

Arab Region Inequalities

Comments by Vladimir Hlasny

(Khalid Abu-Ismael, Hassan Hamie, Abdulkarim Jaafar, Jinane Jouni

– without implication)

UNU-WIDER / ERF Session, 5-October 2022



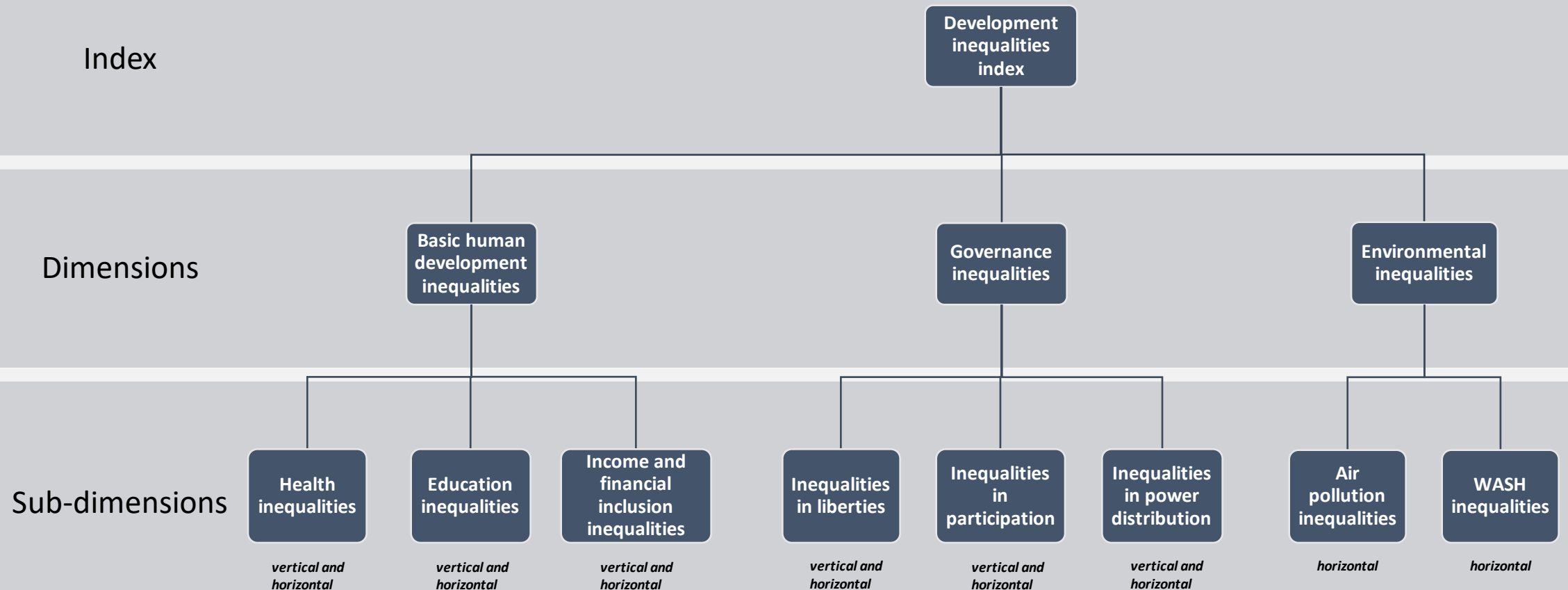
Shared Prosperity **Dignified Life**



Multidimensional Inequalities

Development Inequalities Index

How can we operationalize Sen's capability approach in a multidimensional inequality context?



Indicators

Gender inequality in mortality rates under the age of 5

Vertical inequality in life expectancy

Gender inequality in expected years of schooling

Gender inequality in mean years of schooling

Disadvantaged/privileged inequality in education

Gender gaps in income

Disadvantaged/privileged inequality in income

Gender inequality in bank accounts

Vertical inequality in wealth

Gender & disadvantaged/privileged inequality in civil liberties

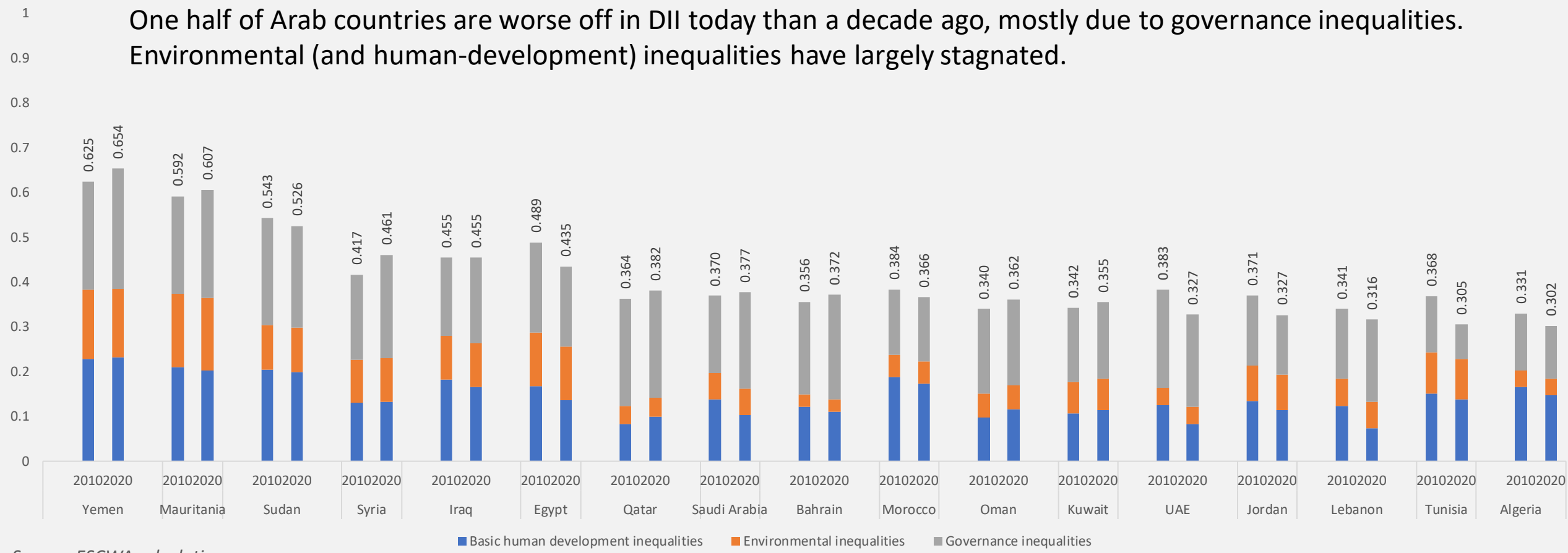
Gender & disadvantaged/privileged inequality in political participation

Gender inequality in mortality from ambient indoor pollution

Gender inequality in mortality from water sanitation & hygiene deprivation

The highest share of inequalities in most Arab countries comes from governance inequalities. Within human development inequalities, wealth & income are most critical.

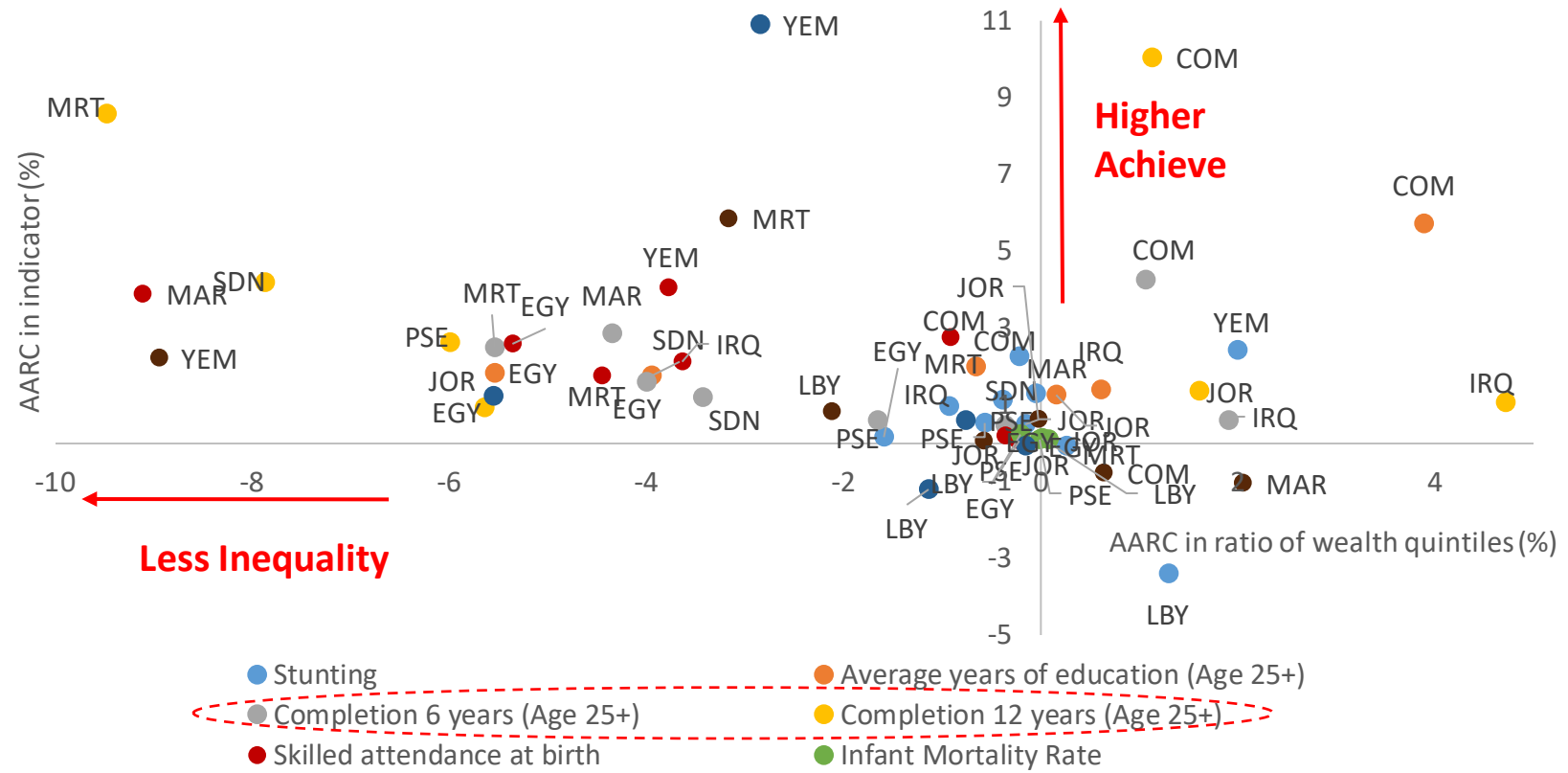
One half of Arab countries are worse off in DII today than a decade ago, mostly due to governance inequalities. Environmental (and human-development) inequalities have largely stagnated.



