

CCO BRIEF ON POVERTY ALLEVIATION

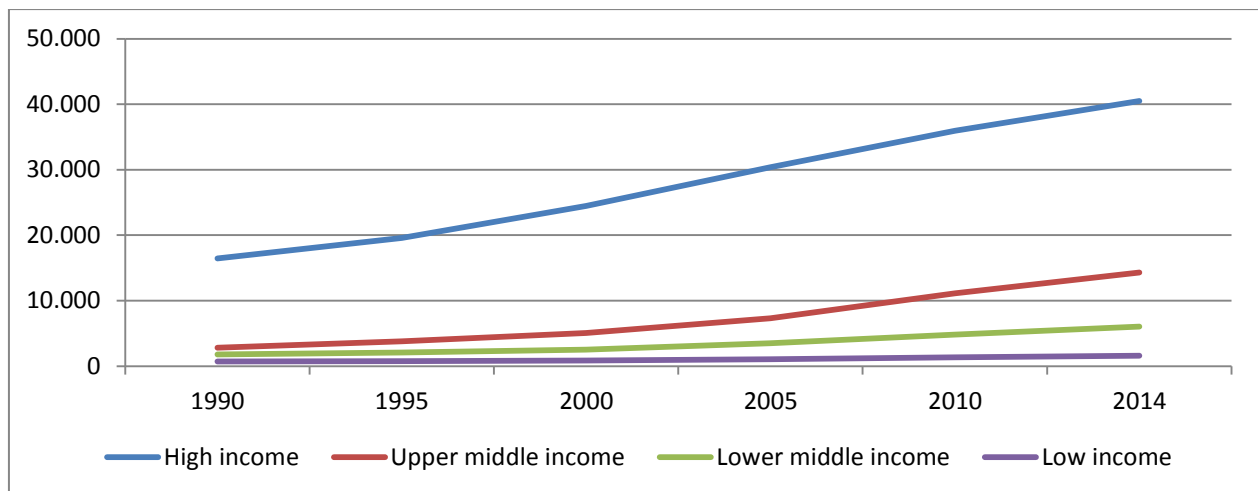
Poverty is defined as the inability of an individual to possess sufficient resources to satisfy his/her basic needs. The definition and range of basic needs depend on the place and time, or even the source of the definition. Hence, there are several ways to investigate the poverty situation of countries. The most frequently used method is to define poverty in monetary terms, such as US\$1.90 a day and US\$3.10¹ 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 has 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.

Furthermore, achievements on the Millennium Development Goals (MDGs) in the OIC Member Countries need to be evaluated since a new global development agenda, namely Post-2015 Development Agenda and Sustainable Development Goals, is being built on the MDGs experience.

Poverty in the World

For the year 2014 while the world's average GDP per capita PPP is \$14,939, this average is \$40,481 for the high income countries, \$14,295 for the upper-middle income countries, \$6,026 for the lower-middle income countries and \$1,601 for the low income countries. (Figure 1) These numbers imply deep income discrepancies between countries. Qatar has the highest GDP per capita (PPP) with 146,178 Current International Dollar while Central African Republic has the lowest GDP per capita income with 594 Current International Dollar. There is a widening gap between high and low income countries (see figure 1). Therefore, poverty is still a prominent issue for many people, especially the ones living in the Least Developed Countries (LDCs).

