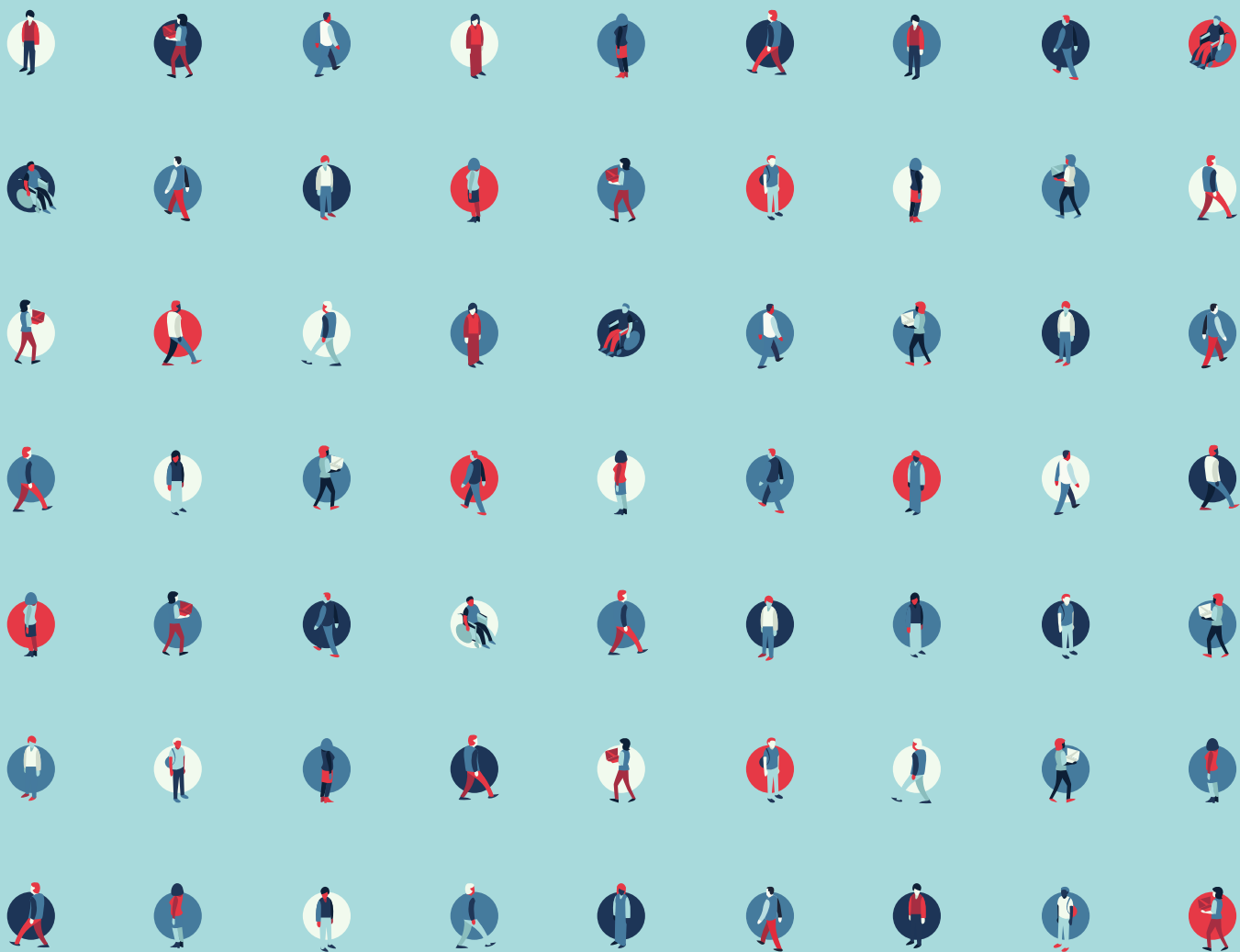


COMPOUNDING MISFORTUNES

Changes in Poverty since the onset of COVID-19
on Syrian Refugees and Host Communities
in Jordan, the Kurdistan Region of Iraq
and Lebanon



DECEMBER 2020

Table of contents



*Click on the
topics below*

List of abbreviations	3
Executive summary	4
Introduction	10
Transmission channels	15
Data sources and baseline characteristics	16
Macroeconomic assumptions	21
Results and discussion	24
Jordan	26
Lebanon	29
Kurdistan Region of Iraq	34
Sensitivity analysis	36
A brief review of international responses to COVID-19	38
Conclusion	40
Annex	42
Links and sources	48

