

Distr.  
GENERAL  
E/ESCWA/EDGD/2011/7  
14 February 2012  
ENGLISH  
ORIGINAL: ARABIC

**ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (ESCWA)**

**ARAB MILLENNIUM DEVELOPMENT GOALS  
REPORT 2011**

**AN INCLUSIVE APPROACH TO DEVELOPMENT  
IN A TIME OF TRANSITION**

United Nations

12-0012



## Preface

Under the eager witness of the World, Arab peoples have made 2011 memorable. Beginning on November 2010, and stretching through 2011, the sociopolitical protests in Tunisia travelled eastwards to a number of countries. After decades of political stagnation, Arab citizens called for “dignity, freedom and social equity”. In the anniversary of the Arab uprisings, winds of changes have begun to blow. Political transformations are now paving a new path and are inspiring (if not urging) other leaders to do the same. Arab peoples have refuted the theory of the Arab exception (and to digress, that of the Islamic exception). For decades, and under the pretext of distinctiveness, this conception has long been used as a pardon to sidestep democratic changes.

Today, Arab peoples inspire new modes of citizenship. Movements, such as ‘Occupy Wall Street’ have been consistently making reference to the influence of Arab youth on how to model a social movement. The 2008 economic crisis triggered global dissatisfaction. Millions of poor and middle class citizens across the globe felt the heavy weight of unemployment. Today, it seems, the Arab street is inspiring the Western street.

By convention, the political dimension is not considered an essential component of development. Because development has been dominated by economic, social and environmental approaches, the political dimension of development has remained on the shelf for too long. However, the Arab Spring challenges this incomplete understanding and opens a window for both redefining and re-conceptualizing development. It is therefore crucial to provide a substantive contribution that is consistent with the slogans of the Arab street.

The Millennium Development Goals (MDGs) have entered the final quarter before the target date of 2015. The World Summit held in September 2010 (followed by the General Assembly meeting held in September 2011) constituted, in particular, an occasion for conducting a comprehensive review. In order to carry out an overall evaluation of this process and to prepare for beyond 2015, we embark on a profoundly bold review that goes beyond quantitative evaluations of achievements by percentages, which are nothing but a mere reflection of the genuine development status.

Regarding the MDGs, the global performance, including that of the Arab world, was both uneven and unsteady due to an array of factors, mainly:

- (a) Disparities and differences in the conditions of the development process among regions and countries are disregarded;
- (b) Tailoring MDGs to the national context and integrating them within National Development Plans (NDP) are not fully finalized;
- (c) MDGs are tackled from a partial and sectoral dimension, whereas they should be considered as an integrated package.

There are other factors that have prevented the developed countries from wholly fulfilling MDG 8. This goal entails developing a global partnership for development and achieving other MDGs. However, this is not limited to the failure to meet the target of 0.7 per cent of gross domestic product (GDP) for official development assistance (ODA), but rather the initial failure to build a fair international economic system. As the economic integration of developing countries at a global level remains weak and therefore stronger integration is a necessary condition to create an advantageous international environment to achieve the MDGs.

The global crisis has revealed serious shortcomings on food, oil, financial, and economic fronts. Climate change and other environmental problems have aggravated the impact of the crisis. There has been an increase in political and military conflicts and the use of military violence, which stem from the organization

of the global system. Moreover, we have witnessed a cultural transformation, which has included a change of values. The use of advanced technologies and communication has changed the way we interact.

The uprisings in the Arab region have forced everyone to rethink the approach to development. In our view, a reconsideration of the comprehensive and inclusive concept of development is through a process of two major pillars:

- (a) Reconsider both the political and cultural dimensions in the development process;
- (b) Emphasize on the correlation and integration between the economic, social and environmental dimensions, and transcend the sectoral and divided approach.

The renewed version of the development concept has to be initiated through the integrative combination of these five dimensions and the equality of importance of each component vis-à-vis others.

In this report, we, at the Economic and Social Commission for Western Asia (ESCWA), intend to provide a contribution to the above trend. We have aligned the MDGs with the Arab Spring and researched the correlation between development goals and the political transition and we have found an assured subjective interrelation between both. Consequently, we sought the required elements for a new agenda. We have therefore included two major chapters in this report on inclusive economic and social policies to oppose previous policies in the region, which were essentially exclusive.

In addition, we have tried to build on the outcomes of the 2010 Summit on the Millennium Development Goals. We did not follow the trend of “Progress of Work” reports that usually stress quantitative achievements. There are two reasons for this: firstly, the third Arab Report on the MDGs was issued late in 2010 and no substantive update of data has since taken place. Moreover, the fourth Arab MDGs report will be released during 2012-2013 by the Thematic Working Group on MDGs in the Arab Region (United Nations agencies working in the region in cooperation with the League of Arab States) as a preparation for the global review in 2013. This current report is not a replacement of the fourth Arab report.

In this report, the analytical dimension dominates a consideration of MDGs in the Arab region. The report provides a critical perspective and seeks to provide new ideas, alternatives and analytical tools, as well as a discussion on measuring progress, following the discussions during the MDG review summit of 2010. In preparation for the final assessment in 2013, 2015 and beyond 2015, it also seeks to assist in expanding the interest and involvement of concerned Arab parties with the MDGs in order to make an effective contribution to the international dialogue.

Furthermore, this report encourages a relaxation of the formalities related to MDGs and for them not to be dealt with rigidly. This report instead calls for considering these goals as a historic set for the agenda of global development priorities for the period 2000-2015. The main task of ESCWA is to ensure a contribution to setting this global agenda, and to benefit from it through proper adoption and transformation into a functional national agenda owned by all.

This is the approach of this report which we title “Arab Millennium Development Goals Report 2011: An inclusive approach to development in a time of transition”. We expect it to be an additional contribution of ESCWA in the discussions taking place between all developmental partners in the Arab world concerned with the assessment of the MDGs, mainly our regional partners in the League of Arab States, the Gulf Cooperation Council (GCC), the Arab financial institutions and funds, national governments, United Nations agencies working in the region, our partners in the private sector, civil society, media, researchers and academics.

## CONTENTS

### Page

Preface .....	iii
Overview .....	ix

## PART I OVERVIEW AND CRITICAL ASSESSMENT OF THE MDGS

### Chapter

<b>I. CURRENT SOCIAL MOVEMENT AND MDGS IN THE ARAB WORLD.....</b>	<b>3</b>
A. Overview of the current social movement .....	3
B. Has the socioeconomic dimension been neglected? .....	4
<b>II. PROGRESS MADE TOWARDS ACHIEVING THE MDGS .....</b>	<b>7</b>
A. MDG 1 (poverty, hunger and employment).....	8
B. MDG 2 (education) .....	11
C. MDG 3 (gender).....	11
D. MDG 4, 5 and 6 (health) .....	13
E. MDG 7 (environment) .....	14
F. MDG 8: develop a global partnership for development.....	18
<b>III. MDGS IN THE ARAB WORLD BY SUBGROUPS.....</b>	<b>19</b>
A. GCC .....	19
B. Mashreq.....	22
C. Maghreb .....	25
D. The least developed Arab countries .....	27
E. Group of countries in war or conflict.....	33
<b>IV. MEASURING MDG PROGRESS .....</b>	<b>38</b>
A. Data issues when measuring progress.....	38
B. Conceptual challenges when evaluating MDG progress .....	40
C. Three examples of measuring MDG progress .....	42
D. Summary .....	46
<b>V. IMPEDIMENTS TO THE ACHIEVEMENT OF MDGS IN THE ARAB REGION.....</b>	<b>48</b>
A. Challenges identified in previous Arab MDG reports .....	48
B. Current regional challenges: multidimensional patterns of exclusion .....	49
C. Summary .....	52

**PART II**  
**ACHIEVING MDGS WITHIN AN INCLUSIVE DEVELOPMENT PROCESS**

<b>VI. TOWARDS AN INCLUSIVE DEVELOPMENT PARADIGM .....</b>	<b>55</b>
<b>VII. INCLUSIVE SOCIAL DEVELOPMENT AS A PROCESS AND GOAL .....</b>	<b>57</b>
A. The social dimension of development: a conceptual framework .....	57
B. Risks to development of social development strategies .....	57
C. Elements of the social development strategies .....	60
<b>VIII. BUILDING AN INCLUSIVE ECONOMY .....</b>	<b>70</b>
A. The economic dimension of development: a conceptual framework .....	70
B. Elements of the inclusive economy .....	71
C. Redirecting fiscal and monetary policy .....	74
D. Reconsider the role of politics .....	78
<b>IX. A REGIONAL PARTNERSHIP FOR DEVELOPMENT .....</b>	<b>80</b>
A. Market access for trade, investment and labour .....	82
B. Official development assistance .....	86
C. Debt alleviation .....	87
D. Other dimensions of regional integration .....	88
E. Arab MDG 8: initiative for a regional partnership for the MDGs .....	89
<i>Bibliography .....</i>	<i>91</i>
<b>LIST OF TABLES</b>	
1. MDG 7 in the Arab countries .....	16
2. Selected indicators for the least developed countries .....	28
3. Overview of goals in the experts report and the Declaration of Istanbul Summit for the Least Developed Countries – 2011 and their suitable MDGs .....	31
4. Quintile specific disparities .....	41
5. Percentage of achievement to total achievement necessary to attain the target .....	42
6. Comparison of under-five and maternal mortality rates .....	43
7. Improvement in the rate of progress in Arab countries .....	44
8. Details about the selected indicators .....	45
9. Progress in the Arab countries .....	47
10. Risks to development of social development strategies .....	58
11. Total government gross debt .....	88

LIST OF FIGURES

1. Roadmap revolution to renaissance .....	4
2. Poverty in Arab region.....	8
3. Employment to poverty ratio, 2000-2009, percentage .....	9
4. Population pyramid for Yemen 2009.....	9
5. Population pyramid for Qatar 2009 .....	9
6. Population pyramid for Egypt 2009.....	9
7. Population pyramid for Lebanon 2009 .....	9
8. Comparison of the poverty rates according to national poverty lines, human poverty index and living standard index (% of population), 2002.....	10
9. MDG 2 indicators, 2007-2009, in percentage.....	12
10. Gender parity in education, 2009, in percentage .....	12
11. Children under five mortality rate per 1,000 live births .....	14
12. Maternal mortality rate per 100,000 live births .....	14
13. Tuberculosis prevalence rate per 100,000 population (mid-point), 2009 .....	14
14. Adolescent fertility rate (births per 1,000 women ages 15-19) .....	14
15. CO <sub>2</sub> emission and sanitation .....	15
16. Unemployment in GCC .....	20
17. Women in tertiary education .....	20
18. Net enrolments and infant mortality .....	39
19. U5MR by wealth quintiles, per 1,000 live births.....	41
20. U5MR in selected countries, baseline year.....	41
21. U5MR in selected countries, most recent data .....	42
22. Development dimensions.....	56
23. Triangle of deprivation and development.....	58
24. Employment and development .....	61
25. Mutually supportive relationship between economic and social development through employment .....	61
26. Sectoral and cross sectoral policies .....	66
27. Comparison between the pro-poor growth and inclusive growth.....	71
28. Elements of inclusive economy .....	72
29. Merchandise exports in developing economies .....	82
30. Merchandise exports to economies in the Arab world (% of total merchandise exports) ..	83
31. FDI-related jobs .....	84
32. Official development assistance in least developed Arab countries .....	87





## OVERVIEW

The present report comes at a critical stage as new leadership is established in the Arab world. New and old policymakers alike must adjust to the demands of the people. Efforts to make the development process more inclusive will be at the centre of attention in the years to come in the Arab world. This report contributes to the process by using the Millennium Development Goals (MDGs) as a framework for an approach to inclusive development.

The report is structured in two parts. Part I evaluates the framework of MDGs, provides an overview of MDGs in the Arab world and discusses how to measure progress towards MDGs. Part II is policy oriented and provides ideas for a more inclusive development process within the framework of MDGs and an initiative for a regional partnership for development.

### MDGs: Overview and critical assessment

The connection between current social movements and MDGs is discussed in chapter I. A general overview of the framework of MDGs is provided in chapter II, followed by a discussion by subregion in chapter III. Several methods of evaluating progress and a critical assessment of issues related to measurement are presented in chapter IV. Chapter V concludes part I with a summary of the most significant impediments to the achievement of MDGs in the Arab world.

### Current social movement and MDGs in the Arab world

Recent social movements taking place in several Arab countries have been mainly political. People have demanded political change which they believe can be a catalyst for improved socioeconomic conditions. Although MDGs did not inspire those movements, MDGs are reflected in the issues and slogans central to protests and revolutions in various Arab countries. The demand for social justice lies at the heart of MDGs with high priority given to combating poverty, social inequality and promoting gender equality. This demonstrates the interdependence between MDGs and the Arab spring. The Arab spring was a

reaction to the failure of the developmental strategies of the past and was triggered by the need for political change.

### Progress made towards achieving MDGs

The international threshold of poverty set at one dollar per day is not relevant in most Arab countries. It is relatively suitable only in the least developed countries (LDC) in the region. In the latest reports assessing poverty in LDCs, the poverty line has been set at two dollars per day. Poverty, regardless the measurement method, is widespread in LDCs where approximately 50 per cent of the population or more are considered poor. It also has a relatively high incidence in countries with medium level of development, ranging from 20 to 40 per cent. Poverty has unique manifestations in the Gulf Cooperation Council (GCC) countries.

MDG 2 concerning education must be reformulated in most Arab countries, as the global targets are not suitable to the regional context. Global targets are only suitable in Arab LDCs and in special cases including the education of girls in rural Morocco and the security situation in Iraq.

The priority related to MDG 3 is to identify the factors and the most important obstacles to the achievement of gender equality and the empowerment of women in each country, be they cultural, legislative or economic, and to set national goals and policies to overcome these obstacles. Obstacles cannot be ignored, particularly those related to the impact of globalization on rules governing the labour market and the impact of war and occupation.

Arab countries are at different stages regarding health conditions. In Arab LDCs endemic diseases are still a basic problem, while most of the countries with medium and high development levels are in a transitional phase. In these countries the prevalence of epidemic diseases has decreased and non-transmitted diseases have become the most important both in terms of mortality and morbidity rates. MDG 6 calls for fighting AIDS, malaria, tuberculosis and other diseases. Other diseases

have become the most prevalent in most countries in the region, but were never considered because most countries did not complete the process of national adaptation of MDGs. This requires radical rewriting of MDG 6 in particular, to include the most important non-transmitted diseases in these countries. It is also noteworthy that adolescent birth rate and the rate of early marriage are still high in a number of countries such as Yemen, Palestine and Iraq.

The application of MDG 7 concerning environmental sustainability differs significantly between Arab countries because of geographic, climatic and economic factors. This goal is more complex in practice than it appears at first glance. Such regional priorities as the sustainable use of natural resources, alternative energy and water resources are not covered by this goal. Therefore, it is important to add these issues to the list of priorities to be included in national strategies for sustainable development.

MDG 8 concerning global partnership for development will be addressed in the last chapter of this report from the viewpoint of regional integration for development.

## **MDGs in the Arab world by subgroups**

Arab countries are highly diverse in terms of social and economic development. The disparity between the Arab countries makes any generalization illogical. Because of the diversity of the region, progress in different countries must be assessed using specialized criteria.

This section presents the current status of MDG attainment in four major subgroups: the GCC, the Mashreq, the Maghreb and the Arab LDCs. Additionally, it dedicates a specific section to the countries that suffer from occupation and war. This structure of the analysis allows for the presentation of MDG status in each country group in general with reference to some of the peculiarities which distinguish individual countries within the group. This is consistent with the significant differences between Arab countries and prevents general conclusions. This report does not include detailed analysis at the country level (which can be found in national reports), but identifies disparities within groups when necessary for analysis.

GCC countries need to adapt MDGs at the national level by setting targets and indicators which are compatible with national characteristics and plans. This is especially important for MDG 1, 2, 4, 5 and 6 because these countries have a high level of development.

Priority should be given to MDG 3 concerning the empowerment of women and to MDG 7 concerning the environment and sustainability. MDG 8 is of particular importance as these countries must play a leading role in the development of a regional cooperation strategy for development.

In more general terms, GCC countries must address the issue of economic diversification, labour market problems, and the question of economic and social sustainability in order to ensure that the progress towards MDGs is sustainable.

Mashreq subregion needs to adapt MDGs at the national level by setting targets and indicators which are consistent with the national context. The adaptation should include qualitative aspects related to education, a common issue for countries in this group. The different priorities of adapting other goals vary by country.

In terms of gaps and problems, priority should be given to MDG 1, especially unemployment and poverty. Also MDG 3 concerning the empowerment of women and MDG 7 concerning sustainability should be a priority. As for health and education, the priority should be to increase health coverage and to reduce the cost of education.

Similar to the Mashreq countries, Maghreb subregion needs to adapt MDGs nationally while taking into account the common and individual characteristics of the countries of this group.

The priority should be employment in MDG 1, since it is the most prominent problem in the countries of this group along with other issues such as regional and social disparities and poverty. In terms of environmental problems, these countries should pay special attention to water resources management and distribution and to fragile desert environments. As for education, there are diverse problems related to quantitative gaps in enrolment. The quality of education and efficiency in preparing

graduates for the labour market is problematic in Algeria, Libya and Tunisia. Regarding health, priority must be given to non-contagious diseases in all countries of the group, Morocco in particular.

In economic terms, it is important for Algeria and Libya to reduce their dependency on oil. Morocco and Tunisia need to reduce their economic dependency on Europe on all levels to prevent the economic crises in Europe from impacting them.

All MDGs are national priorities for the Arab LDCs, but the focus should be on the eradication of poverty in its broad sense. This includes income poverty and unemployment, low levels of education and health, limited availability of public services such as water, sanitation and electricity, transportation and poor housing conditions. Poverty eradication should form the basis of all development strategies in these countries.

Because of frequent disasters such as famine and droughts, the issue of food security is very important in this region and demands urgent attention. Keeping in view the primacy of agriculture, environmental priorities should focus on sustainable livelihood approaches.

Finally, the Arab LDCs must formulate effective macroeconomic policies in order to deal with external pressures stemming from globalization. This may be achieved by improving institutional capacities.

The framework of MDGs should not be imposed on countries without taking their special conditions into account. This is particularly applicable for countries under occupation or at war, experiencing instability, or those suffering from weakened public institutions (Palestine, Iraq, Somalia, Yemen, the Sudan and Lebanon). The Millennium Declaration concerns political and institutional dimensions of MDGs including internal benchmarks of good governance and human rights and international goals concerning peace, security and disarmament.

*Palestine* is the only country under occupation in the world. Although it operates with limited powers, the Palestinian Authority is required to act as a fully responsible state where security is concerned. However, it lacks the capacity to function authoritatively over its

economy and resources: no borders, no sovereignty, no currency, no customs, no international recognition, and no control over land, water, air nor freedom of movement. There is a high level of external interference from donor countries and international organizations and significant political conditionality. Priorities regarding Palestine include liberation from occupation, and the building and recognition of an independent state. In addition, a solution must be found to the internal partition between the West Bank and Gaza. Poverty and unemployment (MDG 1) and related internal capacity-building require particular attention.

*Iraq* is in an exceptional position given the recent series of consecutive wars. Iraq faces three developmental challenges: (1) to regain national control over domestic resources, especially oil, and to use this resource for development and to rebuild the State and society; (2) to provide security and stability, since the security situation endangers numerous lives and many resources and hinders development; (3) to rebuild infrastructure, to provide services and improve the social indicators that were degraded during the previous decades.

*Somalia* is a show case of the failing State, with the southern region in a state of global chaos. Somalia is in a pre-development stage. Somalia is an exceptional case by all means and needs an exceptional emergency plan with regional and international support.

*Yemen* suffers from multiple internal conflicts. The current situation dates back to the reunification of Yemen in 1990, which was followed shortly thereafter by a civil war in 1994. In recent years, the country has faced huge internal political and security challenges. The priority in Yemen should be simultaneous progress towards three goals: (1) regaining internal peace and building the State and its institutions; (2) eradicating poverty in all its dimensions as expressed in MDGs; (3) overcoming cultural and behavioural impediments ranging from the prevalence of that chewing to the position of women.

*The Sudan* is geographically large and very diverse in terms of ethnic and tribal structures. The Sudan has suffered from long decades of war between the regime in Khartoum and Sudan People's Liberation Movement/Army. This conflict was ended by a peace treaty and power sharing

agreement which resulted in the independence of South Sudan. Tribal conflicts especially in the Darfur region have erupted over control of resources and have political undertones. Consequently, the priority for the Sudan is to deal with the multiple internal conflicts, to rebuild active institutions capable of achieving developmental planning from a national perspective, to draft a national strategy to achieve MDGs and push the development process forward.

*Lebanon* has been ridden with constant conflicts since 1975, but development indicators in Lebanon are generally acceptable, especially in education and health. Lebanon may achieve MDGs quantitatively as defined in the global MDG framework, but constant conflict, wars and instability have weakened institutional structures in the country.

## Measuring MDG progress

The Report considers data, measurements and conceptual issues related to MDGs as an impediment to development. Discrepancies between national and international data sources and the unpredictable quality and availability of data constitute major obstacles to the evaluation of MDG progress. Other problems include indicators that are not comparable across countries because of differences in compilation methodologies and data collection strategies that change over time.

There are other conceptual challenges to measuring MDG progress. The common perception is that unless all countries make appropriate progress on every indicator, then the world will miss the MDG targets. However, the targets were not meant to be applied similarly in all countries. Another issue is that most MDG progress reports evaluate national progress towards MDGs. This approach is based on national averages and can be misleading in cases where the average national progress hides large inequalities within the country. An alternative method addresses this issue by measuring progress using inequality adjusted weights.

Having discussed these issues, this Report shows three approaches to measure MDG progress.

The first method measures absolute progress, the second method measures the pace of progress and the third method forecasts when the Arab countries will achieve MDGs.

## Impediments to the achievement of MDGs in the Arab region

The Report identifies and summarizes the impediments to the attainment of MDGs in the Arab region. Many of the challenges analysed in previous MDG reports are still in force, and the present report links the challenges in an overarching framework and depicts a comprehensive view of social, institutional and structural issues. Whether considered at the regional, subregional, or national level, major challenges can be grouped into the following categories:

- Unemployment levels amid low economic productivity and an expanding informal sector;
- Levels of poverty and income disparities;
- Persistent discrimination against women and youth;
- Weak governance and ineffective institutions that lack democracy and show varying degrees of disregard for human rights;
- Lack of regional integration and weak development partnerships;
- Unsustainable management of natural resources;
- Development consequences of occupation, (civil) wars and other types of conflict;
- Problems of data availability and quality that hinder objective and scientifically sound research on development issues.

These impediments highlight a multidimensional pattern of exclusion in the region. Consequently, these impediments cannot be addressed separately. The Arab region needs a new development paradigm based on inclusiveness, fairness and participation, and new measures of well-being that go beyond gross domestic product (GDP) growth.

## Achieving MDGs within an inclusive development process

The Report advocates an integrated policy framework that includes different aspects of the development process. Chapter VII and VIII discuss how social and economic policies should be designed to ensure inclusive development that leads to the achievement of MDGs. Finally, chapter IX will recommend a “regional partnership for development” in line with MDG rationale of assigning roles to developed countries to fast track development under “a partnership for development” (MDG 8).

## Towards an inclusive development paradigm

Working towards the achievement of MDGs requires a reconsideration of prevailing policymaking in the Arab region to counteract the different forms of social, economic and political exclusion. The Report outlines key interventions and introduces a framework for a new and inclusive Arab development paradigm.

The development community is aware of the shortcomings of traditional approaches to development which have been demonstrated by the unfair outcome of globalization, the triple crises of food, fuel and finance that started in 2008 and, most recently, the events in the Arab region in 2011. To address the shortcomings of the traditional approach, we propose an inclusive development paradigm based on the idea that all dimensions, namely economic, social, environmental, political and cultural, reinforce each other. Thus a comprehensive analysis of the reinforcing mechanisms and the context framed by all dimensions must be at the core of each development strategy. Based on this holistic core, development practitioners together with national and regional stakeholders can further develop strategies and policies to foster development.

Changes that have taken place in the Arab region since 2010 demand the inclusion of previously suppressed knowledge, ideas, experiences and skills. It is an important starting point to review the economic and social components of development as they are designed in the Arab world, and to dedicate efforts to the formulation of an Arab vision of inclusive development.

## Inclusive social development as a process and goal

When addressing the social dimension of development, researchers and activists often use terms and expressions such as social development, social policies and social sectors. The abundance of terms and expressions is not surprising given that the social dimension of development is vague and, at times, proposes inexact definitions.

National strategies for social development that conform to the framework of human development must take into account all related dimensions in the same strategy. This means that the national strategy for social development, in synergy with economic development based on an inclusive economy, includes the following elements:

- (a) Analysis of the social component of economic development and impact on such different social dimensions as poverty and inequality;
- (b) Recognition that access to public services such as water and sanitation is a human right and that providing these services is not only a technical issue but must be addressed in policies from a human rights perspective;
- (c) Increased attention to social sectors including education, health and also housing due to the acceleration of urbanization;
- (d) Adoption of national strategies to deal with cross-cutting issues. The most common issues are those related to fighting poverty, urban development strategies, gender equality, the empowerment of women, population and childhood strategies;
- (e) Integration of social policies to address the diversity and complexity of components of social policies and sectors. A common strategic framework is required to avoid any conflict or contradiction between the different underlying policies and strategies which may have adverse effects on the overall social development and the attainment of MDGs;
- (f) Partnership and empowerment mechanisms to make the development process sustainable. Progress in social development requires partnership and capacity-building. In addition, social development in itself requires increased participation and social integration of all individuals. This can only be achieved through participation and empowerment mechanisms.



## Building an inclusive economy

In this Report the components of an inclusive economy are discussed. An inclusive economy includes several components which ensure the attainment of the following goals:

- An inclusive economy should generate job opportunities coupled with an effective system of social assistance for the poorest households as well as the protection of vulnerable groups from shocks and risks;
- An inclusive economy should be broad-based and expanding. Expansion is the capacity of the economy to increase the number of participants and extend the beneficiary base in order to include all groups, sectors, geographical regions and economic institutions;
- An inclusive economy reduces disparities of all kinds. This includes reducing income inequality through distribution and redistribution of revenues, as well as bridging the gap between regions. It should promote gender equality and eliminate discriminatory practices based on ethnicity, religion and age.

Economic policy is the main tool for structural changes in the economy. Inclusive economic policies should aim for a sustainable economic growth rate and a reduction in the chronic unemployment problem in Arab countries, through decent job creation. At the same time, it should fight poverty and reduce inequalities in order to make the growth process sustainable. This requires close coordination with other public policies, particularly social policy which should be tailored to specific national circumstances and towards the same ultimate objective.

## A regional partnership for development

The Arab region has not fully exploited the potential of regional cooperation, even though an institutional framework already exists under the League of Arab States. The Arab region continues to be characterized by significant disparities between high-income countries, low-income countries, and conflict countries. Recent events in the region suggest that the situation in the oil-exporting Arab countries is strongly related to the situation of the poorer Arab countries.

MDG 8 should not only be dealt with on the global level; it must also be translated into a regional partnership for development which includes two dimensions. The first dimension is to construct a regional environment conducive to achieving MDGs in Arab countries. The second dimension is to determine the quantitative and time bound commitments regarding development financing between the Arab countries, without political conditionality and to identify regional priorities for intervention.

This report considers regional cooperation to be a precursor to achieving MDGs and uses the globally agreed MDG 8 as a framework for a regional integration process that can create a conducive environment for regional achievement of MDGs. Chapter IX tailors MDG 8 to regional needs and focuses on regional arrangements that can support less developed Arab countries through:

### (a) *Market access for trade, investment, and labour*

Despite the numerous agreements among Arab countries, trade integration within the region has witnessed limited progress in recent decades. Similarly, the intra-Arab component of foreign direct investment has been generally erratic and focused on real estate, mining, hydrocarbon and hydrocarbon-related industries. In terms of labour mobility and remittances, the region is relatively integrated, but this process is not very smooth and requires consolidating regional efforts in the spirit of MDG 8. Hence particular attention needs to be paid to legislation, labour mobility and remittance flows.

### (b) *Intra-Arab development aid*

Arab donors have scored high in terms of their worldwide disbursements, the equivalent to an average of 1.5 per cent of combined gross national income (GNI) in the last four decades, against 0.7 per cent United Nations target and a 0.3 per cent average for the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC). However, more can be done with reference to the effectiveness, accountability and predictability of Arab official development assistance, especially to the Arab LDCs.

(c) *Arab indebtedness*

Five Arab LDCs are in serious debt distress, and one has reached the Heavily Indebted Poor Countries (HIPC) completion point. Apart from the debt burden seriously impacting Arab LDCs, many of the Arab oil-importers in the Mashreq and Maghreb region are also heavily indebted. A wider national policy commitment to incorporate debt management, which would work towards the regional commitment to ensure macroeconomic stability of the region is needed.

(d) *Other dimensions of regional cooperation: social policies, technology and infrastructure*

While integration at the regional and global level should ensure a fair and equitable distribution of income, experience so far has shown that in many instances it increases inequality within and between countries. Other developing regions have introduced regional agreements that include social policies to counteract this effect and this could be replicated in the Arab region.

(e) *Arab MDG 8: initiative for a regional partnership for MDGs*

The need to achieve Arab integration goes beyond MDGs, and is crucial for the overall development process. It is the responsibility of all Arab countries, and in particular the responsibility of the more developed Arab countries, to assist the Arab LDCs.

The central idea of this initiative for a regional partnership to achieve MDGs includes launching a regional programme to support the achievement of MDGs in the Arab LDCs and Palestine, as a regional priority and responsibility. The elements of this initiative are as follows:

- Determining the priority states; namely the six Arab LDCs and Palestine;
- Creating a “Regional Fund for MDGs”, an initiative by the GCC joined by Algeria and other oil rich countries. This fund would support the achievement of MDGs in the countries concerned and would be funded by oil revenues and available surplus funds. An operational system and the means to benefit from the fund would also be established;

- Establishing a joint working group with the countries concerned in order to develop a proper regional cooperation strategy. The cooperation would include the assessment of the conditions of the countries, selection of priorities of development in conformity with their situations and the development of a work programme and operational plans for goals to be achieved by 2015;
- Developing a system of appropriate standards and mechanisms to fund the programmes and projects falling under this initiative in each concerned country together with mechanisms for monitoring and surveillance. In addition, identifying the technical support required to develop policies and strategies to achieve MDGs and providing this support through technical capacities available in the region within the framework of South-South cooperation;
- Going beyond the initiative related to the Arab LDCs, the Arab donor countries should undertake an assessment of their system of development assistance according to international standards (Paris Declaration). These standards significantly exceed the global initial commitment (0.7 per cent). Given this context, the Arab donor countries could develop a regional system to increase the effectiveness of their development assistance and address other measures related to debt and Arab funding of productive projects.

Despite the short period that remains for the achievement of MDGs (given the 2015 deadline), an initiative of this kind is necessary to achieve the goals set forth in the 2011 Istanbul Summit on LDCs which has 2020 as its deadline. The agenda of the Istanbul Summit also doubles as a prelude to the post-2015 stage, where a global development agenda in the region will remain.

Finally, regardless of the global dimension, this initiative is seen as crucial step towards Arab cooperation, integration and solidarity through Arab partnership for regional development.

# **PART I**

## **OVERVIEW AND CRITICAL ASSESSMENT OF THE MDGS**





# I. CURRENT SOCIAL MOVEMENT AND MDGS IN THE ARAB WORLD

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This report comes at a critical stage in the Arab world as new leaderships are established. New and old policymakers alike must adjust to the demands of the people. The discussion of how the development process can be more inclusive will be at the centre of attention in the years to come in the Arab world. This report aims to contribute to this discussion, using the Millennium Development Goals (MDGs) as a framework for a development process that is more equitable and inclusive.

With only four years until 2015, this report offers a critical view of the MDG framework that can spark discussion about the development agenda beyond 2015. It will discuss the MDG framework from both a qualitative and quantitative perspective and will provide policy options for achieving the MDGs. The policies provided in this report are aiming for more inclusive development, which will be valid beyond 2015. This report takes into consideration the United Nations MDGs Review Summit, held in 2010, and will therefore be guided by its main recommendations, especially the recommendation to consider the MDGs as one package of interconnected development priorities that are mutually reinforcing.

The report is structured in two parts; part 1 evaluates the MDGs framework, provides an overview of the MDGs in the Arab world and discusses how to measure progress towards the MDGs. Part 2 is more policy oriented and provides ideas for a more inclusive development process within the MDGs framework.

The first section starts with a discussion of the current social movement and how it links to the MDGs. Then a general overview of the MDG framework is provided, before the MDGs are discussed by subregion: Gulf Cooperation Council (GCC), Mashreq, Maghreb, Arab least developed countries (LDCs) and conflict countries. Furthermore, issues related to progress measurement are critically assessed and several ways to evaluate progress are presented. Part 1 concludes with a summary of the most important

impediments to the achievement of MDGs in the Arab world.

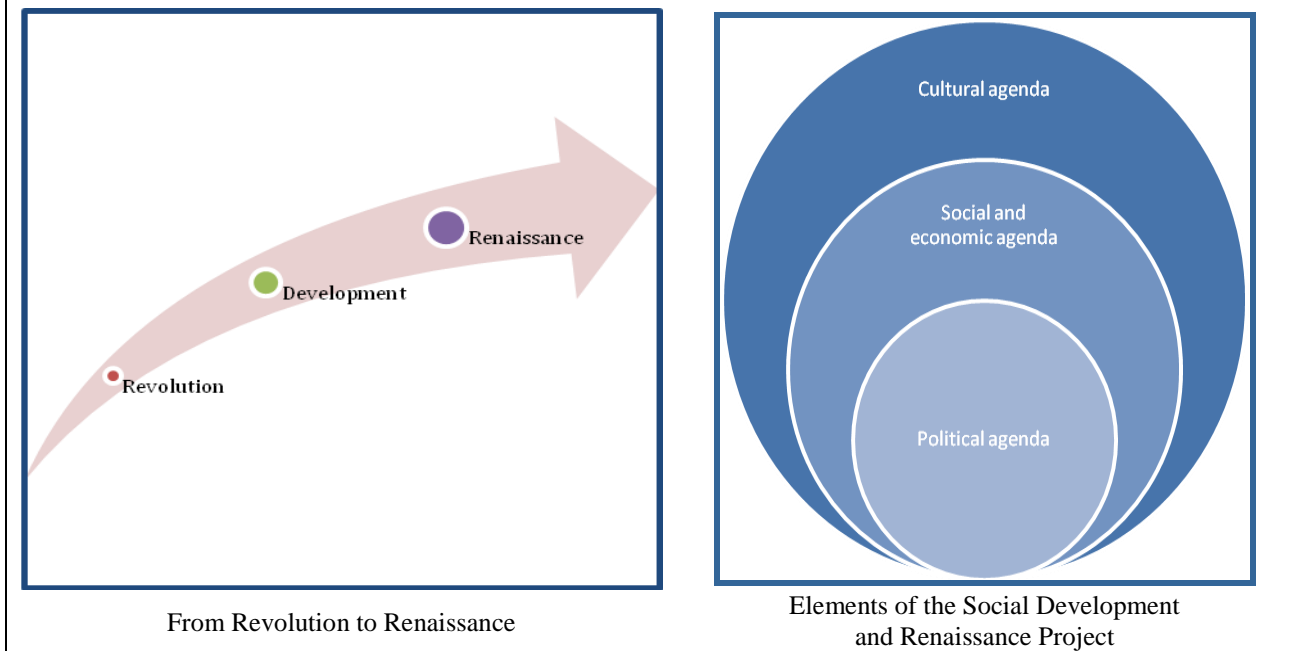
In the light of part 1, part 2 advocates an integrated policy framework that includes different aspects of the development process. It discusses how social and economic policies should be designed to ensure inclusive development that leads to the achievement of MDGs. Finally, in line with the MDG rationale of assigning roles to developed countries to fast track development under “a partnership for development” (MDG 8), the report will recommend a “regional partnership for development”, whereby regional cooperation ensures inclusive development in the Arab region towards the achievement of MDGs and beyond.

## A. OVERVIEW OF THE CURRENT SOCIAL MOVEMENT

The social movements taking place in some Arab countries are mainly political movements carrying a specific internal agenda. Although other factors such as external politics or socioeconomic and cultural agendas may be driving the movements. However, the people that participated in the protests advocated for political change, which they considered as a catalyst for any other kind of change.

The process that such movements should take to reach their objectives starts from this revolutionary stage – the current social movements – to a developmental stage, before ultimately reaching the complete Arab Renaissance. The developmental and renaissance stages are achieved by expanding the initial political agenda into a socioeconomic and cultural agenda. Tunisia, Egypt and Libya are examples of Arab countries that have witnessed a political change. Political debates between the main factions in these countries have advanced to debates on parliamentary and presidential elections and government plans. The roadmap from the revolution to the renaissance and the elements of the social development and renaissance project are represented below.

**Figure 1. Roadmap revolution to renaissance**



## **B. HAS THE SOCIOECONOMIC DIMENSION BEEN NEGLECTED?**

The concepts of the MDGs did not inspire this movement. However, the issues and problems articulated in the MDGs stand as an important aspect of the issues, problems and slogans boosted by the protests and revolutions in the various Arab countries. Developmental challenges and the MDGs constitute an important aspect of the issues and problems raised by the protesters during the various revolutions in the Arab countries.

Three terms were heavily repeated by all demonstrations and protests namely: “Freedom, Justice and Dignity”. Freedom and dignity are part of both political and human rights requests (which does not fall under the scope of discussion of this section of the report); the demand for social justice lies in the heart of the MDGs (among which combating poverty and social inequality, calling for gender equality). Also, issues related to unemployment (especially youth unemployment), poverty, social and regional inequality triggered the movements in Tunisia, as well as in other countries. The young unemployed labour force, the poor and marginalized groups in rural areas and cities, professionals and union members, as well as women, were the main participants in the protests. This emphasizes the interdependence between developmental problems and the Arab spring; the

latter was a reaction to the failure of the developmental plans that were adopted and was triggered by the need for political change.

An examination of the measures taken by the rulers or governments in Tunisia by the end of 2010 with the emergence of the revolution confirms this interdependence. Desk research carried out by the drafting team of this report confirms the conclusion, which will be explained in the following paragraphs. The main issues addressed by the speeches and resolutions of the officials during the mentioned period were as follows:

### **Political decisions**

- Lifting the state of emergency or committing to do so (Algeria, Syrian Arab Republic, Egypt).
- Committing to not run for presidential election for another term (no extension or inheritance: Egypt, Tunisia, Yemen, the Sudan).
- Carrying out constitutional amendments (Morocco, Syrian Arab Republic, Tunisia, Egypt), legislative amendments enhancing the responsibilities of members of the parliament and the government (Jordan, Oman, Egypt), and passing new laws for elections, political parties, the press and the media (Jordan, Syrian Arab Republic).

