

The Arab region

The most unequal region worldwide

01



Key messages

01



The Arab region is the most unequal region worldwide. In 2020, 58 per cent of national income was accrued by the top 10 per cent, and only 8 per cent was accumulated by the bottom 50 per cent.

02



Poverty is intergenerational: once a family falls into poverty, it is likely to remain there for a few generations.

03



Gender inequality in the Arab region has been systematically above the global average, with an estimated 179 years needed to close the gender gap compared with 142 years globally.

04



Conflict is an impediment to reducing inequality: the direct cost of conflict incurred by Iraq, Libya, the Syrian Arab Republic and Yemen, and the indirect spillover effects on neighbouring countries, were estimated at \$752 billion between 2011 and 2015.

05



Economic growth alone will not solve this problem. On the contrary, non-inclusive growth could exacerbate inequalities without strengthening economic participation for all.

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01



“Justice is the foundation of Government.
Injustice is a prelude to destruction”

== == == == Ibn Khaldun

The Arab region is significantly diverse, from the Atlantic Ocean to the Arabian Gulf. For example, Qatar has one of the highest GDP per capita globally, while Yemen is one of the world's poorest countries. There are also notable disparities within each country between social groups and geographical areas in terms of income, wealth distribution and access to opportunities. This stark diversity results in numerous challenges, and

requires tailored approaches to reducing inequality. Consequently, there are no one-size-fits-all solutions.

Conflict has been a common feature of the Arab region. It is both a cause and a consequence of inequality. To analyse inequality trends in the Arab region, it is important to understand the dynamics of conflict and political instability.

A. Protracted conflict and instability

The political instability that swept through the Arab region in the early 2010s was a direct result of extreme

inequality. Although each country had its unique experiences and citizen demands, the popular uprisings



“The longstanding sectarian tension in Lebanon has created a trust crisis between the citizens and the Government; and between the government and international community”

— — — — — A young Lebanese person

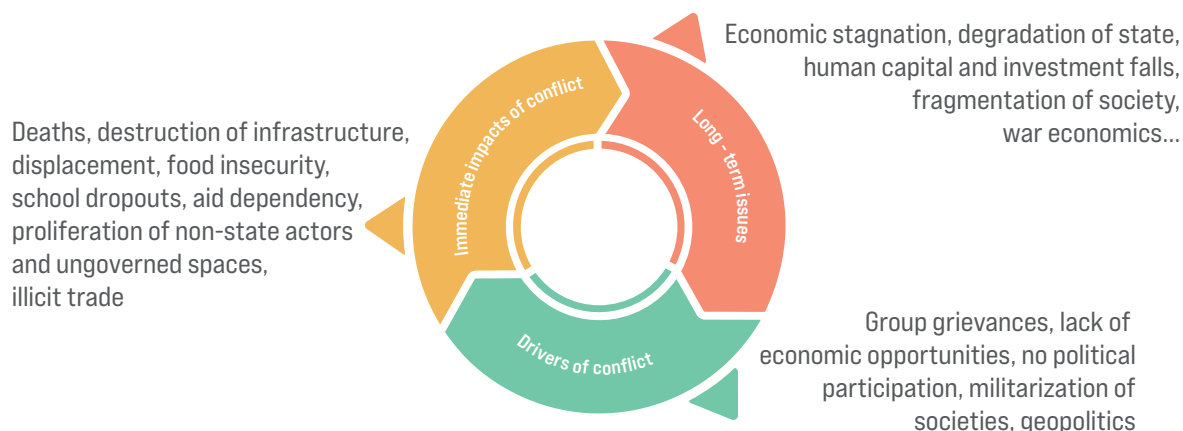
all aspired to justice, equality and better living standards. The Arab region is caught in a vicious circle of conflict, with devastating effects on its ability to consolidate development gains. The root causes and drivers of conflict in the region, combined with their immediate and long-term impact, are likely to perpetuate further conflict and exacerbate inequality. The breakdown of economic organizations and business networks, the degradation of State institutions, and the fragmentation of society will take generations to remedy, should conflict cease today. Figure 1 shows the cyclical impact of conflict.

Several Arab countries have witnessed conflict, including Iraq, Libya, Somalia, the Sudan, the Syrian Arab Republic, and Yemen. In addition, the State of Palestine continues to suffer from the longest occupation in modern history. Jordan is experiencing the spillover effects of conflicts raging in neighbouring countries. Lebanon is suffering from ongoing sectarian tensions, causing current stark levels of inequality. In 2021, the combined total population of Arab conflict-affected countries, namely people directly or indirectly affected by conflict, was 180.6 million, while their total youth population (aged 10-24) was approximately 56.04 million.³

Conflict is the main driver of increasing humanitarian needs to fill the gap in people's access to basic services such as food, water and health care. As the intensity of conflict in the region subsides, as indicated by a decrease in fatalities, humanitarian aid dependence remains high (figure 2). Similarly, forced displacement remains at a record high in the region, as illustrated in figures 3 and 4. The highest numbers of refugees and internally displaced persons (IDPs) were recorded in 2018 and 2020, respectively, with 5.6 million refugees and 58.5 million IDPs. The affected populations are mostly women and children, and will continue to suffer from serious repercussion for generations to come, especially their ability to enjoy their basic needs and to benefit from opportunities.

The human development repercussions of conflict have already placed large cohorts of future young people on an inequality trajectory in several critical periods of life, namely infancy, early childhood, childhood, and the transition into adulthood. The foundations of later-life success are for the most part built in the early years. Children exposed to conflict will most likely carry its effects throughout their lives. Food insecurity, weak

