



CCO BRIEF

ON

POVERTY

ALLEVIATION

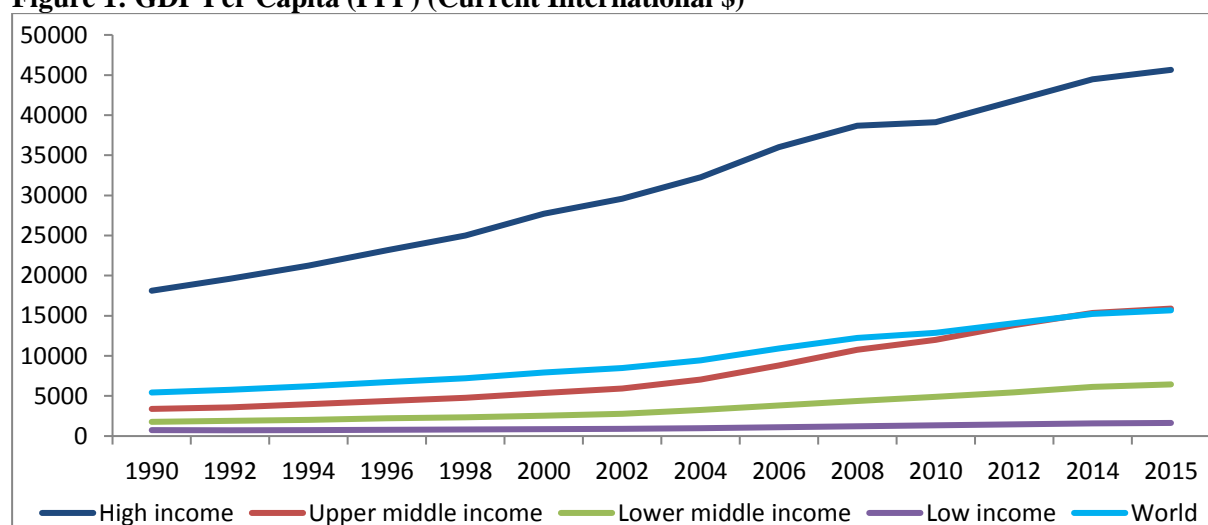
CCO BRIEF ON POVERTY ALLEVIATION

There are various definitions of poverty which depend on the basic necessities, geography, time and cultural expectations. The most frequently used method is to define poverty in monetary terms, such as the USD 1.90 a day and the USD 3.10 a day.¹ Poverty is also defined in non-monetary terms from a multidimensional perspective. The Multidimensional Poverty Index (MPI), calculated by UNDP, considers multiple deprivations of the population and their overlap by utilizing the dimensions of health, education and standards of living. Human Development Index (HDI) is another non-monetary indicator of poverty produced by UNDP. Along with health, education and standards of living dimensions, the HDI focuses on some further components of these dimensions.

Poverty in the World

When poverty is examined in monetary terms, the first indicator to be considered is the GDP per capita PPP (Purchasing Power Parity). The World's average GDP per capita PPP was \$15,673 in 2015. This average was \$45,646 for the high income countries, \$15,890 for the upper-middle income countries, \$6,441 for the lower-middle income countries and \$1,636 for the 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 141,543 Current International Dollar, the Central African Republic has the lowest GDP per capita income with 618,8 Current International Dollar. There are also substantial income distribution problems within countries.

