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The Arab inequality pandemic**Summary**

Inequality rates in the Arab region remain the highest worldwide. Moreover, inequality in some Arab countries continues to increase, exacerbated by the repercussions of the COVID-19 pandemic. The most well-known measure of inequality is income inequality. However, inequality spans far beyond this measure: it is multifaceted and exists, for example, between a country's population groups (such as between genders, different age groups, and persons with and without disabilities), and between geographic locations (such as between rural and urban populations, and different countries in the Arab region). Inequality can take many forms, including unequal access to services, resources and opportunities (such as health, education and energy), or unequally benefitting from development outcomes. Furthermore, many forms of inequality are cross-cutting; for example, women and girls with disabilities may face weak access to health care, and poor rural children may suffer from inadequate access to education and water and sanitation services.

The present document provides an overview of inequality in the Arab region. The Committee on Social Development is invited to discuss the document and comment thereon, and provide recommendations on how best to tackle the Arab inequality pandemic.

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Introduction

1. The wave of protests across the Arab region in the early 2010s was in part driven by high levels of inequality. Among the protestors' demands were greater equality and inclusion in decision-making processes. However, over a decade on from these uprisings, inequality in the Arab region remains the highest worldwide. Moreover, inequality in some Arab countries continues to increase, exacerbated by the repercussions of the COVID-19 pandemic, and risks spiralling if not tackled with decisive action.

2. The most well-known measure of inequality is income inequality. However, inequality spans far beyond this measure: it is multifaceted and exists, for example, between a country's population groups (such as between genders, different age groups, and persons with and without disabilities), and between geographic locations (such as between rural and urban populations, and different countries in the Arab region). Inequality can take many forms, including unequal access to services, resources and opportunities (such as health, education and energy), or unequally benefitting from development outcomes. Furthermore, many forms of inequality are cross-cutting; for example, women and girls with disabilities may face weak access to health care, and poor rural children may suffer from inadequate access to education and water and sanitation services.

3. More comprehensive measures of inequality consider equality in accessing a range of opportunities that enable an individual to live a fulfilling life, and the level of social mobility within a society. For example, access to employment provides a comprehensive measure of the extent of inequality within a society.

I. Different facets of inequality

A. Income inequality

4. The Arab region is the most unequal region globally, as measured by income inequality. The income of the top 10 per cent of earners in the region in 2021 amounted to 58 per cent of total income earned. Contrastingly, in Europe (the most equal region), the income of the top 10 per cent of earners in 2021 amounted to 36 per cent of total income earned.¹

5. The pandemic caused a significant increase in income inequality, with many in vulnerable employment losing their income altogether, while the richest took advantage of new (frequently digital) opportunities. Oxfam estimates that while the world's 10 richest men made more than \$1.3 billion a day during the pandemic, 163 million more people fell into poverty (an estimated 3.3 billion people globally lived in poverty in 2021).²

6. In Morocco, in 2021, where the average annual national income is 43,130 Moroccan dirhams (\$3,995), the top 10 per cent of earners took home 50 per cent of all income earned, while the bottom half took home just 14 per cent. The difference between the top 1 per cent and the bottom 10 per cent is even starker.

B. Wealth inequality

7. Globally, wealth inequality is more extreme than income inequality. While income inequality measures the distribution of annual income, wealth inequality measures differences in the distribution of individuals' total assets. Wealth provides security in the wake of a negative shock to income (for example, a house to live in rent-free), and provides an opportunity to increase one's income (for example, through loan collateral). Inequality in wealth tends to promote inequality in income and, owing to wealth's income-generating potential, wealth inequality tends to widen if left unaddressed.

¹ [World Inequality Report](#), 2022.

² Oxfam, [Inequality Kills](#), 2022.

8. In 2020, wealth inequality increased more than ever before. By the end of 2021, the world's 10 richest individuals (all men) held over six times more wealth than the poorest 40 per cent of the world's population.³

9. In the Arab region, the wealthiest 10 per cent of the population already held 76 per cent of net wealth on the eve of the pandemic. By the end of 2020, the wealthiest 10 per cent had increased their net wealth holdings to 81 per cent of the net wealth in the region.⁴ The richest 1 per cent of the population benefitted even more. In Arab least developed countries (LDCs) and Gulf Cooperation Council (GCC) countries, the wealth concentration of the richest 1 per cent increased from 30 per cent pre-pandemic to 42 per cent by the end of 2020. In Arab middle-income countries, the wealth concentration of the richest 1 per cent increased from 22 per cent pre-pandemic to 31 per cent by the end of 2020.

