

The Arab Millennium Development Goals Report



Facing challenges and looking beyond 2015



United Nations



League of Arab States



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This report is a response to a request by the United Nations General Assembly for a periodic assessment of progress towards the Millennium Development Goals (MDGs). It was jointly prepared by the League of Arab States, the United Nations organizations members of the Regional Coordination Mechanism (RCM) and the Regional United Nations Development Group for the Arab States, and coordinated by the Economic and Social Commission for Western Asia (ESCWA). The members of the thematic working group on MDGs within RCM are listed below. A number of outside expert advisors and focal points in the ministries of social affairs of the 22 Arab countries also contributed to the report. This publication is based on a set of data compiled by ESCWA in consultation with the member countries of the League of Arab States. Data are drawn from both national and international sources, mainly the United Nations Statistics Division Millennium Development Goals Indicators database.

For a relevant analysis of MDGs, the League of Arab States and the United Nations have agreed on the following regional classification of Arab countries: *the Cooperation Council for the Arab States of the Gulf (GCC)*: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates; *the Least Developed Countries (LDCs)*: the Comoros, Djibouti, Mauritania, Somalia, the Sudan and Yemen; *Maghreb*: Algeria, Libya, Morocco and Tunisia; *Mashreq*: Egypt, Iraq, Jordan, Lebanon, Palestine and the Syrian Arab Republic.

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UNITED NATIONS DEVELOPMENT PROGRAMME

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

UNITED NATIONS ENVIRONMENT PROGRAMME

UNITED NATIONS POPULATION FUND

WORLD HEALTH ORGANIZATION

The Thematic Working Group gratefully acknowledges the reviews and feedback of Ali Abdel Gader (Research Professor, Doha Institute), Heba El Laithy (Professor, Cairo University) and Ghaith Fariz (Director of the Arab Knowledge Report, United Nations Development Programme) on an earlier draft of this report. The report and related documents including country-level data and the national MDG reports are available from <http://web.escwa.un.org/sites/ArabMDG13/>.

Foreword

The Millennium Development Goals (MDGs) – a strong global commitment to human development made by Heads of State and Government in the year 2000 – envisaged a fifteen-year timeframe to achieve ambitious development targets to improve the lives of all. Arab countries reaffirmed their commitment to these goals in resolutions adopted at the Arab developmental summits (Kuwait 2009, Sharm Al-Sheikh 2011 and Riyadh 2013), and through efforts made by the Arab Social Affairs Council and other Arab specialized ministerial councils and organizations.

Today, we are rapidly approaching the MDG endpoint of 2015. Countries in all regions have made great strides towards achieving the goals. In the Arab region, much has been achieved, especially in access to education and health services, but much remains to be done.

The Fourth Arab Report on the Millennium Development Goals 2013 highlights the progress made by Arab countries in achieving MDGs since 1990 and underlines ongoing development challenges which should be addressed in any post-2015 development framework. The report also suggests a new development paradigm beyond 2015.

Development in the Arab region cannot be addressed separately from regional realities. With the continued Israeli occupation of Palestine, the region is suffering from the only remaining occupation in modern history. Conflict and instability in the Arab region also continue to take their toll on economic, social and political life.

This report was prepared during a period marked with significant political and social change. A post-2015 development agenda will only be meaningful if it echoes the rallying calls of millions of Arabs for freedom, dignity and social justice. Notwithstanding the daunting challenges, there are ample reasons for hope. The region has resources and potential, not least of which is the tremendous wealth of youth and will that was recently manifested in the streets. If harnessed properly, this force can be an engine for change to build sound economies and resilient societies and nations.

An inclusive and sustainable post-2015 development agenda should address specific subregional and subnational inequalities. Arab countries have a strong incentive to work towards integration. Less vulnerability to external factors can only be realized through intraregional joint action to face collective challenges. This should be grounded in a strong political will to share both strengths and weaknesses, to minimize burdens and maximize opportunities, to turn contradictions into areas of complementarity and effective integration potentials.

To achieve equitable human development, there must be an inclusive and balanced approach addressing economic, social, environmental and political dimensions. Furthermore, as highlighted by the global United Nations report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, policies and actions have to serve not only the quantitative acceleration of development progress, but also the enhancement of its quality. Any regional post-2015 development agenda must also pay attention to the special needs and circumstances of Arab LDCs.

This report contains detailed information on where the Arab region stands today in terms of achieving MDGs. It is our sincere hope that it will be a useful reference as we look for a better future for all in the Arab region.



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Abbreviations and acronyms

ADFD	Abu Dhabi Fund for Development
AFESD	Arab Fund for Economic and Social Development
AGFUND	Arab Gulf Program for United Nations Development Organizations
AIDS	Acquired immunodeficiency syndrome
AMU	Arab Maghreb Union
ARRU	Agence de Réhabilitation et de Rénovation Urbaine
ART	Antiretroviral therapy
ABEDA	Arab Bank for Economic Development in Africa
CAPMAS	Central Agency for Public Mobilization and Statistics
CEDAW	Committee on the Elimination of Discrimination Against Women
CEPR	Centre for Economic Policy Research
CO ₂	Carbon dioxide
DESA	United Nations Department of Social Affairs
DOTS	Directly observed treatment shortcourse
DPT	Diphtheria, pertussis and tetanus (DPT3 indicates complete coverage with the DPT vaccine's three doses)
DSF	Debt sustainability framework
EFA	Education for All
EFTA	European Free Trade Association
EGP	Egyptian pounds
EIU	Economist Intelligence Unit
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
GAFTA	Greater Arab free trade area
GCC	The Cooperation Council for the Arab States of the Gulf
GDP	Gross domestic product
GNI	Gross national income
GPI	Gender parity index
HIPC	Heavily-indebted poor countries
HIV	Human immunodeficiency virus
ICT	Information and communications technology
IPU	Interparliamentary Union
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IsDB	Islamic Development Bank
IPC-IG	International Policy Centre for Inclusive Growth
ITC	International Trade Centre
IZA	Institute for the Study of Labour
KFAED	Kuwait Fund for Arab Economic Development
LDCs	Least developed countries

LLIN	Long-lasting insecticide-treated nets
MBRF	Mohammed bin Rashid al-Maktoum Foundation
MDGs	Millennium development goals
MDGI	Millennium Development Goals achievement Index
MENA	Middle East and North Africa
MFN	Most favoured nation
MIC	Middle-income country
MPI	Multidimensional poverty index
n.d.	No date
ODA	Official development assistance
ODP	Ozone depletion potential
OECD	Organization for Economic Co-operation and Development
OFID	OPEC Fund for International Development
OPEC	Organization of the Petroleum-Exporting Countries
PCE	Per capita consumption expenditure
PISA	Programme for international student assessment
PPP	Purchasing power parity
PRGT	Poverty Reduction and Growth Trust
QWIDS	Query wizard for international development statistics
RPL	Regression-based poverty line
SDGs	Sustainable development goals
SFD	Saudi Fund for Development
SNIT	Société Nationale Immobilière Tunisienne
TB	Tuberculosis
TIMSS	Trends in International Mathematics and Science Study
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNEP	United Nations Environment Programme
ECA	United Nations Economic Commission for Africa
ECE	United Nations Economic Commission for Europe
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESCWA	United Nations Economic and Social Commission for Western Asia
UNICEF	The United Nations Children's Fund
UNSD	United Nations Statistics Division
USAID	United States Agency for International Development
\$US	United States dollar
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

Overview

The fourth Millennium Development Goals (MDGs) report for the Arab region is coming out at a time when the region is at a crossroads. In countries experiencing political, social and economic transitions, hard-won gains on the goals were in some cases halted or reversed.

The 2015 MDG deadline is fast approaching, and this report is the last of its kind to assess the MDG-related achievements of the Arab region and its subregions.¹ Those include Mashreq and Maghreb countries, countries of the Cooperation Council for the Arab States of the Gulf (GCC) and the least developed countries (LDCs). The report considers progress since MDGs were set in 1990 until the most recent available data. It reviews development successes and challenges, and provides an account of the main trigger factors behind the political turbulence in some Arab countries. It also examines its consequences for MDGs. The report finally offers perspectives on setting a post-2015 development agenda owned and driven by national Governments.

Overall, as described in its first part, the report finds that the Arab region has made significant progress towards some MDGs. Primary school enrolment and literacy have improved, and many countries are closing in on gender parity in enrolment in primary, secondary and tertiary education. At the same time, the region lags behind on important targets, particularly those related to hunger, food insecurity, lack of access to water, lack of improved sanitation in rural areas, and child and maternal mortality. Regressions due to political volatility and conflicts in the region since 2010 have come most notably through increased poverty.

Progress on the goals has been uneven across subregions and countries, and within countries. LDCs are unlikely to achieve most MDGs. Lack of financial resources, weak infrastructure and, to some extent, conflicts, are key barriers that they should overcome.

GCC countries are the most advanced economically, and have achieved many of the goals. But there are some stark subnational inequalities and sharp deficits in gender equality. Further, heavily reliant on natural resources, GCC countries confront challenges in managing them sustainably. The Maghreb and Mashreq subregions have registered different levels of achievement. They have generally performed better than LDCs but are still less advanced than GCC countries.

The report also reviews overall development successes and shortfalls through constructing the MDG achievement Index (MDGI) for the Arab region. There were significant gains in many MDGs, but important shortfalls as well. The report argues that good governance is the most critical missing link between growth and desirable development outcomes. The fact that some countries spearheading the recent round of social unrest are among the top performers on many MDGs raises serious questions about deficits in governance and participation, and underscores the importance of considering subnational inequalities in any measure of development.

Lessons from the Arab region could be one of the reference points as the world prepares for a post-2015 development agenda. While, in the short term, all countries should accelerate their efforts to reach the 2015 MDG targets, post-2015 discussions have already begun. A critical challenge will be ensuring that any future agenda is indeed owned and driven by national Governments, and balances economic, social and environmental priorities.

Keeping those lessons in view, the second part of the report considers some common regional and national priorities in proposing ways forward for a post-2015 development agenda. The report argues that any proposed post-2015 framework should have governance-related indicators at its core, to capture and monitor the reforms required to uphold human rights, participatory decision-making and people's dignity.

For its analysis, the report relies on several sources, including the United Nations Statistics Division (UNSD) and other international organizations that collect data on MDGs. Data are also drawn from regional United Nations bodies and official national statistics.²



Part I

MDG Performance in the Arab Region

The Arab region has made impressive progress towards some MDGs. But achievements are uneven. The region lags behind on some important targets, particularly those related to combating hunger. Political, social and economic transitions since 2010 have had significant impacts, including halting or reversing MDG gains in some countries of the region. LDCs remain behind on many fronts.

Goal 1

Eradicate extreme poverty and hunger

Target

Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1.25 a day

Although still very low, extreme poverty increased after 2010

Extreme poverty, measured by the proportion of people whose income is less than 1.25 United States dollars (US\$) a day, is low in the Arab region, but the 2015 target is unlikely to be met. After years of decline, poverty appears to be on

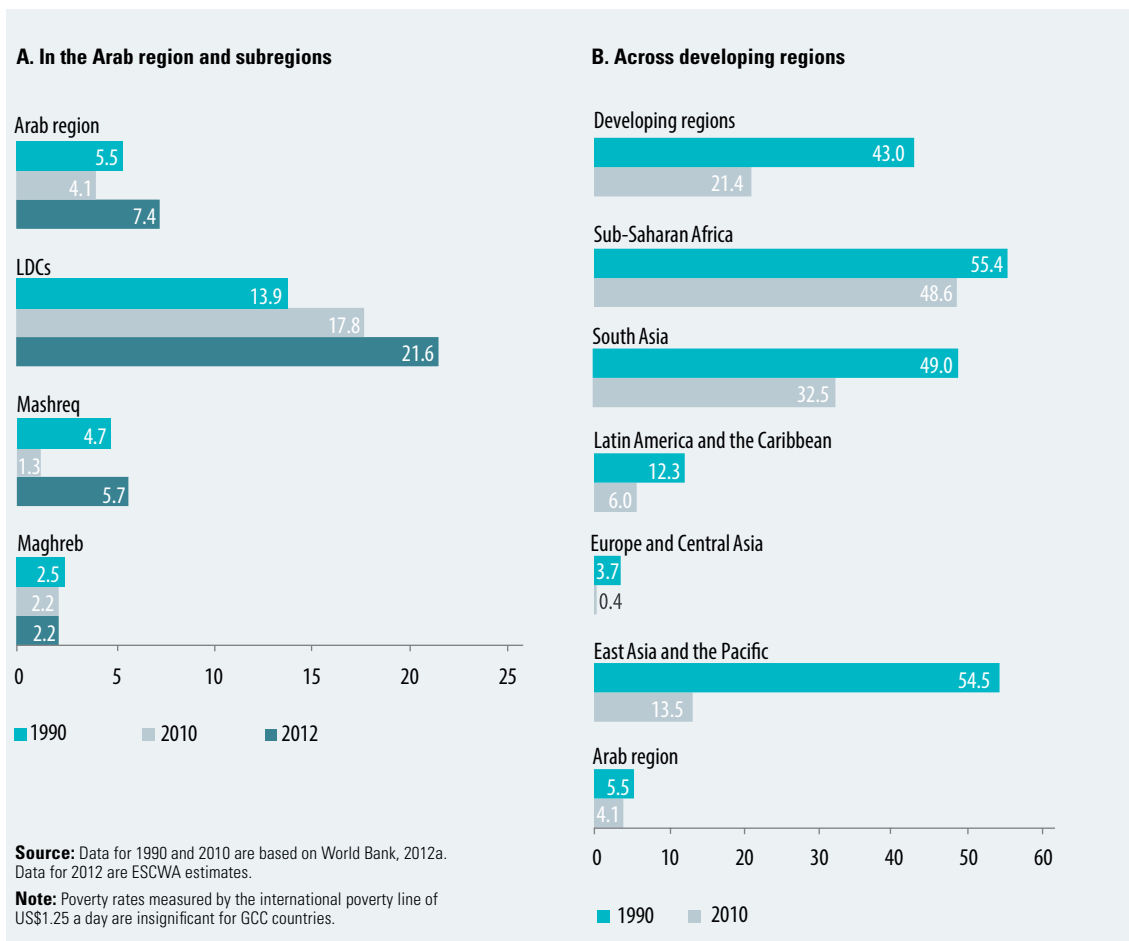
the rise and may be worse than what international poverty measurements capture.

Extreme poverty in the Arab region had decreased from 5.5 per cent in 1990 to 4.1 per cent in 2010, mainly due to progress in Egypt, Jordan and the Syrian Arab Republic. Most recent data and projections suggest that it may now surpass the 1990 level, with extreme poverty incidence in 2012 estimated at 7.4 per cent (figure I-1A)¹. Within the region, LDCs register the highest rate of extreme poverty: it rose from 13.9 per cent in 1990 to 21.6 per cent in 2012.

Extreme poverty is low in the Arab region, but the 2015 target is unlikely to be met

FIGURE I-1

Incidence of extreme poverty, based on the international poverty line of US\$1.25 a day

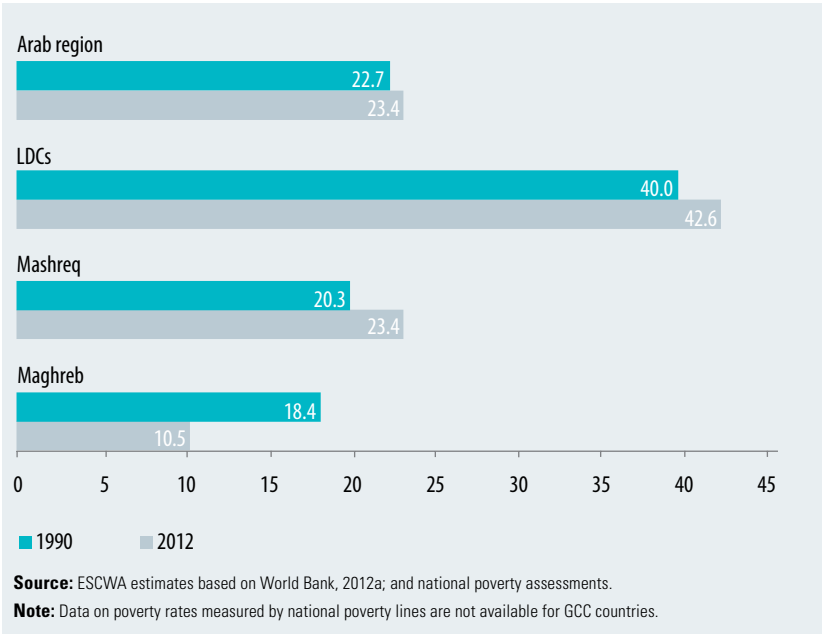


Gains in reducing poverty in some countries were reversed due to political transition and conflicts. In the Syrian Arab Republic, the current conflict has wiped out a decade of progress. In 1997, extreme poverty there was estimated at 7.9 per cent; it fell to 0.3 per cent in 2007 and increased again to 7.2 per cent in 2012-2013, as a result of the current conflict.²

The proportion of people living in extreme poverty is lower than in other developing regions (figure I-1B). With the exception of Europe and Central Asia, the Arab region showed the lowest incidence of extreme poverty in 1990 and 2010; however, with the exception of sub-Saharan Africa, it also registered the slowest progress between 1990 and 2010 in terms of halving extreme poverty.

FIGURE I-2

Incidence of poverty based on national poverty lines



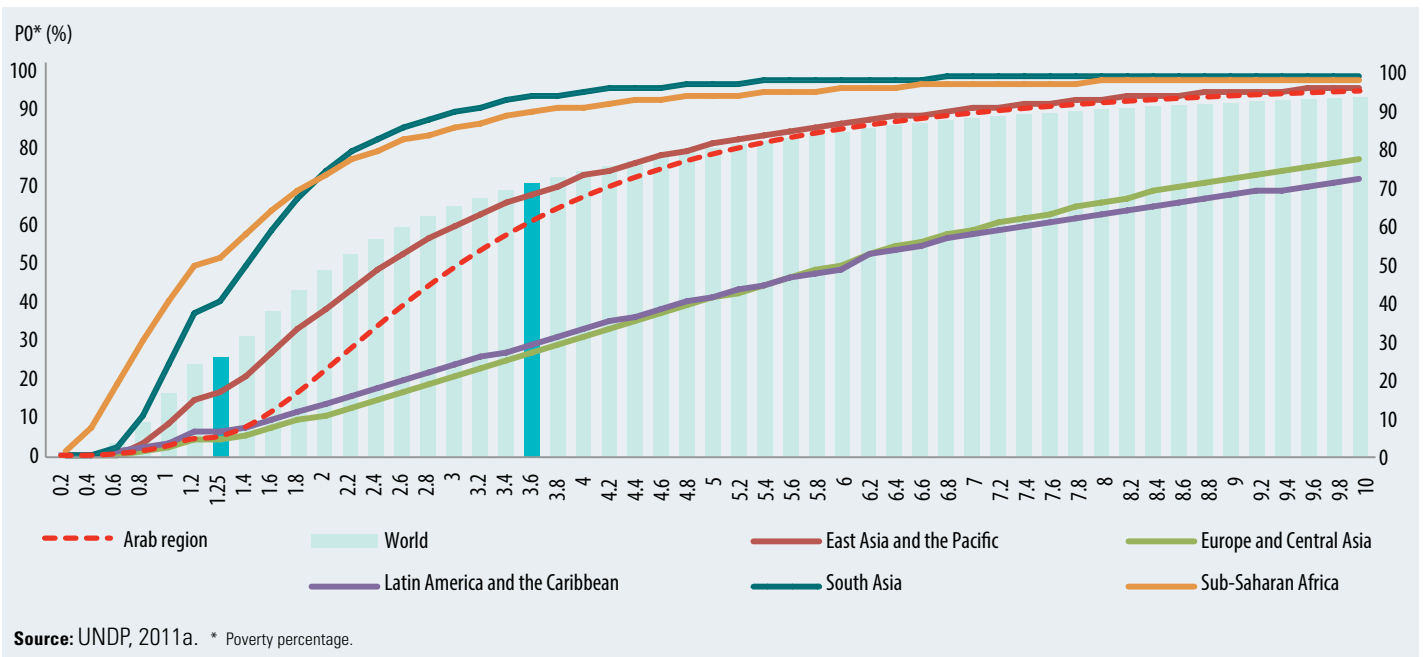
Poverty rates vary significantly, depending on international and national baselines

Fixed international poverty baselines such as US\$1.25 are of limited effectiveness in capturing extreme poverty in Arab countries.³ The region in fact demonstrates how poverty measurement can deviate from reality: while it has a low poverty rate when the US\$1.25 line is applied, individual countries report much higher poverty rates under their national poverty lines. Based on these, poverty in the region rose from 22.7 per cent in 1990 to 23.4 per cent in 2011, due to increases in LDCs and the Mashreq and Maghreb subregions (figure I-2). Considering these significant discrepancies, the 2010 Arab MDG Report⁴ argued for a more relevant and locally-informed measure of poverty.

The choice of poverty lines appears to be decisive for Arab countries. Figure I-3 plots poverty incidence curves over multiple poverty lines, ranging from US\$0.2 to US\$10 in 2005 purchasing power parity (PPP). This exercise

FIGURE I-3

Poverty rates for the Arab region and developing regions across a range of poverty lines, in 2005 PPP, 2000-2009



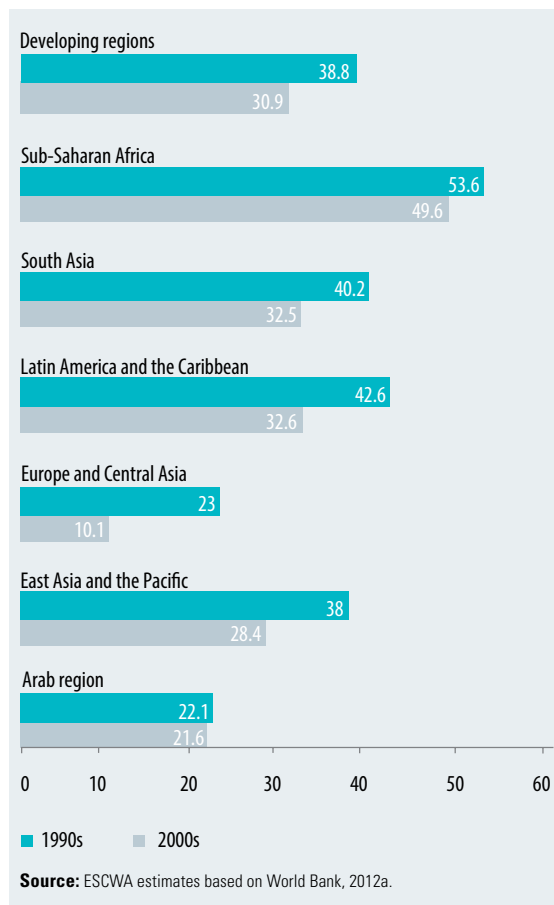
illustrates that the poverty line clearly affects poverty rates across all regions but has a higher impact on poverty rates in the Arab region.⁵ At any value lower than US\$1.25, the Arab region displays very low poverty rates, on par with Europe and Central Asia, and lower than Latin America and the Caribbean. Rates jump sharply at higher poverty lines, however. At a poverty line of approximately US\$3 a day, the rate of the Arab region is far closer to that of the average of all developing regions. This is not the case for other regions: South Asia and sub-Saharan Africa are consistently poorer than others; East Asia and the Pacific is consistently within close range of the global average; and Latin America and the Caribbean, and Europe and Central Asia are consistently better-off.

A more realistic measure of extreme poverty

Poverty estimates which use regression-based poverty lines (RPLs) reveal a more realistic assessment of poverty for all developing regions.⁶

FIGURE I-4

Poverty incidence across developing regions, 1990s and 2000s, regression-based method



They indicate that more than one-fifth of people in the Arab region are poor and that there has been almost no change in poverty between the 1990s and 2010 (figure I-4). The Arab region had almost the same proportion of people in poverty as Europe and Central Asia at that time. But by the 2010, poverty had declined by more than half in Europe and Central Asia, whereas it remained almost stagnant in the Arab region. It is actually the only developing region where poverty remained stagnant, even though per capita income grew at an annual rate of around 2 per cent,⁷ a paradox that is clear in Egypt for instance (box I-1).

Inequalities remain stagnant and undermine development achievements

Systemic exclusions resulting in income and non-income inequalities continue to undermine development in the region. Over the last two decades, despite reasonable economic growth, the decline in the proportion of poor was relatively marginal until 2010. It started increasing since 2010, as unemployment and particularly youth and women's unemployment continued to be major concerns. Rising inequality raises significant ethical questions but also threatens the potential for growth to reduce poverty, and undercuts the sustainability of growth. It can also induce political and social instability. Some Arab countries have already faced such severe consequences of inequality.

Income inequality, measured in terms of the Gini index, is relatively moderate in the Arab region and slightly lower than average for developing countries (figure I-6B). It has changed little over the last two decades, as the latest data show an index of 34.7 in the 2000s versus 34.3 in the 1990s. This was also the conclusion of the 2010 Arab MDG Report, which argued that inequality, in terms of both the Gini index and the ratio of the richest to the poorest quintile, has not shifted in most countries of the region, with the exception of Jordan and, to some extent, Mauritania.⁸ Maghreb countries and LDCs have experienced increasing income inequality (figure I-6A). The Mashreq subregion, however, showed a decline from 32.9 in the 1990s to 30.9 in the 2000s.

The poorest quintile of the region's population has only a negligible portion of national income. Its share in Maghreb countries and LDCs is 6.7 per cent and 6.8 per cent respectively, and 8.8 per cent in Mashreq countries. In the Comoros,

Over the last two decades, despite reasonable economic growth, the decline in the proportion of poor was relatively marginal

BOX 1-1

Egypt: The paradox of strong economic growth and more poverty

Poverty in Egypt increased in the last decade, after a decrease between 1995 and 2000. According to the national poverty line, the poverty rate was 16.7 per cent in 2000 but reached 21.6 per cent in 2008 (figure I-5). Rural residents, in particular, have suffered: between 2005 and 2008, urban poverty increased by 0.9 percentage points, while rural poverty increased by 2.1 percentage points.

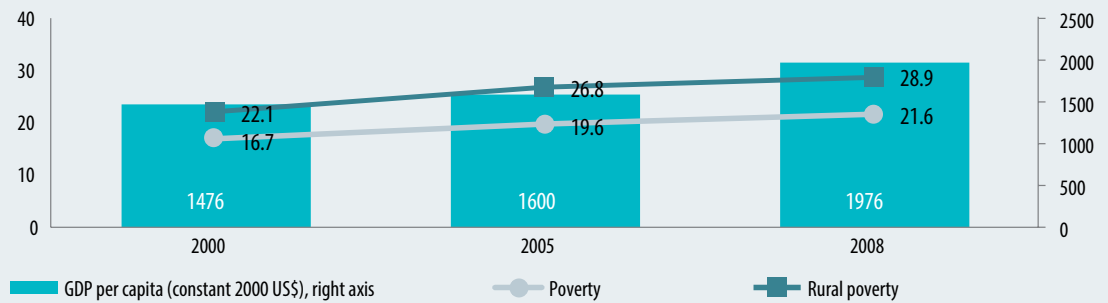
The increase is puzzling, as Egypt has experienced high Gross Domestic Product (GDP) and GDP per capita growth rates. Between 2000 and 2005, the average annual GDP growth rate was 4.1 per cent, and the average annual growth in GDP per capita was 2 per cent. But poverty increased dramatically in this period. It also continued to rise between 2005 and 2008, despite even faster annual GDP growth averaging 6.2 per cent and annual GDP per capita growth averaging 4 per cent.

Wealth created in this period produced gains for some groups and losses for others. Opportunities were not shared equally. Growth was coupled with high inflation, especially for goods and services consumed by the poor, which reduced their standard of living. In addition, growth was concentrated in a few sectors with very little participation of the poor, such as transport and communications.

Income inequality, measured in terms of the Gini index, is relatively moderate in the Arab region and slightly lower than average for developing countries

FIGURE I-5

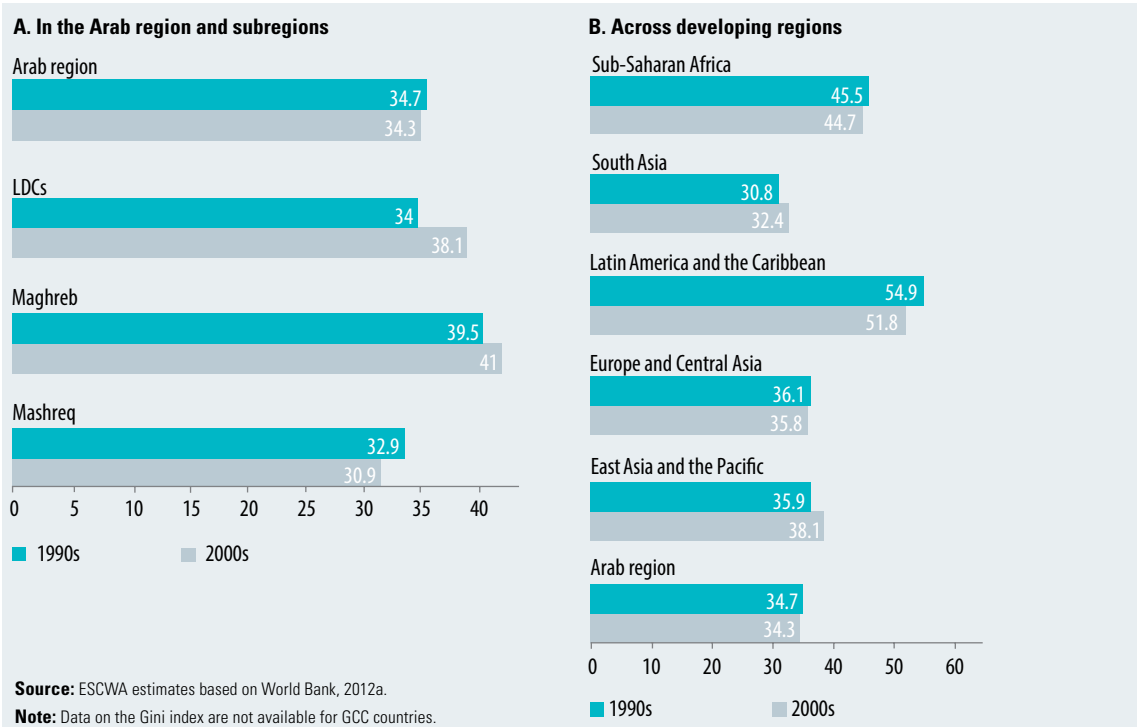
Total and rural poverty incidence and GDP per capita in Egypt, 2000-2008



Source: World Bank, 2013b; UNSD, 2012b; and CAPMAS, n.d.

FIGURE I-6

Gini index of inequality



Source: ESCWA estimates based on World Bank, 2012a.

Note: Data on the Gini index are not available for GCC countries.

the poorest 20 per cent claim only about 2.6 per cent of national income,⁹ with a marginal change between the 1990s and 2000s. Egypt, Jordan, Mauritania and Palestine witnessed small improvements. Morocco, Tunisia and Yemen experienced stagnancy or a decline.

Given glaring disparities in expenditures and the concentration of wealth in many Arab countries since the 1990s, a significant rise in inequality is expected. That interpretation is consistent with general development thinking as well as daily realities, where slum dwellings have proliferated alongside fancy gated communities for the rich, among other forms of conspicuous consumption. This evidence of inequality is difficult to square with the relatively stable values of the Gini coefficient.¹⁰

Another way to look at inequality is through the difference between per capita growth of income and per capita growth of household final consumption expenditure.¹¹ Income measured by GDP per capita increased at an average of 2 per cent annually in Arab countries during the 1990s and 2000s, while per capita growth of household final consumption expenditure was only 1.3 per cent. This pattern is similar to that of East Asia and South Asia (figure I-7) and indicates that growth has not translated into higher incomes or household expenditures for the majority of people in those regions. This suggests that inequality has widened there, while in Latin America and the Caribbean, sub-Saharan Africa, and Europe and Central Asia, per capita growth of household final consumption expenditure was higher than that of GDP in the same period, which is a sign that inequality was reduced there to some extent.

Better statistics and monitoring would produce a more accurate depiction of the situation, including at the national and subnational levels. Household expenditure surveys are often unable to capture actual expenditures of the highest percentiles, which can ultimately lead to underestimating inequality. The large and growing difference between household expenditures reported by surveys and national accounts lends credibility to this hypothesis (figure I-8).¹²

Inequality in human deprivation has received far less attention than income inequality. Considering the multidimensional poverty index (MPI) at the subnational level gives some indication: there is a close correlation between

urban and rural MPI, but the relationship varies across countries, depending on their income levels. In very poor countries, both rural and urban areas typically have high levels of deprivations. As income rises, deprivations tend to fall first in urban areas, which drive economic development. When a country becomes highly developed, growth is more broadly based, and both rural and urban deprivations decline. Figure I-9A plots this relationship. Figure I-9B demonstrates that the ratio of rural to urban human deprivations is higher in the Arab region than in all developing regions, with the exception of Latin America and the Caribbean. This result was expected, given the positioning of Arab countries on the inverted U-curve in figure I-9A.

FIGURE I-7

Average annual growth of per capita real GDP, and household consumption expenditure according to national accounts and household surveys, 1990-2011 (Percentage)

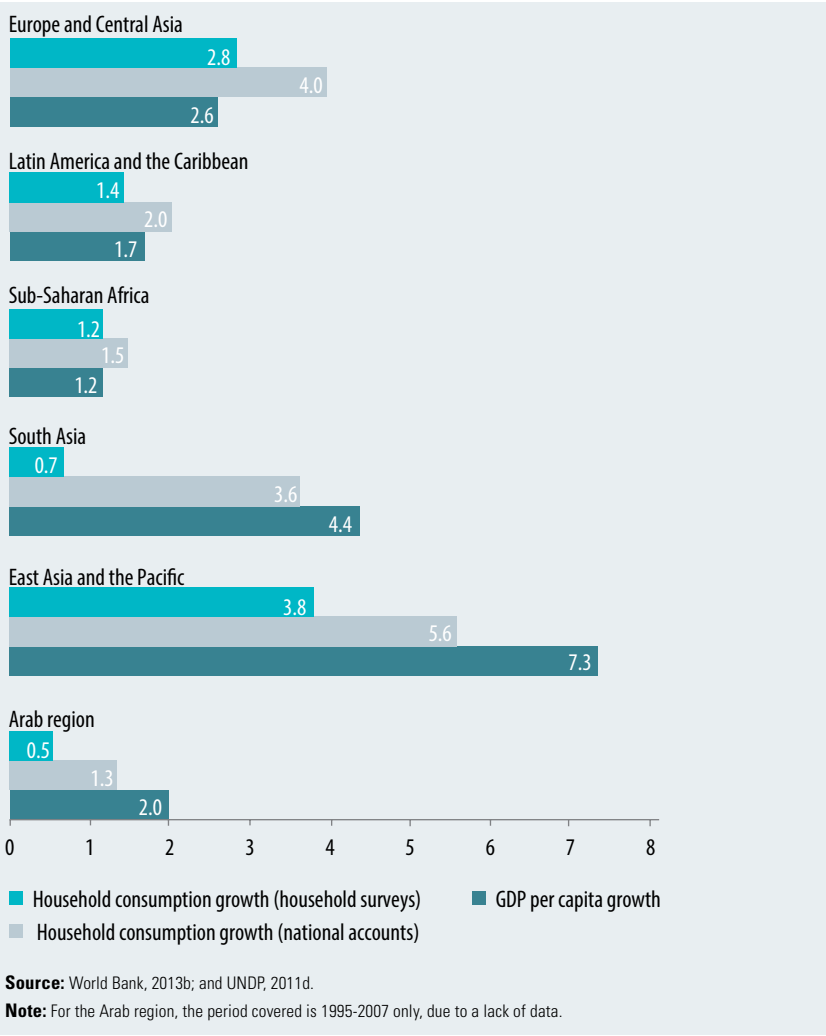
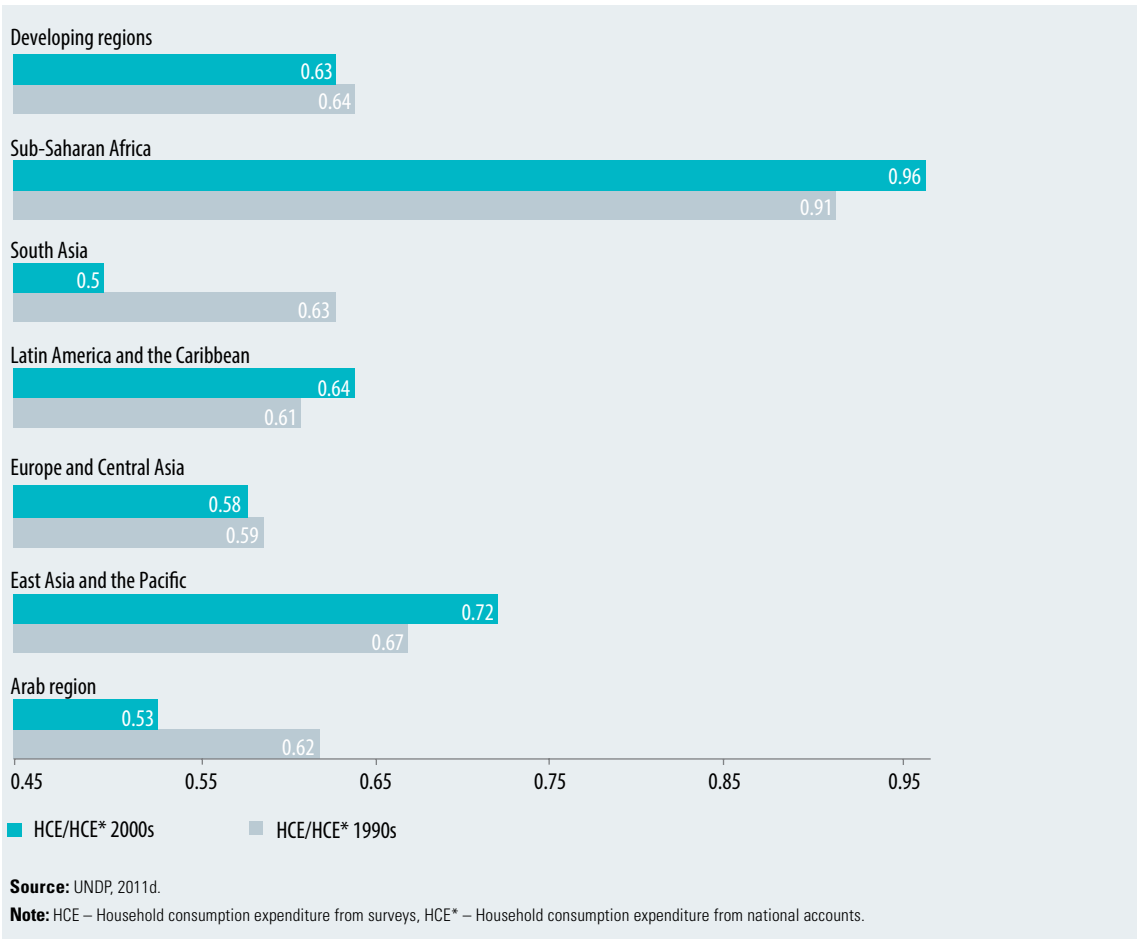


FIGURE I-8

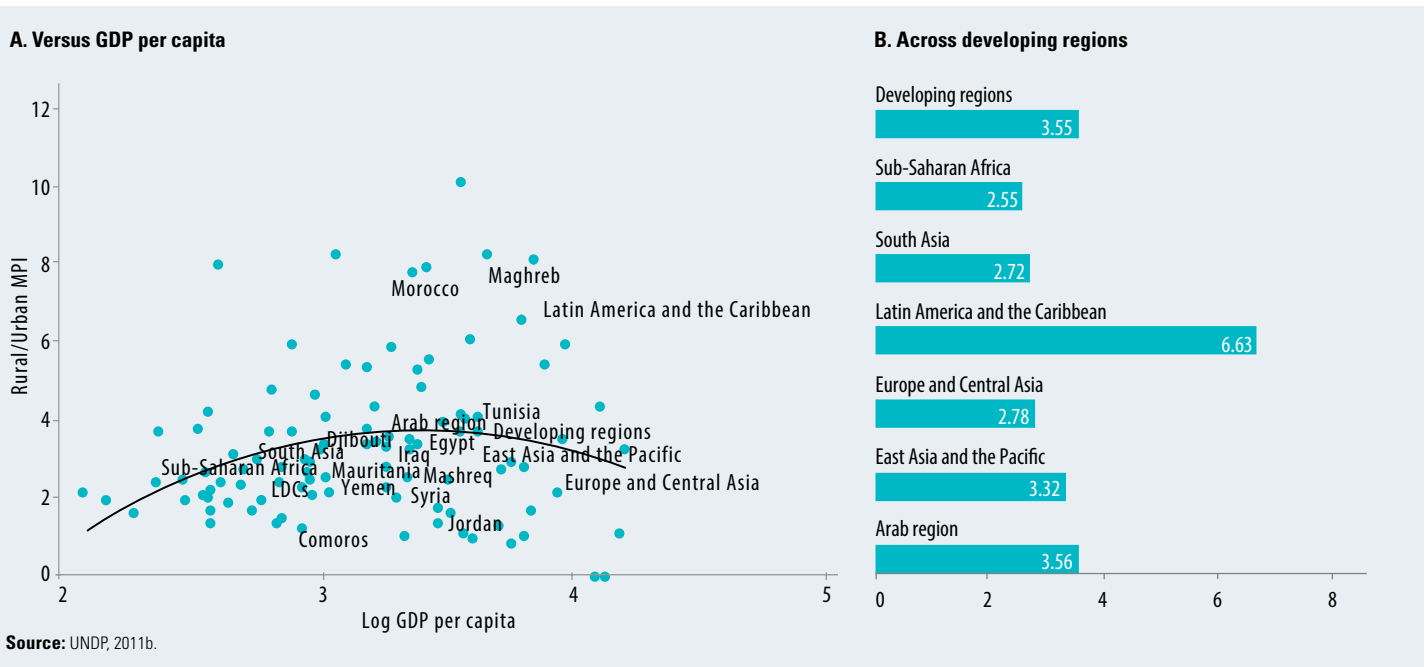
Ratio of household expenditure from surveys to household expenditure from national accounts



Household expenditure surveys are often unable to capture actual expenditures of the highest percentiles, which can ultimately lead to underestimating inequality

FIGURE I-9

Rural-urban MPI ratio



Target

Achieve full and productive employment and decent work for all, including women and young people

Despite gains in job creation, women's participation in the labour force remains a key challenge

The Arab region has the lowest labour force participation rate among all regions, mainly due to the low participation of women, as men's labour force participation rate is almost identical to the global average of 77 per cent (figure I-10A). Although many Arab countries witnessed an increase in women's labour force participation rate in the past two decades,¹³ it reached only 26 per cent in 2010, which is the lowest rate among all regions and half the global average of 51 per cent. The region has made progress on educational attainments for both boys and girls, but gains in women's education did not significantly raise their participation in the labour force.

Poverty, lack of rural development, armed conflicts, discriminatory laws and conservative traditions such as early marriage are some of the factors hindering women from entering public arenas, including the workplace.¹⁴

The region's employment-to-population ratio stood at 43 per cent in the 1990s, increasing only to 44 per cent in 2011 (figure I-10B).¹⁵ All subregions registered a slight increase, with the exception of Mashreq countries, which saw a decline in their ratio of around 0.7 per cent. GCC countries witnessed the greatest progress, from 55 per cent to 57 per cent.¹⁶ Employment choices there have traditionally favoured labour-intensive activities and draw on large numbers of migrant workers.

Men's employment-to-population ratio stood at 69 per cent between 1991 and 2011 for the region as a whole (figure I-11A). The rate remained almost stable across all subregions. Women's employment-to-population ratio increased slowly, from 16 per cent in 1991 to 19 per cent in 2011 (figure I-11B). However, it remained the lowest among all regions and much lower than the world average.

Youth employment-to-population ratio is relatively low and decreased significantly between 1991 and 2011 (figure I-11C), partly due to improved schooling, which delays the entry of youth into the labour market. Other reasons include the difficult transition of young people from school to work due to issues on the demand side of the labour market, resulting in waiting periods of several years.¹⁷

The region has made progress on educational attainments for both boys and girls, but gains in women's education did not significantly raise their participation in the labour force

FIGURE I-10

Labour force and employment (Age 15 and above)

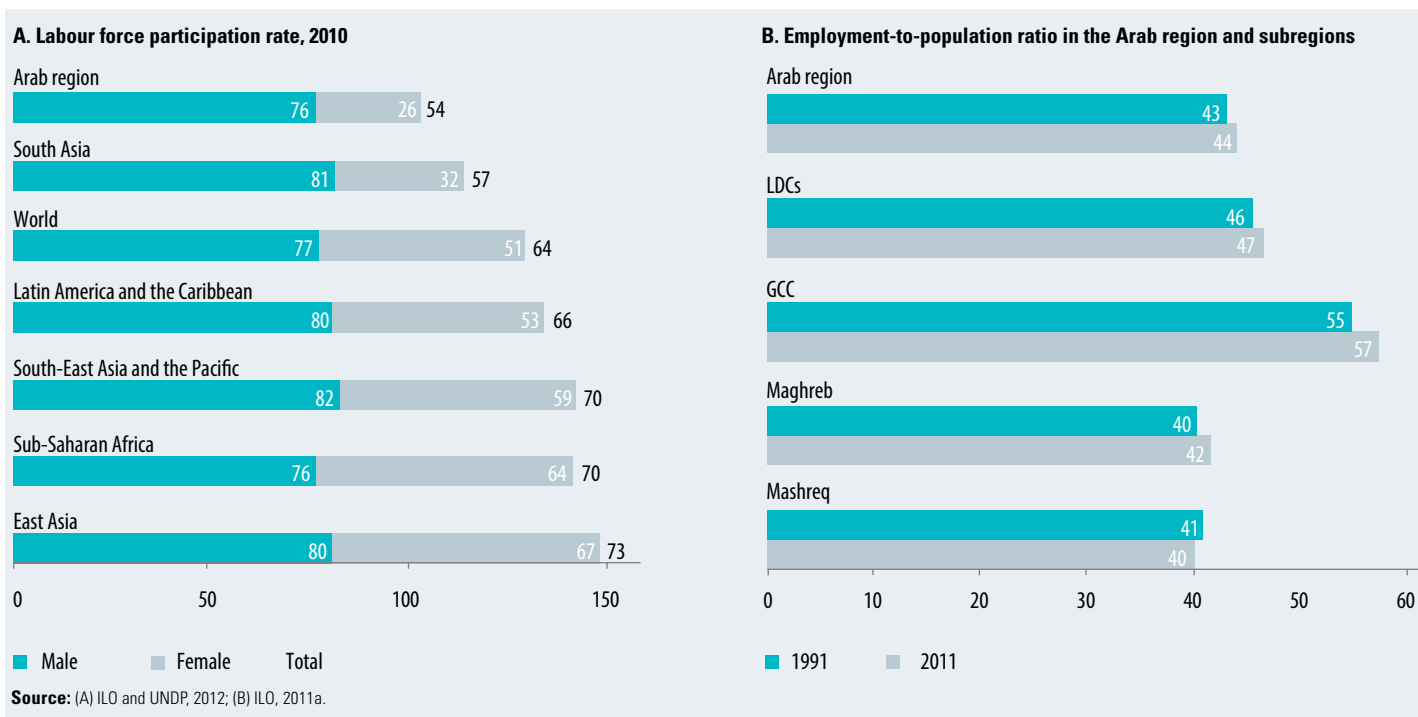
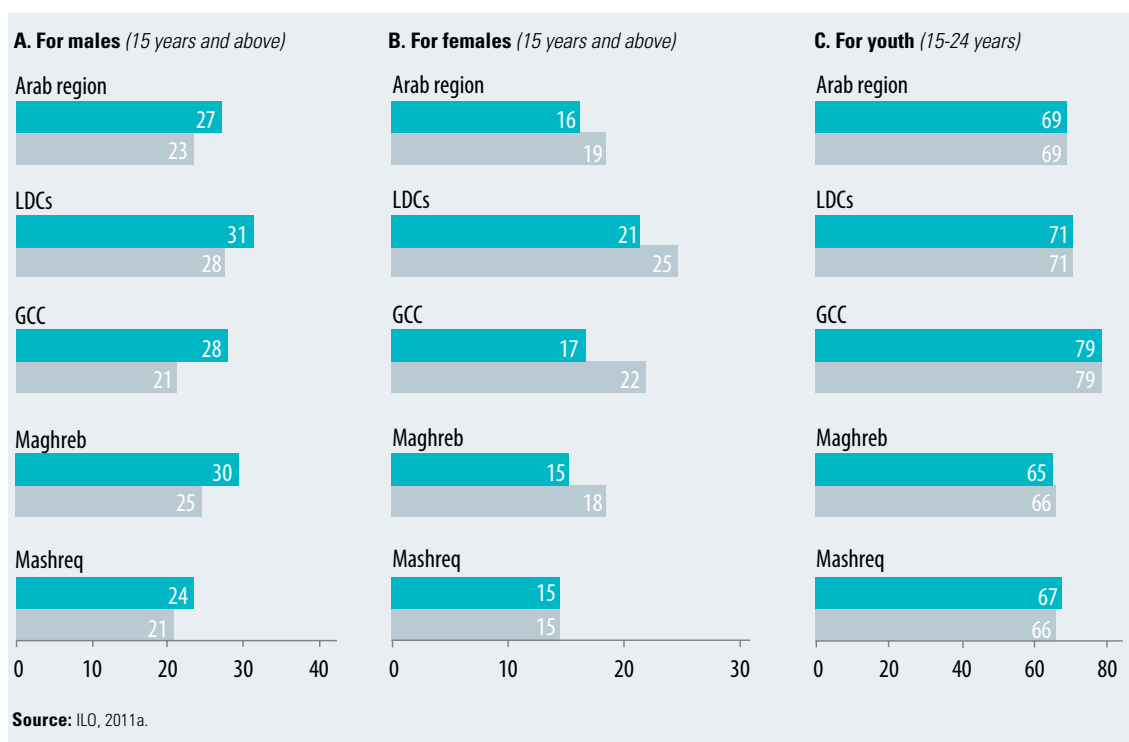


FIGURE I-11

Employment-to-population ratio



Little progress was made in reducing unemployment, and the lack of decent jobs, especially for women, is still a challenge

Between 1990 and 2010, the unemployment rate declined from 12.4 per cent to 10.0 per cent (figure I-12). Unemployment decreased mainly in the Maghreb subregion, from 17.5 per cent in 1990 to 10.4 per cent in 2010. However, the reduction derived more from an increase in marginal employment than in decent work opportunities. Algeria, in particular, significantly reduced unemployment from 2000 to 2008, but that decline was largely concomitant with an increase in informal employment.¹⁸

More recently, global financial and economic crises and political instability in some Arab countries have aggravated the poor conditions of the labour market across the region. Provisional figures show a considerable increase in unemployment rates from 10.0 per cent in 2010 to 14.5 per cent in 2012 (figure I-12).¹⁹ LDCs witnessed the highest increase, from 8.4 per cent to 18.4 per cent, followed by Mashreq countries, where the average rate rose from 11.3 per cent to 16.3 per cent. Maghreb countries have maintained a relatively stable rate of 10 per cent.

Unemployment is projected to further increase in 2013, reaching 14.8 per cent in the Arab region.

High female and youth unemployment rates drive joblessness in the region, despite progress in education. Youth unemployment had hovered at about 25 per cent since 2007 and increased to 26 per cent in 2011, while the world average was of 13 per cent.²⁰ There are signs that this increasing trend will continue in the medium term. Female unemployment is also exceptionally high in the Arab region, standing at around 19 per cent, while the world average was 6.2 per cent in 2011.²¹

Unemployment in the Arab region affects all income groups more or less equally.²² This contrasts with experiences elsewhere in the world, where unemployment is almost always worse in lower income brackets.

