



Overview: Poverty in Saudi Arabia

Millions of Saudi residents are socioeconomically disadvantaged. The government does not regularly publicize statistics mapping poverty in the country, but estimates suggest it is generally high. The Borgen Project draws the poverty line in Saudi Arabia at 17 dollars per day and states that several million Saudis live under or near this level of income.¹ Other outlets report that as much as 20 percent of Saudi residents live in “crippling”² or “severe”³ poverty. Private estimates suggest that in Riyadh alone poverty affects about two to four million people.⁴

In 2014, unemployment among 15-24 year olds in Saudi Arabia stood at 28.3 percent, with the unemployment rate for females 35 percent higher than unemployed males.⁵ Youth unemployment is likely to continue, as 37 percent of the population was 14 years old or younger in 2011. Over the next decade, around 1.9 million Saudi nationals (out of a total population of 20 million) are expected to enter the workforce.⁶

In addition to the high unemployment and poverty rates, Saudi Arabia is experiencing a long-term housing crisis. As many as a third of young Saudis entering the workforce cannot afford to purchase housing in urban areas (in 2014, a two-bedroom apartment in the city of Jeddah cost at or above 130,000 USD).⁷ Other estimates state that as many as 60 percent of Saudi families do not own their homes.⁸ In urban areas, “unplanned settlements,” frequently described as slums, form significant portions of cities and their outskirts.⁹ For example, unplanned settlements constitute one-third of Jeddah’s total built-up area.¹⁰ As of 2012, slums constituted 25 percent of Mecca.¹¹

The government has taken some steps to relieve unemployment and the lack of adequate housing. In January 2014, the government promulgated a state-run insurance program for unemployed individuals. Under the program, workers who lose their jobs for reasons beyond

¹ Leeda Jewayni, “Poverty in Riyadh, Saudi Arabia,” The Borgen Project, 24 September 2014, <http://borgenproject.org/poverty-riyadh-saudi-arabia/>.

² Aryn Baker, “Rich Nation, Poor People,” TIME Magazine, 23 May 2013, <http://time.com/3679537/rich-nation-poorpeople-saudi-arabia/>.

³ Danielle Koontz, “Malnutrition in Saudi Arabia,” The Borgen Project, 31 May 2015, <http://borgenproject.org/malnutrition-in-saudi-arabia/>.

⁴ Jewayni, “Poverty in Riyadh, Saudi Arabia”

⁵ Leeda Jewayni, “Poverty in Riyadh, Saudi Arabia,” The Borgen Project, 24 September 2014, <http://borgenproject.org/poverty-riyadh-saudi-arabia/>.

⁶ Julia Glum, “Saudi Arabia’s Youth Unemployment Problem Among King Salman’s Many New Challenges After Abdullah’s Death,” International Business Times, 23 January 2015, <http://www.ibtimes.com/saudi-arabias-youthunemployment-problem-among-king-salmans-many-new-challenges-after-1793346>.

⁷ Aya Batrawy, “Poor Saudi slums highlight wider housing problems,” Associated Press, 11 January 2014, <http://news.yahoo.com/poor-saudi-slums-highlight-wider-housing-problems-065941990.html>.

⁸ “Saudi Arabia launches new housing scheme to ease shortage,” Al Arabiya, 13 March 2014, <http://english.alarabiya.net/en/business/property/2014/03/13/Saudi-Arabia-launches-new-housing-scheme-to-ease-shortage.html>.

⁹ Ibid.

¹⁰ Ibid

¹¹ Ibid.

their control, and who are under 59 years of age, are eligible for 12-months of unemployment compensation capped at 9,000 Riyals for three months and 7,500 Riyals for the remaining nine.¹² The program does add needed social security for Saudi workers facing unemployment. It does not, however, support Saudi Arabia's sizable migrant worker community, nor does it target the increasing number of Saudis attempting to enter a tight job market. To address the housing crisis, in 2011, the government reportedly earmarked 67 billion USD to construct 500,000 homes in order to meet the society's growing housing needs.¹³ However, the Ministry of Housing (MoH) has had trouble fulfilling its construction projects due to bureaucratic constraints. In 2015, the MoH stated that the kingdom would have to construct three million new housing units by 2025 in order to keep up with increased population growth.¹⁴ As of December 2015, however, the ministry was in the process of developing 187 projects consisting of only 233,651 housing units.¹⁵ Ninety five percent of these projects were still being designed.¹⁶

Saudi Arabia's implementation of the guardianship system disproportionately subjects Saudi women to poverty. While women are legally allowed to accept jobs independently, some institutions will not hire them without the written permission of their guardian.¹⁷ Travel restrictions also prohibit many women from working, as they must obtain not only the permission of their guardian to travel to and from work, but also an acceptable means of transportation, such as a chauffeur. Together, these obstacles significantly inhibit female integration into the Saudi labor force and prevent them from securing consistent employment.