- Committing to combating corruption (in almost all countries), by creating or activating institutional bodies with authority to combating corruption and prosecute corrupt individuals or entities (Jordan).
- Releasing political prisoners and promising to respect the freedom and human rights of the people.

These political and institutional issues do not fall directly within the framework of the summarized MDGs, but nevertheless, form an integral part of the Millennium Declaration.

### **Socioeconomic decisions**

- Creating job opportunities, especially for young people, was the most repeated promise in most countries. It included the announcement of new job openings with immediate recruitment (Oman, Yemen), the development of training programmes and vocational learning, granting income to the unemployed (Oman, Saudi Arabia) and providing permanent jobs for temporary workers from the public sector (Saudi Arabia).
- Increasing wages and salaries (Saudi Arabia, Jordan, Syrian Arab Republic, Oman, Algeria), and increasing allowances and grants.
- Increasing housing allowances (Algeria, Oman, Saudi Arabia), and developing customized programmes for housing and mortgages.
- Distributing food portions and financial grants to citizens (Kuwait, Bahrain).
- Taking measures to promote gender equality (Saudi Arabia, Oman).
- Promoting dialogue on developmental issues among citizens (Jordan, Algeria) and the decentralization of power and resources.

It is evident that these steps were adopted either in anticipation of social movements or as a response to general or specific protests. However, these steps are similar and only differ in terms of scope depending on the severity of the challenges faced by each country and their resources. They are also aligned with all MDGs, especially the first goal on combating poverty and providing employment opportunities (which is the most important bundle in the interventions and decisions) and the goals related to gender equality and the

empowerment of women, education and health through development plans (MDG 2, 3, 4 and 5).

Though there are not many decisions directly related to the empowerment of women, it has gained much attention in the ongoing political dialogue. It is also a point of contention between political forces and explicit decisions are taken in this regard (gender equality at all levels in elections in Tunisia, and the recent decisions of the King Abdullah Custodian of the Two Holy Mosques in Saudi Arabia creating room for the participation of women in the next elections). There is also controversy between the parties regarding issues of personal status and legislation in general, which are under review now. This confirms that MDG 3 is at the top of the list of priorities at this stage. In addition, awarding the Yemeni militant Tawakkol Karman a Nobel Peace Prize is recognition of the role of Yemeni and Arab women in the Arab spring. Such events confirm that the issues of gender equality and the empowerment and participation of women in public life and in change, is at the heart of the ongoing evolution process. It also indicates that women are key players in the overall Renaissance and Development processes.

MDG 7 and MDG 8 were not directly present in the movements. However, restoring management control over natural resources is strongly on the agendas of Tunisia and Egypt, as well as enhancing the relationship with international bodies involved in and providing economic and social assistance. For example, Egypt is undertaking a review of gas contracts with Israel and also with certain foreign business entities. This review focuses on the terms of contract, the prices agreed upon, and amendments of some of the contract while terminating others. Also, both Egypt and Tunisia (and Libya as soon as it regains stability) are reviewing the conditions governing their activities with international organizations and donor countries. Egypt refused to sign an agreement with the International Monetary Fund (IMF) because it included conditions that were not accepted by the government. In addition, both Egypt and Tunisia seek to assess their debts in preparation of their review and the potential cancellation or re-scheduling of relevant debts. They are also discussing their position regarding the previous policies that have already produced negative results, contributing to or worsening the problems that led to the protests and revolution. These issues are the core focus of MDG 8 (and relatively MDG 7) of the MDGs.

	Description of measure	Date announced	Estimated fiscal cost (per cent of GDP)	Nature of measure
<b>GCC</b>				
Bahrain	<ul style="list-style-type: none"> <li>Provide cash transfers of US\$2,660 each to families.</li> </ul>	February 13, 2001	1.5	Temporary
Kuwait	<ul style="list-style-type: none"> <li>Provide free staple food to citizens for the next 14 months together with cash transfers.</li> </ul>	January 17, 2011	Above 2.5 (magnitude of food subsidy cannot be quantified at this time)	Temporary
Oman	<ul style="list-style-type: none"> <li>Employment for 50,000 Omanis; establishment of monthly unemployment benefit of US\$390.</li> </ul>	February 27, 2011	1.25	Permanent
Saudi Arabia	<ul style="list-style-type: none"> <li>Construct 500,000 housing units, build and expand hospitals.</li> </ul>	March 18, 2011		Temporary
	<ul style="list-style-type: none"> <li>Pay a two-month salary bonus to state employees.</li> </ul>	March 18, 2011	15	Temporary
	<ul style="list-style-type: none"> <li>Increase the public-sector minimum wage by 19 per cent.</li> </ul>	March 18, 2011		Permanent
	<ul style="list-style-type: none"> <li>Inject capital into specialized credit institutions to facilitate debt write-offs and increase mortgage lending, provide affordable housing, and extend social insurance and unemployment benefits.</li> </ul>	February 23, 2011		Temporary
	<ul style="list-style-type: none"> <li>Extend indefinitely the 15 per cent inflation allowance for state employees that had been phased in over the past 3 years.</li> </ul>	November 2010	1.7	Permanent
United Arab Emirates	<ul style="list-style-type: none"> <li>Infrastructure stimulus programme focusing on the northern Emirates.</li> </ul>	February 1, 2011	0.5	Temporary
	<ul style="list-style-type: none"> <li>70 per cent increase in pensions for military personnel.</li> </ul>	February 1, 2011		Permanent
	<ul style="list-style-type: none"> <li>State subsidies for rice and bread.</li> </ul>	February 1, 2011		
<b>Other oil exporters</b>				
Algeria	<ul style="list-style-type: none"> <li>Temporary exemption in the tax burden on sugar and edible oil.</li> </ul>	January 13, 2011	0.3	Temporary
Yemen	<ul style="list-style-type: none"> <li>Increase in public wages.</li> </ul>	January 23, 2011	1.4	Permanent
	<ul style="list-style-type: none"> <li>Expand coverage of the social welfare fund by 500,000 additional families.</li> </ul>	January 23, 2011	0.2	
	<ul style="list-style-type: none"> <li>Pay interim monthly stipend to new school graduates.</li> </ul>	February 12, 2011	0.2	Temporary
	<ul style="list-style-type: none"> <li>Exempt students from paying tuition fees.</li> </ul>	February 12, 2011	0.2	
	<ul style="list-style-type: none"> <li>Reintroduce bonuses and allowances to civil servants.</li> </ul>	February 12, 2011	1.0	Permanent
	<ul style="list-style-type: none"> <li>Hire 60,000 new graduates.</li> </ul>	February 12, 2011	0.2	Permanent
	<ul style="list-style-type: none"> <li>Other</li> </ul>	February 13, 2011	0.3	

Source: Regional Economy Outlook, IMF, April 2011.

## II. PROGRESS MADE TOWARDS ACHIEVING THE MDGS

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Before starting the presentation of the assessment of the progress made in achieving the MDGs at the subregions level, it is important to present some points of the methodology which help in the identification of common issues between all Arab countries, and also suggest the logic adopted in the paragraphs specific to each subregion.

In general, member countries in the Arab region are characterized by a high degree of disparity in the levels of growth and development. Out of 22 League of Arab States, the United Arab Emirates is ranked first among Arab countries in the human development index (HDI) for 2011 and is ranked 30 in the global ranking; as for the Sudan, it came last in the Arab ranking and 169 worldwide. It ranks last in the category of medium human development level and is only a few ranks over the low level of development. The disparities between countries are further highlighted by the GDP per capita. The GDP per capita in PPP terms for Qatar is US\$108.000, and while it is US\$1.079 in Comoros.<sup>1</sup> These figures show the degree of disparity between the Arab countries so that any generalization of the conclusions is illogical and establishment of regional averages for all countries of the group is misleading.

In general, the Arab countries are divided into categories by development level and income levels as follows: countries with high level of human development (and income): including the GCC countries and sometimes Libya; and countries with low development level including the least developed Arab countries which are: Yemen, the Sudan, Djibouti, Mauritania, Comoros and Somalia. As for the rest of the Arab States that represent the majority, they are in the category of countries with medium level of human development (and income). Classification of the Human Development Report according to the Human Development Index is in the vicinity of that based on the income level in the reports of the World Bank. Some partial differences do not affect the overall rating, and therefore confirms the distinction between the subgroups when doing comparisons.

This classification of countries according to development levels and the GDP per capita is very important in terms of methodology, because it means that simple comparisons between countries belonging to different groups cannot be done. However, detailed comparisons can be made between countries of the same group where development levels are similar, as also are their problems, priorities and capacities (at least in principle).

What applies to the levels of development and GDP per capita is primarily applicable to the Millennium Development Goals as well because the goals and targets for the MDGs have been selected on the basis of global priorities. The quantity of achievement for the least developed countries is considered the minimum that is required by all the countries of the world to achieve. This also means that these specific goals need national adaptation in countries with medium and high levels of development, so that they are proportional to their situations.

In this context, it is significant that advanced industrial countries have never considered the Millennium Goals as a working framework. They neither consider these as valid goals nor a criterion for evaluating their policies. This applies to Arab countries with high development levels as well, especially the GCC countries.

On this basis, simple comparisons among the 22 Arab countries cannot be conducted without noting the differences between the groups of countries. In addition, achievement cannot be compared using the same indicators, because certain indicators are not valid in some countries and there is double injustice for the least developed countries, which are compared with much more developed countries. This comparison is also unjust for the developed countries because their performance is assessed using indicators with limited significance and which could be incompatible with their more ambitious national goals and plans.

Therefore, if we look at absolute achievement levels, i.e., the remaining distance that Arab countries have to pass in order to achieve the internationally set goals, we find very large disparities that can be summed up as follows:

#### A. MDG 1 (POVERTY, HUNGER AND EMPLOYMENT)

For the first goal, there are three dimensions covered by this goal through the following indicators: poverty (proportion of population below the global and national poverty line); employment (ratio of employment to population); and nutrition as an expression of hunger (the proportion of children under five who are underweight). The Arab subgroups are distributed according to the average values of these indicators as follows:

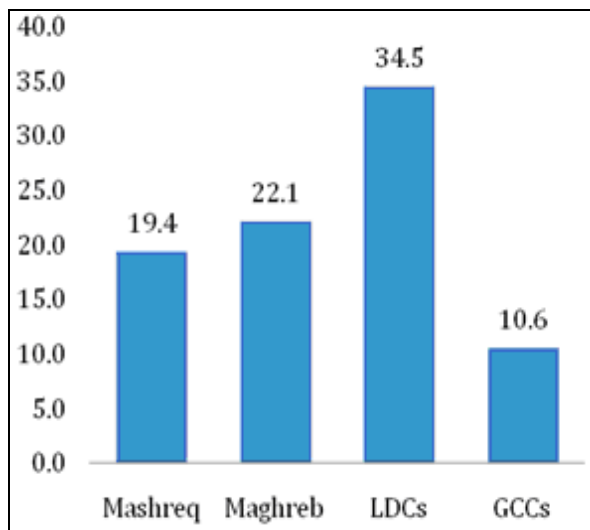
The highest percentage of human poverty registered among the group of the least developed countries amounts to 36.3 per cent in Mauritania. The highest percentage in the group of countries

with medium development levels amounts to 31.1 per cent in Morocco, and the lowest levels are found in Palestine with 6.6 per cent and Lebanon with 7.6 per cent, and around 5.0 per cent in both Qatar and Kuwait.<sup>2</sup>

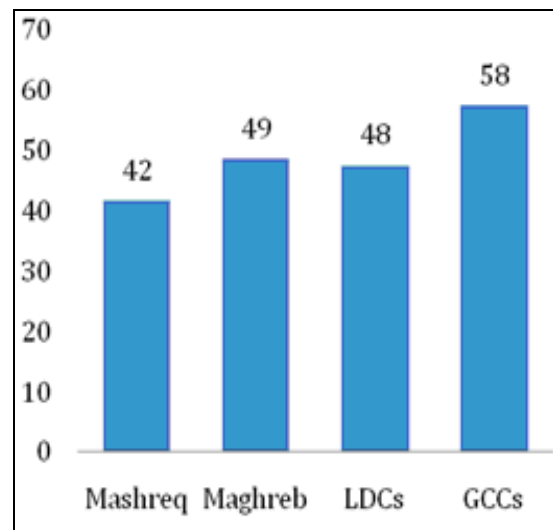
The issue of malnutrition among children under five years, expressed by the index of underweight relative to age is limited in most countries, around 5 per cent to 6 per cent, excluding the least developed countries (42 per cent). Finally, regarding the rate of employment to population (and by extension, unemployment), the situation of the GCC countries cannot be compared to other countries because of the presence of foreign workers and the distorted population pyramid. While the lowest employment to population ratios are registered in Palestine (32 per cent) and Yemen (40 per cent) and the highest in the Comoros (74 per cent). This makes the employment issue the first common problem among all countries regardless of their development level.<sup>3</sup>

Figure 2. Poverty in Arab region

Human Poverty Index, 2007

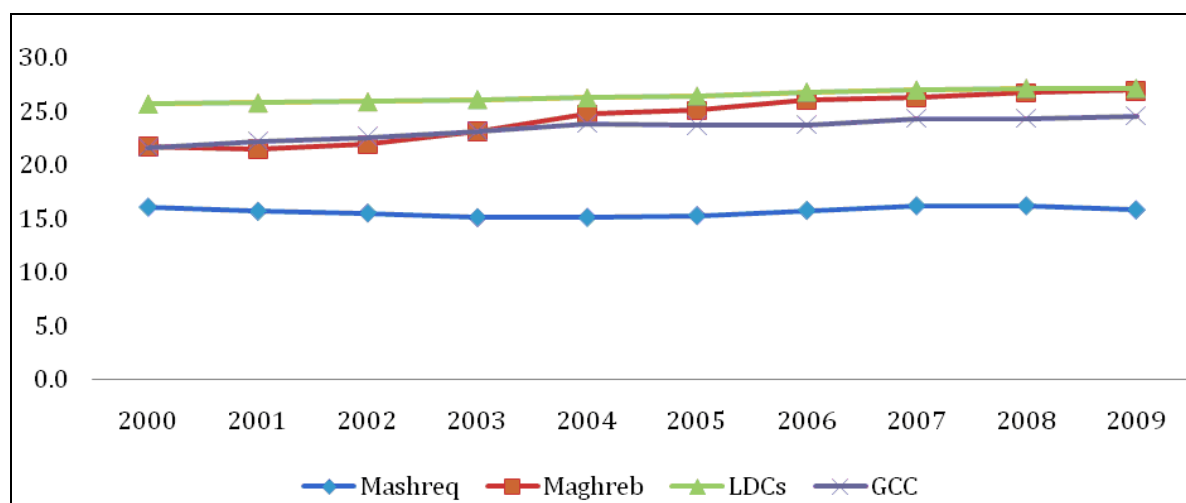


Employment to population ratio, 15+, total (%), 2009



Source: UNDP, Human development Report and WDI.

Figure 3. Employment to poverty ratio, 2000-2009, percentage



Source: WDI.

Figure 4. Population pyramid for Yemen 2009

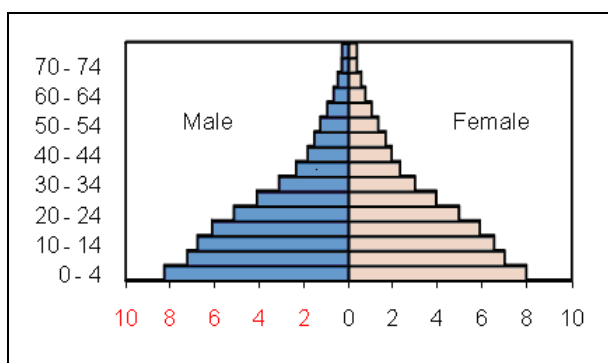


Figure 5. Population pyramid for Qatar 2009

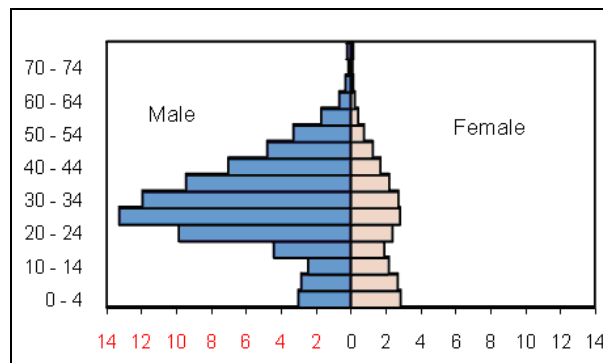


Figure 6. Population pyramid for Egypt 2009

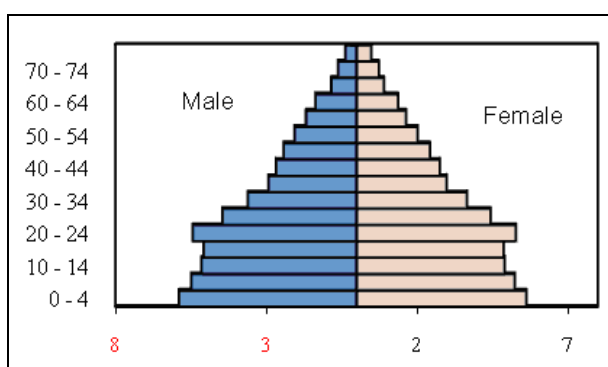
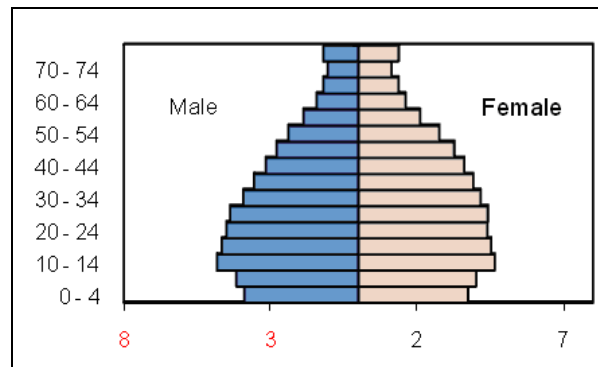
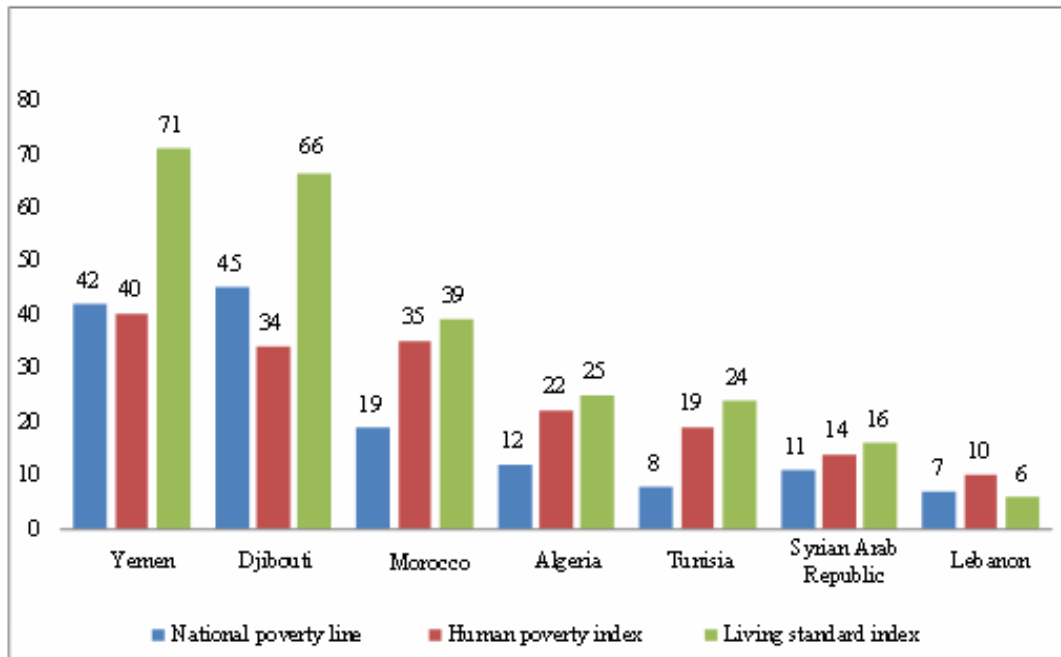


Figure 7. Population pyramid for Lebanon 2009





**Figure 8. Comparison of the poverty rates according to national poverty lines, human poverty index and living standard index (% of population), 2002**



Source: Human Development Report 2004, National Reports, UNDP-PAPFAM Study.

The assessment of poverty and means of its measurement constitute one of the most complex issues regarding the MDGs. On the one hand, there is the problematic definition of poverty between income poverty and multidimensional poverty, in addition to the identification of these dimensions. On the other hand, there is the nature of the poverty line (absolute or relative) and determining the thresholds for multidimensional poverty indicators; then there are the technical aspects of measurement and the validity of its basis (i.e. is calorie consumption still valid as a basis in the twenty first century with what we know of the great diversity in food habits?). The adoption of poverty lines based on the consumption of calories gives overall rates of poverty that are less than according to the expert perspectives and also according to common sense. However, it is considered appropriate for the measures taken to fight poverty, as these measures are based on the principle of narrow targeting of the poorest categories. This approach is inappropriate. When it comes to social policies and development plans in general, including fighting poverty it should be done through an integrated package of interventions constituted by public policies, and the universal or extensive coverage.

The most important conclusions of MDG 1 are the following:

- The invalidity of the international measurement of the poverty line set to one dollar per day to assess and monitor the progress in the first goal. It is invalid in most Arab countries, and only relatively valid in the least developed countries, as other documents issued by the United Nations related to the least developed countries are using the poverty line set to two dollars per day in the assessment of poverty. This will be shown later in the paragraph related to the least developed countries. Countries of the GCC have no published measurements of the poverty line. In any case, the concept of absolute poverty is not applicable and therefore, it is proposed that they develop their own measurement of relative poverty (similar to European countries), as well as a measurement of the quality of life. In other countries, national poverty measurements should be adopted. These national measurements should include income poverty as well as multidimensional poverty.

- Poverty is widespread in the least developed countries (approximately 50 per cent or more are considered poor). Poverty levels are also high in countries with medium levels of development (between 20 and 40 per cent), while it has its special manifestations in the GCC countries.
- The problem of employment and unemployment is common to all countries. It is more acute in the Maghreb countries and the least developed countries, and has special characteristics in the GCC countries (and Libya) because of the size of the foreign labour force relative to the total labour force and population.
- Hunger is a widespread phenomenon in the least developed countries owing to structural reasons and for emergency reasons (i.e. recent famine in Somalia). Therefore, the proposed indicator (i.e. the proportion of underweight children) does not fit as an indicator of hunger in the majority of countries and can be transferred to the goal specific to children's health and nutrition. As for the problem of food security, it is more complicated than the issue of hunger (the latter is related to poverty and nutrition at the level of the family). There are various problems related to natural, climatic and economic dimensions of the food security, which are beyond what is stated in the Millennium Development Goals. It is proposed to distinguish between these dimensions and not to confuse them.
- Finally, the issue of inequality does not constitute a big part of the follow up of the Millennium Goals in the Arab countries. The indicator of the share of the lowest fifth of consumption (i.e. an indicator not equality) is marginal and often there is no data available to express it. Moreover, there are no other measures of inequality used in this context, except the signals scattered in the rural - urban gaps and gender gaps. However, the issue of social inequality, in its various forms, is important and a priority to all Arab countries, including those that do not suffer from absolute widespread poverty.

## B. MDG 2 (EDUCATION)

As for the second goal, the values of indicators for the rate of primary school attendance, primary

school completion rate and literacy rates for the age group (15-24) for the subregions of the Arab countries came as follows:

For education, there are different categories of priorities:

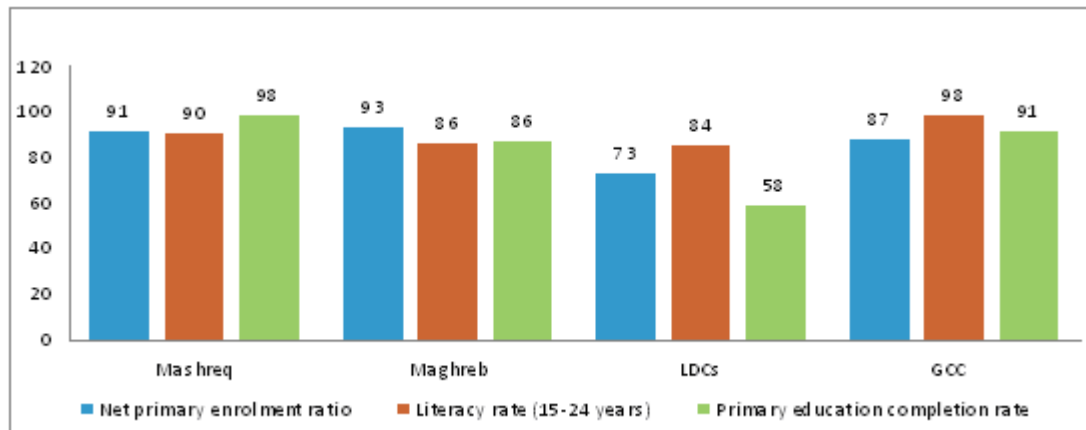
- Achieve the globally set goals addressing enrolment attendance completion, and illiteracy. These goals are related to the least developed countries and to some special cases (e.g. girls in rural Morocco for example, and in Iraq because of the security situation). This also includes in some countries, securing school buildings, equipments and teachers.
- Bridge the inequalities for globally set goals such as rural/urban, poor/rich, male/female, and the enrolment of people with disabilities into schools. In addition, taking care of the qualitative aspect of education, specifications of buildings and equipments, filling gaps in the number of schools, equipments and roads. The qualitative aspect includes all Arab countries, while the physical aspect and some existing gaps are applicable especially to countries with medium development levels.
- Progress in technological development and rehabilitation of the labour market. This applies especially to countries with high development levels (and some countries with medium development levels that have made significant progress in higher education). In this group, the physical and equipment gaps have little importance in general given the availability of resources.

On this basis, the second goal related to education must be reformulated dramatically in the light of the characteristics of each country, as it cannot be satisfied by the recommendations of the global drafting of the goals.

## C. MDG 3 (GENDER)

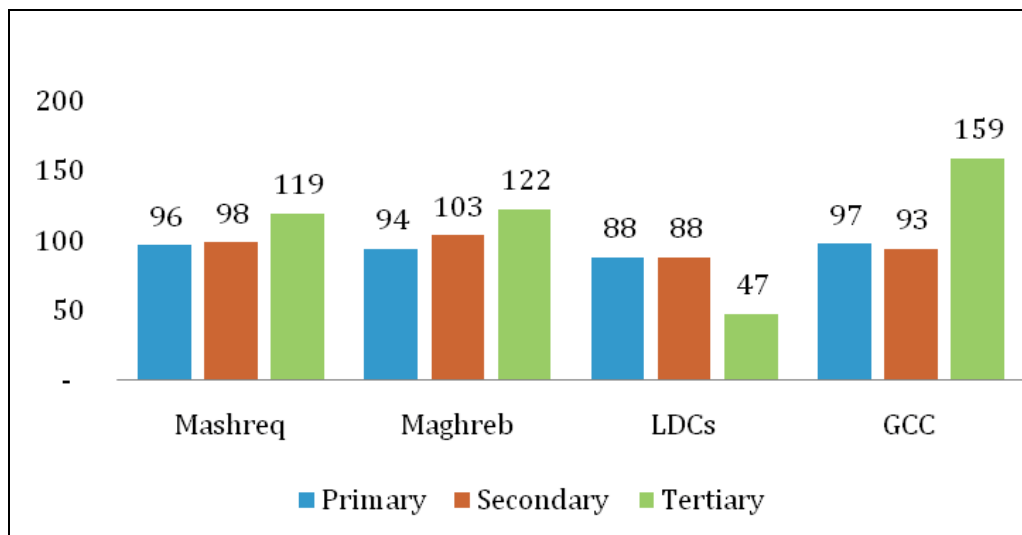
As for the third goal related to gender equality and women empowerment, the goal here is limited to equality in education. The results came as follows in terms of the proportion of males to females in primary/elementary, secondary and university education.

Figure 9. MDG 2 indicators, 2007-2009, in percentage



Source: WDI.

Figure 10. Gender parity in education, 2009, in percentage



Source: WDI.

The global drafting of the MDGs did not include quantitative achievement levels in relation to the economic or political participation of women. It also did not include any goals related to cultural, social and legislative aspects. The document, which was adopted by the General Assembly of the United Nations at the summit level in 2010, drew the attention to review progress achieved in the MDGs and to the fact that the literal meaning of the goals is not sufficient and to expand in determining priorities that fit with the reality.

Regarding the economic participation of women, it is noteworthy that the highest ratios are

in the least developed countries, particularly those characterized by a large agricultural sector (the Sudan, Djibouti, Morocco), while they are the lowest in the Mashreq countries. The second observation is that the rates of economic participation of women remained relatively stable, with the exception of the increase in Maghreb, due to the participation rate in Algeria that increased from 21 per cent to 33 per cent in the period observed.

As for the political participation, it varies and is affected by the electoral system, while the major obstacles to the empowerment of women are

represented in the cultural, social or legislative aspects. This makes the priorities different from one country to another, knowing that the issue of gender equality and the empowerment of women are common matters shared by all Arab countries.

The sound methodology at this level is to identify the factors and the most important barriers to gender equality and the empowerment of women in the concerned country (is it cultural, legislative or economic, etc.); and to set national goals and policies to deal with these reasons. In this regard, no category of the barriers can be ignored, in particular those related to the impact of globalization, the shift in rules governing the labour market, the impact of war and occupation, and such other factors usually overlooked.

#### **D. MDG 4, 5 AND 6 (HEALTH)**

As for the health goals (fourth, fifth and sixth), the indicators that are adopted for comparison are child mortality rates (under five) and maternal mortality rates, tuberculosis prevalence and adolescent fertility rates. The results are as follows:

Arab countries are at different stages in terms of health conditions. In the least developed countries, endemic diseases are still the basic problem, while most of the countries with medium and high development levels are in a transitional phase in terms of their health status. In these countries the importance of epidemic diseases decreased, while the non-transmitted diseases became the most important both in terms of causes of death, or in terms of morbidity rates. This requires a radical rewriting of the sixth goal in particular, to include the most important non-transmitted diseases in these countries. MDG 6 calls for fighting AIDS, malaria, tuberculosis and other diseases. These *other diseases* are the most important in many countries, but were never considered due to the incomplete process of national adaptation.

On the other hand, the goals set for infant mortality, maternal mortality and reproductive health, as well as their indicators, also requires national adaptation. In general, the level of child and mother mortality in the GCC countries is low, while progress is uneven in countries with medium development levels because of the varying conditions and policies and the characteristics of the health system. The global MDGs report in

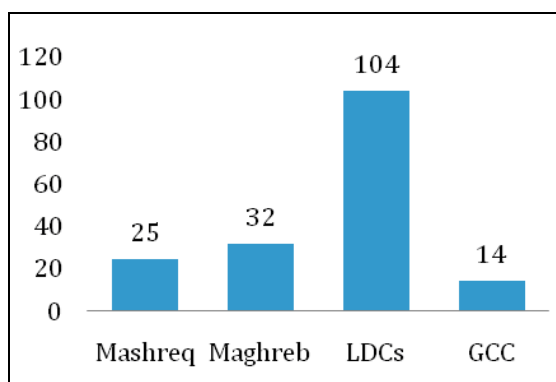
2010, as well as the document issued by the summit and the report of the Secretary-General, all revealed that there is a global decrease in this field. This prompted the United Nations to launch a global initiative to incite progress in the field of health and particularly reducing the mortality of mothers and children, while recognizing that the lack of international funding for these programmes contributed to their slow progress. Child and maternal health constitutes a high priority for the least developed countries and is also important for medium development level countries.

What is also striking regarding reproductive health is the high rate of adolescent deliveries and early marriage in a number of countries (Yemen, Palestine, Iraq) despite a general trend of forcing a delay in the average age of marriage. The reality is that some of these practices have been going on for many years in some communities and any attempts to change them are faced with stiff resistance (as in Yemen where the community refused to set a minimum age of marriage for girls). What is also worrying is that this phenomenon is appearing again after the progress that has been made during the previous periods (such is the case of Palestine and Iraq). It should also be noted that this phenomenon is becoming more intense in poor categories such as in rural areas and in certain urban environments, which makes it closely associated with poverty and the resurgence of discriminating cultural and social trends.

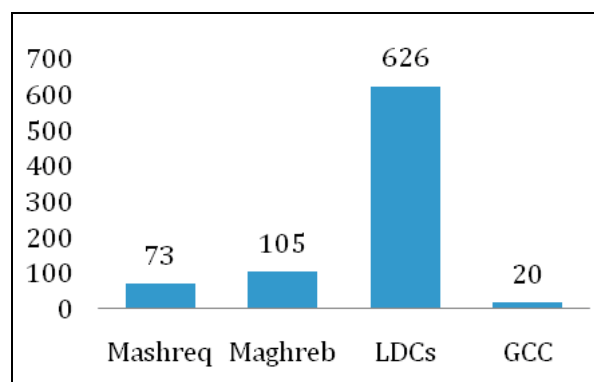
One important issue noted in the MDG review summit in September 2010 was that a qualitative change took place in the approach towards health goals. The document addressed the need to develop the environmental criteria of the health systems in the concerned countries. The need to link these goals within public health policy does not necessarily generate from an initial consideration only, but because specific health problems, i.e., those affecting children and women (and other categories) have common reasons impacting the performance of the health system itself and health policies, for example in social situations. Therefore, the framework of the MDGs at the national level must take this matter into account, and must include directions and specific goals directly related to the health system and health policies on one hand, and must commit to a complementary methodology to deal with health problems as social and developmental issues, not only as medical issues.

## Health in Arab region

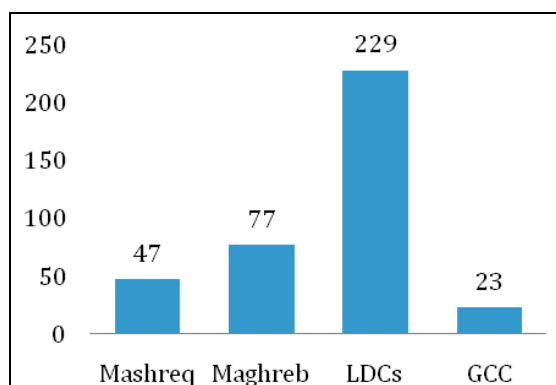
**Figure 11. Children under five mortality rate per 1,000 live births**



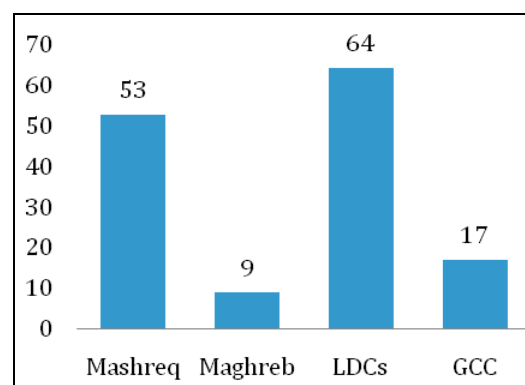
**Figure 12. Maternal mortality rate per 100,000 live births**



**Figure 13. Tuberculosis prevalence rate per 100,000 population (mid-point), 2009**



**Figure 14. Adolescent fertility rate (births per 1,000 women ages 15-19)**



Source: WDI.

### E. MDG 7 (ENVIRONMENT)

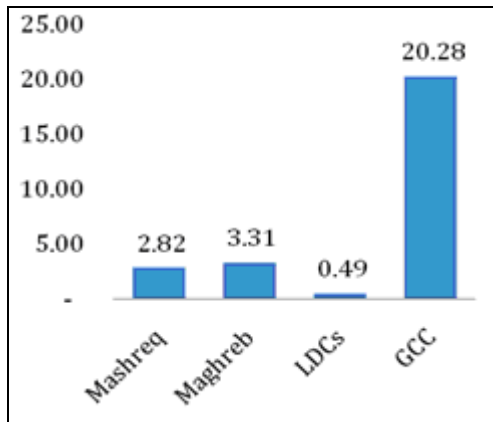
As for the seventh goal related to environmental sustainability, the differences between Arab countries are huge, whether they are from a geographic-natural perspective or from an economic development perspective. The analytical framework of the Arab countries situation regarding this goal includes two intersecting axes for analysis:

- The first takes into account the difference in the nature of the indicators included in the seventh goal;
- The second is related to the different levels of development and growth between countries.

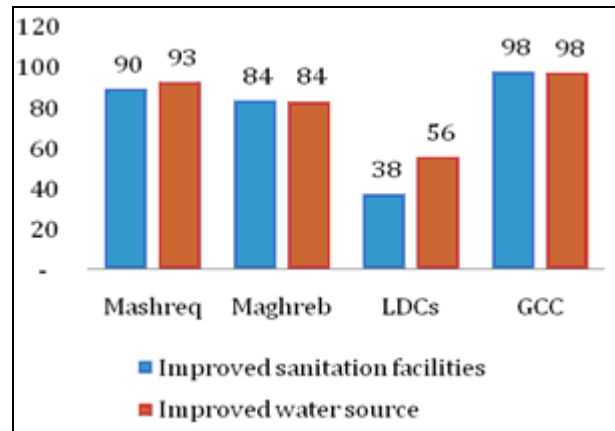
The seventh goal consists of four specific targets. Specific target (a) and (b) directly concern the natural environment. Target (c) addresses the nature of public services and facilities (availability of safe water and sanitation), and specific target (d) addresses urban, social issues (poverty) and is related to the improvement of living conditions in the slums. For these goals, the environmental agenda interferes with the social and physical issues. These issues should not be over-simplified and moreover, addressing such issues sometimes requires the dismantling of its various dimensions (the most prominent example is the issue of water in the Arab region).

**Figure 15. CO<sub>2</sub> emission and sanitation**

CO<sub>2</sub> emissions (metric tons per capita)



Access to sanitation and water,  
(% of population with access)



Source: WDI.

To serve the analysis, related goals and indicators can be collected (including those indicating specific contents) within four categories, as follows:

- (a) Category A, relating to the natural environment, is predominant in this category (the first and second targets). It is being expressed through indicators of the forested areas, the proportion of fish stocks and the proportion of endangered races;
- (b) Category B concerns both the environmental and economic factors (second target). It is associated with climate change as a global issue and is expressed through the two indicators of carbon dioxide emissions per capita and the consumption of ozone-depleting substances;
- (c) Category C, which is specifically related to water as a multi-use natural resource (second and third targets), and expressed by the used water resources, as well as the two indicators of the availability of safe drinking water and

sanitation. This goal has multiple dimensions: environmental, economic and social;

- (d) Category D, which is urban – economic – social in nature (fourth target), is related to improving the living conditions of slum dwellers. This goal also has a special character because it is located outside the natural environmental agenda and refers to the urban environment.

On the one hand, these four categories of goals and indicators interact variously and differently with countries based on their geographical characteristics (predominantly desert, partly desert, and more moderate). On the other hand, they are based on their developmental characteristics as well (high, medium, or low development level). There is also the disparity associated with the urban pattern and the size and characteristics of cities (for slums).