Source: ESCWA calculations

Reduction in basic health & education inequalities has counteracted rise in moneymetric inequality: surveys show closing gaps between rich & poor (but some mixed results too)

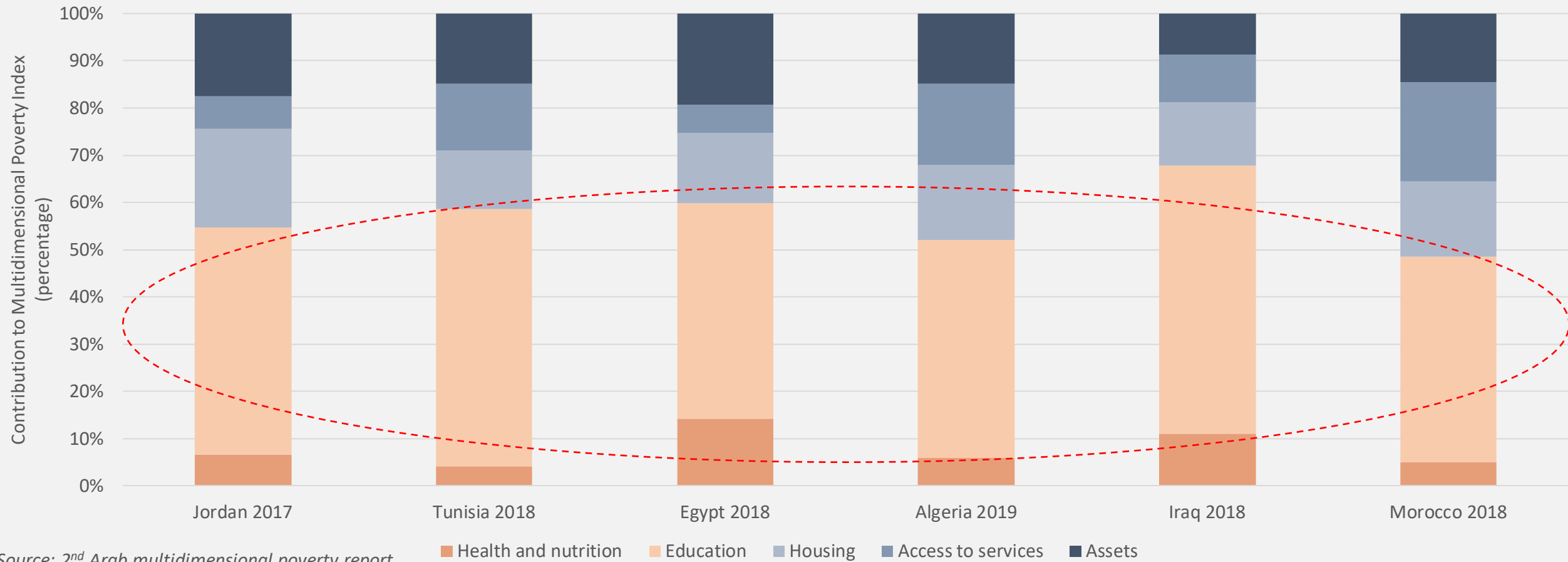
Average annual rate of change (AARC) for selected indicators and their respective wealth ratio



- All indicators are measured as achievements; so, the wealth ratio measures richest to poorest quintile.
- Overall, Arab countries have had human capital gains while also reducing inequality.

Source: ESCWA's calculations based on household surveys
 Note that for all indicators, we set -10 and 10% as lower and upper bounds for the average annual rate of changes (AARC) in the ratio of richest to poorest quintiles .
 Generally, AARC values for all countries fall within this range, except for the following cases. Palestine and Sudan for safe drinking water. Mauritania and Morocco for improved sanitation.

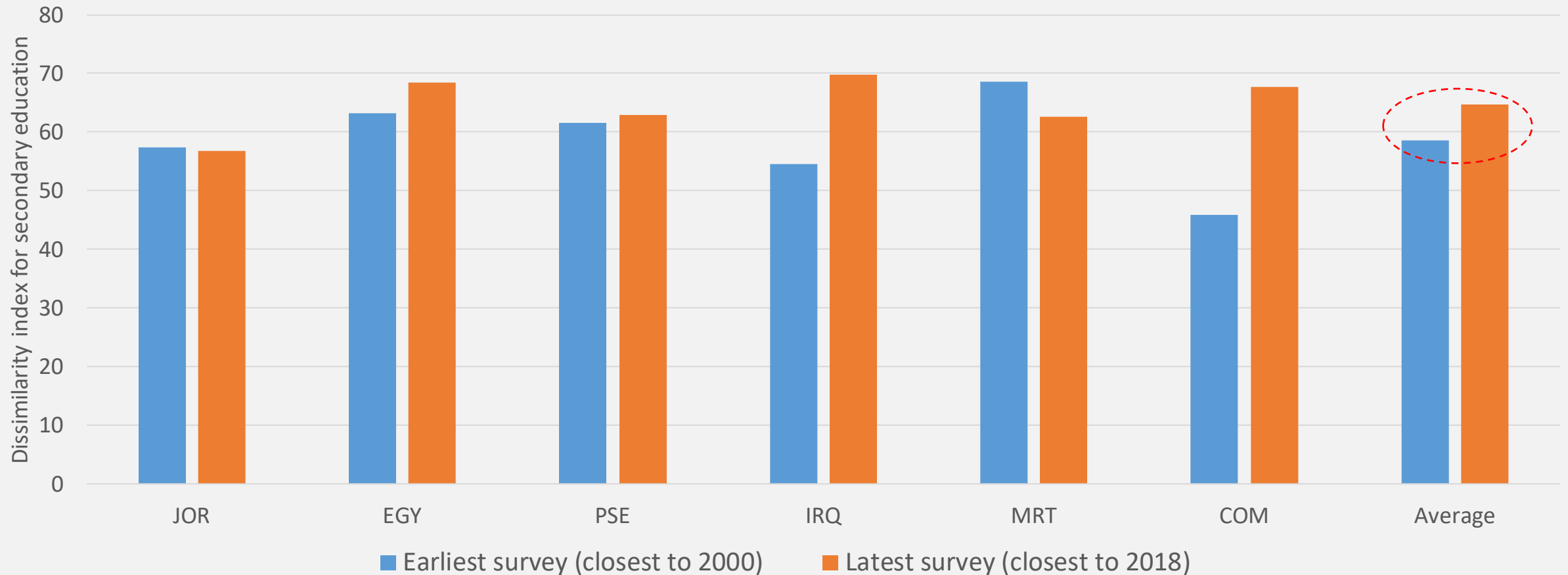
Deprivation is still mainly in the education component.



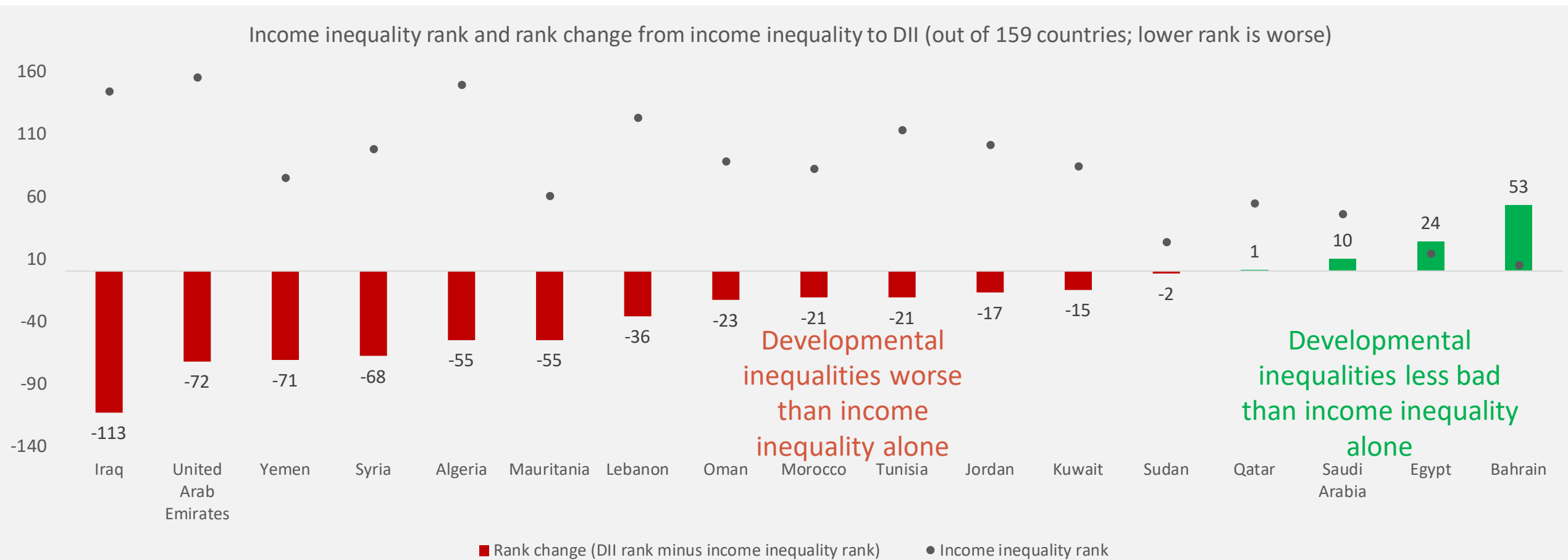
Source: 2nd Arab multidimensional poverty report

Health and nutrition Education Housing Access to services Assets

Especially opportunities in secondary education exhibit high & rising gaps

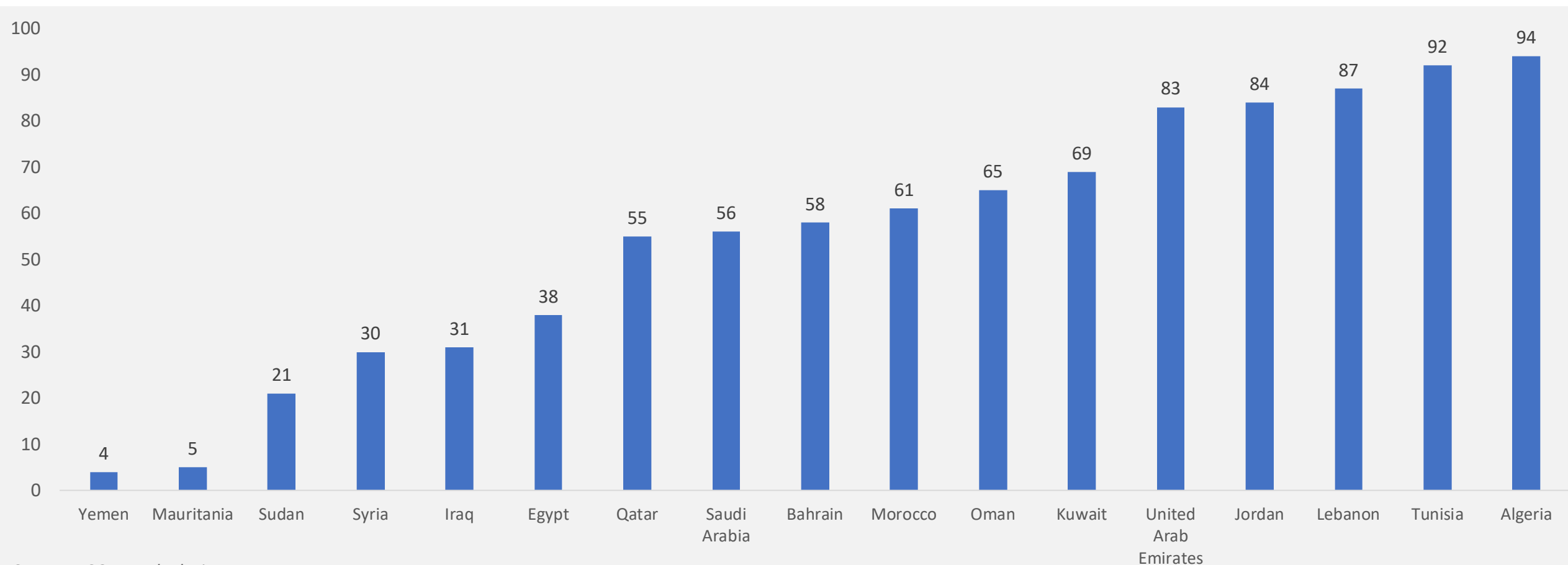


Most Arab countries show poorer performance on development inequalities compared to their income inequality.



