

Income Poverty Trends and Patterns

Data Availability

Direct estimates of poverty can only be derived from nationally representative household income and expenditure surveys. For the Middle East and North Africa Region, the earliest such surveys recorded in the World Bank's Global Poverty Monitoring Database are for the mid-to-late 1980s for five countries: Morocco, 1984–85; Tunisia, 1985; the Islamic Republic of Iran, 1986; Jordan, 1986–87; and Algeria, 1988 (see table 1.1). The Arab Republic of Egypt first enters the database in 1990–91.¹ As we move into the decade of the 1990s, the data situation improves considerably as several household surveys were conducted in Algeria, Egypt, the Islamic Republic of Iran, Jordan, Morocco, and Tunisia. For the Republic of Yemen, two surveys are available, for 1992 and 1998, but the first one is considered unreliable because of an unrepresentative sampling frame.² These seven countries provide the core data that have been used for the analysis of regional poverty trends and characteristics in this book. At the time of this writing, sufficient information was not available from other Middle Eastern and North African countries to be able to include them in the regional analysis. A general discussion of issues related to the availability and accessibility of household data in the region is provided in box 1.1. For three cases—Iraq, the Syrian Arab Republic, and West Bank/Gaza, some poverty information is provided in box 1.2.

Snapshot of Poverty in the 1980s

Poverty head count ratios at the conventional \$1/day line (technically \$1.08 in 1993 constant purchasing power parity [PPP] dollars per person per day) are shown in table 1.2 for six countries—Algeria, Egypt, the Islamic Republic of Iran, Jordan, Morocco, and Tunisia—for the period

TABLE 1.1

Household Survey Years by Middle Eastern and North African Country

Country	Survey Years
Algeria	1988, 1995, 2000
Arab Republic of Egypt	1990–91, 1995–96, 1999–2000
Islamic Republic of Iran	1986, 1990, 1994, 1998
Jordan	1986–87, 1992, 1997, 2002
Morocco	1984–85, 1990–91, 1998–99, 2000–01
Tunisia	1985, 1990, 1995, 2000
Republic of Yemen	1992, 1998

Source: World Bank.

1990–91 and before. *The data clearly reveal that these six countries had achieved very low levels of absolute poverty by the mid- to late 1980s.*

The dramatically low poverty estimates for the Middle East and North Africa raise the question of whether the \$1 poverty line is a meaningful

BOX 1.1

Availability of Poverty Data in the Middle East and North Africa Region

The design of antipoverty programs is strongly affected by the availability of data on poverty. The foundation of good policies is good analysis, and such analysis can be facilitated by making relevant data publicly available. The greater the numbers of researchers who have access to such data, the greater the probability that the data will be subjected to a broad variety of analytic techniques and consistency checks and, therefore, will yield more robust results. Where access to data is constrained, the ability to analyze and use data atrophies because there is little or no pressure from competitive research to improve analytic skills and techniques. Local and international researchers migrate to topics where data are more easily available, thus depriving the country of possible improvements in the understanding of poverty reduction.

In the Middle East and North Africa Region, access to poverty data is severely limited. Different countries in the region fall into one or the other of three categories with respect to data access protocols. In some countries, poverty data are collected infrequently or not at all. In other countries, data are collected but are retained within government agencies and are not made public. In still others, data are collected but shared only in a limited fashion and with a restricted group, such as international development agencies. To the best of our knowledge, in no Middle Eastern or North African country does the public have unfettered access to household survey-based poverty data.

The Middle East and North Africa fares poorly in comparison to other regions even in sharing poverty data with international agencies. The table below shows the number of countries in each of six global regions that provide to the World Bank comprehensive access

measure of the scope of the poverty challenge in the region. To provide a perspective on this, we report poverty head count rates at the \$2/day line (technically \$2.16 in 1993 constant PPP dollars per person per day), first for specific countries (see table 1.3) and then for the Middle East and North Africa as a whole in comparison with other developing regions (see figure 1.1).

Two points may be made on the basis of the poverty estimates derived from the \$2 poverty line. First, country-specific poverty rates are now seen to be more of a challenge. This is especially true for Egypt where an additional 38 percent of the population is now measured as being poor. Indeed, the jump in poverty rates between the \$1 and \$2 lines suggests a high degree of vulnerability in the cases of most of the countries shown in table 1.3. Second, the region had the lowest poverty rates among all developing regions as it closed out the decade of the 1980s.³

to national household survey microdata for at least one survey year (out of the total number of countries in the region that conduct household surveys). As can be seen, the Middle East and North Africa Region is the most restrictive in providing access.

Region	Number of Countries (percentage)
East Asia and Pacific	5 of 10 (50)
Europe and Central Asia	22 of 25 (88)
Latin America and the Caribbean	21 of 23 (91)
Middle East and North Africa	3 of 8 (38)
South Asia	4 of 7 (57)
Sub-Saharan Africa	18 of 31 (58)

The World Bank database covers most countries in the Middle East and North Africa but typically only to the extent of having aggregate data on means and distributions of household incomes and/or expenditures with which to calculate poverty incidence rates at “international” PPP\$ poverty lines. Unit records containing information on other individual and household characteristics often are not available. Although several Middle Eastern and North African countries cooperate with international development agencies in allowing access to unit record data for official work, such access tends to be on a case-by-case basis requiring the approval of national authorities. This limits the flexibility and speed with which analysis can be conducted, and as a result, these countries often are missing from globally comparative work on the trends, structure, and causes of poverty. Lack of access to microdata also has an adverse effect on the quality of the analysis that can be performed because it renders the analyst unable to control for the potentially wide range of individual and household characteristics that are correlated with policy or program placement as well as with outcomes of interest.

