Note on Poverty and Conflict in Arab States

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Introduction* ** ***

Conflict environments have major implications on human development and poverty. They present women and girls with unique challenges and risks such as exposure to sexual violence and early marriage and fertility often follows these marriage trends (CARE, 2015) which has been found to be associated with intergenerational transmission of poverty (Save the Children, 2015). Moreover, offspring of child marriage are at increased risk of premature birth and death, as well as being more prone to low birth weight and malnutrition. Exposure of high-intensity conflict also appears to be associated with a higher likelihood of stunting and severe stunting as in the case of Somalia and Sudan. Destruction of human capital during childhood is a well-documented mechanism leading to poverty traps via future labour-market outcomes and economic performance of affected children (Justino, 2011; Mincer, 1974; Schultz, 1961; Becker 1962). In Syria, for example, there is a large contraction of educational attainment following the onset of conflict. Similar impacts are evident for other factors, including nutrition and mortality.

Several Arab countries have suffered from major conflicts in the last five years. These have had devastating consequences for countries directly afflicted. They have also affected neighbouring countries hosting refugees. Literature on violent conflict distinguishes between first- and second-round effects. The former effects include for example higher mortality; income loss; gender-based violence and devastation of physical capital. The latter include longer term behavioural effects such as changes in marriage and fertility; changes in roles of women; and changes in patterns of household expenditures on child health and education (Buvinic et. al. 2013). In this brief note, the focus is on the former effects. More specifically on income and multidimensional poverty.

In times of war, however, collecting statistics to quantify these impacts is a serious challenge due to numerous obstacles, including the costs and risks involved and absence of rule of law which render conducting country-level surveys extremely difficult and imprecise. In addition, during wartime, security concerns may prevent people from reporting accurate information or responding altogether, thus limiting the value of surveys. The note summarizes levels of income and multidimensional poverty from most recent household surveys for Arab countries, for which this data is available, including several conflict affected countries.

With these introductory remarks in mind the note is composed of two main sections. Section 1 focuses on post 2010 trends in money metric poverty. Section 2 is devoted to multidimensional poverty with a focus on Iraq and Syria. Section 3 provides some concluding remarks.

1. Money Metric Poverty

According to the $1.9 per day poverty line, the Arab region's headcount poverty ratio in 2015 was approximately 5.6%. The Arab region reduced $1.9 poverty rates from 1990 to 2015 but it increased it from 4% in 2010. This implies Arab countries and Sub-Saharan Africa are the only regions not on track to eradicate extreme poverty by 2030 if 2010 is taken as a base year. Although poverty rates are quite low at poverty lines at or below $1.9, they increase dramatically for poverty lines between $1.9 and $3.5 for Arab countries (Figure 1). This implies a significantly higher share of the population in the region is clustered between the $1.9 and $3.5 lines suggesting extreme poverty is low but vulnerability to it is high. The implication is that the negative (or positive) poverty impact of any social and economic policies and conflicts will be significant (Abu-Ismail, 2020).

Given the large disparity in income per capita and conflict situations within region, these conclusions conceal some important country-level variations. According to the $1.9 and $3.5 per day lines from 1990 to 2015, the highest poverty reduction rates have been achieved by Jordan, Tunisia, Morocco, Egypt and Algeria. Among conflict affected countries, Iraq and to a larger extent Sudan scored poverty reduction rates (for the former, it was 2 % reduction on poverty on the $1.9 line and 9% reduction on the $3.5 line from 2010 to 2010 while for the latter it was a handsome 47% reduction rate on $1.9 and 32% on $3.5). Syria and Yemen however witnessed significant increases in poverty with the former recording an astonishing 4000% rise in extreme poverty due to the very low base in 2010. In Yemen extreme poverty increased less phenomenally by 213 % for $1.9 and by 63 % for $3.5 (Figure 1). These figures would suggest a very different poverty impact among conflicts affected countries with the highest impact recorded in Syria where conflict was most intense during the 2010 to 2015 period.