The following table summarizes the various intersections between these characteristics, so as to provide an overall picture of the Arab Group regarding the seventh goal.



TABLE 1. MDG 7 IN THE ARAB COUNTRIES

Goals and indicators	Validity for Arab countries
<b>Category A:</b> <ul style="list-style-type: none"> <li>- First and second target</li> <li>- Indicators of forests, fish stocks, and endangered species</li> <li>- Environmental-natural character</li> </ul>	<ul style="list-style-type: none"> <li>- The most influential factors are geographical and climatic. Arab countries are grouped as follows: desert countries, arid countries, and more moderate.</li> <li>- Weak validity of these goals and indicators in desert countries, especially the forest indicator.</li> <li>- Relatively valid and applicable on a level below national in countries with semi-deserted or mixed climates. It is more valid in countries with moderate climates because it can be applied nationally.</li> <li>- As for fish stocks, they apply to a large number of Arab countries that have large coastlines and areas rich in fish and marine species. Fish stocks are often exposed to urban environmental pressure in the GCC countries and the countries bordering the Red Sea in particular.</li> <li>- The disparity in development levels is less important here than the natural and climatic characteristics, but the architectural pattern and size of the real estate sector and the real estate-touristic sector is a pressure element over the green areas and the marine environment.</li> </ul>
<b>Category B:</b> <ul style="list-style-type: none"> <li>- Second target</li> <li>- Indicators of carbon dioxide emissions, and consumption of ozone-depleting gases</li> <li>- Of ecological – economic character, and is particularly linked to climate change</li> </ul>	<ul style="list-style-type: none"> <li>- The most influential factors are economic-environmental. Arab countries are grouped as follows: Oil and gas producing countries, countries with high, medium or low levels of growth and consumption.</li> <li>- Reducing carbon dioxide emissions is important in major oil-producing countries (especially GCC countries, Libya, Algeria and Iraq). It is linked to the size of the huge mining-oil sector, in addition to the prevailing consumption pattern (cars and energy consumption for cooling due to the hot weather).</li> <li>- The same purpose is also valid for countries with medium development levels, though greenhouse gas emissions are significantly less, but their significance in these countries is closer to the expression of the level of alternative energy use and the effectiveness of the economic use of energy.</li> <li>- Consumption of ozone-depleting gases is valid in countries with high and medium growth levels, where alternatives that produce less of these gases are available and also indicate the effectiveness of use of environmental friendly technology.</li> <li>- For the least developed countries, the goal of reducing the production of carbon dioxide is not valid as the emissions are already reduced due to the lack of industries, low energy consumption and related merchandise. The goal of ozone-depleting gases has relative validity due to the same reasons, and the shortage of resources may prevent the replacement of traditional technologies with others that are friendly to the environment.</li> </ul>
<b>Category C:</b> <ul style="list-style-type: none"> <li>- Second and third target</li> <li>- Indicators of the proportion of total used water resources, and the availability of safe drinking water and sanitation</li> </ul>	<ul style="list-style-type: none"> <li>- The most influential factors are ecological, economic and institutional. Groups of countries relatively related to these factors are the countries of desert and semi-desert climate, which suffer from a natural lack of water. Among this climatic category of countries, there is a significant difference between the resource-rich countries (GCC) that depend on the need for desalination of seawater in large quantities for the provision of water. This results in environmental problems of a particular type. And between other countries with medium development levels that require management of water resources; and the least developed countries that suffer from a lack in resources and institutional capacities at the same time.</li> </ul>

TABLE 1 (continued)

Goals and indicators	Validity for Arab countries
<p><b>Category C (continued)</b></p> <ul style="list-style-type: none"> <li>- Of ecological, economic, social and institutional nature. Specifically related to water as a natural multiple-use source, and the availability of water and sanitation as a human right</li> </ul>	<ul style="list-style-type: none"> <li>- In countries with a mixed climate i.e. desert and moderate, the problem of water scarcity remains a significant problem in some regions within the same country. This has economic and social consequences at the level of economic and social development in these regions. It is a factor that contributes to the departure of the population.</li> <li>- As for the availability of drinking water, there is also a certain variation between countries, where networks are not available in the least developed countries and where water quality is poor. Water quality problems also exist in medium development level countries. In addition, there is variation in network coverage between urban and rural areas in almost all countries where coverage is less in rural areas than in cities.</li> <li>- Concerning the sewage problem, the issue is more severe than the drinking water issue. It is limited to the coverage (which is partial, especially in rural areas). It is also represented by the wastewater treatment and re-use. The disparity is great between countries according to their development level and the availability of resources.</li> </ul>
<p><b>Category D:</b></p> <ul style="list-style-type: none"> <li>- Fourth target</li> <li>- Related to improving the living conditions of slum dwellers</li> <li>- Of urban – socioeconomic – environmental nature</li> </ul>	<ul style="list-style-type: none"> <li>- The most influential factors are urban, economic and environmental. Countries are grouped according to these factors as follows:</li> <li>- The pattern of small states; where the state is limited to a city or a small number of cities. Including countries in the GCC and also certain poor countries (Djibouti).</li> <li>- In the GCC, the issue is the architectural pattern and the pressure it imposes on the environment and living conditions. It also relates to the hidden partition between the modern luxurious city and the accommodation places of migrant workers. This is the special appearance of the issue of slums in the GCC.</li> <li>- There are also countries with large cities (such as: Cairo, Casablanca), where the slums form a unique world with complex and compound problems (i.e. poverty, marginalization, crime, unemployment, etc.). These problems should be considered as a total environmental (urban) and socioeconomic problem. Therefore, they present long-term problems. In smaller cities, the problem takes the form of limited space, poverty pockets or slums. Therefore, the problem is closer to issues of urban poverty and can be relatively addressed from a different perspective.</li> <li>- Other manifestations of this problem are linked to war and occupation. An example is the Gaza Strip in Palestine, where all cities are in unsafe conditions; in addition to the example of Baghdad, where the occupation and small internal wars resulted in successive waves of emigration (both in and out), and to the constitution of large slums across the whole region (i.e., Sadr City), or to the spread of groups of displaced people who irregularly live in official buildings or in houses belonging to others. In addition, the phenomenon of refugee camps, whether chronic (refugee camps), or new ones resulting from disputes arising either from an emergency or natural disaster (Somalia).</li> <li>- The issue of slums proposes the challenge of the nature of the problem. The appropriate entrance to its treatment may be urban strategic, economic, social (poverty), or human.</li> </ul>



MDG 7 is more complex in practice than it appears at first glance. On one hand, there are issues of priority in the region that are not covered, including for example, the sustainable use of natural resources, alternative energy and water resources. Therefore, it is important to add these issues to the list of priorities, which are often part of the national strategies for sustainable development.

On the other hand, regarding what came in the framework of the MDGs, MDG 7 needs to analyse the elements and various components in these goals and to determine what is more valid, according to the natural-climatic or socioeconomic dimensions, which vary greatly from one country to another. Accordingly, it is possible for a country to dismantle the issue of providing water and sanitation into two dimensions. The first relates to the provision of the service as a right for the

population, which can be a part of the first goal (as the lack of services is an expression of poverty in its broader meaning). The second, regarding the management of water or wastewater treatment within MDG 7, the priorities should stay intact. This is true also for the improvement of the living conditions of slum dwellers, as it is represented by the issue of housing and poverty in one country, and by the issue of strategic urban planning in another.

## **F. MDG 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT**

Regarding the eighth goal on global partnership for development and because of its particular focus, MDG 8 will be addressed in the final chapter of this report from the viewpoint of regional cooperation for development.

### III. MDGS IN THE ARAB WORLD BY SUBGROUPS

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This section presents the current status of attainment of the MDGs in four major country subgroups: the GCC, the Mashreq, the Maghreb and the Arab least developed countries. Additionally, it dedicates specific sections to the countries that suffer from occupation and war. This structure of the analysis allows the presentation of the status of MDGs in each country group in general, as well as referencing to some of the peculiarities, which distinguish the individual countries within the group. This is consistent with the systematic approach displayed in the previous paragraphs, in terms of the existence of significant differences between Arab countries that prevent general conclusions. Also, this report does not include a detailed analysis at the level of individual countries (this is the role of national reports), but it refers to the disparities within the same group when necessary for analysis. This is because within one group, for some goals or indicator, there may be differences that should be discussed.

#### A. GCC

The GCC countries are the most homogenous, with some variations and differences between them. A common political-institutional framework governs them; there are certain degrees of interdependence between their economies and similarities in their natural climatic positioning, as well as an abundance of oil resources. From the view of MDGs, this group is characterized by:

- Oil-dependent socioeconomic systems, including countries that enjoy some diversity in economic activity or those which do not have large oil resources, such as Bahrain and Oman. Other sectors are also governed by the general principles governing the economy of the whole region. Socioculturally the GCC block shares common features originating from the rentier and patriarchal nature of the system and community, where oil and its sponsorship constitute one of the pillars of its sustainability and regeneration.
- On average the share of oil and gas sector is about 41 per cent of the GDP of the group. It reaches its maximum in Qatar with 47 per cent and is at its minimum in Bahrain with 24 per cent.

- The global definition of poverty does not apply here, especially if it does not include expatriates. Expatriate issues need to be addressed in a particular way. The international poverty line of one dollar a day or even two dollars a day does not apply. Moreover, these countries did not publish any measurements of the national poverty line that can be used in the MDGs at the national level or for comparisons within the group. Therefore, measurements of absolute poverty cannot be used. In addition, these States should fix national indicators to measure quality of life, which is compatible with their characteristics. They should also define the quantitative achievement levels of the goals of their own MDGs using these indicators. It is important to note that a number of GCC countries declared that there is a problem related to poverty and set specific policies to combat it regardless of the means of measurement and definition. Saudi Arabia, Bahrain and other countries, all have programmes of social protection for lower-income groups.

Some alternative indicators confirm this matter. Based on the Human Poverty Index, published by the United Nations Development Programme (UNDP), the proportion of human poverty in this group is about 10.6 per cent, the lowest at 5 per cent is in Kuwait and the highest at 15 per cent is in Oman.

This corresponds with the prevalent point of view among researchers and decision makers who believe that the middle class is thinning. A thinner middle class results from assets and capitals, which cannot be fully compensated through redistribution. Inflation and higher costs of living, especially in the housing sector, also account for a thinner middle class. Higher housing prices in particular are the most visible expression of social inequality and relative poverty in the GCC countries. In addition, deterioration of the social status of specific groups in specific sectors occurs. They are also the most impacted by global and internal financial crises. In general, the annual growth rate of the average per capita share of the GDP in the GCC countries has decreased from 4.7 per cent in 2008 to -1.3

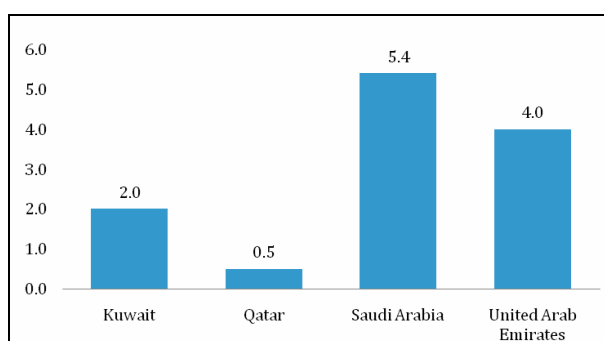
per cent in 2009, under the influence of the global crisis. Here too, the measurement of inequality or social disparity should be given greater attention and importance as they can be more reflective expressions of the absolute poverty in the countries of this group. Whether through the calculation of the GINI coefficient for the distribution of income or spending, or by putting serious efforts to calculate accurately the share of the lowest fifth of consumption, which is one of the indicators of the first goal of the MDGs, or by the adoption of a measure of the quality of life as previously mentioned.

In addition to these issues, problems of employment and unemployment, which are structural problems, and disguised unemployment, need to be firmly tackled. For an economy that generates tens of thousands of job opportunities for imported, unskilled expatriates and for highly qualified expatriate specialists from the developed world, the measurements of employment and unemployment are complex and closely related to the population composition in the GCC and the structure of the labour force. Therefore, the values of the proportion of workers to total population are very high when expatriates are included in the calculation. It is also important to note that the expatriate labour force consists mainly of males of working age. On the other hand, the unemployment rate is low compared to other subregions. However, a problem remains in that disguised unemployment or the low productivity employment surplus resulting from the mandatory recruitment of citizens is by virtue of administrative policies and decisions, more than economic considerations.

Health and education requires full reformulation to be applicable, with emphasis on the qualitative aspects, exceptions, a rights based approach, and on the special problems related to health and education in these countries. The current situation in these two fields is the result of financial abundance and prosperity, more than being the product of long-term, forward looking policies. However, it is important to indicate the existence of large investments in the development of university and health centres, including college compounds, as well as universities, research institutions and health centres of international standards. These centres will be using the latest technologies and employ qualified and recognized national and foreign expertise and skills. There is also large investment in the field of modern technologies, namely information and communication technology in education. However, there is no parallel investment in the development of teaching methods, content of curricula and educational management, which still depends on the training, tradition and teaching style of the teacher.

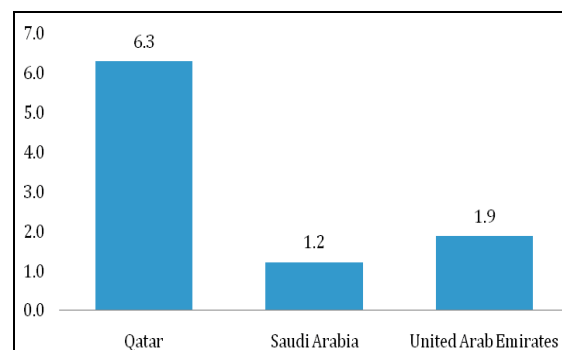
The issue of gender equality and the empowerment of women is a matter of high priority in the GCC countries. The goal of equal education has been achieved but it has not equally guaranteed the empowerment of women in other fields. Gender inequality remains in the sphere of values and culture, and also exists within prevalent social practices. Further, improvements in legislation and in economic and political participation will contribute to better MDG indicators. It is also recommended to pay greater attention to the qualitative aspect in order to bridge the gaps, and also to approach the issue of women from a rights based approach.

**Figure 16. Unemployment in GCC**



Source: UNSD.

**Figure 17. Women in tertiary education**



Source: WDI.

The environmental issue is of high priority and in general most MDGs apply here, with the need to adapt some and to add national or regional goals to others. Key issues include: the issue of sustainability, considering its overall economic meaning and its impact on society. It is significant here to note that the GCC region is heavily dependent on oil revenues. Moreover, oil is a natural resource and is being extracted in an excessive manner primarily to meet the needs of the global economy, more than to meet the needs of producing countries in the region. Therefore, an important issue is sustainable oil extraction, to balance short and long-term needs, pricing, and rational use. Countries in the region should also be more concerned with the development of research related to alternative energy use. Productivity will increase through economic diversification outside of the oil sector. The recent expansion of the financial services and real estate have been oil driven and cannot be considered as a real diversification.

Owing to the geographical location and increasing population, water scarcity is a pressing issue. The GCC block is now recognized as a global economic centre, which will continue to attract more people. The GCC countries have a unique demography in the balance between locals and expatriates, and in regard to the multiplicity of nationalities and languages, age structure and sex ratios. Seawater desalination is problematic because of its environmental and economic cost, and the ability of countries to continue increasing the use of desalinated seawater without restrictions.

Urban growth continues in the GCC region and GCC countries further claim some of the most luxurious designs in city planning. For example, some buildings have sea filling in order to create luxurious residential and touristic premises. This form of urbanization caused huge and multifaceted environmental burdens, including a severe impact on marine ecosystems. In addition, this pattern caused a rise in property prices and limited the ability of middle-income citizens to secure accommodations. It also generated a competitive trend between States and citizens toward luxury consumption through the possession of luxurious apartments and residential and touristic buildings, as well as their associated household equipment and appliances, durable goods, communication and

electronic devices, and luxury cars, among others. All of the above forms part of an unsustainable consumption pattern and imposes severe pressure on the environment.

MDGs related to aquatic and terrestrial biodiversity must be adapted to suit the desert climate and to the rich aquatic ecosystem of the GCC region. The level of carbon dioxide emissions by the oil industry is high, adding to the heavy consumption of energy and fuel by cars. Thus, the region must monitor and control its contribution to carbon dioxide emissions and to other greenhouse gases that contribute negatively to climate change.

With regards to building a global partnership for development, the GCC countries have a particular role to play when compared to other regions. The GCC countries are highly integrated in the global market, especially global financial markets owing to oil revenues, whether these are deposits or investments. The strong global economic integration imposed heavy burdens associated with the 2008 global economic crisis. This resulted in the significant loss of sovereign funds in GCC countries, which range between US\$450 and US\$600 billion. In addition, the repercussions of the crisis affected a number of giant real estate companies, the real estate sector in general, banks, and also the labour market.

Four out of the six countries, namely Saudi Arabia, the United Arab Emirates, Qatar and Kuwait are donor countries and provide a significant percentage of their GDP as development aid to developing countries. The percentage of aid from Arab countries reached approximately 1.5 per cent of their GDP, according to World Bank statistics for the period between 1973 and 2008. This matter is at the heart of the MDGs, especially relevant to MDG 8, as the GCC countries can make sustainable contributions to other Arab countries achieving MDGs, especially the least developed among them. The GCC countries can also develop a common strategy to finance development through the establishment of a joint fund to achieve the MDGs, or any other development agenda that could form part of the global development agenda after 2015. This topic will be addressed later in the report in the section on regional cooperation.

In conclusion, the priorities of the GCC countries are as follows:

- The need to adapt MDGs at the national level and to set development goals, achievement levels and indicators which are compatible with national characteristics and agendas. This is especially applicable for MDG 1, 2, 4, 5 and 6, where there are advanced levels of achievement almost comparable to advanced industrial countries.
- In terms of existing gaps and problems, priority should be given to the third goal related to the empowerment of women, and to the seventh goal related to environment and sustainability. Also the eighth goal is of importance regarding the development of a regional cooperation strategy for development, achieving the MDGs in the Arab countries, and for the GCC countries to play a regional role in this field.
- Address the issue of economic diversification, labour market problems, and the question of economic and social sustainability from a strategic and long-term perspective.

## B. MASHREQ

Countries with medium development levels as stated in this report include the following countries: Egypt, Palestine, Jordan, Iraq, Syrian Arab Republic and Lebanon. Palestine and Iraq are considered as countries that are currently or were recently under occupation and continue to suffer from the war. Lebanon has been exposed to successive stages of occupation and internal wars over the past years, and is currently one of the countries with high political instability. Issues related to occupation, war and conflict will be addressed in the following paragraphs with reference to this report, however it does not include the social and political movements witnessed in the Arab countries since December 2010.

This group of countries has comparable development levels. In terms of HDI ranking, Lebanon ranks first and 71 globally (index 0.739), Iraq ranks worst and is number 132 globally (0.573), according to the 2011 global Human Development Report. It is important to note that the values of the per capita share of GDP (by

purchasing power parity) range between US\$13,000 in Lebanon and US\$2,656 in Palestine.

The status of these countries regarding the Millennium Development Goals can be summarized as follows:

Concerning MDG 1, poverty indicators are lower in Lebanon than in other countries regardless of the methods of measurement used. There are similar poverty rates in Jordan, the Syrian Arab Republic and Egypt, while percentages are higher Iraq and Palestine. With reference to income poverty in Iraq, it is less important than other aspects of deprivation in the field of public services. Exact measurements are not available to draw comparisons between these countries. In addition, the international poverty line of one dollar a day is not valid. The poverty rate, according to the human poverty index (HPI), ranges between 6-7 per cent in both Jordan and Lebanon, and 23 per cent in Egypt.

Employment and unemployment are among the priorities for this group. The ratio of employment ranges between 32.4 per cent in Palestine and 46.3 per cent in the Syrian Arab Republic. While average unemployment in this subregion exceeds 11 per cent, youth unemployment is more than double this rate and amounts to around 28 per cent. As in other Arab countries, unemployment rates are higher than official figures. ILO bases official statistics on the international definition of unemployment, which is inapplicable in countries with large unstructured or informal labour sectors. Moreover, existing mechanisms to search for formal work are not effective, increasing the distortion of unemployment rates.

Addressing hunger is one dimension of the first goal. However, this group of countries does not use this term to analyse the social status of poor people and the index value for the proportion of underweight children under five years ranges between 3 per cent and 5 per cent. In Palestine, there are signs of genuine problems regarding food security and the proportion of the population suffering from food insecurity is approximately 33 per cent.<sup>4</sup> This is directly linked to the occupation and blockade of Palestinian land. Iraq also carried out a national study on food security which showed that 12 per cent of the population suffers from food insecurity. This percentage rises to affect nearly a

quarter of the population, if it includes people who suffer from severe poverty and who are therefore vulnerable to food insecurity.<sup>5</sup> The situation in Jordan is of a different nature and firstly relates to water scarcity. In addition, there are other significant factors of a financial and economic nature. This figure reaches around 25 per cent if the poorest and most vulnerable to food insecurity are added.

The second goal aims to promote universal primary education. In this group, enrolment rates are above 95 per cent. The main obstacle to be faced regarding education relates to the qualitative aspect of the educational process and to achieving both full enrolment and completion of the primary stage. Moreover, problems are more specifically related to the cost of education, the inequality in education between the rich and poor, and to the level of cognitive achievement. Even assuming the possible inaccuracy of some ratios, it does not change the overall conclusion, which is that limiting the measure of achievement to attain primary education is incompatible with the status of this group. Therefore, this specific goal and its indicators should be replaced with one that is more ambitious, especially as the majority of these countries stipulate that basic education, and not primary education, is compulsory and free of charge. However, education indicators have revealed a decline in some areas of achievement, particularly among girls in Iraq when compared to previous years. A decline in Egypt was also shown through the chronic proliferation of private tutoring, while in Lebanon it was witnessed through the continuous expansion of the gap between the education of the poor in the public sector and the education of the rich in private sector.

The third goal measures progress related to gender equality in education, with reference to the socioeconomic participation of women, although the latter is not explicitly linked to a specific goal. Equality in education was attained by this group, with the exception of a decline in the enrolment of girls in Iraq. Moreover, there is a high early school dropout rate among boys from middle school (junior high) in order to enter the labour market, especially among the poor. In fact, the gender ratio tends to favour girls in middle (junior high) and secondary schools. However, the gap remains in favour of the boys in higher education, especially in private universities compared with public

universities, and foreign universities compared with local universities, and regarding the scientific and applied majors, compared with humanities majors.

The economic participation of women is low in the Arab countries. The average participation of women in the labour market in the Arab region is 28.5 per cent and amounts to 16.9 per cent in the Mashreq. The highest rate is found in Lebanon, where it reaches 20.1 per cent, while the lowest rate is in Iraq with 10.2 per cent. In the Syrian Arab Republic, a dramatic decline in the participation rate of women in the labour force has been noted due to certain economic transformations the country has witnessed in recent years, in addition to the decline in agriculture. The latter is influenced by various factors, including successive years of arid climate. According to recent figures, the rate of economic participation of women in the Syrian Arab Republic dropped from about 23 per cent in 2003 to 13 per cent in 2009 (Marzouk, 2011). It should be noted here the inadequacy of measuring the participation of women in waged employment in the non-agricultural sector as an indicator of empowerment, or as an indicator of economic participation. It is also important to pay attention to the fact that the percentage of women participating in the workforce did not significantly increase in recent years, with participation rates in the Mashreq at 16.1 per cent in 2005 and 16.9 per cent in 2009.

Finally, the political participation of women is also low with an average of 11 per cent for parliamentary representation. Lebanon, as the most versatile country in terms of its economy and demographic composition, and the most tolerant in terms of customs, traditions and culture, also has the lowest rate of political participation for women, while the highest rate is evidenced in Iraq at 25 per cent.<sup>6</sup> This indicates the complex nature of this matter and highlights the fact that an increase in the participation rate of women in parliament is primarily due to the nature of the political system, the nature of the electoral system, and the adoption of the quota system. Therefore, the connection between an increase in the participation rate of women on the empowerment of women is limited. In the experience of Iraq, a decline in the real status of women affected different areas of public life, including the legislative field. The high rate of participation of women in parliament must be made with reference to the formal character of these procedures, which ensured laws were established in

practice and that they became an integral part of the institutions and culture.

One example of what can be faced by communities is witnessed in the ongoing debate in Egypt on stopping the implementation of some procedures and laws, and the dismantling of some institutions concerned with issues of women and family that were established under the previous regime. The objection of religious leaders in Lebanon to the draft law to combat domestic violence and violence against women is another example of the issues that go beyond the narrow definition of the third goal, and the obstacles faced.

Regarding health, differences in the indicators of child mortality range between a maximum of 39 for every 1,000 births in Iraq, and a minimum of 16 for every 1,000 births in the Syrian Arab Republic. Maternal mortality is 26 and 82 per 100,000 in Lebanon and Egypt respectively.<sup>7</sup> The specific targets related to the sixth goal and to the relevant diseases are all at low levels, such as AIDS or invalid malaria, with a lower rate for tuberculosis, which is reappearing as a disease linked to poverty, nutrition and poor housing conditions. However, significant problems can be found elsewhere. Even in Palestine, a country under occupation and Gaza, a country under blockade, the activities of civil society, as well as the actions of international organizations and aid, have contributed to securing higher levels of coverage and better quality in all areas that exceeds other countries in this group. For example, the proportion of children vaccinated against measles exceeds 99 per cent in Gaza and 95 per cent in the West Bank. However, focus should be placed on the most important health priorities and in line with the health demographic of these countries, including health coverage, which is low in general.<sup>8</sup> The relative effectiveness of the public health system compared with the private sector leads to increased costs of treatment in Lebanon, or to relying on the public sector in the Syrian Arab Republic and Jordan, which is more effective in the fields of preventive and primary health care. In addition, it is necessary to pay special attention to other categories of non-contagious diseases, which are among the most common causes of death. On the other hand, there are other issues that are not receiving adequate attention, which should be placed at the heart of the MDGs for this group. The issue and approach towards disabilities, as well as issues early marriage should be priority issues,

including addressing the increase of early marriage and teenage pregnancy in some private categories, such as the rural poor or those displaced to the cities. The rate of early marriage is high, especially in Palestine at 23 per cent and Iraq at 15 per cent.<sup>9</sup>

Concerning the environment, problems are diverse and vary from one country to another. The most important issues are as follows:

- Water is a common issue but with various manifestations. Issues concern the rational use and quality of water, and the extension of coverage in order to bridge the gap between the city and the countryside in most countries, including those where water is relatively available. In Jordan, water scarcity is the main problem. In other countries, such as Egypt, Iraq and the Syrian Arab Republic the issue of regional cooperation is of primary importance. Finally, in the case of Palestine, the issue concerns the sovereignty of water, as sovereignty is to Israel and not the Palestinian Authority.
- Wastewater is also a common matter, both in terms of coverage of sewage networks, and in terms of wastewater treatment. The quality of treated water is low in the countries of the region, which causes a significant environmental problem.
- Pollution of air, water and soil, among others, are exacerbated in the cities where air and noise pollution reaches levels that exceed those that are acceptable. In rural areas, water and soil pollution is also a common phenomenon.

Conclusions regarding the priorities of the countries of the Mashreq are as follows:

- The need to adapt the MDGs at a national level, setting out achievement goals and levels, as well as indicators, that are consistent with national characteristics and priorities. Adaptation should include qualitative aspects and specify higher levels of achievement, particularly concerning education, which is a common cause for the group. The priorities of adaptation regarding other goals vary according to each country.



- In terms of existing gaps and problems, priority should be given to the first goal, especially regarding employment, the right to decent work and poverty alleviation, as well as the third goal related to empowerment and the seventh goal related to environment and sustainability. Regarding health and education, the priority is the issue of health coverage and the cost of education, in addition to the issue of non-contagious diseases.

## C. MAGHREB

These are countries with medium development levels, aside from Libya, which sometimes shifts from an upper medium development level to a high development level because of its oil resources. This group includes the following countries according to the classification adopted in this report: Libya, Tunisia, Algeria and Morocco.

In general, development levels are comparable within this group, with the presence of significant variations in specific fields. In terms of the Human Development Index (HDI), Libya comes first in this group (0.760) and ranks 64<sup>th</sup> globally, while Morocco comes last in the group (0.582) and 130<sup>th</sup> globally, according to the Human Development Report for 2011. GDP per capita ranges between US\$12,600 in Libya and US\$4,200 in Morocco.<sup>10</sup>

There are differences in the political and social management of each country. The participation of each country in the global economy range between a strong level for Morocco and Tunisia, a medium level for Algeria, and to semi-isolation for Libya. In addition, the role of the State and the market are different and vary between an absolute state system in Libya, and more dominant private sectors in Morocco and Tunisia. Also, both Libya and Algeria are countries with ample resources and are oil exporters, while Tunisia and Morocco do not have similar natural resources. There are many other differences, which are too numerous to mention, and have a direct impact on the levels of achievement of MDGs in each country.

The Millennium Development Goals indicators and status of these countries regarding the different goals can be summarized as follows:

There are no measurements in Libya to allow the estimation of the percentage of poor families or

individuals. Algeria, national figures indicate that 22 per cent of the population is poor.<sup>11</sup> Ratios for Morocco are close to 9 per cent<sup>12</sup> according to official statistics, while in Tunisia, the official figures published before recent events announced that the percentage of the population that is poor is less than 4 per cent. If we take the example of Tunisia, which has witnessed radical political changes that liberalized the official figures of the earlier restrictions, the numbers that are currently circulated in the internal documents of international parties operating in the country have estimated this ratio to be around 25 per cent. In addition, estimates of unemployment rose from the official figure, which was estimated at 13 per cent, using the method of calculation of the International Labour Organization.<sup>13</sup> Perhaps the significant difference between the period preceding the changes in Tunisia and the one following it, gives an idea of the degree of political interference in MGD-related indicators.

A comparative study based on data from the Pan Arab Project for Family Health (PAPFAM) taken between 2002 and 2004, which included three countries of the Maghreb (Tunisia, Morocco and Algeria), indicates that the percentage of disadvantaged families, according to the livelihood index, a measure of multidimensional poverty, was 24 per cent in Tunisia, 39 per cent in Morocco and 25 per cent in Algeria. It should be noted that income poverty is the most important in both Tunisia and Morocco, while available financial resources in both Algeria and Libya make other dimensions of poverty more important, particularly in rural areas and outside of the capital and main urban centres.

In relation to both employment and unemployment, the employment rate of the total population is generally low. Maghreb countries have the highest unemployment rates both regionally and globally. The unemployment rate in this subregion is 11 per cent. The rate is approximately 13 per cent in Tunisia, 9 per cent in Morocco and 11 per cent in Algeria,<sup>14</sup> while the official percentage in Libya is 8 per cent, although this figure is difficult to confirm because of the closed system. Unemployment rates among university graduates are estimated at a range between 40 and 50 per cent, according to Tunisian researchers. Moreover, these countries are characterized by high rates of both legal and illegal



immigration, in particular to Europe. The number of migrants from the Maghreb to European countries and GCC countries is around 1.3 per cent of the population,<sup>15</sup> and includes a significant proportion of skilled and specialized university graduates. This constitutes a significant problem to the brain drain in a number of sectors. The most affected of which is the health sector because of the migration of doctors due to the great disparity in the returns on labour and employment benefits and guarantees in Europe, compared with their home countries.

Hunger as one extreme aspect of poverty has a relatively limited importance compared to other dimensions of tackling poverty in this group, particularly unemployment, employment and multidimensional poverty. The proportion of underweight children under five years is around 4 per cent in the subregion, with a lowest rate of 3 per cent in Tunisia and a highest rate of 6 per cent in Libya.<sup>16</sup>

Concerning the second goal, similar to the countries of Mashreq, increasing the quality of education and achieving education enrolment in the two stages of kindergarten and primary education (basic or intermediate) remains essential. However, within the group there are particular problems related to the performance of the educational system, for example in Morocco. This problem is represented by the high drop out rate in primary education, especially during the transition to middle school, where around 400,000 children drop out from primary school each year. This is reflected in the decrease in enrolment rates for primary and intermediate education. In primary schools, the rate decreased from 50.1 per cent in 2004 to 48.2 per cent in 2009 and from 31.9 per cent to 44 per cent in the intermediate classes.<sup>17</sup> This problem particularly affects girls in rural areas, where the enrolment rate for primary education was 16.2 per cent in 2009, which leads to high levels of illiteracy. This is the most important developmental priority in Morocco and significant efforts are being made to deal with these accumulated gaps. On the other hand, there are serious problems related to the quality and performance of the educational system in Libya, while the external efficiency of the educational system and the preparation of graduates for the labour market is a priority for Tunisia and Algeria.

Regarding the third goal, equality of education in pre-university stages is achieved in most of the group, with the exception of Morocco. It is important to note that the gap in Morocco is neither the result of discriminatory legislations or policies, nor owing to sociocultural practices. The gap is the result of chronic poverty and deprivation, and due to the accumulated failure of public policies. In general, this subgroup has addressed the empowerment of women across many fields, especially in Tunisia and Morocco. Positive changes have taken place in Morocco in recent years, particularly related to the family code and to the amendment of election regulations to allow for the increased participation of women. Such changes occurred in a late stage compared to Tunisia, and under the pressure of a huge popular movement, which converged with political will at the highest level in order to introduce these amendments. For Algeria, the nature of the political system and the problems and conflicts throughout the nineties contributed to the restoration of certain discriminatory attitudes and practices towards women. In Libya, it is significant to note that the State leader represented the whole political system, which is reflected in the formation of the administration and also the status of women. However, this reflection does not have any changing or transferable impact upon the sociocultural reality, despite the fact that the Libyan regime was supposedly inspired by nationalistic and socialistic ideologies that are not inherently hostile towards women. The issue of gender equality and the position of women in society are much more complex issues than can be measured by figures. However, the subregion recorded high rates of economic participation for women (24 per cent in Morocco, 22 per cent in Tunisia and 32 per cent in Algeria), as well as a high rate of political participation (24 per cent in Tunisia and 11 per cent in Morocco),<sup>18</sup> which is a result of a long historical and internal process that distinguishes this experience from the quota experience in Iraq and Palestine. However, there is still a long way to go before these countries achieve gender equality and the empowerment of women.<sup>19</sup>

Disparities in child mortality indicators range between a minimum of 16 in 1,000 births in Tunisia, and a maximum of 36 in 1,000 births in both Morocco and Algeria. Regarding maternal mortality, rates range between 60 in 1,000 for Tunisia, and 132 in 1,000 in Morocco.<sup>20</sup> For the

specific purposes of the sixth goal concerned with the relevant diseases and their indicators, all are at low levels for AIDS and malaria. The epidemic diseases are less important compared to non-contagious diseases, which must be given priority. In general, Tunisia recorded the best indicators, while there is a significant problem in Morocco related to maternal and prenatal care, especially in rural areas. This problem is comparable to what Morocco is suffering from in the field of education and is the product of accumulated poverty and deprivation, and also due to the geographical dispersion and isolation experienced in remote areas. Neither the indicators of maternal mortality, nor the level of care of pregnant women corresponds to the level of development in Morocco, which is a fact recognized by the government who are seeking to address the matter. Recent event in Libya, reveal the weakness in the efficiency of the health system, despite the abundance of resources in this country. This is an issue that was known to observers and among its various manifestations, many Libyan citizens travelled to neighbouring Tunisia to access quality health care not available in their home country.

Issues related to the environment are diverse and vary from one country to another. The most significant concern is both the availability and quality of water, and the disparities in its availability between different regions. In addition, there is the issue of providing sanitation services and the disparities between rural and urban areas (91.6 per cent in cities compared to 70 per cent in rural areas), as well as the sanitation treatment of water, which is generally low (92 per cent in cities compared to 72 per cent in rural areas).<sup>21</sup> The existence of desert or semi-desert climates in all countries of the group naturally makes less water available to the region. The issue of water availability also has a direct effect on the economic situation, especially in Morocco, where the share of agriculture in the GDP is substantial (14 per cent) and the size of harvest depends on the abundance of rain because of the traditional method of farming practiced. Moreover, Libya and Algeria have particular problems related to the rational management of oil (petroleum) and its sustainability. All countries of this group have common priorities related to the marine ecosystems as they all have coastal areas extended over long distances. All of these problems are similar and are

related to the prevalence of desert, fragile environments and oases, as well as problems concerning the populations of these areas, which are closely related to securing a suitable and sustainable living pattern.

Conclusions regarding the priorities in the countries of the Maghreb are as follows:

- The need to adapt the MDGs nationally, similar to the countries of the Mashreq, while taking into account the characteristics of the countries of this group, as well as their individual characteristics.
- In terms of gaps and problems, in the first goal, the priority concerns the issue of employment and unemployment, which is strongly linked to problems of regional and social disparities, and poverty. The following matter is related to environmental problems, especially the issue of water resources management and distribution, and to paying special attention to the fragile desert environments and their inhabitants. Concerning education, there are diverse problems related to quantitative gaps in enrolment and to the poor internal performance in Morocco in particular. In addition, there is the problem of the quality and efficiency of education in the preparation of graduates for the labour market in Tunisia, Algeria and Libya. Regarding health, there are similar problems. However, there is a problem in Morocco related to the fifth goal, which relates to the need to give priority to non-contagious diseases in all countries of the group, in addition to the preservation of medical cadres.
- For Libya and Algeria, it is important to reduce oil-dependency. In Morocco and Tunisia, there is a need to reduce the economic dependency on Europe on all levels and to reduce the impact of economic crises in Europe.

#### **D. THE LEAST DEVELOPED ARAB COUNTRIES**

This group includes six countries: Yemen, the Sudan, Djibouti, Comoros, Somalia and Mauritania.

In general, development levels in this group are comparable and all belong to the group of the least developed countries, according to the global

ranking. A World Summit was held in Istanbul on 9-13 July 2011 to assess the status of these countries. This summit is the fourth held, following the Brussels summit in 2001, which was held in accordance with the same spirit of the Millennium Declaration and the Millennium Summit.<sup>22</sup>

In general, the measure of success of development at the international level is determined by the level achieved by the least developed countries, especially when related to the MDGs, which are mainly inspired by the priorities of these countries. According to the report submitted by a high-level committee to the above-mentioned conference, only 3 of the 51 countries that formed the group graduates during forty years. Regarding performance, the average per capita income in these countries represented 18 per cent of the global average in 1971, while it represented only 15 per cent in 2008. This indicates a total failure, despite all the efforts that have claimed to push the development process.

Levels of development and problems faced in these countries are similar, and pose a serious challenge to meeting the required achievement of the MDGs according to the global drafting. This group is also characterized by the experiences of war and conflict to varying degrees. Aspects of these problems will be addressed in the subsequent paragraphs and will cover Yemen, the Sudan and Somalia.

Global MDGs are all national priorities for the countries in this group. MDGs provide a framework for the development strategy of these countries, and form the core of national poverty reduction strategies.

Briefly, the status and problems of this group can be expressed through the numeric values of indicators used to measure the progress towards achieving the goals. This is summarized in table 2.

