



**COVID-19 Impact Analysis: Afghanistan,
Belarus, Iran & Saudi Arabia, Israel-Palestine,
Syria, Ukraine**

European Institute of Peace

April 2020



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Introduction

This paper is the second of a series generated by the European Institute of Peace (EIP) to take stock of the impact Covid-19 is having on number of fragile and conflict-affected countries in which it operates. Particular attention is paid to the effects on conflict resolution, peace processes and agreements, as well as key variables to watch going forward. While the situation is evolving quickly, early recommendations are included for European and international actors who in these incredible times are striving to take issues of peace and conflict seriously.

The following analysis focusing on Afghanistan, Belarus, Israel and Palestine, Syria, Iran and Saudi Arabia, and Ukraine is drawn from the Institute's own expertise and networks on the ground, complemented by a growing body of information from publicly available sources. Preliminary findings are not encouraging. In each of these cases, if Covid-19 evolves at the same pace as seen in many European and other countries, high morbidity and mortality rates can be expected accompanied, by a 'perfect storm' of destabilising outcomes. Economic contraction, coupled with a sharp rise in new infections, will almost certainly challenge the legitimacy of governing factions, upset elite bargains and rentier agreements, fuel tension between national and local governments and create opportunities for non-state actors to perpetuate violence.

On the basis of the on-going analysis in these reports, several general recommendations for European policymakers emerge. These can be read in full in EIP's previous COVID-19 impact analysis report which covers Colombia, Venezuela, Democratic Republic of the Congo, Ethiopia, South Sudan and Sudan. In summary, European policymakers should:

1. Prepare for a major humanitarian response to COVID-19 in fragile States including where they exist by reinforcing the capacity of national health systems.
2. Encourage partners to put the 'triple nexus' into action with robust coordination between and among humanitarian, development and peace actors in regional, multilateral and non-governmental organisations.
3. Redouble efforts to keep existing peace processes on track while capitalising on opportunities for dialogue, confidence building and peace process initiatives between parties to conflict.
4. Prepare to address the immediate and long-term economic consequences of COVID-19 in fragile and conflict-affected states.



AFGHANISTAN

1. Immediate to medium-term effects of Covid-19 on Afghanistan

i. Public health impact

EIP assessment: current impact level is LOW, but could increase to MODERATE in the coming weeks.

As of 15 April, 714 cases of Covid-19 have been confirmed in Afghanistan, including cases among the diplomatic community and at the presidential palace. Cases were initially concentrated in the western province of Herat, on the border with Iran, and now increasingly in Kabul. Afghanistan's health system, although improving, ranks among some of the weakest in the world and is completely unprepared to handle a pandemic. The government's ability to impose public health measures outside large urban areas is very limited. Relatively low initial numbers of confirmed cases are likely due to a lack of capacity for testing. Nevertheless, Afghanistan's demographics suggest the country may be relatively less affected than countries with older populations: 97% of Afghans are under 65, and 83.2% are under 40.

So far, the public health impact has been relatively limited but is expected to grow exponentially. A major factor in the spread of the disease in Afghanistan has been the large numbers of Afghans that have returned from Iran following the large outbreak there and the resulting economic shutdown. Over 150,000 Afghans left Iran in March alone, both voluntarily in response to the economic and public health impact of the virus on Iran, and as a result of increased deportations.

ii. Containment measures and access restrictions

EIP assessment: current impact level on humanitarian access is SEVERE, but could become MODERATE if agreements are reached and implemented.

A coronavirus taskforce has been convened at central government level. National ministries have plans to move to half-day working and eventually home-working. School closures will affect close to 10 million children across the country.

Afghanistan's airspace officially remains open, as do its porous borders with neighbouring countries. Movement restrictions have been imposed in the western provinces Herat, Farah and Nimroz and may be extended, while several cities were placed in lockdown at the end of March.

Much of Afghanistan is off limits to government and international organisations due to conflict, hindering humanitarian and development operations and medical relief efforts. Following the "reduction of violence" phase prior to the signing of the US-Taliban bilateral agreement, attacks by the Taliban have now increased, despite the Taliban's claims that they are still operating at a reduced level. The UN Humanitarian Coordinator is leading discussions with the Taliban



regarding a humanitarian “pause” (i.e. a temporary ceasefire) or the opening of humanitarian corridors to affected regions. The Taliban has nominally agreed to allow access for health workers to affected areas, and has indicated its willingness to announce ceasefires (though only in areas already under its control) if outbreaks are reported.

iii. Economic impact

EIP assessment: current impact level is LOW, but could increase to MODERATE in the coming months and will likely be SEVERE in the longer run.

Few Afghans can afford, even temporarily, to halt their economic activities, for instance as a result of isolation policies, and the government’s ability to impose drastic measures is limited. Government mandated social distancing measures are being applied inconsistently across the country. Therefore, the likely economic impact on Afghanistan will probably come mostly from the economic spill-over from neighbouring and donor countries, rather than, as in other countries, due to a slowdown of work in Afghanistan itself. For instance, the exacerbation of Iran’s economic crisis and the return of over 150,000 Afghans in recent weeks will reduce remittances to Afghanistan, an important revenue source for, in particular, the western provinces.

Afghanistan remains a net importer of food. There is, therefore, a risk of a humanitarian crisis in the short term if the regional economy and Afghanistan’s supply chains are significantly disrupted, leading to a spike in food prices. In the longer term, a drop in commodity prices due to falling global demand will negatively impact Afghanistan’s economy, particularly the mining sector, while low oil prices reduce the viability of the planned TAPI pipeline (already on hold).

Ultimately the impact of the Covid-19 crisis on Afghanistan’s economy will be determined by the donors’ decisions to either maintain or reduce (a) their development assistance and (b) their military presence. In 2008, Afghanistan was relatively unaffected by the global recession as levels of development assistance did not fall and Afghanistan, like other LDCs was only weakly connected to global trading networks. Today, price fluctuations may have a greater impact, both because the country is now more connected to the global economy and because the global economic crisis is expected to be more severe. For instance, in 2008 the price of metals fell by 60%, which if repeated today could negatively impact investment in Afghanistan’s budding mining sector.

The recent US decision to reduce aid to the government by 1 billion USD, as an incentive to break the current political deadlock, bodes poorly for the country on the cusp of what is likely to be a deep global depression.

iv. Political impact

EIP assessment: current impact level is LOW, but will likely increase to MODERATE in the coming weeks and SEVERE over a longer timescale.



The greatest risk that coronavirus poses for the peace process in Afghanistan is that it accelerates the financial and military withdrawal of Afghanistan's partners, in particular the US, leaving the government weakened and the country vulnerable to collapse. If infection levels are relatively high in Afghanistan, then maintaining a significant troop presence in Afghanistan is likely to be perceived as a higher risk for contributing countries. This could lead to increased pressure to speed up withdrawal timelines and weaken conditionality for any troop drawdowns. Apart from the political implications this would also have a significant economic impact.

The coronavirus comes at a particularly bad time for Afghanistan. The country is already struggling with a prolonged political crisis following the disputed presidential election in September 2019, and is poised to see the start of peace negotiations between the government and the Taliban.

International movement restrictions will almost certainly delay the start of these intra-Afghan talks, though these are far from the only hurdles that will need to be overcome before such talks can begin. The fact that the Taliban and government have recently begun talking online between Kabul and Doha is positive, and indicates that new means of communication are being explored that would have been unlikely before the current crisis, but face-to-face meetings will still be needed.

Additionally, the issue of prisoner release – a Taliban precondition to engaging in talks – has become more urgent in light of the need to reduce the prison population to slow the spread of coronavirus. A partial initial agreement on the first stage of prisoner release has now been reached, and – separately – the government has decided to release 10,000 prisoners in an attempt to slow the spread of the virus.

The government and the Taliban may find shared interests in cooperating to address the crisis, which could serve as confidence-building measures. The Taliban have indicated a willingness to cooperate with the international community and government in sensitising the population and enforcing public health measures, but are also using the crisis as an opportunity to reinforce their reputation as the sole effective provider of public services in areas under their control. Additionally, while the country as a whole is relatively young, the political leadership on both sides is predominantly composed of elderly men, a high-risk demographic, and so the chance of key individuals falling sick is relatively high, potentially leading to factional infighting if leadership vacuums emerge. More than 20 cases have been reported in the Presidential palace.

2. Implications for the diplomatic and conflict resolution community

On a practical level all conflict resolution actors are struggling with the same challenges. Diplomatic presence in Kabul has been reduced and most embassies relocated non-essential staff in early March. Government services are being impacted as many ministries either partially shut down or adopt home-working where possible. All international actors based outside the



country are exploring options for moving activities online as missions have been cancelled or postponed across the board.

