

Economic and Social Commission for Western Asia

# Tools for Poverty Reduction in Arab Countries

Khalid Abu-Ismaïl



UNITED NATIONS

الشرق  
المتوسط  
ESCWA

Shared Prosperity **Dignified Life**



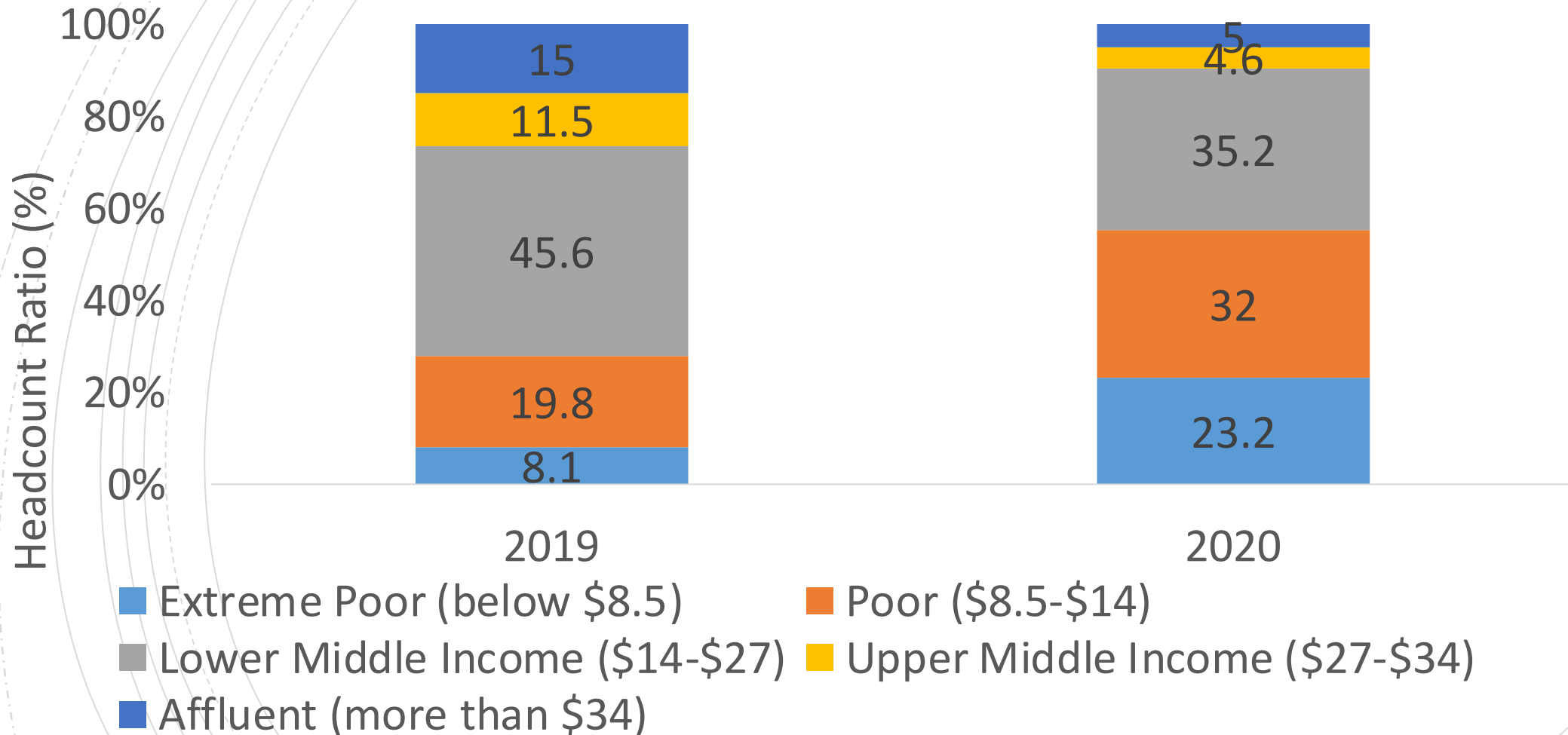
DESA

August 2nd 2021

*1. Region, already with many structural weaknesses, is facing multiple overlapping shocks (conflict, COVID-19, vulnerable employment, fiscal)*

