

AN UPDATE TO THE STUDY

# 2021 COMPOUNDING MISFORTUNES



# Background

The study *Compounding Misfortunes* published by the World Bank and the United Nations High Commissioner for Refugees (UNHCR) in December 2020

An initial analysis of the simulated evolution in poverty as a result of COVID-19's impact in Jordan, Lebanon, and the Iraq-Kurdistan Region of Iraq (Iraq-KRI) on host communities and refugees.

The release of the Study was timed so it could inform the design of 2021 national response plans, including those under the Regional Refugee and Response Plan (3RP) umbrella.

In preparation for the 2021 Supporting the future of Syria and the Region Brussels V Conference, the Study's projections have been updated and the underlying microsimulation models refined.

Further revisions are expected later in 2021/2022.

The World Food Programme (WFP) joined the collaboration, bringing with them considerable data on their programs and analysis of the food security impact of COVID-19

In this Update, the poverty projections are revised in light of the latest macroeconomic estimates for 2020, as well as forecasts for 2021, in Lebanon and Iraq-KRI only.

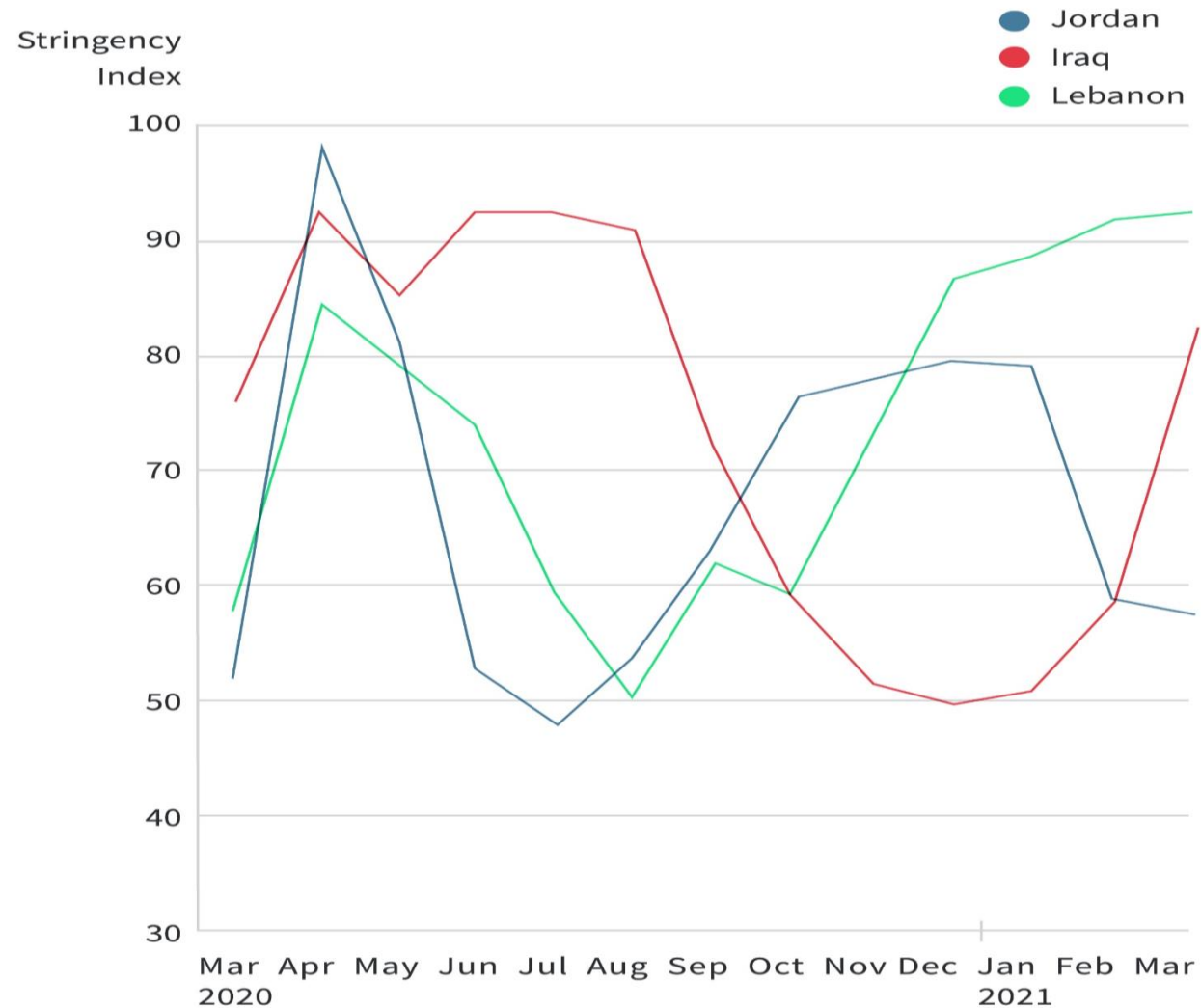
# COMPOUNDING EXISTING VULNERABILITIES

The poverty impact of COVID-19 and the ensuing confinement policies and economic contractions have been felt throughout the world, not least by marginalized communities