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



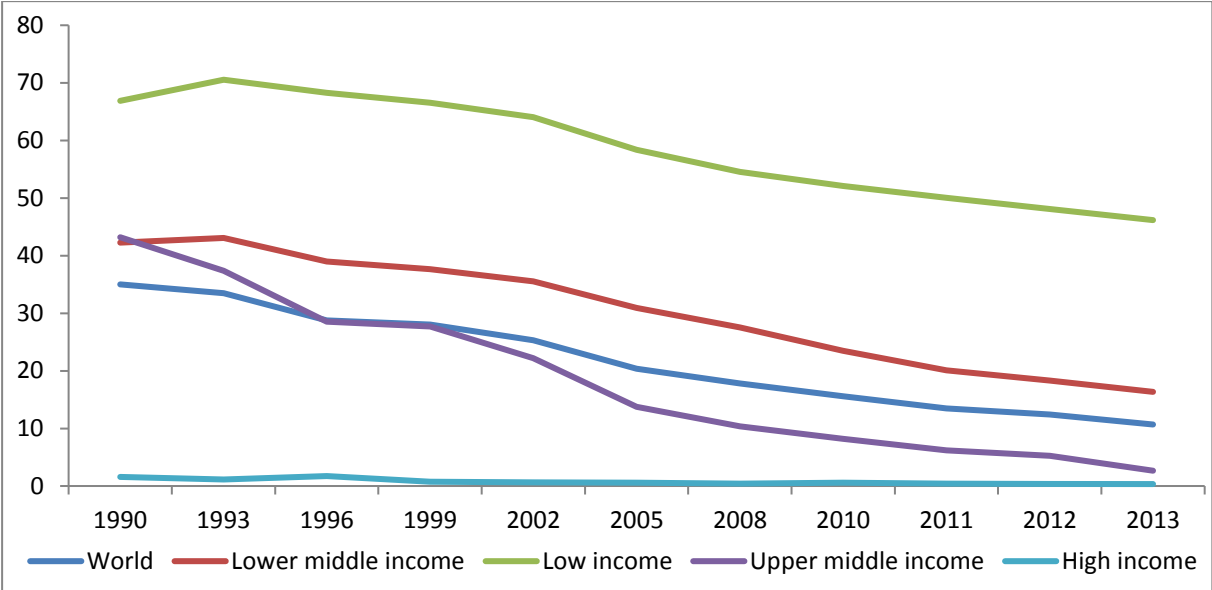
Source: Prepared by CCO from World Development Indicators of the World Bank

For many countries, the poverty levels decreased in monetary terms for the last three decades. Indeed, for the period of 1990-2013, significant progress had been observed with respect to the percentage of people living under USD 1.90. While this rate was 43 percent for upper-middle income countries, 42 percent for lower-middle income countries and 67 percent for low income countries in 1990, it fell to 3 percent, 16 percent and 46 percent respectively for these income groups in 2013 (Figure 2). In upper-middle income countries, there was a sharp decrease in poverty level due to considerable poverty reduction in China. 680 million people

¹ 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.

in China had been recovered from poverty between 1981 and 2010. Extreme poverty rate decreased from 84 percent in 1980 to 10 percent in 2013 in China.²

Figure 2: Poverty Headcount Ratio at USD 1.90 a day (2011 PPP) (% of population)



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

Reducing poverty levels in many countries are promising; however, there are also some countries with increased poverty levels.

Poverty in the OIC Member Countries

The OIC, as a group, is composed of countries having different development levels from diverse geographies. Twenty one out of 48 Least Developed Countries (LDCs) are the Members of the OIC. In this respect, GDP per capita levels of the member countries display a highly dispersed composition, where they varied from \$955.5 to \$141,542 (PPP current int. \$) in 2015³. Furthermore, the number of people living under USD 1.90 a day in the OIC Member Countries were nearly 375 million, representing 21 percent of the total population of the OIC in 2013.

Multidimensional Poverty in the OIC Member Countries

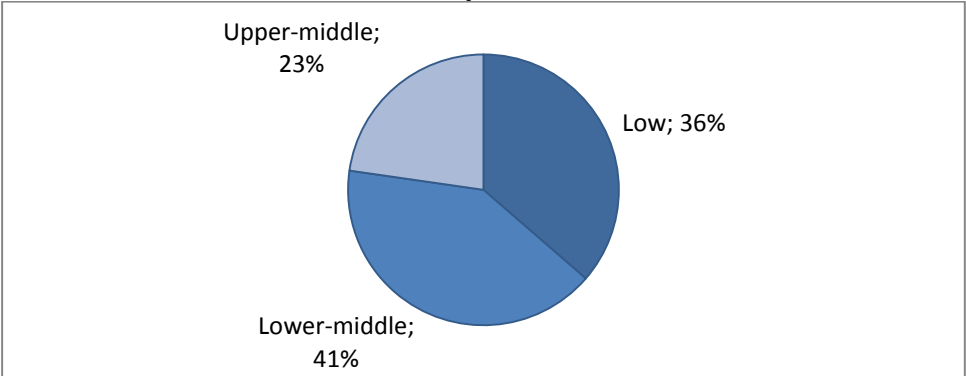
Looking at the group of countries for which MPI is calculated, it is observed that majority of the OIC member countries are included in this group. Among the OIC Member Countries which have MPI values, 23 percent is upper-middle, 41 percent is lower-middle and 36 percent is low income countries (Figure 3).⁴ The population living in multidimensional poverty changes a lot among the OIC member countries. While in Kazakhstan this rate is only 1 percent, in Niger it reaches almost 90 percent. Totally, more than one-fourth of the total population in the OIC Member Countries live under multidimensional poverty.