BOX 1.2**Poverty in Iraq, Syria, and West Bank/Gaza**

Iraq. Any discussion of poverty in Iraq must contend with the security situation that has prevailed in the country over the past few years. It is hard to collect truly representative data on poverty when some parts of the country are difficult to visit and when there is substantial ongoing movement of internally displaced people, refugees, and returnees. The best available evidence suggests that Iraq has an incidence of absolute poverty that is between 8 and 10 percent, and an additional 12–15 percent of the population appears to be close enough to the \$1 poverty line to be considered vulnerable (World Bank 2005). This puts Iraq at the high end of the range for countries in the Middle East and North Africa. Two notable features of the poverty profile in Iraq are a distinct regional pattern, with the northern Kurdish areas being relatively better off and the southern governorates having much higher poverty incidence rates; and a distinct gender pattern, with female-headed households having median incomes that are 15–25 percent below comparable male-headed households.

Syria. A recent study sponsored by the United Nations Development Programme (El-Laithy and Abu-Ismaïl 2005) provided poverty data for Syria for 2003–04. The study found a poverty rate of 11.4 percent at a national poverty line that covers basic food and nonfood needs. Many people are found to be clustered just below the poverty line, thus rendering the poverty estimate volatile and liable to change sharply in the event of an economic shock. Also reported were sharp regional differences in poverty incidence, with the northeastern region being most poor and the urban part of the southern region being least poor. Poverty is also highest among the illiterate and very low among university graduates. Finally, a gender aspect is noticeable: widows, as heads of households, with children, were reported to be very likely to be poor.

West Bank/Gaza. Although the security situation in the West Bank and Gaza bears similarities to that in Iraq, the understanding of poverty is much better because of the existence of a recent and representative survey of household incomes and expenditures (conducted in December 2003). According to this study, approximately 47 percent of the population may be considered poor in terms of the official, local currency poverty line (World Bank 2004g). The level of vulnerability to poverty is also very high as many families live just above the poverty line. Characteristics associated strongly with poverty include large family size, low education, and unemployment, but not refugee or female-headed household status. Whereas a statistically rigorous time trend in poverty cannot be established on the basis of existing surveys, the sharp drop of about 33 percent in average real per capita income between 1999 and 2003 is likely to have resulted in an upward surge in poverty as well.

TABLE 1.2

Poverty Head Count Ratios at \$1/Day Line, 1984–91

Country	1984–85	1985–86	1986–87	1988–89	1990–91
Algeria	—	—	—	1.8	—
Arab Republic of Egypt	—	—	—	—	4.0
Islamic Republic of Iran	—	—	1.5	—	1.6
Jordan	—	—	0	—	—
Morocco	2.0	—	—	—	0.1
Tunisia	—	1.7	—	—	1.3

Source: World Bank Global Poverty Monitoring Database.

Note: — Not available.

TABLE 1.3

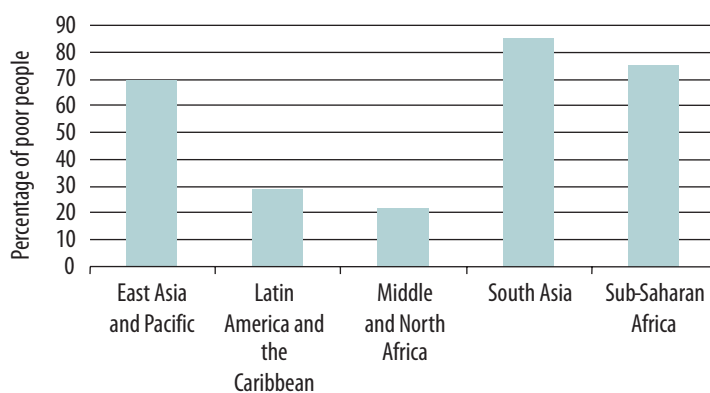
Poverty Head Count Ratios at \$2/Day Line, 1984–91

Country	1984–85	1985–86	1986–87	1988–89	1990–91
Algeria	—	—	—	13.9	—
Arab Republic of Egypt	—	—	—	—	42.6
Islamic Republic of Iran	—	—	12.4	—	11.7
Jordan	—	—	0.4	—	—
Morocco	16.5	—	—	—	7.5
Tunisia	—	16.1	—	—	11.6

Source: World Bank Global Poverty Monitoring Database.

Note: — Not available.

FIGURE 1.1

Comparisons of Poverty Rates among Developing Regions at \$2/Day Line, 1990–91

Source: World Bank Global Poverty Monitoring Database.

Poverty Trends

As noted earlier, direct estimates of poverty for this region are mostly available from the mid-1980s onward. For the period before the 1980s, comparable estimates of poverty based on per capita consumption expenditure are only possible for Tunisia (in 1965) and Egypt (in 1975). According to these data, the poverty rate was as high as 51.3 percent in Tunisia in 1965 and 82.2 percent in Egypt in 1975 (at the \$2 line). Comparing these numbers to those achieved by the mid-1980s shows that considerable poverty reduction occurred during the early period.

What was the trend after the mid-1980s? Figure 1.2 shows that average poverty rates for the Middle East and North Africa have fluctuated since 1987: they decreased for about six years and then they increased in the mid-1990s before declining again toward the turn of the decade.⁴ Although poverty rates were slightly lower on average in 2001 than in 1987 (regardless of whether they are measured at the \$1 or \$2 level), the general picture is one of stagnation. *After having reached the lowest levels of absolute poverty among developing regions by the late 1980s, the region failed to make further progress in the period thereafter.*

Country-specific trends for six Middle Eastern and North African countries (not including the Republic of Yemen for which only one reliable estimate is available) are shown in figure 1.3 and reflect two main features: (a) There is a big difference between the poverty rate of Egypt and that of the other five countries; and (b) whereas individual country experiences differed after 1987, the poverty rates attained by 2001 all clustered between 5 percent and 18 percent for all countries except Egypt.⁵