List of abbreviations

COVID-19	The novel Coronavirus disease 2019
GDP	Gross Domestic Product
IDPs	Internally Displaced Persons
ILO	International Labor Organization
IQD	Iraqi Dinars
JOD	Jordanian Dinars
KRI	Kurdistan Region of Iraq
LBP	Lebanese Pounds
MENA	Middle East and North Africa
NGO	Non-Governmental Organization
PPP	Purchasing Power Parity
RNA	Rapid Needs Assessment
SMEB	Survival Minimum Expenditure Basket
SRHCS	Syrian Refugee and Host Community Survey
UNDP	United Nations Development Program
UNHCR	United Nations Refugee Agency
UNICEF	United Nations Children's Fund
VAF	Vulnerability Assessment Framework
VASyR	Vulnerability Assessment of Syrian Refugees
VAT	Vulnerability Assessment Tool
WFP	World Food Program

Executive summary

COVID-19 has had an enormous impact on nearly every country in the world. Iraq, Jordan and Lebanon were already facing difficult to extreme circumstances even before the pandemic erupted, making them particularly vulnerable, and compounding the effect. This report looks at the impact of the pandemic, associated lockdowns and economic shocks and other misfortunes which have compounded the crisis, such as sharply lower oil revenues in Iraq and the Port of Beirut explosion in Lebanon, as well as political instability in both.

The report estimates that 4.4 million people in the host communities and 1.1 million refugees or IDPs have been driven into poverty in the immediate aftermath of the crisis, and while this considers all of Lebanon, it only includes three governorates in Jordan and the Kurdistan Region of Iraq, due to data limitations. A response commensurate with the magnitude of the shock is needed to prevent further misery.

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. However, COVID-19 has compounded existing vulnerabilities or crises in Jordan, the Kurdistan Region of Iraq (KRI) and Lebanon. Syrian refugees – most of whom have been displaced for up to nine years – are particularly exposed given their perilous pre-crisis situation. Host communities in these three countries, who have supported and accommodated such large numbers of refugees, have also been heavily affected; all three countries were in strained positions prior to COVID-19, ranging from economic stagnation and high public debt in Jordan, to a collapse in public revenues due to international oil price shocks in KRI, to complete political and economic crisis in Lebanon.

By March 2020, all three countries had witnessed their first cases of COVID-19 and introduced stringent containment policies ranging from partial closures of schools and shops to full curfew (Figure ES1). While these measures were initially largely successful in containing the spread of the pandemic, they also led to a decline in economic activity across most sectors, particularly in the informal market. In Jordan and Iraq, the losses are estimated at around 8.2 and 10.5 percent of 2019's GDP respectively. In Lebanon where the COVID-19 crisis is compounded by economic and political crises the losses are much higher, around 25 percent of GDP. Lebanon has experienced inflation of over 100 percent, largely due to its import dependence and currency depreciation. Unsurprisingly, given the magnitude of these shocks, recent rapid needs assessments and UNHCR administrative data show that refugees, who are highly concentrated in low-skilled jobs in the informal sector, have had to reduce food intake, incur additional debt

Acknowledgements

The World Bank Group in collaboration with the United Nations Refugee Agency (UNHCR), with funding from the Joint Data Center on Forced Displacement, prepared this study on the impact of COVID-19 and ensuing lockdown policies on the welfare of refugees and host communities in Jordan, Kurdistan Region of Iraq (KRI) and Lebanon.

This document was written by Bilal Malaeb and Matthew Wai-Poi (World Bank Group's Poverty and Equity Global Practice – MENA). The team worked under the guidance of Saroj Kumar Jha, Regional Director of the Middle East Department (Iraq, Lebanon, Jordan, Iran and Syria) at World Bank, Johannes Hoogeveen, Practice Manager of the World Bank's Poverty and Equity Global Practice for the MENA region, Ayman Gharaibeh, Regional Director of the UNHCR Regional Bureau for the Middle East and North Africa, and Alexander Tyler, Senior External Engagement Coordinator; UNHCR Regional Bureau for MENA. We are grateful for Laura Rodriguez for helpful guidance and support in the data analysis phase, and to Nandini Krishnan and Maria Ana Lugo for a thorough peer review. The team also benefited from coordination and cooperation with colleagues from the UNHCR Regional Bureau for MENA and UNHCR country offices in Jordan, KRI, and Lebanon. Preliminary findings were reviewed through technical consultations in Jordan, KRI and Lebanon with government, United Nations and NGO stakeholders and through an internal review process at the World Bank.

and in some instances suffered eviction. These conditions exacerbated existing vulnerabilities and increased pressure on social cohesion with their host communities.