² Economist, <http://www.economist.com/news/leaders/21578665-nearly-1-billion-people-have-been-taken-out-extreme-poverty-20-years-world-should-aim>, 25.04.2016.

³ Source: World Bank, World Development Indicators

⁴ COMCEC Poverty Outlook 2016.

Figure 3: Share of Income Level Categories for the OIC Member Countries with Multidimensional Poverty (%)



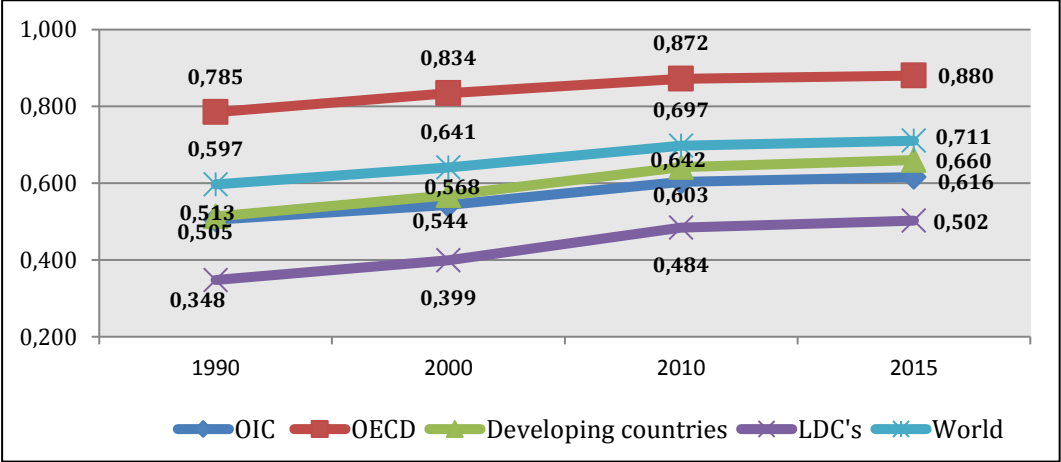
Source: COMCEC Poverty Outlook 2016.

The contribution of deprivation in education to overall poverty for the OIC Region is between 3.7 percent (Uzbekistan) and 50.1 percent (Iraq). The same range for the contribution of deprivation in health to overall poverty is between 20.3 percent (Mauritania) and 83.9 percent (Kazakhstan), and for the contribution of deprivation in living standards to overall poverty is between 3.5 percent (Jordan) and 51.9 percent (Uganda).⁵

Human Development Levels in the OIC Member Countries

Human Development Index (HDI) shows that there had been an increase in human development worldwide between 1990 and 2015 (Figure 4). The world average had increased from 0,597 to 0,711. The OIC average rose from 0,505 to 0,616 and remained significantly below the OECD and World average during the same period. The OIC’s HDI values were only higher than those of LDCs. On the other hand, the gap between the OIC and developing countries has widened in the last 25 years. In 1990, it was only 0,008 whereas it has risen to 0,044 in 2015.

