



POVERTY

OIC/COMCEC/30-14/D(35)



**CCO BRIEF
ON
POVERTY
ALLEVIATION**

**COMCEC COORDINATION OFFICE
November 2014**

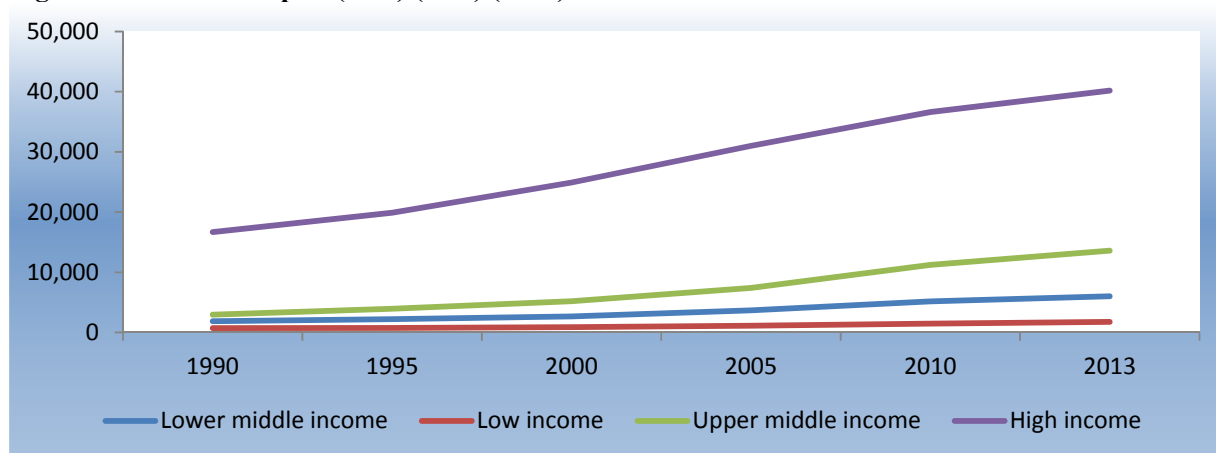
BRIEF ON POVERTY ALLEVIATION

Poverty is defined as the inability of an individual to possess sufficient resources to satisfy his/her basic needs. The definition and range of basic needs depend on the place and time, or even the source of the definition. Hence, there are several ways to investigate the poverty situation of countries. The most frequently used method is to define poverty in monetary terms, like the US\$1.25 a day and US\$2 a day poverty lines of the World Bank, or the value of a minimum calorie requirement. Poverty is also defined in non-monetary terms from a multidimensional viewpoint. In this connection, UNDP have started to calculate Multidimensional Poverty Index (MPI) in 2010, in order to measure poverty in a much broader context. The MPI considers multiple deprivations of population and their overlap by utilizing the dimensions of health, education and standards of living.

Poverty in the World

In 2012, while the world's average GDP per capita (PPP) was US\$12,222, this average was US\$38,195 for high income countries, US\$10,790 for upper-middle income countries, US\$3,920 for lower-middle income countries and US\$1,369 for low income countries (Figure 1). These numbers imply significant income variation among the country groups. Qatar has the highest GDP per capita (PPP) with US\$131,757, while Central African Republic has the lowest GDP to per capita income with US\$603.6.

