Impact of the Ukrainian Conflict on Arab Economies:

Survey of Economic and Social Developments in the Arab Region

2021-2022 Summary

UNITED NATIONS
الاسكوا
ESCWA

Shared Prosperity **Dignified Life**

UNITED NATIONS
الاسكوا
ESCWA

Shared Prosperity **Dignified Life**

VISION

ESCWA, an innovative catalyst for a stable, just and flourishing Arab region

MISSION

Committed to the 2030 Agenda, ESCWA's passionate team produces innovative knowledge, fosters regional consensus and delivers transformational policy advice. Together, we work for a sustainable future for all.

E/ESCWA/CL3.SEP/2022/1/Summary

Economic and Social Commission for Western Asia

Impact of the Ukrainian Conflict on Arab Economies:

Survey of Economic and Social Developments in the Arab Region

2021-2022 Summary

UNITED NATIONS
الاسكوا
ESCWA

Shared Prosperity Dignified Life

United Nations publication issued by ESCWA, United Nations House, Riad El Solh Square, P.O. Box: 11-8575, Beirut, Lebanon.

Website: www.unescwa.org.

Cover photo: © iStock.com

22-00344

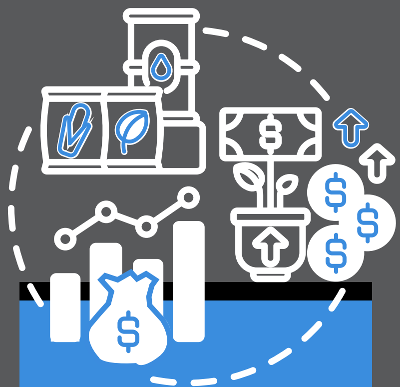
CONTENT

List of tables

List of figures

Key messages

The **war in Ukraine** is expected to have **several implications** for the **global economy**. The longer the conflict, the deeper its impact, especially since countries globally have not completely recovered from the economic repercussions of the COVID-19 pandemic. The **ongoing conflict** is driving **energy and commodity prices up**, and **threatening food security** in large parts of the world.



The gross domestic product (GDP) of the Arab region is expected to **grow** by 5.18 per cent in 2022 if the conflict ends by June 2022 (0.02 percentage points lower than the pre-crisis projections), with an average oil price of $100 per barrel; and by 4.78 per cent if the conflict endures beyond June 2022 (0.42 percentage points lower than the pre-crisis projections, an estimated loss of around $11 billion), with an average oil price of $170 per barrel. Inflation rates are expected to increase to 10.4 per cent for the short-conflict scenario and 11 per cent for the long-conflict scenario.

Gulf Cooperation Council economies will profit from the oil price hike caused by the war in Ukraine, and their GDP is expected to gain around $9.7 billion (long-conflict scenario), mainly from higher oil revenues. Other Arab countries will face a significant GDP loss if the conflict continue in the long term, mainly as a result of higher energy and food prices. The GDP of Arab middle-income countries is expected to lose $18.9 billion, while both Arab least developed countries and conflict-affected countries will lose $600 million in GDP.

1 Global context

The war in Ukraine, which started on 24 February 2022, has placed the global economy in a state of uncertainty.

In swift response, the United Kingdom, the United States and several European countries imposed sanctions on the Russian Federation, including freezing some of its central bank's assets, banning several Russian banks and financial institutions from using the SWIFT system to transfer and receive money, and closing aerospace.

The Russian-Ukrainian crisis is expected to result in severe implications for the global economy. While it is too early to forecast the full effects of the crisis, it is certain that the longer the conflict lasts, the deeper its impact will be, especially since developed and developing countries have not yet completely recovered from the economic repercussions of the COVID-19 pandemic. The magnitude of the impact of the crisis on countries depends on the composition of their economies, and their trade and financial links with the two countries in conflict.

