



COMCEC

# CCO BRIEF ON POVERTY ALLEVIATION

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2030 Agenda for Sustainable Development envisages very ambitious and comprehensive goals to reduce poverty and boost development in the world. Reaching these goals worldwide requires dedicated and collective efforts of countries as well as international organizations. The state of poverty in the OIC Member Countries also poses a significant challenge for the development agenda of the OIC. Therefore, focusing on alleviating poverty in the OIC region is a worthy endeavor for the member countries.

Poverty has different dimensions and rates according to living conditions across geographies and countries. There are two approaches to measure poverty, which are monetary and non-monetary respectively. According to monetary approach, accepted thresholds by the World Bank are USD 1.90 a day and USD 3.10 a day.<sup>1</sup> In this respect, extreme poverty is investigated by examining GDP per capita levels and poverty headcount ratios at USD 1.90 a day.

The latter approach - non-monetary method- focuses on poverty from a multidimensional perspective. United Nations Development Program (UNDP) developed two Indexes in this respect. The Human Development Index (HDI) identifies poverty as a lack of income, education and health. Thus, HDI utilizes four indicators, namely Gross National Income (GNI) per capita, mean years of schooling, expected years of schooling and life expectancy at birth. The Multidimensional Poverty Index (MPI), the second one, considers multiple deprivations of the population and their overlap in terms of health, education and standards of living. Income is excluded in this calculation but standard of living is measured by six indicators.

### Poverty in the World

Although the global poverty rate has been halved since 2000, intensified efforts are required to boost the incomes and alleviate poverty considering individuals still living in extreme poverty, particularly in sub-Saharan Africa. In 2015, 736 million people, almost 10 percent of the world's population, lived on less than \$1.90 a day. This figure displays a significant decrease in the global poverty rate from 36 percent in 1990, about 10 percent in 2015. Furthermore, more than half of the people living on less than US\$1.90 worldwide live in Sub-Saharan Africa.<sup>2</sup>

The world has been struggling with an unprecedented epidemic: the COVID-19 since the end of 2019. Paralyzing daily life in many aspects the epidemic has devastating impacts on the global economy resulting in recession and downsizing. Most of the companies have difficulties to carry on their activities and a high number of people have lost their jobs. The situation of the poor is much more fragile. Due to the stagnation of business in the agriculture sector as a result of measures like travel restrictions, curfews, quarantines, etc. food products become unaffordable for the poor. Therefore, the epidemic is expected to worsen the poverty numbers worldwide in the coming period. Estimates suggest that the epidemic is likely to cause the first increase in global poverty since 1998 and it would push 49 million people into extreme poverty in 2020.<sup>3</sup>

Focusing on poverty in monetary terms requires checking income indicator initially. The World's average GDP per capita PPP (Purchasing Power Parity) was \$17,673 in 2019. This average was \$52,029 for high-income countries, \$17,525 for upper-middle income countries,

