



المنتدى العربي للتنمية المستدامة

إسراع العمل نحو خطة عام 2030 ما بعد كوفيد

29-31 March 2021 – آذار/مارس 2021



SDG 1 NO POVERTY

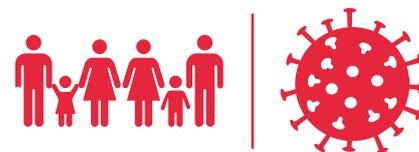
End poverty in all its forms
everywhere

Poverty and inequality are widespread across the Arab region. While the number of people living in extreme income poverty has dropped by more than half since 1990 in all developing regions, it increased in Arab countries where 115 million people are still struggling to secure their basic human needs. Extreme poverty is particularly high in the Arab least developed countries. Conflict, political instability and displacement in some Arab countries, especially since 2010, have had a strong negative impact on the poor and middle class. Anaemic long-term growth, high youth unemployment, and low productivity growth have also characterized the region for over a decade (SDGs 8 and 9). Efforts to tackle poverty have not adequately

addressed multiple deprivations, rural-urban and subnational divides, or the accentuated vulnerability of various social groups (SDGs 2, 3, 4, 5, 6, 7, 10, 11 and 13).

These structural challenges have been aggravated by the COVID-19 crisis, with a strong negative impact on the region's poor and middle class. Integrating social and environment dimensions in economic planning is necessary for Governments to mitigate the impact of such crises, prevent people from falling into poverty, and make progress on SDG 1. Strong political will is also imperative in designing social and redistributive policies to counter increasing inequality and exclusion, and to expand access to social protection (SDGs 16 and 17).

Impact of COVID-19 on SDG 1 in the Arab region



The COVID-19 pandemic and its fallout are having a devastating impact on social and economic development and the wellbeing of people across the region, exacerbating pre-existing deprivations and inequalities. The multiple crises that Arab countries have been facing, including the decline in oil prices, protracted conflict and natural disasters, have weakened their capacity to respond to the pandemic and its repercussions. Decades of progress in the fight against poverty and inequality are being reversed, leaving many more people behind, and negatively impacting the ability of Governments to achieve the 2030 Agenda and the Sustainable Development Goals.

The proportion of the population living in poverty is projected to increase. Headcount poverty rates are expected to rise to slightly over 32 per cent of the population of Arab middle-income and least developed countries. This brings the projected base-case scenario total number of poor to 115 million, the

bulk of whom reside in Egypt, Yemen, the Syrian Arab Republic and the Sudan.

The number of extreme poor is expected to grow by 9 million. The region is not only off-track on SDG target 1.1, which aims to eradicate extreme poverty everywhere by 2030, but has also suffered a strong setback relative to the 2019 baseline poverty headcount ratio for the \$1.90 international poverty line (which was 9.4 per cent). The headcount ratio is estimated to reach 11.2 and 11.7 per cent in 2020 and 2021, respectively, equivalent to 39.6 million and 42.4 million people. In the pre-COVID-19 scenario, the region's 2021 extreme poor population based on the \$1.90 poverty line is estimated at 33.3 million. The pandemic is therefore expected to increase the number of extreme poor in the 14 Arab non-GCC countries by 9 million.¹

Already high unemployment rates are expected to rise further. An estimated 41 million fulltime-equivalent jobs may have been lost in the first three quarters of 2020,

1 ESCWA, Impact of COVID-19 on money metric poverty in Arab countries, 2020.

owing to losses in working hours and layoffs, which are expected to increase the unemployment rate significantly and exacerbate poverty, especially among workers in the services sector.

Multidimensional poverty may also increase in the short and medium terms. The pandemic's effect on multidimensional poverty is reflected in education disruption and its potential consequences on girls' drop-out rates, and its effects on nutrition owing to disrupted livelihoods and food supply chains. Moreover, overcrowding, poor nutrition, lack of access to sanitation and clean drinking water, lack of clean cooking fuel are all indicators of multidimensional poverty, and people living under those conditions are more vulnerable to contracting COVID-19.

