls).

Increased pressures on parents' working time reduce the time available for reproduction functions, nurture and care, and can be expected to reduce the level and/or quality of education participation. In more severe cases, household emotional wellbeing can be seriously undermined by economic shocks. Research in South Africa, for instance, has found that household economic shocks are significantly associated with risk behaviours (such as sexual risk-taking behaviours and substance abuse), even after controlling for respondents' socioeconomic status and other individual and household variables (Lee-Rife, 2007). Economic decline may also lead to intra-household violence drastically reducing emotional and physical wellbeing. This was painfully highlighted in the increase in child and teenage suicides in Central Asia following the collapse of the Soviet Union (Falkingham, 2000), as well as in the spate of family suicides in South Korea in the immediate wake of the 1997 crisis.¹⁹ There is also a solid body of evidence showing escalating rates of violence in response to household economic shocks. Moreover, although family violence cuts across all classes, it is markedly higher among poor families, thus highlighting the additional vulnerability that children residing in impoverished households face during a crisis.²⁰

Intra-household dynamics

Household functions and their effects on child vulnerability are profoundly influenced by intra-household dynamics, in particular the balance of power among genders and generations in relation to decision making and control over resources. Changes in income and household consumption are likely to affect the resources allocated to children. In particular, the quantity and quality of children's food and their access to medicine, health and education and other basic needs may be affected (e.g. Hossain et al., 2009). Choices about how or whether the allocation of household resources to child wellbeing – in particular, specific resources to girls or boys, to older or younger siblings – are changed or reduced will depend on a number of factors. These factors are likely to include: the levels of education of decision makers in the family; the household wealth and asset base; household composition; family eligibility for governmental or NGO social protection (Pereznieto and Jones, 2005); as well as parental attitudes and practices towards their offspring (Hossain, 2009).²¹

The position of women in decision-making roles in the family, as well as education levels, is likely to influence these decisions. Child wellbeing positively correlates with women's higher levels of education, bargaining power and control over resources in the household. In some societies, however, resources allocated to girls may be the first to be taken away because of bias towards boys. For example, unemployment and poverty in the East Asian crisis led to rising nutritional and educational deprivations, especially among girls, and deteriorating physical security and exploitation of children in Indonesia and Thailand (Waddington, 2005).

Furthermore, while parents, especially mothers, may seek to minimise the impacts of shocks on their offspring in the short term by taking on additional income-generating activities and altering their own

¹⁸ In Thailand, sex workers diversified services from a brothel base to more informal and casual arrangements, heightening the risk of HIV infection. A census on commercial sex premises found that the number of sex premises increased from 7208 in 1997 to 8016 in 1998, with a minimal increase in sex workers from 63,526 in 1997 to 63,941 in 1998. The size of premise, in terms of the numbers of sex workers, had become smaller pre-crisis and continued to decrease post-crisis (Tangcharoensathien et al., 2000). In Indonesia, an increase in the number of commercial sex workers is suggested to correspond with the layoffs made in female employment in manufacturing such as textiles (Wilipo, 1999, in Hopkins, 2006). Similarly, in Malaysia, the health impacts of the crisis are said to have been disproportionate as more women entered the sex industry to support their families (Bronner, 355 in Hopkins, 2006).

¹⁹ Recent reports in the US are highlighting increased use of suicide prevention hotlines. The Samaritans of New York have seen calls rise more than 16% in the past year, many of them money-related (Associated Press, 2008).

²⁰ For instance, in Colorado, US, children living in families with less than \$15,000 in annual income were 22 times more likely to be abused or neglected than children in families with incomes of \$30,000 or more (Hutson, 2003).

²¹ For instance, in Jamaica the extent to which parents sought to cushion their children from the worst effects of the crisis depended on whether women were in relationships in which they wanted to continue having offspring and the extent to which fathers were or were not absentee parents (Hossain et al., 2009).

food consumption, the quantity and quality of children's food and their access to medicine, health care, education and other basic needs may be affected in the longer term, especially if the economic downturn is prolonged (Pereznieto and Jones, 2005).

Household decisions about how to cope with an economic crisis are likely to have a significant effect on children's time. Children's time will often be a resource that is used as part of the household coping strategy. This is the case whether children are withdrawn from school because of associated costs or because they need to take on paid activities to support household income or unpaid activities to take over or support activities if parents, especially mothers, are spending more time working. In many contexts, it is girls who take on more domestic work and boys who engage in paid activities. Cultural norms also influence decisions, and where parents value sons' education more highly than daughters', it is often girls who experience the impacts first (Woldehanna et al., 2008).

In some contexts, crises may result in child abandonment. For instance, Hossain et al. (2009) found that in both Kenya and Bangladesh family members, including children, had been abandoned as parents left to look for employment. In such cases, children were left as household heads, putting considerable pressure on young people to weather such shocks, typically in the absence of either formal or informal social protection mechanisms.

In sum, the potential extent of child vulnerabilities in a crisis context is mediated by the interaction between macroeconomic environmental changes, their meso- and household-level effects and pre-existing intra-household dynamics. However, the choice of policy responses can play a major role in mitigating the most negative impacts on children and protecting their key social and economic rights.