The Russian Federation is a major supplier of oil, gas and metals. Moreover, the Russian Federation and Ukraine combined export over a quarter of the world's wheat. Ukraine is also a major corn and barley producer, and supplies more than 40 per cent of global seed oil.[1] The ongoing conflict is driving up energy and commodity prices, and threatening food security in many parts of the world. As a result, consumer price inflation is projected to increase in 2022. In the European Union, the inflation rate is expected to reach 5.1 per cent in 2022, compared with 3.2 per cent according to December 2021 projections.[2]

The global economy is now expected to grow at a slightly slower pace in 2022 than projected prior to the conflict. Some estimate a 0.2 percentage point reduction in global growth in 2022,[3] with neighbouring European countries most affected. Before the crisis, the world economy was expected to grow by 4 per cent in 2022.[4] The European Central Bank expects that European Union countries will grow at 3.7 per cent in 2022 (0.5 percentage points less than the December 2021 predictions), and that the growth rate could go down even further to 2.3 per cent in 2022 if stricter sanctions are imposed on the Russian Federation and if the energy market responds severely.[5] Growth in the United States and in the Asia and the Pacific region will be slightly impacted in the near-term given their limited linkages with the Russian Federation and Ukraine, but will be affected by higher energy and commodity prices. China is expected to maintain its economic ties with the Russian Federation, and will be slightly impacted by adverse effects on the global economy.

Unemployment is expected to continue its downward trend in 2022 as a result of economic recovery and stimulus packages enacted following the outbreak of the COVID-19 pandemic. However, European Union countries will face additional challenges resulting from the influx of a large number of refugees from Ukraine.

2 Predicted developments in oil, gas and phosphates

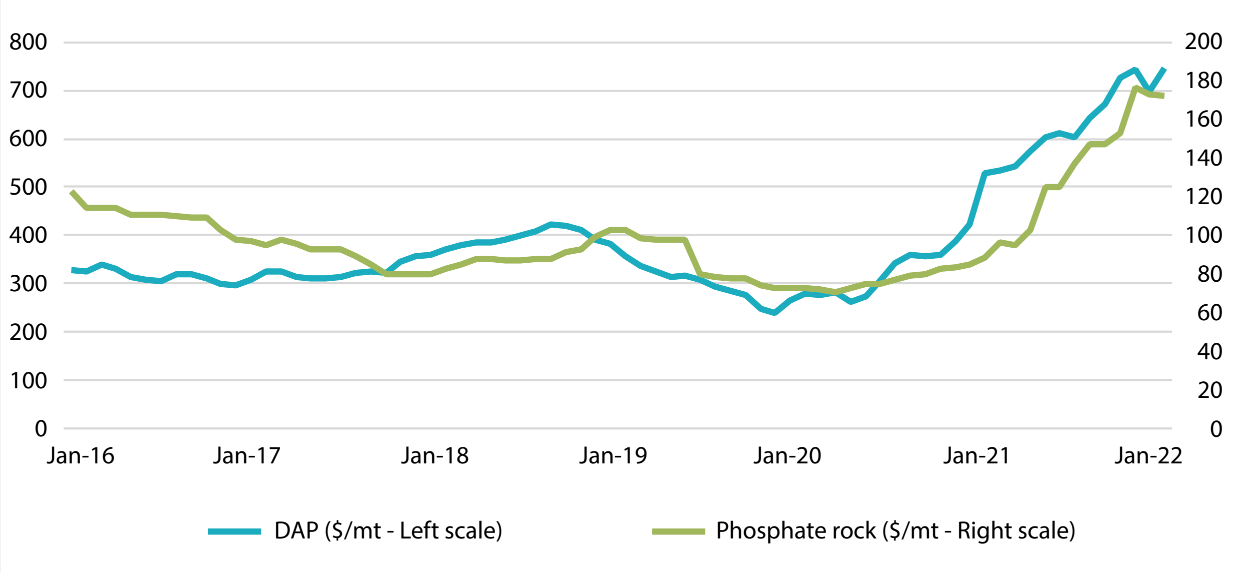
Despite the spike in COVID-19 cases that started in mid-December 2021 and peaked in the last two weeks of January 2022, the International Energy Association, in January 2022, anticipated an oil demand growth of 3.3 mb/d for 2022, mainly attributed to softer COVID-19 restrictions worldwide.