Figure 1: Money-metric headcount poverty rates (% of population) in selected Arab countries at $1.9 and $3.5 poverty lines (in 2011 PPPs), 1990-2015
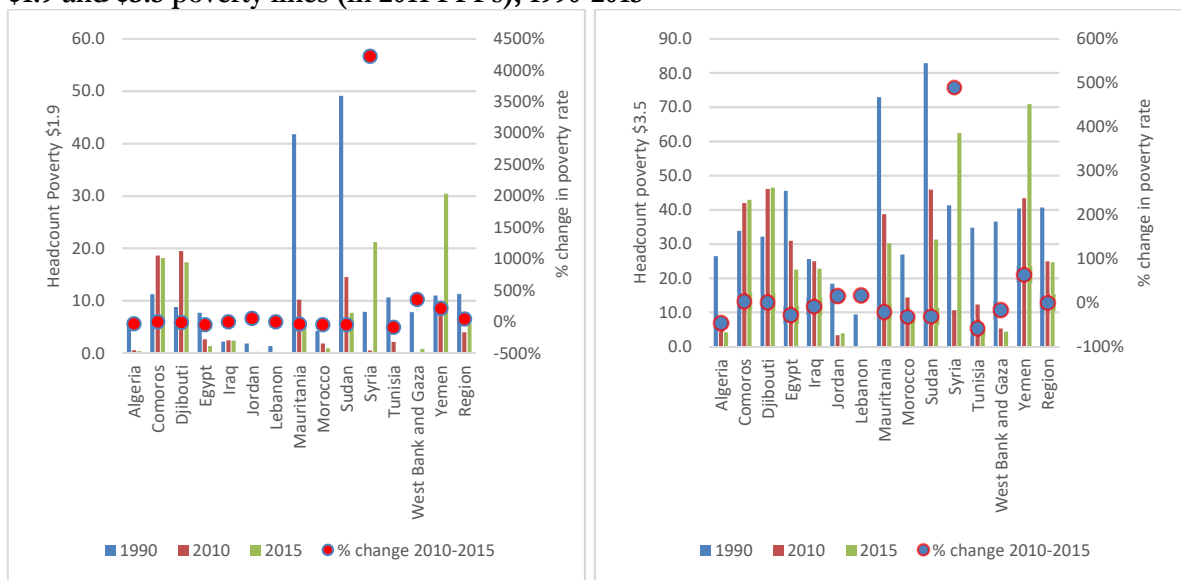
Source: World Bank, POVCAL.NET online datasets

As they build on household specific characteristics to estimate basic needs, national poverty lines have many advantages over fixed international poverty lines. However, their main limitation is the lack of

comparability across countries due to the differences in poverty definitions, welfare measurement techniques, survey design, questionnaires, etc. To minimize these comparability problems, in 2014 the ESCWA led a research effort with a common measurement approach to examine the distribution of the population across four economically distinct household categories (poor, vulnerable, middle class and affluent) using household income and expenditure surveys in nine MENA countries (ESCWA, 2014).

The results show that, up to 2010, the regional population weighted average of poverty was 21% for the nine countries. An additional 20% of the population were vulnerable. Interestingly, there was little change in poverty, vulnerability or the size of the middle class over the decade from 2000 to 2010. In Egypt, however, economic pressure on the Egyptian middle class was clearly evident over the period of 2005 to 2010. This is an important basis to understand the economic concerns of the vulnerable and lower middle-class groups in the period leading up to the Egyptian revolution. It is important to highlight that these trends are not captured by international poverty lines which record a significant decline in poverty for Egypt during this period. [1]

Much has changed in the region since 2010. By 2014, the conflicts in Syria and Yemen had already projected to increase national poverty rates to reach 45% and 55%, respectively (ESCWA, 2014). A World Bank study estimates that in 2014, seven in ten registered Syrian refugees living in Jordan and Lebanon could be considered poor and nine in ten refugees are poor if the poverty lines of the respective host countries are considered. (World Bank, 2016) It is important to highlight however, there is no evidence to suggest in any of these cases, that refugee flows are directly linked to the increases in poverty among the Jordanians or Lebanese, the two countries which host the largest share of Syrian Refugees.