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

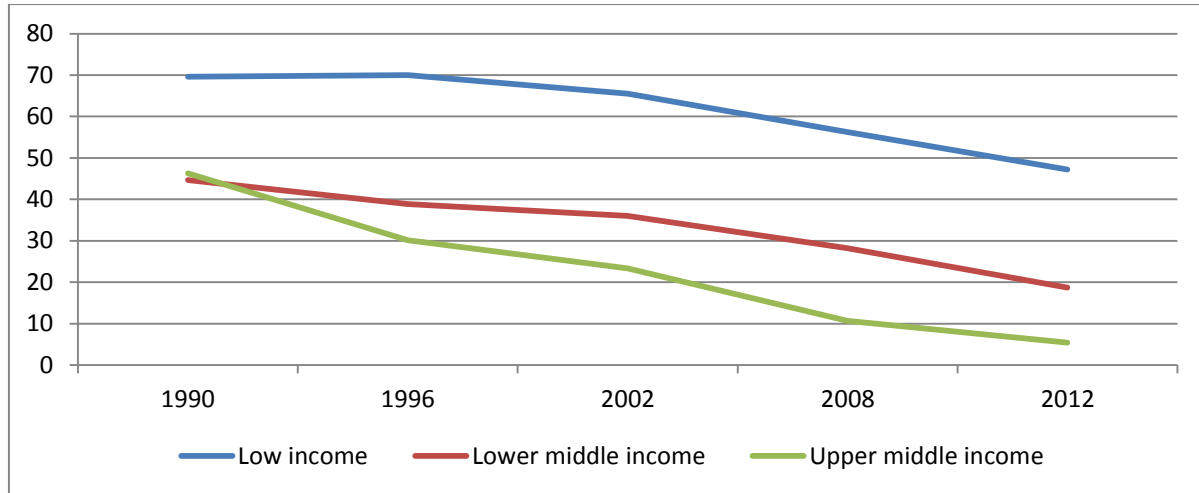


Source: Created by the Authors, from World Development Indicators of the World Bank

¹ The World Bank's definition of "extreme poverty" has been recently revised to 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 is updated to \$3.10 per day.

For most of the countries, poverty levels decreased in monetary terms for the last three decades. Indeed, for the period 1990-2012 a significant progress is observed on the ratio of the people who live under US\$1.90. While, this ratio was 46 percent for upper-middle income countries, 45 percent for lower-middle income countries and 70 percent for low income countries in 1990, these ratios fell to 5 percent, 19 percent and 47 percent respectively for these income groups in 2012 (Figure 2).

Figure 2: Poverty Headcount Ratio at US\$1.90 a day (2011 PPP) (%)



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

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 period.

Poverty in the OIC Member Countries

Although the total population of the member countries accounts for nearly one-fourth (23 percent) of the world's total population, the total GDP of these countries accounts for only nine² percent of the total world GDP. 21 out of 48 Least Developed Countries (LDCs) are members of the OIC. 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; by varying from \$938 to \$146.178 (PPP current int. \$) in 2014.³ Furthermore, the number of people living under US\$1.90 a day in the OIC Member Countries is nearly 350 million corresponding to 21 percent of the total population of the OIC in 2014.

Multidimensional Poverty in the OIC Member Countries

Looking at the group of countries for which MPI is calculated, it is observed that 68 percent of the OIC member countries are included in this group. The number of people experiencing multidimensional poverty is nearly 430 million in OIC countries for which MPI is calculated. However, the population living in multidimensional poverty varies a lot among the OIC member countries. While in Jordan this rate is only 1 percent, in Niger it reaches almost 90 percent. Totally, more than one-fourth of total population in the OIC member countries lives under multidimensional poverty.

² Based on 2013 GDP levels, Syrian Arab Republic and Republic of Somalia are excluded due to lack of data.

³ Source: World Bank, World Development Indicators

The contribution of deprivation in education to overall poverty for the OIC Region is between 3.7 percent (Uzbekistan) and 50.1 percent (Iraq). Likewise, the range for the contribution of deprivation in health to overall poverty is between 18.2 percent (Mauritania) and 83.9 percent (Kazakhstan) and for the contribution of deprivation in living standards to overall poverty is between 10 percent (Jordan) and 51.9 percent (Uganda).

Achievements on Millennium Development Goals in the OIC Member Countries

The evaluation of the general situation in the OIC countries is done by observing the changes in the indicators of the eight goals since 1990. Under the MDGs, officially 21 targets and 60 indicators were defined to monitor the progress of the countries. Achievements of the OIC Member Countries on some indicators of the MDGs which are directly related to poverty are analyzed by using the available data correlated to these indicators.⁴

Goal 1: Eradicate Extreme Poverty and Hunger

More than half of the member countries are going to halve the proportion of people whose income is less than one dollar a day⁵, of which nearly one-third are upper-middle income countries. The performance of the low income countries are likely to be better than lower-middle income, since 40 percent of the low income group is expected to be successful at this indicator while this percentage is 37 percent in the lower-middle income group. On the other hand, more than one-fifth of the member countries are expected to fail in this target, of which more than half is lower-middle income countries and one-third is low income countries.

Goal 2: Achieve Universal Primary Education

Only one-fifth of the member countries are likely to increase their net enrolment ratio in primary education to 100 percent. While one-third of the expected achievers are lower-middle income countries, half of them are high and upper-middle income countries. On the other hand, nearly two-thirds of the member countries are expected to fail in achieving this target, more than half of which are low and lower-middle income countries.

Goal 4: Reduce Child Mortality

Among OIC Member Countries, children under-five mortality rate per 1.000 births ranges between 6.1 (Bahrain) and 161 (Sierra Leone). The performance in this goal is not promising. Looking at the overall picture of the OIC Member Countries, it is seen that more than two-thirds of the member countries are expected to fail in reducing under-five mortality rate by two-thirds. In high income group more than 70 percent, in lower-middle income more than half and in low income group far more than four-fifths of the countries are likely to be unsuccessful. The best performer group in this target is upper-middle income group, having 63 percent expected to achieve in time, and the worse is low income group with only 13 percent likely to achieve.