The conflict in Ukraine will have a significant impact on the commodity market. As soon as the war broke out, energy prices surged and the Organization of the Petroleum Exporting Countries (OPEC) basket price increased from $96.1/barrel on 23 February 2022 to over $100 the following day (touching its 2014 levels) and reaching $128.5/barrel on 9 March 2022 (an almost $30 increase per barrel in two weeks).[6] As the conflict continues, the interference of major oil producer such as Saudi Arabia will be required to bail out the global economy from soaring energy prices. However, OPEC+ decided to raise their production only slightly starting from April 2022, disregarding calls to increase production significantly to curb the surge in oil prices, while shale production continues to rise. Furthermore, new COVID-19 lockdown measures could still threaten demand, particularly if they originate in major markets such as China, which would in turn lead to a decline in oil prices.

Similarly, gas prices will follow the same upward trend, owing to high global demand and the scarcity of supply. Gas prices have reached their highest levels since July 2008 as sanctions on Russian exports have come into force. Furthermore, the Russian Federation is threatening to halt gas exports if sanctions are extended to its oil exports. These tensions are increasing uncertainty and pushing up oil and gas prices.

Phosphate prices increased significantly in 2021, and will continue the same trend in 2022. The price of diammonium phosphate (DAP) rose by 66 per cent between January 2021 and January 2022, while phosphate rock more than doubled in price over the same period. Although this increase in commodity prices will provide some relief for State budgets of commodity-exporting countries, it will also continue to fuel inflation in 2022.

Figure 1. Diammonium phosphate and phosphate rock prices



Source: World Bank, Commodity Markets Database, 2021.

3 Macroeconomic evolution in the Arab region

In view of the unfortunate escalation in the crisis in Ukraine, and its impact on European economies in particular and the world economy in general, including Arab economies, the macroeconomic outlook for the Arab region is assessed based on three scenarios.

The baseline scenario will simulate the economic prospect had the war not broken out, and assuming an average oil price of $70 per barrel. The alternate scenarios both reflect the effects of the conflict. However, the first alternate scenario is hypothesized on a short-term conflict ending by June 2022 with an average oil price of $100 per barrel, whereas the second scenario envisions a long-term conflict with an average oil price of $170 per barrel. The gross domestic product (GDP) of the Arab region is expected to grow by 5.18 per cent in 2022 in the short-term scenario (0.02 percentage points lower than the pre-crisis projections), and by 4.78 per cent in the long-term scenario (0.42 percentage points lower than the pre-crisis projections – an estimated loss of around $11 billion).

As heavy oil exporters, the Gulf Cooperation Council (GCC) economies will benefit from the recovery in oil markets that started in 2021, and will grow at their fastest paces since 2014. These countries will also profit from oil price hikes caused by the war in Ukraine. In the short-term conflict scenario, GDP growth in the GCC subregion is expected to reach 6.01 per cent in 2022, compared with 5.61 in the baseline scenario. In the long-term scenario, this rate is estimated at 6.29 per cent if the conflict lasts beyond June 2022. In this scenario, this subregion is expected to gain around $9.7 billion, mainly from higher oil revenues. Qatar would benefit most and display the highest growth rates by far in both alternate scenarios, notably because of its status as the region's largest natural gas producer. In the short-term conflict scenario, Qatar is expected to grow by 2.13 percentage points more than the pre-crisis projections, driven mainly by significant changes in energy prices. In the long-term conflict scenario, Qatar is expected to grow by 3.73 percentage points more than the pre-crisis projections, reaching 7.92 per cent in 2022 because of higher energy prices that will result in a 3.6 percentage point growth in GDP. Oman will also benefit from higher oil prices: it is expected to grow by 6 and 7.22 per cent in the short- and long-term scenarios, respectively.

