

Multidimensional Poverty
Analysis
for the Middle East and
North Africa 2019

Executive Summary

The main purpose of the multidimensional poverty analysis (MDPA) is to inform the In-dept Strategy Report for Sweden's development cooperation with the Middle East and North Africa, MENA 2016 - 20. This MDPA could also play an important role in shaping the next strategy for the MENA region after the current strategy ends in 2020.

The general situation and trends in the MENA region since the start of the current strategy are described in the annual strategy reports in 2017 and 2018. Together with conflict analysis conducted by the Sida Help desk, the MDPA will feed into the In- Dept Strategy report for the MENA-strategy that will be finalised during the second quarter of 2019. Recently, the region has been battered by several major challenges, which are highlighted in this MDPA.

Main Conclusions

- The Middle East region is still suffering from multiple crises and is currently going through one of its most profound transformations in its modern history. This is partly due to regional and global struggle for political power in the region. The revolutions in North Africa has set the development back and power struggle are holding back attempts for open and inclusive economic growth with a higher risks of terrorist attacks keeps countries on hold.
- Several conflicts throughout the history of MENA region still influence the current conflict environment. The ongoing conflicts in Syria, Iraq and Yemen have exposed an already existing political gap between the regional powers in the battle for hegemony. Hundreds of thousands have been killed and millions displaced in recent and ongoing conflicts. States and non-state actors pursue their interests across borders, creating a web of complex and intersecting actions that have brought the original national conflicts further and further from peaceful resolution. Continued political instability will most likely deteriorate the level of poverty in the coming years.
- Several factors (lack of adequate investment, uncompetitive and non-diversified economies etc.) makes the job creation process slow, unemployment remains one of the highest in the world eroding the purchasing power of the people in the region – poverty increases.
- Environmental challenges have historically been a source of tensions and conflicts in the region. These issues will most likely be even more important once peace and stability arrive in Iraq and Syria. The water issue could once again become a hot issue, not least because of the high population growth in the region. The scarcity of water is directly linked to food security and the so well needed trade in food which also are a source to future new conflicts.
- The MENA region is one of the most unequal regions in the world. Patriarchal structures manifested through gender discriminatory social norms, further reinforced by social institutions and gender discriminatory laws and policies are some of the root causes of gender inequalities. It affects women and girl' access to and control over resources, as well as power to influence their own lives
- All of four development contexts of Sida's multidimensional Poverty analysis point to a deteriorating trend for the MENA region. Consequently, this has negative impacts on of four dimensions of the poverty.

The Poverty Trends

- The MENA region is caught by global trends in several policy areas, political, economic, trade, migration, urbanisation and volatile energy prices increasing the number of poor people. All these factors overlap and contribute to poverty.
- In the MENA region, poverty is characterized by persistence inequality despite a relatively good economic growth. This is due to unequal power structure and the nature of poverty which is concentrated among groups which are the last ones to benefit from growth: illiterate, rural dwellers, large families with many dependents, persons with disabilities, and ethnic and religious minorities. Women and especially rural women and female single households are more likely to be poor.
- **Extreme Poverty:** While the global trends point to decreasing number of extreme poor, the trends in the MENA region shows an increase in number of extreme poor. In 2015, a rise to 19 million extremely poor people based on 1.9 \$US per day poverty line marks the first increase in number of extreme poor people in decades according to the latest available statistic from the World bank.
- **Poverty;** In 2015, the number of poor people increased to 158 million people based on 5.5 \$US per day poverty line, also the first increase in decades. That made 38 % of the population in the MENA region. More than 90 % of the people in Yemen were below the 5.5 \$US a day poverty line and suffered from many forms of deprivation, including malnutrition. In Egypt the numbers were 62 %, in Palestine 24 % and in Iraq 57 %.
- **Structural weaknesses** in the public sector (health and education) also leads to non-monetary poverty. Lack of education or proper education often leads to unemployment. Unequal division of care role, absence of family friendly policies and social norms which prevents women to work outside the home are other hindering factors. Unemployment is particularly striking, among women and young groups of the populations; in fact, only one in three young Arab women between the ages of 23 and 29 participate in their country's labour force. Creating sustainable jobs for the people one of the key aspects of reducing poverty in the long term.
- The recent global report on **multidimensional poverty** by UNDP and OPHI suggests that nearly one fifth of the Arab region's population are extremely poor, 65 million. The Arab Multidimensional Poverty Report estimated a total number of multidimensional poor at 116 million (40% of the population). It also showed that vulnerability to multidimensional poverty is high, affecting one quarter of the Arab population.
- Currently, social policies will be insufficient to remedy the problem of poverty in the MENA region. There is a need to understand the root causes of the two factors that are mainly responsible for rising poverty since 2013: rising conflict in some countries; and stagnating or declining household income in middle income and least developed countries in the region. Lack of political, economic and social choices led to the Arab Springs. Much still needs to be done to provide current and future generations with opportunities.
- National figures mask large disparities in outcomes, as well as opportunities in health, education and living standards among the poorest households in rural areas, those facing high dependency and with an uneducated household head. These groups suffer the dynamics of a

poverty cycle of low human development, low income and economic exclusion.

- There is a large variation in number of monetarily poor people depending the poverty line used. In Egypt the number of poor varies significantly; from 1.2 million people (\$US1.9 per day) to 25 million people (national level) and almost 60 million people (\$US5.5 per day).

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1. Background and Approach

1.1 How to Define the MENA Region

There is a wide variation in defining the Middle East and North Africa (MENA) region. Some of the multilateral organisations include Iran in “West Asia” and some (i.e. ILO) include Sudan and Mauritania in the North African countries. If we, in this study, define the MENA region encompassing 17 countries ¹ plus the Palestine territories, the MENA region will account for 5.7% of the world’s population (UN), 6.5% of the world’s total GDP (IMF (PPP)). Its share of the world’s total trade (officially recorded) has risen in the last 15 years, today at 5.5 % (WTO). However, excluding oil and gas, its share of the world trade decreases substantially to around 3 %. MENA is a region that is heavily affected by conflicts. It is also a heavily militarized region. Its total defense budget is high in a global comparison, 9.3 % of the world – Saudi Arabia has the world’s third largest defence budget after the US and China. The region stands for 38 % of world’s total military purchase in 2017 (SIPRI).

Table 1: Different Indicators in the MENA Region

	HDI (rank) 2005 - 2018	Corruption (rank) 2005 - 2017	Competitiveness 2018 (rank)	GINI Index	Peace Index 2018 (rank)
Algeria	103 - 85	97 - 112	86	27.6 (2011)	109
Bahrain	43- 43	36 - 83	44	n/a	130
Egypt	119 - 115	70 - 117	100	31.8 (2015)	142
Iran	90 - 60	88 - 130	69	38.8 (2014)	131
Iraq	-120	137 - 169	n/a	29.5 (2012)	160
Jordan	90 - 95	37 - 59	65	33.7 (2011)	98
Kuwait	91 - 56	45 - 85	52	n/a	42
Lebanon	81 - 80	83 - 143	105	31.8 (2011)	147
Libya	82 - 108	117 - 171	n/a	n/a	157
Morocco	124 - 123	78 - 81	71	39.5 (2013)	71
Oman	71 - 48	28 - 68	62	n/a	73
Qatar	40 - 37	32 - 29	25	n/a	56
Saudi Arabia	77 - 39	70 - 57	30	n/a	129
Syria	106 - 155	70 - 178	n/a	n/a	163
Tunisia	89 - 95	43 - 74	95	n/a	78
United Arab Emirates	107 - 34	30 - 21	17	n/a	45
West Bank and Gaza	108 - 119	n/a	n/a	34.4 (2011)	141
Yemen	151 - 178	103 - 175	137	36.7 (2014)	158

Source: UNDP, Transparency International, World Economic Forum, the Institute for Economics and Peace

¹ Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia, Yemen, Saudi Arabia, Kuwait, United Arab Emirates, Oman, Bahrain and Qatar

Swedish development cooperation with the MENA region contains of the following strategies:

- Middle East and North Africa (MENA strategy 2016-20) covers 12 countries² in the region with an allocated budget of 1.85 billion SEK during the five years strategy period.
- Syria Crisis Strategy 2016-20 with an allocated budget of 1.7 billion SEK during the five years strategy period.
- Palestine Strategy 2015-19 with an allocated budget of 1.5 billion SEK during the five years strategy period.
- Strategy for Iraq 2017-21 with an allocated budget of 1.0 billion SEK during the five years strategy period.

The total international Official Development Assistance to the MENA region has always been relatively high to certain countries due to geo-political reasons, especially during the cold-war era (i.e. Egypt, Israel, Palestine). In 2018, the ODA to the region increased to 31.6 billion \$US, of which DAC countries stand for 38.9 % and non-DAC countries for 34.6 %. Sweden's share of total Development assistance to the MENA region was 0.88 % in 2017.³ Despite being a relatively small donor, Sweden is respected as a regional actor which gives a competitive advantage in working strategically and long-term.

1.2 The Scope and Limitations of this Study

Sweden is currently operating on several strategies in the MENA region, both through global strategies (humanitarian, peace and security, civil society etc), one regional cooperation strategy and three bilateral strategies (Syria-crisis, Iraq and Palestine). Poverty is rising in the MENA region due to various reasons such as not inclusive economic growth, prolonged draughts and conflicts. The focus of this MDPA will be two folded; to capture the poverty trends in the broader MENA region and to analyse the latest poverty trends in the conflict-affected countries of the region.

The current statistics on poverty in the region is outdated, which is a major challenge. For most of the countries in the region, the available data from World bank covers the period up to 2014 or 2015, the statistics for the conflict affected countries such as Libya, Syria, Iraq, Palestine and Yemen, the data is even more limited. Furthermore, data in the Multidimensional Poverty Index (MPI) covering health, education and living standards is relatively old, for certain countries from before the Arab Spring.

To estimate poverty, the general practice is to collect information about income and spending through household surveys. Several countries in the MENA region do not collect poverty data at all or, if they collect such data, they do not make the results public. Another issue with data in the MENA region is that household surveys are not typically designed to count non-residents, and they will most likely miscount displaced residents, who often are amongst the most vulnerable groups.

To tackle this challenge, the latest statistics from World bank has been used. Data from the United Nations Humanitarian Response Plans and other official statistics have been used in conflict-affected

² Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia and Yemen

³ Data from OECD/DAC 2019

countries to assess the additional number of extreme poor people. For simplicity, we assume that people who are dependent of receiving humanitarian assistance are being considered extreme poor (below 1.9 \$US per day). This way, the period between the latest World Bank statistics and 2018 will be covered, using the data for people who need humanitarian assistance.

1.3 Global Levels of Income Poverty and How to Define it

Many measures of income poverty exist, but how should we measure it in the context of the MENA region? The measurements the World Bank is using varies from extreme poverty level (1.9 US\$ per day), 3.2 \$US per day and 5.5 \$US per day. The use of these measurements depends partly on the level of economic development (GDP per capita). Countries of the MENA region are among the middle-income countries (countries in the Gulf region much richer) which implies that the higher level of measurement such as 5.5 \$US per day would be more appropriate level to consider. Furthermore, this level is closer to most of the countries' national poverty line. However, for conflict affected countries of the region, such as Libya, Yemen, Syria and Iraq, it would be more appropriate to measure the poverty level based on 1.9 \$US per day. This is to ensure that millions of people in humanitarian needs, IDPs and refugees are covered.