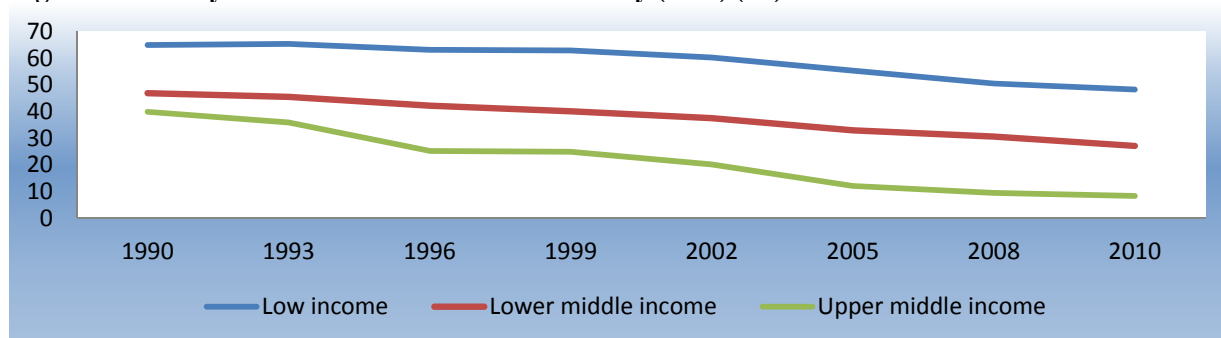
Figure 1: GDP Per Capita (PPP) (US\$) (2013)



Source: Created by the Authors, based on the World Bank, 2014a.

For most countries, poverty levels decreased in monetary terms for the last three decades. Indeed, for the period 1981-2008, a significant progress was observed regarding the ratio of the people living under US\$1.25 a day. While this ratio was 39.9 percent for upper-middle income countries, it was 46.9 percent for lower-middle income countries and 64.9 percent for low income countries in 1990. These ratios fell to 8.4 percent, 27.1 percent and 48.3 percent respectively for the mentioned income groups in 2010 (Figure 2).

Figure 2: Poverty Headcount Ratio at US\$1.25 a day (PPP) (%)



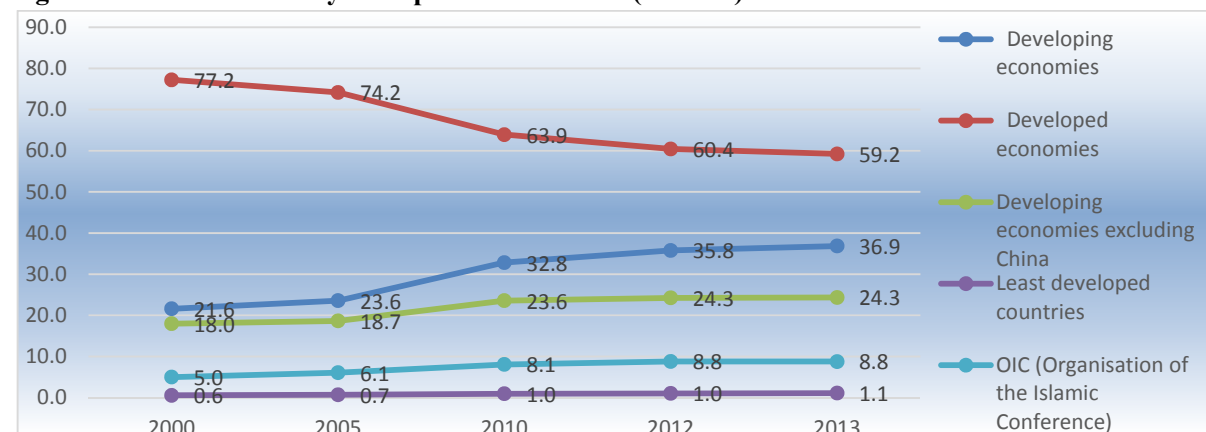
Source: Created by the Authors, based on the World Bank, 2014a.

Nevertheless, this trend of reduction in poverty levels has been uneven and certain parts of the world have actually seen an increase in their poverty levels during the same time period.

Poverty in the OIC Member Countries

Although the total population of the member countries accounts for more than one-fifth of the world's total population, the total GDP of these countries accounts for only eleven percent of the total world GDP. Nevertheless, the OIC Member Countries do not form a homogeneous group. In this context, GDP per capita levels of the member countries display a highly dispersed composition; hence they vary from US\$912.57 to US\$131.757 (PPP terms). Furthermore, the number of people living below USD 1.25 a day in the OIC Member Countries was nearly 25 percent of the total population according to the available data for the period of 2003-2012. As shown in Figure 3, the share of the OIC Countries in the world GDP has remained modest.