Arab middle-income countries (MICs) are expected to record a remarkable rebound in 2022, notably due to the removal of pandemic restrictions and the resumption of normal economic activity throughout the region. However, the conflict in Ukraine is expected to reduce GDP growth to 3.93 per cent in 2022 in the short-term scenario (0.8 percentage points lower than the pre-crisis scenario), and to 2.46 per cent in the long-term scenario (2.27 percentage points lower than the pre-crisis scenario – an estimated loss of $18.9 billion). All Arab MICs will incur losses in growth, except Algeria which will benefit from soaring oil prices and will register a 2.7 per cent growth rate in the short-term conflict scenario (a 1.52 percentage point increase from the pre-crisis projections), and a higher growth rate of 5.5 per cent in the long-term conflict scenario (a 3.18 percentage point increase from the pre-crisis projections, and a 2.2 percentage point growth caused by higher oil prices). The growth rate in Egypt will be significantly affected by the conflict, particularly if it is not contained by mid-2022. In the long-term scenario, growth will slow by 4.12 percentage points, reaching 1.36 per cent (higher oil prices are expected to cause a 1.9 percentage point drop in growth) and higher food prices (causing a 1.1 percentage point drop). Similarly, the growth rate in Jordan, Lebanon, Morocco and Tunisia will be negatively affected should the conflict continue, mainly as a result of sharp increases in prices of energy, metal and essential commodities, such as wheat, cereals and oils. Higher energy prices could cause a 4.05 percentage point drop in growth in Morocco, and a 3.68 percentage point drop in growth in Lebanon. These countries also face increasing food security concerns as a result of the economic sanctions on the Russian Federation, and disruptions to supply chains caused by military activities. The impact of higher food prices could lead to a decrease in growth of between 0.1 and 2.6 percentage points in these countries.

In the short-term scenario, conflict-affected countries (CACs) will benefit from the war in Ukraine, driven by higher growth rates in Iraq, Libya and Yemen. However, if the conflict continues beyond June 2022, the growth rate of this subregion is expected to record 5.3 per cent, 0.47 percentage points less than the pre-crisis projections equivalent to a loss of $600 million. This expected drop is the result of higher food prices on the subregion’s economies. Yemen will incur the largest impact from higher food prices, resulting in an estimated 7.2 percentage point drop in growth, which will totally offset the impact of higher oil prices for Yemen in 2022. The State of Palestine and the Syrian Arab Republic will be affected negatively by both higher energy and food prices. Palestinian GDP is expected to contract by 2.35 per cent, and Syrian GDP will grow at a much slower pace of 0.16 per cent. Iraq and Libya will benefit from the spike in oil prices and will gain $500 million and $200 million, respectively, in the long-term scenario.

Arab least developed countries (LDCs) are expected to grow by only 1.53 per cent in 2022 in the short-conflict scenario compared with 1.62 per cent for the baseline scenario, and by 1.03 per cent for the long-conflict scenario – an estimated loss of $600 million. The socioeconomic situation in the subregion has been exacerbated by an increase in the prices of energy and essential commodities. In the Sudan, the largest country in this subregion, the growth rate will be affected by the war in Ukraine and GDP will grow by 1 per cent in the short-term scenario (0.16 percentage points lower than the pre-crisis scenario), and by 0.49 per cent in the long-term scenario (0.68 percentage points lower than the pre-crisis scenario). In addition to the challenging socioeconomic situation in these countries, they risk a drop in official development assistance, as more aid will be directed to support Ukraine and countries hosting Ukrainian refugees.

