

# MIDDLE EAST AND NORTH AFRICA HUMAN CAPITAL PLAN 2022



# UPDATING THE MENA HUMAN CAPITAL PLAN

## WHY?

Two years into the implementation of the MENA Human Capital plan—launched in October 2019—this update aims to:

- **take stock of progress in the early years of implementation and assess the impact of COVID-19 on human capital;**
- **identify new opportunities created by the pandemic;**
- **adjust our priorities, objectives, and ways of doing business.**

The 2022 Human Capital Plan remains an integral component of the World Bank Group's broader **MENA Regional Strategy**, which identifies human capital development, digital development, and private sector dynamism as drivers of economic transformation. It also aligns closely with the **Human Capital Project** and its focus on country-led efforts and is informed by a rigorous measurement agenda.



## OUR AMBITION IS TO SUPPORT MENA COUNTRIES AS THEY CONTINUE TO BECOME

A region that places human capital at the center of a green, resilient and inclusive recovery pathway.

A region that realizes its vast potential by harnessing its greatest untapped assets: the human capital of its population, including youth, women, and the elderly.

A region where children acquire strong foundational skills and young people have access to strong world-class education that equips them with the skills desired by the global job market and/or to start their own innovative businesses in open and competitive markets.

# MAIN MESSAGES

## The state of human capital in MENA went from bad to worse:

- **Insufficient progress** was made in addressing structural impediments **pre-COVID** and MENA countries were largely **unprepared** to face the Covid-19 pandemic.
- The pandemic led to **significant setbacks** for human capital due to constrained access to healthcare, prolonged school closures and job losses – some groups were particularly impacted, women, girls, informal workers.

## The pandemic also created new opportunities:

- A digital acceleration which can be leveraged to fast-track progress.
- A renewed attention to the role of human capital as a driver for stability and trust.

## This update proposes a renewed **Vision for Human Capital in the MENA region** articulated around three concomitant priorities:

- Recovering Human Capital Losses.
- Reforming Systems.
- Reimagining Human Capital for the Next Normal.

## Making this happen will require **scale, innovation and collaboration.**



# WHERE WERE WE PRE-COVID?

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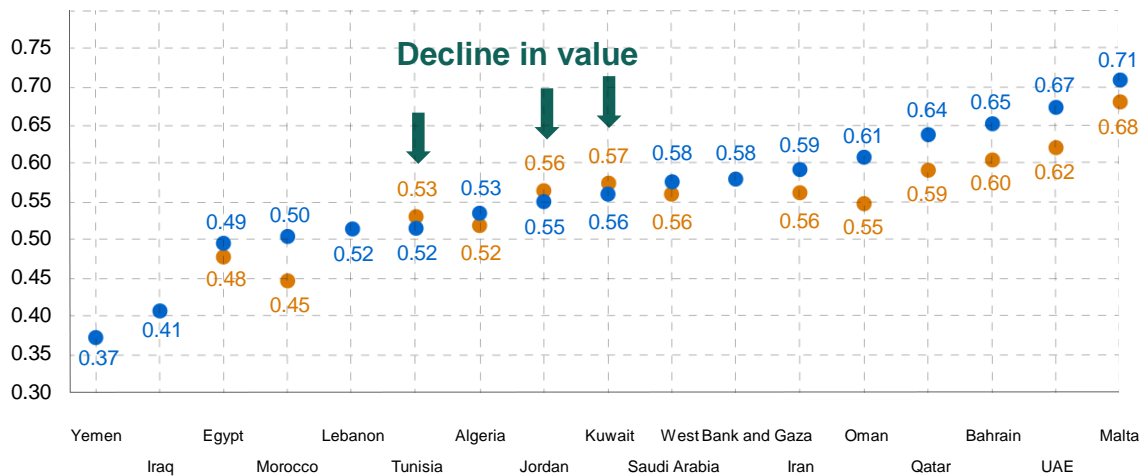
# THE HUMAN CAPITAL INDEX 2020 (PRE-COVID) INDICATED A POSITIVE TREND, BUT SLOW AND UNEVEN PROGRESS

**BEFORE COVID, A CHILD BORN IN MENA WAS EXPECTED TO BE ONLY 57% AS PRODUCTIVE AS SHE CAN BE WHEN SHE REACHES THE AGE OF 18**