The pandemic is highlighting the importance of social protection in Arab countries, especially in relation to resource allocation in State budgets. Underinvestment in social protection and the exclusion of vulnerable populations remain key challenges in the region. United Nations data from 2010 to 2018 shows that expenditure on social protection (excluding health

Recently established social registries, such as the pension and health insurance registries in Morocco, have been essential for quickly scaling up support to vulnerable populations without prior lengthy identification procedures. Moreover, Governments have increasingly adopted electronic and online procedures in delivering social protection, including implementing electronic application procedures, expanding online services such as e-health and other helplines, and electronic benefit payments through vouchers or to e-wallets.

care) for Arab countries ranged from 0.3 per cent of their respective GDP to over 10 per cent, with Arab countries ranking lowest compared with all regions.² The pandemic has forced Governments to rethink their fiscal policies and work on increasing their fiscal space in an efficient and sustainable manner to enable adequate, flexible and continual investment in social protection.

Measures taken by Arab Governments

Extensive measures were implemented by Arab Governments to prevent declines in consumption owing to disruption in economic activities. These measures were primarily aimed at maintaining income by protecting jobs and extending social protection. The depth and breadth of policy responses varied, with fragile and conflict-affected countries introducing policies that were largely limited in depth and scope. In the absence of adequate policy responses, poverty in those countries is expected to increase more than in countries not affected by conflict.

1. Most Arab governments have upscaled or revamped existing social protection systems. Some measures aimed at continuing health insurance coverage for people who lost their jobs, and granting paid sick leave to people forced to quarantine and paid leave to people unable to report to work owing to lockdown. Many Governments have modified or postponed the payment of contributions to social insurance to ease the financial burden on families.

Cash transfer programmes have been expanded vertically (increased benefits and pensions) and horizontally to additional population groups, especially to informal workers and day labourers, who were not previously included in poverty-targeted cash transfer programmes. In-kind support included food baskets and ration card subsidies, but also waiving or postponing the payment of utility bills and tax and consumer-loan payments. In Mauritania, the Government secured emergency financing and suspension of debt obligations from the International Monetary Fund to extend the country's critical social protection programmes.

2. Most Arab countries have provided support to enterprises at risk of collapse from the effects of the pandemic, such as the tourism, industry, agriculture and construction sectors. The Governments of Algeria, Djibouti, Iraq, Jordan, Morocco, the State of Palestine, Tunisia and GCC countries have introduced measures to enhance

² ILO, World Social Protection Data Dashboard.

financial liquidity, such as postponing loan repayments, rescheduling taxes, providing price cuts on utility bills and tax relief, reducing tax rates and preferential interest rates, providing guarantees on low-interest loans to the tourism sector, and allowing rent exemptions. Furthermore, some Government introduced measures aimed at protecting jobs and incomes, including lowering energy costs for the industrial sector, providing subsidy pay-out for exporters, offering aid to selected firms to sustain

labour and input costs, increasing credit limits for businesses to support working capital and salary payments, and providing short-term loans to secure liquidity for operational expenses. For instance, in the State of Palestine, the Government disbursed aid to labourers affected by the pandemic, extended unemployment benefits, offered soft loans and credit facilities to small and medium enterprises, and eased up policies on debt and tax payments.

Most at risk of being left behind

A detailed review of the Arab region revealed that SDG 1 targets will not be met by 2030 for the following social groups,³ whose vulnerability has been amplified by the pandemic.

 **Women:** With an already low level of participation in the labour market, women in the region have borne the economic brunt of the crisis. Around 700,000 jobs held by women are expected to be lost as a result of the pandemic, with more women falling into poverty, which will disproportionately impact female-headed households.⁴

 **Children:** Evidence shows that children are over-represented among the population living in monetary poor households. Children's multidimensional poverty is also particularly high, and the prospects of their lifelong achievements are imperilled by diminished access to nutrition, health and education during the pandemic.

 **Older persons:** The pandemic has heightened the vulnerability of older persons, increasing their risk of medical complications and income insecurity, as they have a higher prevalence of non-communicable diseases than other age groups and often rely on low and irregular income, such as pensions and financial support from their families. This is particularly so for older women.