3. National and international responses

The Afghan government and Taliban have recently opened a channel to talk online in response to the current situation, which is a positive signal.

International efforts to mitigate the immediate impact of the conflict are focused on supporting UN attempts to broker a humanitarian “pause” for relief efforts. There is some discussion surrounding the possibility to identify confidence-building measures through which the Taliban and government could cooperate to alleviate the coming health crisis. Though these are in an embryonic phase, initial indications are somewhat positive. The Taliban has demonstrated some willingness to cooperate and implement public health measures – though for the moment these are mostly symbolic and reports are mixed regarding the public health measures undertaken in Taliban-controlled areas. The diplomatic community has mostly evacuated non-essential staff resulting in a decreased international presence at a key moment.

One clear risk for the peace process is that the Afghan government and Taliban succeed in reaching agreement on prisoner release and the composition of the team representing the Afghan government, but that European governments are then unable to host talks due to international movement restrictions.

4. Key variables to watch to understand the impact on conflict dynamics in Afghanistan

It will be difficult to accurately monitor the impact/spread of the virus, particularly in remote areas as no reliable monitoring/testing mechanisms are in place.

The position that the US adopts in the wake of the crisis will have a major impact on Afghanistan, particularly if it decides to accelerate its financial and military withdrawal from the country (highly likely under the current administration).

Depending on the gravity of the global medical and financial impact, regional instability could increase significantly, particularly in Pakistan and Iran.

It will be important to observe how the crisis impacts the wider conflict and foreseen peace talks. Most likely these talks will be delayed and/or disrupted but it is too early to make accurate predictions regarding the precise impact. The health of key individuals is an important variable to monitor. Conflict casualties should also be closely monitored to provide an indication of the intensity of fighting. It could be expected that a major humanitarian emergency would lead to a drop in combat operations, either due to political commitment on either side to refocus priorities on combating the virus, or due to lower fighting capacity thanks to widespread illness among the two militaries. The responses of Iran and Pakistan will also have a major impact on stability in Afghanistan and should be closely monitored.



5. Peacebuilding and conflict resolution recommendations

Reconsider timelines and planning for the Afghan peace process and projected troop drawdowns to take into account what is feasible in the current circumstances.

Increase focus on short-term confidence-building measures designed to alleviate the coming humanitarian crisis.

Prepare to host intra-Afghan talks in an appropriate secluded location (most likely in Norway) with on-site emergency health facilities and international air accessibility, and conduct as many preparatory activities as possible online.

Ensure that Afghan nationals living in Iran and Pakistan are eligible for, and have access to, medical services and humanitarian assistance in those countries.

Maintain international aid budgets for Afghanistan at or above pre-Covid-19 levels.



BELARUS

1. Immediate to medium-term effects of Covid-19 on Belarus

i. Public health impact

EIP assessment: current impact level is MODERATE

As of 22 April, the Ministry of Health reports 7,281 registered cases of Covid-19, with about 95 people currently in intensive care units and 58 deaths. The last week saw an exponential growth of the identified cases, while the number of officially reported deaths has also grown but at a relatively low speed. Over 110,000 tests have been conducted since 23 January. Some commentators question the accuracy of the official statistics, suggesting that the government might be lowering the number of recorded Covid-19 deaths by, for example, recording some deaths as resulting from pneumonia rather than Covid-19. However, a delegation from the WHO, which recently visited Belarus on a fact-finding mission on the government's invitation, did not report any concerns that Belarus is hiding a large number of deaths related to Covid-19.

So far, the authorities have been claiming that the national health system is capable of dealing with the situation and that it is not overburdened. Hence, the main focus has been on testing and then isolating registered cases and their immediate contacts. Also, various area-specific mild social distancing measures have been implemented: such measures have been in place in Minsk since 7 April. The WHO seems to generally support the government's position, although it has recently recommended that mass events be postponed and that more drastic measures of social distancing be considered, given the evidence of the virus' exponential spread. Belarus has requested and received a moderate amount of testing kits from China and Russia but is mainly relying on its own testing capacities.

ii. Containment measures and access restrictions

EIP assessment: current impact level is LOW

Belarus's strategy of dealing with the coronavirus has differed from most other countries in Europe so far, as it has not taken any drastic measures. The fact that the country's premier football league is the only one in Europe that has not yet been suspended is well-publicised, and is widely perceived as a reflection of the overall anti-coronavirus strategy.

However, it would be wrong to say that the Belarusian government is simply ignoring the problem, as has been reported by several international media outlets. Quite early on, the Ministry of Health published a plan, which foresaw different types of measures depending on how the epidemiological situation would develop.

While all Belarus's neighbours have closed their borders, Belarus's own borders remain open. The air traffic in Minsk International airport has decreased by about 75%, but Belavia, the



national airline, continues to fly to a number of destinations, including Paris, Amsterdam, London, Berlin, Frankfurt, Prague, Istanbul, and Yerevan. All Belarusian nationals and foreign citizens arriving in Belarus are required to self-isolate for two weeks. Due to global travel restrictions, Belarus has decided to extend the duration of visa-free stay in the country from 30 to 90 days; and an additional 90-day extension may be granted if requested.

iii. Economic impact

EIP assessment: current impact level is MODERATE but will likely increase to SEVERE

The economic impact of the Covid-19 pandemic is expected to be very serious. Specific prospects are hard to understand at the moment, but the IMF is already forecasting that the country's GDP will contract by 6%. The economic shock caused by the pandemic is expected to aggravate the already weak state of the economy. In 2019, the GDP grew by only 1.2%, which was lower than the government's target and lower than growth in 2018 (3.1%). At the beginning of 2020, the Belarusian economy experienced another shock caused by a lingering dispute with Russia over the terms of gas and oil deliveries to Belarus. In particular, in January and February 2020, Russia stopped crude deliveries to Belarusian oil refineries and, as a result, Belarus's GDP saw the first monthly contraction since 2017.

Overall, the government is emphasising its willingness to limit the negative economic impact of the pandemic and, hence, is avoiding strict quarantine measures. Judging by public statements by the president and other government officials, there is little concern that the current lack of containment and social distancing measures will lead to many people being infected and, thus, unable to work. Yet, the authorities keep emphasising that they might change their approach if the situation deteriorates considerably. As a result, most businesses and all public services continue to run, even though the pandemic has deeply affected the demand side in many sectors of the economy. According to Belarusian business associations, nearly 80% of businesses cite falling domestic demand as their main problem at the moment, whereas about 40% have already experienced a considerable decrease in external demand for their products. The latter is of particular concern, given Belarus's export-oriented economy.

Currently, the situation is most dire in such sectors as tourism (demand has fallen by more than 95%, according to business associations) and restaurant and entertainment business (by 80%). And a growing number of all SMEs say that they find themselves on the brink of bankruptcy, as 65.5% report that they have reserves enough to keep their businesses running for less than three months. 85% of small businesses in the non-food retail sector are about to close down.

Some price increases are being observed (especially on high-demand goods, like lemons, ginger, etc.), even though the government has publicly announced that it would closely monitor prices and punish "ungrounded increases and attempts to make money on everyone's tragedy."

Last year, the government accumulated relatively high currency reserves, but they will not be enough to fully mitigate longer-term economic repercussions. The government is expected to offer substantial financial help to large and mainly state-run companies, while most private



businesses will hardly get any direct budgetary help. At most, they can hope for some short-term easing in tax and rent payments.

The government has requested urgent financial assistance from various international financial institutions (IMF, World Bank, EBRD, EIB), which it wants to use to help businesses. Additionally, the EU and the US have offered some modest funding, which will be used to cover both the needs of the national health system and assist businesses.

Belarus has a floating exchange rate and it has been fluctuating within 10-20% parameters in recent weeks, primarily in reaction to the devaluation of the Russian ruble in light of the turbulence of the oil markets. The latter has also created a contradictory environment for Belarus's own economy. On the one hand, it helps Minsk negotiate much better oil deals with Russia and others, which is crucial for the country's economy. On the other hand, low oil prices imply lower revenues for Belarusian refineries and losses for the budget, as oil products are Belarus's core exports. Moreover, low oil prices mean that demand will be decreasing on the Russian market, which is the main destination for Belarusian goods.

iv. Political impact

EIP assessment: current impact level is LOW but may increase to MODERATE

The political situation remains stable for the time being but the Covid-19 crises might contribute significantly to raising political tensions inside the country, especially given that the next presidential election is to take place no later than 31 August. At the moment, there has been no official discussion about the possibility of postponing the election, as it can only happen under the conditions of the state of emergency. The Belarusian president recently stated that the election will take place as planned. However, if the epidemiological situation continues to deteriorate, a postponement cannot be ruled out.