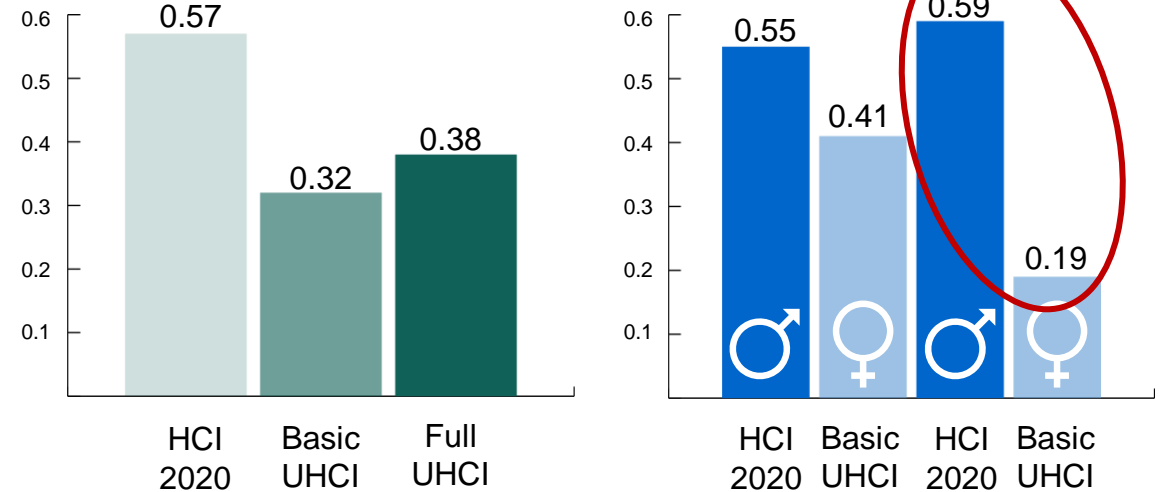
Pre-primary, upper secondary enrollment, and adult survival gains were driving human capital improvements in 11 of 14 MENA countries (where data is available).

Before COVID, MENA's average HCI value were estimated to have declined by more than 25% for men and more than 66% for women when accounting for the proportion of the working-age population who are employed.

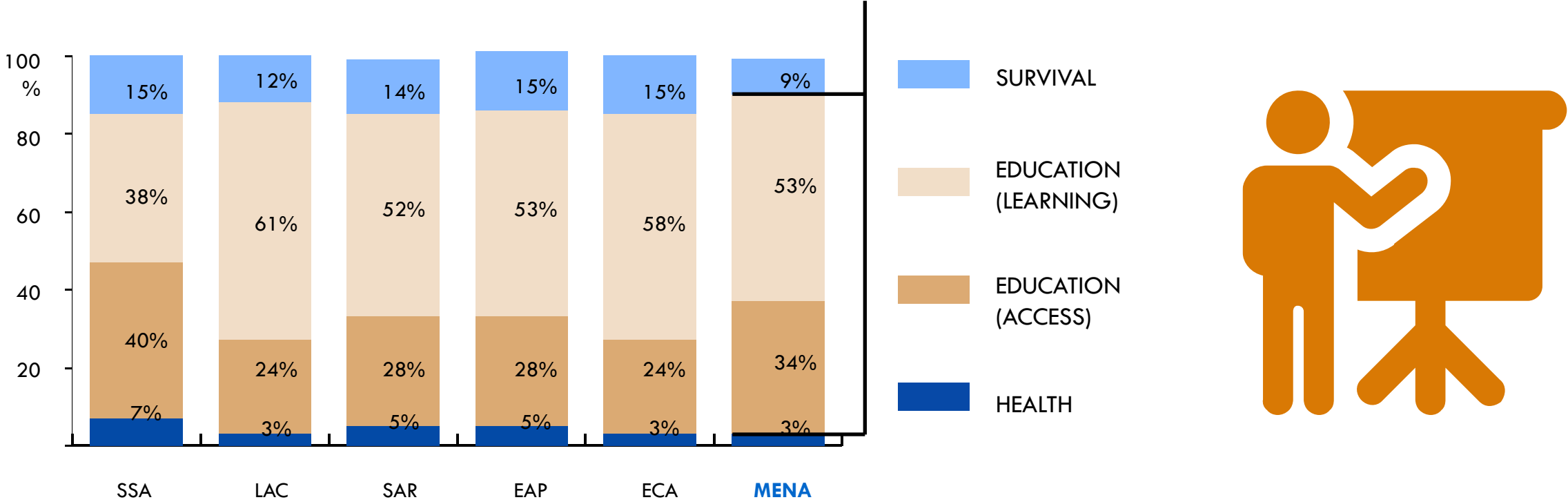
Change in HCI 2010 ● and HCI 2020 ●: MENA.