Source: ESCWA calculations

Arab countries' global ranks on the development inequalities index: In the global bottom half (out of 159)



Source: ESCWA calculations

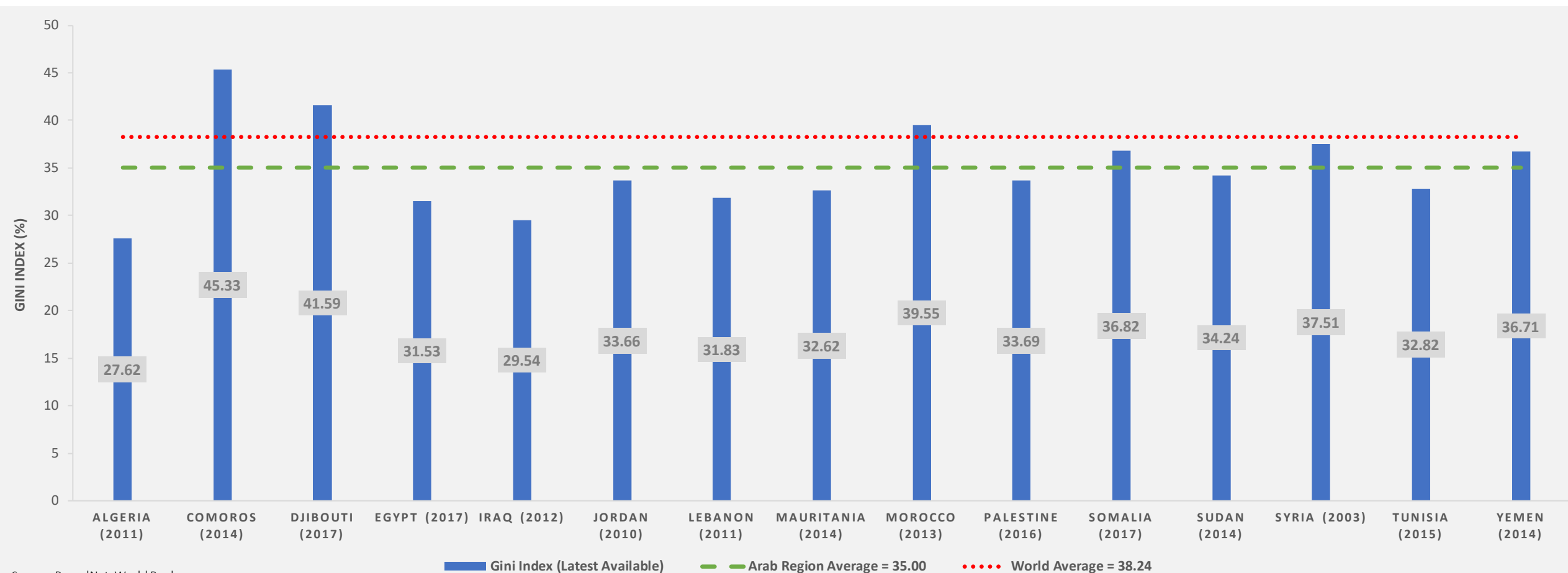


Shared Prosperity **Dignified Life**



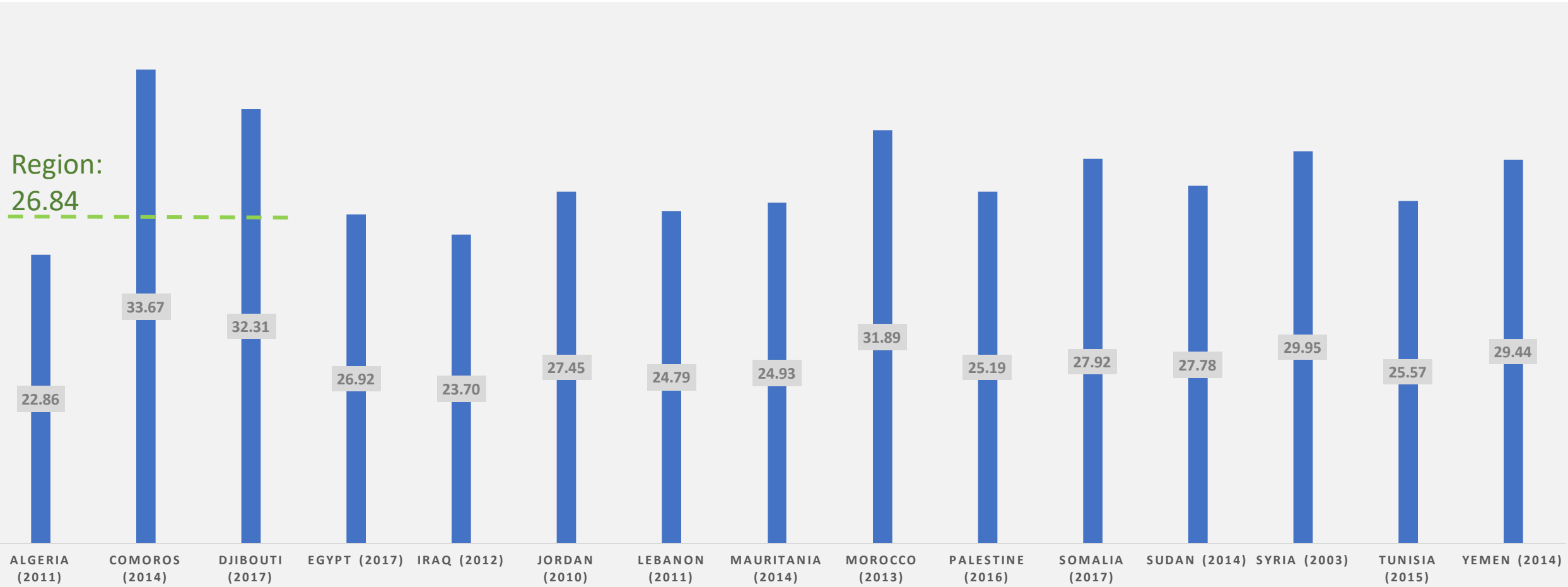
Income Inequality

National income Ginis have been low & relatively stagnant since the 1990s (according to surveys)



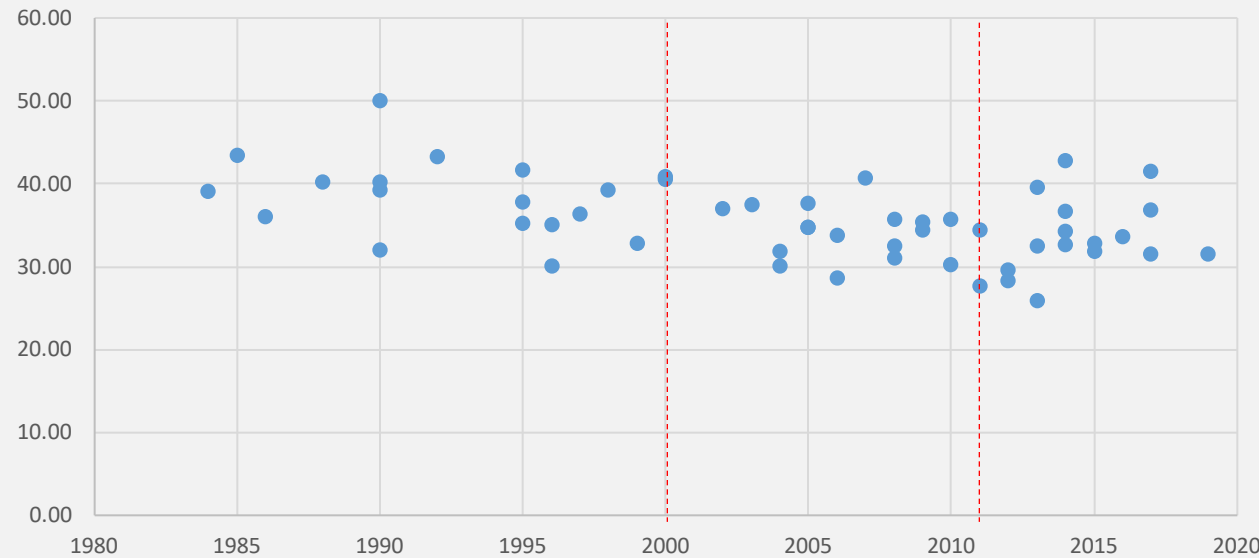
Source: PovcalNet, World Bank

Income concentration among the top 10% has been low too (according to surveys)

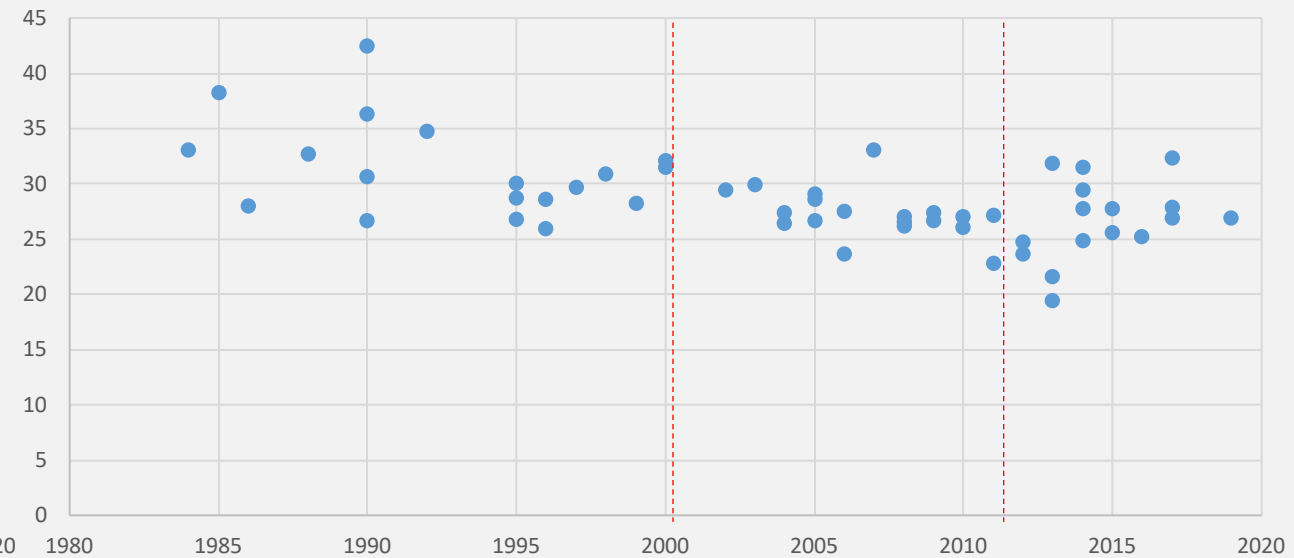


Inequality appears to have stagnated during the 1990s, decreased throughout the 2000s and picked up in the 2010s