The share of the working poor is low, but gains made in some countries are seriously threatened

The proportion of employed people considered as working poor²³ is relatively low in the Arab region, compared with other developing regions (figure I-13). In the Middle East,²⁴ the share has stagnated at 8 per cent in the last decade. Only a small increase is expected to have occurred

More recently, global financial and economic crises and political instability in some Arab countries have aggravated the poor conditions of the labour market across the region

FIGURE I-12

Total unemployment rates

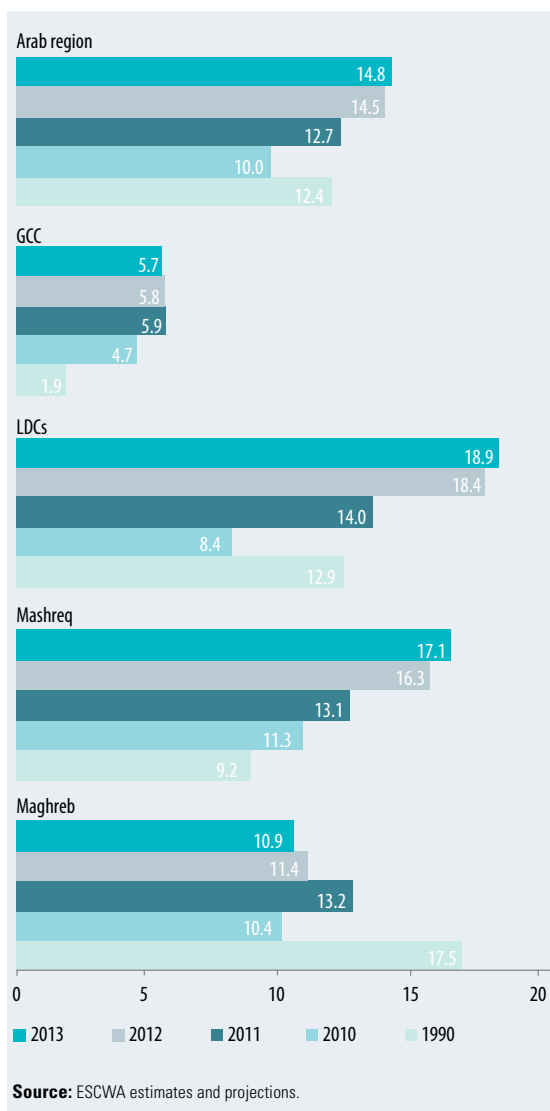
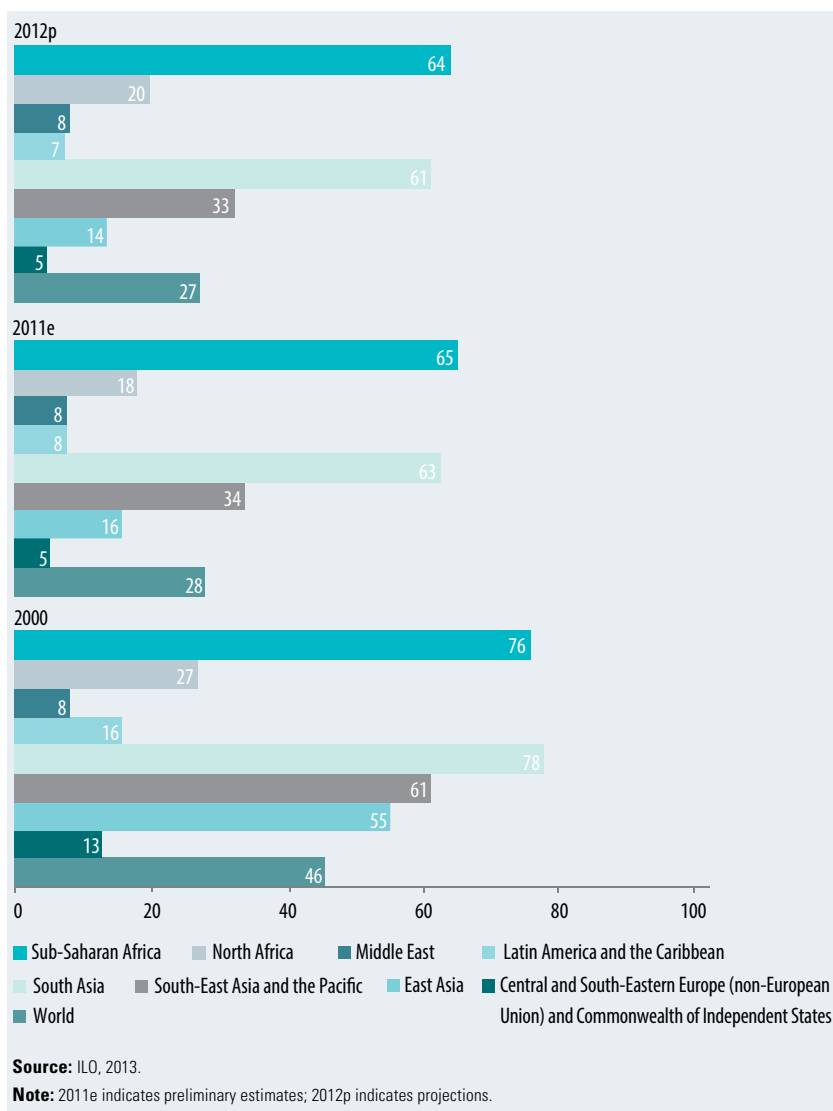


FIGURE I-13

Working poor as share of total employment



between 2011 and 2012. In the North African countries, the share declined from 27 to 18 per cent between 2000 and 2011. As a result of unrest there, however, the share of the working poor is expected to have increased to 20 per cent in 2012.

The proportion of workers in vulnerable employment is relatively low, except for Arab women

The proportion of workers in employment defined as vulnerable in the Arab region is lower than in most other developing regions (figure I-14A) and, with the exception of East Asia, it is declining at the fastest speed. However, the share of women in vulnerable employment, compared to that of men, is the highest in the world, and has increased in recent decades (figure I-14B). Workers in

vulnerable employment include own-account and contributing family workers. They are less likely to have formal work arrangements, and are therefore more likely to struggle with inadequate incomes, difficult working conditions that may undermine their fundamental rights, gaps in social security and the lack of voice that comes through effective representation by trade unions and similar organizations.

The region lags behind the rest of the world in labour productivity

Labour productivity in the Arab region is improving, but it is still falls far behind that of other developing regions,²⁵ except Latin America and the Caribbean (figure I-15B).

While remaining at around 0.6 per cent for all Arab countries during the 1990s,²⁶ the labour productivity growth rate increased to 2 per cent in the last decade, resulting from increased productivity in all subregions (figure I-15A). Maghreb countries and GCC countries experienced negative labour productivity rates in the 1990s, but registered positive rates between 2000 and 2010.²⁷ LDCs had the highest labour productivity growth in both periods; it reached 2.5 per cent in the 2000s.

Target

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

The region is far behind on meeting the target of halving undernourishment

The proportion of people below the minimum level of dietary energy consumption increased from 13.9 per cent in 1991 to 15.3 per cent in 2011 (figure I-16), as the number of undernourished people jumped from 30 million to above 50

FIGURE I-14

Vulnerable employment

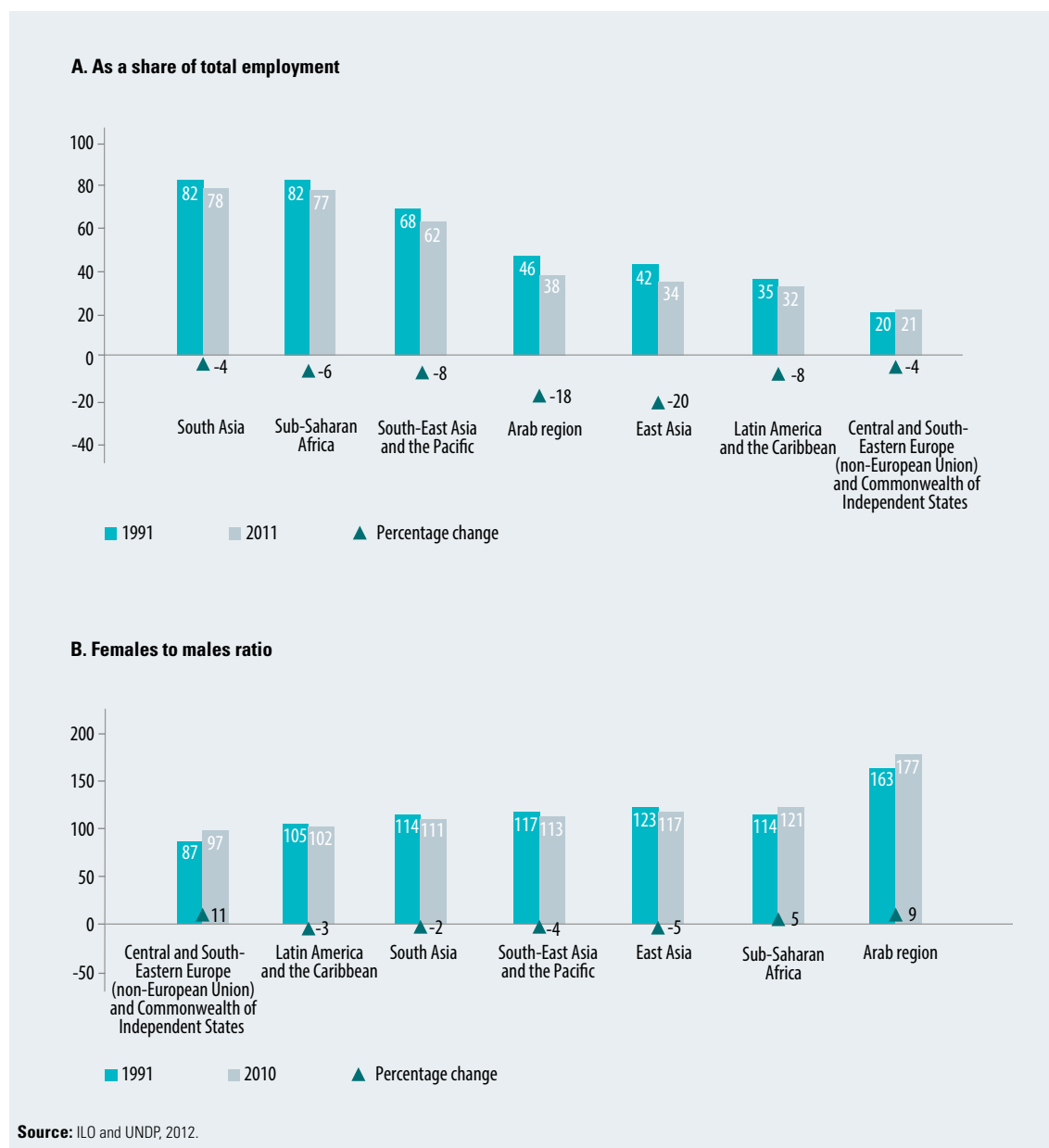


FIGURE I-15

Average annual labour productivity growth

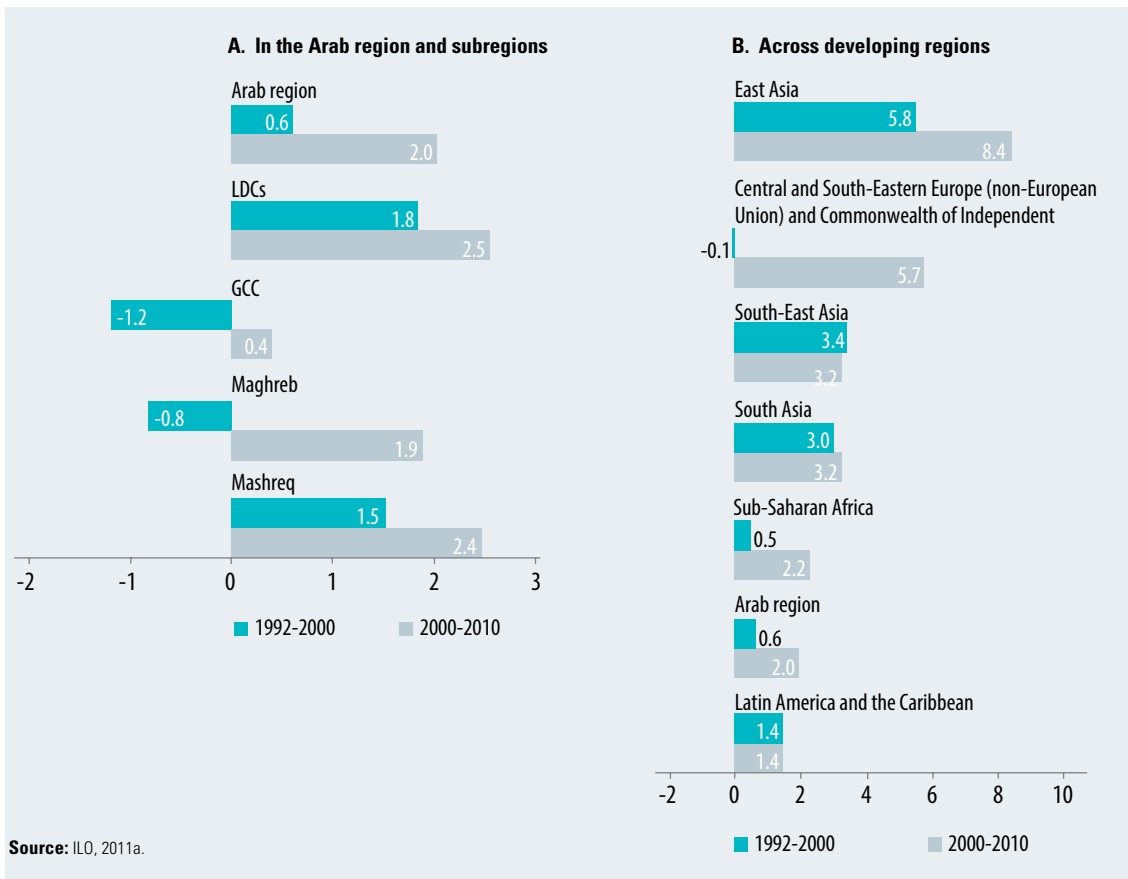
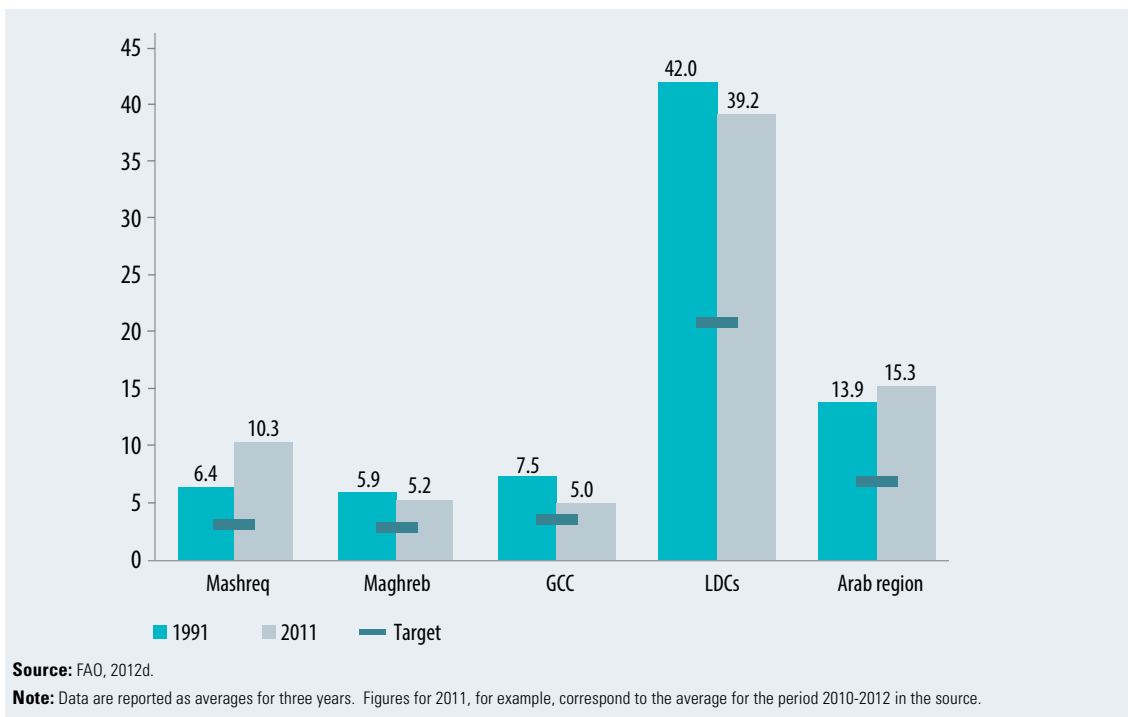


FIGURE I-16

Prevalence of undernourishment (Percentage)



The proportion of people below the minimum level of dietary energy consumption increased from 13.9 per cent in 1991 to 15.3 per cent in 2011

TABLE 1-1

Undernourished people in the nine most affected Arab countries (*Millions*)

	1990	2000	2011	Difference (between 1990 and 2011)
Comoros	0.2	0.4	0.5	0.3
Djibouti	0.4	0.4	0.2	-0.2
Iraq	2.0	4.7	8.6	6.6
Mauritania	0.3	0.3	0.3	0
Morocco	1.8	1.8	1.8	0
Palestine	0.4	0.7	1.2	0.8
Somalia	4.8	5.2	6.3	1.5
Sudan	8.9	8.9	13.5	4.6
Yemen	3.6	5.6	8.0	4.4
Total	22.4	28.0	40.4	18
Prevalence rate	25.0	24.2	28.3	3.3

Source: FAO, 2012d.

Note: Some countries use their own methodologies to estimate indicators, which might not tally the estimates given in this report. For example, Morocco's national data suggest that the number of undernourished people is equal to 288,000.

Undernourishment is particularly problematic in nine Arab countries; together, they account for 40.4 million of the region's undernourished people

million, mainly due to rapid population growth. Undernourishment increased from 6.4 in 1991 per cent to 10.3 per cent in 2011 in Mashreq countries, while it decreased elsewhere.

Undernourishment is particularly problematic in nine Arab countries; together, they account for 40.4 million of the region's undernourished people (table 1-1). It is most widespread in the Comoros and Somalia, where more than 60 per cent of people suffer from it, but there are high rates of undernourished people of around 30 per cent in Iraq²⁸, Palestine, the Sudan and Yemen. In some countries, both the percentage and number of undernourished people have climbed. In Iraq, undernourishment increased from 11 per cent in 1991, affecting 2 million people, to 26 per cent in 2011, affecting 8.6 million.

Food insecurity remains critical

Undernourishment is linked to the prevalence of hunger and food insecurity,²⁹ which remains a critical challenge in the region. Geographical and environmental barriers to food production have an impact, but so do major changes in global markets in recent years. The region is highly dependent on food imports because it suffers from a lack of arable land and scarce water resources. It also has high population growth rates. Other pressures come from conflicts, political instability and the recent global food and economic crises.

Water scarcity, a main constraint to agricultural production, is a serious threat that may grow worse in the future. Already, 86 per cent of the Arab region is desert, which makes it the world's region most subject to water stress according to the 2012 Water Stress Index.³⁰

The region's failure in terms of food security was vividly illustrated by the recent famine in the Horn of Africa. In Somalia, rising food prices combined with climate change, systemic environmental degradation and conflict produced a catastrophic result (box 1-2). There are also increasing reports of hunger in Yemen today.

In 2007 and the first half of 2008, a sharp rise in agricultural commodity and food prices triggered grave concerns about food security throughout the world. When food prices skyrocket, people have less to spend on health, education and other basic needs. The immediate results are higher incidences of poverty and malnutrition. Since food price volatility presents immediate challenges, policies to both hedge against its risks and manage its consequences are urgently needed, now more than ever.³¹

The food crisis cast a long shadow over the Arab region which is heavily dependent on imports. Rising prices even led to riots in some countries.³² Another worrying trend was food price inflation: Egypt, Iraq and Kuwait, for example, recorded double-digit inflation rates in 2012. Rates also stood at 30 per cent in the Syrian Arab Republic and at 23 per cent in Yemen.³³

BOX 1-2

The devastating nexus of conflict and drought in Somalia

The recent famine in Somalia has been widely portrayed as caused by severe drought. In fact, the crisis stemmed from several factors, both natural and sociopolitical. Somalia's food security problem is linked to global climate change and environmental deterioration, but also to volatile international food prices and long-standing conflicts over natural resources.

With a high dependency on food imports and external aid, and with only 13 per cent of arable land in its territory, Somalia is ever more vulnerable to international food prices. Import costs have more than tripled in the last five years.

Natural calamities threaten to worsen and temperatures continue to reach record highs – Africa's five hottest years have been recorded since 2003. Droughts that used to happen every six to eight years are now occurring every one to two years, and the Horn of Africa recently experienced its most severe drought in 60 years. Crop production is also severely affected by rainfall that is more intense in volume but shorter in duration.

Man-made activities compound natural disasters. The absence of a functioning government in Somalia has opened the door to many illegal activities and environmentally unfriendly practices. Warlords and their militias form shifty alliances to exploit land and resources, including by cutting pasture and forests for charcoal exports to obtain hard currency. The untaxed and systematic looting of Somalia's fish supply by unregistered foreign trawlers yields little benefit to the Somali economy.

Source: UNDP, 2011a.

Children under the age of five suffer from high and increasing malnutrition in LDCs

Acute malnutrition, an outcome of insufficient food intake and repeated infectious diseases, is associated with high mortality and irreversible damages to cognitive development that prevent full personal development. Indicators include being underweight for one's age, too short for one's age (stunted), dangerously thin for one's height (wasted) and deficient in vitamins and minerals (micronutrient malnutrition).

Across the region, the proportion of children under the age of five who are underweight increased from around 14.5 per cent in the 1990s to around 15.3 per cent in 2010 (figure I-17). Despite progress in a number of countries, the share of underweight children increased in Arab LDCs, with more than one in three children affected. Rates are particularly high in Djibouti, Somalia, the Sudan and Yemen, with slow progress towards the target of halving them. The Comoros, Djibouti and Yemen face worsening percentages. Severe acute malnutrition rates³⁴ exist in conflict-stricken countries such as the Sudan and Yemen (box I-3).

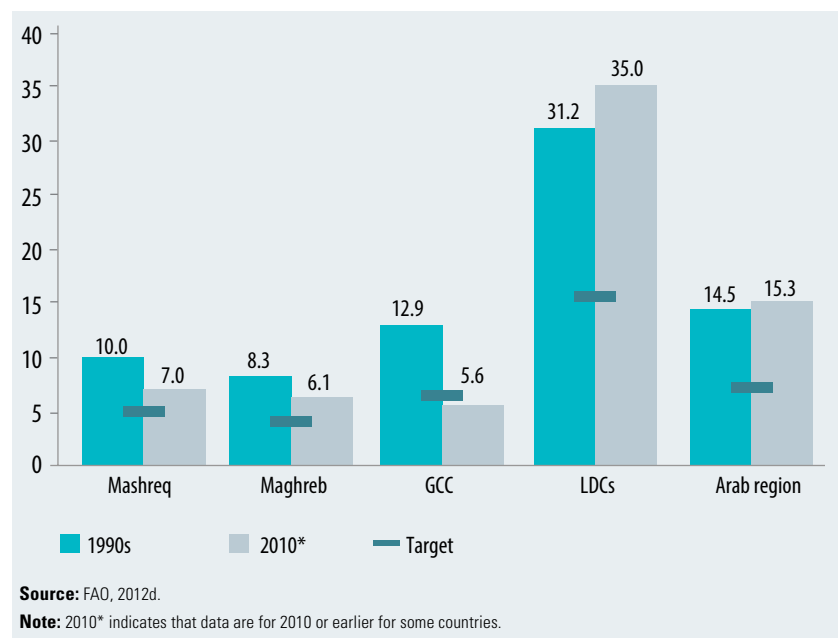
Progress on stunting has been marginal in the last decade, mainly due to a reduction in the Maghreb subregion. Stunting has increased both in Mashreq countries and LDCs (figure I-18). In particular, Egypt has experienced a steep increase from 20.3 per cent in 2003 to 30.7 per cent in 2008. Poor to critical stunting rates³⁵ persist in Djibouti, Iraq, Morocco, the Sudan, the Syrian Arab Republic and Yemen.³⁶

The Arab region has been affected by a “nutrition transition” and carries a double burden of malnutrition.³⁷ As income and urbanization increase, people gradually adopt a lifestyle with reduced physical activity and a diet of more energy-dense, semi-processed foods, leading to an increase in overnutrition and obesity. Obesity and malnutrition may seem mutually exclusive, but are in fact linked, both originating in a poor diet and unhealthy lifestyle. In Arab countries, 45.1 per cent of adults are obese. The double burden of malnutrition is particularly challenging in Egypt,

Across the region, the proportion of children under the age of five who are underweight increased from around 14.5 per cent in the 1990s to around 15.3 per cent in 2010

FIGURE I-17

Moderately or severely underweight children under the age of five (Percentage)



BOX 1-3**Undernourished children in conflict-stricken countries: Refugee camps**

Countries such as the Sudan and Yemen have experienced years of conflict leading to large-scale displacement and an almost total collapse of infrastructure. People lost their livelihoods and their way of life, and ended up in poverty. Though some settle in displacement camps where they can receive humanitarian assistance, there is a high risk for child malnutrition before adequate humanitarian assistance arrives or before people adjust to their new living conditions.

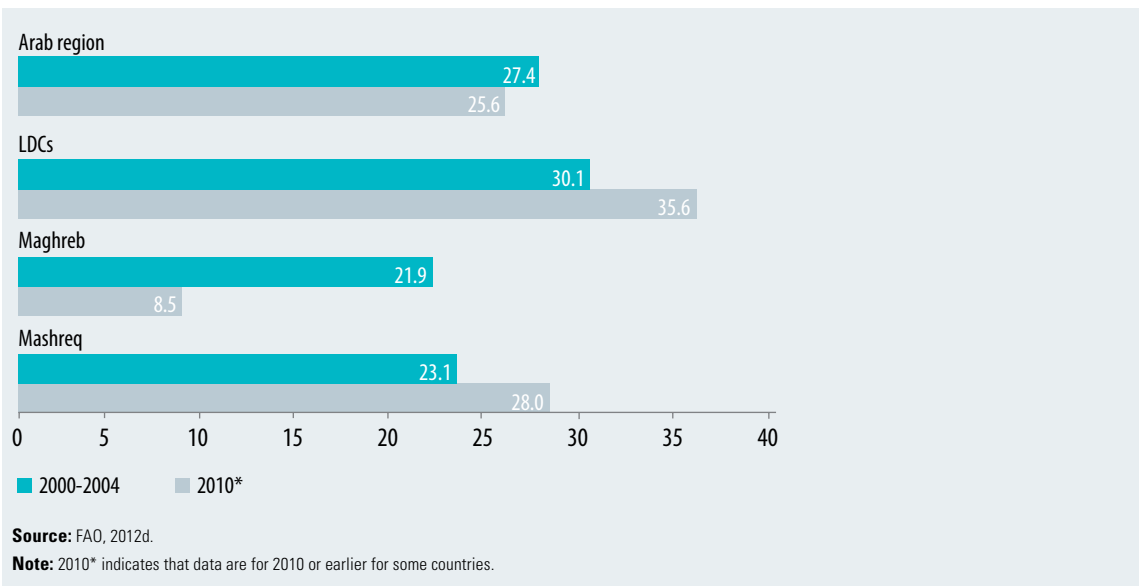
In North Darfur, the Sudan, most nutrition surveys of populations affected by conflict that were conducted in late 2011 recorded severe acute child malnutrition rates. Some localities exceeded the emergency threshold of 15 per cent, with rates at 23 per cent.

Conflict in Northern Yemen displaced an estimated 320,000 people from Sa'ada and neighbouring governorates in August 2009. Despite the 2010 truce, there were still large numbers of internally displaced persons in Hajja Governorate in May 2012. A nutrition assessment recorded global acute child malnutrition reaching 15.7 per cent.

The influx of refugees into Jordan and Lebanon due to escalating violence in the Syrian Arab Republic is raising concerns about people's well-being and access to basic services. Most Syrian refugees in Jordan have lost their livelihoods, are depleting their food stocks and are adopting extreme coping mechanisms (sale of assets for example) to survive. Acute child malnutrition rates among refugees hosted by local populations reached 5.1 per cent, and those in refugee camps are at a troubling 5.8 per cent.

In conflict situations, both short-term emergency responses to save lives and medium-term strategies to prevent disease, recover livelihoods and so on are needed to avoid losing achieved gains in reaching MDGs.

Source: Yemen, Ministry of Health, 2012; and the Sudan, National Ministry of Health and Central Bureau of Statistics, 2011.

FIGURE I-18**Stunted children under the age of five (Percentage)**

Iraq and the Syrian Arab Republic, which have high rates of both adult obesity and child stunting.

Causes of the double burden of malnutrition are complex. High rates of obesity can be found in low-income countries; and some members of

a household may be overweight while others are undernourished.³⁸ Lack of access to information about nutrition, processed food and unhealthy lifestyle in low-income families³⁹ are among possible factors.

Goal 2

Achieve universal primary education

Target

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Significant gains in primary enrolment, but LDCs should catch up

Regional progress in net enrolment rates is promising and comparable to that made in other developing regions.⁴⁰ Around 85 per cent of children of primary school age went to school in 1999, and that rate rose to 92 per cent in 2011 (figure I-19). Around 7 million additional pupils were enrolled in primary education in the Arab region in 2012 compared to 1999.⁴¹

Several countries in the region, such as Algeria, Bahrain, Egypt, Kuwait, Morocco, Oman, Qatar, Tunisia and the United Arab Emirates, are close to universal enrolment, with a net primary enrolment

rate above 95 per cent⁴². Two countries that stand out for increasing net primary enrolment rates are Morocco and Oman. Indeed, Morocco gradually increased net enrolment from 71 per cent in 1999 to 96 per cent in 2011. Oman's net enrolment rate rose from 80 per cent in 1999 to 98 per cent in 2009. Even LDCs registered significant progress, although a closer look shows that it has slowed since 2004. Education systems in those countries face severe challenges, with enrolment rates well below the regional average.

There are other worrisome signs of backtracking. Deteriorating or stagnating enrolment rates in conflict-stricken countries, such as Iraq and Palestine, have hindered overall regional progress. The Syrian Arab Republic had, according to data from 2010, achieved universal primary education, with 99 per cent enrolment, but the ongoing crisis is expected to have a significant impact in the short and the long term, including through the destruction of schools. The net enrolment rate in Jordan has steadily declined from 99 per cent in 2005 to 91 per cent in 2010.

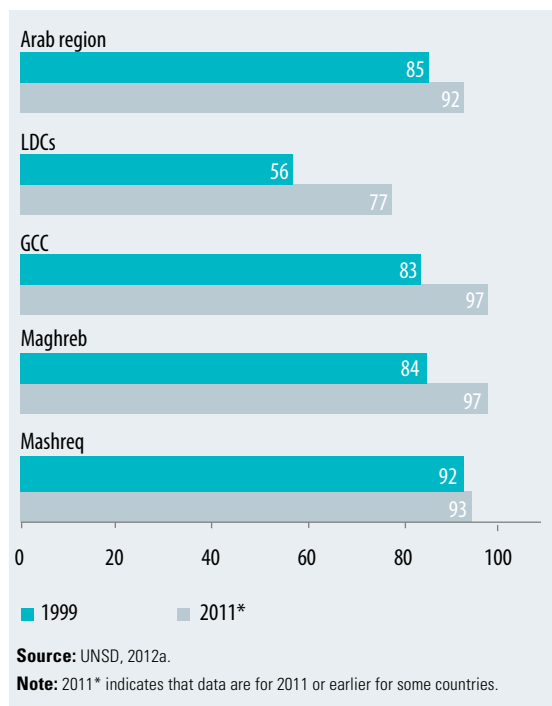
Poverty and inequalities remain major barriers to education. In Egypt for example, 20 per cent of the poorest children do not enter primary school, while almost 100 per cent of rich children complete upper-secondary education. Around 25 per cent of poor families spend money on supplementary tuition for their children, compared to 47 per cent of the richest families. The richest households spend around four times the amount of the poorest households.⁴³

Arab countries still have to enrol around 9 million children to achieve universal primary education.⁴⁴ Half of out-of-school children are concentrated in five countries, namely Egypt, Iraq, Saudi Arabia, the Sudan and Yemen. Despite strong progress, an enormous effort is needed to reach the universal primary education goal by 2015. The enrolment of girls poses a real challenge – in Algeria, Iraq, Oman, the Syrian Arab Republic and Yemen, more than two-thirds of out-of-school

Around 85 per cent of children of primary school age went to school in 1999, and that rate rose to 92 per cent in 2011

FIGURE I-19

Primary net enrolment rates (Percentage)



children are girls. This exclusion may be influenced by religious, ethnic, geographical and security factors.

For progress in enrolment to have a deeper impact, children should complete their education cycle. Completion rates, measured by the gross intake rate to the last grade of primary school, have increased in the region from 73 per cent in 1999 to 83 per cent according to the latest data, with rises in all subregions (figure I-20). The Maghreb region and LDCs have made the biggest progress, from 73 per cent to 90 per cent and from 43 per cent to 60 per cent respectively. The high cost of education is one of the most important reasons for incompleteness, with early marriage and insecurity. In Iraq, a survey of parents whose children dropped out was conducted, and 49 per cent stated that education was not necessary, and that related costs outweighed the benefits.⁴⁵

Early childhood education programmes suffer from a lack of investment, despite the fact that a child's life until the age of eight is critical for cognitive, social, emotional and physical development. Children who participate in early childhood programmes have higher primary school enrolment rates and better results in the first years of schooling.

Most Arab countries have pre-primary education programmes for children aged three to five years. In 2010, more than 3.9 million children

were enrolled in such programmes. Despite the increase in the pre-primary gross enrolment ratio, from 15 per cent in 1999 to 22 per cent in 2010, it remains lower than in all other regions, with the exception of sub-Saharan Africa where it stood at 17 per cent (figure I-21).

Pre-primary education in Arab countries suffers from a lack of investment, a low public understanding of its importance and a lack of trained staff. Limited public resources have driven an exceptionally high share of private pre-school enrolment – 76 per cent, while the global average was 33 per cent.

The Arab region has made significant progress in reducing the gender gap in pre-primary education, with the Gender Parity Index (GPI) rising from 0.77 in 1999 to 0.94 in 2010.⁴⁶

The quality of education is a key concern

The quality of education may have been neglected as the focus was more on quantity and enrolment. In the 2010 Doha Declaration “Quality education for all”, Arab Ministers of Education recognized the importance of monitoring the quality of education and agreed to enhance regular monitoring. The increasing participation of Arab countries in international

Pre-primary education in Arab countries suffers from a lack of investment, a low public understanding of its importance and a lack of trained staff

FIGURE I-20
Gross intake rate to the last grade of primary school
(Percentage)

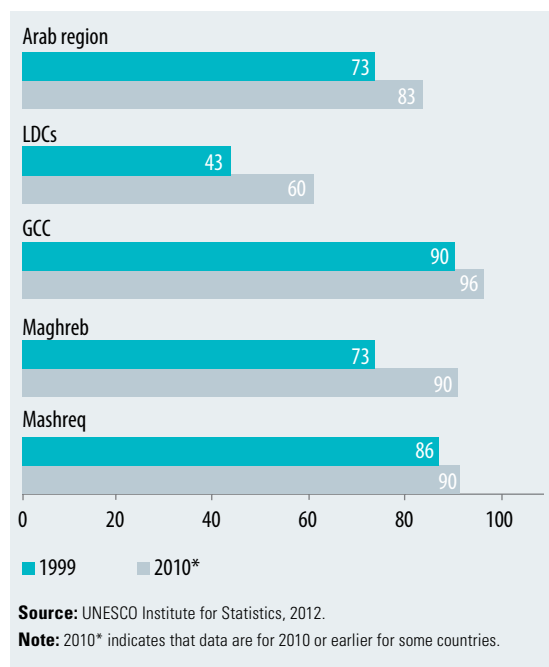
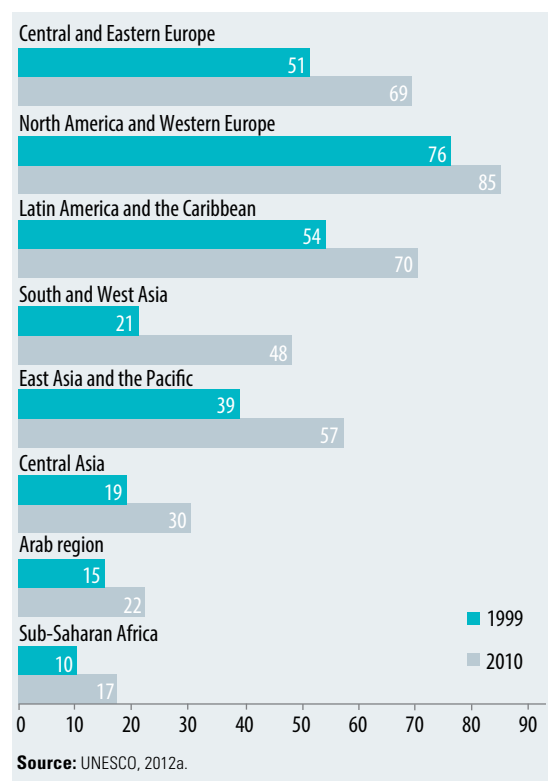


FIGURE I-21
Pre-primary education gross enrolment ratio (Percentage)



assessments in recent years demonstrates this commitment.

Results of international assessments show that Arab countries fall far below international averages and indicated benchmarks. According to results from the Trends in International Mathematics and Science Study (TIMSS) 2011, none of the 14 participating Arab countries reached the international achievement level of 500 (figure I-22). Results of the Programme for International Student Assessment (PISA) revealed similar trends, and the participating Arab countries, namely Jordan, Qatar and Tunisia, generally showed low levels of performance.

Differences in test results confirm high inequalities in education opportunities for rich and poor students in a number of countries (figure I-23A). In Saudi Arabia and Tunisia, inequalities have increased over time, which may be due to an increasing use of private resources in education. Figure I-23B displays the values of the inequality-adjusted education index for the world and developing regions. The average loss for the Arab region is 41 per cent, higher than for all other developing regions, and similar to the loss of South Asia.

Another issue is the relevance of skills acquired for the labour market, as even a high level of education does not guarantee a job. Employers complain that youth are not well prepared and do not develop the needed skills. In Tunisia, the education system produces highly educated youth, with more than 57 per cent of new entrants to the labour market in 2010 holding a university degree. In an economy dominated by low-skill industries, however, few could find the jobs that university graduates expect.⁴⁷

Shifting political situations in some countries are leading to educational reform. In the four countries that witnessed a change in government in 2012, namely Egypt, Libya, Tunisia and Yemen, revising the entire education system has become a political priority. This revision would not only affect curricula, but also management and didactic approaches. Among other aims, reforms could have a role in encouraging responsible citizenship to induce long-term positive social change.

Literacy rates improved significantly across the region

The region has made impressive progress in raising literacy rates to 89 per cent, almost reaching the global average of 90 per cent (figure I.24). While GCC has the highest rate at 97 per cent⁴⁸, progress in the literacy rate of people aged 15-24 years has been substantial in Mashreq countries and LDCs. Nonetheless, more than 7 million youth still cannot read; of whom close to

Results of international assessments show that Arab countries fall far below international averages and indicated benchmarks

FIGURE I-22
TIMSS* results for participating Arab countries, 2011

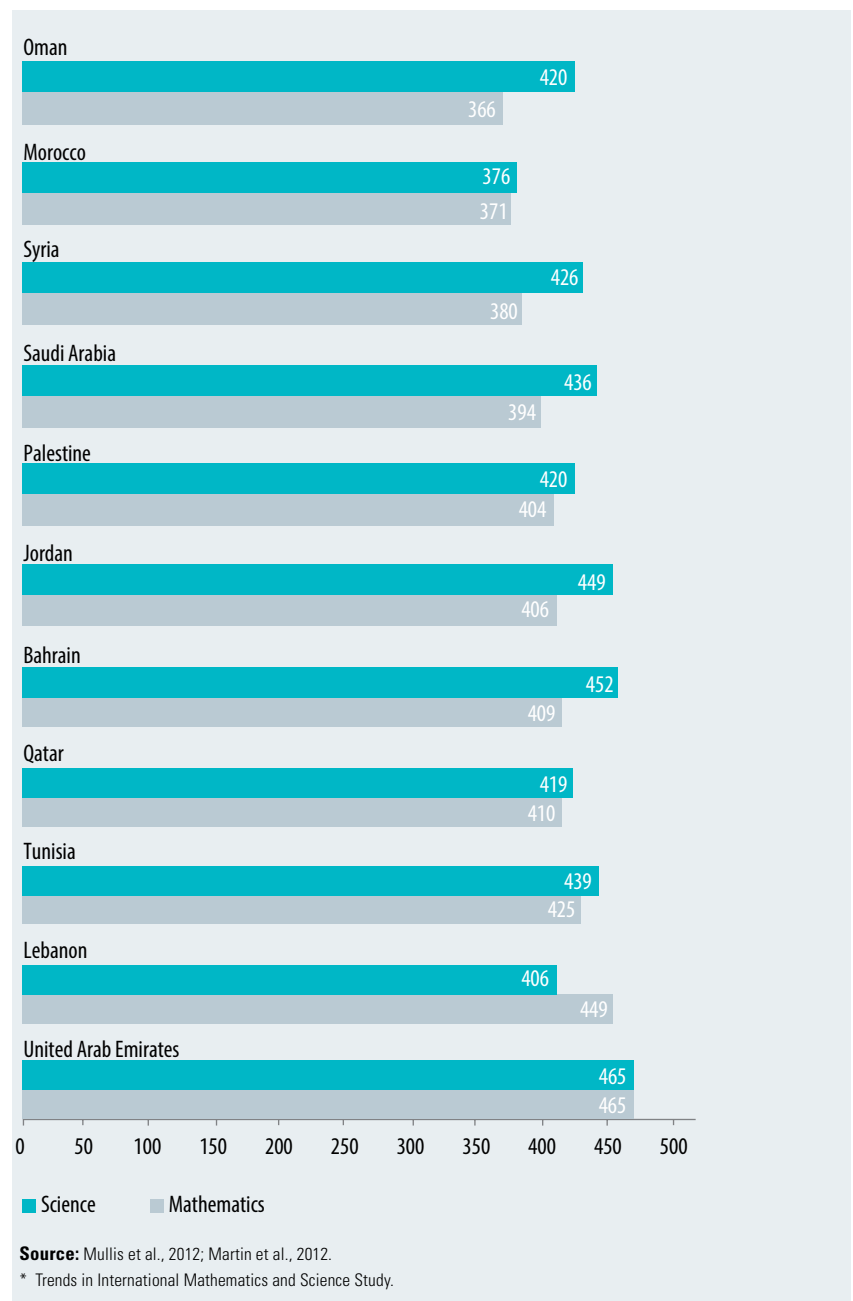
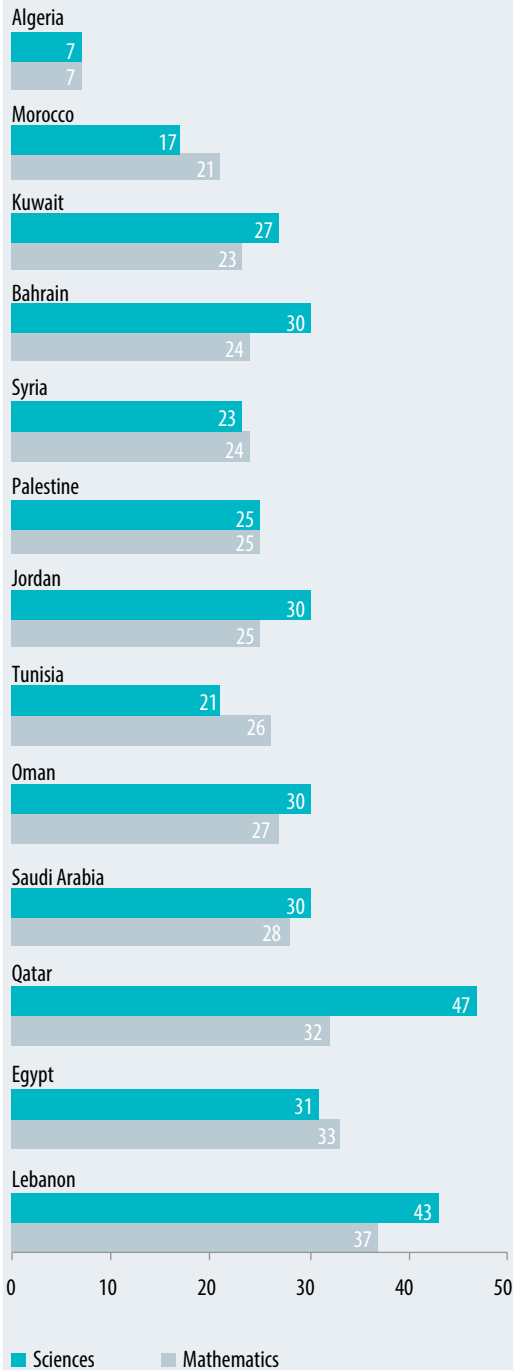


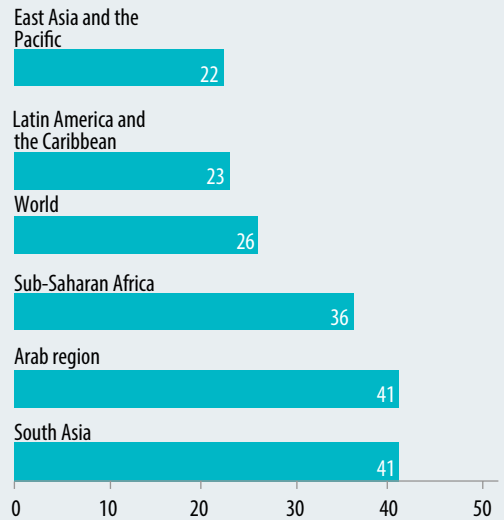
FIGURE I-23

Inequality in education

A. Differences in TIMSS scores between students from the poorest and richest quintiles, 2007



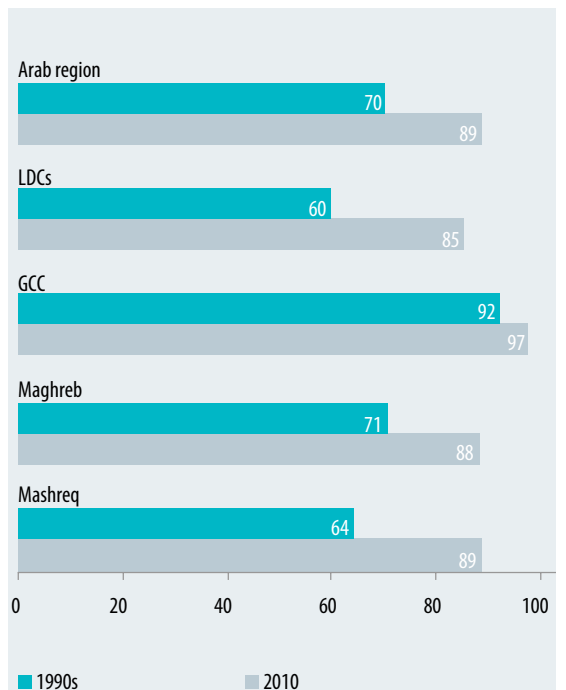
B. Inequality-adjusted education index, average loss, 2011 (Percentage)



Differences in test results confirm high inequalities in education opportunities for rich and poor students in a number of countries

FIGURE I-24

Literacy rates of youth aged 15-24 years old (Percentage)

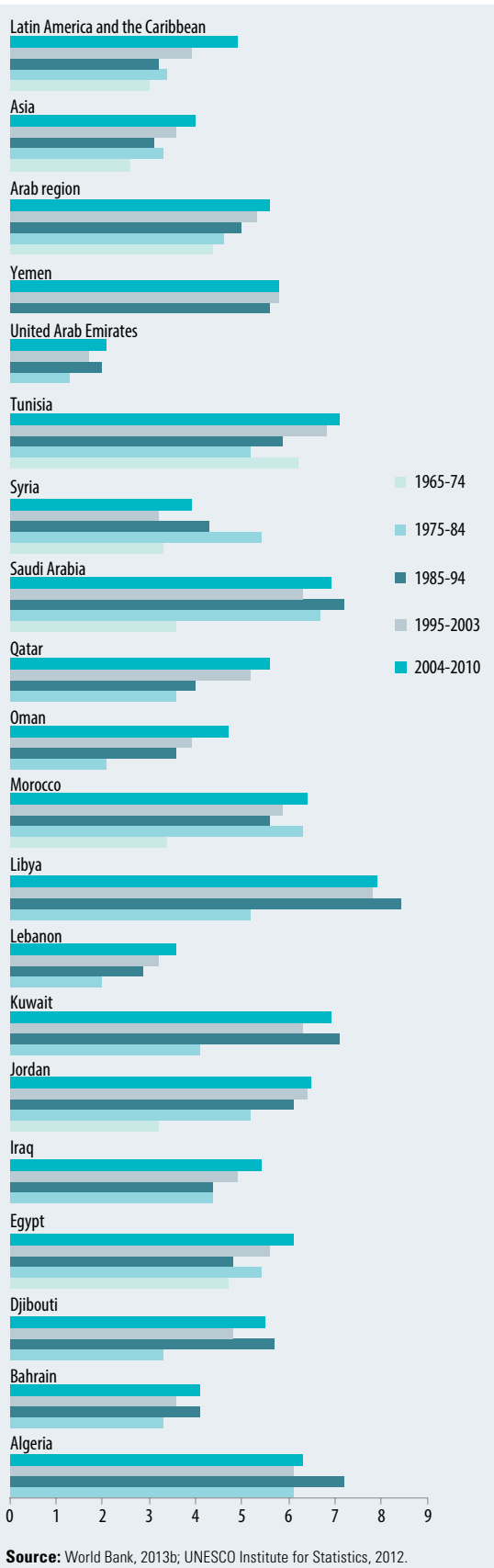


Source: ILO and UNDP, 2012.

Source: UNSD, 2012a.

FIGURE I-25

Public expenditure on education as a percentage of GDP, 1965-2010



Source: World Bank, 2013b; UNESCO Institute for Statistics, 2012.

5 million are young women. The vast majority lives in Egypt (2 million), Morocco (1.3 million), Yemen (0.8 million) and Algeria (0.6 million).⁴⁹

The impressive achievements on education indicators could be attributed to the fact that Arab countries had made heavy investments in mass education systems prior to the conception of MDGs (figure I-25). From 1965 to 1974, they poured 4.4 per cent of GDP into education, compared to 2.6 per cent in Asia and 3 per cent in Latin America.⁵⁰ This amount has risen steadily since then. Today, Arab countries spend over 5 per cent of GDP on education, which amounts to around 20 per cent of total government budgets.⁵¹

Primary and secondary education became free during the 1960s, and progressively the tertiary level. Many millions of children were educated, although with large country variations – in some LDCs, education is still a daunting challenge. Secondary school enrolment rates dramatically increased from 1970 to the early 2000s; there was also a fivefold increase of enrolment in higher education. The average years of schooling for adults (15 years and older) grew rapidly from 1.3 years in 1960 to 5.4 in the 2000s. Illiteracy rates among adults dove from 50 per cent in 1980 to 23 per cent in the 2000s. This progress continued after MDGs were established in 2000. In fact, at that time, some countries had already met the goal on school enrolment.

Arab countries had made heavy investments in mass education systems prior to the conception of MDGs

Goal 3

Promote gender equality and empower women

Target

Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Major advancement towards gender parity in education

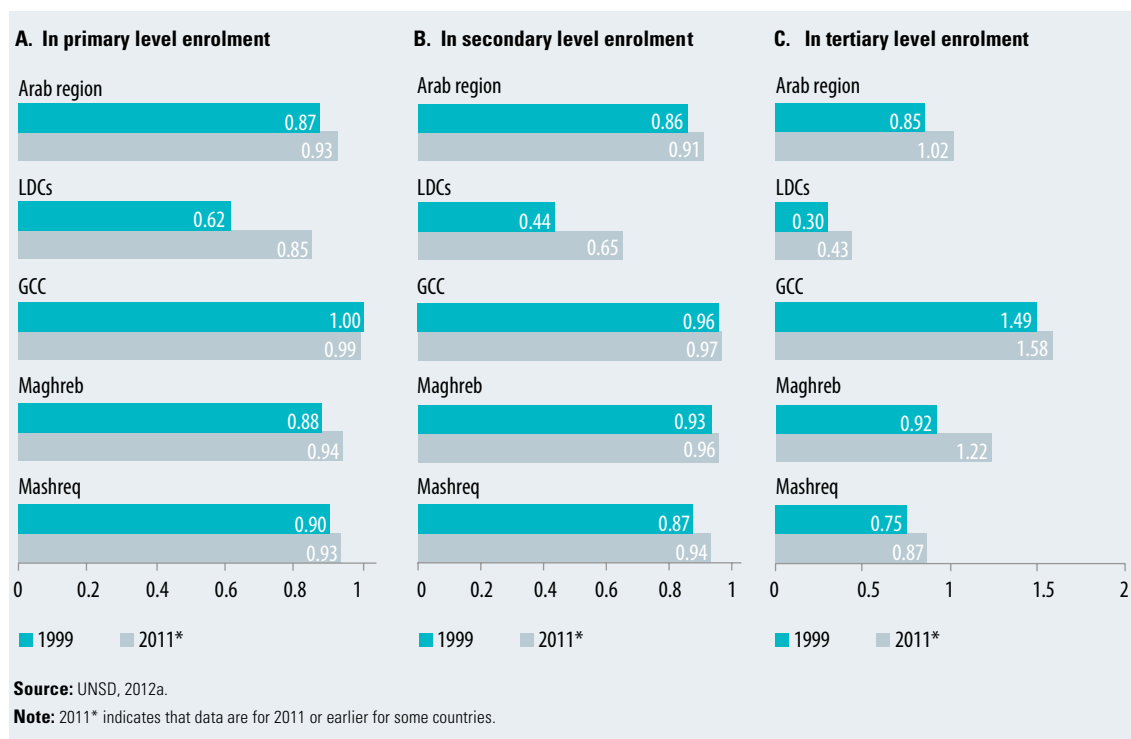
There has been strong regional progress towards gender parity in education, a crucial step to create equal opportunities for women and men. Many more girls now go to primary school in the region; GPI for primary education reached 0.93 in 2011 (figure I-26A). This is however still below the parity level, set at 1 with a margin of plus or minus 0.03. Only GCC countries are within that range, although the Mashreq and Maghreb subregions

are expected to achieve gender parity by 2015. Despite significant progress in LDCs, GPI remained at 0.85 in 2011, well below the parity level, which emphasizes the need for accelerated efforts.

The situation is similar in secondary education, where Mashreq, Maghreb and GCC countries have achieved or are close to achieving gender parity. For the Arab region as a whole, however, the relevant GPI remains well below the parity level at 0.91, due to a low level in LDCs (figure I-26B). Indeed, LDCs face even more difficulties with secondary education than with primary education. The cost of secondary schooling is often higher, which can force parents to ration resources among children. Early marriage, common among the poorest households, can be

There has been strong regional progress towards gender parity in education, a crucial step to create equal opportunities for women and men

FIGURE I-26
Gender Parity Index



another obstacle to achieving gender parity in secondary education. In the Sudan, 54 per cent of girls in the poorest households marry before the age of 18, compared to 17 per cent in the richest households (figure I-27).

Raising the minimum age of marriage to 18 can have a multiplier effect, as it can positively impact the achievement of targets related to education, health and gender equality. Some countries, including Algeria, Egypt, Libya, Morocco, Oman, Somalia and the United Arab Emirates, have a minimum age of marriage of 18 years old. Others, including Bahrain, Djibouti, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Qatar, the Sudan, the Syrian Arab Republic and Tunisia, allow marriage for girls at ages ranging from 15 to 17. The Comoros, Saudi Arabia and Yemen do not have any laws on the age of marriage.⁵²

Some countries have expressed concern over the high prevalence of early marriage. For example, the national report submitted by Jordan to the international Committee on the Elimination of Discrimination against Women (CEDAW) expressed its concern that a very high percentage (approximately 15 per cent) of all marriages continue to involve girls under the age of 18.⁵³

In tertiary education, the regional average is within the accepted range of gender parity, but this result hides large subregional differences. Globally, GPI in tertiary education is heavily skewed, as countries with limited national wealth have many more men than women in tertiary education while wealthier countries experience the opposite. Within the Arab region, GPI is 1.58 in GCC countries and 1.22 in Maghreb countries, while it is very low in LDCs, standing at 0.43 (figure I-26C). In some GCC countries such as Qatar and the United Arab Emirates, the enrolment rate for women is double that of men. In Qatar, men of the tertiary education age outnumber women by more than three times, but only three men are enrolled for every five women. GPI is thus 5.38 for tertiary education in the country. This could be the result of a combination of factors, including men going abroad for tertiary education or choosing a military career.