Large underutilization of human capital for women.



# POOR LEARNING OUTCOMES CONTINUE TO BE THE MAIN DRIVERS OF WEAK HUMAN CAPITAL IN MENA



Source: World Bank; MENA Human Capital Action Plan, 2019



# PRE-COVID, A SET OF STRUCTURAL AND MULTISECTORAL CHALLENGES IMPEDED PROGRESS ON HUMAN CAPITAL



**Low transparency:** MENA is the only region in the world that experienced an absolute decline in their data transparency index (2005 to 2018). A lack of transparency has contributed to low economic growth, leading to external macroeconomic fragility, and stagnant labor markets.

**Data challenges:** Imprecise definitions of employment in MENA blur the lines between unemployment and informality, and distort the role of women and rural areas in national labor markets.



**Spatial inequality** in human capital within countries, with some regions lagging others in education and health outcomes and employment opportunities, exacerbating rural-urban divides and contributing to out-migration.

**Conflicts are eroding human capital**, as displaced people lose access to employment, schooling, health care, and nutrition.



# TWO YEARS INTO THE COVID-19 PANDEMIC HUMAN CAPITAL OUTCOMES HAVE SUFFERED SIGNIFICANT SETBACKS

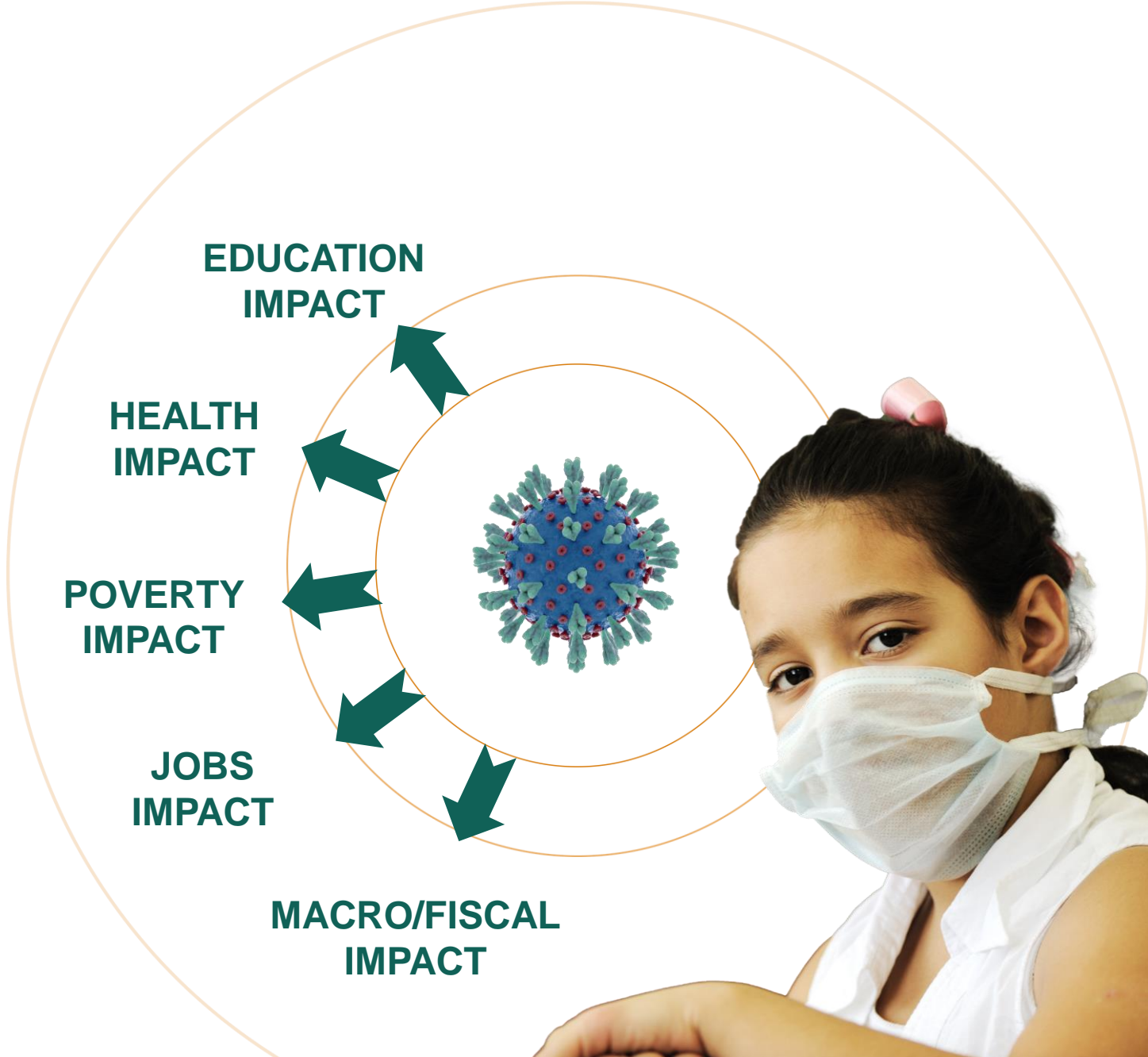
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# THE COVID-19 PANDEMIC CASCADED INTO A MULTITUDE OF SHOCKS

