Key messages

Given the substantial social and economic developments in the region, the Economic and Social Commission for Western Asia (ESCWA) and partners have proposed a revised Arab Multidimensional Poverty Index (MPI) to capture household poverty, which was endorsed by the Arab Social Ministerial Council in 2020 after a lengthy consultative process.

Using the revised Arab MPI, the incidence of multidimensional household poverty has declined in the majority of Arab middle-income countries (MICs) between 2011 and 2019, with the exception of Jordan. Yet, poverty continues to affect nearly one in four individuals in the six Arab MICs of analysis.

Child poverty measured using the Arab Multiple Overlapping Deprivation Analysis affected about a quarter of children.
Towards the end of the 2010s. This represents a decline from early 2010s, when the multidimensional child poverty rate was around 30 per cent.

Still, over 20 million children in these countries were deprived in at least two essential dimensions of their well-being, such as health, nutrition, education, access to information and communication devices, and access to water, sanitation and adequate housing.

Approximately 42.8 per cent of the population in least developed countries (LDCs), excluding Djibouti and Somalia due to obsolete data, was estimated to be multidimensionally poor in 2019 using the global MPI.

The region needs interventions at various levels, including strengthening health systems, improving the quality of education and ensuring access to education, strengthening risk management, driving digital transformation, addressing disparities within countries, designing green solutions and building institutional capacity – which includes investing in more comprehensive and disaggregated data collection – along with other key steps to strengthen institutions and enhance coordination between them.

Background

In line with their commitments to achieve the Sustainable Development Goals (SDGs) by 2030, Arab countries have rallied efforts at the national and regional levels to implement the 2030 Agenda for Sustainable Development and its pledge to “leave no one behind”. However, in several Arab countries, these efforts have encountered stumbling blocks and setbacks, including increased political instability, conflicts and mass displacement, and deepening economic crises such as those triggered by the COVID-19 pandemic and more recently by the war in Ukraine. As a result of these political, security and economic challenges and their ramifications, a large segment of the population suffers from poverty, while another substantial segment is vulnerable to it.

Poverty, however, is not inevitable in the region, but rather stems from a series of structural deficiencies and policy changes concerning socioeconomic, institutional and governance factors. These deficiencies have emerged, accumulated or deepened over the years. Even before the onset of the COVID-19 pandemic, Arab countries were facing daunting challenges, including conflict, instability, displacement, high rates of material deprivation and unemployment, and increasing financial pressures, which have all affected poverty and efforts to reduce it. The pandemic and the war in Ukraine have exacerbated money-metric poverty and deprivations in several dimensions relating to household capabilities, especially given the fact that many Arab countries are not equipped to deal with these additional crises. The combined effect of the COVID-19 pandemic and the war in Ukraine is therefore expected to result in an additional 16 million people living in extreme poverty and an additional 28 million people living below national poverty lines in 2023.
Combating poverty—particularly in light of the multiplicity of prevailing challenges—requires a multidimensional approach that focuses on both material and non-material deprivations. SDG target 1.2 recognizes the multidimensional nature of poverty and calls for it to be alleviated “in all its forms”. This approach complements the methodology for assessing money-metric poverty by focusing on the various dimensions of non-financial indicators of deprivation, thus contributing to a more comprehensive assessment of the deprivations suffered by the poor.

Over the past two decades, multidimensional poverty indices have increasingly gained traction at the national, regional and international levels, particularly after the adoption of the 2030 Agenda, which was the first to incorporate the goal of reducing multidimensional poverty.

**Multidimensional poverty trends in the Arab region**

**Among households**

The revised Arab MPI for household poverty is the main innovation of this report. The revised Arab MPI, which is the result of an extensive consultative process, provides an assessment of poverty in terms of both material and social well-being, giving both pillars equal weight. This approach provides a more comprehensive and balanced representation of multidimensional poverty in the region, particularly as Arab countries have witnessed progress in some important aspects of social well-being (such as life expectancy and average years of schooling) but less so in material well-being and living conditions.