For the first goal, poverty in its broad and multidimensional definition, including income poverty, is a priority around which all development plans in these countries are focused. This affects all dimensions included in the international drafting of the first goal, i.e. poverty rate, poverty gap, inequality, economic activity rate, employment revenue and conditions, malnutrition, hunger and food security (see values of indicators corresponding to these goals in table 2).

**TABLE 2. SELECTED INDICATORS FOR THE LEAST DEVELOPED COUNTRIES**

Subject/Indicator	Average	Minimum value	Maximum value
Poverty rate	45	35 (Yemen)	46 (the Sudan)
Employment to population ratio (per cent)	48	15 (Yemen)	69 (Comoros)
Prevalence of underweight children under-five years of age (per cent)	31	17 (Mauritania)	33 (Somalia)
Net enrolment ratio in primary education (per cent)	73	44 (Djibouti)	87 (Comoros)
Literacy rate for 15-24 year olds (per cent)	84	68 (Mauritania)	86 (the Sudan)
Ratio of girls to boys in the primary education (per cent)	84	55 (Somalia)	108 (Mauritania)
Female participation in the labour force	27	15 (Yemen)	69 (Comoros)
Labour force participation (per cent)	48	40 (Yemen)	74 (Comoros)
Proportion of seats held by women in national parliament (per cent)	16	0.3 (Yemen)	26 (the Sudan)
Under five mortality rate (per 1,000 alive birth)	104	77 (Yemen)	180 (Somalia)
Maternal mortality rate (per 1,000 alive birth)	626	210 (Yemen)	1200 (Somalia)
Adolescent birth rate (for each 1,000 birth, age range 15-19)	64	22 (Djibouti)	76 (Mauritania)
Tuberculosis prevalence rate (per 100,000)	229	68 (Comoros)	869 (Djibouti)
Drinking water availability (per cent)	56	30 (Somalia)	95 (Comoros)
Sanitation availability (per cent)	38	23 (Somalia)	56 (Djibouti)
CO <sub>2</sub> emissions per capita	0.5	0.1 (Somalia)	1 (Yemen)
Debt to GDP	61	41 (Yemen)	86 (Mauritania)
Development aid per capita	49	21 (Yemen)	186 (Djibouti)

Source: National reports, WDI, UNSD, IMF World Economic Outlook.

Although resolutions of international conferences indicated that poverty reduction strategy papers should be based on MDGs and should be organically integrated within these papers as much as in poverty reduction strategies and national development plans in the concerned countries, this did not translate into real action, given the lack of significant changes in the socioeconomic choices that influence the achievement of the Millennium Development Goals.

Success in combating poverty in the least developed countries requires dealing with the manifestations and consequences of poverty, i.e. both its causes and results. This explains the failure of this task during the past decades (as revealed by the “Compact for Inclusive Growth and Prosperity” Report of the United Nations Secretary-General’s Eminent Persons Group on the Least Developed Countries, 2011). An effective system of social protection should be established as a deliberate move away from setting narrow goals that have characterized the past two decades and in application of the MDG Summit 2010 which recommended the adoption of the minimum bundle of social protection for all. Success in poverty alleviation also entails addressing the internal causes of poverty through structural modifications that affect development and productivity, and its associated capacity building. The MDG Summit 2010 and the Fourth Summit of the least developed countries in 2011 emphasized the importance of developing agriculture and agricultural production, as well as rural development, as important components of fighting poverty.

Analysing poverty in the least developed countries entails taking into consideration the international dimension. This establishes the eighth goal of the MDGs with the first goal in a way that they cannot be separated. This is also reflected in the sections devoted to international commitments in the successive Summits of the least developed countries, including the Fourth Summit. These international commitments affect trade relations, status of debt, and development assistance of the least developed countries. The global economy plays a vital role in the economic decisions of national government in most least developed countries, given that most economic policies are required to follow guidelines recommended by the international financial institutions.

In brief, it can be said that the eradication of poverty in its broad definition, as well as dealing with its repercussions and symptoms (deterioration of education, health and housing conditions, services, marginalization, among others), are the main essence of the MDGs. Therefore, as all MDGs seek to eradicate poverty from its roots, freedom and human development must be enabled.

There are still significant gaps in primary education enrolment (second goal), and larger gaps in education completion. Additionally, there are significant gaps in the qualitative aspects of education. What should be noted is that the requirements for achieving this goal are of a different nature to others previously mentioned. They include, the least developed countries suffering from a shortage of schools, especially in rural and remote areas, lack of school equipment, as well as a shortage in the number of classrooms and the number of teachers. Moreover, there are problems related to the distance that must be travelled for students to get to school. This shortcoming has profound repercussions in particular on the enrolment of girls in rural areas. Achieving the goal of universal enrolment and completion of education in the least developed countries requires substantial financial resources, given that the shortage is not limited to the curriculum and the qualitative aspects or to specific gaps in enrolment between social classes, but is also reflected in the lack of proper buildings, equipment and public utilities. This requires a substantial spending and long-term investment.

The goal of achieving gender equality (third goal) poses a peculiar challenge for the least developed countries. This is primarily because of the nature of the cultural composition of countries of this region. With the exception of Yemen, all the countries in this group are in Africa. African countries in this region are characterized by a blend of African and Arab influences, as opposed to Yemen where a patriarchal and tribal structure dominates the country and is discriminatory against women. The participation of women in the economic sphere in these countries (except Yemen) is noteworthy. Comoros is first with 69 per cent of the workforce being female. Women account for 26 per cent in the Sudan, with Yemen slightly below at 15 per cent. The relatively high share of women participating in economic activities in these countries is due to the significant share of

agriculture in the economy, and also because there are no discriminatory practices that go against the participation of women in these countries (with the exception of Yemen).<sup>23</sup> It is crucial to acknowledge that gender equality is determined not only by internal factors but also by external influences, such as globalization.

Regarding the health goals (MDG 4, 5 and 6), unlike in middle and high-income countries, the least developed countries are inflicted with epidemic and infectious diseases. These require an integrated approach towards policies promoting preventive measures and the provision of physical assets such as hospitals and health centres, medical equipment and sufficient medical staff in order to meet the needs of the country. Therefore, the attention of policymakers in these countries needs to focus on the finances required to achieve these goals. The reduction of under-five mortality rates may be achieved through dissemination of information on and implementation of schemes that encourage the prevention of infectious diseases, timely immunization against preventable diseases, and improved nutrition. This implies that improvements in the reduction of under-five mortality rates entail awareness raising and behaviour modification of the parents, among others. However, regarding maternal mortality and Infant mortality, medical factors take precedence. This implies more investment in building health-care centres and the provision of appropriate medical equipment and medical expertise required for both pre-natal and post-natal care.

Antenatal care is an essential part of primary health care. This aspect of primary health care is especially important in the countries, with higher incidence of early marriage and teenage pregnancy. For example, the coverage rate of women during pregnancy in Djibouti is 92 per cent. In this case, the small size of the country and its small population, as well as the concentration of around 85 per cent of the population in the capital, are contributing factors to the success of the intervention programme and ensure its efficiency (there is a similar case in health-care programmes in the Gaza Strip), but it is difficult to imagine this success without public policies and moreover, without an effective and comprehensive health system.

Regarding environmental sustainability, these countries have a special status. Issues of water, including the lack of water sanitation and national coverage, are also marked by gaps between urban and rural areas. The greenhouse gas emissions of these countries are very modest because of low levels of growth, the absence of industry, non-diffusion of consumer goods and low energy consumption. Therefore, reducing greenhouse gas emissions in these countries is not a priority issue.

The least developed countries are tied to their natural resources in a way that is inseparable from the livelihoods adopted. Therefore, the least developed countries need to be treated differently from both medium-income and high-income countries with regard to use of natural resources. The sustainable livelihoods approach is most suitable for this group, since it integrates the economic, social and environmental dimensions in an analytical framework. The starting point for a sustainable livelihood approach is to identify assets that the population has access to and that they can make use of. The framework suggests five asset categories, namely natural capital, human capital, physical capital, financial capital and social capital (Ellis, F. 2000). In the light of such an approach, it is expected that policies focusing on agriculture, including marine fishing, would play a crucial role in achieving sustainable development with a focus on the environment.

For the least developed countries, the eighth goal of global partnership is inseparable from the first goal since these countries are aid dependent.

### ***Summit of the Least Developed Countries 2011***

The report of the Istanbul Summit in July 2011 was helpful in providing a framework to draw up a list of goals that could be integrated into the MDGs. Table 3 presents a summary.

In defining the goals that expand on the commitment of the international community, the table above sets an agenda to enable policy priorities that are related to the eighth goal concerning global partnership. On the other hand, it defines the main fields of development interventions related to the economy, including focusing on agriculture, food security and rural development, in addition to infrastructure and transportation.

**TABLE 3. OVERVIEW OF GOALS IN THE EXPERTS REPORT AND THE DECLARATION OF ISTANBUL  
SUMMIT FOR THE LEAST DEVELOPED COUNTRIES – 2011  
AND THEIR SUITABLE MDGs**

General goal	Specific targets related to the general goal	Priorities according to the general assembly resolution A/66/134	MDG
1. Suitable aid for the least developed countries, according to priorities, and duly allocated to serve specific targets.	1. Increasing the percentage of development aid to the least developed countries to 0.15 per cent of GDP for the countries of the Development Aid Committee by 2013; and to 0.2 per cent by 2015, and maintaining this percentage for the following years.	7. Deployment of financial resources for development and capacity-building.	8
	2. Allocating a part of the developmental aid to create special funds to finance important priorities and dealing with specific challenges faced by the least developed countries.		8
	3. Allocating a bigger part of the development aid for the direct support of the budget to implement the development plans, as well as supporting the programmes that address the priorities of the least development countries.		8
2. Reducing human assets gap.	4. Doubling the rate of enrolment in high school education, as well as in technical and university education by 2020.	5. Social and human development.	2
	5. Reducing the number of citizens that live on less than two dollars per day by half by 2020 (bases year 2008).		1
	6. Increasing the percentage of annual decrease in the child mortality rate to 4 per cent or more by 2015; maintaining this percentage or increasing it in the following years.		4
	7. Decreasing the number of underweight children under five years (proportionally to their age) by half by 2020.		1
3. Increasing and diversifying the level of exports.	8. Exempting all goods exported by the least developed countries of customs restrictions and quotas.		8
4. Reducing the productivity gap in agriculture and improving the food security level.	9. Doubling the productivity of agriculture by 2020 (compared to 2008).	1. Developing the productive capacity. 2. Agriculture, food security, and rural development.	1
5. Dealing with the infrastructure gap.	10. Accomplishing an increase of 50 per cent in the length of the railways and paved roads.	1. Developing the productive capacity. 2. Agriculture, food security, and rural development.	7 and 8
	11. Improving access to energy.		7
6. Eliminating the debts threat to the least developed countries.	12. Increasing formal bilateral and multilateral debt exemptions for the countries that suffer from heavy debt burdens.	7. Deployment of financial resources for development and capacity-building.	8
	13. Tangible increase in the percentage of grants among development aid for the least developed countries.		
	14. Developing new loaning tools that are more able to adapt to the challenges faced by the least developed countries.		

TABLE 3 (continued)

General goal	Specific targets related to the general goal	Priorities according to the general assembly resolution A/66/134	MDG
7. Dealing with immigration flows.	15. Better responses to pressures from the population in the least developed countries.	5. Social and human development.	1
8. Being prepared to face climate change.	16. Recharging the funds of the least developed countries to deal with climate change.	6. Dealing with various international crises and emergency challenges.	7
9. Providing secure and stable channels for trade, and providing good quality transport infrastructures for the countries without marine outlets.	17. All countries that do not have marine outlets should have at least one safe, secure and structurally valid passage to practice trade by 2015.	3. Facilitating trade and expanding the range of exemptions. 2. Agriculture, food security, and rural development.	7 and 8
10. Providing the perfect helping environment related to natural resources producing investments.	18. Approval of the binding laws and regulations related to the Transnational Companies that invest in natural resources, and enforcing their implementation.	7. Deployment of financial resources for development and capacity-building. 4. Commercial goods (stability of goods' prices during commercial exchange).	7 and 8
	19. Creating a special funding mechanism to help the least developed countries to achieve independent technical assistance when negotiating contracts related to natural resources exploitation.		7 and 8
	20. Creating an international framework including orientations that clearly define the distribution of responsibility between governments and transnational companies regarding environmental damage occurring because of the extraction of natural resources.		7 and 8
	21. Ensuring that the least developed countries rich in resources are exploiting them in a way that respects the rights of future generations.		1, 7 and 8
	22. Creating a fund to stabilize the price of goods that could help the least developed countries to absorb the negative impact of huge price shocks to which exported goods produced by the least developed countries are exposed.		1 and 8
		8. Good governance on all levels.	MDG Declaration

Finally, goals include bridging gaps in the fields of human and social development. In so doing, the reformulation of goals for the least developed countries has redefined the poverty line, defined as those living below two dollars a day.

Policy priorities in the least developed countries would therefore need to focus on two major themes:

- The need to design a regional initiative to increase Arab regional integration, by reinforcing strategies that would enable high-income countries in the region to support the least developed countries, in addition to a global commitment.



- The need to integrate MDGs and priorities with the commitments mentioned in the Istanbul Summit.

Conclusions of the priorities in the least developed Arab countries are as follows:

- All MDGs are national priorities for this group, but the focus is on the eradication of poverty in its broadest sense, from addressing low-income and unemployment, low levels of education and health, to the availability of public services, such as water and sanitation, as well as electricity, transport and housing conditions. The issue of poverty eradication therefore forms the basis of all development strategies in these countries.
- The issue of food security, coupled with frequent disasters such as famine and droughts are very important considerations in this region that demand urgent attention. Given the high degree of dependence on agriculture in these countries, environmental priorities should focus on sustainable livelihood approaches that note the primacy of agriculture.
- Finally, the least developed countries in this region are faced with the need to formulate effective macroeconomic policies in order to deal with the external pressures of globalization, which could be dealt with by increasing institutional capacities and making appropriate decisions.
- Countries mostly lack institutional capacities, which limits the ability of countries to make the right choice from a national viewpoint, as well as the degree of autonomy necessary for their application.

## **E. GROUP OF COUNTRIES IN WAR OR CONFLICT**

It is not appropriate to impose the MDGs framework on countries without taking their particular circumstances into account. This is particularly applicable to countries exposed to exceptional conditions, especially those under occupation or experiencing internal wars, conflicts or instabilities, or those suffering from either total or partial failure of their public institutions.

Dealing with the MDGs from a narrow perspective is limited to the list of achievements and their indicators to be accomplished as stated in the MDG framework, issued by the United Nations General Assembly in the annex to its report in 2001. Referring to the Millennium Declaration, the main paper issued by the Millennium Summit in 2000, provides the grounds of dealing with the political and institutional dimensions of the MDGs in its internal dimension (i.e. good governance and human rights) and its dimension related to peace and security (security and disarmament issues).

Countries living under special and difficult conditions related to occupation, war and conflict generally suffer from the following problems:

- Human and physical losses resulting from war or military acts.
- Scarcity in resources that do not meet needs. In case resources were available, they are either dedicated to finance conflicts (war economy) and not for development, or to relief works and human aid (subdevelopment activities).
- Glaring disparities in priorities set globally based on the MDGs framework and the priorities of the region under conditions of conflict or occupation, such as the priority of being free of occupation, of achieving internal peace or preserving security, building the simplest foundations of the State and ensuring political stability, among others.
- Weakness or instability of institutions hampers planning and executive aspects of the developmental process.
- Severe internal polarization between the social classes or between regions (in internal conflict cases), render building alliances for development difficult. In addition, in the case of external wars or occupation, the external political and military affairs could become dominant, and could impede the founding of a balanced perspective of the priorities for development.
- Occupied territories suffer from weakness, fragmentation or even an absence of the government capacity to control national resources, and hence are unable to decide on the



developmental policies and options. There is frequently a political debate surrounding who should decide policies in these regions, whether it should be the occupier or the occupied, or whether international law should prevail.

Besides generalities, there is a qualitative difference in the description of the crisis in each country. Ideally, the development approach in these regions would start from experiential facts rather than theoretical models. However, in this report, countries exposed to exceptional situations are not removed from their subregions, since these countries were exposed to exceptional conditions only for the last decade (with the exception of Palestine).

The recent 'Arab Spring' has undoubtedly added a new dimension to the existing complexity of the region. The 'newness' of the Arab spring lies in the fact that this is a 'positive crisis', which leads to liberation from the real crisis. However, United Nations reports have yet to decide on a separate classification for these 'positive crises' and their immense impacts on society.

This part of the chapter offers an additional analysis of a number of selected countries that suffer under conditions of war, occupation or destructive conflict. This selection of countries seeks to cover the different models of chronic direct occupation (Palestine), the foreign control of decisions after war and occupation (Iraq), and civil wars (the Sudan, Lebanon and Yemen), in addition to state failure (Somalia) or state weakness (Lebanon and Yemen). The components explained in the presentation of these cases could be useful for the study of other cases, considering their different relations to the indicated conflict pattern.

### *Palestine*

Palestine has been under occupation since 1948. The Palestinian Authority, with limited powers, is required to act as a country concerning security, while it does not have the capacity to practice any actual authority over its economy and resources as the country has no sovereignty, international recognition, borders, currency, customs, control over land, water or air, or freedom of movement. In addition, the level of external interference (donor countries and international organizations) is high and the level of political conditionality is also high.

Palestine is required to commit to international standards regarding "good governance", planning and the preparation of project documents, among others, with a severe dependency on external aid, which represented 17 per cent of GDP in 2011, according to the International Monetary Fund (IMF).

In contrast, the vitality of Palestinian civil society has contributed to maintaining a sense of national identity under occupation. Civil society and international assistance have helped to raise the level of health and education indicators to levels that exceed the majority of those in non-occupied Arab countries (as previously mentioned in the Mashreq countries chapter). However, this is limited to the social and services aspects as the economic situation, poverty, unemployment and the availability of infrastructures, such as water and sanitation, are far behind because they are physically linked to the situation of occupation. Priorities regarding Palestine entail the liberation from occupation and the building of an independent State and its recognition, in addition to finding a solution to the internal partition between the West Bank and Gaza. Poverty and unemployment (first goal), and related internal capacity building also require attention.

### *Iraq*

The exceptional situation in Iraq is the result of a series of consecutive wars, which began in the eighties with the Iraq-Iran War (lasting for approximately a decade), followed by the Iraqi invasion of Kuwait in 1990, as well as the war waged by an international coalition to expel Iraqi troops from Kuwait, which was followed by a decade of economic sanctions, and finally the occupation of Iraq in 2003 by the United States of America and the downfall of the regime, with repercussions until now.

Iraq is not an occupied country according to international law, as the United Nations gave the United States and NATO occupation a legal framework after the downfall of the regime. In contrast to Palestine, Iraq does not suffer from resource scarcity. Iraq is rich in petroleum, which gives a special component to both political and developmental situations.

The developmental priorities and the MDGs for Iraq are composed of three priorities:

- The necessity to recover national control over domestic resources, especially oil, and to use this resource in developing and rebuilding the State and society. The main developmental challenge in Iraq is the presence of international and regional parties, which control the political and developmental decisions of the country. The recovery of authority from third parties is the first priority, without which no development can take place. In contrast to Palestine, the most important issue in Iraq is to recover control of resources and developmental decisions, while in the Palestinian case, it is directly related to liberation from occupation.
- Providing security stability is a priority since the security situation is wasting numerous lives and resources, and is hindering development. In Iraq, security stability is a political issue and not a technical one, and is related to national reconciliation and to the agreement to rebuild the central State and its institutions on a sound basis, which means avoiding the “neo-patrimonial”<sup>24</sup> state and its various forms of corruption. Iraq ranks 175 out of 178 countries according to the Transparency International, the responsibility of which is divided between the external and internal parties, including private companies, however it is not a technical issue.
- Rebuilding infrastructure is a priority for the provision of services and to improve social indicators, which have declined during the last decades. Unlike the situation in Palestine, where education and health indicators are at high levels despite the occupation, indicators drastically decreased in Iraq, including regarding the availability of water and sanitation (79 per cent for water use and 73 per cent for sanitation). This is despite the availability of abundant financial resources, due to the accumulative balance resulting from the destruction, financial and equipment losses, and an inability to lead the country, while aiming to provide security and activate institutions to face the current reality.

### ***Somalia***

Somalia provides an almost complete model of the failing State. Somalia is divided into three regions and a state of chaos exists in the southern most part. Some areas of Somalia are maintained by

the United Nations, which pays both the Members of Parliament and Ministers salaries. Decades of war and imposed stability have resulted in the absence of any unified political system and the failure of any political party to take control and impose stability. In addition, old phenomena have emerged in the non-state situation, for example piracy, transforming the situation of the country into what is considered as an international security threat. Moreover, famine currently threatens millions of people and the situation of a failing State in the midst of conflict between the armed factions disrupts even the arrival of aid.

Somalia is in a pre-development or under-development stage and presents an exceptional case, which demands both a regional and international emergency plan.

### ***Yemen***

Yemen has suffered from multiple internal conflicts. The current situation dates back to the reuniting of Yemen in 1990, which was shortly followed by a war between the North and the South in 1994. In the last years, the system faced huge internal challenges of political security, including:

- The Southern movement objecting to the marginalization of southern citizens, which includes (implicitly or explicitly) the localized civil war between Saada and the Houthis.
- Weakness of security control of the regime, the spreading of uncontrolled armed factions that are protected by tribes, some of which transformed into systematized armed organizations working according to political agendas, whether local or external.
- The possibility of a civil-tribal-political war is undefined owing to the situation in Yemen since the beginning of 2011.

Development challenges (economic, social and MDGs) in Yemen are multidimensional and of a composite nature because of widespread poverty (income poverty, public services, social services, unemployment, illiteracy, health, among others) in all regions. The official number of people living below the poverty line is between 40-50 per cent and these estimates are conservative. The majority of the population is poor and almost all rural

dwellers are poor. The central government controls only 40 per cent of the country and millions of weapons are in the public domain, especially among tribes. In addition, the central authority is itself founded on tribal lines. The weak control of the central state and both its tribal ideology and religious inspirations sometimes encourages the formation of de facto armed organizations in the field which seeks political and military roles, either in coalition with the authority or in conflict with it. The weakness of the central State is a national issue and represents a severe institutional weakness, which impedes the developmental process.

Sociocultural factors are among the biggest obstacles to development and to the achievement of the MDGs. The tribal structure and culture, the conservative culture sheltered by religion and the adherence to traditions without any critical or modernist dimension, as well as the widespread use of Khat, are all weakening the role of the State and institutions, the strict position against women and youth, and the resistance to any modernist ideas.

The priority regarding Yemen is for simultaneous progress in three dimensions. The first aim is for regaining internal peace, building the State and its institutions, as well as assuming control from the de facto authorities. The second aim is to eradicate human poverty in all dimensions expressed in the MDGs. The third aim seeks to deal with the cultural and behavioural issues, especially Khat use and the position of women.

### ***The Sudan***

The Sudan is a large country in terms of geography and very diverse in terms of ethnic and tribal structures. Internal wars and conflicts are attributed to the diverse social structure of the country. The Sudan has suffered from long decades of war between the Regime in Khartoum and the Sudan People's Liberation Army/Movement. The conflict ended by a peace treaty and power sharing agreement, which resulted in the independence of South Sudan. The Darfur conflict is another example of tribal conflict over the control of resources with political undertones. There are also numerous conflicts in South Kordofan, as well as other regions.

The Sudan is rich in agricultural, hydraulic and petroleum resources, which are now shared

according to the peace treaty. The Sudan also suffers from institutional weakness, decades of consecutive transformations due to coups, military and political instabilities, as well as from periods of international blockade that led to the methodical destruction of institutional and human capacities, in addition to the vast immigration of qualified and skilled populaces. This contributed to the spread of poverty in the Sudan, with a disparity between Khartoum and some main cities and other regions, and resulted in a decline in development, which was evidenced in almost all MDGs indicators.

Consequently, the priorities of the Sudan are to deal with the multiple internal conflicts and to rebuild active institutions capable of achieving developmental planning from the national perspective, and therefore, for drafting a national strategy in order to achieve MDGs and push the development process forward. The abundance of natural resources can aid these priorities. However, there is a shortage of relevant policies and institutional capacities.

### ***Lebanon***

Lebanon has been ridden with conflict since 1975: the civil war (1975-1990) and two Israeli invasions (1978 and 1982) (including capturing the capital of Beirut).

Lebanon was under the political and security tutelage of Syria between 1976 and 2005. Throughout this period, Lebanon suffered from political, institutional and security instabilities, which escalated in 2005 after the assassination of the former prime minister (among other assassinations). Further turbulence followed the exit of Syrian troops from Lebanon, which announced the beginning of a new political stage. Lebanon is currently classified as a weak State as there are political and social parties or forces which are more powerful than the government and which are capable of resisting, veiling or equalling the power of the State.

Development indicators in Lebanon, especially social indicators, are generally acceptable, especially regarding education and health. However, their progress is slow relative to the possible capacity of Lebanon and both civil society and the private sector play a big role in compensating the State in these fields. Lebanon

never experienced a State Regime, but it has been consuming its accumulated balance for decades and has depended on the resources of its residents and immigrants, at the expense of developing a generation of new values through diverse, productive work. The absence of a State Regime, in addition to the continuous conflicts in Lebanon, have contributed to the development of a civil society that has replaced the State in providing services and dealing with emergencies. Civil

society and the private sector were both capable of compensating the lack in social sectors; however, there remains a gap in the economic field and in creating productive job opportunities. Lebanon could achieve the MDGs quantitatively as defined in the MDGs global framework, but regarding the strategic meaning, the constant state of conflict and instability has led to a weakening of institutional structures, and both the aim and content of relevant policies.

## IV. MEASURING MDG PROGRESS

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The global MDG targets were established by extrapolating past trends. The figure below shows the global net enrolment ratios increasing linearly between 1960 and 1990, predicting that universal enrolment would be achieved by 2015. The figure also shows the gradual reduction in the under-five mortality rate. Since the predicted 2015 value of 34 is two-thirds of the actual 1990 value of 103, the target for under-five mortality is to reduce the indicator by two-thirds. The use of past trends explains why some targets call for universal access, while other targets call for a reduction of one-half or two-thirds.

These targets have been used to assess progress on different levels from the global to country level. These assessments categorize countries as “good performing” and “failing”. However, this approach to assess country performance against global targets is questionable as there may be many legitimate reasons that “failing” countries are not achieving the global targets.

### A. DATA ISSUES WHEN MEASURING PROGRESS

#### 1. *National versus international data*

The source of data is relevant as the level of progress differs depending on whether the data is from national or international sources. In this chapter, most of the statistics used are from the United Nations Statistical Division’s (UNSD) MDG database. This information comes from various sources, such as different United Nations agencies and national authorities that respect the concepts and definitions of the MDG framework. As such, these statistics are comparable. Most regional and global United Nations reports rely on this database. In the interest of data consistency, this chapter primarily uses the UNSD MDG database.

However, most national MDG reports use statistics from national sources. Major differences exist in terms of data availability and data values between national and United Nations sources. Discrepancies emanate from definitions, methods

of calculation, targeted populations and subpopulations, sources of data and estimation methods.

In 2010, ESCWA undertook an in-depth assessment of the discrepancies between national and United Nations sources. For the 14 ESCWA member countries, in only 15 per cent of cases the values for the same indicator in the same year for a given country matched exactly with those recorded nationally and those in the UNSD database. A further 27 per cent of data points were consistent in value (+ or -10 per cent) in both sources. There were major discrepancies (over 10 per cent) in 59 per cent of data points.

Discrepancies between national and international data sources, and the role played by the quality and availability of data in such discrepancies, constitute major issues for the regional and international statistical agenda.

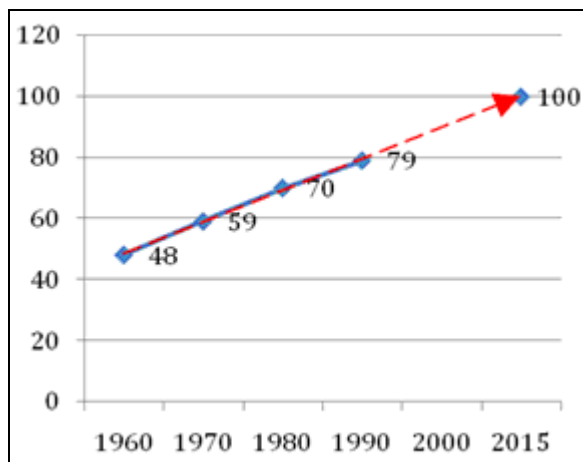
#### 2. *Availability of data*

Many indicators have limited available data and there are significant gaps in datasets. For example, in the UNSD MDG database, only 10 out of 22 Arab countries have statistics on underweight children under-five after 2006. Moreover, several indicators have only been assessed once or twice, preventing robust measurements of progress. For instance, poverty indicators in Algeria date to 1995, while the Syrian Arab Republic and Iraq did not have official poverty headcount data until 2004 and 2007, respectively. Such gaps persist through many different indicators.

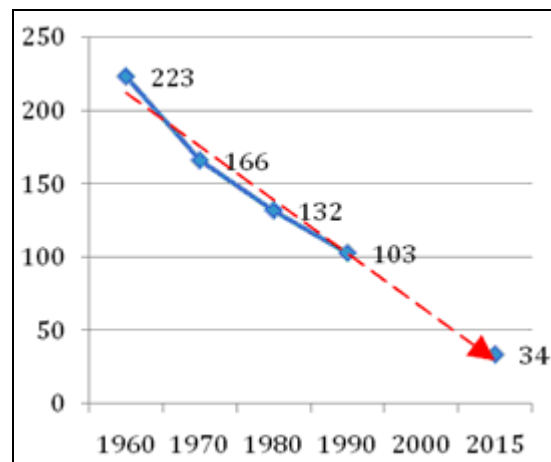
Another issue is that baseline statistics are often not available. Again taking underweight children under-five as an example, only 13 of 22 Arab countries have a data point prior to 1995. The case is similar for many other indicators. Since benchmark statistics are needed to evaluate progress, indicators that are not available must be estimated, which makes MDG assessment more difficult.

**Figure 18. Net enrolments and infant mortality**

Global net enrolment ratios, percentage



Global under five mortality, per 1,000 births



Source: Vandemoortele (2009).

ESCWA (2008) conducted an assessment of data availability that revealed that the average availability of the MDG indicators in the ESCWA countries is approximately 53 per cent. The second assessment (ESCWA, 2010) showed an overall improvement of the average availability of the MDG indicators at approximately 70 per cent. These statistics indicate significant progress in terms of data availability, but there is room for further improvement.

### 3. *Weak harmonization of data collection strategies*

Some of the MDG indicators are more difficult to measure than others and indicators may not be comparable across countries because of differences in compilation methodologies and/or the definitions used by different agencies. In addition, it is often the case that the data collection strategy changes over time, making comparisons across time difficult or even invalid.

Maternal mortality is a notoriously difficult indicator to measure. This indicator is problematic even in developed countries with advanced systems. One way to measure maternal mortality is to use household surveys and to ask about the deaths of women in that household from causes related to childbirth. Other options include a disease surveillance system or a sample registration system. However, with all methods, estimates have

wide confidence intervals, which makes it difficult to evaluate progress over time and to make comparisons between countries.

Another example that poses several obstacles that can lead to the lack of harmonization of data across time and countries is the net enrolment ratio. The low availability of population census data can lead to the underreporting of school-age populations and the reporting of the ages of children is difficult without accurate birth records. Moreover, children repeating years in school may be mistakenly included in net figures.

More qualitative indicators, such as literacy, are also difficult to measure. Literacy is often measured through self-completion questionnaires that can yield biased results due to the embarrassment associated with declaring oneself illiterate. Further, the definition of literacy varies between agencies.

### 4. *Political interference*

Statistics can be a political matter. If statistics are manipulated to fit a particular political agenda, then any effort to compare statistics across countries becomes more difficult. In other cases, political interference can contribute to the low availability of data since crucial data is not disclosed due to political sensitivity. Recently, many observers have argued that figures

concerning poverty, inequality, unemployment and other issues in the Arab countries have been manipulated so that official national reports and sometimes, international reports, did not reflect the reality. Some observers suggest the manipulation of sensible statistics has contributed to the unpredictability of the Arab uprisings.

## **B. CONCEPTUAL CHALLENGES WHEN EVALUATING MDG PROGRESS**

### **1. *How the MDGs are unfair to the LDCs***

As argued famously by Easterly, the MDGs are unfair to the countries of Africa. He argues: “Measuring social and economic progress is not at all as straightforward as the discussion of the MDGs makes it seem”. (Easterly, 2007) The way the targets are designed will make some regions appear better and others appear worse, depending on a number of choices, such as:

- Choice of benchmark year.
- Linear versus non-linear relationships with time or per capita income.
- Absolute changes versus percentage changes.
- Change targets versus level targets.
- Positive versus negative indicators.

For example, he argues that it was less likely that African countries would attain universal primary enrolment because they started with the lowest initial levels of primary enrolment and completion. Furthermore, to reduce child mortality by two-thirds is less likely when you start at very high mortality levels, as Africa did. Most of his arguments are not limited to Africa, but apply to LDCs across the world. Following this logic, the six Arab LDCs, five of which is in Africa, are unlikely to achieve the MDGs because the MDGs were established in a way that made it less likely.

### **2. *MDGs for more developed countries***

As discussed above, the design of the MDGs does not favour the least developed countries. However, it is also important to note that it is difficult to evaluate the progress made in more developed countries using the MDGs. Some of the indicators are not suitable for more developed countries, which had already achieved most of the

MDGs by 1990. These countries should strive to achieve other, more demanding goals.

Therefore in measuring progress, it is important to distinguish between the initial levels of development. In a heterogeneous region like the Arab region, it is expected that progress rates would differ between countries. For example, some of the indicators are not relevant for the GCC, the richest Arab countries. In terms of other indicators such as maternal mortality and child mortality, where the GCC countries are already on par with the developed regions, further improvement will be slow. All these issues must be taken into account when we are trying to assess progress towards the MDGs.

### **3. *MDGs are global targets***

The common perception is that unless all countries make appropriate progress on every indicator, then the world will miss the MDG targets. However, Vandemoortele, one of the original designers of the MDGs, argues that they were meant to apply at the global level only, and not at the country or regional level. Global performance is the sum of all country-specific performances and it is natural that some countries will contribute more than others towards achieving the global targets. He argues that the correct way to assess country performance towards the MDGs would be to evaluate if the country is maintaining the same pace of progress it has achieved in the past.

Tabatabai discusses the argument of Vandemoortele and claims that even if the quantitative targets are based on global trends, this is not a valid reason for not applying them at the national level. Tabatabai argues: “The real yardstick for judging effort and performance is whether they have done the best they could under the circumstances.” (2007, p. 1).

“Localizing” the MDGs is seen as an important condition for success. “Localizing” the MDGs can be described as the process of designing (or adjusting) development strategies to achieve nationally adapted MDG targets tailored to the national context. Moreover, “localizing” the MDGs means promoting national ownership, understanding national needs and trends, and allocating resources to achieve outcomes at the



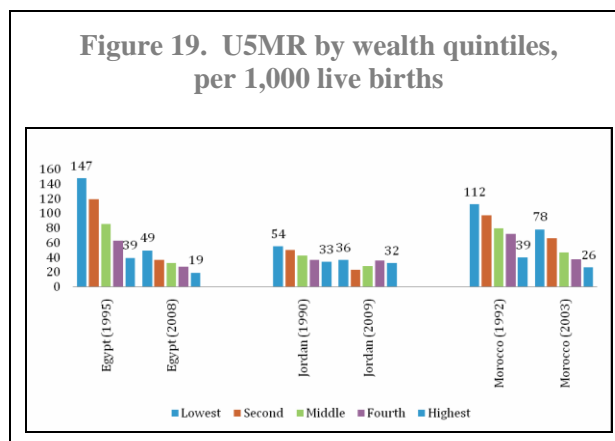
national level. In this way, nationally defined targets are adapted to the national context to meet the development needs and priorities of specific communities.

The national adaptation process has been partial in the Arab region. Some examples of localizing the MDGs in the Arab region include the engendered MDG report of Morocco in 2005, an unattained tailoring exercise in Jordan (MDGR, 2010), and the MDG plus project planned in Bahrain. In addition, the Palestinian Authority is undertaking an advanced MDG adaptation process in order to develop a national MDG action plan in line with the National Development Plan 2011-2013. In most other countries, MDG targets may be included indirectly in national plans through elements of sectoral policies (education, health, gender, environment, etc.) because these sectors use measurements for success that are similar to the established MDG indicators.

#### 4. Inequality matters

Most MDG progress reports evaluate national progress towards the MDGs. However, this approach based on national averages may be misleading in the cases where average national progress hides large variations within the country. For example, the under-five mortality rate (U5MR) shows inter-country disparities when considered relative to wealth distribution. Considering national under-five mortality rates, Egypt and Jordan have similar values (Egypt 32.7/1000 in 2008 and Jordan 30.7/1000 in 2009). However, rates for children in the bottom quintile in Egypt are much worse than what the national U5MR suggests (49/1000 compared to 32.7/1000). The gradient of the charted columns has declined, suggesting declining inequality gaps. In contrast, Jordan has managed to reverse the gradient, distributing the progress over the last two decades to the benefit of the lower income groups. In Morocco, the under-five mortality rate has been reduced, but the differences between income groups remain stark.

To better incorporate these disparities we follow the method proposed by Vandemoortele (2009). By adjusting the national statistics for disparities by weighing the quintile-specific values, we afford more importance to progress for the lower quintiles.

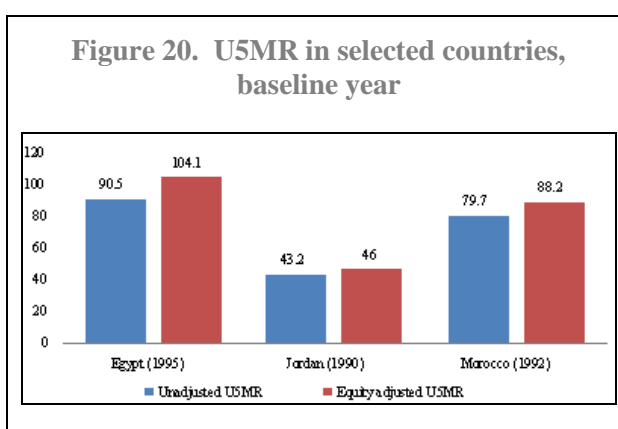


Source: Demographic and Health Surveys (DHS).