Figure 4: Trends in Human Development Index, 1990-2015



Source: UNDP 2015

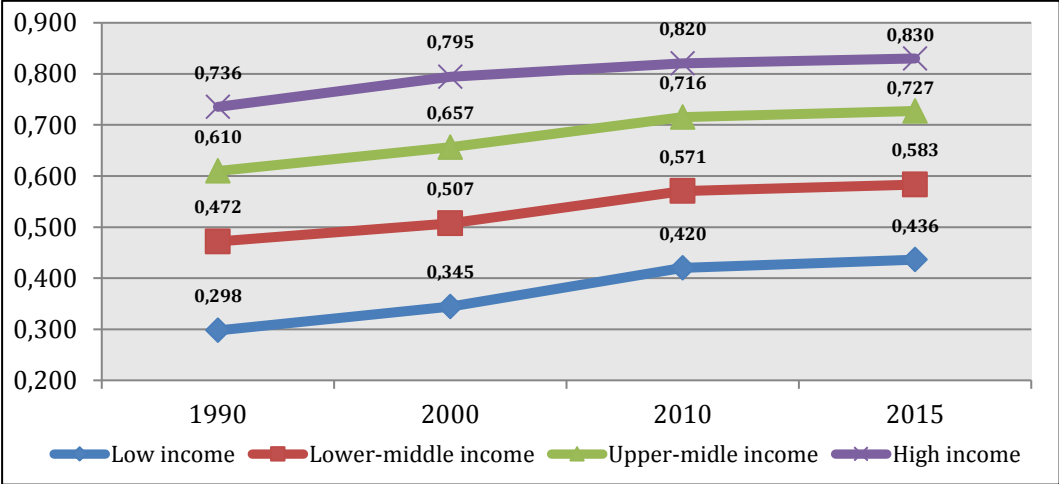
Note: The averages are unweighted, i.e. each country in the groups has the same weight irrespective of its population.

Figure 5 shows the evolution of HDI for the OIC member states in different income groups between 1990 and 2015. It reveals that there had been an improvement for each income group in the defined period. It also clearly shows that the HDI values are strongly associated with

⁵ COMCEC Poverty Outlook 2016.

income level. The HDI values consistently increase as income level of a group of countries rises. High income and upper-middle income countries exhibit HDI trends that are over the OIC average and the lower-middle as well as low income countries have lower HDI values compared to the OIC average.

Figure 5: Trends in Human Development Index of OIC Member States by income groups, 1990-2015



Source: COMCEC Poverty Outlook 2016.
 Note: The averages are unweighted, i.e. each country in the groups has the same weight irrespective of its population.

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

2030 Agenda for Sustainable Development aims at achieving a transition from the Millennium Development Agenda through realizing the Sustainable Development Goals (SDGs). Millennium Development Goals (MDGs) had focused on the challenges of the poor countries, nevertheless the 2030 Agenda for Sustainable Development is a more comprehensive development agenda which concerns all countries regardless of their level of development.

Since the adoption of the MDGs, a great progress has been achieved worldwide. However, eradicating poverty remains one of the major global challenges for sustainable development. For this reason, the first goal under the SDGs has been determined as “End poverty in all its forms everywhere”.

The main challenges facing the member countries in achieving the MDGs were, among others, lack of political will and commitment to the MDGs, poor infrastructure, underdeveloped institutional capacity including implementation capacity, lack of adequate financial resources, the global economic situation and unfavorable trade conditions, the lack of inclusive growth, the lack of an enabling environment, including conflicts and disaster-related challenges, to attract investment and encourage private sector development. Nevertheless, taking into account the challenges of the MDGs as well as the more ambitious context of the SDGs, the implementation of the SDGs has utmost importance.

Given the importance of the issue, Islamic Development Bank (IDB) Group and the COMCEC Coordination Office (CCO) submitted a joint study titled “The Critical Success Factors in the Implementation of the Post-2015 Development Agenda and Sustainable Development Goals: Current Situation and Prospects for the OIC” to the 31st COMCEC Session. A number of special sessions on different aspects of the SDGs were organized on the sideline of the 31st COMCEC Session. In addition, in consultation with IDB Group and the

Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC), the CCO submitted a report on possible role and contributions of the concerned OIC institutions to the achievement of the SDGs and their sub-targets in the member countries to the 32nd COMCEC Session.

- **Ninth Meeting of the Poverty Alleviation Working Group**

As one of the major causes of poverty cycle, malnutrition is needed to be dealt with by all governments and other stakeholders. Malnutrition generates significant costs, especially when it is experienced early in life. Undernutrition and associated risks such as suboptimal breastfeeding, vitamin A deficiency, and deficiencies of zinc, iron and iodine often coexist and contribute to staggering numbers of disabilities and deaths in children under-5 years of age. Furthermore, it also has a negative effect on the economic growth of nations, especially those with a high incidence of chronic undernourishment.