C. Gender inequality

10. Gender inequality is long-standing and persistent in Arab countries. Across the region, women and girls are more likely to face factors that reinforce inequality, including gender-based violence, child marriage and early pregnancy, exclusion from political and decision-making bodies, economic disempowerment, and poverty. Leaving women behind not only disadvantages half the population, but it also negatively affects economic growth and is associated with a higher risk of conflict.⁵ On a worldwide scale, advancing women's equality in the workplace alone could increase annual global growth by \$28 trillion by 2025 (roughly equivalent to the size of the American and Chinese economies combined).⁶

11. Estimates show that it will take 115 years to close the gender gap in the Arab region, almost twice as long as in North America (59 years) and Europe (60 years).⁷ However, there are marked differences in the extent of the gender gap between Arab countries. Lebanon and the United Arab Emirates have the smallest gender gaps, while Algeria, Oman and Qatar have the largest. Furthermore, while Saudi Arabia has made the greatest improvement in closing the gender gap (driven by increased female labour force participation), Algeria has regressed and gender inequality has increased (driven by low female labour force participation, and gender gaps in educational attainment and health that are higher than the regional average).⁸

12. The Arab region ranks particularly low on a global scale in women's economic participation.⁹ The region has one of the lowest female labour force participation rates worldwide (at 18 per cent compared with 48 per cent globally, and with 77 per cent for men in the region), resulting in the lowest female labour income share globally. Of all the income earned in the Arab region in 2021, less than 15 per cent was earned by women.¹⁰

13. Cultural norms and a greater undertaking of unpaid care work and domestic chores limit female labour force participation and female economic empowerment. Furthermore, even when women are able to balance domestic duties and a career, the former limit their available time to upskill or train and may force women to take up relatively low-skilled and more flexible jobs. Only 11 per cent of women in the region hold managerial positions, compared with 27 per cent globally. Women from rural areas and young women are likely to spend more time on unpaid care work and domestic chores, and thus face even greater economic disempowerment.

³ Ibid.

⁴ ESCWA, [Inequality in the Arab Region: A Ticking Time Bomb](#), 2022.

⁵ UN-Women, [Progress of the World's Women 2015–2016: Transforming Economies, Realizing Rights](#), 2015.

⁶ McKinsey & Company, [Ten things to know about gender equality](#), 2020.

⁷ World Economic Forum, [Global Gender Gap Report 2022: Insight Report](#), July 2022.

⁸ Ibid.

⁹ Ibid.

¹⁰ [World Inequality Report](#), 2022.

14. Although female representation in Arab parliaments has steadily improved since the turn of the millennium, women continue to occupy less than 20 per cent of available seats across the region. The United Arab Emirates has achieved gender parity (50 per cent of seats are held by women), but women hold less than 30 per cent of seats in all other Arab countries.¹¹

D. Youth inequality

15. Youth inequality is a rapidly emerging challenge in the Arab region. As the region experiences a youth bulge, there is a growing youth population that needs to be educated and supported into employment so as to not be left behind. Unfortunately, job creation across the region has not kept pace with the number of students graduating each year, resulting in massive youth unemployment and disenfranchisement. Youth unemployment in the region is the highest worldwide (26 per cent compared with a global average of 15 per cent), and is particularly severe for female youth (42 per cent). A lack of employment opportunities has caused 85 per cent of employed young people to be informally employed, thereby increasing their vulnerability and likely eroding their productive potential.¹²

16. Young people in the region were acutely hit by the pandemic, as a result of widespread school closures and severely reduced employment opportunities.

E. Disability inequality

17. Persons with disabilities are more likely to face limited or inadequate access to health care, education, employment and political participation, and are more likely to be socially excluded owing to social norms and biased public perceptions.