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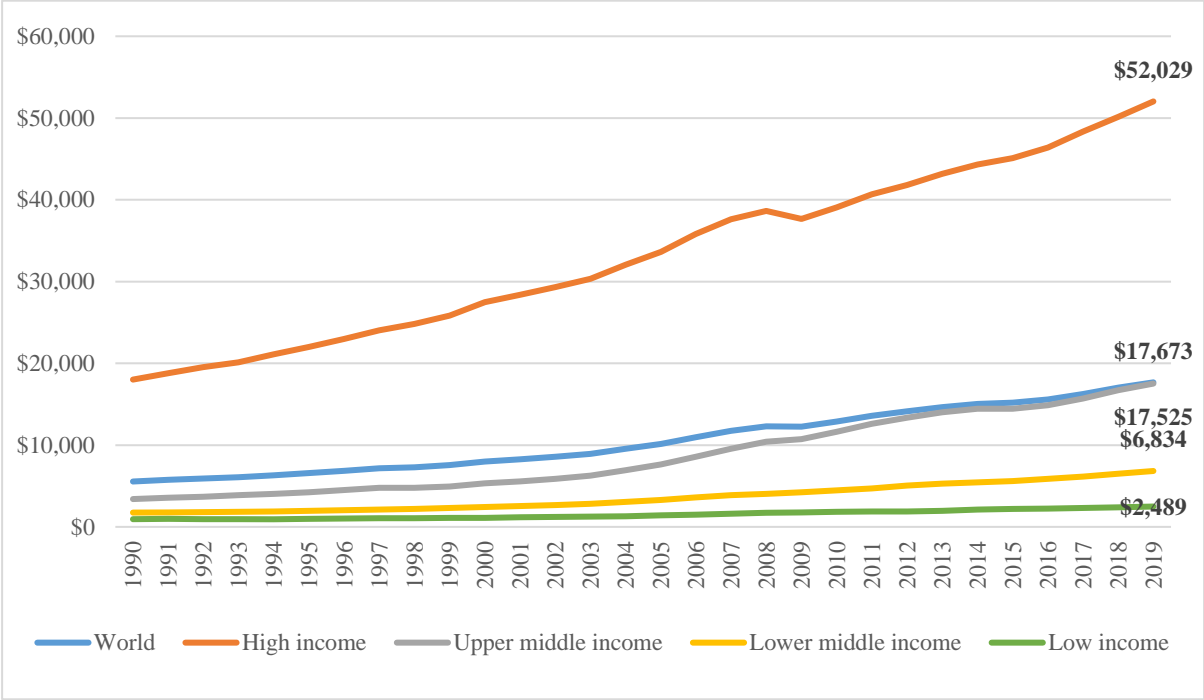
<sup>1</sup> The World Bank's definition of "extreme poverty" has been revised to mean living on less than \$1.90 per day from \$1.25 per day reflecting the latest updates in purchasing power parities. In the same way, \$2 per day has been revised to \$3.10 per day.

<sup>2</sup> <https://www.worldbank.org/en/topic/poverty/overview> accessed on 21.09.2019

<sup>3</sup> <https://blogs.worldbank.org/opendata/impact-covid-19-coronavirus-global-poverty-why-sub-saharan-africa-might-be-region-hardest>

\$6,834 for lower-middle income countries and \$2,489 for low-income countries (Figure 1). These figures indicate that there is a considerable disparity across the countries. While Qatar has the highest GDP per capita (PPP) with 96,491 Current International Dollar, Burundi has the lowest GDP per capita income with 783 Current International Dollars. There are also substantial income distribution problems within countries. The pandemic would adversely affect these statistics and income distribution within countries may become unequal than ever.

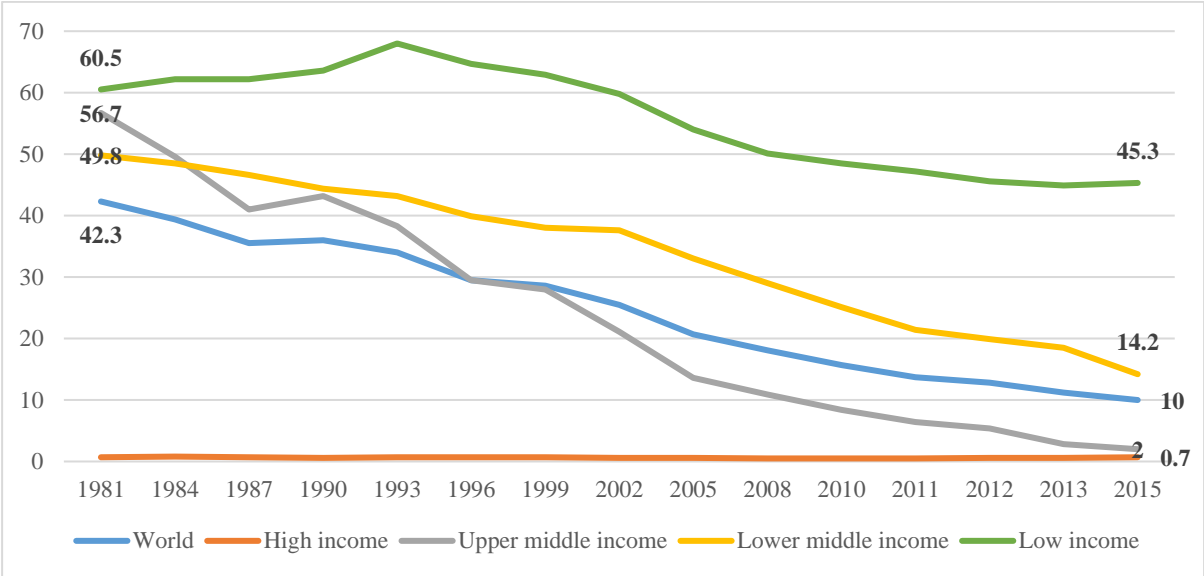
**Figure 1: GDP Per Capita (PPP) (Current International \$)**