The mild strategy of the Belarusian government in dealing with the coronavirus does not seem to be the main factor contributing to internal political divisions, even though some opposition parties and civic groups are demanding that strict quarantine measures be introduced. Rather, it is the rhetoric of the Belarusian president which has caused notable outbursts of criticism on social networks. In particular, he made several rude statements about the first victims of the virus in Belarus, saying that most of them either had unhealthy lifestyles or did not listen to his request to stay at home "if you are old."

The government is clearly failing on its public relations approach when it comes to communicating Covid-19-related information to the public. As a result, a growing narrative about the government's attempts to hide the truth has been emerging in the opposition and independent media. All this is not likely to lead to any immediate political repercussions, but as the economic situation continues to deteriorate and the presidential campaign begins, the cumulative effect will be the rise of political tensions.

Belarus-Russia relations have been in a crisis mode for more than a year now. Throughout 2019, the two countries negotiated deepening their bilateral integration in the framework of the



Union State, which had been created in 1999. The negotiation process had been initiated by Russia, which had enforced it on Belarus by claiming that it would otherwise cut economic cooperation with Minsk. Reflective of the tensions is the fact that in May 2019 Russia had to recall its ambassador and appoint a new one after the former received harsh public criticism from the Belarusian president and the Ministry of Foreign Affairs. In the end, Minsk and Moscow failed to reach any agreement about deepening their relationship at all.

Since the arrival of COVID-19, Belarus-Russia relations have deteriorated further. In particular, Russia's unilateral decision to close its border with Belarus caused anger in Minsk. Also, the Belarusian president and minister of foreign affairs have accused Russia of multiple cases of disinformation about the situation with COVID-19 in Belarus. At a recent virtual summit of the Eurasian Economic Union, President Lukashenka also made quite tough statements about the way Russia treats its allies amid the pandemic crisis.

2. Implications for the diplomatic and conflict resolution community

There has been no particular impact on the diplomatic community beyond the overall disruption, which is somewhat milder in Belarus because of a mild policy.

As part of the EU's global response to the coronavirus outbreak, a support package for the six Eastern Partnership countries has been put in place totaling €80 million for immediate needs in the health sector and €883 million for short-term needs for socio-economic recovery. Out of this support, Belarus will benefit from over €60 million of redirected bilateral funds.

3. Key variables to watch to understand the impact on conflict dynamics in Belarus

Two variables will be key to watch:

- a) Whether the current situation, including the way the government and President Lukashenka personally deal with it, will lead to a serious deterioration of the internal political situation as we get closer to the next presidential election. If internal tensions grow, it might lead to harsh reactions by the Belarusian government against the opposition, which, in turn, might have negative repercussions for the ongoing Belarus-EU rapprochement.
- b) Belarus-Russia relations in the context of Covid-19. This bilateral relationship, which by all standards is key to Belarus's stability, has been deteriorating over the last several years and recent weeks have revealed even more potential problems. As noted, Russia's unilateral decisions to close its border with Belarus caused anger in Minsk. More unilateral decisions by Russia, including in violation of bilateral or Eurasian Economic Union agreements, are very likely, and they will sustain the level of tension. Given the overall state of uncertainty, Belarus-Russia relations might see developments which will have a high impact on Belarus's economy, political situation and security.



4. Peacebuilding and conflict resolution recommendations

European actors should watch the situation in Belarus closely and, despite the overall Covid-19-related disruptions, ensure to remain in close contact with their counterparts in the Belarusian government, retain the ability to communicate at all levels, and react quickly to any developments indicating the possibility of further deterioration.

In case of such a deterioration, past experience of dealing with the Lukashenka government suggests that direct and often non-public communication with the country's leadership, including Lukashenka personally, is the most effective way of preventing unwanted steps by Belarus and of understanding the dynamic in Belarus-Russia relations.

The EU should continue to provide financial support to Belarus to mitigate Covid-19's consequences, not least to serve as an additional confidence-building measure between the Belarusian government and the EU.



GULF RELATIONS – IRAN AND SAUDI ARABIA

1. Immediate to medium-term effects of Covid-19 on Iran and Saudi Arabia

i. Public health impact

EIP assessment: current impact level in Iran is SEVERE and is likely to remain SEVERE for some time; current impact level in Saudi Arabia is MODERATE and is likely to remain MODERATE

Iran is the epicentre in the Middle East for the COVID-19 outbreak. According to the WHO, as of 14 April, 73,303 cases and 4,585 confirmed deaths have been confirmed, though the real figures are thought to be much higher. The Iranian authorities have struggled to contain the epidemic and are facing heavy internal and external criticism for their delayed response and lack of transparency. The crisis has also highlighted the humanitarian consequences of the US sanctions on Iran, which have impeded the flow of urgently needed medical equipment and humanitarian goods into the country.

Saudi Arabia has 4,934 confirmed cases and 65 deaths, as of 14 April. Some sources indicate that the real number might be significantly higher but Riyadh has promoted a narrative which highlights the speed and effectiveness of the Kingdom's response, deriving from previous experience responding to the Middle East respiratory syndrome (MERS) coronavirus. The Ministry of Health has designated 25 hospitals, amounting to 80 000 hospital beds and 8000 intensive care unit (ICU) beds, for the treatment of COVID-19 cases. 2200 beds have been designated for the isolation of suspected/quarantined cases.

ii. Containment measures and access restrictions

EIP assessment: current impact level in both Iran and Saudi Arabia is SEVERE

Iran has banned internal inter-provincial travel, but President Rouhani announced that he plans to lift some restrictions on 20 April. Under Iran's "Smart Distancing Initiative", workplaces may soon be able to reopen if they commit to comply with strict protocols introduced by the Health Ministry.

Saudi Arabia has suspended all inbound and outbound commercial flights, and has placed all of its biggest cities under a strict 24-hour lockdown. In February, Saudi Arabia took the decision to close off the holy cities of Mecca and Medina to foreigners over the virus. Furthermore, authorities have urged more than 1 million Muslims intending to perform the hajj to delay making plans this year. Countries across the Gulf have indicated that the rituals of the holy month of Ramadan may need to be adjusted.



iii. Economic impact

EIP assessment: current impact level in Iran is SEVERE and is likely to remain SEVERE for some time; current impact level in Saudi Arabia is MODERATE and is likely to remain MODERATE.

Prior to Covid-19, Iran found itself in a very difficult economic situation amid the ratcheting up of US sanctions following the Trump administration's withdrawal from the Iran nuclear deal. The impact of the rapidly spreading disease and collapse in oil prices have added to these challenges. A significant drop in trade was reported even before key regional trade partners, such as Iraq, announced full closure of the borders to stop the spread of the virus. With export revenues crashing, Iran faces an acute balance of payments crunch. While calling on the US to lift its sanctions, Iran also made its first request to the International Monetary Fund in 60 years – asking for a \$5 billion emergency loan. The estimated economic contraction in 2020 will put 3-4 million jobs at risk, potentially pushing unemployment rates up to 35%. Businesses, the transportation and hospitality sectors, and other services will likely be significantly affected. The government is in a process of offering loans to 23 million households but the effectiveness of these measures is in doubt, and they are unlikely to address the dissatisfaction of the Iranian public with their government's approach to the pandemic.

Saudi Arabia is spending tens of billions of dollars to shore up their economy against coronavirus disruptions and a crash in oil prices following an oil price war with Russia. On April 12, oil producing nations agreed to reduce output by 9.7 million barrels a day to increase prices. However, the cut falls short of what is needed to bring oil production in line with demand, and prices have only recovered marginally. Saudi Arabia will see a sharp decline in income from the tourism sector, and Covid-19 is also likely to slow down progress on the Kingdom's 'Vision 2030' national transformation plan.

iv. Political impact

EIP assessment: current impact level in Iran is MODERATE but could quickly increase to SEVERE; current impact level in Saudi Arabia is LOW but may increase to MODERATE.

The Covid-19 outbreak feeds into ongoing political issues for Iran both internally and externally. Internally, the political system has come under enormous public pressure after the recent parliamentary elections that saw the lowest turnout in the country's history, and which triggered massive street protests. There is a risk that the current crisis will further empower the hard-liners within the regime. Externally, tensions with the US continue. The Trump administration has shown little indication of moving away from its "maximum pressure" approach; indeed, Secretary of State Mike Pompeo seems to view the pandemic as creating propitious circumstances for US pressure to be more effective. While the EU has taken steps to support Iran in this humanitarian crisis, it does not seem to have increased pressure on Washington to reduce the burden of sanctions imposed on Iran – at least not publicly. Iran's



supreme leader, Ayatollah Ali Khamenei has dialled up the anti-US rhetoric, claiming implausibly that the US is responsible for the coronavirus.