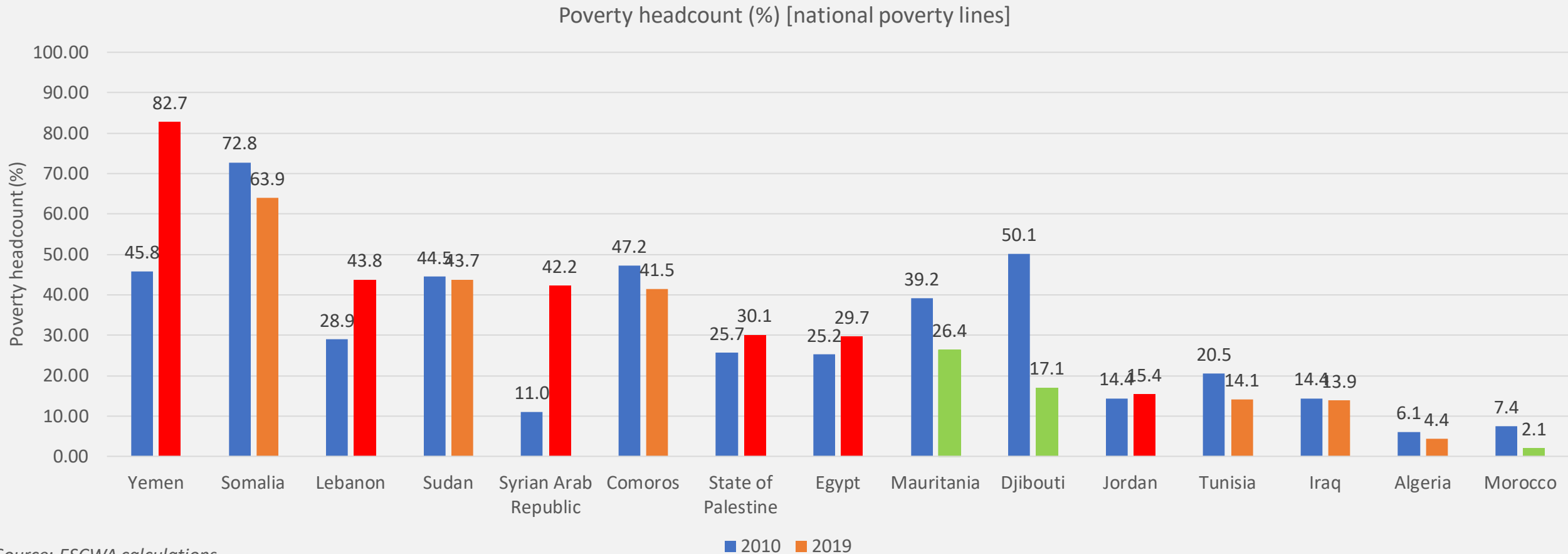
Gini



Top 10% share (%)



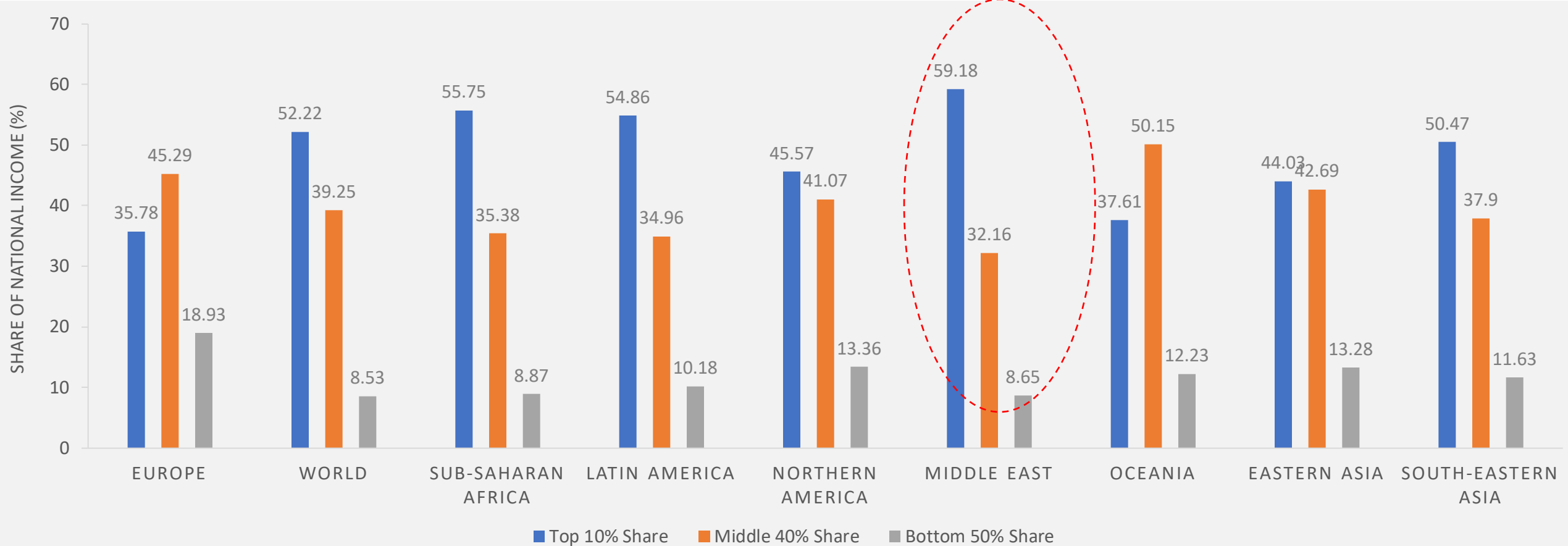
Poverty is also rising, particularly faster in conflict-affected countries



Source: ESCWA calculations

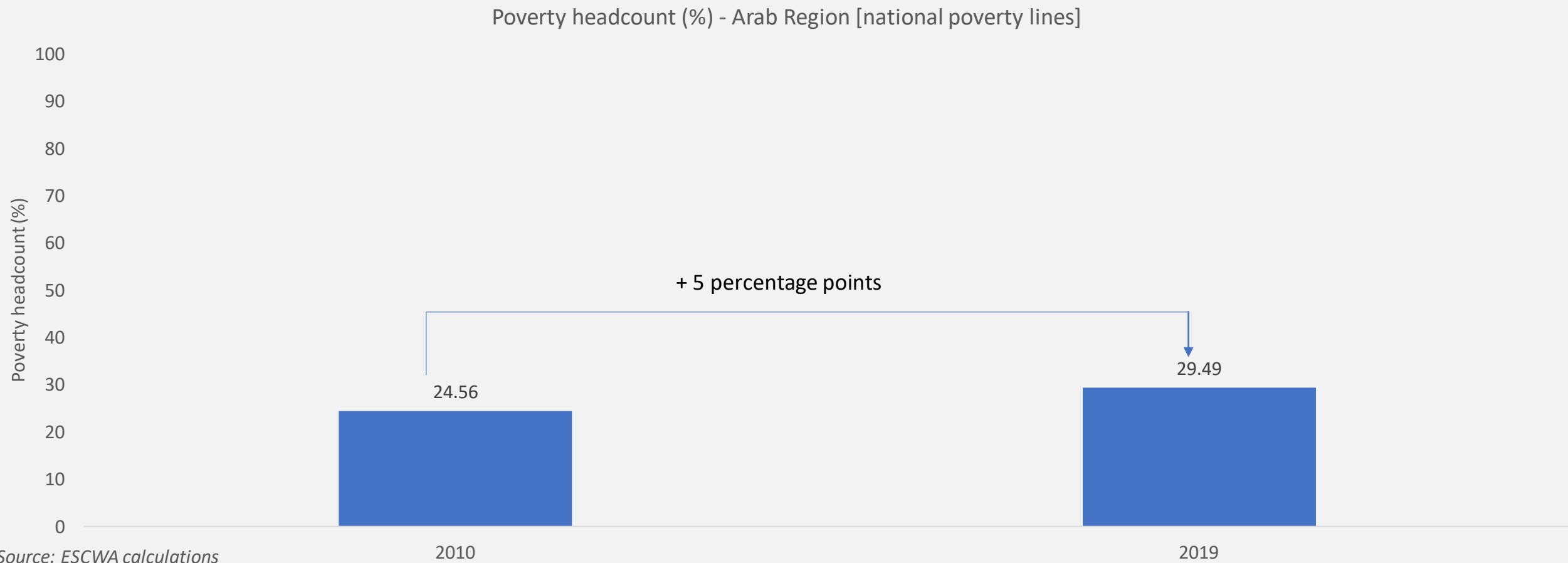
At the regional level, correcting for measurement issues, income concentration is estimated much higher

SHARE OF NATIONAL INCOME (%) IN 2019, BY REGION

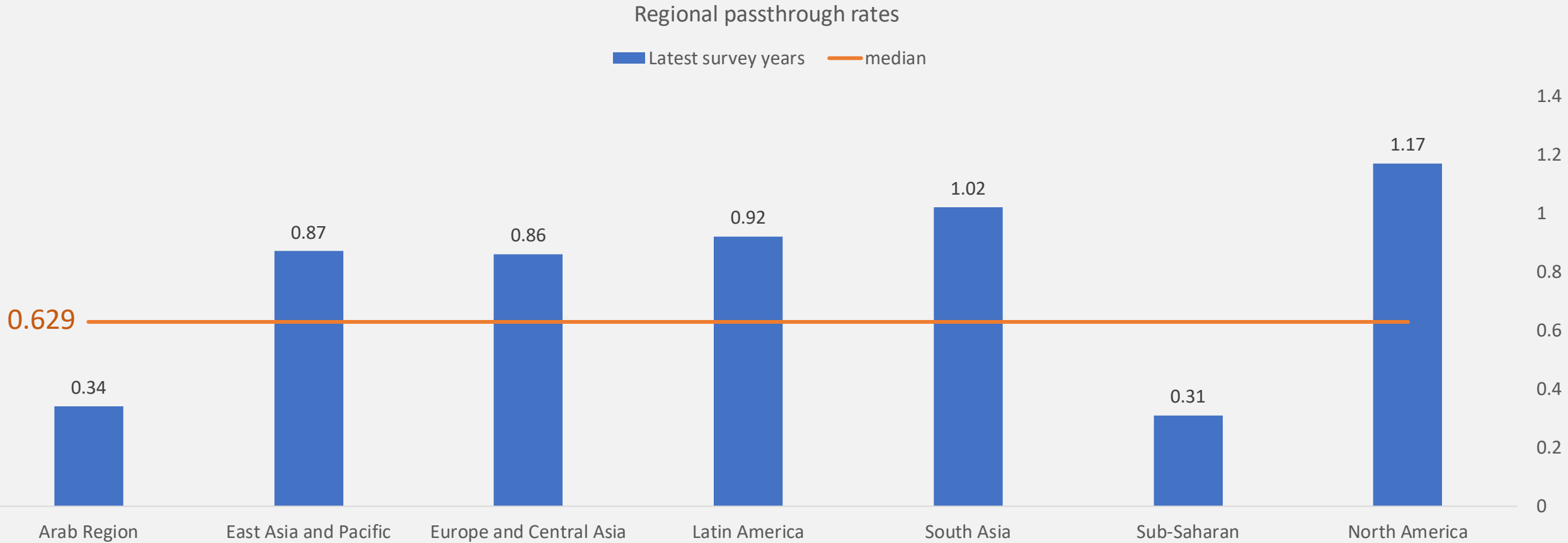


Source: World Inequality Database (WID)

Arab region thus saw a large rise in income poverty (regardless how measured)