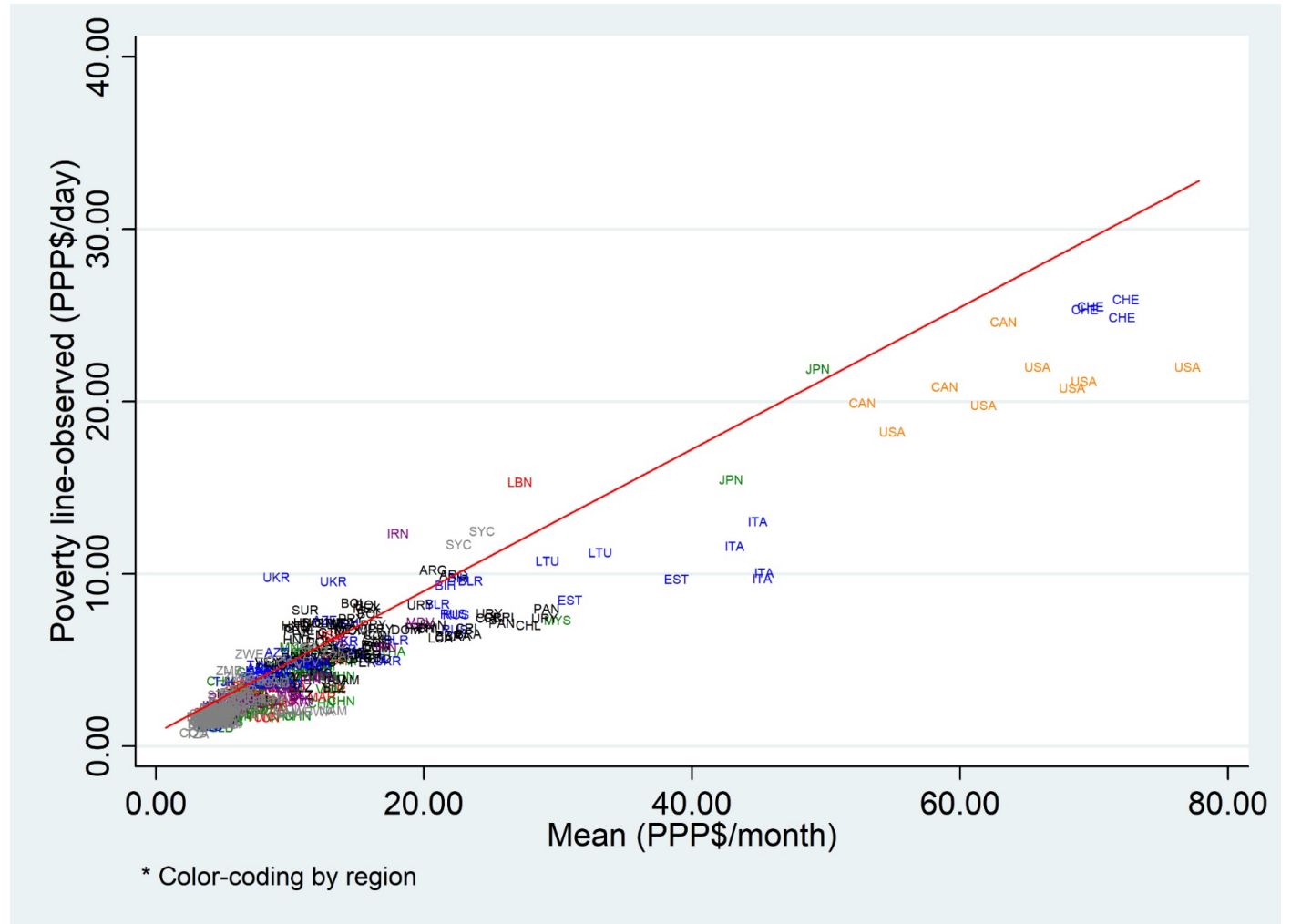
*2. Income poverty is thus a concern with 16 million more income poor (it was also rising prior to COVID-19)*