The war in Ukraine is expected to affect inflation rates, which will increase to 10.4 per cent in the short-term scenario and 11 per cent in the long-term scenario. Ongoing political instability and dire economic conditions in the Sudan will result in an inflation rate of around 128.6 per cent in 2022 in the short-term scenario, and 133.8 per cent in the long-term scenario. Lebanon will also register a hefty inflation rate of around 108.2 6 per cent in short-term scenario, and 112.2 per cent in the long-term scenario, as the country is still facing a severe economic and financial crisis and a sharp depreciation of its currency. The Syrian Arab Republic and Yemen will register double-digit inflation.

Table 1. Gross domestic product growth and inflation in the Arab region, 2022

	Baseline		Short-conflict scenario			Long-conflict scenario		
	GDP	Inflation	GDP	Gain or loss from the conflict (billions of dollars)	Inflation	GDP	Gain or loss from the conflict (billions of dollars)	Inflation
Total Arab countries	**5.20**	**9.4**	**5.18**	**-0.5**	**10.4**	**4.78**	**-11.0**	**11.9**
GCC countries	5.61		6.01	5.8		6.29	9.7	
Bahrain	3.26	1.0	3.12	0.0	1.4	1.48	-0.6	1.9
Kuwait	5.83	2.7	6.05	0.2	2.9	5.55	-0.3	3.7
Oman	4.48	2.4	6.00	1.1	3.5	7.22	2.0	3.5
Qatar	4.19	2.2	6.32	3.6	2.8	7.92	6.2	3.7
Saudi Arabia	6.00	2.1	6.34	2.3	2.4	6.55	3.6	3.3
United Arab Emirates	5.88	1.0	5.56	-1.3	2.0	5.57	-1.2	4.8
Arab MICs	**4.74**		**3.93**	**-6.7**		**2.46**	**-18.9**	
Algeria	4.70	5.0	6.23	2.7	5.4	7.89	5.5	6.3
Egypt	5.48	7.4	3.85	-7.0	9.5	1.36	-17.7	10.5
Jordan	2.62	1.9	1.96	-0.3	2.9	1.31	-0.5	4.3
Lebanon	2.85	105.0	1.34	-0.4	108.2	-0.84	-1.0	112.2
Morocco	3.52	1.5	2.24	-1.4	2.4	-0.52	-4.5	3.8
Tunisia	3.89	5.5	3.47	-0.2	6.9	2.50	-0.6	9.0
Arab CACs	**5.77**		**5.91**	**0.4**		**5.30**	**-1.2**	
Libya	8.71	3.5	9.10	0.1	3.9	9.37	0.2	4.5
Iraq	6.23	3.6	6.53	0.5	4.5	6.50	0.5	6.9
State of Palestine	2.01	1.9	0.67	-0.2	3.3	-2.35	-0.6	5.3
Syrian Arab Republic	2.17	19.6	1.40	-0.1	21.1	0.16	-0.4	21.9
Yemen	2.53	15.4	2.75	0.0	17.2	-2.07	-0.9	19.0
Arab LDCs	**1.62**		**1.53**	**-0.1**		**1.03**	**-0.6**	
Comoros	9.09	2.3	9.09	0.0	3.3	9.09	0.0	6.1
Djibouti	5.88	3.4	7.35	0.1	4.5	4.41	0.0	7.7
Mauritania	4.29	4.2	4.29	0.0	5.3	5.00	0.0	6.9
Somalia	0.00	1.4	0.00	0.0	2.4	0.00	0.0	5.3
Sudan	1.16	126.6	1.00	-0.1	128.6	0.49	-0.6	133.8