The conflict has also reversed national poverty reduction gains in Iraq, where it is estimated by the World Bank to have increased from 18.9 percent in 2012 to 22.5 percent in 2014 (World Bank, 2019). Poverty and vulnerability are also expected to have increased in many other countries due to factors related to spillover effects from the uprisings and regional economic recession. In Egypt, for example, the headcount poverty rate continued to increase after 2010, to reach 32% in 2018 (ESCWA and ERF, 2019). Poverty rates in Lebanon are also expected to rise after the recent wave of unrest in 2019 and deteriorating economic conditions.

2. Multidimensional Poverty

Amartya Sen's development as freedom approach offers a broader conceptual framework for understanding poverty compared to the unidimensional money metric poverty approach. In this regard, "poverty means that opportunities and choices most basic to human development are denied"[2]. The Multidimensional Poverty Index (MPI) produced by the Oxford Poverty and Human Development Initiative and United Nations Development Program reflects an attempt to capture deprivation from "instrumental freedoms" based on available comparable data sources (mainly demographic and health surveys).[3]

The Arab Multidimensional Poverty Report, the result of a cooperation between the League of Arab States, the Economic and Social Commission for Western Asia (ESCWA), the United Nations Children's Fund (UNICEF), as well as the Oxford Poverty and Human Development Initiative (OPHI), examined household poverty based on a framework close to the global MPI but adapted to the Arab region, which includes most of the non-oil rich GCC countries[4]. The adaptation of the methodologies took place via an interactive consultative process with regional and global experts, as well as representatives of governments

in the region, all to define poverty dimensions and indicators which are of relevance to the region's social and economic context and challenges, with a focus on middle income countries (see Annex Table 1 for details on the dimensioan, indicators and weights for the Arab MPI). There are three main conflict related results:

First, In the LDCs and conflict affected countries - Comoros, Mauritania, Sudan and Yemen, more than half of the population were found to be multi-dimensionally poor. Moreover, these countries have an extremely high share of severely deprived people (49.7 %) suggesting overlapping multiple deprivations in at least 50% of the indicators.

Second, one quarter of the population of the ten countries is vulnerable to poverty, while an additional 40.5 % are poor or severely poor. This means that nearly two thirds of the population in these countries are either poor or vulnerable to poverty. The vulnerability to poverty is high in middle income countries, suggesting conflict may have a significant impact as witnessed in Syria.

Third, the 15 poorest regions sub-nationally are states and governorates directly affected by conflict in Sudan and Yemen.