Given the importance of the issue the Ninth Meeting of the COMCEC Poverty Alleviation Working Group, held on 6 April, 2017, discussed malnutrition in the Member Countries in detail and produced concrete policy recommendations for the Member Countries. During the Meeting, the analytical study entitled “Malnutrition in the OIC Member Countries: A Trap for Poverty” and “COMCEC Poverty Outlook 2016” were considered by the participants. Discussions during the Meeting were also enriched by presentations of the member states and international organizations.

The above-mentioned research report revealed that the OIC Member Countries experience high rates of malnutrition across all indicators; and that the OIC countries tend to under-perform when compared to the rest of the (developing) world. Stunting rate in OIC is 33 percent which is above the high prevalence threshold defined by the WHO (30 percent). This rate is 13 percent higher than in the rest of the world. According to report, one-third of the children under-5 years of age are stunted (too short for their age) and 11 percent of the same group are wasted (too thin for their height) in the OIC Member Countries.

As highlighted report, the major challenges concerning malnutrition in the OIC countries are as follows:

- Inadequate Infant and Young Children Feeding (IYCF) practices - including breastfeeding,
- Lack of access to nutritious food
- Seasonal hunger due to lean/drought seasons,
- Poor access to improved water and sanitation infrastructures,
- Insufficient access to maternal and reproductive healthcare,
- Low levels of health spending,
- Low and inefficient coordination mechanisms to address malnutrition.

In light of these challenges, the Ninth Meeting of the Poverty Alleviation Working Group came up with the following policy recommendations:

1. Developing nutrition specific programs for the mothers
2. Improving Infant and Young Child Feeding (IYCF) practices
3. Facilitating access to safe water and sanitation for the vulnerable groups and launching educational campaigns on infectious diseases for eliminating acute malnutrition
4. Developing food aid programs for ensuring inclusive and timely provision of staple food for the vulnerable groups suffering from acute malnutrition

All the reports submitted to the Meeting and the presentations made during the Meeting are available on COMCEC web page (www.comcec.org).

The Tenth Meeting of the Poverty Alleviation Working Group will be held on October 5th, 2017 with the theme of “Education of Disadvantaged Children in the OIC Member Countries: The Key to Escape from Poverty”.

- **COMCEC Project Funding**

Through the other important instrument for the implementation of COMCEC Strategy, the COMCEC Project Cycle Management (PCM), the Member Countries registered to the Poverty Alleviation Working Group and the OIC Institutions working in the economic domain can propose multilateral cooperation projects. In 2016, Indonesia implemented the project titled “Developing Local Initiatives for Poverty Alleviation through Community Based Sustainable Livelihood in OIC Member Countries” in collaboration with Malaysia and Turkey.

Within the framework of the fourth Project Call, the following projects of Albania, the Gambia, Indonesia and Suriname are being implemented in 2017:

- Creation of a Road Map for an Integrated Social Service for Housing (Albania)
- Training on Entrepreneurship and Management of Small Business for Women in The Gambia, Senegal and Sierra Leone (The Gambia)
- Strengthening Community-Based Sustainable Livelihood for Activating Poor by Opening Marketing Channel through E-Commerce (Indonesia)
- Professionalization of Childcare in Selected OIC Countries (Suriname)

- **Ongoing Programs for Alleviating Poverty under COMCEC**

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

- In accordance with the relevant decision of the 3rd Extraordinary Islamic Summit held in 2005, Islamic Solidarity Fund for Development (ISFD) was established as a special fund within the IDB. The Fund was officially launched in 2007 with the aim of contributing to the reduction of poverty in the Member States. It focuses on human development, agriculture and rural development, basic infrastructure and micro enterprises. The targeted budget of the Fund is USD10 billion. As of April 2017, total amount of received contributions is US\$ 2.68 billion. As of 2016, cumulative approvals were US\$ 664.8 million for 106 operations in 33 Member Countries.

- The Special Programme for the Development of Africa (SPDA) is another important initiative within the IDB which was launched in 2008 with a view to 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 the end of 2016, total disbursements was US\$ 1525 million, which brought the total disbursements since 2012 to date to US\$ 5.4 billion.

- OIC-VET Programme, which was officially launched in 2009 during the COMCEC Economic Summit, aims to provide opportunities to individuals to develop their knowledge and skills; thus to contribute to the development and competitiveness of the economies of the Member Countries. Capacity building programmes have been initiated in 22 different social and economic programmes with many sub-themes within the framework of OIC-VET.