Women hold less than 20 per cent of paid jobs outside the agricultural sector. At the global level, women's share outside agriculture has slowly increased, from 35 per cent to 40 per cent. In the Arab region, their share has actually decreased in the last 20 years (figure I-28): only GCC and

Maghreb countries have experienced a small increase; LDCs and Mashreq countries have seen a decline.

The limited numbers of women who find paid employment are not on equal footing with men. On average, they are paid less than men for the same work. Women's wages in manufacturing as a share of men's wages in Egypt, Jordan, Palestine and the Syrian Arab Republic are 66 per cent, 68 per cent, 50 per cent and 79 per cent,

FIGURE I-27

Women in the Sudan aged 20-49 years and married before the age of 18, 2010 (Percentage)

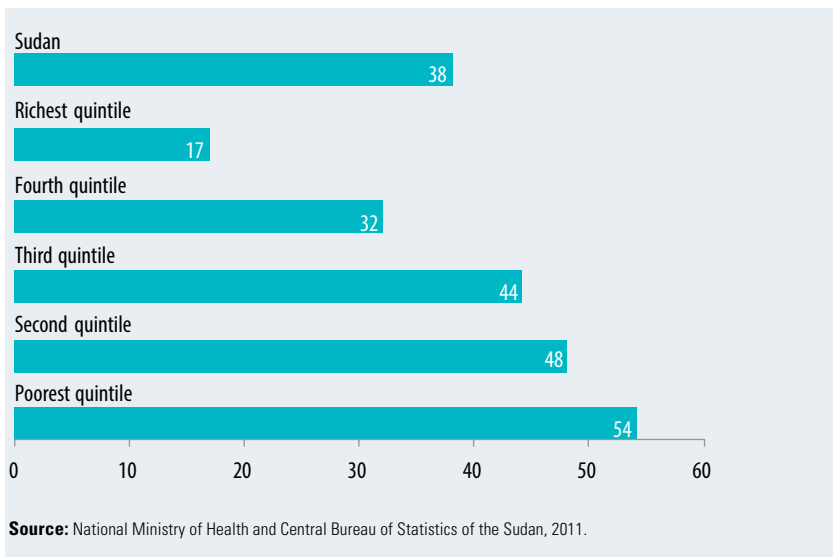
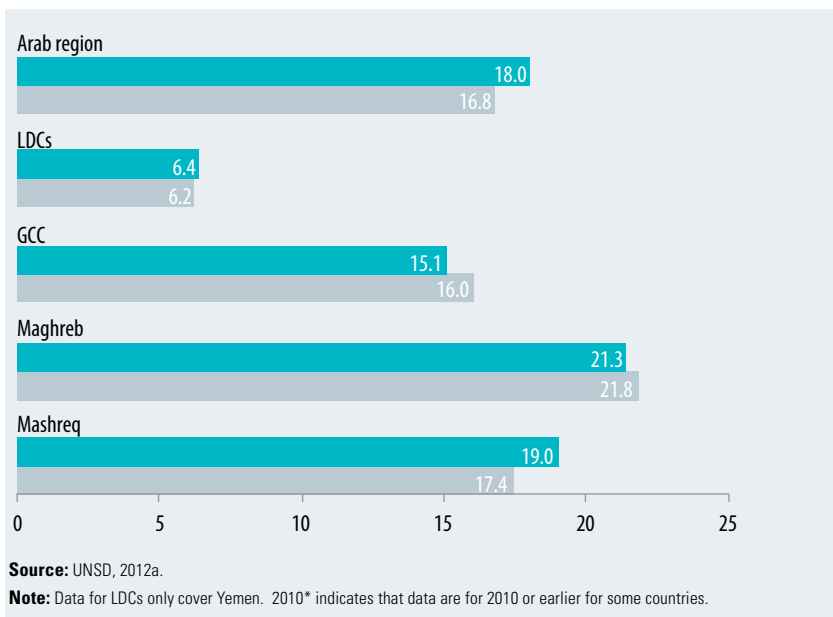


FIGURE I-28

Share of women in wage employment in the non-agricultural sector



respectively.⁵⁴ The gender pay gap remains poorly unexplained, beyond the general notion of gender discrimination as a factor in persistent exclusion. There can also be gender differences in time use, as women may prefer part-time or lower-paying occupations to carry out their care responsibilities at home.⁵⁵

Women across the region are underrepresented in senior management positions, such as legislators, senior officials and managers. In countries with available data, the highest share is in Kuwait at 14 per cent. For most other Arab countries, the share is below 10 per cent, with the lowest rate in Yemen at 2 per cent. Globally, women occupy only 25 per cent of senior management positions, but this is still much higher than in Arab countries.⁵⁶

Despite women's strong participation in political demonstrations in some countries in transition, there have been no successful efforts to systematically ensure a greater legislative representation of women

Women's political participation is increasing, but not fast enough

Women's representation in parliaments is rising, but the region is still far behind the rest of the world. Their share of seats rose from 2.6 per cent in 2000 to around 12.7 per cent in 2013 (figure I-29), compared to 20 per cent globally and 18 per cent in developing regions. Three Arab subregions are below the global average, while the GCC average is at 18.6 per cent, higher than the global average. The high GCC average is mainly due to Saudi Arabia, which increased women's share of parliament seats to 20 per cent in January 2013 by decree.

Despite women's strong participation in political demonstrations in some countries in transition, there have been no successful efforts to systematically ensure a greater legislative representation of women.

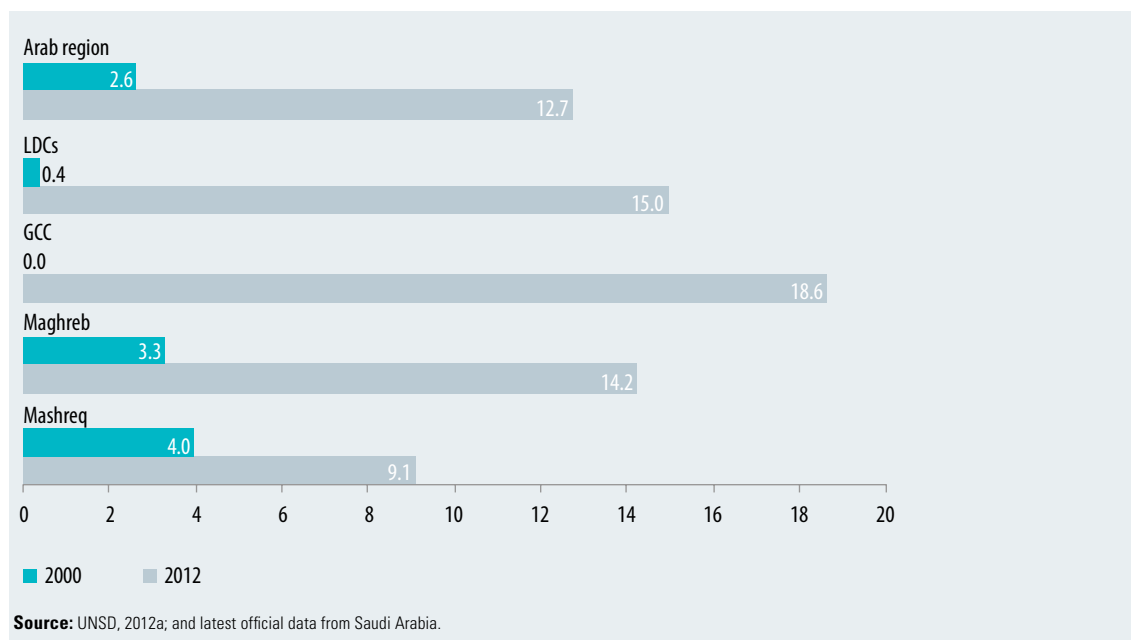
Women after Arab uprisings: Where are they in transitional processes?

In other parts of the world, political transitions were taken as opportunities to adopt measures that enhance women's roles in decision-making, such as quotas. These processes are indeed most effective when they are open to all and consider the priorities of all societal groups, particularly those of women who must be considered equal partners at all levels of decision-making. Gender equality must be integrated as a goal across all issues, particularly those that affect the future of a country.

In Arab countries, the social movements calling for change saw men and women standing together to bring down old regimes. Women took to the public spaces everywhere, even in countries which always rank very low on gender equality indexes.

In subsequent transitional processes, however, women have been far less visible, and there have been concerns about backtracking on achievements in women's rights. In Egypt, for instance, women were given only 7 per cent of seats in the Constituent Assembly tasked with drafting the

FIGURE I-29
Seats held by women in national parliaments (Percentage)



Creating opportunities for women in politics

The low level of political representation of Arab women is a result of cultural norms and stereotypes, as well as unstable political situations posing specific security risks. Arab women generally lack experience in leadership and campaigning skills and have a limited presence in political parties. Political systems in Arab countries have long discouraged broad participation: many were characterized either by one-party rule or a simple-majority electoral system, rather than proportional representation.

Overcoming barriers to women's political representation usually requires adopting special measures. Some countries introduced gender quotas, such as Algeria, Iraq, Jordan, Mauritania, Morocco, Palestine, the Sudan and Tunisia. Iraq used its transition period and the creation of its 2005 Constitution to set a 25 per cent quota for women's representation in Parliament, for example.

Quotas can help increase the number of female parliamentarians, but they are not the only option. Supporting measures can include designing electoral systems to encourage participation, training women leaders and mobilizing women's vote in political parties.

Source: ESCWA analysis.

constitution. In parliamentary elections in 2011, they won only 2 per cent of seats,⁵⁷ as an earlier 12 per cent quota system was abolished.

Transitional justice processes⁵⁸ have been launched in several countries, in which women should be assured equal participation. Reforms should move beyond a traditional general focus on justice and security to specifically redress past gender injustices. Tools towards that end could include legislative audits, the repeal of gender discriminatory legislation and the adoption of laws that advance women's rights, including through quotas.⁵⁹

Violence against women and girls deters their full participation in society

Violence against women and girls remains one of the region's biggest challenges, deterring women and girls from fully participating in all aspects of society. Fear of violence may prevent girls from exercising their right to go to school or women from seeking employment or running for political office, for example. In addition to types of violence such as domestic and sexual abuse, new forms have arisen against women who publicly participate in the achievement of change in their countries, including through social movements and protests. Women in public spaces have been taunted and attacked.

Statistics on violence are scarce, which is a sign that the phenomenon remains hidden and poorly understood. A 2011 global survey provided data only for Egypt, Jordan and Morocco, where 33.2 per cent, 20.6 per cent and 6.4 per cent⁶⁰ of women, respectively, reported experiencing some form of violence in their lifetime. Demographic health surveys in Egypt, Djibouti, Somalia and the Sudan reveal that the harmful practice of female genital mutilation is widespread, with rates exceeding 90 per cent.⁶¹

Women and girls have the right to live free of violence. The devastating effects violence are also not restricted to their personal well-being and the lives of their families: indeed, violence is not, as is sometimes incorrectly assumed, simply a private "family matter." It also negatively affects national economic and social development, as it limits the involvement of women and girls in education and the economy. Other costs stem from the need for additional social and health care, and legal services. Research on the matter suggests that violence has cost the Arab countries more than 3 billion Egyptian pounds (EGP) (US\$430 million) over the past three years, including for medical treatment and losses in labour productivity.⁶² Estimates of annual costs related to violence are of US\$5.8 billion in the United States of America, and of US\$11.38 billion in Australia.⁶³

Goal 4

Reduce child mortality

Target

Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Progress in reducing child mortality is slow

Child mortality has fallen by around one third in the region, but progress is still too slow and the target is unlikely to be met. Under-five mortality rates have declined by 36 per cent from 1990 to 2011, i.e. from 90 deaths per 1,000 live births to only 58. Despite population growth, the number of under-five deaths dropped from 605,000 in 1990 to 404,000 in 2011.

Three out of the four subregions have achieved or are close to achieving the target of reducing the under-five mortality rate by two thirds. However, LDCs made little progress in that field: the rate has fallen by only 15 per cent and the number of deaths actually grew from 236,000 in 1990 to 253,000 in 2011, thus holding back regional achievement.

Progress is similar when it comes to infant mortality, only a little slower as the region registered a 34 per cent decline from 1990 to 2011. Mashreq, Maghreb and GCC countries have all reduced corresponding rates by more than 50 per cent and the 2015 target is within reach. LDCs lag behind with only a 13 per cent reduction in the last two decades. Regionally, the number of deaths fell from 457,000 in 1990 to 309,000 in 2011, whereas it increased in LDCs, from 155,000 to 172,000.

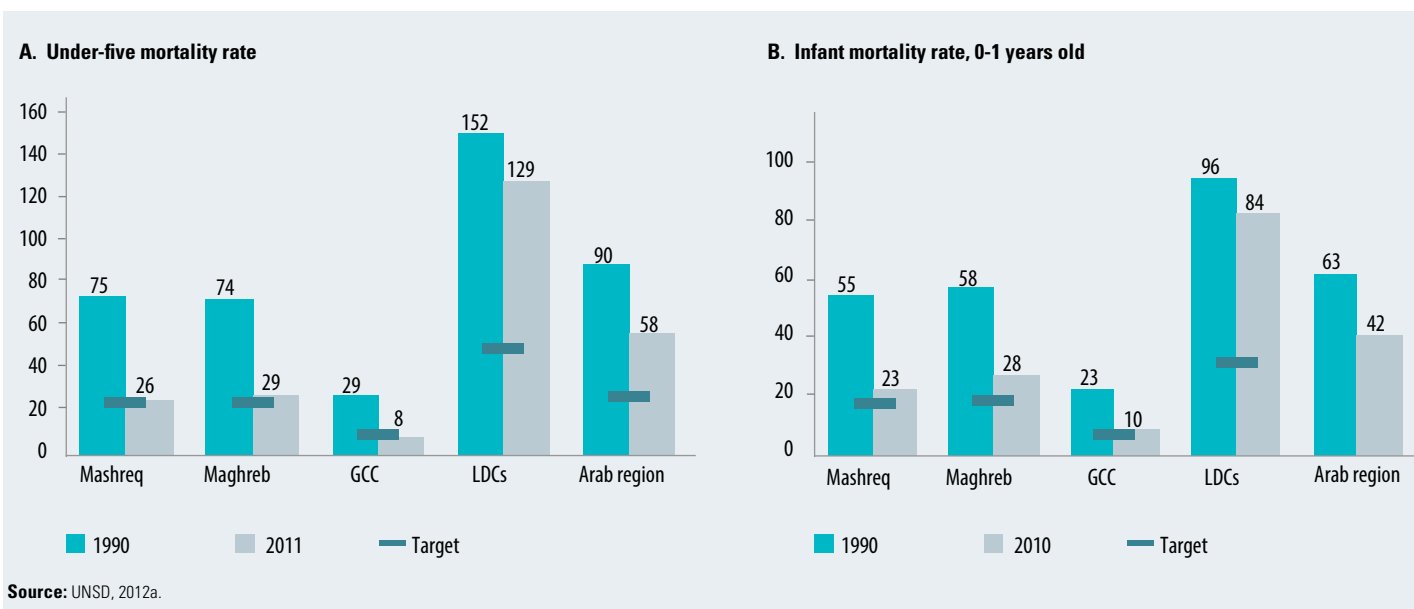
Countries with low mortality rates have made significant progress, challenging the conventional wisdom that as rates fall, progress slows down. In 1990, only two Arab countries had achieved an under-five mortality rate ranging between 10 and 20 deaths per 1,000 live births, and had thus joined the group of “low-mortality countries”.⁶⁴ By 2011, the number of Arab “low-mortality countries” had increased to five.

Progress in reducing under-five mortality has accelerated in 11 out of the 22 Arab countries

Three out of the four subregions have achieved or are close to achieving the target of reducing the under-five mortality rate by two thirds

FIGURE I-30

Child and infant mortality rates (Deaths per 1,000 live births)



in the last decade, as part of efforts to meet the MDG commitment.⁶⁵ The 3.7 per cent decrease per year during 1990-2000 has edged up to a 3.8 per cent decrease per year during 2000-2011

(figure I-31). But the rate remains below the 4.1 per cent average of all developing countries.

Progress has quickened in GCC countries and most notably in LDCs. In Lebanon, the rate of reduction has increased fourfold in the last decade, compared to the 1990s. In Saudi Arabia and the Sudan, the rate has doubled and tripled, respectively. Egypt and Oman have managed to sustain very high reduction rates since the 1990s.

National averages mask subnational disparities, however. In Yemen, the under-five mortality rate among the poor is triple the rate among the rich, and in Egypt, the rate among the poor is two and half times the rate among the rich (figure I-32A). Such important disparities are also registered between urban and rural areas.

Disparities are also linked to the mother's education level, an important factor that affects child survival. The children of educated mothers have much lower mortality rates. Also, the impact of the mother's education level is higher in North Africa and Western Asia than in all other developing regions (figure I-32B).

The children of educated mothers have much lower mortality rates

FIGURE I-31

Average annual reduction in under-five mortality rates
(Percentage)

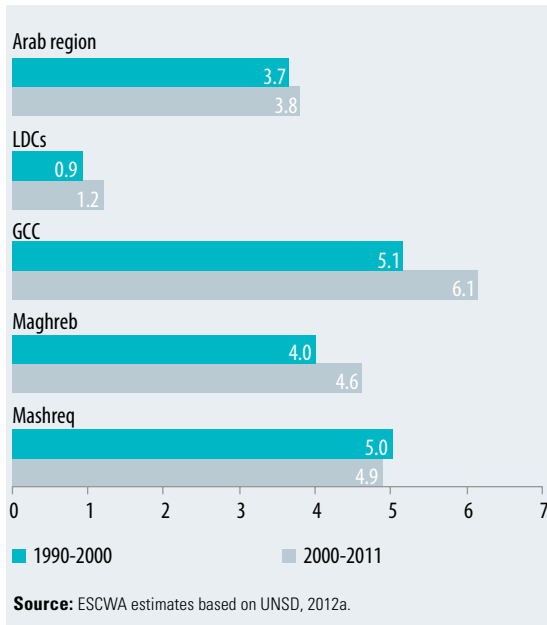
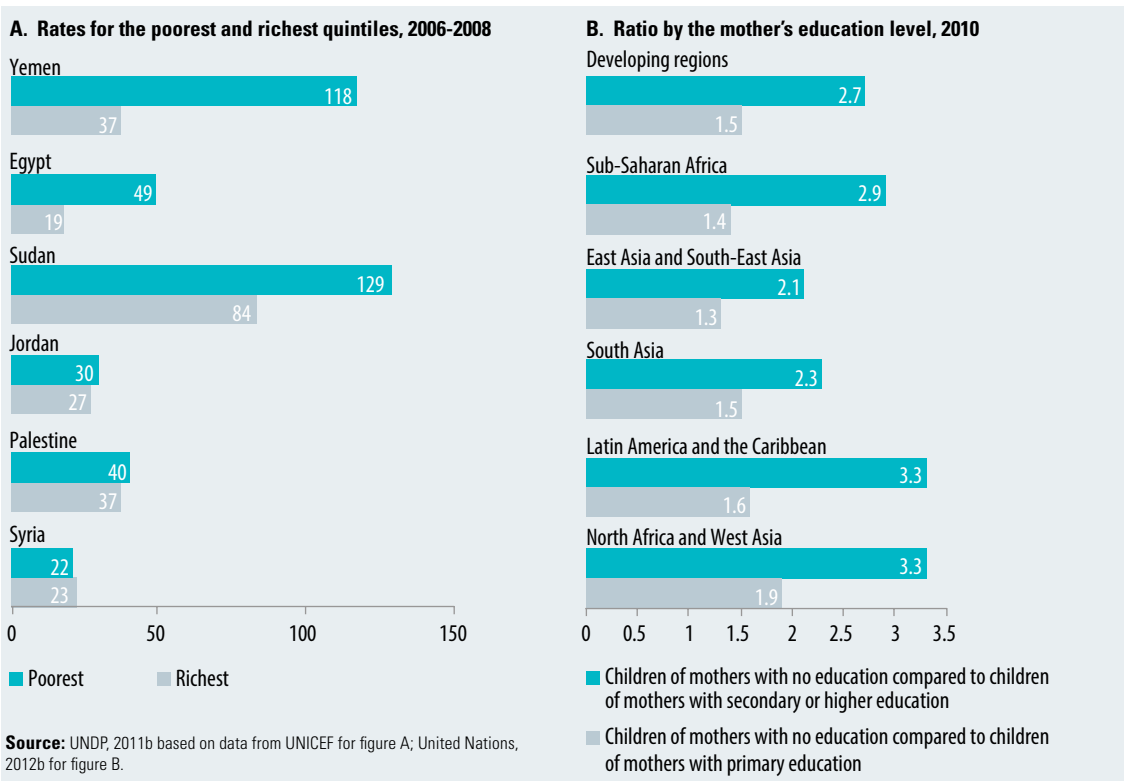


FIGURE I-32

Under five mortality (Per 1,000 live births)



Infants in the first month of life are at high risk of dying

Regional neonatal mortality rates, covering deaths in the first month after birth, have declined from

Neonatal mortality requires specific health interventions, different from those designed to address other under-five deaths

29 per 1,000 live births in 1990 to 21 per 1,000 live births in 2011 (figure I-33). This 27 per cent reduction is significantly lower than the reductions by 36 per cent and 34 per cent of under-five and infant mortality rates, respectively, which means that the proportion of deaths occurring during the first month after birth is increasing, in consistency with global trends. Worldwide, the share of neonatal deaths among under-five deaths increased from about 36 per cent in 1990 to about 43 per cent in 2011. In the Arab region, the share increased from 35 per cent in 1990 to 42 per cent in 2011. The number of neonatal deaths in the region fell only marginally from 212,000 to 168,000.

In the Mashreq and Maghreb subregions, the difference between the reduction in under-five mortality rates and neonatal mortality rates is very important. The share of neonatal deaths is growing at a striking pace in Maghreb countries particularly, with 57 per cent of under-five deaths in 2011 occurring in the first month of life, compared to 44 per cent in 1990.

The causes of neonatal mortality are generally different from the causes of the deaths of children. More than 50 per cent of neonatal mortality is related to preterm birth complications and complications during birth. Therefore, neonatal mortality requires specific health interventions,

different from those designed to address other under-five deaths.

Cost-effective interventions, both preventive and curative, are possible at the community level, and do not all require investments in advanced medical facilities. For example, early postnatal home visits are effective in promoting healthy behaviour such as early and full breastfeeding and clean cord care, and would encourage more mothers to visit health-care centres regularly. Neonatal infections can be treated as childhood pneumonia, diarrhoea and malaria are. Skilled care for mothers during pregnancy, as well as during and after delivery, can also greatly contribute to the survival of their children. Overall, an effective chain of prevention and care should extend from pregnancy to birth and beyond, including both mothers and children.⁶⁶

A child born in one of the LDCs has a lower chance of surviving to the age of 40

Another way of assessing health risks and the quality of health care is to look at the chances a newborn child has of surviving to the age of 40. A child born in one of the Arab LDCs has a 22 per cent probability of not surviving until 40, a rate above those registered in other subregions (figure I-34).

FIGURE I-33
Neonatal mortality per 1,000 live births

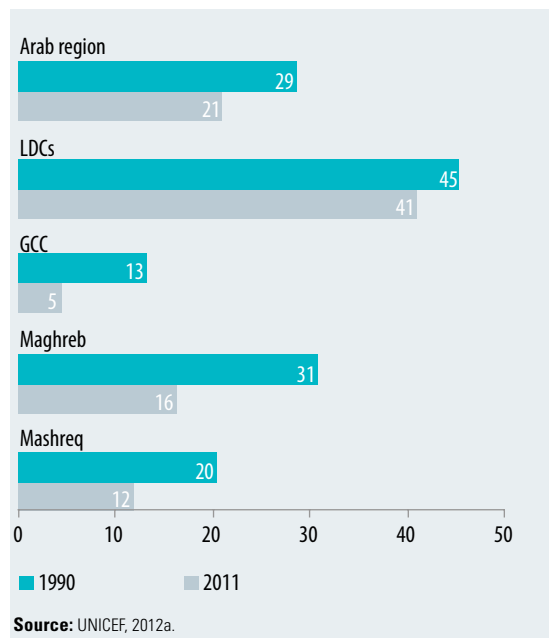


FIGURE I-34
Probability at birth of not surviving to age 40, as a percentage of the cohort

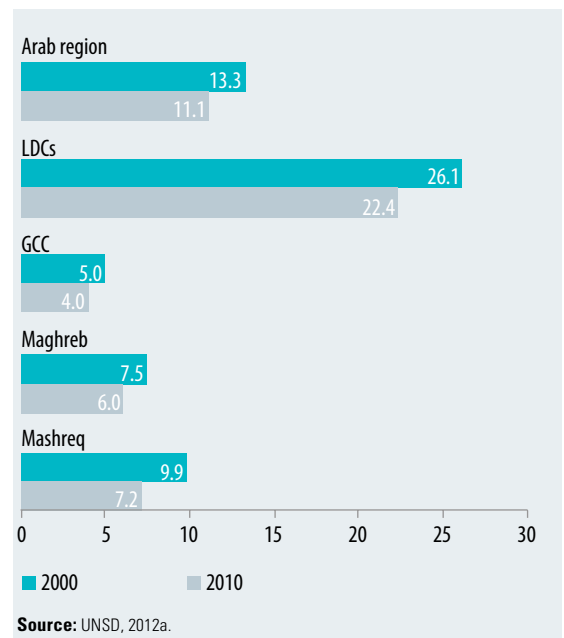
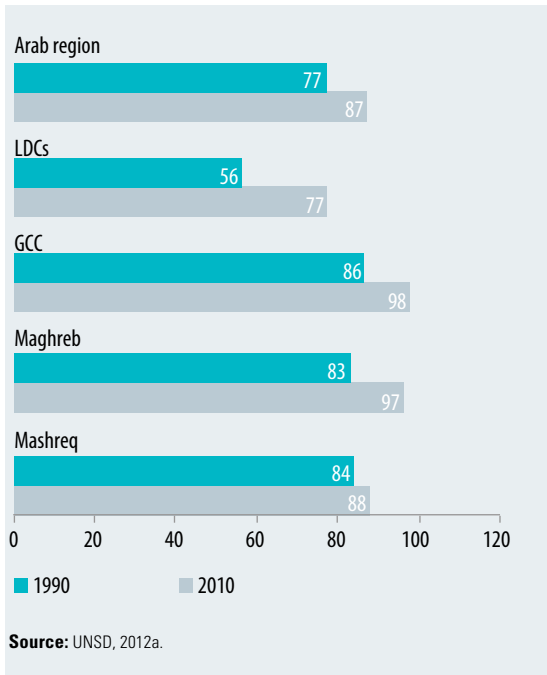


FIGURE I-35

One-year-old children immunized against measles

(Percentage)



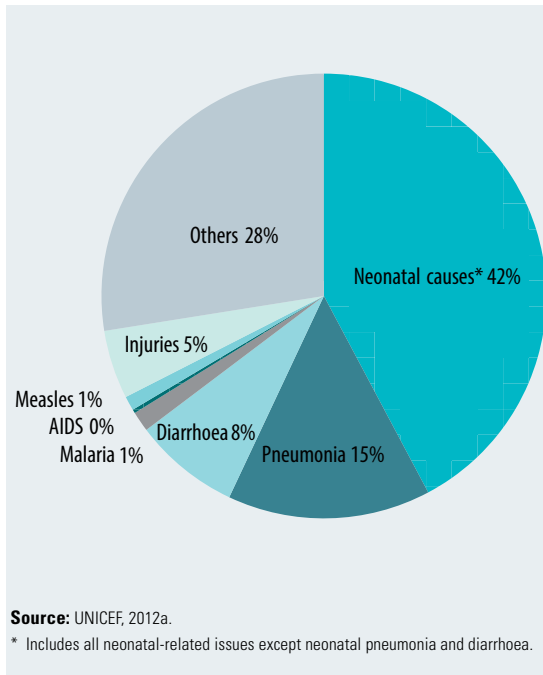
Improved measles vaccination coverage is saving lives

The Arab region has improved vaccination rates remarkably, from 77 per cent to 87 per cent over the past two decades (figure I-35). All subregions have seen significant increases, despite slow progress in Mashreq countries. In 2011, 15 out of 22 countries reported coverage of DPT3⁶⁷ above the targeted 90 per cent. Widespread measles vaccinations in the Eastern Mediterranean region,⁶⁸ which includes most Arab countries, has

FIGURE I-36

Causes of death among children under five in the Arab region, 2010

(Percentage)



Pneumonia and diarrhoea are now the major causes of death among children in the Arab region

led to a remarkable 90 per cent drop in deaths related to measles, from an estimated 96,000 in 2000 to 11,295 in 2011.⁶⁹

Pneumonia and diarrhoea are now the major causes of death among children in the Arab region. Together, they account for one-in-four deaths among children under the age of five (figure I-36). Despite the recent increase in the number of countries introducing new life-saving vaccines, uptake is considered generally slow, especially in middle-income countries, mainly because of the relatively high prices of vaccines.

Goal 5

Improve maternal health

Antenatal care coverage is improving across the region, but progress is marginal in LDCs

Target

Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

Achievements in reducing maternal mortality are uneven

The regional maternal mortality ratio has decreased by 27 per cent between 1990 and 2010 (figure I-37). A decline of more than 60 per cent was registered in the Mashreq and Maghreb subregions, which are close to the target of reducing the ratio by three quarters. Remarkably, GCC countries have halved their ratio in the same period and reached the level of 15 deaths⁷⁰ per 100,000 live births in 2010, thus achieving more progress than developed regions where the average was 16 deaths per 100,000 live births in the same year.⁷¹

Progress is slower in the region since 2000, however (figure I-38). It had actually stalled in three of the four subregions in 2000-2010, compared to the 1990s. Only 9 out of the 22 Arab countries have registered stronger progress since 2000. A number of factors underlie maternal mortality, such as lack of access to health care and poor-quality health care. Legal barriers to safe and reliable contraception and lack of affordable and safe abortion services also impede progress in that area.

Target

Achieve, by 2015, universal access to reproductive health

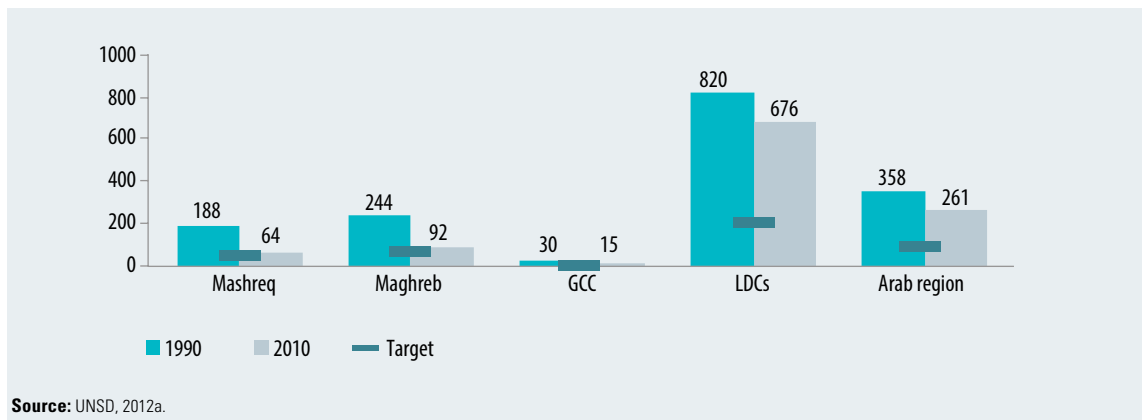
Improved access to reproductive health care is key to addressing maternal mortality in LDCs

Worldwide, around 80 per cent of maternal deaths would be avoided if women had access to essential maternity and basic health-care services.⁷² In the Arab region, more than two thirds of births are attended by skilled health personnel, with an increase from 54 per cent in the 1990s to 69 per cent most recently (figure I-39A). While Mashreq countries can claim significant achievements, progress in LDCs is close to zero, and only one in three births were attended by skilled health personnel there, a rate well below the average of sub-Saharan Africa (45 per cent).

Antenatal care coverage is improving across the region, but progress is marginal in LDCs. The time before birth is critically important for reaching women with interventions and information that promote the health, well-being and survival of both mothers and babies. The regional rate of women attended at least once during their pregnancy by skilled health personnel has risen from 53 per cent to 70 per cent

FIGURE I-37

Maternal mortality ratio per 100,000 live births

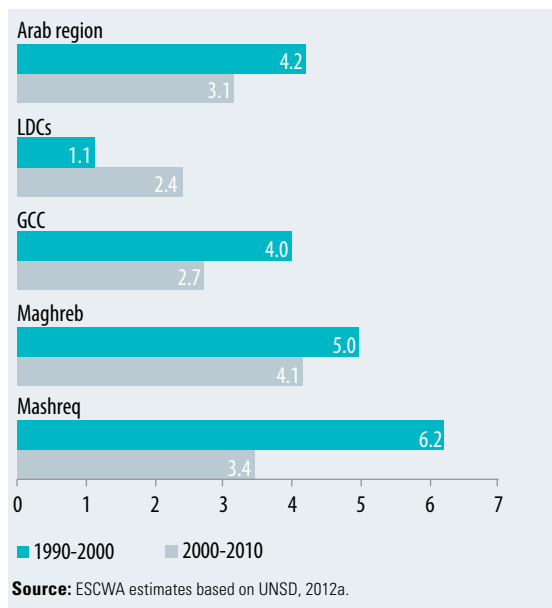


(figure I-39B). GCC countries are close to universal access to antenatal care, strong progress has also been registered in Mashreq and Maghreb countries. However, as with skilled attendance at birth, progress in LDCs is insignificant.

Despite overall increases in the share of births attended by skilled health personnel

FIGURE I-38

Average annual reduction rate in maternal mortality
(Percentage)



and improved antenatal care coverage, large disparities persist between the richest and poorest households (figure I-40A and figure I-40B). With the exception of Yemen, there is close to universal coverage in both indicators for the richest quintile in the region. But the poorest quintile and rural areas still suffer from a lack of access to services. In Egypt for example, skilled health personnel attend 55 per cent of births in the poorest households, a rate which reaches 97 per cent in the richest households. Inequalities are also striking in the Sudan and Yemen.

Nearly half of married women use contraceptives (figure I-41B). But there are strong disparities among countries, ranging from rapid increases in contraceptive use in some to declines in others. Access to safe, affordable and effective methods can help in reducing maternal and infant mortality by preventing unintended and/or closely spaced pregnancies.

Very early childbearing involves higher health risks for both mothers and babies. All subregions have reduced the number of teenage pregnancies (figure I-41A). GCC and Maghreb countries have also significantly decreased teenage pregnancy rates, while LDCs and Mashreq countries continue to register high rates.

The poorest quintile and rural areas still suffer from a lack of access to services

FIGURE I-39

Progress in maternal health (Percentage)

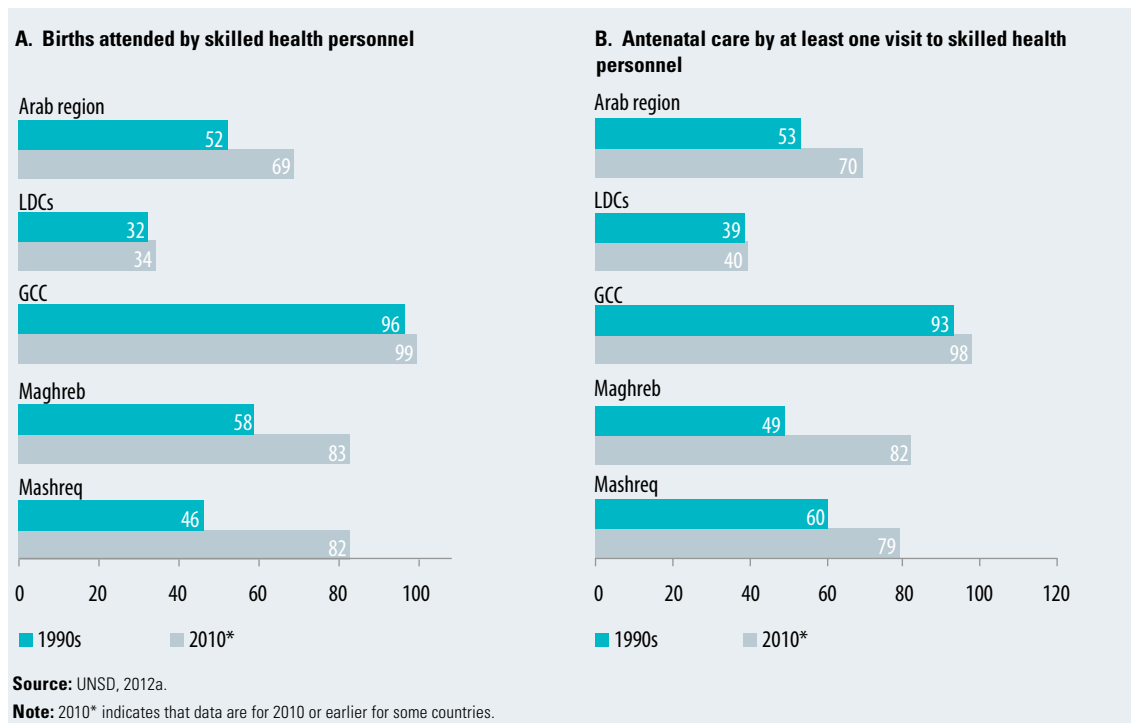
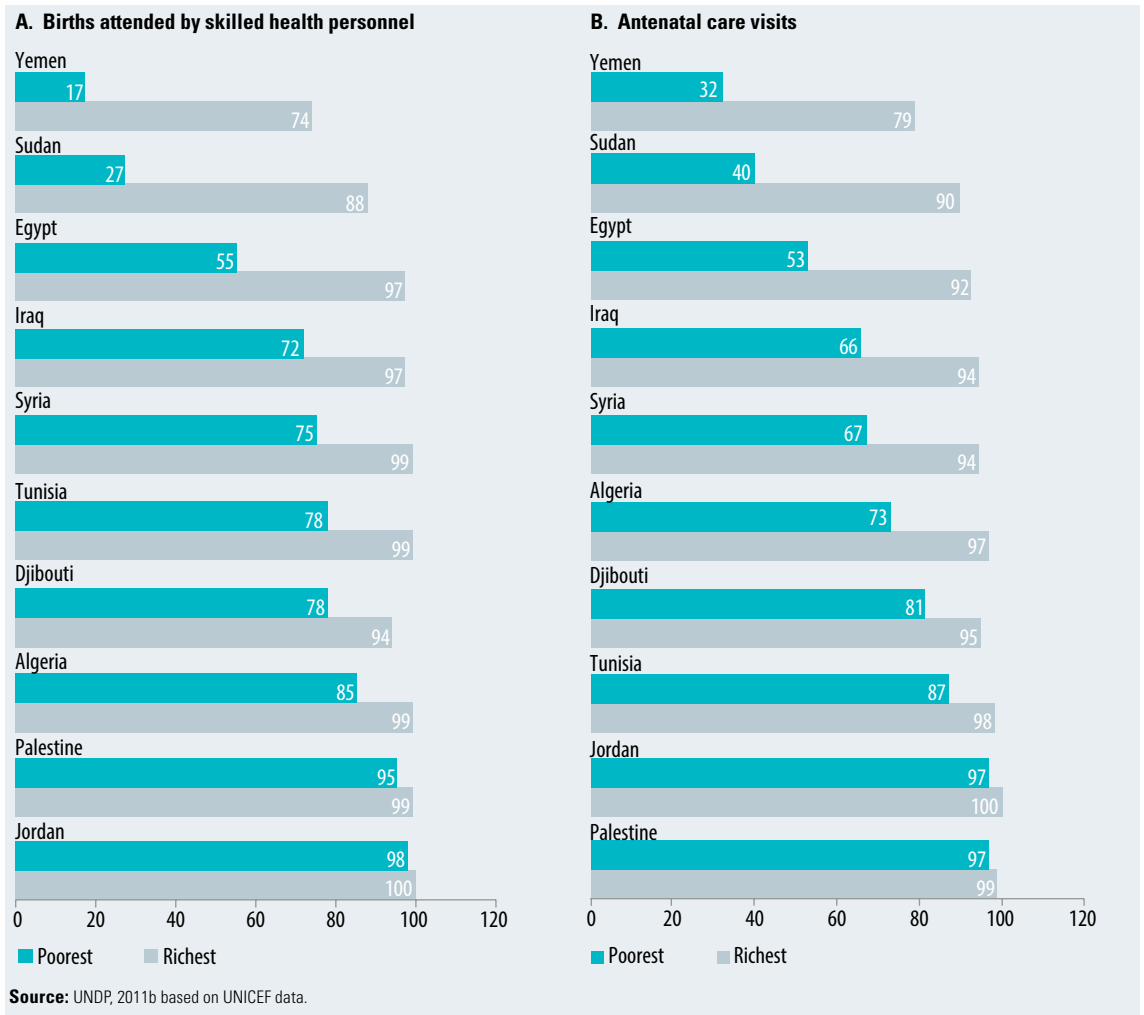


FIGURE I-40

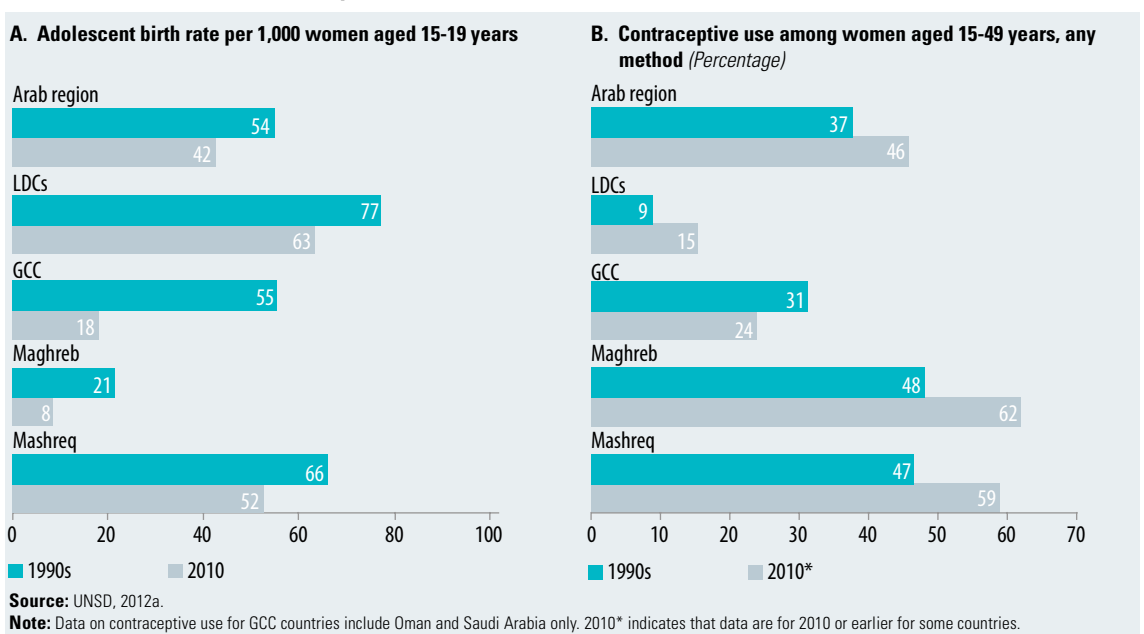
Maternal care for the richest and poorest quintiles in selected Arab countries, 2006-2008 (Percentage)



Access to safe, affordable and effective methods can help in reducing maternal and infant mortality by preventing unintended and/or closely spaced pregnancies

FIGURE I-41

Adolescent birth rate and contraceptive use



Goal 6

Combat HIV/AIDS, malaria and other diseases

Target

Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target

Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it

The number of people living with HIV is increasing, but more people have access to treatment

Recent UNAIDS (Joint United Nations Programme on HIV/AIDS) estimates⁷³ indicate an increase in new HIV infections and AIDS-related deaths registered in the Arab region. Between 2001 and 2011, the estimated number of people living with HIV increased from 166,000 to 226,000. This was mainly due to an increase in LDCs, which registered 25,000 new HIV cases during that period. In Maghreb countries, the number of people living with HIV doubled (figure I-42A).

Since 2001, the number of people registered as newly infected with HIV has increased by more than 35 per cent in the region, from 27,000 to

37,000. Between 2005 and 2011, there was also a significant 27 per cent jump in AIDS-related deaths, from 14,000 to 17,000.

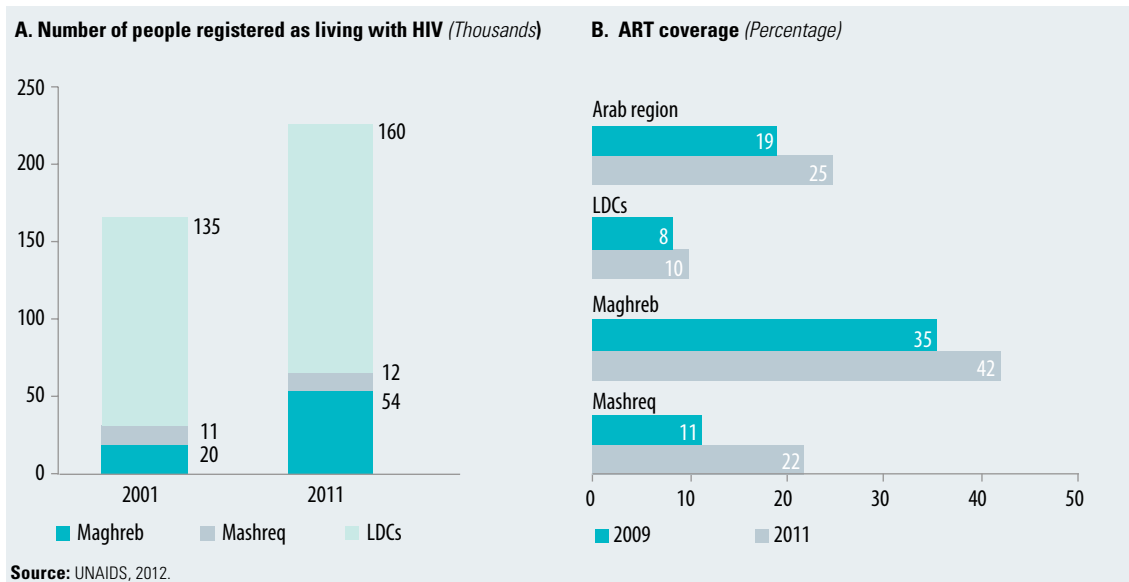
Efforts are being made to increase the coverage of HIV treatment, nevertheless it is still insufficient. Stigma and discrimination remain barriers for access to prevention and treatment services. Estimated antiretroviral therapy (ART) coverage has risen from 18.8 per cent in 2009 to 24.7 per cent in 2011 (figure I-42B). In the same period, the number of people with access to HIV treatment increased by more than 50 per cent, from 10,364 to 15,982.

Punitive laws and practices hamper effective HIV responses. Four Arab countries have a blanket ban on entry by people living with HIV—Oman, the Sudan, the United Arab Emirates and Yemen. Egypt and Qatar require that individuals who wish to stay for short periods of time (10-90 days) demonstrate that they are HIV-negative. All GCC countries impose HIV-related restrictions for migrant workers, all of whom are subjected to mandatory HIV tests. Migrants who are HIV-positive are often quarantined, summarily deported and denied appropriate health care.

Efforts are being made to increase the coverage of HIV treatment, nevertheless it is still insufficient

FIGURE I-42

HIV incidence and treatment



Target

Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Stopping malaria and other major diseases remains a key challenge in LDCs

In 2010, the region had about 1.79 million malaria cases. Five of the six Arab LDCs face serious health concerns related to that disease: the Comoros, Mauritania, Somalia, the Sudan and Yemen. Regionally, the number of deaths of children under the age of five due to malaria had stagnated at around 11,000 per year since 2000: in 2010, an estimated 10,180 children under five died, 8,218 of which lived in Somalia and the Sudan.⁷⁴ In Djibouti, the malaria burden is very minimal, yet the country is prone to periodic epidemics following unexpected rain or population movements.

Making sure that children sleep under long-lasting insecticide-treated nets (LLIN) can be an important and relatively cheap measure to reduce malaria. The use of those varies across four of the Arab LDCs for which data are available, and it also varies between urban and rural areas within countries. Generally, usage is low. In the Sudan and Yemen, only 15.5 per cent and 7.8 per cent of children under the age of five slept under LLIN in 2010, respectively. The average in sub-Saharan Africa was 39 per cent. The share of children with fever receiving anti-malarial treatment also varies across countries. While more than 50 per cent received such treatment in the Comoros and the Sudan, the share was less than 10 per cent in Djibouti and Somalia.⁷⁵

Tuberculosis (TB) incidence rates⁷⁶ are falling in the region, but slowly. Since 1990, TB incidence had dropped by 20 per cent, from 77 cases per

100,000 people in 1990 to 62 per 100,000 in 2010 (figure I-43A). All subregions had witnessed a reduction, but there were large discrepancies among LDCs: the Comoros and Yemen had achieved significant decreases while the four remaining countries had sustained very high incidence rates.

Regional reductions in TB prevalence⁷⁷ have also been considerable since 1990, and appear to have accelerated since 2000. Nonetheless, current forecasts indicate that Arab countries need to enhance their efforts in order to achieve the target of halving prevalence by 2015.

The region is closing in on a 50 per cent decline in TB death rates. Figures had fallen from 13 deaths per 100,000 people in 1990 to 9 per 100,000 in 2010 (figure I.43B). If current trends persist, the Stop TB Partnership target of halving 1990 death rates by 2015 can be achieved in all Arab subregions.

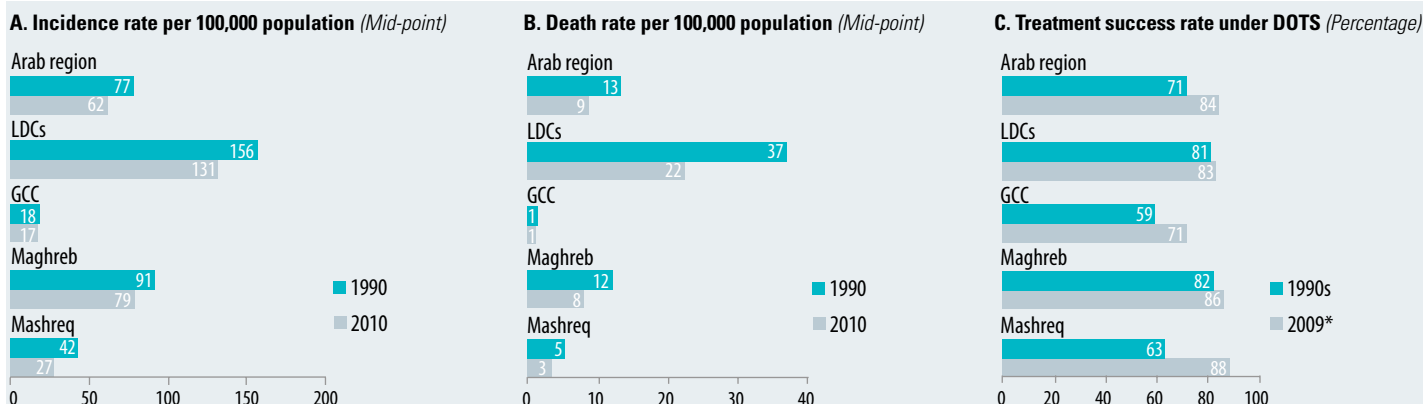
More TB patients are successfully treated, and the region is close to the global target of 85 per cent treatment success among detected cases (figure I-43C).⁷⁸ Significant progress has been made through the internationally recommended Directly Observed Treatment Shortcourse (DOTS). In 2009, 84 per cent of patients were successfully treated, a figure slightly below the target, mainly due to a relatively low success rate in some GCC countries. The three other subregions are above or very close to the 85 per cent target.

The region faces a growing threat from hepatitis B and C. Chronic liver disease related to viral hepatitis has become a leading public health problem. The World Health Organization (WHO) estimates that around 4.3 million people are infected with hepatitis B in the Eastern Mediterranean region every year.⁷⁹ Worldwide, Egypt has one of the highest rates of chronic infection with hepatitis C, at 15 per cent.⁸⁰

More TB patients are successfully treated, and the region is close to the global target of 85 per cent treatment success among detected cases

FIGURE I-43

Tuberculosis rates



Source: UNSD, 2012a.

Note: 2009* indicates that data are for 2009 or earlier for some countries. ** Directly observed treatment shortcourse

Goal 7

Ensure environmental sustainability

Target

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target

Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

Per capita carbon dioxide emissions in GCC countries are higher than in developed regions

Carbon dioxide (CO₂) emissions are increasing, yet at a slower pace than in the early 2000s. In 2009, the latest year for which data are available, emissions reached 1.5 billion metric tons (figure I-44A), representing a 3 per cent increase from

2008. That rate is lower than the average annual increase of 6 per cent in the period 2002-2007. However, 2009 emissions were more than twice the amount of 1991, mainly due to an increase in GCC countries, and in Mashreq country emissions, which have also doubled.

Globally, per capita emissions are highest in developed regions and reach an average of 11.2 metric tons. In the Arab region, per capita rates are highest in GCC countries, at 19 metric tons (figure I-44B). Regional per capita emissions have increased in the last two decades, again mainly due to GCC countries. Emissions per unit of GDP fell by 33 per cent in the region, due to a decrease of 37 per cent, 20 per cent and 40 per cent in the Mashreq, Maghreb and GCC countries, respectively (figure I-44C).