1.4 Leave no one Behind

The 2030 Agenda calls “eradicating poverty in all its forms and dimensions” the greatest global challenge and an indispensable requirement for sustainable development. There is a clear need for concerted, creative, and rigorous efforts to measure and reduce multidimensional poverty in a way that ensures that no one is left behind. Implementation of the 2030 Agenda necessitates further knowledge about how different groups of people are being affected by development, so that the effects on these groups are considered in development policies and development cooperation.

The Agenda takes a holistic view on development. Social, political, economic, and environmental perspectives need to be combined for an inclusive and sustainable development. The 2030 Agenda combines, among other things, economic growth, environmental sustainability and the fight against climate change with peaceful and inclusive societies and strong, accountable institutions. It also brings different actors, governments, civil society, the private sector, and academia, together to jointly reach the objectives. To address this, Swedish development cooperation (Sida) has developed a conceptual model (Multidimensional Poverty Analysis MDPA) to explore multidimensional poverty as described under Agenda 2030.

1.5 The MDPA Approach

The multidimensional poverty model here is a conceptual framework being used by Sida. It identifies four dimensions of poverty: resources, opportunities and choice, human security, and power and voice. The four dimensions – captured in the inner circle – help identifying the main ways in which poverty manifests itself and how it is experienced by people living in poverty. The underlying understanding is that poverty is complex. Multiple causes interplay to push people into a situation of poverty – and to keep them there. Knowledge about this complexity and how it is manifested for different groups of people is fundamental to be able to define effective policy measures and approaches to reduce poverty. All the dimensions are interlinked. To be defined by Sida as living in poverty, a person needs to be resource poor and poor in at least one other dimension. The outer circle displays the development context, in which poor people live and act. Sida analyses the development context along four aspects – in terms of social, economic, political and institutional development as well as environment and conflict. A gender perspective permeates all these aspects. The outer circle is the explanatory framework for the degree and dimensions of poverty and contains the main elements of a development analysis that explains opportunities and constraints both for an inclusive and sustainable development as well as for people living in poverty to change their situation.⁴

Multidimensional Poverty



The purpose of this analysis of multidimensional poverty to inform the “In-dept strategy report” of the MENA strategy 2016-20 that will take place in the spring of 2019. The MENA strategy has three main areas:

1. Strengthened democracy and gender equality, and greater respect for human rights
2. Environmental improvement, reduced climate impact and increased resilience to environmental impacts, climate change and natural disasters
3. Improved opportunities for regional economic development as a prerequisite for enabling poor people to improve their living conditions

⁴ Sida, *Dimensions of Poverty, Sida's Conceptual Framework*

2. The Four Underlying Development Contexts of Poverty

2.1 Political and Institutional Context

The MENA region continues to be characterized by post-conflict or conflict conditions, terrorism and violent extremism in various forms. The fragility of the region is further compounded by environmental problems, strong demographic growth, and challenges related to the management of large number of refugees. One of the main developments in the MENA political economy in the past decades has been the oil price explosion of the 1970s. The newly available source of income (rent) had major consequences for regime stability, state strength and state conflict proneness. Rent has also deterred the democratization and institution building that might strengthen the state. Rents give regimes autonomy of society, being neither dependent on it for taxes or conscription. Material benefits substitutes for political participation: rather than taxing society, a dynamic that elsewhere led to demands for representation, the state instead distributes benefits to society, diluting the urgency of calls for representation. Even if elections are introduced under limited political liberalization, they turn on candidates' ability to deliver material benefits via insider connections to the ruling regime. Regimes can selectively extend and withdraw benefits and political rights as part of a divide and rule strategy that sets elements of society against each other, enabling the ruler to stand above and broker such conflicts.⁵

Thus, the states have, for the last half-century, upheld a particular social contract: a patronage system in which citizens gave their consent to the regime, and in exchange the regime (often backed by strong economic and security backing of the USA) provided all kinds of economic and social goods to people, mainly in the form of state subsidies. This structure has created weak national and regional institutions, lack of democratic governance and accountability towards people guaranteeing human rights, gender equality and inclusive political processes and sustainable economic development. Due to the failure and/or authoritarian character of state structures, citizens in the MENA countries are often left to rely on their extended family for survival especially in terms of their basic needs.⁶

This is particularly important concerning women's' rights on an institutional level. This is critical when analyzing women's well-being and the level of poverty by ensuring equitable, sustainable, and stable societies. Gender equality is not only a fundamental human right in itself, but a necessary foundation for a peaceful, prosperous and sustainable world. It has become increasingly clear that development will only be sustainable if its benefits reach equally to both women and men; and women's rights will only become a reality if they are part of broader efforts to ensure equitable societies, promoting sustainable development.⁷

Another aspect is the conflict and political instability; the security structure of the region has changed since the invasion of Iraq in 2003, with the rising threat of terrorist groups, failing states, ensuing wars and geopolitical rivalries. The US role in the region has been and remains crucial; being the protection of Israel, the fight against terrorism economic and geopolitical interests. The US has been the sole provider of security umbrella for the region, especially for the Gulf region to make sure that the oil supplies reach the world economies. However, after two costly wars in the region the United States is hesitant to take leadership in many of the serious regional conflicts. At the same time new emerging

⁵ Hinnebusch et al., (2019) *Handbook on Middle East Security*. London, Routledge

⁶ Pace et al., (2019) *Handbook on Middle East Security*. London, Routledge

⁷ UNFPA, *Gender Justice & The Law, Assessment of laws affecting gender equality in the Arab States region*

political actors are quickly starting to fill the void. Additionally, the financial crisis in 2008 put pressure on the level of national debt both in the US and among the European countries. This creates a power vacuum in the MENA region, a development that some of the regional big powers is now taking full advantage of. The conflicts in Syria, Iraq and Yemen have exposed an already existing political gap between Iran and Saudi Arabia in the battle for regional hegemony. Even Turkey plays a crucial role in shaping the security development of the region. Turkey is also keen on making sure that the aspirations of Kurds in Iraq and Syria (to create a pan Kurdish state) do not spill over to its Kurdish minority population inside Turkey.^{8 9}

Much still needs to be done to provide current and future generations with the political voice, social choices and economic opportunities. Partly the lack of these elements led to the Arab Spring. However, seven years after the Arab Spring, the MENA region is still suffering from multiple crises and the region is currently going through one of the most profound transformations in its modern history. The Arab nation-state system is under attack by the threatened disintegration of some states, such as Syria, Yemen, Libya and even Iraq. For example, continued civil wars in Syria and Iraq are likely to reinforce the hope by many Kurds for greater autonomy over a larger territory, but where does that lead i.e. Turkey and Iran, the potential ripple effects are immense.¹⁰

Consequences for development: The rivalry between the global powers such as the USA and the former Soviet Union contributed to the dynamics of politics and economics in the MENA region until 1990. The region became the extension, and proxy, of the Cold War between these two superpowers for decades, which in a way also created a certain amount of political stability in some parts of the region while it at the same time kept certain dimensions of injustice and poverty frozen. The impacts of this period have had profound consequences for the region – acceptance of authoritarian regimes not doing enough to fight against poverty, prolonged political instability, wars between the countries and internal conflicts.

One example where the political context impacts the poverty level is Palestine where non-monetary deprivations such as violations to human dignity and basic rights and freedoms that Palestinian face daily. These includes violent living environment and humanitarian access to information, include information on injuries, killings, demolitions and access to education and attacks on schools. The consequences are immense for child poverty which has changed drastically. The national headcount places 65.7% of the children as deprived.¹¹

Another institutional challenge affecting specially women is the legal status. Although legal status is only one part of equality, without legal equality many of the SDG targets will be unattainable. In many parts of the region (also globally), women do not have equal access to justice and are still not equal to men before the law, which is a violence against women's rights and directly/indirectly increases the poverty level among women. The majority of personal status codes confer upon women the status of a dependent and/or minor; considers fathers the sole guardians of their minor children; qualifies a woman's testimony worth half the evidentiary value of a man before a court; deprive women of their inheritance rights and requires women to go to court to obtain a divorce, while a husband can divorce through verbal renunciation.¹²

⁸ Weidokol (2016) *The Power Vacuum in the Middle East and North Africa*. International Strategic Analysis

⁹ Foreign Affairs (November 24, 2016). *Turkey's Post-Arab Spring Foreign Policy*

¹⁰ Atarodi et al., (2019) *Handbook on Middle East Security*. London, Routledge

¹¹ The Arab Poverty Report 2017

¹² UNFPA, *Gender Justice & The Law, Assessment of laws affecting gender equality in the Arab States region*

The MENA region has the second lowest performing region for female parliamentary representation. 7 out of the 22 Arab States have less than 10% female representation in Parliament despite the 30 % target for female representation in decision-making outlined in the Beijing Declaration. However, there is some progress in 2017 where female representation increased to 27.1%, compared to 22.3% in 2016.¹³

Figure 1: Ratification of the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) and related international human rights instruments

	ICCPR International Covenant on Civil and Political Rights (1966)	ICESCR International Covenant on Economic, Social and Cultural Rights (1966)	CEDAW Convention on the Elimination of all forms of Discrimination Against Women (1979)	CAT Convention Against Torture and other Cruel, Inhuman or Degrading Treatment or Punishment (1984)	CRC Convention on the Rights of the Child (1989)	ICRMW International Convention on Protection of all Migrant Workers and Members of their Families (1990)	Palermo Protocol on Human Trafficking (2000)
Algeria	1989	1989	1996	1989	1993	2005	2004
Bahrain	2006	2007	2002	1998	1992	---	2004
Djibouti	2002	2002	1998	2002	1990	---	2005
Egypt	1982	1982	1981	1986	1990	1993	2004
Iraq	1971	1971	1986	2011	1994	---	2009
Jordan	1975	1975	1992	1991	1991	---	2009
Lebanon	1972	1972	1997	2000	1991	---	2005
Libya	1970	1970	1989	1989	1993	2004	2004
Morocco	1979	1979	1993	1993	1993	1993	2011
Oman	---	---	2006	---	1996	---	2005
Palestine	2014	2014	2014	2014	2014	---	2017
Qatar	2018	2018	2009	2000	1995	---	2009
Saudi Arabia	---	---	2000	1997	1996	---	2007
Somalia	1990	1990	---	1990	2015	---	---
Sudan	1986	1986	---	1986	1990	---	2014
Syria	1969	1969	2003	2004	1993	2005	2009
Tunisia	1969	1969	1985	1988	1992	---	2003
Yemen	1987	1987	1984	1991	1991	---	---



Source: UNFPA

One substantial development challenge, is the widespread corruption, both in non-conflict-affected countries as well as in the conflict-affected countries. Although some efforts have been made, corruption persists in these countries and across the region. Stagnant scores on the corruption perception index reflect the challenge of political corruption that ravages the MENA region. The political systems in Arab states are controlled by ruling elites who abuse power for personal gain at the expense of millions of disadvantaged citizens. The worst performing states in the index (Iraq, Libya, Syria, and Yemen) all suffer from weak public institutions, internal conflict and deep instability. Such situations allow corruption to become rife with little to no checks on official abuse. New and successful Arab political economy system will require leaders to prioritize youth and women; new standards of accountability will require fair and transparent rules-based regulatory frameworks and