Figure 3: Share of Country Groups in World GDP (USD %)



Source: UNCTADSTAT, 2014

State of Hunger in the OIC Member Countries

18 of the OIC Member Countries are in the Low-Income Country Group¹ and the total population of the low income Member countries is nearly one-fourth of the OIC Member Countries. On the

¹ The World Bank, 2013b.

other hand, the total GDP of these countries is only four percent of the total GDP of the OIC Member Countries. Furthermore, the number of people living under US\$1.25 a day in the OIC Member Countries is nearly 350 million.

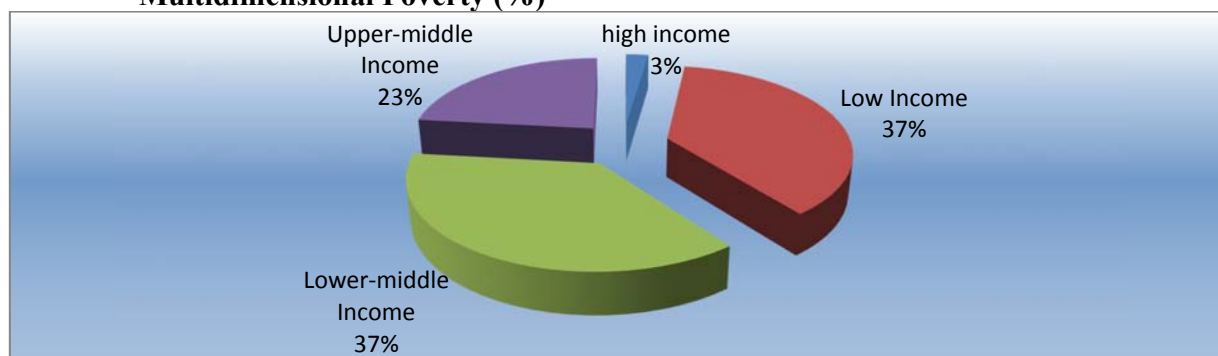
Multidimensional Poverty in the OIC Member Countries

Multidimensional Poverty Index (MPI) is used to identify poverty in broader terms. MPI includes 10 indicators related to health (child mortality and nutrition), education (years of schooling and child enrollment) and standards of living (electricity, drinking water, sanitation, flooring, cooking fuel and assets).

Looking at the state of multidimensional poverty in the member countries, it can be observed that nearly two-thirds of the OIC Member Countries are listed in the MPI Poor Group, and the share of deprived population in these countries changes to a great extent². For instance, while in Kazakhstan, people who live under multidimensional poverty are only 0.2 percent of the population, in Niger this ratio reaches 89.3 percent. Totally, almost 32 percent of the COMCEC population lives under multidimensional poverty and almost 22 percent lives under severe multidimensional poverty³.

Looking at the composition of the OIC Member Countries experiencing multidimensional poverty, various income categories are observed. Hence, among the member countries with multidimensional poverty, upper-middle income countries have a noteworthy share of 23 percent (Figure 4).

Figure 4: Share of Income Level Categories for the COMCEC Member Countries with Multidimensional Poverty (%)