In the Arab region, per capita rates are highest in GCC countries, at 19 metric tons

FIGURE I-44
CO₂ emissions

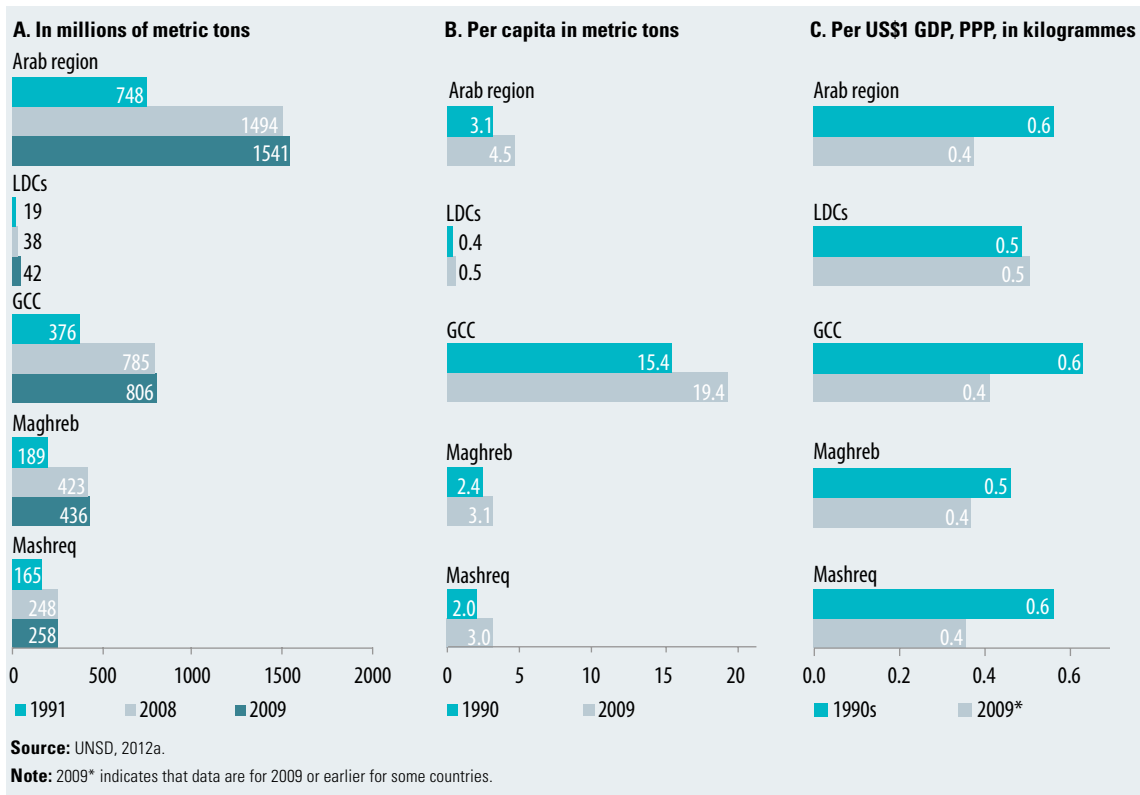
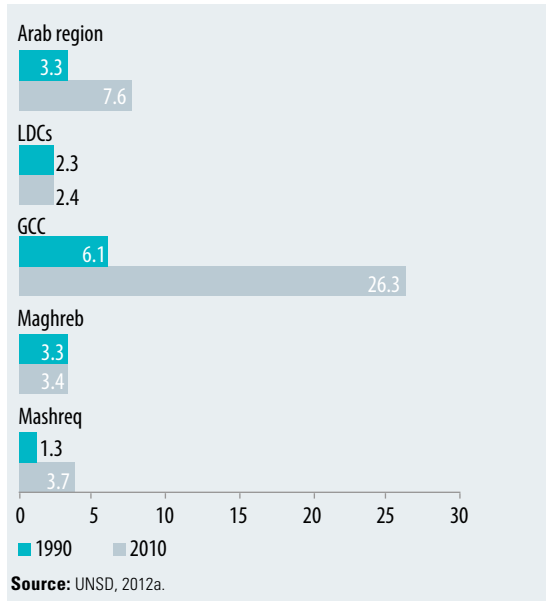


FIGURE I-45

Terrestrial and marine protected areas as a percentage of total territorial area



Climate change threatens to aggravate water scarcity and food insecurity

The Arab region will greatly suffer from climate change, including through water scarcity, desertification, reduced agricultural productivity, food insecurity, seawater rise, inundation of fertile lands and coastal infrastructure, and the loss of biodiversity. A United Nations Environment Programme (UNEP) index of water stress

vulnerability, measured by indicators of resource stress, development pressure and ecological health, concluded that all countries of the West Asia⁸¹ region are highly vulnerable. Water variation, which is a natural factor, and water exploitation both contribute to this vulnerability.⁸²

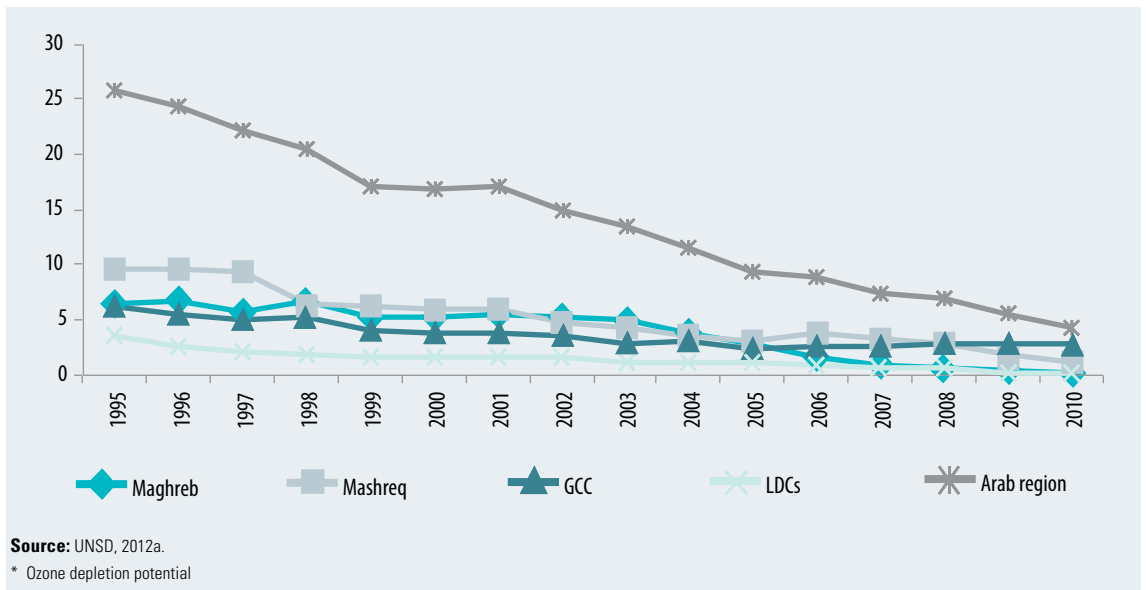
The region is increasingly protecting marine and terrestrial areas. However, most Arab countries have not yet adopted national sustainable development policies to link environmental, social and economic priorities. By 2012, protected areas covered 7.6 per cent of total territory (figure I-45), which represented a doubling in size since 1990. The increase was mainly due to an expansion of such areas in GCC countries. Algeria, Egypt and the Sudan have also protected larger terrestrial and marine areas.

Significant decline in the consumption of ozone-depleting substances

In 2012, the region had reason to celebrate the twenty-fifth anniversary of the Montreal Protocol on Substances that Deplete the Ozone Layer. Consumption of ozone-depleting substances had dropped by 83 per cent between 1995 and 2010 (figure I-46).⁸³ Maghreb countries and LDCs had led the decline, with a rate of 98 per cent, while Mashreq countries had decreased their consumption by 88 per cent. GCC countries had also reduced their consumption, but only by 56 per cent.

FIGURE I-46

Consumption of all ozone-depleting substances in ODP* (Thousand metric tons)



Target

Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Millions have benefited from improved access to safe drinking water, but some countries still have acute shortages

Between 1990 and 2010, coverage with improved access to safe drinking-water sources⁸⁴ in the Arab region reached 81 per cent (figure I-47A). While a number of Arab countries are on track to meet the water target, access has declined in Algeria, Iraq, Palestine, the Sudan and Yemen. Challenges in those countries can generally be attributed to water shortages, inadequate water management, lack of financial resources and insufficient investment. Conflict and instability can also curtail access to water.

Despite shortfalls, Algeria, Iraq, Palestine, the Sudan and Yemen have provided millions more people with access to drinking water since 1990. Iraq and the Sudan are among the Arab countries that have extended access to the highest numbers of people since 1995. Access to safe water markedly differs between urban and rural areas across the region. While 89 per cent of people in urban areas have access to improved drinking-water sources, only 73 per cent of rural dwellers do. This situation has a negative impact on their

daily lives, especially those of women and children who often bear the burden of fetching water over long distances.

Access to sanitation is improving, less so in rural areas

The region has performed better on access to sanitation than on access to water. Improved sanitation coverage⁸⁵ rose from 64 per cent in 1990 to 75 per cent in 2010 (figure I-47B), with increases in almost all countries. In Egypt, for example, the number of people without access to improved sanitation fell from more than 16 million in 1990 to less than 5 million in 2010, as coverage increased from 72 per cent to 95 per cent of the population. However, rural areas remain behind, especially in LDCs, where improved sanitation is only available to roughly one in five people. Despite this trend, Yemen has achieved strong progress in rural areas, increasing access from 12 per cent to 34 per cent.

In discussing water supply and sanitation coverage, this report draws on 2010 data. But since then substantial changes may have been caused by conflicts in countries such as Libya, Somalia, the Syrian Arab Republic and Yemen. Access to water and sanitation generally deteriorates in conflict and post-conflict contexts, where infrastructure may be destroyed and investments in improvements delayed.

Access to safe water markedly differs between urban and rural areas across the region

BOX 1-5

In Yemen, water supplies fall far short of demand

Yemen is one of the most water-stressed Arab countries. Demand is rising with population growth and increased per capita demand, even as water resources decline due to the overpumping of aquifers and an unsustainable water management practice called aquifer mining.

Even before the civil unrest that swept across Yemen in 2011 and 2012, some 4.5 million children lived in households with no access to safe drinking water. Over 5.5 million children had no access to adequate sanitation. In Sana'a and many other large cities, public services do not function properly and water is supplied intermittently. A growing number of families rely on expensive truck-provided water.

In 2011, in a UNICEF (United Nations Children's Fund) social protection monitoring survey that tracked water availability in sampled households in the governorates of Sana'a, Amran and Hodeida, 63 per cent of households reported a decline in water consumption in June. In September, that figure was halved to 32.5

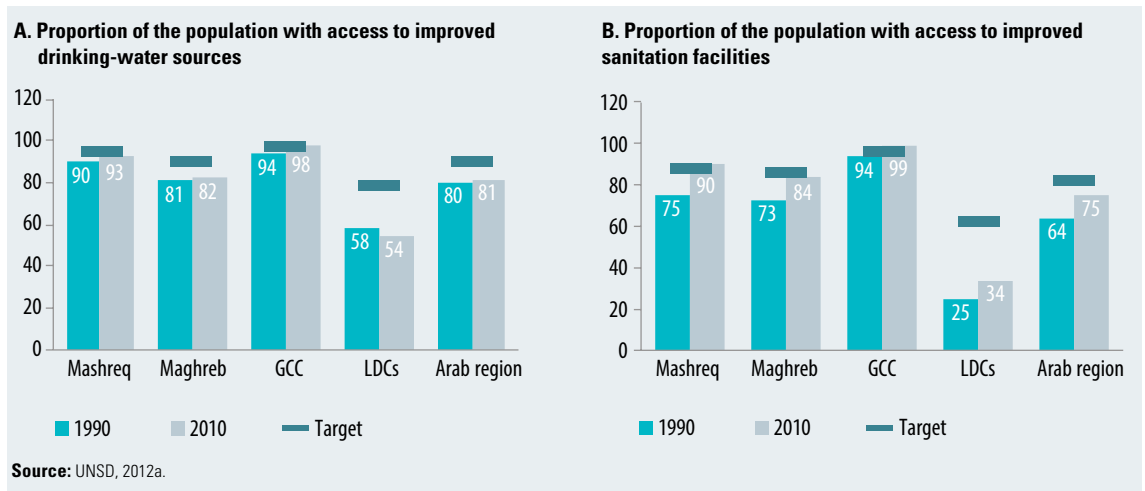
per cent, an improvement which coincided with that of the availability of electricity during the month of Ramadan (August 2011). The decline in water consumption had coincided with a high prevalence of diarrhoea among children under five: it had reached 46 per cent in June and declined to 21.8 per cent in September.

Source: WHO and UNICEF, 2010.

Note: Aquifer mining refers to the over-extraction of groundwater storage, generally for irrigation, which leads to the depletion of aquifers. Aquifers are of two types: replenishable and non-replenishable ones. When the replenishable aquifers are depleted, the maximum rate of pumping is automatically reduced to the rate of recharge. In the case of non-replenishable aquifers, depletion brings pumping to an end.

FIGURE I-47

Access to improved drinking-water sources and sanitation facilities



Target

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

The proportion of people living in urban slums varies across countries: LDCs have the highest concentration

Some Arab countries have almost eliminated slums; in others, conflict has fanned their growth. In the developing world, the share of urban residents living in slums declined from 39 per cent in 2000 to 33 per cent in 2012, but the absolute number of slum dwellers has continued to rise, from a 1990 baseline of 650 million to an estimated 863 million people.⁸⁶ In some Arab countries, slum dwellings are in isolated pockets,

but in most LDCs, more than two thirds of urban residents live in slums (figure I-48).

Some Arab countries have made remarkable progress in improving the conditions of slum dwellers. Egypt, Morocco and Tunisia have made notable national commitments to upgrading slums using different models. Tunisia was the first Arab country to eliminate slums through SNIT (Société Nationale Immobilière Tunisienne) and ARRU (Agence de Réhabilitation et de Rénovation Urbaine). However, informal settlements in Tunisia, remain a challenge—an estimated 30 per cent of housing production is informal. Morocco reduced the number of its slums by 65 per cent between 1990 and 2010, thus decreasing the share of the slum population from 37 per cent to 13 per cent of urban residents. A government programme, Cities without Slums, upgraded 250 neighbourhoods in 25 cities.

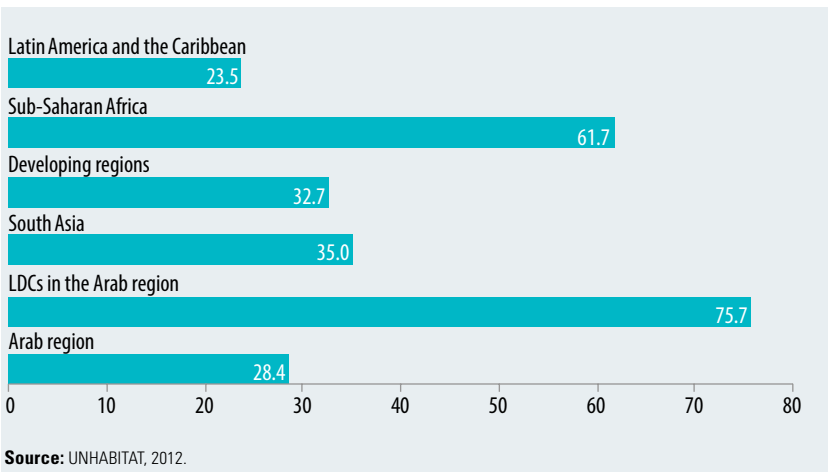
In countries affected by conflict and political instability, such as the Comoros, Iraq, Lebanon, Somalia, the Sudan and Yemen, 50 per cent to 95 per cent of urban residents live in slums. Conflict forced many people to slums, refugee camps and informal settlements, within or beyond national borders.

Urban growth in the region often happens illegally and under precarious environmental conditions. Some of the most significant challenges to the more sustainable development of Arab cities include declining fresh water resources and the lack of efficient systems for solid waste and wastewater collection, treatment and safe disposal. Cities should also be equipped to manage the effects of climate change.

Conflict forced many people to slums, refugee camps and informal settlements, within or beyond national borders

FIGURE I-48

Urban slum population as a percentage of total urban residents (Latest available data)



Goal 8

Develop a global partnership for development

Target

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Developed countries now admit a higher share of Arab exports free of duty, but the region is still unable to fully utilize the potential of free trade

During the past decade, Arab countries have undertaken significant steps towards trade liberalization, and regional and global economic integration. They implemented a number of regional agreements including the Greater Arab Free Trade Area (GAFTA), GCC and the Arab Maghreb Union (AMU). Twelve Arab countries are members of the World Trade Organization (WTO) and nine more are negotiating WTO membership.⁸⁷ Most countries are eager to sign multilateral and bilateral free trade agreements, particularly with developed countries such as the United States, members of the European Union and members of the European Free Trade Association (EFTA).

Arab countries face fewer trade barriers today than in 1990. In 2010, 94 per cent of non-oil exports to developed countries were free of duty, a significant improvement over 48 per cent in 1996 (figure I-49). The Maghreb region achieved major progress, with Algeria and Tunisia registering the largest increases from 16 per cent and 9 per cent in 1996 to 100 per cent and 96 per cent in 2010, respectively. Mashreq and GCC countries also experienced considerable progress, with the exception of Palestine, where the share of duty-free exports oscillated from 81 per cent in 1996 to 1 per cent in 2001, and then back to 80 per cent in 2010. Arab LDCs had a high percentage of duty-free exports throughout this period.

Under the most-favoured-nation (MFN) treatment principle, average tariffs on agricultural goods, textiles and clothing exports from Arab countries did not undergo any significant change during the past decade, with a rate of 10 per cent in 1996 and 9 per cent in 2010 (figure I-50). It

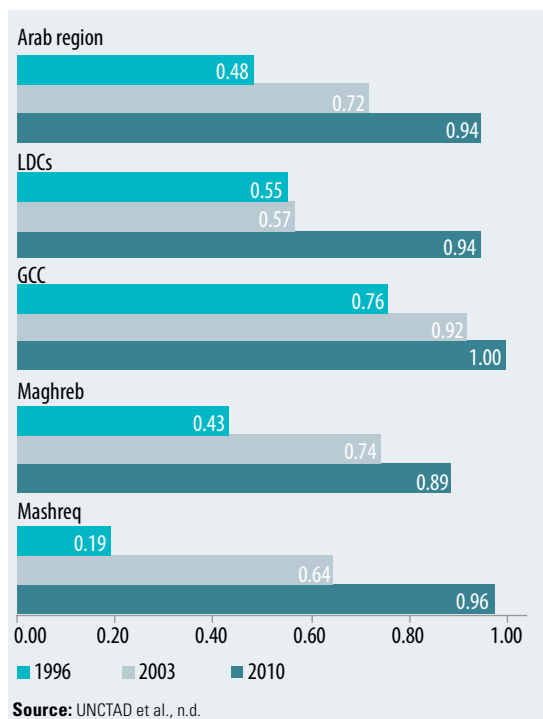
is likely to have remained so in 2011 and 2012. The average MFN tariff imposed on LDCs was the lowest in the region, reaching 7 per cent in 2010. From 1996 to 2010, MFN tariffs applied to LDCs had also seen the greatest decline, of about 12.5 per cent. Mashreq and Maghreb countries witnessed a decline of around 10 per cent during the same period.

The average preferential tariffs applied on agricultural goods, textiles and clothing exports from Arab countries decreased from 8 per cent in 1996 to 6 per cent in 2010 (figure I-51). Rates are likely to have remained stable in 2011 and 2012. Mashreq countries and LDCs showed the most significant declines, of 39 per cent and 34 per cent, respectively. LDCs continue to be subject to the lowest level of preferential tariffs, which reached 3 per cent in 2010.⁸⁸

The average preferential tariffs applied on agricultural goods, textiles and clothing exports from Arab countries decreased from 8 per cent in 1996 to 6 per cent in 2010

FIGURE I-49

Proportion of total imports of developed economies from Arab countries, by value, admitted free of duty, for all product categories excluding arms and oil



Arab countries are still unable to fully realize the benefits of the increasingly favourable conditions for trade. This is due to a number of factors, including overvalued exchange rates, supply constraints and a general weakness in non-oil

export promotion strategies. Consequently, non-oil commodity exports still represent only a small fraction of total Arab exports to developed economies, and the share of manufactured goods also remains low.

Arab countries are still unable to fully realize the benefits of the increasingly favourable conditions for trade

FIGURE I-50

MFN tariffs imposed by developed economies on agricultural, clothing and textiles exports from Arab countries

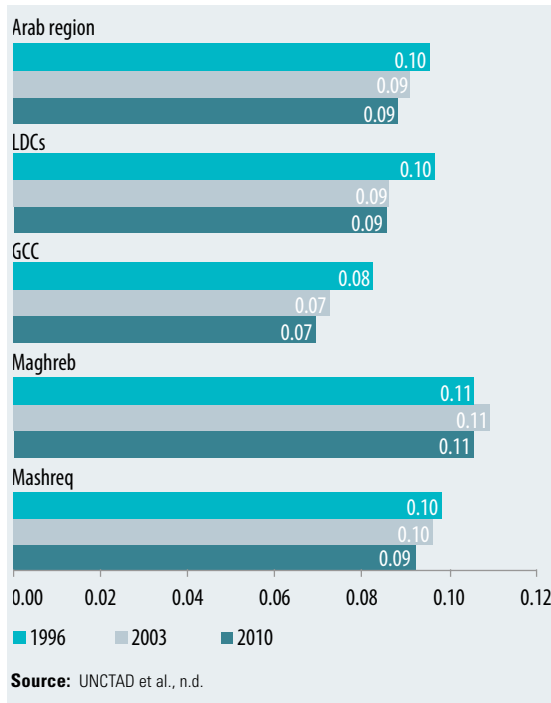


FIGURE I-51

Preferential tariffs imposed by developed economies on agricultural, clothing and textiles exports from Arab countries

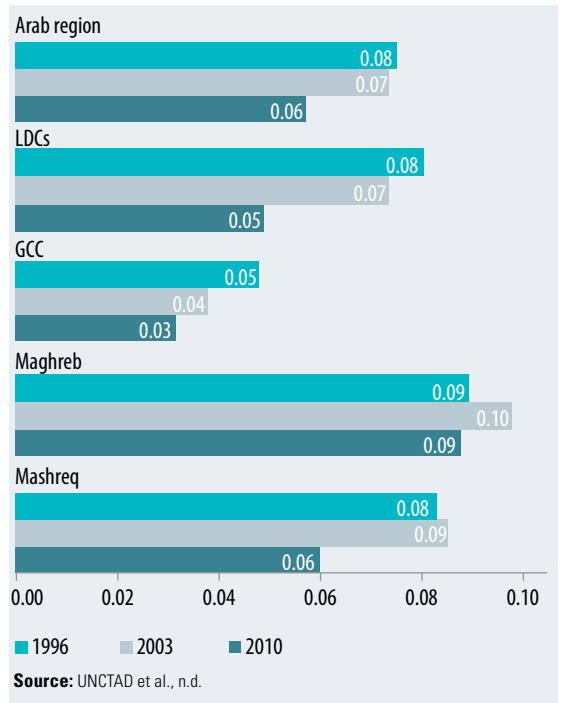
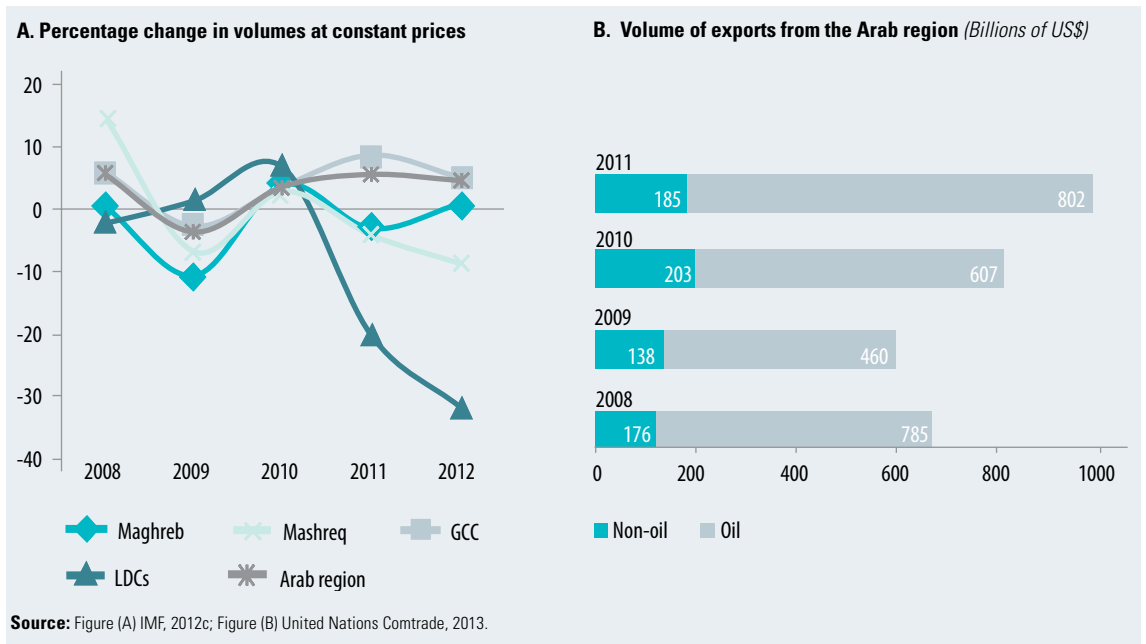


FIGURE I-52

Exports of goods and services



Weak economic growth in Europe had a negative impact on exports

The volume of exports from the Arab region has been highly volatile in the past few years. Annual exports increased by 4.6 in 2012, mainly driven by high oil prices and exports from GCC countries. The volume of exports from Mashreq countries and LDCs dropped significantly in 2011 and 2012. The decline of LDC exports was mainly due to conflict in the Sudan, while in Mashreq countries, it stemmed from instability in Egypt and the Syrian Arab Republic. In 2010 and 2011, calls for protectionism due to economic recession in the developed world did not restrict market access for Arab countries. Nevertheless, weak economic growth in Europe, a main trading partner for most Arab countries, did have a negative impact on their exports.

The region's current account balance as a percentage of GDP was positive in the last five years, mainly as a result of surpluses in oil-exporting countries. In 2011, the current account balance reached 13.9 per cent, but it declined to 13.5 per cent in 2012, largely driven by GCC countries (figure I-53). In contrast, Mashreq countries and LDCs have alarmingly large and increasing current account deficits.

Target

Address the special needs of the least developed countries

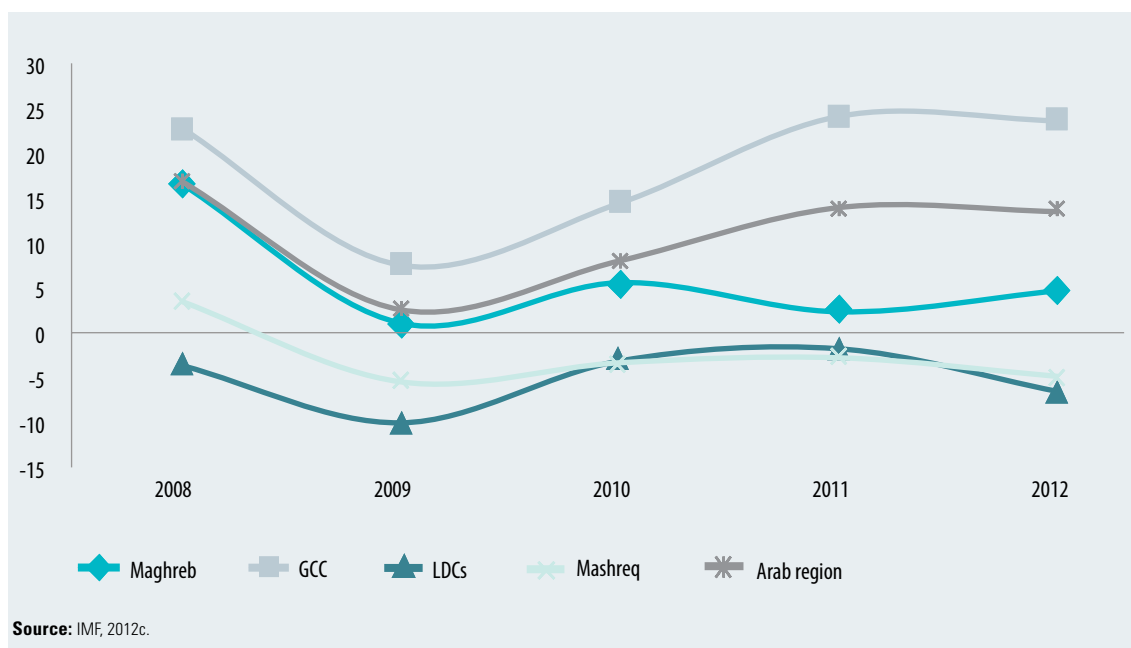
Although official development assistance to the Arab region is increasingly untied, it is still low and volatile

Official development assistance (ODA) allocations are far below the levels required to address the special needs of Arab countries, particularly LDCs. Total ODA to the Arab region (excluding GCC countries), measured by constant 2010 US\$, had significantly decreased from US\$19.1 billion in 1990 to US\$11.8 billion in 2011 (figure I-54). LDCs had registered a small increase of ODA allocations, mainly due to a substantial increase in support to the Sudan. However, other LDCs experienced stagnation and even decline, for some. Mashreq countries also saw a decline, despite continued significant commitments to Iraq and Palestine.

ODA in the Arab region is marked by high volatility. Sudden spikes are almost always conflict-related and/or due to political stances of donors. Examples include Egypt in 1990, Iraq after 2002, and Lebanon and Palestine after 2007. Such fluctuations are far less noticeable in Maghreb countries, but this trend may have changed starting 2012 due to political transitions in Tunisia and Libya.

FIGURE I-53

Current account balance, percentage of GDP



Source: IMF, 2012c.

ODA has not matched population growth, rendering per capita levels significantly less in 2011 than in 1990

ODA has not matched population growth, rendering per capita levels significantly less in 2011 than in 1990 (figure I-55). This is particularly alarming for LDCs. The strikingly low per capita ODA for Yemen, US\$18, stands out within ODA targeting LDCs. Per capita ODA to Mashreq countries declined from US\$131.5 in 1990 to US\$40.9 in 2011, except during the period 2003-2008 when Iraq, Lebanon and Palestine recorded the biggest increases.

Around one third of ODA to Arab LDCs is devoted to humanitarian assistance, in particular in Somalia and the Sudan, where the share is 63 per cent and 40 per cent, respectively. For the region as a whole, throughout 2009-2011, donor countries directed 69 per cent of ODA to social sectors and 31 per cent to economic sectors, with

some variations among subregions. Around 50 per cent of ODA to Maghreb countries was intended for the economic sector, compared to 26 per cent in Mashreq countries and LDCs.

ODA to the region is becoming increasingly untied to any conditions, in particular for LDCs. The Paris Declaration on Aid Effectiveness made a strong commitment to untie aid, and the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) made further commitments to LDCs. As shown in figure I-57, the proportion of untied ODA to the Arab region increased between 2007 and 2011, especially in LDCs, where the share rose from 66 per cent to 92 per cent. The proportion of untied aid decreased in the Mashreq subregion, however, due to declines in Iraq and Jordan.

FIGURE I-54
Net ODA received by Arab countries, in constant 2010 US\$

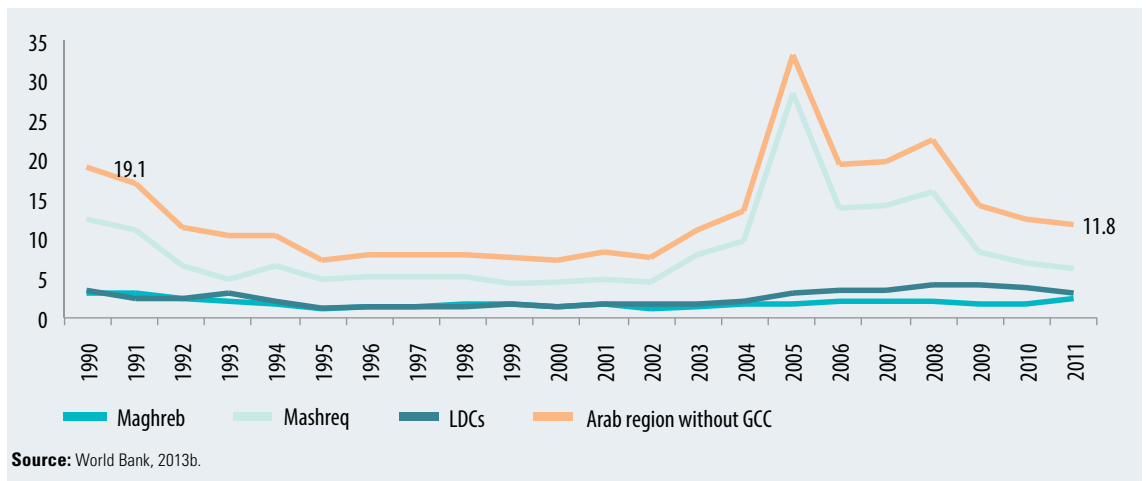


FIGURE I-55
Net ODA per capita received by Arab countries, in constant 2010 US\$

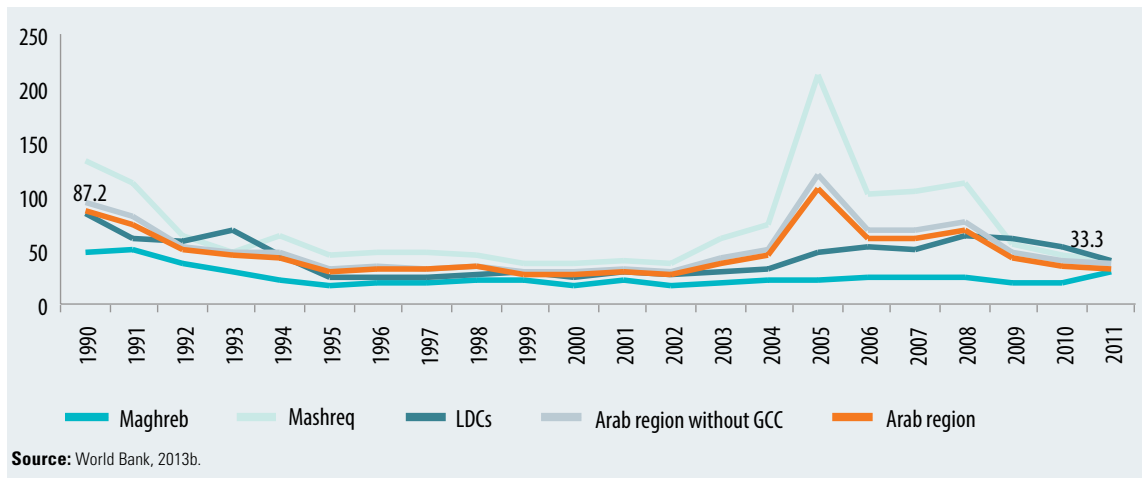
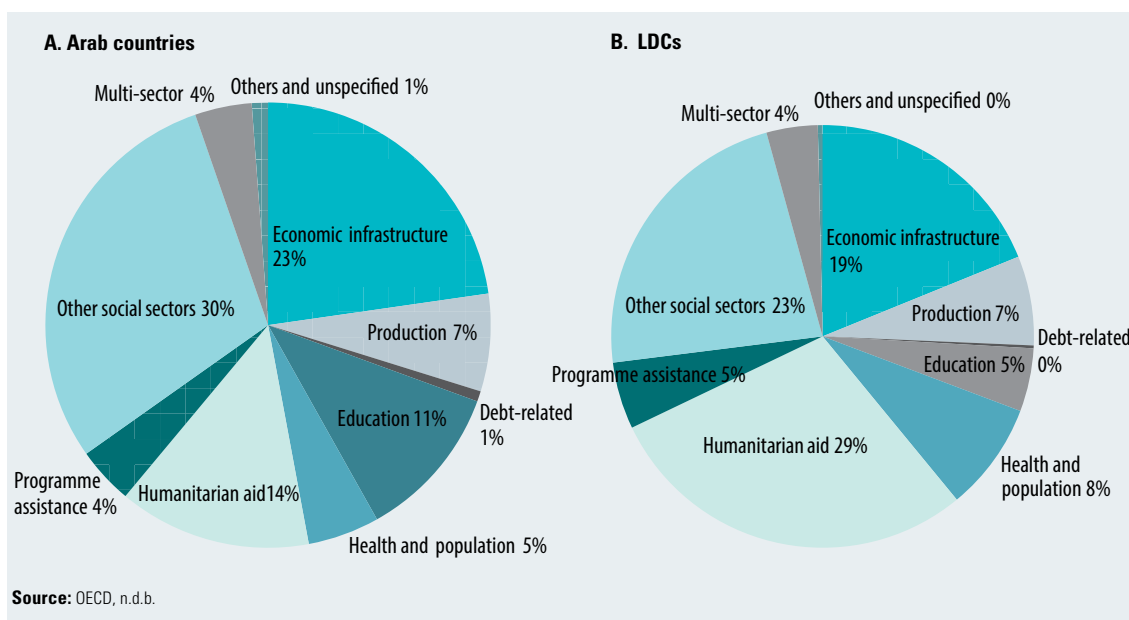


FIGURE I-56

ODA distribution among economic and social sectors, 2009 - 2011



Arab donors are more generous than DAC/OECD on average, but have significantly reduced ODA as a share of gross national income since 1990

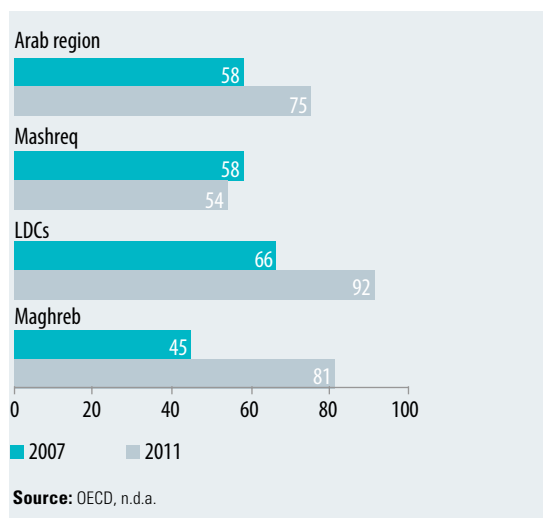
Arab countries do not only include ODA recipients: some of them, such as Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, are among the most significant donors. Arab donors contributed around 5 per cent of total DAC ODA and 65 per cent of total non-DAC ODA in 2011 (figure I-58). During 1990-1994, ODA from Arab donors was around 1.5 per cent of gross national income (GNI), a share that has declined since then. By 2011, it had fallen to 0.46 per cent, but was still higher than the DAC average of 0.34 per cent (figure I.59).

There could be some discrepancy between national data on ODA and those reported by the OECD database for a number of reasons, including non-coverage or non-reporting of some aid as ODA. For example, Qatar national statistics on MDG progress for 2012 indicate that the country's ODA as a share of GDP was 0.54 per cent in 2011, but the OECD database does not report separately on Qatar's ODA and rather combines it with other ODA. However, this discrepancy does not affect the results of this report, which presents trends in ODA from Arab donors.

Aid to the region is projected to increase in the coming years, despite recession in the major donor countries. On the one hand, indications from

FIGURE I-57

Proportion of untied ODA



the DAC/OECD survey on donors' forward spending plans for 2012-2015 suggested that global ODA was expected to rise in 2012, but from 2013 on, it was expected to stagnate. This confirmed earlier studies that pointed to the fact that the impact of a recession on ODA is visible only after some time from its onset. On the other hand, the survey predicted that recent events in a number of Arab countries might result in ODA increases. There are also other indications that Arab donors and financial institutions have indeed made some adjustments in response to the needs of Arab countries going through political turmoil.

FIGURE I-58

ODA by Arab donors as a percentage of DAC and non-DAC ODA

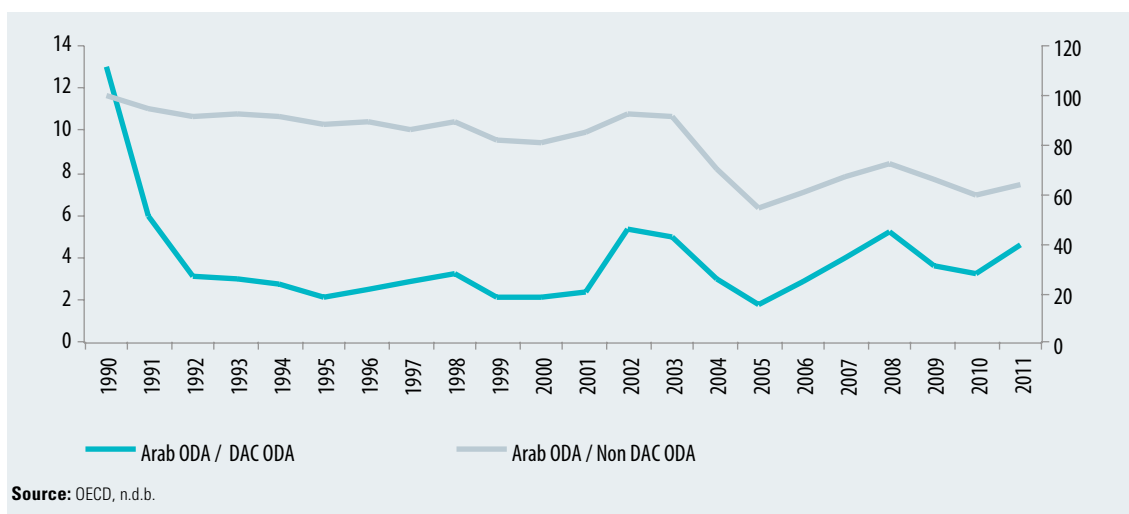
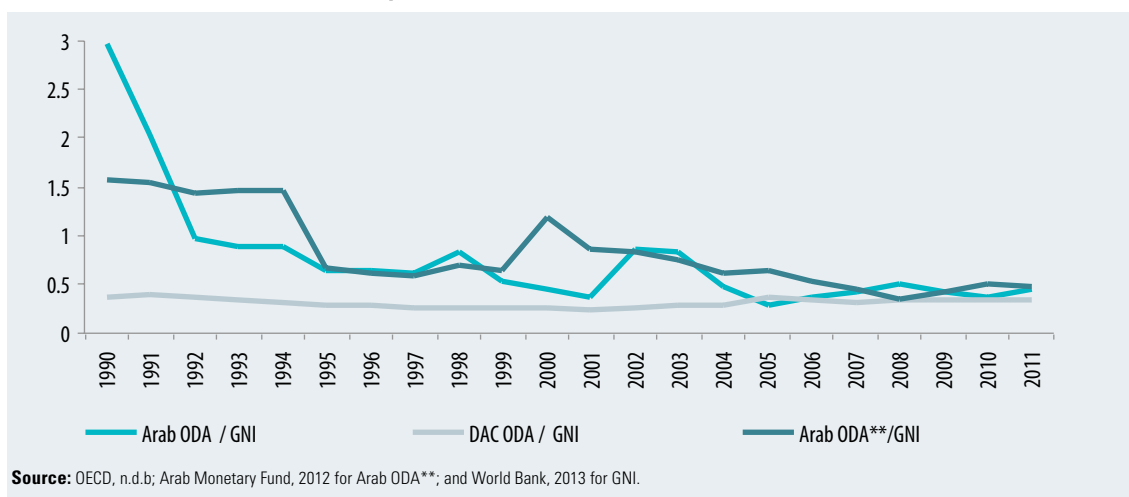


FIGURE I-59

ODA by Arab donors and DAC ODA as a percentage of GNI



Four out of five Arab LDCs with available rankings are classified as being at high risk of or in debt distress

Target

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Public debt is reaching an alarming level in several countries due to global recession and political instability, but debt service remains relatively low

Debt sustainability models focus on the ability of countries to service debt, but in the context of MDGs, debt sustainability is defined in terms of whether or not debt obligations inhibit economic and social development. Currently, the Bretton Woods Institutions analyse debt sustainability

under the Debt Sustainability Framework (DSF). It sets limits or thresholds for borrowing in order to ensure debt sustainability, despite difficulties in determining critical thresholds beyond which debt would be unsustainable. For low-income countries, DSF sets the debt-to-GDP ratio threshold at 40 per cent and the threshold for debt service at 20 per cent of exports. For middle-income countries, the International Monetary Fund (IMF) does not set an explicit threshold, but a debt-to-GDP ratio above 60 per cent would trigger deeper analysis.

Based on the most recent assessment under DSF, four out of five Arab LDCs with available rankings are classified as being at high risk of or in debt distress.⁸⁹ The Comoros and the Sudan

are considered to be in debt distress, while Djibouti and Yemen are at high risk. Mauritania is classified as at moderate risk, while no rating is available for Somalia. The Sudan is in a particular situation, following the secession of South Sudan. According to an agreement between the two countries, the Sudan has assumed all external debt, but South Sudan has agreed to join an appeal to the international community for debt relief. There has been limited progress so far.

The Comoros, Mauritania, Somalia and the Sudan have been considered eligible for the Heavily Indebted Poor Countries (HIPC) Initiative, launched in 1996 by the IMF and the World Bank to address the special challenges of poor countries. Somalia and the Sudan are still at the pre-decision point, with an uncertain outcome, given their protracted arrears. The Comoros and Mauritania have reached the HIPC completion point and have benefited from irrevocable debt relief. Globally, as of January 2013, 35 of 39 countries had reached that point.

All Arab LDCs are above the 40 per cent debt-to-GDP threshold. In the Sudan, debt is above 80 per cent of GDP in 2012, and in Yemen, the situation is increasingly worrying, as debt is projected to increase from 41 per cent of GDP in 2010 to 45 per cent in 2013. In the Comoros, Djibouti and Mauritania, debt levels have declined in recent years, partly as a result of HIPC. But

debt levels in 2012 were still high, at 41 per cent, 51 per cent and 85 per cent, respectively.

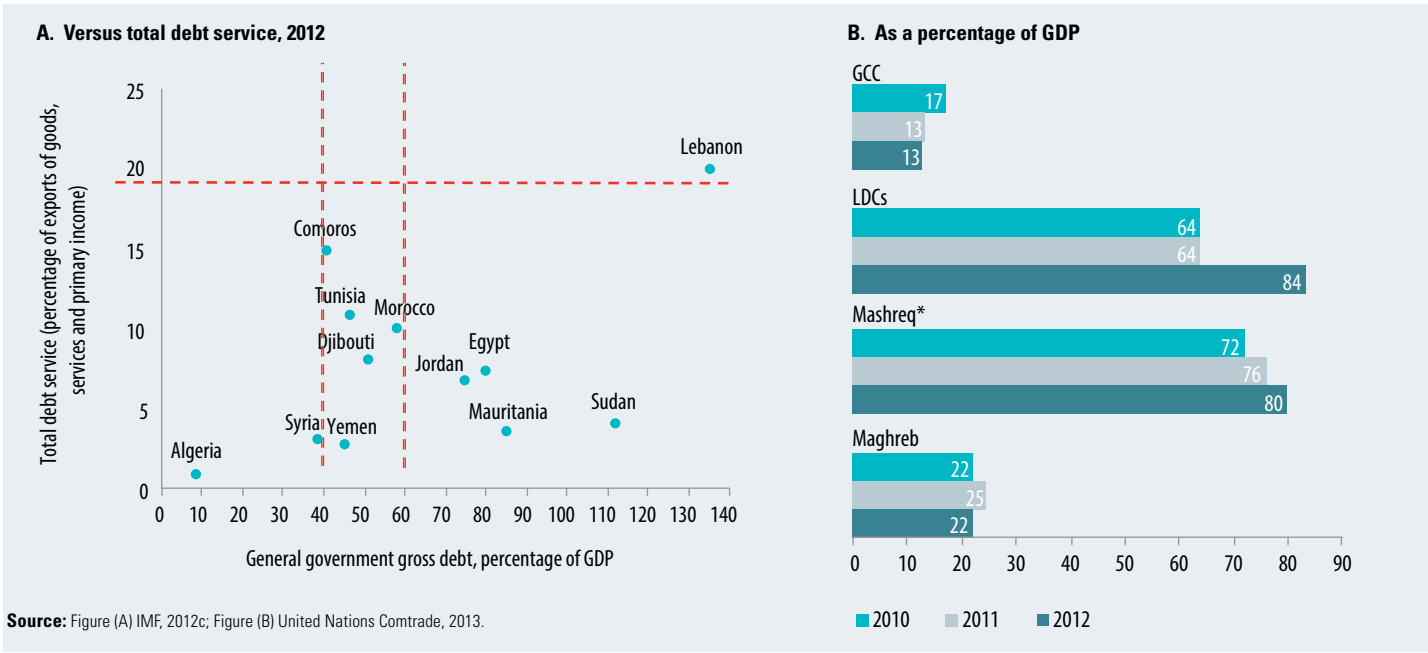
Debt is reaching alarming levels in a number of Mashreq countries, where the overall debt-to-GDP ratio is projected to increase from 72 per cent in 2001 to 80 per cent in 2012. Egypt, Jordan and Lebanon are now all above the 60 per cent threshold set for middle-income countries. The ratio in Lebanon has fallen in recent years, but it is still cripplingly large at 135 per cent of GDP. In Egypt and Jordan, ratios have been rapidly increasing, and there are growing concerns about debt sustainability as levels approach 80 per cent. The ratios in Morocco and Tunisia have risen in recent years, but are still below the 60 per cent threshold.

The cost of debt service and the share of short-term debt, two indicators of debt vulnerability, are relatively low, with a few noteworthy exceptions. Total debt service as a share of exports is below the 20 per cent threshold in all Arab countries, with the exception of Lebanon. The cost of debt servicing has increased in Egypt, Jordan and Tunisia in recent years, however, and this trend is expected to continue as debt levels rise. This increase will constrain fiscal space and policy, as a larger share of government revenue goes to debt servicing.

In terms of the share of short-term debt in total debt, the portion was extremely high in Jordan, at

Debt is reaching alarming levels in a number of Mashreq countries

FIGURE I-60
General government gross debt



Source: Figure (A) IMF, 2012c; Figure (B) United Nations Comtrade, 2013.

The increase in debt levels in Mashreq countries and LDCs can be attributed to large and sustained government fiscal deficits

56 per cent in 2011, while the average was 33 per cent among upper-middle-income countries. In Somalia and the Sudan, the 2011 share was 27 and 25 per cent, respectively, much higher than the 4 per cent average of low-income countries.⁹⁰

The increase in debt levels in Mashreq countries and LDCs can be attributed to large and sustained government fiscal deficits. From 2011 to 2012, fiscal deficits grew from 2.3 per cent to 4.5 per cent in LDCs, and from 5 per cent to 8.4 per cent in Mashreq countries. Instability in those countries has affected government revenue through a

slowdown in economic activity. Governments have sometimes increased expenditures to appease the population or avoid further social unrest, thus exacerbating fiscal imbalances.⁹¹

A comparison of IMF debt projections in 2010 and 2012 indicates rising debt levels since the onset of political instability in the region. Global economic slowdown is another contributing factor to this increase. In four middle-income countries, Egypt, Jordan, Morocco and Tunisia, the differences are large; amounting to at least 10 percentage points.