Source: Prepared by the CCO from the World Development Indicators of the World Bank

For many countries, poverty levels have decreased in monetary terms over the last three decades. Indeed, for the period of 1981-2015, significant progress was observed with regard to the percentage of the people living under US\$ 1.90. While this rate was 56.7 percent for the upper-middle income countries, 49.8 percent for the lower-middle income countries and 60.5 percent for the low income countries in 1981, it fell to 2 percent, 14.2 percent and 45.3 percent respectively for these income groups in 2015 (Figure 2).

**Figure 2: Poverty Headcount Ratio at USD 1.90 a day (PPP) (% of population)**



Source: Created by the Authors, from the World Development Indicators of the World Bank

Despite the significant progress in reducing poverty in the last two decades, the disparity between different income groups is still alarming.

**Poverty in the OIC Member Countries**

The OIC forms a heterogeneous group in terms of development levels with its 57 member countries dispersed over four continents. 21 out of the 47 Least Developed Countries (LDCs) are members of the OIC. In this respect, GDP per capita levels of the member countries display a highly divergent composition, varying from US\$ 1,270 to US\$ 96,491 (PPP current international \$) in 2019. Similarly, extreme poverty rates of the OIC member countries vary from 0 percent to 63 percent according to the recent data.<sup>4</sup>

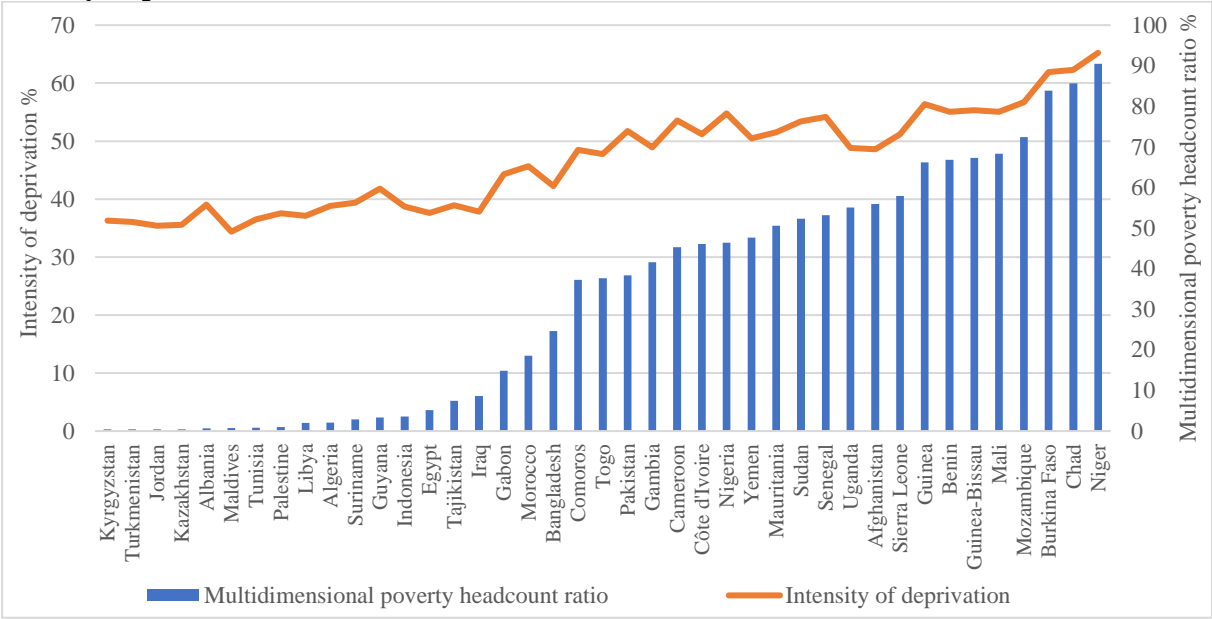
**Multidimensional Poverty in the OIC Member Countries**

Regarding the group of countries for which the MPI is calculated, it is observed that 41 out of 57 member countries of the OIC are included in this calculation. Figure 3 illustrates the population living in multidimensional poverty in the OIC countries and how deeply these people are deprived from multidimensional poverty. The population living in multidimensional poverty varies across the OIC member countries. While Kyrgyz Republic has the lowest ratio which is 0,39 percent, Niger has the highest percentage of the population in multidimensional poverty with almost 90,5 percent. Intensity of deprivation of the multidimensional poverty is lowest in Maldives with 34,4 percent and highest in Niger with 65,2 percent.