Divorced and widowed women are especially vulnerable in Saudi Arabia's segregated society, which by design constrains many women's role to stay-at-home wives and mothers. According to columnist Asmaa Al-Mohamed, being widowed or divorced can land even the richest Saudi women in poverty.¹⁸ In Islamic law and tradition men are obligated to financially support women and their children.¹⁹ Consequently, many women in Saudi Arabia who can no longer rely off their spouse's income struggle. With no skills and sometimes limited education, divorced and widowed women strain to live off what money and savings they have independently. They are then further inhibited by the kingdom's strict religious and cultural constraints which make it hard for women to secure employment. When a divorce occurs, a Saudi man can move on easily and marry again, but until a woman receives a new family identity card from the interior ministry she is still subject

¹² P.K. Abdul Ghafour, "Job security for 1.5 million Saudis," Arab News, 7 January 2014, <http://www.arabnews.com/news/505026>.

¹³ Marwa Rashad, "Saudi Arabia launches new housing scheme to ease shortage," Reuters, 13 March 2014, <http://www.reuters.com/article/saudi-housing-idUSL6N0MA17I20140313>.

¹⁴ Ibrahim Shihab, "Saudis need 3 million new homes by 2025, says ministry," Saudi Gazette, 13 December 2015, <http://saudigazette.com.sa/saudi-arabia/saudis-need-3-million-new-homes-by-2025-says-ministry/>.

¹⁵ Ibid.

¹⁶ Ibid.

¹⁷ Fatany, Samar. "Why Divorce in Saudi Arabia Is on the Rise." Saudi Gazette, March 23, 2013, Opinion sec.

¹⁸ Soraya Sarhaddi Nelson, "Poverty Hides Amid Saudi Arabia's Oil Wealth," NPR, 19 May 2011, <http://www.npr.org/2011/05/19/136439885/poverty-hides-amid-saudi-arabias-oil-wealth>

¹⁹ Kevin Sullivan, "In Saudi Arabia, unemployment and booming population drive growing poverty," The Washington Post, 3 December 2012, https://www.washingtonpost.com/world/in-saudi-arabia-unemployment-and-booming-population-drive-growing-poverty/2012/12/02/458e648c-3987-11e2-a263-f0ebffed2f15_story.html

to the will and permission of her ex-husband in conducting her personal economic affairs and supporting herself.²⁰ As a result of these institutional and societal barriers, many of the poorest Saudis are in families headed by women and many Saudi street beggars are women who are either widowed, divorced or have a sick or disabled husband.

Saudi Arabia's Shia minority suffer disproportionately from poverty compared to their Sunni counterparts. The oil rich Eastern Province is an example of the Saudi governments discriminatory infrastructural development, where Shia villages and towns such as Qatif and al-Hasa have historically lagged behind wealthier Sunni-majority cities such as Dharran and Dammam.²¹ Contemporary Shia dissent in the Eastern Province reflects a mix of provincial economic neglect and political marginalization. According to Gulf scholar Frederic Wehrey, the problem of eastern dissent is the result of the unequal distribution of economic resources and political capital.²² Shia in the Eastern Province report frustration about their lack of input into municipal budgets and the administration of the province. In certain areas of the east, particularly the town of al-Awamiya (hometown of the recently executed Shia cleric, Sheikh Nimr Baqih al Nimr), skyrocketing unemployment and crushing poverty are adding to the economic grievances.²³

The effects of poverty on Saudi Arabia's Shia population is not limited to the eastern province. Shias of the Ismaili sect who reside primarily in the southern city of Najran face severe economic discrimination as a result of their marginalized status in society. While the government provides little information, in 2002 local unemployment in Najran was an estimated 40%.²⁴ Over the past decade, Ismailis have faced increased discrimination in employment.²⁵ Like with most of Saudi Arabia, the public sector is a major employer of those in Najran, but many Ismailis cannot obtain professional jobs or have been forced to leave Najran because the administration has filled government positions with Sunnis from outside the province.²⁶ Ismaili officials in Najran also report facing a glass ceiling on promotions in the public sector. According to a 2008 Human Rights Watch report, only one out of 35 provincial government department heads in Najran was an Ismaili and almost no Ismailis worked as senior security personnel or as religion teachers.²⁷

Many of those living in poverty in Saudi Arabia belong to the country's migrant workforce. The IMF estimates that foreign workers (currently about a quarter of Saudi Arabia's population of some 30 million) make up 56 percent of Saudi Arabia's total employment, and 85 percent of the