This joint UNHCR-World Bank study, funded by the Joint Data Center on Forced Displacement, estimates the change in poverty since the onset of COVID-19 among Syrian refugee and host communities in Jordan¹, KRI and Lebanon. The study employs a simulation exercise using macroeconomic projections on changes in the economy and translates these into shocks to household consumption and therefore poverty. Understanding the effects of COVID-19, and of other compounding crises in the case of KRI and Lebanon, is a crucial step in informing the policies that need to be adopted as the pandemic unfolds and during the recovery period. This study is part of a multi-phase collaboration between the World Bank and UNHCR. Phase I, presented in this report, estimates the impact of the crisis(es) on poverty among host and refugee communities; Phase II aims to calibrate these simulations with new phone survey data reflecting current circumstances on the ground and to delve more specifically into the cost of mitigation and policy options.

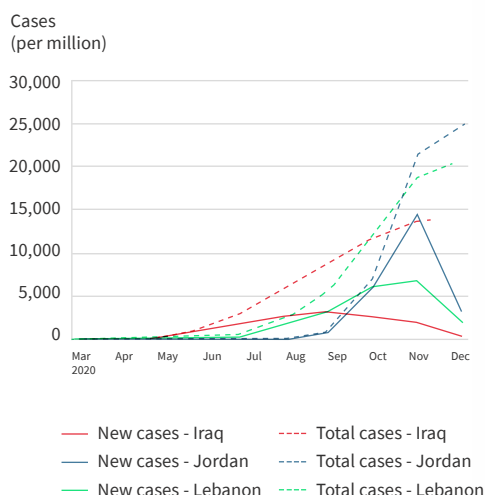
This study uses dynamic simulations to show changes in poverty on a monthly basis. The impact of COVID-19 is modeled using macroeconomic changes in various sectors of the economy, changes to earnings in formal and informal sectors, and changes in remittances (domestic and international) and inflation. The projections estimate changes in poverty among host and refugee communities and estimate the poverty-reducing effects of government and UNHCR and other international assistance. In this summary, the main results are highlighted at the Upper Middle-Income Country poverty line of \$5.50 per person per day for cross-country comparability. The full report provides technical details and sensitivity analyses

as well as estimates based on the national poverty lines for each of the three countries.

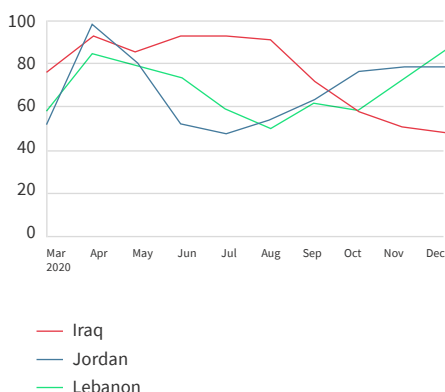
A key lesson of this study is that underdeveloped or inaccessible national statistical systems limit the ability to accurately estimate poverty and the impact of crises and policy shocks. In the absence of official and accessible data in two of these countries, the report necessarily relies on non-official data and provides estimates based on assumptions that come with inherent caveats. The report underlines the need for greater efforts to regularly collect, update and publish representative and reliable surveys, including on expenditure and welfare, to inform policy makers adequately. This study relies on the Syrian Refugees and Host Community Survey, undertaken by the World Bank in 2015-16, which uses a harmonized instrument across the three countries. The data are drawn from three governorates in Jordan with a high concentration of refugees (Amman, Mafrqa, and Zarqa), and are representative of Lebanon and KRI. The study also uses the most recent projections on macroeconomic aggregates from World Bank country economists, remittances and information on changes in assistance as underlying drivers.