According to MPI indicators the contribution of deprivation in education to overall poverty for the OIC Region is between 3.1 percent (Kazakhstan) and 61.6 percent (Tunisia). The same range for the contribution of deprivation in health to overall poverty is between 10 percent (Afghanistan) and 90.4 percent (Kazakhstan), and for the contribution of deprivation in living standards to overall poverty is between 4.2 percent (Maldives) and 55.1 percent (Uganda).<sup>5</sup>

<sup>4</sup> World Bank, World Development Indicators  
<sup>5</sup> UNDP, The 2020 Global Multidimensional Poverty Index (MPI)

**Figure 3: Multidimensional Poverty Headcount Ratio and the Intensity of Multidimensional Poverty Deprivation in the OIC Member Countries**



Source: UNDP, The 2020 Global Multidimensional Poverty Index (MPI)

**The 2030 Agenda for the Sustainable Development and the Sustainable Development Goals (SDGs)**

As the first ever targets established collectively by the world, Millennium Development Goals (MDGs) had focused on the challenges of the poor countries by targeting the eradication of poverty. By building directly on the MDGs, the 2030 Agenda for Sustainable Development presents more ambitious and comprehensive development agenda in coverage.

Since the adoption of the MDGs, a significant and promising progress has been achieved worldwide. Nevertheless, eradicating poverty remains one of the major global challenges for sustainable development. Uneven and widespread inequalities persist between and within countries. For this reason, the first goal under the SDGs has been indicated as “End poverty in all its forms everywhere”.

The main challenges faced by the member countries in achieving the MDGs were, among others, the lack of commitment to the MDGs; poor infrastructure; weak institutional capacity, including implementation difficulty; limited financial resources; low economic growth and unfavorable trade conditions; and the fragile environment, including security concerns and disaster-related challenges. Taking into account these challenges in achieving MDGs, the implementation of the SDGs is of the utmost importance considering its more ambitious agenda.

Given its importance on the development of the OIC member countries, the COMCEC tracks the programs, projects and other activities of OIC Institutions related to the implementation of the SDGs. In this respect, in line with the relevant resolutions of the COMCEC, the CCO compiles the activities of the OIC Institutions carried out for the implementation of the SDGs in the member countries and submits a report to the COMCEC Sessions.

Moreover, SESRIC conducted a tendency survey on the priorities of the member countries regarding the SDGs and reported the results to the 34<sup>th</sup> COMCEC Session. Based on these results, SESRIC presents annual reports on the progress at the OIC level towards achieving the prioritized SDGs to the COMCEC Ministerial Sessions.

## **Urban Poverty in the OIC Member Countries (15th Meeting of the Poverty Alleviation Working Group)**

Recent forecasts suggest that the share of world population living in urban areas may increase to around 70 percent and the size of urban population is expected to reach 7 billion as of early 2050s. Most of the projected increase in urban population is expected to take place in Africa and Asia, which suggests that the OIC member countries will be particularly exposed to the projected urbanization process. Parallel to the rapid growth in urban population, sustaining the welfare of people living in urban areas has become a significant challenge. Poverty has rapidly shifted and expected to further shift from rural to urban areas. The new challenges such as devastating consequences of the pandemic disease (COVID-19) and the rapid increase in refugee populations living in urban areas will exacerbate the urban poverty risks in the Member Countries.

Given the importance of the issue, the 15th Meeting of the Poverty Alleviation Working Group was held on September 29th, 2020 in a virtual-only format, with the theme “*Urban Poverty in the OIC Member Countries*”.

A research report on urban poverty was conducted for the above-mentioned Meeting. The report reviews the global trends in urban poverty, highlights the main data gaps and related statistical issues, and identifies the current and future urban poverty challenges for the member countries.