There have been some signs of governments within the Gulf trying to ease tensions. The United Arab Emirates (UAE) and Kuwait offered Iran humanitarian assistance, with the former airlifting over 30 tonnes of humanitarian aid to Iran to deal with the disease. Iran's declaration on 6 April that its coronavirus coordination with the UAE has improved relations between the two countries may help to build the confidence that is needed for any opening towards regional dialogue initiatives, but which are only likely to advance with the support of Riyadh.

Saudi Arabia has made no effort to ease tensions with Iran and their relations have further deteriorated amid the crisis. Riyadh has accused Iran's "irresponsible actions" of spreading the virus worldwide, and blocked a statement of the Non-Aligned Movement which would have condemned US sanctions on Iran.

Meanwhile, the Kingdom's internal politics may come under pressure as dozens of members of the Saudi Royal family have fallen ill. According to the New York Times, the coronavirus is striking at the heart of the kingdom's sprawling royal family, with King Salman and Crown Prince Mohammed bin Salman retreating, along with many Ministers, to an island palace near the city of Jeddah on the Red Sea. However, it is unlikely that the Covid-19 crisis presents any sort of existential challenge to the monarchy. The arrest of some Royal family members and scores of officials in March raised eyebrows but seems to have further cemented Mohammed bin Salman's authority and tightened his grip on the levers of power.

Finally, developments in Yemen – and particularly the fate of the recent ceasefire – will feed into wider regional dynamics. If the fragile ceasefire holds it may establish a conducive environment for reduced violence and eventually talks; if it breaks down and we see an uptick of violence during the pandemic, then regional tensions will likely increase further.

2. Implications for the diplomatic and conflict resolution community

Covid-19 may have created a narrow opening for humanitarian solidarity in the region, however, there are few signs that the key players – Iran, Saudi Arabia and the United States – are seriously prepared to soften or reconsider their pre-existing positions and strategies.

The international community supporting conflict resolution and dialogue has focused principally on the humanitarian and economic crises in Iran. The diplomatic presence in both Iran and Saudi Arabia has decreased and travel restrictions have hampered political engagement. Apart from consular issues related to the humanitarian repatriation of foreign nationals, European countries whose nationals have been detained by the Islamic Republic have increased their efforts to secure their release. There have been calls for introducing confidence-building measures between the US (loosening sanctions) and Iran (releasing dual-national foreign detainees), but with limited effect. Tehran did make concessions on prisoners, swapping a French detainee for an Iranian held in France, and allowing a British-Iranian prisoner to leave jail temporarily.



3. National and international responses

The risk of further escalation between Iran and the US has been addressed at a meeting of EU Foreign Ministers on 23 March and by EU High Representative Josep Borrell during the G7 on 25 March. The EU has decided to focus on supporting Iran through the humanitarian trade channel known as the Instrument in Support of Trade Exchanges (INSTEX), and Borrell requested member-states to support the request by Iran for a loan from the IMF. On 31 March, France, Germany and the United Kingdom confirmed that INSTEX has successfully concluded its first transaction, facilitating the export of medical goods from Europe to Iran. There have also been prisoner exchanges between Iran, France and the UK.

4. Key variables to watch to understand the impact on conflict dynamics between Iran and Saudi Arabia

Iran – US tensions. Important variables here include developments related to US sanctions, maritime provocations or incidents in the Gulf, diplomatic openings or proxy conflict (see below). Tehran is likely to continue a reduced participation in the implementation of the nuclear deal until November, when its approach will depend on the outcome of the US Presidential election. A Democratic administration may be more inclined to find a diplomatic solution to the crisis; a second term Trump Presidency would likely mean more “maximum pressure”.

Domestic politics in Iran. It remains to be seen whether popular discontent about the Iranian regime’s response to the pandemic will translate into political change. In the short term, it seems more plausible that this crisis will serve to consolidate the power of the hard-line elements in the country seeking a more confrontational stance toward the West. Yet the Iranian government faces significant challenges and will fear mass protests once restrictions are lifted, if not immediately then certainly in the short-to-medium term. A lot will depend on who the Iranian population ultimately blames for the crisis: their own leaders or those in the US.

Economic variables, particularly oil prices and the possible IMF loan to Iran will determine Iran’s economic recovery, which could, in turn, impact domestic politics. Contrary to many media reports, the US has a vote share of 16.51% and lacks a veto on the IMF board. However, even if the US is unable to block a loan to Iran, it can exert pressure on the Board of Governors and/or use its sanction powers to freeze the disbursement of the funds. The crash in oil prices will affect political calculations in Riyadh and it will prompt a rethink on the Kingdom’s costly engagement in Yemen.

Proxy conflict between Iran and US in Iraq and/ or between Iran and the Saudi-led coalition in Yemen. Iranian backed militias have continued their attacks on US troops in Iraq and have threatened to escalate military operations. Iraq is reeling from its own internal instability and Yemen remains unstable with vast humanitarian needs. Significant developments in either country will carry regional implications. Significant refugee flows from Iran to Afghanistan may further strain relations between the two countries.



5. Peacebuilding and conflict resolution recommendations

From a regional perspective, while Europe's influence is often considered limited, the COVID-19 crisis offers a path for Europe to play a stronger role to support stability in the region. Specific actions in the near term could help position Europe for this. Urgent humanitarian support should continue to be provided, including through the INTEX channel, and political and diplomatic engagement should be maintained with a view to preserving the nuclear deal.

Europe could increase its investment in diplomacy in the region – such as by appointing an EU Special Envoy for the Gulf and by opening an EU Delegation in Tehran – to strengthen coordination of European efforts.

Europe should use its diplomatic presence to help facilitate sub-regional confidence-building dialogues that bring rewards in the longer term, when traveling restrictions will be lifted.

Iran's request for an IMF loan needs further support from European member states. A solution may be found to address the Trump administration's concerns if US dollars are excluded from the loan (they are normally part of the basket of currencies in which IMF loans are made). Iran could agree for the loan to be entirely in euros and to be paid into an account maintained by the Iranian Central Bank in Europe, so that funds are spent in, and monitored by, the European financial system. Such a solution would require leadership and creativity by the IMF – supported by Europe – and a face-saving way for the US to ease its obstructionism.

In the longer term, European and other international actors could engage with regional players to explore modalities for building trust and fostering dialogue with the ultimate objective of establishing some sort of regional security mechanism. This objective may seem aspirational at the moment, but the Covid-19 crisis only underlines how much the region could benefit from socio-economic and security mechanisms as a tool to enhance regional cooperation.



ISRAEL AND PALESTINE

1. Immediate to medium-term effects of Covid-19 on Israel and Palestine

i. Public health impact

EIP Assessment: current impact is MODERATE but likely to increase to SEVERE.

Israel

As of 20 April, there were 13,654 active cases of Covid-19 in Israel, and 140 deaths. The majority of those who died were over the age of 70, according to the Health Ministry's figures, however these figures only include deaths in hospitals or assisted living facilities. It is unknown whether there have been other coronavirus-related deaths in private homes or other locations.

There are only 2,864 ventilators available in Israel, including those that belong to the Israel Defence Forces. The government is working to procure more ventilators, training more medical staff to use ventilators, and increasing the overall capacity to treat coronavirus patients.

Palestinian Territories

West Bank & East Jerusalem: According to the Palestinian Authority's Health Minister there are 309 cases of Covid-19, including 61 recoveries and two deaths. Over 95% of these cases are in the West Bank and East Jerusalem. A Ministry spokesperson says that the rate of testing has increased to 1,500 per day. There are about 120 ventilators in the West Bank, with the PA aiming to increase that number to 250. Israel has also provided the PA with test kits and access to labs for much-needed testing.

There is growing concern about East Jerusalem and the capacity of the health care system to face the crisis. 40% of confirmed cases in the Palestinian territories have been detected in East Jerusalem, but the first coronavirus testing centre in East Jerusalem was only set up at the beginning of April. Palestinian health officials in East Jerusalem are warning the medical system will "collapse" if an outbreak occurs because of a shortage of resources and a lack of qualified staff. There are 72 available beds in three hospitals. According to the secretary-general of the Palestinian Hospitals Network in East Jerusalem, there are only 20 ventilators in East Jerusalem hospitals, whereas 300-400 devices may be needed to combat an outbreak. There are also shortages of surgical masks, hand sanitiser, gloves and self-protection equipment.

On 14 April, Israeli police raided a testing clinic in the East Jerusalem neighbourhood of Silwan, and arrested the clinic's organisers because the clinic was operated in collaboration with the PA, whom Israel prohibits from any activity in Jerusalem. In March Israel also prevented PA workers from disinfecting public spaces.

