POVERTY IN MENA: ADVANCES AND CHALLENGES

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Introduction: Summary of global poverty rates

On February 29, 2012, The World Bank released an updated dataset of internationally comparable poverty estimates. Poverty is assessed against two internationally comparable poverty lines: $1.25 and $2 a day per capita (measured using 2005 Purchasing Power Parity exchange rates). The new global estimates indicate a significant reduction in the proportion of world population below the $1.25 per day per capita poverty line, from 43.1 percent to 22.4 percent between 1990 and 2008. On the other hand, the reduction in the number of poor people is less impressive, mainly on account of population growth during this period. As a result, the number of the poor in 2008 was still as high as 1.29 billion people, although it fell from 1.9 billion in 1990.

Among all regions, East Asia has made impressive progress in the reduction of both poverty rates and poor population. The percentage of the poor, measured at the $1.25 poverty line, declined from 56 percent to 14 percent between 1990 and 2008, while the number of poor people also declined from 926 million to 284 million during the same time period. On the other hand, the progress in subsaharan Africa has been slow, although the number of poor people declined in 2008 for the first time since 1990.

MENA regional trend with country specific figures: The percentage of the poor in MENA,

Figure 1: Percent of population living below $2 a day, by country in the MENA Region (PPP 2005)

Source: World Bank PovcalNet database

For most countries, the poverty estimates for 2008 are not derived directly from surveys conducted in 2008; rather, for those countries estimates are based on projections of poverty for 2008 based on older surveys. Note that Tunisia is in the process of revising its poverty measures which are likely to affect its estimates.

Povcalnet allow users to compute poverty rates and populations setting the poverty line at any level following the same methodology as the World Bank estimates poverty rates measured at the $1.25 and $2 poverty lines. See (http://iresearch.worldbank.org/PovcalNet/index.htm)

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poverty and hunger, MENA has been very successful.

The $1.25 poverty line is the average for the world’s poorest 10 to 20 countries and includes no MENA country (not even Djibouti or Yemen, the poorest two countries in MENA). Thus, the $1.25 poverty line reflects what ‘poverty’ means in the world’s poorest countries. A higher line of $2 a day, which is the median poverty line for all developing countries, is likely to be a more appropriate benchmark for the MENA region.

About 14 percent of the region’s population lives below the $2 a day poverty line in 2008. This is relatively low compared to other regions in the world. It is quite similar to the Latin America and Caribbean region; only the Europe and Central Asia region has lower poverty rates. Moreover, using this benchmark, poverty has been declining over time in the region. In 1990, about a quarter of the population lived under $2-a-day, compared with 14 percent in 2008. The number of poor people in MENA has also declined. Despite growth in population, the estimated number to people living under $2-a-day fell from 53 million to 44.4 million between 1990 and 2008.

These aggregate figures conceal substantial variation in living standards within the region. In Jordan and Tunisia, for example, the share of the population living under $2 a day is in single digits. In contrast, in countries such as Djibouti and Yemen, a third or more of the population lives below $2 a day. These two countries are also the only ones in MENA likely to fail to meet the MDG goal of halving extreme poverty between 1990 and 2015.

The people of the region also remain highly vulnerable to poverty: a large proportion of the population is concentrated near the $2 poverty line. As many as 17 percent of Egyptians, 15 percent of Yemenis, 14 percent Iraqis and 10 percent of Moroccans live on no more than 50 cents above $2 a day.

Furthermore, the share of the poor population jumps to 53 percent if the poverty line is raised from $2 a day to $4 a day, a benchmark for poverty comparisons in the LAC region. Equally important, the MENA region includes several post-conflict or fragile areas, such as Iraq, Yemen and the West Bank and Gaza. As a result, countries remain highly susceptible to adverse economic shocks.

Data Availability and Access still remains a concern: The distributional data used to estimate the poverty numbers are drawn from nationally representative household surveys, which are conducted by national statistical offices or by private agencies under the supervision of government or international agencies and obtained from government statistical offices and World Bank Group country departments. Over time, data coverage has been improving in all regions, but the MENA region (along with the Sub-Saharan Africa region) continues to lag.

Few MENA countries provide full and speedy access to their primary household data to the World Bank. The conditions are improving

\[\text{Figure 2: Percent of population living below $2 a day and below $4 a day, by region (PPP 2005)}^4\]

Source: World Bank PovcalNet database^5

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slowly with some countries providing greater, albeit not full, access to their most recent data. However, several MENA countries either did not release the latest household survey data or they do not collect data frequently. For such countries, 2008 poverty estimates are projected using surveys conducted many years ago (e.g., for six countries household surveys predating 2006 are used).

Accuracy of estimates in the MENA region would improve if data is collected more regularly by individual countries as well as shared more rapidly. On an encouraging note, in the recently released 2008 poverty numbers, three MENA countries/territories are included for the first time (namely, Iraq, Syria, and the West Bank and Gaza).

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