 **Persons with disabilities:** The pandemic also heightened the vulnerability of persons with disabilities, many of whom have underlying health conditions, are facing significant disruptions to their usual support system, and are typically less protected by social and health insurance owing to exclusion from formal work.⁵

 **Migrant workers:** Vulnerable migrant workers across the region, including female domestic workers, suffer exploitation and potential lack of access to health care. Although data on the extent of discrimination against migrants are scarce, abuse and discrimination against them have been reported in many Arab countries. As businesses closed during lockdowns and household incomes shrunk, vulnerable migrant workers were dismissed, forced to take unpaid leave or, in some cases, denied their wages. Female migrant workers, and particularly those in informal occupations, faced the threat of eviction from their homes, and were further exposed to poverty, food insecurity, violence and trafficking. In addition, because of the economic crisis, return migrants have found themselves without assistance to cope with the impact of the pandemic on their livelihood.

 **Refugees and internally displaced persons (IDPs):** Overcrowded refugee and IDP camps have put these populations at particular risk of exposure to COVID-19 and its socioeconomic consequences.

3 ESCWA, Arab Sustainable Development Report, 2020.

4 ESCWA and UN-Women, The Impact of COVID-19 on Gender Equality in the Arab Region, 2020.

5 UNPRPD, ILO and UNICEF, International Disability Alliance and Embracing Diversity, Disability inclusive social protection response to COVID-19 crisis, 2020.

Policy recommendations for ensuring an inclusive recovery and achieving SDG 1 by 2030

The Arab Sustainable Development Report 2020 identifies the following recommendations to accelerate the achievement of SDG 1 in the region and support

action on other SDGs. These recommendations also facilitate the COVID-19 recovery, and enhance resilience to future shocks and crises.⁶

Formulate relevant indicators and systematically collect quality data

Strengthen support to Arab least developed countries in line with global commitments and action plans, including the Istanbul Programme of Action for the Decade 2011-2020

Reconnect macroeconomic policies to social development

Design and implement comprehensive, universal and rights-based gender-responsive social protection systems

Invest in human capacity, especially in children and young people, to enable them to pursue opportunities for sustainable livelihoods, and to end intergenerational poverty

Ensure digital inclusion to enhance digital financing options for marginalized groups, such as migrants and refugees, and to increase access to and use of basic services

Link humanitarian aid with long-term sustainable development, and strengthen support to conflict-affected and crisis-affected countries

6 For a comprehensive analysis of these recommendations, see ESCWA, Arab Sustainable Development Report, 2020.



Key facts on SDG 1

ARAB REGION

WORLD

Proportion of population below international poverty line⁷



9.4% of population
was living on less than \$1.90
a day in 2018

+13.93% since 2015

8.76% of population
was living on less than \$1.90
a day in 2018

-3.69% since 2015

Proportion of population living below the national poverty line, by sex and age⁸

Headcount poverty rate is expected
to rise to slightly over 32 per cent
of the population in Arab middle-income
and least developed countries.

Proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions⁹

41% multidimensional
poverty rate in 2017 for 10 countries
with about 75 per cent
of the region's population

Proportion of vulnerable employment of total employment¹⁰



25.76% of population
was in vulnerable employment in 2019

-1% since 2000

44.85% of population
was in vulnerable employment in 2019

-0.69% since 2000

Note: The change between time periods is calculated by ESCWA.

⁷ World Bank. PovcalNet.

⁸ United Nations, Policy Brief: The Impact of COVID-19 on the Arab Region: An Opportunity to Build Back Better, 2020.

⁹ ESCWA, Arab Sustainable Development Report 2020. This poverty rate is the result of the Arab Multidimensional Poverty Index (AMPI), adapted to conditions in Arab countries. Countries included in the AMPI are: Algeria, the Comoros, Egypt, Iraq, Jordan, Mauritania, Morocco, the Sudan, Tunisia, and Yemen, where data are available.

¹⁰ ILO estimates.