Gaza: As of 20 April, the Gaza Strip had recorded 15 cases of Covid-19, or 4.5% of the total for the Palestinian territories. By 4 April some 1,157 people had been tested in Gaza, which subsequently ran out of testing kits. A new laboratory capable of conducting 3,000 tests per day, financed by Israel and China, is expected to be operative in the coming weeks.



Hospitals in Gaza frequently lack sufficient medications and medical equipment and often rely on backup generators to maintain a consistent flow of power. Gaza has some 30 hospitals and major clinics that provide 1.3 beds for every 1,000 people. For comparison, Israel has 3.3 beds available for every 1,000 people, while the EU average is 5.4. Gaza only has around 120 ICU beds, most of which are occupied by non-coronavirus patients, and 87 ventilators, an estimated 80 percent of which are already in use.

A spokesperson for the PA has said that the Gaza Health Ministry is not providing the PA with any reporting on Covid-19 cases in Gaza. There is growing concern that if Covid-19 takes off in Gaza, it will be a humanitarian disaster.

ii. Containment measures and access restrictions

EIP Assessment: current impact is MODERATE.

All international flights to Ben-Gurion Airport are closed at least until the end of April. There are currently only two daily flights operating between Ramon and Ben-Gurion Airport. The government decided to tighten restrictions on citizens on 5 April, and measures to limit movement came into force on 8 April, at the start of Passover week. The Israeli economy began opening up on Sunday 19 April after the Prime Minister Netanyahu approved new directives on Saturday night. The "new coronavirus normal" allows for greater freedom of movement for the public and an increase in business.

In the past month, the PA has taken a number of drastic measures to prevent the spread of the virus in the West Bank, including heavily restricting freedom of movement. Israel and the PA established a joint command centre to manage the crisis, and after the discovery of the West Bank's first Covid-19 cases, in Bethlehem, the PA worked with Israel to prevent further spread by shutting off Bethlehem governorate from the rest of the West Bank and Israel.

Subsequently, PA security forces have established quarantine facilities across the West Bank, stopped nonessential travel between governorates, closed all schools, and restricted foreign visitors from entering PA-controlled areas.

The Gaza authorities have declared that all those infected by the virus in Gaza have been held in quarantine and have not mixed with the broader population.

iii. Economic impact

EIP Assessment: current impact is MODERATE but is likely to increase to SEVERE.

Israel

The unemployment rate in Israel is 25.1 percent, with over a million jobseekers, up from about 5% at the end of 2019. The newspaper Yedioth Aharonoth has predicted that the Israeli treasury will lose eight billion shekels (USD 2.16 billion) by the end of April due to the measures taken to confront the virus. This does not include private sector losses. The Director-General of the



Israeli Ministry of Finance, Shai Babad, said that disrupting the economy for a period of five to twelve weeks could result in a contraction of 9% to 18% of GDP, respectively, with the latter representing “an unprecedented rate [of contraction] since the country’s establishment”. On 6 April, The Bank of Israel lowered its benchmark interest rate to 0.1% from 0.25% for its first rate cut in five years, joining other central banks in helping the economy cope with pandemic.

Palestinian Territories

There is concern over 35,000-45,000 Palestinians returning from jobs - they had temporary permission to live in Israel during the pandemic in Israel in case they do not properly quarantine themselves.

West Bank & East Jerusalem: The state of emergency will further constrain the financial capacity of the PA, which was already suffering in 2019. Two main factors will contribute to deepening the PA’s financial crisis: a decrease in clearing funds (i.e. taxes and import duties from trade) as well as higher expenditures in responding to the pandemic. Prime Minister Mohammad Shtayyeh told the press on 9 April that the total economic losses of Palestine as a result of the pandemic are estimated at USD 3.8 billion. He also briefed the diplomatic community about the government’s USD 137 million plan to confront the pandemic, which includes the provision of medicines and equipment and other assistance to the healthcare sector for this end. In order to fund this plan, the PA approved an emergency budget, aimed at keeping public spending at a bare minimum while maintaining assistance for needy families, supporting the healthcare sector, paying government employees’ salaries and meeting the security needs. To weather the current economic storm, the PA will be dependent on international aid, including from the Arab states, and local donations. The budget deficit is expected to increase by USD 1.4 billion due to the decline in government revenues by more than 50%. Qatar and Kuwait have already announced extraordinary donations to the PA.

Gaza: Gaza’s economic situation before the Covid-19 crisis was alarming, with every second person living in poverty and the unemployment rate for its overwhelmingly young population at over 70 percent. Financial losses due to Covid-19 are estimated at USD 200 million in Gaza. Combined with the lack of savings among the population due to the Israeli siege, the fragile local economy is at risk of implosion.

iv. Political impact

EIP Assessment: current impact is MODERATE.

Israel is still without a new government, as the exploratory mandate that Israeli President Reuven Rivlin had given Benny Gantz has expired Wednesday 15 April without an agreement. The Knesset has 21 days to form a new majority or it will be dissolved for new elections. The deal under discussions would have allowed Prime Minister Netanyahu to remain in power for another 18 months, with Blue and White leader Benny Gantz becoming PM in October 2021. These negotiations failed mostly over whether Netanyahu’s Likud Party could have a say on senior legal and judicial appointments. Netanyahu is the subject of an ongoing trial for fraud



and corruption, which was expected to start in mid-March but has been postponed to 24 May following the suspension of all court activities due to the pandemic.

According to Haaretz, the most likely scenario is that Blue and White and Likud will manage to find an agreement before the 21-day deadline. Other possibilities include a right-wing coalition of Likud, Labor, Meretz and some splinter Blue and White MPs, or a coalition of all the current opposition parties without Likud. Both of these are thought to be less likely, particularly the latter. The final scenario is that no government is formed and new elections are held. This may be tempting for Netanyahu, whose approval rating has risen during the pandemic: a majority Likud government could pass legislation to protect Netanyahu from criminal prosecution. However, the increase in Netanyahu's approval rating could very well be temporary, and given the economic outlook things could look very different in a few weeks' time.

In the West Bank, even though the PA has seen a similar recent rise in its public approval rating, the pandemic's consequences will fundamentally weaken the PA both politically and economically. Observers are questioning whether the PA will be able to survive the next few months.

Gaza's political, economic and health system had effectively collapsed even before the pandemic. Israel has allowed in personal protective equipment and medical items sourced from international donors, along with testing kits provided by the Israeli army. However, despite the pandemic inducing a lull in violence, in March Gaza-based militants fired rockets into Israel, prompting retaliation from the Israel Defence Force. On 1 April, Israeli Defence Minister Naftali Bennet linked future support for Gaza's coronavirus mitigation efforts to the recovery of two Israeli soldiers lost during the 2014 war.

Many observers have pointed out that Hamas authorities would have little ability to contain an infectious disease outbreak in such a densely populated area, and that given the blockade imposed on Gaza by Israel and Egypt, it is Israel's responsibility to avoid a Covid-19 outbreak in the area. Little cooperation exists between Hamas and the PA. Local analysts report that during the first days of the outbreak, the PA was helping Hamas with testing for coronavirus cases in Gaza, but that soon stopped after Hamas received some testing kits of its own.

2. Implications for the diplomatic and conflict resolution community

The two-state solution might not survive the virus. The combination of a weakened PA, a humanitarian disaster in Gaza, and potentially aggressive Israeli moves towards annexation might lead to a resumption of the Israeli-Palestinian conflict.

Israeli annexation of at least parts of the West Bank is now considered a concrete possibility, and reportedly formed a non-negotiable part of the Likud party's position in government formation talks. According to Israeli reports, Gantz and Netanyahu have agreed that the future PM can bring forward a proposal for annexing parts of the West Bank after 10 July. The proposal would then have to be approved by Cabinet, the Knesset's Foreign Affairs and Defense



Committees, and the full Knesset. Netanyahu is reported to have argued for annexation before the US elections in November, in case Trump loses and the window of opportunity is lost.

Nickolay Mladenov, the UN Special Coordinator for the Middle East Peace Process, has praised the coordination between the Israeli and Palestine authorities in reacting to the COVID-19 pandemic, since they established a joint command centre to manage the crisis. Moreover, Israel has provided the Ramallah-based Palestinian Authority with test kits and access to labs for much-needed testing. However, many Palestinians analysts and journalists on the ground reject this narrative of cooperation as a breakthrough in the overall Israel-Palestine relationship. The Israeli army has continued its raids on cities in the West Bank, its policy of demolishing Palestinian homes as well as searching houses of former prisoners and various Palestinian leaders, and it has even shut down labs carrying out tests in East Jerusalem. At the same time, NGOs on the ground have warned that Israel's response to Coronavirus might be used to advance annexation plans and start implementing the Trump's plan. In East Jerusalem, Palestinian forces have conducted operations in the Israeli-controlled area of Kafr Aqab, which the US plan assigns to the PA. Similarly, Palestinian police have also been openly operating in the Shufat refugee camp, another area that is assigned to the PA in the American plan. On the contrary, in the areas of East Jerusalem that Israel intends to formally annex the policy has been the opposite, with Israelis impeding the PA to in any way play a role in helping Palestinian residents cope with the COVID-19 threat. Moreover, as the West Bank lockdown continues, settler violence towards Palestinians and their property has predictably continued and even increased, and fear is growing that it will get worse.