²⁰ "Divorced Saudi women to get ID Cards: Reports," Middle East Eye, 3 December 2015, <http://www.middleeasteye.net/news/divorced-saudi-women-get-id-cards-reports-721241203>

²¹ Wehrey, Frederic "Saudi Arabia has a Shiite Problem," Foreign Policy, 3 December 2014, <http://foreignpolicy.com/2014/12/03/saudi-arabia-has-a-shiite-problem-royal-family-saud/>

²² Wehrey, Frederic, "The Forgotten Uprising in Eastern Saudi Arabia," The Carnegie Endowment for International Peace, 13 June 2013, <http://carnegieendowment.org/2013/06/14/forgotten-uprising-in-eastern-saudi-arabia-pub-52093>

²³ *ibid*

²⁴ "The Ismailis of Najran: Second-class Saudi Citizens" Human Rights Watch, 22 September 2008, https://www.hrw.org/report/2008/09/22/ismailis-najran/second-class-saudi-citizens#_ftn118

²⁵ *ibid*

²⁶ *ibid*

²⁷ *ibid*

country's low-skilled labor force.²⁸ Migrant workers in Saudi Arabia primarily originate from South Asia, East Africa, and the Middle East. Additionally, there are approximately 1.2 million domestic workers in Saudi Arabia, making it the largest employer of domestic workers in the GCC.²⁹ Domestic workers from poverty stricken countries are attracted by the prospect of working for wealthy Saudi families and sending remittance income home to their families. According to some sources, the average foreign worker earns as little as \$266 a month.³⁰ In contrast, Saudi nationals are paid about \$2,000 a month on average and make up the majority in the government sector.³¹

In recent years, Saudi Arabia has undertaken several legislative and social initiatives to improve living and working conditions for the kingdom's migrant population, such as wage protection policies and bilateral agreements with sending-states. Ultimately, however, these measures have failed to prevent significant workers' rights violations, as Saudi employers continue to frequently exploit and deceive their foreign employees. Among the major issues facing migrant workers in Saudi Arabia are wage-withholding, passport confiscation, abuse during deportations, social isolation, lack of access to redress, unfair trials and penalties, a restrictive sponsorship system, and dishonest recruitment practices.

Saudi Arabia faces competing challenges in addressing poverty. Migrant workers disproportionately suffer from low wages and financial hardship, exacerbated by an exploitive sponsorship system. At the same time, state efforts to bring more Saudi Nationals into the workforce threatens their employment status. In April 2016, Deputy Crown Prince Mohammad bin Salman, unveiled "Saudi Vision 2030," an economic plan to reduce the country's dependence on oil and diversify the economy. Its ambitious efforts to bring more Saudis, including women into the private sector while decreasing government subsidies risk triggering widespread societal unrest. Since January 2016, the prominent Bin Laden Construction company dismissed over 70,000 migrant workers after withholding wages for months.³² In response, the terminated workers organized protests in multiple cities, including Jeddah, despite the kingdom's ban on demonstrations. Many worry that amplified efforts of "Saudization" will spark similar scenarios leading to increased instability. Furthermore, whether such an economic transformation can materialize without corresponding political and social reforms is uncertain. In the absence of any political representation, the government of Saudi Arabia provides benefits to secure citizen loyalty.³³ The decrease in state spending disrupts this rentier model that has ensured the monarchy's grip on a fairly complacent society.

²⁸ Rory Jones and Ahmed Al Omran, "Saudi Arabia Puts Squeeze on Foreign Workers," *The Wall Street Journal*, 6 March 2015, <http://www.wsj.com/articles/saudi-arabia-puts-squeeze-on-foreign-workers-1425683630>.

²⁹ "Facilitating Exploitation: A Review of Labour Laws for Migrant Domestic Workers in Gulf Cooperation Countries," International Trade Union Confederation, November 2014, http://www.ituc-csi.org/IMG/pdf/gcc_legal_and_policy_brief_domestic_workers_final_text_clean_282_29.pdf.

³⁰ Carolien Roelants and Paul Aarts, "Saudi Arabia Feature: Poverty in a Wealthy Land," *EA Worldview*, March 2016, <http://eaworldview.com/2016/03/saudi-arabia-feature-poverty-wealthy-land/>

³¹ Rory Jones and Ahmed Al Omran, "Saudi Arabia Puts Squeeze on Foreign Workers

³² Madawi al-Rasheed, "Saudi Arabia's Troubled Path to Reform," National University of Singapore Middle East Institute, October 2016, https://mei.nus.edu.sg/index.php/web/publications_TMPL/volume-24-saudi-arabia-and-its-troubled-path-to-reform

³³ *Ibid*