¹ For Jordan, results reflect data in three governorates with high concentrations of refugees only: Amman, Mafrqa, and Zarqa

Figure ES1
Total and new cases of COVID-19 by month and the stringency of government response to the pandemic



Stringency Index



Source:

Authors' calculation based on data from Our World In Data - Max Roser and Esteban Ortiz-Ospina (2020) - "Coronavirus Pandemic (COVID-19) - the data". Published online at OurWorldInData.org. Retrieved on 11 December 2020 from: <https://ourworldindata.org/coronavirus-data>

Note:

The Stringency Index is a composite measure based on nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100 (100 = strictest). If policies vary at the subnational level, the index is shown as the response level of the strictest sub-region. December data span until 10th of the Month only.

Key Findings

In Jordan, since the pandemic first struck and the country and society locked down, poverty is estimated to have increased by 38 percentage points (p.p.) among Jordanians, and by 18 p.p. among Syrian refugees (Figure ES2); the lower increase for refugees reflects the fact that many refugees were already living beneath the poverty line so there were fewer to be drawn under by the crisis. The chart shows the percentage of the population which falls into poverty from the beginning of the crisis, beyond the pre-COVID-19 poverty rate. This means that at the start of the crisis more than 1.5 million Jordanians living in the three regions covered by this study became newly poor, as did more than 76,000 Syrian refugees². The impact of COVID-19 is projected to last for 12 months before returning to pre-COVID-19 poverty levels.

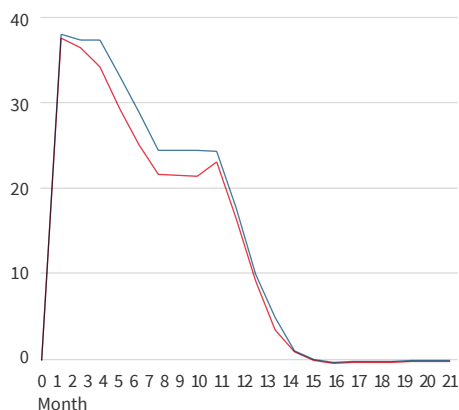
The cash transfers initiated by the government for Jordanians in the three governorates examined are estimated to have reduced the poverty impact by 12 percent (or 4 p.p.) by the fourth month of the crisis as a result of the expansion of the Takaful program, the introduction of a cash top-up for NAF and Takaful beneficiaries and temporary cash assistance to many eligible non-Takaful beneficiaries. The blue line in the charts shows projected poverty with no public response; the red line shows poverty after considering the impact of the shock but also the public response. For Syrian refugees, there is a 6 percent (2 p.p.) mitigation of poverty impacts in the second month of the crisis and 30 percent (6 p.p.) of the impact by the fifth month of the crisis, the months that had the largest expansions of UNHCR's COVID-19 cash assistance program. In this study (and in the graphs that follow), month 0 represents the pre-COVID-19 first quarter of 2020, and month 1 corresponds to April 2020, the first month of the crisis.

² Jordanian's population for Amman, Mafraq, and Zarqa only is 3,994,840, as estimated by the end of 2017 based on the official census. The Syrian refugee population is based on the refugees registered with UNHCR in these three governorates: 431,168.

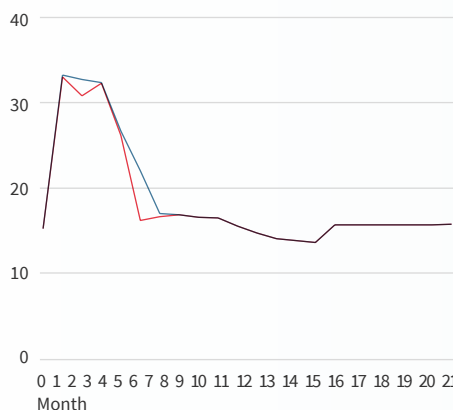
Figure ES2

Changes in Poverty using the International Poverty Line - JORDAN**JORDANIAN**

Change in Poverty from Baseline (p.p.)

**SYRIAN**

Change in Poverty from Baseline (p.p.)