3. National and international responses

International actors are mainly focusing on the humanitarian component of the conflict. At the beginning of April, a new USD 5 million emergency operation was approved by the World Bank to help the West Bank and Gaza address urgent health needs from the Covid-19 pandemic. This followed a previous reallocation of USD 800,000 to the Palestinian Ministry of Health in March, under the Bank's ongoing Health System Resiliency Strengthening Project.

The UN Relief and Works Agency for Palestine Refugees (UNRWA) has launched an appeal for funds in preparation for a possible outbreak of the coronavirus in Palestinian refugee camps. It has called for USD 14 million to cover a three-month period, in addition to the regular budget allocated for UNRWA's operations to ensure that Palestinians have access to basic services and necessities.

Norway, which chairs the Ad Hoc Liaison Committee – the international donor group for the Palestinians – has called for more aid to support the struggling economy of the occupied Palestinian territories in the face of the coronavirus crisis.

The European Union announced a financial aid package of EUR 71 million for Palestine to fight Covid-19. The package reportedly includes around EUR 10 million for six hospitals in East Jerusalem, EUR 40 million for PA officials and EUR 6 million for Palestinian businesses. In



addition, EUR 5 million have been allocated to aid local communities and around EUR 7 million for NGOs working in the area.

4. Key variables to watch to understand the impact on conflict dynamics in Israel and Palestine

The main variables to watch in the medium-to-long term are:

- The Israeli internal political situation.
- Annexation. Annexation without citizenship will consolidate the already existing one-state reality in which one ethnic group dominates over the other and is a formal rejection of the internationally agreed two-state solution. It would constitute a turning point in the conflict.
- Economic collapse of the Palestinian Authorities and uncontrolled outbreak of Covid-19 in Gaza. This could have serious repercussions in the security dynamics and lead to a surge of violent episodes.
- European internal divisions. While EU High Representative Josep Borrell has made clear that Trump's plan departs from any internationally agreed parameters, there was no agreement among EU member states to adopt this position. On the contrary, Hungary ignored the EU's longstanding support for a two-state solution and publicly supported the Trump proposal, describing it as "suitable for creating peace". Such divisions might hamper any attempt to respond quickly and promptly in case of annexation.

5. Peacebuilding and conflict resolution recommendations

Europe should support the Palestinians on the humanitarian, financial and political levels, including in dealing with the economic crisis that will follow the pandemic.

The EU should provide legal protection to European aid organisations that engage with the Hamas-controlled authorities in Gaza. The EU should also recognize Israel's responsibility as an occupying power in Gaza, and press Israel to make financial contributions to the humanitarian and public health response in Gaza.

The EU should use its mechanisms for cooperation to increase Gaza's socio-economic recovery, by strengthening Egyptian and UN efforts to secure the fragile ceasefire between Hamas and Israel while at the same time supporting Palestinian reunification efforts.

As for the two-state solution, the next few months will be a credibility test for Europeans. Europe needs a clear, common understanding of how the combination of the Covid-19 crisis and aggressive policies of annexation could lead to the end of a two-state solution, and what it can do both in a preventive manner and in response to developments.

It is essential for European actors to keep the diplomatic space open for engagement with partners such as Jordan and other key Arab countries. To this end, there should be a strong and



persistent messaging to the partners in the region and internationally on the European commitment to the two-state solution, as well as to the principles of international law, emphasising that Europe applies these globally.

Europe also needs to assess its leverage and the incentives it can offer to all parties and prepare countermeasures to respond to annexation. Whilst some of these levers may never be used, having undertaken and discussed an inventory is an important signal in its own right, and will likely make unified action swifter when necessary.



SYRIA

1. Immediate to medium-term effects of Covid-19 on Syria

i. Public health impact

EIP assessment: current impact level is MODERATE, but is likely to increase to SEVERE.

The first confirmed case of Covid-19 in Syria was recorded on 22 March and the first fatality on 29 March. As of 19 April, the Government of Syria has reported 39 confirmed cases and three fatalities. As yet, all confirmed cases are in government-controlled areas, to include one case in government-controlled areas of the north-east. Suspected cases in territories in the north-east and north-west controlled by non-state actors have all returned negative test results so far. It is suspected that the number of cases is higher: doctors and civilians have increasingly reported credible cases of probable Covid-19 infection.

Syria's healthcare system, after over nine years of war, is not prepared for the pandemic. Recent LSE research indicated that only 325 empty ICU beds were available nationwide, leaving the manageable caseload at only 6,500 or 0.036% of the population. These numbers were drawn from older information in some cases, and ICU bed capacity is slightly higher than this, though not significantly. Given conditions across Syria, this is likely to be surpassed and the system overwhelmed more quickly than in other countries.

Areas under Damascus' control, which have a centralized health system that is able to receive direct support from the UN, are relatively better-prepared. However, the conflict's impact on hospitals and clinics should not be underestimated, especially in areas which were under armed-opposition control during the conflict where damage to hospitals was extensive. In the northwest, the recent Russian and government offensives destroyed 85 health facilities, putting the already-strained health system under greater pressure. In Idlib, around 200 beds are available for nearly 4 million people. The north-east of Syria was facing shortages in medical equipment and supplies prior to the Covid-19 crisis due to conflict damage and the change in the UNSC cross-border aid resolution which removed access from the Kurdistan Region of northern Iraq. Cross-line access from Damascus has not been forthcoming in a meaningful way since the change in January and the north-east remains under-prepared for an outbreak.

ii. Containment measures and access restrictions

EIP assessment: current impact level is SEVERE

Broad travel and movement restrictions are in place and are likely to remain that way for some time. Border crossings to/from all territories are closed, with commercial crossing also greatly reduced. Commercial flights to Damascus are suspended, though travel to Qamishli remains possible and is a source of friction between Damascus and the Autonomous Administration of North and East Syria (AANES). Movement between governorates is banned or heavily restricted, depending on area of control. Curfews, school closures, and restrictions on public and religious



gatherings are in place across the country, though these are stricter in government-controlled areas, with fewer measures in place in the north-west. Attempts to apply strict quarantines on individual neighbourhoods and towns in response to infections have had mixed results.

Living conditions and economic concerns are impacting people's ability to comply with containment strategies. For the large number of people living in flimsy IDP shelters in cramped conditions, social distancing is impossible. For those living in cities, social distancing is difficult in practice due to long lines for essential goods and bread distributions, while in some neighbourhoods high density housing makes distance from others difficult. The dire economic conditions in all areas of the country have resulted in pressure on all authorities to lift restrictions and allow people to work, with many dependent on meagre daily wages to meet household expenses.

iii. Economic impact

EIP assessment: current impact level is SEVERE.

Covid-19 will take Syria's dire economic situation from bad to worse. The Syrian economy was already largely destroyed and the currency was in free-fall prior to the outbreak, trading for a record 1,300 pounds against the dollar. Further economic decline is inevitable. Food and cleaning products, and many imported goods, have rocketed in price. Over the last week of March, media reported that the Syrian Central Bank devalued the exchange rate for certain transactions and eased the sale of dollars used to fund key imports such as rice, sugar, baby powder milk, medicines, agricultural seeds, eggs, vegetable oils and margarine. Meanwhile, exports on essential goods have been barred.

The government has tried to step up food distributions and to put subsidies and unemployment payments in place. Equivalent systems are not possible in other areas. Business elites are perceived to be using the crisis to attempt to improve their tarnished image with the population, as well as to call for western sanctions to be lifted.

The impact of lockdowns globally is expected to have an impact on remittances to Syria, with Syrians abroad facing their own economic struggles and movement restrictions impeding the physical component of sending and receiving payments. Remittances make up a large portion of the Syrian economy and a drop in these will have a significant impact.

iv. Political impact

EIP assessment: current impact level is SEVERE.

Covid-19 is impacting conflict dynamics and the political situation in Syria and the region. Preserving Syria's tenuous ceasefires during Covid-19 is a key priority. Frontlines in Idlib and the north-east are both exhibiting fractious signs. It will be tempting for parties to the conflict to exploit the Covid-19 crisis to inflict additional pain on adversaries, while also protecting the population within their control or projecting military power to distract from concerning



“domestic” news. Elsewhere, there is concern that Da’esh could resurge, with worsening conditions already sparking riots in detention centres holding Da’esh members, and Da’esh staging a military offensive in central Syria. Unrest has also been growing in the last year in areas in southern Syria, such as Daraa, including for reasons related to access to medical services. This is likely to be exacerbated by the crisis. Relations between authorities and their populations may also be impacted during the crisis, particularly if the caseload grows and movement restrictions are in place for long periods causing significant economic harm. This is true across all areas of control.