# But not all countries were equally affected: Lebanon after April 2020



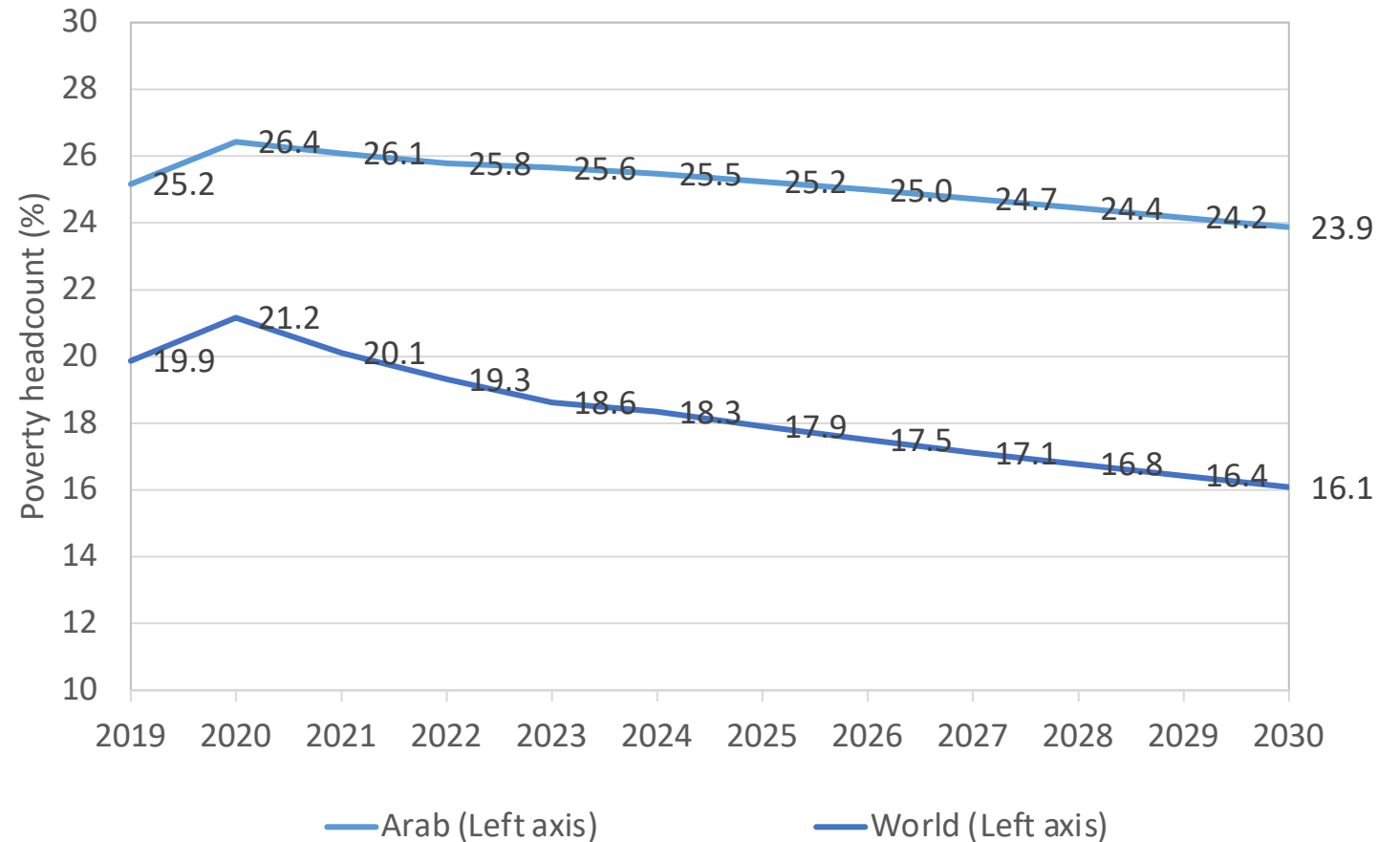
# 1. We need better basis for global comparisons

- For various countries, absolute poverty lines or headcounts based on the cost of basic needs are not reported.
- For these countries we use empirical tendencies observed worldwide (& previously noted by the World Bank) linking poverty lines to selected conditions in countries.
- Specifically, we account for:
  - income per capita
  - welfare measure (income/consumption)
  - time trend
  - world-region
  - population & density
  - urban share & dependency ratio



## 2. We need a more robust basis for poverty projections

- Using UN DESA growth rates for countries' per-capita income or private consumption, we estimate the pass-through to household incomes.
- Time trends in Gini indices are considered, but assumed to be zero in the baseline – growth is assumed distribution-neutral.