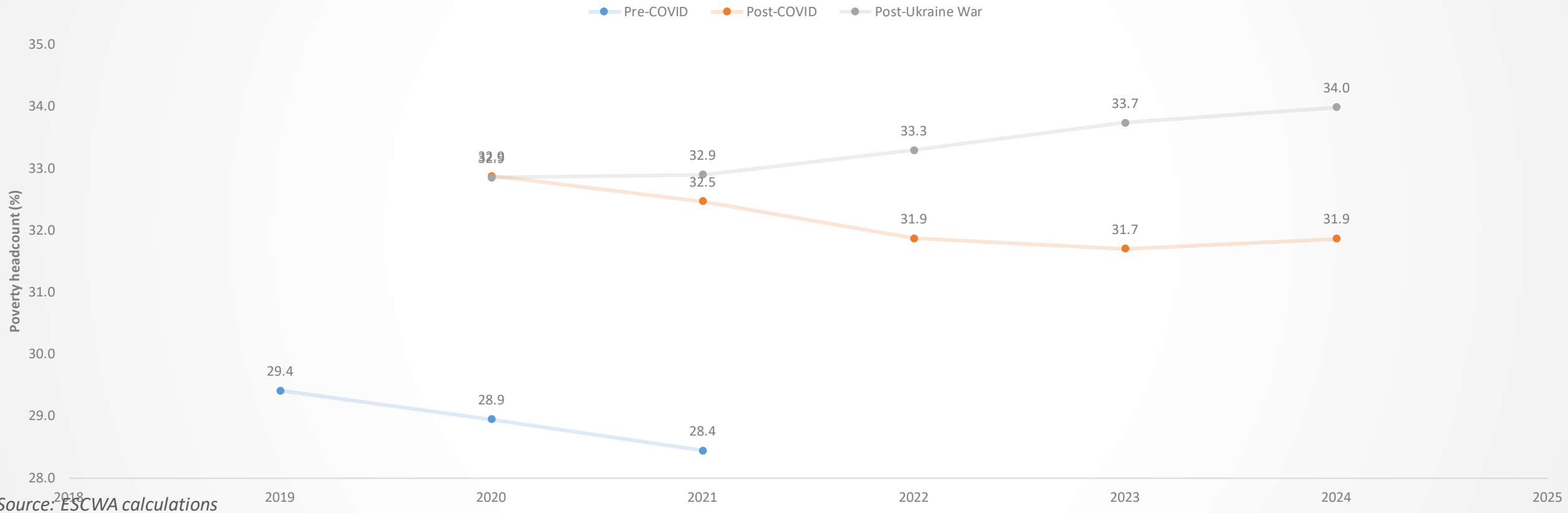
Structural challenge: low passthrough from national to household level growth (according to surveys)



Source: ESCWA calculations

Post-COVID, even by conservative projections, income poverty remains on its pre-pandemic (rising) trajectory

Poverty headcount (%) - Arab Region [national poverty lines]



Source: ESCWA calculations



Shared Prosperity **Dignified Life**

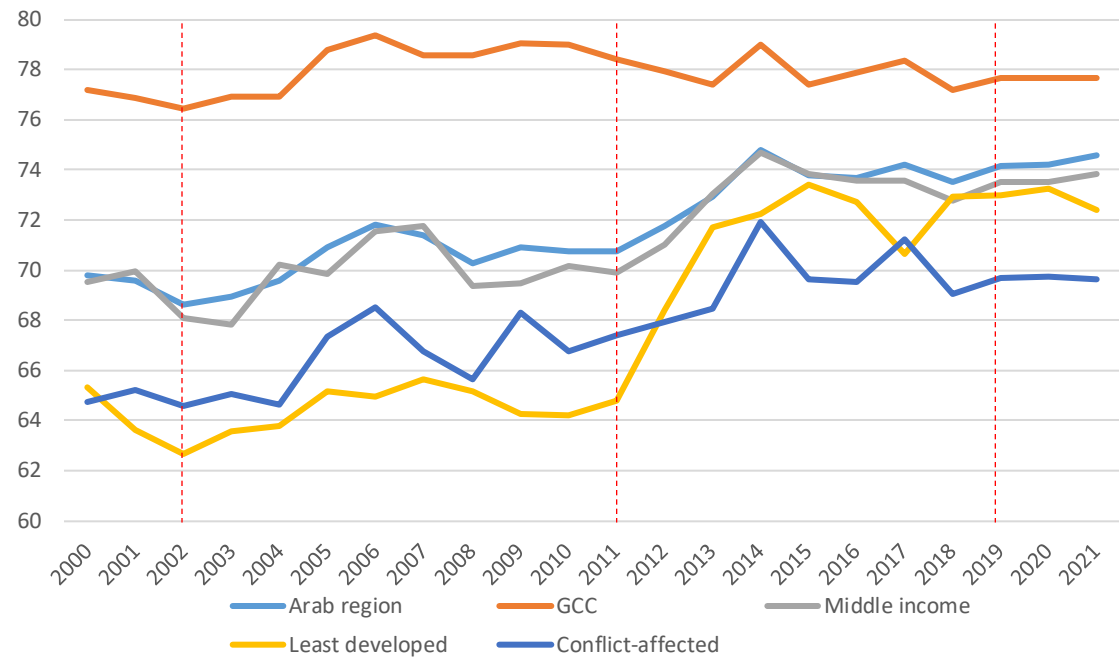


Wealth Inequality

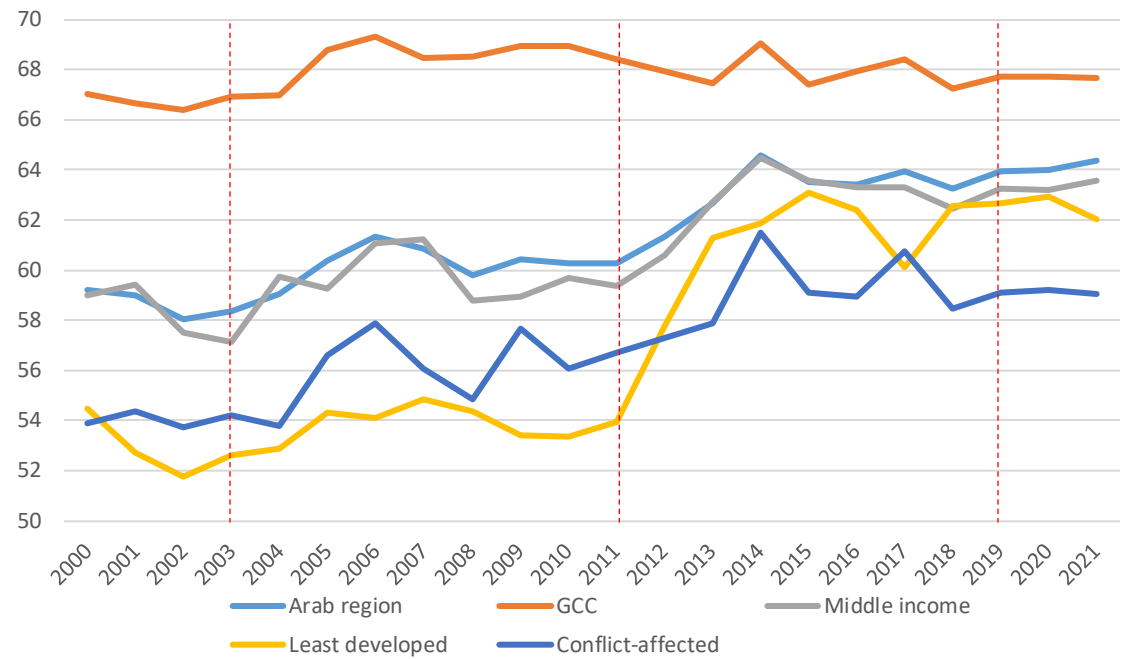
Countries' Wealth Distribution

Inequality decreased in the early 2000s, stagnated in the 2000s, and picked up in the 2010s in all but GCC countries – converging across countries

Within-country Gini index (%)



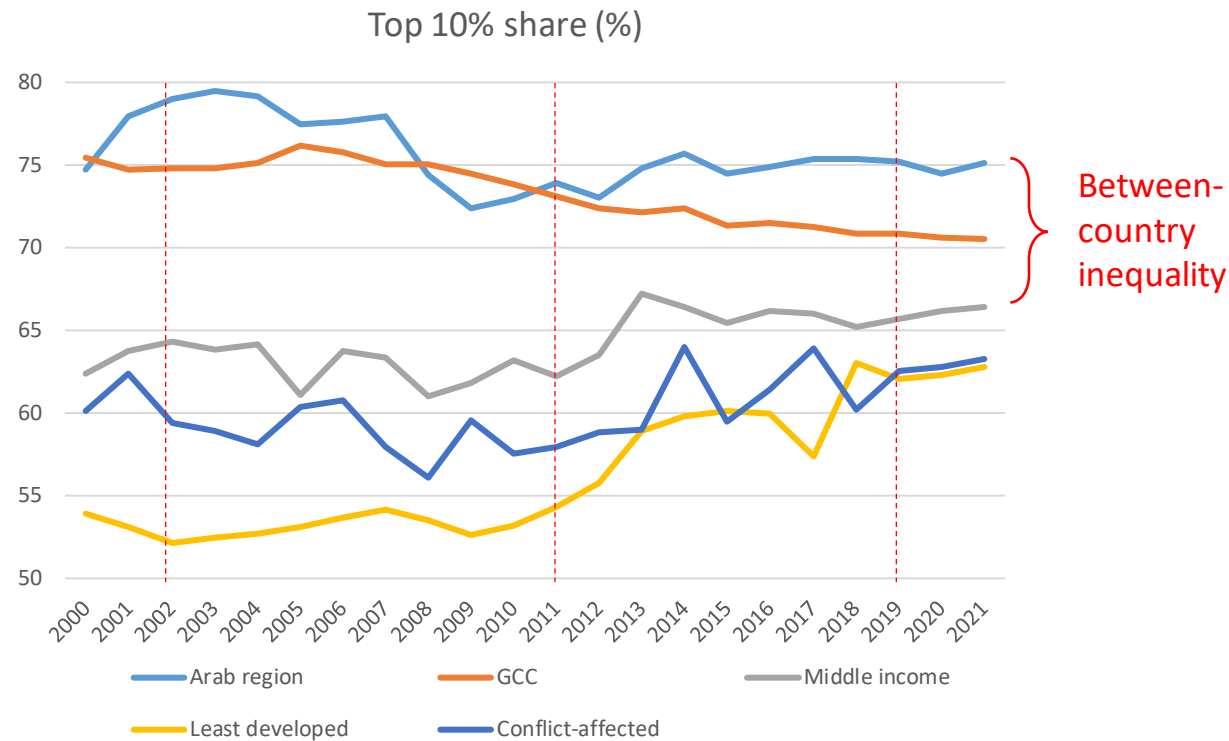
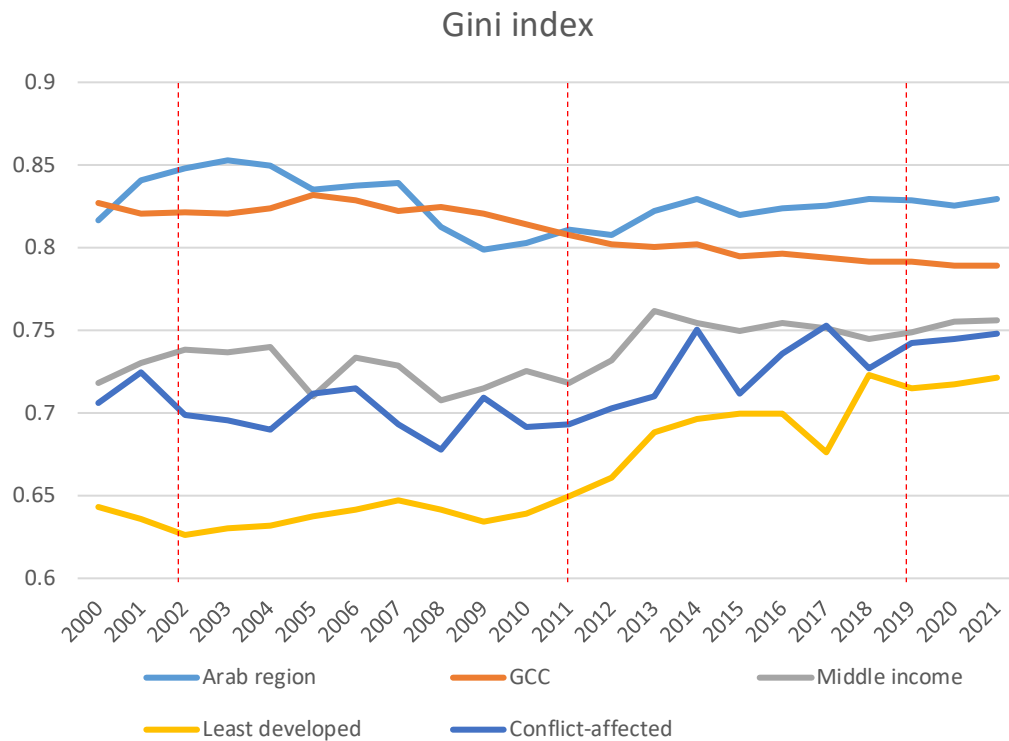
Within-country top 10% share (%)