FIGURE I-61

General government net lending/borrowing

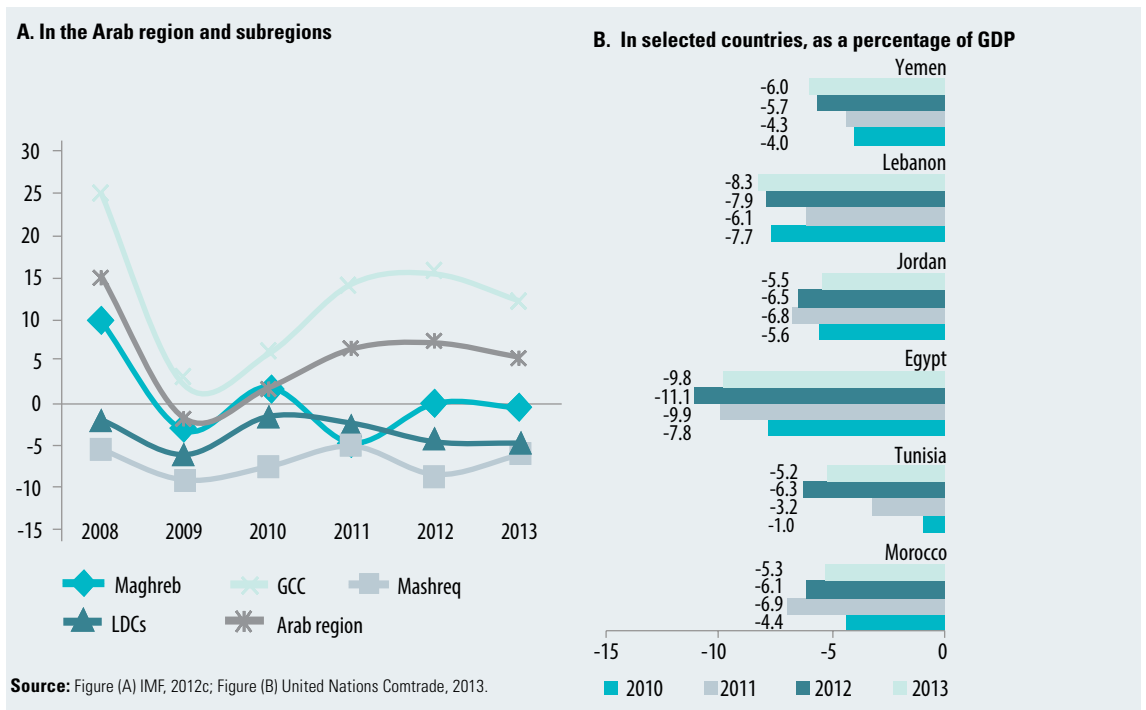
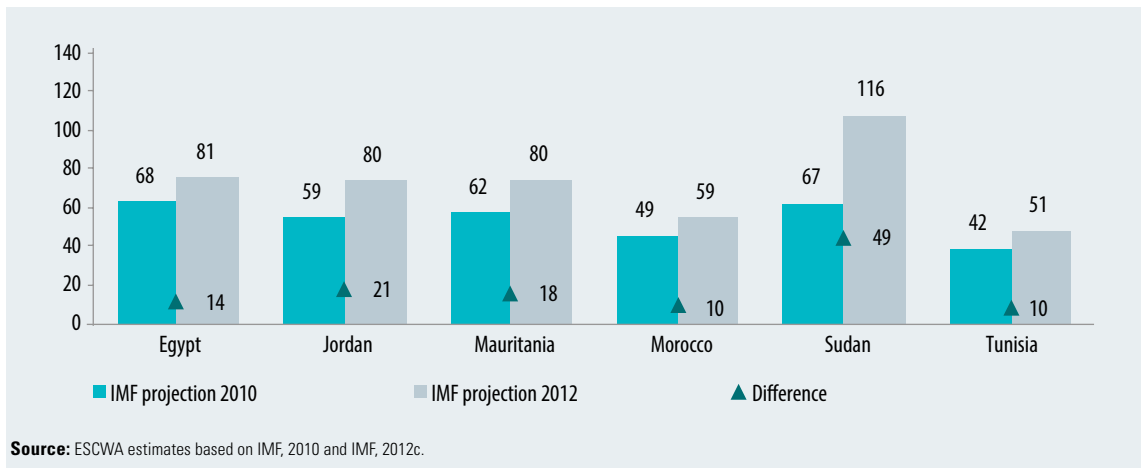


FIGURE I-62

IMF general government gross debt projections as a percentage of GDP, and percentage point difference in projections



Debt projections for Mauritania and the Sudan have also been adjusted upwards, but for different reasons than in the case of middle-income countries. In the Sudan, the issue has been the assumption of all external debt after the secession of South Sudan, and the delay in sorting out a debt relief agreement with the international community. In Mauritania, the increased projection is due to delays in resolving a long-standing debt with Kuwait. The lack of agreement with Kuwait on debt relief could raise the vulnerability of Mauritania to external shocks, but should not affect the risk of debt distress, which will remain moderate.⁹²

As part of the political transition in the region, a debate is taking place on the legitimacy of debt accrued by previous regimes. From an MDG perspective, the heavy cost of servicing this debt can jeopardize progress; it is therefore crucial to establish legitimacy. The new Tunisian regime has called for an audit of external debt to determine

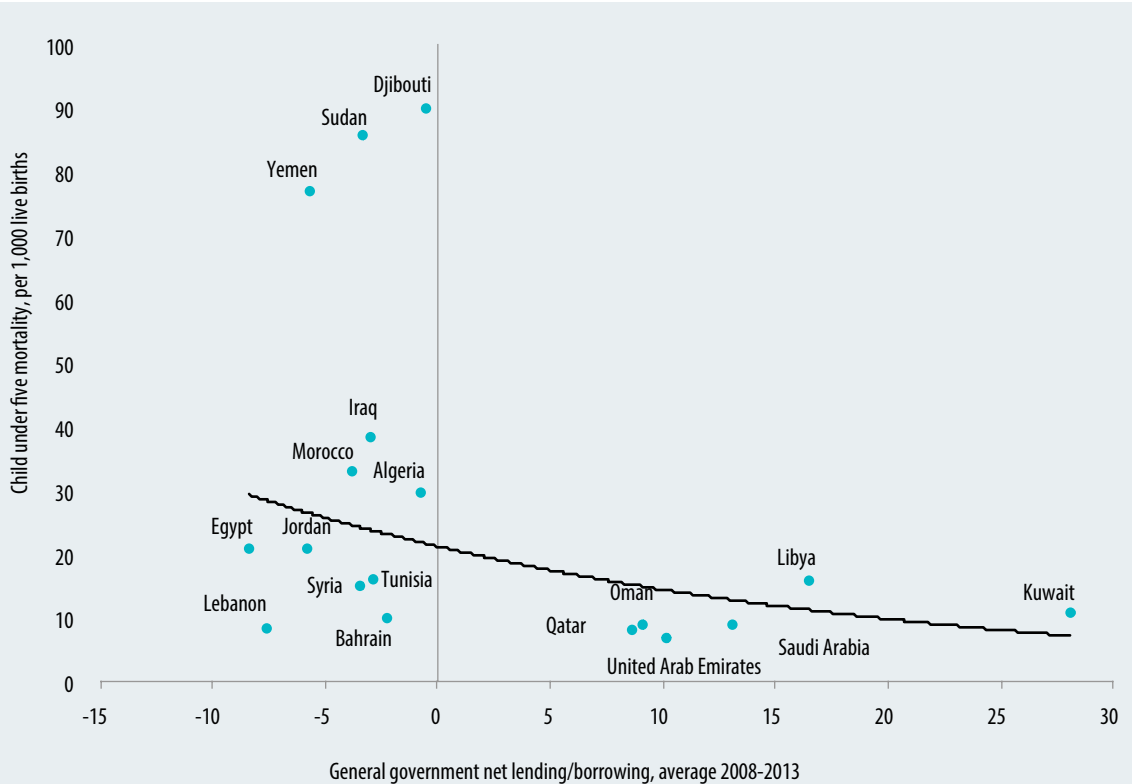
whether or not funds benefited the people of Tunisia, in order to distinguish between legitimate debt that should be honoured, and debt that served former rulers and should be repudiated. The United States has already offered debt relief to Egypt and encouraged others to follow suit.

Most Arab countries with low human development face constrained fiscal space

Fiscal space in the region is inversely related to the magnitude of human development challenges.⁹³ Countries with fiscal space constraints have also high child mortality rates (figure I-63). It is especially the case for LDCs, which would require external assistance in order to address the dual challenge of limited fiscal space and human development deficits. Regional cooperation could help to address the special needs of LDCs through greater trade linkages and financial support. Those subjects are discussed in the third chapter of this report.

FIGURE I-63

Under-five mortality rates per 1,000 live births versus general government net lending/borrowing as a percentage of GDP, average 2008-2013



Source: UNSD, 2012a; IMF, 2012c.

Access to social media is spreading rapidly

Target

In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

The Information and Communications Technology revolution is spreading in the region

The Information and Communications Technology (ICT) revolution brings the promise of major technological advancements to the developing world and has a considerable role in economic growth. While global demand for ICT continues to increase, Arab countries have a mixed record on different services. According to figure I-64A, they are performing above the global average in terms of mobile cellular subscriptions, but still lag behind in fixed telephone lines, fixed and mobile broadband, and the number of Internet users.

Over the past few years, the mobile telephone has emerged as the principal gateway to increase ICT access and use. The increase in mobile phone

penetration rates in Arab countries points to mobile phones as a “digital bridge” that will help many reduce the connectivity divide with countries that have a more extensive fixed-line infrastructure.

GCC countries are the most advanced in the region in mobile phone penetration rates. Despite low rates compared to other Arab countries, LDCs have also witnessed an increase in the number of mobile phone users. The rate of Internet users is growing robustly in most Arab countries, but it is still low in LDCs.

Access to social media is spreading rapidly. YouTube registers more than 167 million video views per day in the region. Facebook has more than 45 million users and Twitter 2 million. There is strong growth in content posted in Arabic on both Facebook and Twitter.⁹⁴ GCC countries have the highest usage rate, with Kuwait and the United Arab Emirates leading in terms of Facebook and Twitter. ICT and access to social media can be effective tools to improve governance and empower women (box 1-6).

BOX 1-6

Removing barriers to women’s access to ICT

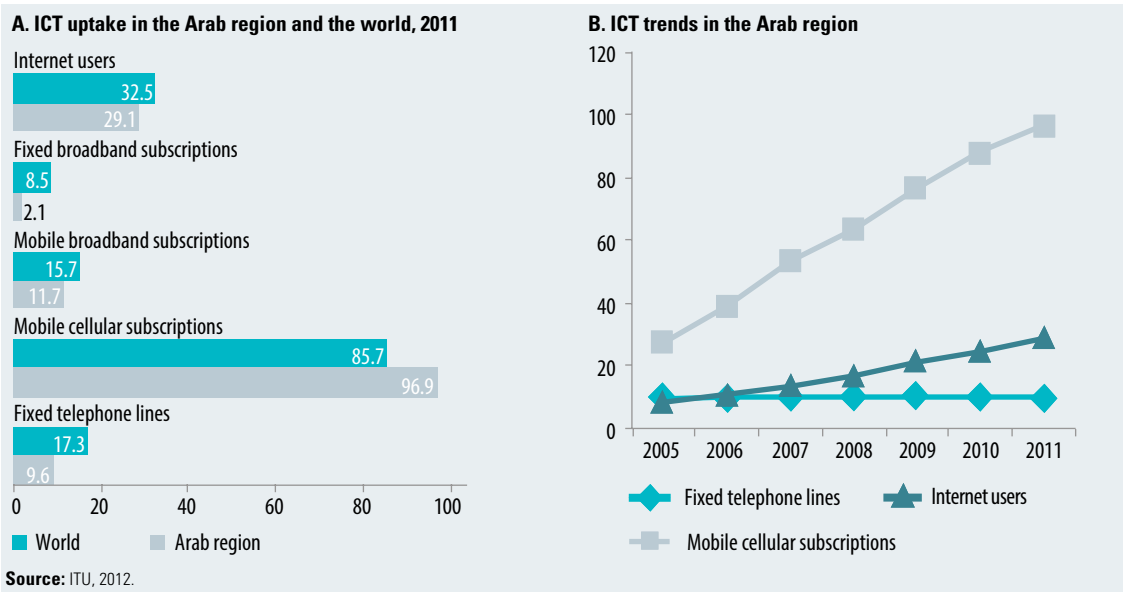
Arab women are at a disadvantage in accessing technology for several reasons. Limited financial resources prevent many from purchasing technology and accessing the Internet because of high monthly subscriptions fees. In addition, since many working women are in informal, low-skilled jobs, they do not have access to office computers. Facilities such as cybercafés are also male-dominated in some areas, which discourages women from using them. However, new employment models enabled through ICT, including teleworking, render the labour market more flexible and create a new range of employment activities. Providing women with access to ICT through specific policies and initiatives would enable them to benefit from these new job opportunities.

Few policies and initiatives to improve access to ICT specifically target women. But several measures could be pursued. They might include adopting a public access strategy geared at removing specific barriers faced by women; encouraging women’s ICT-related employment; considering ICT training for women and girls as a priority for development and including it as part of education curricula; and increasing efforts to compile statistics disaggregated by sex and age that could be used for gender-specific indicators on ICT use and needs.

Source: World Bank, 2009.

FIGURE I-64

ICT uptake and trends (Percentage)



Overall assessment of MDGs:

Significant gains, persistent challenges

There are notable differences in MDG achievement in the region. Some countries have made strong progress on most indicators, while others have witnessed limited or no progress. LDCs, all of which are poor MDG performers, are unlikely to achieve the set goals. Added to this group due to conflict and occupation are Iraq and Palestine. GCC countries, on the other hand, are the most advanced in the region in achieving many of the goals. But there are stark inequalities within countries as well as deep deficits in women's advancement. GCC countries are also heavily reliant on natural resources and face challenges in managing them sustainably.

The Maghreb and Mashreq subregions have registered different levels of achievement, generally performing better than LDCs but still lagging behind GCC countries. As noted in the *Arab Development Challenges Report 2011*,⁹⁵ the main challenge in these two subregions is to reduce subnational inequalities, as aggregate trends hide large disparities, be they between rich and poor, rural and urban residents, or men and women. Among Maghreb and Mashreq countries, Egypt, the Syrian Arab Republic and Tunisia have spearheaded the region's MDG progress. Unfortunately, security and political instability threaten to unravel achievements in the Syrian Arab Republic and, to a lesser extent, in Egypt.

One useful way to present the main findings is through the MDG achievement Index (MDGI).⁹⁶ Using percentage terms for 12 quantifiable MDG targets, it compares actual performance with the minimum required for the country to be on track towards achieving the goals. Table 1.2 shows the results, revealing that most countries are either slightly above or below where they should be for most targets. Some targets have already been achieved, most notably gender parity in education. Conversely, in some countries and mainly LDCs, some indicators have regressed below their 1990 baselines.

Figures 1-65A and 1-65B shed further light on MDG performance at the country and regional levels. The first one presents average MDGs successes

and shortfalls, measured by the extent to which achievements were above or below the required targets in 2011. Figure I-65B presents an average MDGI for Arab countries. Figure I-65C compares the Arab region and developing regions using the averages for each of the 12 MDGI performance indicators. Together with table 1-2, they confirm that MDG performance has been mixed according to country groupings and indicators.

On average, the Arab region is behind on MDGs by 9.6 per cent, a situation which is better than the 13.3 per cent average delay of all developing regions (figure I-65C). One of the most remarkable achievements of the region has been its progress towards education targets, most notably gender parity in education, which was already achieved by most Arab countries in 1990. Improvements in primary enrolment are, on average, comparable to those of the other developing regions of the world. The Arab region has also made impressive gains in extending access to improved sanitation, and it is ahead of the set target. However, there are notable differences between and within subregions.

Gains are, however, shadowed by glaring deficits in combating hunger, as the region is nearly 20 per cent below the target on reducing undernourishment, and in providing access to drinking water, an indicator for which the discrepancy between Arab countries and the developing world average is highest. In health indicators – infant, child and maternal mortality – the divide between rich and poor Arab countries is clearest. Only one Arab LDC has recorded a positive score on only one of these health indicators: Yemen, on maternal mortality. The performance of Arab LDCs on births attended by skilled health personnel is only marginally better in 2011 compared to 1990.

Five Arab countries – Egypt, Oman, Saudi Arabia, the Syrian Arab Republic and Tunisia – have a positive average MDGI, which indicates that they are, on average, above set targets. Three of those countries also scored very high on the

One of the most remarkable achievements of the region has been its progress towards education targets, most notably gender parity in education

FIGURE I-65

MDG performance in Arab countries (Percentage)

On average, the Arab region is behind on MDGs by 9.6 per cent, a situation which is better than the 13.3 per cent average delay of all developing regions

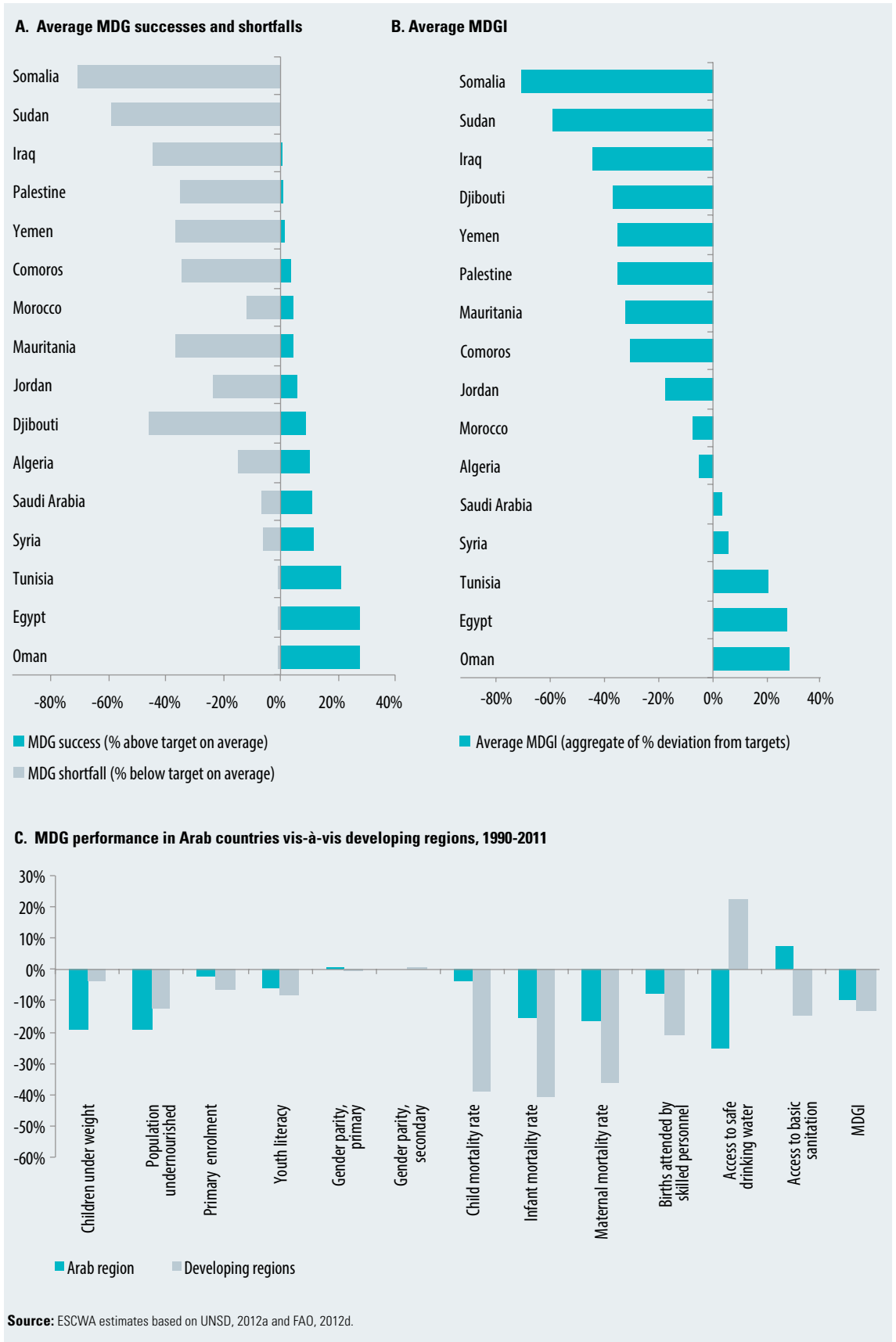


TABLE 1-2

MDGI for selected indicators, 1990-2011 (Percentage)

	Children underweight	Population undernourished	Net enrolment in primary education	(15-24) Literacy rates	GPI in primary education	GPI in secondary education	Under five mortality	Infant mortality	Maternal mortality	Births attended by skilled health personnel	People not using improved drinking water	People not using improved sanitation
Egypt	-1	n.a.	-1	-6	1	n.a.	49	40	28	12	76	70
Iraq	1	-100	-5	-13	n.a.	-9	-88	-80	-77	-3	-84	-35
Jordan	n.a.	36	-7	n.a.	n.a.	n.a.	-26	-21	-43	6	-67	n.a.
Palestine	n.a.	-100	-9	1	n.a.	n.a.	-11	-19	-78	2	-100	-2
Syrian Arab Republic	-23	n.a.	n.a.	-3	n.a.	n.a.	10	3	27	7	-19	44
Algeria	44	18	-1	-3	n.a.	n.a.	0	-21	-10	9	-100	31
Morocco	-65	-33	4	-14	n.a.	-3	13	4	17	8	-5	-6
Tunisia	44	n.a.	n.a.	1	n.a.	n.a.	26	23	-8	6	49	7
Oman	8	n.d.	6	-1	n.a.	n.a.	56	52	27	3	8	91
Saudi Arabia	47	n.a.	7	-1	n.a.	n.a.	55	11	-36	1	-11	n.a.
Comoros	-99	-100	-6	-8	5	-14	-44	-53	-59	4	36	-29
Djibouti	-100	42	-43	n.d.	n.a.	-14	-66	-65	-72	37	9	-100
Mauritania	43	-50	-15	-22	11	-8	-100	-100	-68	-14	-19	-47
Somalia	-80	-83	-33	n.d.	n.d.	n.d.	-100	-100	-100	-40	-43	-59
Sudan	-65	-60	n.d.	-6	n.a.	n.d.	-56	-81	-83	-69	-100	-69
Yemen	-91	-94	-10	-7	-5	-23	-37	-36	18	-34	-100	-3
	45 to 100% above target	20 to 45% above target	1 to 20% above target									
	-1 to -20% below target	-20 to -45% below target	-45 to -100% below target				over -100% below target		n.a. target not applicable		n.d. no data	

Source: ESCWA estimates based on UNSD, 2012a and FAO, 2012d.

Note: See Annex for technical details. MDGI was not calculated for some GCC countries, namely Bahrain, Kuwait, Qatar and the United Arab Emirates, for reasons including that they had already attained most goals by 1990, and that data were in some cases insufficient for calculating the index.

Human Development Index of the global Human Development Report (2010) and featured among the 10 'top movers' from 1970-2010 – i.e. countries that have seen the greatest improvements in human development relative to their starting point in 1970, with Oman followed by Tunisia and Saudi Arabia actually leading developing countries. MDG results are thus not entirely surprising.⁹⁷

Members of a second group of countries – Algeria, Jordan and Morocco – are, on average, slightly below the MDG set targets. It is important to distinguish Jordan, because it had already achieved 5 of the 12 targets considered in table 1-2 by 1990. Both Algeria and Morocco are generally on track, and were it not for specific deficits, related to access to water for the former and underweight children for the latter, they would have joined the group of countries with a positive MDGI.

The remaining eight Arab countries can be classified in two groups. The first group, behind according to MDGI by 35 per cent to 40 per cent, includes the Comoros, Djibouti, Mauritania, Palestine and Yemen. Palestine stands

out because its performance is heavily affected by severe bottlenecks in three areas – access to water, undernourishment and maternal mortality – which are heavily affected by occupation and blockades. For the rest of the group, the underlying causes of poor MDG performance are comparable to causes hindering performance in the majority of LDCs: poverty, fiscal limitations and general socioeconomic conditions that pose high hurdles.

The second group includes three countries facing special circumstances: Iraq, Somalia and the Sudan. The obvious common factor is that since 1990, all three have endured longstanding conflict. Iraq is distinct for its higher level of per capita income, and because only three decades ago, it was a global model for development achievement.

With the deadline for MDGs fast approaching and discussions for a post-2015 agenda gearing up at the global level, the lessons learned from the Arab region provide insights for informing the post-2015 framework of development. This subject matter is tackled in the second part of the report.



Part II

Towards a Post-2015 Development Agenda

Transitions in many parts of the region provide lessons to inform both the reviews of the existing MDG agenda and the preparatory process of any meaningful framework to move forward. Countries in the Arab region should consider governance reforms and move towards inclusive and quality development that links the economic, social and environmental dimensions. This part of the report suggests a way forward towards a regional development agenda, taking into consideration the key development priorities in the Arab region, as well as the recommendations on a post-2015 development agenda and its implementation, issued by the third Arab Economic and Social Development Summit, held in January 2013. It considers ongoing debates on global goals after the 2015 MDG endpoint.

Towards a Post-2015 Development Agenda

The finish line for MDGs is fast approaching. Global and national processes to debate and frame the post-2015 development agenda have already begun (box 2-1). An expert group, the United Nations System Task Team on the Post-2015 United Nations Development Agenda, was established to map a unified vision that will lead towards

defining the agenda.¹ A first report of the group proposes four dimensions to be considered within that new agenda: inclusive social development, inclusive economic development, environmental sustainability, and peace and security.²

One of the main criticisms of MDGs is that the goals were not sufficiently tailored to regional and

One of the main criticisms of MDGs is that the goals were not sufficiently tailored to regional and national contexts

BOX 2-1

The lead-up to the Post-2015 United Nations Development Agenda

One of the main outcomes of the United Nations Conference on Sustainable Development (Rio+20) was the agreement on developing a set of sustainable development goals (SDGs) through a member state-led process of open and inclusive consultations, with early and broad participation by all stakeholders. These goals would build on MDGs but also fill their gaps, including by reflecting the interdependence of social, economic and environmental issues. SDGs would also focus on domestic actions as well as the global commons, so important to human survival, and would include indicators to measure progress.

The United Nations Secretary-General has convened a High-Level Panel of Eminent Persons to advise him on the development agenda beyond 2015. Global thematic consultations on 11 key issues and 50 national dialogues are occurring across the globe. In the Arab region, consultations are taking place in Algeria, Djibouti, Egypt, Jordan, Morocco and the Sudan. They involve multiple stakeholders and extensive public outreach. The United Nations regional commissions are holding regional consultations, including in the Arab region where dialogues are led by ESCWA in cooperation with the Regional Coordination Mechanism.

The Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, released in June 2013, suggests a five-point transformative shift in the post-2015 agenda: leave no one behind, put sustainable development at the core, transform economies for jobs and inclusive growth, build peace and effective, open and accountable institutions for all, and forge a new global partnership. These five elements are backed up by 12 specific goals and 54 indicators. The 12 goals are:

1. *End poverty*, by increasing income and many other manners, including secured rights to land and assets, and increased coverage of social protection and enhanced resilience to natural disasters;
2. *Empower girls and women and achieve gender equality*, with indicators on violence against women, child marriage and discrimination against women;
3. *Provide quality education and lifelong learning*, with indicators covering both the quantitative and qualitative dimensions of education;
4. *Ensure healthy lives*, by increasing vaccination coverage and reducing infant and maternal deaths, as well as reducing the burden of diseases such as HIV/AIDS and tuberculosis;
5. *Ensure food security and good nutrition*, by ending hunger and reducing stunting as well enhancing agricultural productivity;
6. *Achieve universal access to water and sanitation*, with indicators covering universal access to safe drinking water and improving water efficiency and recycling;
7. *Secure sustainable energy*, focusing on renewable energy and energy efficiency as well as on phasing out fossil fuel subsidies;
8. *Create jobs, sustainable livelihoods and equitable growth*, with indicators on decent jobs and improving business environments;
9. *Manage natural resource assets in a sustainable manner*, focusing on safeguarding ecosystems, reducing deforestation and combating desertification;
10. *Ensure good governance and effective institutions*, with indicators on freedom of speech, right to information and reduced corruption;
11. *Ensure stable and peaceful societies*, by improving justice institutions and the capacity of security forces;
12. *Create a global enabling environment and catalyze long-term finance*, focusing on reducing tax evasion, increasing ODA and encouraging long-term private investment.

Source: United Nations System Task Team on the Post-2015 United Nations Development Agenda, 2012b; United Nations, 2013.

Note: The 11 key issues considered during the consultations are all relevant to the Arab region. They comprise: conflict and fragility; education; environmental sustainability; governance; growth and employment; health; hunger, food and nutrition security; inequalities; population dynamics; energy; and water. See: www.un.org/en/development/desa/area-of-work/post2015.shtml.

national contexts, although they were endorsed by heads of states.³ Some countries have even argued that MDGs distorted national priorities⁴ by favouring some issues over others.

Countries that have already met the goals should now focus on new qualitative goals and targets. In the Arab region, given the significant improvement in education, further increases in enrolment might not necessarily be a priority, for example. In contrast, ensuring quality education, including through reduced student-to-teacher ratios, might be a leading aim.

In the future, better alignment of global goals with national plans and priorities might come by allowing countries to define suitable targets for themselves, which can then be “negotiated” and agreed in regional and global arenas.⁵ National targets would be aggregated afterwards, and used as an input to regional and global targets. This approach of “global goals and national targets” would allow countries to set targets most relevant to them, such as reducing particular subnational disparities or closing gaps in governance.

Countries thus enabled to choose their own national targets would also be able to test different development strategies, based on specific situations. Successful experiences could be shared among countries facing common issues. Nationally-chosen targets would enjoy a higher degree of legitimacy and political support, which would, in turn, foster government accountability. Civil society organizations could thus have a key role in monitoring progress towards achieving those targets.⁶

The “global goals and national targets” approach poses some challenges. First, once a global goal is determined, defining national targets and consensus may take time. Second, there is currently no international mechanism to review national targets and report on their implementation. Third, a great deal of consensus-building might be required to create a workable agenda.

From the Arab regional perspective, development requires reforming institutions, including by reassessing and adjusting social, economic and governance models. Persistent shortfalls in governance and economic exclusion, including at the subnational level, contribute to explaining why some countries, although having done well in achieving MDGs, have spearheaded social unrest. The region as a whole remains far

behind on gender equality. National capacities to produce data and monitor progress, underpinning achievements in all other areas, need to be strengthened.

There is cautious optimism that the Arab region is moving in the right direction – “cautious”, because political shifts may not necessarily alter the underlying distribution of power.⁷ They could fall short of the deep-rooted changes required to broadly improve human development and well-being. But while there are challenges, there are also opportunities for institutional reforms that could advance inclusive and sustainable development. The following section underlines the perspectives stemming from the Arab region that should be considered for a post-2015 agenda.⁸

Include governance reforms as a key measure of inclusive development

The first and foremost recommendation of this report is to make governance reforms a key measure of development achievement. It is widely recognized that governance and human rights issues were missing in MDGs,⁹ though they were included in the United Nations Millennium Declaration. The post-2015 agenda should consider goals that encompass those issues, particularly given growing evidence that both conflicts and bad governance pose major threats to development.¹⁰ A year of civil war implies a loss of around 17.5 per cent of per capita GDP, and could push a country back 5 to 10 years on a broad range of MDG indicators.¹¹

Political institutions of governance: Measure the strength of political institutions to promote good governance

Aiming to build systems that respect human rights, democratic governance and rule of law should underpin any post-2015 framework, as those are linked to all other development goals. There needs to be agreement on minimum standards for democracy, human rights and fundamental freedoms, encompassing aspects such as civil and political freedom, free and fair elections, independence of the judiciary, freedom of expression and the media, accountability and transparency. In the Arab region, in particular in countries going through political transitions, rebuilding institutions is critical. The protection of property rights, the rule of law

Nationally-chosen targets would enjoy a higher degree of legitimacy and political support

and an independent judiciary are also of primary importance to restart business activity.

The causes of the recent political turmoil in some countries have mainly been socioeconomic and governance failures. Income inequality, perceptions of injustice, economic and social mismanagement, stalled reforms, austerity measures, higher food prices, the heavy-handedness of the state and the recent financial crisis are among the spurs of popular dissatisfaction, particularly among youth.¹²

Some skewed macroeconomic and development policies explain why the Arab countries were not able to transform their growth and wealth into jobs and increased human well-being for all. But they are not the entire story. Poor governance¹³ was a major contributor. The Arab Human Development Report 2002 noted

that the “freedom deficit undermines human development and is one of the most painful manifestations of lagging political development”.¹⁴ The Arab Development Challenges Report 2011 also underscored that progress in the region is hindered by the lack of governance reform.¹⁵

Rentier economies (box 2-2), weak tax bases, ineffective local governments, legal disempowerment, connections between business and ruling elites, and oppression are all drivers of systemic exclusion. As a result, the culture of corruption remains entrenched. Judicial systems are weak and compromised by alignment to prevailing powers. Political participation is often nominal, and there are high barriers to the freedom of information.¹⁶ Public spending and contracts are used to reward certain groups or communities that support rulers.

The causes of the recent political turmoil in some countries have mainly been socioeconomic and governance failures

BOX 2-2

Rentier economies of the Arab countries

Political elites in the Arab region have established rentier economies, based on oil and natural resources. These economies do not generate revenue themselves, but obtain and seek international rents, such as income derived from exports of natural resources. Even some non-oil exporting countries have rentier economies, based on remittances from immigrants and foreign aid.

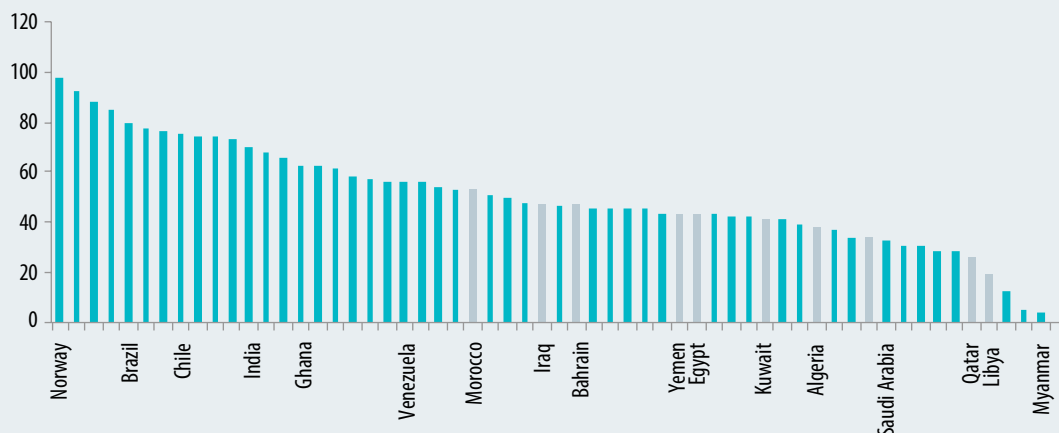
States seek those rents and distribute them in exchange for political power and/or legitimacy. Since the state does not depend on taxing its citizens for revenue, distribution becomes its main function. Once the state takes control of rents, rulers do not have to bargain with citizens or obtain their consent. It pays its supporters and represses dissenters. In the process, it can become disconnected from its domestic constituencies and society.

According to the natural resource governance index developed by the Revenue Watch Institute, Arab countries lack the basic mechanisms for ensuring accountability and transparency. The index ranks countries according to four criteria, namely level of transparency, legal framework, checks and balances, and the broader governance context.

Ten Arab countries were assessed, but none got a satisfactory score on the index, which reflects the failure to manage natural resources effectively, including by providing citizens with the needed information. Morocco, the best performing Arab country, only publishes limited information on its mineral sector. As members of the Extractive Industries Transparency Initiative, Yemen and Iraq have produced useful reports on oil and gas revenues. GCC countries do not publish the rules governing their oil and gas industries. Reforms by new governments in Egypt and Libya have so far been slow. In contrast, Algeria is one of the few countries in the Arab region with a comprehensive oil and gas legislation.

FIGURE II-1

The resource governance index



Source: Revenue Watch Institute, 2013; Schwarz, 2011.

Although Arab countries have achieved progress on many MDG indicators, they have failed in promoting inclusive development

The country-level assessment of MDGs tends to correlate with the substantial progress on economic growth that many Arab countries have experienced over the past five or six decades. Figure II-2 plots GDP per capita in 1950 against GDP per capita in 2010. Countries can be categorized into four quadrants, on the basis of their relation to global averages for 1950 and 2010. The first quadrant on the bottom left shows countries that were worse off in 1950 and have remained so since then – they were below global average in 1950 and remained below global average in 2010. The quadrant on the bottom right indicates countries that were better off in 1950 but had become worse off by 2010. The quadrant on the top left illustrates countries that were worse off in 1950 and had become better off by 2010. The quadrant on the top right shows countries that were better off in 1950 and have maintained that status or become even richer by 2010. Figure II-3 shows that, in the last two decades, GDP growth in the Arab region has been similar to if not better than GDP growth in other regions.

Apart from Arab LDCs, most countries have performed well. Algeria, Egypt and Morocco became closer to the global average in 2010. Oman was among the top performers. Only the Syrian Arab Republic seems to have moved from the better off category in 1950 to the worse off category in 2010. A similar trend can be noticed through social indicators such as life expectancy in 1950 and 2010.

Although Arab countries have achieved progress on many MDG indicators, they have failed in promoting inclusive development. The benefits of economic growth have not been widely shared, as illustrated by gaps in food security; gender and other disparities are still deep; and environmental challenges are emerging. Countries are now faced with tackling socioeconomic development challenges and governance deficits in order to pursue economic growth combined with social justice and equity, and to address the aspirations of citizens, especially young men and women, and people with disabilities.

Good governance is the key missing link. The fact that three of the countries with recent

FIGURE II-2
GDP per capita in 1950 against 2010



Source: World Bank, 2013b; Madisson, 2008.

political developments (Egypt, the Syrian Arab Republic and Tunisia) have also led the region on MDG progress, raises questions about deficits in governance that have been overlooked in measures of the MDG framework. Further, whether or not those countries will maintain their achievements in the current context is also questionable.

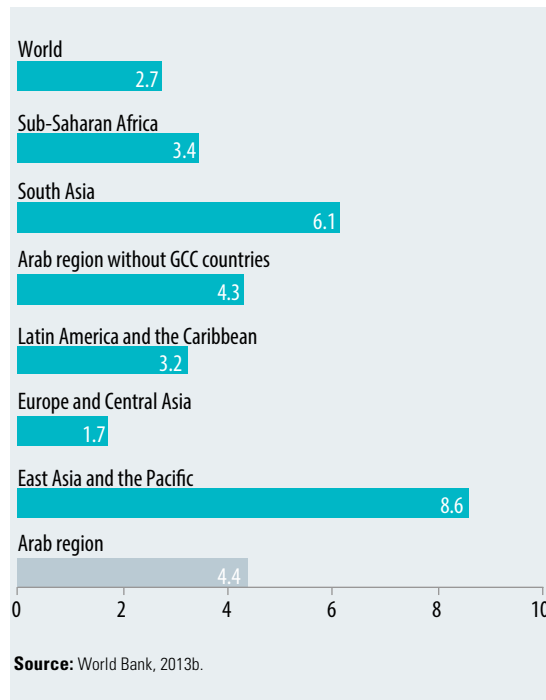
Political space, whether that of political parties, professional associations and trade unions, civil society or the media, remains constrained and often tightly controlled, restricting people's options to voice their concerns. This has led not only to social unrest and political tensions in some countries, but to outright conflict in others, such as Somalia and the Sudan.

Countries undergoing political transitions rank low in terms of voice and accountability, one of the measures of governance (figure II-4). As a whole, the Arab region lags behind other regions in most governance indicators. Most countries are in the lower quadrant of figure II-4, especially on the lower right, which suggests a combination of national wealth and poor governance.

FIGURE II-3

Average of GDP growth rates, 1990-2011

(Annual percentage)



Three of the countries with recent political developments have also led the region on MDG progress, which raises questions about deficits in governance that have been overlooked in the MDG framework

FIGURE II-4

Per capita income and voice and accountability



Ideally, all countries, whatever their level of development, should over time be moving towards the upper right of the scatter plots, featuring increased prosperity and improved governance. However, only a few Arab countries did move in that direction between 1996 and 2011. Most countries have increased their GDP per capita, but have failed to improve good governance. In fact, most countries have moved to the lower part of the plots, which illustrates a worsening in terms of voice and accountability. At the subregional level, the Maghreb and Mashreq subregions have moved towards the lower right, featuring increased economic prosperity coupled with a minor decline in voice and accountability. LDCs and GCCs have moved straight down, featuring limited improvement in economic prosperity together with a significant decline in the selected indicator of good governance.

Most countries have increased their GDP per capita, but have failed to improve good governance

There is a strong positive correlation between good governance as measured by voice and accountability, and prosperity as measured by GDP per capita. It is striking that both the slope and the R-square value increase when Arab countries are excluded from the sample (figure II-5). This

FIGURE II-6

GDP per capita and voice and accountability: Dynamic picture

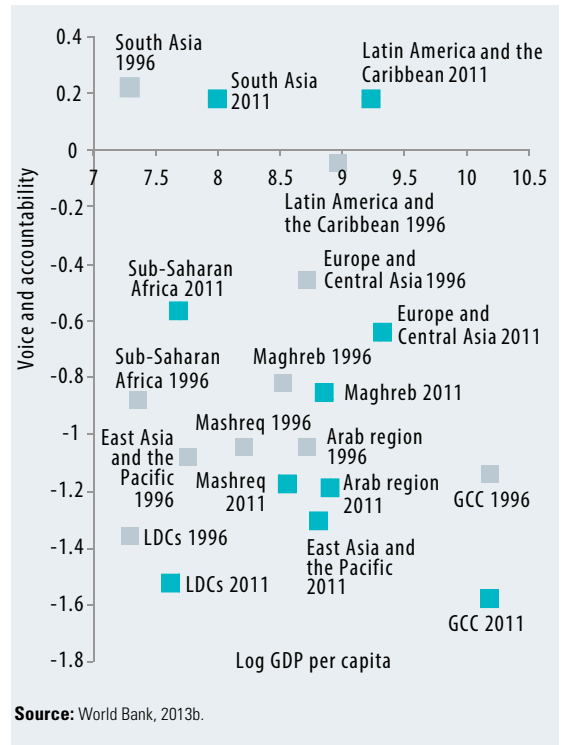


FIGURE II-5

GDP per capita and voice and accountability: Shifting trend line



BOX 2-3

Bearing the brunt of transition and conflict

Political transition, although chaotic, is allowing pluralism and fledgling democratic institutions to emerge in some countries. Egypt, Libya, Tunisia and Yemen have had elections and formed new Governments. Jordan and Morocco are reforming their political systems in a gradual way. Democratic institutions and practices will take time to root, however. It remains to be seen how these institutions will function over the long term. Many of the main demands of recent social movements have not yet been met.

While offering new opportunities for governments to be accountable to their citizens, transitions come with a diverse set of challenges. These include social and political unrest, disruptions of livelihoods and economic activities, conflict and cross-border population movements. Recovery will greatly depend on the span of the transition period, with a longer time increasing the risk of negative social and economic impact.

Transitions, whether economic or political, are messy and unpredictable. A recent study looks at some 90 historical experiences over 50 years in political transitions. It finds that about 45 per cent of countries succeeded in building democratic institutions within three years, and 40 per cent failed, i.e. have achieved only temporary democracy or very low levels of it. Only 15 per cent achieved democracy gradually, within 4 to 15 years. These countries also had had long-term economic and income growth, following a short-term decline, i.e. 7 to 11 per cent decline in the year of transition; but growth declined by around 21 per cent in countries that took longer to achieve democracy. In addition, countries that undergo quick transitions, irrespective of success or failure, experience swift recoveries and a long-term growth higher than the pre-crisis level of about one percentage point; while countries which undergo a longer transition period are locked in low growth for a longer period of time.

Egypt, Libya, Tunisia and Yemen are going through some of the most dramatic changes, with consequences that are being felt in everyday life. In 2012, public debates shifted from political transition to increasing concerns about economic matters, including escalating food prices. Costs rose despite a boost in domestic cereal production in three of those countries, namely Egypt, Libya and Tunisia.

Economic activity remained at low levels in 2012 in Egypt, Tunisia and Yemen. Real GDP declined significantly in 2011-2012 compared to 2010-2011. Fiscal accounts deteriorated, given shortfalls in revenues and increased public expenditures. Already wide fiscal deficits increased by about 2.5 per cent of GDP compared to 2010, and such an increase is also expected in Jordan and Morocco. Government debt has risen; external current account deficits have widened.

These problems are compounded by existing challenges in the Arab region, such as high unemployment. The number of unemployed people rose by 5 million between 2010 and 2012, due to political instability in some countries. Since 2011, the number of poor people has also increased by 5 million.

Instability poses additional threats to progress towards MDGs, causing it to stall or even reverse in some cases. In the Syrian Arab Republic, which was one of the top MDG performers in the region, recent conflict has pushed more than 3 million people into poverty. Prices of goods and services have risen while incomes have fallen, and jobs and physical assets have been lost.

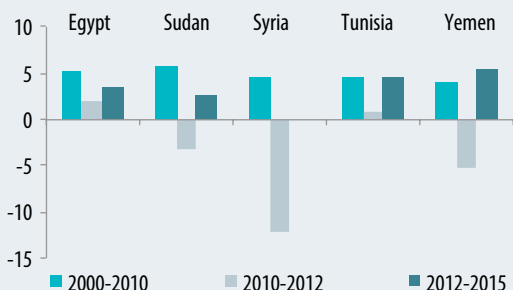
Armed conflict and civil insecurity continue to undercut development in countries that are already deeply poor. In Yemen, over 10 million people, about 46 per cent of total population, may be food insecure. Insecurity negatively affects trade and aid distribution, making access to food one of the most pressing concerns that many Yemenis face. Conflict also complicates an already dire degree of water scarcity. Yemen suffers from chronic shortages and may be the first Arab country to run out of water, possibly as early as 2015. As of June 2012, 12.7 million Yemenis lacked access to safe water or sanitation.

The impact of conflict on social sectors such as health and education, the special vulnerability of women and young people to sexual and gender-based violence and HIV infection are seen as some of the great threats to long-term sustainable development and the achievement of MDGs.

In the Sudan, the highest levels of food insecurity are registered in conflict areas: North and South Darfur, and parts of South Kordofan and Blue Nile states. Conflicts have disrupted national and cross-border trade flows which otherwise support livelihoods and food security – a problem compounded by recent restrictions on commodity trading with South Sudan.

FIGURE II-7

Decline of real GDP growth in countries in transition and conflict

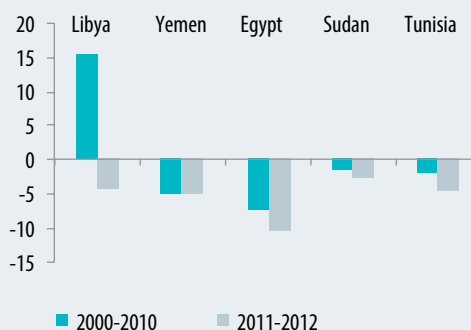


Source: IMF, 2012c.

Note: Period 2012-2015 shows the projected growth. There are no available data for the Syrian Arab Republic for that period.

FIGURE II-8

Dwindling fiscal balance of countries in transition and conflict as a percentage of GDP



Source: IMF, 2012c.

Source: IMF, 2012c; Khandelwal et al., 2013; Nasser et al., 2013. Also see Seth, 2013; and Freund and Jaud, 2013.

Weak governance in some countries of the Arab region, as is now increasingly obvious, has had a number of economic and development consequences

indicates that some of the Arab countries have not enacted good governance practices although they have shown a good level of economic development, while most countries of the world with similar levels of development have established such practices.

Weak governance in some countries of the Arab region, as is now increasingly obvious, has had a number of economic and development consequences (box 2-3), including eroded growth, diminished private sector investment and deteriorating public services, likely to lead to backtracking on MDGs. Some economists¹⁷ currently argue that inclusive development depends on reforming national governance and institutions. They stress that understanding national politics is the basis for understanding economic development and growth, since politics determines institutions, which in turn define the structure of power and distribution of resources. This thesis explains the development trajectories of Arab countries, and should be considered in the discussions of future global goals, after the 2015 MDG endpoint.

Reaching consensus on measures of good governance is a big challenge

Governance is measured in different ways across institutions. The non-governmental organization Freedom House measures governance by assessing government accountability and public voice, civil liberties, rule of law, and anti-corruption and transparency. The World Bank assesses it through voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law and control of corruption. The Polity Indicators measure political regimes. The Social and Economic Rights Fulfilment Index gauges rights linked to health, food, housing, employment and education. However, none of these indicators is universally accepted for a number of reasons, including validity, accuracy and sensitivity to country specificities.

In terms of targets and indicators, there could be global targets with global indicators, global targets with national indicators, regional targets with national indicators, and/or national targets with national indicators.¹⁸ Within the global targets, some guiding principles could be participation and inclusion (elections, parliamentary processes, access to independent media, etc.), accountability

and responsiveness (lawmakers, government officials and institutions), rule-based systems, transparency, equity, non-discrimination and gender equality. Possibilities for national targets might draw on experiences in Albania and Mongolia, both of which have governance targets and indicators under their respective national ninth MDG.

One way of measuring democratic governance is to assess impact or outcome, as different governance models could produce the same levels of impact on areas such as empowerment. Most positive and proactive indicators might go beyond showing abuses of human rights or corruption. Quality indicators to measure the progress of governance institutions could emphasize that once institutions are in place, they should be effective in delivering sound public services and promoting active citizen participation.

The United Nations System Task Team on the Post-2015 United Nations Development Agenda has identified the following governance issues for consideration at a global level:¹⁹ empowerment of people for realizing their civil and political rights; sustainable management of the biosphere for enabling people and the planet to thrive together; rules on running the world economy so that all nations share fair benefits; and good global governance based on transparent, accountable international institutions and partnerships. All those issues are important for the Arab region. Immediate reform priorities could include constitution-building, free and fair elections, political participation and transitional justice to move beyond past crimes towards nation-building.²⁰

Social systems of governance: Measuring the strength and effectiveness of social policies and institutions to promote social justice

Monitoring governance systems in a post-2015 framework can aim at building institutions to promote social justice, particularly to address hunger and food insecurity, and adopting progressive social policies to rectify some of the imbalances in the Arab region. At meeting held on 28 May 2012, the Council of Arab Ministers of Social Affairs adopted the principle of social justice as a basis for its five-year plan for 2012-2016, under resolution No. 3. Given the popular demands of Arab uprisings, revising social policies

is an immediate priority of the region. Two policy interventions in this direction would be to address the food security challenge and adopt progressive social policies and social protection systems.

Address the food security challenge

Food security and sustainable agriculture are among the top priorities for many countries around the world,²¹ and pose continuing challenges for Arab countries, especially LDCs. Even middle-income countries are not immune to food shortages. Food crises will most likely continue due to water scarcity, natural disasters and climate change, and conflicts. Food insecurity may have contributed to the discontent that motivated recent sociopolitical upheavals.²²

In the Arab region, more than 50 million people are currently undernourished; 21.2 million people are food insecure, especially in Somalia, Palestine, the Sudan, Yemen, and now in the Syrian Arab Republic. An estimated US\$1 billion is needed to provide immediate relief to those who are food insecure, a figure likely to grow in the future.

Food security in the Arab world is further undercut by poor policy choices – including the neglect of rural areas, added to the disadvantages of climate and geography. The contribution of agriculture to GDP has declined in most Arab countries in the last two decades. Overall in the region, it fell from 18.6 per cent of GDP in 1992 to 12.4 in the 2011. The decrease was most dramatic in Jordan, the Sudan, the Syrian Arab Republic, Tunisia and Yemen.²³

Since poverty rates are higher in rural areas, and agriculture is still a major employer, growth in agriculture and the rural non-farm economy should be reignited, including as part of achieving MDGs. New irrigation technologies, for example, could make agriculture more efficient and productive, while going a long way towards reducing food insecurity and the severity of rural poverty.

Many Arab countries have overlooked the strong nexus between poverty and poor management of natural resources, even though sustainable environmental management may be the region's most serious long-term development challenge. In particular, there has been little investment in maximizing the contribution of the region's scarce water to agricultural productivity, such as through improved irrigation, and the appropriate use of land and selection of crops. The bulk of

increasingly scarce water resources in Yemen, for example, go into the production of qat, a popular narcotic plant.²⁴

A state that prioritizes good governance and accountability for human development would see the logic of investing in rural areas and agriculture, including through scientific research and innovation, as part of transforming enormous environmental challenges into a historic opportunity for more sustainable development. Currently, many Governments have mostly continued the implementation of policies adopted during the 2008 global food crisis and the 2010-2011 uprisings, including poorly targeted food subsidies that weigh heavily on public budgets. Encouragingly, some countries have also initiated long-term policies and investments to improve food security. Those included food subsidy reforms in Jordan, the Sudan and Tunisia; an increase in grain reserves by GCC countries; and the creation of a committee to monitor food prices and availability in Saudi Arabia.

This report proposes the following two concrete suggestions that could address the food security challenge in the region.

a. Enhancing water use efficiency to improve agricultural production

Agriculture absorbs more than 85 per cent of the region's water. Intensive agriculture in some cases has accelerated groundwater depletion, especially in the Arabian Peninsula, and has increased agropollution and soil salinity. Irrigation efficiency is low, at 30 per cent to 45 per cent. The cultivation of thirsty crops results in low water productivity.

An integrated management of agriculture could improve water-use efficiency by 15 per cent to 30 per cent, and substantial water savings could be directed towards achieving MDG targets for domestic demand. Improving water-use efficiency would result in greater agricultural production with less water. It could increase farmer income, and conserve non-renewable groundwater for future generations.²⁵

More attention should be given to setting appropriate water treatment standards, and to monitoring and enforcing the use of water-saving technologies to reach a defined level of efficiency. Conditions should be fostered to allow setting 75 per cent efficiency rate targets for irrigation, and

An estimated US\$1 billion is needed to provide immediate relief to those who are food insecure, a figure likely to grow in the future

Two proposals to tackle the food insecurity challenges in the Arab region are to form an Arab food security partnership network and to create a strategic grain reserve

to gradually phase out thirsty and low-value cash crops. Growing wheat, for example, requires large amounts of water. Countries may use existing resources more efficiently by striking a judicious balance between growing crops that need less water and importing those that need more.

Agricultural policies have to be coordinated and integrated with broader water policies. Investment in wastewater facilities could increase reuse volumes. Subsidies and loans could also expand the use of water-saving technologies.

b. Creating an Arab food security fund to meet food emergencies

There are many different instruments for food assistance.²⁶ Immediate assistance may include the direct provision of food, food vouchers, subsidies and so on. Geared towards meeting basic needs, food aid is essential for responding to sudden declines in availability and market failures. In conflict-affected territories, it has an important role, beyond immediate relief, in keeping food prices low, thus increasing access even for those outside the distribution system, and helping people to remain in their areas of origin.²⁷

In the medium term, food assistance might also focus on improvements in agricultural production. Broader food security, however, is linked to a range of health and nutrition, social protection and poverty interventions. Achieving it may require connecting food assistance to the expansion of social assistance within national social protection strategies, and to health and nutrition strategies.²⁸

Two proposals to tackle the food insecurity challenges in the Arab region are to form an Arab food security partnership network and to create a strategic grain reserve.²⁹

The idea of creating a regional Arab food security fund has been proposed in the past by various United Nations and international agencies, including the League of Arab States, at the First Arab Economic and Social Development Summit in 2009. But it has not been implemented. As the region witnesses acute food security issues, it is time to seriously explore this option.

A fund could be designed exclusively to provide relief during food shortages or emergencies, ensuring a rapid response without the need to secure additional resources, as is currently the case for international humanitarian actions. Funding should be set at a minimum of US\$3 billion, only

0.2 per cent of total GDP of GCC countries – well under the commitment of Arab donors to provide 0.7 per cent of their GNI as ODA. Wealthier countries, such as Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, should be able to provide the bulk of resources. Other countries from the region or other development agencies, including philanthropic institutions, could also offer support.

The fund should complement other short-term relief responses, both those within national social protection systems and those established by international organizations. International organizations should prioritize the procurement of food from local and regional sources, towards greater cost-effectiveness and more timely delivery. This can also benefit local livelihoods and mitigate the risks of long-term dependency. Clear guidelines should be developed on how and when to include food aid and food security expenditures in the national budgets of countries affected by emergencies. Greater consideration could be given to opportunities for national capacity development. Because most food aid operations are currently managed outside the scope of national institutions, their contribution to national capacity-building is limited.³⁰

Adopt progressive social policies and social protection systems

Social protection systems – designed to support people who are poor or vulnerable for reasons related to unemployment, disability, age and so on – are a crucial component of economic and social development, poverty reduction, and social justice and human rights.³¹ They embed fair development, a key popular demand during Arab uprisings, in an institutional framework.³²

Social protection is sometimes perceived as a “deadweight” burden on national budgets. But this perception is not accurate. Social protection is in fact good for growth and development,³³ especially pro-poor growth. Investing in social protection is a way of investing in people, with powerful effects on income generation, health and education. These fuel a “virtuous” cycle of continued social and economic development.

