



Inequality in the Arab region

Crisis upon crisis



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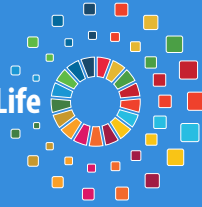
PATHFINDERS
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Inequality in the Arab region

Crisis upon crisis



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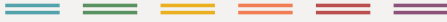
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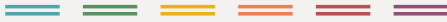
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Foreword



As 2023 began, hopes were high in the Arab region that the shadow of COVID-19 would finally recede, paving the way for a return to normality after the challenges of 2022. Incomes were expected to rise, and prices expected to fall.

However, this anticipated uplift in general well-being failed to materialize. Instead, 2023 was marred by a succession of crises. From the devastating earthquake in the Syrian Arab Republic to resurfacing conflicts in the Sudan and natural disasters in Morocco and Libya, the region was forced to grapple with numerous challenges. Concurrently, perennial threats such as droughts, water scarcity, conflicts, hyperinflation, and institutional instability continued to erode the fabric of societies and economies. The resulting economic slowdown exacerbated poverty while constraining Governments' capacity to provide essential services, further deepening societal divides.

These crises often intertwined, triggering a cascade of interconnected challenges known as polycrises. The impact of these polycrises has been immense. It has led to loss of life, displacement, hunger, and diminished access to health care and education becoming everyday realities for many. Notably, inequality has soared, with marginalized groups – especially the poor, young people, and women – bearing the brunt of the consequences. This vicious cycle of inequality perpetuates a cycle of multidimensional disparities, amplifying the risk of future crises.

For the people of the region, navigating the hardships thrust upon them is a daily challenge. Their resilience in the face of adversity demands attention and action. Addressing their concerns is not only a moral imperative. It is also essential for fostering stability in the region.

However, amid the chaos lies an opportunity for collective action. With the 2030 Agenda for Sustainable Development within reach, there is a pressing need for accelerated efforts to achieve the Sustainable Development Goals (SDGs). Encouragingly, recent global gatherings such as the SDG Summit, the United Nations Water Conference and Conference of the Parties (COP) meetings have laid the groundwork for progress. From bolstering financial mechanisms to tackling inequality, there is tangible momentum for change.

In seeking to bring such change about, we must recognize the symbiotic cyclical relationship between crises and inequality. In designing interventions, we must pay continuous attention to breaking this cycle and safeguarding equality during times of crisis.

In the short term, national and international actors need to prioritize immediate humanitarian aid and social assistance. These must be backed by robust preparedness measures and must operate using flexible funding mechanisms. Embracing technology and partnering with local non-governmental organizations (NGOs) can enhance the effectiveness of aid delivery, especially for vulnerable groups.

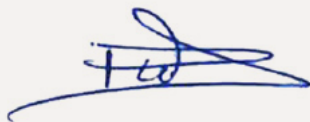
In the medium term, there is a need to implement inclusive disaster response plans and measures to promote equality, such as progressive taxation and social insurance frameworks. Importantly, long-term development finance should not be diverted during crises: this risks exacerbating inequality and hampering long-term progress.

Here, the international community has a vital role to play. By providing rapid financing and support to crisis-affected countries, we can mitigate the severity of crises and bolster global security and sustainability.

In confronting the complex web of polycrises and inequality, proactive and coordinated action is paramount. Only through

Rola Dashti

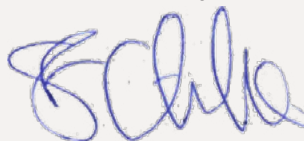
ESCWA Executive Secretary
Under-Secretary-General



solidarity and shared commitment can we build a more resilient and equitable future for the Arab region and beyond.

Sarah Cliffe

Executive Director
Center on International Cooperation
New York University



Executive summary



The world is currently being affected by a combination of interlinked environmental, economic, institutional and conflict-related crises. These crises can combine to create a polycrisis: a devastating phenomenon in which interactions among individual crises generate a level of harm that surpasses the cumulative impact of each crisis alone. Polycrises pose systemic threats across various aspects of life, undermining livelihoods and social systems. They challenge both individual and collective response mechanisms, reversing previous progress and achievements in sustainable development. This undermines the implementation of the Sustainable Development Goals and exacerbates deprivation, particularly for vulnerable and marginalized groups.

This third edition of the Arab Inequality Report finds that over the past nine years, the Arab region has grappled with a mounting number of interwoven challenges. In 2023 alone, the Arab region experienced elevated food prices, inflation stress, debt stress and debt-service stress, continuously high numbers of internally displaced persons (IDPs) and refugees, earthquakes, floods, droughts, heatwaves, and a resurgence of conflict, war and occupation. Not all countries have been affected equally. Nor have they responded equally. Some countries affected by converging crises have subsidized food prices, strengthened institutions, and invested in disaster-risk reduction and disaster-response mechanisms which have sheltered their populations from crisis. Other countries' responses have been less effective, leaving people poor, hungry and homeless.

Our analysis suggests a concerning trajectory. Specifically, it suggests that the Arab region is edging towards a polycrisis. We expect that the consequences of developments in 2023, including the war on Gaza, will push the region as a whole into a sustained polycrisis. If such a polycrisis materializes, it

threatens to exacerbate multidimensional inequality and roll back the hard-won development gains of several decades.

This report concludes that polycrises and multidimensional inequality are linked. A higher risk of polycrisis increases the likelihood of high multidimensional inequality. This combination will undermine societal resilience and heighten the impacts of crises, amplifying the suffering of those who are already marginalized. Inequality and crises are thus mutually reinforcing: crises create and intensify inequalities, while inequality can trigger or exacerbate crises.

The report highlights a difference in fortunes between countries in the Arab region. High-income countries have the lowest levels of multidimensional inequality and the least risk exposure to crisis; this risk exposure has even fallen in recent years. By contrast, low-income countries, which encompass one quarter of the region's population, have higher levels of multidimensional inequality and are universally at high risk of polycrisis. Further, the situation in low-income countries is deteriorating, both in terms of inequality and the risk of crisis. Middle-income countries in the region, which are home to almost two thirds of the regional population, are rapidly approaching a crisis situation. They have so far managed to contain rising multidimensional inequality. Nevertheless, there is a growing risk that the rising risk of crises will translate into growing inequality in the future.

Economic and youth inequalities and inequality in access to food are deteriorating in the Arab region. Inequality in access to technology, by contrast, appears to be on a better path. There have been massive gains in access to technology as the Arab region has become increasingly interconnected.

For several reasons, youth inequality poses a particularly tough challenge. Educational attainment among young people

in the region has increased since the Sustainable Development Goals were adopted. But this has increased the disparity between young people's qualifications and the opportunities available to them. As well as wasting young people's potential, this also threatens to perpetuate and even exacerbate existing disparities, posing a long-term risk to overall societal equality.

Inequality also gives fuel to extremism. Young people with qualifications but no jobs are vulnerable to being lured in by extremist groups offering them a sense of dignity and recognition. Sometimes, extremist groups offer social benefits and income; in an environment where the State cannot always be relied on to provide justice, extremist groups sometimes fill the vacuum, providing people with a sense of economic fairness where the State fails to do so.

It is clear, then, that economic and youth inequalities, and inequality in access to food, and social protection in the Arab region are significant concerns. If crises are to be avoided, resources need to be allocated and inclusive policies put in place as a matter of urgency.

Like previous Arab Inequality Reports, this report does not just analyse the challenges facing countries in the Arab region. It also offers practical policy solutions for regional action and national planning, advocating for reducing inequalities between countries. Importantly, these solutions start from the premise that development planning must always, by default, take the risk of future crises into account. The report suggests reforms to the global financial architecture to benefit both low- and middle-income countries, including reforms to debt rules, special drawing rights, and the role of multilateral development banks. It also proposes increased South-South and triangular cooperation, and urgent global and regional climate-change mitigation and adaptation measures.

At national level, the report puts forward both short- and medium-term measures. In the short term, emergency and contingency policies need to be revised. Fiscal policies need

to be put in place to enable fast responses to crises, and national bodies need to improve the way they coordinate their crisis response, harnessing the full potential of community-driven approaches and new technologies. Transparency in government expenditure and humanitarian aid is also central to our recommendations. In the medium term, there needs to be a focus on policies aimed at building resilience. These include policies for introducing comprehensive social insurance schemes, improving the quality of education, and supporting financial inclusion and mainstreaming climate mitigation and adaptation measures. As an overall theme, the report recommends that policies should embrace the mutually reinforcing link between humanitarian, development, and peacebuilding measures.

The most vulnerable and conflict-affected countries require highly tailored solutions. Here, the report recommends investing in mediation and peacebuilding, including security guarantees, which are the socioeconomic underpinnings of peace. Importantly, it emphasizes approaches that respect human rights and seek to avoid creating future grievances. It advocates for involving women, young people, and community leaders in peacebuilding initiatives, and increasing participation in decision-making. Lastly, the report draws attention to the value of donors using local systems for aid delivery in conflict-affected countries. When donors use local systems, it increases societal resilience and preserves human and institutional capital. It also offers better value for money.

Innovative policy solutions require funding. With this in mind, the report ends with a section on national financing. Recommendations focus on adopting progressive income, wealth, and corporate tax policies; avoiding indirect taxation; reducing the cost of remittances; embracing public-private partnerships; and addressing tax evasion and illicit financial flows. Together with the actions on international financing described above, these measures could quickly provide a substantial proportion of the resources needed to significantly reduce inequality in the Arab region.

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Introduction

Socioeconomic inequality is widespread in the Arab region. But it is not a problem that exists in isolation. The disparities affecting the region are influenced greatly by regional and global events.

Various developments in 2022 and 2023 had a negative effect on the Arab region. The war in Ukraine, for example, had a significant effect on food supplies. Before the war began, the region relied heavily on grain imports from Ukraine. In 2022, a mechanism – the Black Sea Grain Initiative – was established to stabilize grain shipments. Around 13 per cent of the region's grain was imported under the mechanism when it was in operation; when it was suspended, food prices in the region rose.¹

The suspension of the mechanism also affected humanitarian assistance. Before the war, Ukraine was the source of 80 per cent of the wheat distributed by the World Food Programme (WFP).² Some of the leading recipients of WFP wheat – Yemen, the Sudan and Somalia – are in the Arab region. Now, increased prices have reduced the amount of wheat that the WFP can afford to buy. As a result, the WFP has been forced to reduce the amount of food in the rations it supplies to some countries. In the Syrian Arab Republic, the WFP no longer provides any assistance at all to 2.5 million of the 5.5 million people who previously relied on it.³ It is also struggling to provide assistance to the people affected by the recent earthquake in Morocco and the floods in Libya.

Inflation remained generally high in the Arab region in 2023. There were some exceptions: despite volatile oil prices, inflation in the Gulf Cooperation Council countries remained low due to balanced monetary and fiscal policies. Elsewhere, though, inflation has remained high, particularly in countries experiencing conflict or economic (typically currency-based) challenges.

The impact of high inflation is not felt equally among households. Low- and middle-income households will experience a greater reduction in real wages and purchasing power than high-income households, whose investments may even gain in value. The situation is even more acute in countries with high debt burdens. High inflation also limits

the ability of Governments to borrow further funds, either in response to a crisis or to maintain social spending.

Debt levels across the Arab region also remained relatively high in 2023, though some countries had higher levels of debt than others. In high-income Arab countries, where oil revenues support public spending, public debt averaged 31 per cent of gross domestic product (GDP). In middle-income countries, though, the average debt level was 70 per cent of GDP. In low-income countries, the average was 83 per cent. As well as having higher debt burdens, low-income countries also pay higher premiums on their debt.⁴

In 2023, natural disasters affected several countries in the region. The Syrian Arab Republic experienced a catastrophic earthquake in February 2023, which affected 9 million people. Over 6,000 people are estimated to have died, and around 5 million people were made homeless.⁵ The ongoing conflict further exacerbated the humanitarian crisis: it complicated efforts to bring assistance to the 4.1 million people living in vulnerable communities in the north-west Syrian Arab Republic, who were already dependent on humanitarian aid.

Somalia experienced both its worst drought in 40 years and damaging floods in March 2023, which displaced thousands of people from their homes. As a result, by July 2023, 6.5 million people faced food insecurity⁶ and the incidence of waterborne diseases had increased.⁷

Conflict in the region intensified in 2023; the affected countries became even more dependent on humanitarian support. In April 2023, an outbreak of conflict in the Sudan resulted in massive displacement. Many of the people who were forced to flee had already been displaced by previous conflicts. It was estimated that by July 2023, 2.9 million people had been displaced, either internally or to neighbouring countries.⁸

Throughout the summer of 2023, the Arab region experienced successive and prolonged heatwaves, affecting public health, agriculture, and electricity. Maize yields fell by 5.5 per cent, and

an additional 37 million people were put at risk of contracting mosquito-borne diseases.⁹

In September 2023, more than 11,000 people died in floods in north-eastern Libya. Thousands more were displaced, and 10,000 people remain unaccounted for.¹⁰ The lack of national capacity to respond to the crisis made Libya heavily dependent on external support and humanitarian assistance at a time when global humanitarian aid provision was already stretched.

In October 2023, Gaza witnessed the deadliest 100 days in a major conflict in the twenty-first century. The bloodshed was accompanied by a crippling economic crash; as a result, Gaza's economy is now smaller than it was in 2000. In the first two weeks of the war, the number of people living in multidimensional poverty jumped from 45 per cent to 96 per cent.¹¹

Escalating conflict within the region has coincided with a period where global attention is increasingly distracted and reduced by an overwhelming number of crises. Global financial circumstances, and thus aid provision, are also increasingly constrained. This shift in attention and resource allocation has manifested itself in a reduction in the amount of foreign aid made available for refugees and IDPs. As a result, refugees and IDPs receive less in cash transfer payments and food, and less is invested into health and education services. These factors exacerbate the compound inequalities that refugees already face.¹²

When they occur together, slow economic growth, high inflation, high debt, climate change, conflict, war, and occupation, ineffective institutions and limited resilience often limit the capacity of Governments to respond to a crisis.

Multiple shocks have a particularly significant effect on the most vulnerable people, who tend to have fewer buffers allowing them to protect themselves or to recover from the impacts of shocks. For example, IDPs and refugees who have been further affected by conflict, war or occupation will have less access to essential and life-saving services. Children are gravely affected: their access to education and continuity of learning is often interrupted, sometimes indefinitely. The gap in educational attainment that this creates has a negative impact on their future job opportunities, and increases their risk of falling into poverty. The situation is particularly acute in cases where a large proportion of children suffer from malnutrition, such as in Yemen and Somalia.

This third edition of the Arab Inequality Report examines in detail the relationship between the risk of multiple crises and multidimensional inequality. It follows the same approach as the previous two editions, which examined the challenges of youth unemployment and food insecurity in the Arab region. This report analyses the challenges posed by the multiple overlapping crises facing the Arab region, and their effect on inequality. It assesses the problem of multiple inequalities in the region from different perspectives, analysing the extent to which countries are at risk of crisis, and it examines the relationship between crises and multidimensional inequality. As always, it concludes with practical policy solutions aimed at reducing inequalities.

The five chapters of the report deal with the relationship between inequality and the risk of crises in the Arab region based on an innovative data framework (annex 1). The introductory chapter begins with an overview of key trends, including the impact of global shifts on countries in the region.

Chapter one follows with an assessment of multidimensional inequality, using an innovative framework developed to capture data pertaining to nine types of inequality: economic, gender and youth inequalities, and inequalities in access to health, education, social protection, food, finance, and technology.

Chapter two discusses the factors that turn a set of crises into a polycrisis. The analysis describes the risk of crisis using four primary areas of risk: the climate; conflict, war and occupation; the economy; and institutions. It then assesses the degree to which Arab countries are facing overlapping crises.

Chapter three brings together the foregoing discussions on the multidimensional inequality framework and the risk of polycrisis to assess the relationship between crisis and inequality at regional, sub-regional, and national levels.

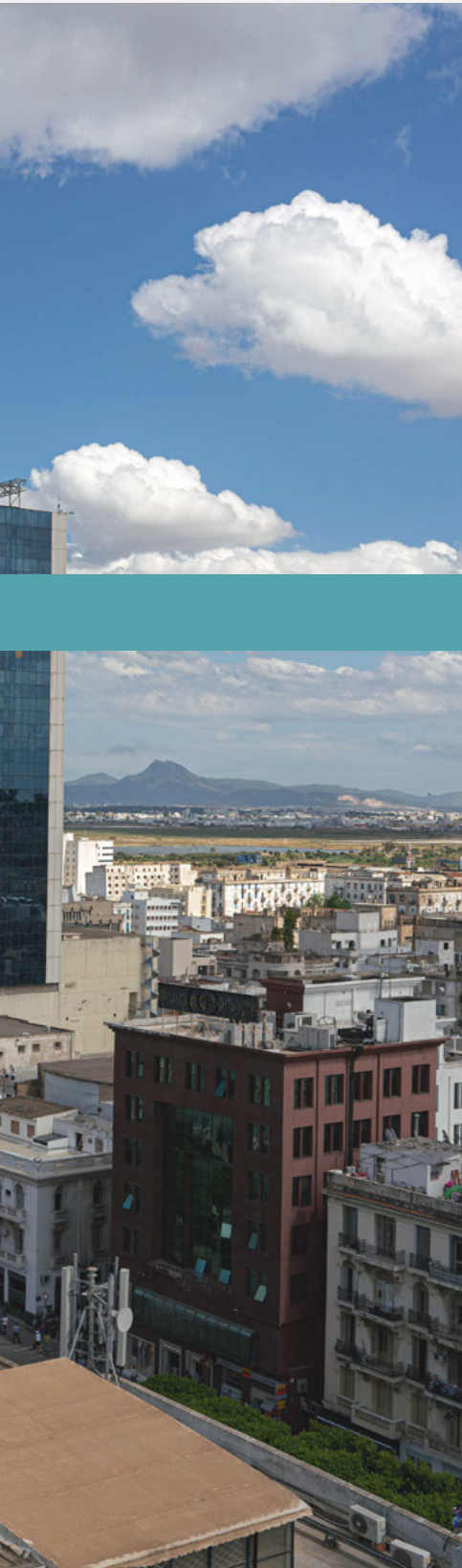
Chapter four assesses the relationship between the emerging polycrisis environment and long-term sustainable development. It presents in-depth case studies of within-country inequalities using integrated statistical and Earth observation data, public perception data, and interviews with policymakers in the Arab region. It contains a detailed analysis of the situations faced in Lebanon, Morocco, Yemen, and Bahrain. This analysis concludes that the response to short-term crises often diverts resources away from long-term development goals and environmental sustainability.

Finally, chapter five proposes policy solutions that may prove effective in an emerging era of polycrises.

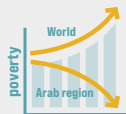
Multidimensional inequality in the Arab region

01





01 In 2022, 52 per cent of people in the Arab region believed that economic conditions were getting worse.



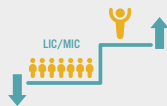
02 The Arab region is the only region in the world where poverty rates are increasing, leading to high inequality rates.



03 The richest 10 per cent of people in the Arab region hold on average 44 times as much wealth per person as the poorest 40 per cent.



04 After falling in the preceding decade, wealth inequality has risen sharply in the Arab region since 2020. In 2020, the aggregate proportion of wealth held by the richest 1 per cent was 43 per cent; in 2022, this rose to 44 per cent.



05 Wealth inequality has increased in low- and middle-income countries.



06 The number of people in the Arab region living in extreme poverty increased by 42 million between 2015 and 2023.



07 The region has 150 million people living in poverty. Of these, 85 million live in extreme poverty.



08 Multi-dimensional inequality has reduced in terms of access to finance, health, education and technology, and gender inequality.



09 Food inequality increased between 2015 and 2021 in all country groupings in the Arab region.



10 Youth inequality increased between 2015 and 2021 in 18 countries in the Arab region.

Multidimensional inequality in the Arab region

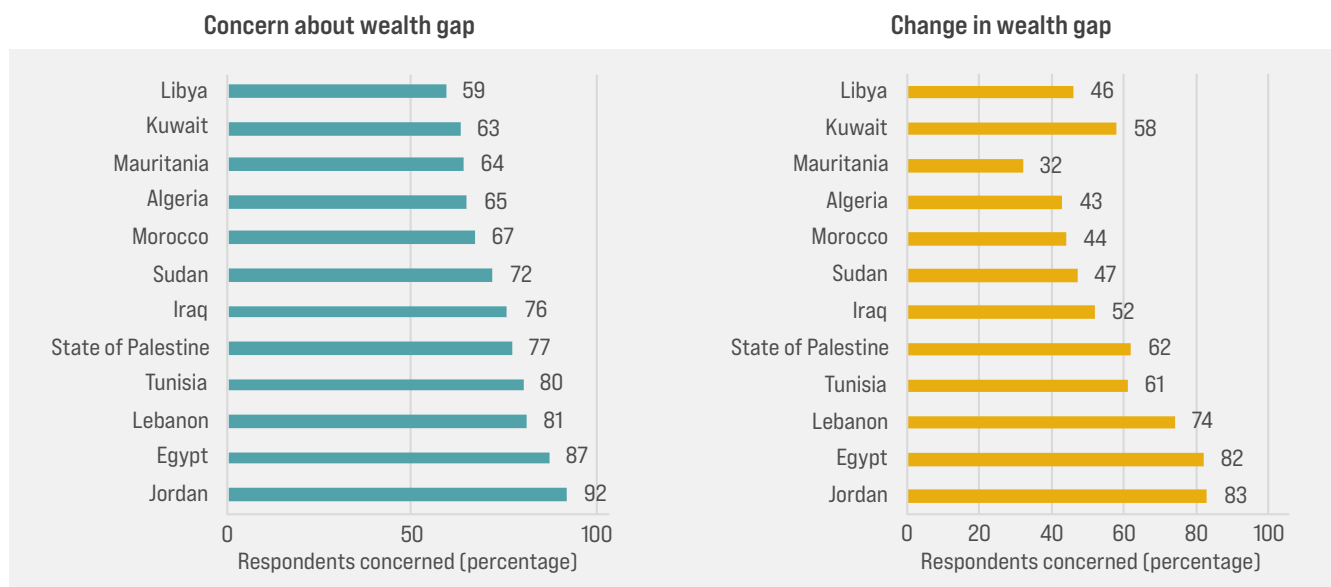
A. Brief introduction to inequality

People living in the Arab region increasingly believe that inequality is problematic, and that it is growing (figure 1). Regardless of the absolute level of inequality, negative perceptions can have a damaging effect on people's behaviour and decision-making. Over three quarters of people in Jordan, Egypt and Lebanon report that the gap between rich and poor has grown wider in the space of just one year.

Many people in the region also believe that they are becoming worse off, which is particularly damaging to social cohesion and stability.

According to Gallup data, 2022 marked a turning point in levels of public optimism. Previously, most people in the region had expressed optimism about the economic conditions in their region. In 2015, for example, 55 per cent of survey respondents stated that economic conditions in the region were improving. But in 2022, for the first time, a majority of respondents expressed pessimistic views: 52 per cent of respondents stated that economic conditions were getting worse. The year also marked a new high in the proportion of the Arab population finding it very difficult to live on their present income (23 per cent).¹³

Figure 1. Arab Barometer Wave VII results (2021-2022)



Source: Arab Barometer Wave VII.

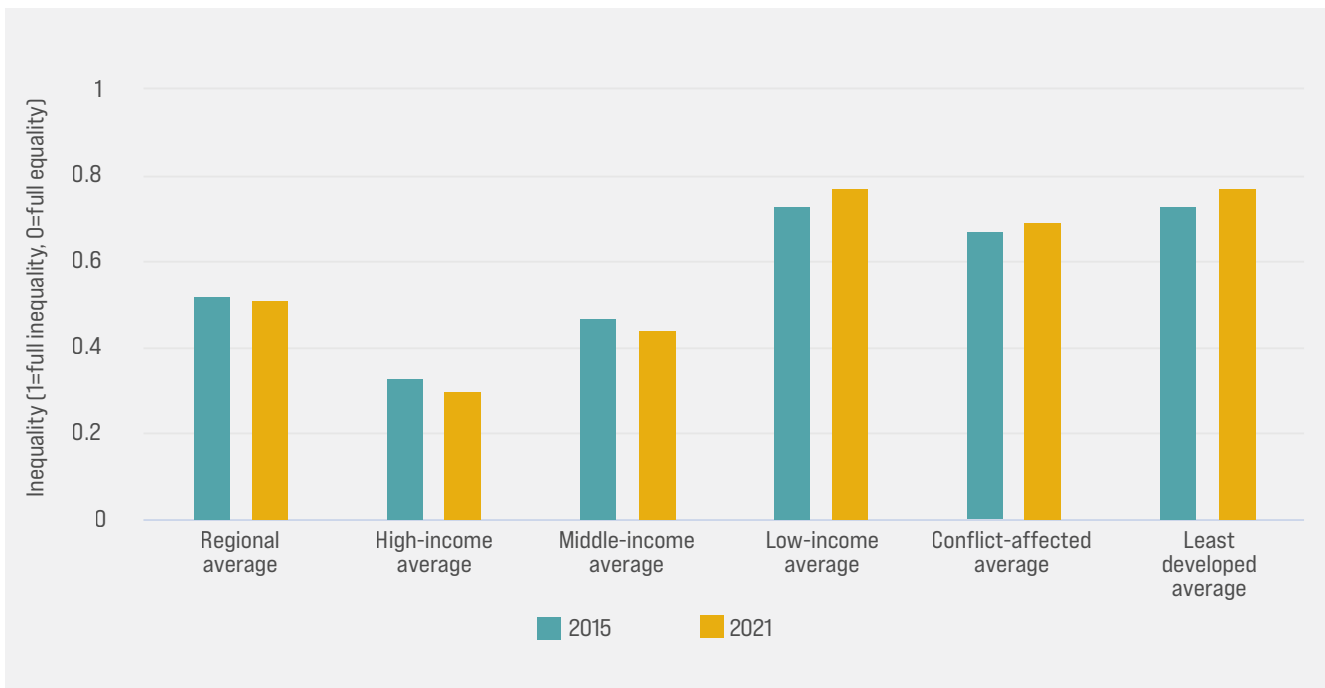
Measured by income inequality alone, the Arab region is the most unequal in the world. Some of this inequality is explained by differences between countries: there is a wide gap between the high-income countries in the region and the middle-income and low-income countries.

But inequality is not just a measure of relative wealth. It encompasses multiple and overlapping forms of relative deprivation, including access to basic services and group-based discrimination. Extreme inequality between different regions and between rural and urban areas within countries remains a challenge. Rural-urban disparities continue to increase rapidly, with significant effects on equality: people living in urban areas have better access to education and health-care services than those living in rural areas. Inequalities within cities themselves are also increasing.

Any framework that analyses inequality should cover both vertical inequalities (income and wealth-based differences between individuals and households) and horizontal inequalities (group-based disparities that include gender, race, urban-rural residence, religion, and other characteristics). The remainder of this chapter describes our innovative multidimensional inequality framework that we have developed specifically for this report. The framework considers inequality across nine dimensions: economic, gender and youth inequalities, and inequality in access to health, education, social protection, food, finance, and technology. We have identified a number of relevant indicators under each pillar, and calculated a value for each pillar at the regional, sub-regional, and national levels. The framework then aggregates all of the identified sources of inequality to create one measure of multidimensional inequality per year per country, which is also presented at the sub-regional and regional levels (annex 1: Measuring multidimensional inequality).

1. An overview of multidimensional inequality

Figure 2. Multidimensional inequality



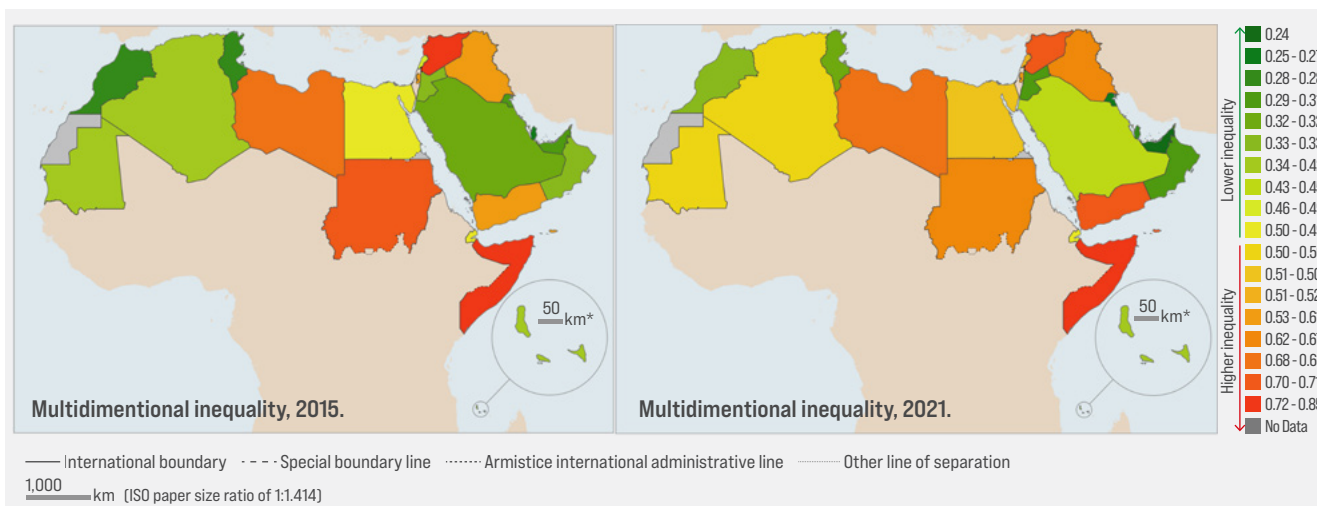
Source: ESCWA calculations.

Across the region as a whole, multidimensional inequality fell slightly between 2015 and 2021. This fall was driven by decreases in high- and middle-income countries (figure 2). The situation in low-income, conflict-affected, and least developed countries, however, went against the overall trend. There, multidimensional inequality, which was already at a high level, has increased further.

Figure 3 maps the changing status of multidimensional inequality in the Arab region between 2015 and 2021.

Across the Arab region, the most prevalent types of inequality are youth inequality and inequalities in access to food and finance (figure 4). While inequality in access to finance is declining, youth inequality and inequality in access to food are increasing.

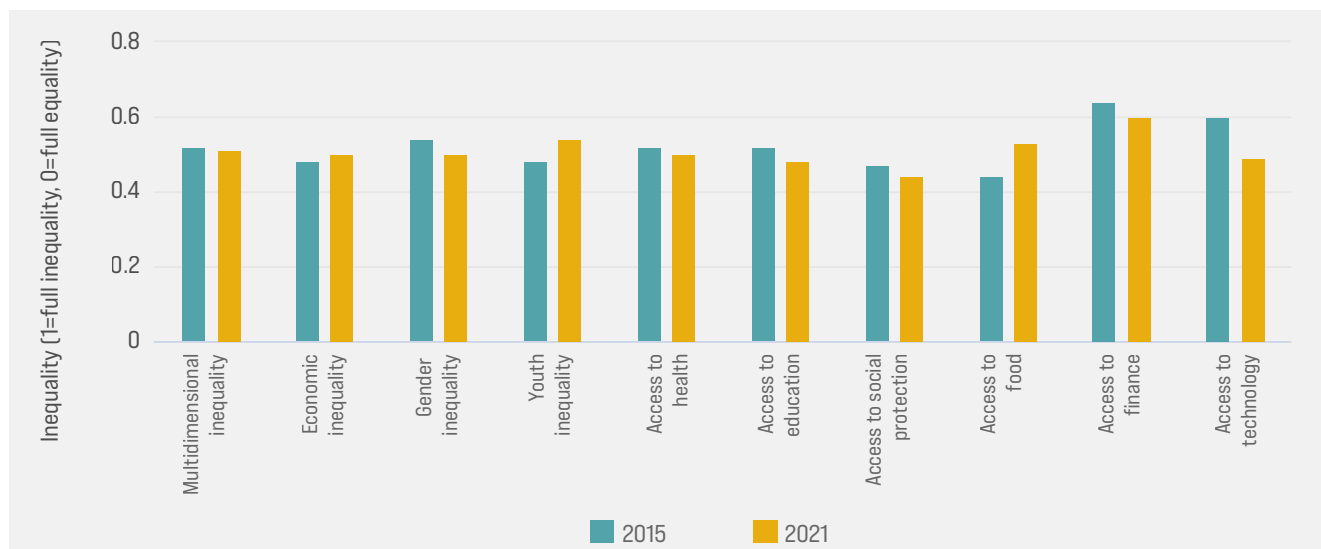
Figure 3. Mapping multidimensional inequality



Source: ESCWA Geo-Statistical Laboratory estimates.