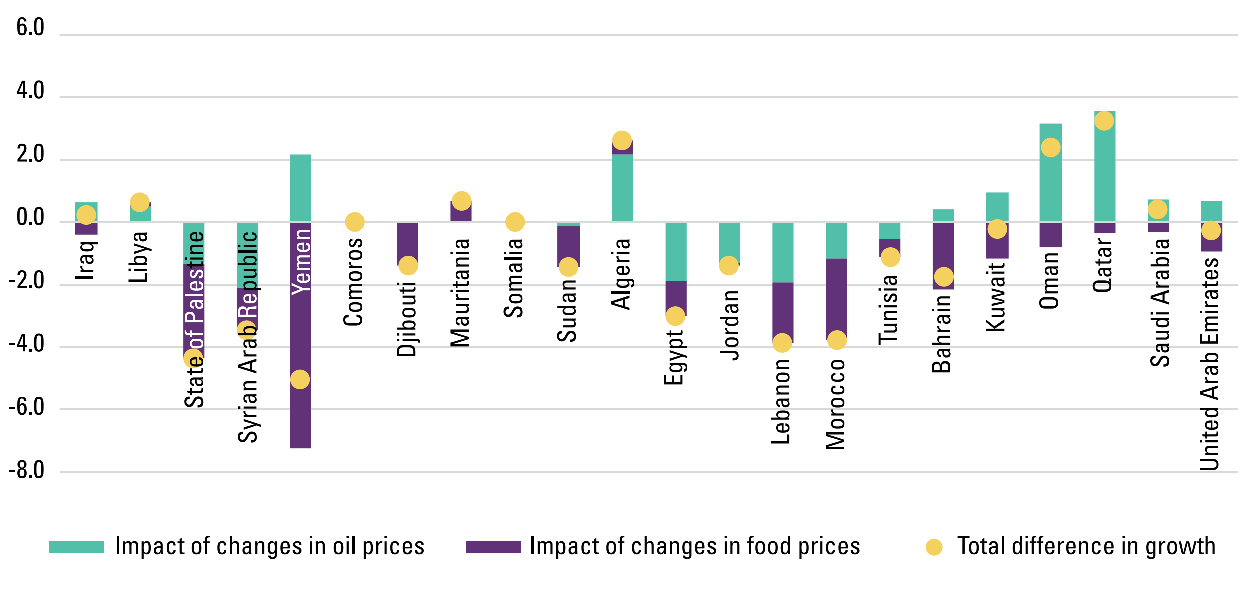
Source: ESCWA projections based on the World Economic Forecasting Model.

Table 2. Impact of changes in oil and food prices on growth (Percentage points), 2022

	Long-conflict scenario		
	Impact of changes in oil prices	**Impact of changes in food prices**	**Total impact of the war in Ukraine on growth**
Total Arab countries	**0.2**	**-0.6**	**-0.3**
GCC countries			
Bahrain	0.4	-2.2	-1.7
Kuwait	0.9	-1.2	-0.2
Oman	3.2	-0.8	2.4
Qatar	3.6	-0.3	0.4
Saudi Arabia	0.7	-1.0	-0.3
United Arab Emirates	0.7	-1.0	-0.3
Arab MICs			
Algeria	2.2	0.5	2.6
Egypt	-1.9	-1.1	-3.0
Jordan	-1.3	-0.1	-1.4
Lebanon	-1.9	-2.0	-3.9
Morocco	-1.2	-2.6	-3.8
Tunisia	-0.6	-0.6	-1.1
Arab CACs			
Iraq	0.6	-0.4	0.2
Libya	0.5	0.1	0.6
State of Palestine	-1.3	-3.0	-4.4
Syrian Arab Republic	-2.1	-1.3	-3.5
Yemen	2.2	-7.2	-5.0
Arab LDCs			
Comoros	0.0	0.0	0.0
Djibouti	0.0	-1.4	-1.4
Mauritania	0.0	0.7	0.7
Somalia	0.0	0.0	0.0
Sudan	-0.1	-1.3	-1.4

Source: ESCWA projections based on the World Economic Forecasting Model.

Figure 2. Impact of changes in oil and food prices on growth (Percentage points), 2022



Source: ESCWA projections based on the World Economic Forecasting Model.

4 Fiscal situation and debt in Arab countries

In 2022, as Arab countries continue to pursue their economic recovery from the repercussions of the COVID-19 pandemic, the war in Ukraine is expected to affect their fiscal position, given that the world is dealing with higher energy prices and supply shortages of essential food items. The fiscal deficit in the Arab region is expected to increase from 7.8 per cent of GDP in the baseline projections to 8.4 per cent in the short-term scenario, and to 9.4 per cent for the long-term scenario.