¹³ UNDP, *Annual Progress Report June 2017-June 2018, Regional Electoral Support for MENA*

sufficient institutions – a new social contract.¹⁴ This social contract will most likely be the best way to fight against different forms of poverty in the region creating foundation for free and fair elections to substitute non-representative political leaderships and adopt entirely new constitutions - or redefine old ones - which could guarantee popular aspirations to basic citizen's rights.¹⁵

2.2 Understanding the Conflict Context

During the last years, the conflicts and wars reversed the positive development in the region. Several parallel ongoing conflicts driving millions of people from their home countries. According to a report from UN (Human Development in the Arab world), the younger generation in the MENA region are suffering from high unemployment and a bleak future. To be young in the MENA region today is associated with some more disadvantaged conditions and being more vulnerable to violence than any other time in recent history. Arabs are exposed to violence and upheavals in a way that no other large single-language group has ever been. Though the region contains 5.7% of the world's population, it has 17% of the global conflicts, 45% of all terrorist attacks and 57.5% of the worldwide total of displaced people. The region has also become a place where the regional and global powers are fighting to enhance their geostrategic positions and increase their own national benefits. The Middle East and North Africa is thus a region caught in the middle of ongoing global ongoing trends affecting the life of millions of people.¹⁶

To understand the current conflict pattern in the region, it is important to look back on some of the major regional conflicts still influencing what is happening today.¹⁷ One is the **collapse of the Ottoman Empire**. It collapsed from the weight of its own contradictions, helped by a push from its enemies, including the two main Western colonial powers, Britain and France, which helped dismantle it and picked over its leftovers. This led to a chronic legitimacy crisis from which the region has not been able to recover until this day. **The Arab–Israeli conflict** is another major influence in shaping the region. One significant feature of the post-Ottoman colonial era was the effort to create a home for the Jewish people, persecuted throughout Europe, in one of the former empire's backwaters, the area later known as Palestine. It set off an enduring struggle between Israel and the indigenous Palestinian population. It has assumed various forms since the state's violent founding in 1948 with Israel taking additional territory in 1967. It is not that this conflict has caused the region's many other wars since then, although it did cause some, but that the region's people perceive it as a grievous injustice, a festering wound, and a glaring example of their leaders' impotence in reversing it. That perception prevails even in non-Arab states such as Turkey and Iran. This is because it has an important Islamic dimension, but also because people there see the Israel/Arab conflict as representing an unremitting Western effort to divide, undermine, and role the region.¹⁸

The 1979 Islamic Revolution: The rise of Shia Iran is a major development in the region. The Iranian Revolution toppled the balance in the Gulf, where Western allies had long resisted Soviet attempts at making strategic inroads. To the extent that Baathist Iraq had moved into Moscow's, it now determinedly moved away from it by restoring relations with Washington, with whom it shared a fear of spreading Shia Islamist movement. When the Iranian revolution was still young, the domestic situation chaotic, the future and who would lead unclear, Saddam Hussein made a move aimed at

¹⁴ Carnegie (2018) *Arab Horizons, pitfalls and pathways to Renewal*

¹⁵ Lembo, et al., (2017) *Reconstructing the Middle East: Political and Economic Policy*. Routledge

¹⁶ UNDP (2016) *Human Development Report*

¹⁷ For a list of conflicts in the region in the last 50 years, see appendix 10

¹⁸ Hiltermann et al., (2019) *Handbook on Middle East Security*. London, Routledge

precipitating a political change in Tehran favorable to Iraq's interests. It helped solidify, not undermine, the nascent Islamist order. The war lasted in eight years, but it left deep psychological scars and divided the region. Iran's top leadership and military command today derive entirely from this war generation: hardened, embittered, distrustful of the West, determined never to leave the country vulnerable to external aggression again. **The two-week siege of the Grand Mosque in Mecca by religious puritans** in 1979 represented a radical contestation of the Saudi ruling dynasty from within the Sunni Muslim community, and prompted the House of Saud to bolster its Wahhabi base by championing (Sunni) Islamist causes, such as the effort to drive Soviet troops from Afghanistan and more intense regional engagements.¹⁹

Following the Arab Uprising in 2011, democratic transitions have for the most part failed to consolidate and live up to people's aspirations.. While new governments must try to deliver on the expectations of their citizens, they lack legitimacy and capacity to deliver development, further adding to the strained relations that exists between citizens and their elected or non-elected governments, and to the complicated regional dynamic between MENA countries, and changing international engagement and involvement. Tunisia, with its emerging but also challenging democratic process and consolidation, remain an outlier in political terms. The Arab Spring has for the most part resulted in either return to authoritarian rule (as in Egypt) or outright civil war (Iraq, Syria, Libya and Yemen). As a region, MENA conform to the overall global democratic downturn that started ten years ago and has accelerated over the last five years. In comparison however, the level of respect for democracy, gender equality and civil and political rights is low in the MENA region compared to almost all other regions in the world.

All these historical events are intertwined and still play an important role in the ongoing conflicts today. What are the expectations for the coming years? The current political turmoil in the MENA region indicates that the region seems to be on the verge of a serious conflict pattern threatening to slide into prolonged conflicts, a contest between secular and religious concepts of domestic and regional politics, the potential for new and unlikely alliances. What is at stake is the future of the states in the region and the future political, social and religious system.²⁰ Almost 100 years ago, the fall of the Ottoman Empire and other external factors forced the region to undergo significant structural changes. Today the region is still trying to find its identity, its political system, cultural and religious place in a world that is changing rapidly.²¹

Consequences for development: Due to rising conflicts in the region, the poverty (and extreme poverty) has started to increase again. The MENA region is the only region in the world that has witnessed an increase in extreme poverty. This is an alarming indicator as it signals a new trend of reversing some of the progress in poverty reduction. Millions of people are starving in Yemen and millions need humanitarian assistance to survive in the conflict-affected countries. Million are refugees and internally displaces people, many of them children and women. A large part of the basic infrastructure and services are destroyed meaning that millions of children do not have access to adequate health and education, which are some of the most important elements in fighting poverty.

Many countries also face geopolitical turmoil (Libya, Iraq, Syria and Palestine). The impact of ongoing conflict on human development is far more severe than the damage in terms of physical assets and deceleration in the economic growth rate. In non-conflict-affected countries, the problem of weak economic growth, lower global demand and fluctuation in energy prices affect poverty level, the

¹⁹ Ibid

²⁰ Atarodi (2019)

²¹ Ibid

poverty is increasing, putting further pressure on i.e. youth and women, who are normally discriminated in the job market.

2.3 Economic and Social Context

In a historical perspective, the region has made progress in human development. Life expectancy has increased, mortality rates for children under five years of age have fallen by about two thirds, adult literacy has increased sharply, especially women's literacy has reflecting very large increases in gross educational enrollments, including those of girls. These improvements have taken place even though authoritarian regimes have been busy benefiting a small group of elites, oppressing people of the region and refusing to provide necessary political, economic and social reforms. Consequently, quantitative improvements in health and education have not yet reached all citizens, and the expansion of services has not been matched by needed qualitative improvements of people's lives.²²

Many economies of the MENA region are highly dependent on natural resources. The region has about 52% of the world's proven oil reserves and 45% of proven natural gas resources. Not all countries in the region are producers, and the reserves are unevenly distributed.²³ This causes large variations in the trading pattern among the MENA countries. Trade itself could play an important role in decreasing poverty, although the relationship between trade openness and poverty reduction is a complex one. There are several channels through which trade openness affects poverty: economic growth and macroeconomic stability, impacts on households and markets, changes in wages and employment, and impact on government revenues. In each of these, trade can be a key driver of poverty reduction, although potential risks exist and need to be considered.²⁴

In the MENA region, the access to the natural resources made some of the countries in the Gulf region the wealthiest nations on the planet but it has also created disincentives in addressing some of the major structural problems in their economies. Most of the countries' GDP constitutes mainly of exports of oil and gas with limited manufacturing of other products. Thus, the trade-based integration into the global economy is primarily based on imports of manufacturing goods and related services.²⁵

In the MENA region, the degree of regional integration is low in comparison with other regions. In terms of cross-border exchange of goods, services and capital it is the least integrated region in the world.²⁶ This is despite the fact that there are many bilateral as well as regional trade- and investment agreements within the region. However, as the current regional and bilateral trade arrangements do not have any enforcement mechanisms such as the WTO dispute settlement body, there are no consequences for non-compliance of the current agreements. Since the regional trade integration is low, it has become a common trend that the largest trading partners of each country in the region are outside the region (China, the EU or the US). This is partly due to specific trade agreements with preferential arrangements such as that between Jordan and the USA.

²² UNDP (2002) *Arab Human Development Report*

²³ Statistics from BP and International Energy Agency

²⁴ WTO and World Bank; *The Role of trade in ending poverty*

²⁵ Hoekman (2016) *Regional economic Outlook* Washington DC, IMF

²⁶ According to the World Trade Organization (WTO) the intra- regional trade among the Arab states was only 8.6% of their total trade in 2016. This compares poorly with the corresponding regional trade in the EU (59%) and the ASEAN countries (23%)

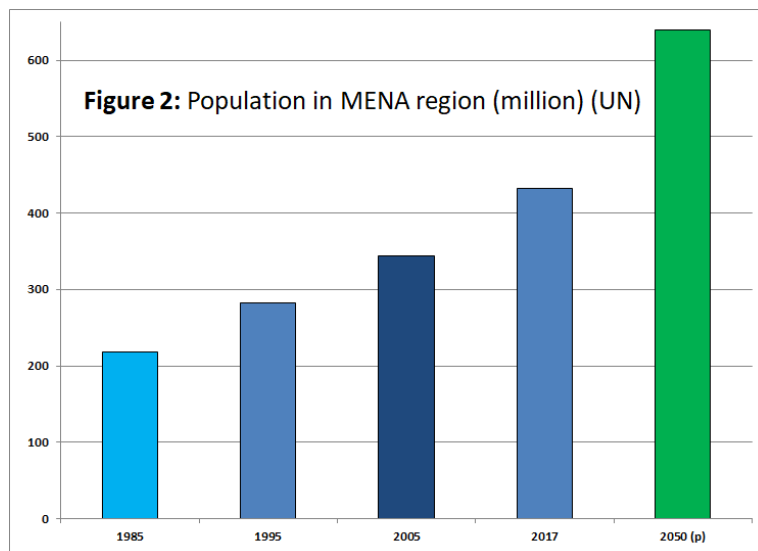
The demographic development is one of the most significant challenges in the region.

A rapidly growing population means increased pressure on state authorities and their abilities and capacities to provide basic services to all.

A large young population should be an asset but is likely to be a destabilizing force since the prospects in the labor markets are so bleak.