The revised multidimensional poverty headcounts range from 13.5 per cent in Jordan to 36.6 per cent in Morocco. The majority of countries exhibited declines in the incidence of multidimensional poverty between 2011 and 2019, with the exception of Jordan. In Jordan, the slowdown in economic growth and increase in unemployment rates since 2010, coupled with the refugee crisis, have played a role in increasing deprivations at the national level.

Despite the progress achieved in reducing multidimensional household poverty over the past decade, poverty remains widespread, affecting nearly one in four individuals in Arab MICs. Moreover, vulnerability to poverty remains prevalent, and inequalities, especially geographic inequalities, remain high. As in the case of the first Arab Multidimensional Poverty Report, lack of education is the main contributor to multidimensional household poverty, followed by material well-being dimensions, which are also significant.

![Figure 1. Multidimensional poverty headcount ratio in Arab middle-income countries over time](image-url)

Source: Authors’ calculations. Population data are retrieved from the United Nations Department of Economic and Social Affairs (DESA) database (accessed on June 2021).
The prevalence of poverty varies across areas and socioeconomic groups, with rural areas remaining the most affected and experiencing the highest levels of deprivation.

The report also gives special attention to the unique case of the State of Palestine under Israeli occupation. Multidimensional poverty has increased there from 15 to 15.8 per cent, due to deterioration in education and access to services. Vulnerability to poverty in the State of Palestine has reached 29.96 per cent of population, and severe poverty has reached 2.85 per cent.

In Arab LDCs, the incidence of multidimensional poverty among households, according to the global MPI framework, is high but also declining. Approximately 42.8 per cent of the population in LDCs (excluding Djibouti and Somalia due to obsolete data) fall into multidimensional poverty in 2019. However, given that the data from these countries are not recent and many adverse shocks (conflict, climate change, COVID-19) have happened since the year data were collected, the decline in multidimensional poverty might have stagnated or reversed.

The main factors contributing to household multidimensional poverty in LDCs are related to deprivations in living standards indicators. A large proportion of the non-poor are also disadvantaged in several indicators, particularly those related to living standards. Most LDCs registered significant improvements in sanitation and utilities, but urban-rural gaps have increased or stagnated. It is therefore clear that rural areas are being left behind.

**Among children**

A significant number of children living in Arab MICs experience multidimensional poverty on a daily basis, as measured using the Arab Multiple Overlapping Deprivation Analysis. According to the most recent data, approximately one quarter of children living in the six countries under analysis are deprived in at least two essential dimensions of their well-being and are therefore multidimensionally poor. This corresponds to approximately 21.1 million of the 92.2 million children living in those six countries. However, the multidimensional child poverty rate has declined since early 2010s, when it was around 30 per cent.

Around one third of children aged 0–4 years were deprived in nutrition or health, and nearly a fifth of children aged 5–17 years were deprived in education. More than a fifth of children live in housing that is not connected to a water network, and a quarter live in overcrowded housing. Average national poverty rates obscure significant disparities within countries, as children in rural areas and children belonging to the lowest wealth quintile are severely disadvantaged.

### Incidence of multidimensional poverty, intensity of deprivation and vulnerability to multidimensional poverty, based on the global Multidimensional Poverty Index

<table>
<thead>
<tr>
<th>Country</th>
<th>MPI</th>
<th>Headcount ratio (percentage)</th>
<th>Intensity of deprivation (percentage)</th>
<th>Population vulnerable to poverty (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comoros (2012)</td>
<td>0.181</td>
<td>37.3</td>
<td>48.5</td>
<td>22.3</td>
</tr>
<tr>
<td>Mauritania (2015)</td>
<td>0.261</td>
<td>50.6</td>
<td>51.5</td>
<td>18.6</td>
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<tr>
<td>Sudan (2014)</td>
<td>0.279</td>
<td>52.3</td>
<td>53.4</td>
<td>17.7</td>
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<tr>
<td>Syrian Arab Republic (2009)</td>
<td>0.029</td>
<td>7.4</td>
<td>38.9</td>
<td>7.8</td>
</tr>
<tr>
<td>Yemen (2013)</td>
<td>0.245</td>
<td>48.5</td>
<td>50.6</td>
<td>22.3</td>
</tr>
<tr>
<td>All Arab countries</td>
<td>0.038</td>
<td>14.5</td>
<td>48.7</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Source: Authors’ analysis, based on data from Oxford Poverty and Human Development Initiative (OPHI) and United Nations Development Programme (UNDP) (2021); Mendiratta and Duplantier, 2020.
**Figure 2.** Trends in the multidimensional child poverty headcount ratio by country (early 2010s versus mid-to-late 2010s)