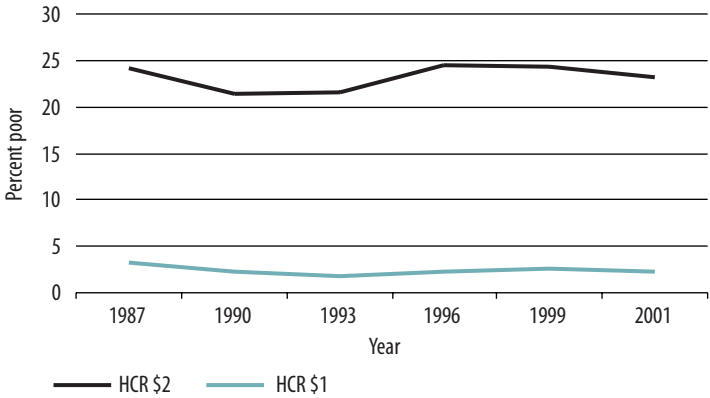
It is also of interest to see whether the region performed better or worse in poverty reduction than did other developing regions. The patterns shown in figure 1.4 suggest that the Middle East and North Africa performed worse than most. Whereas East Asia and South Asia showed clear gains over the 1990s, and Latin America showed modest gains, the Middle East and North Africa stagnation was similar to that of Sub-Saharan Africa.

Trends in Inequality

A three-decades-long time series of Gini coefficients based on per capita consumption distributions is available for three countries, the Islamic Republic of Iran, Tunisia, and Egypt. In the Islamic Republic of Iran the Gini rose from 0.44 to 0.47 between 1970 and 1985 and then declined to 0.44 by 1998. In Tunisia the Gini rose from 0.42 to 0.44 between 1965

FIGURE 1.2

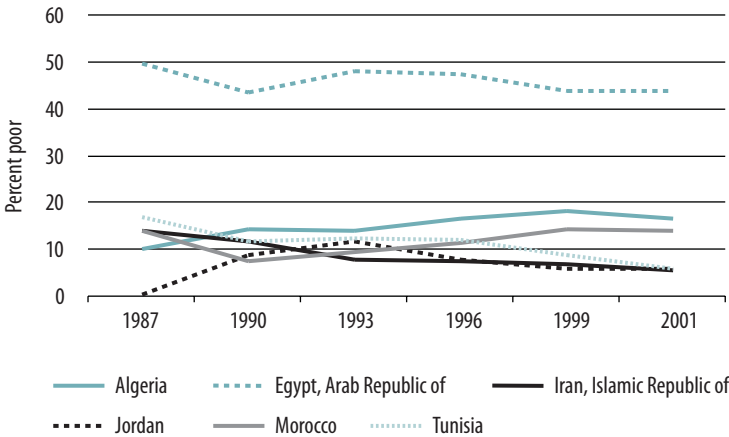
Regional Poverty Trends, 1987–2001



Source: World Bank Global Poverty Monitoring Database.

FIGURE 1.3

Country-Specific Poverty Trends at \$2/Day Line, 1987–2001



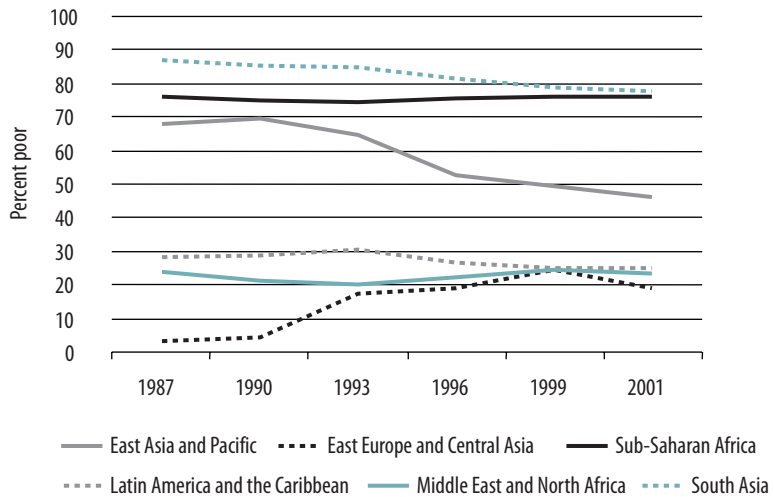
Source: World Bank Global Poverty Monitoring Database.

and 1975 but then gradually declined to around 0.41 by 2000. Egypt showed an improving trend between 1975 and 1985 followed by some worsening. In Morocco, the distribution of consumption has been stable since 1985, and in Algeria and Jordan there are not enough observations to establish a trend.

Three comments may be made on the basis of the pattern shown in figure 1.5. First, the level of inequality was higher in the 1970s than in the 1990s. Second, the structural reforms of the 1990s do not appear to be as-

FIGURE 1.4

Comparative Trends in Regional Poverty at \$2/Day Line, 1987–2001

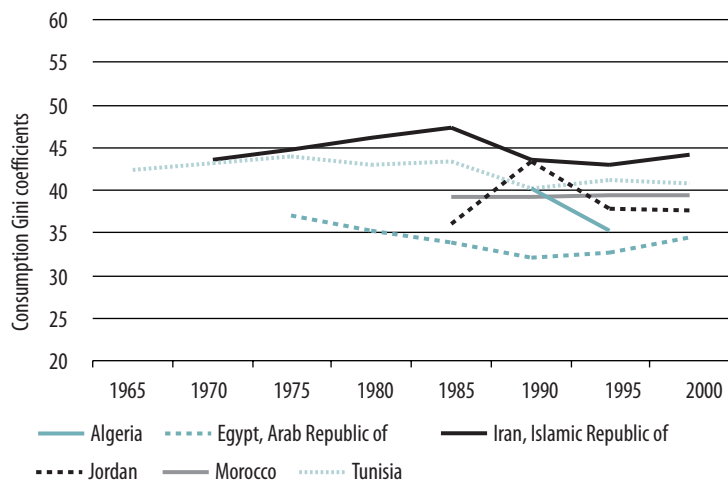


Source: World Bank Global Poverty Monitoring Database.

sociated with any systematic deterioration in inequality. Third, the region’s range of inequality measures, currently between 0.34 and 0.44, put it in the middle segment of the global range of consumption Gini coefficients—better than most countries in Latin America and Sub-Saharan Africa but worse than most countries in South and East Asia.