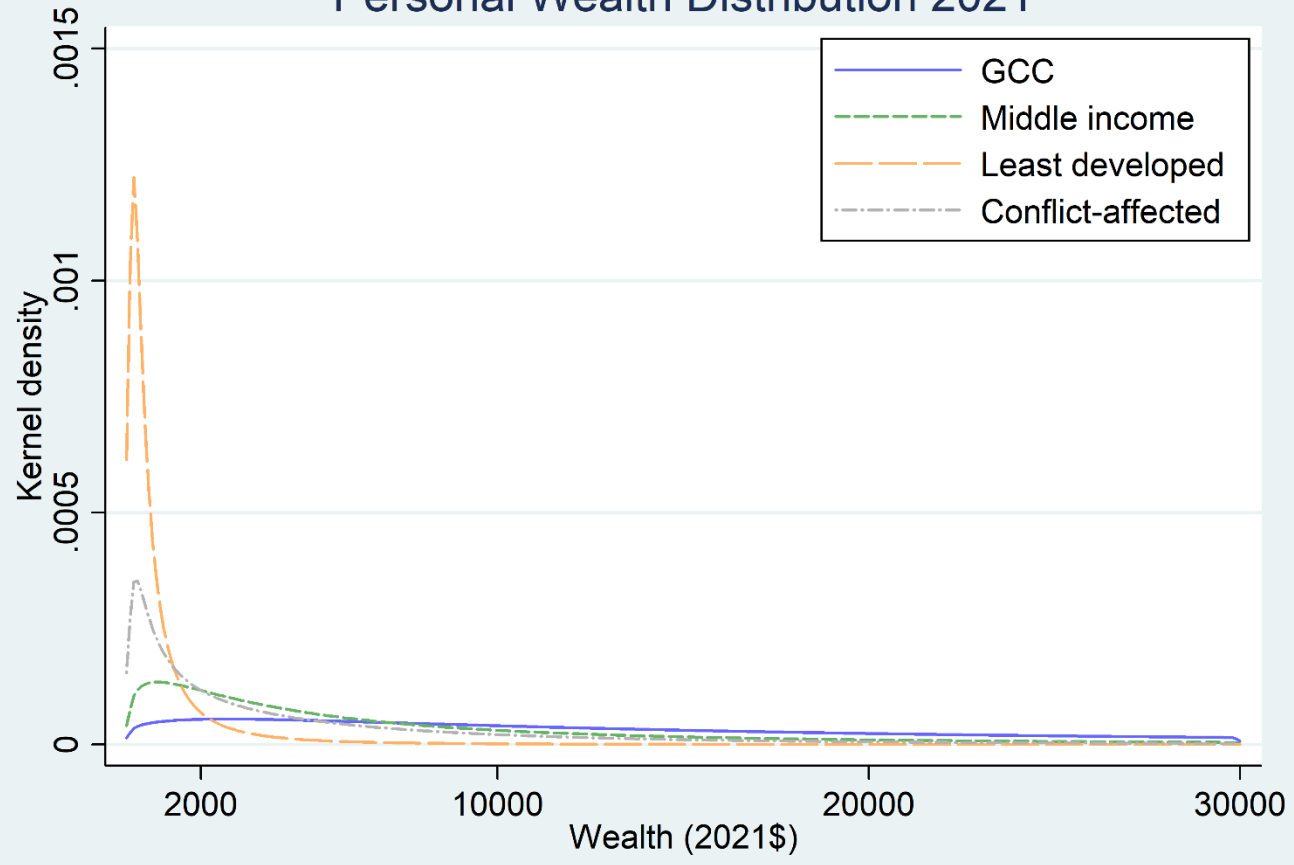
(Sub)Regional Wealth Distribution

Inequality decreased/stagnated in the 2000s, and picked up in the 2010s in all but GCC subregion – converging across subregions.

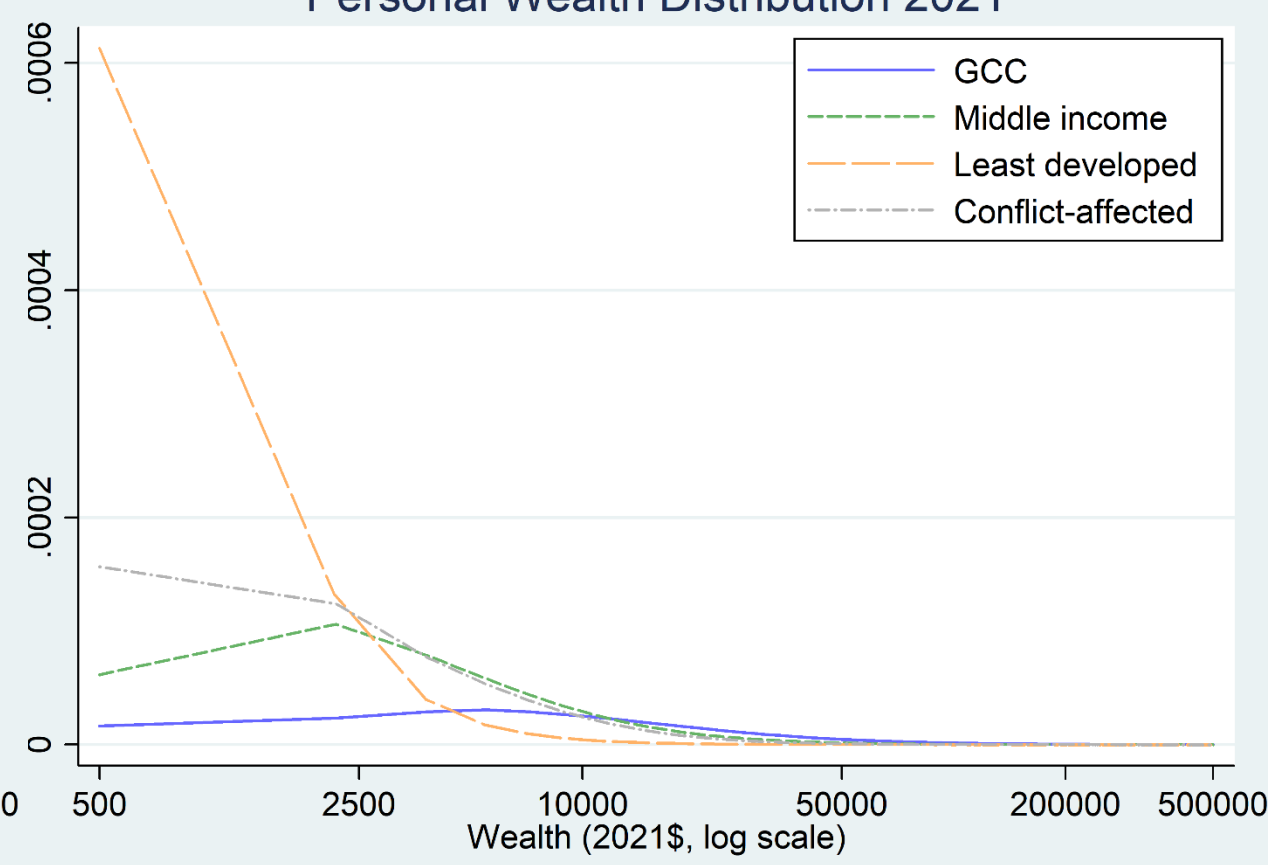
Between-country inequality abated, both within and across subregions.