Related to this is the need to carefully manage issues around cross-line and cross-border aid access. With the UN’s cross-border aid resolution up for renewal in July, significant risks to the preservation of the mechanism remain despite government and Russian intransigence regarding cross-line alternatives. Due to the delicate and highly-politicised nature of the aid response, allegations of favouritism and neglect alike are sure to plague the response to COVID-19 and may inform negotiating positions mid-year.

The Office of the UN High Commissioner for Human Rights (OHCHR) has highlighted that “the risk of mass infections in prisons is extremely high in Syria, where the situation in all official prisons and makeshift detention facilities is alarming -- and particularly so in the overcrowded central prisons, and in the detention facilities run by the four Government security branches, and in the Sednaya military prison.” Aid organisations have requested access to the prisons; the UN Office of the Special Envoy (OSE), CSO groups, the EU, and advocacy organisations, have demanded the widespread release of Syria’s prisoners. High numbers of deaths in prisons would set the UN-led peace process back, since the detainee file has been used as a confidence-building measure. At the end of March, Bashar al- Assad announced an amnesty decree designed to facilitate release of some prisoners in response to the virus. However, it will not lead to widespread releases because it excludes those jailed for political reasons or believed to be opposed to the government.

A call between UAE Sheikh Mohammed bin Zayed Al Nahyan and Syria’s Assad in March signals that some actors see an opportunity or case for normalisation of relations with Syria. This is amplified by the calls of the Syrian government for sanctions relief, which is being echoed by senior UN officials. A regional thawing of relations with Assad, or widespread sanctions relief (outside of expanded and expedited humanitarian exemptions), could influence the political process, leaving an unrepentant government of Syria ascendant after the pandemic and even more unwilling to participate in the political process or reach a political agreement.

2. Implications for the diplomatic and conflict resolution community

The short-term impact has been a focus on humanitarian support and virus-preparedness at the expense of almost all other work. Travel, movement, and public-gathering restrictions in Syria, neighbouring countries, and globally, have halted work ranging from non-essential humanitarian work in Damascus through to the convening of the constitutional committee. Humanitarian work across all areas of Syria and neighbouring countries has either been ceased



due to movement restrictions (such as community centres and WASH programmes in Damascus) or is focused on scaling up COVID-19 preparedness in the face of staff shortages caused by travel restrictions. While high-level calls for ceasefires and detainee releases have been forthcoming, track I and track II work underpinning these calls has been complicated by the inability to convene in-person meetings. Similarly, field research, meetings, and sensitive work on a range of political issues that are not conducive to online communications have been halted. Advocacy work is hampered by the global nature of the pandemic saturating the media worldwide.

Western governments, including the EU, should use COVID-19 as a case study for reassessing their major risk modelling in conflicts such as Syria, particularly in scenarios where the failure of containment strategies may have far-reaching consequences. In Syria, conflict containment has often times been the preferable policy option, with little preparedness planning for scenarios where it may not be possible. The recent Idlib offensive was an example of this approach. Drawing lessons learned from COVID-19 to apply to conflict-resolution and preparedness planning will inform better work in future.

3. National and international responses

The UN OSE called on the warring parties to implement an immediate ceasefire across the country and to release detainees, which was echoed by the EU. Disputes about water access in the north-east have also been addressed rapidly by a range of officials and states in an attempt to avoid increased conflict. Aid organisations have focused on obtaining necessary supplies and identifying hospitals where patients can be isolated. The WHO has been working with the Syrian government to strengthen its capacities and preparedness, as well as heading up a Covid-19 taskforce in Gaziantep. They have shipped personal protective equipment (PPE) to all territories. The European Commission announced a new package of 239 million EUR for Syrian refugees and vulnerable people in Iraq, Jordan, and Lebanon. In the territories it controls, the Syrian government has taken preventive measures identified above, issued an amnesty (which will not have a significant impact), started bread distribution, and adjusted certain economic measures linked to the import of relevant goods. However, the government has reportedly made moves that suggest they may be considering a breach of the north-west ceasefire and have restricted permission for cross-line humanitarian aid to the north-east, suggesting a lack of commitment to conflict prevention on their part.

4. Key variables to watch to understand the impact on conflict dynamics in Syria

Ceasefires and tension between parties – Monitoring compliance and developments within the Russian-Turkish ceasefire in Idlib, in particular implementation of the M4 joint-monitoring mechanism, will highlight any potential outbreak of violence.



Economic – Monitoring the value of the spiralling Syrian pound, and the availability of basic goods, such as wheat and legumes, will be important to understanding the impact of the economic situation on the population. The fulfilment of requests for basic goods, such as Russia (or Iran)'s provision of wheat to the government, will highlight any change in relationship or financial position of the sponsor-states. Elsewhere, monitoring the movement of goods or services such as water, electricity, wheat, oil, and humanitarian aid, where intra-party agreements or protocols exist will highlight whether the increased value of basic supplies is creating tensions between parties that may require mitigation. This will be of particular note between AANES-Turks (including Turkish-backed armed opposition) and AANES-government, and government-armed opposition to a lesser degree.

Normalization and sanctions relief – While calls to lift sanctions on Syria from the government are not new, any expansion of these calls to new parties may indicate a shifting of position or policy regarding Syria. Diplomatic engagement with the Syrian government during the pandemic should be closely observed as the pandemic may provide cover for those who sought to pivot toward normalisation.

Refugees – Turkey, Lebanon, Jordan, and Iraq, all host Syrian refugees and all are struggling with COVID-19. Ensuring that COVID-19 doesn't drive community tensions in host countries, or create push factors for premature refugee return is essential. Monitoring the ability of humanitarian workers to sustain access and provide relief to refugee populations, will indicate the impact of COVID-19 measures on these communities. Legal or security measures to pressure refugee returns should be tracked. Additionally, refugee needs and intentions should be carefully assessed throughout the crisis.

Engagement – COVID-19 is global. Most countries are focused on juggling outbreaks at home, as well as abroad. Sustaining political interest in all areas of engagement abroad will be a challenge for everyone. However, power or attention vacuums give rise to those that would seek to take advantage of these circumstances. Sustaining engagement from like-minded external actors and assessing any change in position from others during the crisis will help prevent a major shift in dynamics during the crisis.

5. Peacebuilding and conflict resolution recommendations

- Ensure that all areas of Syria receive the health equipment and humanitarian support they need to face the Covid-19 challenge.
- Ensure that the Covid-19 response itself does not become a driver of conflict. Avert further humanitarian catastrophe by ensuring additional funding, humanitarian sanctions waivers, procurement assistance.
- Exercise strong oversight of equitable healthcare access across areas of control, former opposition areas, crowded areas, IDP camps, and neighbouring countries.
- Monitor and firmly oppose political manipulation of the humanitarian response.



- Focus immediate diplomatic and political efforts on achieving an enduring ceasefire and the release of detainees, and follow up on these efforts.
- Engage with regional host countries through both diplomatic and humanitarian efforts to ensure appropriate assistance levels are provided and that conditions for refugees do not fuel local tensions or provide push factors for premature return.
- Redouble meaningful diplomatic efforts to resolve the conflict through political channels, under the auspices of UNSCR 2254, as the only way to address the enduring humanitarian crisis caused by the conflict.
- Resist the trend towards normalisation of the Syrian regime. Other than providing humanitarian waivers for the Covid-19 response, resist calls to grant the Syrian regime sanctions relief without assurances about progress in the political process and use diplomatic channels to discourage normalization.
- Ensure that the virus response at all levels does not halt work, planning, or funding on other workstreams, and continue to pursue solutions to the conflict and durable solutions for the displaced.



UKRAINE

1. Immediate to medium-term effects of Covid-19 on Ukraine

i. Public health impact

EIP assessment: current impact is MODERATE but likely to increase SEVERE.

As of 20 April, Ukraine had 5,710 confirmed cases of Covid-19 and 151 deaths, including 80 men and 71 women, according to the Ukrainian Health Ministry's Public Health Centre. Ukraine's under-resourced and only partially reformed healthcare system is not equipped to deal with such a crisis. Health Minister Maksym Stepanov told the press that Ukraine has only 1,207 ventilators for a population of about 40 million people. The situation is likely to become critical once the number of cases of Covid-19 reaches 10-12,000. President Zelenskiy has already asked medical facilities to suspend all non-urgent operations and focus on the treating of Covid-19 patients. There have been reports of doctors becoming infected with the virus, as the country lacks critical protection items including masks and gloves.