● international poverty line (5.5/day)

● mitigation - international poverty line (5.5/day)

Source:

Authors' calculations
based on SRHCS
(2015/16)

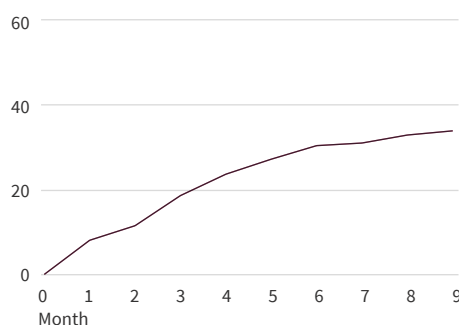
Lebanon has been the hardest hit of the three countries by COVID-19, where the pandemic arrived in a country already reeling from political and economic collapse, soaring inflation and declining GDP, and soon after the Port of Beirut explosion. One-third of Lebanese (33 p.p., or 1.7 million people) are expected to have fallen into poverty, and as many as 840,000 Syrian refugees (56 p.p.); many more Syrians were living just above the international poverty line when COVID-19 hit, making them much more vulnerable³. The results for Lebanon

have been projected only until December 2020, given the high uncertainty around the country's macroeconomic outlook (Figure ES3). Unlike Jordan and KRI, the increase in poverty is not expected to abate in 2021 as the macro-economic crisis continues; Phase II will explore this in more detail. For refugees in Lebanon, UNHCR assistance mitigated around 8 percent (3 p.p.) of the increase in poverty. Further analysis highlights that much of the potential reduction in poverty as a result of the mitigation policies is undone by inflation

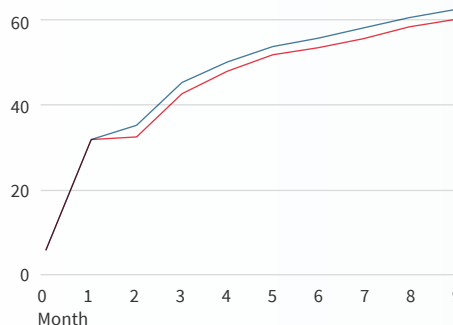
Figure ES3

Changes in Poverty using the International Poverty Line Actual CPI changes - LEBANON**LEBANESE**

Change in Poverty from Baseline (p.p.)

**SYRIAN**

Change in Poverty from Baseline (p.p.)



● international poverty line (5.5/day)

● mitigation - international poverty line (5.5/day)

Source:

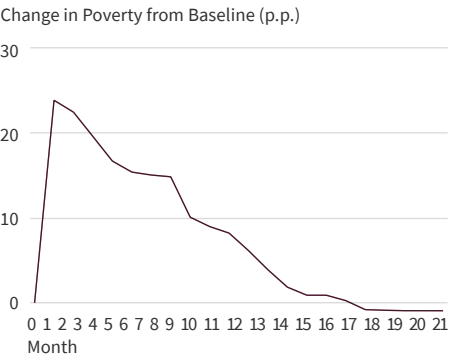
Authors' calculations
based on SRHCS
(2015/16)

³ These figures are calculated based on a population of 6,855,713, according to the UN population statistics, which includes an unofficial estimate of 1.5 million Syrian refugees.

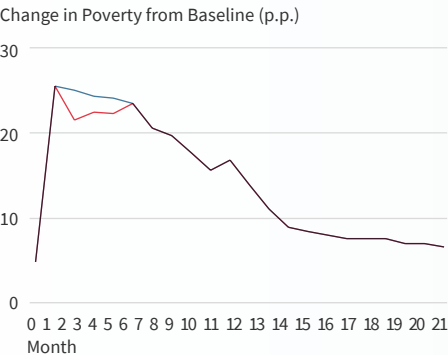
In KRI, hosts, refugees and IDPs faced similar initial poverty levels and experienced increases of 24 p.p., 21 p.p., and 28 p.p., respectively, when lockdown measures were most severe (Figure ES4). That means 1.2 million people in the host community will have fallen into poverty, as well as 49,000 Syrian refugees and more than 180,000 Iraqi IDPs⁴. As is the case for Jordan, after an initial rapid increase, poverty levels have likely declined, and are projected to return to pre-COVID levels some 12 to 14 months after the onset of the pandemic. The cash assistance provided to refugees and IDPs mitigated up to 17 percent (5.5 p.p.) of the increase in poverty when it was administered.

Figure ES4
Changes in Poverty using International Poverty Line
KURDISTAN REGION OF IRAQ

RESIDENT



REFUGEE



IDP

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