Figure 2: Multidimensional poverty and inequalities in health and education
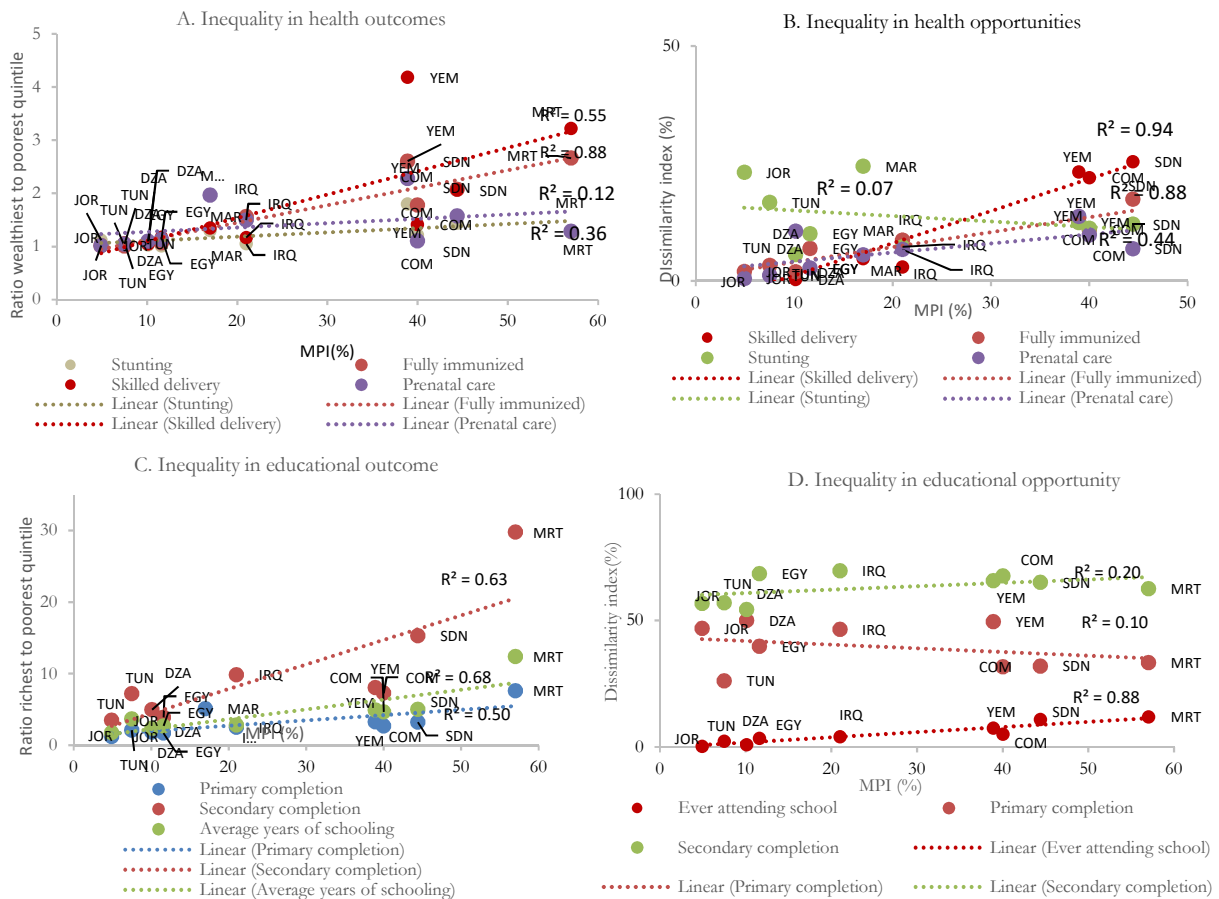

Source: ESCWA and ERF (2019)

The poorest countries in the region also appear to be bearing the highest burden of inequality. A recent report by ESCWA and the ERF (2019) shows that Arab countries with a higher level of multidimensional poverty, particularly the LDCs experiencing conflict (Yemen and Sudan), tend to also have higher levels of inequality in both outcome and opportunity (Figure 2). This association is conspicuous for certain health indicators, such as full immunisation of children and skilled birth attendance (SBA). Such observations not only suggest that multidimensional poverty and multidimensional inequality should be addressed simultaneously, but that there is need to further investigate links between inequality and conflict in the region.

Turing to the trends in conflict-affected countries, household data is available for Iraq in 2018 and there is scattered information on Syria which allows for some inferences on the order of magnitude of the impact on multidimensional poverty. A forthcoming report led by ESCWA thus projects Syria's poverty profile in 2017 using two approaches: one relying on recent available data on the Arab MPI's constituent indicators and the rate of change 2006-2017, and the other based on a regression-based estimate using information for 106 countries and the recent global MPI and selected variables. [5]

The results are depicted in figure 3. In 2006, Syria's regional position fell between cluster 1 and 2, with its low levels of acute poverty close to cluster 1 and much higher levels of poverty than those of the first cluster and into the range of values for cluster 2 between Morocco and Iraq. Yet, as the conflict protracted, poverty incidences may have considerably increased at both poverty cut-offs, with headcounts in 2017 estimated to reach 50 % for poverty and 15% for acute poverty.