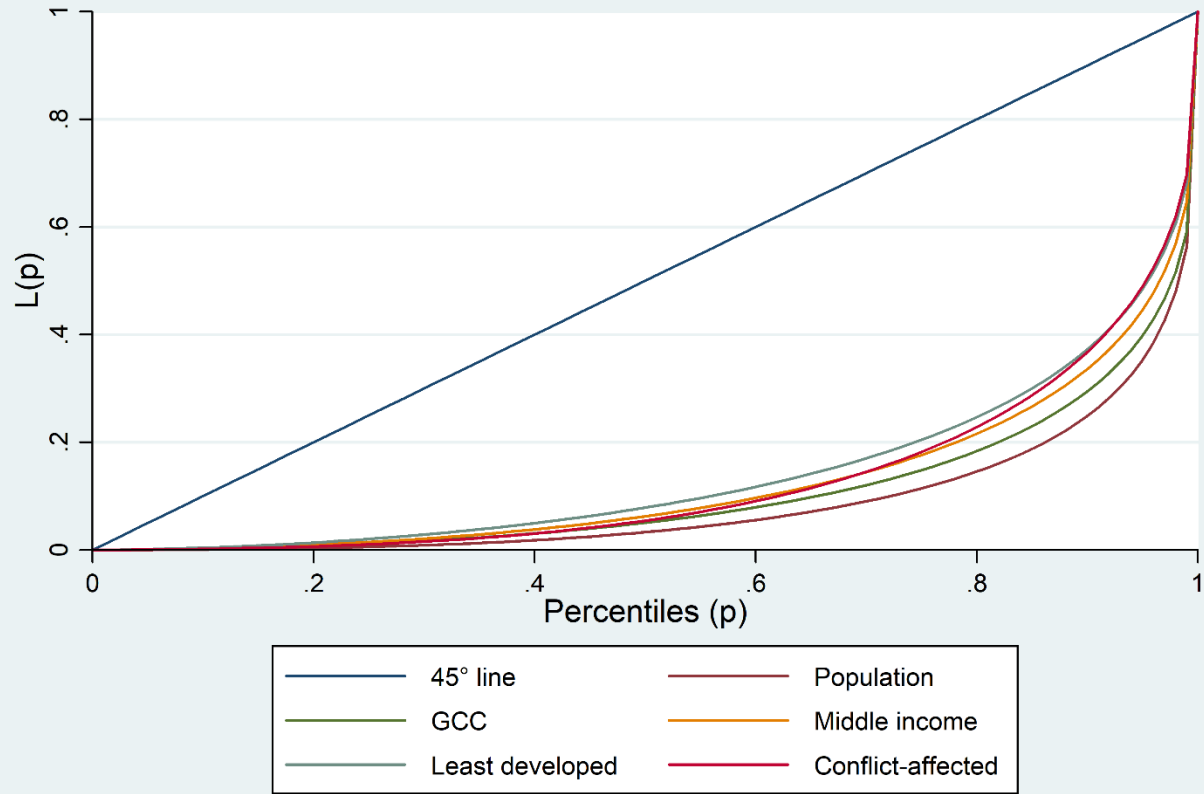
Personal Wealth Distribution 2021



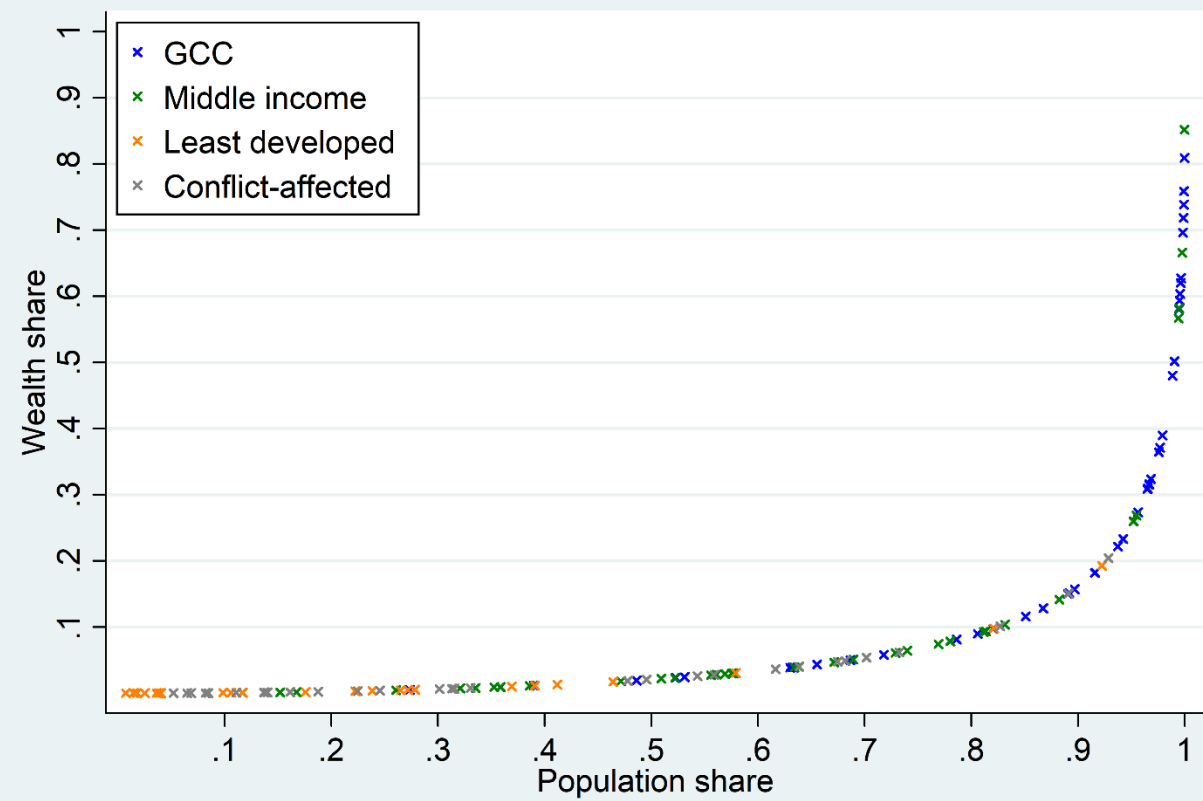
Personal Wealth Distribution 2021



Lorenz Curves



Personal Wealth Lorenz Curve 2021

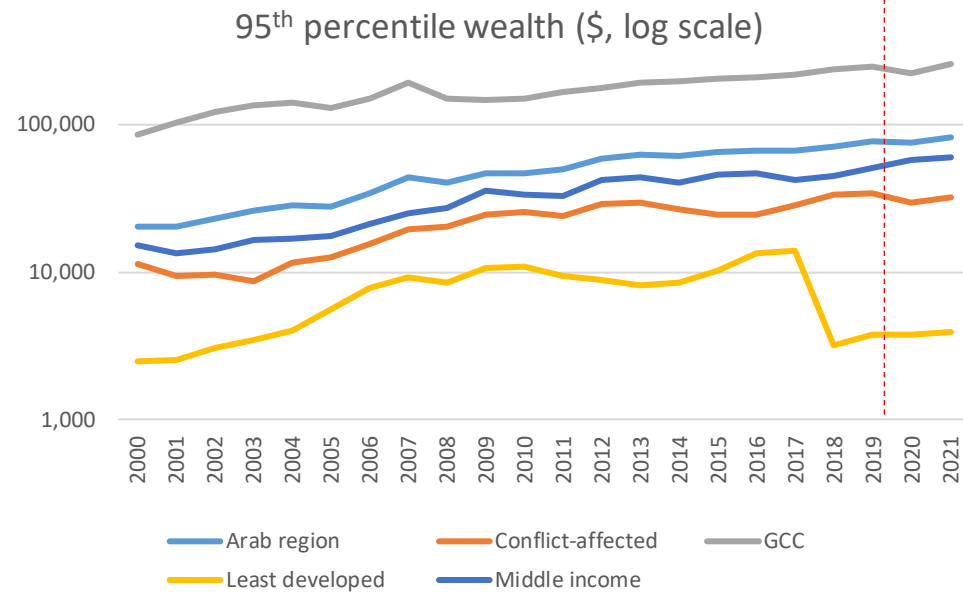
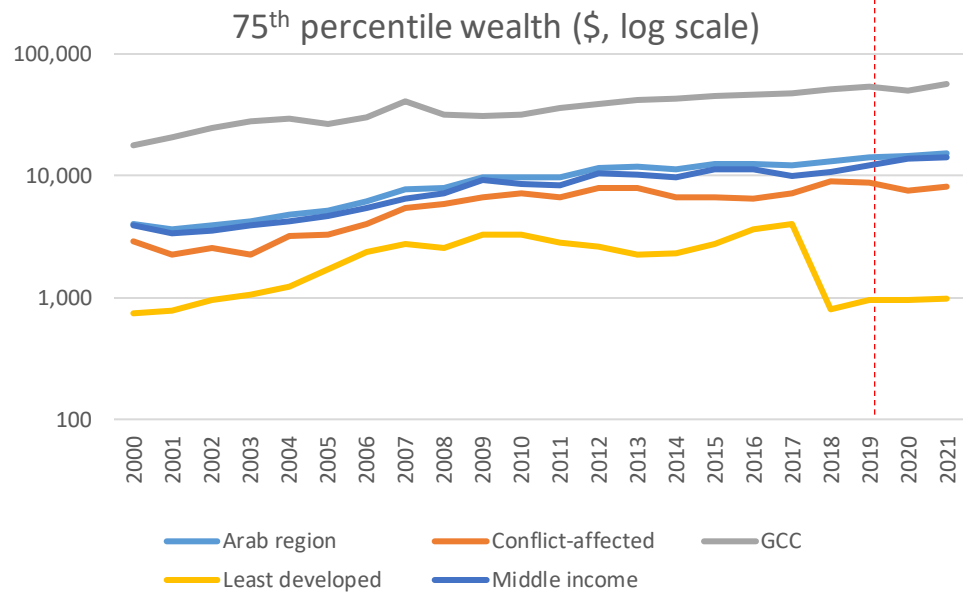
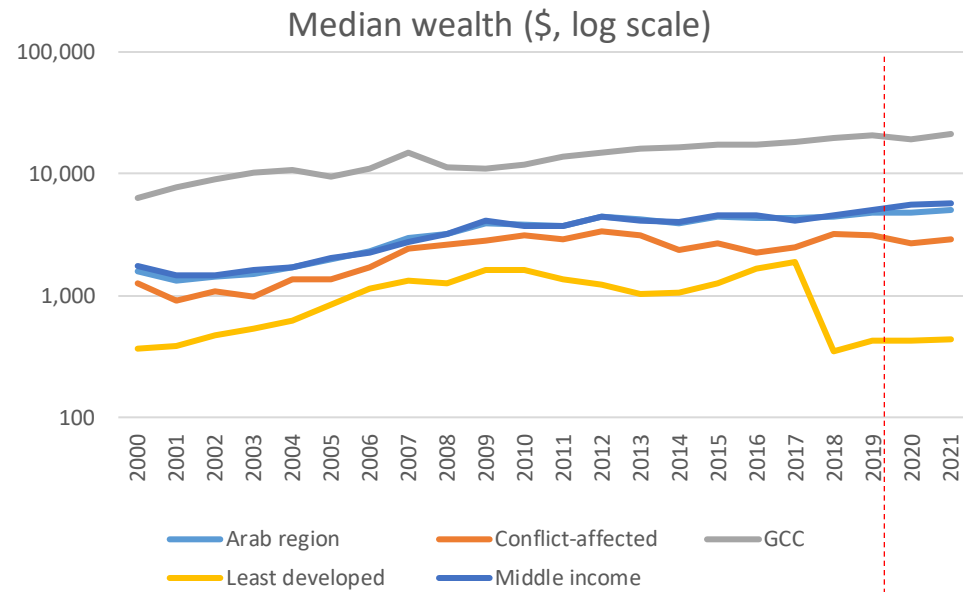
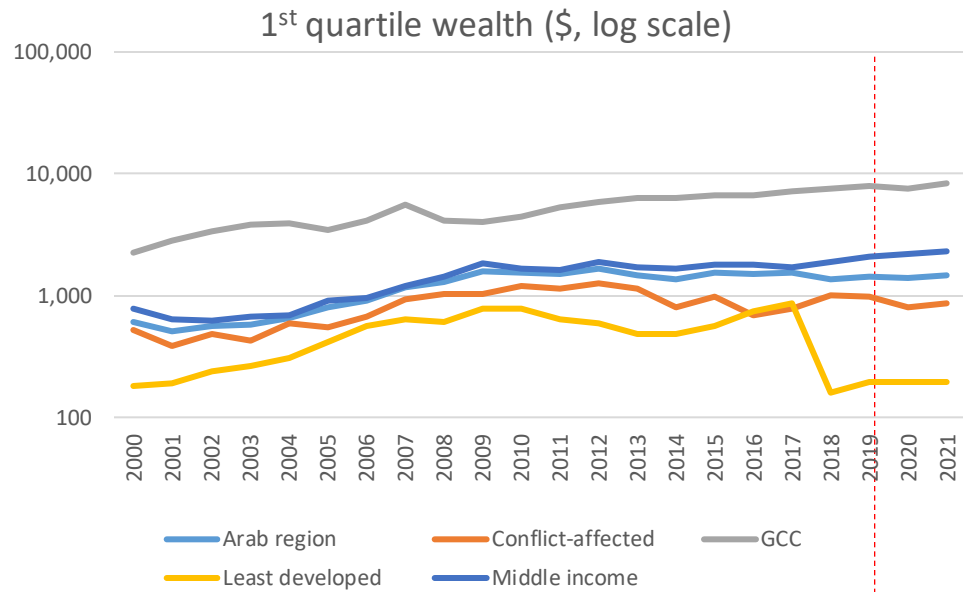


Gini decomposition

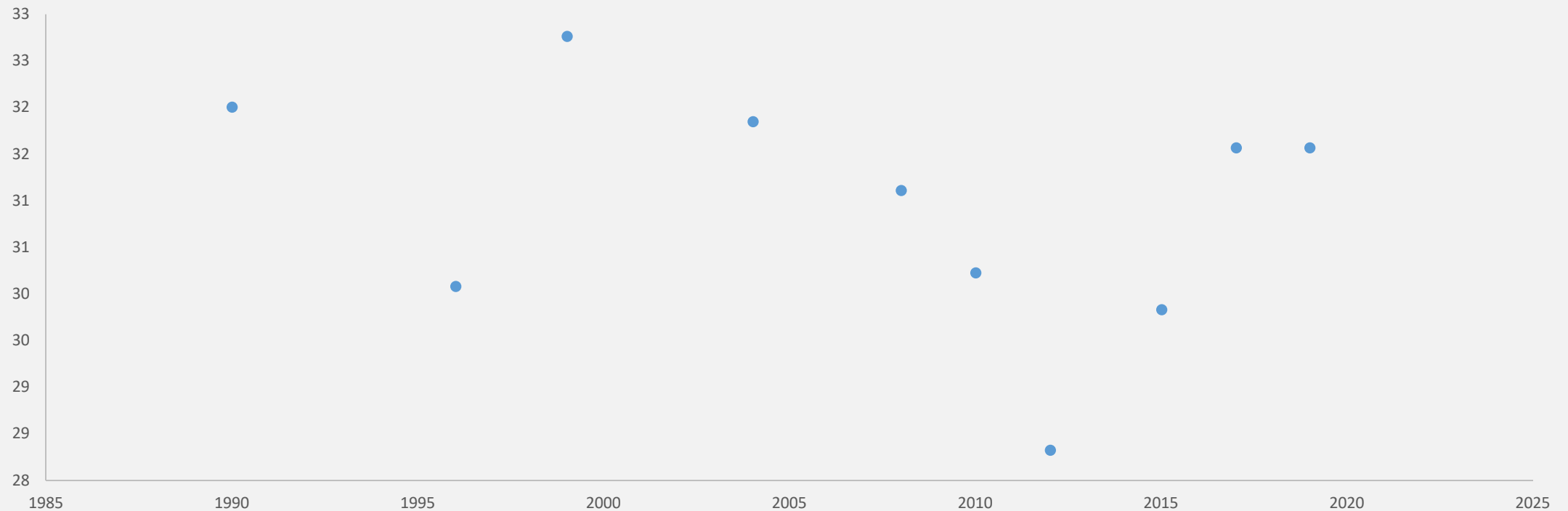
	Within	Between	Overlap
Arab region	27.7%	55.7%	16.6%
GCC	32.8%	23.2%	44.0%
MICs	28.1%	31.3%	40.5%
LDCs	55.3%	30.4%	14.4%
Conflict-affected	29.5%	44.1%	26.4%

Middle-income countries: Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia.
Conflict-affected countries: Iraq, Libya, State of Palestine, the Syrian Arab Republic and Yemen. Least developed countries: Comoros, Djibouti, Mauritania and Sudan. Data for Somalia not available. Distributional data unavailable for Somalia. Data for the State of Palestine and The Sudan are taken from the latest available year, 2016 and 2020, respectively.