Syrian refugees – most of whom have been displaced for up to nine years – are particularly exposed given their perilous pre-crisis situation

COVID-19 has compounded existing vulnerabilities or crises in Jordan, the Kurdistan Region of Iraq (KRI) and Lebanon

# COVID-19: STRINGENCY OF THE RESPONSE AND THE ECONOMY



# DATA AVAILABILITY AND USE

**The national surveys that can be used to do this analysis are only available in Iraq (2016-18).** Jordan (2017-18) and Lebanon (2012) are not publicly available

**Instead, we used the Syrian Refugees and Host Community Surveys (SRHCS)** conducted by a team at the World Bank in 2015/6

**Covers:** Lebanon, three governorates of Jordan, and KRI

**Comparable** across countries and between hosts and refugees within each country

Income from different sources, including wages and self-employment, remittances and assistance

# SIMULATION FRAMEWORK

## Macroeconomic Shocks

- Impact on sectors of economic activities
- Impact on remittances
- Changes in government/UN assistance
- Impact on prices (inflation)
- Assumptions on economic recovery path

## Household characteristics

- Pre-COVID information on sectors of work and informality
- Pre-COVID information on income sources (wages, own account, remittances, transfers, etc.)

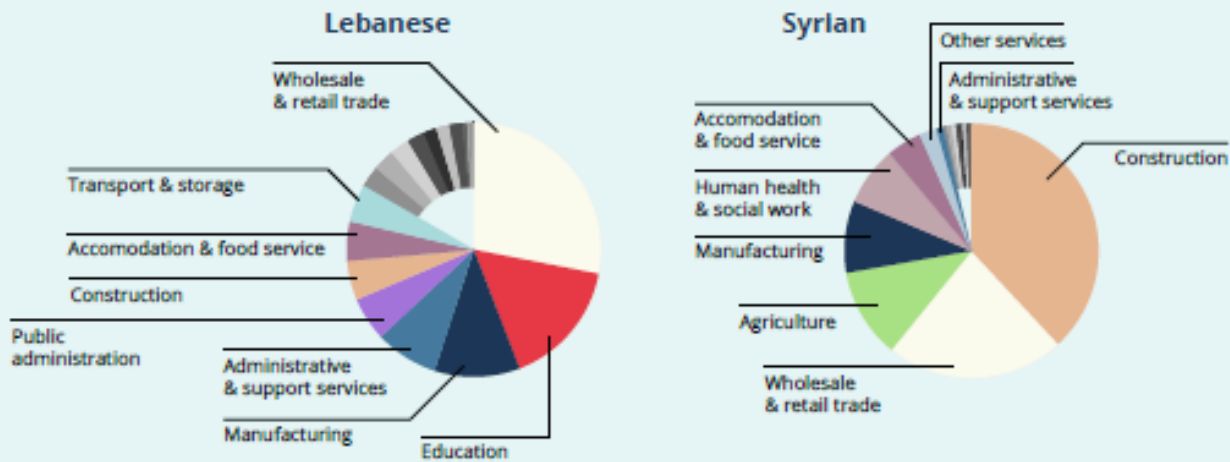
## Poverty line

- International poverty line of 5.5\$ per person per day for upper middle-income countries, adjusted for PPP and inflation
- National poverty line for each country