Figure 3: Prevalence of Acute Poverty and Poverty for Syria in 2006 and projected range of estimates for 2017 plotted on the prevalence in Arab Countries
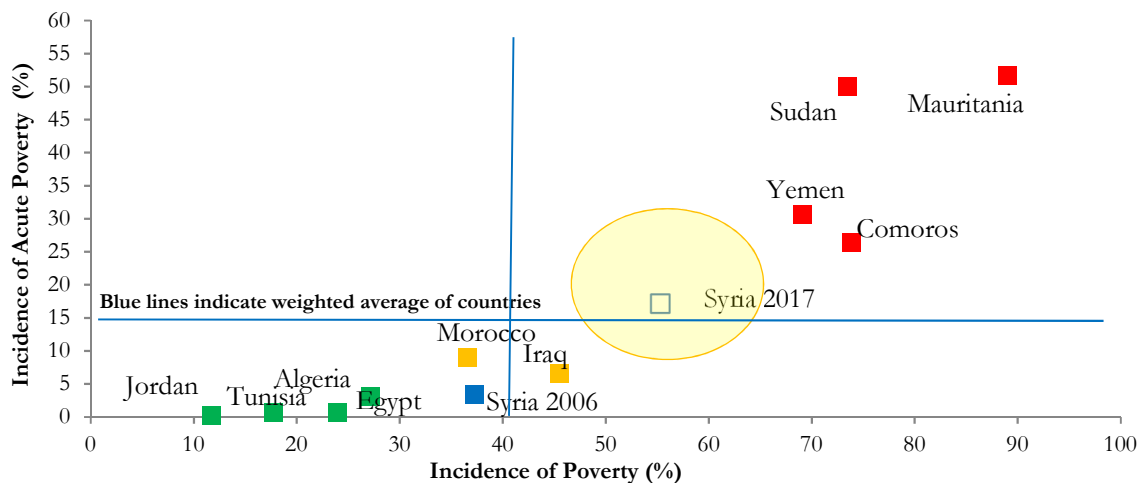
Source: ESCWA (2020a, forthcoming)

The years of conflict are thus expected to have led to a four-fold increase in acute poverty relative to the baseline year. These results are consistent with Syria's pre-war multidimensional poverty vulnerability profile. In 2006, although the level of acute poverty was low (4%), 12% of the population were at risk of falling into acute poverty. Likewise, 25% of the population were at risk to fall into moderate poverty.

Doubtlessly, Syria's position is also expected to have worsened relative to its Arab counterparts with post-war deprivation levels approaching those of the least developed countries (LDCs) in cluster 3. These findings also complement the change in global HDI rankings from 2010 to 2018 that reveal a downgrading in Syria's rank from the medium to the low-human development category.

The Syrian conflict has also impoverished a large number of forced migrants living outside the country. Since the Syrian crisis began, nearly 1.7 million people have fled to neighbouring Jordan and Lebanon. According to a study the World Bank and the United Nations High Commissioner for Refugees (UNHCR), prior to becoming refugees, many had been exposed to shocks thus abandoning their assets to seek safety in the neighbouring countries. The Syrian refugee population living in Jordan and Lebanon is younger (81 percent are under age 35); comprises a higher share of children aged 0–4 (close to 20 percent); and tends to be single (over 60 percent). Given their low levels of education and low enrollment rates in public schools (less than half), school-aged Syrian refugee children are especially at risk of multidimensional poverty.[6]

In the past decade, Iraq also passed suffered from several shocks: the conflict against the Islamic State of Iraq and the Levant (ISIL) during the period 2014-2017, internal displacement of millions, free fall in oil prices, and more recently the challenges associated with the return of refugees and internally displaced to ISIL liberated areas. Despite these events, Iraq succeeded in reducing multidimensional poverty from 2014 to 2018.