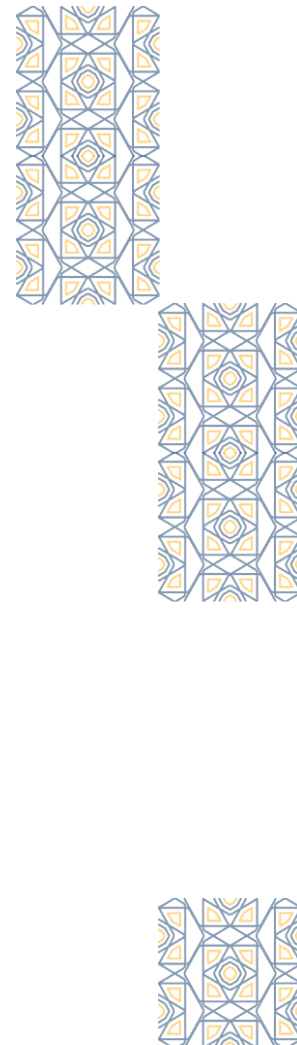
**19m+ confirmed Cases**  
**250k+ confirmed Deaths**



# COVID-19 WORSENEDED ECONOMIC TRENDS IN MENA

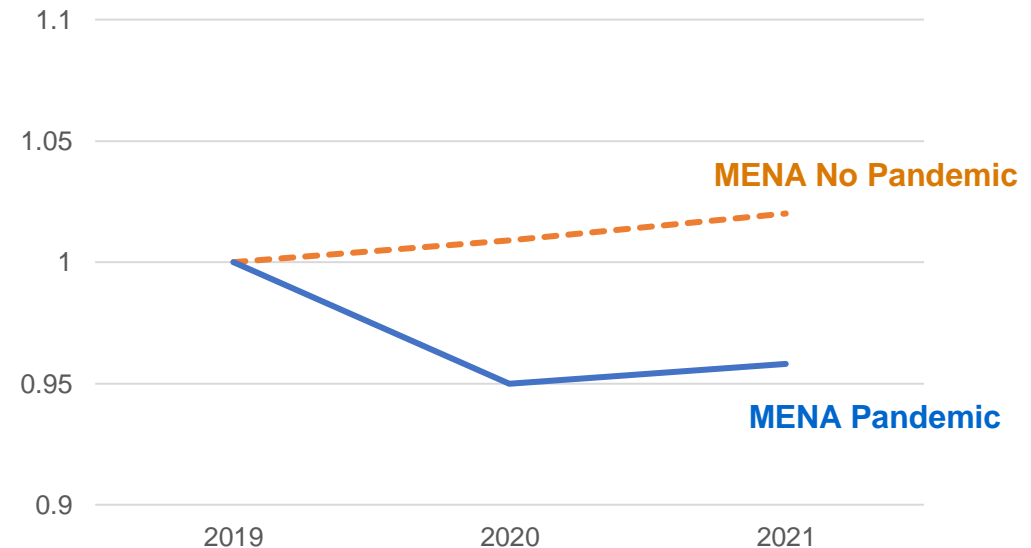
## MACRO/FISCAL IMPACT

- 5.6% **real GDP per capita decline** in 2020; 2021 estimated increase by 1.5%.
- Average **fiscal deficit increased** from 4.6% pre-pandemic to 9.4% of GDP in 2020.
- **Real government revenue** in 2020 was 24 percent **less** than in 2019 – Oil price volatility added to the challenge for Oil exporters.
- **Public debt to increase** to 54% of GDP in 2021.