Goal 5: Improve Maternal Health

The maternal mortality ratio per 100.000 live births ranges between 6 (Qatar) and 1200 (Sierra Leone) among OIC member countries. Among the member countries, only six countries are expected to achieve this target, of which only one is low income (namely Bangladesh).

⁴ Statistics and analysis in this section are taken from the COMCEC/IDB Joint Study titled “The Critical Success Factors in Implementation of the Sustainable Development Goals: Current Situation and Prospects for the OIC”

⁵ “The international poverty line was set at \$1 a day at the time the MDGs were established, but since 2008, the World Bank has defined people living in extreme poverty as those living on less than \$1.25 a day, reflecting higher price levels in many developing countries than previously estimated.” (The UN, 2013)

Antenatal care coverage (at least one visit) among the member countries is between 26.1 (Somalia) and 100 (Bahrain, Kuwait and United Arab Emirates). In the overall picture, 58 percent of the member countries are unlikely to achieve this target.

As a result, although there has been important progress towards achieving the MDGs in the OIC Member Countries, there are still gaps that need to be filled. In addition, regarding most of the MDG indicators, high income countries seem to be more successful than the low income member countries. The main challenges facing member countries in achieving the MDGs are the lack of political will and commitment to the MDGs, institutional capacity problems, lack of adequate financial resources, global economic situation, lack of enabling environment to attract investment and encourage private sector development, and the lack of inclusive growth. Nevertheless, taking into account the challenges of MDGs as well as the more ambitious context of the SDGs, the implementation of the SDGs has the uttermost importance.

Post-2015 Development Agenda and the SDGs

To follow and reinforce commitment to the unfinished MDGs after 2015, the Post-2015 Development Agenda in which the SDGs are at the core has been designed and declared at the UN Special Summit held in September 2015. While the MDGs agenda mostly focused on the challenges of the poor countries, the SDGs envisage a transition to a more comprehensive development framework that concerns all countries regardless of their level of development. Thus, the implementation phase of the SDGs is expected to be challenging for many countries.

As a matter of the uttermost importance and in line with the relevant resolution of the 30th COMCEC Ministerial Meeting, the IDB and COMCEC Coordination Office prepared a joint study focusing on several critical success factors for the means of implementation of the SDGs in the OIC Member Countries to be submitted to the 31st Session of the COMCEC.

Moreover, “Post-2015 Development Agenda and Development Challenges of the Islamic Ummah: Improving Basic Service Delivery” would constitute the theme of Exchange of Views Session to be held during 31st COMCEC Ministerial Session.

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 follows⁶:

- 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

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

COMCEC Cooperation on Poverty Alleviation Working Group

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.

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.⁷ It also includes specific expected outcomes under each output area. With a view to deepening cooperation among the Member Countries and achieving its targets, COMCEC Strategy has introduced two important implementation mechanisms, namely Working Groups and COMCEC Project Cycle Management.

Poverty Alleviation Working Group

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 come together twice a year to discuss the issues of common concern in this field and share their experiences and best practices in reducing poverty. In this framework, COMCEC Poverty Alleviation Working Group has convened six 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. Moreover, the proceedings of the meetings was prepared after each working group and shared with the participants and the focal points of the Poverty WG. Since the last COMCEC Session, the Poverty Alleviation Working Group has held its fifth and sixth meetings.

The Fifth Meeting of the Poverty Alleviation Working Group was held on February 26th, 2015 with the theme of “Activation Policies for the Poor in the OIC Member States”. During the Meeting the analytical study titled “Activation Policies for the Poor in the OIC Member States” was considered by the representatives of the member countries.

The 5th Working Group Meeting highlighted the following challenges regarding the job search support, training and job creation programmes: insufficient capacity of the institutions providing Public Employment Services (PES Institutions), skill mismatch and youth unemployment.

In the face of these challenges the Meeting came up with the following policy advices to be submitted to the 31st Session of the COMCEC.

1. Increasing the capacity of the institutions providing Public Employment Services (PES) in the Member Countries through enhancing the quality and quantity of the human resources and developing information technology (IT) infrastructure of the PES institutions as well as ensuring an effective partnership with the relevant stakeholders in delivering activation measures,
2. Promoting employer engagement in the preparation/implementation of the activation programmes through establishing a sound mechanism for ensuring the active involvement of the relevant stakeholders, and conducting employer surveys to identify the skill-needs in the labour market.