Social protection reforms should be fully integrated with labour market policies. The portability of social insurance between different types of employment must be ensured, along with the opportunity to contribute to health

insurance and pension schemes during periods of unemployment.³⁴ Labour and social protection policies should also be coordinated to ensure efficiency and impact. For example, public works programmes with wages lower than unemployment benefits are not likely to be effective.³⁵

There are two broad categories of social protection in the Arab countries. One consists of the social insurance system based on formal employment, which applies to 30 per cent to 40 per cent of the workforce. The second comprises social assistance, which mainly includes cash transfers and subsidies for energy and food. On the sidelines, civil society organizations provide relief to the poor and destitute, by means such as zakat funds.

Currently, social protection is neither universal nor rights-based. Three-quarters of people in the region do not receive any assistance,³⁶ a rate similar to those registered in sub-Saharan Africa and South Asia.

Designing robust safety nets that target the needy should therefore be a priority for Arab countries. The recently adopted ILO recommendation on a national social protection floor³⁷ could guide national efforts. It has two broad aspects. The first encompasses basic income security, social transfers (in cash or in kind), income security to older persons and persons with disabilities, child benefits, and income support benefits for the unemployed and working poor. The second includes universal access to essential affordable social services in the areas of health, water and sanitation, education, food security, housing and others, defined according to national priorities.

In short, the social protection floor is a comprehensive approach encompassing most MDGs, and emphasizing inclusiveness and universality. It brings together all the social policy elements of health, education, poverty reduction and so on.

One starting point for many Arab countries will be to reform generalized subsidies in favour of those that target the poor and vulnerable. Subsidies for food and fuel are a large drain on government expenditure, even as social protection is insufficient.³⁸ Subsidy rates for energy, for example, range between 50 per cent and 85 per cent, representing 3 per cent to 14 per cent of GDP. In Egypt, energy subsidies are 9 per cent

of GDP, equivalent to 27 per cent of government expenditure, i.e. over US\$20 billion. Iraq spends 13.3 per cent of its GDP or US\$11.3 billion on energy subsidies. The amount is much higher compared to other social spending on health or education for example. Moreover, most energy subsidies benefit well-to-do people. The richest groups in Egypt capture 46 per cent of energy subsidies, compared to only 9 per cent for the poorest groups.³⁹

An estimate of the costs of social protection floors for Arab countries,⁴⁰ comprising unemployment programmes, universal child benefits and disability benefits and pensions, indicates that these would range from 3.1 per cent of 2011 GDP in Saudi Arabia to 4 per cent in Tunisia. Those figures are only indicative, however, and do not include other types of social protection programmes, such as cash transfers or education stipends, which may vary according to country priorities.

In terms of affordability in the short term, countries can be grouped in three categories: first, those with a reasonable fiscal situation, in particular oil-rich countries, which need not focus on enhancing fiscal capacity, but rather on the role and efficiency of social policy; second, those countries with severe fiscal constraints in the short term, coupled with high social protection costs due to demographic pressures such as Egypt, the Syrian Arab Republic and Yemen, which might need external financial assistance; and third, other countries such as Lebanon, Morocco and Tunisia, which can afford a basic social protection package, but should review current expenditures and initiate reforms to increase available domestic resources.

Economic governance: Measure the performance of economic institutions to achieve quality development

Arab uprisings have shown that development and economic growth should not be solely concerned with the creation of wealth, but also with its fair distribution and participation in the decision-making process.

The problems of many Arab economies lie in their structures: stagnating shares of agriculture and manufacturing; a rapidly expanding service sector based mainly on low value-added activities; and a still leading, though rapidly declining, oil

One starting point for many Arab countries will be to reform generalized subsidies in favour of those that target the poor and vulnerable

A more diversified economic structure should be considered to promote inclusive and quality development

sector. This pattern is not sustainable, and has not been conducive to the equitable distribution of benefits.

Oil revenues have supported a service-led pattern of economic development at the expense of the productive sectors, rendering the region the least industrialized among developing regions. Many of the region's economies are turning into increasingly import-oriented, service-based economies. Since the services fall at the low end of the value-added chain, however, they contribute little to the expansion of local knowledge and skills, and lock countries into inferior positions on global markets.

Another important structural dimension involves trade. Since the 1980s, most Arab countries have initiated trade reforms and boosted non-oil exports. But increased market access mostly benefited a handful of existing industries, particularly those linked with petroleum. By and large, the increased intensity of trade did not indicate successful integration into the global economy. Most exports are extracted natural resources, with fuel representing 70 per cent of total exports, and 80 per cent of all merchandise exports by oil-rich countries. Imports, in contrast, are relatively diversified.

Underlying weak trade performance is the weak manufacturing sector. Industry accounts for only 12 per cent of regional GDP, the lowest share among all developing regions. Moreover, it is heavily concentrated in lower value-added petroleum-related products, food, chemicals, rubber and plastic products. These represent nearly 60 per cent of total manufacturing output.

One of the greatest economic challenges that the region faces today, including in terms of MDGs and future development, is its continued lack of progress in creating economies that produce decent jobs, one of the targets under the first MDG. In Arab non-GCC countries, the manufacturing sector accounts for only 10 per cent of GDP and employs 8 per cent of the workforce on average. Since Arab countries have generally favoured urban trading centres and neglected agriculture and rural areas, agriculture only contributes to 7 per cent of GDP, even as it employs 27 per cent of the population.

The mining and utilities sector accounts for some 42 per cent of GDP, but only 2 per cent of employment in the region. In non-GCC countries, which are not oil-rich but are linked

to the oil economy in other ways, mining and utilities accounts for some 31 per cent of GDP, but only for 1 per cent of employment on average, for example.⁴¹

Misalignment between economic development and employment has also been clear in trade policies, which have favoured liberalization while ignoring the local productive capacity and foreign direct investment (FDI) flows. Only 20 per cent of total FDI went to the manufacturing sector, even though it created 55 per cent of all FDI-related jobs. In contrast, 63 per cent of FDI went to real estate and mining, resulting in only 12 per cent of FDI-related jobs.⁴²

The lack of employment in highly productive sectors has left the Arab region with the lowest productivity growth in the world. Aside from the fact that the dominant sectors are mining, agriculture and services, where productivity growth is very limited, Arab countries have not increased public and private investment to boost productivity. The region's weak private sector continues to focus more on efforts "to secure narrow interests than to win concessions for the wider business community".⁴³

Migrant workers are an important element of the Arab labour market. Some countries, especially GCC countries, but also Jordan and Lebanon, have immigration policies that allow low wages for migrant workers, compared to nationals. This encourages the private sector to rely on low-productivity, labour-intensive techniques, since they have a ready supply of cheap labour. Wages remain depressed,⁴⁴ which discourages nationals from seeking employment in the private sector. Many invest the minimum in education to get a job in the expanding and increasingly inefficient public sector. Others emigrate, seeking better opportunities elsewhere. Migrants in some countries now make up the majority of private sector workers, for both businesses and households.

In looking at the post-2015 agenda, a more diversified economic structure should be considered to promote inclusive and quality development. Arab countries should rethink macroeconomic policies accordingly. In particular, policies should seek to expand manufacturing and exports of non-oil commodities. Industrial policies are needed to ensure that industries grow in directions that contribute to transforming economies, including through job creation.

Complementary policy reforms in areas such as trade; investment; science and technology; enterprises (micro-, small- and medium-sized); human-resource training and upgrading; and regional development will be needed.

To a large extent, economic transformation and equitable growth will hinge on revising governance models. Reforms should be centred on moving away from old regime patronage models towards institutions that are democratic, inclusive, effective, pro-business and productive. Specific choices will depend on each country's conditions.

One essential entry point for economic inclusion is the creation of productive employment, which should be a top priority in the post-2015 framework. In most cases, this requires finding solutions to reduce the number of poor workers in the agricultural field by providing more decent employment for them in industry and modern services. This process would entail a renewed commitment to public investment as a core vehicle for rejuvenating growth. Revenues could come in part through reforms in subsidies, as discussed earlier.

An effective approach would include stimulating labour demand, such as by encouraging economic sectors most likely to provide high levels of decent employment. Coherent development strategies should seek to generate decent employment not only in the public sector, but especially in the private sector. Better labour market conditions should also provide greater opportunities for women's employment, given that Arab women have the highest unemployment rates in the world.

Also important is the freedom of workers' associations to engage in social dialogues and collective bargaining. Those are both effective means to stimulate reforms that support inclusive development, and ensure that a fair share of economic benefits accrues to workers, including through mechanisms such as wage-productivity links and minimum wages.

While independent workers' organizations mobilized popular support in some Arab uprisings, trade unions in a number of countries tend to be affiliated with authorities. Greater freedom of association would pave the way for more representative and democratic unions.⁴⁵ Already, the establishment of independent unions in some Arab countries, such as Egypt, Jordan and

Lebanon, shows the desire of many workers to seek representation outside existing organizations.

Integrate subnational and other forms of inequalities into goals and targets

Inequalities in various forms, related to income or in other respects, continue to undermine development achievements and growth, and threaten stability. This issue has attracted wide attention in the post-2015 discussions. Many gaps cannot be quickly addressed, since they are deeply rooted in countries' histories, politics and governance systems. They are visible through the lack of access to services, resources, power, voice and agency, and they include inequalities in wealth and income, assets, opportunities and access to natural resources, among others. Redistributive policies include a variety of measures, such as progressive taxation, social transfers and social expenditure, and national laws and regulations.⁴⁶

While income inequalities in the Arab region appear as relatively moderate according to the Gini coefficient, this measurement does not reflect reality. Surveys reporting large and growing differences in household expenditures suggest a different picture. In many countries, income as reported by surveys is less than half of income estimated by national accounts. Measures of inequality should, therefore, be more reliable and account for actual disparities, which requires improving sampling methods in surveys to better capture the top rich, as highlighted under goal 1 in part 1 of the report. Also the ratio of income of the poorest to the richest could serve as a simple and easy indicator of inequality rather than the complex Gini coefficient. In addition, countries should improve statistical systems to obtain reliable data on wealth and property registration, which will shed light on inequality in assets holding.

Current MDG monitoring is done on the national, regional and global levels, which conceals inequalities at subnational levels and other forms of inequalities. When data are broken down – such as by rich and poor, urban and rural areas, age, disability, ethnic group, gender, etc. – MDG indicators often reveal that some groups are lagging far behind others. Based on limited available data, a recent ESCWA study of the Arab region shed light on multiple polarizations at the regional, national, city and intercity levels. It called for stronger efforts to address these.⁴⁷

Measures of inequality should, therefore, be more reliable and account for actual disparities

One proposed measure is to have a country target on income inequality taking into account the entire population, including top earners, which are not effectively captured by the Gini coefficient. A more effective measure is the ratio of the share of top and bottom quintiles in income/expenditure. This will require extensive disaggregated data at the country level, covering different categories such as ethnicity, geography, gender and age.⁴⁸

Emphasize gender equality and women's empowerment

The Arab region faces major challenges when it comes to achieving gender equality. Despite impressive progress towards gender parity in primary, secondary and tertiary education, women's participation in the labour force is the lowest of all world regions. Women's participation in parliaments is also far behind their participation in the rest of the world: some countries still lack even a single woman legislator. With very little data disaggregated by gender, development policies that use existing statistics can mostly be considered "gender blind",⁴⁹ overlooking women's needs and lacking effectiveness.

While MDGs shed light on some serious gender equality concerns, they have had a limited impact in the region. A post-2015 agenda should move beyond numeric indicators to prioritize the quality of life of men and women, and their personal freedoms. Such a qualitative approach could, for instance, reinforce gender equality across the life cycle, particularly in the early stages of education, which can have a direct impact in helping boys and girls equally value the contributions of men and women to society. Later on, this new perspective could support women's ability to access employment.⁵⁰

The post-2015 agenda should reflect the fact that gender equality is not just about bettering the quality of the lives of women, who represent half of the world's population. Gender equality accelerates development and improves the lives of all people. For example, raising the education level of mothers in LDCs would help in reducing child mortality in those countries as well as across the region. Women can also be powerful drivers of economic growth. Raising women's labour participation rates to the same level as men's could boost GDP by 20 per cent in the Middle East and North Africa (MENA) region, which would

translate into improving annual per capita GDP by US\$770. The United Arab Emirates could see a GDP growth of 12 per cent, and Egypt of 34 per cent.⁵¹

Countries should empower all women and girls, including women with disabilities and those living with HIV. Development programmes should ensure that they reach all those in need, including marginalized women and men. Efforts to combat gender-based violence, which also enhance women's access to integrated reproductive health and HIV services, should be strengthened. In addition, the economic empowerment of marginalized women is a critical element of an effective and broad sustainable development.

In general, a post-2015 agenda should put forward concrete goals and targets to establish real equality. For instance, statistics capture women in paid work, but they do not offer a complete picture of their economic contribution, especially concerning unpaid household work. Ensuring that women participate at all levels of policymaking related to economics, poverty alleviation and other development issues should also be an explicit aim.

Integrate environmental concerns into development agendas

The vulnerability of food, water and energy resources threatens long-term development in the region and further exacerbates poverty. This vulnerability is exacerbated by the cumulative impacts of a changing climate, shrinking energy and water reserves, and challenges to food security.

The concept of sustainability has gained momentum in the run-up to the post-2015 discussions. In 2012, the Rio+20 participants agreed that economic, social and environmental issues are interrelated and, along with social justice, fairness and equity, are central to sustainable development.

Sustainability is frequently considered when discussing the environment; however it should be applied more broadly to cover all aspects of development. Economic growth, agricultural production, industrial development and manufacturing, and access to food and social services: all need to be approached from that perspective. Growth, accompanied by high and rising inequality, is not sustainable, nor is increased agricultural production that relies on a rapidly reducing forest cover or the depletion of

A post-2015 agenda should move beyond numeric indicators to prioritize the quality of life of men and women, and their personal freedoms

aquifers. Similarly, intensive fishing and marine pollution exert a mounting pressure on countries in the Arab region, which should maintain their fish stocks and keep them within safe biological limit. Overfishing threatens the income source of coastal communities as well as national economies that are mainly dependent on fishing; it also renders the communities that depend on fish as their main source of protein vulnerable.⁵²

In the Arab region, economic growth, driven primarily by the extraction of natural resources such as oil and natural gas, has been intensive in terms of carbon emissions that lead to climate change. This phenomenon will only exacerbate the underlying challenges of resource scarcity and expanding consumption. The risks and opportunities associated with climate change are now emerging within the development discourse in the region, with a focus on adaptation as an inevitable strategic option and new clean-energy policies to set the stage for future low-carbon economies.

Sustainable production and consumption patterns are main issues of discussion in the region in the context of green economy initiatives. Arab countries should consider a new model for development in response to sustainability challenges, supported by new and more equitable values and institutions.⁵³ Responses to these challenges should be drawn from sustainability links and relationships between social, economic and environmental policies.

Incorporating sustainability into the broad development framework is not easy. In addition to practical challenges of measurement, there are also political issues of consensus between developing and developed countries. The dependency on fossil fuels for economic growth continues to increase total regional emissions, as it had done historically for today's developed countries. Equity, growth and environmental sustainability are not necessarily mutually reinforcing; there are trade-offs and policy choices to be made.

In forging the post-2015 agenda, however, there is an opportunity to build in sustainability, which was not evident in the MDG framework. Not all areas require hard trade-offs. Some immediate entry points could be those that offer multiple benefits, such as better health as a result of reduced pollution. A starting point could be to assess national economic, social and environmental

policies in terms of whether they contribute to, or detract from, equality and sustainability.

Revisit goal 8: New regional partnerships for development

Changing the course of development in the Arab region will require political will and financing for reforms. Popular movements have galvanized political commitment to change. International and regional support can help to mitigate the negative effects of economic recession in some Arab countries. As for reaping the benefits of financing, the story is mixed in the region.

Middle-income countries such as Egypt, Morocco and Tunisia, as well as LDCs, particularly the Sudan and Yemen, confront a lack of fiscal space.⁵⁴ The latter also struggle with difficulties in effectively spending funds for development. Given these factors, on top of the complexity of political transition and conflict, policy reforms at the country level alone may not suffice to ignite inclusive development. Regional and global donors should stand by commitments to countries undertaking major reforms.

The eighth MDG called for a “global partnership for development,” with six targets, and indicators including on ODA.⁵⁵ The goal is often criticized for being poorly defined, and although one aim was to link it to the other seven goals, in reality, it does not specifically relate to these. A United Nations MDG Gap Task Force created in 2007 observed that progress under MDG 8 has been uneven and difficult to assess at a global level.

MDGs were agreed in 2000: the global and regional environments for partnership have changed drastically since then. There is a growing demand for human rights, democracy and participation. Regionalism and plurilateralism have increased through regional agreements. The global community has dealt with multiple crises. With the rise of the global South, richer Western countries no longer monopolize international development.

It is clear that aid money will not be enough to achieve MDGs. Other resources are needed, such as increased domestic resource mobilization through taxation, especially in middle-income countries.⁵⁶ The role of the private sector in achieving development goals is also becoming increasingly important and complementary to that of the public sector.

Arab countries should consider a new model for development in response to sustainability challenges, supported by new and more equitable values and institutions

Since Arab ODA is extremely important and powerful, it could be coordinated in a more efficient way, with stronger monitoring and oversight, and greater transparency

Where aid money has been provided, it has consistently fallen short of the commitment by donor countries to disburse 0.7 per cent of their GNI as ODA, as highlighted under goal 8 in part 1 of the report. Recent declines in foreign assistance may be linked to financial and economic crises in donor countries, coupled with aid fatigue following several natural disasters and conflicts.

Arab donors have been more generous to the Arab world, but their share of ODA to GNI has also been declining (see goal 8 in part 1). A few Arab donor countries have established national development funds, such as the Kuwait Fund for Arab Economic Development (KFAED), the Saudi Fund for Development (SFD) and the Abu Dhabi Fund for Development (ADFD).⁵⁷ But more could be done. If GCC countries provided 0.7 per cent of their GNI to international aid, especially to Arab LDCs, this would amount to an additional US\$9.8 billion per year.

Looking beyond 2015, a new partnership should bring together diverse actors in the service of inclusive development, including Governments, the private sector, non-governmental organizations, youth and women's groups, religious organizations, international and regional organizations and foundations. These partnerships should be forged with mutual respect, and based on transparency and good governance with adequate monitoring.

Some Arab donor countries are establishing development agencies, such as the United Arab Emirates' Office for the Coordination of Foreign Aid. The foreign aid activities of Qatar are not well known. For the most part, Arab ODA is untied and Arab donors are not present in recipient countries to monitor it, raising the risks of mismanagement. Since Arab ODA is extremely important and powerful, it could be coordinated in a more efficient way, with stronger monitoring and oversight, and greater transparency. One way to avoid mismanagement is to have regular evaluations and impact assessments.

As a way forward, a review of Arab donors should be undertaken, possibly towards coordinating efforts to finance national development plans in the region, and to develop systems to increase transparency and accountability. The recently released United Nations report on a new global partnership, by the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda,

also argues that people should see how taxes, aid and revenues are spent.

Improve statistics to capture development realities

Expanding the measurement of development progress should be a top priority of the post-2015 agenda. In many cases, it requires strengthening national statistical systems. While MDGs have helped move these beyond measuring GDP alone, the goals have only quantitative targets, so there has been less progress in assessing the quality of achievements. Within the numerical targets, a key concern is the reliance on the international fixed poverty line of US\$1.25, which may not be appropriate for many developing countries, including those of the Arab region. In addition, statistical systems should be strengthened in order to collect and analyse disaggregated data at subnational levels, as discussed previously.

A post-2015 agenda should explicitly recognize the importance of developing the capacities of national statistical systems to measure and monitor the quality of services, and propose a more reliable approach to measuring poverty.

Monitor the quality of services, not just the level of development

Non-income related deprivations, such as a poor quality of education and inadequate healthcare, have remained persistent over the past decades in many parts of the region. MDGs were mainly focused on increasing or decreasing numbers, such as the number of students enrolled in primary school. But number increases do not necessarily entail quality learning or daily attendance. The gap in quality is apparent when considering that, outside enrolment, Arab education achievements remain low against international standards, and most youth are poorly prepared for the labour market.⁵⁸

In the health sector, MDGs focused on a few issues, without capturing systemic health-care shortfalls. Not only large sections of Arab populations are not covered by any health-care system, but out-of-pocket payments have risen to over 50 per cent of total health expenditure, further reducing access for the poor. The quality and relevance of health care have suffered. Health systems are fragmented and need better management, guided by clear government

priorities to mobilize and allocate resources for more accessible and higher quality care.⁵⁹

Providing access to water, an aim of MDGs, is another example of how quantitative targets are insufficient if not completed with qualitative ones, such as monitoring the quality of the water and the cycle of water management. In many Arab cities, the unregulated disposal of wastewater degrades water resources and coastal ecosystems, and can contaminate urban water supplies, leading to significant health effects. The Arab Ministerial Water Council and the Arab Economic, Social and Development Summit, held in January 2011, both recognized the importance of monitoring the quality of water and sanitation services, and mandated ESCWA to develop a set of regional indicators for that purpose.⁶⁰

The quality of services that affect development should be firmly incorporated in the post-2015 agenda. One way to move ahead is to focus on the outcomes of learning or health interventions.⁶¹ Public services, such as water supply, could have inbuilt quality indicators to measure progress. If governance goals are included in the post-2015 agenda, the quality of institutions should also be measured.

Develop means to monitor poverty and inequality suited for the Arab region, as well as mechanisms to improve access to data and statistics

Money-metric indicators of poverty are a powerful tool to track human deprivation. However, since there is a wide range of definitions, theories and methodologies, poverty experts often do not agree

on answers to basic questions such as: how many poor people are there in the world today? Have developing countries been successful in reducing poverty?

Choosing an appropriate poverty line is a crucial prerequisite for using money-metric indicators. A poverty line can be held constant over time and across countries, as has been the practice with, for example, the World Bank's US\$1 per day per person PPP poverty line. But PPPs do not equate purchasing power across countries. The cost of the same goods and services will generally be higher in richer countries even in PPP terms. In that case, no fixed poverty line can serve as a reliable measure of poverty outside the poorest countries.

The World Bank's basic idea of relying on national poverty lines to construct a globally comparable poverty measure is valid. A more sensible approach, however, would relate the poverty line to changes in the standard of living between countries. It should be based on well-established relationships between national poverty lines and average per capita expenditure (in 2005 PPP) across all developing countries.

The post-2015 era should also consider poverty holistically, taking into account multiple perspectives. There have been some attempts already, such as the multidimensional poverty index, but it is restricted to human development dimensions, which makes it too narrow. Other attempts include measuring child poverty, such as multiple overlapping deprivation analysis. There is also a need to look at poverty at the intra-household level to capture gender differences in access to assets and inheritance rights, since these are important indicators of human capabilities.

The quality of services that affect development should be firmly incorporated in the post-2015 agenda

Annex

Technical Notes

Data coverage

The 22 Arab countries (see below) were included in the report. The main database was an aggregate of data from many sources. The primary data source is the official United Nations site for MDG indicators (<http://mdgs.un.org>). Missing data were compiled from United Nations specialized agencies. National MDG reports provided some data points when the indicator definition was consistent and the time series was in harmony with the main database. Finally, World Development Indicators of the World Bank provided data when their time series fitted the database trend and when the indicator definition matched. Data covered the period from 1990 to 2012; however for the last two years data points were rather scarce due to time lags before the publication of data.

Choice of indicators for further analysis

Indicators used for analysis were the ones that have at least one data point in the 1990s (base year) and at least one in the 2000s (last year) for Arab countries. A five years difference at least was observed between the base year and the last year. The first data point was used as a proxy of the 1990 baseline and the last one available in the 2000s was used as a proxy of the current status. Education indicators were an exception whereby the baseline year was 1999, because of more data availability. It is noteworthy that the Millennium Development Goals Report 2012 also presents 1999 as the base year for education indicators. Even in education indicators, the minimum five years difference between the base year and the last year was well observed.

Subregional groupings

The 22 Arab countries are: Algeria, Bahrain, the Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, the Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates and Yemen.

Subregions were determined according to similarities in their characteristics and in concordance with the previous Arab MDG reports.

- Mashreq: Egypt, Iraq, Jordan, Lebanon, Palestine and the Syrian Arab Republic
- Maghreb: Algeria, Libya, Morocco and Tunisia
- The Cooperation Council for the Arab States of the Gulf (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- Least Developed Countries (LDCs): the Comoros, Djibouti, Mauritania, Somalia, the Sudan and Yemen

Subregional and regional averages

Subregional and regional indicators were calculated for the two time periods, the earliest in 1990s and the latest in the 2000s. Countries were grouped into the subregions described above, indicators were weighted by the corresponding weighting factor specified in the UNSD metadata for MDG indicators (<http://mdgs.un.org/unsd/mdg/PrintableMetadata.aspx>).

The only exception was for the indicator 'Seats held by women in national parliament' weighted by 'total population' instead of 'total number of seats filled in single or lower chambers of parliament' (specified in the metadata); total population is a more relevant weighting factor because members in the parliament represent the whole population.

Two conditions had to be met for the calculation of the subregional average for any indicator: first, 50 per cent of the subregion's population had to be represented for both years; second, half the countries of the subregions had to be represented for both years.

Regional average was also calculated for the Arab region as a whole using the same weighting factors specified in the UNSD metadata, as mentioned previously.

Regression-based poverty lines

A central question is whether fixing a poverty line across countries would lead to a meaningful comparison. The World Bank uses fixed poverty lines across the globe, derived on the basis of the national poverty lines of the poorest countries. The latest revised poverty line of US\$1.25 is estimated based on the national poverty lines of the 15 poorest countries.⁶² Critics have pointed to flaws in such fixed lines, which could be due to the choice of rock-bottom norms of expenditure, unrealistically applied to the entire world; the use of PPP for poverty measurements, which was originally intended for comparing aggregates of national accounts; a combination of food and non-food components in the poverty line without a consistent consumer theory; and the fact that national poverty lines of the poorest countries could be understated or overstated due to political reasons.⁶³

An appropriate poverty line should be based on the development level of the country presented by the per capita consumption expenditure (PCE), not fixed on the basis of the national poverty lines of the poorest countries. New regression-based poverty lines (RPLs) were estimated by aligning the national poverty line for developing regions on the average PCE based on 2005 PPP.⁶⁴

For the Arab region, Latin America, sub-Saharan Africa and South Asia in the 1990s, the

estimated RPLs are within close range of the national poverty lines. RPLs and poverty line/PCE ratios are least consistent with the national poverty lines in East Asia and the Pacific. This could be attributed to the fact that some countries such as China tend to significantly underestimate the national poverty line. RPLs for sub-Saharan Africa are close to the World Bank US\$1.25 line, but they are significantly higher for developing regions as a whole. The exercise thus concludes that US\$1.25 is a benchmark far too low for global poverty measurement. It also indicates the need to use a variable poverty line over time, even if some common yardstick to compare poverty across countries is required.

The MDG achievement Index

The MDG achievement Index (MDGI) measures the gap between the latest observed value and the expected value for the same year if the indicator was on the right path to meet the required target in 2015. It gives the percentage deviation of MDGs from the required targets for selected indicators and countries (selection criteria are detailed below).

Every goal was selected based on whether it had a quantifiable target; two indicators were chosen to represent the goal in the index calculations. This resulted in the following 12 indicators:

Goal	Indicator	Target	Cut-off for base year
Goal 1: Eradicating extreme poverty and hunger	Children under the age of five moderately or severely underweight, percentage	Halve	less than or equal to 5 per cent
	Population undernourished, percentage	Halve	less than or equal to 5 per cent
Goal 2: Achieving universal primary education	Total net enrolment ratio in primary education, both sexes	100 per cent	above or equal to 95 per cent
	Literacy rates of 15-24 years old, both sexes, percentage	100 per cent	above or equal to 98 per cent
Goal 3: Promoting gender equality and empowering women	Gender Parity Index in primary level enrolment	1.0	above or equal to 0.9
	Gender Parity Index in secondary level enrolment	1.0	above or equal to 0.9
Goal 4: Reducing child mortality rates	Children under five mortality rate per 1,000 live births	Reduce by 2/3	less or equal to 18
	Infant mortality rate (0-1 year) per 1,000 live births	Reduce by 2/3	less or equal to 14
Goal 5: Improving maternal health	Maternal mortality ratio per 100,000 live births	Reduce by 3/4	less or equal to 31
	Births attended by skilled health personnel, percentage	Fill 3/4 of the gap to reach 100 per cent	above or equal to 95 per cent
Goal 7: Ensuring environmental sustainability	Proportion of the population not using improved drinking water sources, total	Halve the people who do not have access to improved drinking water sources	less than or equal to 2 per cent
	Proportion of the population not using improved sanitation facilities, total	Halve the people who are not using improved sanitation facilities	less than or equal to 6 per cent

Countries included in index calculations are those that have data for 7 or more indicators of the 12 chosen indicators. If a country had attained the cut-off limit for an indicator in 1990, then this indicator is excluded from the index calculations. This condition resulted in excluding Bahrain, Kuwait, Lebanon, Libya, Qatar and United Arab Emirates from index calculations.

Cut-off points are the limit to include a country in the MDG index calculations and they were chosen based on the level of developed countries in 1990 with a 20 per cent margin (data from the Statistical Annex of the MDG report 2012). Data on the indicator ‘Children under five moderately or severely underweight’ were not reported for developed regions, thus the use of a 5 per cent cut-off point similar to ‘undernourished population’. Employment indicators are not included as part of this index due to the fact that there is no specific numerical target.

The final resulting matrix included 192 cells (16 countries multiplied by 12 indicators), 30 cells were labelled as ‘achieved in 1990’ and 7 cells had ‘no data’, and thus the MDG index was based on 155 cells.

Index calculation

The index was calculated for every country indicator selected, given that the value was available and applicable to MDG targets. The calculations are described in the table below.

Formulae

$$e = b / 2$$

$$f = (e - b) / (2015 - a)$$

$$g = (b + f(c - a))$$

$$h = (g - d) / g$$

For Arab countries, the base year was not necessarily 1990, but it was the first year available, except for education data (explained above). The last year was the last year available in the period of the 2000s.

The ideal rate of yearly changes was based on the assumption of the linearity of indicators.

The index is the percentage deviation of the observed value of a certain indicator from the

year-specific target for an indicator. However, in certain occasions, the resulting index was less than -100 per cent, thus we assumed it to be equal to -100 per cent for statistical purposes. Decimal figures were rounded in the index calculation, for example a value of -0.02 was rounded to -1 per cent and a value of 0.02 was rounded to +1 per cent.

The index was split into seven categories based on how close the country came to the year-specific target for an indicator. These are:

- 45 to 100 per cent above the target
- 20 to 45 per cent above the target
- 1 to 20 per cent above the target
- -1 to -20 per cent below the target
- -20 to -45 per cent below the target
- -45 to -100 per cent below the target
- over -100 per cent below the target

The MDG index for the Arab region was calculated by weighting achievement indices with the size of each country’s population.

The average MDGs successes (or shortfalls) indicate the extent to which the results are above (or below) required targets. Average MDG successes are computed by weighted average of MDG achievement indexes for the indicators that are above the required target, the weights being a number of indicators relative to total indicators. The average MDGs shortfalls are calculated similarly. The average of successes and shortfalls gives the average MDGI, which indicates the overall percentage deviation of MDGs from the required target for a country or a region.

MDGI was also calculated for developing regions from data extracted from the statistical annex of the Millennium Development Goals Report 2012 (http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2012/StatAnnex_Final.doc). The index calculation for developing regions relied on the same indicators. It is important to indicate that the baseline year for those indicators is 1990 and the last year is 2010, consistently. Consequently, the comparison between the Arab region and developing regions should be interpreted carefully.

	a	b	c	d	e	f	g	h
Underweight children	Base year	Base value	Last year	Last value	MDG target 2015	Ideal rate of yearly change	Target last year	Achievement index
Country X	1991	10.5	2008	6.8	5.25	-0.22	6.78	-0.28
Country Y	1992	9.2	2005	3.7	4.6	-0.2	6.60	43.94

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Endnotes

Overview

¹ The grouping of Arab countries most commonly applied in the report is based on their geographic location and level of development. See the annex for subregional groupings.

² See the annex for details on the methodology applied to calculate regional and subregional averages, and on data sources. Unfortunately, international databases are not able to capture the impacts of the latest political situation for the majority of Arab countries, as most statistics report achievements up to 2010. This report uses up-to-date information from national sources and other independent sources, where relevant, and complements international databases to provide a realistic assessment of MDGs in the Arab region after 2010.

Part I

¹ Regional and subregional estimates include countries for which data were available both in 1990 and 2012. Taking into account additional countries such as Iraq and the Sudan, the incidence of extreme poverty increases to 8.2 per cent in the region.

² Based on Nasser et al., 2013.

³ Abu-Ismaïl et al., 2012.

⁴ United Nations and League of Arab States, 2010.

⁵ UNDP, 2011a.

⁶ See annex for details.

⁷ UNDP, 2011d.

⁸ United Nations and League of Arab States, 2010.

⁹ World Bank, 2013b.

¹⁰ UNDP, 2011a.

¹¹ Household final consumption expenditure, derived from national accounts data, includes expenditure on all goods and services purchased by households. It excludes purchases of dwellings but includes imputed rent for owner-occupied dwellings, payments and permit and licence fees. Here, it also includes the expenditures of non-profit institutions serving households (World Bank, 2013b).

¹² UNDP, 2011d.

¹³ ILO and UNDP, 2012.

¹⁴ ESCWA, 2012b.

¹⁵ The employment-to-population ratio is the proportion of a country's working-age population that is employed. It shows to what extent the economy is able to provide employment to its people. It usually falls between 50-75 per cent. A lower number indicates that a large share of the population is not working and a higher one that more people are working.

¹⁶ National data in GCC countries, such as Qatar and Saudi Arabia (State of Qatar, Statistics Authority, 2013; Kingdom of Saudi Arabia, Ministry of Social Affairs, 2013), differ from ILO data on this indicator. That might be due to the fact that national data are restricted to citizens of the country and do not take into account migrant populations.

¹⁷ See ILO and UNDP, 2012; UNDP, 2011a.

¹⁸ ILO and UNDP, 2012; Achy, 2010.

¹⁹ This regional trend is similar to what ILO is predicting in its latest report (ILO, 2013)

²⁰ ILO, 2012a.

²¹ ILO, 2013.

²² Montenegro and Hirn, 2009.

²³ In the Arab region, a worker is considered poor if his/her income from employment is not high enough to secure per capita consumption for him/her and his/her family of US\$2 per day or more (ILO and UNDP, 2012).

²⁴ Data are presented according to the regional groupings of the source, ILO's Global Employment Trends 2013, which are slightly different from the groupings used in this report. The main difference is that, in ILO groupings, the Middle East includes Iran, and that Egypt and the Sudan are part of North Africa.

²⁵ ILO and UNDP, 2012.

²⁶ Labour productivity measured by GDP per person employed shows whether or not economic growth is generating employment and reducing the number of working poor.

²⁷ Some national data show different figures. For example, according to data from Qatar (State of Qatar, Statistics Authority, 2013), the growth of GDP per person employed was 36.3 per cent in 2010-2011, and according to data from Saudi Arabia (Kingdom of Saudi Arabia, Ministry of Social Affairs, 2013), the rate was 13 per cent in 2011. These data are significantly different from internationally comparable data from ILO, for reasons already mentioned in endnote 16.

²⁸ Some country-specific studies use their own methodologies to estimate indicators, which might not tally the estimates given in this report. In Iraq, for example, according to a 2012 report on food security, living conditions and social transfers, the percentage of population suffering from food deprivation is 5.7 per cent.

²⁹ Even though hunger is a global issue, there is no universal definition for it. "From the most comprehensive perspective, hunger describes the feeling of discomfort that is the body's signal that it is in need of more food. (It) is alleviated once the next meal is taken, causing no deep or permanent damage" (The Hunger Project, 2008). Hunger is also characterized by the discomfort, weakness, or pain caused by a prolonged lack of food. According to FAO, a country has food security when all its people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life (FAO, 2012e).

³⁰ Maplecroft, 2012.

³¹ http://awi.worldbank.org/content/awi/en/home/initiatives/food_security_initiative.html.

³² The Economist, 2012.

³³ FAO, 2012b and the Syrian Arab Republic, Central Bureau of Statistics, 2013.

³⁴ According to WHO, "severe acute malnutrition is defined by a very low weight for height (below -3z scores of the median WHO growth standards), by visible severe wasting, or by the presence of nutritional oedema" (<http://www.who.int/nutrition/topics/malnutrition/en/index.html>).

³⁵ WHO categorizes stunting rates of 40 per cent and above as critical; rates of 30 per cent to 39 per cent as serious; and rates of 20 per cent to 29 per cent as poor.

³⁶ UNICEF, 2012b.

³⁷ The double burden of malnutrition is the persistence of undernutrition, in particular among children, and a rapid rise in diseases related to obesity and diet (FAO, 2006).

³⁸ FAO et al., 2012.

³⁹ "Poor women suffering from undernutrition during pregnancy give birth to undernourished babies. If inadequate nutrition during prenatal development and infancy is followed later in life by an excessively increased intake of dietary energy, this could result in an increased propensity to be overweight or obese" (FAO, 2012d).

⁴⁰ As for previous indicators, and presumably for the same reasons (see endnotes 16 and 27), national data for some GCC countries indicate different figures. For example, official data from Saudi Arabia (Kingdom of Saudi Arabia, Ministry of Social Affairs, 2013) a primary enrolment rate of 96.6 per cent for 2011. Official data from Qatar (State of Qatar, Statistics Authority, 2013) indicate a rate of 91.7 per cent.

⁴¹ UNESCO, 2012b.

⁴² According to United Arab Emirates data, the primary net enrollment rate reached 98.3 per cent in 2009.

⁴³ UNESCO, 2012a.

⁴⁴ UNDP and MBRF, 2009.

⁴⁵ UNESCO, 2012a.

⁴⁶ Ibid. The Gender Parity Index is the ratio of female enrolment to male enrolment.

⁴⁷ UNESCO, 2012a; Diop, 2010.

⁴⁸ According to United Arab Emirates data, the literacy rate was 99.5 per cent in 2009.

⁴⁹ UNESCO Institute for Statistics, 2012. The Sudan also has a large number of illiterate youth, but available data only cover the period prior to the secession of South Sudan (1.1 million).

⁵⁰ Ibid.

⁵¹ IMF, 2013.

⁵² ESCWA, 2011b.

⁵³ CEDAW, 2005.

⁵⁴ UNSD, 2012a.

⁵⁵ World Bank, 2012c.

⁵⁶ UNSD, 2012a.

⁵⁷ <http://www.ipu.org/wmn-e/classif.htm>.

⁵⁸ Transitional justice is defined as the “full range of processes and mechanisms associated with a society’s attempts to come to terms with a legacy of large-scale past abuses in order to ensure accountability, service justice and achieve reconciliation. These may include both judicial and non-judicial mechanisms, with differing levels of international involvement (or none at all) and individual prosecutions, reparations, truth-seeking, institutional reform, vetting and dismissals, or a combination thereof” (United Nations Security Council, 2004).

⁵⁹ UNIFEM, 2010.

⁶⁰ UNWOMEN, 2011.

⁶¹ UNICEF, 2005.

⁶² <http://www.egyptindependent.com/news/violence-against-women-costs-egypt-annual-le150-billion>.

⁶³ <http://saynotoviolence.org/issue/facts-and-figures>.

⁶⁴ UNICEF, 2012a defines “low-mortality countries (...) as those with under-five mortality of 10-20 deaths per 1,000 live births in 2011; very-low-mortality countries have rates below 10 per 1,000 live births.

⁶⁵ See Fukuda-Parr and Greenstein, 2010. Gauging accelerated progress requires comparing rates of progress between 1990 and 2000, and between 2000 and 2011. If progress is faster in the latter period, then the country is said to have accelerated its progress towards the target.

⁶⁶ UNICEF, n.d.

⁶⁷ DPT comprises a series of immunizations to prevent diphtheria, pertussis and tetanus. To be fully immunized, children must receive three doses of the vaccine before their first birthday. Complete coverage with DPT (DPT3) is a particularly valuable indicator of countries’ performance of routine immunization and is often considered the best indicator of access to basic services, including health services (http://www.childinfo.org/immunization_status.html).

⁶⁸ WHO member States in the Eastern Mediterranean region are: Afghanistan, Bahrain, Djibouti, Egypt, Iran (Islamic Republic of), Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Pakistan, Qatar, Saudi Arabia, Somalia, the Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates and Yemen.

⁶⁹ WHO, n.d.

⁷⁰ According to national sources, maternal mortality declined to 14 deaths per 100,000 live births in Saudi Arabia in 2010, whereas UNSD data report a rate of 28 deaths per 100,000 live births. The corresponding GCC average would be less than 15 deaths per 100,000 live births if national data were to be considered. However, the GCC average is calculated using UNSD data in this case, as it is the source used for all other countries for both base year and latest year.

⁷¹ United Nations, 2012b.

⁷² World Bank, 2004.

⁷³ UNAIDS, 2012.

⁷⁴ WHO, 2012b.

⁷⁵ Multiple Indicator Cluster Survey data accessed through the WHO Global Health Observatory Data Repository.

⁷⁶ The incidence of TB is defined as the number of new cases in one year per 100,000 population.

⁷⁷ TB prevalence refers to the number of cases of all forms of TB in a population at a given point in time per 100,000 population (<http://mdgs.un.org/unsd/mi/wiki/6-9-Incidence-prevalence-and-death-rates-associated-with-tuberculosis.ashx>).

⁷⁸ <http://www.who.int/bulletin/volumes/85/5/06.035329/en/index.html>.

⁷⁹ WHO, 2009.

⁸⁰ WHO, 2012a.

⁸¹ West Asia countries include: Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen.

⁸² UNEP et al., 2011.

⁸³ The first year for which data on Arab countries was available is 1995.

⁸⁴ An improved drinking-water source is defined as one that, by the nature of its construction or through active intervention, is protected from outside contamination, particularly from contamination with fecal matter (<http://www.wssinfo.org/definitions-methods/introduction/>).

⁸⁵ An improved sanitation facility is one that hygienically separates human excreta from human contact.

⁸⁶ UNHABITAT, 2007 defines a slum household as a group of individuals living under the same roof in an urban area who lack one or more of the following: durable housing of a permanent nature that protects against extreme climate conditions; sufficient living space, which means not more than three people sharing the same room; easy access to safe water in sufficient amounts at an affordable price; access to adequate sanitation in the form of a private or public toilet shared by a reasonable number of people; and/or security of tenure that prevents forced evictions.

⁸⁷ Arab WTO member countries are: Bahrain, Djibouti, Egypt, Jordan, Kuwait, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Tunisia and United Arab Emirates. Eight other countries have observer status and are in negotiations: Algeria, the Comoros, Iraq, Lebanon, Libya, the Sudan, the Syrian Arab Republic and Yemen. Palestine is an observer.

⁸⁸ Note that the figures 1-50 and 1-51 consider tariffs in terms of averages, which hides the effect of any form of tariff protection, such as tariff peaks and escalation. Tariff peaks refer to applying extremely high tariffs on selected products, while tariff escalation is the method of imposing low tariffs on raw material goods and progressively increasing tariff levels for semi-processed goods until reaching high tariff levels on finished goods. Tariff peaks are most prevalent for agricultural and food products, while tariff escalation is mostly common in agro-industrial products and textiles.

⁸⁹ IMF, 2012b.

⁹⁰ World Bank, 2013a.

⁹¹ ESCWA, forthcoming.

⁹² IMF, 2012a.

⁹³ ESCWA, forthcoming.

⁹⁴ Dubai School of Government, 2012.

⁹⁵ UNDP, 2011a.

⁹⁶ Ibid.

⁹⁷ The further question of human development in the context of social unrest has been addressed in recent scholarly work, such as Kuhn, 2012; Campante and Chor, 2012.

Part II

¹ United Nations, 2011.

² United Nations System Task Team on the Post-2015 United Nations Development Agenda, 2012b.

³ United Nations Regional Commissions, forthcoming.

⁴ Fukuda-Parr, 2012.

⁵ DESA, 2012.

⁶ ESCWA, 2010a.

⁷ Acemglu and Robinson, 2012.

⁸ The following section draws on observations from the United Nations Regional Commissions, forthcoming; UNDP, 2011a; and UNDG for Arab States/MENA, 2011, which identified the following six priority areas for development: youth as a positive force for change; employment and decent work, especially for youth; governance and socioeconomic inequalities; food and climate change; gender equality; and human rights.

⁹ UNDP, 2011a.

¹⁰ OECD, 2011.

¹¹ ESCWA, 2011h.

¹² ILO and UNDP, 2012; Campante and Chor, 2012.

¹³ Governance here implies political/democratic governance, including democracy (elections, participation and accountability) and institutional effectiveness (transparency and inclusiveness).

¹⁴ UNDP, 2002.

¹⁵ UNDP, 2011a.

¹⁶ Ibid.

¹⁷ See the works of new institutional economists such as North D.C., 1990; and Acemoglu D. and Robinson J., 2012.

¹⁸ UNDP, 2012.

¹⁹ United Nations System Task Team on the Post-2015 United Nations Development Agenda, 2012b.

²⁰ UNDP, 2011a.

²¹ United Nations, 2012a. See also United Nations Regional Commissions, forthcoming.

²² ESCWA, 2012c.

²³ Based on World Bank, 2013b.

²⁴ UNDP, 2011a.

²⁵ The Global Dryland Alliance, a Qatari initiative launched in 2010, is a good example in this regard. It aims to address the challenges of climate change and its impact on food security.

²⁶ FAO, 2012d.

²⁷ ESCWA, 2010b.

²⁸ FAO and WFP, 2010.

²⁹ ESCWA, 2012c.

³⁰ ESCWA, 2010b,

³¹ Social protection is regarded as an element in realizing key human rights in Article 22 of the Universal Declaration of Human Rights; Article 9 of the International Covenant on Economic, Social and Cultural Rights; Article 26 of the Convention on the Rights of the Child; and Article 11 of the Convention on the Elimination of All Forms of Discrimination against Women.

³² ILO, 2011b.

³³ Prasad and Gerecke, 2010.

³⁴ ESCWA, 2011d.

³⁵ ESCWA, 2012a.

³⁶ World Bank, 2012b.

³⁷ ILO, 2012c.

³⁸ United Nations Regional Commissions, forthcoming.

³⁹ Fattouh and El-Katiri, 2012.

⁴⁰ ESCWA, forthcoming. The costing exercise uses the UNICEF-ILO costing tool and the method proposed in ILO, 2008.

⁴¹ UNDP, 2011a.

⁴² ILO and UNDP, 2012.

⁴³ Malik and Awadallah, 2013.

⁴⁴ ILO and UNDP, 2012.

⁴⁵ Ibid.

⁴⁶ Prasad, 2008.

⁴⁷ ESCWA, 2011c.

⁴⁸ DESA, 2012.

⁴⁹ ESCWA, 2011f.

⁵⁰ ESCWA, 2012b.

⁵¹ World Bank, 2012c.

⁵² UNDG, 2013.

⁵³ Ibid.

⁵⁴ ESCWA, 2012d. Fiscal space is defined as “the financing that is available to the government as a result of concrete policy actions for enhancing resource mobilization, and the reforms necessary to secure the enabling governance, institutional and economic environment for these policy actions to be effective, for a specified set of development objectives.” (Roy and Heuty, 2009).

⁵⁵ These cover issues such as market access and fair trade rules, debt sustainability, LDCs, access to affordable drugs and ICT access.

⁵⁶ DESA, 2012.

⁵⁷ There are also six major multilateral agencies: the Arab Fund for Economic and Social Development (AFESD), the Arab Gulf Programme for United Nations Development Organizations (AGFUND), the Arab Monetary Fund (AMF), the Arab Bank for Economic Development in Africa (ABEDA), the Islamic Development Bank (IsDB) and the Organization of Petroleum Exporting Countries (OPEC) – Fund for International Development (OFID).

⁵⁸ ESCWA, 2011e.

⁵⁹ ESCWA, 2011g.

⁶⁰ ESCWA, 2011i.

⁶¹ UNESCO, 2012a.

⁶² Chen and Ravallion, 2008.

⁶³ UNDP, 2011d; Kakwani and Son, 2006; and Reddy, 2009.

⁶⁴ UNDP, 2011a.

The Arab region has made impressive progress towards many Millennium Development Goals (MDGs), particularly in education. Achievements, however, were uneven. There are still major deficits in targets related to hunger, infant and maternal mortality, and access to water. There are also major inequalities between and within Arab countries.

Lessons from the Arab region could be one of the reference points as the world prepares for a post-2015 development agenda. The fact that some of the countries caught in the recent wave of political instability were also among the region's leading MDG achievers raises important questions about critical issues that have been overlooked by the MDG framework. To better capture the aspirations of the people of the region, the report argues that the post-2015 development framework should have, at its core, pillars that promote good governance. It should also emphasize the *quality*, not just the *quantity* of development, empower women and reduce inequalities to foster development for all.



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This report is a response to a request by the United Nations General Assembly for a periodic assessment of progress towards the Millennium Development Goals (MDGs). It was jointly prepared by the League of Arab States, the United Nations organizations members of the Regional Coordination Mechanism (RCM) and the Regional United Nations Development Group for the Arab States, and coordinated by the Economic and Social Commission for Western Asia (ESCWA). The members of the thematic working group on MDGs within RCM are listed below. A number of outside expert advisors and focal points in the ministries of social affairs of the 22 Arab countries also contributed to the report. This publication is based on a set of data compiled by ESCWA in consultation with the member countries of the League of Arab States. Data are drawn from both national and international sources, mainly the United Nations Statistics Division Millennium Development Goals Indicators database.

For a relevant analysis of MDGs, the League of Arab States and the United Nations have agreed on the following regional classification of Arab countries: *the Cooperation Council for the Arab States of the Gulf (GCC)*: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates; *the Least Developed Countries (LDCs)*: the Comoros, Djibouti, Mauritania, Somalia, the Sudan and Yemen; *Maghreb*: Algeria, Libya, Morocco and Tunisia; *Mashreq*: Egypt, Iraq, Jordan, Lebanon, Palestine and the Syrian Arab Republic.

LEAGUE OF ARAB STATES (Social Sector)

&

ECONOMIC AND SOCIAL COMMISSION FOR WESTERN ASIA (Convener of the Thematic Working Group on MDGs)

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

INTERNATIONAL LABOUR ORGANIZATION

INTERNATIONAL TELECOMMUNICATION UNION

JOINT UNITED NATIONS PROGRAMME ON HIV/AIDS

UNITED NATIONS CHILDREN'S FUND

UNITED NATIONS DEVELOPMENT PROGRAMME

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

UNITED NATIONS ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN

UNITED NATIONS ENVIRONMENT PROGRAMME

UNITED NATIONS POPULATION FUND

WORLD HEALTH ORGANIZATION

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Foreword

The Millennium Development Goals (MDGs) – a strong global commitment to human development made by Heads of State and Government in the year 2000 – envisaged a fifteen-year timeframe to achieve ambitious development targets to improve the lives of all. Arab countries reaffirmed their commitment to these goals in resolutions adopted at the Arab developmental summits (Kuwait 2009, Sharm Al-Sheikh 2011 and Riyadh 2013), and through efforts made by the Arab Social Affairs Council and other Arab specialized ministerial councils and organizations.

Today, we are rapidly approaching the MDG endpoint of 2015. Countries in all regions have made great strides towards achieving the goals. In the Arab region, much has been achieved, especially in access to education and health services, but much remains to be done.

The Fourth Arab Report on the Millennium Development Goals 2013 highlights the progress made by Arab countries in achieving MDGs since 1990 and underlines ongoing development challenges which should be addressed in any post-2015 development framework. The report also suggests a new development paradigm beyond 2015.

Development in the Arab region cannot be addressed separately from regional realities. With the continued Israeli occupation of Palestine, the region is suffering from the only remaining occupation in modern history. Conflict and instability in the Arab region also continue to take their toll on economic, social and political life.

This report was prepared during a period marked with significant political and social change. A post-2015 development agenda will only be meaningful if it echoes the rallying calls of millions of Arabs for freedom, dignity and social justice. Notwithstanding the daunting challenges, there are ample reasons for hope. The region has resources and potential, not least of which is the tremendous wealth of youth and will that was recently manifested in the streets. If harnessed properly, this force can be an engine for change to build sound economies and resilient societies and nations.

An inclusive and sustainable post-2015 development agenda should address specific subregional and subnational inequalities. Arab countries have a strong incentive to work towards integration. Less vulnerability to external factors can only be realized through intraregional joint action to face collective challenges. This should be grounded in a strong political will to share both strengths and weaknesses, to minimize burdens and maximize opportunities, to turn contradictions into areas of complementarity and effective integration potentials.

To achieve equitable human development, there must be an inclusive and balanced approach addressing economic, social, environmental and political dimensions. Furthermore, as highlighted by the global United Nations report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, policies and actions have to serve not only the quantitative acceleration of development progress, but also the enhancement of its quality. Any regional post-2015 development agenda must also pay attention to the special needs and circumstances of Arab LDCs.

This report contains detailed information on where the Arab region stands today in terms of achieving MDGs. It is our sincere hope that it will be a useful reference as we look for a better future for all in the Arab region.