18. Lack of access to decent health care and education limits their productivity and access to decent employment. Given that they experience restricted access to employment opportunities, persons with disabilities who are employed are frequently underemployed or informally employed, and therefore suffer from low income and job insecurity. The exclusion of persons with disabilities from the labour market is a significant waste of potential, resulting in an estimated GDP loss of between 3 and 7 per cent.¹³

F. Geographical inequality

19. Geographical inequality exists both between and within countries. Although inequality between countries is shrinking globally, inequality between Arab countries is significant. The region has both some of the richest countries worldwide and some of the poorest. For example, the GDP per capita of Qatar and the United Arab Emirates is extremely high at \$95,274 and \$66,972, respectively. By contrast, GDP per capita in Somalia and Yemen stands at just \$1,130 and \$1,780, respectively.¹⁴

20. Within countries, rural populations are also more likely to face inequalities in access to decent health care and education (because of geographical remoteness and weaker financing for rural areas), in access to clean drinking water, sanitation and energy, and in access to economic opportunities. Many urban populations living in informal housing also face a multitude of inequalities and are therefore more likely to live in poverty.

¹¹ ESCWA, [Arab SDG Monitor](#).

¹² ESCWA, [Inequality in the Arab Region: A Ticking Time Bomb](#), 2022.

¹³ International Labour Organization, [The price of excluding people with disabilities from the workplace](#), 2010.

¹⁴ International Monetary Forum, [World Economic Outlook](#), April 2022 (figures stated are GDP per capita, constant prices, purchasing power parity, 2017 international dollar).

G. Inequality in access to services: health and education

21. Poor health and education are strongly correlated with intergenerational chronic poverty. High inequality can trigger a situation where the wealthy favour private health and education providers, forgoing publicly funded services. Since the wealthy are also frequently politically powerful, their disinterest in public services results in lesser funding and a drop in quality. The deterioration of public services disproportionately affects the poor, who are more dependent on them, and thus results in wider health and education inequality, which in turn increases inequality in access to decent employment.¹⁵

22. Poor health can push vulnerable families into poverty, or increase the poverty experienced by already poor families, as entire families collectively pool their resources, and frequently accumulate debt, to pay medical bills for ailing family members. This is particularly relevant for older persons and their families living in Arab LDCs, where out-of-pocket health expenditure can exceed 70 per cent of total health expenditure.¹⁶ Furthermore, poor or vulnerable families are more likely to suffer from weak health outcomes owing to their limited capacity to afford a nutritious diet, a higher likelihood of undertaking precarious work, and inadequate living conditions. Health and poverty can therefore become a vicious downward spiral.

23. Women, persons with disabilities, migrants and rural populations may also face impeded access to health and education, which in turn negatively affects their employment prospects. Universal access to quality education and health care are essential to break the cycle of intergenerational poverty and escalating inequality. Universal access to quality education is one of the greatest enablers of social mobility.

H. Inequality in access to resources: food and water

24. Access to food is highly unequal across the Arab region, and drives food insecurity. High levels of income inequality negatively affects the affordability of a healthy diet for vast swathes of the population. For food producers, inequality in access to productive assets, information and technology negatively impacts the ability of populations to provide a healthy diet for their families.¹⁷ The pandemic and the war in Ukraine have further threatened food insecurity through elevated food prices.¹⁸ Food insecurity and gender inequality are closely interlinked, particularly in countries experiencing conflict and hunger, as women tend to sacrifice their nutrition for the benefit of their families, eating last and least.¹⁹

25. By eroding the capacity of an individual to productively engage in the labour market, food insecurity increases the risk of poverty. Furthermore, the impact of severe food insecurity, or malnutrition, on productivity can last a lifetime.

26. Six Arab countries feature in the list of 20 global hunger hotspots for 2022, namely Lebanon, Mauritania, Somalia, the Sudan, the Syrian Arab Republic and Yemen.²⁰ Yemen is of a particular concern: conflict, economic contraction and substantial currency depreciation have affected both the accessibility and affordability of food, causing 54 per cent of the population to be food insecure and 50,000 individuals to be at risk of famine (there are only four countries globally that faced a risk of famine in 2022). Although there is lesser risk of famine in Lebanon, over a third of the population (38 per cent) faced food insecurity in 2022.²¹

¹⁵ United Nations Department of Economic and Social Affairs, [World Social Report](#), 2020.