Table 1: Acute poverty and poverty for Iraq, 2014-2018

	Headcount (%)		Intensity (%)		Multidimensional Poverty Index (MPI) (H*A)	
Acute poverty						
	2014	2018	2014	2018	2014	2018
Total	6.47	1.41	42.95	40.93	0.028	0.006
Urban	3.15	0.7	40.23	39.45	0.013	0.003
Rural	13.99	2.98	44.34	41.71	0.062	0.012
Poverty						
	2014	2018	2014	2018	2014	2018
Total	45.54	36.93	46.74	45.05	0.213	0.166
Urban	37.36	32.4	45.02	44.33	0.168	0.144
Rural	64.07	47.48	49.03	46.18	0.314	0.219

Source: Abu-Ismail and Kiswani (2020, forthcoming)

Although the situation in countries experiencing intense conflict such as Syria and Yemen indicates a potentially significant impact on multidimensional poverty, the same is not true in other countries with lower conflict intensity. Iraq, for example, reduced multidimensional poverty using the Arab MPI at both acute and moderate poverty levels during the period from 2014 to 2018. Thus, the value of the MPI decreased by 78.6 percent for acute poverty and by 22.1 percent for moderate poverty over the period from 2014 to 2018. Similar trends are observed at urban and rural areas, but poverty reduction is much higher in rural than urban areas. These results are confirmed by the HDI trends. Iraq's HDI value increased 0.649 in 2010 to 0.685 in 2017—which put the country in the medium human development

category—. Life expectancy and expected years of education increased throughout the last decade (UNDP, 2018).

The implication of these results for Syria and Iraq is that the intensity of conflict, rather than the incidence of conflict itself is perhaps the most important determinant of the level and trend in multidimensional poverty.

3. Concluding Remarks

With conflicts affecting numerous aspects of human development, they appear to have affected income poverty as well as longer term multidimensional poverty. For example, protracted wars in Syria and Yemen have derailed their economic and development processes, leading to extreme degradation in their living standard. Health indicators, such as life expectancy and child mortality, have deteriorated due to various factors, including direct conflict casualties, impairment of health facilities and scarcity of health providers, in addition to the indirect impact of war on health through re-emergence of morbid diseases and extreme food insecurity. Moreover, war has disrupted the education of millions of children, enfeebled the economies and generated massive waves of displacements in search of safety.

There are four other relevant stylized facts to take away from this note.

First, the Arab region fell short of reducing extreme money metric poverty by half from 1990 (the MDG goal) and it scored the lowest poverty reduction rate of 19 % due to conflicts in Yemen and Syria. Again, to give this figure a comparative basis, the global poverty reduction average was 72%.

Second, vulnerability to poverty (money metric or multidimensional) is high. A significantly higher share of the population in MENA countries is clustered right after the $1.9 per day line compared to other developing regions. Multidimensional poverty levels also change rather dramatically when a regionally sensitive measurement framework tailored to middle income and medium-level human development countries is applied.

Third, there is no recent data to allow us to precisely estimate the impact in conflict affected countries. However, evidence suggests rapid increase in Syria and Yemen where there are high intensity conflicts. In Iraq, where there is lower intensify, recent surveys indicate a decline in multidimensional poverty. The implication is that the intensity of conflict is major determinant of multidimensional poverty.

Fourth, there is a notable refugee dimension to these conflicts especially among Syrian refugees in Lebanon and Jordan where poverty rates are extremely high.

Annex Table 1: Deprivation definitions and indicator weights for the Arab MPI

Dimension	Indicator	Acute poverty if	Poverty if	Weight
Education	Years of Schooling	No household member has completed primary schooling.*	No household member has completed secondary schooling.	1/6
	School Attendance	Any child of primary school age is not attending school.	Any school-age child is not attending school **or** is 2 years or more behind the right school grade.	1/6
Health	Child Mortality	Any child less than 60 months has died in the family during the 59 months prior to the survey.	Same as acute poverty	1/9
	Child/adult Nutrition	Any child (0-59 months) is stunted (height for age < -2) **or** any adult is malnourished (BMI < 18.5).**	Any child (0-59 months) is stunted (height for age < -2) **or** any child is wasted (weight for height < -2) **or** any adult is malnourished (BMI < 18.5).	1/9
	FGM/Early Pregnancy	A woman less than 28 years old got her first pregnancy before 18 years old **and** has undergone a female genital mutilation (FGM).	A woman less than 28 years old either got her first pregnancy before being 18 years old **or** has undergone a female genital mutilation (FGM).	1/9
Living Conditions	Electricity	Household has no electricity.	Same as acute poverty	1/21
	Sanitation	Household sanitation is not improved, according to MDG guidelines, **or** it is improved but shared with other household.	Same as acute poverty	1/21
	Water	Household does not have access to safe drinking water, according to MDG guidelines, **or** safe drinking water is 30-minutes roundtrip walk or more away from home.	Household does not have piped water into dwelling or yard.	1/21