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Abbreviations and acronyms

ADFD	Abu Dhabi Fund for Development
AFESD	Arab Fund for Economic and Social Development
AGFUND	Arab Gulf Program for United Nations Development Organizations
AIDS	Acquired immunodeficiency syndrome
AMU	Arab Maghreb Union
ARRU	Agence de Réhabilitation et de Rénovation Urbaine
ART	Antiretroviral therapy
ABEDA	Arab Bank for Economic Development in Africa
CAPMAS	Central Agency for Public Mobilization and Statistics
CEDAW	Committee on the Elimination of Discrimination Against Women
CEPR	Centre for Economic Policy Research
CO ₂	Carbon dioxide
DESA	United Nations Department of Social Affairs
DOTS	Directly observed treatment shortcourse
DPT	Diphtheria, pertussis and tetanus (DPT3 indicates complete coverage with the DPT vaccine's three doses)
DSF	Debt sustainability framework
EFA	Education for All
EFTA	European Free Trade Association
EGP	Egyptian pounds
EIU	Economist Intelligence Unit
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign direct investment
GAFTA	Greater Arab free trade area
GCC	The Cooperation Council for the Arab States of the Gulf
GDP	Gross domestic product
GNI	Gross national income
GPI	Gender parity index
HIPC	Heavily-indebted poor countries
HIV	Human immunodeficiency virus
ICT	Information and communications technology
IPU	Interparliamentary Union
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
IMF	International Monetary Fund
IsDB	Islamic Development Bank
IPC-IG	International Policy Centre for Inclusive Growth
ITC	International Trade Centre
IZA	Institute for the Study of Labour
KFAED	Kuwait Fund for Arab Economic Development
LDCs	Least developed countries

LLIN	Long-lasting insecticide-treated nets
MBRF	Mohammed bin Rashid al-Maktoum Foundation
MDGs	Millennium development goals
MDGI	Millennium Development Goals achievement Index
MENA	Middle East and North Africa
MFN	Most favoured nation
MIC	Middle-income country
MPI	Multidimensional poverty index
n.d.	No date
ODA	Official development assistance
ODP	Ozone depletion potential
OECD	Organization for Economic Co-operation and Development
OFID	OPEC Fund for International Development
OPEC	Organization of the Petroleum-Exporting Countries
PCE	Per capita consumption expenditure
PISA	Programme for international student assessment
PPP	Purchasing power parity
PRGT	Poverty Reduction and Growth Trust
QWIDS	Query wizard for international development statistics
RPL	Regression-based poverty line
SDGs	Sustainable development goals
SFD	Saudi Fund for Development
SNIT	Société Nationale Immobilière Tunisienne
TB	Tuberculosis
TIMSS	Trends in International Mathematics and Science Study
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNEP	United Nations Environment Programme
ECA	United Nations Economic Commission for Africa
ECE	United Nations Economic Commission for Europe
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
ESCWA	United Nations Economic and Social Commission for Western Asia
UNICEF	The United Nations Children's Fund
UNSD	United Nations Statistics Division
USAID	United States Agency for International Development
\$US	United States dollar
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organization

Overview

The fourth Millennium Development Goals (MDGs) report for the Arab region is coming out at a time when the region is at a crossroads. In countries experiencing political, social and economic transitions, hard-won gains on the goals were in some cases halted or reversed.

The 2015 MDG deadline is fast approaching, and this report is the last of its kind to assess the MDG-related achievements of the Arab region and its subregions.¹ Those include Mashreq and Maghreb countries, countries of the Cooperation Council for the Arab States of the Gulf (GCC) and the least developed countries (LDCs). The report considers progress since MDGs were set in 1990 until the most recent available data. It reviews development successes and challenges, and provides an account of the main trigger factors behind the political turbulence in some Arab countries. It also examines its consequences for MDGs. The report finally offers perspectives on setting a post-2015 development agenda owned and driven by national Governments.

Overall, as described in its first part, the report finds that the Arab region has made significant progress towards some MDGs. Primary school enrolment and literacy have improved, and many countries are closing in on gender parity in enrolment in primary, secondary and tertiary education. At the same time, the region lags behind on important targets, particularly those related to hunger, food insecurity, lack of access to water, lack of improved sanitation in rural areas, and child and maternal mortality. Regressions due to political volatility and conflicts in the region since 2010 have come most notably through increased poverty.

Progress on the goals has been uneven across subregions and countries, and within countries. LDCs are unlikely to achieve most MDGs. Lack of financial resources, weak infrastructure and, to some extent, conflicts, are key barriers that they should overcome.

GCC countries are the most advanced economically, and have achieved many of the goals. But there are some stark subnational inequalities and sharp deficits in gender equality. Further, heavily reliant on natural resources, GCC countries confront challenges in managing them sustainably. The Maghreb and Mashreq subregions have registered different levels of achievement. They have generally performed better than LDCs but are still less advanced than GCC countries.

The report also reviews overall development successes and shortfalls through constructing the MDG achievement Index (MDGI) for the Arab region. There were significant gains in many MDGs, but important shortfalls as well. The report argues that good governance is the most critical missing link between growth and desirable development outcomes. The fact that some countries spearheading the recent round of social unrest are among the top performers on many MDGs raises serious questions about deficits in governance and participation, and underscores the importance of considering subnational inequalities in any measure of development.

Lessons from the Arab region could be one of the reference points as the world prepares for a post-2015 development agenda. While, in the short term, all countries should accelerate their efforts to reach the 2015 MDG targets, post-2015 discussions have already begun. A critical challenge will be ensuring that any future agenda is indeed owned and driven by national Governments, and balances economic, social and environmental priorities.

Keeping those lessons in view, the second part of the report considers some common regional and national priorities in proposing ways forward for a post-2015 development agenda. The report argues that any proposed post-2015 framework should have governance-related indicators at its core, to capture and monitor the reforms required to uphold human rights, participatory decision-making and people's dignity.

For its analysis, the report relies on several sources, including the United Nations Statistics Division (UNSD) and other international organizations that collect data on MDGs. Data are also drawn from regional United Nations bodies and official national statistics.²

Part I

MDG Performance in the Arab Region

The Arab region has made impressive progress towards some MDGs. But achievements are uneven. The region lags behind on some important targets, particularly those related to combating hunger. Political, social and economic transitions since 2010 have had significant impacts, including halting or reversing MDG gains in some countries of the region. LDCs remain behind on many fronts.

Goal 1

Eradicate extreme poverty and hunger

Target

Halve, between 1990 and 2015, the proportion of people whose income is less than US\$1.25 a day

Although still very low, extreme poverty increased after 2010

Extreme poverty, measured by the proportion of people whose income is less than 1.25 United States dollars (US\$) a day, is low in the Arab region, but the 2015 target is unlikely to be met. After years of decline, poverty appears to be on

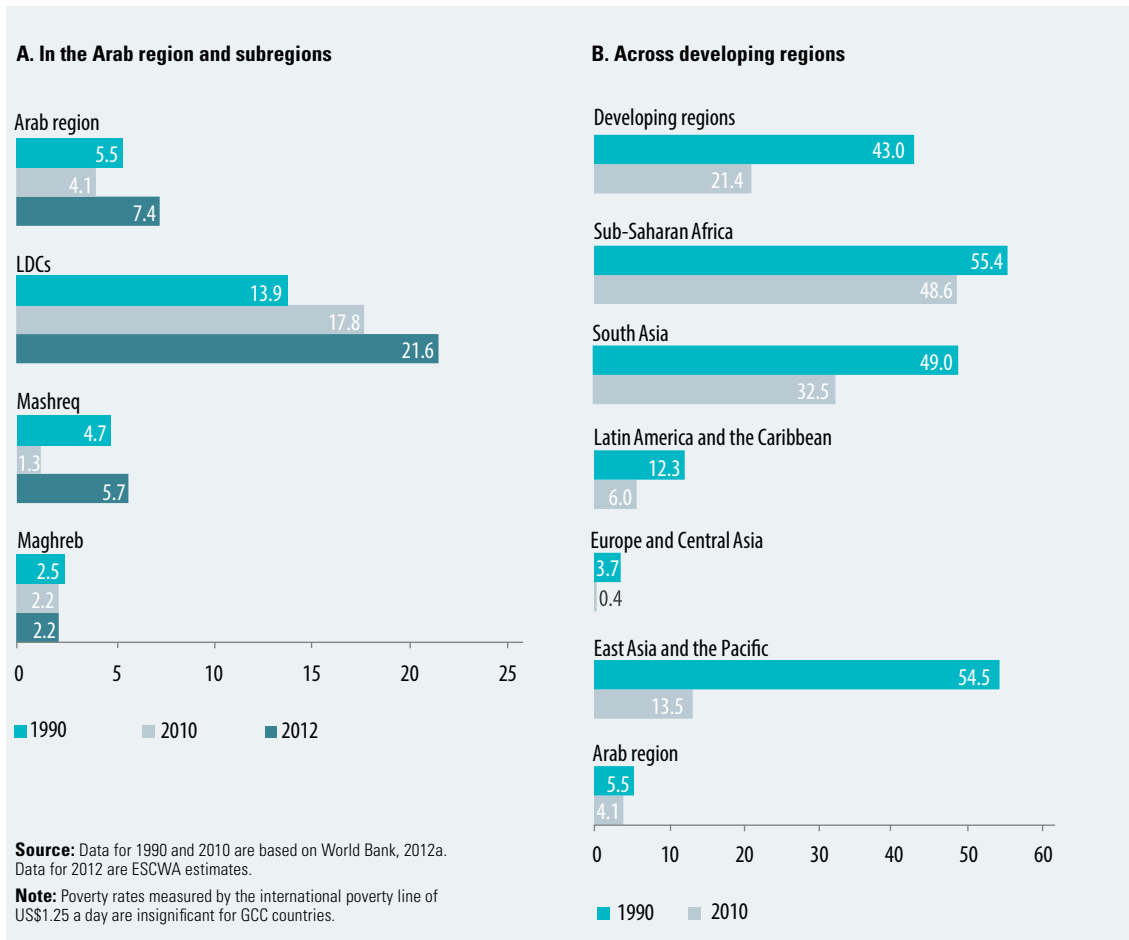
the rise and may be worse than what international poverty measurements capture.

Extreme poverty in the Arab region had decreased from 5.5 per cent in 1990 to 4.1 per cent in 2010, mainly due to progress in Egypt, Jordan and the Syrian Arab Republic. Most recent data and projections suggest that it may now surpass the 1990 level, with extreme poverty incidence in 2012 estimated at 7.4 per cent (figure I-1A)¹. Within the region, LDCs register the highest rate of extreme poverty: it rose from 13.9 per cent in 1990 to 21.6 per cent in 2012.

Extreme poverty is low in the Arab region, but the 2015 target is unlikely to be met

FIGURE I-1

Incidence of extreme poverty, based on the international poverty line of US\$1.25 a day

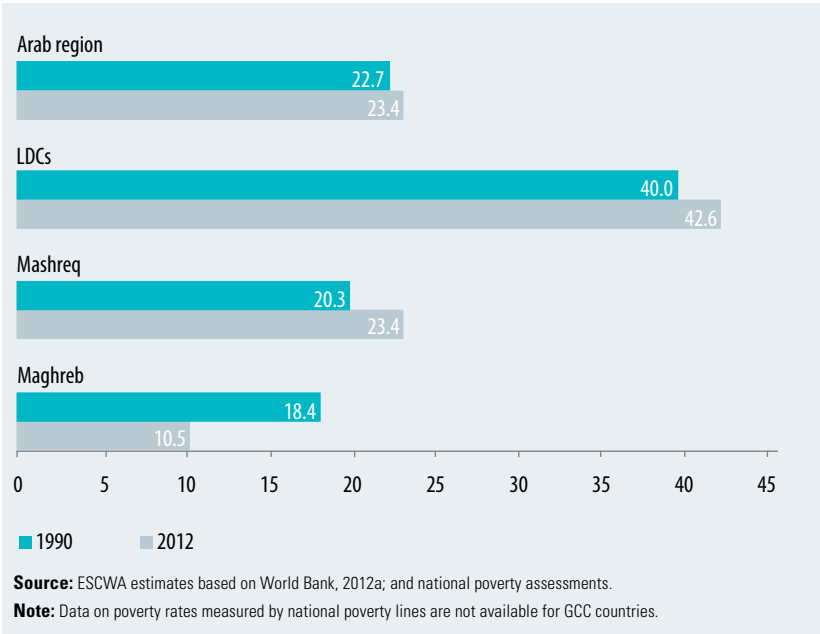


Gains in reducing poverty in some countries were reversed due to political transition and conflicts. In the Syrian Arab Republic, the current conflict has wiped out a decade of progress. In 1997, extreme poverty there was estimated at 7.9 per cent; it fell to 0.3 per cent in 2007 and increased again to 7.2 per cent in 2012-2013, as a result of the current conflict.²

The proportion of people living in extreme poverty is lower than in other developing regions (figure I-1B). With the exception of Europe and Central Asia, the Arab region showed the lowest incidence of extreme poverty in 1990 and 2010; however, with the exception of sub-Saharan Africa, it also registered the slowest progress between 1990 and 2010 in terms of halving extreme poverty.

FIGURE I-2

Incidence of poverty based on national poverty lines



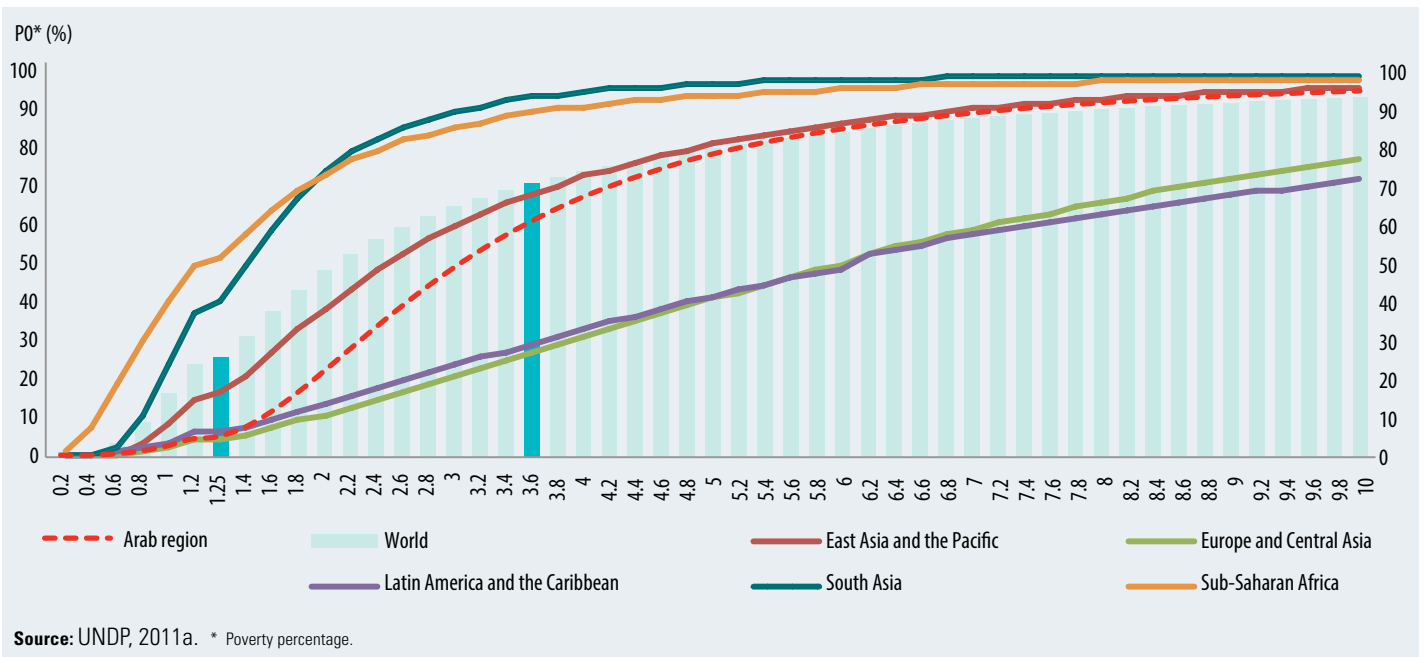
Poverty rates vary significantly, depending on international and national baselines

Fixed international poverty baselines such as US\$1.25 are of limited effectiveness in capturing extreme poverty in Arab countries.³ The region in fact demonstrates how poverty measurement can deviate from reality: while it has a low poverty rate when the US\$1.25 line is applied, individual countries report much higher poverty rates under their national poverty lines. Based on these, poverty in the region rose from 22.7 per cent in 1990 to 23.4 per cent in 2011, due to increases in LDCs and the Mashreq and Maghreb subregions (figure I-2). Considering these significant discrepancies, the 2010 Arab MDG Report⁴ argued for a more relevant and locally-informed measure of poverty.

The choice of poverty lines appears to be decisive for Arab countries. Figure I-3 plots poverty incidence curves over multiple poverty lines, ranging from US\$0.2 to US\$10 in 2005 purchasing power parity (PPP). This exercise

FIGURE I-3

Poverty rates for the Arab region and developing regions across a range of poverty lines, in 2005 PPP, 2000-2009



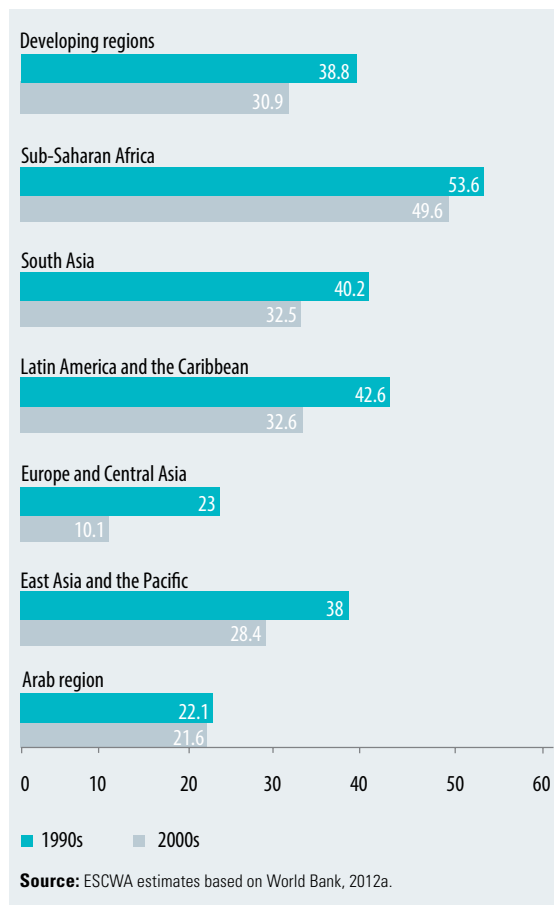
illustrates that the poverty line clearly affects poverty rates across all regions but has a higher impact on poverty rates in the Arab region.⁵ At any value lower than US\$1.25, the Arab region displays very low poverty rates, on par with Europe and Central Asia, and lower than Latin America and the Caribbean. Rates jump sharply at higher poverty lines, however. At a poverty line of approximately US\$3 a day, the rate of the Arab region is far closer to that of the average of all developing regions. This is not the case for other regions: South Asia and sub-Saharan Africa are consistently poorer than others; East Asia and the Pacific is consistently within close range of the global average; and Latin America and the Caribbean, and Europe and Central Asia are consistently better-off.

A more realistic measure of extreme poverty

Poverty estimates which use regression-based poverty lines (RPLs) reveal a more realistic assessment of poverty for all developing regions.⁶

FIGURE I-4

Poverty incidence across developing regions, 1990s and 2000s, regression-based method



They indicate that more than one-fifth of people in the Arab region are poor and that there has been almost no change in poverty between the 1990s and 2010 (figure I-4). The Arab region had almost the same proportion of people in poverty as Europe and Central Asia at that time. But by the 2010, poverty had declined by more than half in Europe and Central Asia, whereas it remained almost stagnant in the Arab region. It is actually the only developing region where poverty remained stagnant, even though per capita income grew at an annual rate of around 2 per cent,⁷ a paradox that is clear in Egypt for instance (box I-1).

Inequalities remain stagnant and undermine development achievements

Systemic exclusions resulting in income and non-income inequalities continue to undermine development in the region. Over the last two decades, despite reasonable economic growth, the decline in the proportion of poor was relatively marginal until 2010. It started increasing since 2010, as unemployment and particularly youth and women's unemployment continued to be major concerns. Rising inequality raises significant ethical questions but also threatens the potential for growth to reduce poverty, and undercuts the sustainability of growth. It can also induce political and social instability. Some Arab countries have already faced such severe consequences of inequality.

Income inequality, measured in terms of the Gini index, is relatively moderate in the Arab region and slightly lower than average for developing countries (figure I-6B). It has changed little over the last two decades, as the latest data show an index of 34.7 in the 2000s versus 34.3 in the 1990s. This was also the conclusion of the 2010 Arab MDG Report, which argued that inequality, in terms of both the Gini index and the ratio of the richest to the poorest quintile, has not shifted in most countries of the region, with the exception of Jordan and, to some extent, Mauritania.⁸ Maghreb countries and LDCs have experienced increasing income inequality (figure I-6A). The Mashreq subregion, however, showed a decline from 32.9 in the 1990s to 30.9 in the 2000s.

The poorest quintile of the region's population has only a negligible portion of national income. Its share in Maghreb countries and LDCs is 6.7 per cent and 6.8 per cent respectively, and 8.8 per cent in Mashreq countries. In the Comoros,

Over the last two decades, despite reasonable economic growth, the decline in the proportion of poor was relatively marginal

BOX 1-1

Egypt: The paradox of strong economic growth and more poverty

Poverty in Egypt increased in the last decade, after a decrease between 1995 and 2000. According to the national poverty line, the poverty rate was 16.7 per cent in 2000 but reached 21.6 per cent in 2008 (figure I-5). Rural residents, in particular, have suffered: between 2005 and 2008, urban poverty increased by 0.9 percentage points, while rural poverty increased by 2.1 percentage points.

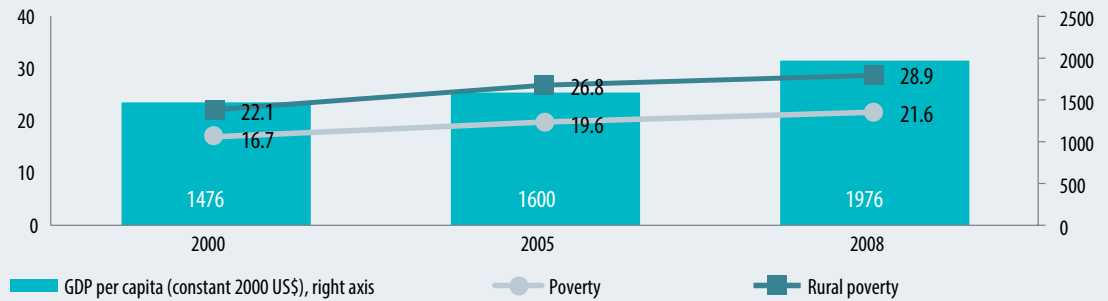
The increase is puzzling, as Egypt has experienced high Gross Domestic Product (GDP) and GDP per capita growth rates. Between 2000 and 2005, the average annual GDP growth rate was 4.1 per cent, and the average annual growth in GDP per capita was 2 per cent. But poverty increased dramatically in this period. It also continued to rise between 2005 and 2008, despite even faster annual GDP growth averaging 6.2 per cent and annual GDP per capita growth averaging 4 per cent.

Wealth created in this period produced gains for some groups and losses for others. Opportunities were not shared equally. Growth was coupled with high inflation, especially for goods and services consumed by the poor, which reduced their standard of living. In addition, growth was concentrated in a few sectors with very little participation of the poor, such as transport and communications.

Income inequality, measured in terms of the Gini index, is relatively moderate in the Arab region and slightly lower than average for developing countries

FIGURE I-5

Total and rural poverty incidence and GDP per capita in Egypt, 2000-2008

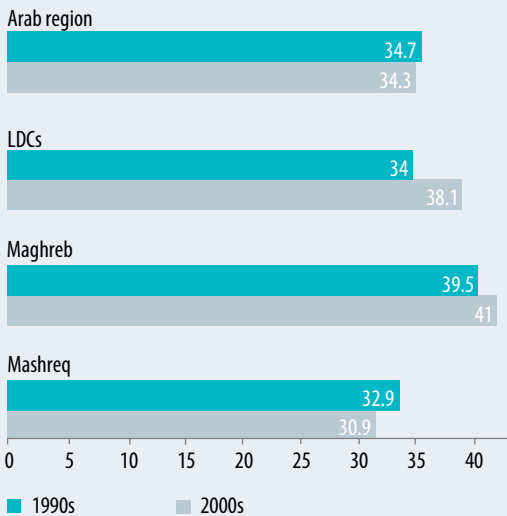


Source: World Bank, 2013b; UNSD, 2012b; and CAPMAS, n.d.

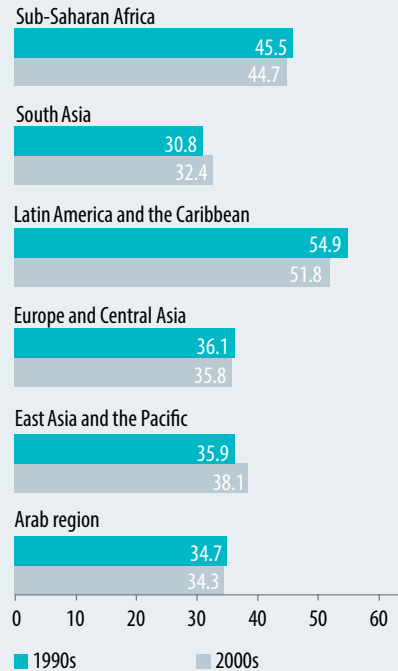
FIGURE I-6

Gini index of inequality

A. In the Arab region and subregions



B. Across developing regions



Source: ESCWA estimates based on World Bank, 2012a.

Note: Data on the Gini index are not available for GCC countries.

the poorest 20 per cent claim only about 2.6 per cent of national income,⁹ with a marginal change between the 1990s and 2000s. Egypt, Jordan, Mauritania and Palestine witnessed small improvements. Morocco, Tunisia and Yemen experienced stagnancy or a decline.

Given glaring disparities in expenditures and the concentration of wealth in many Arab countries since the 1990s, a significant rise in inequality is expected. That interpretation is consistent with general development thinking as well as daily realities, where slum dwellings have proliferated alongside fancy gated communities for the rich, among other forms of conspicuous consumption. This evidence of inequality is difficult to square with the relatively stable values of the Gini coefficient.¹⁰

Another way to look at inequality is through the difference between per capita growth of income and per capita growth of household final consumption expenditure.¹¹ Income measured by GDP per capita increased at an average of 2 per cent annually in Arab countries during the 1990s and 2000s, while per capita growth of household final consumption expenditure was only 1.3 per cent. This pattern is similar to that of East Asia and South Asia (figure I-7) and indicates that growth has not translated into higher incomes or household expenditures for the majority of people in those regions. This suggests that inequality has widened there, while in Latin America and the Caribbean, sub-Saharan Africa, and Europe and Central Asia, per capita growth of household final consumption expenditure was higher than that of GDP in the same period, which is a sign that inequality was reduced there to some extent.

Better statistics and monitoring would produce a more accurate depiction of the situation, including at the national and subnational levels. Household expenditure surveys are often unable to capture actual expenditures of the highest percentiles, which can ultimately lead to underestimating inequality. The large and growing difference between household expenditures reported by surveys and national accounts lends credibility to this hypothesis (figure I-8).¹²

Inequality in human deprivation has received far less attention than income inequality. Considering the multidimensional poverty index (MPI) at the subnational level gives some indication: there is a close correlation between

urban and rural MPI, but the relationship varies across countries, depending on their income levels. In very poor countries, both rural and urban areas typically have high levels of deprivations. As income rises, deprivations tend to fall first in urban areas, which drive economic development. When a country becomes highly developed, growth is more broadly based, and both rural and urban deprivations decline. Figure I-9A plots this relationship. Figure I-9B demonstrates that the ratio of rural to urban human deprivations is higher in the Arab region than in all developing regions, with the exception of Latin America and the Caribbean. This result was expected, given the positioning of Arab countries on the inverted U-curve in figure I-9A.

FIGURE I-7
Average annual growth of per capita real GDP, and household consumption expenditure according to national accounts and household surveys, 1990-2011 (Percentage)

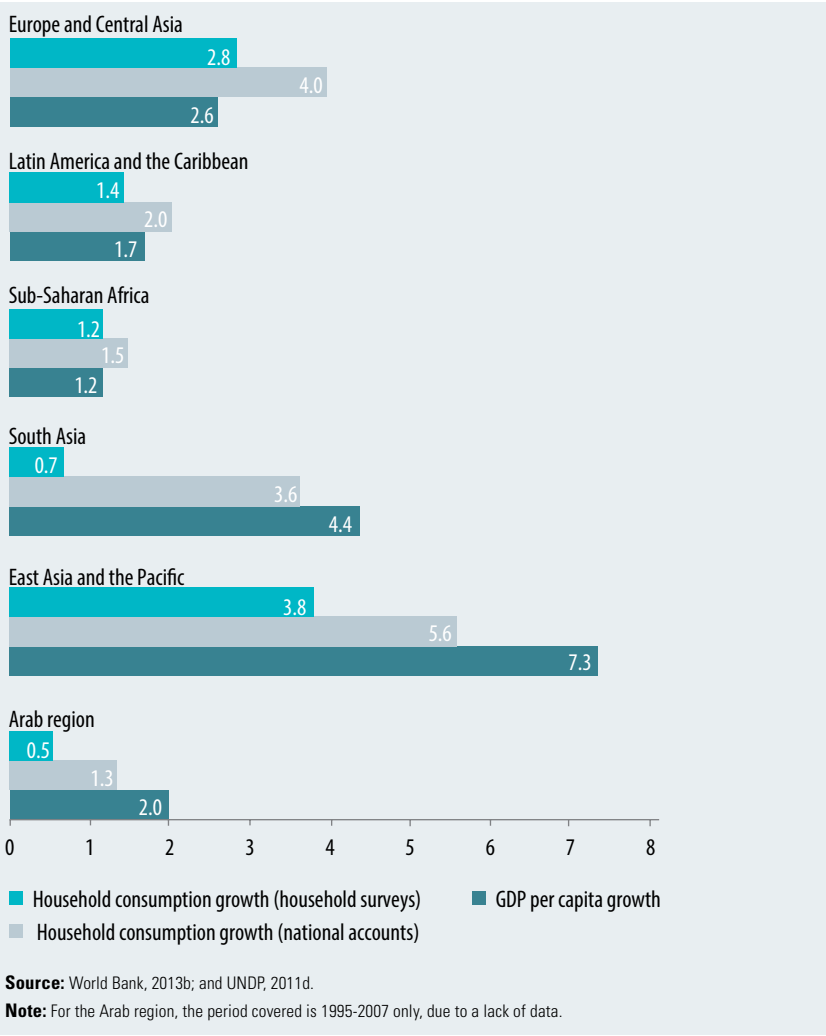
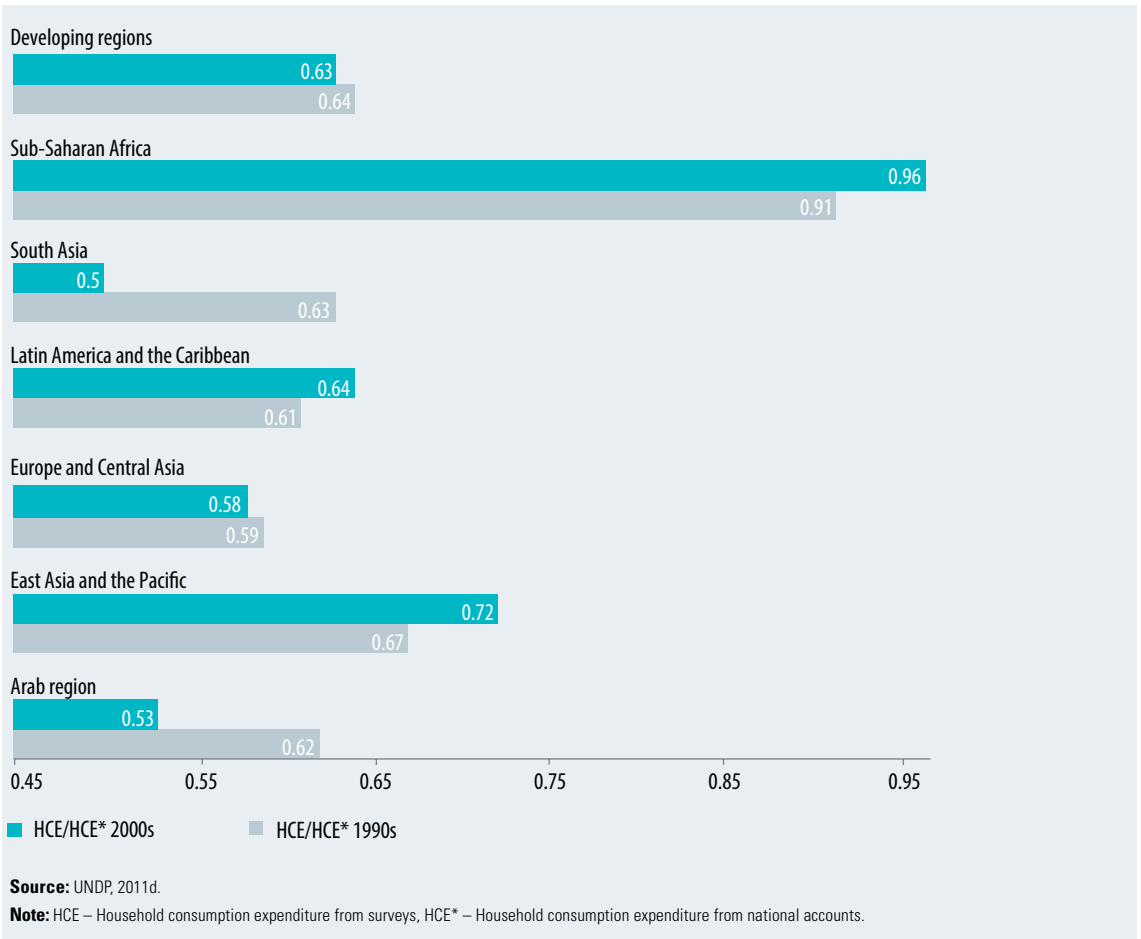


FIGURE I-8

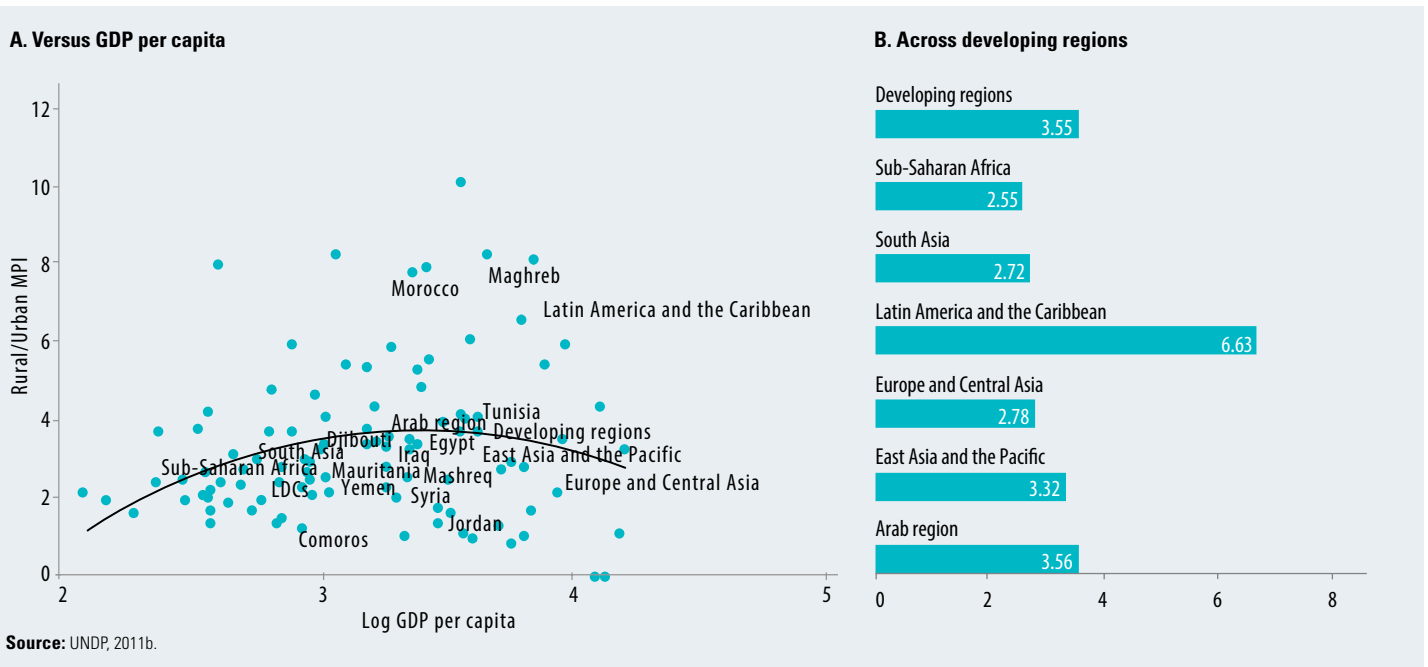
Ratio of household expenditure from surveys to household expenditure from national accounts



Household expenditure surveys are often unable to capture actual expenditures of the highest percentiles, which can ultimately lead to underestimating inequality

FIGURE I-9

Rural-urban MPI ratio



Target

Achieve full and productive employment and decent work for all, including women and young people

Despite gains in job creation, women's participation in the labour force remains a key challenge

The Arab region has the lowest labour force participation rate among all regions, mainly due to the low participation of women, as men's labour force participation rate is almost identical to the global average of 77 per cent (figure I-10A). Although many Arab countries witnessed an increase in women's labour force participation rate in the past two decades,¹³ it reached only 26 per cent in 2010, which is the lowest rate among all regions and half the global average of 51 per cent. The region has made progress on educational attainments for both boys and girls, but gains in women's education did not significantly raise their participation in the labour force.

Poverty, lack of rural development, armed conflicts, discriminatory laws and conservative traditions such as early marriage are some of the factors hindering women from entering public arenas, including the workplace.¹⁴

The region's employment-to-population ratio stood at 43 per cent in the 1990s, increasing only to 44 per cent in 2011 (figure I-10B).¹⁵ All subregions registered a slight increase, with the exception of Mashreq countries, which saw a decline in their ratio of around 0.7 per cent. GCC countries witnessed the greatest progress, from 55 per cent to 57 per cent.¹⁶ Employment choices there have traditionally favoured labour-intensive activities and draw on large numbers of migrant workers.

Men's employment-to-population ratio stood at 69 per cent between 1991 and 2011 for the region as a whole (figure I-11A). The rate remained almost stable across all subregions. Women's employment-to-population ratio increased slowly, from 16 per cent in 1991 to 19 per cent in 2011 (figure I-11B). However, it remained the lowest among all regions and much lower than the world average.

Youth employment-to-population ratio is relatively low and decreased significantly between 1991 and 2011 (figure I-11C), partly due to improved schooling, which delays the entry of youth into the labour market. Other reasons include the difficult transition of young people from school to work due to issues on the demand side of the labour market, resulting in waiting periods of several years.¹⁷

The region has made progress on educational attainments for both boys and girls, but gains in women's education did not significantly raise their participation in the labour force

FIGURE I-10

Labour force and employment (Age 15 and above)

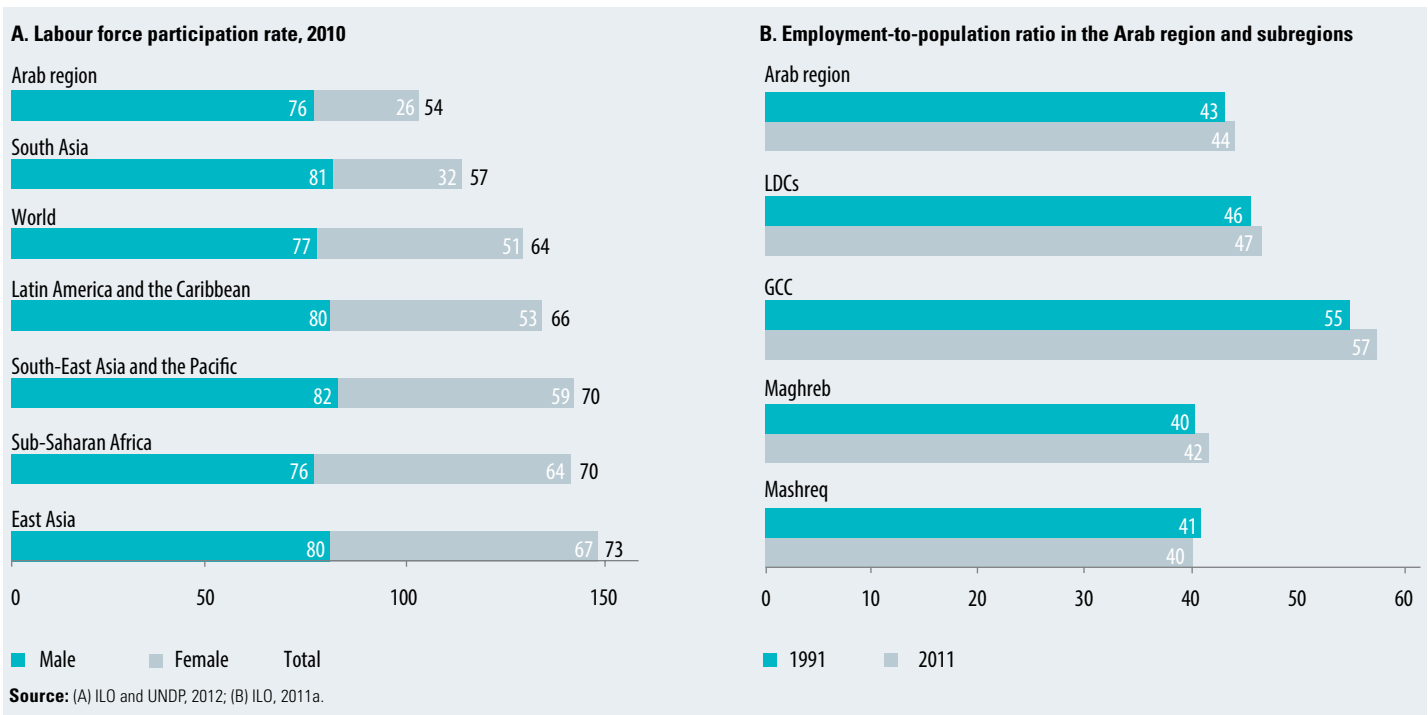
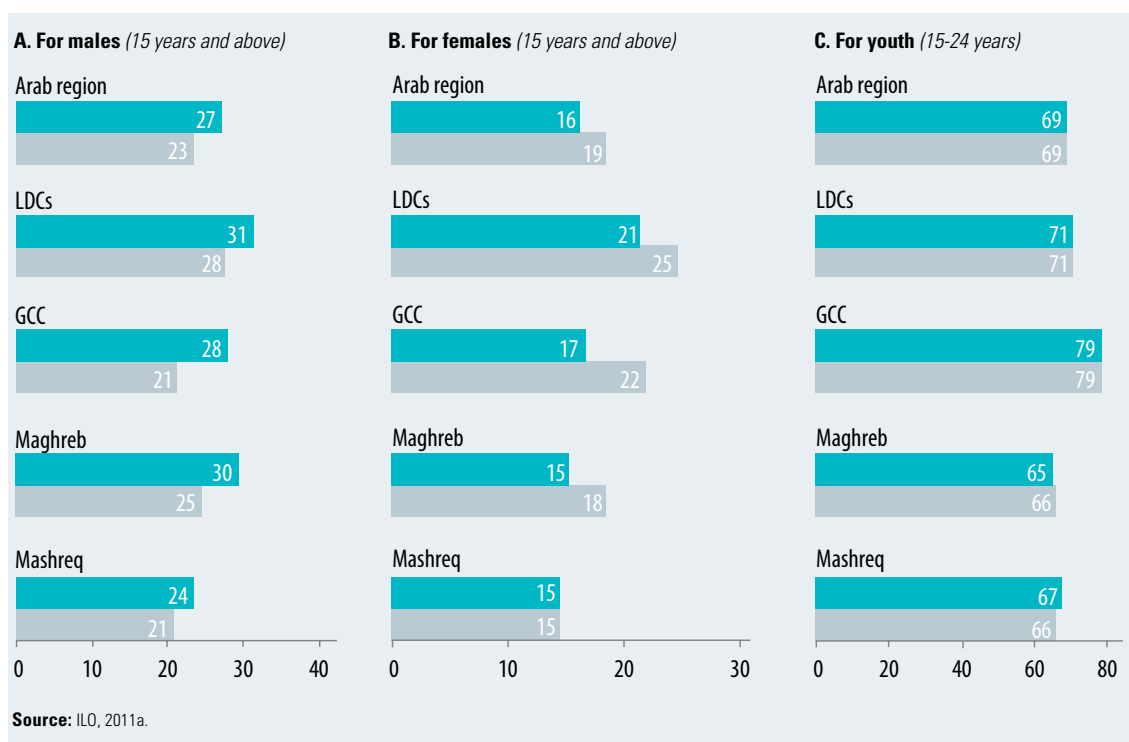


FIGURE I-11

Employment-to-population ratio



Little progress was made in reducing unemployment, and the lack of decent jobs, especially for women, is still a challenge

Between 1990 and 2010, the unemployment rate declined from 12.4 per cent to 10.0 per cent (figure I-12). Unemployment decreased mainly in the Maghreb subregion, from 17.5 per cent in 1990 to 10.4 per cent in 2010. However, the reduction derived more from an increase in marginal employment than in decent work opportunities. Algeria, in particular, significantly reduced unemployment from 2000 to 2008, but that decline was largely concomitant with an increase in informal employment.¹⁸

More recently, global financial and economic crises and political instability in some Arab countries have aggravated the poor conditions of the labour market across the region. Provisional figures show a considerable increase in unemployment rates from 10.0 per cent in 2010 to 14.5 per cent in 2012 (figure I-12).¹⁹ LDCs witnessed the highest increase, from 8.4 per cent to 18.4 per cent, followed by Mashreq countries, where the average rate rose from 11.3 per cent to 16.3 per cent. Maghreb countries have maintained a relatively stable rate of 10 per cent.

Unemployment is projected to further increase in 2013, reaching 14.8 per cent in the Arab region.

High female and youth unemployment rates drive joblessness in the region, despite progress in education. Youth unemployment had hovered at about 25 per cent since 2007 and increased to 26 per cent in 2011, while the world average was of 13 per cent.²⁰ There are signs that this increasing trend will continue in the medium term. Female unemployment is also exceptionally high in the Arab region, standing at around 19 per cent, while the world average was 6.2 per cent in 2011.²¹

Unemployment in the Arab region affects all income groups more or less equally.²² This contrasts with experiences elsewhere in the world, where unemployment is almost always worse in lower income brackets.

The share of the working poor is low, but gains made in some countries are seriously threatened

The proportion of employed people considered as working poor²³ is relatively low in the Arab region, compared with other developing regions (figure I-13). In the Middle East,²⁴ the share has stagnated at 8 per cent in the last decade. Only a small increase is expected to have occurred

More recently, global financial and economic crises and political instability in some Arab countries have aggravated the poor conditions of the labour market across the region

FIGURE I-12

Total unemployment rates

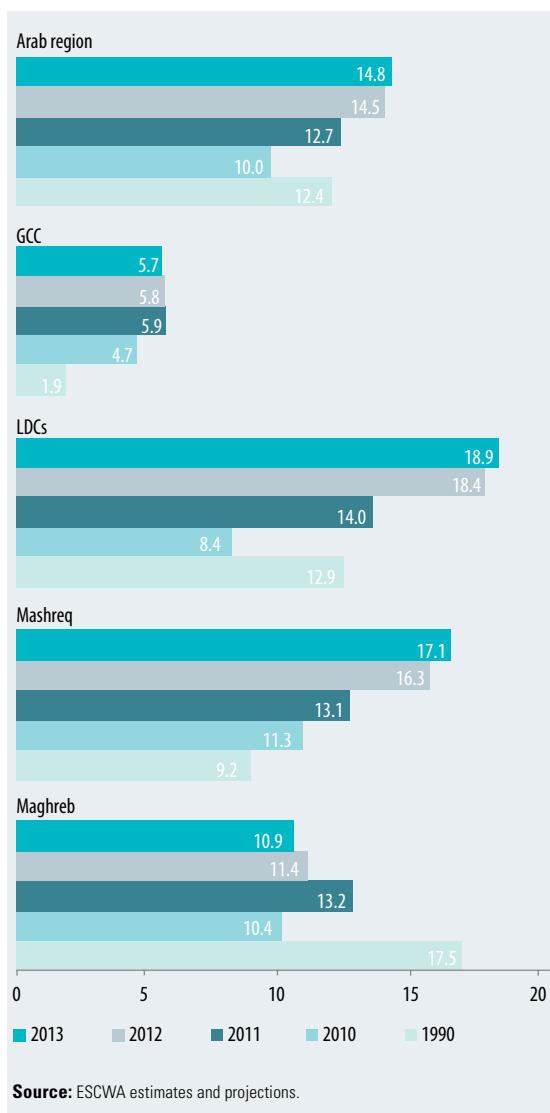
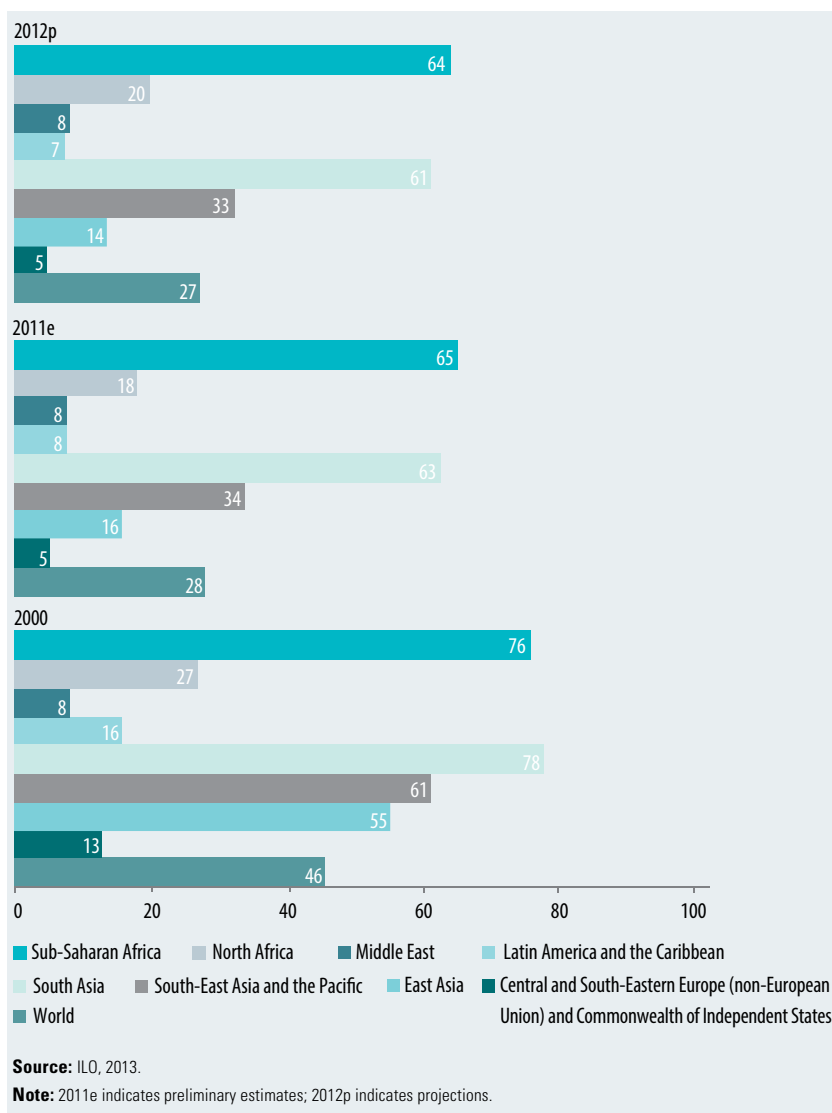


FIGURE I-13

Working poor as share of total employment



between 2011 and 2012. In the North African countries, the share declined from 27 to 18 per cent between 2000 and 2011. As a result of unrest there, however, the share of the working poor is expected to have increased to 20 per cent in 2012.

The proportion of workers in vulnerable employment is relatively low, except for Arab women

The proportion of workers in employment defined as vulnerable in the Arab region is lower than in most other developing regions (figure I-14A) and, with the exception of East Asia, it is declining at the fastest speed. However, the share of women in vulnerable employment, compared to that of men, is the highest in the world, and has increased in recent decades (figure I-14B). Workers in

vulnerable employment include own-account and contributing family workers. They are less likely to have formal work arrangements, and are therefore more likely to struggle with inadequate incomes, difficult working conditions that may undermine their fundamental rights, gaps in social security and the lack of voice that comes through effective representation by trade unions and similar organizations.

The region lags behind the rest of the world in labour productivity

Labour productivity in the Arab region is improving, but it is still falls far behind that of other developing regions,²⁵ except Latin America and the Caribbean (figure I-15B).

While remaining at around 0.6 per cent for all Arab countries during the 1990s,²⁶ the labour productivity growth rate increased to 2 per cent in the last decade, resulting from increased productivity in all subregions (figure I-15A). Maghreb countries and GCC countries experienced negative labour productivity rates in the 1990s, but registered positive rates between 2000 and 2010.²⁷ LDCs had the highest labour productivity growth in both periods; it reached 2.5 per cent in the 2000s.