Figure 1. Cyclical instability and conflict

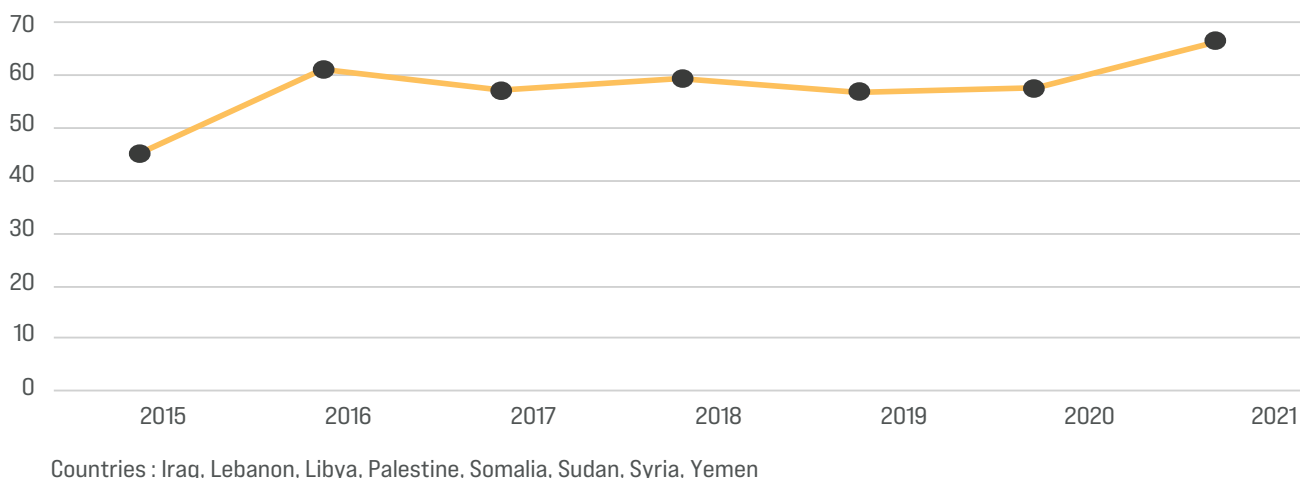


Source: Compiled by ESCWA.

school enrolment and vocational training, decreasing family resources, and reduced family investment in children have devastating long-term consequences on children in conflict-ridden countries across the region. In the absence of critical interventions designed to enhance

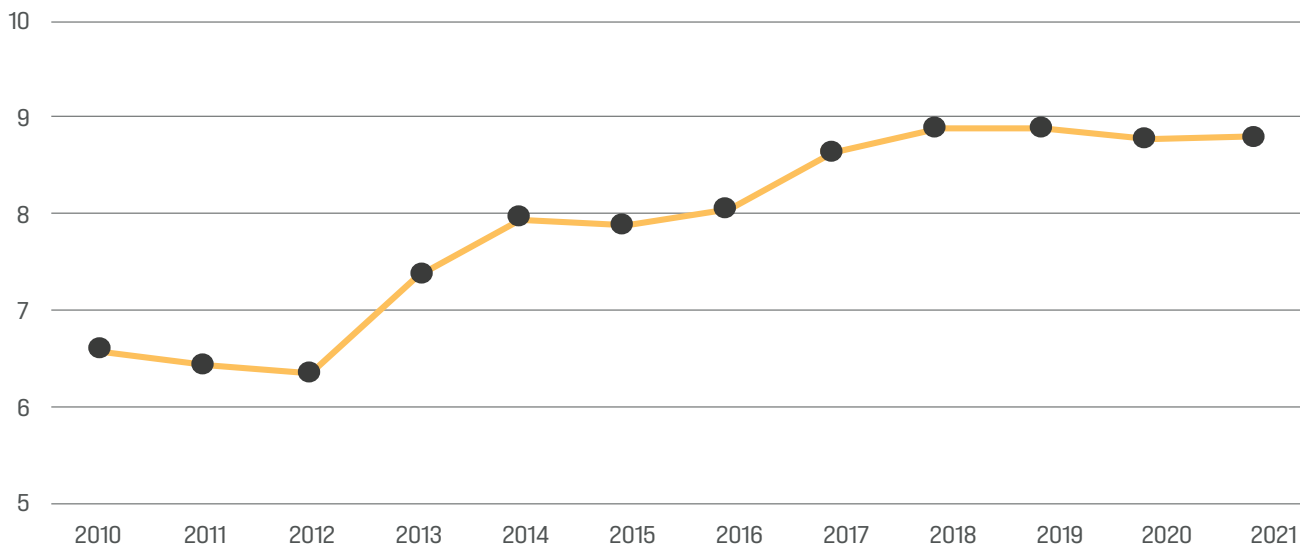
opportunities available to children and young people affected directly and indirectly by conflict, inequalities will be reinforced. Ending hostilities and sustaining peace therefore remain the top priority to tackle the numerous inequalities perpetuated by conflict.

Figure 2. Total number of people in need of humanitarian aid (Millions)



Source: OCHO, Global Humanitarian Overview, 2022. | Note: No data are available for Jordan.

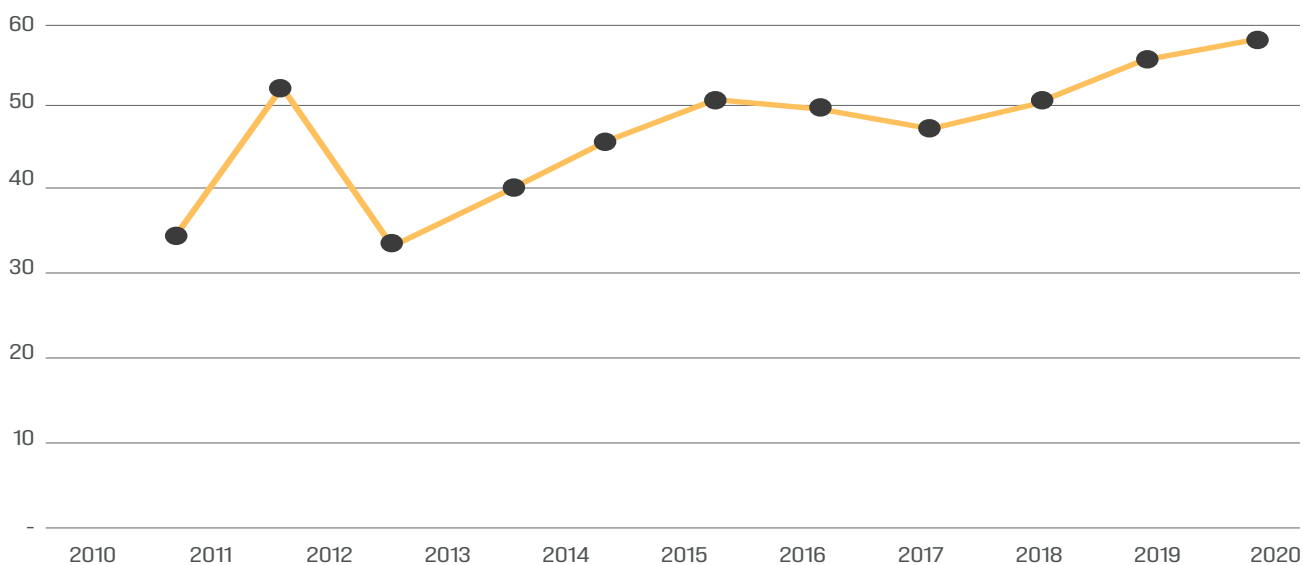
Figure 3. Total number of refugees (Millions)



Countries: Iraq, Jordan, Palestine, Lebanon, Libya, Somalia, Sudan, Syria, Yemen

Source: UNHCR, Refugee Data Finder.