Population growth also means a growing need for energy, and

the domestic consumption of energy has been growing in recent years.^{27 28}



Consequences for development: The economic development in the region has been uneven and will most likely continue. The oil-producing Gulf countries offer the greatest opportunities for the young population as well as for talented people from other countries; thus, the gap between them and the rest of the region increases. However, the Gulf countries are not immune to global trends, especially to the fluctuations in the energy prices. While high oil prices are a boon for some countries, they could bring hard times for large net importers of oil. In these countries, high oil prices increase production costs for businesses and generate fiscal pressures on governments generating more poor people. However, some countries can also benefit from flows of migration and remittances that exist within the region generating incomes for supporting families back home. For example, Egypt, Jordan and Yemen have historically benefited from such links with the oil-exporting countries of the Gulf.

In a region with political instability, growing population and lack of economic opportunities, it is important to create foundations for deeper economic cooperation among the countries of the region, more open economies to make the regional economies more competitive, which ultimately will create jobs for the growing number of young and educated people entering the labour market. Being more integrated in the regional and global economies also secures more political and security stability. This will, in turn, increase the level of FDI supporting the job creation processes. Measures like improved transparency, advancements in the rule of law, and improved incentives for entrepreneurialism and private sector job creation will improve economic performance and reduce unemployment. But such reforms will naturally face resistance from the existing elite, whose ability to capture economic rent will necessarily decline because of the same measures.²⁹

²⁷ Reducing subsidies in the energy sector increases the prices for ordinary people, at least short term.

²⁸ Al-Tamimi (2014) *China Saudi Arabia relations 1990 - 2012, Marriage of convenience or strategic alliance?* Routledge

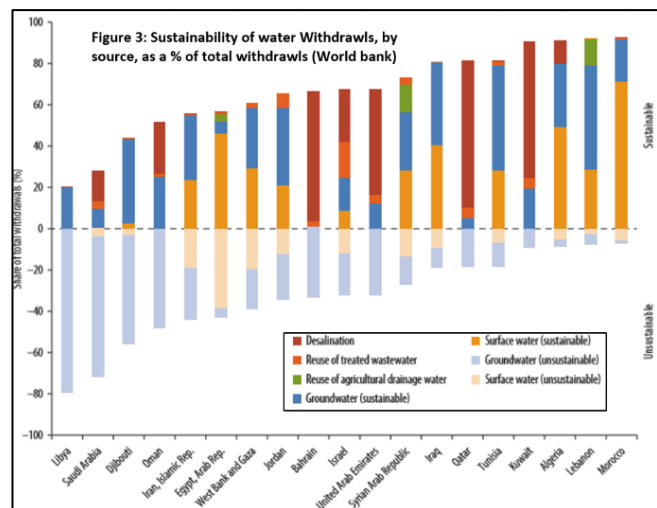
²⁹ Carnegie (2018) *Arab Horizons, pitfalls and pathways to Renewal*

2.4 Environmental Context

The fractured MENA region experiences serious environmental degradation and increasingly problematic current and projected climate change impacts, now and in the years to come, both in the mid and long term. Climate change is one of the main factors leading to the increased water stress. It causes decreased rainfalls and an increase in temperatures which influence water supply and demand. On a global level the renewable water resources for the world average is ca 7,5000 m³ per person per year, while it is only ca 700 m³ per person per year in the Arab region. Furthermore, 51 million people lacked a basic drinking water service in 2015, 73% of whom lived in rural areas e.g. in Morocco, access to basic water services in urban areas reaches 96% versus only 65% in the rural parts of the country.³⁰ Huge inequalities exist between and within countries, and between the richest and the poorest countries and regions. Without safe, accessible water and sanitation, these people are likely to face multiple challenges, including poor health and living conditions, malnutrition and lack of opportunities for education and employment. Water stress, including insufficient access to water and sanitation services, has been associated with social unrest, conflict and even violence, and ultimately with increasing trends in human displacement, migration and refugees.

Since ancient times, countries in the MENA region have been at the forefront in developing practices and institutions to manage scarce water resources. However, the scale of the current water crises is compounded by fragility in terms of weak state institutions, eroding government legitimacy, population growth and conflicts. The current and projected climate is a reality compounded by inappropriate management of water and land. Albeit subsidized agriculture there is no self-sufficiency in food and imports of food to the region is increasing, partly because of the rapid growth in the population. Much of the agriculture in the region is rain fed, with two thirds of farmers in the region dependent on rainfalls.³¹

The MENA region is the most water-scarce region in the where more than 60 % of the population has little or no access to drinkable water and over 70% of the region's GDP is exposed to high or very high water stress. Water scarcity is already critical in several areas and will reach severe levels within the MENA region by 2025. According to experts there is a clear risk that the Fertile Crescent, from Iraq and Syria to Lebanon, Jordan and Palestine, may well lose all qualities of fertility before the end of the century because of deteriorating water supply from the major rivers. Man-made changes are making the situation worse. For example, the widespread construction of dams and unsustainable irrigation practices and high rates of human water consumption are contributing to making this problem even more acute. The expected effects of climate change are likely to exacerbate this situation.³²



³⁰ AQUASTAT database, Food and Agriculture Organization of the United nations (FAO)

³¹ World Bank (2018) *Beyond Scarcity Water Security in the Middle East and North Africa*

³² Ibid

In the Euphrates and Tigris transboundary water resources the reduced rainfall and river flows, population growth, economic and industrial development and non-controlled groundwater abstractions of riparian countries impose pressures. Those drivers have given rise to increased water scarcity that will likely be exacerbated soon by diminished rainfall and increased temperatures causing a rise in evapotranspiration. The deterioration in the available water resources and worsening water quality has already created challenges. Moreover, the complex socio-political situation in the region is further complicating proper water management.³³

Another major challenge for parts of the MENA region is sea level rise, because most of the region's economic activities, agriculture and population centers are in coastal areas. The high vulnerability of coastal areas to sea level rise results from inundation and the increasing salinity of the soil, coupled with the reduced availability of freshwater resources such as aquifers. Overall, sea level rise of one meter would directly impact a vast area of coastal lands.³⁴ The most serious impacts of this can be expected in Egypt, Tunisia, Morocco, Algeria, Kuwait, Qatar, Bahrain and the UAE affecting millions of people whose livelihood depends on agriculture.

Most forms of energy generation use water for storage, cooling, or cleaning. This symbiotic relationship has been termed the "water-energy nexus". Interested parties in the MENA region, where projected population growth will drop available per capita water resources by 30 to 70 per cent over the next few decades, are particularly intent on understanding this nexus. One consequence of the nexus is that issues of energy poverty in the region cannot be understood or tackled in isolation; water access must also be taken into consideration. The MENA region has long lived with arid conditions and an extremely variable climate, but changes such as population growth, development, rapid urbanization, and environmental degradation are putting greater strains on water resources. Also, climate change predictions forecast that the region will be harder hit than others, with droughts increasing in both frequency and intensity. For the oil-rich Gulf countries, one solution to this challenge has been desalination plants. Saudi Arabia, for example, produces 70 per cent of municipal water from its desalination plants, and recently announced plans to build the world's largest desalination plant. While expensive, energy-intensive and technology-driven interventions are providing some success for rich states, many countries in the region have far fewer options.³⁵

Consequences for development: Providing access to water services for the poor under water-scarce conditions is a challenge not least in conflict settings where water infrastructure has been damaged, destroyed and targeted for destruction, as in parts of Iraq, Libya, Palestine, Somalia, Sudan, Syria and Yemen. Water reservoirs, pumps, treatment facilities and distribution networks often been destroyed by military conflicts and occupation by foreign forces, but also wastewater treatment facilities and irrigation networks been affected during military incursions. Operation and maintenance of water facilities is also limited during periods of insecurity and occupation, which have affected the availability of fuel for pumping water (Yemen), the import of replacement parts (Palestine) or access of employees to operate water facilities (Iraq). The water crisis is one of the greatest threats to the region alongside political instability or unemployment. A part of the problem also lies in the lack of efficient water management, for instance 57 % of the collected wastewater is returned to the environment untreated, causing health problems and high level of wasted water resources. A driver of energy poverty is the fact that people in some countries (notably Jordan and Palestine) must pay a large share of their income to buy water from private companies due to shortage or no supply from

³³ ICBA (2019)

³⁴ Ibid

³⁵ Discourse Media (2016) *The Middle East and North Africa Access to Energy*

municipalities' network making the scape from poverty even harder.

3. Different Poverty Dimensions in the MENA Region

3.1 Resources

Although the average per capita GDP in the region more than twice that of developing countries and places MENA between the average levels of Latin America and of the economies in transition, individual MENA countries differ greatly. The highest per capita income countries (Qatar, UAE) enjoy an average per capita GDP of around comparable to advanced economies. In fact, Qatar's GDP per capita is the highest in the world whereas Yemen is the poorest country in the region with GDP per capita at comparable to countries in the sub-Saharan Africa.

Table 2: GDP per capita in the MENA region (PPP) in \$US 2000 - 2017

Subregions/Countries	2000	2010	2017
Qatar	86 713	133 260	129 112
Kuwait	50 908	60 947	71 307
United Arab Emirates	86 422	56 863	68 425
Saudi Arabia	34 624	44 163	55 477
Bahrain	37 133	39 953	51 956
Oman	32 901	46 828	46 476
Yemen	3 076	4 246	2 477
Lebanon	10 267	16 107	19 129
Iran	9 676	17 185	18 858
Iraq	n/a	12 380	17 326
Jordan	6025	10 905	12 559
Syria	4306	6 375	n/a
Algeria	8 247	12 613	15 282
Libya	22 349	35 140	13 502
Egypt	6 699	10 851	12 983
Tunisia	5 993	10 315	12 065
Morocco	3 641	6 519	8 801

Note: There is no data available for Syria after 2010. IMF does not provide statistics for Palestine.

GDP per capita for Sweden 2017 = 51 475 \$US

Source: IMF

There are large differences in income poverty in the MENA region; Qatar is the richest country in the world in GDP per capita and Yemen is the poorest country in the MENA region by any definition. Latest poverty statistics from the world bank for 2015 points to a negative trend concerning the extreme poverty level in the MENA region, mainly due to the situation in the conflict-affected countries. This is the first year when the number of poor people in the region rises, reversing the long-term trends of slowly reduced number of extreme poor people. In 2015, number of poor people in the MENA region increased by more than 100%, from 8 million to 19 million people based on \$US 1.9 per day.

Table 3: Number of poor in million at \$US 1.90 a day and share of population in poverty (%) for individual countries

	1990	2005	2010	2015
East Asia & Pacific	984	363	221	47
Latin America & Caribbean	70	60	38	26
Middle East & North Africa	14	9	8	19
South Asia	505	509	401	275 ¹
Sub-Saharan Africa	278	385	401	413
Europe & Central Asia	11	23	14	7
World	1867	1355	1088	736

	1990	2010	2011	2013	2015
Algeria	5.28	0.64	0.48	0.34	0.35
Egypt	7.78	3.27	2.84	2.14	1.35
Iraq	2.19	2.45	2.52	2.07	2.23
Iran	5.61	0.71	0.47	0.11	0.37
Jordan	2.41	0.11	0.13	0.2	0.24
Libya					
Lebanon	0.06	0	0	0	0
Morocco	4.22	1.8	1.43	1.08	0.92
Syria	7.84	0.49	0.72	6.79	21.19
Tunisia	9.82	2.11	1.82	1.11	0.93
West Bank/Gaza		0.17	0.2	0.42	0.59
Yemen	10.97	9.72	17.34	16.65	40.85

Source: Statistics from the World Bank ³⁶

The number of poor in the region is also increasing based on the \$US 5.5 level; from 146 to 158 million people. Based on this measure, approximately 38 % of the population are poor. Conflict affected countries in the region show remarkable high rate of poverty (Iraq 56 %, Syria 83.4 %, Yemen 91.3 % of the population in poverty in 2015).