¹⁶ ESCWA, [Population and Development Report Issue No. 9: Building Forward Better for Older Persons in the Arab Region](#), 2020.

¹⁷ ESCWA, [Food security and social justice: the need for a nexus approach](#), 2022.

¹⁸ Food and Agriculture Organization and others, [The State of Food Insecurity and Nutrition in the World 2021: Transforming Food Systems for Food Security, Improved Nutrition and Affordable Healthy Diets for All](#), 2021.

¹⁹ World Food Programme, [#WomenAreHungrier](#).

²⁰ Reliefweb, [Hunger Hotspots: FAO-WFP early warnings on acute food insecurity, June to September 2022 Outlook](#), 2022.

²¹ Ibid.

27. Access to water is also highly unequal across Arab countries, and is exacerbated by the region being the most water-stressed worldwide. Around 49 million people lack access to basic drinking water, and 74 million lack access to basic sanitation. People living in rural areas are particularly prone to water insecurity and, since they are more dependent on the land, their limited access to water affects not only their health but also their food security and income. Of the 49 million people in the region without access to basic drinking water, 76 per cent (37 million) live in rural areas. Similarly, of the 74 million Arabs without access to basic sanitation, 69 per cent (51 million) live in rural areas.²²

28. As with food, women and girls are disproportionately affected by a lack of access to water. They are more likely to be responsible for collecting water, so as this task becomes more challenging, or they have to travel farther distances, they consequently spend a greater proportion of their time on household chores. Moreover, where water is limited, women are often forced to stay at home and undertake domestic duties when water is available, thereby limiting their mobility and economic participation.

II. Megatrends shaping inequality

29. Technological innovation, climate change mitigation and adaptation, urbanization, and international migration have the ability to either significantly decrease or increase inequality, depending on policy interventions. They are all irreversible megatrends currently shaping the regional outlook, which require careful policy responses to ensure that they do not exacerbate inequality, but are instead used as forces to promote sustainable socioeconomic development.

A. Technological innovation

30. Technological innovation and digitization drive economic growth, and can be used for the common good through advances in health care, education and communication. Efficiency gains, reduced information costs, and reduced transaction costs (for example, from increased uptake of mobile money) also benefit economic growth. Technological innovation and digitization create jobs in more advanced sectors and, through the positive effect on economic growth, encourage greater labour force participation by offering greater opportunities for inclusion. However, automation also causes job losses, particularly among low-skilled workers; nonetheless, the net effect is positive.

31. The World Bank predicts that if the Arab region becomes fully digitized, GDP per capita would increase by 46 per cent, or \$1.6 trillion, over 30 years. Female labour force participation would increase from 40 million to 80 million women, an additional 1.5 million jobs would be created in manufacturing, and frictional unemployment (those transitioning between jobs) could be eliminated.²³ If well managed, digitization in the Arab region could reduce the gender gap in women's economic empowerment, and enable rural areas to catch up with urban areas. However, these developments are not guaranteed as they are predicated upon policy support to provide universal access to technology and the Internet, so as to promote financial technology, ensure that education systems are developed in line with the changing labour market, and close the digital illiteracy gap, particularly among vulnerable and older persons.

B. Climate change

32. Climate change is also driving inequality, given that it affects the most vulnerable the hardest. Agricultural communities, especially those that cannot afford irrigation, improved seeds or fertilizers; rural communities, especially those without access to drinking water or sanitation; and populations living in locations susceptible to climate change (for example, in areas prone to flooding or desertification) are already at the bottom of income distributions and will be made worse off by the impacts of climate change.

²² ESCWA, [Inequality in the Arab Region: A Ticking Time Bomb](#), 2022.

²³ World Bank, [The Upside of Digital for the Middle East and North Africa: How Digital Technology Adoption Can Accelerate Growth and Create Jobs](#), 2022.

33. Women are particularly hard-hit by the impact of climate change. Women's vulnerability to gender-based violence and exploitation increases when travelling farther distances to collect water, owing to climate change-induced drought. Their time spent on rationing limited water resources also increases, meaning that they spend more time on domestic duties, thereby reducing their time spent in the labour force and thus increasing their economic dependency.