TABLE 4. QUINTILE SPECIFIC DISPARITIES

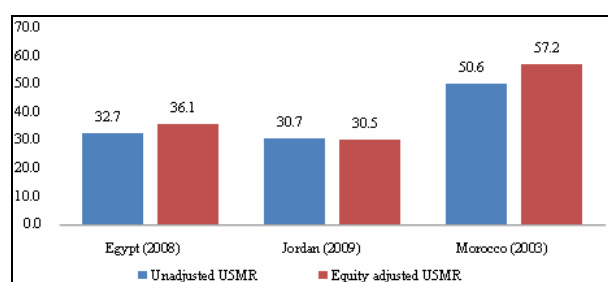
Quintile	Unadjusted weight	Equity adjusted weight
Lowest	20 per cent	30 per cent
Second	20 per cent	25 per cent
Middle	20 per cent	20 per cent
Fourth	20 per cent	15 per cent
Highest	20 per cent	10 per cent
Total	100 per cent	100 per cent

Comparing the three countries in the table, the unadjusted and the equity adjusted under-fives mortality rate in Jordan are similar, while in Egypt and Morocco the difference relatively large. Nonetheless, there is a noticeable difference between Egypt and Morocco when we compare figures 14 and 15. While the difference between the adjusted and the unadjusted has decreased between 1995 and 2008 in Egypt, the difference increased in Morocco between 1992 and 2003.





**Figure 21. U5MR in selected countries, most recent data**



Source: Demographic and Health Surveys (DHS).

### C. THREE EXAMPLES OF MEASURING MDG PROGRESS

Having discussed issues related to data and the complications of measuring progress towards the MDGs, this section will discuss the results of several approaches of measuring progress. Given the limitations and challenges already discussed, the results must be taken with a great deal of caution. Nonetheless, the results from these exercises, combined with the narrative in the previous section, make it possible to highlight some main challenges facing the Arab countries.

#### 1. How much of the target has been achieved

A simple method to understand how countries are progressing is to calculate the percentage of achievement. This calculation is done by dividing the progress between 1990 and today, by the total progress needed to achieve the goal. This very crude indicator offers some insight of progress made. This exercise has been done for the six Arab least developed countries for a few selected indicators.

It is obvious that the achievement levels vary across goals and countries. Several success stories can be observed, such as the achievement regarding underweight children in Mauritania, which has been reduced from 43.3 to 16.7 per cent. This reduction is more than the initial target of halving this indicator. In addition, Djibouti and Comoros have both experienced a great improvement in the proportion of the population who have access to improved drinking water sources.

It is crucial to highlight that in a few cases, the Arab least developed countries have regressed. Examples include skilled birth attendance in the Sudan and Somalia, immunization in Comoros, Djibouti and Yemen, underweight children in Djibouti, water access in the Sudan and Yemen, and sanitation in Djibouti.

**TABLE 5. PERCENTAGE OF ACHIEVEMENT TO TOTAL ACHIEVEMENT NECESSARY TO ATTAIN THE TARGET**

	Births attended by skilled health personnel, percentage	Children 1 year old immunized against measles, percentage	Children under 5 moderately or severely underweight, percentage	Children under five mortality rate per 1,000 live births	Maternal mortality ratio per 100,000 live births	Proportion of the population using improved drinking water sources	Proportion of the population using improved sanitation facilities
Comoros		Regression		47	48	123	46
Djibouti	82	Regression	Regression	39	25	130	Regression
Mauritania	35	34	123	16	39	54	24
Somalia	Regression	Regression		0	Regression	23	5
The Sudan	Regression	58	1	26	13	Regression	0
Yemen	24	Regression		60	81	Regression	83

Source: Calculation of the author, based on data from UNSD.

## 2. *Measuring change in policy: Did the MDGs improve policymaking?*

Fukuda-Parr and Greenstein (2010) question the approach of assessing MDG progress by asking whether targets are likely to be met. They claim that this methodology is inappropriate since the MDGs were not designed to be planning targets, but instead were political commitments that define priorities in a normative framework. Therefore, they argue that the appropriate question to ask is whether more is being done to meet this commitment. To answer this question they investigate if the pace of progress has accelerated since the MDGs were established.

Determining the rate of progress requires calculating the annual rate of change between the first year available (close to 1990) and the middle year (close to 2000). This rate is then compared to the annual rate of change between year 2000 and the most recent observation available. If progress is faster in the latter period, they argue that the country accelerated progress towards the selected indicator.

This approach has several drawbacks, as the authors point out. First, it treats improvement as linear, which is problematic. Another issue discussed is that other circumstances are omitted from the analysis. For example, a global economic crisis or conflict would obviously hinder progress but cannot be accorded directly to the lack of political commitment.

This report replicates this approach for two indicators with sufficient data for all Arab countries, namely under-five mortality rates and maternal mortality rates. In order to address the issue of non-linearity we use the approach suggested by UNICEF (2008) and calculate average annual rates of reduction (AARR) that takes into account that as the indicators decrease, the same or greater absolute reduction becomes more difficult.

As can be evidenced in the table below, only 10 out of 22 countries achieved accelerated progress for under-five mortality. Concerning maternal mortality only 8 out of 22 countries accelerated their progress after the MDGs were established. Iraq, Jordan, Lebanon, Qatar and Yemen were the only countries that achieved accelerated progress in both indicators.

TABLE 6. COMPARISON OF UNDER-FIVE AND MATERNAL MORTALITY RATES

	Under-five mortality rates			Maternal mortality rates		
	AARR 1990-2000	AARR 2000-2010	Improved after 2000	AARR 1990-2000	AARR 2000-2010	Improved after 2000
Algeria	3.3	3.1	No	5.8	1.9	No
Bahrain	3.5	1.8	No	0.8	2.4	Yes
Comoros	1.8	1.9	Yes	3.1	1.7	No
Djibouti	1.5	1.5	No	1.1	1.2	Yes
Egypt	6.9	7.6	Yes	6.9	3.7	No
Iraq	0.7	1.0	Yes	1.0	1.4	Yes
Jordan	2.7	2.8	Yes	3.3	3.6	Yes
Kuwait	1.4	1.7	Yes	2.2	-1.5	No
Lebanon	2.7	2.8	Yes	3.7	4.1	Yes
Libya	5.1	4.6	No	3.0	1.8	No
Mauritania	0.7	0.4	No	2.0	1.9	No
Morocco	4.5	4.2	No	5.2	4.7	No
Palestine	3.7	3.4	No			
Oman	7.6	8.9	Yes	6.0	3.8	No
Qatar	4.8	4.9	Yes	3.1	4.0	Yes
Saudi Arabia	5.5	3.7	No	3.8	1.9	No
Somalia	0.0	0.0	No	-0.9	0.0	Yes
The Sudan	0.9	1.0	Yes	0.8	0.3	No
Syrian Arab Republic	5.0	3.6	No	7.3	2.9	No
Tunisia	5.6	5.6	No	4.5	4.1	No
United Arab Emirates	6.1	5.4	No	6.2	5.1	No
Yemen	2.5	2.6	Yes	4.6	6.0	Yes

Source: Calculation of author based on data from UNSD.

TABLE 7. IMPROVEMENT IN THE RATE OF PROGRESS IN ARAB COUNTRIES

Country	Rank	Improved		Maintained		Decreased		Total number of indicators
		Indicators	per cent	Indicators	per cent	Indicators	per cent	
Algeria	83	12	52.2	1	4.3	10	43.5	23
Bahrain	96	5	27.8	1	5.6	12	66.7	18
Comoros								
Djibouti	72	12	57.1	2	9.5	7	33.3	21
Egypt	38	17	68.0	1	4.0	7	28.0	25
Iraq	90	7	46.7	2	13.3	6	40.0	15
Jordan	94	8	32.0	4	16.0	13	52.0	25
Kuwait	98	3	18.8	0	0.0	13	81.3	16
Lebanon	86	8	50.0	3	18.8	5	31.3	16
Libya	29	9	69.2	3	23.1	1	7.7	13
Mauritania	89	12	48.0	1	4.0	12	48.0	25
Morocco	4	25	89.3	1	3.6	2	7.1	28
Palestine	45	6	66.7	0	0.0	3	33.3	9
Oman	96	5	27.8	1	5.6	12	66.7	18
Qatar	82	8	53.3	4	26.7	3	20.0	15
Saudi Arabia	93	6	37.5	3	18.8	7	43.8	16
Somalia	67	7	58.3	3	25.0	2	16.7	12
The Sudan	84	13	52.0	1	4.0	11	44.0	25
Syrian Arab Republic	62	12	60.0	1	5.0	7	35.0	20
Tunisia	80	13	54.2	1	4.2	10	41.7	24
United Arab Emirates	91	9	60.0	6	40.0	6	40.0	15
Yemen	56	12	63.2	2	10.5	5	26.3	19

Source: Adopted from Hailu and Tsukuda (2011).

Hailu and Tsukada (2011) conduct a similar exercise with a sample of 98 developing countries and for 40 indicators. They use a non-linearity approach to assess the changes in the rate of progress at the country level in order to assess MDG performance. They claim that this approach allows them to measure the commitment of policymakers. After having calculated the rate of progress before and after the MDGs, they classify the performance into three categories: Improved, Maintained and Decreased.

According to this approach, the rate of progress in the Arab countries has not improved significantly since the MDGs were established. Of the 21 Arab countries in the sample, only four countries (Morocco, Libya, Egypt and Palestine) are in the top half of the ranking. In addition, 13 of the 20 lowest ranked countries are Arab countries.

### 3. When will the MDGs be achieved?

The third Arab MDG report (2010) discusses how the Arab countries have made impressive gains in many MDG indicators, but progress varies across indicators and across countries. In order to better understand which indicators the Arab countries are on track with and which indicators are lagging behind, an assessment of when the goals will be reached is undertaken. The focus is on a subset of

17 indicators, which have been identified as relevant for understanding the most pressing issues related to the attainment of the MDGs in the region and based on national MDG and previous, regional MDGs reports. These indicators also reflect areas that have clear multiplier and self-reinforcing effects for the attainment of all other MDG indicators.

The approach used here is inspired by the methodology employed in the previous regional MDG reports carried out by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). A similar approach is also used in many national MDG reports. While this approach, like any other one, is not exempt of weaknesses, it is useful as a tool to raise awareness and to summarize MDG progress.

This approach consists of making projections to assess when Arab countries will achieve the selected targets. First, the rate of the progress made between 1990 and the most recent observation available is calculated. Second, the date of the attainment of the goal is estimated based on the assumption that the rate of progress will not change. Third, the indicators are categorized by country, depending on the year of attainment. The table below summarizes the indicators used, how the target is set and any technical considerations taken.

TABLE 8. DETAILS ABOUT THE SELECTED INDICATORS

Indicator: full title	Short title	Target	Cut-off <sup>a/</sup>	Transformation <sup>b/</sup>
Children under 5 moderately or severely underweight, percentage	Underweight	Half 1990 value	None	Logit
Total net enrolment ratio in primary education, both sexes	Net enrolment ratio	100	95	Logit
Literacy rates of 15-24 years old, both sexes, percentage	Literacy	100	95	Logit
Gender Parity Index in primary level enrolment	GPI primary	1	0.95	Log
Gender Parity Index in secondary level enrolment	GPI secondary	1	0.95	Log
Gender Parity Index in tertiary level enrolment	GPI tertiary	1	0.95	Log
Children under five mortality rate per 1,000 live births	U5MR	One third of 1990 value	None	Logit
Infant mortality rate (0-1 year) per 1,000 live births	Infant mortality	One third of 1990 value	None	Logit
Maternal mortality ratio per 100,000 live births	Maternal mortality	One fourth of 1990 value	None	Logit
Births attended by skilled health personnel, percentage	Skilled birth attendance	Reduce 1990 value by 3/4 (without)	None	Logit
Antenatal care coverage, at least one visit, percentage	Antenatal care	100	95	Logit
Tuberculosis prevalence rate per 100,000 population (mid-point)	TB prevalence	Reverse trend		Logit
Tuberculosis death rate per year per 100,000 population (mid-point)	TB death rate	Reverse trend		Logit
Carbon dioxide emissions (CO <sub>2</sub> ), metric tons of CO <sub>2</sub> per capita (CDIAC)	CO <sub>2</sub> emissions	Reverse trend		None
Terrestrial and marine areas protected to total territorial area, percentage	Protected areas	Reverse trend		Logit
Proportion of the population using improved drinking water sources, total	Water	Half 1990 value (without)	None	Logit
Proportion of the population using improved sanitation facilities, total	Sanitation	Half 1990 value (without)	None	Logit

Notes: <sup>a/</sup> Some indicators require an absolute level as a target, such as the primary school enrolment. These targets cannot be achieved by the model due to the transformation used. In this case, the indicator is treated as achieved if the country has reached a cut-off value. In the case of primary school enrolment, for example, this cut-off value is set at 95 per cent instead of 100 per cent.

<sup>b/</sup> In case an indicator is a proportion or a probability, the original value,  $Y_t$ , which is between 0 and 1, is converted into  $y_t$ , by dividing  $Y_t$  by the appropriate scale. For example, for under five mortality rate,  $Y_t$  is divided by 1000; for maternal mortality, the indicator is divided by 100,000. A logit transformation is then made on  $y_t$  so that the indicator is on the scale of real numbers. For indicators that are odds ratios, such as gender parity, a log transformation is used. For indicators that cannot be interpreted as either a probability or odds ratio, such as CO<sub>2</sub> emissions, no transformation is applied.

$$L_t = \log\left(\frac{y_t}{1-y_t}\right), \text{ if } y_t \text{ is a probability}$$

$$L_t = \log(y_t), \text{ if } y_t \text{ is a rate of proportions}$$

$$L_t = y_t, \text{ otherwise}$$

It is crucial to carefully interpret the results. Even if a country has the same progress rate, the implications might be different depending on the national context. In addition, the results from this assessment are only indicative and it is important to contextualize the results within national circumstances and analyse them in combination with other economic and social indicators.

Table 9 summarizes the progress in the Arab countries. The GCC countries are doing well, while the LDCs are lagging behind and will not achieve most of the targets by 2015. In terms of goals, the most problematic goals are MDG 4 and 5. Most countries in the Arab region are also trending in the wrong direction when it comes to CO<sub>2</sub> emissions.

#### D. SUMMARY

This chapter has discussed different issues related to measuring MDG progress, such as data issues and other more conceptual issues. It has presented three different ways of measuring MDG progress, all of which have different advantages and disadvantages. However, used together they provide a telling picture about MDG progress in the Arab world.

In summary, measuring MDG progress is a complicated but important task. In the final years before and in the years following 2015, several issues need to be discussed to improve the measurement of MDG progress.

MDG reporting and the discussion about beyond 2015 must take into consideration the importance of

inequalities. The MDG indicators, as applied, have not mirrored the realities of such inequalities. Without adapting targets and indicators to these imbalances, the risk of exacerbating inequalities increases even further.

Although we are nearing 2015, MDG datasets are still incomplete and major data related problems are not solved. In terms of data collection, it is important to improve data availability, as well as data quality and coherence. In order to include a stronger focus on equality, it is crucial to strengthen data collection efforts and to monitor disaggregated data. The recommendations are as follows:

- More interaction between national, regional and global statistical bodies to allow both efficient and timely national/global data coherence.
- To create an Arab MDG dataset that refers to both international and national sources, and that is both accessible and user friendly.
- To discuss various modalities to assess MDG progress, to agree on the relevant modalities, and use them in the coming reports to reflect progress.
- National ownership/leadership means integrating MDGs within National Development Plans (NDP) and Poverty Reduction Strategies (PRS), elaborating and adopting an MDG based national priority plan for action and implementation. This also includes national targets tailored according to circumstances.

TABLE 9. PROGRESS IN THE ARAB COUNTRIES

	Goal 1	Goal 2		Goal 3			Goal 4		Goal 5			Goal 6		Goal 7			
	Underweight	Net enrolment ratio	Literacy	GPI primary	GPI secondary	GPI tertiary	USMR	Infant mortality	Maternal mortality	Skilled birth attendance	Antenatal care	TB prevalence	TB death rate	CO <sub>2</sub> emissions	Protected areas	Water	Sanitation
Bahrain	..	Likely	Likely	Likely	Likely	Likely	Likely	Likely	Likely	..	..	Likely	Likely	Reverse trend	Likely	..	..
Kuwait	..	Unlikely	..	Likely	Likely	Likely	Likely	Likely	Likely	..	..	Reverse trend	Reverse trend	Reverse trend	Possible	Likely	Likely
Oman	Likely	Likely	Likely	Likely	Likely	Likely	Likely	Likely	Possible	Likely	Likely	Likely	Likely	Reverse trend	Likely	Possible	Unlikely
Qatar	..	Likely	Likely	Likely	Likely	Likely	Likely	Likely	Likely	..	..	Likely	Likely	Reverse trend	Likely	Likely	Likely
Saudi Arabia	..	Likely	Likely	Likely	Unlikely	Likely	Possible	Possible	Unlikely	..	..	Likely	Likely	Likely	Likely	Unlikely	..
United Arab Emirates	..	Likely	..	Likely	Likely	Likely	Likely	Likely	Likely	..	..	Reverse trend	Possible	Reverse trend	Likely	Likely	Likely
Comoros	Reverse trend	..	Unlikely	Likely	Reverse trend	Unlikely	Unlikely	Unlikely	Unlikely	Likely	Reverse trend	Likely	Likely	Reverse trend	Likely	Likely	Unlikely
Djibouti	Reverse trend	Unlikely	..	Possible	Unlikely	Reverse trend	Unlikely	Unlikely	Unlikely	..	Likely	Reverse trend	Reverse trend	Likely	Possible	Likely	Reverse trend
Mauritania	Possible	Unlikely	Unlikely	Likely	Likely	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	Reverse trend	Reverse trend	Likely	Possible	Unlikely	Unlikely
Somalia	Reverse trend	..	..	..	..	..	Reverse trend	Reverse trend	Reverse trend	Reverse trend	Reverse trend	Likely	Likely	Reverse trend	Possible	Unlikely	Unlikely
The Sudan	Unlikely	..	Unlikely	Possible	Likely	..	Unlikely	Unlikely	Unlikely	Reverse trend	Reverse trend	Likely	Likely	Reverse trend	Likely	Reverse trend	Unlikely
Yemen	Reverse trend	Unlikely	Unlikely	Likely	Unlikely	Unlikely	Unlikely	Unlikely	Possible	Unlikely	Unlikely	Likely	Likely	Reverse trend	Likely	Reverse trend	Likely
Egypt	Possible	..	..	Likely	Likely	Likely	Likely	Likely	Likely	Likely	Unlikely	Likely	Likely	Reverse trend	Likely	Likely	Likely
Iraq	Unlikely	Reverse trend	Reverse trend	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	Unlikely	Possible	Unlikely	Reverse trend	Reverse trend	Reverse trend	Possible	Reverse trend	Unlikely
Jordan	Likely	Likely	Likely	Likely	Likely	Likely	Unlikely	Unlikely	Unlikely	Likely	Likely	Likely	Likely	Reverse trend	Likely	Likely	Possible
Lebanon	Reverse trend	Possible	..	Likely	Likely	Likely	Likely	Likely	Unlikely	..	Likely	Likely	Likely	Reverse trend	Likely	Likely	Likely
Palestine	Unlikely	Likely	Likely	Likely	Likely	Likely	Unlikely	Unlikely	..	Likely	Likely	Likely	Likely	Reverse trend	..	Reverse trend	Reverse trend
Syrian Arab Republic	Possible	Likely	Likely	Likely	Likely	..	Likely	Possible	Likely	Likely	Possible	Likely	Likely	Reverse trend	Likely	Unlikely	Likely
Algeria	Likely	Likely	Possible	Likely	Likely	Likely	Unlikely	Unlikely	Unlikely	Likely	Likely	Reverse trend	Reverse trend	Reverse trend	Likely	Reverse trend	Likely
Libya	..	Likely	Likely	Likely	Likely	Likely	Unlikely	Possible	Unlikely	..	..	Likely	Likely	Reverse trend	Possible	Reverse trend	Likely
Morocco	Reverse trend	Likely	Unlikely	Likely	Possible	Likely	Likely	Possible	Possible	Likely	Unlikely	Likely	Likely	Reverse trend	Likely	Unlikely	Possible
Tunisia	Likely	..	Likely	Likely	Likely	Likely	Likely	Likely	Unlikely	Likely	Likely	Likely	Likely	Reverse trend	Likely	Likely	Likely
Likely				Possible						Unlikely				Reverse trend			
Target already achieved or likely to be achieved before 2015				Target possible to achieve by 2015 if some changes are made						Unlikely to achieve target before 2015				Indicator is trending in the wrong direction			

Source: Author's calculation based on data from UNSD.



## V. IMPEDIMENTS TO THE ACHIEVEMENT OF MDGS IN THE ARAB REGION

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### A. CHALLENGES IDENTIFIED IN PREVIOUS ARAB MDG REPORTS

In 2005, ESCWA coordinated the collaboration of several United Nations agencies in the region, which led to the first report on the Millennium Development Goals in the Arab Region.<sup>25</sup> The purpose of this report (and its successors) is to raise awareness of the MDGs and to comprehensively monitor progress towards achieving the development goals. These regional reports are meant to supplement both national and global reporting of the MDGs.

Not only does the regional MDG report track the status of achievement, but the report also identifies key challenges faced in the process of working towards attainment of the MDGs in the Arab region. The 2005 report follows the Millennium Declaration and discusses the challenges, following four categories:

- Establishing peace and security is a key challenge, especially given the ongoing Arab-Israeli conflict. Conflict in the region continues to destroy resources and the social fabric of society. Such instability threatens the sustainability and equal distribution of development gains.
- The eradication of poverty and inequality represents a social and economic challenge in the region. Thus, the report identified key goals of reducing unemployment, closing the gender gap, increasing productivity and strengthening regional partnerships and integration.
- Respect for human rights, democracy and good governance remain key challenges in the region. Democratic institutions and processes are weak and political participation levels are low. Greater effort must be exerted to establish the rule of law that respects human rights, particularly in conflict and post-conflict areas. Additionally, targeted efforts to protect the most vulnerable (e.g. migrants, minorities) are necessary.
- Protecting the environment and achieving sustainable development is another key challenge. The region suffers from an over-exploitation of water resources, desertification, lack of energy efficiency and insufficient management of non-renewable energy sources.

In line with regional developments, the second collaborative Arab MDG Report, published in 2007, not only marked the midpoint between the adoption of the Millennium Declaration and the 2015 target date, but also gave special emphasis to the complexities and the magnitude of issues faced by young people in the Arab world. Despite noteworthy achievements, the report emphasized that the political, social and economic systems of the Arab region had not evolved in a way to meet the needs of the rapidly growing young population. Arab countries do not fully protect human rights for the youth: the right to life, education, health, an adequate standard of living, and to freedom of expression, association and assembly without discrimination of any kind. The report in 2007 already raised awareness of the issues that impacted the Arab Spring in 2010.

The global economic crises of 2008 added to the already mentioned challenges. Therefore, the third Arab MDG Report in 2010 discussed the implications of these crises on the attainment of the MDGs in the region. While economic growth for the region was negatively affected by the global financial crisis, the growth impact was less severe than in other regions and was mainly concentrated to the rich oil exporting economies that are on track towards achieving most of the MDGs. Due to their significant reserves, the oil exporting countries were expected to be better positioned to mitigate the potential negative socioeconomic ramifications. Conversely, the food and fuel crises strongly impacted MDG attainments in the region, particularly on targets related to poverty and hunger. As a result, different development impacts were seen at both the subregional (GCC, LDCs) and the national level (rural/urban). The more affluent oil exporting countries were able to better respond to the fuel and food crises, while the more

diversified middle income countries and the least developed countries lacked any effective capacity to respond.

The challenges outlined in the three previous Arab MDG reports remain relevant. Therefore, the present report articulates the multidimensional challenges and calls for concerted policy action geared towards achieving the MDGs by 2015.

## **B. CURRENT REGIONAL CHALLENGES: MULTIDIMENSIONAL PATTERNS OF EXCLUSION**

Since the publication of the first Arab MDG report, the region saw significant changes in the socioeconomic and political landscape, such as the increased impact of social unrest at regional and national scales, greater economic inequality and political exclusion, new emerging conflicts (for example, in the Sudan), continuing repercussions from global crises (food, oil and the financial-economic), and climate-led deterioration of natural resources (e.g. water and energy security).

A widening poverty gap and unemployment, especially youth unemployment, have been identified as major regional challenges. Furthermore, discriminatory practices against women and youth result in limited political and economic participation, which leads to generally weak institutions. Governance mechanisms show no significant improvements during the last decade. These fundamental issues encouraged the development of the Arab Spring, which started at the beginning of 2010 and has already toppled the regimes in three countries.

This report considers this rapidly changing Arab context and aims to identify development obstacles and impediments for the attainment of the MDGs. Many of the challenges analysed in previous reports are still valid, but this report links the challenges in an over-arching framework (i.e. modelling the path of economic, social and political exclusion) and depicts a comprehensive view on social life, institutional mechanisms and structural conditions that would enable a coherent policy response. Whether considered at the regional, subregional, or national level, the major challenges can be grouped into the following categories (without implying a hierarchy or a level of importance):

- (a) Unemployment, expansion of the informal sector and low productivity;
- (b) Poverty and income inequalities;
- (c) Discrimination against women and youth;
- (d) Lack of democracy, weak governance and ineffective institutions;
- (e) Lack of regional integration and weak development partnerships;
- (f) Unsustainable management of natural resources;
- (g) Occupation and conflict;
- (h) Weak data availability and quality that hinders objective and scientifically sound research on development issues.

These issues are factors that drive and transmit exclusion within the Arab region. The contribution of the report lies in framing the path of exclusion and therefore, extracting the structural challenges to sustainable development and to attainment of the MDGs. These issues are the product of national path dependency of public policy decision making and the impact of the global political economy. In the current socioeconomic environment, a significant proportion of the population of the region has been prevented from exercising their rights and from participating in the political, social and economic processes. Therefore, reviewing only national, public policies and analysing the failures of existing approaches to development will allow the processing of all dimensions and mechanisms of economic and social exclusion, and marginalization. This analysis will permit the formulation of an improved approach towards achieving the MDGs by 2015. Furthermore, unless effective regional and global partnerships for development are forged, the sustainable and inclusive development progress in the Arab countries will remain slow and achieve only limited results.

### **1. *Unemployment, expansion of the informal sector and low productivity of economic activity***

Previous sections of the report have provided data on the extent of unemployment in the region, rates of which are among the highest in the world and also show an increase in the informal labour market. Through an analytic lens of exclusion, the economic pattern of unemployment, increasing



informality and low economic productivity are strongly interlinked and reinforce each other because they degrade the socioeconomic performance at the national level, as well as drive the process of marginalisation.

Denying the right and opportunity of work prevents individuals from recognizing a productive existence and impedes integration into a social network (i.e. at the work place), into economic activity (i.e. the opportunity to earn a living), and into developing capabilities (i.e. professional learning through transfer of knowledge and skills). While wages and salaries are obvious benefits of employment, additional social benefits, such as health insurance, add significant value and provide personal security.

These advantages do not apply to employment in informal labour markets, whose expansion is both a result and a cause of low economic productivity. For example, while extended periods of unemployment complicate re-entry into formal labour markets by preventing the maintenance and upgrade of skills, the informal labour market does not have the level of security and income of formal labour markets. For economic systems that do not first address the structural problems of informality and unemployment through various policy mechanisms, low productivity will often be a persistent consequence and lead to a vicious cycle.

## **2. *Poverty and income inequalities***

During the last three decades, the Arab countries largely neglected vertical and horizontal inequalities within their societies. These countries limited their poverty reduction policies to narrow targets set by international institutions and did not adopt comprehensive national and regional approaches, which would tailor poverty reduction measures to the national context. Questions of national ownership and inequality have taken centre stage only in the recent debate as the middle class in several countries becomes more assertive. For example, the events of the Arab Spring were not triggered in the poorest countries of the region, but in Tunisia, Egypt, Bahrain, Libya and the Syrian Arab Republic, which are countries with an educated population that aspires towards reducing poverty through better participation in political, social and economic domains.

In terms of poverty reduction, the events of the Arab Spring inform and drive the search for public policies that restrain the dynamics of exclusion and marginalisation in the political, social and economic spheres. These movements call for a “creative destruction” of the existing economic order with its disparate pattern of income and wealth accumulation.

## **3. *Discrimination against women and youth***

Reports on the economic and political participation of women and youth consistently highlight the very low participation rates of the Arab region, compared with other regions in the world. Women and youth face multidimensional exclusion because of the structurally biased characteristics of Arab society. Therefore women and youth need to raise awareness, protect and promote their rights, and provide education to foster their important contribution in the development of a nation.

Both women and youth played a major role during the Arab uprising, underlining their persistent disadvantages and the limited opportunities in the areas of education, employment, freedom of personal decisions, expression of opinion and self-realization, among others. Their participation in the demonstration further highlights the shortcomings of the approach of national, regional and global policy-makers when it comes to women and youth issues. The challenge lies in reconciling a multitude of views and in translating them into effective policies, which improve the participation of youth and women. The agenda of Arab youth today is neither sectoral nor categorical, but it is an agenda for comprehensive political and social change.

Effective empowerment through substantive policies that provide the necessary transmission mechanisms to other areas and the inclusion of women and youth are prerequisites for sustainable development and the achievement of internationally agreed development goals, such as the MDGs. The described challenges are not only generated by Arab societies, but also the result of a neo-liberal globalization pattern, with shortcomings towards economic, social and cultural development.

#### **4. *Lack of democracy, weak governance and ineffective institutions***

The discussion on governance systems and institutions in the Arab regions tends to evoke a multiplicity of concepts (such as rentier, parental, authoritarian or dual state, among others) that describes the lack of distinction between the public and private space, which allows elites to act as if the country and its resources are under a unilateral regime that can act without any form of consultation on decisions affecting the state and its citizens. As such the State shows a pre-modern pattern or a neo-patrimonial design, which contains the biggest obstacle for a desirable, democratic transition within the fabric of social relations, economic inequalities and cultural implications. The evolution from a pre-modern or neo-patrimonial State to the modern concept of a State, based on human rights and the rule of law, represents the essential requirement of the Arab region at this historic turning point. The political transition process requires the transformation of existing institutions and also the building of new institutions to support a modern Arab State.

#### **5. *The potential of regional integration and development partnerships***

Comparatively, the Arab region lacks regional integration and genuine partnerships for development. Greater regional integration would allow more coherent and comprehensive decision-making processes both for the individual (i.e. at the level of certain population groups) as well as the collective level (at the country level) that facilitate shared learning through the transfer of knowledge, skills and expertise. The lack of regional development cooperation leads to a widening gap between resource-rich countries and resource-poor countries in the region, because the latter depend on official development aid and international sources to promote capacity building (especially in North African middle-income countries). This aid includes the conditions stipulated by international institutions or donor countries. Considering the social dimension of the problem, the lack of regional coordination (including regional legislative frameworks) between Arab countries negatively impacts transnational policy issues like conditions of migrant workers, refugees, and victims of conflict.

At the political or institutional level, a number of Arab States perceive existing regional administration or coordination mechanisms, such as the League of Arab States, as a system riddled by class distinction that undermines the sense of ownership in regional issues. While some countries dominate the decision processes, other countries feel excluded and perceive themselves as only pro forma members in regional organizations. There is a strong sense that these organizations are not exercising their full potential and capacities to shape a regional policy agenda that benefits all member countries. Transitioning from absolute national sovereignty over social and economic policies towards a more regional approach would increase the ability of Arab countries to seize development opportunities and to combine their efforts in addressing global challenges. At the same time, it would reduce the burden of dealing with national problems only internally and could possibly allocate financial and non-financial resources more efficiently for development.

#### **6. *Management of natural resources***

Natural resource management is a classic example that highlights potentially exclusionary practices (see the research on the so-called “resource curse”). The Arab region faces numerous risks stemming from the unsustainable management of natural resources and non-renewable resources. This paragraph focuses on two specific issues in the context of natural resources management. First, the impact of water scarcity, drought and desertification on the share of agricultural contribution to the growth of the Arab countries and second, the further reaching problems of climate change.

The existing conditions of water scarcity, drought and desertification affecting countries such as Egypt, the Sudan, Jordan and Saudi Arabia have strong political, social and economic consequences. These conditions reduce or complicate agricultural activity and in turn, reduce the contribution of the agriculture sector to GDP, as well as negatively impact the population depending on agricultural income. Recalling the discussion on unemployment, economic impacts usually transmit to the social dimension. Once agricultural income generation or employment opportunities are adversely affected, then the agricultural sector is already moving towards the path of exclusion. Two aggravating factors need to be considered. First, farmers and workers in the agricultural sector are

traditionally among the poorer population groups and among the least covered by social protection mechanisms. Second, the agricultural sector employs a high proportion of vulnerable groups, such as women and migrant workers. One of the consequences of reduced agricultural sector output is urban migration, which leads to further marginalisation (such as additional pressure on urban labour markets or the potential of slum dwelling) and increases poverty levels. Migration is not only an issue at the national level as recurrent natural disasters increase migration flows across borders.

In view of the upcoming Rio+20 Summit in 2012, the discussion on climate change has gained momentum. The impact of climate change on the Arab region is manifold and directly affects overall political, economic and social stability. Geographically, the region is composed of coastal regions and islands, which are most vulnerable to the potential rise in sea water levels. Furthermore, inland regions are affected by different mechanisms, such as deforestation in Lebanon. Given the challenges of unemployment and discrimination, irresponsible management of natural resources and an increase of climate-related natural disasters may lead to further social disintegration, exclusion and marginalization owing to the forced transition of individuals and whole groups of the population who have lost their livelihoods.

Therefore, sustainable environmental policies that include preventive and proactive measures, in conjunction with other economic and social policies, are not negotiable but necessary to rebuild and maintain social cohesion as well as to reduce inequality, marginalization and exclusion.

## **7. Occupation and conflict**

From the perspective of exclusion and marginalization, situations of occupation, war and violent conflict have possibly the most immediate and devastating impact on marginalizing parts of countries, whole countries or even entire regions. Development gains at national and regional levels are destroyed. Armed conflicts tend to affect the most vulnerable (i.e. women and children) disproportionately and create thousands of refugees within national borders and beyond. In 2010, the Arab region had around 12.5 million refugees and displaced people. This count includes 4.6 million Palestinian refugees, around 3 million Iraqi

refugees or displaced persons, and two million Sudanese refugees fleeing from civil war.<sup>26</sup> Importantly, this figure does not take into account the number of refugees and displaced throughout the “Arab Spring”.

As this report addressed the issue of conflict in previous chapters, it therefore suffices to mention here that (armed) conflict represents one of the biggest development challenges in the Arab region.

## **8. Data availability and quality**

A critical review of the efforts to track the status of MDGs often leads to the discovery of a practical problem that needs to be addressed, in addition to the other mentioned development challenges, such as the availability and quality of data (i.e. complete time series, reliable data collection measures, consistent definition of concepts used, calculation methods applied, among others). To enhance data ownership, reliability, validity and credibility, Arab countries need to build national research capacities that serve development objectives in order to reduce the reliance on external research capacities. Tangible improvements in data availability and quality will provide a more comprehensive basis for policymaking at the national, regional and global level. Referring back to the discussion on regional integration, a concerted effort of stakeholders is needed to close the data gaps.

## **C. SUMMARY**

Our discussion of development challenges highlights a multidimensional pattern of exclusion. Consequently, obstacles to achieving internationally agreed development goals cannot be addressed separately. The Arab region needs a new development paradigm based on inclusiveness, fairness, participation and alternative measures that go beyond economic growth.

The second part of this report will develop this new development paradigm for the Arab region, which incorporates political, economic, social and environmental dimensions. The following chapters detail integrated and inclusive social policies, as well as the concept of inclusive economy, its components and meaning in the Arab countries. The second section of the report concludes by discussing regional integration for development and its importance for achieving the Millennium Development Goals.

## **PART II**

### **ACHIEVING MDGS WITHIN AN INCLUSIVE DEVELOPMENT PROCESS**



## VI. TOWARDS AN INCLUSIVE DEVELOPMENT PARADIGM

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Working towards the achievement of internationally agreed development goals, such as the MDGs, requires a reconsideration of prevailing policymaking and decision-making in the Arab region. This is to counteract the various forms of social, economic and political exclusion. The present chapter will outline key interventions and will introduce a framework for a new Arab development paradigm.

The suggestions and recommendations are meant as a trigger for a more detailed and contextualised discussion, at both the national, and the regional levels, which aims at increasing ownership of countries and at achieving a more people-centred approach to sustainable development in order to reach more inclusive societies and to achieve accelerated human development.

In order to protect vulnerable populations, the aim is to design a comprehensive, sustainable development framework that focuses on reducing poverty and vulnerability through political, social, economic empowerment, and also through the implementation of shock-absorbing measures. Therefore, the main objective of this new development paradigm is to reduce inequalities. This paradigm works towards equitable income and wealth redistribution, bridges spatial disparities, and corrects social imbalances (which result from discrimination based on gender, religion, age, ethnicity, among others). One major tool for reducing risks through diversification is through the application of an inclusive, economic framework that embraces sustainable and broad-based economic growth.

Earlier efforts to promote development have been sector-specific. However, these sectors relate to and impact on other sectors and should therefore not be limited to narrow, technical proposals on development policies. More recently and increasingly pushed by global events that highlight linkages between different sectors and spheres of society, the narrow focus on the economic dimension of development has been questioned. This approach is argued as having a too narrow

definition of priorities and concepts. Attention has turned to the nature of sociopolitical oscillations resulting from economic growth. Alternatively, it is necessary to establish an inclusive strategy that denotes equal consideration to the social, economic, environmental, political and cultural developmental elements at the national, regional and global level.

Today, the concept of human development surpasses the number of binary relationships. On the production level, this binary relationship describes the interaction between the private and the public sector (the market and the State), which are systems that ideally support each other in the interest of progressing the inclusive socio-economic environment of a country.