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Figure 4. Contributors to multidimensional inequality in 2015 and 2021



Source: ESCWA calculations.

2. Economic inequality

In recent decades, the world has become increasingly connected, and low-income countries have grown more prosperous. As a result, economic inequality between countries has generally been declining. The Arab region is an exception to this overall trend. Inequality between countries in the region is rising, as the prosperity of high-income countries such as the United Arab Emirates and Qatar diverges ever further from that of lower-income countries such as Somalia and Yemen.

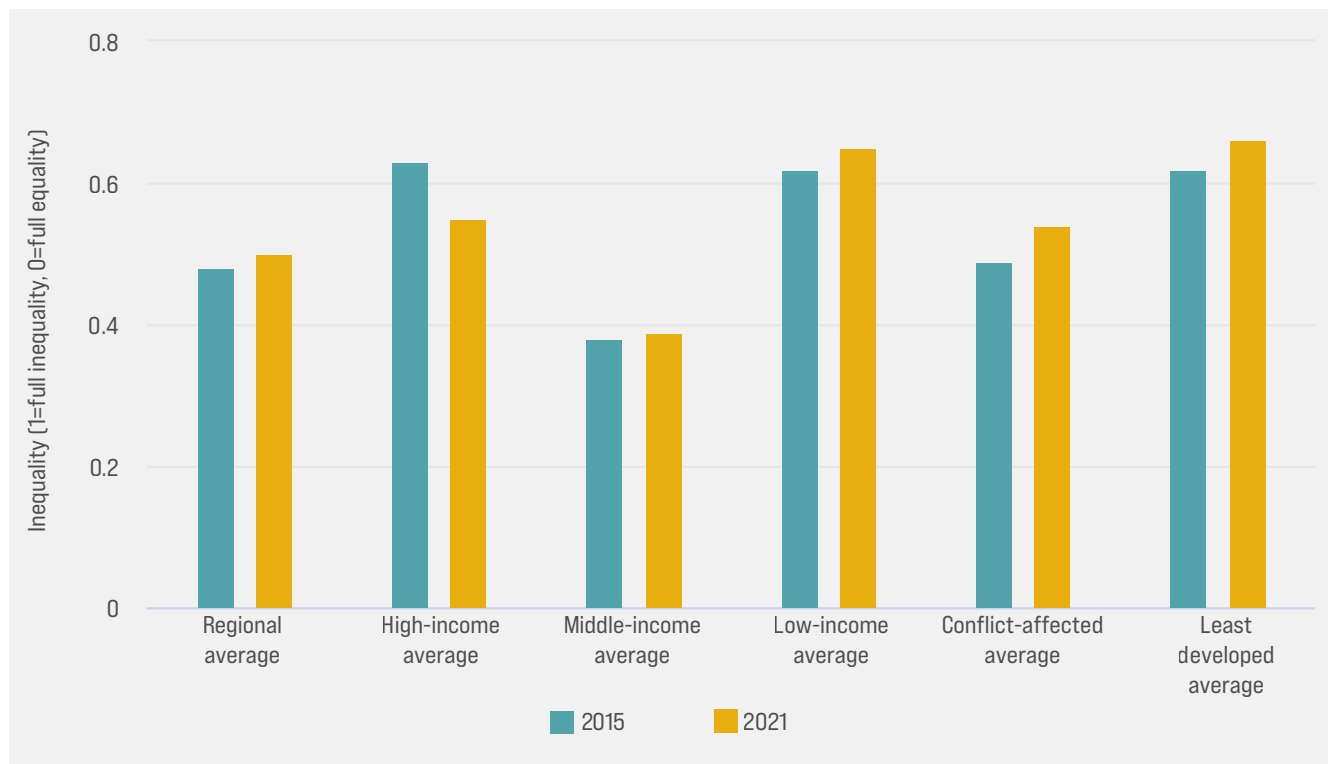
Even in countries where prosperity has been rising, the benefits of this prosperity are increasingly unevenly distributed,¹⁴ leading to increased intra-country economic inequality.¹⁵ This is particularly true in the Arab region, which is the only region in the world where poverty rates are increasing, leading to high inequality rates.¹⁶ Between 2015 and 2023, the number of people in the region living in poverty¹⁷ rose from 100 million to 150 million – an increase leading to high inequality rates from 28

per cent to 35 per cent of the region's population. The number of people living in extreme poverty¹⁸ also doubled from 34 million people in 2015 to 85 million people in 2023, an increase from 9 per cent to 20 per cent.

In 2015, high-income Arab countries had the highest levels of economic inequality in the region. Between 2015 and 2021, this was the only group of countries to experience a fall in economic inequality (figure 5). Nevertheless, their overall level of economic inequality remains high, exceeding the regional average.

Between 2015 and 2021, low-income Arab countries saw a notable increase in economic inequality, an increase which was driven largely by rising poverty rates. As a result, low-income Arab countries became the country group with the largest economic inequality in the region.

Figure 5. Economic inequality



Source: ESCWA calculations.

Gender inequality

Female economic and political representation in the Arab region lags behind the global average, in part because of uneven access to essential services and social norms. Our measure of gender inequality¹⁹ shows a slight reduction

between 2015 and 2021. This reduction is reflected across all country groupings. Gender inequality is lowest in high- and middle-income countries, and is highest in low-income, conflict-affected and least developed countries.

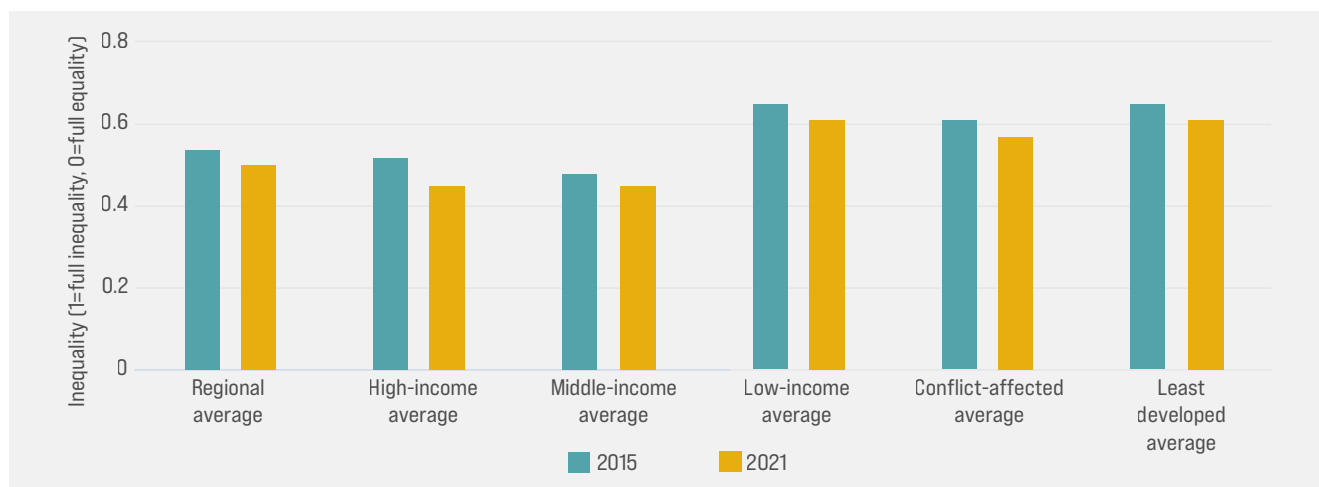
Box 1. Reducing gender gaps: a glimmer of hope

Bahrain and the Comoros have made some of the largest improvements in the 2023 Global Gender Gap Index. Bahrain has risen by 18 positions, from the 131st position in 2022 to the 113th in 2023, because of substantial improvements in political participation and economic participation and opportunity. By 2023, 20 per cent of parliamentary seats and 22 per cent of ministerial positions in Bahrain were held by women, compared with 15 per cent of parliamentary seats and 5 per cent of ministerial positions in 2022. On the economic front, women's estimated earned income has doubled from \$18,000 in 2022 [compared with \$54,000 for men] to \$36,000 in 2023 [\$57,000 for men].

The Comoros has risen by 20 positions in the Index, from the 134th position in 2022 to the 114th in 2023, almost entirely because of a significant improvement in women's economic participation. In just one year, the Comoros has achieved an increase in female labour force participation from 32 per cent in 2022 [compared with 55 per cent for men] to 41 per cent in 2023 [59 per cent for men], and achieved gender parity in the proportion of legislators, senior officials and managers who are women [49 per cent, compared with 26 per cent in 2022].

Source: World Economic Forum, 2023 Global Gender Gap Report.

Figure 6. Gender inequality



Source: ESCWA calculations.

While indicators suggest that the gender gap in the region is narrowing, a closer examination reveals a nuanced picture. The improvement in gender equality does not necessarily

signal real improvements in women's status. The closure of the gap could mask a more profound deterioration in overall conditions.

3. Youth inequality

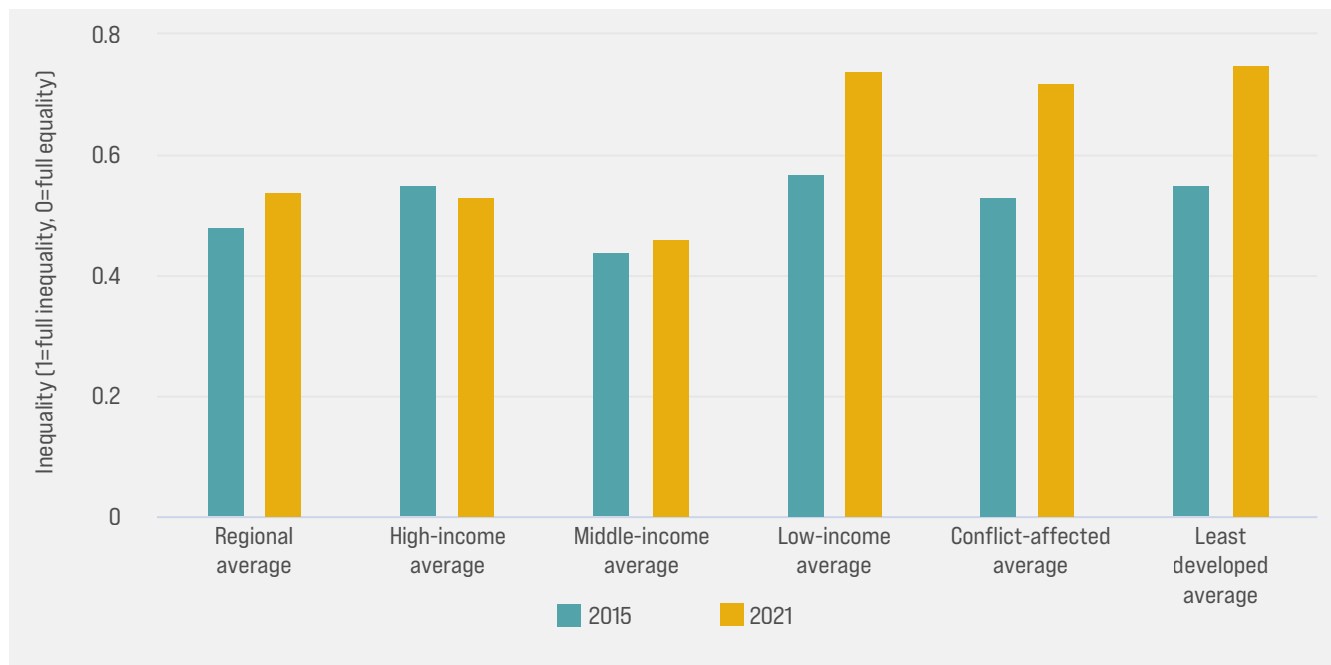
Young people are one of the most disadvantaged groups in the region, and yet one of the largest population groups. There are around 110 million young people between the ages of 15 and 29 in the Arab region; they make up around 30 per cent of the population.²⁰ These young people are increasingly well educated: enrolment in tertiary education, for example, increased from 31 per cent to 35 per cent between 2015 and 2021. But they are also becoming more marginalized from meaningful political and economic opportunities. This exclusion poses significant risks to social cohesion in the region.

The youth unemployment rate in the Arab region is the highest in the world. In 2021 it stood at 26 per cent, significantly higher than the global average of 15 per cent. Young women are

particularly badly affected: 42 per cent of them across the region are unemployed. Added to this, 85 per cent of the young people in the Arab region who do have jobs are informally employed. This increases their vulnerability and erodes their productive potential.²¹

In many countries in the region, young people face increasing barriers to political participation. The average age of parliamentarians across the region is growing. Many Arab countries have parliamentarians above the age of 90. Algeria and Bahrain are exceptions: there, 46.4 per cent and 42.5 per cent respectively of Members of Parliament are below the age of 45. If young people are not included in political processes, their risk of marginalization is liable to increase.

Figure 7. Youth inequality

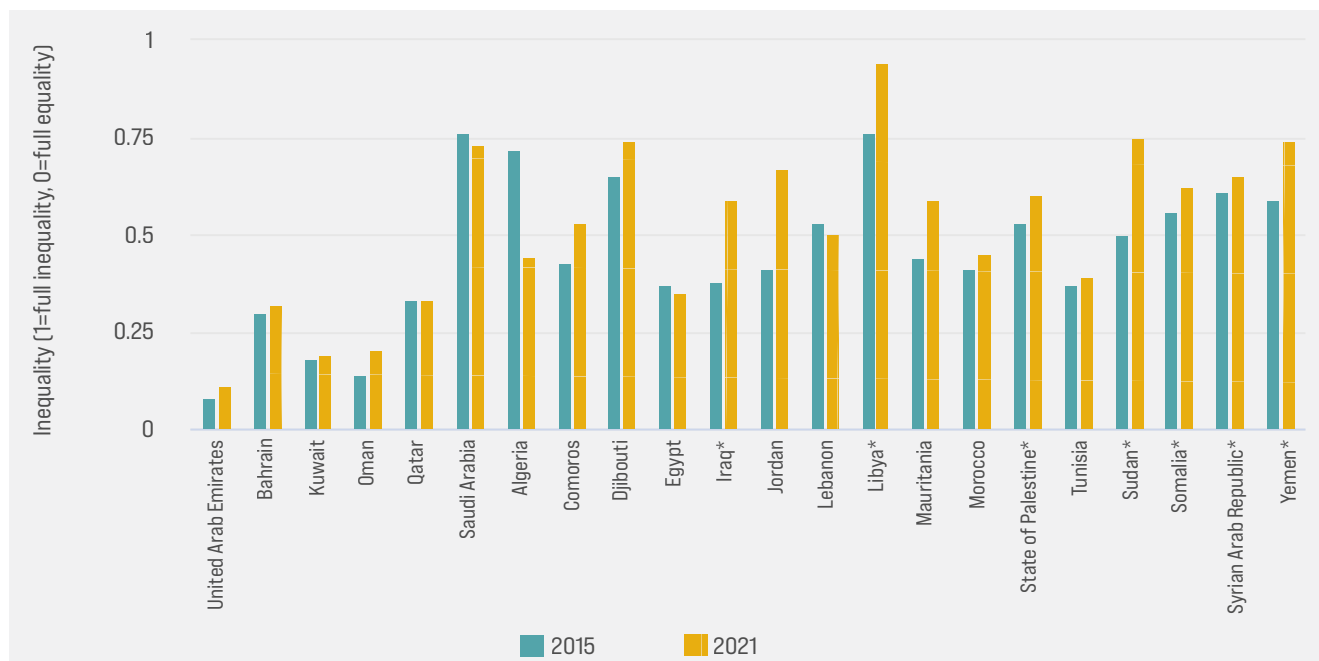


Source: ESCWA calculations.

Between 2015 and 2021, youth inequality²² increased across the Arab region as a whole. This increase was particularly pronounced in low-income countries. The only country grouping where youth inequality fell was high-income Arab countries. But that fall was entirely driven by Saudi Arabia,

where the labour force participation of young people aged between 25 and 29 increased from just 13 per cent in 2015 to 25 per cent in 2021. Algeria also experienced a notable decrease in youth inequality, driven by a sharp decrease in the average age of parliamentarians (figure 8).

Figure 8. Youth inequality at national level



Source: ESCWA calculations.

Box 2. Youth inequality in the Arab region and across the globe

Youth inequality in the Arab region is much higher than in the rest of the world. The level of youth inequality is lowest in the high-income countries in the region. But even there, it still significantly exceeds the world average.

In 2021, the global average youth unemployment rate was 15.9 per cent. In the Arab region, it was 26.8 per cent. Even in high-income Arab countries, the average youth unemployment rate of 20.2 per cent remained significantly above the global average.

These figures clearly illustrate how young people in the Arab region face more risk than their global contemporaries of being left behind in their search for opportunities after education.

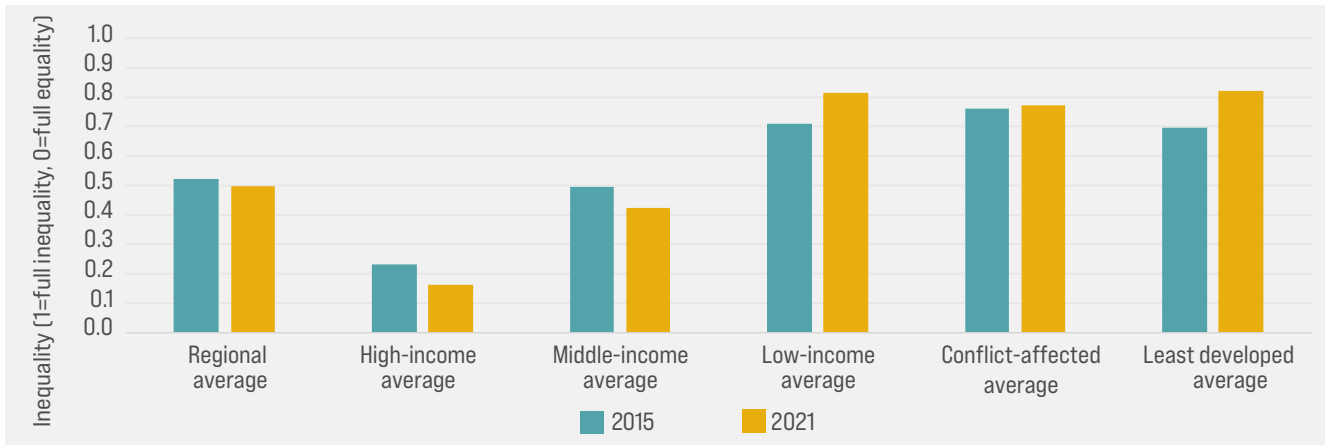
Source: ESCWA calculations and ILO data.

4. Inequality in access to health

Inequality in access to health can severely affect people's ability to engage meaningfully in society and the economy. People living in poverty, for example, are less able to afford nutritious food and quality health care; this puts them at greater risk of negative health outcomes. Informal workers may be unable to gain access to health insurance, and rural populations may have less access to quality health-care services.

Health inequality²³ has improved marginally across the Arab region as a whole since 2015, but with significant differences between country groupings (figure 9). High-income Arab countries generally have the lowest levels of health inequality, and there have been improvements in both high- and middle-income countries since 2015. In low-income, conflict-affected, and least developed Arab countries, though, health inequality continues to rise. This rise is driven by an increased risk of spending on surgical care by individuals, and by falling government expenditure on health.

Figure 9. Health inequality



Source: ESCWA calculations.

5. Inequality in access to education

Inequality in access to education tends to reinforce other inequalities. It has a lifelong impact on determining a person's social mobility. The consequences of this can be passed on along generations.

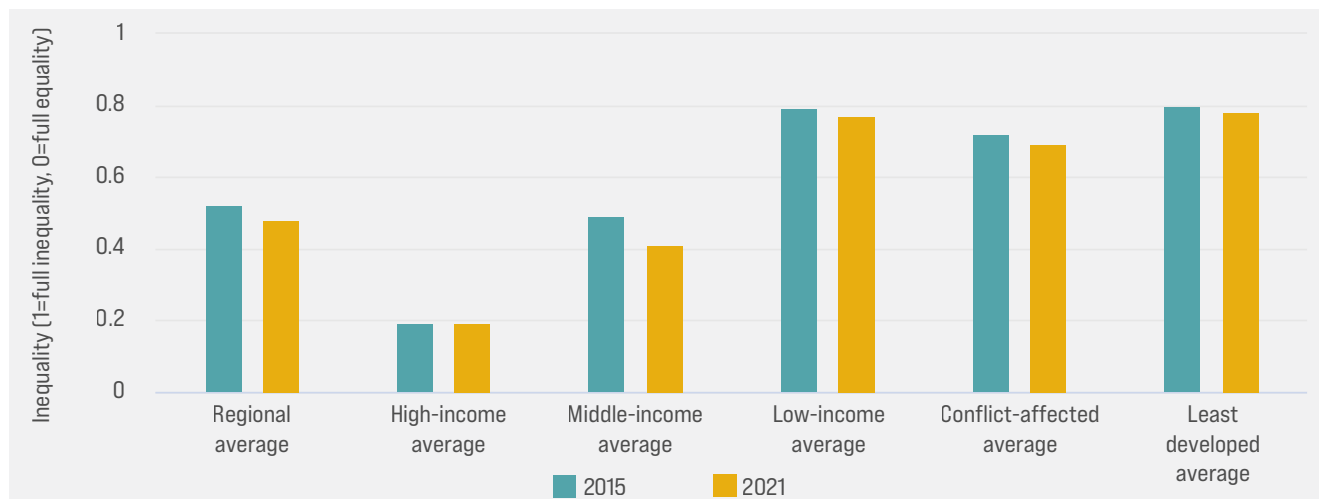
In the Arab region, inequality in access to education has fallen slightly²⁴ since 2015 (figure 10). This is chiefly due to government-led investments and reforms in the education sector to reduce absenteeism, train teachers, and offer a wider curriculum.

Inequality in access to education is lowest in high-income countries, and highest in least developed countries. Between

2015 and 2021, it decreased most notably in middle-income countries. This decrease is reflected across a wide number of indicators in our analysis, demonstrating a widespread commitment to improving the delivery of the education sector.

Promoting equality in access to education is key to fostering social mobility and reducing many other forms of inequality. Nevertheless, improved educational equality needs to be complemented by a corresponding increase in the opportunities available to young people after they complete their education. In the Arab region, such an increase has not materialized.

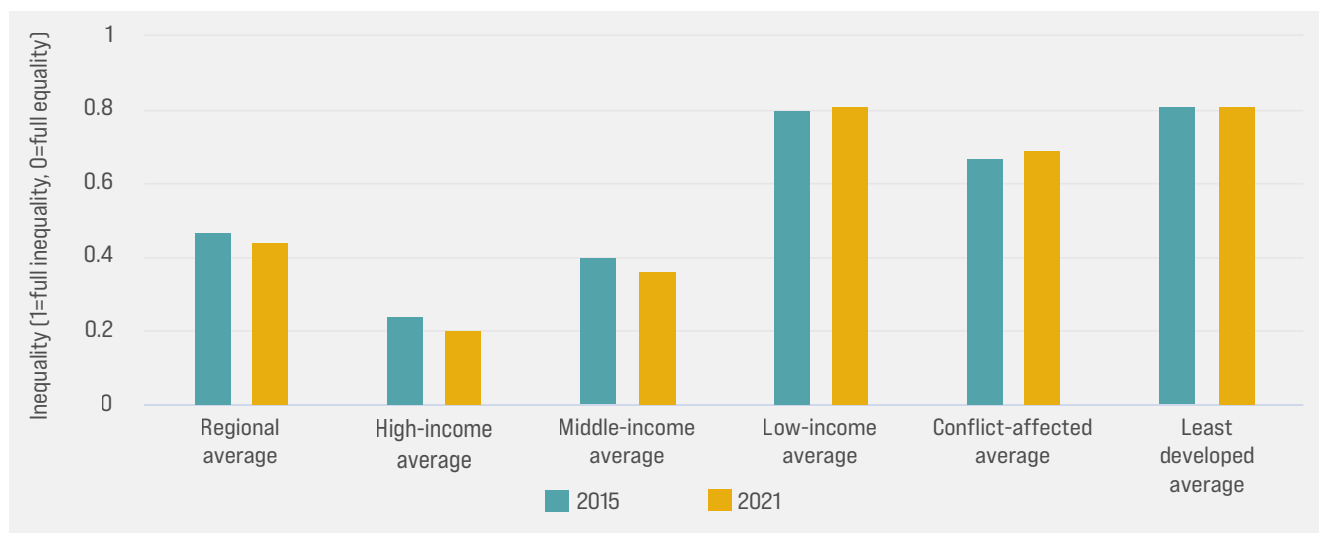
Figure 10. Inequality in access to education



Source: ESCWA calculations.

6. Inequality in access to social protection

Figure 11. Inequality in access to social protection



Source: ESCWA calculations.

Access to social protection can make it less likely that unexpected health, employment and environmental shocks will push people and their families into poverty. It can also reduce several other forms of inequality.

There is a clear divide in equality of access to social protection across the Arab region.²⁵ In high- and middle-income Arab countries, inequality in access to social protection is low, and decreasing. But it is very high and increasing, albeit minimally, in low-income, conflict-affected, and least developed countries (figure 11).

Box 3. Expanding social protection amid limited resources in Palestine

In Palestine, the Government has recognized social protection as a crucial tool for addressing the life cycle risks and poverty challenges encountered in the Palestinian society. It has made the improvement of social protection a top policy objective under the National Policy Agenda (2017-2022). Through various social assistance initiatives such as the Palestinian National Cash Transfer Programme, the Ministry of Social Development has been providing aid in the form of cash and services to over 115,000 of the most disadvantaged Palestinian households.

These interventions have had an extensive reach. For example, the number of people in Palestine above retirement age who received a pension increased dramatically between 2015 and 2021, from 8 per cent to 66 per cent. Nevertheless, the system relies heavily on external support, and in recent years, shortfalls in financing from governmental and development partners have often led to delays and reductions in payments. The Cash Transfer Programme, for example, was unable to provide aid throughout most of 2021.

It is anticipated that the war on Gaza, which began in October 2023, will lead to a significant surge in the number of people in need of assistance. This will only be made more acute by the drastic funding cuts made to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and disturbances in the flow of international aid.

Source: International Labour Organization, [Palestinian Territory, Occupied](#), n.d.

In high- and middle-income countries, the number of people receiving a pension has increased, as has government expenditure on social protection. Nevertheless, the overall proportion of the population with access to social protection has not changed significantly. This may indicate that beneficiaries of social protection are increasingly well catered for. But at the same time, a significant proportion

of the population of the Arab region still has no access to social protection.

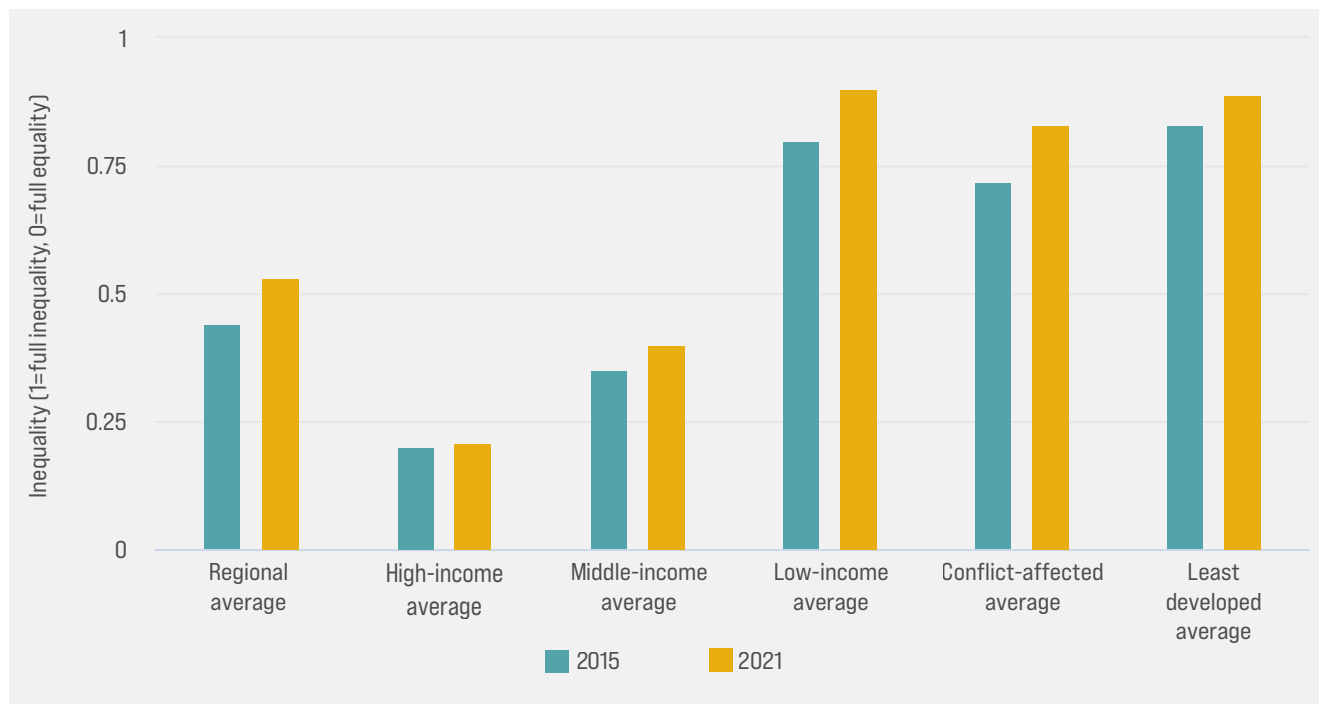
In low-income, conflict-affected and least developed countries, all indicators associated with social protection have shown a general decline between 2015 and 2021. Alongside inequality in education, inequality in access to social protection is the joint highest source of inequality in least developed countries.

7. Inequality in access to food

Access to food is an acute and growing source of inequality in the Arab region. In 2022, 181 million people in the region – 35 per cent of the population, and an increase of 12 million people on the previous year – were living with insecure access to

food.²⁶ Insufficient access to food forces people and their families to expend scarce time and resources on searching for safe food to eat. This erodes their productivity and undermines their chances of attaining a high-quality education

Figure 12. Inequality in access to food



Source: ESCWA calculations.

or finding decent work. Food insecurity typically affects the already vulnerable most of all. It also frequently exacerbates gender inequality: women typically spend more time searching for food. Women also tend to eat last, preferring to feed their families first, so they are particularly affected by food shortages.

Rising inequality in access to food has occurred in tandem with rising food prices. Five countries in the region saw food price inflation exceed 60 per cent in 2023, while Lebanon and the Syrian Arab Republic experienced triple-digit food price inflation at 138 per cent and 105 per cent, respectively.

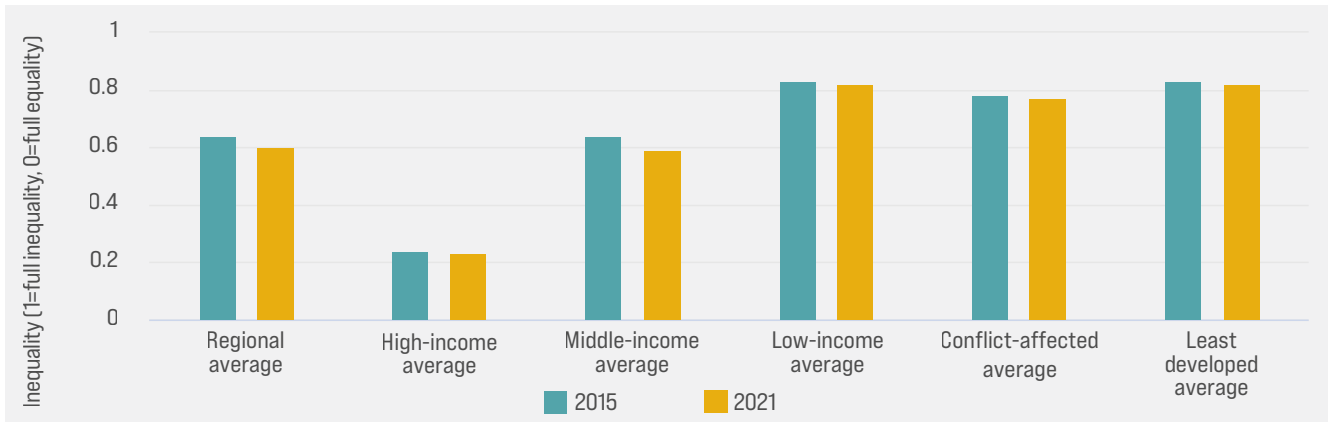
Inequality in access to food²⁷ is the only form of inequality that increased across every income grouping between 2015 and 2021 (figure 12).