GCC countries will benefit from higher energy prices and will see a reduction in the debt-to-GDP ratio for most GCC countries in both scenarios. MICs are expected to suffer from a more constrained fiscal space, especially oil-importing MICs who will suffer from the surge in energy prices. Countries that trade with the Russian Federation or Ukraine will be forced to source new markets and pay higher prices, which will put pressure on their fiscal position. The fiscal deficit is expected to increase to 15.7 per cent of GDP in Lebanon, and 9.4 per cent in Tunisia in the long-term scenario.

Arab CACs and LDCs are expected to witness a deterioration in their fiscal position in 2022, but maintain relatively stable debt levels. The fiscal deficit is expected to reach 118.6 per cent of GDP in Libya, 36.5 per cent in Yemen, and 10.1 per cent in the Sudan in the long-term scenario. The Sudan and Yemen will continue to suffer from a very high debt-to-GDP ratio, at around 98 and 130 per cent, respectively.

Table 3. Fiscal deficit and debt as a percentage of GDP in the Arab region

	Baseline		Short-conflict scenario		Long-conflict scenario	
	Fiscal balance 2022	Government debt 2022	Fiscal balance 2022	Government debt 2022	Fiscal balance 2022	Government debt 2022
Total Arab countries	-7.8	n/a	-8.4	55.3	-9.4	55.0
GCC countries						
Bahrain	-12.6	139.8	-12.8	137.4	-13.0	136.0
Kuwait	-7.6	22.7	-7.9	23.0	-9.4	24.0
Oman	-5.4	73.6	-5.8	73.5	-6.7	72.4
Qatar	0.7	54.6	0.0	53.1	-0.4	53.7
Saudi Arabia	0.5	26.5	0.1	26.5	-1.0	27.0
United Arab Emirates	-3.7	37.4	-3.9	37.5	-4.6	37.2
Arab MICs						
Algeria	0.8	39.8	0.3	39.5	-0.5	39.5
Egypt	-4	79.8	-4.4	78.3	-4.6	77.6
Jordan	-5.8	91.9	-6.1	90.9	-6.6	89.6
Lebanon	-15	163.7	-15.4	162.5	-15.7	159.2
Morocco	-5.4	82.3	-5.9	81.7	-6.5	80.7
Tunisia	-8.3	90.2	-8.8	89.3	-9.4	88.1
Arab CACs						
Iraq	-12.3	86.6	-12.6	86.0	-13.3	85.2
Libya	-117	n/a	-117.7	n/a	-118.6	n/a
State of Palestine	n/a	n/a	n/a	n/a	n/a	n/a
Syrian Arab Republic	-5.9	21.9	-6.3	22.0	-6.5	22.0
Yemen	-35.4	132.7	-35.3	127.8	-36.5	130.2
Arab LDCs						
Comoros	-0.6	25.3	-0.8	25.3	-1.2	25.2
Djibouti	-3.6	42.7	-4.0	42.4	-5.0	41.5
Mauritania	3.9	48.7	3.6	48.4	3.3	47.9
Somalia	n/a	n/a	n/a	n/a	n/a	n/a
Sudan	-9.8	101.8	-9.9	100.8	-10.1	98.2

Source: ESCWA projections based on the World Economic Forecasting Model.

5 Labour market and poverty

Across the Arab region, the total unemployment rate is projected to decrease to 12.3 per cent in 2022, driven by an improvement in the rate of unemployment in MICs and GCC countries. In MICs, unemployment is expected to remain acute in most countries, except Egypt.

Lebanon is likely to continue recording the highest unemployment rate in the Arab region at around 32 per cent in 2022, as a result of its protracted financial and economic crisis. Unemployment rates are expected to remain high and to increase slightly in many Arab CACs and LDCs.