34. The extreme conditions triggered by climate change will exacerbate displacement, which will increase vulnerability and competition with host communities over scarce resources, both of which heighten the risk of conflict in severely climate change-affected regions.

35. Inequalities resulting from climate change compound inequalities in income and wealth. Not only do the most vulnerable suffer the impact of climate change the most, but they are also the smallest contributors to the impact of climate change. At the global level, the top 10 per cent of carbon dioxide emitters produce over 50 per cent of all carbon emissions. The bottom half of carbon dioxide emitters produce just 12 per cent of global emissions, and are already below 2030 per capita emission reduction targets.²⁴

36. Combatting climate change can reduce growing inequalities. Investing in renewable energy, for example, would increase access to affordable electricity for those who are currently disconnected or cannot afford to pay for electricity, while creating more jobs in the private sector compared with investing in fossil fuels.²⁵ To be effective in reducing inequality, climate policies and taxes must target the biggest polluters first.

C. Urbanization

37. Urbanization drives economic growth, and can promote employment creation by providing a larger labour force in one location. However, cities are also hotspots of inequality, characterized by informal settlements and overcrowding. Well-planned urban development can allow rural-urban migrants to enjoy many of the benefits already enjoyed by urban populations (such as better access to health, education, water and sanitation, and greater economic opportunities), while supporting economic growth and reducing inequality. Building cities that are accessible to persons with disabilities and older persons can also improve their access to services and employment opportunities, thereby ensuring equal and fair integration into labour markets.

D. Migration

38. The Secretary-General of the United Nations has described migration as both a powerful symbol of global inequality, and a force for equality under the right conditions.²⁶ If well managed, migration can benefit both the host countries and the countries of origin, as well as migrants and their families. Migrants can have a positive impact on employment in host countries, especially if they undertake work that others are unwilling to do, or possess skills that are in short supply. If migrants are well-included (for example, in social insurance programmes), then they can support economic growth and public revenues in host countries. Meanwhile, countries of origin also benefit from migrants' remittances sent home to their families; this is particularly true for migrants from low-income families, who are more likely to send remittances. However, unsafe and irregular migration, and the socioeconomic exclusion of migrants in host countries, increase their vulnerability and exacerbate inequality.

III. Risks of inequality

39. High inequality not only disrupts economic development, but also stalls progress towards achieving the 2030 Agenda for Sustainable Development. Inequality tends to widen naturally. As vulnerable populations are

²⁴ [World Inequality Report, 2022](#).

²⁵ World Resources Institute, [The green jobs advantage: how climate-friendly investments are better job creators](#), 2021.

²⁶ United Nations Department of Economic and Social Affairs, [World Social Report, 2020](#).

left behind, they frequently have a weaker voice to demand their rights and therefore become socially excluded. Their social exclusion may then become a catalyst for greater inequality as institutions increasingly serve a small and advantaged population, which in turn leads to inefficient and unfair resource allocation and wasted productive potential. Furthermore, rising inequality concentrates wealth in the hands of a small elite, and limits opportunities to create wealth for those at the bottom of the wealth pyramid.

40. At its least harmful, inequality slows economic growth. The Organisation for Economic Co-operation and Development (OECD) predicts that rising inequality in its member States between 1985 and 2005 reduced economic growth by 4.7 percentage points between 1990 and 2010. Furthermore, inequality experienced by the poorest 40 per cent, not just those at the very bottom of the income distribution, has a negative effect on growth. Rising inequality tends to negatively affect educational attainment and on-the-job training for those from lower socioeconomic backgrounds, which in turn reduces national productivity.²⁷

41. At its worst, inequality can be a catalytic driver of violent conflict and political instability. Historically, increasing inequality has eroded the social fabric of many countries and polarized societies. Increasing discontent, combined with lesser economic opportunities and greater social exclusion, can lead to the militarization of societies. In turn, conflict further exacerbates inequality, leading to a dangerous downwards spiral. Destruction of public infrastructure, massive displacement, and increased school dropouts (especially among boys who are coerced to fight) are all consequences of conflict, and impact the poorest hardest, thus further increasing inequality. Moreover, in times of conflict, Governments divert funding away from public goods (social protection, education and health) towards military expenditure, negatively affecting the poorest who are most dependent on public services.

