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Five key steps for GCC states to restart economies: Strategy& Middle East

The next challenge for governments is to restart economies by gradually easing lockdown measures and allowing businesses to resume



A businessman using a digital tablet with graphs on it in a modern office. Image used for illustrative purpose.
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By **Staff Writer**, TradeArabia

The COVID-19 pandemic has altered the dynamics of the global economy, and the GCC is feeling its effects.

As of early 2020, the region's GDP was projected to grow by 2.5% for the year, according to the IMF. By April, that had sunk to a contraction of 2.8%. According to the latest article by Strategy& Middle East, part of the PwC network, by taking appropriate measures during the crisis and in its aftermath, governments can have a significant impact on how the economy recovers.

"Thus far, GCC governments have taken important steps to mitigate the crisis," said Paolo Pigorini, partner with Strategy& ME, part of the PwC network. "They have correctly prioritised the provision of healthcare to their citizens. They have imposed varying degrees of lockdown to contain the pandemic and prevent the contagion from overwhelming the healthcare system. They have provided economic support, such as unemployment assistance to individuals and households, and financial aid to small businesses," he added.

The next challenge for governments is to restart economies by gradually easing lockdown measures and allowing businesses to resume. Until a vaccine is found and produced in bulk, there will always be a risk of a dangerous resurgence of the virus, as has happened with previous pandemics. "Governments need to lay the public health foundations, including testing and tracing procedures to identify a potential new surge of infections and swiftly contain it. Accompanying this, governments should ensure that the healthcare system

is ready and available to cater for the new cases if and when they occur," added Sami Zaki, principal with Strategy&.

Once they have laid these foundations, governments can begin to focus on five measures to promote economic stability and bring people back to work, while reducing COVID-19 risks.

Assess and prioritise sectors. Governments should assess and prioritise sectors to determine the right sequence for them to resume operations. The assessment criteria should include the relative economic contribution to GDP and risk of virus transmission, based on the typical proximity of employees within the workplace. This should be followed by an assessment of sub-sectors to account for unique exposure levels and the geographical readiness of healthcare systems to manage any potential resurgence of the virus.

Enact strict workforce protocols. Governments and employers should establish and enforce strict protocols for returning employees to ensure their safety. Protocols fall into different categories, ranging from medical readiness to engineering, hygiene, and travel. Further, GCC countries should focus on improving living conditions in sectors in which there is greater worker proximity and risk. This will be critical to prevent a repetition of what happened in Singapore where COVID-19 cases emerged in migrant laborers' quarters after the government initially eased restrictions.

Conduct extensive testing and tracing. To reduce the risk of a renewed outbreak, governments need to deploy comprehensive testing and tracing mechanisms. Testing must include both the rapid antibody procedure, which requires a blood draw, and traditional polymerase chain reaction (PCR) swab tests to maximise detection. Mobile phone-based digital tracing systems are now available to identify and alert infected individuals, as well as people they have been in contact with.

Initiate a staged workforce return and protect at-risk individuals. Economic resumption plans need to take into account the age and health condition of workers to ensure the safety of those returning to the workplace and their families. These age and health factors have an important correlation with the hospitalisation and mortality rates from COVID-19 infections. Governments should therefore tailor return-to-work schedules to the unique needs of individuals, while also considering at-risk people in the proximity of those employees, both at home and work. Government, businesses, and citizens must also take measures to reduce transmission risks along the entire commuter journey.

Engage openly and develop trust with the population. Ongoing engagement and communication measures are essential to build trust and inspire the population to behave responsibly. Governments should proactively communicate health-related measures and their underlying rationale to help the population cope with uncertainty. Governments can also nudge citizens to encourage them to maintain the healthy behaviours which they adopted during lockdown.

“Having protected their populations from mass infection, GCC governments must move from managing the crisis to managing the recovery. Their approach will have a significant impact on the outcome. By laying the necessary public health foundations first and then adopting these five measures, GCC governments can restart their economies safely,” concluded Karim Haggag, senior manager with Strategy&.

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EMAAR PROPERTIES (/mena/en/stock/5519/emaar-properties-pjsc/EMAR.DU/)	-1.20%	10,969,119
UNION PROP (/mena/en/stock/664117/union-properties-pjsc/UPRO.DU/)	-0.94%	8,266,190
AMLAK FINANCE (/mena/en/stock/1000523/amlak-finance-p-j-s-c-/AMLK.DU/)	-3.55%	5,641,934
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