In the Arab region, inequality in access to food is particularly pronounced in low-income, conflict-affected and least developed countries. In high- and middle-income countries, inequality in access to food has been cushioned to some degree by expansive fiscal policy and government programmes.

8. Inequality in access to finance

Access to finance can be used to support entrepreneurship, wealth accumulation, and economic growth. However, without universal access to finance, these possibilities will be limited to the more fortunate.

Levels of inequality in access to finance in the Arab region are high,²⁸ particularly in low-income, conflict-affected and least developed countries. Nevertheless, inequality in access to finance is falling across all country group classifications in the region (figure 13).

Figure 13. Inequality in access to finance

Source: ESCWA calculations.

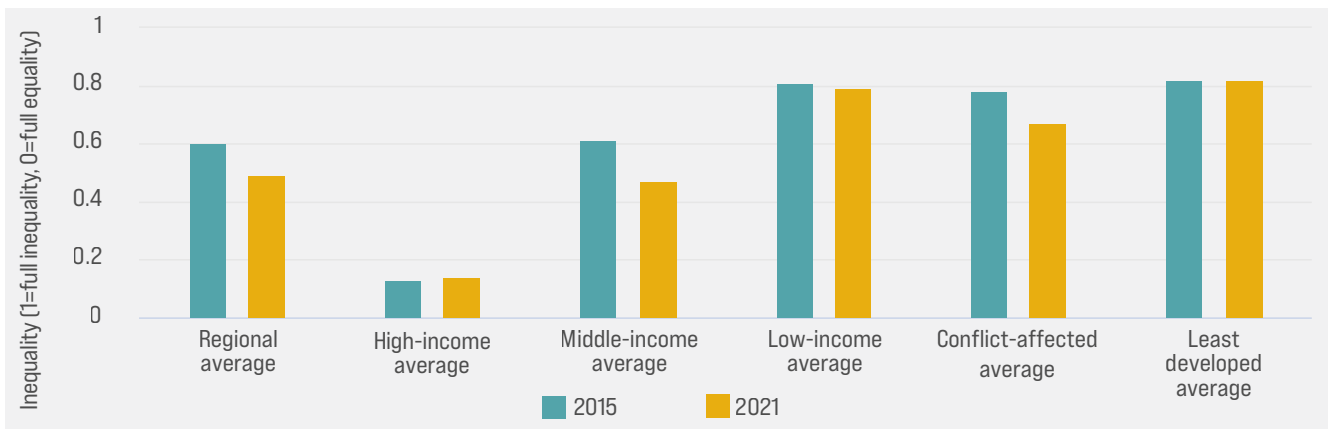
9. Inequality in access to technology

Advances in technology offer enormous potential in expanding service provision to previously underserved communities. For example, technology can be used to expand financial inclusion, or to provide health care remotely in areas where medical specialists are scarce. However, if not all of the population benefits from them, advances in technology can become a source of further inequality.

Inequality in access to technology varies significantly across the Arab region, although it is generally improving. In high-income countries, inequality in access to technology is very

low, because their populations tend to be well connected. The very minimal increase shown in figure 14 is due to the number of mobile phone subscriptions decreasing from an average of 1.7 to 1.4 per person.

Middle-income countries and conflict-affected countries have seen a substantial decrease in inequality in access to technology as their populations have become better connected. However, in low-income and least developed countries, inequality in access to technology remains high, threatening to leave millions of people disconnected.

Figure 14. Inequality in access to technology

Source: ESCWA calculations.

Grappling with polycrises

02





01

From 2015 to 2022, the risk of polycrisis increased in two thirds of countries in the Arab region.



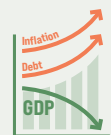
02

No high-income country in the Arab region was at high risk of polycrisis in the 2015-2022 period. By contrast, every single low-income and conflict-affected country in the Arab region was at high risk of polycrisis by 2022.



03

Climate-associated risk is currently the fastest-growing risk in the Arab region.



04

Economic risk rose between 2021 and 2022. This increase was driven in part by increases in inflation and debt, as well as by slow gross domestic product (GDP) growth.

Grappling with polycrises

02

“

The concept of the polycrisis refers to a state where multiple crises intertwine, their causes and processes inextricably bound together to create compounded effects

— — — — — *Institute of Development Studies*

”

In recent years, the Arab region has experienced multiple crises. Some countries have experienced economic collapse, hyperinflation, and mounting debt burdens. Others have experienced droughts, floods, and heatwaves as a result of climate change. Certain countries have experienced institutional instability. Still others have experienced

conflict, war and occupation. In many instances, these crises have overlapped and reinforced each other, with devastating consequences. This phenomenon is known as a polycrisis: a series of interlinked and mutually reinforcing crises (annex 3: What is a polycrisis and how does it manifest?).

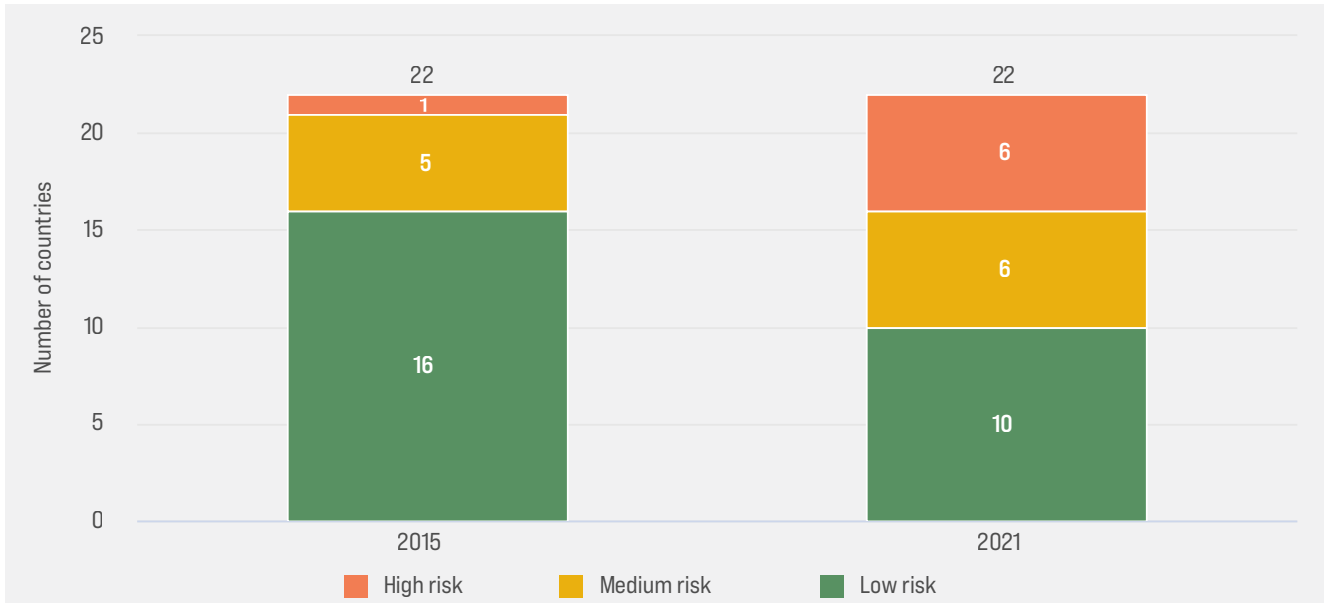
A. Measuring the risk of polycrisis in the Arab region

We have identified four areas of potential crisis in the Arab region: climate; conflict, war and occupation; economic; and institutional. We have calculated the risk of crises occurring in each of these areas at national, sub-regional and regional level, and categorized the risk in each area as

either high, medium or low. We have then aggregated these risks to calculate the overall risk of polycrisis. Although the data framework only compares 2015 and 2021, the risk of crisis has been updated further where possible (annex 2: Measuring the risk of polycrisis).

1. Risk of climate crisis

Figure 15. Risk of climate crisis



Source: ESCWA calculations.

As climate change accelerates, it is unsurprising that the risk of a climate-associated crisis²⁹ has increased across the Arab region. High- and middle-income countries have been most significantly affected by this increased risk. In reality, of course, climate change is not constrained by international borders.

Between 2015 and 2021, the number of countries in the Arab region where the risk of a climate-associated crisis occurring was deemed to be high increased significantly. In 2015, just one country in the region (Jordan) was deemed to be at high risk of climate-related crisis. By 2021, this number had risen to

six (Algeria, Lebanon, Libya, Mauritania, State of Palestine and Tunisia) (figure 15).

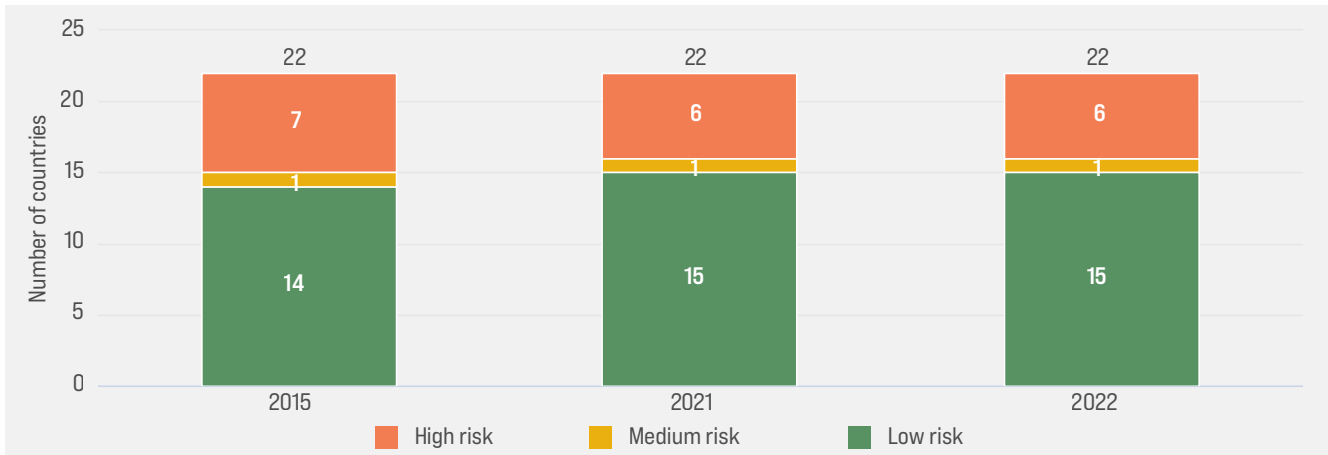
Between 2015 and 2021, only Jordan and Somalia saw an improvement in their risk exposure to a climate-associated crisis. Jordan improved from high risk to low risk, and Somalia from medium risk to low risk. However, these data capture just two points in time (2015 and 2021). We consider that a more in-depth trend analysis would reveal a widespread increase in climate risk in further countries in the region. For example, given the ongoing drought, it is likely that the risk exposure of Somalia to a climate-associated crisis would have been deemed to be high by 2023.

2. Risk of conflict, war and occupation

Between 2015 and 2021, the risk of conflict, war and occupation in the Arab region³⁰ did not materially change (figure 16). Countries deemed in 2015 to be at high risk of

conflict, war and occupation generally remained so in 2021, as long-standing conflicts persisted across the region and their triggers remained unaddressed. These countries are home to

Figure 16. Risk of conflict, war and occupation



Source: ESCWA calculations.

more than one third of the region's population. The situation in the region also reflects the strong link between conflict and development: 100 per cent of people in low-income countries, and 94 per cent of people in least

developed countries, live with the risk of conflict, war and occupation.

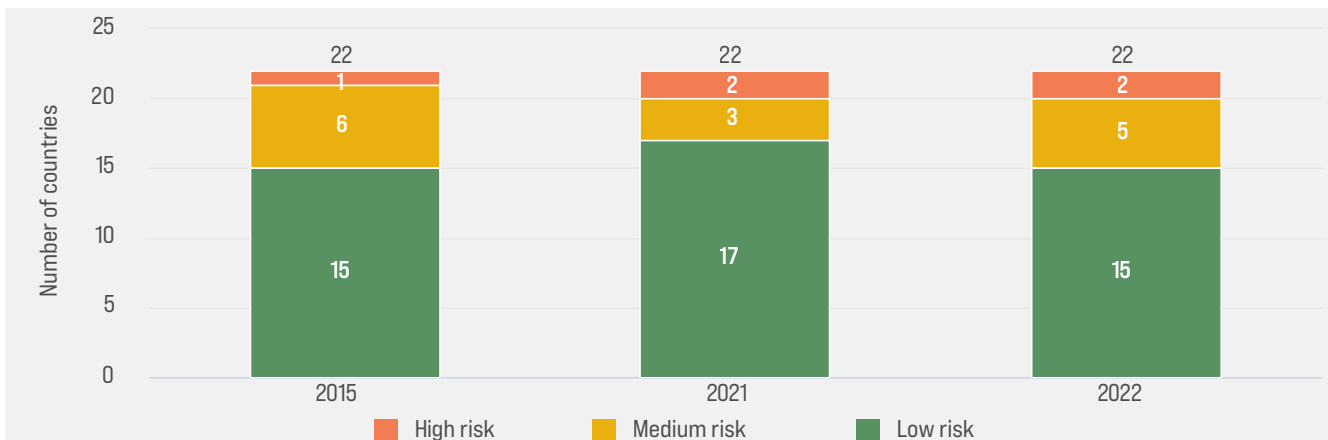
High-income countries tend to be more insulated from the risk of conflict, war and occupation.

3. Risk of economic crisis

Between 2015 and 2021, the number of countries across the Arab region at high risk of economic crisis³¹ increased, as did the number of countries at low risk of economic crisis (figure 17). In 2015, just one Arab country was at high risk of

economic crisis; this had increased to two countries by 2021. In the same period, the number of countries at low risk of economic crisis increased from 15 to 17.

Figure 17. Risk of economic crisis



Source: ESCWA calculations.

Figure 18. Degree of economic risk

Source: ESCWA calculations.

By 2022, two Arab countries remained at high risk of economic crisis, while the number of countries at low risk of economic crisis had fallen to 15, the same number as in 2015.

The risk of economic crisis in the Sudan changed from medium to high in 2022 as the country grappled with negative economic growth, persistently high inflation and debt, and limited international reserves. Meanwhile, Lebanon fell out of the “high” risk category in 2022 because its GDP grew by an estimated 2.7 per cent. Nevertheless, the repercussions of the

severe economic crisis, which began in 2019, will continue to be felt for years to come.

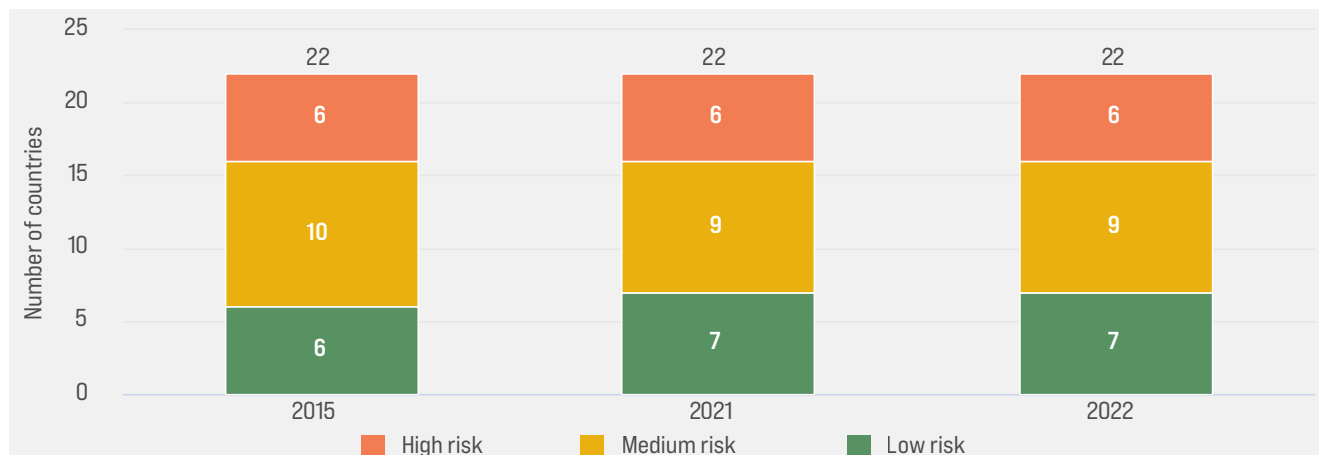
A more detailed examination shows that although there has been relatively little change between risk categories, the risk of economic crisis generally increased across countries in the Arab region between 2015 and 2022 (figure 18). Rising inflation and debt, particularly during 2021 and 2022, have exerted pressure on the economies of many countries in the region.

4. Risk of institutional crisis

Between 2015 and 2022, the risk of institutional crisis³² remained significant across the countries of the Arab region (figure 19). In six countries (Iraq, Libya, the Sudan, Somalia, the Syrian Arab Republic and Yemen), the risk of such a crisis remained high throughout that period.

Between 2015 and 2021, the number of countries at low risk of institutional crisis increased from six to seven, as Saudi Arabia and Kuwait moved from the “medium” to the “low” risk category, and Tunisia from “low” to “medium”.

Figure 19. Risk of institutional crisis



Source: ESCWA calculations.

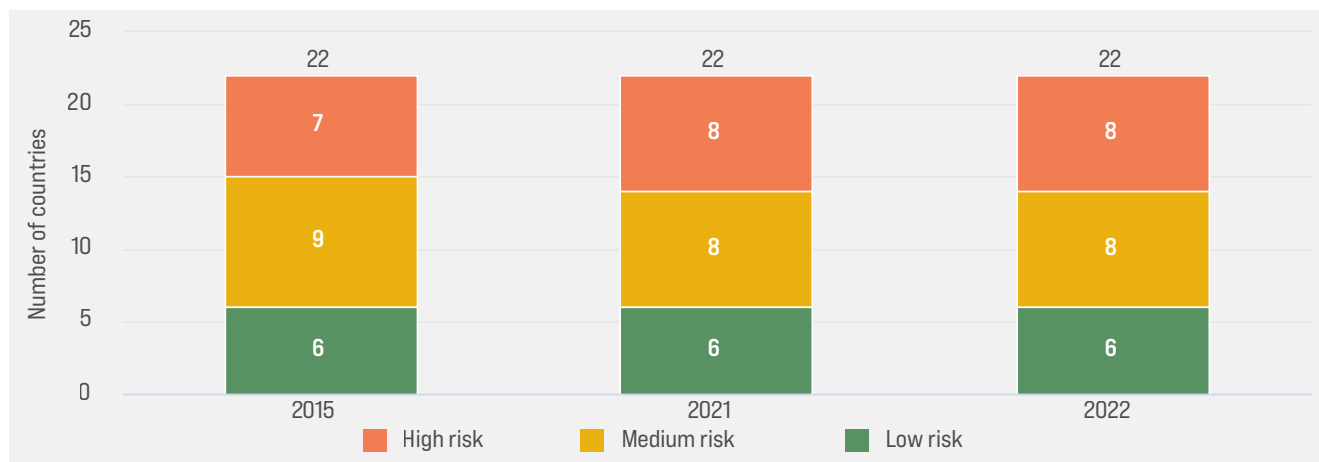
B. Mapping the risk of polycrisis

A combination of any of the four types of crisis described above presents the risk of a polycrisis.

Overall, the Arab region remained at medium risk of polycrisis between 2015 and 2022. However, there are substantial differences between countries, and the “medium” risk score of the region has steadily increased.³³ In other words, the risk of a polycrisis facing the Arab region has increased steadily since 2015.

Figure 20 describes this increase in more detail. In 2015, seven countries in the Arab region were at high risk of polycrisis (Iraq, Libya, State of Palestine, the Sudan, Somalia, the Syrian Arab Republic, and Yemen). By 2021, Lebanon had entered the high-risk group, bringing the total to eight countries. Six countries remained at low risk of polycrisis throughout the period.

Figure 20. Countries at risk of polycrisis in the Arab region

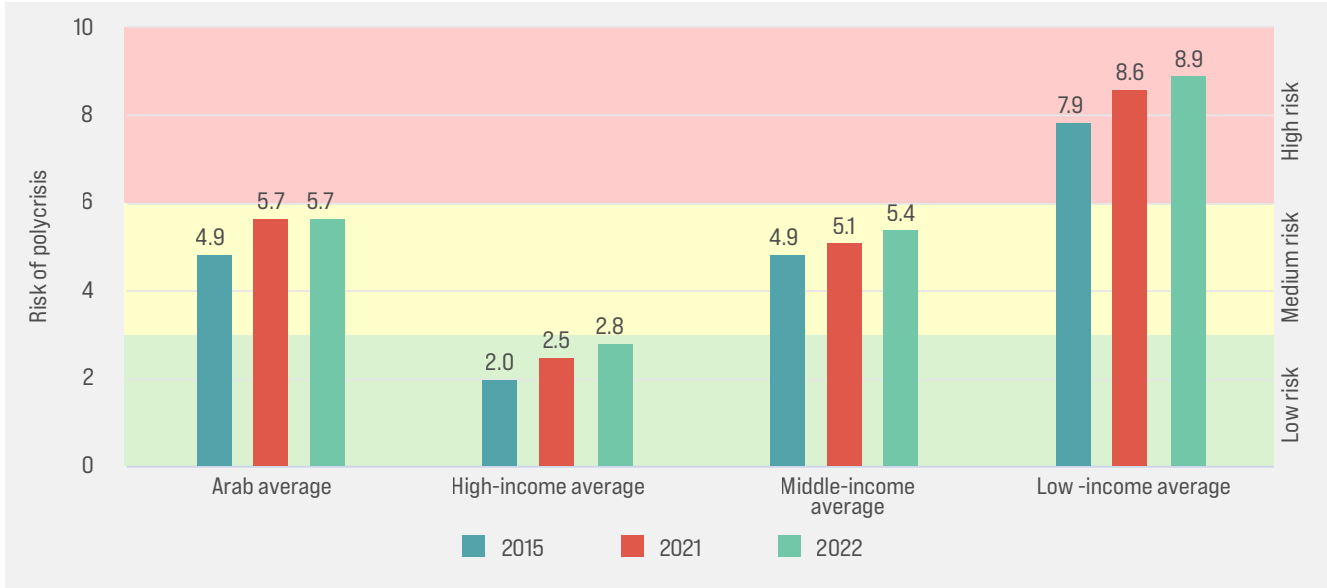


Source: ESCWA calculations.

Figure 21 presents the absolute level of risk of polycrisis by country grouping in 2015, 2021 and 2022. The risk increases clearly and steadily over the period. Figure 22 illustrates the changing level of risk of polycrisis throughout the region.

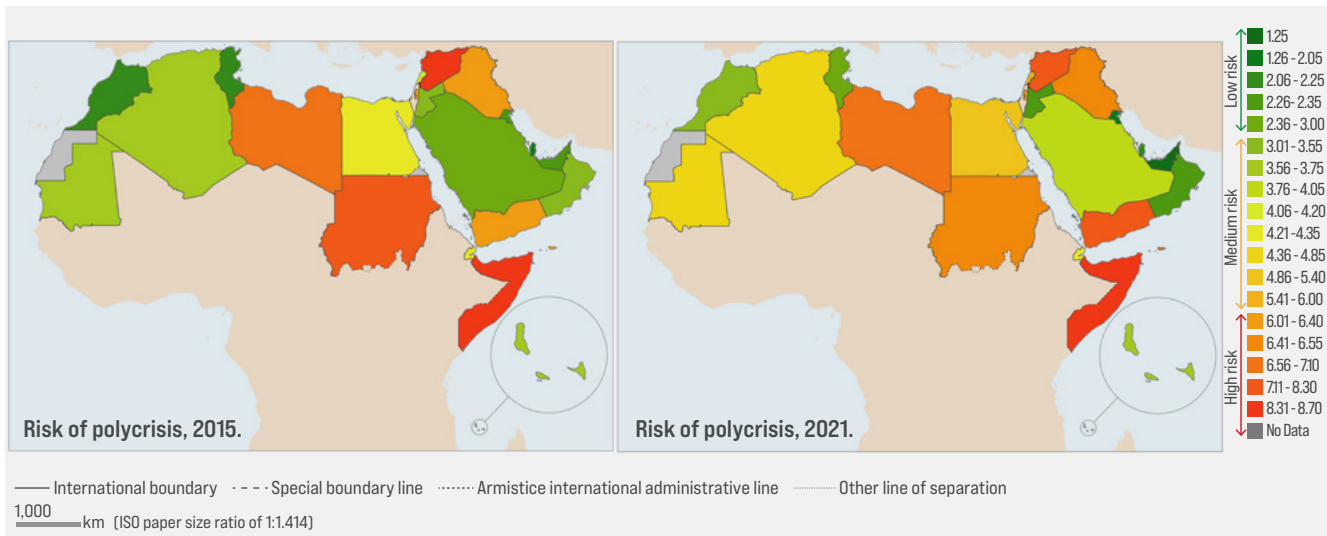
High-income countries are largely insulated from the risk of polycrisis (figure 23). By 2022, only Bahrain remained at medium risk of polycrisis, driven by economic and climate-related risks. All other countries in this grouping were at low risk of polycrisis.

Figure 21. Risk of polycrisis in the Arab region



Source: ESCWA calculations.

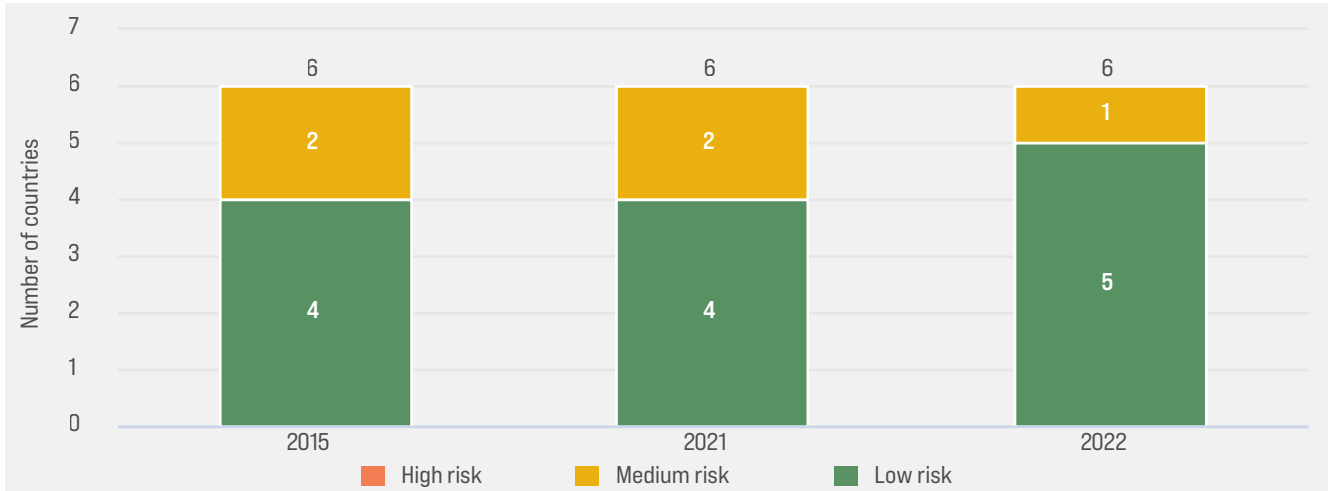
Figure 22. Mapping the risk of polycrisis



Source: ESCWA Geo-Statistical Laboratory estimates.

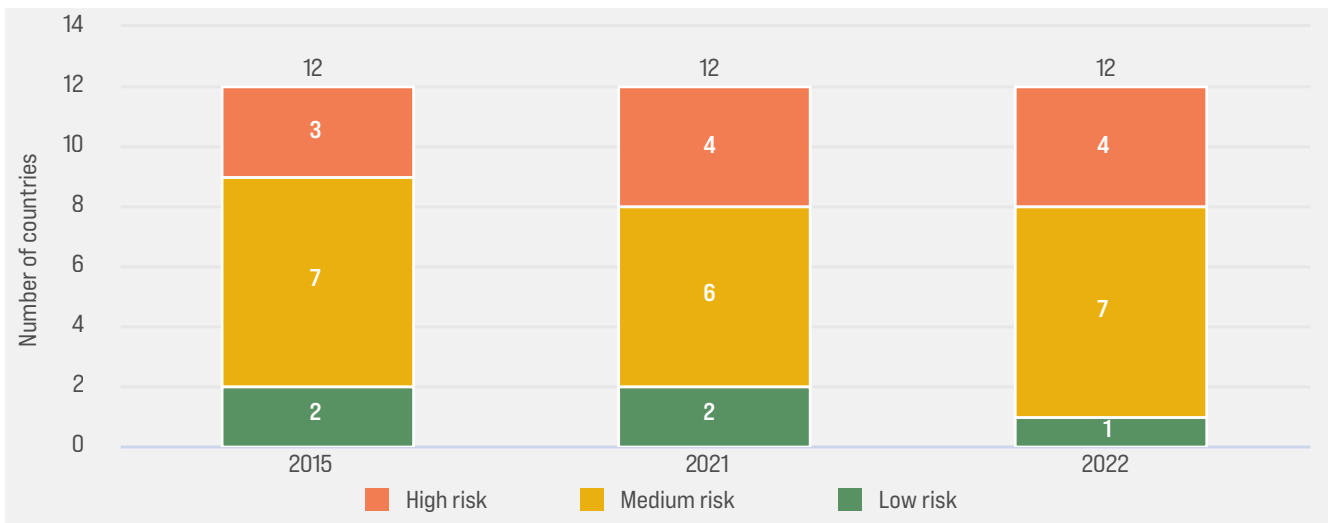
Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Figure 23. High-income countries at risk of polycrisis



Source: ESCWA calculations.

Figure 24. Middle-income countries at risk of polycrisis



Source: ESCWA calculations.

Oman briefly entered the “medium” risk category in 2015, as did Saudi Arabia in 2021. However, both countries successfully decreased their risk ratings by 2022. Oman was one of only two countries in the region – Jordan was the other – whose risk

of polycrisis fell between 2015 and 2021. In Oman, this fall was driven by an improvement in the country’s score in the Global Peace Index, from slightly above the “low” risk threshold to slightly below it.

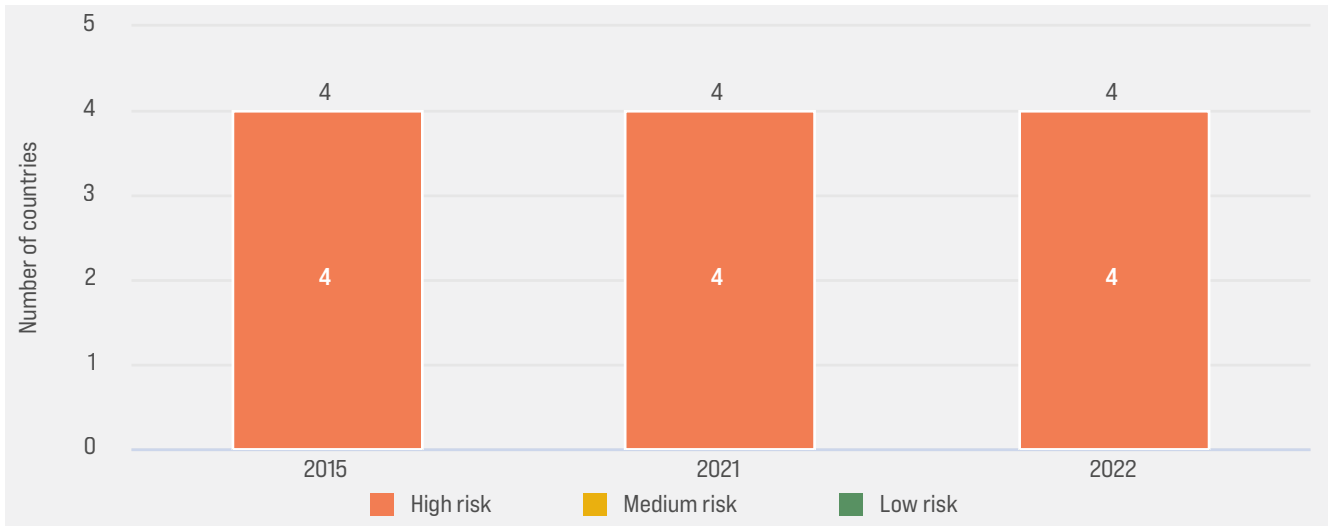
By contrast, middle-income countries in the region have seen a steady increase in their risk of polycrisis since 2015. In that year, three countries (Iraq, Libya and the State of Palestine) were at high risk of polycrisis; this increased to

four countries as Lebanon joined the “high” risk category in 2021 and remained there in 2022. The number of countries at low risk of polycrisis has also fallen from two in 2015 (Morocco and Tunisia) and 2021 (Jordan and Tunisia) to just

one (Jordan) in 2022 (figure 24). Jordan's reduced risk of polycrisis in 2021 was driven by a less pronounced impact of climate change in that year, which we do not expect to continue in the future.