FIGURE 1.5

Trends in Inequality, 1965–2000



Source: World Bank Global Poverty Monitoring Database.

Poverty Levels from National Poverty Lines

The preceding discussion has been framed in terms of “international” poverty lines expressed in PPP\$ terms. Although the resulting estimates are useful for cross-country comparisons, they are not necessarily as suitable for the framing of domestic policy discussions as are estimates founded on “national” poverty lines generated on the basis of locally relevant standards of food and nonfood consumption requirements. Such national poverty estimates are shown in the third column of table 1.4 for years in which survey data were available and analyzed in World Bank reports or other research investigations for the seven countries in the World Bank’s database (with results for Iraq, Syria, and West Bank/Gaza, not in the Bank’s database, reported in box 1.2). The results show national poverty levels that are similar (in the latest survey years) to those derived from the \$2 PPP line for Algeria, Tunisia, and the Republic of Yemen, and are higher than the \$2 line for the Islamic Republic of Iran, Jordan, and Morocco. For Egypt the relevant correspondence occurs between the \$1 and \$2 lines. *On the whole, centering poverty estimates on the \$2 PPP line or higher provides a closer approximation to levels derived from national poverty lines than doing so on the \$1 PPP line.*

Factors Underlying Poverty Trends in the Middle East and North Africa

The foregoing has shown that poverty rates in the Middle East and North Africa were reduced prior to 1985 but then stagnated within a 20–25 percent band measured at the \$2 line. What explains this pattern? Arithmetically, changes in poverty may be attributed to changes in average incomes (growth) and changes in inequality (distribution). The available information shows that the region experienced extremely rapid growth in the pre-1985 period (see figure 1.6) and that inequality likely declined. So both growth and distributional effects pulled in the same, poverty-reducing, direction prior to 1985. But it was most likely the substantial improvement in growth that had the bigger impact on poverty in this period.

Growth slowed dramatically after 1985. Indeed, in constant PPP\$ terms, per capita output had not recovered to the 1985 level even by the year 2000. This must have exercised a strong constraining effect on the increase in the consumption for the poor as well. If anything, inequality improved slightly over this period, exercising a modest pro-poor effect.

We can explore the determinants of poverty patterns further by looking at some factors related to growth and distribution. For example,

TABLE 1.4

Comparison of Poverty Estimates Using International and National Poverty Lines (Percent)

Country and Year	Poverty Head Count at \$1 per day	Poverty Head Count at \$2 per day	Poverty Head Count at National Poverty Line
Algeria			
1988	2	14	8
1995	1	15	14
2000	—	—	12
Arab Republic of Egypt			
1990/91	4	43	25
1995/96	4	50	23
1999/2000	3	44	17
Islamic Republic of Iran			
1986	2	12	27
1990	2	12	26
1994	1	8	21
1998	0	7	21
Jordan			
1987	0	1	3
1992	1	11	14
1997	0	7	21
2002	1	7	14
Morocco			
1984/85	2	17	26
1990/91	0	8	13
1998/99	1	14	19
2000/01	—	—	18
Tunisia			
1985	2	16	11
1990	1	12	7
1995	1	13	8
2000	0	7	4
Republic of Yemen			
1998	10	45	42

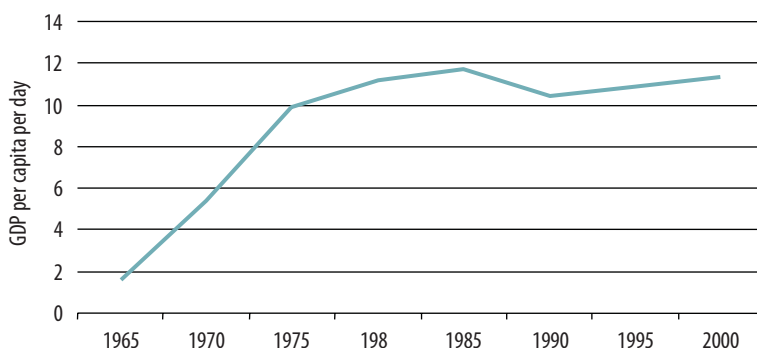
Sources: International poverty line estimates from World Bank Global Poverty Monitoring Database. National poverty line estimates sourced as follows: Algeria: World Bank 2004a; Jordan: data for 1997 and 2002 from World Bank 2004d; Morocco: 2000/01 data from Royaume du Maroc 2005; Tunisia: World Bank 2003b. Remaining entries: Adams and Page 2003; Table 5.

Adams and Page (2003) have argued that the relatively low level of poverty in the Middle East and North Africa achieved by the mid-1980s was also the result of two region-specific characteristics, namely, high levels of public sector employment and high levels of remittances. Using a cross-country data set covering 50 developing countries for the year 1990, they reported a statistically significant negative relationship between government employment (as a share of total employment) and the poverty rate (measured at the \$1 line) while controlling for per capita gross domestic product (GDP) and inequality (measured by Gini coefficient). They also reported a statistically significant shift factor for the region,

FIGURE 1.6

Regional Trends in GDP per Capita, 1965–2000

(PPP\$)



Source: Staff calculations.