Table 4: Number of poor in million at \$US 5.50 a day and share of population in poverty (%) for individual countries

	1990	2005	2010	2015
East Asia & Pacific	1526	1358	1102	710
Latin America & Caribbean	226	233	186	165
Middle East & North Africa	135	153	150	158
South Asia	1074	1377	1444	1414 ¹
Sub-Saharan Africa	453	686	764	850
Europe & Central Asia	174	120	82	68
World	3602	3940	3742	3387

	1990	2010	2011	2013	2015
Algeria	59.9	32.5	29.6	25.4	22.5
Egypt	71.8	73.1	72.0	69.1	61.9
Iraq	57.1	60.4	59.5	55.2	56.0
Iran	32.7	11.0	9.1	8.1	11.9
Jordan	42.7	18.6	19.2	22.4	24.5
Libya					
Lebanon	2.7	1.7	1.9	2.4	2.4
Morocco	59.3	39.1	35.7	32.2	30.0
Syria	57.8	35.8	40.0	68.7	83.4
Tunisia	50.5	31.3	27.6	20.7	20.3
West Bank/Gaza	19.7	21.9	20.8	20.4	18.9
Yemen	63.9	73.7	81.5	80.2	91.3

Source: Statistics from the World Bank

³⁶ Statistics from the World Bank covering 12 countries in the MENA region; Algeria, Egypt, Iran, Iraq, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia, Yemen and Djibouti. This covers all the countries of the current MENA strategy except for Libya.

Thus, the MENA region's poverty line vis-à-vis the global average varies significantly depending on the choice of the poverty line. Money metric poverty is low using the \$US1.9 per day, not when we move beyond that. In Egypt for instance, the level of poverty was only 1.35 % of the total population using \$US1.9 per day but jumps to 61.9 % when using the \$US 5.5 per day level for 2015. During the same year the national poverty line of Egypt was 27.8 % of the population. This leaves a significant gap between the different choice of poverty line; from 1.2 million (\$US1.9 per day) to 25 million (national level) and almost 60 million people (\$US5.5 per day).

Although the lack of data makes assumption for the period after 2015 difficult, there are a few factors pointing to deteriorating living standards for ordinary people. In 2016, Egypt's central bank unpegged the Egyptian pound from the dollar, which plummeted overnight to less than half its previous value, resulting in surging costs of imports on which the country relies. This has put pressure on the purchasing power of the vulnerable people.³⁷ Complementary to the monetary poverty is the level on MPI that measures health, Education and living standards. The MPI for Egypt is calculated at 5.2 % of population. The MPI indicates that health and particularly education contributes strongly to people becoming poor.

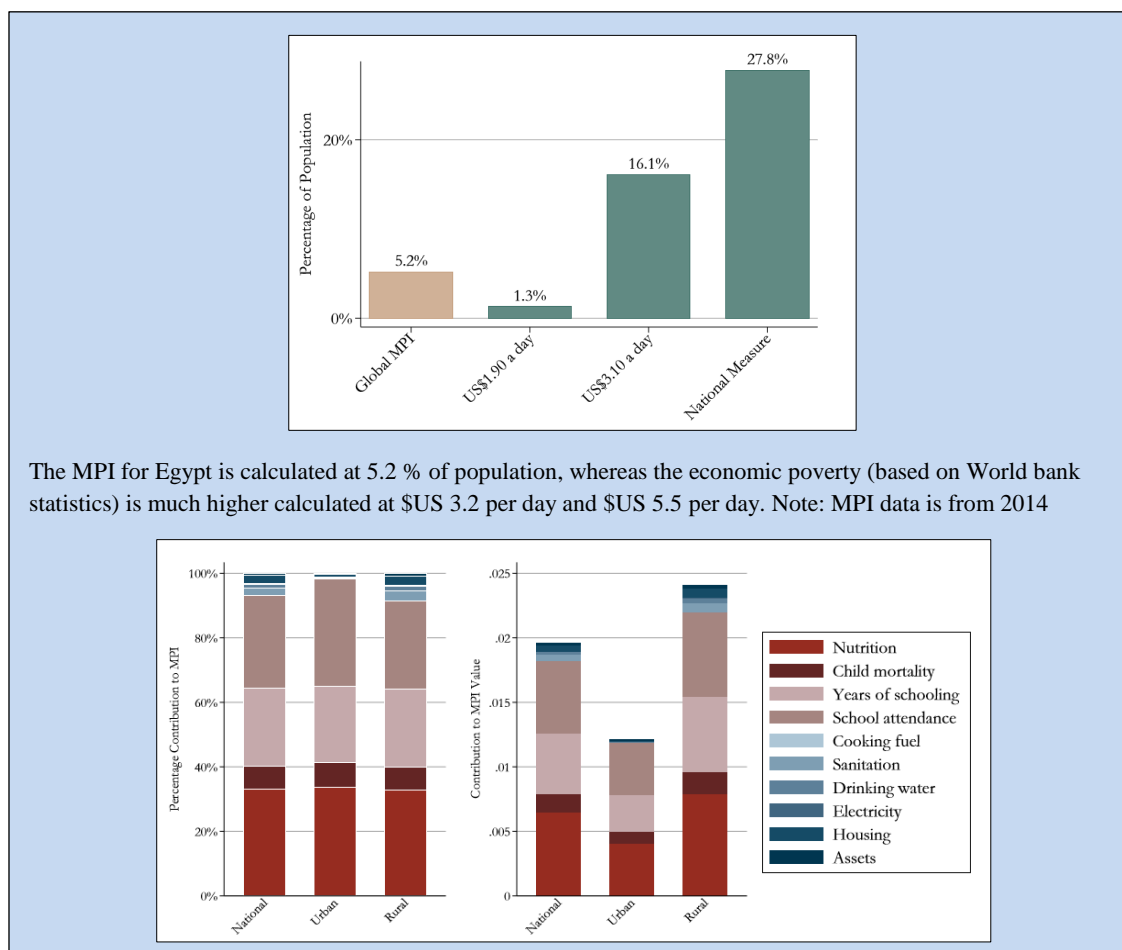
In Tunisia, money metric poverty is low in a regional comparison using \$US1.9 per day in 2015. Extreme poverty has been decreasing steadily since 2000 and even after the Arab Spring. The level of poverty in Tunisia in 2015 was only 0.93 % of the population. Looking at poverty from 5.5 \$US poverty line, the number of poor increases to 20.3 % of the population, still below the level before the Arab Spring. In 2015, poverty rate at national poverty line for Tunisia was 15.2 %. Poverty rate at national poverty line of Tunisia fell gradually from 25.4 % in 2000 to 15.2 % in 2015.³⁸ In terms of non-monetary poverty, the level of MPI in Tunisia in 2015 was 1.3 %, among the lowest in the MENA countries (only Palestine had lower MPI).³⁹ Education is important in the light of automation and digitalization. A weak educational system makes it hard to exploit the full benefits of digitalization and create a competitive economy.

³⁷ Independent, *Poverty in Egypt: How the turbulence of the Arab Spring revolution has led the country to economic ruin*

³⁸ Data from World Bank 2019

³⁹ Data from OPHI (from 2014)

Figure 4: Headcount Ratio by poverty Measures and contribution to MPI in Egypt



Source: OPHI data retrieved 2019

These are **structural and long-term challenges** are more linked to demographic development, health and education, inequality, lack of competitive economies and decent jobs. Multidimensional poverty index (MPI) indicates that 1.3 billion people live in multidimensional poverty in the 105 developing countries. This represents 23% – nearly a quarter – of the population of the 105 countries for which the 2018 MPI is calculated. These people are being left behind in multiple ways. They are deprived in at least one-third of overlapping deprivations in health, education, and living standards, lacking such things as clean water, sanitation, adequate nutrition, or primary education.⁴⁰

The MPI gives an indication of the composition of the poverty in different countries, which are the underlying and structural causes of poverty. A comparison of the MENA countries based on structure of the MPI gives valuable insight into the contribution from different indicators to poverty level in each country.⁴¹ For instance, education seems to be a major challenge for the people of the MENA region to get out of poverty.⁴² It contributes over 50% to poverty in Syria, Iraq and Egypt. In Yemen the contribution of education (30%) is less than “Living standards” which is the highest among the MENA countries (42 %). This could at least be an important aspect from a development perspective;

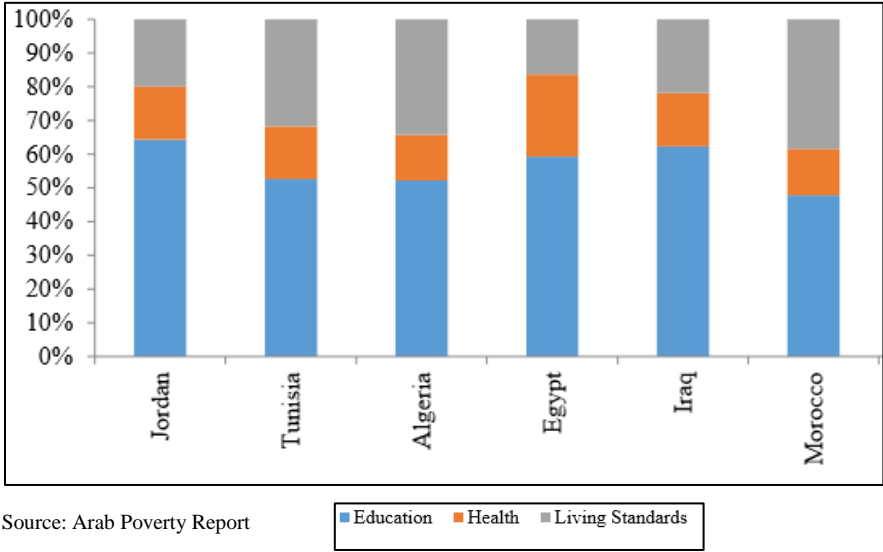
⁴⁰ OPHI, *Global Multidimensional Poverty Index 2018*

⁴¹ In the MENA region, analysis of poverty in the Arab States is affected by older data that may not reflect the current situation. The most recent data from Syria is from 2009; and Yemen’s data is from 2013.

⁴² See appendix 9 for MPI for individual countries in the MENA region

to understand the underlying causes of poverty and design interventions to address those challenges.⁴³

Figure 5: Contribution of different dimensions to acute household poverty index (MPI)



The Arab Multidimensional Poverty Report provides an analysis of poverty in all its dimensions and root causes in various Arab States and even in various parts within the single State. Arab Multidimensional Poverty Report reveals that across the 286 million people living in the 10 countries⁴⁴ covered in this analysis, 116.1 million (40.6%) belong to poor households, of which 38.2 million (13.4%) live in acute poverty.⁴⁵ It is also noted that the main deprivations requiring attention in the region are education – both schooling for children and lifelong learning activities for those who are past the school age. Whereas less than half of the region’s population (48 %) live in rural areas, these account for 83.4% of the acutely poor population and 67% of the poor population. This means that poverty is widespread, affecting more than four in ten households and children in the region.⁴⁶

Finally, it is also important to make sure that migrants, refugees and internally displaced persons have access to quality education and other services. Migrants access to quality education will be key to ensure poverty reduction, social inclusion and economic growth in the long term.