42. Every year of civil war in an Arab country is estimated to create a GDP loss of 3.5 per cent.²⁸ Yet despite weak economic growth, Governments continue to divert available funds towards the military. Military expenditure in the region is more than double the global average (at 5.4 per cent of GDP compared with 2.2 per cent globally), while health expenditure is half the global average (at 3 per cent of GDP compared with 5.9 per cent globally).²⁹

43. Forced displacement is at an all-time high in the region. There are currently 1,970 refugees per 100,000 people, almost four times as many as in 2000. In contrast, there are just 24 refugees per 100,000 people in Europe.³⁰ In short, almost 2 per cent of people living in the Arab region are refugees. The majority of refugees originate from the Syrian Arab Republic (driven by conflict) and Somalia (driven by a combination of conflict and a lack of economic opportunities). The number of internally displaced persons, who suffer the same deprivations in access to resources and opportunities, is even higher.

44. Conflict is detrimental for all, but the effects of conflict can last a lifetime for children. Food insecurity in infancy, a lack of access to education, and social exclusion resulting from displacement exacerbate the risk of poor children being left behind, even before they join the labour force.

45. The Arab region is trapped in a vicious cycle of conflict, low economic growth, diverted social expenditure, a growing vulnerable population, and rising inequality.

A. Inequality and poverty

46. Growing inequality is closely linked with increased poverty in the Arab region, and complicates poverty alleviation efforts. Without access to wealth, opportunities or resources owing to stagnant inequality, the

²⁷ OECD, *In It Together: Why Less Inequality Benefits All*, 2015.

²⁸ ESCWA, *Trends and Impacts in Conflict Settings: Conflict and MDGs*, Issue No. 2, 2011.

²⁹ ESCWA, *Inequality in the Arab Region: A Ticking Time Bomb*, 2022.

³⁰ Ibid.

poorest are unable to work their way out of poverty. Without any assets, the poorest cannot accumulate wealth. Without a decent education, or because of poor health (exacerbated by low living standards and a lack of food or clean water and sanitation), the poor are unable to access decent jobs. Without access to such opportunities (perhaps as a result of inequalities in geography, gender, disability status), the poor are trapped in poverty.

47. Unlike the global trend, where poverty has steadily fallen since the turn of the millennium, poverty in the Arab region has increased, in part due to rising inequality. In 2000, extreme poverty (the proportion of the population living below \$1.90 a day) in the Arab region was well below the global average (7.2 per cent compared with 27.9 per cent). However, just before the outbreak of the pandemic, extreme poverty in the Arab region was slightly higher than the global average (8.9 per cent³¹ compared with 8.6 per cent³²). Amongst Arab LDCs, poverty rose even more dramatically, from 14.4 per cent in 2010³³ to 36.4 per cent in 2019.³⁴

48. The pandemic caused a universal increase in poverty, which has since been exacerbated by rising food and energy prices owing to the war in Ukraine. Nonetheless, in part supported by an extraordinary fiscal response, global poverty is expected to return to its downwards trend from 2021 onwards.³⁵ This is not the case in the Arab region.

49. In the Arab region, the pandemic and the war in Ukraine are expected to drive poverty upwards in the medium-term. Extreme poverty across the region is expected to increase from 8.9 per cent in 2019 to 11 per cent in 2023, equivalent to an additional 11 million people. As a result, an estimated 50 million people will live in extreme poverty in the Arab region by 2023,³⁶ and an estimated 132 million will live in poverty measured at national poverty lines by 2023.³⁷

50. The regional average extreme poverty rate masks substantial disparities between countries. In Iraq and Saudi Arabia, none of the population is expected to live in extreme poverty by 2023, whereas 69 per cent of the Somali population is expected to live in extreme poverty. Rural populations and children are also more likely to live in poverty. For example, in Djibouti in 2017 (latest available data), the proportion of the population living in extreme poverty stood at 17 per cent, yet 58 per cent of the rural population and 21 per cent of children under 15 years old lived in extreme poverty.³⁸

1. *Multidimensional poverty*

51. Measuring the income of the very poorest is a valuable tool for policymakers, who can then establish a minimum income that their population should not fall below (the national poverty line). However, monetary measures of poverty often fail to capture the simultaneous and interconnected deprivations that the poor face. Multidimensional poverty attempts to bridge the shortfalls of monetary poverty, and considers the many dimensions of poverty to provide a more comprehensive view of the deprivations experienced by the poor. Multidimensional poverty also highlights the multitude of inequalities faced by the poor, and provides an insight on the correlation between inequality and poverty.