All low-income countries remained exposed to a high risk of polycrisis throughout 2015, 2021 and 2022. However, the level of risk experienced by each country has intensified throughout the period.

Figure 25. Low-income countries at risk of polycrisis



Source: ESCWA calculations.

Polycrisis and multidimensional inequality: a vicious circle

03





01

In the Arab region, there was a minimal reduction in multidimensional inequality between 2015 and 2021, but a significant increase in the risk of polycrisis.



02

Low-income, least developed, and conflict-affected countries in the region combined are home to 39 per cent of the region's population. These countries have experienced the most significant increases in both the risks of polycrisis and multidimensional inequality.



03

Middle-income countries, which are home to 62 per cent of the region's population, have made some progress in reducing multidimensional inequality, but their exposure to the risk of polycrisis has increased.



04

High-income countries, which are home to only 13 per cent of the region's population, have made progress in reducing multidimensional inequality despite a small uptick in the risk of polycrisis. Nevertheless, the risk of polycrisis in high-income countries is low.

Polycrisis and multidimensional inequality: a vicious circle

03

Inequalities and crises are tightly linked. They often exacerbate and reinforce each other.

In crises, vulnerable people are hit fastest and hardest. They are frequently less able to rebuild and recover from a crisis, and have less access to support to repair their livelihoods. Inequality itself can also trigger crises by creating unsustainable economies and societies, and by breeding social discontent.

At the same time, crises tend to exacerbate and reinforce other crises, while inequalities tend to exacerbate and reinforce other inequalities. The final combination is highly dangerous to socioeconomic stability.

This chapter first explores the relationship between multidimensional inequality and the types of crisis described in chapter 2. It then highlights the positive correlation between multidimensional inequality and the risk of polycrisis, and the disparity in risk between different country groups.

A. Crises and inequality in detail

1. Climate crises and multidimensional inequality

Climate change reinforces existing vulnerabilities.

Wealthier communities often have the resources to recover quickly from environmental disasters. Disadvantaged groups, on the other hand, may struggle for years to recover. Low-income communities often lack the financial means to recover from environmental shocks. The costs associated with climate-related disasters, such as the need to rebuild infrastructure or secure alternative livelihoods, can perpetuate and deepen existing cycles of poverty.

Environmental degradation has an especially heavy impact on people living in rural communities – small-scale farmers

and pastoralists, for example. Droughts, desertification, and the depletion of natural resources have a negative effect on agricultural productivity. As a result, farmers' incomes fall. As farmers often have no access to mitigation measures, this exacerbates existing inequalities.

Drought and land degradation can also render areas uninhabitable, triggering displacement and forced migration. Displaced populations, often lacking resources and social networks, face increased vulnerability and limited access to basic services. They may be pushed into marginalized urban areas or face additional hardships as they seek refuge elsewhere. This can deepen social and economic disparities.

Box 4. Drought: a direct threat to a quarter of humanity

In 2022, 1.8 billion people – a quarter of the global population – were threatened by drought. Approximately 85 per cent of those affected reside in low- or middle-income countries, which are home to the majority of the world's vulnerable populations.

In Africa alone, drought has caused \$70 billion in losses over the past 50 years, and placed 20 million people at the risk of acute food insecurity or famine. The repercussions of drought extend beyond economic losses. A lack of water can leave people no choice but to migrate, exposing them to hazardous living conditions. Over 180,000 individuals have already been forced in this way to emigrate from Somalia and South Sudan to Kenya and Ethiopia.

In the Arab region, the agricultural sector bears the brunt of droughts. In recent years, farmers have suffered substantial crop damage, from shrivelled olive groves in Tunisia to destroyed wheat fields in the Syrian Arab Republic and Iraq.

Source: United Nations, Global Drought Snapshot: The need for proactive action, 2023.

The Arab region is among the most water-stressed areas in the world. Between 2006 and 2010, the region experienced one of its worst drought cycles in several centuries.³⁴ More recently, 2020 and 2021 were among the hottest years on record in the region. Algeria, Mauritania and the Sudan are particularly threatened by desertification, which can lead to a loss of arable land, reduced agricultural productivity,

and the displacement of communities. Algeria, Lebanon and the Syrian Arab Republic have faced severe forest fires and droughts. On the Arabian Peninsula, sand and dust storms and outbreaks of locusts have also become more frequent – the result, at least in part, of climate change. Elsewhere, Egypt, Morocco and Tunisia face coastal degradation and rising sea levels.

2. Conflict, war and occupation and inequality

The relationship between conflict, war and occupation and inequality is complex and multi-faceted. Inequality can be a root cause of conflict, but conflict can also contribute to social, economic and political inequalities by subduing economic growth, destroying livelihoods and infrastructure, triggering mass displacement, diverting government expenditure, and disrupting the provision of basic social services.

When marginalized communities face exclusion, discrimination, and limited access to resources, grievances can emerge and contribute to social unrest. The unequal

distribution of wealth, power and opportunities can create tensions and fuel demands for change, sometimes leading to conflicts and war.

Conflict can also increase inequality. In a conflict, economic growth is subdued, partly because of the suspension of normal economic activity and the destruction of infrastructure, and partly because of lower levels of investment in conflict zones. This economic deterioration has a negative impact on livelihoods, particularly those of poor and vulnerable people who do not have the means to easily escape conflict zones and establish themselves elsewhere.

Box 5. The Sudan's greatest humanitarian emergency in a decade

In April 2023, violent clashes broke out between the Sudanese Armed Forces and the country's paramilitary Rapid Support Forces. At the beginning of 2023, before this outbreak of violence, the Sudan was already facing a humanitarian emergency. Other ongoing conflicts, economic and political instability, and climate disasters had triggered Sudan's greatest humanitarian crisis in more than a decade. The renewed violence exacerbated an already desperate situation, as the country had already depleted most of the resources it had available to deal with the crisis.

By April 2024, an additional 6.5 million people had been made internally displaced, and an additional 2 million people had fled to neighbouring countries. Around 25 million people – half of the population – were in need of humanitarian assistance, and 18 million people faced acute food insecurity. One in seven children faced acute malnutrition.

Access to health care is severely limited, as almost three quarters of health facilities are out of service. Access to education is also limited; an additional 12 million children have been left with no access to education, bringing to total number of children out of school to 19 million.

Source: Office of the United Nations High Commissioner for Refugees (UNHCR), [Sudan Crisis Explained](#), 2024; International Rescue Committee, [Fighting in Sudan: What you need to know about the crisis](#), 2023; World Bank Group, [The World Bank in Sudan](#), 2023.

Limited economic growth, the destruction of infrastructure and shifting funding priorities ultimately reduce Governments' ability to spend money on basic services on which vulnerable people depend heavily. The resulting impairment of health care, education, and social protection services entrenches vulnerability, impairs social mobility, and reinforces inequality.

Over the years, numerous conflicts and wars have caused immense destruction, human suffering and displacement in the Arab region. Part of the region, the State of Palestine, has been under occupation for the past 75 years. Displaced populations often face heightened vulnerability, limited access to basic services, and precarious living conditions.

3. Economic crises and inequality

Economic crises often exacerbate existing inequalities, and can have far-reaching social and political implications. Economic downturns often lead to job losses, reduced wages, and increased poverty rates. This is particularly relevant to the Arab region, which is the only region where poverty is increasing, and has the highest rate of unemployment in the world.

Economic crises often lead to reduced government revenues, austerity measures, and cuts in public spending. This can result in a decline in the provision of social

services such as health care, education and social welfare programmes. Disadvantaged communities which rely heavily on these services are disproportionately affected, and social and economic inequalities increase. This also hinders social mobility by limiting opportunities for upward mobility and trapping individuals and communities in cycles of poverty. The erosion of job prospects, reduced access to education and training, and a lack of economic opportunities make it harder for individuals to improve their socioeconomic status.



Vulnerable groups often lack the necessary financial buffers and resources to withstand economic downturns. As a result, they experience a deeper decline in living standards, reduced access to basic services, and increased poverty levels.

Further, in the aftermath of an economic crisis, limited access to credit and financial services can limit the ability of marginalized communities to recover from economic shocks or invest in new opportunities. The resulting job insecurity and loss of income contribute to growing income and wealth inequalities.

4. Institutional crises and inequality

In the past decade, the Arab region has experienced a significant number of institutional crises. Such crises, characterized by instability and governance challenges, can contribute to existing social and economic inequalities. They can also be a cause of inequality in their own right.

Institutional crises are often a result of concentrated power. But they can have the effect of further concentrating power and resources in the hands of a small elite. This exacerbates inequality by excluding marginalized groups from political participation, reducing their ability to influence policymaking. As a result, public resources are often diverted away from their needs. This relationship is reflected by the positive correlation between levels of income and the level of trust in institutions: those in the top quartile of income-earners tend to hold a more positive view of institutions than those in the bottom quartile.³⁵

Institutional crises also fuel divisions that fragment societies and prevent social cohesion. Divisive rhetoric and actions can exacerbate discrimination and exclusion, particularly for the most marginalized. Marginalized communities are at greater risk of violence, discrimination, and displacement during times of institutional instability. At the same time, legal and institutional systems may become less responsive or more biased during crises, further marginalizing already vulnerable groups.

Institutional crises are frequently linked to economic crises. High inflation and austerity measures associated with economic crises tend to accentuate social discontent, potentially giving rise to popular unrest. An increase in the number of protests globally in 2022 and the first quarter of 2023 has been linked to rising food and energy prices, and a limited capacity of governments to shield their populations from price increases.³⁶

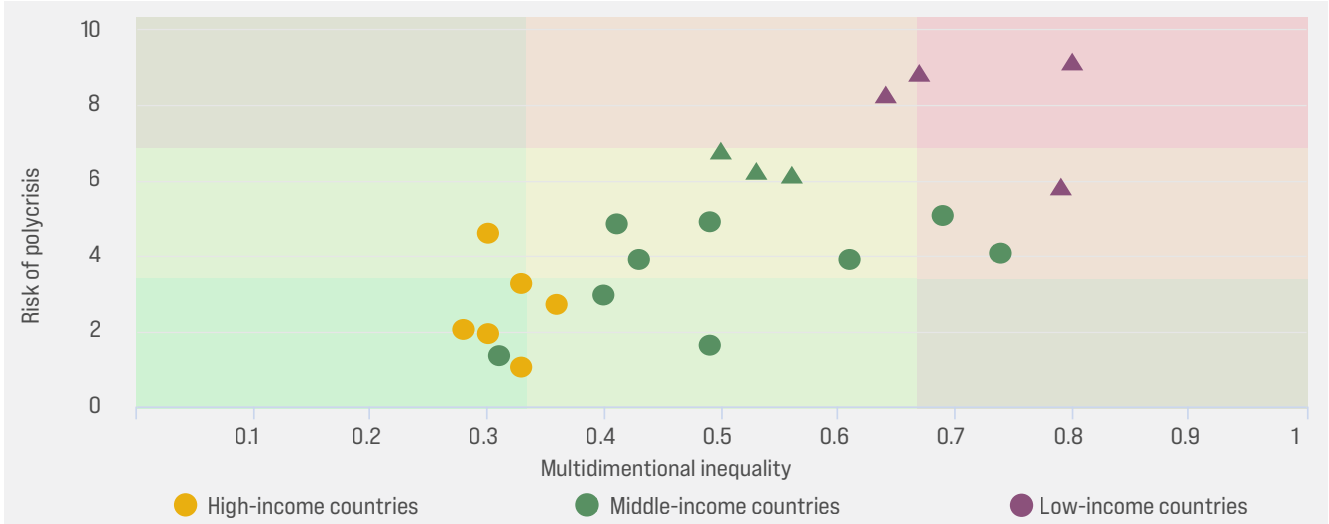
B. Polycrises and inequality

Inequality and crises are mutually reinforcing. Entrenched inequality raises the likelihood of crises, while crises worsen inequality. As figures 26 and 27 show, there is a clear positive correlation between multidimensional inequality and the risk of polycrisis.

Between 2015 and 2021, the risk of polycrisis increased in countries in the Arab region. Although multidimensional inequality has not yet increased, the rise in risk of polycrisis, and the positive correlation between the two, presents a clear risk of rising multidimensional inequality.

This trend was particularly marked in low-income, least developed, and conflict-affected countries. In these countries, the impact of each new crisis was amplified, especially for the most vulnerable sections of the population. The affected countries were often constrained in their responses by limited resources, leading to short-term fixes that jeopardized long-term sustainable development and perpetuated intergenerational inequalities. The result is a vicious circle, where societal challenges are magnified and cycles of instability and inequality are perpetuated.

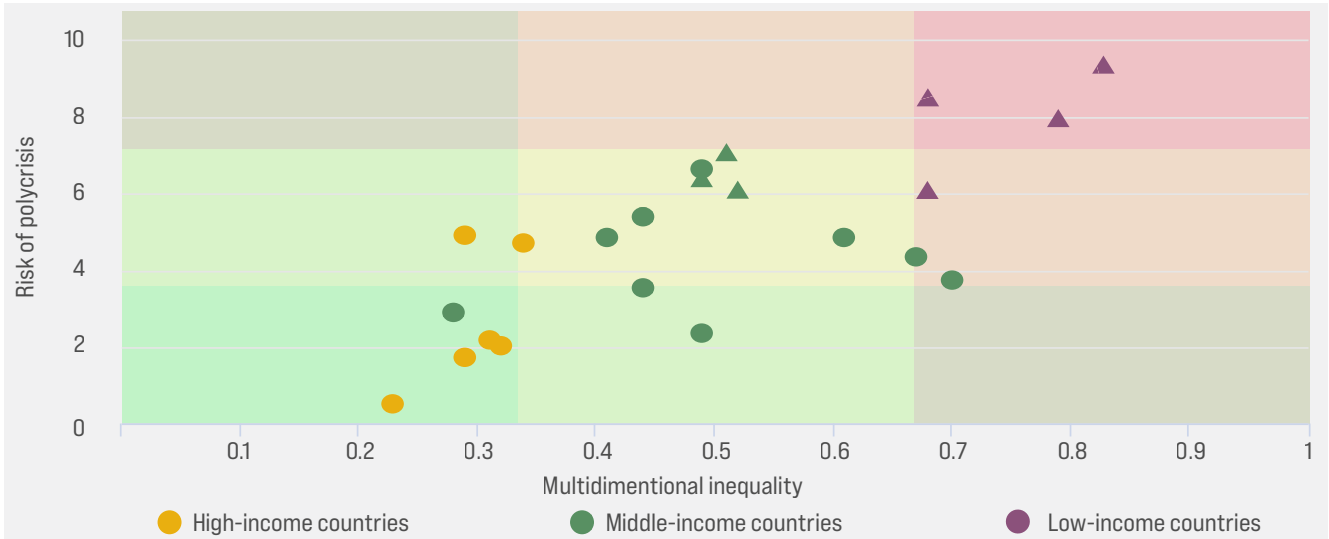
Figure 26. Risk of polycrisis and multidimensional inequality in 2015



Source: ESCWA calculations.

Note: Conflict-affected countries are included within their income groups, but are highlighted as a triangle. All other countries are presented as circles. The chart is colour coded so that low risk of multidimensional inequality and low risk of polycrisis is green, medium risk of both is yellow, and high risk of both is red. Any combination of risks is depicted as a combination of the colour attached to the risk e.g. high risk of polycrisis and medium risk of multidimensional inequality is displayed as a combination of red and yellow: orange.

Figure 27. Risk of polycrisis and multidimensional inequality in 2021



Source: ESCWA calculations.

Note: Conflict-affected countries are included within their income groups, but are highlighted as a triangle. All other countries are presented as circles. The chart is colour coded so that low risk of multidimensional inequality and low risk of polycrisis is green, medium risk of both is yellow, and high risk of both is red. Any combination of risks is depicted as a combination of the colour attached to the risk e.g. high risk of polycrisis and medium risk of multidimensional inequality is displayed as a combination of red and yellow: orange.

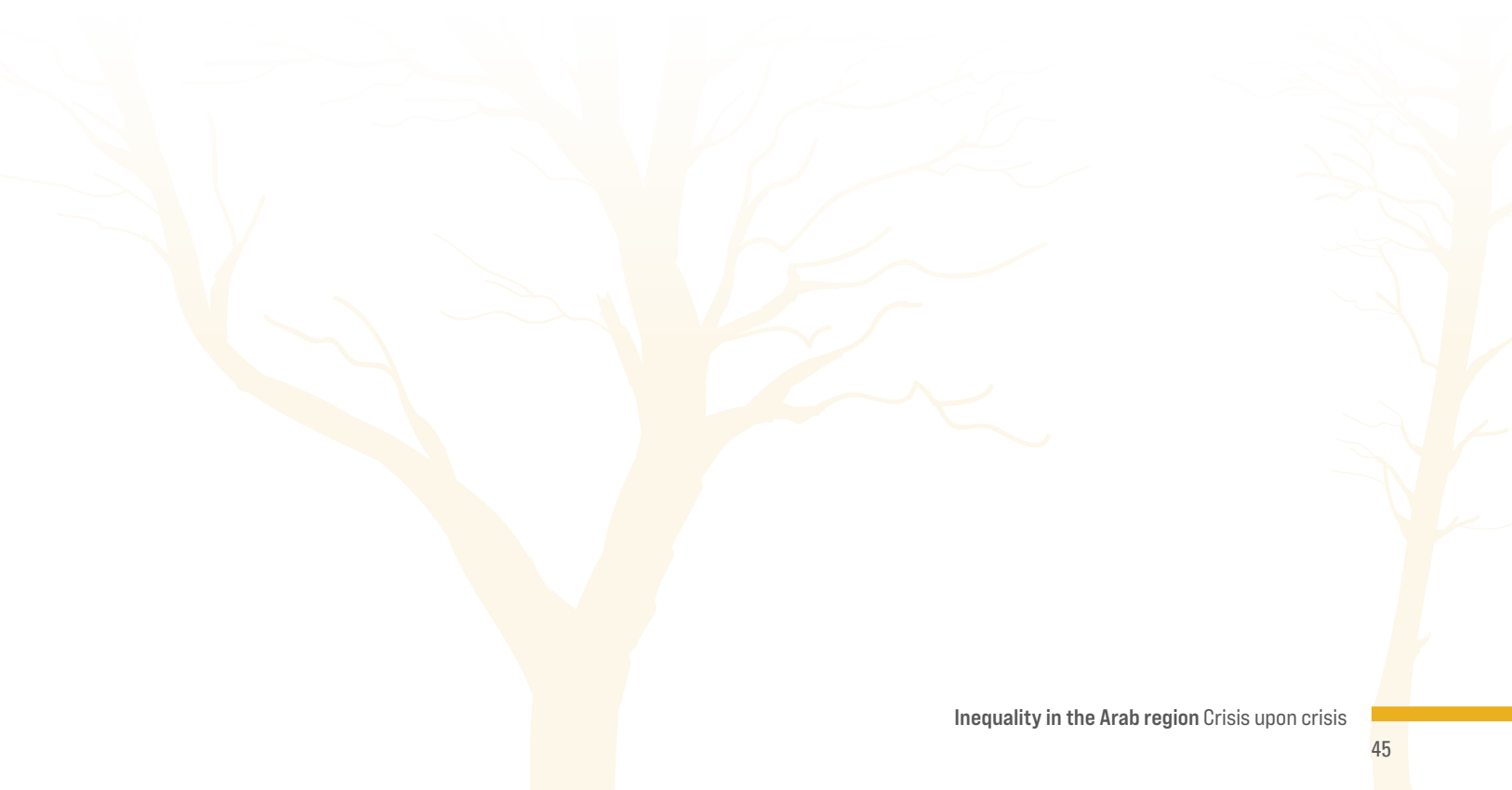


The situation in middle-income countries was less clear cut. In Lebanon, for instance, multidimensional inequality and the risk of polycrisis both increased. In Morocco, the risk of polycrisis rose, but multidimensional inequality fell. In Jordan, the risk of polycrisis fell, but multidimensional inequality increased. Nevertheless, middle-income countries collectively experienced a significant increase in the risk of polycrisis, which brings with it the risk that multidimensional inequality will also rise correspondingly.

High-income countries have the capacity to invest in long-term strategies which can mitigate intergenerational

inequalities and foster resilience and sustainable development. In the United Arab Emirates, for instance, both multidimensional inequality and the risk of polycrisis fell markedly between 2015 and 2021.

Nevertheless, the mounting risk of polycrisis in the Arab region as a whole, particularly in middle- and low-income countries, threatens to reverse progress made in reducing inequality. This trend underscores the critical need for concerted efforts to break the mutually reinforcing cycle of crises and inequality, and for the promotion of inclusive, sustainable development across all levels of society.



Layers of crisis

04





01

Short-term crisis responses undermine long-term development investments and environmental sustainability, perpetuating cycles of vulnerability.



02

Polycrises have a disproportionate impact on vulnerable families, forcing them to compromise on essentials such as meals, healthcare, and education. This exacerbates inequalities.



03

Poor nutrition outcomes from polycrises have lasting repercussions on health and cognitive development, perpetuating intergenerational poverty.



04

In 2023, the Arab region was home to 25 per cent of the global population in need of humanitarian assistance. But it received only 32 per cent of the necessary humanitarian financing. This demonstrates a significant gap in support, despite escalating needs.

Layers of crisis

04

After a succession of crises in 2023, the Arab region is at risk of a polycrisis.

In 2023, various crises affected the Arab region. In February 2023, a series of deadly earthquakes struck the Syrian Arab Republic, killing an estimated 6,000 people and leaving up to 9 million homeless and without drinking water, electricity, or fuel for heating.³⁷ In April, fighting broke out in the Sudan between the Sudanese Armed Forces and the rebel Rapid Support Forces. One year after the violence began, more 8.5 million people had been displaced, and the delicately negotiated transition to peace and democracy in the Sudan was under serious threat.³⁸ In September, two more natural disasters hit the region: an earthquake in Morocco and floods in Libya. In Morocco, a powerful earthquake killed 2,500 people and injured a further 2,500. The earthquake flattened many remote mountain villages and left others inaccessible due to rockfalls across access roads. In Libya, Storm Daniel

burst dams and caused massive flooding that killed over 11,000 people and left 10,000 unaccounted for,³⁹ and is estimated to have caused \$19 billion in losses to buildings and infrastructure.⁴⁰ It destroyed critical infrastructure in a region inhabited by 884,000 people, including 353,000 children, leaving many without access to electricity or water.⁴¹ In October, war broke out in Gaza. The degree of death and destruction which ensued has been unprecedented in recent times. By April 2024, over 34,000 Palestinians had been killed in Gaza, 70 per cent of them women and children. A further 75,000 had been injured. The entire population faces food insecurity, and 1.1 million people are at imminent risk of famine.⁴²

Existing threats from multi-year droughts and water scarcity, long-standing conflicts, hyperinflation, collapsed currencies, and institutional instability continue to affect societies, economies, and households in various ways. These crises

Box 6. A confluence of crises undermines Agenda 2030

“Today at the halfway point [of the Sustainable Development Goals (SDGs)], the world is not on track to achieve the Goals by 2030, and we are more off track than four years ago. This is a warning signal that unless the world makes an urgent course correction and initiates transformative change, we risk undermining advances made, increasing vulnerability to future crises and cementing unsustainable development pathways.”

“Where progress has been halted or slowed down, it is partly a consequence of a confluence of crises – the ongoing pandemic, rising inflation and the cost-of-living crisis, and planetary environmental and economic distress, along with regional and national unrest, conflicts and natural disasters. To have these crises overlap so relentlessly might seem bad luck, but they are not independent events. They are entwined through various physical, economic and social strands, each fuelling other’s intensities.”

Source: Times of Crisis, Times of Change: Science for Accelerating Transformations To Sustainable Development, United Nations Global Sustainable Development Report 2023.

have interacted to create new crises, presenting the risk of a polycrisis.

Donors' limited financial resources are being spread increasingly thinly across a multitude of crises. At the same time, the impact of these crises, including domestic economic and political instability, has reduced donor investments to humanitarian causes.

Even where donors have stepped in, Governments have been forced to increase expenditure on humanitarian emergencies, either by reallocating funds from long-term investments to short-term emergencies or by accumulating additional debt. Either way, the risk of polycrisis has caused a shift in funding focus from long-term sustainable development to short-term emergency response. This is

particularly true for low-income countries, least developed countries, and countries in conflict, which are more at risk of crisis but have fewer available resources and greater long-term sustainable development financing needs. As a result, they risk being left even further behind in their efforts to achieve the goals of the 2030 Agenda.

Similarly, low-income households have less capacity to respond to shocks. A succession of crises has trapped them in a cycle of responding to their short-term needs rather than investing in their futures. Crises make families less able to prioritize children's access to food, education, health care, safety and security; this will perpetuate intergenerational inequality.

A. Humanitarian organizations' responses to crises and inequality

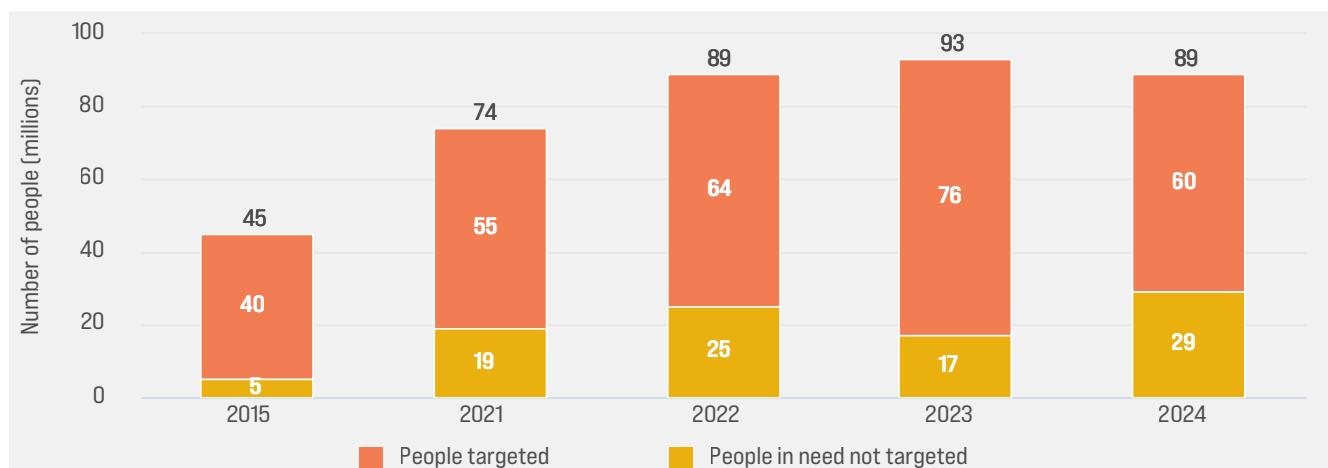
The succession of crises that have affected the world in recent years have significantly increased global demand for humanitarian assistance. This was particularly true in the Arab region, which in 2023 was home to one quarter of the world population living in need of humanitarian assistance. This figure is expected to rise to 30 per cent by the end of 2024.⁴³

Crisis after crisis has reduced the resources available for humanitarian assistance and caused countries to change their

financing priorities, often to the detriment of global humanitarian support. As a result, an increasing number of people in need are not being reached, disadvantaging them further and deepening inequality. Thus begins a vicious circle: as disadvantage becomes widespread and inequality rises, the risk of polycrisis and the need for future humanitarian assistance will only grow.

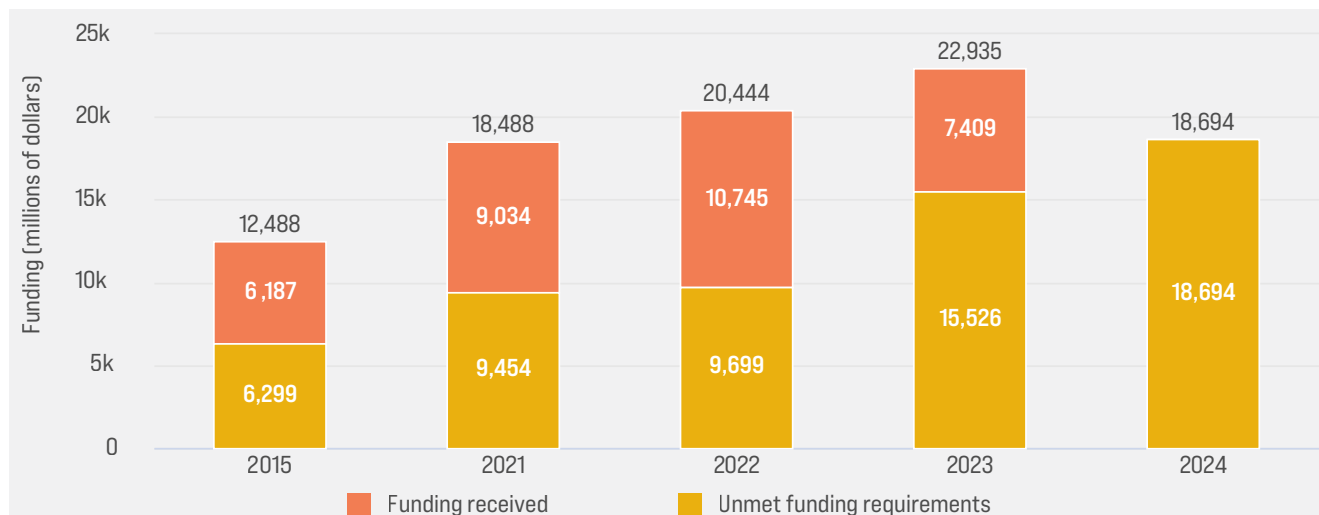
As figure 28 shows, the number of people in need of humanitarian assistance in the Arab region increased

Figure 28. People in need of humanitarian assistance in the Arab region



Source: Office for the Coordination of Humanitarian Affairs (OCHA) global humanitarian updates.

Figure 29. Financial requirements for humanitarian assistance in the Arab region



Source: OCHA global humanitarian updates.

significantly during the years of our analysis. Since 2021, the number of people in need of humanitarian assistance has continued to grow, reaching 93 million in 2023. The figure also shows that the provision of humanitarian aid has failed to keep up with growing demand, as the number of people in need who have not been targeted for assistance has grown steadily, reaching a high of 25 million in 2022. In 2024, the number of people in need of humanitarian aid who have not been targeted for assistance is expected to increase further to 29 million.⁴⁴

Where people in need are not being targeted for humanitarian assistance, this is most often due to financial constraints. Figure 29 illustrates how financial requirements for humanitarian assistance in the Arab region have grown steadily since 2015, reaching \$22.9 billion in 2023. Yet much of this financing was never received. In 2015, exactly half of the required financing was received; this fell to 32 per cent in 2023. This has obvious long-term implications for the people who are excluded. It also has long-term implications for humanitarian organizations, as their credibility and effectiveness are diminished.

B. Governmental responses to crises and inequality

Governments usually act to mitigate crises when they occur, and attempt to protect the population from their impact. During the COVID-19 pandemic, for example, many Governments focused resources on developing and distributing vaccines, as well as offering unemployment insurance and support to businesses and expanding health insurance coverage.

However, the extent of national responses varied. As with all crises, high-income countries were able to quickly mobilize affordable financing and reinvest it in their economies and

societies. As a result, the impact of the crisis was more short-lived, and the economic recovery was fast. In some high-income countries, large and targeted government investments during the pandemic actually contributed to technological and environmental progress in the long term.