# BASELINE (PRE-COVID) CHARACTERISTICS: SECTORS OF WORK



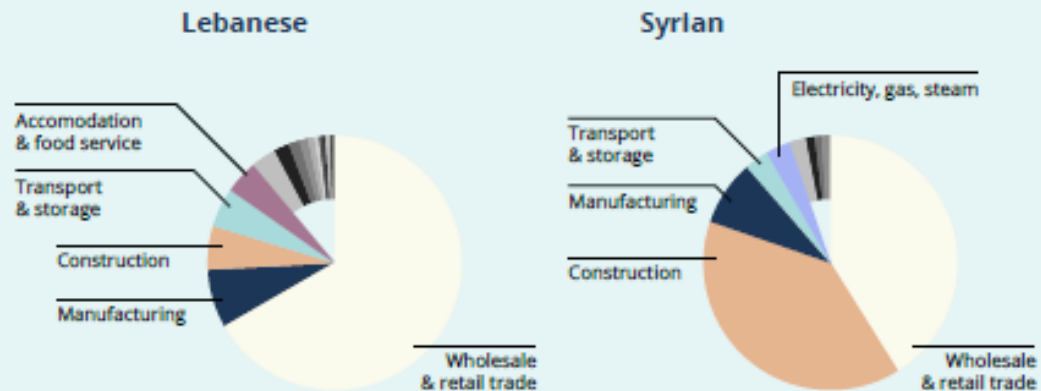
### Sectors of work - Wage Labor - LEBANON



### Iraq-KRI

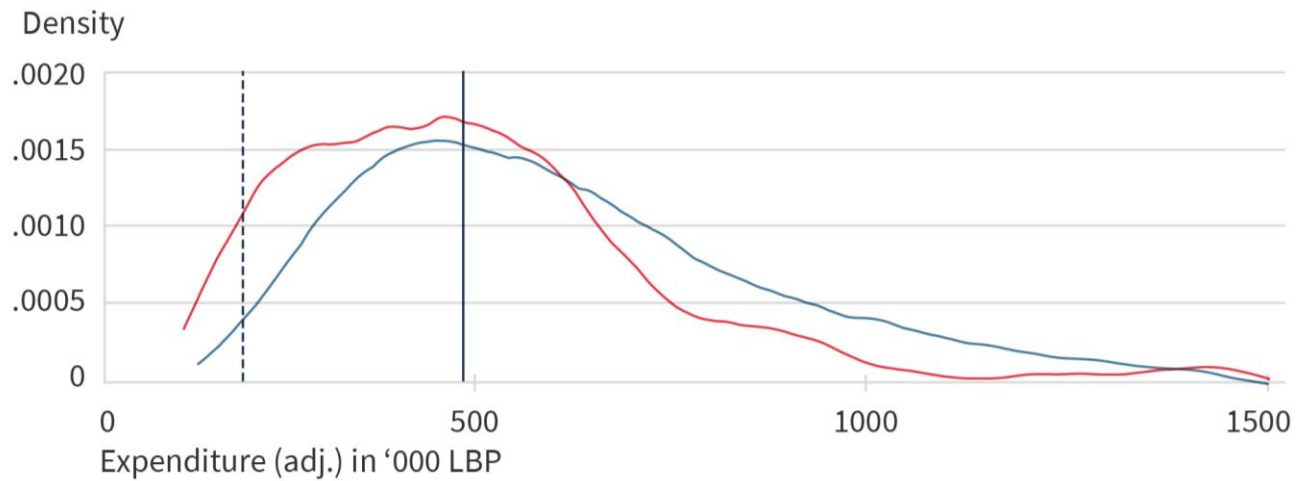
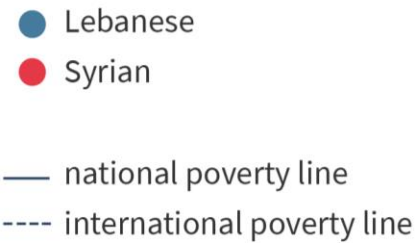
- Hosts: Public Administration (wage); Transport/wholesale and retail (own account)
- Syrians: construction; wholesale and retail (wage and own account)
- IDPs: Public/Construction (wage); Transport/Retail (own account)

### Sectors of work - Own account - LEBANON



# BASELINE CHARACTERISTICS: CONSUMPTION DISTRIBUTION

## Baseline density of expenditure (per capita) LEBANON



## Jordan

Like Lebanon, refugees start off with higher initial poverty than Jordanians

## KRI

Unlike Jordan and Lebanon, refugees, IDPs and non-displaced have similar initial poverty rates