3.2 Human Security

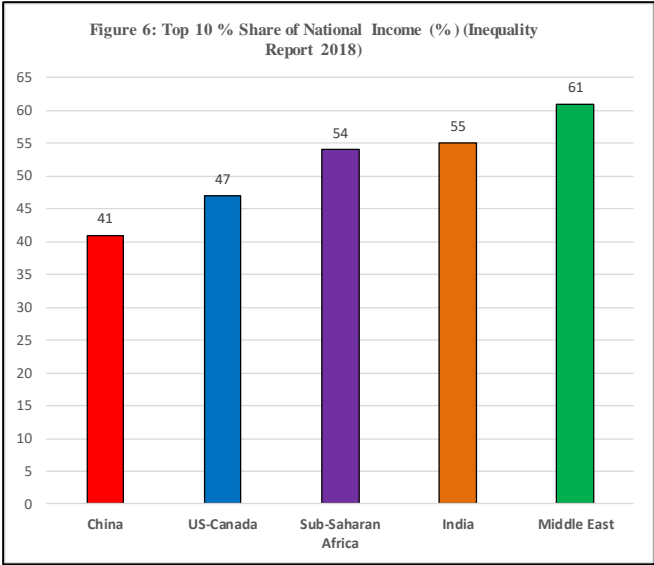
To write about conflicts in the MENA region is to talk about the way in which millions of people live their daily lives. Even those not in a war zone still live in fear that conflict might descend on them as suddenly as it did on their neighbours: some form of armed conflict is never far away. Thus, the conflicts have a significant impact on all aspects of the societies, including the labour market. Countries affected directly by conflict have experienced large decreases in their labor force, with death, injury, or displacement or insecurity preventing individuals from living a normal life, traveling or working. This has long term consequences; over the medium to long term, individuals may lose

⁴³ OPHI
⁴⁴ Egypt, Iraq, Algeria, Comoros, Jordan, Morocco, Mauritania, Palestine, Sudan, Tunisia, Yemen
⁴⁵ “Acute poverty” is defined as: A household is identified as being in acute poverty if its deprivation level is equal to or more than 1/3 or 33 per cent of the maximum possible deprivation in the indicators using the strict acute poverty deprivation cut-offs for the indicators. When a household is acutely poor, all its members are identified as so.
⁴⁶ Arab Multidimensional Poverty Report 2017

their skills and settle for lower paid jobs. Countries hosting large numbers of refugees, such as Lebanon and Jordan, have seen significant increases in the supply of labor, particularly in the informal sector. Since the beginning of the Syrian crisis, and combined with depressed economic activity, Jordan’s unemployment rate has risen.⁴⁷

Although **inequality** has not changed dramatically in the past years, the MENA region is among the least equal region in the world. The levels of inequality remained extreme over the 1990–2016 period, with the top 10% income share among the highest in the world (60 % of all national income). The share of national income for the bottom 50 % is among the lowest in the world, less than 10%. This high level of income concentration is due to both enormous inequality between countries, particularly between oil-rich and population-rich countries and is also the result of very large inequality within countries.⁴⁸ The inequality trends are even

worse for women. Statistical data available for both males and females as related to several domains such as education, employment, income, ownership of property, political and social participation. Non-statistical information related to differences in legislation in areas such as personal status laws, nationality laws, income and taxes, and even in the criminal code. Qualitative gender gaps emerge from and are attributed to discrimination between individuals based on sex, which allows for different treatment of woman relative to men. In Arab societies, many of these



forms of discriminatory practices begin at birth, where the prevailing standards of preference clearly favor males over females, which hinder woman and prevent them from accessing resources, benefits and services. Gender gap ultimately leads to women suffering from poverty and a lack of education and skills.⁴⁹ On current trends the MENA region needs 157 years to close the gender gap.⁵⁰

A combination of these factors has led to worsening prosperity in the MENA region, which ranks sixth in world prosperity according to the Legatum Prosperity Index 2017. The MENA region is above only Sub-Saharan Africa; and despite ever-increasing wealth, overall prosperity in MENA has declined now for two straight years. The conflict in Syria⁵¹ spilling over national borders meant that some neighbours saw their already poor national security rankings decrease further. Globally, Iraq ranked bottom in national security. Jordan saw its national security ranking drop by 11 places, driven by increases in battlefield deaths and terrorism.⁵²

Human development trends also point to a negative trend for many countries in the MENA region, especially Syria, Yemen and Libya. Between 2012 and 2017 Libya, the Syrian Arab Republic and

⁴⁷ IMF (2018)
⁴⁸ World Inequality Report 2018
⁴⁹ CAWTAR, *Rural Woman and Local Development (Tunisia, Palestine and Jordan)*
⁵⁰ World Inequality Report 2018
⁵¹ Syria is among a group of nations where accurate data collection is not possible, due to either conflict or governmental restrictions.
⁵² The 9 Pillars of Prosperity; the economic quality, the business environment, the governance, The Personal Freedom, the social Capital, The Safety & Security, the education, the health and the natural environment

Yemen had falling HDI values and ranks—the direct effect of violent conflict. Although Lebanon is not directly involved in violent conflict, it has suffered spill-overs from the conflict in the Syrian Arab Republic, hosting more than a million Syrian refugees. In 2012 the Syrian Arab Republic ranked 128 on the HDI, in the medium human development group. But after years of conflict it dropped to 155 in 2017, in the low human development group, due mainly to lower life expectancy.⁵³

The wave of protests and unrests that swept across the region since 2011 has continued in different forms. In addition to demands for more economic and political inclusion, the protests had been largely sparked by a refusal to any longer tolerate the socioeconomic inequality perpetuated by elite in power. For example, the scourge of inequality has had a real role in the current political instability in the region with people protesting in Iran, Iraq, Jordan and elsewhere.⁵⁴

The persistence of conflict in Syria, Iraq, and Yemen remains one of the main drivers of poverty regionally. In Syria, after years of civil war it is estimated that 80 percent of the population lives in poverty, and life expectancy has been cut by 20 years. More than a decade after the US-led invasion in 2003, poverty rates are on the rise in Iraq. The mass displacement from Daesh controlled areas, the decline in global oil prices and higher unemployment rates has meant that despite its oil wealth, the Iraqi government has failed in addressing the poverty rate in the country. Yemen's poverty rate has increased substantially, millions of people are relying on humanitarian support from international organisations. Despite an initial wave of optimism after the 2011 Arab uprisings, countries in North Africa continue to face economic challenges that have seen poverty rates increase in many areas. In Egypt, the Arab world's most populous country, years of political upheaval have taken a toll on the economy. Increased unemployment, lower tourist arrivals, dwindling foreign currency reserves, and a weaker Egyptian pound has meant increased poverty.⁵⁵

Humanitarian aspect

Ongoing armed conflict has resulted in a heavy humanitarian disaster, reflected in unprecedented waves of refugees and displaced persons within the Arab region and beyond, with over half of all refugees originating from the Arab region. Rebuilding destroyed societies will require enormous financial resources, placing additional burdens on development efforts and economic reforms, and directly affecting citizens' living standards and quality of life in conflict-affected region.

Ongoing conflicts also have a negative impact on people falling into poverty, as shown in the case of conflicts in Syria, Yemen, Libya, Palestine, West-Sahara and Iraq. These are shocks that drags people into displacement, poverty and loss of properties and savings, but these conflicts are often protracted as well (i.e. Palestine, West-Sahara). Since 2015, the war in Yemen has caused considerable human suffering. Yemen was already before the crisis the *poorest country* in the Middle East and North Africa region. Today 80% of the population are in need humanitarian assistance to survive. The conflict in Syria, now in its eight year, is also one of the largest humanitarian crises in the world, 13 million people need life-saving humanitarian assistance. In Iraq, the human toll of years of intensive conflict has had enormous humanitarian impacts with millions of displaced people and 8.7 million people in need of life-saving humanitarian assistance in 2018.⁵⁶

⁵³ UNDP, Human Development Indices and Indicators 2018

⁵⁴ African Development Bank Group, *Inequality, Economic Growth, and Poverty in the Middle East and North Africa (MENA)*

⁵⁵ Brookings, *The persistence of poverty in the Arab world*

⁵⁶ OCHA country reports for Syria, Iraq and Yemen

If we assume that these conflict-affected people in Yemen are defined as the “extreme poor”, meaning below the 1.9 \$US per day average, there would be an additional gap of 12.94 million people in extreme poverty between 2015 and 2018. The same assumption for Syria, will generate 8.27 million and for Iraq 7.88 million people. Summing up these additional people living in extreme poverty would give an additional 29.09 million people living in extreme poverty in these parts of the MENA region, far above the official numbers for 2015 (19 million people). These numbers are, of course, assumptions but none the less give a serious indication of the extent of extreme poverty in the MENA region. See below table for summing up the numbers in the three countries.

In addition to Yemen, Syria and Iraq, the overall economic development in Egypt has been dire since 2015. In fact, Egypt has been on the economic difficulties ever since the Arab Spring revolution. The instability that followed the protests that brought down the President Hosni Mubarak, frightened away foreign business, not to mention tourists, put pressure on Egyptian economy. That led to a massive currency devaluation in 2016 when Egypt’s central bank unpegged the Egyptian pound from the dollar. The local currency then plummeted overnight to less than half its previous value, resulting in surging costs of imports on which the country relies – poverty has most likely risen since then, although the lack of statistics makes it difficult to make a reasonable projection on number of people in poverty. Considering a relatively weak economic development in the region since 2015, it is reasonable to assume that an additional 30-40 million people in extreme poverty, on top of the 19 million extreme poor reported by the World Bank for the year 2015.

Table 5: Number of extreme poor in Iraq, Syria and Yemen

	Number of extreme poor in 2015 (World Bank)	Number of people in humanitarian need 2018	Gap between 2015-2018
Iraq	0.83 million	8.7 million	7.88 million
Syria	4.73 million	13 million	8.27 million
Yemen	11.46 million	80 % of population ⁵⁷ = 24.4 million	12.94 million
Additional people in extreme poverty in these three countries			29.09 million

Source: UN for population, World Bank for extreme poverty level 1.9 \$US per day, UCHA for number of people in humanitarian need

These three crises are also responsible for a substantial number of refugees, both internally and externally. The conflict has contributed to a large-scale internal displacement in Yemen with more than three million people reportedly been displaced since the beginning of the conflict. In Syria there are 6.2 million internally displaced people and 5.6 registered refugees in neighbouring countries. Turkey registered 3.6 million, followed by Lebanon registering 1 million, (estimated 1.5 million) and Jordan (registered 700 000, (estimated 1.3 million)).⁵⁸ Children and youth comprise more than half of the displaced, as well as half of those in need of humanitarian assistance. Multiple displacement has left IDPs and refugees depleted of resources and extremely vulnerable for additional shocks and conflicts.