### GDP growth forecast for MENA:

In 2022, an estimated 6.2% below the 2019 no-pandemic counterfactual GDP level (~USD 227 billion). Overall growth for 2022 expected to be 4.4%.

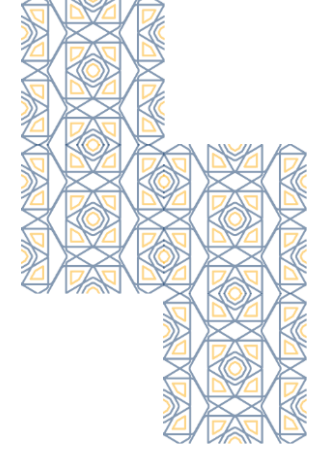


Source: World Bank Global Economic Prospects (2022)

Source: World Bank Macro Poverty outlook & staff calculations based on data from Focus Economics.

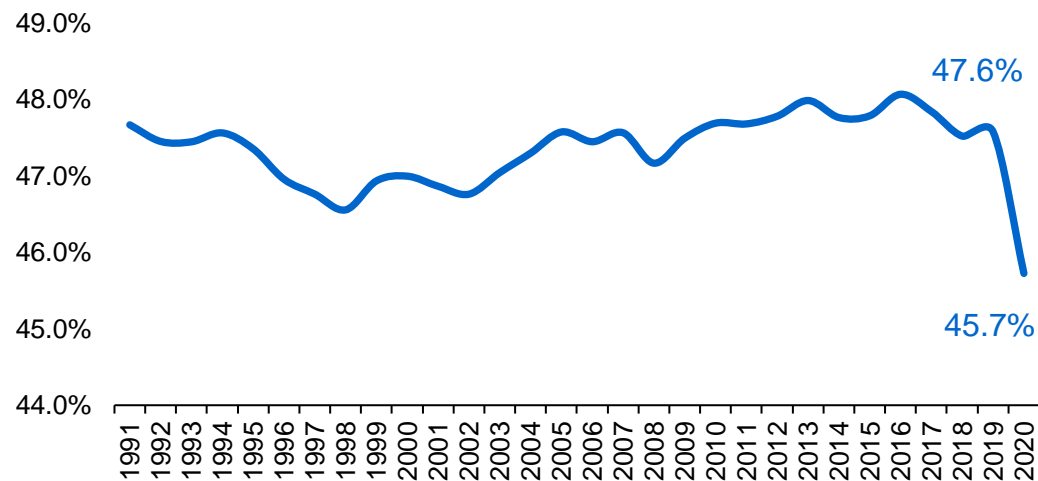
# LABOR FORCE PARTICIPATION REACHED A 30-YEAR LOW

## JOBS IMPACT



**3.3 MILLION PEOPLE** dropped out of the labor force;  
shrinking from 152Mn (2019) to 149Mn (2020) people.

Labor Force Participation Rate, MENA  
% of Total Population Aged 15+ (Modelled ILO Estimate)



Source: World Development Indicators

Participation Gap  
(Percentage Point Change in LFP, 2019-20)



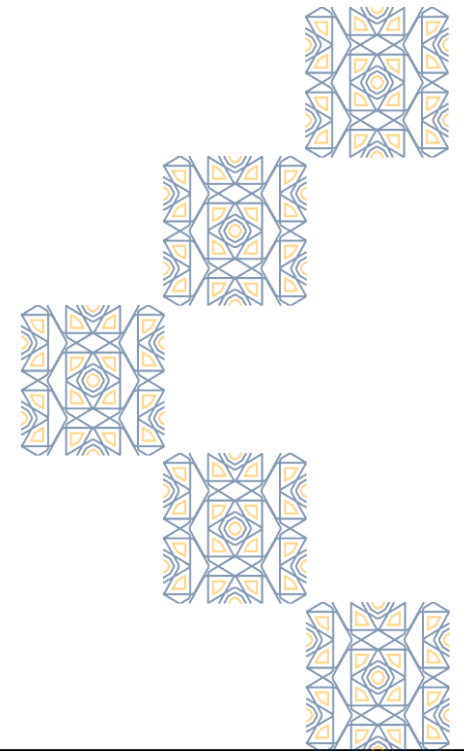
# WOMEN ARE PARTICULARLY VULNERABLE TO COVID-19'S IMPACT

# 700,000

Number of jobs lost among women in the Arab world due to COVID-19 (per UN Women).