Nevertheless, over the last two decades the comprehensibility of the concept of human development has declined and has witnessed a shift towards a rather limiting analysis of certain areas (especially cultural and political elements). This is mainly because of:

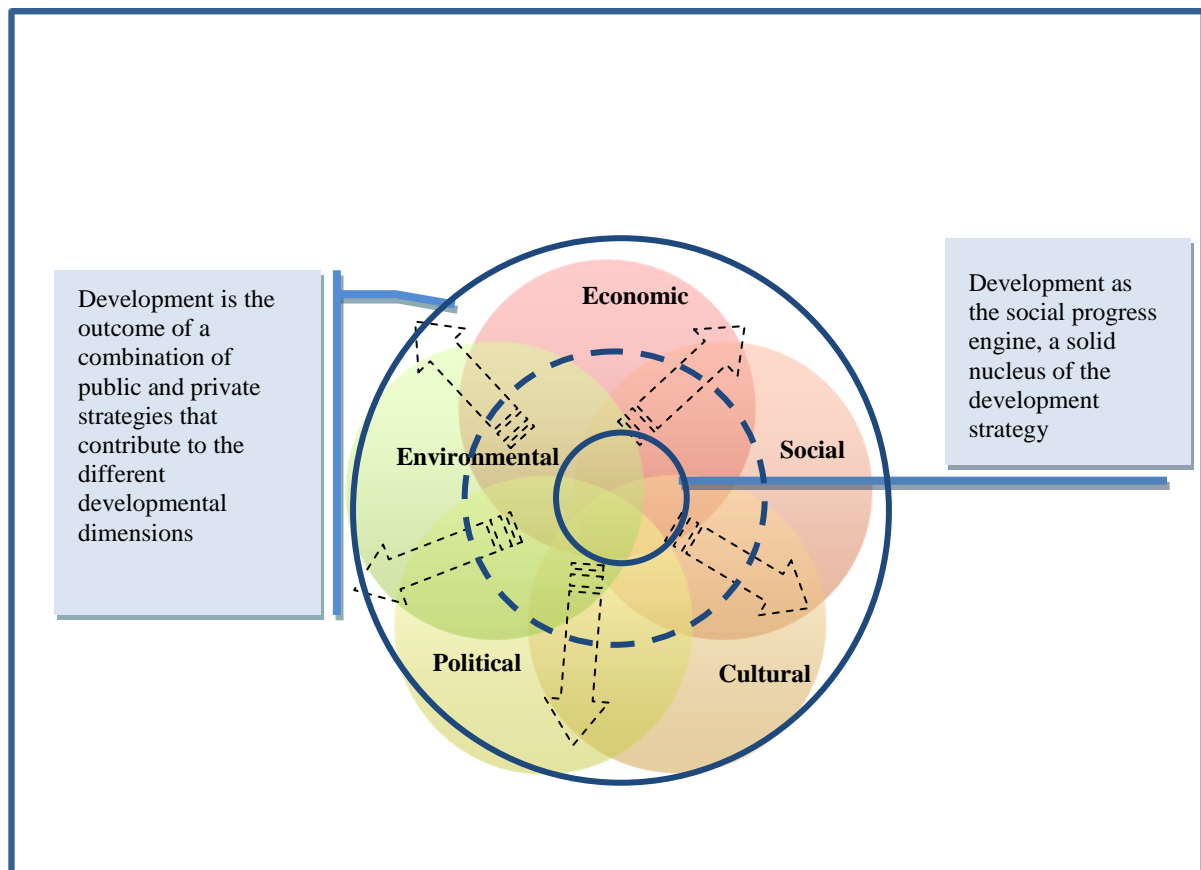
- (a) The political discourse, where an administrative and technical lens on governance has emerged;
- (b) The discussion of social issues, which was limited to issues of health, welfare, social protection and not within a social development paradigm;
- (c) The cultural dimension, which has only been addressed through the discussion of some generic concepts.

The development community is aware of the shortcomings of traditional approaches to development, since they have become painfully obvious to vast amounts of people because of their personal experiences of living through the unfair globalization path, the triple crises that started in 2008 and most recently, the events in the Arab region that began in 2010. In response, and to address the shortcomings of the traditional approach, we propose an inclusive development paradigm (figure 22) based on the idea that all spheres are reciprocal. Therefore, at the core of each development strategy there lays

a comprehensive analysis of the linkages and the context framed by all spheres. Based on this “holistic” core, development practitioners together with national and regional stakeholders can further develop strategies and policies to foster development. The changes in the Arab region that have taken place since 2010 emphasize the inclusion of existing, yet suppressed Arab knowledge, ideas, experiences and skills into any development effort. Arab countries and their people need to make a real contribution. It is an important starting point to review the political and social components of development as they are designed in the Arab world, and to dedicate efforts to the formulation of an Arab vision of development.

Even though the current report focuses on the socioeconomic dimension of the new paradigm and takes a specific view from the perspective of the MDGs, other more comprehensive research reviews are ongoing in parallel to the publication of this report. This research is done by a large number of researchers, experts and activists in cooperation with the United Nations agencies working in the region, as well as other stakeholders. Such a choice for practical arrangements should by no means be understood as another separate approach to development in the Arab region.

**Figure 22. Development dimensions**





## VII. INCLUSIVE SOCIAL DEVELOPMENT AS A PROCESS AND GOAL

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### A. THE SOCIAL DIMENSION OF DEVELOPMENT: A CONCEPTUAL FRAMEWORK

When addressing the social dimension of development, researchers and activists often use terms and expressions such as social development, social policies and social sectors. These terms are embedded in other terms such as social protection, social security, social care and social services. The abundance of terms and expressions are not surprising given that the social dimension of development is vague and at times, proposes inexact definitions. This is also the case because of the lacking consensus on the main concepts and more precisely, it reveals the presence of different approaches to the same issue.

The International Summit for Social Development in Copenhagen 1995<sup>27</sup> defined the social development dimension in a vague and intertwined way, which absorbs many components of the same development concept. This is revealed by the selection of topics: poverty, unemployment and social disintegration. This combined trinity expresses the essence of development failure in general. The selection of these terms means the use of a deprivation perspective (or social problem perspective), but committing to the development perspective also means translating these problems into their corresponding capacities. These are improving livelihoods, employment and social integration (inclusion). In turn, this is the corresponding trinity of development.

The focus here is on the Social Development Summits (Copenhagen 1995, Geneva 2000) because of their specific relation to the MDGs. The Geneva Summit (Copenhagen +5), held in 2000, witnessed the declaration of the first document to be considered as the direct predecessor of the MDGs. The summit documents<sup>28</sup> include the first draft of the seven goals (it did not clearly include the eighth goal related to the global partnership) and defined quantitative achievements and their deadline of 2015. It also highlighted indicators that

almost completely match the MDG framework, which was adopted in 2001.

This report uses the same social development conceptual framework used at these summits, since it is in harmony with the development concept and because it goes beyond the sectoral approach (traditional social services), care services and technical approaches. It also adopts the development approach by considering capabilities and solutions and does not limit itself to the deprivation aspects. It tries to identify some general standards for social strategies and policies through which it is possible to increase the probability of success in building a fair, inclusive and sustainable society that contributes to global social development.

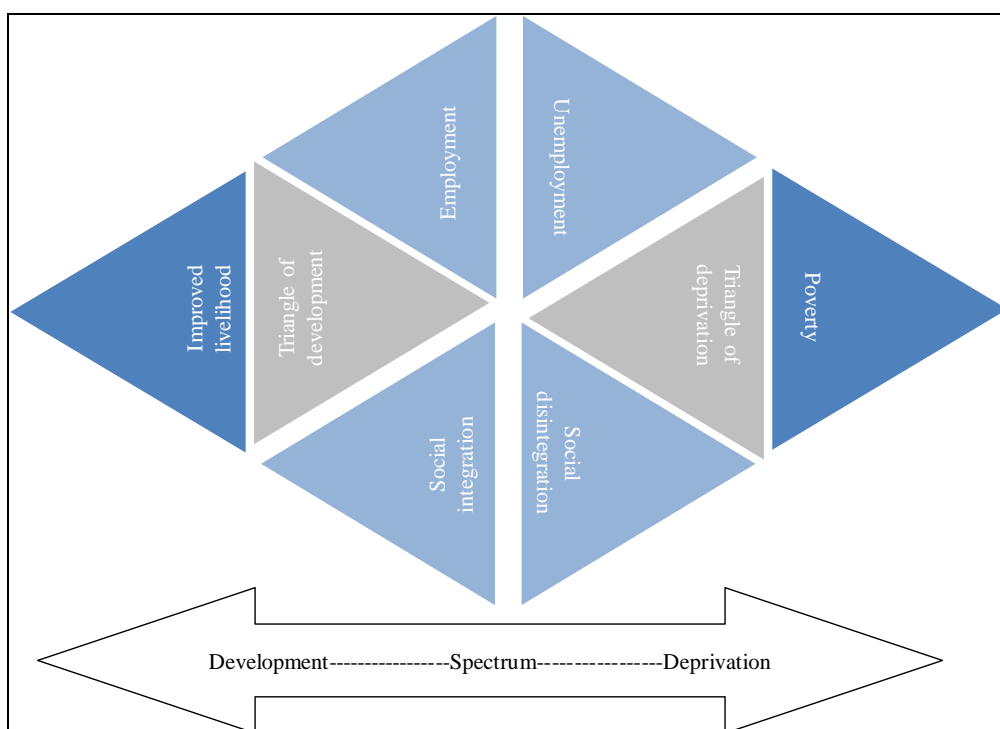
### B. RISKS TO DEVELOPMENT OF SOCIAL DEVELOPMENT STRATEGIES

During the drafting of social development strategies, it is common to face four risks that may divert from the developmental approach. These are as follows:

- (a) Accepting the idea that economic growth is the base and that social development is both a secondary and automatic product of economic growth;
- (b) Fully neglecting the importance of the economic dimension as if it was of no importance to social development;
- (c) Adopting a piecemeal and sectoral approach regarding social issues, while ignoring the common objective(s);
- (d) Limiting strategies to technical or practical aspects and ignoring other aspects of social development, such as public policies and strategies.

Table 10 summarizes the impact of these four risks.

**Figure 23. Triangle of deprivation and development**



**TABLE 10. RISKS TO DEVELOPMENT OF SOCIAL DEVELOPMENT STRATEGIES**

Traditional approach	Impact on the drafting of the social development strategy	Developmental approach
1. Emphasis on economic aspects with secondary considerations to social aspects	<p>In recent years, the widespread consensus has focused on the trickle-down theory. Even if the acceptance of this theory has decreased recently, it still holds, at least from the perspective that economic growth is capable of improving the standard of living and reducing poverty and inequalities.</p> <p>One of the assumptions is that social strategies are a secondary issue and can be limited to targeting based strategies and social security networks. This approach encourages governments to design projects and interventions to measure poverty and dedicate these programmes to the poor, without really making any effort to adjust the economic policies themselves or even, to assess whether they have a positive or negative effect on poverty.</p>	<p>Social and economic development are two complementary dimensions for the global and sustainable human development of society. They are both equally important and they should be viewed as two elements of a whole.</p> <p>Each of the economic and social policies has their own target. However, these goals are not intermediary goals from the development perspective. Each of the socioeconomic policies should serve a common purpose and contribute to it.</p> <p>In all, social activity and growth should be considered as means to serve people and social development, and not only as ultimate objectives in themselves. Social development should contribute to the process of productive, physical, material, knowledge and behavioural capacities of individuals and groups to contribute in turn to the production of their living means.</p>

TABLE 10 (continued)

Traditional approach	Impact on the drafting of the social development strategy	Developmental approach
2. Economic growth is secondary to social policies	<p>This approach came as a reaction to the economic approach towards development. This view is still present with a kind of collusion between the ultra-liberal economists and socialists. The practical result is that the social strategies ignore and neglect the economic aspect and leave it to the “specialists”, while they put all their efforts into their narrow social specialization. The impact of such a narrow approach is that social policies are unsustainable since they do not abide by economic restrictions. It is also not effective and does not allow a transforming impact as it ignores an essential dimension of development. Therefore a unilateral approach does not offer permanent solutions for underlying social problems.</p>	
3. Sectoral and specialized approaches are the most efficient	<p>The impact of this approach is that it limits social strategies and policies to selected social sectors, most often health and education, followed by housing. It does not search for the link between these sectors and the availability of services such as water, sanitation and energy. According to this approach, the common public issues are less important. The priority is given to the drafting of sectoral strategies, developed by each ministry in their field of specialization. This does not prevent the coordination if the intervention that require more than one ministry (for example to reduce poverty).</p> <p>In other cases, ministerial or sub-ministerial committees could be created to coordinate between social sectors. But the bias remains in sectoral policies themselves and the policy is the property of the concerned ministry as rarely the coordination results in anything more than the main issues. Actually, in this case, there is no effective social development strategy capable of big achievements that capture social cohesion, capacity building and progress, increase living standard of the poor, protecting the middle class and decreasing the social and regional disparities as well as other issues that cannot be included in the narrow sectoral policies.</p>	<p>It is necessary to have a global development approach to social development. These public issues in society are important as an access point. Building a national public strategy for social development includes public, social goals.</p> <p>The coordination and effort towards unification mechanisms are necessary and should precede the drafting of sectoral plans. The sectoral plans should take into account orientations and public social goals, in addition to their own goals. The social development strategy here is similar to the base, guide and trigger point of sectoral plans.</p> <p>On another hand, the necessity of actual integration between sectoral policies in serving a common goal is also imposed by the necessity of attaining a common goal. Here, social development is the result expected from sectoral plans, in addition to the particular sectoral goals.</p>
4. Project and interventions give results	<p>By focusing on projects and interventions, the focus exaggerates the importance of results, more than reasons and mechanisms. The search for fast and direct impacts through projects and programmes, which have topical impacts and do not necessarily contribute to the generation of a structural transformation process in society. This approach also neglects policies that should be implemented at the national and international level. It may ignore the role of partners and impose steps that might sometimes be inappropriate for the country. This approach turns the social development actors into technical experts who do not make a big impact on the integrated policies and orientations, which are crucial for the social development of the country.</p>	<p>Social development strategies should deal with different levels of the developmental process, starting from the strategic options of development and the relationship between the economic and social (and other components), passing by strategies and mechanisms, to their implementation and follow up. None of these steps can be ignored.</p>

## C. ELEMENTS OF THE SOCIAL DEVELOPMENT STRATEGIES

When setting up national strategies for social development that conforms to the framework of human development, all related dimensions and levels should be taken into account and included in the same strategy.

This means that the national strategy for social development (in synergy with the economic development based on an inclusive economy) includes the following elements:

- (a) Social component of economic development;
- (b) Public services;
- (c) Sectoral policies;
- (d) Cross-sectoral policies (thematic);
- (e) Integrated social policies;
- (f) Partnership and empowerment.

These elements will be addressed briefly in the next pages.

### 1. *Social content of economic development*

The main idea is the synergy between the economic and social strategies, combined through:

- (a) First, a general overview and a set of unified principles (a conceptual framework for development);
- (b) Second, interaction and support during the practical implementation of the economic and social plans, so that the paths converge during their implementation;
- (c) Third, serving an ultimate common objective.

One of the most important starting points when drafting the social policies is in reviewing the existing economic policies, (in particular the macroeconomic policies) and analysing their social component and the impact on the different social dimensions, such as poverty and inequality. The optimal situation is when the social and economic policies are drafted simultaneously and in interaction with each other. There are no perfect economic options that do not lead to any social problems, but policies should be adopted aiming to avoid economic policies that create more problems than solutions. In general, if economic development generates structural poverty and inequality, it is worth adjusting the economic policy instead of

developing social policies to address the problems resulting from economic development.

This is an important issue, which should be achieved through a dialogue between the different partners. It should be a permanent dialogue, since the need of such dialogues arises each time a socioeconomic issue is addressed, starting from setting out the public budget to the fixing of salaries, wages and prices, and passing through crisis and shocks. This aspect should surely be included in any social development strategy, so the latter is not transformed into simple measures and reaction to problems.<sup>29</sup>

### 2. *Employment*

Employment has the most important space for positive interaction between the social and economic dimensions of development. All successful experiences related to poverty reduction indicate that employment was the most important mechanism in such success. In general, an economy which generates paid job opportunities to large parts of the population in the different sectors and regions does not only extend its productive base, but it also generates a mechanism for the primary distribution of resources through salaries, wages and revenues to the workers. This provides the necessary resources to provide the population with basic needs and expands the range of consumption. This in turn, leads to higher demand, which will further increase economic activity.

In addition, special attention should be dedicated to ensure social insurances and protection through legislations and social security institutions, which provide the different compensations and protections against diseases and other emergencies (insurances are broad or narrow according to regulations, but they constitute a major aspect of the social benefits independent of the market and are considered as a protection and stability mechanism for the included workers).

This is the essence of the mutual relationship between the social and economic aspect of employment. However, this relationship is certainly not as simple as it looks and employment benefits do not apply to all workers, especially those working in the informal sector, or unprotected workers in the formal sector, as well as the poor workers in the agriculture sector, low productivity sectors, unpaid family workers and most of those who are self-employed.

Figure 24. Employment and development

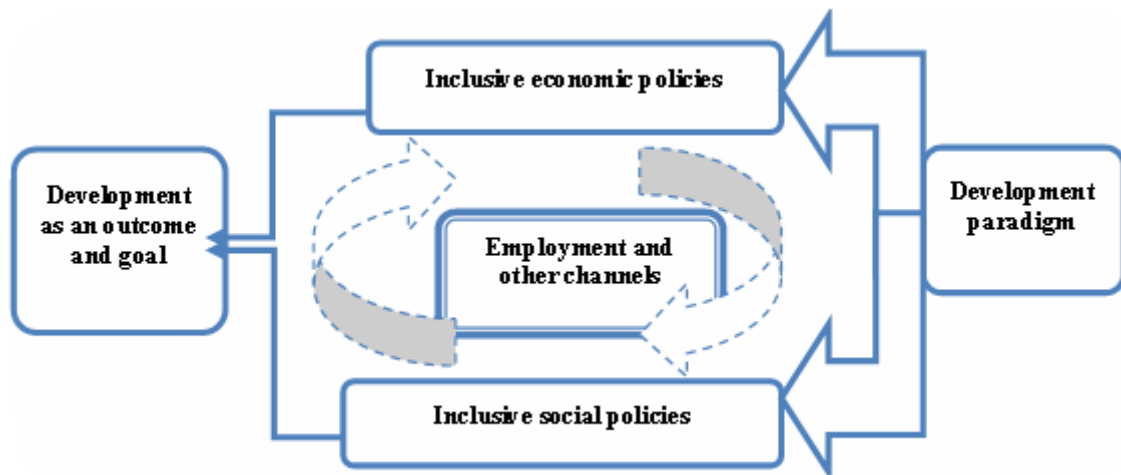
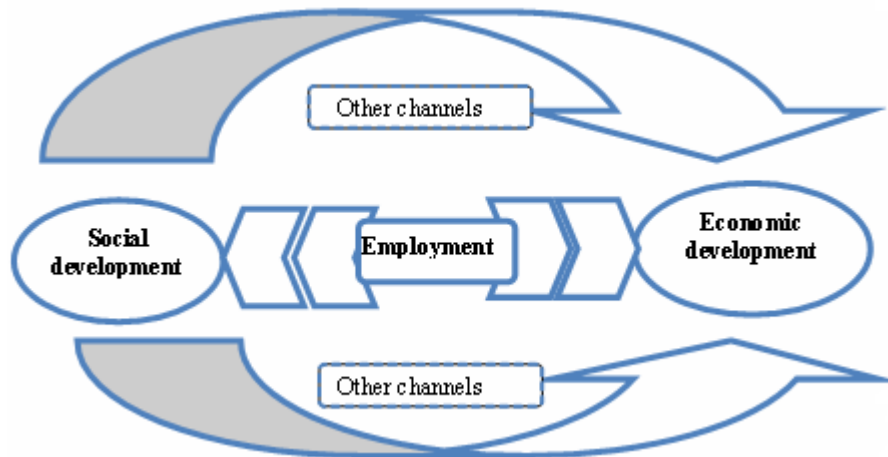


Figure 25. Mutually supportive relationship between economic and social development through employment



Finally, the relationship between the economic and social development is more vague and complex than to be limited to the economic dimension alone. Work has a major human and social value. It is also a means of self-realization, as well as a mechanism for social integration and socioeconomic participation. It is one of the characteristics that distinguish human being as species. This has multiple repercussions on the way of approaching work from a social and ethical perspective, in addition to the repercussions on the economic and social development approaches.<sup>30</sup>

### 3. Public services

Access to public services is a human right. Providing these services present not only technical

issues, but also social issues. First, as a human right, society is obliged to provide services to all. In this regard, it is no surprise that the MDGs include the provision of drinking water, sanitation and wastewater services (MDG 7). Services should also include access to energy and communication (part of MDG 8 related to communication such as a phone and internet connection), as well as roads and transportation.

Second, these services are often expensive, which constitutes an increasing burden for the poor who must pay for services even though they should be provided as a basic right. Consequently, this issue has a social dimension related to poverty and inequality, where privatization policies and neo-liberal tendencies lead to a widening gap between

the rich and the poor. Not only have these tendencies widened the gap between the regions of the world but also between regions of the same country. These public services should therefore be included in the social development strategy.

This can be done through reconsidering the rights approach to public goods in order to avoid these crucial services being subject to profit making. This also means that there should be a review of the pricing policy of these services (whether free or subsidized, or even exempting main consumption through fees and adopting ascending prices). Management methods (centralized or decentralized) of the maintenance of public services and the participation of people in their management also need to be reviewed as such management methods have important environmental impacts.

Briefly, the national strategy for social development should include recommendations related to the delivery of public service delivery, their management and pricing policies. Public service should not be considered an issue solely for engineers and municipalities. Providing social services is a part of the MDGs attainment and one of the components for reducing poverty and inequality and ensuring environmental sustainability.

#### **4. Sectoral policies**

The social dimension should not be limited to sector policies. However, a social development strategy includes the sectoral policies of what are usually called social sectors.

The most mentioned sectors are education and health and it is natural that the focus is on these two sectors. The rights approach argues that the right to education and to health care are basic human rights. In a capabilities approach, they are the main capacities that can lead to development. In a needs approach, they are also considered as needs and necessary conditions for survival (health) and economic participation (preparation through education and the capacity to work through good health).

We will not address these two sectors here in detail, we are only indicating that education and health form complementary aspects of tackling poverty in the MDGs, which included a special goal

on education, as well as several goals related to health and nutrition.

In addition to these sectors, there are other sectors that could be listed as part of the social sectors, such as the housing sector, the agriculture sector or cooperatives. However, this will differ according to the circumstances of each country and the priorities of each issue. The degree of specialization in ministries and governmental bodies also impacts the social sectors. It is often one ministry or governmental institution concerned with one sector.

A social development strategy should include the social sectors (often there are special sectoral strategies), their forms of integration that differ in the overall social development strategy (from being specialized sectoral chapters in the strategy or having a common coordination framework, or even adopting different forms of the most complementary integration).

In addition to education and health, the housing sector in particular should have a bigger presence in the social development strategy in view of the growing importance of housing in the contemporary world due to rapid urbanization. Housing conditions today are also present among poverty indicators, which are more representative than education (after the increase in access to education in most countries). Even though housing issues are included in the MDGs through the target related to slums, it needs special attentions and should be understood in a broader sense, as they reflect an extreme form of urban poverty.

#### **5. Cross-sectoral policies (thematic)**

Besides the traditional sectoral policies, most countries adopt a number of social strategies according to defined themes or issues which cover more than one sector and more than one concerned ministry. The most common strategies are those related to fighting poverty (regardless of the definition), urban development strategies, gender equality and the empowerment of women, as well as population and childhood strategies.

Attaining the goals of these national strategies requires the coordination of the efforts of more than one sectoral ministry and more than one governmental or non-governmental party. It is also



considered among the effective means of ensuring synergy between different sectors and building partnerships between the national governmental and non-governmental parties, as well as between national and international parties. This is often carried out with the contribution from international partners and with their technical support.

A relatively large number of these strategies are considered as a part of social development and some of them are the essence of the MDGs, such as fighting poverty and the empowerment of women. Owing to the complex nature of social issues, including issues that appear to be sectoral or specialized, even when part of the national strategy falls directly under a sectoral ministry, such as education and health, a national strategy of this kind (such as a national strategy for primary education or a national strategy for maternal and infant care),

indicate in its drafting the necessity to include other ministries and parties.

The 2010 MDG Review Summit outcome document indicated that success in reducing maternal mortality required the adoption of an integrated approach that covered health and social and cultural aspects, as otherwise it would be impossible to achieve sustainable progress. What applies to maternal mortality is also applicable to other issues, such as poverty reduction and the empowerment of women.

The main idea here is that the thematic or cross-sectoral national strategies represent an additional step that goes beyond a narrow sectoral approach to social development, ensuring the integration of different aspects of one case. This makes the developmental approach necessary.

#### **Strategies of women's empowerment: a model for cross-sectoral plans**

National strategies and plans for gender equality and women's empowerment highlight the complexity of unconventional social strategies. To achieve these goals necessitates coordination between ministries, governmental and non-governmental bodies at both the planning and implementation stages.

Gender policies, especially concerning women's empowerment, are complementary in nature and reflect the real life intricacies of this subject. Indeed, there is a general agreement that gender equality and women's empowerment are core values and prerequisites of sustainable human development. In addition, women's empowerment has a direct effect on the general economic and social situation in any country.

The education of women, for example, is associated with a decline in malnutrition, fertility and child mortality, among other positive impacts. Literate and educated women are more informed about the nutritional needs of children, they can also provide better hygiene and ensure that their children are immunized. According to research, literate women often seek immediate medical attention and ensure necessary and urgent health care to their children. Educated women are more informed about safe sex practices, which in turn reduce the possibility of spreading HIV/AIDS. Furthermore, the education of women increases their productivity and income and by being financially independent, they have a better status inside the family and society.<sup>31</sup> Similarly, empowering women and girls and eliminating discrimination against them in the private sphere have had direct positive socioeconomic effects.

Some Arab countries still witness the early marriage of girls. This is related to poverty, traditions, rural practices, wars, occupation and other conflicts. Early marriage is a significant barrier against the education of women. It is one of the main reasons behind the high dropout rates for females in secondary level education. Additionally, early marriage of girls undermines MDG 4 on child health, MDG 5 on maternal health and MDG 6 on combating HIV/AIDS. Young women face significant health risks associated with pregnancy and childbirth. Childbirth complications are the leading cause of death in girls aged 15 to 19 in developing countries. The risk of death in pregnancy and delivery for girls under 15 is five times higher than for women in their 20s.<sup>32</sup> Moreover, babies born to teenage mothers are more likely to suffer from low birth weights and infant mortality. When a mother is under 18, the chance of the baby dying in the first year of life is 60 per cent greater than that of a baby born to a mother aged 18 or over.

Increasing the minimum age of marriage to eighteen would have positive multiplier impacts on universal education (MDG 2), gender equality (MDG 3), child health (MDG 4), maternal health (MDG 5) and fighting HIV/AIDS (MDG 6).



Moving to the global level, strategies to empower women must also tackle public issues. Discrimination against women is not only an intrinsic social factor but is also an outcome of the neoliberal globalization trend. Globalization policies dismantled the safe structure of work and society, which negatively impacted the well-being of women. As a consequence, their status in the labour market deteriorated. For example when privatization was followed by lay-offs, women were the first victims.

At the cultural level, globalization led to the new trend of separating “the productive role” and “the reproductive role”. This revived an old practice, which had been curbed more than fifty years ago, of separating “the public from the private” and “the women’s role from the men’s role”. This practice has now emerged under the cover of modernity.

Cross-sectoral policies, such as women’s empowerment, are important because they attempt to cover and solve all the facets of the issue concerned. These policies also include specific distribution of roles and duties of concerned ministries, governmental bodies, the private sector, civil society, and whenever applicable, international organizations.

Palestine has a strategy called “cross-sectoral strategy for gender issues”. This strategy includes an analysis of the status of both women and men in Palestine and the identification of their priorities.

The strategy for women’s empowerment in Palestine includes the following nine goals:<sup>33</sup>

1. Provide family law that guarantees civil rights, fairness and equality for women.
2. Guarantee the rights of residency, mobility and citizenship of women in Jerusalem.
3. Curb all kind of violence against women.
4. Improve the status of captive women.
5. Empower and allow women to participate in decision making and politics.
6. Improve educational services in Palestine, both quantitatively and qualitatively, and make them gender sensitive.
7. Improve the health of women.
8. Increase the participation of women in the labour market.
9. Institutionalize “gender issues” and “bridging the gender gap”.

Gender strategy in Palestine separates policies and interventions by goals. It is obvious that legal, institutional, economic, social, educational, cultural, and health issues are intertwined. Consequently, stakeholders are multi-faceted and represent the private sector, the public sector and civil society. We conclude that policies should be inclusive and link various social policies with other policies in a harmonious way.

## **6. Integrated social policies**

We have highlighted four elements that constitute the social development strategy. Each of these components individually confirms the need for integration. The diversity and complex nature of these components requires a common strategic framework for all these interventions to avoid any conflict or contradiction between the different underlying policies and strategies, which may have adverse effects on overall social development and the attainment of the MDGs.

Regardless of the mechanisms, integration between these different elements and their related interventions requires a common framework, ranging from a minimum to a more developed formula:

- **Minimum:** The presence of a strategic framework guiding social development which includes the general vision of all sectors and social interventions, as well as guiding principles of social work and intervention strategies. This framework includes

coordination between sectoral and cross-sectoral policies that aims to preserve the consistency of policies and interventions with a common objective for all the involved parties.

- **Advanced:** The presence of an integrated strategy for social development that illustrates the common mechanisms for obtaining the common objective and the rules to be followed by all parties. The strategy, as in the first case, includes coordination and guidance elements, in addition to elements that have a common implementation strategy for the different parties.

There is a need for integrated social policies or a national strategy for social development, which can be attained through the desired integration between strategies and interventions.

The MDGs have been agreed upon and drafted according to this logic. This integrated dimension of the goals and the necessity to deal with them as a single bundle was reiterated by the MDG review summit in 2010. To this extent, the summit considered that failure to treat the MDGs as a package was one of the main reasons for the limited progress.

The prevailing logic during the drafting of the MDGs was to understand the most urgent development priorities at the international level, which were drafted separately in a series of international summits during the 1990s (Earth Summit, Human Rights Summit, Social Development Summits, Women Summit and Population Summit). Despite the presence of what appears to be sectoral goals, such as the second goal related to education, the MDGs are not a simple grouping of such sectoral goals. Education, health and a safe environment, as well as other special goals are in reality different aspects of the one main objective of the MDGs, which is to improve the livelihood of the poorest population together with policies that lead to the attainment of gender equality and environmental sustainability.

The attainment of the goal related to universal primary education does not have to be a part the MDGs to be achieved. It can be achieved through the national sectoral plan for education. Similarly the goals related to child and maternal health can be reached through special strategies in the health

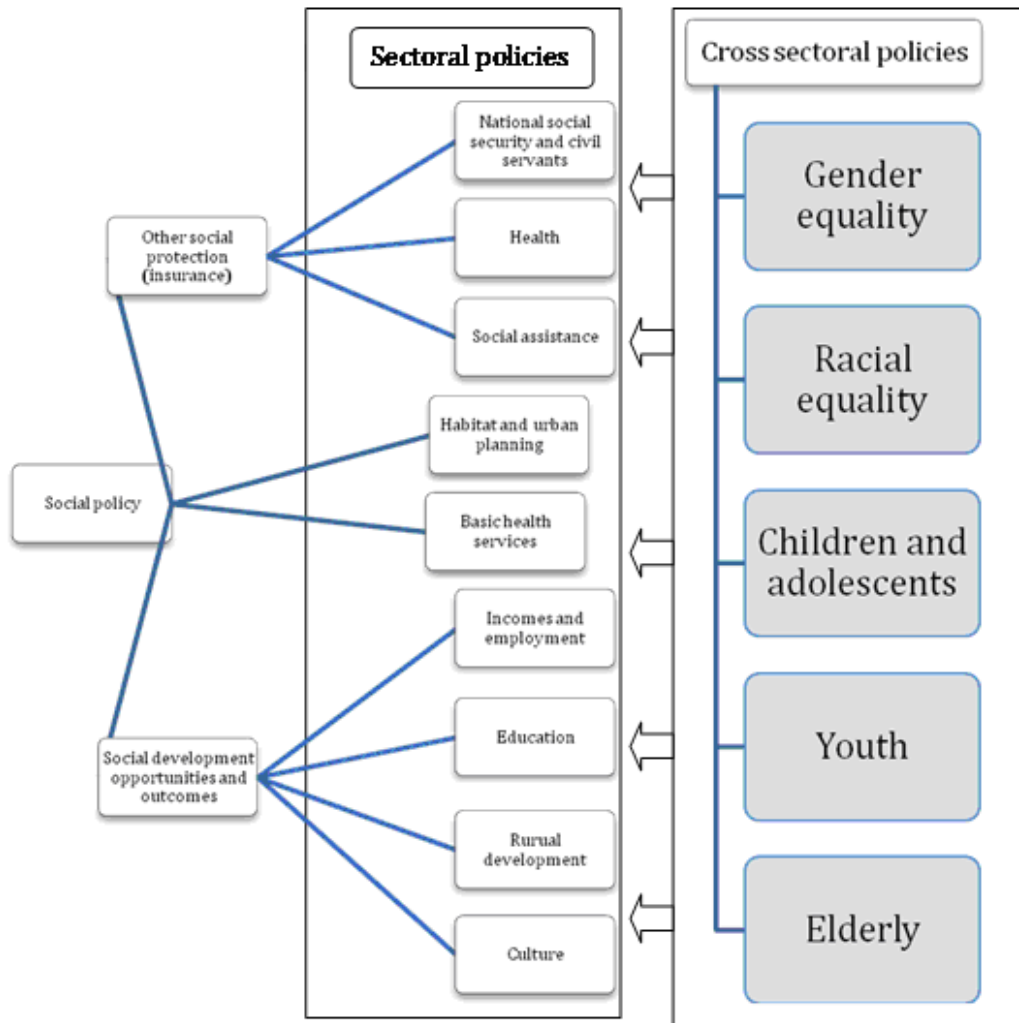
sector. There is no added value of the MDG framework if they are treated as a compilation of sectoral goals. However, the MDGs relate to the common areas between poverty, education, health, and gender equality. These are not special sectoral issues but common social development issues related to the different aspects of the life of the poor (poor people are those with a low level of education and health). It is a social development issue in general because all the MDGs are components of social development (or development in general) and their simultaneous attainment is what leads to development. The MDGs can be described as a global strategy to attain the most urgent developmental priorities in an integrated way at the international level. The same description applies to the MDGs regionally or nationally where they can be regarded as a framework of national priorities for development. It might also be the most comprehensive framework of a social development strategy (in the least developed countries), or a programme of priorities under an integrated national strategy for social development in the most developed countries. However, in all cases, it is an expression of integrated social policies, which go beyond the traditional sectors and beyond thematic strategies.

## **7. Social protection**

The national strategy for social protection constitutes one of the most important elements of social policy. As any strategy, they are formed of different elements (structures, mechanisms and policies) and are not limited to one particular issue or project. Also, it is not expected that any single project for social protection or social safety network can attain a strong developmental impact unless it is a part of an integrated system.

MDG 1 was expanded in 2008 to include an indicator related to employment, in addition to the poverty and hunger. The addition of employment is a very important modification because it confirmed the empowerment aspect of poverty eradication through work and confirmed it as one of the causes of poverty generation (one of the most important causes of poverty is exclusion from labour market). Consequently, eradicating poverty and hunger cannot be done through social assistance and measures having a distributive aspect only, but through structural mechanisms, which include the provision of decent job opportunities.

Figure 26. Sectoral and cross sectoral policies



Source: Jorge Abrahao de Castro, IPEA, Brazil.

A second step in this direction was the MDGs 2010 Review Summit Paper related to the social protection. This paper included a strong recommendation regarding the necessity to build an integrated system for minimum social protection, which complements the component related to employment and that of directly dealing with poverty through a narrow social assistance system and social safety networks. The three components of the first goal cannot be separated. The recommendation to build social protection has found its practical translation in an international initiative led globally by the International Labour Organization (ILO) and the World Health Organization (WHO).

## 8. *Introducing the universal social protection floor*

Social protection concerns a minimum set of guarantees for all, which allows individuals to participate in their own development. The underlying goal of the social transfer component of social protection is to guarantee:

1. Universal access to essential health services.
2. Income or subsistence security for all children through child benefits.
3. Income support combined with employment guarantees through public works programmes for the working-age poor who cannot earn sufficient income in the labour market.

4. Income security through basic tax-financed pensions for the old, the disabled and those who have lost the main breadwinner in a family (ILO/WHO, 2009).

These social transfers along with the provision of essential social services contribute towards achieving the MDGs.

Financing social protection can be perceived as a barrier, especially for countries with limited fiscal space. However, the ILO has calculated that the initial cost of basic social protection packages to be relatively affordable, costing between 2.3 per cent to 5.5 per cent of GDP for low income countries, excluding access to basic health care as it is assumed that access to basic health care is already financed (ILO/WHO, 2009). Using a progressive approach to financing social protection is advised. Countries that have more fiscal space can extend social protection beyond the minimum services.

#### Checklist for financing a social protection floor

While each country has its own set of resources, challenges and policy environment, the ILO has proposed a checklist to guide countries in the construction of social protection. It includes:

- Tax reforms to increase financial resources, raised and spent progressively;
- Gradual increases in social spending as a proportion of GDP as a proportion of total government spending;
- Redistribution between social policy areas to refocus spending on most urgent needs;
- Ensure revenue collection is progressive, and refocus spending within social sectors and policy areas so that it is effective in combating poverty and vulnerability.

Source: ILO/WHO, 2009.<sup>34</sup>

Establishing social protection depends on certain criteria in order to be successful, such as the existence and efficacy of existing institutions, the level of economic development, the ability to raise more funds domestically and externally, and the political will for social and economic transformation (UNRISD, 2010). Designing a social protection system involves a review of

existing structures and programmes, and determining their capacity for administration and management, including identifying beneficiaries, setting up monitoring and evaluation systems, and creating accountability systems. In addition, a successful design will investigate ways in which different activities could be coordinated to increase efficiency and free up resources (UNDP, 2011).

## 9. Social protection in the Arab world

While social protection systems in the Arab region do exist by varying degrees, their main limitation is coverage. Social security schemes, for example, are relatively prevalent and in design, are comparable to those in Latin America and East Asia. However, these schemes reach less than 40 per cent of the working population (Loewe, 2009). In Yemen, for example, coverage is as little as 8 per cent of the total workforce of the country (Robalino, 2005).

In most Arab countries, these schemes cover those working in the public sector and partially (if at all), those in the private sector (ILO, 2009). Additionally, unemployment insurance, when available, is often only accessible to those who have contributed to the social security scheme. Jordan, Kuwait, Lebanon, Saudi Arabia, Oman, Palestine and Yemen do not have unemployment benefit programmes. Bahrain, however, has implemented an unemployment insurance scheme in 2006 as part of an overall social reform, which was extended to unemployed persons and first time job seekers.

Ironically, it is those who are believed to be the most vulnerable, those in the informal sectors, who are ineligible and therefore excluded from social security and unemployment insurance schemes in general. Accounting for 35-50 per cent of all non-agricultural employment (ETF, 2005), informal workers comprise a large percentage of the working population in the Arab World and generally face precarious working conditions, receive low wages and have little opportunity to move into the formal sector. These characteristics and their exclusion from social insurance place these informal workers before the additional risk of falling deeper into the cycle of poverty.

Other types of social protection are prevalent in Arab countries. In fact, social protection is

often heavily focused on price subsidies as a form of poverty alleviation. This is evidenced by the fact that many countries in the Arab region provide universal price subsidies on food and fuel (IMF, 2011). While subsidies are a blanket approach to mitigating economic shocks and are administratively easy to implement, they are costly and have little impact on improving the conditions and opportunities of the most vulnerable and reducing the inequality gap, especially in the long term.

All countries in the region offer some kind of social safety net programmes but suffer from a lack of coordination and ad hoc funding, which leads to inefficient distribution (ILO, 2009). Alternatively, a different approach for social protection can be applied to encompass a set of basic social rights and provide services to help realize human rights (ILO/WHO, 2009). This is the concept of minimum social protection that provides countries with an approach to institutionalize social protection and the provision of social services.