Regional Wealth Levels

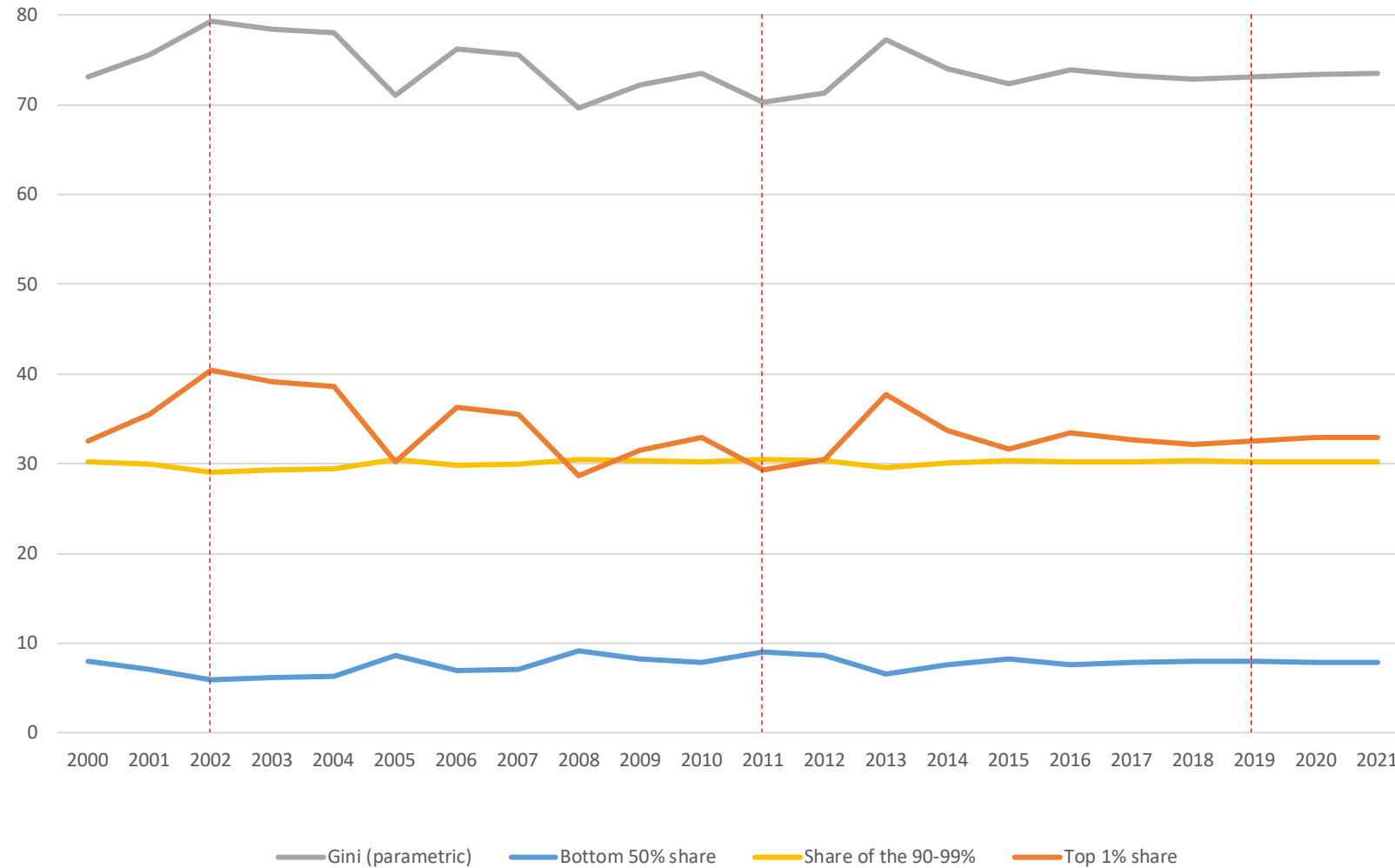


Case study: Egyptian income Gini, observed surveys [1990,2019]



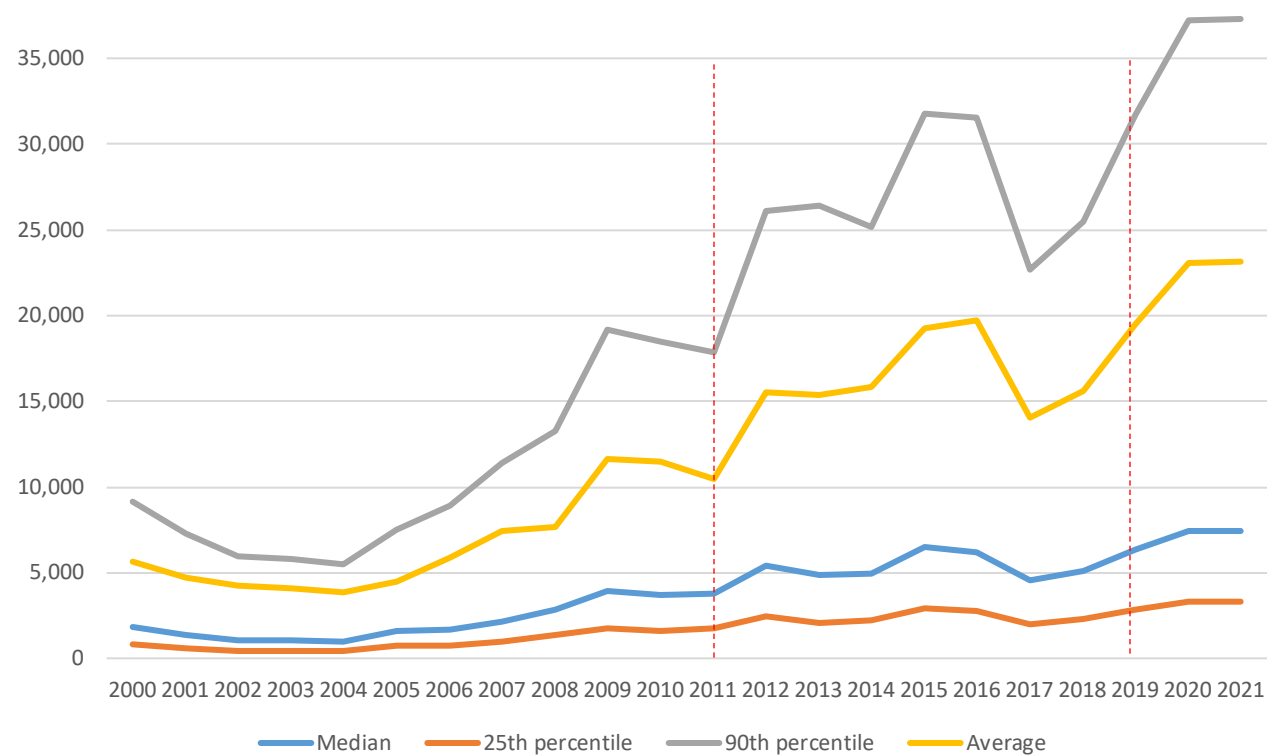
Wealth Distribution & Its Trend

Personal wealth concentration

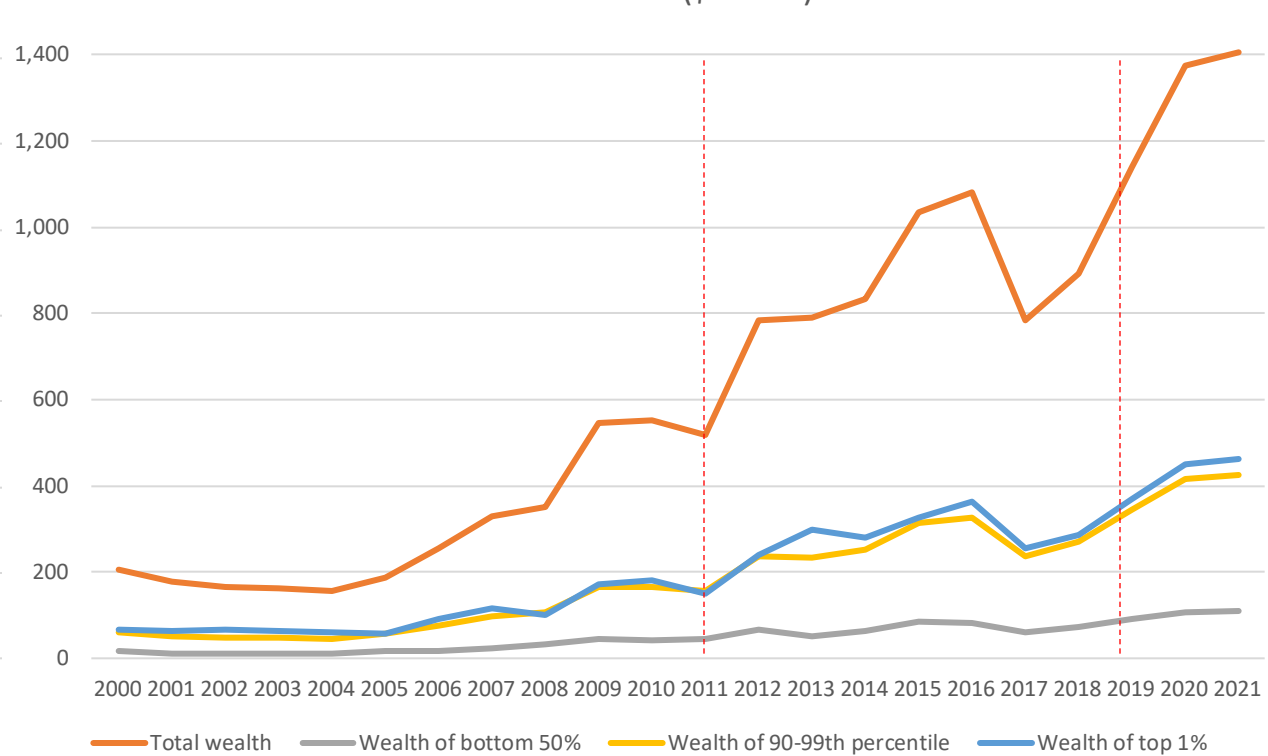


Level of Wealth (to be Tapped)

Personal wealth levels



Wealth stock (\$billion)





Shared Prosperity **Dignified Life**



Thank you