52. Multidimensional poverty captures the experiences of the poor beyond their income, and presents a more holistic picture that includes access to, and quality of, education, health care, living standards, housing and

³¹ ESCWA calculations.

³² World Bank, [April 2022 global poverty update from the World Bank](#), 2022.

³³ ESCWA, [Arab SDG Monitor](#).

³⁴ ESCWA calculations.

³⁵ World Bank, [Pandemic, prices, and poverty](#), 2022.

³⁶ ESCWA calculations.

³⁷ ESCWA, [Arab Multidimensional Poverty Report](#), 2022.

³⁸ ESCWA, [Arab SDG Monitor](#).

assets. A lack of education or poor health better explain why some families remain trapped in poverty for generations, while inadequate housing or a lack of access to clean water and sanitation better capture the lived misery of poverty beyond low income. Multidimensional poverty also reinforces the link between inequality and poverty. It highlights how inequality in access to opportunities can drive poverty, and thus how certain groups (for example, women, persons with disabilities, and rural populations) may be left behind.

53. In contrast to monetary poverty, multidimensional poverty has fallen across the majority of Arab countries assessed by ESCWA over the past decade. By 2019 (latest available data), multidimensional poverty had fallen to 23 per cent of the population in Arab middle-income countries,³⁹ and to 43 per cent of the population in low-income Arab countries.⁴⁰ The Sudan (52 per cent) and Mauritania (51 per cent) demonstrate the highest incidences of multidimensional poverty.

54. Rural areas, larger households, and households with an uneducated head are all more likely to be multidimensionally poor. Rural populations are two times more likely to be multidimensionally poor than those in urban areas in Algeria, the Comoros, Egypt and the Sudan, and more than three times as likely to be multidimensionally poor in Mauritania, Morocco, Tunisia and Yemen. Larger families (of eight or more members) are on average over three times more likely to be multidimensionally poor compared with smaller families (of three or less members). In Tunisia, larger families are more than five times more likely to be multidimensionally poor. Meanwhile, households whose head has no education are over 15 times more likely to live in multidimensional poverty than those whose head has a university education.⁴¹ The increased likelihood of living in poverty for families with an uneducated household head highlights the importance of education in ending intergenerational poverty.

55. While multidimensional poverty has decreased across the region, significant swathes of the population remain vulnerable to falling into poverty. The share of the population either living in poverty or vulnerable to poverty ranges from 33.7 per cent in Jordan to 64.5 per cent in Iraq.

56. Across all Arab middle-income countries studied, lack of education is the main contributor to multidimensional poverty. However, living standards are the main contributor to multidimensional poverty in low-income countries, although education is also a key contributor to multidimensional poverty. Under living standards, poor quality housing and a lack of access to sanitation drives multidimensional poverty in the most deprived countries.

2. *Chronic versus transitory poverty*

57. In addition to different definitions of poverty, measured either through income or a multidimensional approach, poverty can also have various dimensions, which require different policy responses. Poverty can be chronic (structural) or transitory.

58. People living in chronic poverty experience long-term, typically intergenerational, poverty. Where chronic poverty is present, economic growth does not increase per capita incomes owing to high levels of inequality within society. The chronically poor suffer from a lack of access to formal assets and decent education, and are more likely to live in larger women-headed households. They are not well represented by the political system, and are therefore frequently marginalized; they are the left behind.

59. In contrast, transitory poverty is short-term and is typically experienced following a shock to income or expenditure. Shocks may be idiosyncratic, affecting only individual households (for example, as a result of unemployment or ill-health); or covariate, affecting larger cohorts simultaneously (for example, as a result of

³⁹ The ESCWA revised multidimensional poverty index covers seven Arab middle-income countries, namely Algeria, Egypt, Iraq, Jordan, Morocco, the State of Palestine and Tunisia.