Given the diversity of the challenges of countries in the Arab region, there is no standard approach to developing social protection. Each country will need to assess its current social security system, administrative capacities and fiscal space (ILO/WHO, 2009). Additionally, with increasing economic and social development, social security benefits should progressively allow for increased protection.

## **10. Summary about social protection**

The previous presentation and analysis includes two main conclusion related to the guiding principles of the social protection strategy, consistent with a developmental approach and the MDGs.

The first principle starts from the consideration that social protection is a human right. Consequently, the main aim is to commit to a comprehensive coverage principle in harmony with the rights approach, even if this requires dedicating some special programmes to the poor or progressively implementing the comprehensive coverage principles according to financial constraints. The traditional view, which required the adoption of safety networks based on narrow

targeting, should be eradicated because it has been proven ineffective for poverty eradication.

The second principle represents the need to cover the different aspects of life and population groups by the social protection system. If poverty is a multidimensional phenomenon, an effective social protection system should cover all of its main dimensions. Therefore, it should not be about assistance to the poorest people but about protection of larger categories of the population, through the provision of job opportunities, a multi-discipline insurance system, protection of the unemployed, and the inclusion of different groups such as children, elderly and disabled. Protection should include the provision of health, education, housing, work and unemployment benefits, where all form part of a comprehensive developmental strategy.

This should be implemented because of the necessity to achieve measurable progress regarding poverty and reducing inequality at the national level. This progress should, above all, be sustainable and not only be a temporary improvement of statistics that do not make a real developmental impact. This is the real objective and purpose of the MDGs.

## **11. Partnership and empowerment**

The last component of the social development strategy is to identify partners, strategy mechanisms, means and tools for planning and implementing the developmental strategy. Considering social development as a continuous progress means that partnership building and the capacity building of individuals have an intrinsic value because it is the only way to make the development process sustainable. In addition, the concept of social development also means the increased participation and strengthening of social integration for all individuals. This can only be achieved through participation and empowerment mechanisms.

The presence of a strong, effective and independent civil society participating in the planning, implementation and monitoring of social development is one of the indicators of social progress. Also, the presence of effective, institutionalized mechanisms for social dialogue is one of the indicators of development. This applies to civil society as well as to the private sector.

Fulfilling the role of these two sectors and handling their social responsibilities is at the core of the development concept.

For the Arab countries, this subject is very important (especially in light of the Arab Spring) where issues of democratic transition and participation are strongly present on the agenda for transformation. The lack of spaces for social dialogue and the absence of participation mechanisms contributed and contribute to increasing the possibility of changing the protest into political, institutional and armed violence. The absence of horizontal social dialogue between the different groups in society could also contribute to igniting any difference of opinions towards civil violence. The lack of social dialogue has also limited discussions on a developmental vision.

What the Arab countries face in this transitional stage, as mentioned at the beginning of this report, is the need to complete a process of political change by formulating a socioeconomic agenda, which presents alternative socioeconomic strategies that could be followed by a country regarding its internal and external policies. This is an additional and urgent reason for the immediate implementation of a social dialogue mechanism. In this regard, taking political and legal steps to allow the establishment of workers' syndicates and professional independent associations, as well as civil organizations working freely becomes an extremely necessary step. In addition, it is crucial to reform existing socioeconomic councils in most countries, whose functions are restricted due to the non-independence of the constituting parties, as well as the legal boundaries imposed on them, which restrict their intervention.

There is a need to mention this category of social dialogue institutions that cover fields related

to social development because they often do not receive sufficient attention at the formative, transitional stage. Attention is exclusively focused on the establishment of founding councils, transitional governments and parliamentary elections and constitution amendments. Attention must be given to social and economic issues, which are also of equal importance. In light of the experiences of recent months, it is possible to say that the partial dialogue focusing on the political issues impacted the approach of the institutional and political issues. Since there was no real dialogue within these transitional bodies, it digressed into a traditional election competition and an ideological debate, which consolidated the vertical divisions in society. This led to continued marginalization and the feeling of exclusion of certain social groups, who considered that their participation in the transitional process did not reflect their participation in the revolution (especially youth). It appears that what is happening is an intended exclusion and marginalization, which hinders the design of developmental policies and reproduces the same exclusion and marginalization factors that caused the uprisings.<sup>35</sup>

Launching social dialogue mechanisms related to socioeconomic issues is not only necessary for social development, but it is also a necessity for the regulation of political and legal dialogues. Expanding the range of dialogue is supposed to make political and legal dialogues more trustworthy and effective, which can turn the dialogue into a building mechanism rather than into a destructive conflict.

This takes us back to our starting point. If political change is the mandatory bridge towards development, social dialogue is necessary to both mature and adjust the path towards political change.

## VIII. BUILDING AN INCLUSIVE ECONOMY

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### A. THE ECONOMIC DIMENSION OF DEVELOPMENT: A CONCEPTUAL FRAMEWORK

Attaining global and sustainable development, as well as empowering all people to live with prosperity and freedom are the ultimate goals of public and sectoral development policies. Indeed, these goals cannot be attained without the presence of a strong and effective economic development component that ensures the production of necessary goods and services. Committing to the concept of development means that the economy, productivity and economic growth are not final objectives. They are means to attain the final objective, which can be summarized by the term “development”.

Pursuing economic growth is arguably not bad, but it must serve other purposes. Practical experiences, as well as scientific and theoretical analysis, have revealed that economic growth is not sufficient to eradicate poverty and inequality. It has to unite with the other dimensions of development in order to achieve the ultimate objective of development.

The absence of a positive and convincing relationship between economic growth and development has forced development economists to make a theoretical effort to redraft their approach to the economy and economic growth by defining the standards and characteristics it should have to maximize the developmental impact. Previously, the term “pro-poor growth”<sup>36</sup> was used to indicate the way to assess economic performance through its impact on poverty reduction. This came as a result of observations by several analysts who explained that economic growth was often accompanied with increases in poverty and inequality. This term was used for almost one decade, but it was never clearly defined. Suddenly, this concept was considered unable of expressing the intended meaning and was replaced by the term “inclusive growth”. Currently, most economists use this term and some even directly use the term “inclusive development”. In many publications, growth is being used together with three adjectives such as “equitable”, “inclusive” and “sustainable growth” (for example in the MDG 2010 review summit paper). This

demonstrates the confusion of the concept, as it requires the use of three adjectives to define the intended meaning. Perhaps it is possible to avoid this confusion if we use the development concept as the base concept in all its dimensions. We should focus on “a developmental economy”, an economy that incorporates the attainment of human development as a component of the development process. The use of an inclusive economy concept in this report is to present a critical dimension of development and contribute to its achievement.

Regardless of the terminology, the expression “economic growth” is one of the many dimensions in the development process. The concept of human development includes the economic dimension, in addition to economic processes such as trade, production and consumption without limiting it to economic growth.

Economic growth, despite its importance, remains a partial expression of one of the direct results of the economic process. It does not include any actual indication of the growth characteristics as well as the environmental, social, cultural, institutional and political costs. Therefore, a piecemeal and cognitive approach to economic growth has constraints. The first is the neglect of the non-economic aspects in the development process. The second is a reduction of the economic dimensions of the concept, namely economic growth, which might not always be the most important. This approach is commonly manifested by the widespread focus on GDP growth in the assessment of the economic performance of countries.

The developmental challenges in the Arab world require a focus on different aspects of the economic process, not only the GDP. Consequently, it is preferable to use the term “inclusive economy”, which is more suitable to the attainment of the MDGs in conformity with the MDG 2010 review summit paper. This contributes to pushing forward the development process in its economic and non-economic dimensions. However, what is more important than the different terminology is the ultimate



objective to build fair societies that are inclusive and sustainable.

## B. ELEMENTS OF THE INCLUSIVE ECONOMY

The main idea of the term “pro-poor growth” is represented by the removal of the division between economic growth, expressed by the increase of GDP, and its relationship with the increase in poverty and inequality. It has been revealed that equality (social equity) and poverty reduction are not automatic results of economic growth. Labour mechanisms do not always lead to an equitable and fair distribution of growth revenues between the different social groups as it has been claimed from the neo-liberal perspective.

The essential difference between the development concept and the neo-liberal economic approach is the idea that the latter consider the market economy representing the most comprehensive system for the organization of society, which is capable of organizing itself by treating failures based on market rules alone without the need for any external participation of the State. The development concept on the other

hand, considers the economy as a sub-system within a more comprehensive system, which cannot treat its structural shortages based on internal rules. Consequently, attaining the development goals requires intervention by all social actors from the individual to the State.

The non-achievement of the automatic distribution of growth revenue to the poor revealed the insufficiency of this approach and triggered the search for other conceptual tools, such as pro-poor growth and inclusive growth. This simply means that there is a need for the intervention of actors and mechanisms outside the market and the economy to treat the failure of economic growth in achieving poverty and inequality reduction. This requires the addition of specific characteristics to the growth term to describe its content and objectives. The pro-poor growth concept reflects the aim that growth is beneficial to the poor, with a focus on income, poverty and equity. The inclusive growth concept is not limited to income poverty, but deals with other dimensions of poverty. It also advocates the participation of the poor in the economic growth process, in addition to benefiting from its returns. Finally it goes beyond the concept of equity to the concept of social justice (see figure below).

Figure 27. Comparison between the pro-poor growth and inclusive growth<sup>37</sup>



In this report, the term inclusive economy includes multiple components that ensure the attainment of multiple goals according to three axes:

A pro-poor economy should generate job opportunities coupled with an effective system of social assistance for the poorest households and the protection of vulnerable groups from shocks and risks.

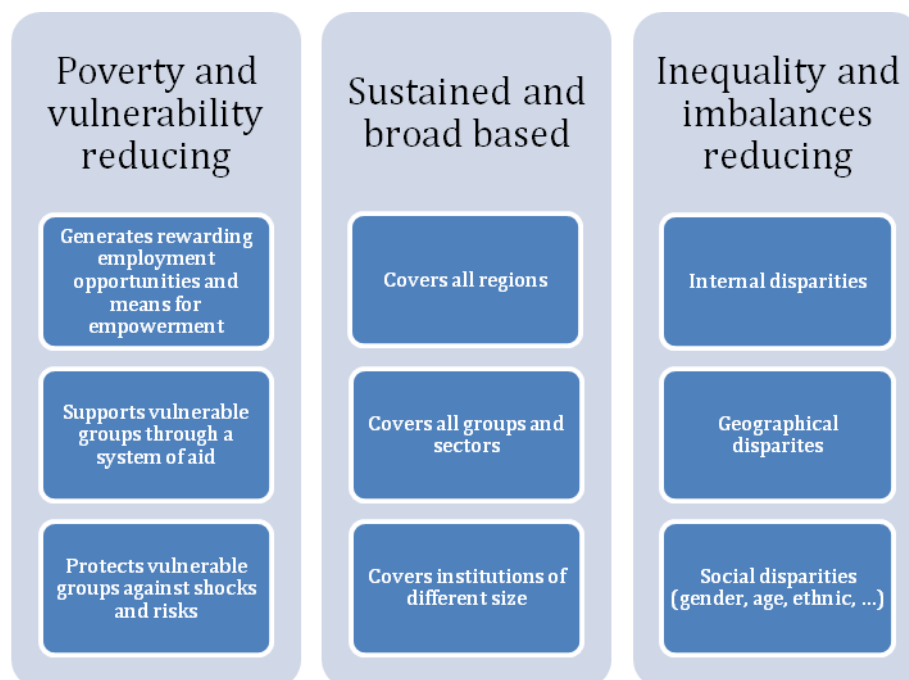
It should be a widespread and expanding economy. Expansion is the capacity of the economy to increase the number of participants and expand the beneficiary base, so it can accommodate all groups, sectors, geographical regions and economic institutions.

It should be an economy that reduces disparities of all kinds. This includes reducing inequalities and disparities in income through primary distribution and redistribution of revenues, as well as bridging the gap between regions. In addition, it should promote gender equality (removing social horizontal disparities between men and women) and eliminate discriminatory practices (ethnic, racial, age based, religion or sect).

Any economic growth cannot be sustained if it is not inclusive, broad-based and fair. Economic growth must be distributed fairly to all areas within the country, in cities and rural areas and in various productive sectors. It is also important to include the development of the informal sector as well as the formal sector, and the growth process should not be limited to the rentier and extractive sectors alone. The economy should be diversified to contribute to increasing productivity in all sectors. Therefore the assessment of economic performance should not be limited to the rate of growth, but it should also be assessed based on the characteristics and features of this growth. The focus on the characteristics of growth also means paying attention to the structural imbalances, the dependence on one product (oil or other), the rentier nature of the economy, the urban bias, as well as the growing informal sector. These are imbalances that characterize most Arab economies, which make the inclusive economy a desirable avenue towards development.

“We must ensure the possibility of participation of every citizen in the economic process. On the other hand, it should be ensured that everyone shares in the growth revenue equitably. Inclusive growth means participation as much as it means sharing growth revenue”.<sup>38</sup>

**Figure 28. Elements of inclusive economy**



Participation is through productive employment generated by an economy that is capable of combining an increase in job creation with an increase in productivity. The Arab countries need to carry out a structural shift towards a productive economy centred on the generation of employment opportunities, which can lead to an increase in income and raise the welfare of citizens, as well as allowing a better distribution of the benefits of economic progress. Participation also means the inclusion of marginalized groups allowing their voices to be heard and enabling them to defend their interests and rights, and to contribute to the decision-making process. To obtain this objective, it is necessary to establish alliances between organizations that represent the interests of these groups to ensure their representation in decision-making structures. This implies that poverty and inequality fighting become a major goal of the inclusive economy, not just a by-product of economic policies. This would contribute to the attainment of MDG 1, which constitutes the most important expression of the final objective of the MDGs and contributes to the achievement of other goals.

Development ethics in recent years have focused on the negative impact of inequality on development. "Inequality and poverty must be considered as two interrelated components of the same problem" (UNRISD, 2010). Also, recent assessments of the deficiencies in achieving the MDGs focus on the role of inequality as a major factor hindering the attainment of the MDGs, which lead to the conclusion that the MDGs would be impossible to achieve without significant progress towards equality, including the need to modify indicators to take into account the factor of inequality.

The correlation between income inequality and poverty also means that economic policies should combine the goal of achieving growth and policies aimed at improving the fairness of distribution in order to achieve more efficient results in fighting poverty. Even if the negative impact of inequality on development has not been confirmed (as claimed by some studies), this does not justify the neglect of this relationship when it comes to specific macroeconomic analysis. Apart from anything else, inequality is not desirable, and violates human rights and principles of justice.

However, it should be noted that the adoption of the proposed inclusive economy model by a country is not sufficient to achieve the MDGs in isolation from other circumstances. There are other external factors that go beyond the control of a single country that could threaten development and MDGs attainment. For example, the high prevalence of AIDS in the African continent led to a dramatic reduction and even destroyed many of the development achievements accumulated over the decades. Other factors can be global crises, the unfriendly global economic environment, and cuts in development assistance, among others. In this instance, regional cooperation can play a supportive role in absorbing the impact of these shocks and help countries to overcome them. Regardless, the proper development orientation is the approach that associates growth and productivity increases with policies that are beneficial to the poorest and marginalized.

By studying the relationship between growth, unemployment and poverty in a number of Arab countries, it has been revealed that in cases where growth was achieved, this was not always accompanied by the generation of productive employment or poverty reduction. This is what led to the description of the Arab economic model as one of jobless growth (at least for the national workforce). This is related to the level of flexibility between employment and growth depending on sectoral distribution, as some sectors generate more job opportunities than other sectors. It is also related to the macroeconomic and employment policies. The generation of productive employment opportunities must come together with active policies aimed at such an end, and thereby leading to expanding the base of beneficiaries and raising their wages.

MDG 1 presents a link between fighting poverty and inequality, and the provision of decent work. To succeed in this task we need to review the needed job opportunities and conditions, and reframe them within a comprehensive socioeconomic policy. The positive effect of reducing poverty, marginalization and improving the standard of living of the population can only be attained through integrated socioeconomic policies with an emphasis on job creation and on the organization of the labour market.

Making employment generation a major engine of development is not a short-term mission. It requires a structural transformation that takes a long time. In this sense, time is an important factor of the transformation strategies. It should always seek coherence between short, medium and long-term goals. However, the relationship between increased productivity and job creation goes through different stages where the two parties exchange roles successively.

During the process of a structural transformation towards a more inclusive economy, it is better to avoid the traditional view, which considers that periods of transition will usually have negative impacts on marginalized groups and that this requires social interventions to prevent the deterioration of their situation during the transformation. Even if this thinking seems obvious, it is a recurrence of the approaches associated with structural adjustment and transformation toward market policies.

The required structural transformation consistent with the concept of development and inclusive economy is moving away from this very approach, including the transition from absolute market policies and the introduction of other actors. Therefore, the desired structural transformation is supposed to favour the poor and marginalized groups, and therefore does not require compensatory policies to address their negative effects.

Briefly, the framework of policymaking must avoid going back to give priority to growth at the expense of reducing poverty and inequality. In addition, these policies must be designed on the basis of exact analysis of their distributive impact, not just to influence macroeconomic indicators. They should also aim at improving the living conditions of families and citizens, and deal with the distinct impact these policies have on different social groups.

### **C. REDIRECTING FISCAL AND MONETARY POLICY**

Economic policy is the main tool for structural change in the economy. It should aim for a sustainable economic growth rate and a reduction in the chronic unemployment problem of the Arab

countries, through decent job creation. At the same time, it should also aim to fight poverty and reduce inequalities, if growth is to be inclusive and sustainable. This implies close coordination with other public policies, particularly social policy (discussed in the previous chapter), which should all be tailored according to the specific circumstances and for the same ultimate objective.

#### **1. Fiscal policy**

Fiscal policy is an important tool that could directly influence MDGs achievement and, in coordination with other standard policy tools, work for an inclusive economy. Fiscal policy should be used to alleviate short-term cyclic economic and social distress, and to focus on long-term public investments that expand the productive base of the economy, reduce poverty and increase equity.

To meet these objectives, governments cannot ignore the need for public resource mobilization. Evidence from around the world has shown that increases in public revenues are central to any success in development. In the least developed countries, where resources and savings are scarce, there would be no escape from resorting to aid or other similar financial mechanisms to supplement domestic resources. The important point in the case of external financing is that it should be used for projects that are generating rates of return that exceed financing costs, so that they will not foster dependency and become anti-developmental. Nonetheless, pro-development aid needs to be free from stringent conditions that limit its effectiveness.

The regional as well as global trend seems to be moving away from public resource mobilization as increased openness and taxation policies focus mainly on attracting foreign investments. Additionally, the crucial redistributive function of tax policy is too often ignored. Tax policies and the impact on income distribution by social class, ethnic group or gender should be at the forefront. The distributional impact needs to be examined on a case-by-case basis, as circumstances affect whether measures will be progressive. For example, personal income tax that avoids loopholes and other corruption mechanisms has more redistributive effects than direct sales taxes. Other forms of taxation, such as taxes on luxury products and services are other options. Capital taxation and

trade taxation can also be applied creatively, stimulating the right investment for inclusive growth. Most important is diversifying the tax base in order to maximize the revenues across business cycles. These are only a few ideas for enhancing resource mobilization, but many more exist depending on each situation. However, the main impediment that stands in the way of expanding the tax base is not the lack of options or administrative capacity, but rather the political will to make these redistributive decisions that might threaten well-established interest groups enjoying economic privileges under the status quo.

The other element of fiscal policy is public investment, which is crucial for most Arab countries, especially those who operate below full employment. Public investment can have a short-term impact on aggregate demand and a long-term impact on the supply side of the economy. Moreover, public investment stimulates growth and employment in association with private investment. A growing body of evidence indicates that the relationship between private and public investment has a crowding-in effect rather than a crowding-out effect.

Public investment needs to be evaluated in terms of its ability to create productive employment in the long-term as much as its ability to reduce poverty in the short-term. As such, its nature, type and linkages with other economic sectors need to be carefully examined in order to prioritize those areas that would reach the most vulnerable. In the short-term, public investment should not underestimate the role of the private sector and the crowding-in effect. Public investment needs to make the decision and private investment will follow. In China and Vietnam, where the public sector accounts for a considerable share of the economy, a study showed that private investment has grown more rapidly than public investment. In contrast, Cambodia, Indonesia, Mongolia and Nepal, countries that have limited public investment, have experienced an inferior investment performance by the private sector (Roy, 2004).

In conclusion, fiscal policies such as taxation or public spending have a direct distributional impact on society that should not be dismissed. Public finance policy can therefore be a tool for an

inclusive growth and not just to raise the rate of economic growth.

## **2. Monetary policy**

Monetary policy in recent years has focused on containing inflation, following the experiences and models of developed countries. However, the obsession of targeting inflation might not always be realistic or desirable for an inclusive growth scenario in the developing world generally and the Arab countries particularly. The Arab countries have managed price stability, with inflation rates reduced to single digit rates in the last decade.<sup>39</sup>

The cost of fighting inflation, especially when efforts lead to moderate price hikes, can be at the expense of economic expansion, employment creation and social welfare. Instead, monetary policy should not treat inflation as a binding constraint. Through coordination with the fiscal policy tools, monetary policy should focus on real variables such as growth and employment by encouraging private domestic investment and foreign investment. In the least developed countries with underdeveloped financial markets, monetary authorities can play a more important role in managing internal and external debt and, consequently, supporting fiscal balance management for developmental objectives (discussed in the next section).

The example of targeting inflation in Yemen illustrates the detrimental effect of containing inflation on growth and poverty.<sup>40</sup> The experience of Yemen in the nineties mainly showed that tight monetary policy seemed to be working against poverty and employment creation. The inflationary process in Yemen during the studied period did not distinguish between demand-side, inflationary forces factors and supply-side factors, which were more the reason for overall price level increases. Instead, the report showed that focusing monetary policy on price stability through demand management resulted in larger declines of investment and employment, and therefore, increases in poverty.

Another example of monetary policy that increased inequality is the case of post-war reconstruction in Lebanon. Lebanon's monetary and central bank policy, which focused primarily on financial and exchange rate stability and foreign

capital inflows, led to the formation of a rentier economy and a wave of de-industrialization during the post-civil war period. These shifts in the economy suggest changes in income distribution and resources from productive sectors shifting to the financial sector (Dibeh, 2005).

In both cases, inflation targeting resulted in a form of crowding-out of investment where commercial banks opted for holding high yielding and relatively less risky government bonds, which made these banks less interested in investing in productive sectors. According to the 2009 UNDP report titled “Development Challenges for the Arab Region, the Arab banking sector deposits”, growth has not been matched by growth in credit to the business sector. The same source claimed that little of the substantial increase in the assets of the region was channelled into productive investment over the past decade.

The exchange rate policy needs to strike a balance between providing price stability and encouraging investment and production in the sectors that include most of the labour force and the most poor or vulnerable social groups. It is a key macroeconomic tool for the sustainability of macro balances and the allocation of resources. The options range generally from a free floating to a fixed regime. Neither one of the two extreme situations is exclusively desirable at all times. Rather, countries should match some combination of the two exchange rate policies with country priorities and their development vision. Arab countries have in general opted for a managed exchange rate. Yet Arab countries should align the exchange-rate policy with a development strategy that gives a central role to exports and to key sectors with strong and broad linkages to other sectors. The aim of the exchange rate policy should be to create a sustainable productive capacity that benefits the poor, excluded or vulnerable, and therefore promotes equity. Exchange rate management, adapted to different economic conditions, cannot be dissociated from some form of management of capital flows. Aligning these two policies reduces volatility in the system and channels resources to key sectoral priorities.

Overall, both policymakers and the central bank need to reassess the targets towards the vision of inclusive growth. Monetary and exchange rate policy can have short-term or very specific positive

impacts by stabilizing prices. Yet at the same time, this could be at the cost of long-term productive employment and human development outcomes. Managing this trade-off might be a political choice, based on who is being most affected by the inflation and who is being hurt by policy implications. A monetary policy for the MDGs requires some flexibility to adjust either to facilitate the fiscal policies or to reach out for more inclusive aims, such as supporting sectors that host the poor or most of the workforce.

### **3. Industrial policy**

The Arab countries have attempted a form of import substituting industrialization that had a strong productivity performance in the sixties and seventies. Nonetheless, the productivity performance has since turned negative and not recovered (Rodrik, 2008). This decline coincides with the growing influence of globalization forces and the neo-liberal economic paradigm of the eighties. While oil-rich Gulf countries attempt to diversify the economy to reduce the oil dependency, these countries still have a low manufacturing base (Saif, 2009). On the other extreme, the Arab LDCs with less resources remain at an early stage of development with a concentration on low value-added agricultural activity. Between these extremes, diverse economies are generally more services-oriented and quite dependent on remittances and external financing resources.

Owing to the high unemployment rate in the region, it is imperative to reconsider the structure of the economy and its employment generating capacity, especially for the national labour force in GCC where job creation is mostly in the private sector employing foreigners. However, focusing on national labour force employment rates does not imply neglecting the working environment of the foreign population. The inclusive growth agenda is not simply achieved by expanding opportunities in existing activities. There is a long-term challenge of moving labour into higher value-added employment to raise the average level of labour productivity. Increasing labour productivity should, under the right institutional and regulatory framework, increase wages and incomes of people while also incorporating the poor and reducing the gaps in this process. Although there is no one-size-fits-all trajectory for this goal, the underlying principle for

this transformation is an increase in productivity of all sectors. At the same time, this transition should be smoothed with different policy measures and interventions to alleviate its side effects on labour and people in general, manage its redistributive impact, and assist lagging sectors to reach the developmental goals.

While these structural transformations towards an inclusive economy might be confused with a classic industrialization process, the inclusive economy offers different opportunities. The global changes that shape the world offer new possibilities and create new challenges. Globalization makes replicating the development model of high-income countries more difficult, especially if industrialization aims to generate inclusive growth by creating decent work that protects against poverty. Industrialization is one option among many that can be used to meet this objective after a thorough diagnosis that feeds the policymaking process. A number of case studies of developing countries and the recent accounts of newly industrialized countries show that a structural change can take different forms, focusing on activities in the primary, secondary or tertiary sector (UNRISD 2010 and UNCTAD 2010).

The options for the region to use industrial policy for structural transformation are as varied as the region itself. Primarily, industrial policy provides an exogenous stimulus that enables the economies of the region to take paths other than those leading to a low-growth equilibrium. These paths should also create employment to ultimately influence poverty and income redistribution. Therefore, industrial policy should identify critical sectors on the basis of the specific features of the production structure of each country and in accordance with the capacity of the sector to generate and disseminate knowledge and innovation, and to encourage linkages with other activities. Such a structural change needs to generate more employment overall. It will be the task of industrial policy to focus efforts and provide incentives that favour these sectors. However, industrial policy must share the same vision as macroeconomic, social and other public policies in order to provide an environment conducive to investments in the chosen sectors and development in general.

In a comparative study of Arab countries with other similar cases, Rodrik (2008) attributes the success of industrial strategies to continuity and coherence in planning. A services-centred industrial policy does not have to necessarily exclude manufacturing development. Through the linkages between the two sectors, industrial policy should aim to increase manufacturing development. Currently, services might have a more viable role as engine for economic expansion owing to the high value-added effects of technology and innovation. However, the tertiary sector is hybrid by nature and is more vulnerable to external shocks. It is also more prone to increasing the informal sector.

The Arab world is moving more towards providing services. However, most studies agree that new jobs are being created in low skilled, low-wage, low-value added services in the informal sector, with declining job creation in the manufacturing and agricultural sectors (Tzannatos, 2009). Raising the productivity of the services sector to become an engine for an inclusive growth that would raise people out of vulnerability and include them in the rewards of growth requires more targeted efforts to attract technology, knowledge and investment. In the short to medium term, there are skills barriers to employment in high value-added sectors and therefore shifting towards these sectors can adversely affect the poor. Therefore, other labour policies, social and educational policies are needed to maximize the benefits of structural transformations. Without an integrated policy framework working simultaneously for the same objective, the structural shift would cause more poverty and inequalities. In some other cases, such as in China and India, even high value-added services such as information and communications technologies (ICT) did not contribute to employment as much as their contribution to total output. This discrepancy could be attributed to the fact that these countries are more rural than urban. Accordingly, the expansion of high value-added sectors excluded the disadvantaged rural population (UNCTAD, 2010). Therefore, the main question guiding any shift should focus on the linkages between sectors, the impact of productivity growth on employment generation, and the distribution of benefits across regions, income classes or even within households.



Furthermore, most evidence suggests not even a dynamic service sector could generate enough good quality employment for a large labour force such as that of the Arab world. In addition, the trend in the region has so far shown that the productivity gains through labour reallocation to services and manufacturing sectors have not been significant (ILO, 2009). Accordingly, growth will not be inclusive without investment in the agricultural sector, especially as this sector employs almost a third of the total labour force and 40 per cent of working women (ILO, 2009). Modernizing the agricultural sector should be a top developmental priority. Nonetheless, agriculture should be considered beyond its economic dimension, as the peculiarities of the agricultural sector require understanding agrarian systems and the social, cultural, and environmental implications of any policy on rural society.

This approach of agricultural-focused development should give agricultural policy a multifunctional role in reducing poverty, social inequality, and gender inequality through stabilizing the cultures of rural populations and reversing environmental degradation. Such an alternative agricultural policy would prioritize the needs of small farmers by securing access to productive resources (seeds, land and water), credit, information, market infrastructure and fair trade systems. Therefore, the focus should not only be on enhancing productivity but should also be more inclusive, targeting food, resource and nutritional security, whereby the livelihoods of small producers come at the centre of public policy (UNRISD, 2010).

In general, the comments above raised questions, presented some possibilities, and articulated warnings on the orientation of industrial policy. It remains up to each country of the diverse Arab world to explore its options. Structural transformations need to be consciously addressed and should be based on country-specific diagnostics of the main constraints against growth, poverty reduction and equity. Industrial policy should connect critical primary sectors to secondary and tertiary sectors, while stimulating and maintaining an adequate level of labour demand. Export orientation is important but domestic production and raising the demand for domestic goods and services ensures the sustainability of the model. Other lessons learned from worldwide successful

cases on industrial and agricultural policy applications for an inclusive growth agenda show, despite the diverse paths adopted, that the most common success factors relate to public investment in infrastructure, channelling of domestic finance to productive sectors, the management of chosen policies and a macroeconomic setting, along with social policies working for the welfare of all the population (UNRISD, 2010). Above all, these policies should necessarily come as parts of a well-established national development vision and strategy that is a result of clear political will in an institutionalized context.

## **D. RECONSIDER THE ROLE OF POLITICS**

The pivotal idea in the preceding paragraphs was to reposition economic growth and the economy in general in the context of the developmental approach of a country. The 2010 MDG review summit confirmed the importance of justice, poverty eradication, job creation and their interdependence. Making justice, poverty eradication and job creation consistent with economic growth, would be a move towards an inclusive economy.

The preceding paragraphs included an outline of how economic policies could be used in order to make sure that they are compatible with the developmental approach. On this basis, we have reached the conclusion that the region needs a long-term transformation from economies that depend on one particular sector to a diversified economy with higher levels of productivity. However, this structural transformation is not limited to the economy and economic policies, but also means the transition from narrow social and sectoral policies to other policies of a more comprehensive nature based on human rights. This will ensure the social protection of all, as well as providing social and infrastructure services within a framework of integrated public policies that ensures equitable distribution and the active participation of all social groups.

However, limiting the development agenda to the economic, social and environmental dimension ignores the political dimension of development. Development is ultimately a question of power relations between the development partners. It is related to making strategic choices and structural changes that have a direct impact on the influence

of different groups in the decision-making process and the distribution of resources.

UNRISD (2010) focused on the strong correlation between the economic, social and political dimensions in the fight against poverty and inequality. The report confirms that “countries that have succeeded in reducing poverty in a relatively short time had targeted political systems which seek growth achievement and well-being enhancement, and aimed at building and maintaining qualified bureaucratic bodies and institutions. Progress in reducing poverty also requires the protection of civil rights and the presence of active organizations of citizens and political parties in which the poor and other disadvantaged groups participate”.<sup>41</sup> Of course, this demonstrates the need to build effective and development-orientated community bodies and institutions. It is not enough to be only a democratic state. Experience has shown that democratic countries can adopt economic and social policies that generate social inequality even if democratic governance is believed to be the best way to achieve development and eradicate poverty and inequality. However, achieving development that eradicates poverty and inequality requires explicit economic and social goals and strategies based on human rights.

The political dimension is even more important as national authorities no longer design policies unilaterally. The world, through its international financial institutions, multinational companies, stock markets as well as trade, economic and financial regulations, is an important partner in the formulation of economic and social policies in developing countries. Often global parties might be more influential in the formulation of policies than

the national governments themselves. The powerful global parties have resources and notably can control both the prices and the terms of agreement, as well as conditions on the provision of development assistance and use of debt as a pressure mean. Therefore, the interests of these mostly external, influential parties may govern national economic and social policies rather than the national interests of the country. Moreover, these external parties are the one who set the limits to the roles of the State and the market. Briefly, these policies and options literally have an external political aspect and therefore, adopting a developmental approach is a highly political process.

The Arab Spring demonstrated the centrality of politics in economic and social development across the Arab region. The slogans of the protest movement confirmed the correlation between freedom, justice and dignity. Furthermore, protests in all countries highlighted the issue of providing employment opportunities and the exacerbating problem of youth unemployment, poverty and social inequality. In addition, all movements highlighted that moving away from the prevailing neo-patrimonial state pattern towards a modern democratic civil state can achieve justice and development, while eliminating unemployment, poverty and inequality.

Briefly, the current transformative movement in the Arab countries confirmed in practice that politics is the necessary entry point on the road towards development. There is a stronger emphasis on the role of politics, as well as the nature and functions of the State as key components in the development process.

## IX. A REGIONAL PARTNERSHIP FOR DEVELOPMENT

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The United Nations Millennium declaration argues regional cooperation is an important factor in achieving the MDGs. It establishes human development as a “shared responsibility” and calls for “strong partnerships” aimed at promoting a more equitable system of international trade and finance, increasing development assistance, and enhancing regional commitment for better governance, poverty reduction, and development. These principles were reiterated in the 2010 MDGs Review Summit and are the essence of MDG 8.

The Arab region has not fully exploited the many potentials of economic integration, even though an institutional framework already exists under the League of Arab States. However, the recent history of the region suggests that the situation in the oil-exporting Arab countries is strongly related to the situation of the poorer Arab countries. This observation applies not only to trade, but also more importantly to investment, tourism, labour, the social implications of economic inter-linkages, and diverse political aspects, such as security conditions. The series of still unfolding global interrelated crises and the waves of social movements provide further economic and political incentive for Arab countries to cooperate in order to maintain regional stability while facing growing domestic and international threats.

Moreover, the Arab region continues to be characterized by significant disparities between high-income countries, low-income countries and conflict countries. The latter two groups will most probably not achieve the MDGs without regional and international assistance. The first group can play a role under MDG 8 as part of its commitment to build partnerships for development. In addition, the richer Arab countries have an economic and political interest to expand their role and lead a more stable regional alliance towards greater global influence.

Goods, financial flows and labour mobility are the main theoretical avenues for economic intraregional integration. However, a wide variety of other engines for integration exist, such as cooperation in technological transfers and infrastructure building. Likewise, cooperation in the social realm is as relevant as trade for reviving

Arab intraregional integration. The integration process does not need to start through formal regional arrangements, but the process can build on cooperation in areas where some form of de facto integration exists. However, some coordination and cooperation to manage economic trade-offs and political interests could initiate the process to ensure that existing linkages between Arab countries have a positive regional developmental impact. This process also depends on specific pro-development national policies (discussed in the previous chapters) and on the developmental stage of each country.

This report considers regional cooperation as a priority towards achieving the MDGs and uses the globally set MDG 8 as a framework for a regional integration process to create a comprehensive environment for enabling regional achievement of the MDGs. The Arab least developed countries assume the primary responsibility of working towards achieving the first seven MDGs in their country. In contrast, the richer Arab countries have the same responsibility in their respective countries in addition to their critical role in supporting poorer neighbours with more effective assistance, sustainable management of debt burdens, fairer market access through trade and investment, and other realms. In addition, just like the globally set MDG 8 advocates a fair access to medicine and technology, the Arab MDG 8 could advocate social policy coordination and access to communication, be it through technology or infrastructure. It is evident that regional integration is broader and a more complex process than the scope of MDG 8, but the latter could serve as a stepping stone, while keeping the regional integration process geared towards the objective of human development.

MDG 8 occupied a special and central role during the formulation of Millennium Development Goals. The first seven MDGs focus primarily on the responsibilities of national stakeholders, particularly governments. MDG 8 reflects the first seven goals in terms of stipulating the responsibility of the international community through identifying the minimum conditions of the global environment to help achieve these goals. This made the United Nations system undertake a separate report to

review progress achieved in the MDG 8 and the gap of development financing from 2008.

In relation to the subject of this report, MDG 8 can be considered from two perspectives:

1. MDG 8 can be related to the need for building an environment that is conducive to development and achieving the MDGs, such as MDG 8 is a part of the overall macroeconomic framework to achieve these goals globally.
2. MDG 8 can be considered from the perspective of development financing as a practical expression of Global Partnership and the commitment of the international community to achieving the MDGs, including specific goals at the quantitative level and for their timely achievement.

These perspectives have direct and indirect impacts at both national and regional levels. MDG 8 should not only be dealt with on the global level. It must be translated into “a regional partnership for development”, which also includes two dimensions:

1. The first dimension is to construct a regional environment conducive to achieving the MDGs in the Arab countries.
2. The second dimension is to determine the quantitative and time commitments regarding development financing between the Arab countries, without political conditionality, and to identify regional priorities for intervention.

It should be noted that the “Third Arab Report on the MDGs 2010, and the Impact of the Global Economic Crises”, included an entire chapter on the eighth goal with a detailed presentation of the official assistances for development, including data from 1990 until 2008. This report can be referenced in order to check these figures since little changes occurred since that date.

This report will address the translation of the eighth goal to the regional level and from a methodological aspect, as well as the position of the Arab countries regarding this goal with reference to a specific initiative for the regional partnership for development as part of MDG 8.

MDG 8 ranges from general to specific recommendations. In addition, the position of States varies as follows:

Building a global partnership for development is a global issue that includes all countries of the world regardless of their level of development, including all Arab countries. In addition, there is the need to build a regional partnership that can be beneficial for all Arab countries.

Target 1 in MDG 8, which relates to building a global financial and trade system supportive of development, should be dealt with at the global level. Its achievement is related to the reform of economic, trade and financial global policies, as well as the reform of global economy management, particularly international financial institutions. It is also related to reviewing the economic options and doctrines that guided the global economy in recent decades.

Target 2 in MDG 8 relates to the provision of additional support for the least developed countries. There are six Arab countries which fall into this category: Yemen, the Sudan, Mauritania, Djibouti, Comoros and Somalia. This group should benefit from the changes referenced in the preceding paragraphs. They should also be supported additionally through a package of measures including procedures related to international trade (exemptions from duties and quotas), debt issues, increase of development assistance, and other obligations mentioned in the Action Plan of the Least Developed Countries conferences (most recently the Istanbul Summit in 2011).