# 1/2

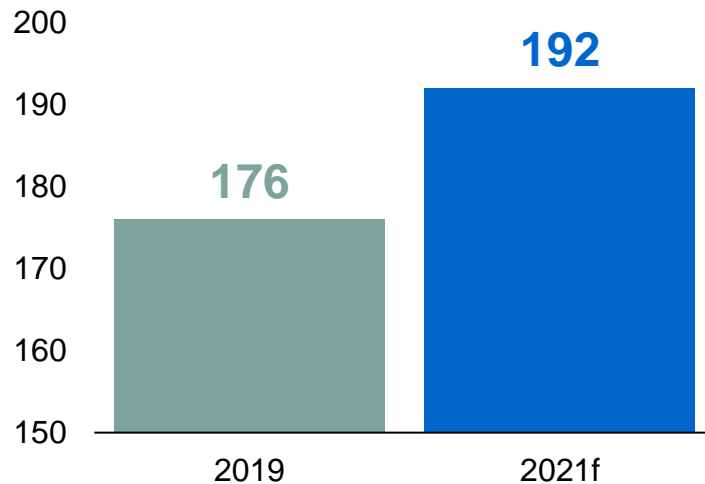
Of people in 9 MENA region countries surveyed thought women faced an increased risk of violence from husbands because of pandemic related lockdowns



# POVERTY IS RISING IN THE REGION

## POVERTY IMPACT

### MENA Population Living in Poverty (Millions) (Less than \$5.50/day)



The situation is bleak in Yemen: the number of people living under famine-like conditions could triple from **16,500** to **47,000** people.



### FOOD INFLATION

Price of staples have increased by >20 percent since February 2020 in: Djibouti, Egypt, Iran, Kuwait, Lebanon, Morocco, Qatar, Saudi Arabia, Syria, Tunisia, and Yemen.

Lack of resources for households to reach preferred food sources in Djibouti (42 percent) and Yemen (70 percent).

### FOOD INSECURITY

Households concerned about running out of food due to a lack of money or other resources in the last 30 days in Tunisia (33 percent) and Djibouti (40 percent).

Source: World Bank, Living with Debt, MENA Economic Update, April 2021

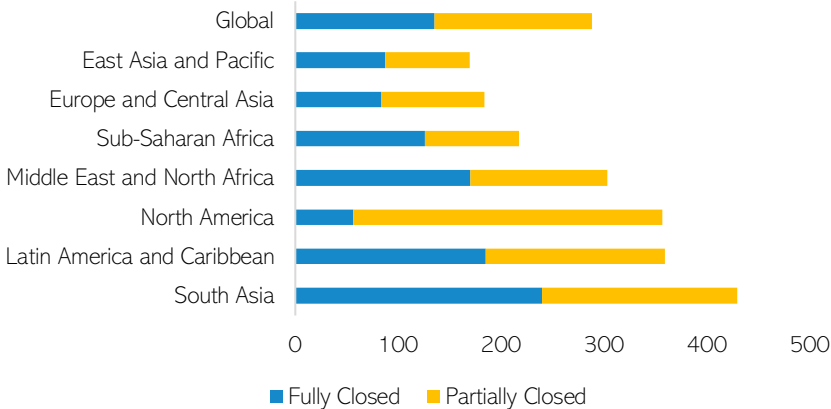
Source: World Bank; UNFPA; UNICEF; UNHCR; World Food Programme

# THE PANDEMIC AGGRAVATED THE LEARNING CRISIS

## EDUCATION IMPACT

### Widespread School Closures between December 2019 and February 2021

Average school days by closure status and region  
February 2020 - October 2021



Schools in **MENA** were **closed for 170 days** on average during this time due to COVID-19.



On average, **MENA** lost **ONE FULL Learning-Adjusted Year of School.**

Learning Poverty increased by **6.5 percentage points** to **69.8%.**

**EMERGING EVIDENCE INDICATE THAT LEARNING LOSSES MAY BE EVEN LARGER**

# THE PANDEMIC HINDERED ACCESS TO BASIC HEALTH SERVICES

## HEALTH IMPACT

Share of respondents who received medical attention when needed (July-October 2020):

Yemen: **47%**

Djibouti: **61%**

Tunisia: **65%**

### GCC countries

Significant disruptions in accessing care during early days of the pandemic.