Note: Weighted average for 10 MENA countries: Algeria, Egypt, the Islamic Republic of Iran, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia, and the Republic of Yemen.

suggesting that the link between government employment and poverty is stronger in Middle Eastern and North African countries than in the sample as a whole. This finding supports their assertion that “since the early 1970s, a number of MENA countries...have used public sector employment (including government work) as a kind of blunt policy instrument for providing welfare employment to an ever-increasing proportion of the labor force” (Adams and Page 2003, pp. 2031).

A similar link is reported in the case of remittances, suggesting that private transfers via remittances have been an important source of poverty reduction in the region. Again the finding is consistent with what is known about the sources of growth in Middle East and North Africa in the period prior to 1985. The region experienced an economic boom between 1975 and 1985 on the basis of high oil prices. This boom spread throughout the region as workers from countries with large labor forces and/or low oil resources (such as Egypt and Jordan) flocked to work in the oil-producing countries of the Persian Gulf. At the same time, waves of poor workers from the Maghreb countries began migrating to Western Europe in search of jobs. Thus, large volumes of remittances were generated during 1975–90 and these are most likely to have accrued to relatively poor families in the labor-exporting countries.

To what extent do these factors explain trends observed in the subsequent period? At one level these findings are consistent with growth and poverty trends observed in the 1990s. During this period both public sector employment and remittances declined on average in the Middle East and North Africa Region, and may have contributed to the relative stag-

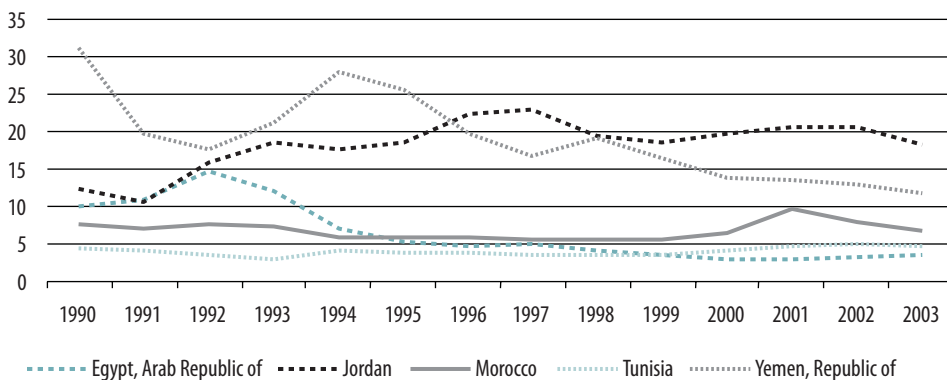
nation of income growth. For example, public sector employment declined in the 1990s in four of five Middle Eastern and North African countries for which suitable data are available, namely, Algeria, Jordan, Morocco, and Tunisia (World Bank 2004h, figure 4.6). Only in Egypt was there an increase in the public sector’s share of total employment—an increase that is all the more surprising because Egypt was simultaneously involved in a structural adjustment program that featured a large fiscal contraction. Similarly, there was a decline in the ratio of workers’ remittances to GDP in all the main remittance-receiving countries during the 1990s, with the exception of Jordan (see figure 1.7). In Egypt remittances declined from around 15 percent of GDP in 1992 to less than 5 percent by 2003. In the Republic of Yemen, remittances collapsed from around 31 percent of GDP in 1990 to only 12 percent by 2003.

However, the role of public sector employment in reducing poverty is ambiguous. In the short run, public employment may provide some of the poor with employment and steady income. Over the longer run, however, high public sector employment may actually raise poverty by lowering economic efficiency and thereby depressing growth. Reducing the role of the public sector in the economies of the Middle Eastern and North African countries was indeed an important part of the rationale for the structural adjustment programs undertaken in the region since the 1980s, programs aimed at generating new sources of growth for these countries. Herein lies a policy dilemma for the region: how best to balance the short-term advantages of using public employment as an instrument of social protection with the adverse longer-term impact on growth.

FIGURE 1.7

Worker Remittances as a Share of GDP, 1990–2003

(Percent)



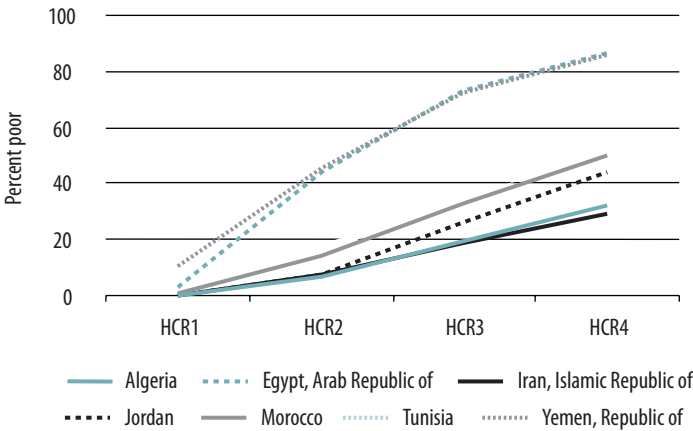
Source: International Monetary Fund.

Economic Vulnerability

It has been noted earlier that the definition of absolute poverty that is common in international comparisons, namely, the head count ratio at \$1 PPP per capita per day, produces a very low estimate of poverty for most countries in the Middle East and North Africa. Indeed, these estimates are so low that they are likely to be misleading indicators of true economic deprivation in the region. When a \$2 line is used, the proportion of people found to be poor rises significantly in most countries and very sharply in some (for example, Egypt and the Republic of Yemen). This suggests that measured poverty is very sensitive to the choice of the poverty line, at least at the \$1 level.

Figure 1.8 provides a perspective on the sensitivity of poverty estimates to alternative poverty lines ranging from \$1 to \$4 and using the latest available household survey in the seven Middle Eastern and North African countries for which we have data. For Egypt and the Republic of Yemen it is clear that this sensitivity is greatest (slope is steepest) between \$1 and \$2, less but still substantial between \$2 and \$3, and least between \$3 and \$4. It also is clear that the sensitivity is greatest for Egypt and the Republic of Yemen between \$1 and \$3, but becomes similar among all countries beyond \$3. Perhaps a more surprising result is that the sensitivity to choice of poverty lines for countries other than Egypt and the Republic of Yemen is higher between \$2 and \$4 than it is between \$1 and \$2.