Figure 4. Total number of IDPs (Millions)



Countries: Iraq, Palestine, Lebanon, Libya, Somalia, Sudan, Syria, Yemen

Source: Internal Displacement Monitoring Centre. | Note: No data are available for Jordan.

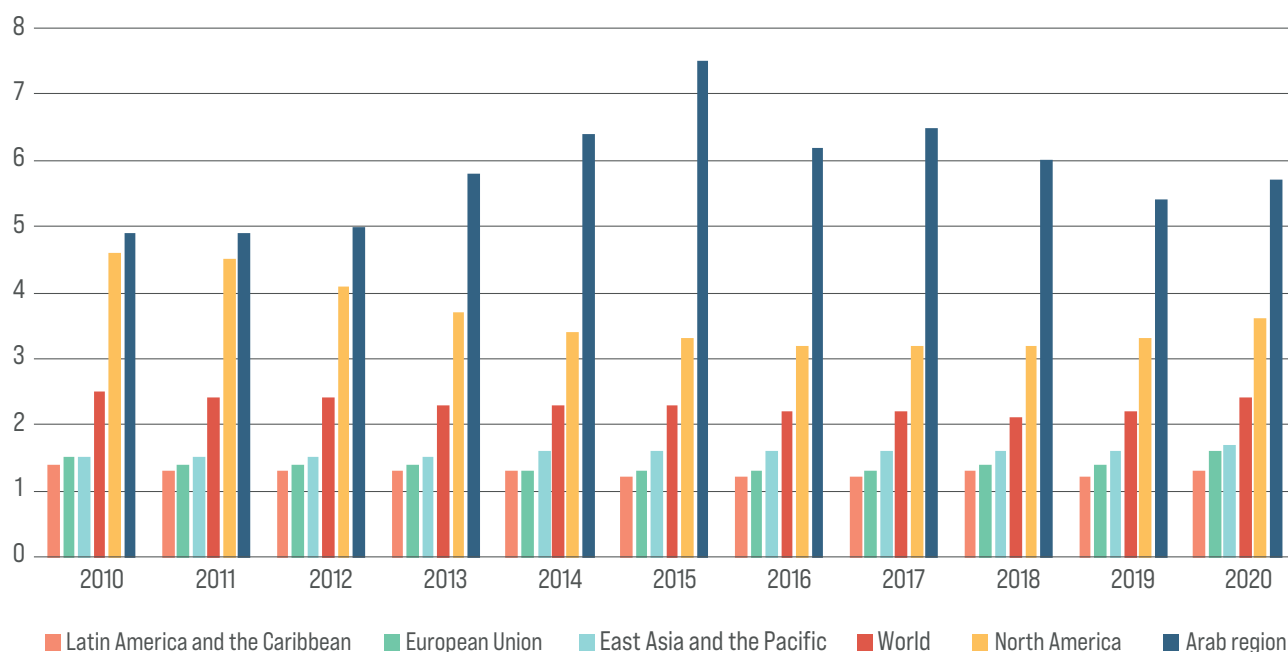


Conflict is both a cause and consequence of inequality

The direct cost of conflict incurred by Iraq, Libya, the Syrian Arab Republic and Yemen, and the indirect spillover effects on neighbouring countries, were

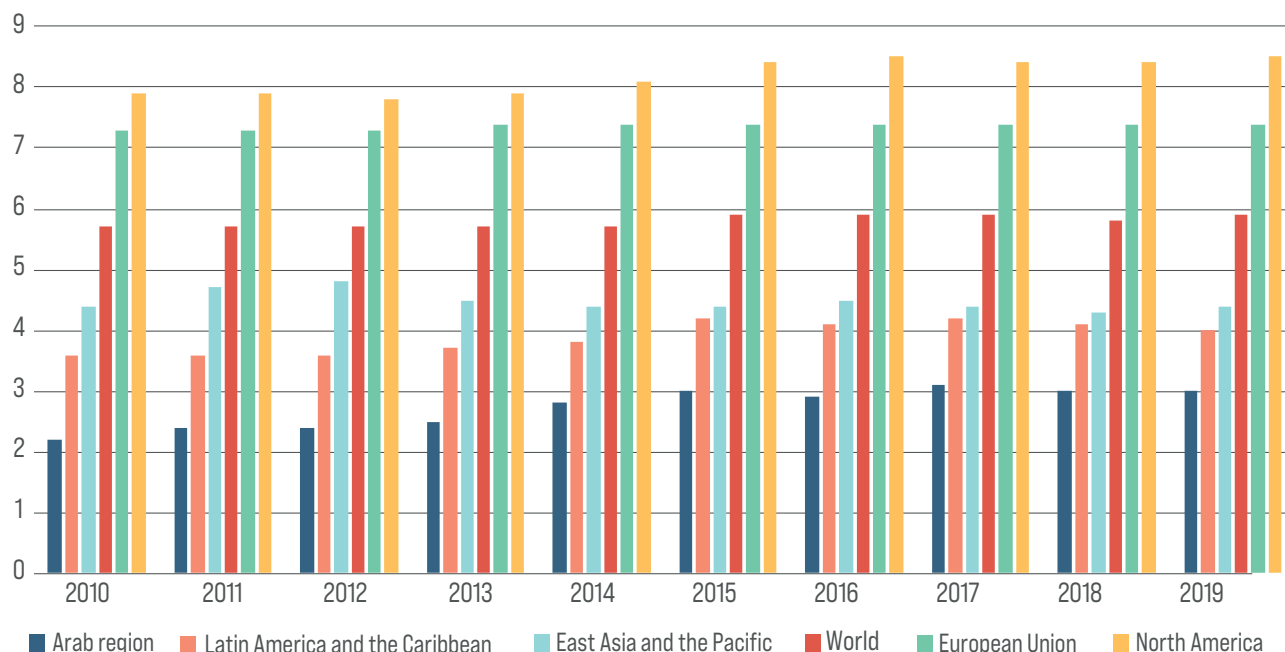
estimated at \$752 billion between 2011 and 2015.⁴ One year of civil war in an Arab country leads to an average loss of 3.5 per cent of per capita GDP.⁵ Conflict can also have negative implications on Governments' social expenditure in favour of military and security expenditure. The Arab region spends significantly more of its GDP on military expenditures and significantly less on health expenditures than any other region (figures 5 and 6). In 2019, the Arab region spent about 5.4 per cent of its GDP on military expenditure and only 3 per cent on health expenditure, while the world's average was 2.2 per cent and 5.9 per cent, respectively. Higher government spending on military and security expenses rather than social welfare adversely affects social spending, which is essential to promoting inclusive and sustainable growth and to helping lift people out of poverty and expand social protection schemes.