The regional headcount poverty rate is expected to fall to 26.67 per cent in 2022, benefiting all Arab countries. Somalia will record the highest poverty rate at around 68 per cent, followed by Lebanon at around 66 per cent. The latter is expected to decrease slightly as the Government began rolling the payment of cash transfers to extremely poor Lebanese households in March 2022, under the Emergency Social Safety Net Project (AMAN) financed by the World Bank.[7] Ongoing political instability in Yemen and the Syrian Arab Republic is expected to maintain poverty rates at elevated levels, at around 52.78 and 65.53 per cent, respectively, in 2022.

Table 4. Unemployment and poverty rates in the Arab region, 2022

	Unemployment rate	Headcount poverty rate (national poverty line)
Total Arab countries	**12.3**	**26.67**
GCC countries	**6.8**	**n/a**
Bahrain	1.0	n/a
Kuwait	2.5	n/a
Oman	5.7	n/a
Qatar	0.1	n/a
Saudi Arabia	11.5	n/a
United Arab Emirates	1.7	n/a
Arab MICs	**12.1**	**17.74**
Algeria	18.8	3.04
Egypt	6.9	27.90
Jordan	21.9	14.74
Lebanon	32.0	66.39
Morocco	10.7	2.42
Tunisia	17.2	15.37
Arab CACs	**16.7**	**36.46**
Iraq	20.3	12.06
Libya	18.1	n/a
State of Palestine	26.5	28.46
Syrian Arab Republic	13.4	65.53
Yemen	11.9	52.78
Arab LDCs	**15.4**	**40.65**
Comoros	7	39.58
Djibouti	25.9	18.53
Mauritania	10	27.72
Somalia	12.8	68.49
Sudan	16.6	32.34

Source: ESCWA projections; United Nations, World Economic Situation and Prospects, 2022.

The Arab region continues to face significant gender disparity, which has become more pronounced in the education sector as a result of the pandemic. Social protection systems continue to face severe shortcomings, particularly with regards to coverage (only 35.1 per cent of the Arab population is covered), and effectiveness (mostly in countries with limited fiscal space and persistent political instability).

Endnotes

1 Brookings, Developing economies must act now to dampen the shocks from the Ukraine conflict, 2022.

2 European Central Bank, ECB staff macroeconomic projections for the euro area, 2022.

3 Asia-Pacific Outlook, Russia-Ukraine Crisis Amplifies Growth and Inflation Risks in Asia, 2022.

4 United Nations, World Economic Situation and Prospects, 2022.

5 European Central Bank, ECB staff macroeconomic projections for the euro area, 2022.

6 www.opec.org/opec_web/en/data_graphs/40.htm.

7 Relief Web, Lebanon announces payment of cash transfers to extreme poor Lebanese households under AMAN, 2022.

As countries worldwide are still recovering from the repercussions of the COVID-19 pandemic, the war in Ukraine is expected to result in severe implications for the global economy. The ongoing conflict is driving up energy and commodity prices, and threatening food security in many parts of the world. The magnitude of the impact on individual countries depends on the composition of their economies, and their trade and financial links with the two countries in conflict. The gross domestic product of the Arab region is expected to grow by 5.18 per cent in 2022 if the conflict ends by June 2022 (0.02 percentage points lower than the pre-crisis projections), and by 4.78 per cent if the conflict endures longer (0.42 percentage points lower than the pre-crisis projections – an estimated loss of around $11 billion).

As heavy oil exporters, the Gulf Cooperation Council economies will benefit from the recovery in oil markets that started in 2021, and will grow at their fastest pace since 2014. These countries will also profit from oil price hikes caused by the war in Ukraine. All other Arab countries are expected to grow at a slower pace than pre-crisis projections. In addition to higher energy prices, these countries also face increasing food security concerns as a result of the economic sanctions on the Russian Federation, and disruptions to supply chains caused by military activities. Some will also face a decline in official development assistance.

22-00344