FIGURE 1.8
Poverty Incidence at Alternative Poverty Lines, Late 1990s



Source: World Bank Global Poverty Monitoring Database.
 Note: HCR head count ratio, at \$1, \$2, \$3, and \$4.

To give a sense of the size of the poverty challenge in the region, we report in table 1.5 estimates of the number of poor people in 2001 by country at the \$2 and \$3 poverty lines. As can be seen, even at the \$2 line, the scale of the poverty challenge is substantial in Egypt and the Republic of Yemen and is significant in Algeria, the Islamic Republic of Iran, and Morocco. Only in Jordan and Tunisia, having smaller populations to begin with, do the poor number less than a million. The poverty population of the seven data-reporting countries in the region was almost 52 million people (at the \$2 line) in 2001. By way of comparison, the number of poor at the \$2 line in 1987 was 40 million.

Poverty Characteristics: Evidence from National Poverty Lines

Household survey data make it possible to investigate the relationship between poverty and other household characteristics for which information is typically available: geographic location of the household and the education, employment, occupation, and gender of the head of household. Sometimes information on sources of income is also available, but this is generally considered less robust. We discuss below the broad patterns that can be seen in an overview of poverty characteristics across the region, with the caveat that not all patterns are equally prominent in each country. The link between poverty and education and health is dealt with in later chapters.

Poverty and Location

Three observations may be made with respect to the link between poverty and location on the basis of analysis of Middle East and North Africa

TABLE 1.5

Number of Poor People at Alternative Poverty Lines, 1987 and 2001

Country	Number at \$2/Day (millions)		Number at \$3/Day (millions)	
	1987	2001	1987	2001
Algeria	2.3	5.1	6.4	11.2
Arab Republic of Egypt	24.2	28.6	38.0	47.6
Islamic Republic of Iran	7.0	3.5	13.9	10.1
Jordan	0.1	0.3	0.3	1.1
Morocco	3.0	4.1	7.8	9.5
Tunisia	1.3	0.5	2.7	1.7
Republic of Yemen	2.2	9.5	4.4	14.1
Total	40.1	51.6	73.5	95.3

Source: World Bank Global Poverty Monitoring Database.

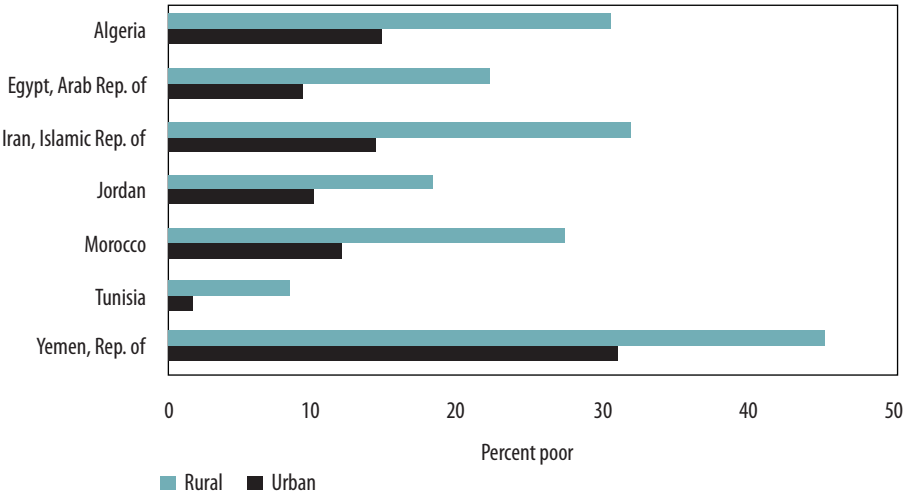
data. First, there is a clear pattern of poverty rates being higher in rural areas than in urban areas. Second, there is also a clear pattern of some regions being relatively poorer than other regions. Nevertheless, and third, where sufficient data are available and have been analyzed, more complex patterns may also be detected where pockets of high poverty coexist with low poverty in both urban and rural areas and within geographic regions.

The first point, regarding the higher rate of poverty in rural areas, can be seen clearly in figure 1.9. For each of the countries in the chart, rural poverty rates are higher. In terms of scale, with the exception of the Republic of Yemen, urban poverty rates are nowhere greater than 15 percent when measured at national poverty lines toward the end of the 1990s. On the other hand, rural poverty rates are uniformly greater than 20 percent, except in Jordan and Tunisia.

The second point, regarding geographic concentrations of poverty, is also observed in several countries in the Middle East and North Africa. To take only two examples, in Tunisia the Center West region is the poorest, and in Egypt rural Upper Egypt is the poorest. In terms of scale, in Tunisia in 2000 the poverty rate in the Center West region was 11 percent as compared to only 1 percent in metropolitan Tunis. Similarly, in Egypt in 2000 the poverty rate in rural Upper Egypt was 34 percent as compared to only 5 percent in metropolitan areas. Concentrations of poverty in so-called lagging regions are not surprising because all countries of reasonable size and topographic diversity tend to have regions that are especially disadvantaged with respect to economic opportunities by remoteness, climate,

FIGURE 1.9

Rural Versus Urban Poverty Rates, Late 1990s



Source: Various World Bank poverty assessments.

soil, or other such factors. Geography, however, is not necessarily destiny. As figure 1.10 shows, sharp changes can also occur in relative ranking over time: in 1990 the poorest region in Tunisia was the North West, but by 2000 poverty had declined dramatically in this region and its position had improved to third-best among Tunisia's six regions (World Bank 2003b).