Figure 5. Military expenditure (Percentage of GDP)



Source: Stockholm International Peace Research Institute database.

Figure 6. Government health expenditure (Percentage of GDP)



Source: World Health Organization database.

B. Snapshot on inequality in the Arab region

The Arab region is the most unequal region worldwide.⁶ Inequality is a dynamic phenomenon that is constantly changing and interacting with social, economic and cultural factors operating at all levels across the region. Inequality negatively affects progress towards the SDGs and poverty reduction through inefficient

resource allocation, wasted productive potential, a high dependency ratio, and impaired institutional development. The present section provides an overview of some of the inequalities that are evident in the Arab region.

1. Wealth concentration and inequality

Before 2009, the average wealth of persons in the Arab region was growing at a fast pace of around 11.5 per

cent per year. After 2009, the wealth of Gulf Cooperation Council (GCC) nationals, like that of citizens in other

regions, continued growing, while the wealth of nationals in Arab middle-income, low-income and conflict-affected countries started to stagnate or decline, especially in low-income and conflict-affected countries.

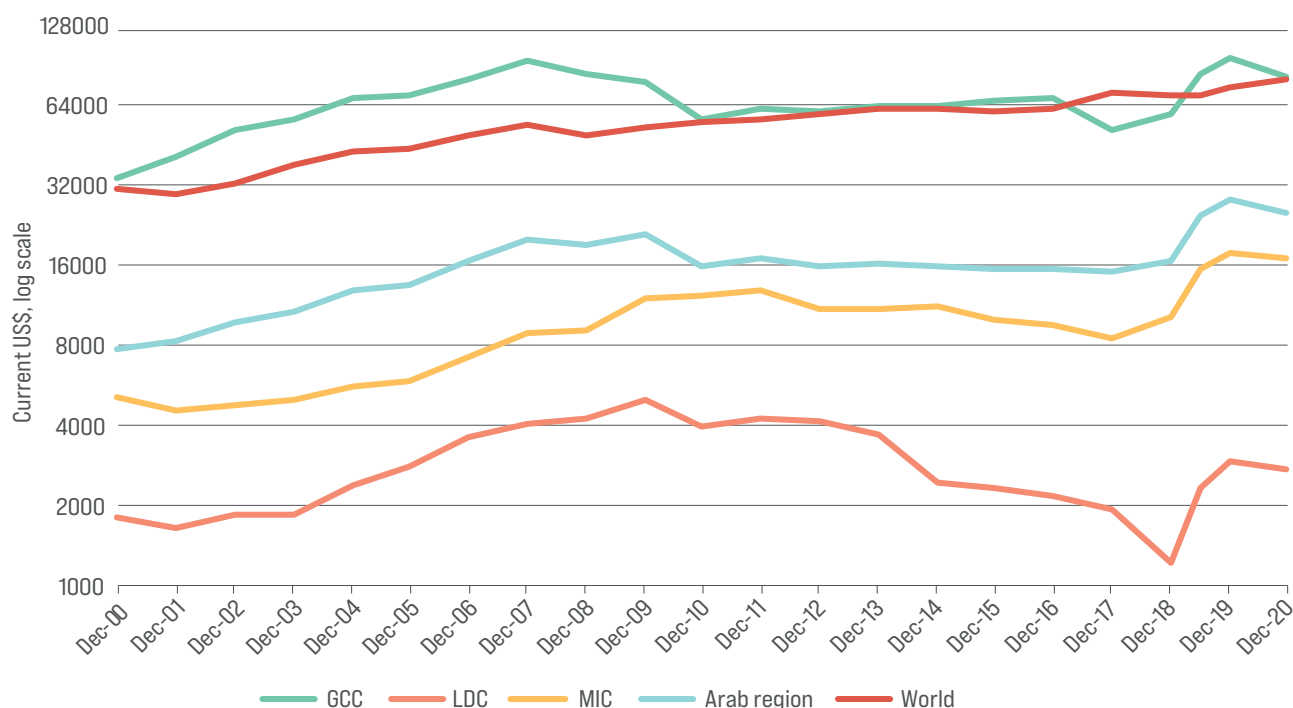
At the end of 2018, nationals of Arab middle-income countries (MICs) had only a slightly higher level of wealth holdings than in 2008 (\$10,300 in 2018 compared with \$9,100 in 2008), while nationals of Arab conflict-affected countries and least developed countries (LDCs) were poorer than in 2000 (\$1,200 in 2018 compared with \$1,800 in 2000).

At the end of 2019, when the COVID-19 pandemic started, average wealth in all the Arab subregions had begun increasing owing to rising valuations in the commodities and securities markets. By the end of 2020, however,

Arab nationals' wealth had declined, notably in the GCC subregion. While mean wealth dipped by 8 per cent in Arab low-income and conflict-affected countries, it declined by 13 per cent in GCC countries compared with an average fall of 10 per cent regionwide (figure 7).

Today, many Arab citizens, especially those at the bottom and in the middle of the economic distribution, are not better-off than a decade ago. Evidence from national household budget surveys suggests that the region-wide size of the middle class started contracting around 2013 and has dipped below 40 per cent, owing to rising poverty and vulnerability associated with economic downturns and conflict. Between 2019 and 2022, an estimated 8.7 million people in the region transitioned into extreme income poverty (totalling 53.7 million in 2022 compared with 45 million in 2019,

Figure 7. Average personal wealth, December 2000 – December 2020



Source: ESCWA analysis based on Credit Suisse Research Institute, Global wealth databook, 2021.

excluding GCC countries and Libya), and another 10.2 million transitioned into moderate poverty according to national poverty lines (totalling 68.7 million in 2022 compared with 58.5 million in 2019).⁷