	Floor/Roof	Floor is earth, sand, dung or roof is not available **or** made of thatch, palm leaf or sod	Floor is earth, sand, dung, rudimentary (woodplanks/bamboo/reeds /grass/canes), cement floor (not slab or tiles/asphalt strips) **or** roof is not available **or** made of thatch, palm leaf, sod, rustic mat, palm, bamboo, wood plank, cardboard.	1/21
	Cooking Fuel	Household cooks with solid fuels: wood, charcoal, crop residues **or** dung **or** no food is cooked in the household.	Household cooks with solid fuels: wood, charcoal, crop residues or dung **or** no food is cooked in the household **or** does not have a separate room for cooking.	1/21
	Overcrowding	Household has 4 or more people per sleeping room.	Household has 3 or more people per sleeping room.	1/21
	Assets	Household has either not access to information **or** has access to information **but** no access to easy mobility **and** no access to livelihood assets.	Household has either less than two assets for accessing information, **or** has more than one information asset **but** less than two mobility assets **and** less than two livelihood assets.	1/21

Source: LAS, ESCWA, OPHI and UNICEF (2017)

Notes:
*According to UNESCO guidelines, the definition of primary schooling and secondary schooling is country-specific, as different countries have different durations of primary and secondary schooling. Therefore, our thresholds change according to the definitions of primary and secondary schooling of each country found on the UNESCO website.
** The nutrition indicator depends only on the nutrition of children under 5 years since the anthropometric measurements were not collected for women 15-49 years.

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Endnotes:

[1] See Abu-Ismail and Sarangi "Rethinking the Measurement of the Middle Class" (UN-WIDER, 2015).

[2] Definition of Human Poverty, http://hdr.undp.org

[3] The MPI is composed of three dimensions and ten indicators. Each of these indicators has a weight and an associated deprivation cut-off. A household is considered poor if its total level of deprivation (sum total of weighted deprivations in all indicators) is higher than one-third (33.3 percent) of the total possible deprivation. The dimensions and their pertinent weights in the MPI are: health (child mortality and nutrition, each having 1/6 of the weight), education (years of schooling and child enrolment, each having 1/6 of the weight) and standard of living (electricity, drinking water, sanitation, housing, cooking fuel and possession of assets, each having 1/18 of the weight). The MPI is then calculated as the product of two numbers: the headcount ratio or proportion of people who are multidimensional-poor and the average intensity of multidimensional-deprivation– which reflects the proportion of dimensions in which households are deprived.

[4] See "Multidimensional Poverty in Arab States", League of Arab States, ESCWA, UNICEF and OPHI, 2017

[5] Projecting poverty for Syria is a complex task. Making an estimate becomes more complex acknowledging that the reference population changed significantly since 2006 due to the refugee influx and internal displacement. Having these constraints in mind, the estimates for 2017 were made by projecting the censored headcounts from MICS 2006 for the poverty indicators using available information for 2017 and calculating the rate of change for indicators. A range of estimates were calculated by varying the rate of change across different data sources and making different assumptions on the change in the poverty intensity. The estimates for acute poverty and poverty are presented in the area in the chart labelled Syria 2017. To validate the magnitude using a different approach, a Generalized Linear Model was developed to estimate the relationship between the Global MPI for 106 countries and a set of macro variables including GNI p.c. (PPP 2011), poverty rate using international poverty line of $3.5, World Bank governance scores for governance effectiveness and political stability. Several models were fitted and the projected values for Syria were in between the acute poverty and poverty estimates for the MPI in 2006 and the projected 2017.

[6] See "Verme, Paolo; Gigliarano, Chiara; Wieser, Christina; Hedlund, Kerren; Petzoldt, Marc; Santacroce, Marco. (World Bank, 2016)."