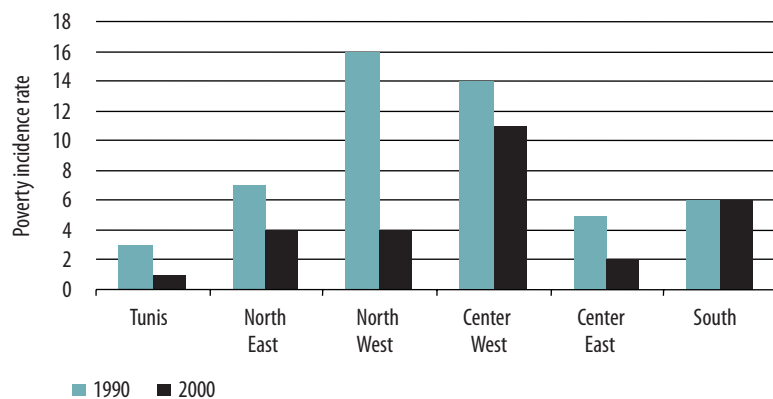
The third point, regarding greater diversity in poverty patterns at more disaggregated levels, may be illustrated from the case of Morocco. A recent analysis (World Bank 2004e) showed considerable variation in the distribution of poverty among and between regions, provinces, and communes in Morocco. At the most disaggregated level, that of the commune, high concentrations of poverty coexist with low rates, regardless of where the communes are located. This suggests that there may well be efficiency benefits from designing antipoverty programs that can target the commune level. For this to be possible, data have to be collected and analyzed at a suitably disaggregated level. Unfortunately, such analysis has not been done so far for any of the countries in the Middle East and North Africa Region, except Morocco.

Poverty and Employment

The link between employment and poverty extends across three dimensions: sector of employment, nature of occupation, and status of employment. With regard to the sector of employment, the chance of being poor is typically higher for those in the private sector and much lower if one were employed in the public sector. For occupation or nature of economic activity, the chance of being poor is typically highest for those in

FIGURE 1.10

Poverty Incidence by Region in Tunisia, 1990 and 2000

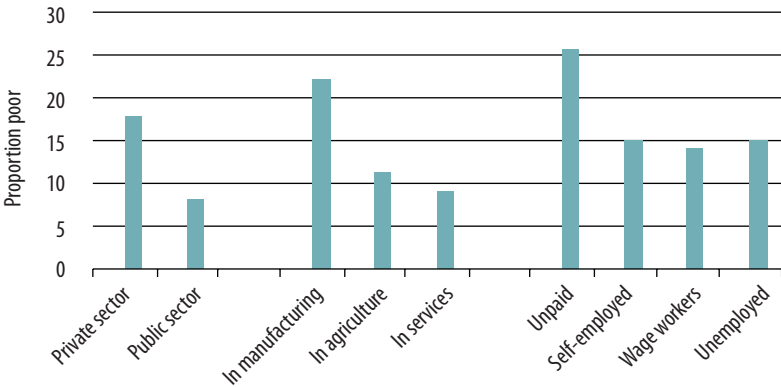


Source: World Bank 2003b.

agriculture and much lower for those in manufacturing or services. Finally, with regard to work status, unpaid workers are more likely to be poor than are paid or self-employed workers, but being unemployed does not necessarily raise the probability of being poor. These patterns are illustrated in figure 1.11 for the case of Egypt in 1999/2000.

The first relationship suggests that one can escape poverty if one is able to get a public sector job. Although this link may be stronger in Egypt, where as much as 28 percent of the labor force was employed in the public sector in 1999/2000, it holds in other countries of the region as well. Unfortunately, this path of escape from poverty is not a sustainable one. Fiscal pressures forced some governments in the region to cut public sector employment rolls and others to freeze hiring levels during the 1990s. The second relationship, between being poor and being in agriculture, is widely observed across the developing world. Agriculture continues to be a lagging sector with comparatively low income growth and high susceptibility to adverse weather and international terms of trade shocks. The third link suggests that the unemployed are not more likely to be poorer than the employed. It is not job status but the income derived from work that determines poverty status. Those who are poor cannot afford to be unemployed and are forced to find work, even of a temporary and casual nature, to make ends meet. On the other hand, a large fraction of the unemployed are often school and college graduates, usually from nonpoor households that can support them financially while they wait for an appropriate job to come along. Also, in some cases, the unemployed may be helped by transfers from family and friends to avoid falling into poverty. The role of transfers is taken up in the next section.

FIGURE 1.11
Poverty and Employment in the Arab Republic of Egypt, 1999/2000



Source: World Bank 2004b.

Poverty and Transfers

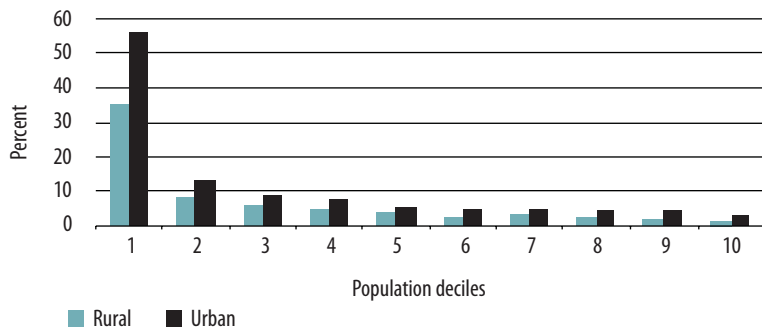
It is important to get a sense of the significance of transfers to poverty in order to appreciate how and to what extent social safety nets are working. For example, if public transfers are seen to be very important sources of income for poor households, one could argue that cash transfer programs are effective in reaching the poor, even if they might be inefficient in the sense of leaking to the nonpoor as well. Similarly, if private transfers are an important source of relief for the poor, this provides information about the effectiveness of private safety nets. It was noted earlier that at the macro level remittances appear to have played a statistically significant role in reducing poverty in the Middle East and North Africa, relative to other regions. Can this be verified at the micro level as well?⁶