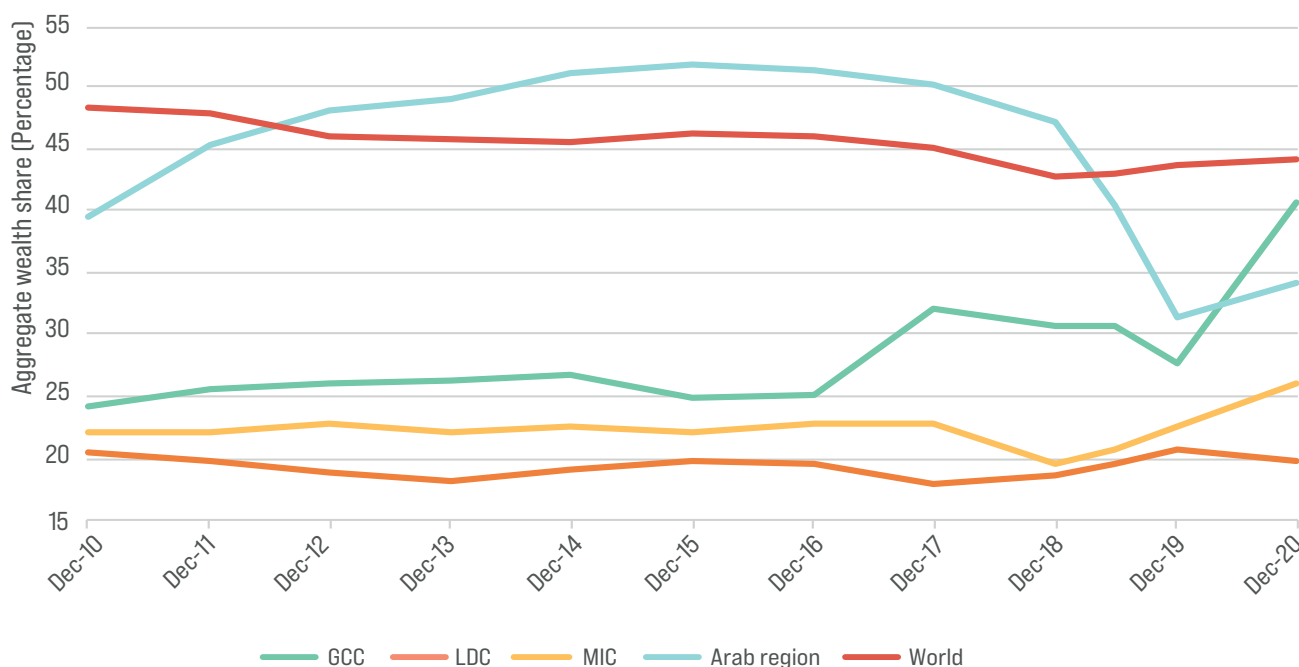
In terms of personal wealth, a similar depletion has occurred in the middle-wealth group. For example, during the period 2019-2020, 110 thousand individuals are estimated to have broken through the \$1 million wealth mark (totalling 660,000 at the end of 2020 compared with 550,000 in mid-2019). At the same time, the group holding less than \$10,000 of lifetime savings has swelled by 10 million individuals (totalling 180 million at the end of 2020 compared with 170 million in mid-2019).

Trends in wealth inequality and wealth concentration have been uneven in the Arab region, and have diverged

from global trends. Wealth concentration stagnated during the period 2010-2015 in Arab LDCs and conflict-affected countries. In the following years, wealth inequality and concentration started growing continually in Arab LDCs and MICs until 2018. In 2019, a temporary drop in wealth concentration occurred in all Arab subregions, particularly in MICs.

Wealth concentration increased abruptly in the first year of the pandemic. In Arab LDCs and GCC countries, the wealth concentration of the richest 1 per cent increased from around 30 per cent on the eve of the pandemic to 42 per cent at the end of 2020 (figure 8). However, in Arab MICs, it increased from 22 to 31 per cent.

Figure 8. Share of aggregate wealth of the wealthiest 1 per cent, December 2000 – December 2020



Source: ESCWA analysis based on Credit Suisse Research Institute, Global wealth databook, 2021.