Source: COMCEC Poverty Outlook 2014

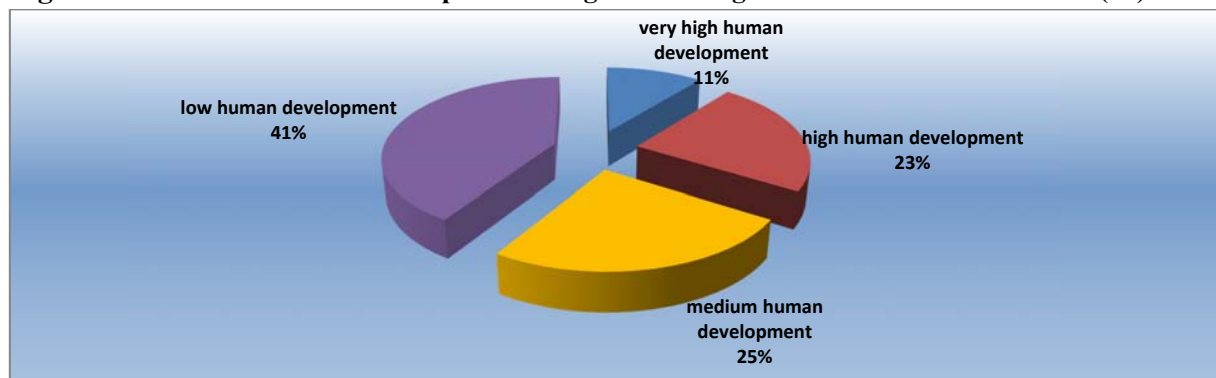
Human Development Index (HDI)

When the OIC Member Countries are examined in terms of human development approach, a heterogeneous composition is observed (Figure 13). In this context, while 11 percent of the OIC Member Countries is in the very high human development category, 23 percent is in the high, 25 percent is in the medium and 41 percent is in the low human development category.

² Source: COMCEC Poverty Outlook 2014.

³ Ibid

Figure 5: Shares of Human Development Categories among the OIC Member Countries (%)



Source: COMCEC Poverty Outlook 2014

When each income group of countries in the OIC is analyzed according to their Human Development Index values, it is found that all countries except Oman in the high income group are in the very high human development category. Regarding the upper-middle income countries, while 10 out of 16 are in the high human development category, the rest are in the medium human development category. In the lower-middle income group, more than half of the countries are in the low human development category, and the rest are in the medium human development category. As to the low income group, only two countries are in the medium human development category, and the rest are in the low human development category.⁴

Main Challenges of Poverty Alleviation in the OIC Member Countries

Despite abundant natural resources and capital accumulation in the OIC Member Countries, 21 of our Member States are classified as the Least Developed Countries. Most of these countries are located in sub Saharan Africa. Some of the most common challenges faced in the Member Countries in terms of poverty are as follows⁵:

- Underdeveloped institutions and lack of implementation capacity
- Lack of sufficient financial structures
- Inadequate resources
- Poor infrastructure
- Underdeveloped agriculture sector
- Unfavorable global trade conditions
- Conflicts and disaster related challenges

Poverty Alleviation Efforts under COMCEC

COMCEC Strategy, adopted by the Fourth Extra-ordinary Islamic Summit Conference held on August 14-15, 2012 in Makkah identified Poverty Alleviation as one of the six cooperation areas of the COMCEC.

⁴ Ibid.

⁵ COMCEC Strategy (2012), available on COMCEC website (www.comcec.org).

Eradicating extreme poverty and hunger in the OIC Member Countries is identified as a strategic objective by the COMCEC Strategy. Furthermore, the Strategy envisages four output areas, namely aid effectiveness, productive capacity of the poor, effective utilization of financial resources and monitoring poverty.⁶ It also includes specific expected outcomes under each output area. With a view to deepening cooperation among the Member Countries and achieving its targets, the COMCEC Strategy has introduced two important implementation mechanisms, namely Working Groups and COMCEC Project Cycle Management.

In each cooperation area defined by the Strategy, Working Groups were established. The Poverty Alleviation Working Group is one of these working groups. Through this Working Group, Member Country experts regularly come together to discuss the issues of common concern in this field and share their experiences and best practices in reducing poverty. The Poverty Alleviation Working Group meets twice a year in Ankara. In this framework, COMCEC Poverty Alleviation Working Group has convened four times so far.