The report highlights that the OIC Member Countries, especially those in Africa and Asia, have experienced a strong urbanization trend which is expected to continue further in the coming decades. It demonstrates the slum rates have been persistently high for the African group and also exhibit strong country-specific patterns among the Asian group. High population density in slums reduces the capacity of public policy to effectively intervene in and respond to emergencies, develop efficient long-term strategies for urban poverty reduction, and improve the living standards for everyone residing in urban areas.

As highlighted in the research report and the discussions during the Meeting, the following challenges were identified by the Working Group:

- High rates of population living in slums,
- High rates of informal employment,
- Lower employment levels for disadvantaged groups,
- High number of refugees and other forced migrants,
- Limited access to health services and hygienic material and water,
- Lack of reliable data on urban poverty.

To overcome these challenges, the Working Group came up with the following policy recommendations:

- Developing comprehensive and effective urban planning strategies that particularly focus on better management of slums to prevent uncontrolled growth of existing slums and formation of new ones, and improving the access of slum dwellers to basic services such as education and health services through strategic investments.
- Designing effective local labor market policies that would help tackling the informality problem and create more and better jobs.
- Activating the Islamic Social Finance Tools and systematically integrating them into the general urban poverty policy toolbox.

- Improving urban governance capacity and strengthening resilience to shocks (e.g. COVID-19 pandemic).
- Conceptualizing urban poverty and developing/improving data collection and measurement practices to achieve evidence-based policy making.

Moreover, the 16th Meeting of the Poverty Alleviation Working Group will be held in 2020 with the following theme “*COVID-19 and Its Adverse Effects on Socio-Economic Inequalities in the OIC Member Countries*”.

### **The COMCEC Project Funding**

COMCEC Project Funding (CPF) is the other important instrument of the Strategy. Projects financed under the CPF need to serve multilateral cooperation and must be designed in accordance with the objectives and the expected outcomes defined by the Strategy in its transport section. Projects also play important roles in realization of the policy recommendations formulated by the member countries during the TCWG meetings.

Five projects were implemented by Afghanistan, Nigeria, Suriname, Turkey and SESRIC in the poverty alleviation cooperation area in 2019 under the COMCEC Project Funding.

Afghanistan’s project, titled “Improving the Quality of Education through Information and Communication Technologies in the OIC Countries”, targets to enhance disadvantaged children’s access to qualified education in the rural regions of Afghanistan through ICT. The partner countries are Iran, Palestine and Turkey. A workshop was realized for sharing best practices to increase the quality of education through ICT for disadvantaged children in the rural areas of the OIC member countries.

Nigeria implemented the project titled as “Strengthening Technical and Vocational Education for Grassroots Empowerment in the OIC Countries” with the partnership of the Gambia and Turkey. The purpose of the project is to put the current situation and need with regard to vocational education of the youth and women in the OIC countries to further reintroduce them to economy and to provide a sustainable development. In this regard, a workshop was organized for identifying gaps and assessing the needs for the technical and vocational education systems in the OIC countries to create a roadmap and to address job creation for the vulnerable groups.

Suriname’s “Increasing the Capacity of Vocational Education Centres for the Disabled in the Selected OIC Countries” project aims at increasing institutional capacity of the training centers that serve for people living with disability, developing curriculum for the training centers and enhancing the human capacity of the teachers. In line with these aims, a training program on development of vocational skills for the teachers and curriculum for the training centers in the OIC countries was held on with the participation of the partner countries, Guyana and Turkey.

Turkey’s project, titled “Developing Guidelines on Social Safety Net Systems for the OIC Countries”, aims at promoting the establishment of management information systems for Social Safety Net (SSN) programmes and expanding the coverage of the existing ones in the member countries. In line with these, it is planned to increase the human and institutional capacity of the OIC member countries in the SSN systems with the partnership of Indonesia, Senegal, Tunisia, Iran and the Gambia. In this regard, a training and a workshop was conducted with the participation of Indonesia, Iran, Tunisia and the Gambia. During the training program participants were trained on the role of information technologies for providing efficient, transparent and accountable SSN services. Within the margin of the workshop partner countries

focused on analyzing the different country models of SSN systems and providing adaptable and applicable SSN guidelines for the OIC countries.