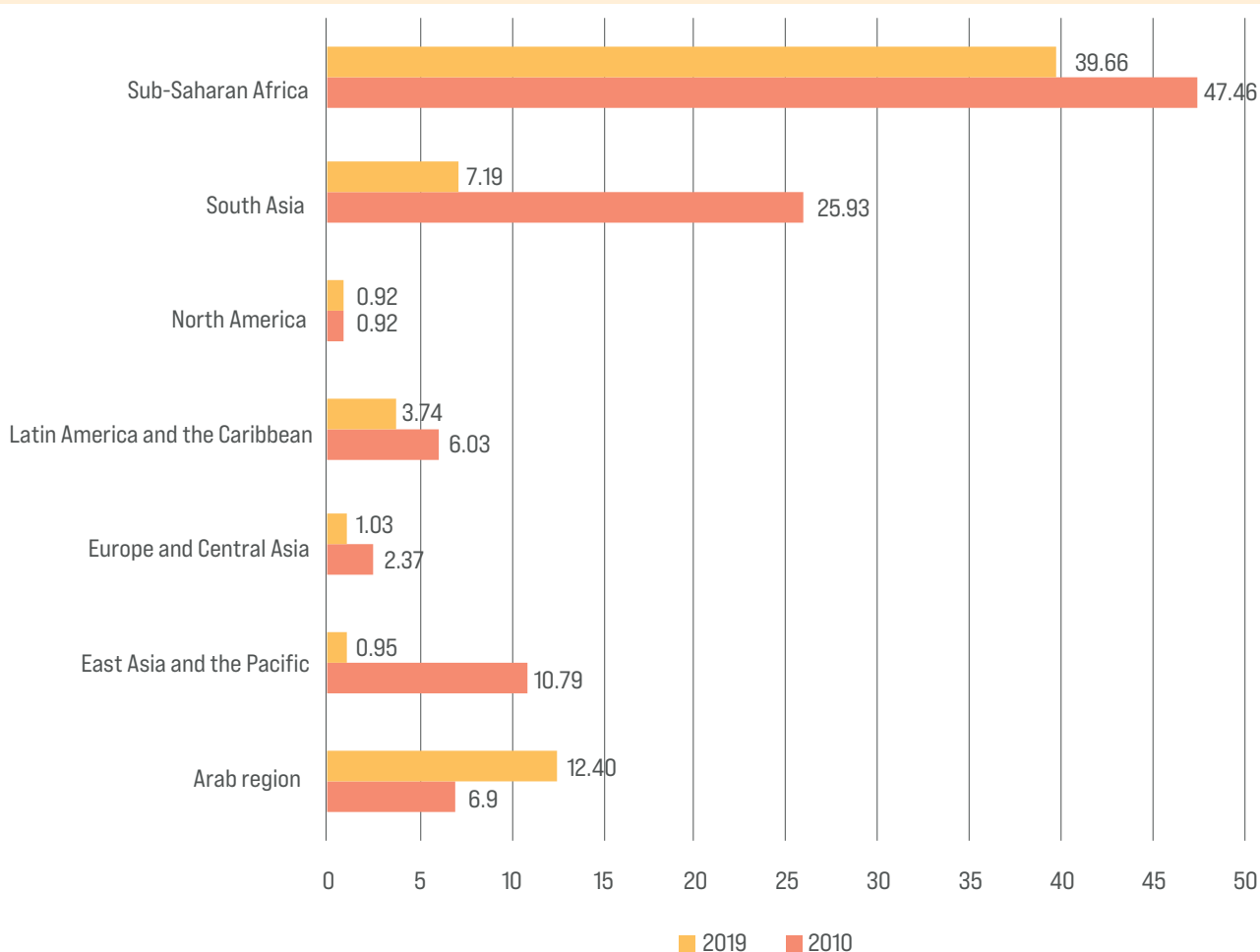
2. Income poverty

Since 2010, extreme income poverty⁸ has been rising, wiping out poverty reduction gains made in previous decades. During the pandemic, extreme poverty reached an average of 12.4 per cent in the region, excluding GCC countries.

The Arab region is the only region worldwide with increasing poverty rates in the 2010s. The

comparative performance of the Arab region has been declining significantly. For example, in 2010, the Arab region had roughly the same poverty rate as Latin America (6.9 per cent and 6 per cent, respectively). However, by 2019, the Arab region had triple the poverty rate. The problem of rising income poverty has been particularly severe in Arab conflict-affected countries (figure 9).

Figure 9. Extreme poverty trends, 2000-2019



Source: ESCWA calculations based on data compiled from World Development Indicators.

3. Income inequality

The Arab region has registered some of the highest levels of income inequality globally (figure 10). In some countries, the top 10 per cent of earners account for more than 60 per cent of national income,⁹ compared with 52 per cent globally, 55 per cent in Latin America, and 36 per cent in Europe.¹⁰

In 1980, the poorest 50 per cent of the Arab population held 8 per cent of the region's total income, while the richest 1 per cent held 33 per cent of the region's total income. By 2021, the poorest 50 per cent of the Arab population held 9 per cent of the region's total income, and the richest 1 per cent held 24 per cent of the region's total income. Despite this slight progress in reducing the inequality gap, the Arab region remains the most unequal in terms of income

distribution.¹¹ Over the period 1980-2021, the income of the bottom 50 per cent was almost stagnant, while the income of the middle 40 per cent increased slightly.

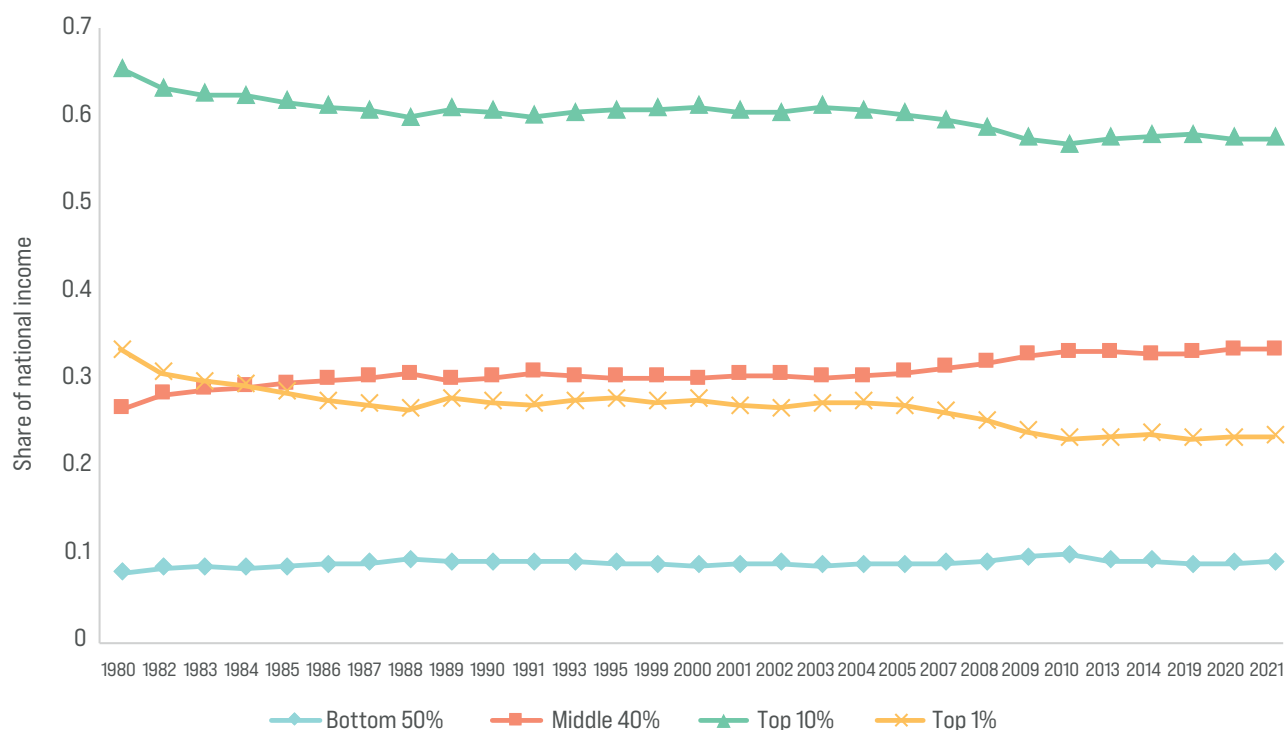
Disparities between countries are higher in the Arab region than in any other geopolitical region. They reflect the inequalities that occur on a global scale, since the Arab region includes countries whose per capita GDP is considerably above the average for the group of the world's richest countries, and others whose per capita GDP is considerably below the global middle income. For example, the per capita GDP of Qatar was 66 times higher than that of Yemen in 2020.¹²



In Tunisia, 73 per cent of the population thinks that children from low-income backgrounds will have fewer opportunities in their future.

Source: Pathfinders, From Rhetoric to Action – Delivering Equality and Inclusion, 2021.

Figure 10. Income inequality in the Arab region



Source: Compiled by ESCWA based on World Inequality Database.