# Case for Adopting MPIs in Policymaking

- MPIs hold great promise for ensuring informed policymaking.
- MPI targeting can yield fewer inclusion & exclusion errors.
- MPIs facilitate policy coordination.
- MPIs enhance civil participation in identifying & addressing manifestations of poverty, and alleviation strategies.
- MPI is a tool for assessing national information systems & facilitating governance accountability



Shared Prosperity Dignified Life



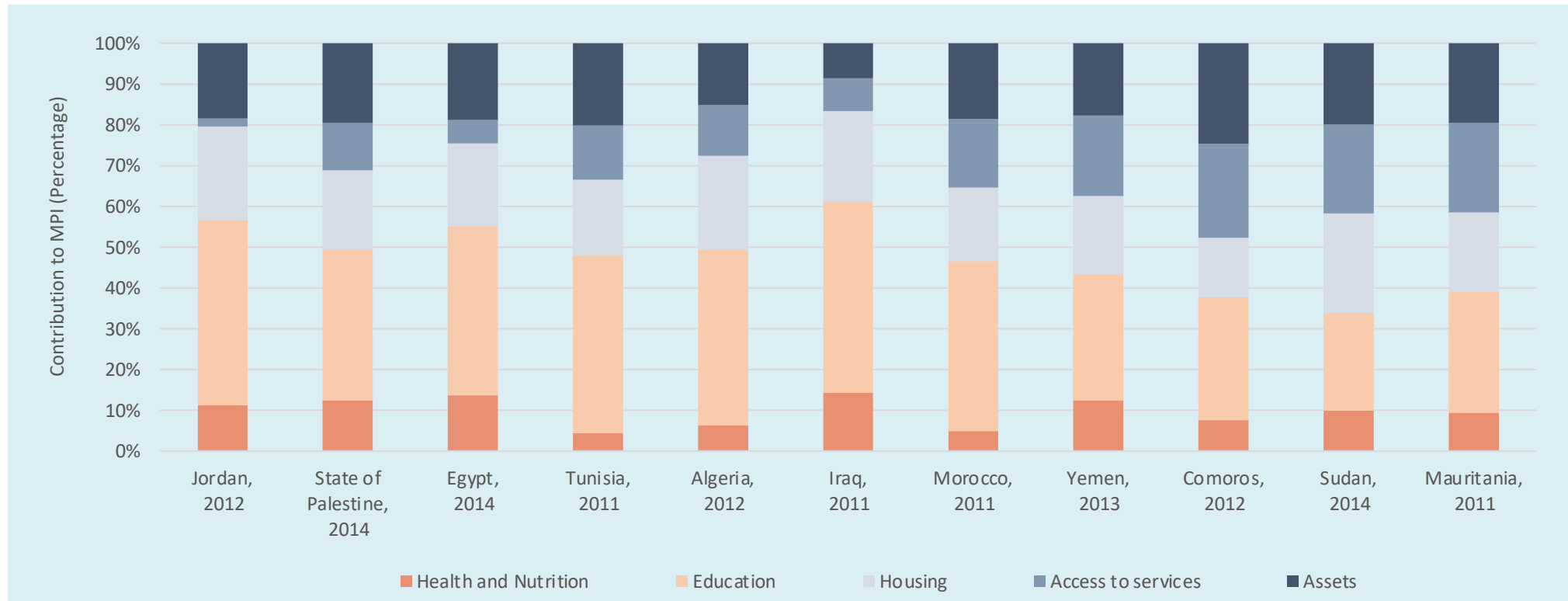
# Prospects in the Arab Region

- Consultations are progressing with 5 Arab states on the construction & adoption of national MPIs (in collaboration with OPHI and UNICEF).
- The ESCWA MPI Assist Tool (MAT) will enable states to construct their national MPI, show disaggregated level results & project impact of shocks such as COVID-19.

# MPI also a basis for a regional poverty reduction framework

- While the global MPI will serve as a frame of reference for measuring extreme multidimensional deprivation, the Arab MPI index focuses on moderate levels of deprivation in its structure, dimensions and indicators.

Contribution of dimensions to multidimensional poverty (percentage), Arab MPI



Source: ESCWA calculations.





# Conclusion

- Region facing unprecedented money metric and multidimensional poverty challenge requires innovative tools on both fronts.
- These tools can also help inform the global dialogue on poverty monitoring and poverty reduction policies.