By contrast, many low-income countries entered the pandemic after years of steady debt accumulation, leaving them little flexibility, or fiscal space, to spend money on supporting vulnerable groups. As with most crises, governmental responses in low-income countries were

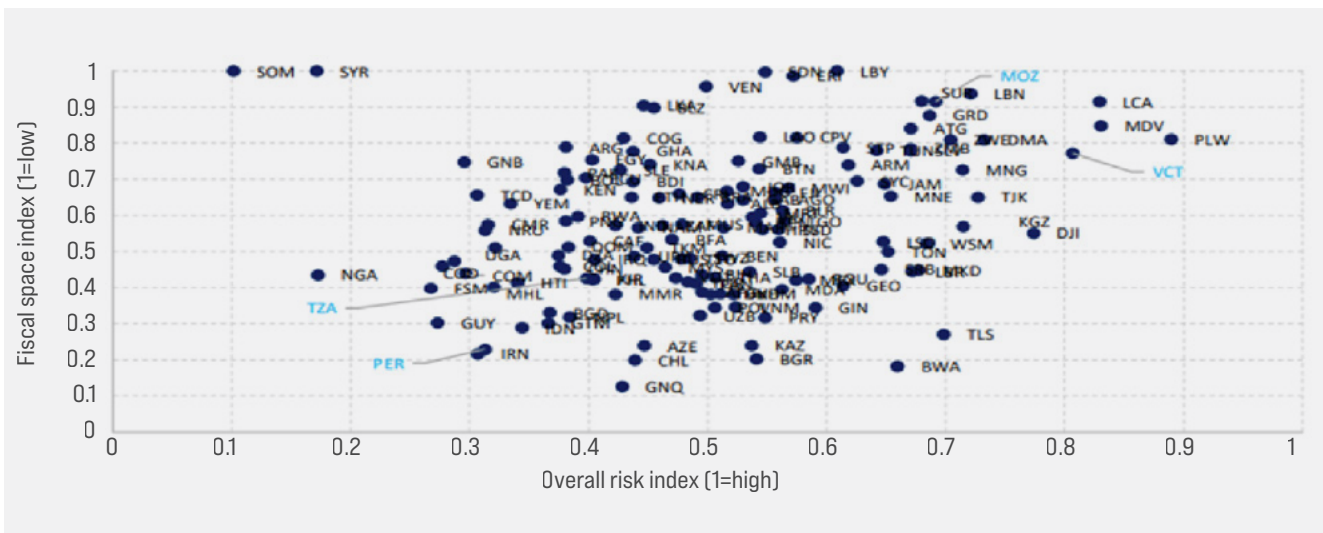
Box 7. A widening productivity gap also threatens inequality

Between 2020 and 2021, the productivity gap between advanced and developing countries widened further in real terms, from 17.5:1 to 18:1, the highest gap since 2005.

Inequality in productivity between countries threatens to exacerbate multidimensional inequalities by limiting economic growth and development in developing countries, which in turn will limit household incomes and government revenue. A lack of revenue will impair Governments' capacity to provide basic services.

Source: World Bank, Navigating Multiple Crises, Staying the Course on Long-Term Development, 2022.

Figure 30. Countries' fiscal space and exposure to risk



Source: World Bank, Navigating Multiple Crises, Staying the Course on Long-Term Development, 2022.

often limited. The impact of COVID-19 continues to be felt today, as debt burdens have increased substantially, the cost of debt has increased amid rising interest rates, and businesses have not had the support to recover, which in turn has left unemployment high. Following COVID-19, there is even less fiscal space for governments to invest in social and economic services. This has triggered a deterioration in the quality of social services, and a corresponding rise in multidimensional inequality.

To some degree, COVID-19 increased global solidarity. Policymakers around the world recognized the global nature of the pandemic and sought to present a global response. Other crises, though, have shown less of a tendency to elicit global solidarity in this way. For years, world leaders have been trying to build a consensus on a fair global response to combat the impact of climate change and reduce greenhouse gas emissions. Up to now, though, such a consensus has failed to materialize. Conflicts, too, tend not to attract a unified global response. The risk of being dragged into conflict themselves or having to pick a side

Box 8. The reality of the polycrisis in the Syrian Arab Republic: a Minister's insight

The Government of the Syrian Arab Republic has sought to redirect spending to reduce inequality between social groups resulting from the consecutive crises. In 2023, it raised government salaries by 100 per cent to bridge the gap between rich and poor and to overcome the effects of inflation. In the aftermath of the 2023 earthquake, the Government also directed a significant part of its budget to mitigating the effects of the earthquake on society by building housing units and providing financial assistance to affected persons and to those with disabilities.

However, successive crises have distracted the Government and local communities, minimizing the benefits of the limited resources available to mitigate the impact of crises. Instead of being focused on a single crisis or group of people in need, resources must be distributed across several crises and groups at once.

Source: Samar Al-Sibai, Head of the Syrian Commission for Family and Population Affairs.

heavily disincentivizes global, regional, and national actors from providing support aimed at ending conflicts. Elsewhere, economic and institutional crises – particularly if they are the result of mismanagement – are also unlikely to elicit significant levels of global or regional support.

In addition to reducing public revenues, growing inequality has reallocated wealth holdings from the public sector to the private sector. This reallocation of wealth has an impact on national priorities: it leaves Governments less able to invest in social services, crisis mitigation, and achieving the goals of Agenda 2030. Growing private wealth holdings result in private sector investment to the detriment of public investments. Sometimes, the effect of this is partly mitigated by philanthropy: wealthy private individuals or companies donating money to social causes. But even where this occurs, private benefactors are unlikely to have the same reach as the public sector, and may be prone to channelling their donations towards specific social groups in accordance with their own priorities, jeopardizing inclusive sustainable development.⁴⁵

Consecutive shocks only accelerate this vicious cycle, leaving Governments increasingly limited in their ability to mitigate

the impact of shocks and invest in social services that would otherwise reduce inequalities.

Polycrisis have a long-term impact. As Governments are forced to respond to crisis after crisis and the impact of compound and overlapping crises intensifies, the effectiveness of their responses declines. Furthermore, short-term responses come at the cost of long-term sustainable development. Increasing short-term spending inevitably requires either reallocating funds from long-term investments to short-term crisis response, or raising additional debt. As interest rates rise, public debt becomes increasingly expensive to maintain, particularly for countries with low levels of income or a high risk profile. Consequently, countries can find themselves in a cycle of high debt repayments, preventing them from making social investments in the medium to long term. High debt burdens also reduce a country's ability to react to future crises: they limit the amount of additional debt the country's Government can mobilize in order to respond. They also make future borrowing more expensive: countries with high debt burdens have a higher risk profile, and are thus forced to borrow at higher interest rates.

According to the World Bank (figure 30), four countries in the Arab region – Somalia, Syrian Arab Republic, Sudan, and Libya – have the lowest level of fiscal space of all countries in the world. Lebanon also sits in the bottom ten.⁴⁶ This means that these countries have limited capacity to support long-term sustainable development, and almost no capacity to respond to an additional shock or crisis. If a crisis were to hit these countries, it would have a catastrophic impact on people’s livelihoods and on long-term sustainable development.

Short-term crisis responses frequently sideline environmental priorities, with long-term consequences for combating climate change. For example, many countries have reintroduced fuel subsidies in response to the cost-of-living crisis. This may be appreciated by many households who would struggle to afford transport, electricity and heating without it. But it is a short-term response with negative long-term repercussions. Fuel subsidies represent a large sunk cost to Governments, and a further source of pressure on fiscal budgets; they also jeopardize the transition to renewable energies and reinforce the use of fossil fuels.

C. Households’ and individuals’ responses to crises and inequality

Clearly, successive crises have a long-term and negative effect on households. Between 2015 and 2023, 50 million people in the Arab region fell into poverty, many of them due to crisis-induced shocks. Falling incomes and rising prices limit households’ abilities to buy nutritious food, and frequently force them to defer medical treatment and deprioritize spending on education. These short-term decisions have a long-term impact on the development and lifelong earning potential of the people concerned. Certain groups tend to bear the brunt of this situation. Low-income families, women, people with disabilities, informal workers, the urban poor, refugees, and IDPs are particularly prone to disruptions to their quality of life during times of crisis.

Crises have a damaging impact on nutrition. Falling incomes and rising prices frequently cause individuals to skip meals or to purchase cheaper, less nutritious food, increasing the risk of malnutrition. Poor nutrition is particularly detrimental to children and pregnant women; it can have a lifetime impact on cognitive and physical development and child health. Further, in the Arab region, women tend to be the last to eat, preferring to feed their families first; they are thus more likely to suffer in terms of nutrition. The urban poor are also particularly vulnerable to falling incomes and rising prices because they have no access to farmed products or land to grow food, and so will have to quickly adjust their consumption patterns, resulting in poor nutritional outcomes.

Crises and inequality also hamper access to health care. Delayed check-ups, caused either by an individual’s inability to pay or by the inability of public health providers to provide services during crises, can result in health complications and a deterioration in long-term health. Interruptions to the delivery of health care can severely impair the daily mobility of people with disabilities and people who are dependent upon medication and health services, bringing long-term consequences for these individuals’ ability to work and their overall quality of life.

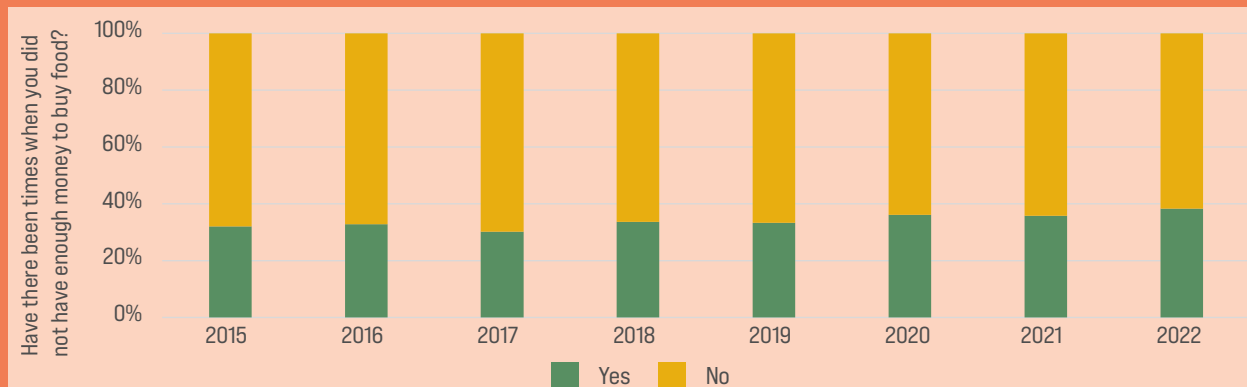
Education is also frequently disrupted during crises. Sometimes, this is the result of individuals finding themselves unable to pay for education. Sometimes, it is the result of Governments being unable to invest in education, leading to a fall in quality. In some cases, displaced individuals no longer have access to schools. In other cases, household economic circumstances mean that children (frequently girls) are forced to drop out of school to generate income to support their families. Regardless of the reason behind it, foregone education has a permanent impact on children’s earning potential and the employment opportunities available to them.

Crises typically widen the gap between low- and high-paid workers, and between formal and informal workers. Low-paid, informal workers are less likely to have flexible working arrangements, and less access to social protection

Box 9. We cannot afford food

In 2022, over one third of the population of the Arab region (38 per cent) reported that they had been unable to afford to buy food on at least one occasion in the previous 12 months, with little variation between genders. This figure has been creeping up steadily over the past five years.

Proportion of respondents across the Arab region who reported not having enough money for food in the previous 12 months



Unsurprisingly, people in least developed countries (Comoros, Mauritania and Yemen) and conflict-affected countries (in particular Iraq, Libya, State of Palestine and Yemen) were much more likely to report having been unable to afford food.

In Yemen, over 70 per cent of the population reported that they had been unable to afford food on at least one occasion during the previous 12 months, as did over half of the population in the Comoros, Mauritania and Jordan (whereby the large influx of refugees saw an increase in food insecurity). In Egypt, Iraq, Lebanon (due to an extreme economic crisis and high numbers of refugees), Libya, Morocco (due to the impact of climate change on crops), and Palestine, over one third of the population reported that they had been unable to afford food on at least one occasion in the past 12 months.

Today, the figure for many countries in the region, but particularly for the State of Palestine, would be much higher because of elevated food prices, increasing poverty, and deadly conflicts.

The increasing hunger in the region demonstrates the wide-ranging and disastrous impact of multiple and overlapping crises and their impact on inequality. It also presents a danger that future generations will become trapped in overlapping inequalities, not least the erosion of their productive potential owing to hunger.

Source: Gallup World Poll Perceptions Data.

Box 10. The limits of remote learning

COVID-19 is perhaps the most widely documented crisis to impact education.

However, the impact that COVID-19 had on access to education and learning outcomes was highly unequal. Children from high-income families, who attended well-resourced schools, were able to switch relatively seamlessly to remote learning. Children from low-income families and under-resourced schools were not.

It is estimated that just seven months of school closures during COVID-19 could lead to a ten per cent increase in the proportion of students in low- and middle-income countries in learning poverty – defined as the proportion of children unable to read and understand a simple age-appropriate text at age 10. At the start of 2020, before COVID-19, the learning poverty rate was estimated at 53 per cent across low- and middle-income countries, and this was expected to increase to between 63 and 76 per cent by the end of 2020, with children from lower socioeconomic backgrounds suffering the greatest losses.

This generation of students now risks losing \$17 trillion in lifetime earnings in today's prices – the equivalent of 14 per cent of today's global GDP.

Source: World Bank, *The State of the Global Education Crisis: A Path to Recovery*.

and employment protection. They are also more likely to be made unemployed during a crisis. Already the most vulnerable workers, they are likely to be the hardest hit by drops in income. Prolonged periods of unemployment will only exacerbate the exclusion they face: the accompanying loss of skills will further diminish their low human capital, making it even harder for them to find decent employment in the future.⁴⁷

Crises can also exacerbate technological inequality. The COVID-19 pandemic brought about a shift towards the increased use of digital technology. This included a transformation in the delivery of social protection provision, which began to be administered electronically rather than physically. This promises great efficiency gains and better targeting. But it also threatens to exclude people such as informal workers who are not recorded in systems, and

people with limited access to digital technology. In this way, marginalized people risk being further left behind.

Refugees and IDPs are particularly affected by crises. During times of crisis, they face disrupted access to food, education, health care, shelter, safety, employment, and other necessities. The services provided to them when they settle temporarily are frequently overcrowded and of poor quality. Also, safety is often not guaranteed. As a result, women and girls often face overlapping inequalities: their access to school or health facilities may be hampered because of safety concerns.

Crises can thus have serious long-term consequences on multidimensional inequality, especially for vulnerable groups. These consequences can accompany individuals throughout their lives and be passed on to future generations.



Case studies **05**





Case studies

05

A. Lebanon: soaring inequality

Lebanon is currently in the clutch of severe and overlapping crises. These crises came to a head in October 2019, when large numbers of people protested against measures that had recently been proposed by the Lebanese Government amid rising unemployment and inflation, including a tax on WhatsApp calls and capital controls on customers accessing their dollar-denominated savings. The protesters sought to achieve far-reaching political change, including improved

respect for civil and social rights and accountability for government corruption and mismanagement.⁴⁸

Soon afterwards, Lebanon fell into an economic and financial crisis described by the World Bank as one of the worst economic crises globally since the mid-nineteenth century. Between 2019 and 2021, per capita GDP fell by 37 per cent. Inflation has steadily risen, peaking at 171 per cent in 2022, and the Lebanese pound has lost over 90 per cent of its value since 2019.⁴⁹

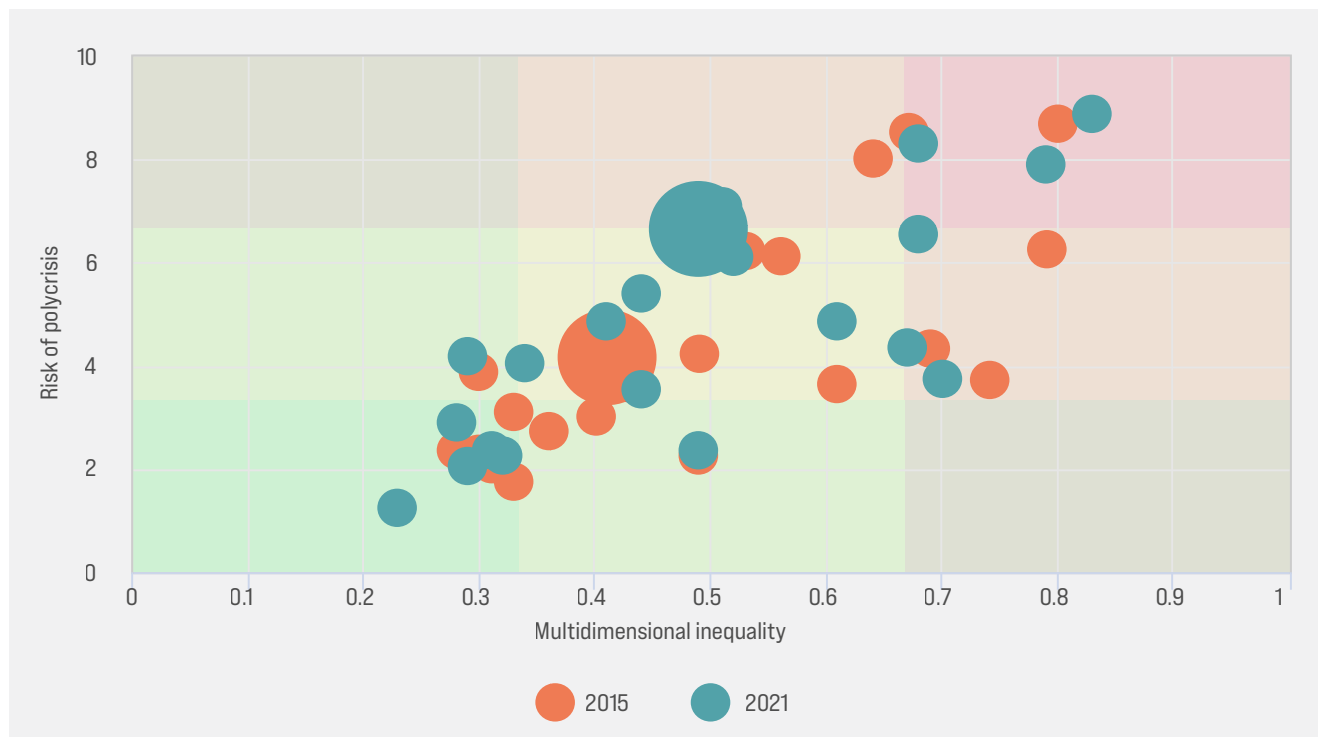
Box 11. Gloomy realities in Lebanon

Gallup data reveals increasing pessimism on how people in Lebanon perceive their quality of life. Presented with an 11-step ladder to assess their quality of life, 29 per cent of people in Lebanon responded that their quality of life was at the very bottom of the ladder (compared to 3 per cent in 2015). No respondents in 2022 reported that their quality of life was at the very top of the ladder.

About 89 per cent of people in Lebanon are dissatisfied with their standard of living (compared with only 43 per cent dissatisfied in 2015). Around 85 per cent reported that they were struggling to survive on their current income (compared with 33 per cent in 2015) and 95 per cent responded that it was a bad time to look for a job (compared with 78 per cent in 2015).

People in Lebanon have overwhelmingly lost confidence in their future quality of life. By 2022, almost three quarters (74 per cent) of Lebanese people were pessimistic about their future quality of life, while 32 per cent of the population believed that over the next five years their quality of life would deteriorate to its lowest possible level. By comparison, in 2015, only 21 per cent of people in Lebanon were pessimistic about their future, and only 4 per cent predicted the worst possible outcome for their quality of life.

Source: Gallup World Poll respondent-level data 2022.

Figure 31. Risk of polycrisis and multidimensional inequality in Lebanon (2015-2021)

Source: ESCWA calculations.

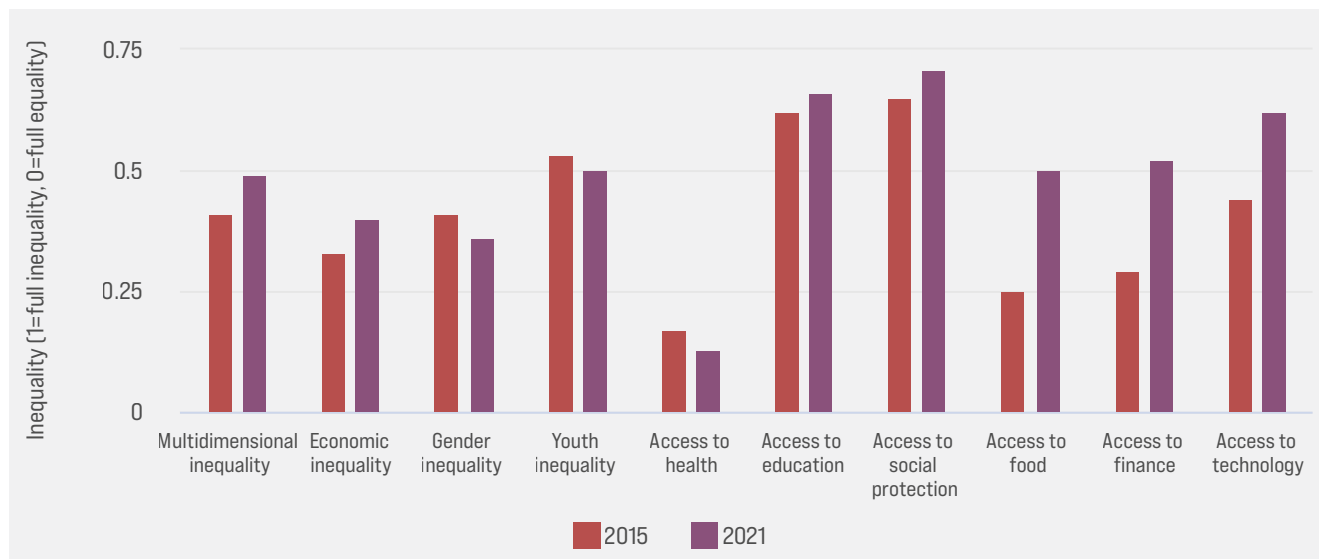
Note: Lebanon is represented by the large circles. The chart is colour coded so that low risk of multidimensional inequality and low risk of polycrisis is green, medium risk of both is yellow, and high risk of both is red. Any combination of risks is depicted as a combination of the colour attached to the risk e.g. high risk of polycrisis and medium risk of multidimensional inequality is displayed as a combination of red and yellow: orange.

At the same time, Lebanon is experiencing a refugee crisis. It is currently hosting about 1.5 million Syrian refugees, which makes it the largest host of refugees per capita in the world. Over one quarter of people living in Lebanon are refugees. Refugee inflows can support economic growth, but in the case of Lebanon, there are insufficient resources and opportunities to accommodate the refugee population, who now face acute vulnerabilities, extreme poverty (estimated to affect 90 per cent of refugees despite support from the Office of the United Nations High Commissioner for Refugees (UNHCR)), and limitations on access to food, health care, education and other basic services.⁵⁰ The impact of COVID-19 and the Beirut port explosion have only exacerbated the crises and inequalities that the country faces. By 2021, the compound impact of these crises had led to 74 per cent of the population living in poverty.⁵¹

In 2015, the risk of polycrisis and the extent of multidimensional inequality in Lebanon were both medium, similar to Algeria and Jordan. However, by 2021, the risk of polycrisis and extent of multidimensional inequality had both risen substantially. Lebanon became the only non-conflict country in the region to be at high risk of polycrisis.

The increasing risk of polycrisis in Lebanon was driven by an increasing risk of economic and climate crises. At the same time, the risk of an institutional crisis remained high. Meanwhile, multidimensional inequality increased between 2015 and 2021. The only forms of inequality that have fallen consistently over these years were gender inequality and health inequality. Youth inequality also fell during the same period – although we expect it to have increased since 2021 given the shrinking opportunities available to young people. Access to food, finance, technology, and economic equality

Figure 32. Multidimensional inequality in Lebanon



Source: ESCWA calculations.

all deteriorated significantly, while access to education and social protection remained limited. Figure 32 shows the overall impact this had on multidimensional inequality.

Gender inequality improved between 2015 and 2021 as the proportion of women employed or looking for work increased. Female labour force participation, although relatively low, improved from 26 per cent in 2015 to 28 per cent in 2021. The proportion of seats in parliament held by women almost doubled, albeit from just 3 per cent to 5 per cent. However, while women’s participation in the labour force and representation in parliament have improved, equality with men remains a distant prospect.

The interlocking crises in Lebanon have triggered rising inequality in multiple forms. Access to social protection and to education remain the largest sources of inequality in Lebanon; this was already the case in 2015, but the situation has grown more acute since then. Over the same period, Lebanon has experienced significant increases in inequality in access to food and finance.

Access to social protection was the greatest source of inequality facing Lebanon in 2015; this remained the case in 2021. The severity of inequality in access to social protection increased between 2015 and 2021: the proportion of the

population who were able to access at least one social protection benefit more than halved.

Before the financial crisis, the social protection system in Lebanon was highly regressive. It prioritized social insurance (contributory based schemes that are frequently dependent upon employment, for example pensions, unemployment insurance, and health insurance) in the form of pensions for public sector workers, who constituted 2 per cent of the population but received 93 per cent of social spending.⁵² Unemployment and informal working have risen during the crisis, but the social insurance has not been adapted to reflect this.

There has been some improvement in social assistance (non-contributory schemes that target acutely deprived households, for example cash transfers, food vouchers, and disability allowances), driven in part by the severity of the interlocking financial, economic and institutional crises facing Lebanon and the consequent increased vulnerability of the population. In 2021, as the financial crisis deepened, the Government developed the country’s first social registry, and quickly began registering beneficiaries. Within two months, 60 per cent of the Lebanese population had registered on the electronic DAEM platform,⁵³ and by May 2023, 145,000 households were receiving regular monthly cash transfers.⁵⁴ More recently, in April 2023, the Government launched

Figure 33. In the city or area where you live, are you satisfied or dissatisfied with the educational system?



Source: Gallup World Poll perceptions data.

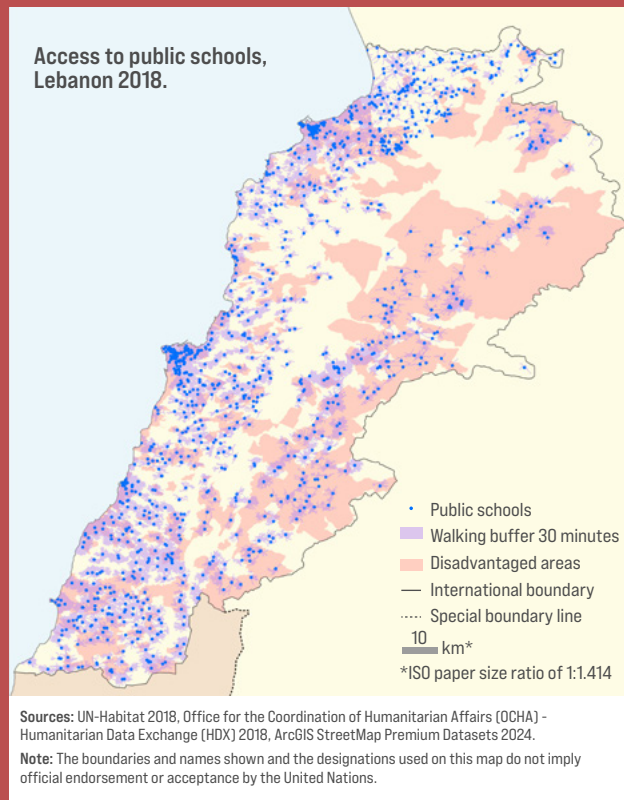
the National Disability Allowance, the country's first such scheme. This further expanded the pool of beneficiaries of social assistance.⁵⁵

The improvements of recent years are notable. Nevertheless, the country's social assistance system is entirely financed by external donors. The crisis has eroded the Government's capacity to finance any social assistance system on its own; this severely jeopardizes the sustainability of the schemes it funds. At the same time, the minimal availability of social insurance endangers the middle class and risks pushing them into poverty, where they instead seek out donor-funded social assistance programmes.

Access to education is the second largest source of inequality in Lebanon; it deteriorated between 2015 and 2021. People in Lebanon are increasingly dissatisfied with the quality of education provided in schools (figure 33). In 2015, most people in Lebanon (74 per cent) were satisfied with the country's education system. By 2022, 59 per cent of the population were dissatisfied with the education system, and 72 per cent of the population believed that children did not have the opportunity to learn and grow.⁵⁶

In 2019, widespread protests caused schools to close as teachers and students were unable to safely gain access to school buildings. Soon after schools reopened, COVID-19 caused schools to close again. During the pandemic, many schools began to make use of online teaching. This increased inequalities between those children who had access to computers, reliable internet and a comfortable home environment to learn, and those who did not. COVID-19 has exacerbated inequalities by severely limiting access to education for children from more vulnerable households, while having a negligible impact on children from more fortunate households. Also in 2020, the Beirut port explosion damaged 178 public and private schools in Beirut (including 91 public, 70 private, and 2 UNRWA schools), and displaced and traumatized thousands of children.⁵⁷ Even after the explosion, Beirut residents had better access to quality education than those living elsewhere in the country. Publicly funded schools and UNRWA schools that serve Palestinian refugees have markedly higher student-to-teacher ratios than other schools, limiting the attention any student can receive. These ratios are particularly high in the Akkar, Baalbek, and Bekaa Governorates.

Box 12. Education: differences in service across Lebanon



An analysis of the locations of schools and the number of children that lived outside a 30-minute walking buffer found that nearly all children in the country had access to schools, regardless of whether they lived in disadvantaged or non-disadvantaged areas.

Inequality in access to school is thus not a challenge in Lebanon. The growing inequality in education stems almost entirely from the financial crisis, as a result of which teachers are not being paid and parents cannot afford to send their children to school. This is a tragedy, especially for the children who have missed years of schooling. Nevertheless, there is hope that the infrastructure exists to quickly roll out education to all children in Lebanon.

At the same time, the devaluation of the currency owing to the financial crisis had an impact on the value of public school teachers' salaries. This led to a teachers' strike in 2021, which again interrupted the delivery of education, particularly for less fortunate children. The financial crisis has also affected parents' ability to pay for their children's education. Lebanese children have been dropping out of school in large numbers to find work to support their families. Enrolment in education dropped from 60 per cent of young people in 2020/2021 to just 43 per cent in 2021/2022; in 2022, 40 per cent of young people said they or their families had reduced spending on education to pay for food, medicine or other essentials.⁵⁸ Children who drop out of school to find work are unlikely to find meaningful employment opportunities and are instead likely to find themselves trapped in low-paid informal jobs,

with little opportunity of career progression. This situation widens and entrenches the passing-down of inequalities across generations: parents' educational attainment levels are strongly correlated with their children's educational outcomes. In Lebanon, 25 per cent of children – 15 per cent of girls, and 35 per cent of boys – born to parents with less than a primary-school level of education will also not progress beyond the primary-school level. Only 30 per cent of children born to parents with less than a primary-school level of education will progress to tertiary education (46 per cent of girls and 22 per cent of boys). By contrast, if a parent has completed tertiary education, then there is a 0 per cent chance that their child will not progress beyond primary education, and a 98 per cent chance that their child will also progress to tertiary education.⁵⁹

Box 13. The polycrisis in Lebanon has harmed the majority and benefited the elites

Due to the complex and successive crises that have affected Lebanon, more and more people have become vulnerable, including large sections of the middle class. Lebanon has long been an unequal society. But a small elite group has been able to benefit from these crises, accumulating further wealth. This has worsened the country's inequality. By way of illustration, northern Lebanon is home to both the richest and the poorest people in the country.

The complex crises affecting Lebanon have affected areas that are already suffering from poverty and deprivation, are hosting large numbers of displaced people, and have scarce health and educational services. Marjaayoun, for example, is a town in Nabatieh Governorate. The town has just one government hospital with limited resources providing services to all the Lebanese people and displaced people in the area. In many towns in southern Lebanon, including Sidon and Tyre, access to health services and medicine is also poor because of the soaring prices of services.

The budget of the Lebanon Ministry of Social Affairs, which is primarily responsible for providing support and protection, accounts for less than 0.5 per cent of government spending. The bulk of the Ministry's budget is spent on the operating costs – for electricity and water supply – of service delivery centres. The funds allocated to service delivery do not benefit all people equally. This increases inequality between different social groups and geographical areas.

Source: Hector Hajjar, Minister of Social Affairs.

Rising inequality in access to food and finance is a growing threat to Lebanon. These two forms of inequality worsened significantly between 2015 and 2021. Lebanon entered onto the World Food Programme's list of hunger hotspots in 2021, triggered by the impact of the overlapping economic and institutional crises, and exacerbated by the pandemic. By 2021, 37 per cent of people in Lebanon were living in food insecurity (compared with 15 per cent in 2015), while 11 per cent were undernourished (6 per cent in 2015). The collapse of the currency and a triple-digit inflation rate

plunged the majority of the population into poverty and made food unaffordable for many. At the same time, the Government reversed food and fuel subsidies due to an inability to pay. This further heightened food price inflation – which reached 228 per cent in April 2021 – and food insecurity.⁶⁰

In 2015, Lebanon had the second-highest level of financial inclusion among middle-income Arab countries. But as the financial crisis took hold, strict capital controls were introduced to the formal financial system. People sought to

“

Public and private schools must be in a complementary relationship [...] To prevent the education system from magnifying inequalities, public schools must offer education quality standards equal to those in private schools



Younes Slaoui, General Manager of the French International School of Casablanca

”

circumvent these controls by resorting to informal banking. As a consequence, by 2021, the level of financial inclusion in Lebanon had become the second lowest among middle-income Arab countries. By 2021, only 21 per cent of Lebanese adults had a formal account at a financial institution (compared with 47 per cent in 2015). The value of savings in local currency

was eroded by hyperinflation. And because of capital controls, savings in foreign currency cannot be accessed. As a result, most people in Lebanon are unable to save or invest. This has increased economic inequality and made it impossible for many people in the country to finance emergency health care and education.

