



MAY 2020

## Middle East and North Africa

The COVID-19 outbreak is having a significant impact on the economies of the Middle East and North Africa, leading to declines in oil production, tourism, and remittances. Disruption in global value chains and capital flows also weigh on domestic production and demand. And last, but not least, confinement measures imposed for sanitary reasons in most MENA countries are bringing to a standstill the activity of many economic sectors, while strongly reducing the pace and volume of transactions between agents.

The impact of the crisis will vary by country:

- ▶ Oil-exporting economies will take the biggest hits as oil prices fall, creating a fiscal ripple effect that will lower private consumption and curtail investments in the energy sector.
- ▶ Oil-importing economies will also see GDP contract as investments dry up and private consumption, a major driver of GDP, wanes.
- ▶ Many MENA countries will see their already high unemployment rates rise, particularly for youth and women.

Against this backdrop, most governments have responded with monetary and fiscal measures to protect households' livelihoods and firms against the risks of going bankrupt. The magnitude and effectiveness of these measures to ensure a swift recovery, once the spread of the virus comes under control, depend to a large extent on the macroeconomic conditions and state of the private sector that were prevailing before the outbreak.

### Committed projects

TBC

### Our Stories from the Middle East and North Africa

[Startups helping to make life easier during crisis in Maghreb](#)

## Impact of COVID-19 on the Private Sector

The COVID-19 outbreak is affecting the private sector across MENA, throwing several key industries into turmoil, including tourism, logistics, and retail.

- ▶ The tourism sector, which constitutes up to 20 percent of GDP in some MENA countries, has been devastated by the pandemic, as countries seal off historic sites and close their borders to visitors.
- ▶ The transport sector is suffering, especially airlines in Gulf Cooperation Council countries, many of which are major transit hubs.
- ▶ Weakening international trade has affected the logistics industry and could disrupt sectors like car making in Morocco and Tunisia, and textiles in Jordan.
- ▶ Finally, the region's wholesale, retail, and construction sectors are also vulnerable to falling consumer demand.

## IFC response

IFC is working with partners to help the private sector navigate the pandemic and recover from the economic impact of the crisis. This includes earmarking \$8 billion to initially [support](#) existing clients around the world, including those in MENA.

IFC is providing direct lending to companies affected by the outbreak, as well as support to financial institutions so they can continue lending to businesses.

IFC is also providing advisory support to clients, including financial institutions, to help them manage risk during this period.

## Regional Events

TBC

## Media

[COVID-19: World Bank & IFC's \\$14bn – How far does it extend?](#) (April 9)

[INTERVIEW: IFC stands by Egypt during COVID-19](#) (April 9)

[La reponse du Maroc est impressionnante](#) (April 11)