The UN Refugee Agency (UNHCR) has expressed concern over the possibility of Covid-19 spreading along the contact line (the de facto boundary dividing the two sides in the conflict). Of 119 settlements along the contact line, very few have medical facilities and pharmacies, 54 do not have food shops and 71 have no public transport.

In the non-government-controlled areas (NGCAs) in Eastern Ukraine the situation is even worse, as it is estimated that 1,500 healthcare professionals have left the region since fighting began in 2014. Moreover, the population is slightly older than the rest of the country – 36% of the population consists of pensioners – and the de facto institutions and authorities are weak and ill-prepared for external shocks. Thus far, authorities in the NGCAs have declared a limited number of coronavirus infections, and they have tried to use economic isolation to their advantage by shutting down all borders, but refusing to shut down their weak economies. However, because Kyiv does not control the separatist-held territories and no UN member – including Russia – considers them independent states, they are not included in global coronavirus tallies such as those maintained by the World Health Organization and Johns Hopkins University.

ii. Containment measures and access restrictions

EIP assessment: current is SEVERE.

Ukraine has closed all passenger air traffic since 17 March. Exceptions can be made for diplomats and truck drivers. Ukrainian citizens will not be limited from traveling home, but will be placed under fortnightly observations if they arrive from countries with high numbers of coronavirus infections. Millions of Ukrainians work abroad, and are among the first to be laid off – returning migrant workers might bring the coronavirus with them. The government's lockdown measures appear likely to be extended by several weeks beyond the current end date of 24 April.



The OSCE Special Monitoring Mission, UN agencies, NGOs and the International Committee of the Red Cross are all reportedly facing difficulties in accessing NGCAs.

iii. Economic impact

EIP assessment: current impact is MODERATE but likely to increase SEVERE.

The Ukrainian economy has only recently got back to level of growth comparable to the ones prior the 2014-15 economic meltdown. The country has an export-oriented economy, and with the Covid-19 outbreak the demand for Ukrainian exports – mainly agricultural products and metals – has plummeted. Grain exports alone account for a third of Ukraine’s foreign exchange earnings on the global commodity markets. Some 600–700,000 small and medium-sized businesses, employing an estimated 3.5–4 million people, have stopped operating. It is difficult to anticipate what will happen, as there are several factors that need to be taken into account, such as the unpredictable behaviour of the Ukrainian shadow economy and how Ukrainians will spend their savings. A Gradus poll found that 57% of Ukrainians will not have enough money to hold out for more than four weeks if the quarantine continues, while 7% of those said they can survive only for a few days. The International Monetary Fund (IMF), in its April 2020 World Economic Outlook, expects the Ukrainian economy to shrink by 7.7% in 2020.

On 13 April, Ukraine’s Parliament approved the government’s revised budget for 2020 to deal with the economic fallout of the pandemic. The cornerstone of the change is the creation of a special UAH 64.7 billion (USD 2.4 billion) fund to combat Covid-19. Parliament as a result almost tripled the state budget deficit – up to UAH 298.4 billion (USD 11 billion, or 7.5% of GDP). At the same time, the budget cuts revenues by 11%. The National Bank of Ukraine has said banks should ease lending restrictions for people and businesses, and has made repeated moves to stabilize the national currency, the hryvnia (UAH).

The Ukrainian government is using the direct and indirect impact of the crisis as part of its request to the IMF for a USD 8 - 10 billion loan in the coming weeks. Without the IMF loan the government’s adopted measures may be doomed to failure.

iv. Political impact

EIP assessment: current impact is MODERATE.

The Ukrainian political scene has been particularly volatile over the last month. On 4 March, the Ukrainian Parliament voted to dismiss Prime Minister Oleksiy Honcharuk and most of his government after they had spent only six months in office, dismissing eleven ministers and leaving four ministries temporarily vacant. The timing of the reshuffle puzzled many. Despite these uncertain moves, at the end of March the government managed to pass a banking law that prohibits the return of nationalized banks to their prior owners, and a law that allows private sales of agricultural land, which were major prerequisites to sign a new agreement with the IMF. On the same day the Parliament also voted to remove two controversial ministers appointed in



the 4 March reshuffle: Finance Minister Ihor Umansky and Health Minister Ilya Yemets, replaced respectively by Serhiy Marchenko and Maksym Stepanov. After a complicated month, President Zelenskiy appears to have gained new momentum.

As far as the Minsk peace process is concerned, the pandemic has already complicated and slowed down negotiations. The Ukrainian Foreign Minister Dmitry Kuleba said that Ukraine is currently trying to persuade the other members of the Normandy Four group (Russia, Germany and France) to hold a summit via a videoconference. However, Russia seems willing to hold a meeting only upon implementation of the decisions of the December 2019 summit. The key elements agreed in December – including the ceasefire agreement, as well as the agreements concerning the disengagement of forces, mine clearance, the setup of new crossing points, the Steinmeier formula and the special status of Donbass – have not been implemented yet, and the pandemic is likely to affect the agenda. Moreover, in Ukraine the government has been much criticized over some of these “concessions”, such as the Steinmeier formula and agreement to set up a Consultative Council including DNR and LNR representatives. President Zelenskiy seems to have less freedom to act, in particular if he is perceived as making the political concessions while the security situation on the ground remains dire. An effectively monitored ceasefire has become therefore not only a humanitarian but also political imperative to make progress. In this regard, both Ukraine and Russia have supported the UN Secretary General’s appeal for a Global Ceasefire to address the pandemic.

The Covid-19 crisis might also affect Ukraine’s “geopolitical space”. With Europe becoming increasingly inward-looking, Kiev is likely to struggle to maintain the European support to the resolution of conflict in the East of the country.

2. Implications for the diplomatic and conflict resolution community

The OSCE Special Monitoring Mission’s freedom of movement has been restricted, as armed formations from the self-proclaimed Donetsk People’s Republic (DNR) and Luhansk People’s Republic (LNR) have been denying the mission access to the non-government-controlled areas. The mission continues to report violations of the ceasefire, mainly from those areas, despite the coronavirus pandemic.

Due to the Covid-19 outbreak, the regular meetings of the Trilateral Contact Group and its Working Groups are taking place through video conferencing, most recently from 24-26 March and on 8 April.

3. National and international responses

The Ukrainian government is negotiating a USD 8 - 10 billion loan from the IMF. The loan will help the Ukrainian authorities respond to the extraordinary challenges that have arisen as a result of COVID -19 and fund its newly adopted 2020 budget.



The EU has created an emergency support package for the countries in the Eastern Partnership, which consists of EUR 80 million for immediate needs and up to EUR 883 million for short- and medium-term support to the social and economic recovery of the region. In Ukraine, the EU has delivered equipment for the Emergency Medical Care Centre of Donetsk Oblast, with 100 sets of personal protective equipment as well as more than 70 litres of highly concentrated antiseptic liquid.

The EU has reiterated, through Commission spokesperson Peter Stano, that it will not ease sanctions against Russia under the pretext of the response to Covid-19, as these sanctions are associated with the illegal annexation of Crimea and Sevastopol and do not deter Russia from counteracting the coronavirus outbreak. High Representative Josep Borrell has also demanded that the armed formations in the east of the country allow the OSCE mission, UN agencies, non-governmental organizations and the ICRC freedom of movement across the contact line.

4. Key variables to watch to understand the impact on conflict dynamics in Ukraine

The key variables in the upcoming weeks will be:

- The spread of the virus in non-government-controlled areas. As of April 17, the Russia-backed separatists in Donetsk had reported 32 cases of the coronavirus and their counterparts in Luhansk had confirmed 21 infections. Separatist forces are hesitant to allow international organisations in, which means they receive little outside help. Ukraine has cut all ties with the separatist authorities who control the areas, and it has called on Russia to ensure the protection of life and health of the population in these areas. The regions might face a COVID-19 outbreak of considerable scale, and it is unclear whether they will receive help from Ukraine or Russia.
- The internal political situation in Ukraine, in particular whether President Zelenskyi and his government will be able to implement what was agreed in the last Normandy meeting in December 2019.
- Overall relations between Russia and Ukraine's European partners, in particular whether Europeans will keep the sanctions on Russia.

5. Peacebuilding and conflict resolution recommendations

The IMF and EU should continue to support Ukraine with the substantial international financial assistance necessary to manage the Covid-19 crisis.

The EU and other actors should support efforts to establish an effective ceasefire, including by considering a UNSC resolution that would establish a UN Support Mission alongside the OSCE.

The EU should maintain its sanctions against Russia and continue to link sanctions relief with the implementation of the Minsk agreements.