Throughout Syria and refugee hosting countries negative coping mechanisms such as skipping meals, child labour are observed and assessed to increase. Women and girls are especially at risk, being exposed to gender - based violence, sexual and labour exploitation, human trafficking and child

⁵⁷ UN estimate of population in 2018 = 30.5 million people

⁵⁸ UNICEF, *Humanitarian Response Plan 2019* and Sida, *HCA for Yemen and Syria 2019*

marriage.⁵⁹ In the three refugee hosting countries, social services, such as education and health, and infrastructure have been over-stretched also placing host communities in peculiar situations which has meant that tensions have been increasing over time in all countries even though there are significant differences.⁶⁰ The refugee situation changes often the family structures. Many women have become the head of the household taking on the economic burden while still caring for the home, children and elderly. Due to the norms and attitudes in the society, these women often have limited access to work or income generating activities. In these situations, young boys sometimes are the ones who has to take on the role as head of the household, giving up childhood and schooling.

3.3 Opportunities and Choice

Unemployment and underemployment are one of the major obstacles in lifting people from poverty. The informal sector of the economy and employment is very large. One common characteristic of employment in the MENA region is the prevalence of job informality. For example, 75% of recent labour market entrants in Egypt are estimated to be employed in the informal sector, combining jobs in agriculture, unregistered firms and self-employment with frequent income fluctuations and risks for losing their incomes.⁶¹

The MENA region has among the highest unemployment in the world, the countries in the North Africa features the highest unemployment rates in the world, officially standing at 11 percent of the workforce according to International Labour Organisation. The outlook for 2019 and 2020 is also bleak and the labour market has not changed markedly in the past 15 years, according to the IMF.⁶² The situation is particularly challenging for the youth and women. With 60 % of the population aged under 30, an estimated 27 million youths will enter the region's labour market over the next five years.⁶³ Rising social tensions and protests in several countries across the MENA region are a clear indication that the aspirations of the people of the region (for opportunity, prosperity and equity) remain unfulfilled.⁶⁴ Investment in employment for youth now could head off the need to deal with potential or real threats in the future if their needs are not met. Youth require a whole new approach to workforce development.⁶⁵

Youth: The region's demographics, particularly its young population and pool of educated women, provide an enormous opportunity. But the growing population needs jobs, decent jobs. With 60 percent of the population under the age of 30, the MENA region is the world's second-youngest after sub-Saharan Africa. In the MENA region's emerging market and low- and middle-income countries, large numbers of young people will join the labour force over the next few decades. There is no greater challenge facing the MENA region in its efforts to build a future based on inclusive growth than job creation. Pressures on the region's labour markets are rising. In the past five years, the region's working-age population increased by 50.2 million, and 27.6 million people joined the labour force. Yet employment increased by only 25.4 million. Current population projections suggest that

⁵⁹ CEDAW Shadow Report by Arab Women Organization (AWO) and Mosawa Network, January 2017

⁶⁰ OCHA HRP 2018 mid-year report

⁶¹ World Economic Forum (2017) *The Future of Jobs and Skills in the Middle East and North Africa*

⁶² World Employment and Social Outlook – trends 2018

⁶³ Financial Times (2018) *Middle East jobs crisis risks fueling unrest*

⁶⁴ IMF (2018), *Economic Growth and Fairness in the Middle East and North Africa*

⁶⁵ Brookings (2019) *Global Development Disrupted*

about 5.5 million new workers will join the MENA labour force each year in the next five years. Finding jobs for these millions is a key challenge for the region.⁶⁶

Labour market performance is weak, total employment in the MENA region, as percentage of the total population, is under 50 %, far below the advanced economies but even below the level for emerging markets. Unemployment rates are high by international standards. After reaching more than 11.5 percent in the early 2000s, unemployment rates averaged 10.6 percent for the region in 2016. This compares with 7.2 percent in Advanced Economies and 9.8 percent in Emerging Market Economies. Compared with the other two sub-regions, GCC countries tend to have an increasing and higher labour force participation rate, as well as lower total unemployment rates. In other sub regions of MENA, less than half the working-age population participates in the labour force compared to over 60 percent in other emerging market economies. The average unemployment rate is also higher (13.6 percent). There are some exceptions, with Morocco having relatively better rates of employment, participation, and unemployment.⁶⁷

The region is not creating enough skilled jobs, and employment is dominated by medium-skilled jobs. At the same time, compared with peer groups, a significant share of those who are unemployed have an advanced level of education. This can result from highly educated individuals waiting for jobs that meet their expectations and/or significant skills mismatches, given that education systems do not equip students with the skills relevant to working in the private sector. Another cause of these outcomes is the low demand for educated workers due to a lack of dynamism and innovation in the private sector (Once in the formal sector, most firms tend to remain small and generate few jobs).⁶⁸

Gender: The human development status of the Arab States region is characterized by inequalities in power, influence and access to/control over resources between men and women. This is highlighted by the region garnering the lowest score on both the political and economic participation of women, according to the Global Gender Gap Reports of 2015 and 2016 and as highlighted in the Global Gender Gap Index 2017. In most parts of the world, gender discriminatory social norms that are conducive to violence and unequal practices in families and communities, reinforced through social institutions – such as faith-based institutions, the media and the education system – as well as discriminatory laws and policies form the root causes of gender inequalities. These are exacerbated by conflict and displacement. The most vulnerable women live in rural areas below the poverty line without formal employment, and many of those are heads of households. Women with disabilities are further marginalised.⁶⁹

Despite of lack of data throughout the world and more in the MENA region, increase of poverty means increase of women's poverty. Indeed, it is now recognized that economic slowdowns do have a larger impact on women, particularly young women newly entering labor markets representing a significant challenge for the MENA region where female labor force participation rates are low (around 25 per cent on average which is half of the world average) representing a huge loss of investment in female education.⁷⁰

When women access to employment, they do not benefit from the equal pay, equal work principle since women's average salaries worldwide barely surpass half of the average salaries earned by their

⁶⁶ IIMF (2018)

⁶⁷ Ibid

⁶⁸ Ibid

⁶⁹ World Economic Forum, *The Global Gender Gap Report 2017*

⁷⁰ World Bank, *Recent Trends of Poverty in the Middle East and North Africa*

male counterparts, even though women work more hours than men on average, taking into consideration both paid and unpaid work. As revealed by a 2016 ILO report, women receive much lower compensations than men for the same type of work with a wide wage gap.⁷¹ What are the causes of women poverty in the MENA region? One is the lack of economic empowerment. Massive progress and significant improvements to women's life (i.e. access to education) has been taken place. Yet their economic participation and inclusion remain still very weak in the MENA Region. Obstacles as well as barriers are diverse, for example women's access to and control of resources equally with men.

The gender gap is a manifestation of the serious and deeply rooted inequality that exists between the woman and men in the Arab world, which has emerged and evolved over time as a product of the vast majority of countries' cultures, beliefs, religions, nationalisms, traditions and customs, amongst many other factors. Gender gap indicators are adopted to shed light on gender and the implications of it on women's empowerment in the region. Gender gap indicators highlight the extent of the gaps that exist between woman and men, on all levels (access to resources, capacities to govern resources and to benefit from resources), and that emerge as a product of gender discrimination and violence against woman, which have negatively impacted development processes. This negative impact has clearly been reflected in many domains such as health, education, employment and political participation.

The Global Gender Gap Index benchmarks national gender gaps on economic, education, health and political criteria, and provides country rankings that allow for effective comparisons across regions and income groups. The Middle East and North Africa region, for the first time this year, crosses the threshold of having a remaining gender gap of slightly less than 40% but still the region with the worst result.⁷²

3.4 Power and Voice

Power and voice relate to the ability of people to articulate their concerns, needs and rights in an informed way, and to take part in decision-making that relate to their concerns and rights. In the MENA region the ability of the people to articulate their concerns, needs and rights is hampered by;

Authoritarian political systems: with low levels of freedom of expression, free media and limited access to independent information. As in many other regions, freedom of expression has been the dimension of democracy facing most government repression over the last five years. This in turn limit the opportunities to exercise power, influence and voice in a regional sense. It is difficult for citizens and civil society to signal for help or support to others pro-democracy forces in the region. Following the push for reform during the Arab spring 2011, authoritarianism is again dominating domestic politics in the MENA region. Except for Tunisia, the region today hosts no liberal democracy, but has rather seen a persistence and hardening of authoritarianism. For example, the restoration of authoritarianism in Egypt after July 2013 has been imposed with unprecedentedly high levels of repression. According to Freedom House 2018 measuring political and civil liberty, all but five Arab states are "not free," Morocco, Jordan, Lebanon, and Kuwait are "partly free,". Only Tunisia is categorized as free and is the only Arab Spring country that has created a democratic constitutional order based on consultation, political compromise, and citizen participation. As a region, MENA conform to the overall global democratic downturn that started ten years ago and has accelerated over the last five years. In comparison however, the level of respect for democracy, gender equality and

⁷¹ ILO, World Employment and Social Outlook: Trends 2016

⁷² World Economic Forum (2017) *The Global Gender Gap Report*

civil and political rights is low in the MENA region compared to almost all other regions in the world.⁷³

Legal frameworks: that often are not free of discrimination, in particular with regard to women, refugees, LGBT etc. De facto discrimination is also widespread. Women's access to power and voice is limited in all spheres of society, including family, work place, public debate and political life. The intersectionality (reinforcing structures of discrimination) therefore affect women and girls in an unproportioned manner. According to V-Dem Annual report 2018 (p. 39): The MENA region has the lowest level of women's political empowerment in the world throughout the last decades. While there has been some improvement over the last decade following the Arab Spring, MENA is still moving slower than the rest of the world.⁷⁴

Participation of women in the MENA Region faces up diverse and multiple obstacles and barriers. Gender construction influences both causes and consequences of poverty. They are excluded from public policies and consequently from those adapted to give people opportunities to improve their lives, better jobs, education and higher wages. Another aspect is the social and political system; Legal, social, and economic conditions in the region fail to provide adequate economic empowerment to women. Lack of mobility since women in several countries need guardian's permission to even have an ID or a passport or leave the house (impacts on education, work, health, travel), restricted land ownership because of violation of women's right to inheritance, and gender-based violence are other hindrances for women economic empowerment. In situations where women are historically discriminated under a patriarchal division of labour, in many countries they remain at a significant disadvantage particularly when it relates to work life balance, workers' rights, rights to maternity and child care.⁷⁵

A culture of patron-client power relations with high levels of corruption which makes it very difficult for people with no connections to patrons to get their voices heard and their rights respected. People living in poverty have unequal access to patronage structures, resulting in an extra "taxation" on their resources to use the informal institutions of patronage and corruption for their needs. Where political power and economic power are jointly concentrated in the same narrow elite, corruption and cronyism are almost inevitable by-products. In several MENA countries, all spheres of society are dominated by personal and political relations and networks of patron-client character. Personal and political loyalties often influence decisions over resource allocations, employments and rule of law. Providing privileges to "clients" is pervasive and unfairly impedes the prospects of those lacking powerful patrons. Men and women living in poverty, women and children have difficulties to guard their rights. Corruption and patronage structures can be seen as "taxation of the poor" as people living in poverty spend a higher proportion of their resources to get access and benefits from the informal institutions of patronage and corruption. Women living in poverty are in general worse affected than men living in poverty by this "taxation". They have small possibilities to hold decision makers accountable. Power is often concentrated to the urban economic elite while large segments of the population are excluded and marginalized.⁷⁶