4. Gender inequality

The Arab region needs around 179 years to close its gender gap,¹³ which was one of the highest gender gaps worldwide in 2021 at 61 per cent compared with 67.7 per cent globally.¹⁴

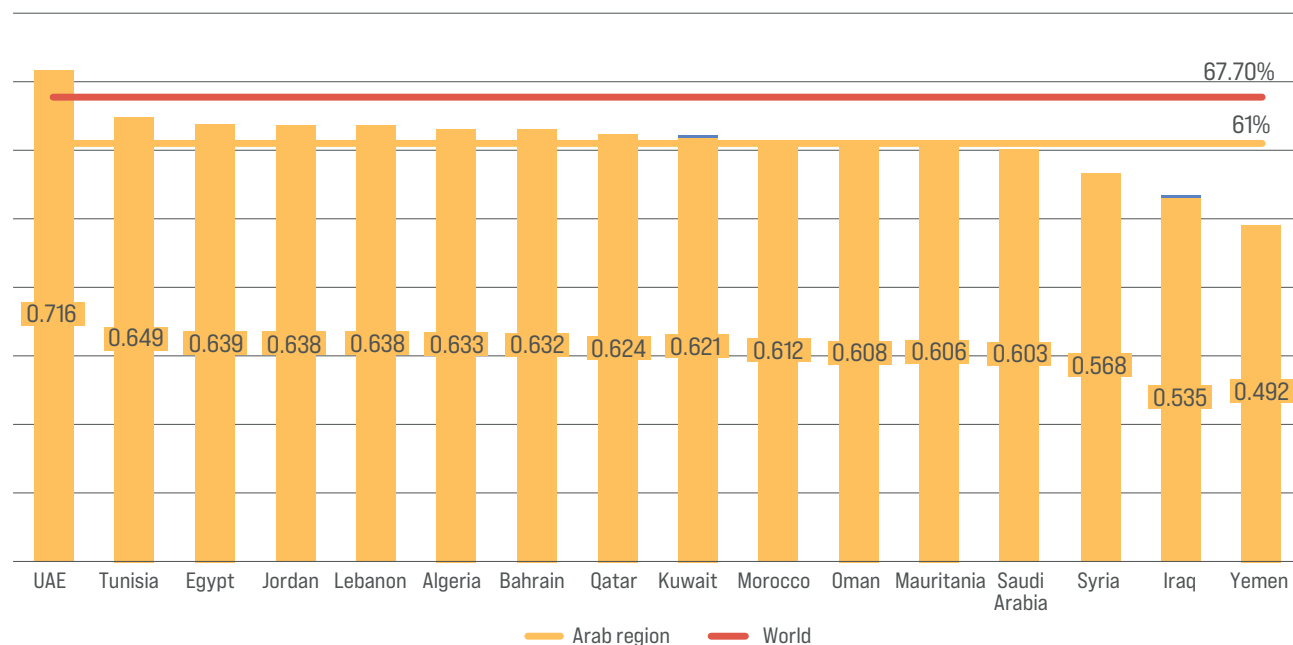
Figure 11 shows that significant discrepancies exist between Arab countries in the gender gap. For instance, with a global rank of 72, the United Arab Emirates was the best performing Arab country in 2021, compared with Yemen that ranked 155 globally.¹⁵

Although gender parity, defined as the equal contribution of both men and women to all dimensions of political and private life, has improved by 4

percentage points (or an average of almost 0.26 percentage points a year) relative to 2006 in the Arab region (figure 12), this represents almost half the progress achieved in other regions such as Western Europe and North America.¹⁶

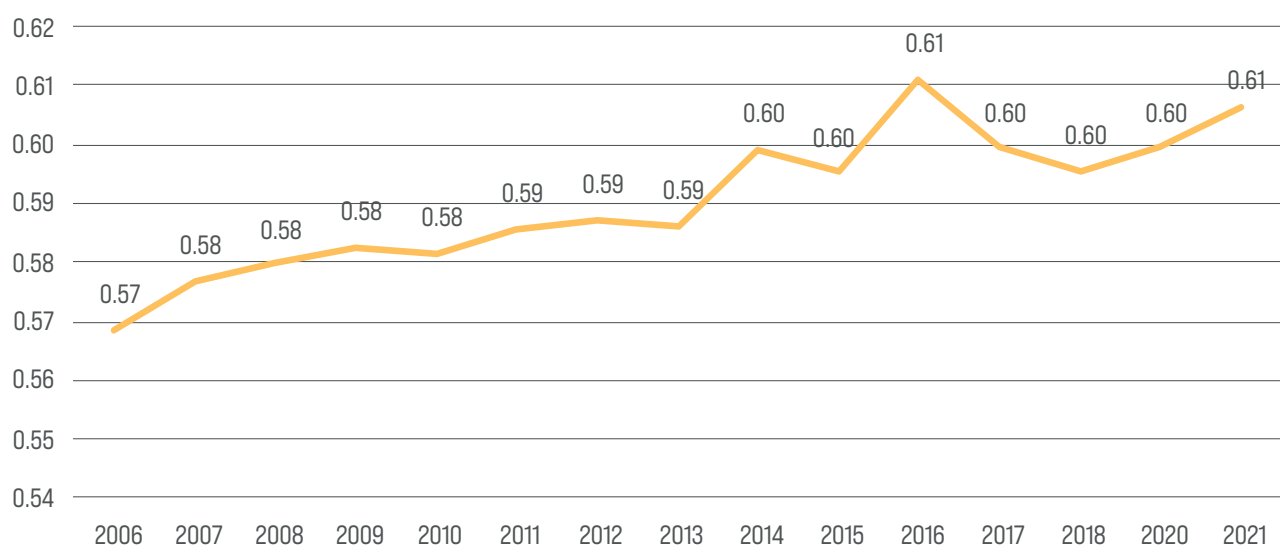
Of the 16 Arab countries covered in the Global Gender Gap Index,¹⁷ the Syrian Arab Republic and Yemen have ranked bottom since 2012. Since 2018, Iraq has joined the Syrian Arab Republic and Yemen among the lowest performing countries. These countries perform badly on the “economic participation and opportunity” subindex, in particular.

Figure 11. Gender gap closed to date by Arab country, 2021



Source: Compiled by ESCWA based on data from World Economic Forum, Global Gender Gap Report, 2021.

Figure 12. Trends in overall closed gender gap in the Arab region, 2006-2021



Source: ESCWA calculations based on data from the global gender gap reports of the World Economic Forum.