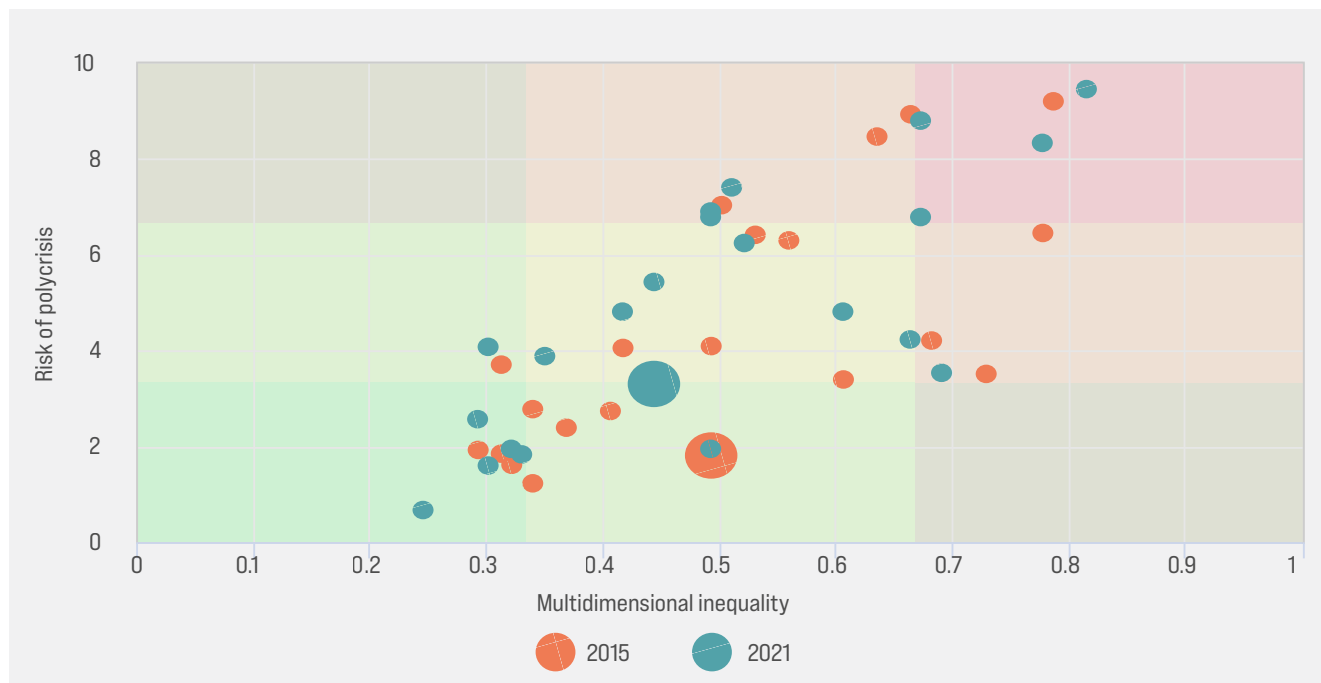
B. Morocco: deliberate policies to reduce inequalities

In 2015, Morocco was one of the three countries in the Arab region which were least at risk of polycrisis. The country's risk level was comparable to that of high-income countries. By 2021, it had increased slightly, driven by an increased risk of climate crisis, but it remained relatively low (figure 34).

Over the same time, under deliberate and targeted policies, multidimensional inequality in Morocco decreased

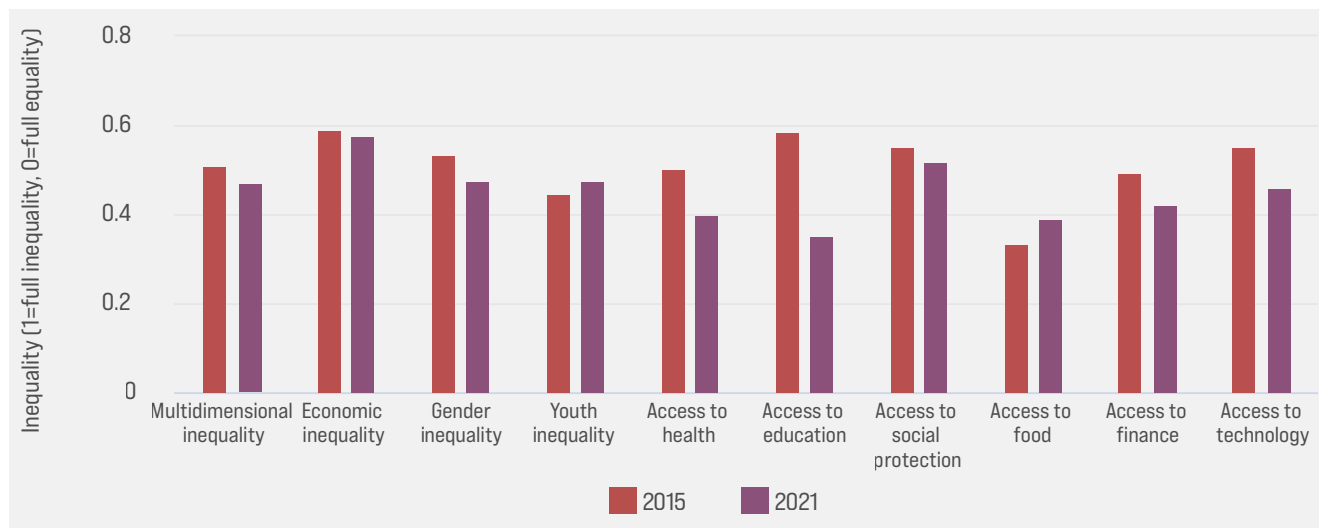
substantially (figure 35). Only two forms of inequality increased between 2015 and 2021: inequality in access to food, which is probably linked to the risk of climate change, and youth inequality, reflecting a regional trend. There are numerous examples of the Government's commitment to reduce inequality across multiple sectors, including the rural-urban divide, access to health and education, and gender equality.⁶¹

Figure 34. Risk of polycrisis and multidimensional inequality in Morocco (2015-2021)

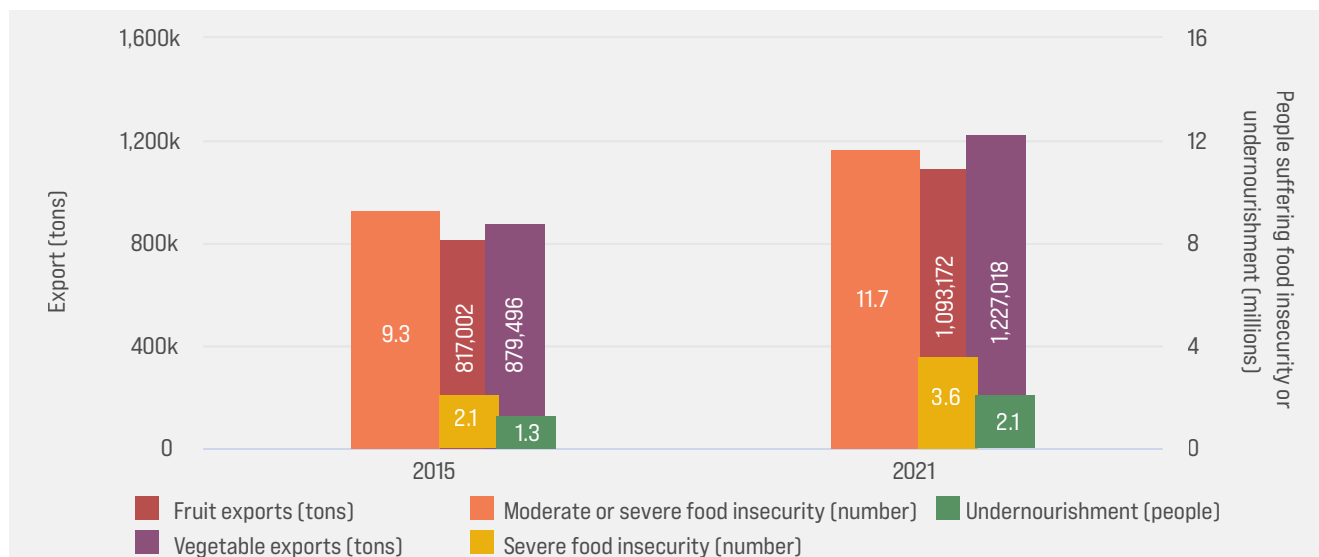


Source: ESCWA calculations.

Note: Morocco is represented by the large circles. The chart is colour coded so that low risk of multidimensional inequality and low risk of polycrisis is green, medium risk of both is yellow, and high risk of both is red. Any combination of risks is depicted as a combination of the colour attached to the risk e.g. high risk of polycrisis and medium risk of multidimensional inequality is displayed as a combination of red and yellow: orange.

Figure 35. Multidimensional inequality in Morocco

Source: ESCWA calculations.

Figure 36. Growing agricultural exports and food insecurity in Morocco

Source: Food and Agriculture Organization (FAO) regional overview of food security and nutrition.

In 2015, economic inequality and inequality in access to education were the most significant forms of inequality facing Morocco. Education is a fundamental driver of social mobility; educational inequality therefore has the potential to entrench inequality throughout the population and across generations. Between 2015 and 2021, Morocco put in place several targeted policies intended to deliver universal access to education.

In 2019, the Parliament of Morocco enacted a law which put the provisions of the 2015-2030 Education Strategic Vision of Reform into legislation. This law has been hailed as pivotal in reducing inequalities in access to education in Morocco. Under the law, an additional 200,000 teachers will be recruited and trained. The compulsory school starting age was reduced from 6 to 4 years, and the minimum school leaving age was raised to 16 years. Steps were taken to facilitate access to vocational

education, and measures were put in place to bridge the quality gap between private and public schools, which is perceived as a key source of educational inequality in Morocco.

These policies resulted in a steady increase in the number of schools in both rural and urban areas. Between 2009 and 2019, the number of schools in Morocco grew by 15 per cent; by 2019, there were 5,038 urban schools and 5,994 rural schools

in the country. The Government's education budget also grew commensurately.⁶²

By 2021, there was more improvement in access to education than in any other area of inequality in our framework. Progress was driven by improvements across the board in secondary school completion rates, literacy rates and the number of adolescents out of school, and by an increase in government expenditure on education.

Box 14. Equality is improving, and Moroccans perceive it

Moroccans are generally satisfied with their current standard of living and perceive that their quality of life is improving.

Figure A. Are you satisfied or dissatisfied with your standard of living, and with all the things you can buy and do?

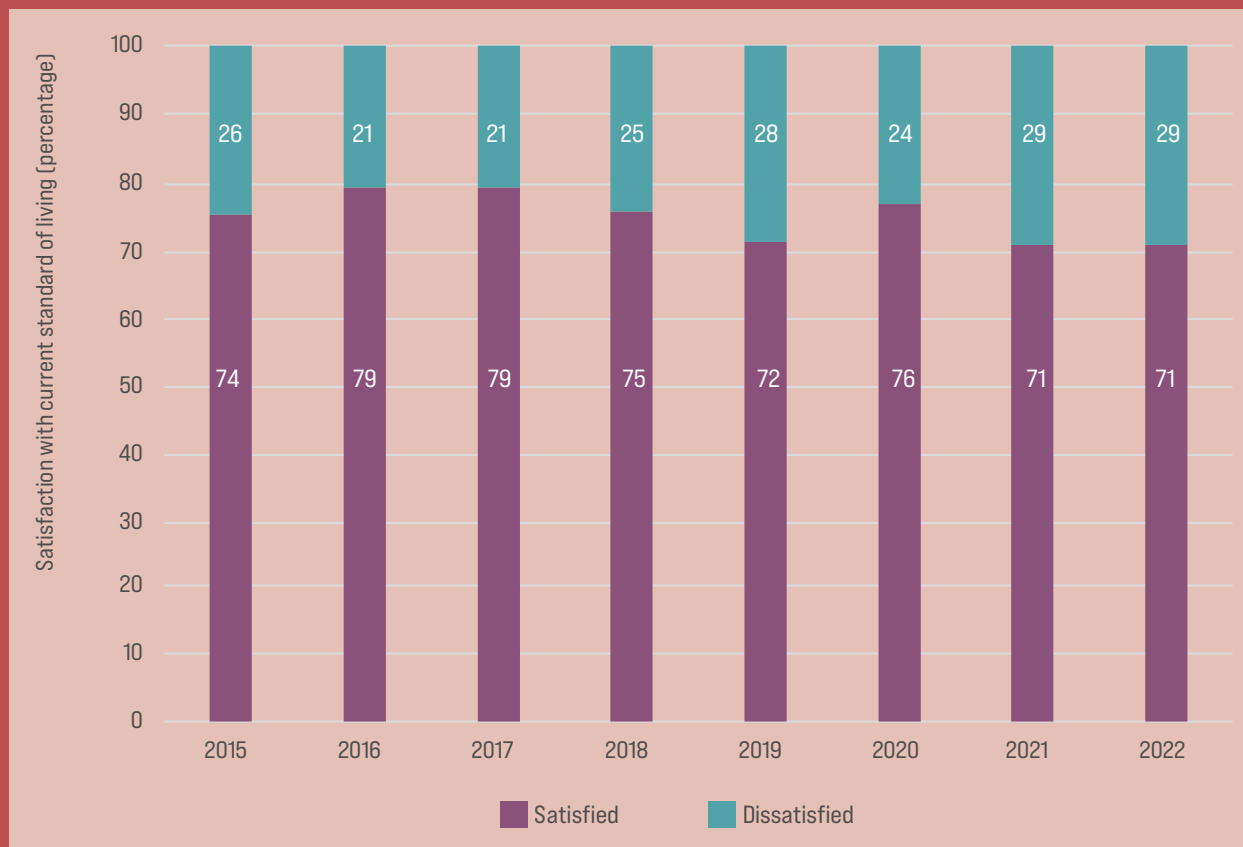
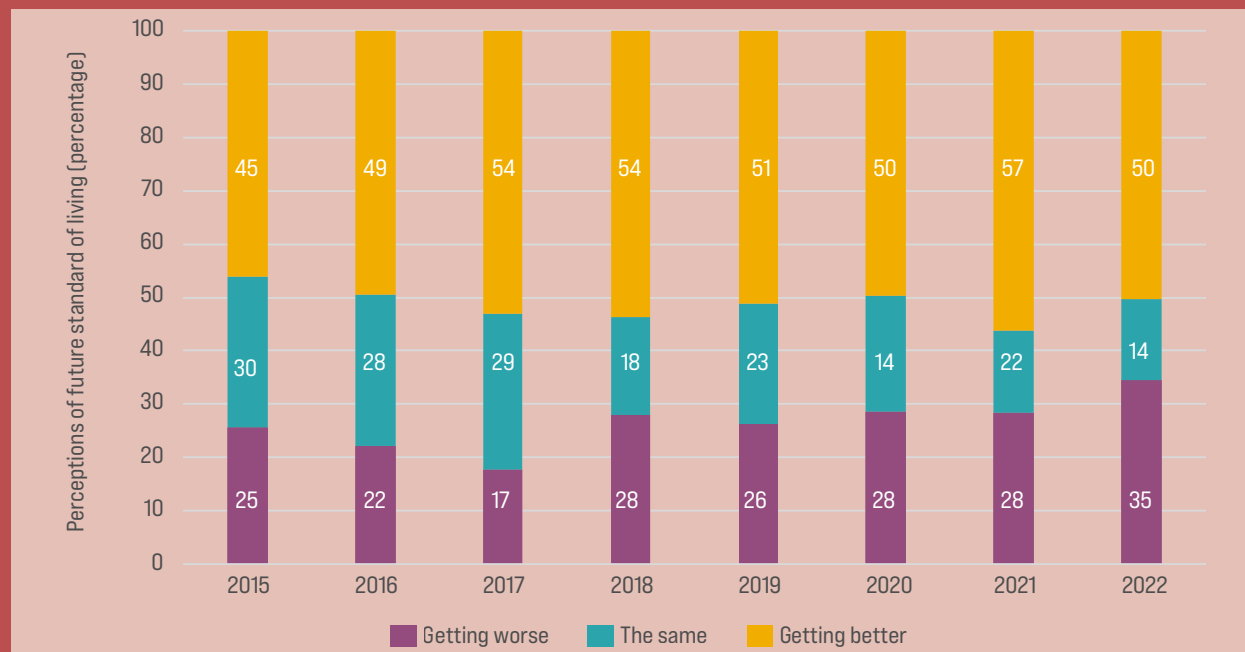


Figure B. Right now, do you feel your standard of living is getting better or worse?



Despite minor fluctuations, the data clearly present a generally positive picture. By 2022, 71 per cent of Moroccans were satisfied with their current standard of living; 65 per cent believed that it was getting better or would remain unchanged.

Source: Gallup World Poll perceptions data.

Economic inequality also decreased, albeit minimally, between 2015 and 2021. This decrease was partly the result of improvements to the tax system to increase efficiency, sustainability and equality. The country's 2021 Finance Bill and its New Development Model were both intended to bring about a fair and balanced tax system which ensured fiscal sustainability and provided resources for socioeconomic development, while still enabling high private-sector-led economic growth. In particular, the New Development Model focuses on broadening the tax base by combating tax evasion and by fairly taxing the wider private sector, ensuring that public expenditure is efficient in delivering economic development, social inclusion and social cohesion.⁶³

In 2022, because of the reforms made to its tax system, Morocco was among the top five improvers globally in

Oxfam's Commitment to Reducing Inequality Index.⁶⁴ It rose by 116 positions to be the world's best performer in equality-enhancing tax performance.⁶⁵

The risk of inequality in access to food has increased in Morocco since 2015. This increase is probably connected to the increasing risk posed by climate change, a risk which is acutely felt in Morocco.

Increases in both food insecurity and undernutrition meant that inequality in access to food increased between 2015 and 2021. Paradoxically, the country's fruit and vegetable exports also increased over the same period (figure 36).

This paradox is explained by inequality in food systems. Large farms have been able to adopt new technologies and practices and export their products to global markets. But small farmers

in rural communities have been unable to invest in new systems and processes, presenting them with challenges in feeding their local communities. Further, as the impact of climate change has reduced their yields, small farmers' ability to invest in their land has deteriorated, and inequality between farmers has widened. For the most remote and excluded farmers, many of the mechanisms immediately available to respond to a crisis have a negative effect on their long-term prospects. For example, selling livestock during a drought to purchase food for their family deprives farmers of the potential future income generated from the livestock.

The Government of Morocco has enacted many adaptation and mitigation measures to limit the impact of climate change on the economy and on the most vulnerable populations. These include advanced early warning systems to prepare

for extreme weather events, and a second strategic plan for agriculture, "Generation Green 2020-2030". Under this plan, 400,000 agricultural households will be brought into the middle class, support will be provided to young entrepreneurs, and 350,000 jobs will be created in high-value agriculture.⁶⁶

The Government is also putting policies in place to promote renewable energy from solar, wind and hydropower. By 2030, Morocco aims to generate 52 per cent of its electricity from renewable sources and to reduce greenhouse gas emissions by 42 per cent, supported in part by one of the largest solar power projects in the world, the Noor Power Station in Ouarzazate.⁶⁷ As well as reducing emissions, these projects will also provide jobs for rural populations and improve access to energy for the previously excluded.

Box 15. Towards a greener Morocco

The Government of Morocco is putting policies in place to combat the growing impact of climate change, an acute vulnerability for the country. These policies include a commitment to planting millions of trees to offset emissions and to address desertification and soil erosion. Three examples are presented below.

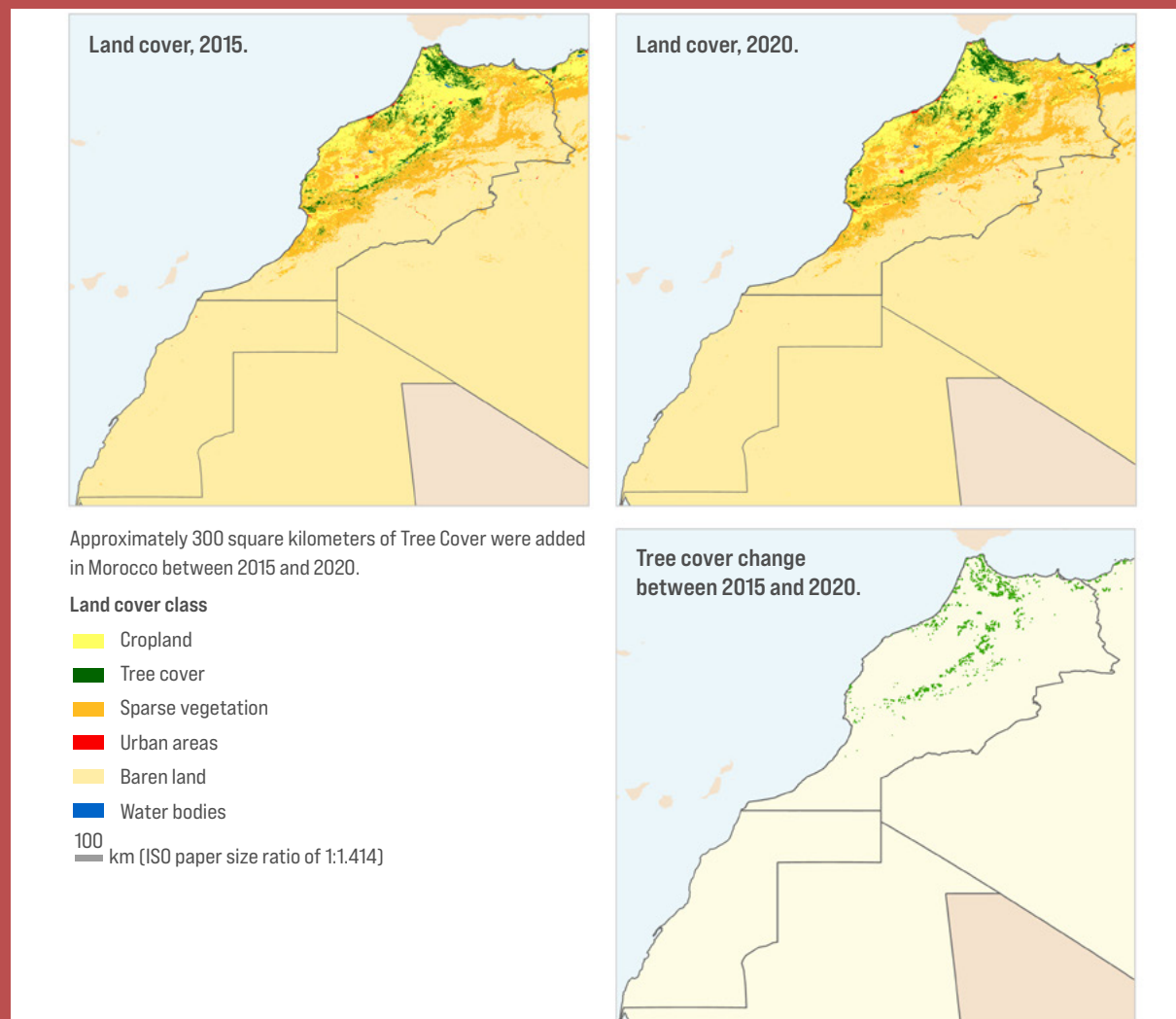
The highways authority of Morocco has committed to planting trees along all new highways that it builds. It planted 3.8 million new trees along the 1,100 miles of new highway that it built between 2014 and 2017.

In partnership with the Government, the International Fund for Agricultural Development has supported reforestation measures to restore ecosystems and to build farmers' resilience and incomes. Under the Fund's Rural Development Programme, 270 hectares of carob trees, 700 hectares of almonds, 260,000 apple trees and 33,000 walnut trees have been planted.

The High Atlas Foundation has partnered with communities to plant fruit trees to support sustainable economic development. By 2021, 700,000 fruit trees and 1.6 million tree seedlings had been planted with the Foundation's support.

The combined impact of these schemes and many others has resulted in the tree cover of Morocco increasing by 304 km² between 2015 and 2021, with many more projects planned [figure].

Increasing tree cover in Morocco



Sources: European Space Agency Climate Change Initiative; ESCWA Geo-Statistical Laboratory estimates.

Notes: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

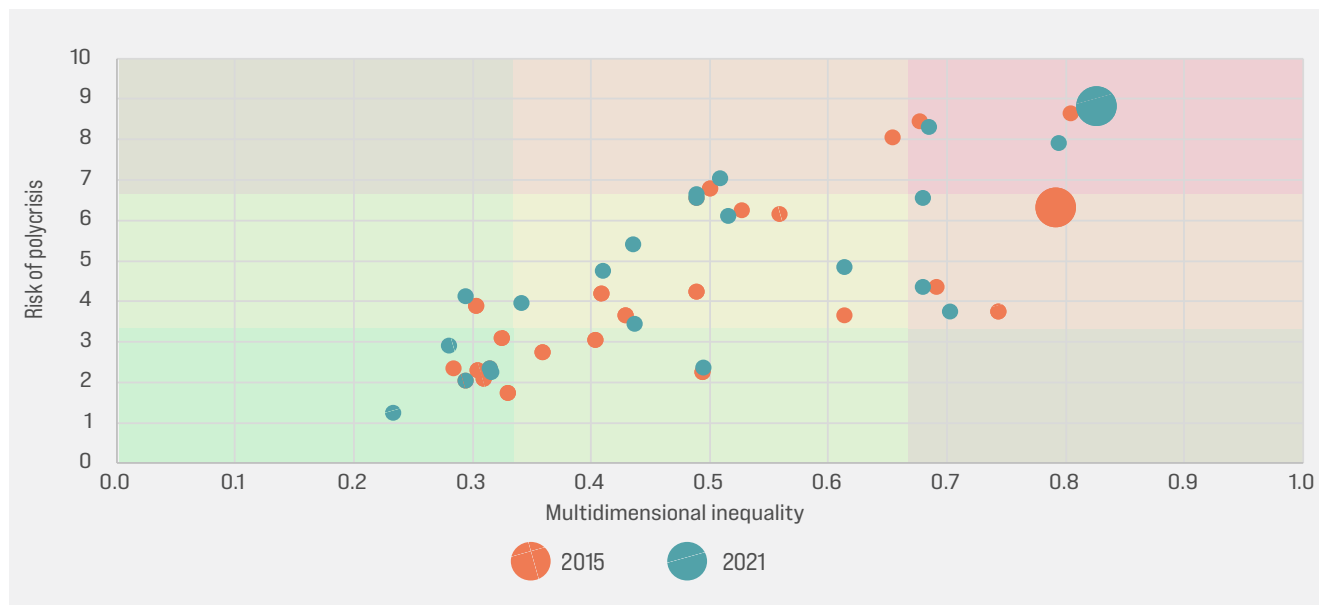
C. Yemen: inequality intertwined with crises

In 2015, Yemen was at high risk of polycrisis and had a high level of multidimensional inequality. By 2021, both of these had increased substantially.

By 2021, no country in the region was at greater risk of polycrisis than Yemen. Only one country, Somalia, had a

higher level of multidimensional inequality [figure 37]. Yemen is a clear example of how the risk of polycrisis can take hold of a nation as mutually reinforcing risks overlap, with a devastating impact on inequality.

Figure 37. Risk of polycrisis and multidimensional inequality in Yemen (2015-2021)



Source: ESCWA calculations.

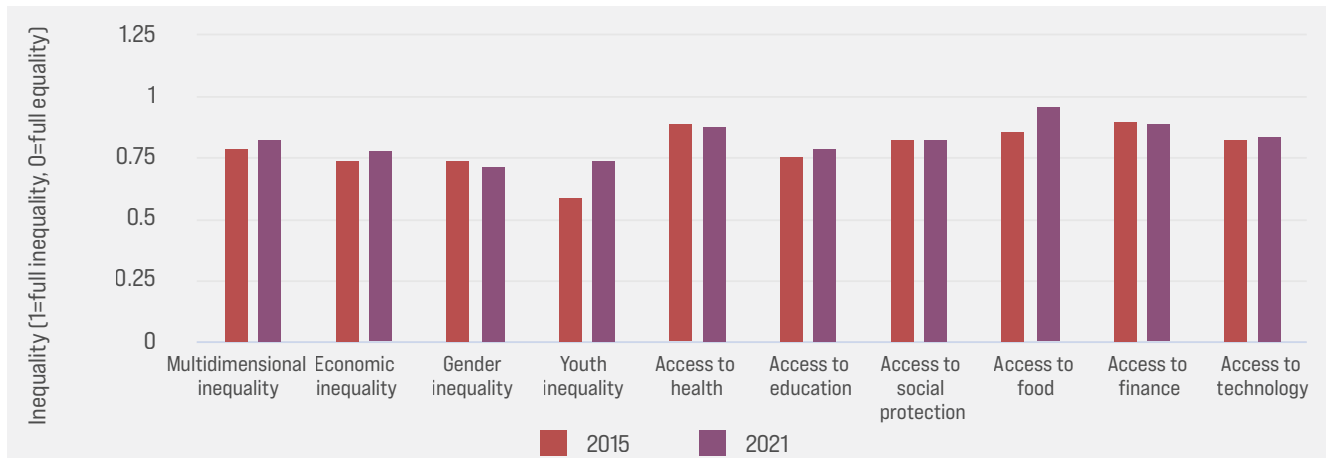
Note: Yemen is represented by the large circles. The chart is colour coded so that low risk of multidimensional inequality and low risk of polycrisis is green, medium risk of both is yellow, and high risk of both is red. Any combination of risks is depicted as a combination of the colour attached to the risk e.g. high risk of polycrisis and medium risk of multidimensional inequality is displayed as a combination of red and yellow: orange.

Nine years of civil war have eroded internal institutional capacity and caused an enormous economic decline. Since the start of the war, the economy of Yemen has halved in size as a result of movement restrictions, infrastructure destruction and widespread violence, which have brought a halt to economic activity. The war increased the risks of economic and institutional crises. But conversely, these risks also increased the risk of war: they impaired the functioning of institutions, making it more difficult for them to serve the population. As a result, desperation among the population increased, increasing military recruitment and increasing the intensity of war.⁶⁸

Yemen is also highly vulnerable to climate change. Rising temperatures and decreasing precipitation have increased the incidence of droughts and desertification. Desertification alone is estimated to reduce the available agricultural land area in Yemen by between 3 and 5 per cent each year, directly contributing to food insecurity. At the same time, the rising impact of climate change is triggering internal displacement, hunger and poverty, which fuel grievances and increase the risk of war and economic collapse.⁶⁹

In Yemen, war, economic and institutional crises and climate change are all reinforcing each other to devastating effect. As a result, Yemen faces one of the most severe humanitarian crises in the world. Two thirds of the country’s population – 22 million people – are in need of humanitarian assistance, including 11 million children.⁷⁰ The World Food Programme has described the country as a hunger hotspot “of very high concern” owing to the overlapping economic crisis and insecurity.⁷¹ One person in seven has been displaced – a total of 4.5 million people. Many of these people have been displaced more than once. One quarter of displaced households are female headed, and one fifth of these are headed by a woman under the age of 18.⁷²

Yemen has the highest levels of gender inequality and inequality in access to social protection and finance in the region. Economic and youth inequality are rising, as are inequalities in access to education, social protection and technology. Inequality in access to food has risen particularly sharply since 2015 (figure 38).

Figure 38. Multidimensional inequality in Yemen

Source: ESCWA calculations.

Box 16. Six million children face unequal access to education

Poverty and conflict have doubled the number of children out of school between 2015 and 2021. The United Nations Children's Fund (UNICEF) estimated that in 2021, 2 million school-aged children were out of school (UNHCR estimates that this rose to 2.5 million in 2023). In addition, two thirds of teachers, or over 170,000 teachers, had not received a regular salary over the period, which risks impacting the delivery of education to an additional 4 million children.

Poverty has increased the incidence of child labour, the recruitment of child soldiers, and the incidence of girls being coerced into early marriage. In all of these situations, children remain trapped in a cycle of poverty and unfulfilled potential that may last their lifetime.

Source: UNICEF, Education disrupted: impact of the conflict on children's education in Yemen, 2021.