Weak state institutions and low levels of trust in formal public institutions. Informal institutional systems and practices however remain strong in the region: patronage/corruption, gender inequality,

⁷³ V-Dem (2018) *Democracy for All?*

⁷⁴ Ibid

⁷⁵ CAWTAR (2019)

⁷⁶ V-Dem (2018) *Democracy for All?*

religion, sharia etc. To be effective, Arab governing institutions need to build capacity, improve efficiency, and increase transparency. New arrangements are necessary to allow local governments greater latitude in managing their own affairs. Most Arab states seek to permeate citizens' lives but have limited capacity to do so. Rightsizing Arab governments can help to mobilize underserved communities as well as promote local initiatives and policy innovation. Regional structures are also needed to reduce the likelihood and scope of conflict as well as to deal with transnational challenges such as the migration crisis. Corruption is widespread in all spheres of life in the MENA region. Bloated state patronage networks have resulted in endemic levels of corruption. In Transparency International Corruption Perceptions Index, sixteen of the twenty-one Arab countries surveyed scored below the global mean of 43 (on a 0 to 100 scale). The countries in the region generally lack (strong) democratic institutions catering for the inclusion, participation, needs and rights of people. In many countries state institutions are closely integrated with regimes as instruments of control and patronage. State security apparatuses in several countries have been deliberately unrepresentative of the ethnic, tribal and sectarian composition of the population and significantly biased towards ensuring regime survival (for example Yemen, Syria, Libya). In the MENA region, institutions often lack mandate and capacity to act independently and with integrity. Many institutions are dysfunctional with low standards regarding transparency, competence and routines.

Constitutions and laws often do not guarantee equal rights and existing laws are not implemented. Parliaments in the countries have a limited role regarding influence and accountability. Political parties have limited member bases, weak popular legitimacy, and difficulty to reach out. Regional parliamentary associations are equally weak, and the regional level does therefore not offer alternative ways to exercise political voice or influence, bypassing the national level. Several legal systems are implemented in the region. Some countries' legal system is based solely on Islamic Sharia law (Yemen, Iran, Oman, Qatar, Bahrain, Saudi Arabia), while most countries maintain a hybrid legal system combining a version of French, British or Egyptian legal codes with Sharia. The personal status law, or family code, regulates matters such as marriage, divorce and child custody and is governed in most countries by Sharia. This means that in cases related to personal status in many countries a woman's testimony is worth half of a man before a court. In countries such as Egypt, Lebanon, Morocco and Sudan, religious minorities are allowed to apply their own communities' religious standards to some personal status matters. In other countries, they are obliged to follow Sharia law. The legal system in every country in the MENA region contains provisions which could be considered discriminatory against women from a human rights perspective, in particular in relation to the personal status codes.

Since 2011, human rights defenders and organizations in the Arab world that were built over approximately three decades have come under increasing attack inside their countries and many have been forced to curtail their work or to go into exile. This has happened amid a chaotic regional environment in which governments of Arab countries have been scrambling to retain or regain control while their citizens have been demanding accountability.⁷⁷ This trend has been particularly important in Egypt, the largest country in the Arab world. Egypt's laws on nongovernmental organizations are among the most restrictive in the world and often serve as a model for other states wishing to limit civil society activities. Since the 2013 military coup that ended a brief political opening, the situation for Egyptian and foreign NGOs has gone from restriction to strangulation. Heightened repression has included many new laws, including those establishing strong penalties for public demonstrations and broad definitions of terrorism that criminalize most dissent, as well as a new NGO law in 2017. The law has not yet been fully implemented, but regardless of this human rights defenders and other

⁷⁷ Dunne (2019) *Support for Human Rights in the Arab World: A Shifting and Inconsistent Picture*. Carnegie

secular activists have been arrested, interrogated, banned from travel, or have had their assets frozen. Meanwhile, hundreds of NGOs allegedly affiliated with the banned Muslim Brotherhood have been closed in waves from 2013 to the present.⁷⁸

Note that the international community's engagement on human rights in the Arab world, never particularly strong or consistent, has also changed significantly since 2011. That engagement has been affected by what has happened in the region itself, by political and economic developments inside Europe and the United States, and by developments on a global level. A sense that the Arab revolutions failed, fear of migration and terrorism emanating from the region, and the temptation to make profits on regional conflicts have all influenced the willingness of Western leaders to engage on these issues. Consequently, the people of the region suffer from power and voice poverty.

⁷⁸ Bardos, Dunne (2019) *Strangling Civil Society*. Carnegie

4. The Way Forward for Development

To start with, the goals of the development aid is partly to support people escaping from poverty in all its dimensions. Its aim is also to prevent people falling into the poverty trap. The latter goal is very important in the context of conflict-affected countries of the MENA region with millions of vulnerable people are on the verge of poverty due to the internal/external shocks. The nature of the region has changed dramatically since 2011 concerning the different contexts, which means that a “business-as-usual-approach” is not good enough to tackle the challenges of the region. This is particularly important to recognize since the share of the Swedish development aid to the MENA region is relatively low. New, innovative and forward-looking measure are needed in this context, both concerning the implementation of the interventions but also lay down foundations for cooperation with new actors/donors. This requires, among others, solid knowledge of all the contexts described in this MDPA (Economic, political, social and environmental contexts).

The MENA region continues to pose overwhelming challenges, with multiple and complex situations on an unprecedented scale. Due to structural and development challenges, poverty remains significant in some countries in the region. The important observation is that the current poverty trend points to increasing number of poor people. Adding to this, many people live on incomes just above the poverty line and are vulnerable to falling below it. Moreover, multidimensional poverty - which combines income-based poverty assessments with measures of deprivation across health, education, and standards of living - remains high in many countries.

Societies will need new norms of accountability, both within states and between them, to become prosperous. Achieving these norms requires confronting the patronage networks that dominate many Arab societies. Doing so will demand rules-based regulatory frameworks, an independent judiciary, and specialized bodies to promote transparency and prosecute corruption.

MENA region needs to tap into the global relocation of production around the world. So far limited global and regional economic integration has stifled the MENA region’s ability to draw benefits from global shifts in production and thus economic growth and potentially new employment. Therefore, there are good economic and political reasons to be concerned about inequality, its various dimensions, and societal development impacts. For example, greater inequality seems to lead to general social dysfunction; homicide rates are lower, and children experience less violence in more equal societies. Less equal societies tend to do worse when it comes to health, education and general well-being. The pursuit of equality is not just a moral issue, not just vital for the poor and for the social cohesion and wellbeing of society, it is also necessary for a stable economy.

On the surface, regional indicators of poverty and inequality appear modest. The middle class represents a significant share of populations, but where data are available, its expansion has been slower than in other regions. However, persistently weak growth has left per capita incomes near stagnant, and the income gap with other regions is widening. Average income per person grew by only 0.8 percent per annum from 2013–16, which further exacerbated the problem of income inequality that had emerged with peers in the previous decade. Meanwhile, the lack of jobs and access to affordable high-quality public services, finance, and technology are hampering access to opportunity and preventing growth from benefiting all. For example, the 2017 Arab Youth Survey reveals that 35 percent of Arab youth see unemployment as the biggest obstacle facing the Middle East. The 2014 Arab Barometer survey shows that 70 percent of citizens think that “the government is doing bad or

very bad at narrowing the gap between the rich and the poor.” Additionally, 60 percent think that “their government is not doing enough to improve basic health services.

The MENA region is one of the most unequal regions in the world. Patriarchal structures manifested through gender discriminatory social norms, further reinforced by social institutions and gender discriminatory laws and policies are some of the root causes of gender inequalities. The human development status of the Arab States region is characterized by inequalities in power, influence and access to/control over resources between men and women. It is therefore crucial to analyse the differences between and among women, men, girls and boys in terms of their relative distribution of resources, opportunities, constraints and power in a given context. Analyzing the situation of women in relation to their relevant economic and social rights requires a more holistic approach, because women’s participation in the economic activities or in the labor market, does not necessarily mean that they are economically empowered, and their poverty eradicated. Gender influences both causes and consequences of poverty. Therefore, to combat this it is necessary to address women's weaker structural position because of gender construction and revisit the biased traditional development policy which reinforces societal vision, “de-construct to re-construct” gender norms and values. This will be the best way to not only ensure eradication of poverty but also achievement of development goals.

Education is vital, the countries must explore policy options to ensure that every child enrolls and stays in school to obtain the full course of compulsory education. Limited access to essential health, education, and other public services hampers inclusion. Lower access to health and education services limits the ability of the poor to stay healthy and build physical and human capital, ultimately hindering development, productivity, and growth. In Egypt and Jordan, child mortality is more than twice as high for children born into families in the poorest income quintile relative to the richest quintile. In Egypt, Morocco, Yemen, and Syria, more than 25 percent of children in the bottom income quintile are chronically malnourished. By the time they reach age 16, they are likely to have dropped out of school.

One of the fundamental elements in this discourse is water. Water is the essence of life. Safe drinking water and sanitation are recognized as basic human rights, as they are indispensable to sustaining healthy livelihoods and fundamental in maintaining the dignity of all human beings. However, in the MENA region water is a scarce commodity and often politicized. Throughout history water has been a driver of conflict and a weapon in conflicts. According to the *Water and Conflict Chronology* by the Pacific Institute the MENA region represents 40% of conflicts linked to water at the global level.⁷⁹ Although causing some challenges, the transboundary water also creates dependency among the countries in the region giving opportunities for cooperation and peace building efforts.

Some measures to combat poverty looking to the future;

- The region needs higher and sustainable economic growth. If growth comes from a broad economic base and is sustained at around 3 percent per capita per annum, the poverty situation will improve dramatically over the next ten years. Calculations done by World Bank staff suggest that, in such a scenario, the poverty rate for the region could decline to 7 percent, or almost 13 percentage points lower than recently recorded levels.

⁷⁹ The World’s Water, *water conflict*

- Something must be done to improve the returns to education. The most promising option is to shift the focus of education policy from quantity to quality. Many MENA countries, though not all, have successfully met the initial challenge of putting children in school. Now the emphasis must shift to making sure that schools provide higher quality learning. As MENA economies move towards producing more for world markets, they will need to compete with other countries to secure larger market shares in both goods and foreign investment. The more skilled their workforces, the better equipped they will be to compete internationally. A shift towards better quality will help strengthen the education-income link in the region.

- One should look at the larger picture concerning equality of opportunity. Economic, political and social inequalities tend to trap disadvantaged people at the bottom of society for generation after generation. This is not only unfortunate for those at the bottom it is also an impediment to higher economic growth over the long run. When those with ability are denied the opportunity to contribute fully to the economy, the economy suffers. Most MENA countries have taken big strides towards equalizing opportunities through providing better health and education to their citizens. But opportunities do not flow from better education and health services alone. They are affected as well by the scope for political voice, by a leveling of the political playing field together with the economic playing field. Here the countries of the region have a long road to travel.