**50%**

Disruption in hospital care.

**70%**

Disruption in primary care.

## MENA region

# >70%

Services reported as being at least partially disrupted (highest rate across all regions).

# >48%

Of all services disrupted which were in NCDs and mental health (already a significant burden in the region).

### West Bank & Gaza

# 50%

Share of primary healthcare staff reassigned to support COVID-19 response.

### Morocco

# 47%

Children aged 6-17 years who were unable to access health services.

# 26%

Share of women not accessing maternal health services due to the lockdown.

Note: Due to weak data systems, the disruption in health service delivery cannot be fully quantified currently

Source: World Bank; World Health Organization

# COVID-19 WAS ESPECIALLY CHALLENGING FOR CONFLICT-AFFECTED COUNTRIES AND INDIVIDUALS

Countries and communities mired in armed conflict face particular challenges.

## Conflict has:

- Impeded the health response to the pandemic.
- Destroyed health infrastructure.
- Caused death and migration among care workers.
- Interrupted critical care.
- Added pressures to deliver services to refugees and Internally Displaced Persons.





# A RENEWED VISION FOR HUMAN CAPITAL

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# DIGITAL TRANSFORMATION THE BIG ACCELERATION

RESPONSES TO COVID-19 HAVE ACCELERATED THE ADOPTION OF DIGITAL TECHNOLOGIES.

## COVID-19 PROPELLED FASTER ADOPTION OF AUTOMATION, DIGITAL TOOLS, AND AI FOR SERVICE DELIVERY.

- 53% of respondents increased usage of mobile shopping due to the pandemic (May 2020)\*.
- Accelerated use of digital transfers for social assistance in Jordan, Morocco and Tunisia.
- Increased use of digital technologies in health and education throughout the region.
- Increased internet bandwidth and speeds for users at no additional cost in Lebanon, Iraq, and Bahrain.

## THE TRENDS ACCELERATED BY COVID-19 WILL LEAD TO GREATER CHANGES IN THE MIX OF JOBS WITHIN ECONOMIES. THIS HAS IMPLICATIONS IN TERMS OF SKILLS:

- In India, the share of total work hours expended using physical and manual skills will decline by 2.2 percentage points, while time devoted to technological skills will rise 3.3 percentage points.
- In France, Germany, and Spain, the increase in job transitions required, due to trends influenced by COVID-19, is 3.9 times higher for women than for men. Similarly, the need for occupational changes will hit younger workers more than older workers, and individuals not born in the European Union more than native-born workers.



# **SOCIAL CONTRACT 2.0**

## **NEW MOMENTUM FOR HUMAN CAPITAL**

**Human Capital as a key driver of growth and stability.**

**Human capital investments as an essential influencer of the trust between citizens and governments.**

**Compact public service providers and beneficiaries.**

**Shortening the accountability route.**



# A THREE-PRONGED APPROACH MAKING HUMAN CAPITAL A POWERFUL DRIVER OF GREENER, MORE INCLUSIVE, AND MORE RESILIENT GROWTH IN MENA

## RECOVER

### HUMAN CAPITAL LOSSES

- Support access to vaccines and their equitable deployment.
- Remediate learning losses.
- Protect income through cash transfers.



## REFORM

### SYSTEMS

- Strengthen the efficiency and resilience of health and education systems.
- Transform social protection for the 21st century.
- Invest in data and measurement.



## REIMAGINE

### HUMAN CAPITAL FOR THE NEXT NORMAL

- Build skills base for green and digital economies.
- Leverage the digital transformation.
- Promote gender inclusion in the labor market.

# RECOVER HUMAN CAPITAL LOSSES



## Access to vaccines and equitable deployment

- Supporting vaccine strategies and financing: As of January 2022, the World Bank has provided financial support for the purchase and/or deployment of vaccines to Iraq, Jordan, Lebanon, Tunisia, and Yemen.
- Improve use of digital technologies e.g. digital platforms for COVID-19 vaccine delivery and app-based platforms for contact tracing to control community transmission.
- Modernize ventilation systems in schools, hospitals, and transport networks.

## Remediate learning losses

- Cash transfers for families with school-age children: As of January 2022 - Lebanon, Jordan, Morocco.
- Extra support to vulnerable – at risk to dropout children.
- Provide upskilling and reskilling support (work skills and internships in KSA).