Appendix 6: Summary of direct and indirect impacts of the global economic crisis on children

	Nutritional impacts	Health impacts	Educational impacts	Protection (from violence, abuse, neglect) impacts	Impacts on refugees	Impacts on employment	Impacts on child labour	Specific rural impacts	Specific urban impacts
Egypt (general impacts)	Nearly half of Egyptians families are malnourished, as there is less 'fresh, nutritious food available'. Diet change to cheaper, less nutritious staples.	Reduction in health expenditures.		Food price inflation led to unrest and food riots in early 2009.		Serious consequences: 1. Exacerbate the already existing inadequate job opportunities in the country. 2. Laid off returning migrant workers = additional strain on domestic labour market. 3. Projected expansion of informal sector (along with deterioration in job quantity and quality). 4. Depreciation of skills and lower lifetime earnings for young people. 5. Reverse migration back to agriculture and subsistence activities = likely ↑ in poverty.		↑ in the incidence and depth of poverty - Small farmers are often net consumers of food.	
Egypt (child-specific impacts)	Worsening of 'hidden hunger' - eating cheap but filling food lacking the essential vitamins and minerals, affecting child growth, productivity and cognitive capacity and hence threatening Egypt's human resource base.		Reduction in education expenditures; children from poor families withdrawn from education.	Abusive low-paying work for children removed from education.			Children out of education in low-paying work.		

	Nutritional impacts	Health impacts	Educational impacts	Protection (from violence, abuse, neglect) impacts	Impacts on refugees	Impacts on employment	Impacts on child labour	Specific rural impacts	Specific urban impacts
Jordan (general impacts)	Iraqi refugees forced to cut nutrition from their diet.				Rising living costs + food insecurity; ↑ Impoverishment = ↑ dependence on humanitarian assistance.				
Jordan (child-specific impacts)			Children moved from private to government schools.				Iraqi refugee children have been forced to leave school to look for menial jobs to contribute to household income.		
Morocco (general impacts)	Women reportedly buying and cooking less food for their families.	Moroccan government already spending less than 5% of its total expenditure on health – ability to maintain even its basic health care policies looks challenging.							↑ unemployment as a result of the crisis (and subsequent social unrest) is more likely to affect the urban population.
Morocco (child-specific impacts)	<i>No specific information on impacts of the crisis on children located, although broader discussions on the impact of the crisis on poverty, unemployment and remittance flows etc exist; these are likely to have significant effects on children.</i>								
Saudi Arabia (general impacts)				Likelihood of heightened abuse and exploitative conditions for (female) domestic workers.	1. Higher risk of lay-offs (far less than UAE and Kuwait). 2. Ban on working permits to Bangladeshi workers = lower remittances.	End-August 2008, unemployment rose to 10%, up from 9.8% six months earlier – rise in unemployment among women: rose to 27% in August, up from 25% in February.			
Saudi Arabia (child-specific impacts)	<i>No specific information on impacts of the crisis on children located, although broader discussions on the impact of the crisis on unemployment exist; this is likely to have significant effects on children</i>								
Sudan (general impacts)		Classified by WHO as one of the 21 countries suffering from acute or chronic malnutrition and at high risk of		In Darfur ↑ food prices = ↑ food-insecure population = ↑ violence.	Concern about drop in government revenue affecting the peace process + repatriation of IDPs and refugees as ‘there are no funds to				

	Nutritional impacts	Health impacts	Educational impacts	Protection (from violence, abuse, neglect) impacts	Impacts on refugees	Impacts on employment	Impacts on child labour	Specific rural impacts	Specific urban impacts
		significant health implications.			support these activities'.				
Sudan (child-specific impacts) – paper states that there exists little specific information documenting the impact of economic crisis on children in Sudan			↑ in food price = children from low-income households withdrawn from education.				Children withdrawn from school to generate additional income by putting them to work		
Yemen (general impacts)	↑ in food prices = 1. Reliance of 90% on less preferred and cheaper food + reduction in meal size; good sources of nutrients, such as animal foods, being replaced by cheaper and non-nutrient food. 2. Nutritional status of women estimated to have worsened.	Reduction in health expenditure.						Families with little or no production have been found to be most food insecure. Increased poverty in rural areas – greater vulnerability of rural population as more clustered right below the poverty line + ↑ cost of food in rural areas (given ↑ transport costs + lack of domestic production).	
Yemen (child-specific impacts)	Nutritional status of children estimated to have worsened.		Reduction in education expenditures; children withdrawn from education (inability to pay school fees).		Children of IDPs are at particular risk. Food insecurity among IDPs may have worsened.			Absenteeism from school higher in rural areas.	

Appendix 7: Key child and women indicators

Available at www.odi.org.uk/resources/download/4422-working-paper-310-appendix-7.xls

Appendix 8: MENA government spending in key sectors

Available at www.odi.org.uk/resources/download/4422-working-paper-310-appendix-8.xls



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