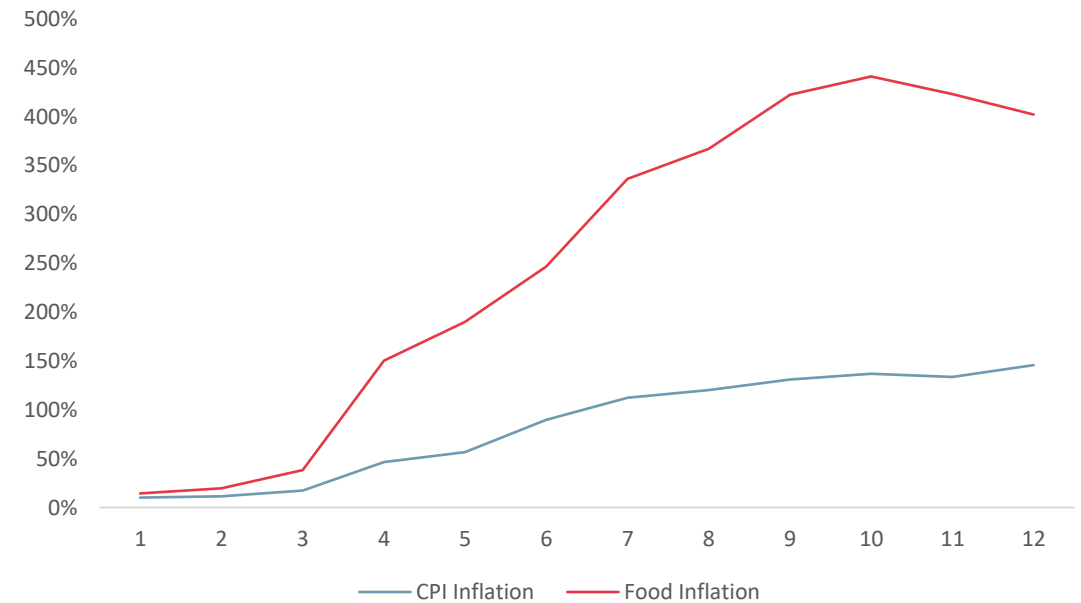
# LEBANON MACROECONOMIC ASSUMPTIONS

Pandemic effects are compounded by existing economic crisis

Beirut Port blast in August 2020 further exacerbated the deteriorating conditions

In addition, the country faced soaring levels of inflation.