Data on transfers as a share of income or expenditure of the poor are reported in some of the poverty assessments available for the region. In Egypt, transfers from public and private sources combined amount to around 10 percent of the income of the poor in 1999/2000 (World Bank 2004b). In Jordan, transfers made up 20 percent of the income of the poor in 2002 (World Bank 2004d). In Morocco, transfers account for almost 44 percent of the expenditures of the poorest quintile. Such transfers are made up of roughly equal shares from public and private sources (24 percent and 20 percent, respectively). In the Republic of Yemen, transfers account for just over 38 percent of the expenditures of the poorest decile, but decline to much smaller proportions for higher-income deciles (see figure 1.12). For the poorest rural decile, transfers amount to more than half the level of expenditures.

Surprisingly, the measured impact of private transfers on poverty is higher in Egypt than in Morocco. Poverty in Egypt would have been approxi-

FIGURE 1.12

Public and Private Transfers as a Proportion of Expenditures in the Republic of Yemen



Source: World Bank 2002f.

mately 5 percent higher without private transfers, whereas in Morocco it would have been about 3.4 percent higher. Trying to disentangle the effect of remittances from other transfers is rendered difficult by the fact that none of the available assessments distinguishes clearly among various sources of private transfers.⁷ Some indirect information is available in the case of the Republic of Yemen in 1998. It shows that as much as 56 percent of the population living in the poorest decile received some remittances (van de Walle 2002), so this must have been an important source of income for them.

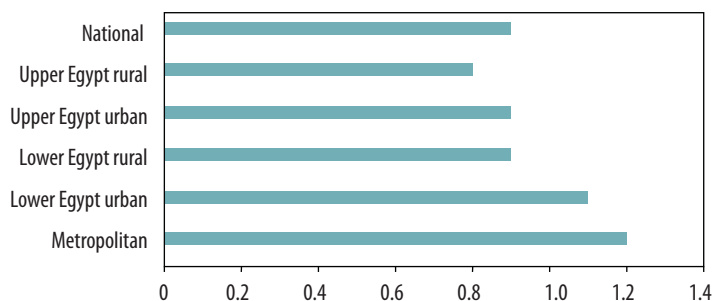
Poverty and Gender

Poverty assessments for several countries in the Middle East and North Africa Region show that female-headed households are *not* likely to be poorer than male-headed households at the national level.⁸ For example, in Egypt in 1999/2000 the national poverty rate was 17 percent for male-headed households and 14.6 percent for female-headed households. In other cases, such as Jordan in 2002/03, the level of poverty was higher in female-headed households (15 percent versus 14 percent for male-headed households), but the difference was not statistically significant. Looking at the data another way, in Tunisia in 2000 female heads of households were not overrepresented among the poor: they were 13.2 percent among the poor and 12.3 percent among the nonpoor.⁹

The lack of gender differences in poverty rates at the national level may, in some cases, mask statistically significant differences between rural and urban areas or among geographic regions. For example, in the Islamic Republic of Iran in 1998, gender was a factor in rural areas (where poverty is

FIGURE 1.13

Ratio of Poor Female-Headed to Male-Headed Households by Region in the Arab Republic of Egypt, 1999–2000



Source: World Bank 2002a.

10 percentage points higher for female-headed households), but not a factor in urban areas. A similar situation prevailed in Tunisia, except that gender there was a factor in urban areas but not so much in rural areas: around 11.8 percent of the population living in female-headed households in rural areas was poor in 2000 as compared to 17.2 percent in urban areas.

Differences in gender-specific poverty rates by geographic region are notable in the case of Egypt. As shown in figure 1.13, the ratio of poor female-headed households to poor male-headed households ranged from 1.2 in metropolitan areas (big cities) to 0.8 in the rural areas of Upper Egypt.

Notes

1. The World Bank Global Poverty Monitoring Data Base can be accessed at <http://iresearch.worldbank.org/PovcalNet>. It does not necessarily contain information from all surveys done in Middle Eastern and North African countries. For example, Adams and Page (2003) reported national poverty line estimates from a household survey for 1980–81 but this is not in the World Bank's poverty database.
2. On the technical deficiencies of the 1992 Republic of Yemen household survey, see World Bank (2002f), box 1.
3. The comparison here does not include the Europe and Central Asia region, which was not considered part of the set of developing countries during the 1980s.
4. The regional poverty trends shown in figures 1.1 and 1.2 are based on population-weighted averages for the seven countries listed in table 1.1. They were calculated for the years shown by an estimation procedure used as the World Bank and described in appendix.
5. The country-specific trends shown in figure 1.3 are based on actual data for years in which surveys were conducted and on estimates for years in which surveys were not available. The estimates were made using the procedure described in appendix 1.
6. The scale and importance of noncash transfers, such as food and energy subsidies, are discussed in chapter 5.
7. It is difficult to find good micro-level data on the importance of remittances to the poor in the region. Adams (1991) provides some relevant information but this is based on small samples from a few villages rather than from representative national household surveys. The Government of Morocco and the World Bank are currently conducting a survey on migration and remittances in Morocco to see how much remittances contribute to the income of the poor.
8. Data organized by the gender of the head of household do not necessarily provide a perfect basis for detecting gender differences in consumption poverty because the bulk of such differences could well occur within households. However, Egyptian data, disaggregated at the level of individuals rather than households, suggest that this is not the case there: broadly similar proportions of individual males and females (17.1 percent and 16.3 percent, respectively) were found to be poor in 1999/2000.
9. One reason for the economic resilience of female-headed households may be the fact that the husband is working abroad and sending remittances. Migration and remittances are known to be important in each of the three countries cited here.