SESRIC's "Digital Skills Development in OIC Countries" project aims at presenting the relationship between digitalization and vocational education, determining the effect of digitalization to vocational education and suggesting the necessary policies for managing the digital transformation in the OIC countries. Project partners are Azerbaijan, Benin, Gambia, Indonesia, Iran, Iraq, Jordan, Malaysia, Morocco, Pakistan, Palestine, Saudi Arabia, Senegal, Sudan, Tunisia and Turkey. In the project, a workshop was organized on the current status and needs for the digitalization of the workforces and economies of the OIC countries to create a roadmap.

Moreover, under the 7th Call for Project Proposals, 3 projects were selected to be financed by the CCO in 2020. These projects, however, are yet to be completed due to delays arising from international travel restrictions imposed by the COVID 19 pandemic. Hence, all the poverty projects are expected to be finalized in 2021. The selected projects to be completed under the 7th Call are as follows;

Benin's project, titled "TVET Piloting in the Selected OIC Countries", aims at ensuring better institutional governance and efficient management of TVET institutions in line with system development strategy, with the partnership of the Gambia, Niger and Turkey. In the project, a study visit is planned to the Gambia to learn the skills thought in the Gambian TVET institutions and to observe the relationship between the industrial requirements and job-oriented curriculum. Also, a training is planned for learning the strategies, governance models and implementation processes of TVET system in the partner countries.

The Gambia's "Infusing Entrepreneurship Education in School Curricula" project aims at integrating the entrepreneurship and skill development into education curriculum along with providing alternative teaching products to students to increase their productivity. The project partners are Sierra Leone and Nigeria. The project activities are a workshop for drafting of the teaching and learning materials for the school curriculum and preparation of promotional teaching materials on entrepreneurship and skill development to distribute to the targeted regions of the Gambia.

Turkey's project "Strengthening Health Human Capacity and Creating Intervention Task Force" aims at strengthening the human workforce capacity for the partner countries, Sudan, Somalia, and Niger. The project activity is a training on health emergencies for establishing a common implementation methodology for the partner countries.

8th Call for Project Proposals on the other hand started on September 1st, 2020. Relevant documents are available on the COMCEC website. ([project.comcec.org](http://project.comcec.org))

### **Other Ongoing Programs for Alleviating Poverty under the COMCEC**

Other ongoing programs for alleviating poverty under the COMCEC are: Special Program for the Development of Africa - SPDA (within the Islamic Development Bank), Islamic Solidarity Fund for Development - ISFD (within the Islamic Development Bank) and OIC Vocational Education and Training Program - OIC-VET (within SESRIC).

- The Islamic Solidarity Fund for Development (ISFD) is a special fund established with the purpose of reduction of poverty focusing on human development, agriculture, rural development and basic infrastructure. The targeted budget of the Fund is US\$ 10 billion. As of October 2019, paid-up capital reached US\$2.585 billion. ISFD net income in 2019 is projected



at US\$86.32 million, compared to US\$84.22 million achieved in 2018. The ISFD has also approved 9 projects and programs amounting to US\$83.0 million in 2019. Guided by the IsDB Policy for Poverty Reduction, these projects were allocated to pro-poor sectors, such as water supply, health, education, and in rural development.

- The Special Program for the Development of Africa (SPDA) is another program developed to alleviate poverty in the Member States in Africa implemented by the IDB Group. It succeeded a similar program, the IDB Cooperation Framework for Africa (Ouagadougou Declaration) implemented by IDB for Sub Saharan African (SSA) countries from 2003 to 2007. The SPDA was validated in 2008 and implemented over a five-year period ending in 2012. Even though the approvals ended in November 2012, the implementation of the approved projects has continued. The target capital of the SPDA is \$12 billion. The amount of total approvals has exceeded 5 billion USD since the beginning of the Program. The IDB Group funds projects in the infrastructure, education, health and agriculture sectors being/to be implemented in 22 African countries.

- The Vocational Education and Training Program for the OIC Member Countries (OIC-VET) is implemented by SESRIC in order to strengthen the member countries' capacities in the field of technical and vocational education and training. The OIC-VET Programme that was officially launched by the COMCEC Economic Summit held in Istanbul, Turkey on 9 November 2009, has been supporting the activities of the Member States, improving the competencies and skills of the people according to the needs and priorities of labour markets through intra-OIC partnerships at institutional level.

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