Changes in poverty not just due to COVID-19

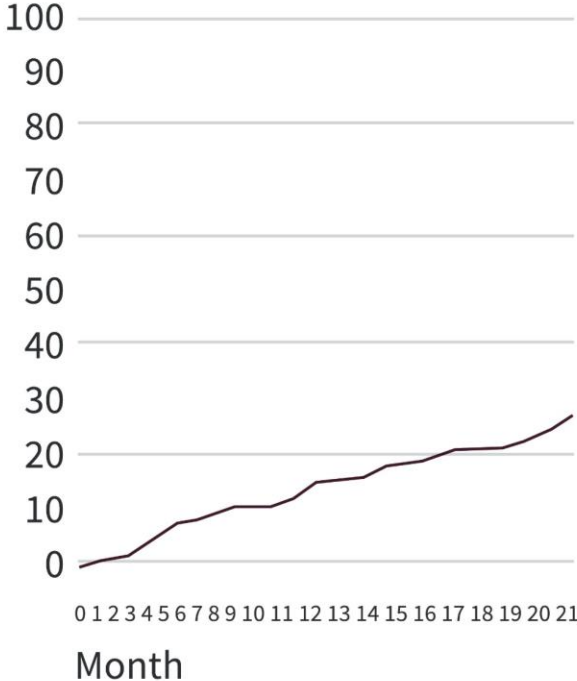


**Year-on-year Monthly Inflation Rates in Lebanon**

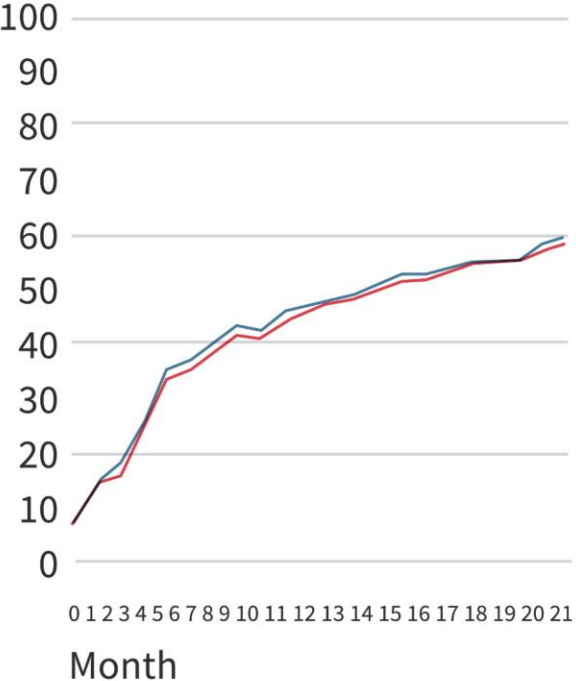
# LEBANON RESULTS

## LEBANESE

Change in Poverty from Baseline (p.p.)



## SYRIAN



● international poverty line (5.5/day)

● mitigation - international poverty

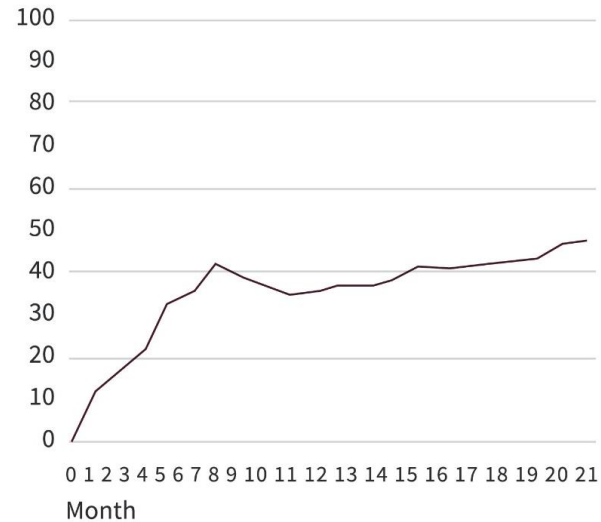
It is expected that an additional **674,000 Lebanese individuals**, and **577,000 Syrian refugees** to have fallen below the international poverty line by the end of 2020.

In 2021, the number of poor Lebanese is expected to have increased **by 1.5 million over baseline**, and **by 780,000 Syrian refugees**.

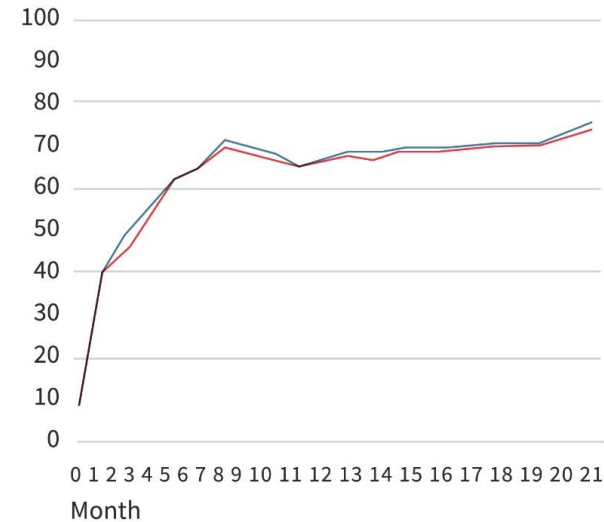
# Food inflation shows a much larger increase in poverty

## LEBANESE

Change in Poverty  
from Baseline (p.p.)



## SYRIAN

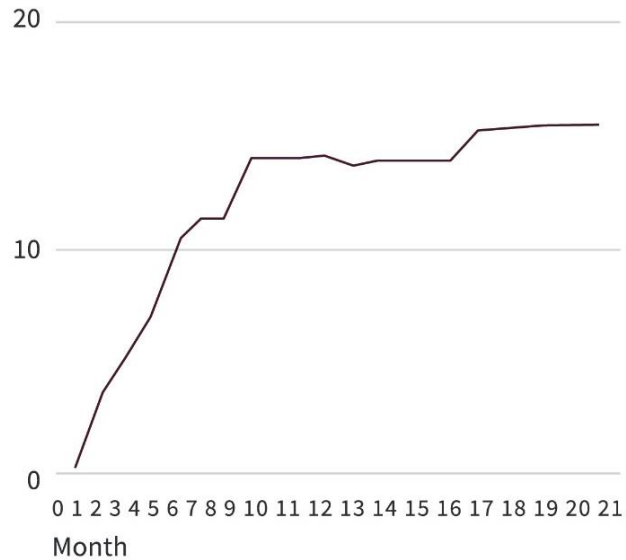


- international poverty line (5.5/day)
- mitigation - international poverty line (5.5/day)