As with the risk of polycrisis, all of these sources of inequality feed into each other. Increasingly unequal access to education, driven by increasing numbers of untrained teachers and adolescents out of school, will trap children into a cycle of poverty where they cannot afford access to health, food, finance, or technology. As their potential productivity declines, they will be left even further behind. Economic inequality will widen, and the vicious cycle of increasing and overlapping inequalities will continue. Rising levels of youth inequality, caused by a lack of opportunities available to young people, will only exacerbate this trend. As the productivity of the

population declines, the Government, which is already preoccupied with a polycrisis, will have even fewer resources available to provide social protection to an increasingly needy population.

Children (box 14) and women (box 15) are being hit particularly hard by the impact of the polycrisis on inequality. Yemeni children and women are among the most malnourished in the world. Around 1.3 million pregnant or breastfeeding women and 2.2 million children under the age of five require treatment for acute malnutrition.⁷³

Box 17. Gender inequality in Yemen

Yemen was last included in the World Economic Forum's Global Gender Gap Report in 2021. That year, only Afghanistan was below Yemen in the world rankings for gender equality. Yemen ranked in the bottom three countries worldwide for women's economic participation and opportunity. One of the contributing factors to this was the gender income gap: in Yemen, the average woman's income was just 7 per cent of that of a man. Another contributing factor was the female labour force participation rate, which was one of the lowest in the world. Yemen was also ranked among the bottom three countries globally for female political empowerment, in part driven by the complete lack of female ministers. And for equality in educational attainment, Yemen ranked in the bottom five countries globally because of a large difference in literacy rates and enrolment in tertiary education between men and women.

Source: World Economic Forum, 2021 Global Gender Gap Report.

The multiple crises affecting Yemen have deepened existing gender inequalities, including participation in economic and political activity. Yemen is one of the only countries in the world that has no women in its parliament.^{74,75}

In 2015, 29 per cent of people in Yemen lived in extreme poverty. Since then, poverty has increased further. By 2023, as a result of a loss of job opportunities, productivity and investment in the country, 75 per cent of people in Yemen were living on less than \$2.10 per day. Poverty does not affect all people equally: wealth inequality has grown in line with poverty to make Yemen the third most unequal in wealth distribution in the region.

When poverty rises, the need for social protection rises significantly. It also becomes harder for governments to provide social protection. In Yemen, the overlapping risks of war and climate change and an economic and institutional crisis have left the Government with minimal resources to respond to multiple crises and protect vulnerable groups. The impact of this was evident in the Government's response to COVID-19. The Government was only able to implement four policy measures to support the population. The value of these measures amounted to only 0.2 per cent of the country's GDP.⁷⁶ The destruction of infrastructure during war and high numbers of IDPs further complicate the delivery of social protection.

Many humanitarian organizations have increased their presence in Yemen to bridge the social protection gap. But these organizations too have seen their efforts hampered by destroyed infrastructure and restrictions imposed on humanitarian activities. Female humanitarian workers, for example, have been prevented from working. This has particularly hampered the provision of services to other women and girls. The closure of roads around Taizz, the country's third-largest city, has made it more difficult to provide aid to residents who are already experiencing severe shortages of food, medicine, and essential goods.⁷⁷

The polycrisis, gender inequality and inequalities in access to social protection have had a disastrous combined effect on equality in access to food. More than half of people in Yemen – 17 million people – are living with food insecurity. Of these, 6 million people are living with severe food insecurity.

Poverty and high food prices, exacerbated by the war in Ukraine, have rendered food unaffordable for the majority of the population. Before 2022, over one third of Yemen's wheat imports came from the Russian Federation and Ukraine. By the end of that year, over seven in ten people in Yemen reported that they had been unable to afford food on at least one occasion in the past 12 months (figure 39).

A significant proportion of the Yemeni population relies on remittances – money sent by migrant workers to their families in their home country. Since the COVID-19 pandemic, the value of remittances has been falling.

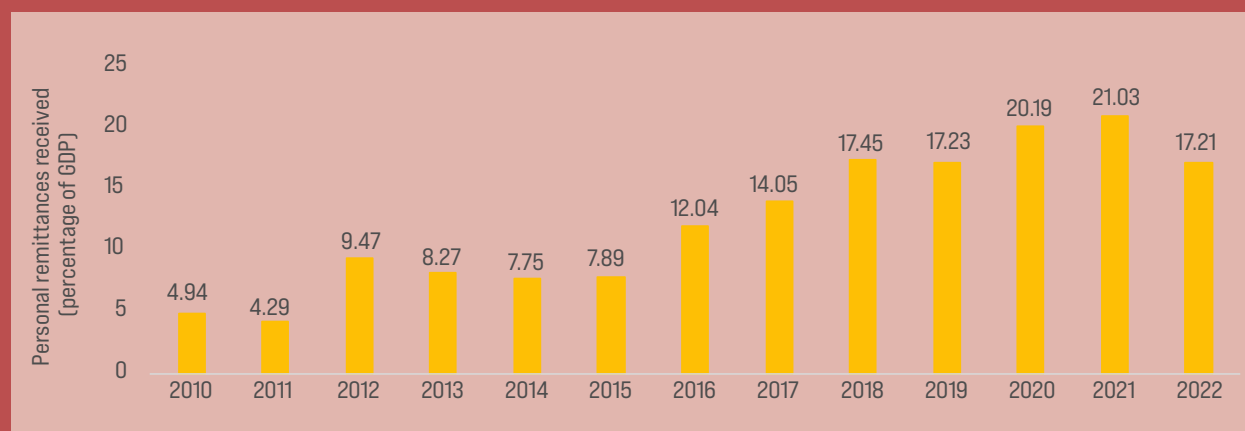
Food security in Yemen has been exacerbated by various other factors. For example, the ability of humanitarian organizations to provide food effectively has been

hampered by funding shortfalls and government-imposed restrictions. As a result, the WFP expects that unless additional funding is made available, it will be forced in 2024 to cut the food rations it provides to 4.4 million people in Yemen. Dry conditions in the summer of 2023 further exacerbated the food stress experienced by the Yemeni population.⁷⁸

Box 18. Remittance dependency feeds inequality

The Government of Yemen estimates that up to half of the country's population are supported by remittances. Remittances account for over one fifth of the country's GDP (figure).

Remittance inflows in Yemen



Source: World Bank.

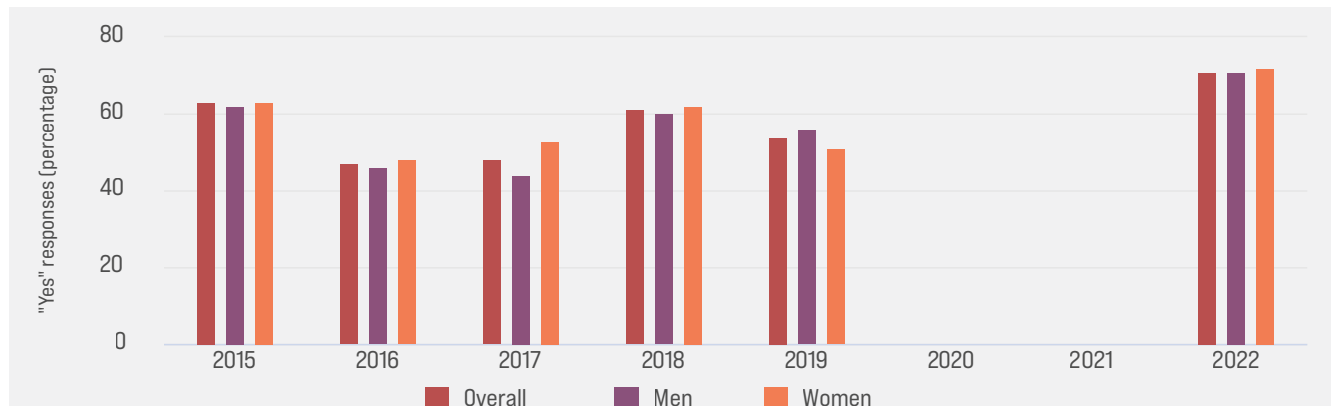
Many low-income and vulnerable families rely on remittances to buy food, educate their children and pay for medical treatment. But remittances can reinforce existing inequalities.

The ability to send remittances depends on the sender's employment conditions. Workers from more prosperous families tend to have higher social capital. This allows them to secure better employment and send more money home as a remittance. Given that remittances also play a critical role in determining access to education, and therefore future social capital, this reinforces inequality. More prosperous families are able to retain their social capital by investing in education for future generations. Less fortunate families lack the means to do this, and are thus at risk of being left even further behind.

If remittance flows were to fall, this may reduce inequality – but by expanding poverty, not prosperity.

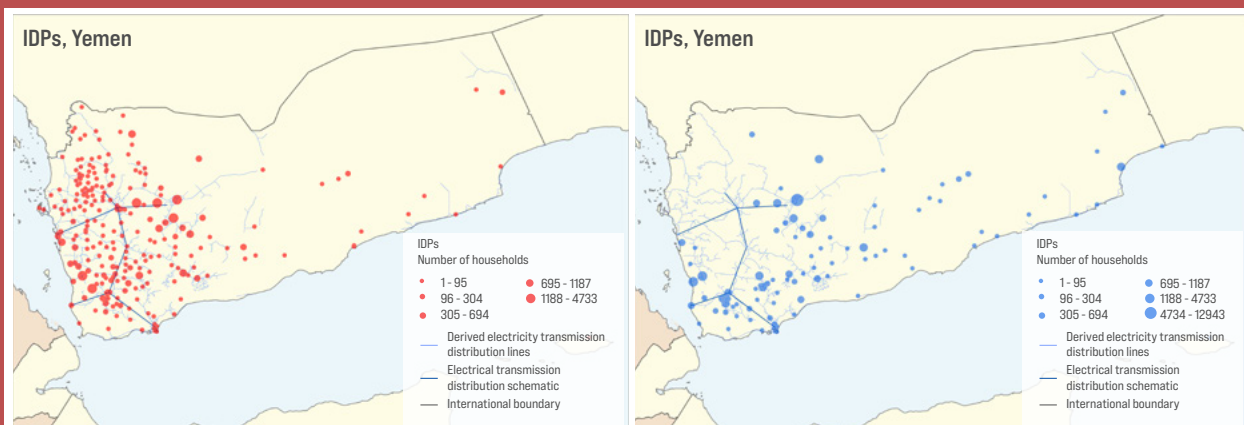
Source: ACAPS, The impact of remittances on Yemen's economy, 2021.

Figure 39. Have there been times in the past 12 months when you did not have enough money to buy food that you or your family needed?



Source: Gallup World Poll Perceptions Data.

Box 19. Internally displaced persons face acute inequalities in Yemen



100 km (ISO paper size ratio of 1:1.414)

Source: ESCWA Geo-Statistical Laboratory estimates.

Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

Between 2021 and 2022, 36,400 households in Yemen were internally displaced, many of them as a result of the ongoing conflict.

People displaced by conflict primarily seek safety. But the locations they move to sometimes lack the basic infrastructure to cater to their needs. This exacerbates the inequalities they face. As a result, displaced people can face difficulties in gaining access to food, finance, and public services such as health care and education. When children's education is interrupted, this can have a severe lifelong impact on their development and their future opportunities.

The maps show the departure and arrival points of IDPs in Yemen in 2021 and 2022. The green lines represent the country's electricity grid. The maps clearly show that displaced people tended to move away from areas with basic electricity infrastructure, arriving in areas that are not connected to the national grid. This reduced access to electricity threatens to increase the risk of exclusion of IDPs.

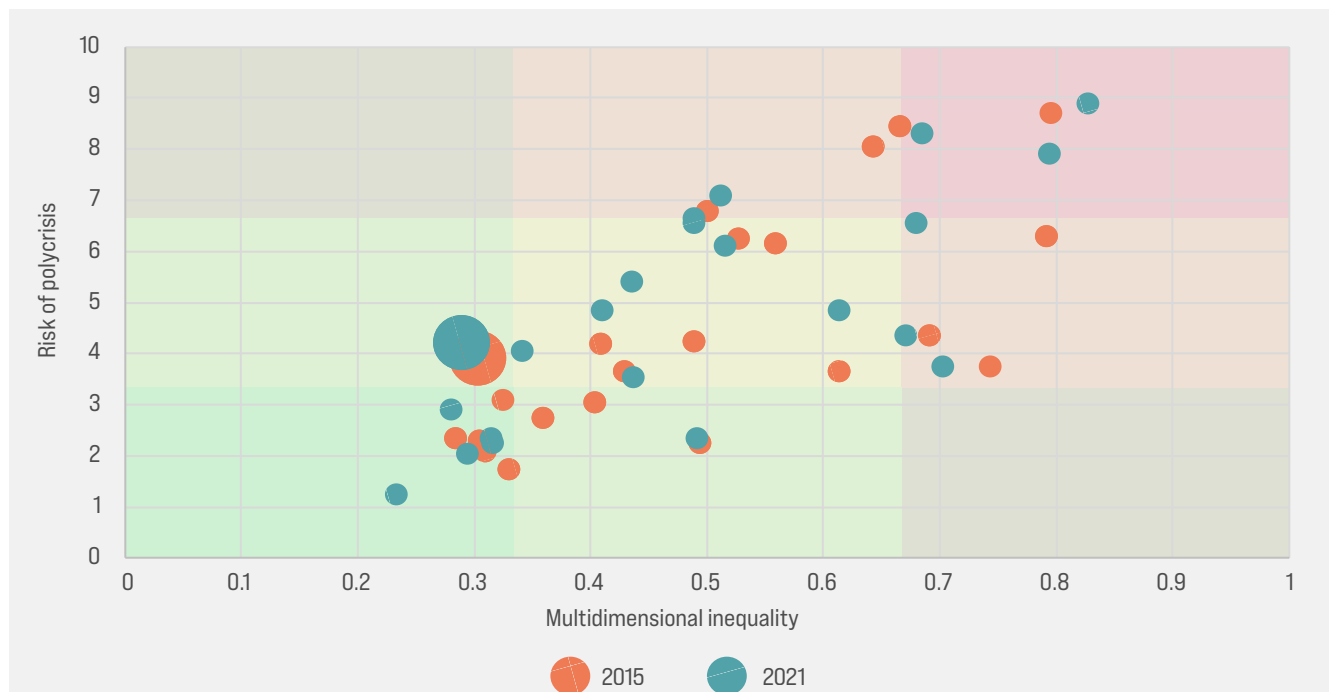
Source: ESCWA Geo-Statistical Laboratory estimates, based on IOM Displacement Tracking Matrix.

D. Bahrain: falling inequalities, but growing risks

Bahrain stands out as an anomaly in the Arab region, exhibiting a unique combination of achievements and challenges in reducing inequality. Although it is one of the highest-income countries in the region, Bahrain has consistently been at moderate risk of polycrisis. This risk has increased over time. Remarkably, though, Bahrain has managed to significantly reduce inequality in various areas, particularly in access to social protection and education and in gender equality.

The chart is colour coded so that low risk of multidimensional inequality and low risk of polycrisis is green, medium risk of both is yellow, and high risk of both is red. Any combination of risks is depicted as a combination of the colour attached to the risk e.g. high risk of polycrisis and medium risk of multidimensional inequality is displayed as a combination of red and yellow: orange.

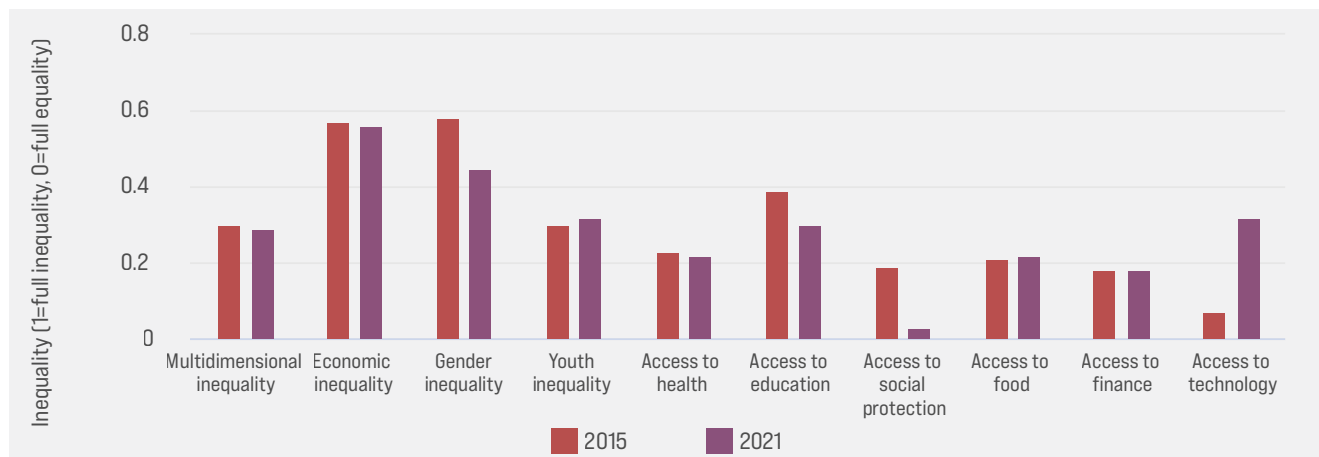
Figure 40. Risk of polycrisis and multidimensional inequality in Bahrain (2015-2021)



Source: ESCWA calculations.

Note: Bahrain is represented by the large circles.

Figure 41. Multidimensional inequality in Bahrain



Source: ESCWA calculations.

One of the notable successes of Bahrain lies in its comprehensive social protection system, supported by oil revenue. Under this system, all citizens receive free health care and education. They are also eligible for fuel and food subsidies, pensions, and unemployment insurance. During the pandemic, vulnerable migrants were even integrated into national social insurance programmes. In 2021, approximately 75 per cent of people above retirement age were receiving a pension.

Despite these advancements, there remains room for improvement, especially in achieving greater gender equality and addressing emerging sources of inequality such as access to technology.

Between 2015 and 2021, Bahrain has made strides in gender equality: the proportion of seats in Parliament held by women has doubled from 8 per cent to 15 per cent, female unemployment has decreased, and the adolescent birth rate has fallen from 15 to 9 births per 1,000 women aged 15-19. Bahrain has been one of the top improvers in the Global Gender Gap Index, with significant enhancements in women's economic and political participation. Since 2021, Bahrain has continued to achieve improvements in gender equality, with women's average income doubling from \$18,000 in 2022 to \$36,000 in 2023. However, despite these improvements, the

average woman's income remains less than two thirds of that of a man.⁷⁹

Bahrain is still confronted by a number of challenges, particularly regarding youth inequality.

Despite wide-ranging government policies, only two fifths of young people – approximately half of all young men and a quarter of all young women – are part of the labour force. Among these two fifths of young people, unemployment is rising, from 5.5 per cent to 7.2 per cent between 2015 and 2021. Gender inequality persists in youth employment: the unemployment rate of young women is 14.4 per cent, compared to 3.3 per cent for young men.⁸⁰

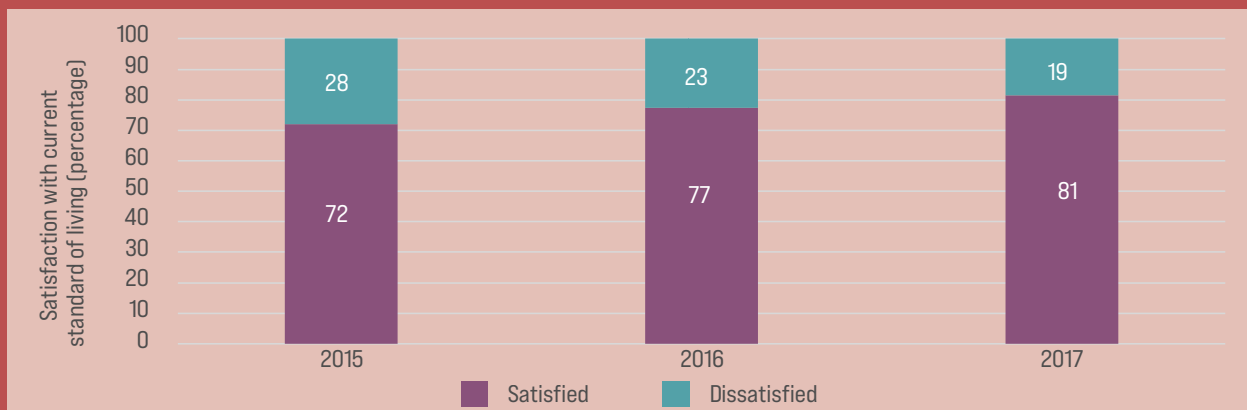
A lack of formal employment opportunities has pushed many young people into the informal sector, which currently employs one third of the labour force. People in informal employment are paid less than their counterparts in formal employment, and have less access to insurance, leaving them more vulnerable to unexpected events. This cements existing inequalities.

If Bahrain is to maintain its achievements in reducing inequalities, the successful inclusion of young people will be crucial. However, the country's growing debt poses a

Box 20. Optimism and equality hand in hand

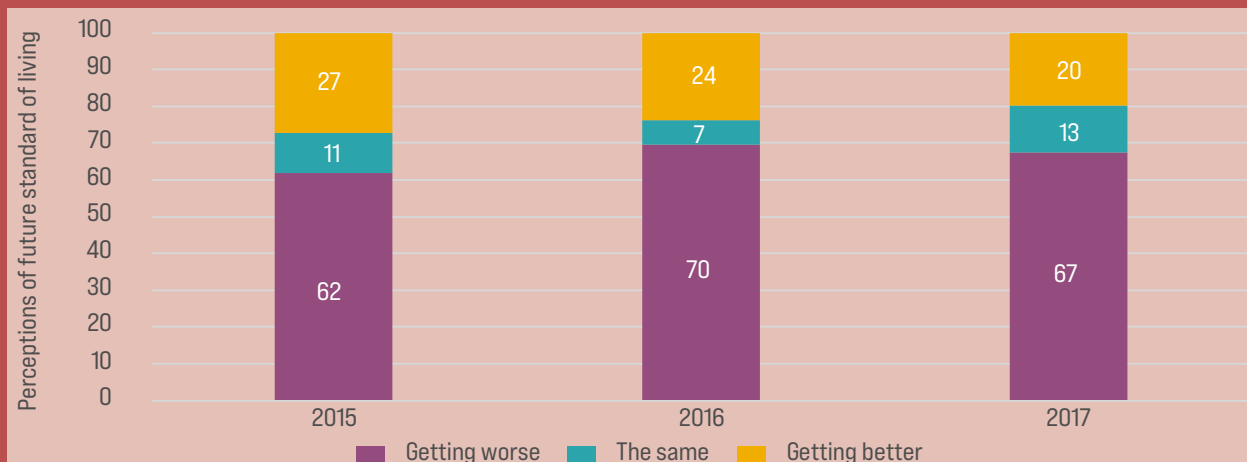
Our research shows an improvement in multidimensional inequality in Bahrain. It also suggests that the population can perceive that improvement. Polling suggests that 81 per cent of respondents in Bahrain are satisfied with their current standard of living, with little difference between men and women or between younger and older people.

Figure A. Are you satisfied or dissatisfied with your standard of living, and with all the things you can buy and do?



This optimism extends to future expectations: 80 per cent of respondents in Bahrain believe that their standard of living will either remain the same or improve in future, again with little difference discernible between genders and age groups.

Figure B. Right now, do you feel your standard of living is getting better or getting worse?



Source: Gallup World Poll Perceptions data.

Box 21. The Tamkeen programme: creating opportunities for young people and women

In Bahrain, young people faced a lack of opportunities upon graduation. The burgeoning public sector also posed a risk to the economic sustainability and stability of Bahrain. In 2006, the Government of Bahrain launched a programme aimed at improving this situation. The programme, called Tamkeen, helps Bahraini citizens to secure productive employment, and supports the private sector in creating high-quality jobs.

To individuals, the programme offers training opportunities, private sector placements, international work experience, and advice for entrepreneurs. Training opportunities include skills development for first-time jobseekers, executive management courses, business development support for entrepreneurs, digitalization training, and targeted support for female entrepreneurs. Tamkeen has also partnered with nine banks as part of its commitment to support access to finance.

To support the private sector, the Tamkeen programme offers wage support to industries that employ Bahrainis. It supports research and development to promote innovation, provides business-model support to struggling firms, and offers financing to firms that encourage digitalization, diversification, and foreign direct investment. In cooperation with the Supreme Council for Women, Tamkeen also runs a specialist sub-programme to offer business advice and financing for female entrepreneurs.

Since the programme began in 2006, 118,000 individuals and 74,000 enterprises have received support. The programme has provided 188,000 training and employment opportunities and supported 19,000 entrepreneurs in establishing new businesses. The female-specific sub-programmes have supported 15,466 women-led businesses, provided training for 53,882 women, created jobs for 18,747 women, and supported 7,099 female entrepreneurs in launching their own businesses.

Source: Inequality Solutions Portal.

significant threat to sustainability. Between 2015 and 2021, the country's debt burden increased from 66 per cent to 127 per cent of GDP, with an estimated debt burden of 121 per cent of GDP in 2023.

High debt is frequently associated with growing debt service interest rates and, consequently, higher interest payments, reducing the Government's capacity to invest in social services. Investments in infrastructure, including addressing a housing shortage for low- and middle-income

households, have contributed positively to reducing inequalities in housing access. However, the long-term viability of these investments is uncertain, with high debt potentially hampering economic growth and private sector development. This in turn jeopardizes the creation of jobs, which is essential for youth inclusion.

The rapid expansion of pension coverage in Bahrain has been impressive. But questions remain about the overall sustainability of the country's pension system. Without



reform, Bahrain is at risk of depleting its pension funds by 2030, exacerbating inequality and threatening the wellbeing of vulnerable groups.⁸¹

Bahrain has made significant steps towards reducing inequality. The country's journey is marked by remarkable

achievements tempered by persistent challenges and looming risks. Sustainable progress will require continued efforts to address emerging sources of inequality, ensure fiscal sustainability, and safeguard the well-being of all segments of society.



**Acting today for
a better future**

06





Acting today for a better future

06

A. Principles for effective policy solutions

The new era of multiple crises that the Arab region faces requires policies to be put in place that reflect the urgency and depth of the challenge these crises present. Care needs to be taken to ensure that Governments are not trapped in an endless process of short-term policymaking which prevents them from delivering sustainable long-term development.

There is a mutually reinforcing relationship between the risk of polycrisis and multidimensional inequality. This section of the report puts forward a series of coordinated policy recommendations aimed at breaking the relationship and protecting equality in times of crisis. All of the proposed policy solutions should take the following key principles into account.

1. Polycrises demand polysolutions

Multiple and overlapping crises trigger multiple and overlapping inequalities. Crises are always interlinked: it is not possible to consider each one in a vacuum, responding with narrowly targeted remedial measures to one crisis at a time. Inequalities are similarly interlinked. Consequently, policymakers should not attempt to respond to only

one dimension of inequality at a time. Their focus needs to shift from reducing poverty and income inequality towards combating multidimensional inequality across population groups. Only such an approach will successfully contribute to protecting human security and strengthening social cohesion.

2. Advance planning is key

We do not know what the next crisis will involve, or when it will arrive. But we do know that crises and polycrises will inevitably emerge in the future, and that they will have a detrimental impact on inequality. Planning for crises is key to mitigating the negative impact that they will undoubtedly

have. Disaster risk reduction and risk response plans, early warning systems and peacebuilding, all supported by flexible financing mechanisms, will ensure that support can be quickly, efficiently and effectively provided during times of crisis.

3. Policies and financing must be flexible and agile

Flexibility and agility are particularly crucial in times of crisis. In extraordinary circumstances, policymakers

need to be able to put measures in place quickly to meet the new and emerging needs of those who the crisis has

affected. For this to succeed, financing needs to be provided flexibly and quickly. This requires cooperation between different ministries, development partners, and the wider

international community to ensure that all stakeholders agree with the plans and policies in place and their sources of financing.

4. Policies must be coordinated

Polycrises have a complex and multifaceted impact on inequality. An adequate policy response must take this complexity into account. Isolated policies which focus narrowly on a single aspect of a complex situation cannot be effective in resolving the situation as a whole. Instead, policies need to be coordinated, approaching the situation from

multiple angles. Coordinated policies reduce contradictory policy outcomes. They also reduce duplication of effort, thus increasing the effectiveness and efficiency of government action. A coherent commitment to reduce inequality through coordinated interventions will also build public trust and enhance social cohesion.

5. Policy solutions should be localized, but they should take global developments into account

Countries are not affected equally by crises. There is therefore no one-size-fits-all approach to mitigating their effects. Policy solutions need to take local and national contexts into account, including who the vulnerable groups are, what their needs are, what the available response options are, and how they can be implemented. Effective country-specific planning is essential to ensure that localization boosts efficiency rather than complicating recovery efforts.

The following section of the report sets out policy recommendations aimed at protecting equality in times of crisis. The proposals are divided into four categories: (i) reducing inequalities between countries in the Arab region, (ii) reducing inequalities within countries, (iii) tailored policies for countries in special situations, and (iv) financing to reduce inequalities.

B. Reducing inequalities between countries

Reform the international financial system. Countries need liquidity to finance their work towards achieving the Sustainable Development Goals (SDGs). Under the current international financial system, low-income countries are burdened with higher borrowing costs, which constrains their ability to mobilize resources. Reforms should be made to reduce the cost of borrowing for low-income countries. Increasing concessional borrowing, improving access to innovative financing instruments, and increasing official development assistance and climate finance flows from high-income to low-income countries would all give low-income countries greater capacity to dedicate resources to improving equity and sustainability.

Consider debt swaps for “smart” investments and essential social services. High debt-service costs limit the ability of several countries in the Arab region to invest productively and provide essential services to their citizens. In some nations, debt servicing has exceeded 50 per cent of government revenue. Countries should consider innovative financing instruments including debt swaps for climate, the SDGs, or other “smart” investments and essential social services.

Reallocate special drawing rights from low-income to high-income countries. In 2021, the International Monetary Fund (IMF) allocated an additional \$650 billion in special drawing rights (SDRs). But low-income countries received only \$21

billion in additional SDRs. Middle-income countries received \$212 billion. High-income countries received \$433 billion. High-income countries should consider reallocating their SDRs – possibly through regional development banks – to increase the level of foreign reserves held by low-income countries, thus reducing inter-country inequalities.

Reform the provision of international climate funding. At the moment, international climate funding for the Arab region is predominantly provided in the form of loans, not grants. This places a huge financial burden on future generations. The level of funding that has been made available is also far less than the \$570 billion that will be needed for countries in the region to deliver their nationally determined contributions on climate action. Further financing should be provided in the form of grants. This would make it more likely for countries in the region to successfully deliver their nationally determined contributions, as well as promoting equity between countries and reducing the financial burden passed to future generations.

Coordinate efforts to combat tax evasion and illicit financial flows at national and international level. Combating tax evasion and illicit financial flows will protect public revenues and increase the amount of financing available for humanitarian aid and social assistance in times of crisis. It will also foster equality by making it more difficult for wealthy people and companies to take advantage of tax loopholes. Such action will require global coordination from Governments,

international organizations, financial institutions, and civil society. All of these actors should play an enthusiastic role in this process. Governments and financial institutions should be open to sharing financial information, especially regarding the transactions of multinational corporations. They should put measures in place to create more transparency regarding beneficiary ownership. Coordinated action at the required level may make it necessary for the international common standards for information exchange, transparency and reporting to be reworked. The bodies involved in setting these standards should play a committed role in bringing about the required change. Certain countries may need assistance in developing their institutional capacity to combat evasion and illicit financial flows. Here, the international community should step in and provide far-reaching support.

Embrace South-South and triangular cooperation. South-South cooperation entails exchanges of knowledge, resources, and technical expertise between countries in the Global South. This is invaluable in identifying and disseminating policy solutions that can work in challenging circumstances, and should therefore be embraced. Countries with similar circumstances and demands should also collectively partner with developed countries and multilateral organizations – a practice known as triangular cooperation – to obtain financial and technical support in enacting policy solutions that reduce inequalities. As well as providing benefits to the countries receiving assistance, this would also increase the impact of the assistance offered by benefactor countries.

C. Reducing inequalities within countries

1. Emergency policy solutions

Provide humanitarian assistance quickly, at the scale required. In times of crisis, immediate humanitarian aid is essential to prevent an immediate rise in inequality. If aid is to be provided effectively and quickly, preparedness measures and well-trained response teams need to be in place and ready. It follows from this that humanitarian funds and agencies should be financed over the long term,

and not only in times of emergency. Steady long-term financing allows humanitarian funds and agencies to make plans and build resilience among vulnerable communities, reducing their long-term risk exposure and humanitarian need. It also enables them to act quickly in times of crisis. Humanitarian funds should not be politically driven or earmarked for a specific country. Instead, they should

be used to support the most vulnerable populations, regardless of the location or the circumstances in which they find themselves.