## Protect income through cash transfers

- Emergency cash transfers: As of January 2022 - Tunisia, Jordan, Morocco, Lebanon.



# REFORM SYSTEMS



## Strengthen the efficiency and resilience of health and education systems

- Focus on strengthening health and education systems financing, service delivery, governance, as well as resilient, pandemic-ready health and education systems.
- Build partnership with private sector (e.g., early childhood development programs in Morocco and Jordan).



## Transform social protection for the Future of Work

- Introduce productive and responsive safety nets to build and protect human capital.
- Improve targeting capacity: develop national identification system and social registries.

## Invest in data and measurement

- Support data collection and analysis through high frequency surveys (Morocco, Tunisia, Djibouti), strengthen capacity for evidence-based policy making, and incentivize use and dissemination of national data (Tunisia Early Grade Reading Assessment, Morocco National Initiative for Human Development).



# REIMAGINE HUMAN CAPITAL FOR THE NEXT NORMAL



## Build the skills base for green and digital economies

- Invest in soft skills through ECD, basic education and training.
- Restructure higher education systems to prepare for digital economies.

## Leverage the digital transformation

- Develop digital skills across the region to support increased technology adoption and innovation.
- Use of digital and AI for education and health.
- Invest in universal affordable broadband to close the digital divide (urban-rural; and gender).
- Mainstream technologies to support new health, education and social protection interventions in FCV contexts (Yemen).

## Promote gender inclusion in the labor market

- Making better use of human capital through female labor market participation.
- Ensure spatial accessibility to health, education, and job opportunities.



# MAKING IT HAPPEN

MIDDLE EAST AND NORTH AFRICA HUMAN CAPITAL PLAN UPDATE



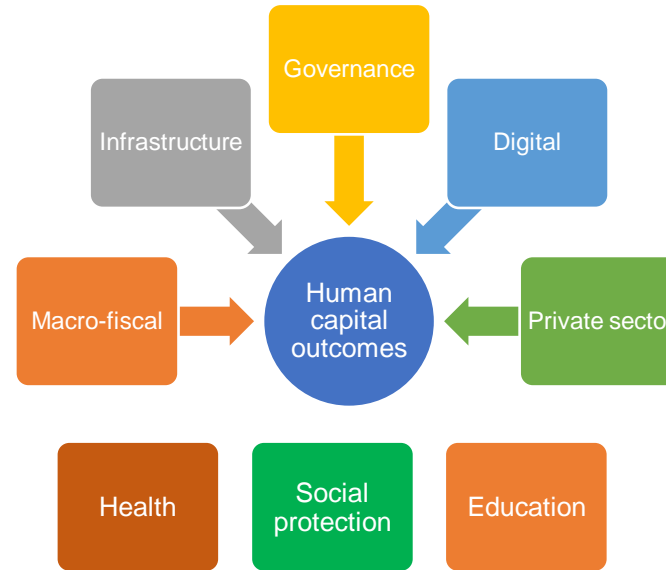
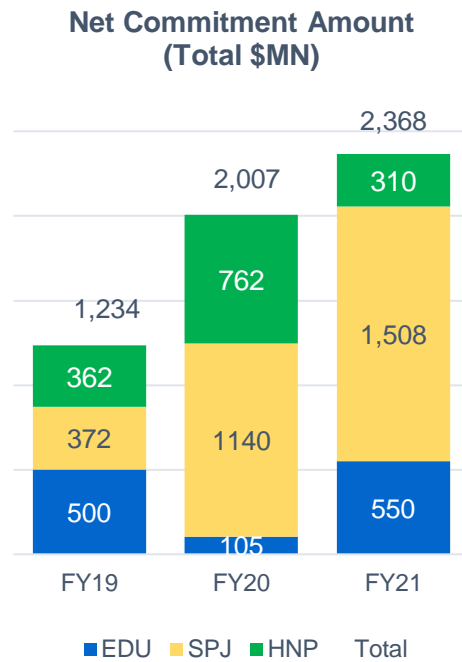


# WHAT WILL IT TAKE?



## SCALE

- Increased funding and enhanced efficiency. WBG role in scaling up impact.



## INNOVATION

- Bringing innovation to our clients
- Innovating in the way we deliver

## COLLABORATION

- The scale and complexity of the challenge requires deep collaboration, with many factors outside of HD potentially drivers and accelerators of progress



THANK YOU