Target 4 in MDG 8 relates to alleviating the debt burden, which is a joint responsibility of the creditor and debtor countries. It includes all Arab countries (even resource-rich countries which were once debtor nations), but in particular it includes most of the Arab countries with medium and low development levels. The priority of this issue depends on the importance of debt in the country concerned (the absolute size, the ratio of debt to GDP and exports).

This chapter will tailor MDG 8 towards regional needs and focus on regional arrangements that can particularly support the less developed Arab countries through:

- Market access for trade, investment, and labour;
- Intra-Arab aid;
- Arab indebtedness;
- Other dimensions of regional cooperation: social policies, technology and infrastructure.

## A. MARKET ACCESS FOR TRADE, INVESTMENT AND LABOUR

### 1. Trade

The role of trade and especially intraregional trade can have a substantial impact on economic development. If promoted correctly, regional integration in trade can be an important driver for socioeconomic development by creating employment opportunities. This in turn, will positively impact the achievement of the MDGs.

The many benefits of regional trade integration have not gone unrecognised in the Arab region and in fact, have been pursued for several decades. Today, there are several trade agreements among Arab countries with overlapping membership. Some of the key agreements include the Agadir Agreement, the Gulf Cooperation Council (GCC), Customs Union and the Greater Arab Free Trade Agreement (GAFTA).

Despite the numerous agreements among Arab countries, trade integration within the region has witnessed limited progress in recent decades. According to most comparisons, the Arab region is underperforming relative to most other developing regions as is highlighted in the figure below. The share of intraregional exports is lower than three out of four other developing regions. Furthermore, intraregional merchandise exports within the region have stagnated between 9 and 10 per cent in the Arab region, while most other regions have

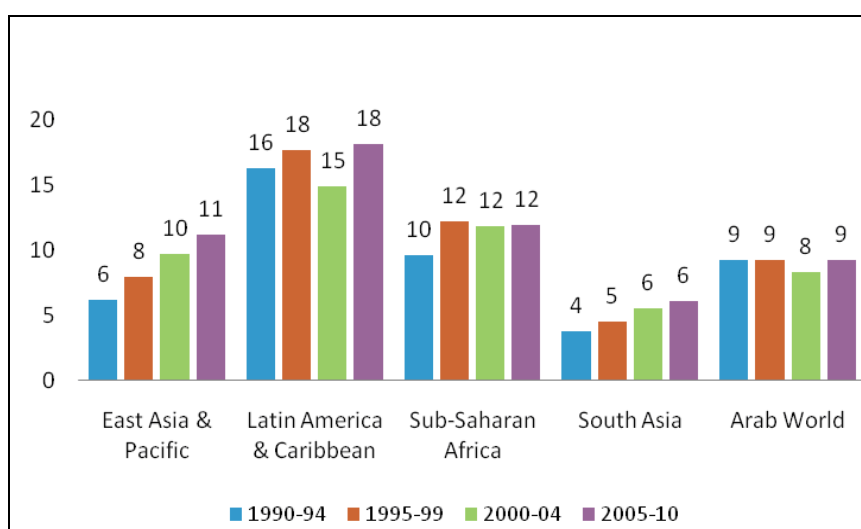
experienced a substantial increase. Especially for East Asia and Pacific, intraregional exports have increased in importance in the last two decades.

According to most empirical studies, the share of intraregional trade is at levels significantly below its potential evaluated using the economic, geographical and cultural characteristics of Arab countries (see for example Nugent and Yousef (2004)).

A look at the merchandise exports to countries in the Arab region, from a country-by-country perspective, shows that the degree of trade within the Arab region varies across countries. Several countries trade extensively with other Arab economies, especially Djibouti, Somalia, Lebanon and the Syrian Arab Republic, where the share of merchandise exports within the region exceeds 60 per cent. However, for the majority of countries the share is below 10 per cent.

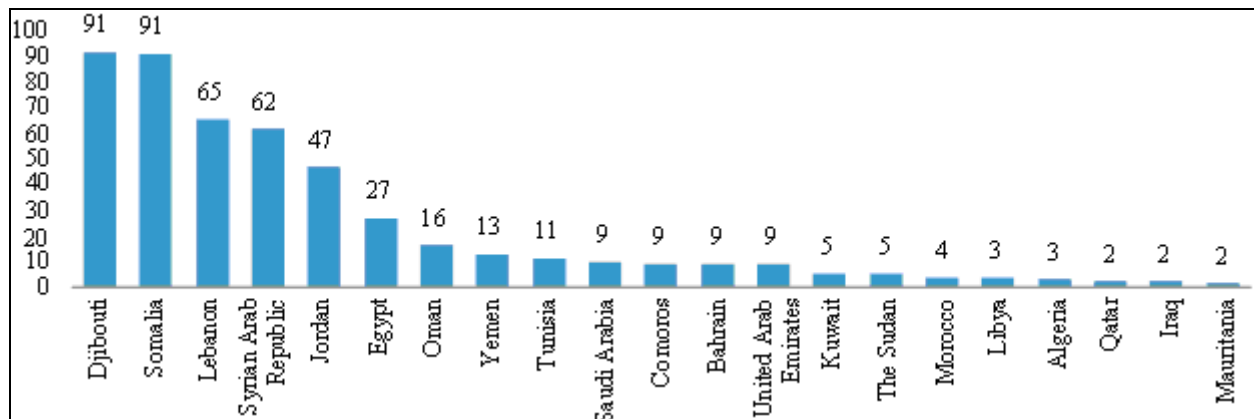
However, if only non-oil export is considered, the region is a slightly better performer. According to Chauffour (2011), regional markets in Bahrain, Oman and the United Arab Emirates account for 35 to 40 per cent of non-oil exports while it is more than 25 per cent for Egypt, Jordan, Kuwait, and Saudi Arabia. The difference between total export and non-oil export is important since non-oil exports are relatively more concentrated within the Arab region.

Figure 29. Merchandise exports in developing economies



Source: World Development Indicators.

**Figure 30. Merchandise exports to economies in the Arab world**  
(% of total merchandise exports)



Source: World Development Indicators.

Despite the growth of the Arab trade agreements, weak implementation and follow-through have prevented Arab countries from reaping the benefits of regional trade integration. In addition, the number of agreements with countries outside the Arab region is also expanding and Maghreb countries, for example, are now more integrated within the European Union than with the Arab countries. Exports of the Maghreb countries to the European Union average at around 60 per cent of total exports, while imports from the European Union make up more than half of total imports.<sup>42</sup>

In addition to the weak commitment towards Arab integration, other structural factors can also explain the low regional integration in trade. Similar production patterns and the low degree of complementarities reduce the scope for regional integration. Furthermore, the exports of most Arab countries are concentrated in low value added sectors.<sup>43</sup> The share of high technology products in non-oil exports declined for Arab oil-importing countries, while the number stagnated in oil-exporters, especially the GCC. This offers limited scope for intraregional intra-industry trade, which has been a driving force in other developing regions.

Recent political developments in the region towards more open and participative societies offer new opportunities for improved political collaboration in support of trade integration, which may contribute to progress towards the MDGs. By

restructuring the economy there might be an opportunity to develop different and comparative advantages in the Arab region in order to foster regional integration and promote competitiveness in the global market, which would support employment creation and MDG achievement.

## 2. Financial flows

The Arab region has witnessed increasing financial inflows, particularly capital flows and more specifically FDI. These benefits have accrued from a series of reforms that have reduced the cost of doing business and improved the business environment by simplifying investment procedures, revising laws relating to investment and corporate profits, and simplifying import/export administrative procedures. These measures were coupled with a number of bilateral investment promotion agreements (ESCWA, 2009).

FDI inflows are generally considered more developmental than other financial flows given their potential to transfer technological and management knowledge. Foreign firms tend to be larger, more productive and have better access to markets. This also imbues them with an added advantage of the capacity to generate more jobs as compared to domestic firms. In addition, FDI has the potential to have spill over benefits to other firms within and outside the sector receiving foreign investment.



Other forms of private capital flows, such as portfolio equity investment, remain relatively less important and are considered still more volatile by nature and more difficult to assess. Remittances and tourism receipts constitute another important category of financial intraregional private flows that are also increasing.

The heterogeneity of the Arab region would allow the capital of the rich labour-scarce countries to benefit from higher returns and larger markets by crossing borders, while poorer countries can fund their savings and investment gaps. In particular, capital from the GCC countries has become an important financing tool for both the Arab middle-income countries and the least developed countries. The wealth of GCC countries and their investments in the region are crucial for the capital-poor countries that fare relatively poorly on the development indices. The funds flowing out of the GCC countries therefore plays a crucial role in building political and economic stability in the region.

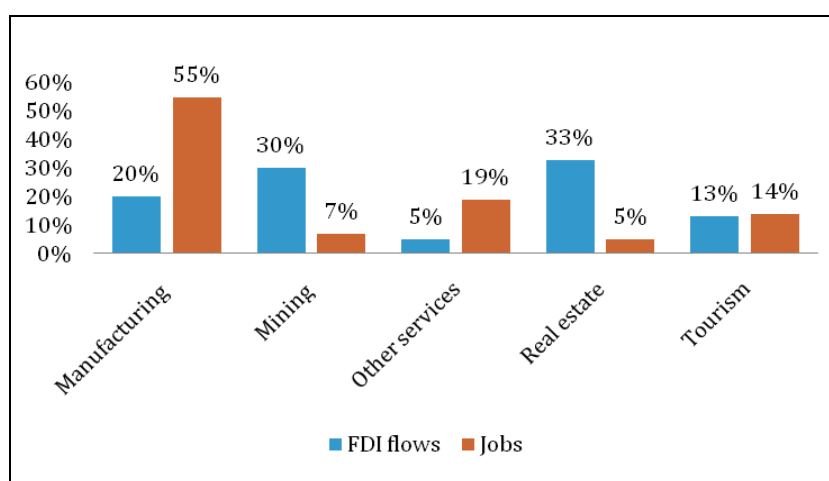
The intra-Arab component of FDI has been, however, generally more erratic and focused on real estate, mining, hydrocarbon and hydrocarbon related industries. This is not only the case of largest oil exporting GCC countries, but has also been the case with countries that are less dependent on oil, such as Egypt and the Sudan, where the extractive sector occupies the largest share of FDI (ESCWA, 2011).

Although the literature is not conclusive about the relationship between FDI, growth and employment, most evidence points to that fact that in the Arab region, FDI has not improved productivity and has had a relatively limited impact on job creation. The FDI implications for productivity growth and employment depend on the particular sector and industry receiving FDI, the impact on employment in competing domestic firms, the nature and the scope of FDI. FDI impact also depends to a great extent on the macroeconomic framework and macro policies, and how inclusive they are.

In a recent report published by the World Bank on the sectoral distribution of FDI, data estimates indicate that between 2003 and 2011, the real estate sector and the fuels sector attracted a major share of the FDIs followed distantly by the manufacturing and tourism sectors.

FDI in manufacturing, however, created the largest number of the FDI-related jobs (55 per cent of all FDI-related jobs). Labour-intensive food processing, consumer products and textile industries accounted for the largest shares of FDI-related jobs created in the region, whereas FDI in mining and real estate accounted for just 7 and 5 per cent of all FDI-related jobs, respectively (World Bank, 2011).

**Figure 31. FDI-related jobs**



Source: World Bank, Investing for growth and jobs, 2011.

Note: The World Bank uses the MENA classification, which is slightly different from the Arab countries used in this report. It does not include Mauritania, Comoros and the Sudan, and includes Iran.



Other investments that advance a regional MDG 8, addressing the needs of Arab LDCs in particular, are investments of the Sovereign Wealth Funds (SWFs) of the four dominant GCC countries. The United Arab Emirates, Saudi Arabia, Kuwait, and Qatar SWFs were estimated to have had assets in excess of US\$1.5 trillion at the onset of the global financial crisis in summer 2008.<sup>44</sup> Such estimates of assets are only for the SWFs and do not include the investments of individuals and private institutions.

The recent global financial crisis signalled a warning in the Arab region, especially the GCC countries, to reconsider investing their wealth in western countries and instead to consider regional investments. These funds are increasingly being viewed as an alternative source of development funding in middle income and poor Arab countries, where there is immense potential for real investment and increasing capital. The GCC countries should view this as an opportunity to bring balance and bridge inequalities that may imply severe negative repercussions of the nature of the disparity between “the financial and real aggregates that led to financial turbulence, first inflation and subsequently the meltdown of the financial markets”(Carnegie, 2009).

### **3. *Labour and remittances***

Both labour mobility and remittances are seen as important modes of integration within the region. Currently, the World Bank estimates that there are over 9.5 million migrants from Arab countries residing in other Arab countries.<sup>45</sup> This figure includes over 3 million Egyptians, over 2.5 million Palestinians and almost 1 million Yemenis. Migrants are particularly concentrated in the GCC countries, with Saudi Arabia hosting over 2.8 million migrants alone. As data from major countries of destination is missing, the real number of migrants is likely to be much higher. Migration in the Arab region is driven by causes ranging from forced displacement (particularly in the case of Palestinian and Iraqi refugees) to voluntary labour migration (Egyptians, Lebanese and Jordanian migrants in particular, who not only migrate to other Arab countries but also to Northern Europe and the United States). The Maghreb region is also a source of labour migration, particularly to Europe where over 90 per cent of Algerian and Moroccan expatriates reside, and another 80 per cent of Tunisians continue to live.<sup>46</sup>

There are a number of bilateral and multilateral frameworks governing migration between Arab countries: the Council of Arab Economic Unity aimed to promote free movement of labour; the Arab Labour Agreement of 1968 aimed to promote Arab labour mobility and which made an explicit preference for Arab workers; and a 1984 Arab Declaration of Principles on the Movement of Manpower, which was meant to lead to a preference for Arab workers.<sup>47</sup> Meanwhile countries such as Egypt and Jordan have entered into bilateral agreements on migration. However, the implementation of these agreements has been limited on account of a number of factors. Most notably, migrants have been vulnerable to political developments. For instance, as a result of the first Gulf War, over 300,000 Jordanians returned from GCC countries. Moreover, lower costs associated with workers from Asian countries, as well as the abundant supply of appropriately skilled labourers from these countries and the perception that their migration is less disruptive has seen the preference for Arab workers decline over time.

Market access for workers within the Arab region essentially follows a particular trend, in that the labour-rich Arab countries provide labour to the labour-poor GCC countries. Such a trend in migration within the Arab region has contributed to the reduction in poverty at the individual and household levels. By migrating to countries with better opportunities for decent work these households have avoided falling into poverty.<sup>48</sup> While migrants benefit directly at an individual level, there are also indirect beneficiaries, who receive remittances sent by the migrant labour back to their home countries. These remittances in turn boost household consumption, decrease the likelihood of poverty, and may increase expenditure on health and educational services in the less developed Arab countries.<sup>49</sup>

In reality however, this process is not very smooth and requires consolidating regional efforts to achieve the essence of a developmental process in the spirit of MDG 8 and therefore, particular attention needs to be paid to legislation, labour mobility and remittance flows. The lack of proper legislation for migrant labour in the GCC countries, translates into unprotected, vulnerable conditions that Arab migrant, unskilled labourers have to face. These vulnerabilities become especially pronounced under conditions of political tension.

There are no conditions made available for permanent settlement or citizenship for expatriates. Most countries, particularly the GCC, do not cover these migrant labourers under local labour laws. Rather, their employment is generally attached to a sponsor bound by an employment contract.

The Arab region therefore lacks the legislative framework to facilitate labour mobility to benefit the recipient and the sending countries as well as the worker. In a heterogeneous region such as the Arab world, this mobility can be a win-win situation if regional minimum social protection measures exist, which could also ensure basic rights for migrant workers.

Remittances sent by Arab migrants to their countries of origin were estimated at over US\$13.5 billion in 2010.<sup>50</sup> Migrant remittances accounted for around 22 per cent of GDP for Lebanon, 14 per cent of GDP for Jordan and almost 7 per cent of GDP for Morocco. While almost one third of Arab emigrants are distributed within the Arab region (World Bank, 2011), which indicates a strong emphasis on the role of remittances, there are no statistics available on details of remittances within the region.

In terms of the MDGs, remittances play a crucial role in providing income security to households, which inevitably enables them to increase consumption spending, in addition to expenditure on education and health. However, this source of income is vulnerable to shocks, as was demonstrated by the impact of the last global financial crisis as much as the recent uprisings in the region. According to the World Bank's Migration and Development Brief (2011): "Flows to developing countries in the Middle East and North Africa region are expected to grow at roughly half of the rate in 2011 compared to the previous year because of the ongoing crisis in the region". Indeed, the events in the regional and the global financial crisis prove that remittances are not necessarily countercyclical poverty safety nets and should therefore not substitute domestic job creation and income security. Although remittances can be used as a bottom-up development financing mechanisms, they should not be used as an alternative to social services policies, working towards the MDGs.

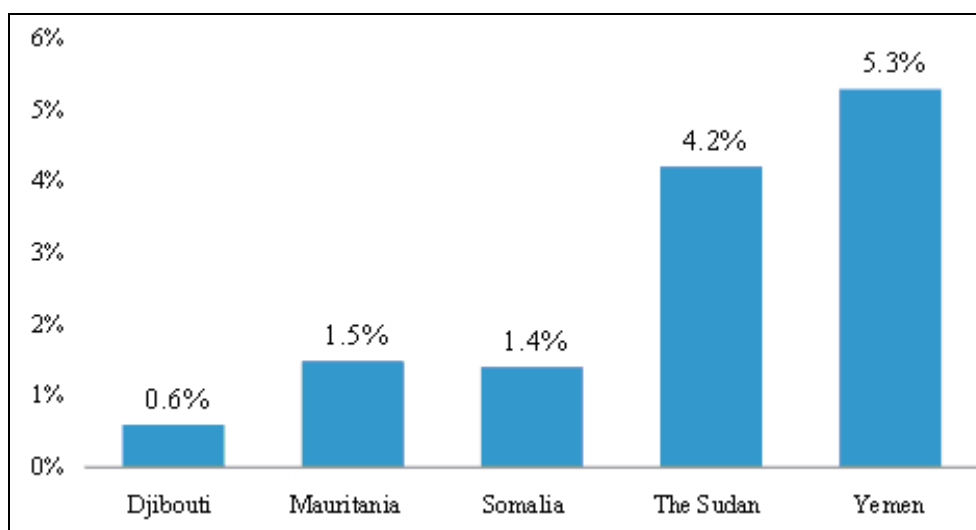
A reliance on remittances could have negative effects, such as developing a form of dependency, akin to a Dutch Disease.<sup>51</sup> They could also accentuate social imbalances in terms of gender relations, care arrangements, class and ethnic hierarchies. In addition, data from a number of countries around the world indicates that the non-poor often benefit more and that remittance inflows may initially lead to increasing inequality. This is because international migration is a selective process and therefore, its rewards in terms of remittances are not equally distributed, with the poorest members of communities or countries being left behind. It should also not go unnoticed that remittances are the result of migration, which in turn is associated with social problems such as the brain and care drain and social disintegration (UNRISD, 2010). In short, remittances make up an important financial flow linking the Arab countries, which can reduce poverty at the level of households and lead to a convergence within the region between the low-income and high-income groups. However, these remain particular incidents that cannot wholly and solely achieve far-reaching goals such as the MDGs.

## **B. OFFICIAL DEVELOPMENT ASSISTANCE**

Arab donors have been scoring high in terms of their worldwide disbursements, with a total Official Development Assistance (ODA) of US\$272 billion (in constant 2007 prices) between 1973 and 2008; the equivalent to an average of 1.5 per cent of combined GNI during the same period, against a 0.7 per cent United Nations target and a 0.3 per cent average for the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC). The main donors are Saudi Arabia, Kuwait and the United Arab Emirates. The top-ten recipients that have received 80-90 per cent of this aid over the past four decades are Arab countries, in addition to Pakistan.<sup>52</sup> Amongst the Arab LDCs, Yemen and the Sudan featured in the top-ten recipient-list.

Typically, aid has focused on infrastructure development and to support petroleum imports. However, recent trends in aid investments have shown a certain level of diversification, notwithstanding the significant share that infrastructure continues to retain. Detailed information on the sectoral distribution of aid is presently unavailable.

**Figure 32. Official development assistance in least developed Arab countries**



*Source:* World Bank, Arab Development Assistance: Four Decades of Cooperation, 2010.

Arab ODA has shown favouritism towards Arab solidarity and the Muslim world in general. Figures from the recent World Bank report on Arab Development Assistance shows that the Arab LDCs account for a mere 13 per cent of total aid received.

The motivations behind Arab aid and the allocation of aid are subject to varying interpretations. Some argue that the historical focus of Arab aid on Arab and predominantly Muslim countries, reflects the fact that many of the poorer Arab and Islamic recipient countries receive limited aid from the Organisation for Economic Co-operation and Development (OECD) donors.

In addition, the terms and conditions associated with Arab aid may be considered relatively soft as compared to other sources of assistance. Aid is mainly concessional in the form of soft loans with grace periods of three to ten years, while using a combination of interest rates, including in some cases, market rates. It is generally untied, allowing them to purchase goods and services from anywhere in the world.

Improvements in the efficiency of Arab aid, in terms of impact and issues of accountability, warrants cognisance of the volatility of Arab ODA determined by oil business cycles, which makes it difficult to predict aid flows. Arab funding institutions in this regard, have played an important role in reducing such fluctuations. Additionally, the

Arab donors who have formed the Arab Coordination Group, Islamic and OPEC Development Institutions, have contributed to enhancing the level of coherence and building mutual accountability, whether at the level of the recipient being accountable to the donor and its constituency or at the level of the donor country that should be accountable in terms of its commitments and disbursements. However, such mechanisms only exist in a few Arab donor countries, and their spread and practice in the region can be a major step forward in making aid more effective and development focused.

Arab ODA within the Arab region should maintain a focus on Arab LDCs. As the World Bank (2010) noted: “Arab aid has played a major role in total ODA flows to the main recipients of Arab aid. In so doing it has compensated for relatively low levels of OECD-DAC assistance to these countries and has made a substantial contribution to public investment over a sustained period of time”. Therefore, Arab donors may actually meet the second target of MDG 8 by addressing the special needs of Arab LDCs and by focusing on aid effectiveness to promote a more developed and stable regional bloc.

### **C. DEBT ALLEVIATION**

Five Arab LDCs are in serious debt distress. While Somalia and the Sudan have reached the pre-

decision point under the enhanced HIPC initiative, Comoros has advanced beyond the HIPC decision point but has not reached the completion point. Mauritania has reached the post completion point. Djibouti and Yemen are two countries in debt distress, yet are not part of the HIPC. Given this heterogeneity in HIPC countries in the Arab region and in addition to their risk of high debt distress (today, one in four of the countries in the world that has received debt relief under the HIPC initiative again face a high risk of debt distress<sup>53</sup>), requires revisiting such initiatives (as the HIPC initiative) to ensure lasting sustainability, given that good debt management alone might not prevent debt crises. A regional platform to advance this support may be considered.

Apart from the debt burden seriously impacting Arab LDCs, many of the Arab oil-importers in the Mashreq and Maghreb region are also heavily indebted and therefore there needs to be a wider national policy commitment to incorporate debt management, which would work towards the regional commitment to ensure the macroeconomic stability of the region. This requires revisiting the complexity of debt composition, which shows a trend of an increasing domestic debt component that cannot afford to go unnoticed. The assessment of sustainability of debt levels requires case-by-case assessment, and must not be universalised. However, one benchmark of sustainability that may be worth considering is the level of debt that allows a country to achieve the MDGs without an increase in debt ratios.

**TABLE 11. TOTAL GOVERNMENT GROSS DEBT  
(PER CENT OF GDP)**

country	2006	2007	2008	2009	2010
Lebanon	179.9	167.7	156.3	146.4	136.7
Iraq	219.6	181.0	110.5	143.1	112.3
Egypt	98.8	87.1	74.7	75.6	73.8
The Sudan	89.3	82.3	69.8	78.9	68.0
Jordan	73.5	71.1	58.4	61.8	61.4
Yemen	40.8	40.4	36.4	49.9	40.6
Bahrain	23.6	19.2	14.6	25.4	32.0
Syrian Arab Republic	48.5	44.1	38.2	31.2	27.5
United Arab Emirates	6.8	7.8	12.5	22.5	21.0
Qatar	13.1	8.8	8.9	28.7	20.0
Saudi Arabia	27.3	18.5	13.2	16.0	10.8
Oman	9.6	7.5	5.1	8.0	5.9
Kuwait	8.3	6.7	5.6	7.0	5.8

Source: IMF World Economic Outlook September 2011.

Arab donors may also consider increasing ODA in the form of grants to the more indebted LDCs since debt relief is not permitted as per the terms and conditions of the Arab Financial Institutions' charters. Arab financial agencies could in turn offer debt rescheduling and attempt to boost the grant component in outstanding debt. According to the latest figures, the Sudan, Mauritania and Comoros benefited from debt restructuring arrangements and accounted for around a third of total similar arrangements provided by the Arab agencies to the rest of the world as at end of 2007.

In a region that has ample financial resources, it is relatively easy to address the debt burden of Arab LDCs. This could be done through strategies ranging from debt buy-outs, to rescheduling, to write-offs of odious debts. At the international level, the Arab countries need to consolidate efforts and form negotiating blocs that can have a stronger say in dealing with international financial institutions.

#### **D. OTHER DIMENSIONS OF REGIONAL INTEGRATION**

While integration at the regional and global level should ensure a fair and equitable distribution of income, experience so far has shown that in many instances it increases inequality within and between countries. Many developing countries have introduced regional agreements that include social policies to counteract the effect of globalization.<sup>54</sup>

The regional partnership for fair, equitable and inclusive pan Arab development should go beyond trade, financial and labour integration. It should be seen as a means through which resources are pooled together to widen regional policy areas of relevance for the MDGs such as health, education, employment and social protection. In countries with high levels of poverty, exclusion and inequality, namely the Arab LDCs, a regional social partnership can offer new opportunities for achievement of the MDGs.

The League of Arab States is already involved in tackling various social challenges facing the region. The latest ministerial meeting that took place early 2011, committed to poverty reduction in the next four years to attain MDG 1 and committed in general to achieve the MDGs with special

attention given to the Arab LDCs. Additionally, this meeting went beyond the basic MDGs targets to commit to development plans focusing on youth, women, unemployment, migration and several other regional economic and social challenges. For instance, in health and access to health services, the Arab ministers agreed to expand health coverage programmes in all Arab countries and improve the quality of services. The meeting focused on targeting the most common diseases in the region such as diabetes. It also highlighted the importance of pharmaceutical manufacturing and registration with the aim of ensuring “medicine security” in the region.

While the political will expressed in the declaration of this meeting was strong, the mechanisms for implementation remain to be seen. Apart from the possibilities of a regional partnership for development through a pro-development market access, debt management, official aid and particularly for the Arab LDCs, the Arab countries could consider a regional fund that would implement the commitment to providing some of the very basic social services or even facilitate the achievement of the MDGs in the region. Such a fund may be tailored as per country contexts to achieve MDG 8 for the Arab countries. In addition, this may take the form of “partnership for development” through technology transfer. Such an initiative points directly to increasing productivity, that would therefore upgrade production structures in the region, whether in the underdeveloped agricultural sector or in the modern fields of renewable energy and green investments. An attempt in that direction has been recently undertaken under the ESCWA Regional Technology Centre for Development.

#### **E. ARAB MDG 8: INITIATIVE FOR A REGIONAL PARTNERSHIP FOR THE MDGs**

The need to achieve Arab integration goes beyond the MDGs, and is crucial for the overall development process. It specifically addresses the joint Arab responsibility and in particular the responsibility of the more developed Arab countries to assist the less developed Arab countries.

The Arab region cannot claim to attain the MDGs unless it accomplishes these goals in the

poorest Arab countries. These countries face considerable difficulties in attaining the MDGs and require regional assistance to achieve these goals. The countries that are in most desperate need of such a regional initiative are the six Arab LDCs, namely Comoros, Djibouti, Mauritania, Somalia, the Sudan and Yemen. If Palestine (which suffers from very difficult circumstances) were added to this list of LDCs, there would be a total of seven Arab countries that require intensive and comprehensive assistance.

The central idea of this initiative for a regional partnership to achieve the MDGs includes the launching of a regional programme to support the achievement of the MDGs in the least developed countries and Palestine as a regional priority and responsibility. The elements of this initiative are as follows:

1. Determining the priority states; namely the six Arab least developed countries and Palestine.
2. An initiative by the GCC to create a “Regional Fund for the MDGs” (to be joined by Algeria), which would be funded by oil revenues and available surplus funds. This fund would be dedicated to support the achievement of the MDGs in the countries concerned. An operational system, as well as the means to benefit from the fund would also be established.
3. The establishment of a joint working group with the countries concerned in order to develop a proper regional cooperation strategy. The cooperation would include the assessment of the conditions of the countries, determine the priorities of development in conformity with their situations and develop a work programme, as well as operational plans to achieve the goals that may be achieved by 2015.
4. Develop a system of appropriate standards and mechanisms to fund the programmes and projects falling under this initiative in each concerned country together with mechanisms for monitoring and surveillance. In addition, identifying the technical support required to develop policies and strategies to achieve the MDGs and providing this support through technical capacities available in the region within the framework of South-South cooperation.

5. Going beyond the initiative related to the Arab least developed countries, the Arab donor countries should undertake an assessment of their system of development assistance according to international standards (Paris Declaration). These standards significantly exceed the global initial commitment (0.7 per cent). Given this context, the Arab donor countries could develop a regional system to increase the effectiveness of their development assistance, as well as address other measures related to debt and Arab funding of productive projects.
6. Despite the short time period that remains for the achievement of MDGs (given the 2015 deadline), an initiative of this kind is necessary to achieve the goals set forth in the 2011 Istanbul Summit on LDCs which has 2020 as its deadline. The agenda of the Istanbul Summit also doubles as a prelude to the post-2015 stage, where a global development agenda in the region will remain.

Finally, regardless of the international dimension, this initiative is seen as crucial step towards Arab cooperation, integration and solidarity through Arab partnership for regional development.



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## FOOTNOTES

- <sup>1</sup> Human Development Report, 2011.
- <sup>2</sup> UNDP, Global Human Development Report 2009.
- <sup>3</sup> World Development Indicators.
- <sup>4</sup> National development plan 2010-2011, Palestinian Authorities.
- <sup>5</sup> Comprehensive Food Security and Vulnerability Analysis in Iraq, November 2008.
- <sup>6</sup> Inter-parliamentary Union <http://www.ipu.org/wmn-e/classif.htm> as at Oct 31, 2011.
- <sup>7</sup> WDI 2008.
- <sup>8</sup> There is not sufficient available data regarding the coverage level in the countries of the region. However, it is generally low, for example, around 42 per cent in Lebanon.
- <sup>9</sup> Palestinian Central Bureau of Statistics, Child Statistics series 2011 and 2009; Woman and Men in Iraq: issues and statistics.
- <sup>10</sup> UNDP, Global Human Development Report 2011.
- <sup>11</sup> A clear difference appears in poverty figures in the national report of the MDGs in 2006, which estimates the percentage of poor at 7 per cent, while the internationally adopted numbers reach 22 per cent (WDI).
- <sup>12</sup> A 16 per cent rate is added to the poverty percentage if the people vulnerable to poverty are added according to the national report MDGs.
- <sup>13</sup> The Bridge programme for Tunisia toward a transition strategy for 2011-2013.
- <sup>14</sup> ILO websites statistics.
- <sup>15</sup> Economic Integration in the Maghreb, 2010 World Bank.
- <sup>16</sup> WDI, UNSD.
- <sup>17</sup> National MDG report 2009, Morocco.
- <sup>18</sup> WDI.
- <sup>19</sup> Inter-parliamentary Union, <http://www.ipu.org/wmn-e/classif.htm>.
- <sup>20</sup> WDI.
- <sup>21</sup> WDI.
- <sup>22</sup> This Summit issued a document: Report of the Secretary-General A/166/134. It will be referred to here simply as the document. It includes eight action priorities for the least developed countries, which are in sequence: development of production capacity, agriculture, food security and rural development, trade facilitation – Exemptions, fixing the prices of goods in trade, human and social development, dealing with multiple global crises and emergency challenges, deployment of financial resources for development and capacity building, good governance at all levels.
- <sup>23</sup> WDI.
- <sup>24</sup> This term is a translation of the term “neo-patrimonial state”, which dates back to the sociologist Max Weber (Economy and Society, 1925). The concepts of the Rentier, Hereditary and Tyrannical State describes the cases of States in developing countries, including Arab countries, all of which reflect partial aspects arising from the nature of states and functions. The concept of the neo-patrimonial State is more expressive of the nature of states and the pattern of fulfilling its functions than other conceptual terms. In fact, if we collect more than one of these characteristics, we arrive at the “neo-patrimonial state”, whose most prominent characteristic is the lack of separation between public and private fields in the exercise of powers by the ruler or ruling elite, and disposal of the State itself, its agencies and public affairs, as the right and personal property of the Governor.
- <sup>25</sup> United Nations, The Millennium Development Goals in the Arab Region 2005, 2005.
- <sup>26</sup> UNHCR, Global Report 2010.
- <sup>27</sup> United Nations, Report of the world summit for social development, A/CONF/166/9, 1995.
- <sup>28</sup> IMF, OECD, UNO. World Bank, A better world for all: Progress towards the international goals, 2000.
- <sup>29</sup> It should be noted that the focus in this paragraph has been on reviewing the social content of economic policies, but this type of review should also include other sectors, which are expected to take the social impact into account. As this review should take place also from an economic, environmental, sustainability and gender equality perspective, as the interaction overlaps and check the vital integration and illustrates the vision of comprehensive development.

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- <sup>30</sup> However, this is an issue that cannot be addressed in detail in this report. In reality, no work should be considered as productive or unproductive work as it is in some narrow economic doctrines. Work is a human activity that constitutes one of the distinguishing marks in the appearance of humanity and human culture. Any work done by human beings is productive (useful and generates a certain value) in the social and human meaning, because it contributes to the reproduction of individual life and the life of society. As for productive work in the economic meaning, it is the one producing values (goods and services) which in their turn are used in the material reproduction of the society, including feeding the economic activity cycle itself (including the renovation of labour force through nutrition, health, reproduction, education and training to contribute in the economic activity). This productive economic work is a job on the market directly in exchange for a return (wage, gain, benefit). Generally, it is possible to quantify and enters in the national expenses, while other work is done outside the market and is outside of calculations. There are modern ways to calculate it (house work for example), and particularly those related to fostering, which is usually classified under reproduction and not production. Therefore, there is social and human productive work (practically any activity done by the human being including self entertainment, literary and artistic creativity, or voluntary work), economic productive work (work or recruitment) and market-valued work (in the labour market), which is part of the latter.
- <sup>31</sup> UNIFEM, “Making Change Happen: Actions Necessary to accelerate achievement of all MDGs”, accessed at [http://www.unifem.org/attachments/products/MDGsAndGenderEquality\\_1\\_MakingChangeHappen.pdf](http://www.unifem.org/attachments/products/MDGsAndGenderEquality_1_MakingChangeHappen.pdf).
- <sup>32</sup> Hervish and Jacobs (April 2011), Who Speaks for Me? Ending Child Marriage, Policy Reference Bureau.
- <sup>33</sup> Cross-sectoral social strategies, 2011-2013, Palestinian Authorities.
- <sup>34</sup> “Social Protection Floor Initiative”, ILO/WHO 2009.
- <sup>35</sup> The results of the first elections after the change in both Tunisia and Egypt posed some questions related to the lack of youth representation including youth movements and coalitions that launched the revolution in these countries. This has contributed to the return of the youth groups and organizations to the streets again. After looking into the details, what concerns us here is indicating that the mechanisms of social dialogue and their piecemeal nature generate a feeling of dissatisfaction and exclusion again.
- <sup>36</sup> Usually the literature refers to pro-poor growth when it means a pro-poor economy. The term pro-poor growth is used because we refer to growth as the main output of the economy. This is a drastic simplification as all outputs from the economy are reduced to growth in GDP and this approach stems from the continuing influence of conventional ideas. When new terms were invented, they were also referred to as inclusive growth rather than inclusive economies. In this report we will use the concept pro-poor economies and inclusive economies. When we refer to growth it is in a narrower sense and solely as one of the outcomes of economic activity. Since there is no agreement on the definition of these different terms this report will refer to them as functional rather than solid concepts.
- <sup>37</sup> Prepared on the basis of a presentation held by Selim Jahan, UNDP, New York, 2008.
- <sup>38</sup> <http://www.ipc-undp.org/pages/newsite/menu/inclusive/whatisinclusivegrowth.jsp?active=1>.
- <sup>39</sup> “Economic Transformation in MENA: Delivering on the Promise of Shared Prosperity”, G8 Summit, May 27 2011, Deauville, France.
- <sup>40</sup> Macroeconomic Policies for Growth, Employment and Poverty Reduction in Yemen, 2006 Sub-Regional Resource Facility for Arab States (SURF-AS) United Nations Development Programme (UNDP) Beirut.
- <sup>41</sup> UNRISD, Combating Poverty and Inequality, Geneva, 2010.
- <sup>42</sup> “Economic Integration in the Maghreb”, World Bank.
- <sup>43</sup> Ianchovichina, Gourdon and Kee (2010).
- <sup>44</sup> Carnegie, 2009.
- <sup>45</sup> World Bank, 2010, Table 1: Bilateral Estimates of Migrant Stocks in 2010, Sources: Ratha and Shaw (2007) updated with additional data for 71 destination countries as described in the *Migration and Remittances Factbook 2011*.
- <sup>46</sup> Donatella Giubilaro, ILO, Migration from the Maghreb and migration pressures: current situation and future prospects <http://www.ilo.org/public/english/protection/migrant/download/imp/imp15e.pdf>.
- <sup>47</sup> Baldwin-Edwards, 2005.
- <sup>48</sup> Human Development Report 2009; LM Handbook, 2006.
- <sup>49</sup> ESCWA, 2010, A Conceptual Framework For Integrating Migration Into Development Planning in the ESCWA Region.
- <sup>50</sup> Ibid.

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- <sup>51</sup> After the Netherlands discovery of large natural gas deposits in the North Sea in the 1960s, its wealth increased but this also negatively affected other important sectors of the economy, as non-oil Dutch exports became less competitive. This syndrome has been referred to as “Dutch disease”. The term has been also used for any large inflow of foreign currency, like foreign assistance, remittances or other investments that could potentially make the currency of a country stronger compared to that of other nations, resulting in the other exports of the country becoming more expensive for other countries to buy, and therefore making the manufacturing sector less competitive.
- <sup>52</sup> World Bank, Arab Development Assistance: Four Decades of Cooperation, 2010.
- <sup>53</sup> Eurodad, “20 years of debt relief: What has international institutions learned?” 2011: <http://www.eurodad.org/debt/article.aspx?id=112&item=4556>.
- <sup>54</sup> For example, ALBA (Bolivarian Alternative for Latin America) are trying to address the concept of “social debt”, which aims to address the needs of those that have lost out in the process of globalization.