⁴⁰ Estimates for Arab LDCs exclude Djibouti and Somalia due to a lack of data.

⁴¹ ESCWA, Arab Multidimensional Poverty Report, 2022.

droughts, food price inflation or pandemics). Transient poverty is largely caused by uninsured livelihoods rather than by household demographics or education, although more educated households are more likely to enjoy formal employment and thus some form of employment protection/benefits.

60. Inequality increases the likelihood that certain groups will suffer from chronic poverty, and limits other groups' (that are excluded from social protection programmes) capacity to lift themselves out of transitory poverty.

61. For example, the current global hike in food prices will trigger an increase in transitory poverty. The vulnerable already spend a much higher proportion of their income on food, and so will be particularly hard-hit by rising food prices. If Governments quickly intervene to support vulnerable households, then the increase in poverty will be short-lived as the vulnerable will be empowered to smooth their consumption and escape poverty. However, if elevated food prices persist and the vulnerable permanently adapt their lifestyles to a lower level of well-being (for example, if they become malnourished and suffer poor health, if children leave school to work, or if they have to sell assets to pay for food), then they risk falling into intergenerational chronic poverty. Similarly, if certain groups are excluded from support systems, then the inequalities already faced by these groups will result in them experiencing the deprivations of poverty.

B. Inequality slows poverty alleviation

62. Inequality complicates national efforts to alleviate poverty and provide social protection. In a more equal society, citizens have access to decent employment and pay taxes, and the State has sufficient resources to look after the vulnerable. Citizens also have an equal voice to demand their rights and enforce State protection against poverty and discrimination. Consequently, the State is able, and encouraged, to prevent citizens from falling into poverty, and is largely capable of maintaining equality. This is not the case where inequality prevails.

63. Inequality in the Arab region has left the poorest farther behind, squeezed the middle-income group, and increased the wealth of the ultra-affluent. It has also prevented economies from reaching their growth potential. Rising poverty has increased the need for poverty alleviation efforts, including social protection. However, in turn, the smaller group of taxpayers and low economic growth provide less resources to pay (taxes) for social protection. Moreover, the social polarization caused by high levels of inequality may also weaken the resolve of policymakers to cater to those who they do not see or hear due to social exclusion.

64. Fiscal budgets across the region are already strained owing to the COVID-19-induced economic contraction, and massive fiscal outlays to support populations and businesses during the pandemic. The current outlook of high inflation and another economic contraction will further strain public budgets. In Arab conflict-affected countries (where high inequality is more likely present), and in those suffering from economic crises (such as Lebanon), the state of public budgets is particularly alarming.

65. Across the Arab region, fiscal policies have done little to progressively redistribute income and support greater equality.⁴² Although subsidies, which were largely regressive and financially unsustainable, are gradually being rolled back across the region and replaced by more progressive poverty targeted cash transfers, inequality still prevails and results in the exclusion of some vulnerable groups (for example, those working in low-paid informal employment). To effectively end poverty across the region, fiscal policy must also address inequality.

IV. Conclusion

66. Rising inequality poses an enormous multifaceted risk to the Arab region.

⁴² ESCWA, [Arab SDG Monitor](#).

67. Inequalities in income, wealth, health, education, water and food, among others, between the various social groups within and across Arab countries erode productive capacity and heighten vulnerability. At the individual level, inequality increases the chance of falling into poverty, and lessens individuals' hopes for lifting themselves out of poverty through selling assets or attaining decent employment. At the national level, inequality limits economic growth, erodes social cohesion, and impedes the Government's ability to alleviate poverty. Highly unequal societies are characterized by limited State resources, a larger poor and vulnerable population, and weaker political will to provide poverty alleviation (social protection) schemes. As a result, inequality can become sticky and entrenched.

68. Technological innovation, climate change adaptation and mitigation, urbanization and migration all have the potential to reduce inequality, but they can also increase it if not properly regulated. Without decisive action to combat inequality quickly and effectively, there is a serious risk that inequality could become a runaway problem in the region.