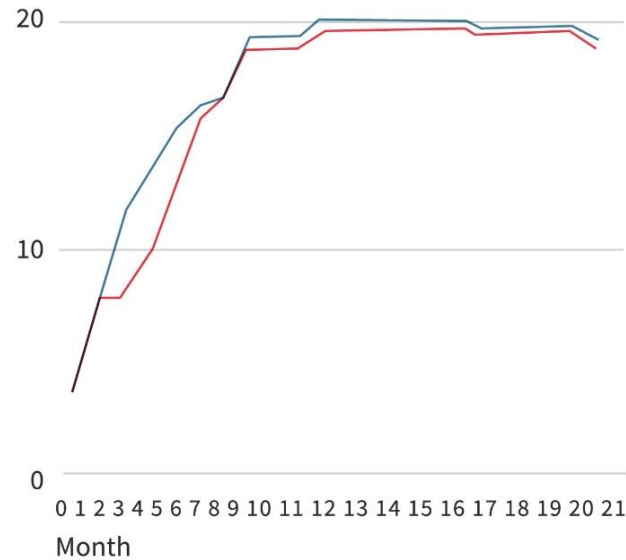
# Iraq-KRI Results

## RESIDENT

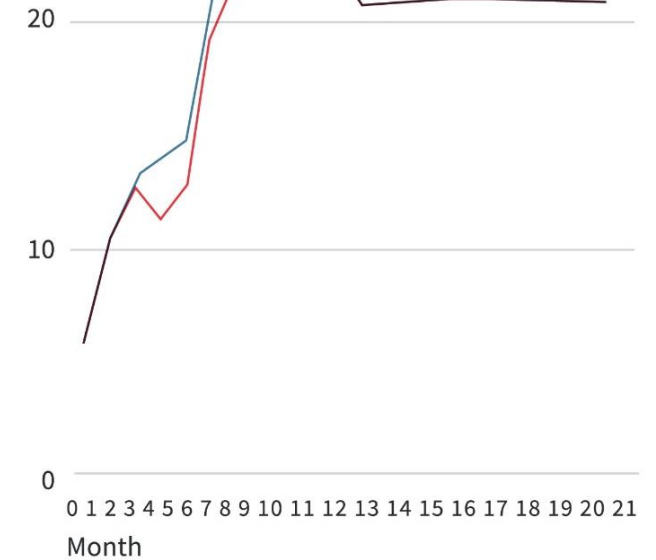
Change in Poverty  
from Baseline (p.p.)



## REFUGEE



## IDP



- international poverty line (5.5/day)
- mitigation - international poverty line (5.5/day)

In population terms, the results suggest an increase of around **725,000 residents, 103,000 refugees, and 41,000 IDPs** who have fallen below the international poverty line by the end of 2020, and **799,000, 102,000, and 36,000** respectively by the end of 2021, compared to baseline.

# Final Remarks

The update uses recent macroeconomic data and an updated set of mitigation strategies to revisit the estimates of the changes in poverty as a result of COVID-19 in Lebanon and Iraq-Kurdistan Region of Iraq. The different countries in the study have had varying growth and poverty trajectories, but the dynamic models highlight the extent of vulnerability faced by households as a result of the pandemic.

Lebanon is the most adversely affected country, given the overlapping crises with which the country is grappling. The estimates suggest that the number of poor people may have increased by as many as 1.5 million Lebanese individuals and 780,000 Syrian refugees, at the international poverty line, by end of 2021.

In the Iraq-Kurdistan region of Iraq, the previous recovery trajectory is revised and a linear trend on the growth in 2020 is assumed. The estimates suggest that an increase of around 738,000 individuals among the host community, 88,000 refugees, and 28,000 IDPs by the end of 2021 can be expected, at the international poverty line.

As further data becomes available, this study will continue to fine-tune these estimates to get a clearer picture of the poverty trends in the region and implications they have on public policy and the programmatic work of international organizations.