⁷ COMCEC Strategy (2012), available on COMCEC website (www.comcec.org).

The sixth meeting of the Poverty Alleviation Working Group was held on 10-11 September 2015, with the following theme “Post-2015 Development Agenda and the Sustainable Development Goals: Improving Basic Services Delivery in the OIC Member Countries”.

During the 6th Meeting of the COMCEC Poverty Alleviation Working Group the analytical study titled “Improving Basic Services Delivery for the Poor in the OIC Member Countries” was considered by the participants from the member countries.

The abovementioned Study revealed that basic services can be delivered via a number of models. These are: central service provision, decentralized service provision, contracting out service delivery to private companies, community participation and private sector service provision. Each of these models has its own advantages and disadvantages and different impacts on the accountability relationships. Delivery of basic services fails to reach the poor because of failures in the accountability relationships between actors. Voice (accountability relationships between citizens and state) and compact (accountability relationships between providers and state), in service delivery are generally weak in the OIC Member Countries.

In this regard, delivery of services can be improved by strengthening the accountability relationships between actors in the delivery chain. In the long route of accountability, voice and compact should be strengthened through civil society engagement, monitoring and evaluation of the performance of service providers in order to deliver better quality and more equitable services to citizens. The short route of accountability or client power can be strengthened by increasing the citizens’ choice, participation and/or level of information.

In line with the above-mentioned findings of the analytical study and the discussions that took place during the Meeting, the Sixth Meeting of the Poverty Alleviation Working Group came up with the following policy advices to be submitted to the 31st Session of the COMCEC:

1. Enhancing governance in basic services delivery chain through information campaigns, improving monitoring and evaluation of the ongoing/future programs and providing direct citizen involvement in service provision by utilizing community-participation models, cooperatives and complaint mechanisms,
2. Diversifying basic services providers through contracting private companies and NGOs, ensuring competition among providers under the supervision of the central government and utilizing Public-Private Partnership mechanisms.

In addition, in line with the resolution of the 30th COMCEC Ministerial Session, the IDB and COMCEC Coordination Office prepared the Joint Study titled “The Critical Success Factors in Implementation of the Sustainable Development Goals: Current Situation and Prospects for the OIC” to be submitted to the 31st Session of the COMCEC. On the second day of the 6th Meeting of the Poverty Alleviation Working Group, the COMCEC-IDB Joint Study was presented and the participants were informed on the findings of the mentioned Joint Study. Furthermore, the 6th Meeting deliberated on the preparations regarding the Exchange of Views Session of the 31st COMCEC Ministerial Session and came up with some policy recommendations to be submitted to the 31st COMCEC Session.

The Seventh Meeting of the Poverty Alleviation Working Group will be held on February 11th, 2016 in Ankara, Turkey with the theme of “Accessibility to Social Protection Programmes for the Vulnerable Groups in the OIC Member Countries”.

Furthermore, the member countries, having registered to the Poverty Alleviation Working Group, have the chance to propose projects within the framework of the COMCEC Project Funding,

which is another important implementation instrument of the Strategy. The projects to be financed under the COMCEC PCM need to serve multilateral cooperation and be designed in accordance with the objectives and the expected outcomes defined by the Strategy in its poverty section.

The first Project Call under the COMCEC Project Funding was made in September 2013. Within the framework of the first project call, the implementation of the project titled “Enhancing National Capacities of OIC Member Countries in Poverty Statistics” proposed by SESRIC was completed successfully in December 2014.

The second Project Call was made in September 2014 and 4 projects of Member Countries of the Poverty WG were announced as final-listed. The implementation period of these projects has started on March 30th, 2015. Currently, these projects are in implementation phase.

The third call has been made in September 2015 and 3 projects have been shortlisted under the Poverty Alleviation. The final listed projects will be announced in mid-January, 2016.

Other Ongoing Programs for Alleviating Poverty under the COMCEC

Other ongoing programs for alleviating poverty under the COMCEC are: Islamic Solidarity Fund for Development - ISFD (within the Islamic Development Bank), Special Program for 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 USD 10 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 2015, the IDB Group approved USD 5 billion for 480 operations and disbursed approximately 54% 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 22 different social and economic programmes 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). 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. Total budget of these projects accounted for approximately US\$ 17 million. As for the remaining 19 projects submitted to the IDB, in line with decision of the 5th Project Committee, SESRIC combined 14 projects into a single technical assistance and capacity building project and submitted it to the IDB for financing. For the five investment projects, the Committee requested OIC General Secretariat and IDB to jointly review them and submit their observations to the project owners.