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</tr>
</thead>
<tbody>
<tr>
<td>Algeria</td>
<td>28.1</td>
<td>27.8</td>
<td>24.3</td>
<td>16.6</td>
<td>42.6</td>
<td>38.2</td>
<td>22.2</td>
<td>13.9</td>
<td>41.8</td>
<td>23.9</td>
<td>18.8</td>
<td>16.8</td>
<td>30.7</td>
<td>22.9</td>
</tr>
</tbody>
</table>

Policy recommendations

1. In many countries, development gains have been lost due to conflict and its spillover effects on income, employment, gender equality, food security, health and education. In light of these developments, which have been exacerbated by the socioeconomic impact of COVID-19 and the war in Ukraine, there is a need for pro-poor social and economic policies.

2. Governments should strengthen the capacity of health systems to respond to existing health demands as well as unexpected shocks. They should prioritize maternal and child health, along with sexual and reproductive health, and invest in water, sanitation and child nutrition.

3. Governments should shift their focus from quantity to quality of education. This includes reforming policies and re-examining practices to prevent continued deterioration, streamlining learning approaches that prioritize life skills and citizenship education to address the skills mismatch, and implementing inclusive policies that target educational attainment for all children, regardless of sex, socioeconomic background or ability.

4. Countries need to build resilience and the capacity to manage risks and vulnerability across all segments of society. A greater policy focus is needed on incomes, expenditure, markets and prices to achieve food security objectives. Countries must also strengthen disaster risks and early warning systems. Moreover, managing risks and vulnerability involves investing in social protection and scaling up the effective coverage of protection. In the longer term, empowering a healthy and inclusive labour market as well as achieving the economic capacity to create decent jobs are essential.

5. Arab countries, and particularly Arab LDCs, should spearhead digital transformation and narrow digital divides as integral steps in the process. Country-to-country recommendations include investing in information and communications technology infrastructure in LDCs; ensuring inclusion in access to digital services (between urban and rural areas, between men and women, and among different ethnic groups) by promoting digital literacy and integrating digitalization into the school curriculum; and re-examining policies and the regulatory environment.

6. Policymakers should ensure that no one is left behind by addressing disparities within countries. This can be accomplished by implementing targeted poverty-reduction interventions and investing in disaggregated and timely data.
In the pursuit of a faster, greener, resilient and equitable recovery from current crises, countries should embark on investing in an inclusive green economy and boosting a green and resilient recovery by translating their nationally determined contributions and adaptation plans into climate solutions for urban planning, agriculture and land use. Countries should also promote community-based and community-owned solutions and approaches, particularly in indigenous communities, and accelerate the transition to green energy as part of their COVID-19 response.

Arab countries should strengthen the data collection system and encourage regional collaboration for multidimensional poverty analysis. Developing capacities to make the best use of big data is also critical.

To achieve these goals, the Arab Strategic Framework for the Eradication of Multidimensional Poverty 2020–2030 must be operationalized. The framework’s implementation would require mainstreaming it into the national development frameworks of member States. Capacity for monitoring and evaluating the framework at the national and regional levels should also be prioritized. This would also entail strengthening institutional coordination, as central to the implementation of the 2030 Agenda. Therefore, countries must continuously assess and strengthen vertical and horizontal coordination mechanisms to accelerate progress towards achieving poverty reduction and the SDGs.

Finally, Arab countries should strive toward strengthening cross-country economic ties. This involves the exchange of resources, including water, animal, agricultural, technological and petrochemical resources, as a pillar of safety for all societies. These links would allow economic integration between Arab countries to be achieved and deliver collective benefits.
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