Develop and roll out national disaster response and risk reduction plans. National disaster response and risk reduction plans play a crucial role in reducing the likelihood and impact of crises. These plans should routinely be put in place at local,

national and regional levels. They should be regularly updated, and should reflect international humanitarian and human rights laws. They should consider the needs of the whole population, including vulnerable and marginalized groups. Lastly, they should be accompanied by an early warning system to provide communities and responders with more time to anticipate a crisis and to mitigate its potential impact.

2. Short-term policy solutions

Implement progressive, flexible social protection policies. Flexible social protection policies should be put in place. This allows social protection provision to be rapidly expanded during a crisis to those in need, helping to lift individuals out of poverty and facilitating upward social mobility. Social protection schemes should also consider in advance how households may be affected differently by different crises, and have contingency plans in place that reflect this.

Embrace public works programmes as a means of providing short-term employment. By providing cash, vouchers, or

food in return for labour, public works programmes can protect the dignity of working-age people who have been affected by a crisis. Such programmes can protect their medium- to long-term employability, as well as limiting the impact of crises on multidimensional inequality. Public works programmes can also support the development of infrastructure in crisis-affected countries, which may to some degree support economic growth. Countries in the region should embrace such programmes, and donor countries should support them.

3. Medium- to long-term policy solutions

Deliver comprehensive and complementary social insurance, including universal healthcare and unemployment insurance. Greater social insurance coverage can protect populations during crises and prevent rising inequality. This should be developed and established over the medium term, and be accompanied by measures seeking to create high-quality employment opportunities, which enables greater employee contributions to national schemes, thereby protecting their sustainability.

Invest in high-quality education. Education is the greatest enabler of social mobility. Countries in the Arab region should examine their education systems to ensure that they meet the evolving demands of the labour market, with the aim of promoting high-quality employment in fast-growing sectors. They should also promote lifelong education, which has the power to keep people's skills relevant to the needs of the labour market throughout their lives.

D. Tailored policies for countries in special situations

Conflict-affected and least developed countries require tailored policies that take into account the heightened

risk of polycrisis that they face, and the elevated level of multidimensional inequality that their populations experience.

Conflicts often generate spillover effects that go beyond national borders. Addressing the root causes of conflict, war and occupation will therefore foster sustainable development and stability internationally as well as locally.

Invest in peacebuilding and conflict resolution. Peacebuilding and conflict resolution require solidarity between groups of people whose outlooks and needs are sometimes ardently opposed. The process can only be successful if a complex set of requirements are satisfied. These include security guarantees, sustainable socioeconomic development, social justice and adherence to human rights. Governments should invest resources to set the scene for successful peacebuilding. They should ensure that the process is sustainable, they should apply a bottom-up approach, involving representatives from all sections of society including women and young people.

Commit to strengthening institutions. SDG 16 deals with strong institutions, which are essential for peace. Governments in the Arab region should take steps to strengthen institutions so that they can play an effective role in preventing violence and upholding the rule of law and human rights. The international community should seize every opportunity to contribute to this crucial form of capacity-building.

Address aid fragmentation. Sometimes, multiple donors react to crises by investing heavily in overlapping initiatives. Competing priorities complicate coordination efforts, and large inflows of resources are more difficult to scrutinize. This phenomenon, known as aid fragmentation, is particularly pronounced in countries in conflict. Donors should not respond to this issue by reducing their investments in conflict-affected countries. Instead, they should improve their coordination and take steps aimed at avoiding overlapping funding priorities.

“

When delivered by a single donor, development aid appears to curtail corruption, boost public opinion, and reduce conflict. But under donor fragmentation, the benefits of aid are significantly reduced.

Becker Friedman Institute

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E. Financing mechanisms at national level

Adopt progressive taxation policies and use mobilized finances to support redistributive policies. All of the policy recommendations proposed above require financing. For most Governments, the primary source of that financing is tax revenue. Equality in a society stimulates higher levels of tax revenues. In a more equal society, more individuals are liable to pay taxes, so the amount of revenue collected increases. Greater inequality has the opposite effect, restricting Governments' capacity to finance corrective measures. Progressive taxation and redistributive policies are key to reducing inequality in the medium term. Increasing corporate tax revenue can play a significant role in increasing

overall tax revenues and promoting equality, especially if Governments focus on multinational companies rather than small and medium-sized enterprises (SMEs). Taxes raised from progressive taxation should be redistributed towards lower-income and vulnerable households in accordance with their needs. Cash transfers can be an effective way of reducing inequality. Efficient investments in quality public services can also contribute significantly to creating a more equal society.

Avoid indirect taxation. Indirect taxes are typically regressive: in other words, they have a proportionally higher impact on poorer people than on richer people. The burden of value-



added tax, for example, is disproportionately heavy for low-income households because they spend a greater proportion of their income than more prosperous households, who are able to save and make investments. If Governments choose to levy indirect taxes, they should seek to make them more progressive. For example, they should apply a lower rate of tax to essential goods such as food and a higher rate of tax to luxury goods. Ideally, though, Governments should avoid indirect taxation as much as possible. Instead, they should levy direct taxes such as income tax and corporate tax. If these taxes are implemented in such a way that high earners and high-net-worth individuals and corporations are taxed at a relatively higher rate, such taxes can promote equality.

Reduce the transaction costs associated with remittances, especially for smaller transactions. Remittances can provide a lifeline for families affected by crises. However, if they are not well managed, they can also perpetuate inequalities. Wealthier senders tend to send larger remittances relatively infrequently and through formal channels. Less wealthy senders, on the other hand, tend to send smaller sums more frequently, through informal channels; a much greater proportion of their payments is lost to transaction costs. This disproportionate loss is borne by their recipients, who are often also less wealthy. Reducing the cost of remittance

transactions can promote equality and make remittances more effective in supporting families that social protection does not adequately reach.

Embrace public-private partnerships. Properly managed public-private partnerships can increase efficiency in public infrastructure provision. They allow Governments to take advantage of private-sector innovations and expertise, access new sources of capital, and share the risk of large investments. Governments should seek to partner with the private sector to expand their provision of public goods, including essential infrastructure.

Mobilize Islamic financing to reduce inequalities. Islamic finance adheres to high ethical standards regarding people and the environment. There is growing evidence that elements of Islamic finance can be introduced across the global financial system, including in non-Islamic countries. Such a move would have great potential to reduce poverty and increase equality. There are still areas where Islamic finance can expand its reach, including in providing equity-based credit to SMEs and for large infrastructure projects. In 2020, Islamic finance assets were valued at \$3.4 trillion.⁸² Especially in the Arab region, policymakers should seek to make more use of Islamic finance methods with a view to reducing inequalities.

Annex 1. Measuring multidimensional inequality



This report is based on two frameworks developed specifically to inform the analysis: the multidimensional inequality framework and the polycrisis framework. The first of these captures the multidimensional aspect of inequality given that

inequality spans far beyond income inequality. The second captures the risk of polycrisis.

To measure multidimensional inequality, the various sources of inequality need to be identified then calculated.

A. Individual sources of inequality

Nine individual sources of inequality were identified: economic, gender and youth inequalities in addition to inequalities in access to health, education, social protection, food, technology and finance. These pillars were selected because they captured the most extreme forms of inequality faced in the Arab region, and because they accounted for a large proportion of the population and are critical to reducing inequalities in the future.

Once the pillars were selected, a series of indicators that best captured inequality within each pillar were identified. In total, the multidimensional inequality framework consists of 30 indicators, some of which are calculated from multiple data series, especially in the gender-equality component.

The latest year for which a full dataset of all indicators was available at the time of conducting the analysis was 2021. The framework therefore includes values from 2015 (start date of the 2030 Agenda for Sustainable Development) and 2021 (latest available data) to compare how the state of inequality is changing in the Arab region. The selected indicators were those for which a full dataset was available across the Arab region. In some cases, otherwise strong indicators had to be eliminated owing to insufficient data across the region.

The following sections outline the selected indicators and their sources.

1. Economic inequality

Table A1.1 presents the indicators that capture economic inequality

Table A1.1 Economic inequality indicators	
Indicator	Source
Palma ratio for wealth	Economic and Social Commission for Western Asia (ESCWA)
Palma ratio for income (SDG 10.1.1)	ESCWA
Poverty rate (%) (SDG 1.2.1)	ESCWA

2. Gender inequality

Table A1.2 presents the indicators that capture gender inequality.⁸³

Table A1.2 Gender inequality indicators	
Indicator	Source
Unemployment, female (% of female labour force) (International Labour Organization (ILO) modelled estimate) (SDG 8.5.2)	ILOSTAT
Unemployment, male (% of male labour force) (ILO modelled estimate) (SDG 8.5.2)	ILOSTAT
Female/male unemployment ratio (SDG 8.5.2)	ESCWA calculations
Labour force participation rate, female (% of female population ages 15+) (ILO modelled estimate)	ILOSTAT
Labour force participation rate, male (% of male population ages 15+) (ILO modelled estimate)	ILOSTAT
Female/male labour force participation ratio	ESCWA calculations
Proportion of seats held by women in national parliaments (%) (SDG 5.5.1)	Inter-Parliamentary Union (IPU)
Life expectancy at birth, female (years)	United Nations Population Division, 2022 Revision of World Population Prospects
Life expectancy at birth, male (years)	United Nations Population Division, 2022 Revision of World Population Prospects
Female/male life expectancy ratio	ESCWA calculations
School enrolment, primary and secondary (gross), gender parity index (GPI)	United Nations Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics (UIS)
Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease, female (probability) (SDG 3.4.1)	Global Health Estimates 2019: Deaths by Cause, Age, Sex, by Country and by Region, 2000-2019. Geneva, World Health Organization (WHO), 2020
Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease, male (probability) (SDG 3.4.1)	Global Health Estimates 2019: Deaths by Cause, Age, Sex, by Country and by Region, 2000-2019. Geneva, WHO, 2020
Female/male mortality from non-communicable diseases	ESCWA calculations
Adolescent fertility rate (births per 1,000 women ages 15-19) (SDG 3.7.2)	WHO, Global Health Observatory

3. Youth inequality

Table A1.3 presents the indicators that capture youth inequality.⁸⁴

Table A1.3 Youth inequality indicators

Indicator	Source
Youth unemployment (% of labour force aged 15–24) (SDG 8.5.2)	ILOSTAT
Labour force participation rate for ages 25–29 (% of total)	ILOSTAT
Average age of parliamentarians (years)	IPU

4. Inequality in access to health

Table A1.4 presents the indicators that capture inequality in access to health.^{85,86}

Table A1.4 Inequality in access to health indicators

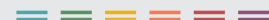
Indicator	Source
Universal health coverage (UHC) Service Coverage Index (SDG 3.8.1)	WHO, Global Health Observatory
Risk of catastrophic expenditure for surgical care (% of people at risk)	Program in Global Surgery and Social Change, Harvard Medical School
Domestic general government health expenditure (% of general government expenditure) (SDG 1.a.2)	WHO, Global Health Expenditure Database

5. Inequality in access to education

Table A1.5 presents the indicators that capture inequality in access to education.⁸⁷

Table A1.5 Inequality in access to education indicators

Indicator	Source
Teachers with the minimum required qualifications (primary education, %) (SDG 4.c.1)	UIS
Completion rate (lower secondary education, %) (SDG 4.1.2)	Adjusted Bayesian Completion Rates estimation model using household survey data
Adolescents out of school (% of lower secondary school age)	UIS
Literacy rate, youth total (% of people ages 15 and above)	UIS
Government expenditure on education, total (% of government expenditure) (SDG 1.a.2)	UIS



6. Inequality in access to social protection

Table A1.6 presents the indicators that capture inequality in access to social protection.

Table A1.6 Inequality in access to social protection indicators

Indicator	Source
Population covered by at least one social protection benefit (% of population)	ILO World Social Protection Data Dashboards
Persons above retirement age receiving a pension	ILOSTAT
Public expenditure on social protection (including health, gross domestic product (GDP) per capita, 2017 PPP)	ILO World Social Protection Data Dashboards and United Nations Population Fund (UNFPA) population figures

7. Inequality in access to food

Table A1.7 presents the indicators that capture inequality in access to food.

Table A1.7 Inequality in access to food indicators

Indicator	Source
Prevalence of moderate or severe food insecurity in the total population (%) (SDG 2.1.2)	Food and Agriculture Organization of the United Nations (FAO) Suite of Food Security Indicators
Prevalence of undernourishment (% of population) (SDG 2.1.1)	FAO Suite of Food Security Indicators

8. Inequality in access to finance

Table A1.8 presents the indicators that capture inequality in access to finance.⁸⁸

Table A1.8 Inequality in access to finance indicators

Indicator	Source
Account ownership at a financial institution or with a mobile-money-service provider (% of population ages 15+) (SDG 8.10.2)	Global Findex Database, World Bank
Commercial bank branches (per 100,000 adults)	International Monetary Fund (IMF) Financial Access Survey
Depositors with commercial banks (per 1,000 adults)	IMF Financial Access Survey
Borrowers from commercial banks (per 1,000 adults)	IMF Financial Access Survey

9. Inequality in access to technology

Table A1.9 presents the indicators that capture inequality in access to technology.⁸⁹

Table A1.9 Inequality in access to technology indicators

Indicator	Source
Mobile cellular subscriptions (per 100 people)	International Telecommunication Union (ITU) World Telecommunication/ICT Indicators Database
Fixed broadband subscriptions (per 100 people)	ITU World Telecommunication/ICT Indicators Database

B. Capturing multidimensional inequality

All of the above indicators were normalized and, where necessary, inverted so that 1 = maximum inequality and 0 = maximum equality. An average value was then used for each pillar and for multidimensional inequality as a whole. According to this framework, every country has

a multidimensional inequality score between 0 and 1. Regional and subregional averages were also calculated and population-weighted. A correlation analysis of the inequality indicators showed no correlation.

Annex 2. Measuring the risk of polycrisis



As with multidimensional inequality, individual sources of crisis need to be identified then calculated to measure the risk of polycrisis.

A. Individual sources of crisis

Four potential crises that would most likely affect the Arab region were identified: a climate crisis; conflict, war or occupation; an economic crisis; and an institutional crisis.

Once the crises were identified, a series of indicators that best captured the risk of crisis was selected. In total, the polycrisis framework consists of 12 indicators.

The selected indicators were those for which a full or close to full dataset was available across the Arab region. In some cases, otherwise strong indicators had to be eliminated owing to insufficient data in the region. Where a dataset was almost complete, suitable substitutes were calculated for missing values, based on alternative sources. Other indicators also had to be removed owing to correlation.

Similar to the multidimensional inequality framework, which could not be updated post-2021, the polycrisis framework included values from 2015 (the start date of the 2030 Agenda for Sustainable Development) and 2021 (latest available data) as the comparison years, although the risk of crisis was sometimes updated to inform the analysis.

Following a literature review, thresholds were then established for each indicator to determine what would represent a high,

medium and low risk of crisis. These thresholds were validated by subject experts.

Every data point was assigned a value of 0 for low risk, 1.5 for medium risk or 3 for high risk. An average was calculated for the risk of crisis, so that each country had an average score between 0 (if all indicators were low) and 3 (if all indicators were high) for each crisis. If a country scored between 0 and 1 for any given crisis then it was assumed to be at low risk for that crisis. If it scored between 1 and 2, it was assumed to be at medium risk of the specific crisis, and at high risk if it scored between 2 and 3.

This framework was replicated at global level to check if the risk of crisis within the Arab region reflected that of the rest of the world, or otherwise to highlight differences that made sense in the regional context. In nearly all cases, between 0 and approximately 10 per cent of countries at global level are at high risk under any pillar. In 2021, debt was an exception; this was expected, as many countries had drastically increased their debt burdens during COVID-19.

The following sections outline the selected indicators, explaining the selection process and identifying countries at risk of crisis under each indicator.

1. Climate indicators

To measure the risk of a climate crisis, three indicators were identified: extreme heat days, extreme precipitation days, and consecutive dry days (all compared to the 1980-2010 average).

Table A2.1 presents the indicators that capture the risk of a climate crisis, along with their thresholds and the number of countries at risk within each threshold at the regional level.

Table A2.1 Indicators to capture the risk of a climate crisis

Year	Number of countries with data	Number (and %) of countries at high risk	Number (and %) of countries at medium risk	Number (and %) of countries at low risk
Consecutive dry days				
Source: Climate Hazards Group Infrared Precipitation with Stations (CHIRPS) environmental record				
Threshold		Above 15 days variation from 1981-2010 average	Between 0 and 15 days variation from 1981-2010 average	Less than 0 days variation from 1981-2010 average
2015	22	1 (5%)	5 (23%)	16 (73%)
2021	22	4 (18%)	11 (50%)	7 (32%)
Number of days of precipitation over 20 millimetres				
Source: CHIRPS environmental record				
Threshold		Above 0.5 days variation from 1981-2010 average	Between 0 and 0.5 days variation from 1981-2010 average	Less than 0 days variation from 1981-2010 average
2015	22	2 (9%)	6 (27%)	14 (64%)
2021	22	3 (14%)	6 (27%)	13 (59%)
Number of days above 35 degrees Celsius				
Source: Copernicus ERA5 reanalysis				
Threshold		Above 20 days variation from 1981-2010 average	Between 10 and 20 days variation from 1981-2010 average	Less than 10 days variation from 1981-2010 average
2015	22	4 (18%)	11 (50%)	7 (32%)
2021	22	10 (46%)	9 (41%)	3 (14%)

2. Conflict, war and occupation indicators

To measure the risk of conflict, war and occupation, two indicators were identified:⁹⁰ the Global Peace Index and conflict-induced internal displacement. Table A2.2 presents the

indicators that capture the risk of conflict, war and occupation, along with their thresholds and the number of countries at risk within each threshold at both the regional and global levels.

Table A2.2 Indicators to capture the risk of conflict, war and occupation

Year	Region	Number of countries with raw data	Number (and %) of countries at high risk	Number (and %) of countries at medium risk	Number (and %) of countries at low risk
Global Peace Index Source: Institute for Economics and Peace					
		Thresholds	Above 3	Between 1 and 3	Less than 1
2015	Arab region	20	4 [20%]	12 [60%]	4 [20%]
	World	162	7 [4%]	69 [43%]	86 [53%]
2021	Arab region	21	4 [19%]	11 [52%]	6 [29%]
	World	163	7 [4%]	75 [46%]	81 [50%]
Conflict-induced internal displacement (internally displaced persons per 100,000 people) Source: The Internal Displacement Monitoring Centre					
		Thresholds	Above 1,000	Between 100 and 1,000	Less than 100
2015	Arab region	22	2 [9%]	5 [23%]	15 [68%]
	World	195	23 [12%]	18 [9%]	154 [79%]
2021	Arab region	22	3 [14%]	3 [14%]	16 [73%]
	World	195	28 [14%]	12 [6%]	155 [80%]

3. Economic indicators

To measure the risk of an economic crisis, five indicators were identified: GDP growth, inflation, debt-to-GDP ratio, international reserves and current account balance. Table A2.3 presents the

indicators that capture the risk of an economic crisis, along with their thresholds and the number of countries at risk within each threshold at both the regional and global levels.⁹¹

Table A2.3 Indicators to capture the risk of an economic crisis

Year	Region	Number of countries with data	Number (and %) of countries at high risk	Number (and %) of countries at medium risk	Number (and %) of countries at low risk
GDP growth (annual percentage change) Source: ESCWA calculations and IMF World Economic Outlook, April 2023 Database					
		Thresholds	Below -2	Between -2 and 0	Above 0
2015	Arab region	21	1 [5%]	2 [10%]	19 [91%]
	World	195	15 [8%]	11 [6%]	169 [87%]

2021	Arab region	22	2 (9%)	1 (5%)	19 (86%)
	World	195	11 (6%)	8 (4%)	176 (90%)

Inflation (annual percentage change)

Source: ESCWA calculations and IMF World Economic Outlook, April 2023 Database

	Thresholds		Above 10	Between 3 and 10	Less than 3
2015	Arab region	21	3 (14%)	5 (24%)	13 (62%)
	World	194	13 (7%)	64 (33%)	117 (60%)
2021	Arab region	22	4 (18%)	8 (36%)	10 (46%)
	World	195	21 (11%)	91 (47%)	83 (43%)

Debt (per cent of GDP)

Source: IMF World Economic Outlook, April 2023 Database

	Thresholds		Above 90	Between 60 and 90	Less than 60
2015	Arab region	19	2 (11%)	3 (16%)	14 (74%)
	World	192	22 (12%)	37 (19%)	133 (69%)
2021	Arab region	20	3 (15%)	8 (40%)	9 (45%)
	World	192	34 (18%)	57 (30%)	101 (53%)

International reserves (months of imports)

Source: IMF World Development Indicators

	Thresholds		Below 3 months	Between 3 and 6 months	Above 6 months
2015	Arab region	19	6 (32%)	3 (16%)	10 (53%)
	World				
2021	Arab region	14	2 (14%)	4 (29%)	8 (57%)
	World				

Current account balance (per cent of GDP)

Source: IMF World Economic Outlook, April 2023 Database

	Thresholds		Below -15	Between -10 and -15	Above -10
2015	Arab region	21	4 (19%)	2 (10%)	15 (71%)
	World	192	18 (9%)	18 (9%)	156 (81%)
2021	Arab region	20	1 (5%)	0 (0%)	19 (95%)
	World	192	10 (5%)	18 (9%)	(5%)

4. Institutional indicators

To measure the risk of an institutional crisis, two indicators were identified:⁹² voice and accountability, and rule of law. Table A2.4 presents the indicators that capture the risk of an

institutional crisis, along with their thresholds and the number of countries at risk within each threshold at both regional and global level.⁹³

Table A2.4 Indicators to capture the risk of an institutional crisis

Year	Region	Number of countries with data	Number (and %) of countries at high risk	Number (and %) of countries at medium risk	Number (and %) of countries at low risk
Voice and accountability Source: World Bank Worldwide Governance Indicators					
		Thresholds	Below -1.5	Between -1.5 and 0	Above 0
2015	Arab region	22	5 (23%)	16 (73%)	1 (5%)
	World	204	17 (8%)	80 (39%)	107 (53%)
2021	Arab region	22	5 (23%)	16 (73%)	1 (5%)
	World	208	18 (9%)	79 (38%)	111 (53%)
Rule of law Source: World Bank Worldwide Governance Indicators					
		Thresholds	Below -1.5	Between -1.5 and 0	Above 0
2015	Arab region	22	3 (14%)	13 (59%)	6 (27%)
	World	211	10 (5%)	110 (52%)	91 (43%)
2021	Arab region	22	5 (23%)	9 (41%)	8 (36%)
	World	211	12 (6%)	99 (47%)	100 (47%)

B. Capturing the risk of polycrisis

Crises rarely occur alone. If two or more crises occur at the same time in a country, it is likely that they will feed into each other, mutually exacerbating their outcomes and essentially creating the risk of polycrisis.

We therefore assume that if a country faces multiple crises, then it is at risk of polycrisis. The objective of this analysis is not to explicitly map out the different crises and the

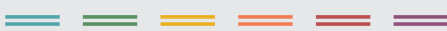
degree to which they reinforce each other, but to identify if a country is at risk of experiencing multiple crises at once.

To that end, all of the different crisis risks were aggregated with scores ranging between 0 and 12 (four pillars, each with a maximum score of three). If a country scored above three, it was deemed to be at some risk of experiencing a polycrisis, as this score was usually associated with a country breaking

all the high risk thresholds under at least one pillar as well as medium risk thresholds in another pillar. Therefore, a score above three represents a medium risk that a country will experience a polycrisis, and a score below three represents a

low risk of polycrisis. A score above six represents a high risk of polycrisis; this means that a country has a high risk score on all indicators under two out of four pillars, or a medium risk score on every single indicator.

Annex 3. What is a polycrisis and how does it manifest?



To identify a polycrisis, a single crisis needs to be identified first. Crises are quite separate from a deteriorating trend, but a deteriorating trend can feed into a crisis, and so the two can be difficult to separate.

Walby (2015) defines a crisis as “an event that has the potential to cause a large detrimental change to the social system and in which there is a lack of proportionality between cause and consequence”.⁹⁴ She further emphasizes a lack of proportionality between the relatively short duration of a crisis and its much longer-term consequences.

Lawrence and others (2023) identify three properties of a crisis: instability, speed, and human harm. They suggest that a crisis only occurs when a system rapidly and uncontrollably unravels and causes immense human suffering. They note that a crisis only ends when the system returns to an equilibrium.⁹⁵

None of these models provide a clear boundary beyond which negative outcomes turn into a crisis. Crisis thresholds are therefore proposed in annex 2.

A polycrisis occurs when multiple crises intersect, overlap and reinforce each other. Lawrence et al. (2023) identify three transmission mechanisms through which polycrises may manifest: common stresses, domino effects, and reinforcing feedbacks.⁹⁶

Common stresses (figure A3.1) occur when the stresses or pressures contributing to a crisis feed into multiple crises. For example, prolonged drought may feed into multiple crises including limited access to water, reduced water quality, negative public health outcomes, crop failure, food insecurity, poor agricultural and economic performance, and limited energy supply.

Figure A3.1 Common stresses

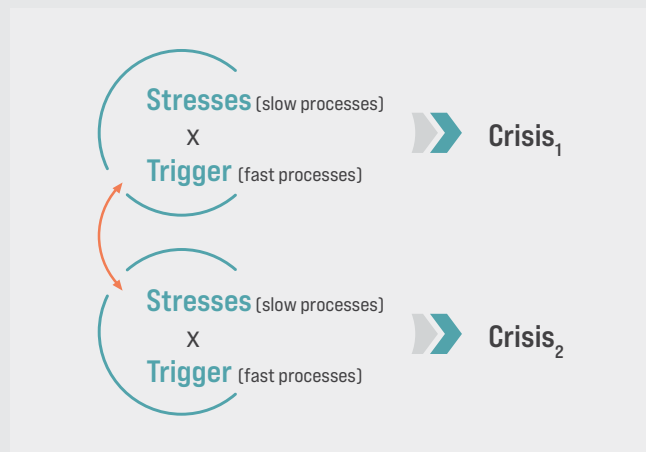
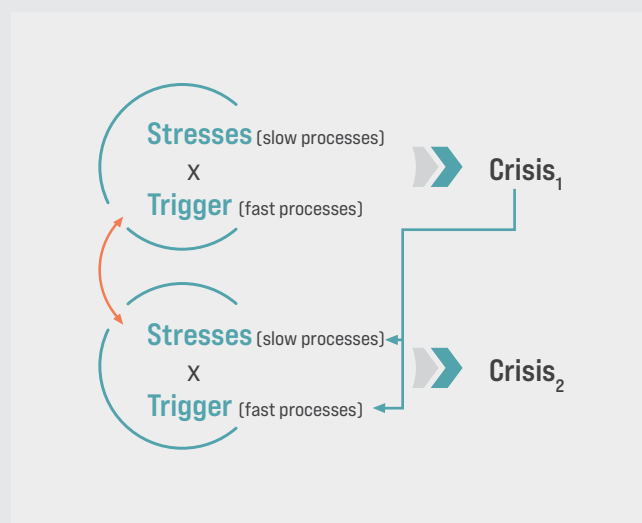


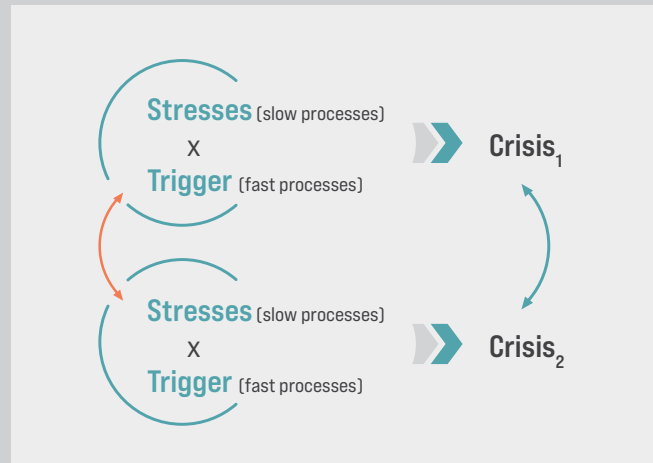
Figure A3.2 Domino effects



Domino effects (figure A3.2) occur when one crisis triggers multiple other crises. For example, the war in Ukraine triggered a food price crisis with rising food insecurity and vulnerability at the global level. Domino effects are one-way causal relationships.

Finally, reinforcing feedbacks (figure A3.3) occur when two or more crises interact to a devastating degree and mutually reinforce their negative outcomes. For example, COVID-19 caused an increase in poverty amongst vulnerable households and countries. Such an increase in poverty limited the capacity of countries and households to protect themselves against COVID-19, which in turn reinforced the impact of COVID-19, plunging vulnerable households and countries into greater poverty.

Figure A3.3 Reinforcing feedbacks



Endnotes



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28. Inequality in access to finance is measured using account ownership at a financial institution or with a mobile-money-service provider (% of population ages 15+); commercial bank branches (per 100,000 adults); depositors with commercial banks (per 1,000 adults); and borrowers from commercial banks (per 1,000 adults).
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83. Two indicators, 'Ever-partnered women girls subjected to physical/sexual violence in the last 12 months (SDG 5.2.1)' and 'Time spent on unpaid care work (%) (SDG 5.4.1)', were also considered but could not be added due to insufficient data. In addition, the indicator for life expectancy was removed because it distorted the data. Countries where the proportional gender gap was higher and actual life expectancy was lower scored disproportionately well for gender equality. For example, the Syrian Arab Republic has the highest score on this indicator because male life expectancy is 61 years, compared with 70 years for women, even though the average life expectancy

for women is above 70 years in most countries. For the indicator 'Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease', the most recent estimate is 2019, so data from 2015 and 2019 have been used.

84. The indicator 'Youth not in education, employment or training (%) (SDG 8.6.1)' was also considered but could not be added due to insufficient data.
85. The indicators 'Population with household expenditures on health greater than 10% of total household expenditure or income (% , national, rural, urban) (SDG 3.8.2)', 'Health worker distribution (%) – Medical doctors (SDG 3.c.1)' and 'Health worker distribution (%) – Nursing and midwifery personnel (SDG 3.c.1)' were also considered but could not be added due to insufficient data.
86. The indicators 'Life expectancy at birth, total (years)', 'Under-five mortality rate (deaths per 1,000 live births) (SDG 3.2.1)' and 'Out-of-pocket expenditure (% of current health expenditure)' were removed due to their high correlation with the other indicators.
87. The indicators 'Youth and adults with information and communications technology (ICT) skills (%) (SDG 4.4.1)', 'Children and young people achieving a minimum proficiency level in reading (%) – Grades 2/3 (SDG 4.1.1)' and 'Children and young people achieving a minimum proficiency level in mathematics (%) (SDG 4.1.1)' were also considered but could not be added due to insufficient data.
88. The ESCWA Financial Inclusiveness Index was also considered, but it was only available for 2017 onwards and used many indicators already covered by the "access to technology" pillar, which would have resulted in high correlation.
89. The indicator 'E-Government Development Index' was removed due to its high correlation with the other indicators.
90. The number of refugees by origin per 100,000 people was also considered as an indicator but had to be removed due to its high correlation with conflict-induced internal displacement.
91. Figures for international reserves must be collected for each country individually and, therefore, a global analysis was not included. After examining the global thresholds, the current account balance thresholds were restructured to align with the others.
92. The Transparency International Corruption Perceptions Index and the World Bank Government Effectiveness Index were also initially considered, but had to be removed because of their high correlation with the "Rule of law" indicator.
93. The World Bank includes both countries and territories in its analysis, which is why the total number of entities it covers exceeds 195.
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In recent years, the Arab region has experienced a string of successive, overlapping and reinforcing crises, known as a polycrisis. Environmental, economic, institutional and conflict-related crises have interacted with each other to a devastating degree, resulting in detrimental effects on people's access to social and economic services and opportunities. Not everyone, however, has been affected equally. Those who were already at risk of being left behind find themselves further behind their peers, as crises have accentuated inequality in all its forms and eroded the potential of social mobility.

This third edition of the Arab Inequality Report presents the growing risk of polycrisis in the Arab region since 2015. It introduces a novel way to capture inequality in all its forms, through a new multidimensional inequality framework. It also highlights the positive correlation between multidimensional inequality and the risk of polycrisis. Yet, polycrisis and high multidimensional inequality are not inevitable. The report concludes with concrete and practical policy recommendations for countries to protect equality in times of crisis. In particular, the report calls for immediate humanitarian assistance in the face of crises, without political implications, and innovative financing mechanisms that enable more vulnerable countries to pursue sustainable socioeconomic development and leave no one behind.