For each Working Group Meeting an analytical study prepared for enriching the discussions and Poverty Outlook was prepared by the CCO to present the state of poverty in the world and in the OIC Member Countries. Since the last COMCEC Session the Poverty Alleviation Working Group has held three meetings under the following themes:

- Targeting Mechanisms of the Social Safety Net Systems in the COMCEC Region
- Monitoring Mechanisms of the Social Safety Net Programmes in the COMCEC Region.
- Institutional System of the Social Safety Net Programmes in the OIC Member Countries.

The Fourth Meeting of the Poverty Alleviation Working Group has come up with the following policy advices to be submitted to the 30th Session of the COMCEC.

1. Increasing the capacity of the human resources in the SSN system
2. Promoting the establishment of Management Information System / expanding the coverage of the existing ones in the member countries

The Poverty Alleviation Working Group will convene two times in 2015. The themes and dates of these meetings are as follows:

- The Fifth Meeting of the Poverty Alleviation Working Group will be held on February 26th, 2015 in Ankara, Turkey with the theme “Activation Policies for the Poor in the OIC Member States”.
- The Sixth Meeting of the Poverty Alleviation Working Group will be held on September 10th, 2015 in Ankara, Turkey under the theme of “Improvement of Basic Services Delivery in the OIC Member Countries”.

Other ongoing programs for alleviating poverty under the COMCEC are: Islamic Solidarity Fund for Development - ISFD (within the Islamic Development Bank), Special Program for

⁶ COMCEC Strategy (2012), available on COMCEC website (www.comcec.org).

Development of Africa - SPDA (within the Islamic Development Bank), OIC Vocational Education and Training Programme - OIC-VET (Within SESRIC) and OIC Cotton Program.

- Islamic Solidarity Fund for Development (ISFD) is a special fund established in line with the relevant resolution of the 3rd Extraordinary Islamic Summit within the Islamic Development Bank (IDB) in 2007. It was initiated with the purpose of alleviating poverty through improving health care and education, agriculture and rural development, productive capacity of the poor and improving the basic infrastructure and micro enterprises in the member countries. The targeted budget of the Fund is USD10 billion. As of November 2014, 68 projects have been approved by the IDB within the framework of the ISFD. The total cost of these projects is estimated at US\$2.3 billion.

- Special Program for Development of Africa (SPDA) is another program developed in line with the relevant decision of the 3rd Extraordinary Islamic Summit to alleviate poverty for the member states in Africa. The program was initiated in 2008 with a view to alleviating poverty by spurring economic growth, reinvigorating agricultural production and creating employment opportunities in the African Member Countries. The target capital of the SPDA is USD 12 billion. As of September 2014, the IDB Group approved USD 5 billion for 480 operations and disbursed approximately 32% of the total approvals.

- The Vocational Education and Training Program for the OIC Member Countries (OIC-VET) was initiated by SESRIC in 2009. The main aim of the Programme is to improve the quality of vocational education and training in the public and private sectors and to enhance opportunities for people in the member countries. Capacity building programmes have been initiated in nine different areas namely statistics, agriculture and environment, economy, finance and trade, employment, health, information, communication and transportation, labour and social security, social policy and tourism with many sub-themes within the framework of OIC-VET.

- Within the framework of the OIC cotton initiative, the OIC Five-Year Cotton Action Plan (2007-2011) was prepared and endorsed by the 22nd Session of the COMCEC with the aim of enhancing trade, investment and technology transfer in/among cotton producing Member States, particularly in Africa. The Action Plan has been extended for a further five years (2012-2016). Within the context of this Action Plan, 27 projects were developed and submitted by the Member States to the IDB for financing. So far, eight projects have been approved to be financed by the IDB. Four of them were implemented and Cameroon's three projects are being implemented. Turkey's project entitled "Cotton Integrated Pest Management Education and Implementation" could not be started due to the current developments in Syria. Total budget of these projects accounted for approximately US\$ 17 million.