Figure 13. Economic participation and opportunity subindex in the Arab region, 2006-2021



Source: ESCWA calculations based on data from the global gender gap reports of the World Economic Forum.

The Arab region has been the lowest performing group worldwide in the “economic participation and opportunity” subindex of the Global Gender Gap Index, which has affected its performance in the entire Index. Over the period 2006-2021, the region managed to close an average of 40.7 per cent of the gap in this subindex, which is relatively low compared with the global average of 58 per cent.

5. Inequality and climate change

Climate change disproportionately affects the poor and vulnerable in the Arab region. These populations are unable to equally cope with increasing temperatures, land degradation, water stress and climate change-related food shortages, and suffer the most from these climate change outcomes. Poor and marginalized populations are usually more exposed and vulnerable to floods, droughts and other natural

In 2018, the Arab region had a gap of 61.7 per cent in the “economic participation and opportunity” subindex, compared with 42 per cent globally. In 2021, the Arab region’s gap under the subindex reached 60.8 per cent compared with a 42 per cent gap globally. At this rate, the Arab region needs around 585 years to close the gap in this subindex, compared with 268 years globally.¹⁸

disasters, and have less capacity to recover when hit by a climate-related shock. Poor families are often forced to live in insecure flood prone areas, in poorly built housing, with restricted access to sanitary infrastructure. Small-scale farmers often face limited access to improved seeds, new technology and knowledge necessary to protect their livelihoods from climate hazards.

Heat waves also cause health problems such as dehydration and even death for poor and vulnerable populations, especially informal workers such as street vendors. Heat waves also result in power outages, which are a main driver of protests in several Arab countries, notably Iraq and Libya. Poor households with no access to alternative sources of energy are disproportionately affected, as they struggle to preserve food and access the Internet and other resources for study or work purposes. In general, even without energy shortages, inequality persists across the region between those who can pay expensive electricity bills and those who cannot.¹⁹ Furthermore, increasing temperatures exacerbate the spread of vector-borne diseases, including malaria, yellow fever and dengue fever, threatening the health of all in the region, especially the poorest who have limited access to adequate health-care services.

Climate change-related food shortages challenge the health and wellbeing of Arab populations, especially the poorest and most vulnerable. In 2019, around 51 million people in the region were chronically undernourished, mostly concentrated in conflict-affected countries and the region's refugee populations.²⁰ Given that changes in climate patterns lead to droughts and hotter temperatures, the region's ability to grow food will be

limited, thus undermining food security. The region's heavy dependence on food imports also puts the poor and vulnerable at a disadvantage, as they struggle to keep up with global food price fluctuations.

Water stress is another outcome of climate change. The Arab region is already the most water-stressed region worldwide, thus undermining the "right to access water" for millions.²¹ About 90 per cent of the region's population, totalling around 382 million people, live in water-scarce countries.²² About 49 million people lack access to basic drinking water, and 74 million have limited access to basic sanitation services.²³ This inequality in access to basic service is not experienced by all. People living in rural areas are underprivileged compared with those living in cities, who have better access to water and sanitation services. For instance, 23 per cent (37 million) of people, in rural areas still lack basic drinking water services compared with only 6 per cent (13 million) in urban areas. The disparity is even greater for sanitation services, with 32 per cent (51 million) of people, in rural areas lacking basic services compared with 10 per cent (22 million) in urban areas. For example, in the Syrian Arab Republic, about half the water infrastructure was destroyed in the war, but it was rebuilt faster in urban areas than in rural areas, since urban settings attract more investment.

6. Multidimensional inequality

Inequality is both intersecting and multidimensional, and includes various interrelated social, economic, cultural and political factors that operate at all levels, which make it harder to measure and hence to reduce. It is usually the most vulnerable who face multiple forms of inequality, such as poverty, lack of quality education, and limited access to the formal workforce. These groups are often trapped in a vicious cycle of poverty, with inadequate opportunities to reduce their poverty because they suffer from various forms of inequality.

Despite the health and education gains achieved by the region, inequality in education between wealth groups,

especially at the secondary level, remains among the highest worldwide. This indicates that progress is not adequately reaching the most vulnerable in the region, reflected in persistent and pervasive disparities resulting from adverse childhood experiences, early school drop-out, difficulties with literacy and numeracy, health problems, and discrimination and prejudice. People at the lower end of the social gradient are vulnerable, with a higher proportion becoming socially excluded. These people experience multiple forms of discrimination, stigma and disadvantage that accumulate and compound inequality.



In Tunisia, the following issues were mentioned as reducing children's opportunities in life: being born in poor health or with a disability (78 per cent), born into a family with low income (73 per cent), and being born into a family living in a rural area (65 per cent).

Source: Pathfinders, From Rhetoric to Action – Delivering Equality and Inclusion, 2021.

Population groups, such as older men and women, persons with disabilities and migrants, are most likely to face intersecting inequalities, especially in terms of limited access to basic services such as education and health. Disability increases with old age, and countries with higher shares of people over 65, such as Morocco, Oman and Yemen, have higher rates of disability at around 37 per cent. These groups also have limited spatial access and access to technology, especially e-services, meaning that they are more disadvantaged than other groups in the same country.

Persons with disabilities have restricted employment opportunities in the Arab region, which hinders their ability to have a sustained source of income source.

In nine Arab countries for which data are available, the unemployment rate for persons with disabilities is higher than that of persons without disabilities, especially among women with disabilities. A case in point is Saudi Arabia, where unemployment among women with disabilities is 75.3 per cent, which is 2.3 times higher than that of women without disabilities, estimated at 32.5 per cent.



In Jordan, 35 per cent of private sector institutions and 54.5 per cent of public sector institutions require that applicants be free from any disability or illness.

Source: ESCWA survey of the private sector.

The unemployment gap is also wide among men: the unemployment rate for men with disabilities is 48.6 per cent, compared with 11.5 per cent for men without disabilities.²⁴

Furthermore, persons with disabilities who are employed often suffer from low income and job insecurity, because they are in informal, irregular, temporary or part-time jobs. The exclusion of persons with disabilities from the labour market is a significant waste of potential, resulting in an estimated GDP loss of between 3 and 7 per cent.²⁵

Migrants are also affected by intersecting forms of inequality. The Arab region hosts more than 41.4 million migrants and refugees.²⁶ Migrants in most Arab countries do not have access to social protection systems and are unable to contribute to social insurance programmes. As a result, large numbers of migrants do not have pensions or health coverage in their old age, and are at heightened risk of income insecurity and ill health. These vulnerabilities contribute to increased multi-dimensional inequality.