Target

Halve, between 1990 and 2015, the proportion of people who suffer from hunger

The region is far behind on meeting the target of halving undernourishment

The proportion of people below the minimum level of dietary energy consumption increased from 13.9 per cent in 1991 to 15.3 per cent in 2011 (figure I-16), as the number of undernourished people jumped from 30 million to above 50

FIGURE I-14

Vulnerable employment

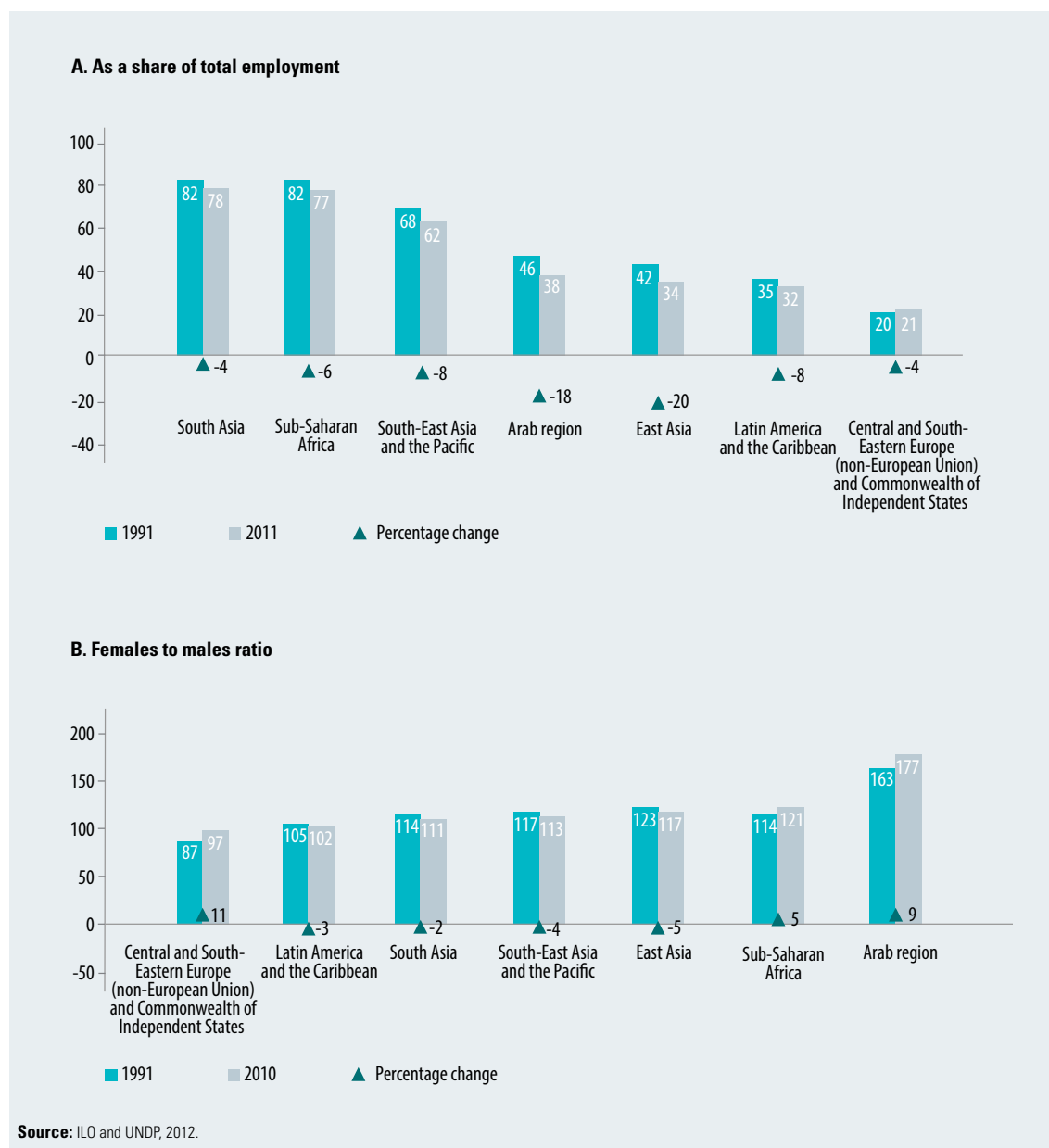


FIGURE I-15

Average annual labour productivity growth

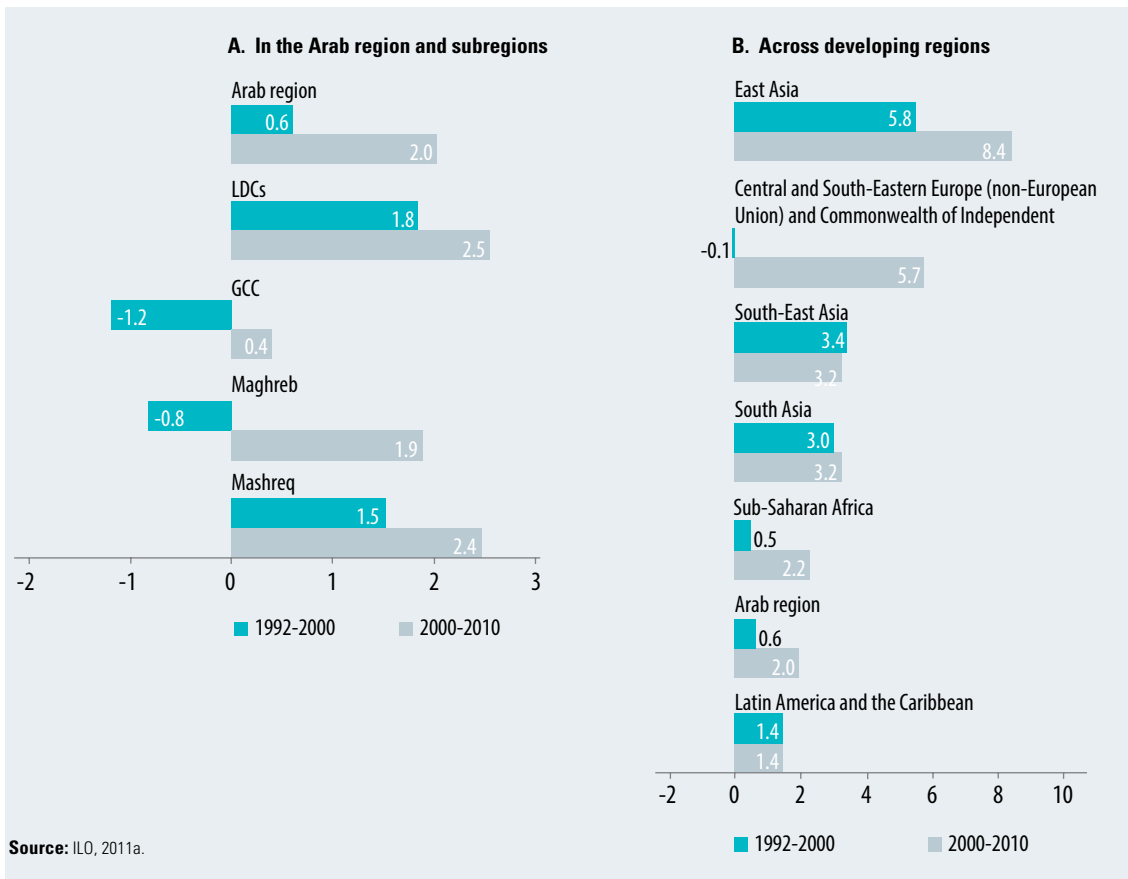
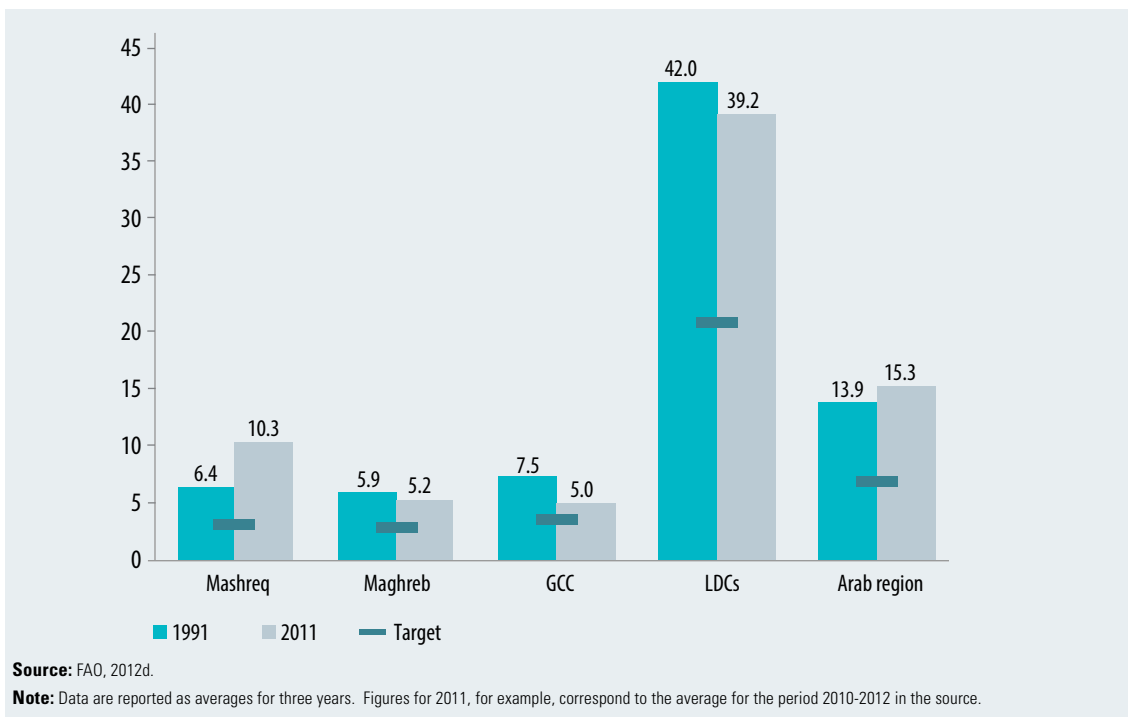


FIGURE I-16

Prevalence of undernourishment (Percentage)



The proportion of people below the minimum level of dietary energy consumption increased from 13.9 per cent in 1991 to 15.3 per cent in 2011

TABLE 1-1

Undernourished people in the nine most affected Arab countries (*Millions*)

	1990	2000	2011	Difference (between 1990 and 2011)
Comoros	0.2	0.4	0.5	0.3
Djibouti	0.4	0.4	0.2	-0.2
Iraq	2.0	4.7	8.6	6.6
Mauritania	0.3	0.3	0.3	0
Morocco	1.8	1.8	1.8	0
Palestine	0.4	0.7	1.2	0.8
Somalia	4.8	5.2	6.3	1.5
Sudan	8.9	8.9	13.5	4.6
Yemen	3.6	5.6	8.0	4.4
Total	22.4	28.0	40.4	18
Prevalence rate	25.0	24.2	28.3	3.3

Source: FAO, 2012d.

Note: Some countries use their own methodologies to estimate indicators, which might not tally the estimates given in this report. For example, Morocco's national data suggest that the number of undernourished people is equal to 288,000.

Undernourishment is particularly problematic in nine Arab countries; together, they account for 40.4 million of the region's undernourished people

million, mainly due to rapid population growth. Undernourishment increased from 6.4 in 1991 per cent to 10.3 per cent in 2011 in Mashreq countries, while it decreased elsewhere.

Undernourishment is particularly problematic in nine Arab countries; together, they account for 40.4 million of the region's undernourished people (table 1-1). It is most widespread in the Comoros and Somalia, where more than 60 per cent of people suffer from it, but there are high rates of undernourished people of around 30 per cent in Iraq²⁸, Palestine, the Sudan and Yemen. In some countries, both the percentage and number of undernourished people have climbed. In Iraq, undernourishment increased from 11 per cent in 1991, affecting 2 million people, to 26 per cent in 2011, affecting 8.6 million.

Food insecurity remains critical

Undernourishment is linked to the prevalence of hunger and food insecurity,²⁹ which remains a critical challenge in the region. Geographical and environmental barriers to food production have an impact, but so do major changes in global markets in recent years. The region is highly dependent on food imports because it suffers from a lack of arable land and scarce water resources. It also has high population growth rates. Other pressures come from conflicts, political instability and the recent global food and economic crises.

Water scarcity, a main constraint to agricultural production, is a serious threat that may grow worse in the future. Already, 86 per cent of the Arab region is desert, which makes it the world's region most subject to water stress according to the 2012 Water Stress Index.³⁰

The region's failure in terms of food security was vividly illustrated by the recent famine in the Horn of Africa. In Somalia, rising food prices combined with climate change, systemic environmental degradation and conflict produced a catastrophic result (box 1-2). There are also increasing reports of hunger in Yemen today.

In 2007 and the first half of 2008, a sharp rise in agricultural commodity and food prices triggered grave concerns about food security throughout the world. When food prices skyrocket, people have less to spend on health, education and other basic needs. The immediate results are higher incidences of poverty and malnutrition. Since food price volatility presents immediate challenges, policies to both hedge against its risks and manage its consequences are urgently needed, now more than ever.³¹

The food crisis cast a long shadow over the Arab region which is heavily dependent on imports. Rising prices even led to riots in some countries.³² Another worrying trend was food price inflation: Egypt, Iraq and Kuwait, for example, recorded double-digit inflation rates in 2012. Rates also stood at 30 per cent in the Syrian Arab Republic and at 23 per cent in Yemen.³³

BOX 1-2

The devastating nexus of conflict and drought in Somalia

The recent famine in Somalia has been widely portrayed as caused by severe drought. In fact, the crisis stemmed from several factors, both natural and sociopolitical. Somalia's food security problem is linked to global climate change and environmental deterioration, but also to volatile international food prices and long-standing conflicts over natural resources.

With a high dependency on food imports and external aid, and with only 13 per cent of arable land in its territory, Somalia is ever more vulnerable to international food prices. Import costs have more than tripled in the last five years.

Natural calamities threaten to worsen and temperatures continue to reach record highs – Africa's five hottest years have been recorded since 2003. Droughts that used to happen every six to eight years are now occurring every one to two years, and the Horn of Africa recently experienced its most severe drought in 60 years. Crop production is also severely affected by rainfall that is more intense in volume but shorter in duration.

Man-made activities compound natural disasters. The absence of a functioning government in Somalia has opened the door to many illegal activities and environmentally unfriendly practices. Warlords and their militias form shifty alliances to exploit land and resources, including by cutting pasture and forests for charcoal exports to obtain hard currency. The untaxed and systematic looting of Somalia's fish supply by unregistered foreign trawlers yields little benefit to the Somali economy.

Source: UNDP, 2011a.

Children under the age of five suffer from high and increasing malnutrition in LDCs

Acute malnutrition, an outcome of insufficient food intake and repeated infectious diseases, is associated with high mortality and irreversible damages to cognitive development that prevent full personal development. Indicators include being underweight for one's age, too short for one's age (stunted), dangerously thin for one's height (wasted) and deficient in vitamins and minerals (micronutrient malnutrition).

Across the region, the proportion of children under the age of five who are underweight increased from around 14.5 per cent in the 1990s to around 15.3 per cent in 2010 (figure I-17). Despite progress in a number of countries, the share of underweight children increased in Arab LDCs, with more than one in three children affected. Rates are particularly high in Djibouti, Somalia, the Sudan and Yemen, with slow progress towards the target of halving them. The Comoros, Djibouti and Yemen face worsening percentages. Severe acute malnutrition rates³⁴ exist in conflict-stricken countries such as the Sudan and Yemen (box I-3).

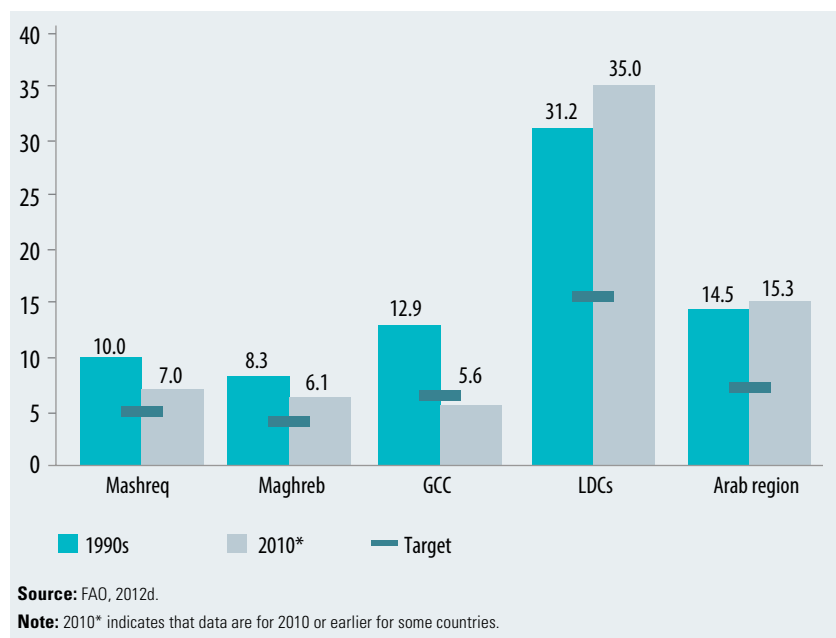
Progress on stunting has been marginal in the last decade, mainly due to a reduction in the Maghreb subregion. Stunting has increased both in Mashreq countries and LDCs (figure I-18). In particular, Egypt has experienced a steep increase from 20.3 per cent in 2003 to 30.7 per cent in 2008. Poor to critical stunting rates³⁵ persist in Djibouti, Iraq, Morocco, the Sudan, the Syrian Arab Republic and Yemen.³⁶

The Arab region has been affected by a “nutrition transition” and carries a double burden of malnutrition.³⁷ As income and urbanization increase, people gradually adopt a lifestyle with reduced physical activity and a diet of more energy-dense, semi-processed foods, leading to an increase in overnutrition and obesity. Obesity and malnutrition may seem mutually exclusive, but are in fact linked, both originating in a poor diet and unhealthy lifestyle. In Arab countries, 45.1 per cent of adults are obese. The double burden of malnutrition is particularly challenging in Egypt,

Across the region, the proportion of children under the age of five who are underweight increased from around 14.5 per cent in the 1990s to around 15.3 per cent in 2010

FIGURE I-17

Moderately or severely underweight children under the age of five (Percentage)



BOX 1-3**Undernourished children in conflict-stricken countries: Refugee camps**

Countries such as the Sudan and Yemen have experienced years of conflict leading to large-scale displacement and an almost total collapse of infrastructure. People lost their livelihoods and their way of life, and ended up in poverty. Though some settle in displacement camps where they can receive humanitarian assistance, there is a high risk for child malnutrition before adequate humanitarian assistance arrives or before people adjust to their new living conditions.

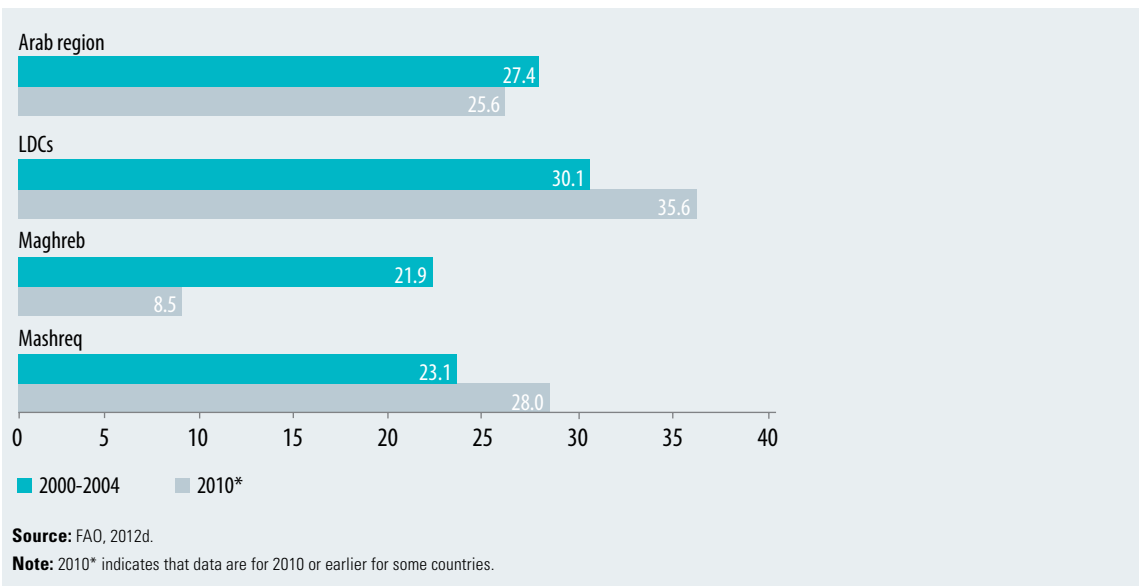
In North Darfur, the Sudan, most nutrition surveys of populations affected by conflict that were conducted in late 2011 recorded severe acute child malnutrition rates. Some localities exceeded the emergency threshold of 15 per cent, with rates at 23 per cent.

Conflict in Northern Yemen displaced an estimated 320,000 people from Sa'ada and neighbouring governorates in August 2009. Despite the 2010 truce, there were still large numbers of internally displaced persons in Hajja Governorate in May 2012. A nutrition assessment recorded global acute child malnutrition reaching 15.7 per cent.

The influx of refugees into Jordan and Lebanon due to escalating violence in the Syrian Arab Republic is raising concerns about people's well-being and access to basic services. Most Syrian refugees in Jordan have lost their livelihoods, are depleting their food stocks and are adopting extreme coping mechanisms (sale of assets for example) to survive. Acute child malnutrition rates among refugees hosted by local populations reached 5.1 per cent, and those in refugee camps are at a troubling 5.8 per cent.

In conflict situations, both short-term emergency responses to save lives and medium-term strategies to prevent disease, recover livelihoods and so on are needed to avoid losing achieved gains in reaching MDGs.

Source: Yemen, Ministry of Health, 2012; and the Sudan, National Ministry of Health and Central Bureau of Statistics, 2011.

FIGURE I-18**Stunted children under the age of five (Percentage)**

Iraq and the Syrian Arab Republic, which have high rates of both adult obesity and child stunting.

Causes of the double burden of malnutrition are complex. High rates of obesity can be found in low-income countries; and some members of

a household may be overweight while others are undernourished.³⁸ Lack of access to information about nutrition, processed food and unhealthy lifestyle in low-income families³⁹ are among possible factors.

Goal 2

Achieve universal primary education

Target

Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Significant gains in primary enrolment, but LDCs should catch up

Regional progress in net enrolment rates is promising and comparable to that made in other developing regions.⁴⁰ Around 85 per cent of children of primary school age went to school in 1999, and that rate rose to 92 per cent in 2011 (figure I-19). Around 7 million additional pupils were enrolled in primary education in the Arab region in 2012 compared to 1999.⁴¹

Several countries in the region, such as Algeria, Bahrain, Egypt, Kuwait, Morocco, Oman, Qatar, Tunisia and the United Arab Emirates, are close to universal enrolment, with a net primary enrolment

rate above 95 per cent⁴². Two countries that stand out for increasing net primary enrolment rates are Morocco and Oman. Indeed, Morocco gradually increased net enrolment from 71 per cent in 1999 to 96 per cent in 2011. Oman's net enrolment rate rose from 80 per cent in 1999 to 98 per cent in 2009. Even LDCs registered significant progress, although a closer look shows that it has slowed since 2004. Education systems in those countries face severe challenges, with enrolment rates well below the regional average.

There are other worrisome signs of backtracking. Deteriorating or stagnating enrolment rates in conflict-stricken countries, such as Iraq and Palestine, have hindered overall regional progress. The Syrian Arab Republic had, according to data from 2010, achieved universal primary education, with 99 per cent enrolment, but the ongoing crisis is expected to have a significant impact in the short and the long term, including through the destruction of schools. The net enrolment rate in Jordan has steadily declined from 99 per cent in 2005 to 91 per cent in 2010.

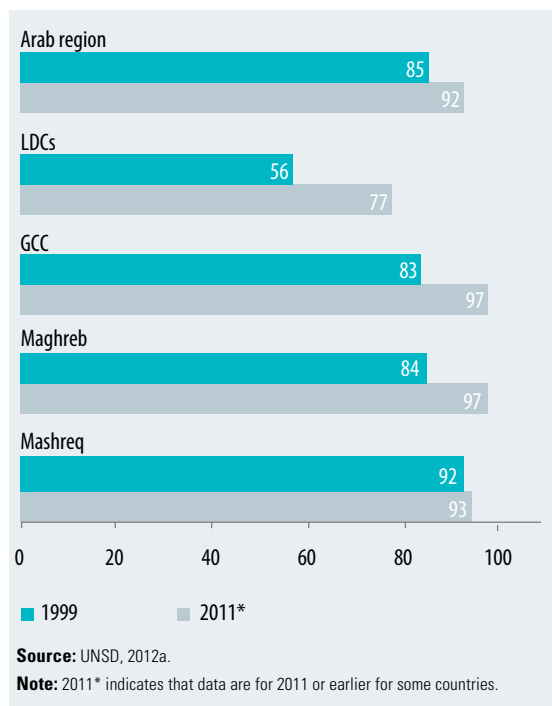
Poverty and inequalities remain major barriers to education. In Egypt for example, 20 per cent of the poorest children do not enter primary school, while almost 100 per cent of rich children complete upper-secondary education. Around 25 per cent of poor families spend money on supplementary tuition for their children, compared to 47 per cent of the richest families. The richest households spend around four times the amount of the poorest households.⁴³

Arab countries still have to enrol around 9 million children to achieve universal primary education.⁴⁴ Half of out-of-school children are concentrated in five countries, namely Egypt, Iraq, Saudi Arabia, the Sudan and Yemen. Despite strong progress, an enormous effort is needed to reach the universal primary education goal by 2015. The enrolment of girls poses a real challenge – in Algeria, Iraq, Oman, the Syrian Arab Republic and Yemen, more than two-thirds of out-of-school

Around 85 per cent of children of primary school age went to school in 1999, and that rate rose to 92 per cent in 2011

FIGURE I-19

Primary net enrolment rates (Percentage)



children are girls. This exclusion may be influenced by religious, ethnic, geographical and security factors.

For progress in enrolment to have a deeper impact, children should complete their education cycle. Completion rates, measured by the gross intake rate to the last grade of primary school, have increased in the region from 73 per cent in 1999 to 83 per cent according to the latest data, with rises in all subregions (figure I-20). The Maghreb region and LDCs have made the biggest progress, from 73 per cent to 90 per cent and from 43 per cent to 60 per cent respectively. The high cost of education is one of the most important reasons for incompleteness, with early marriage and insecurity. In Iraq, a survey of parents whose children dropped out was conducted, and 49 per cent stated that education was not necessary, and that related costs outweighed the benefits.⁴⁵

Early childhood education programmes suffer from a lack of investment, despite the fact that a child's life until the age of eight is critical for cognitive, social, emotional and physical development. Children who participate in early childhood programmes have higher primary school enrolment rates and better results in the first years of schooling.

Most Arab countries have pre-primary education programmes for children aged three to five years. In 2010, more than 3.9 million children

were enrolled in such programmes. Despite the increase in the pre-primary gross enrolment ratio, from 15 per cent in 1999 to 22 per cent in 2010, it remains lower than in all other regions, with the exception of sub-Saharan Africa where it stood at 17 per cent (figure I-21).

Pre-primary education in Arab countries suffers from a lack of investment, a low public understanding of its importance and a lack of trained staff. Limited public resources have driven an exceptionally high share of private pre-school enrolment – 76 per cent, while the global average was 33 per cent.

The Arab region has made significant progress in reducing the gender gap in pre-primary education, with the Gender Parity Index (GPI) rising from 0.77 in 1999 to 0.94 in 2010.⁴⁶

The quality of education is a key concern

The quality of education may have been neglected as the focus was more on quantity and enrolment. In the 2010 Doha Declaration “Quality education for all”, Arab Ministers of Education recognized the importance of monitoring the quality of education and agreed to enhance regular monitoring. The increasing participation of Arab countries in international

Pre-primary education in Arab countries suffers from a lack of investment, a low public understanding of its importance and a lack of trained staff

FIGURE I-20
Gross intake rate to the last grade of primary school
(Percentage)

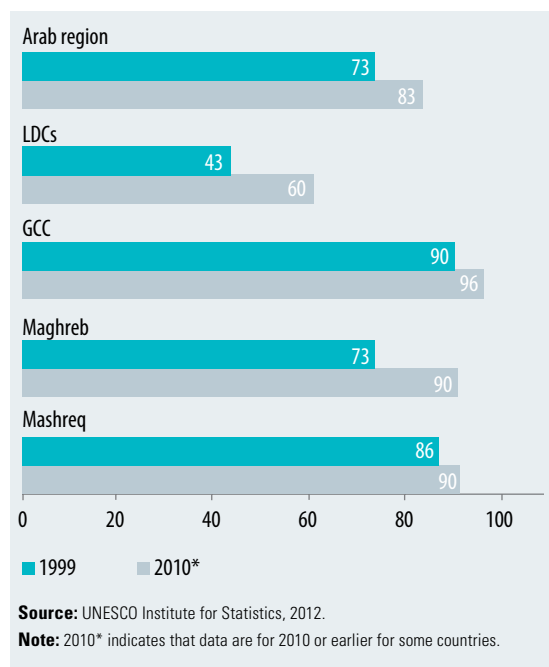
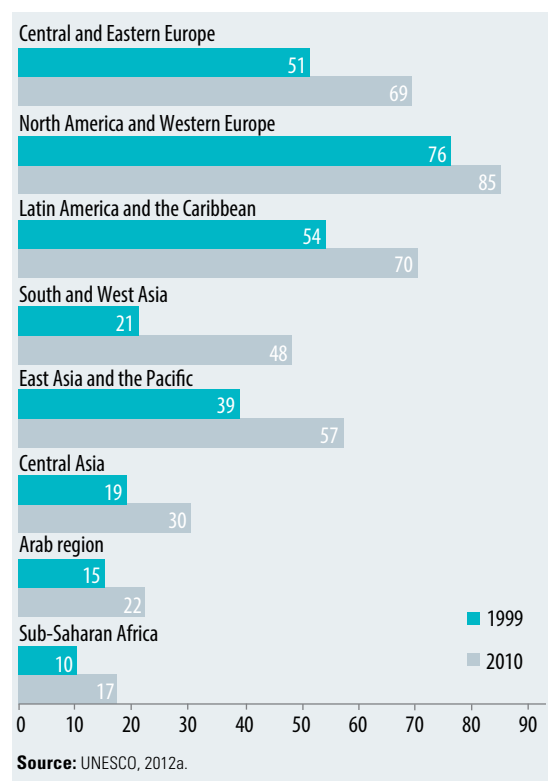


FIGURE I-21
Pre-primary education gross enrolment ratio (Percentage)



assessments in recent years demonstrates this commitment.

Results of international assessments show that Arab countries fall far below international averages and indicated benchmarks. According to results from the Trends in International Mathematics and Science Study (TIMSS) 2011, none of the 14 participating Arab countries reached the international achievement level of 500 (figure I-22). Results of the Programme for International Student Assessment (PISA) revealed similar trends, and the participating Arab countries, namely Jordan, Qatar and Tunisia, generally showed low levels of performance.

Differences in test results confirm high inequalities in education opportunities for rich and poor students in a number of countries (figure I-23A). In Saudi Arabia and Tunisia, inequalities have increased over time, which may be due to an increasing use of private resources in education. Figure I-23B displays the values of the inequality-adjusted education index for the world and developing regions. The average loss for the Arab region is 41 per cent, higher than for all other developing regions, and similar to the loss of South Asia.

Another issue is the relevance of skills acquired for the labour market, as even a high level of education does not guarantee a job. Employers complain that youth are not well prepared and do not develop the needed skills. In Tunisia, the education system produces highly educated youth, with more than 57 per cent of new entrants to the labour market in 2010 holding a university degree. In an economy dominated by low-skill industries, however, few could find the jobs that university graduates expect.⁴⁷

Shifting political situations in some countries are leading to educational reform. In the four countries that witnessed a change in government in 2012, namely Egypt, Libya, Tunisia and Yemen, revising the entire education system has become a political priority. This revision would not only affect curricula, but also management and didactic approaches. Among other aims, reforms could have a role in encouraging responsible citizenship to induce long-term positive social change.

Literacy rates improved significantly across the region

The region has made impressive progress in raising literacy rates to 89 per cent, almost reaching the global average of 90 per cent (figure I.24). While GCC has the highest rate at 97 per cent⁴⁸, progress in the literacy rate of people aged 15-24 years has been substantial in Mashreq countries and LDCs. Nonetheless, more than 7 million youth still cannot read; of whom close to

Results of international assessments show that Arab countries fall far below international averages and indicated benchmarks

FIGURE I-22
TIMSS* results for participating Arab countries, 2011

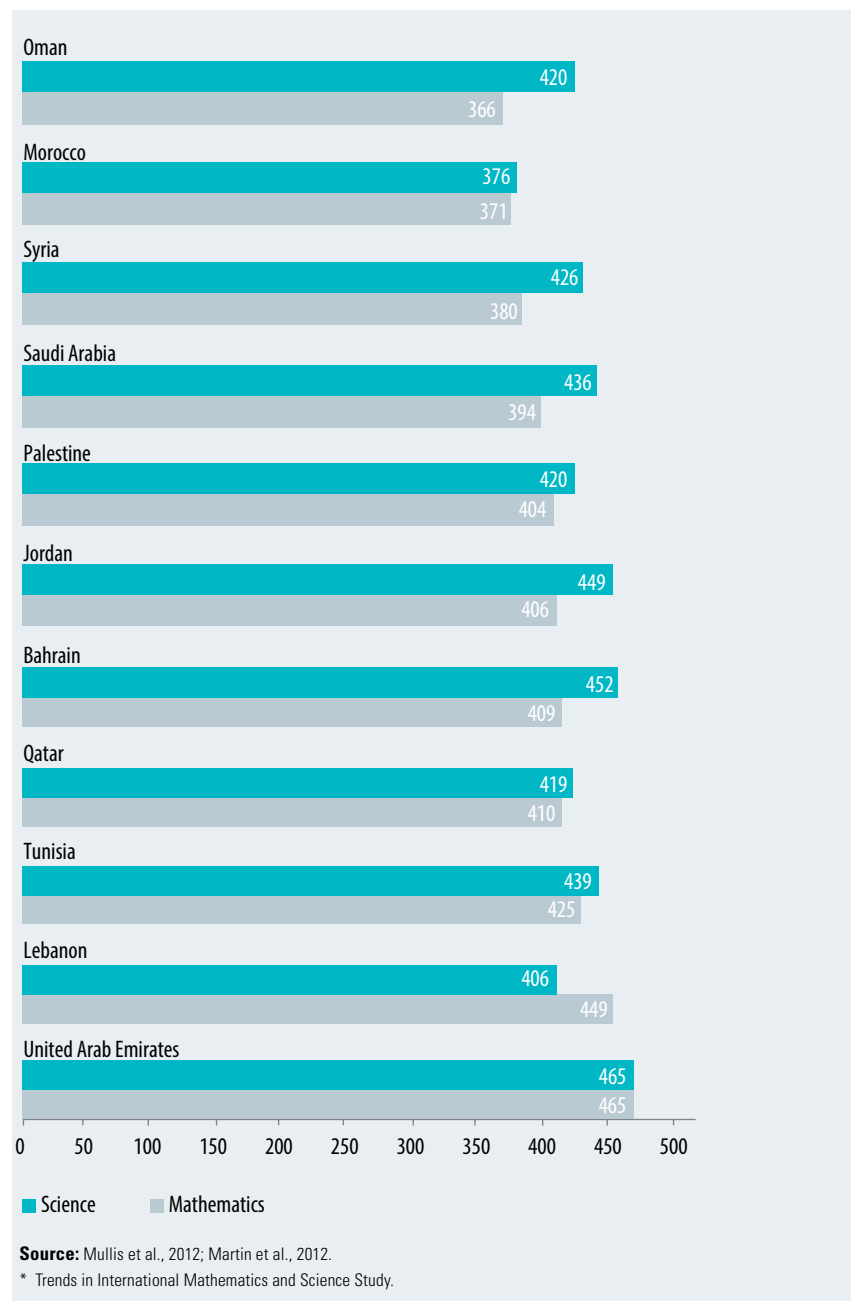
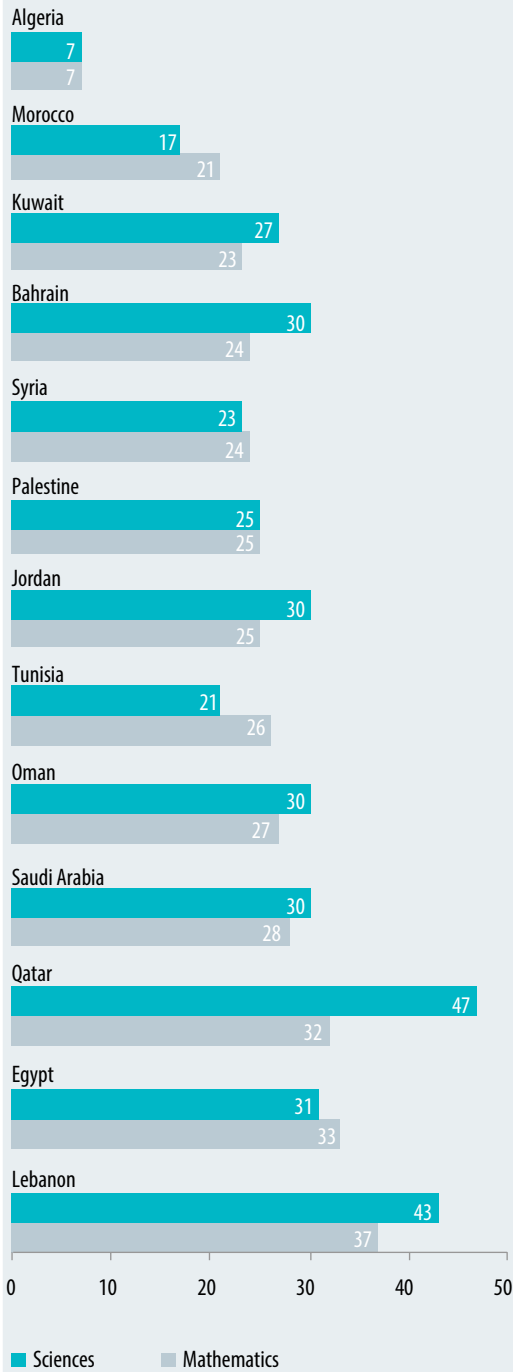


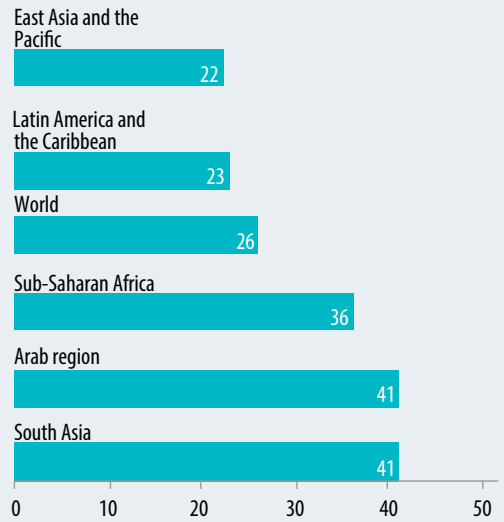
FIGURE I-23

Inequality in education

A. Differences in TIMSS scores between students from the poorest and richest quintiles, 2007



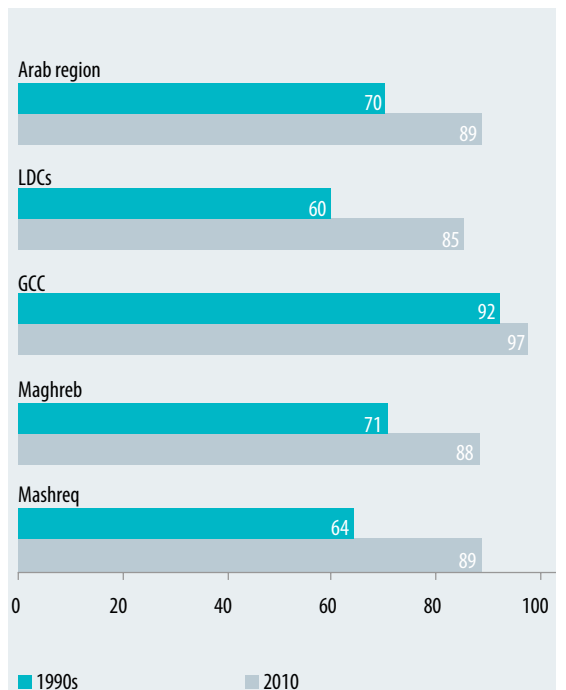
B. Inequality-adjusted education index, average loss, 2011 (Percentage)



Differences in test results confirm high inequalities in education opportunities for rich and poor students in a number of countries

FIGURE I-24

Literacy rates of youth aged 15-24 years old (Percentage)

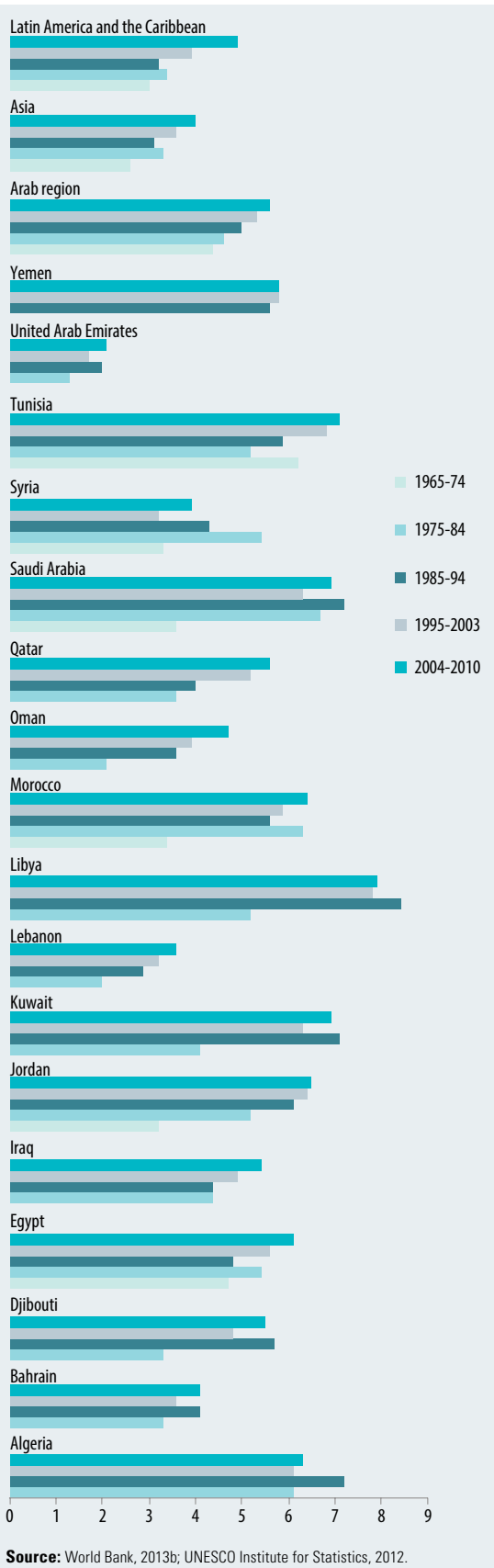


Source: ILO and UNDP, 2012.

Source: UNSD, 2012a.

FIGURE I-25

Public expenditure on education as a percentage of GDP, 1965-2010



Source: World Bank, 2013b; UNESCO Institute for Statistics, 2012.

5 million are young women. The vast majority lives in Egypt (2 million), Morocco (1.3 million), Yemen (0.8 million) and Algeria (0.6 million).⁴⁹

The impressive achievements on education indicators could be attributed to the fact that Arab countries had made heavy investments in mass education systems prior to the conception of MDGs (figure I-25). From 1965 to 1974, they poured 4.4 per cent of GDP into education, compared to 2.6 per cent in Asia and 3 per cent in Latin America.⁵⁰ This amount has risen steadily since then. Today, Arab countries spend over 5 per cent of GDP on education, which amounts to around 20 per cent of total government budgets.⁵¹

Primary and secondary education became free during the 1960s, and progressively the tertiary level. Many millions of children were educated, although with large country variations – in some LDCs, education is still a daunting challenge. Secondary school enrolment rates dramatically increased from 1970 to the early 2000s; there was also a fivefold increase of enrolment in higher education. The average years of schooling for adults (15 years and older) grew rapidly from 1.3 years in 1960 to 5.4 in the 2000s. Illiteracy rates among adults dove from 50 per cent in 1980 to 23 per cent in the 2000s. This progress continued after MDGs were established in 2000. In fact, at that time, some countries had already met the goal on school enrolment.

Arab countries had made heavy investments in mass education systems prior to the conception of MDGs

Goal 3

Promote gender equality and empower women

Target

Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Major advancement towards gender parity in education

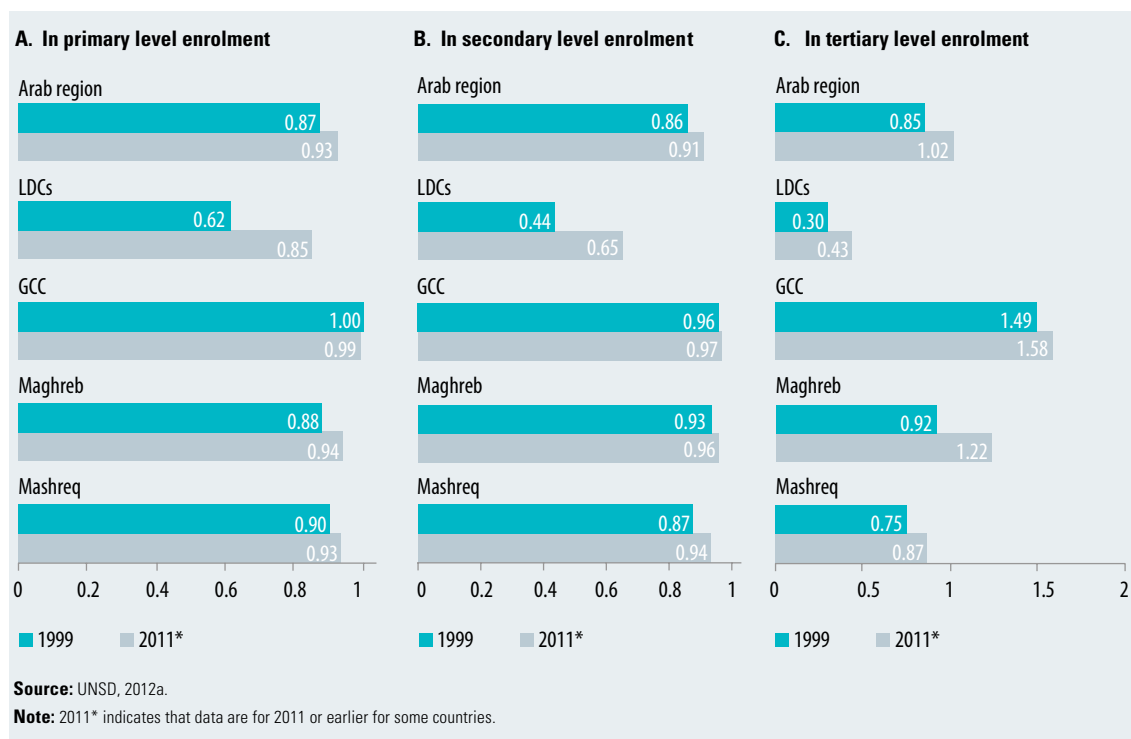
There has been strong regional progress towards gender parity in education, a crucial step to create equal opportunities for women and men. Many more girls now go to primary school in the region; GPI for primary education reached 0.93 in 2011 (figure I-26A). This is however still below the parity level, set at 1 with a margin of plus or minus 0.03. Only GCC countries are within that range, although the Mashreq and Maghreb subregions

are expected to achieve gender parity by 2015. Despite significant progress in LDCs, GPI remained at 0.85 in 2011, well below the parity level, which emphasizes the need for accelerated efforts.

The situation is similar in secondary education, where Mashreq, Maghreb and GCC countries have achieved or are close to achieving gender parity. For the Arab region as a whole, however, the relevant GPI remains well below the parity level at 0.91, due to a low level in LDCs (figure I-26B). Indeed, LDCs face even more difficulties with secondary education than with primary education. The cost of secondary schooling is often higher, which can force parents to ration resources among children. Early marriage, common among the poorest households, can be

There has been strong regional progress towards gender parity in education, a crucial step to create equal opportunities for women and men

FIGURE I-26
Gender Parity Index



another obstacle to achieving gender parity in secondary education. In the Sudan, 54 per cent of girls in the poorest households marry before the age of 18, compared to 17 per cent in the richest households (figure I-27).

Raising the minimum age of marriage to 18 can have a multiplier effect, as it can positively impact the achievement of targets related to education, health and gender equality. Some countries, including Algeria, Egypt, Libya, Morocco, Oman, Somalia and the United Arab Emirates, have a minimum age of marriage of 18 years old. Others, including Bahrain, Djibouti, Iraq, Jordan, Kuwait, Lebanon, Mauritania, Qatar, the Sudan, the Syrian Arab Republic and Tunisia, allow marriage for girls at ages ranging from 15 to 17. The Comoros, Saudi Arabia and Yemen do not have any laws on the age of marriage.⁵²

Some countries have expressed concern over the high prevalence of early marriage. For example, the national report submitted by Jordan to the international Committee on the Elimination of Discrimination against Women (CEDAW) expressed its concern that a very high percentage (approximately 15 per cent) of all marriages continue to involve girls under the age of 18.⁵³

In tertiary education, the regional average is within the accepted range of gender parity, but this result hides large subregional differences. Globally, GPI in tertiary education is heavily skewed, as countries with limited national wealth have many more men than women in tertiary education while wealthier countries experience the opposite. Within the Arab region, GPI is 1.58 in GCC countries and 1.22 in Maghreb countries, while it is very low in LDCs, standing at 0.43 (figure I-26C). In some GCC countries such as Qatar and the United Arab Emirates, the enrolment rate for women is double that of men. In Qatar, men of the tertiary education age outnumber women by more than three times, but only three men are enrolled for every five women. GPI is thus 5.38 for tertiary education in the country. This could be the result of a combination of factors, including men going abroad for tertiary education or choosing a military career.

Women hold less than 20 per cent of paid jobs outside the agricultural sector. At the global level, women's share outside agriculture has slowly increased, from 35 per cent to 40 per cent. In the Arab region, their share has actually decreased in the last 20 years (figure I-28): only GCC and

Maghreb countries have experienced a small increase; LDCs and Mashreq countries have seen a decline.

The limited numbers of women who find paid employment are not on equal footing with men. On average, they are paid less than men for the same work. Women's wages in manufacturing as a share of men's wages in Egypt, Jordan, Palestine and the Syrian Arab Republic are 66 per cent, 68 per cent, 50 per cent and 79 per cent,

FIGURE I-27

Women in the Sudan aged 20-49 years and married before the age of 18, 2010 (Percentage)

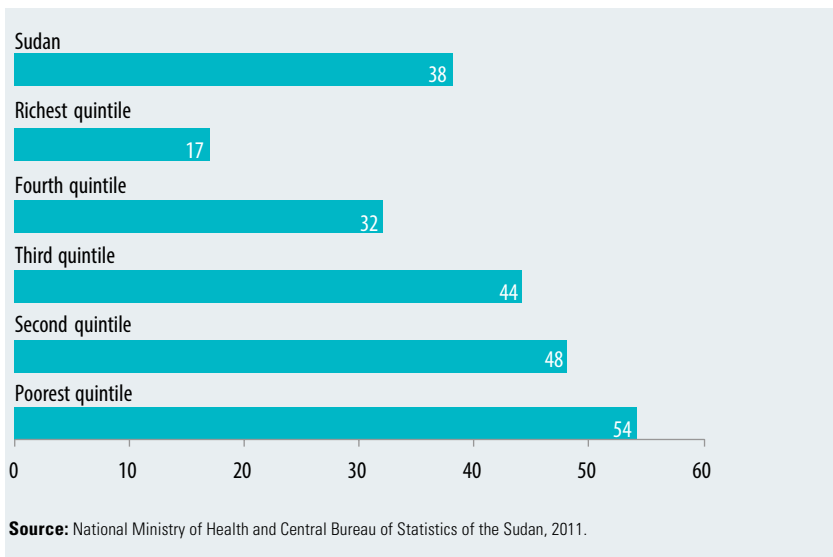
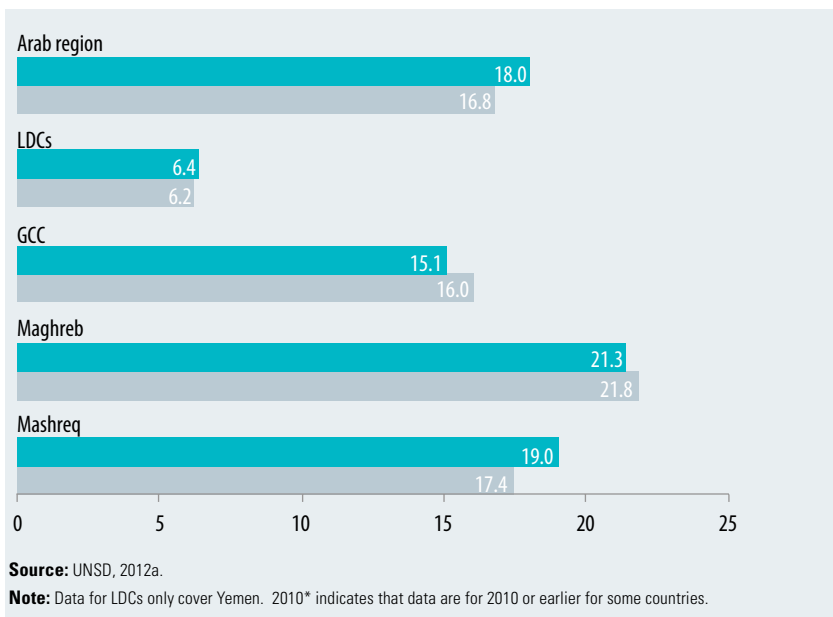


FIGURE I-28

Share of women in wage employment in the non-agricultural sector



respectively.⁵⁴ The gender pay gap remains poorly unexplained, beyond the general notion of gender discrimination as a factor in persistent exclusion. There can also be gender differences in time use, as women may prefer part-time or lower-paying occupations to carry out their care responsibilities at home.⁵⁵

Women across the region are underrepresented in senior management positions, such as legislators, senior officials and managers. In countries with available data, the highest share is in Kuwait at 14 per cent. For most other Arab countries, the share is below 10 per cent, with the lowest rate in Yemen at 2 per cent. Globally, women occupy only 25 per cent of senior management positions, but this is still much higher than in Arab countries.⁵⁶

Despite women's strong participation in political demonstrations in some countries in transition, there have been no successful efforts to systematically ensure a greater legislative representation of women

Women's political participation is increasing, but not fast enough

Women's representation in parliaments is rising, but the region is still far behind the rest of the world. Their share of seats rose from 2.6 per cent in 2000 to around 12.7 per cent in 2013 (figure I-29), compared to 20 per cent globally and 18 per cent in developing regions. Three Arab subregions are below the global average, while the GCC average is at 18.6 per cent, higher than the global average. The high GCC average is mainly due to Saudi Arabia, which increased women's share of parliament seats to 20 per cent in January 2013 by decree.

Despite women's strong participation in political demonstrations in some countries in transition, there have been no successful efforts to systematically ensure a greater legislative representation of women.

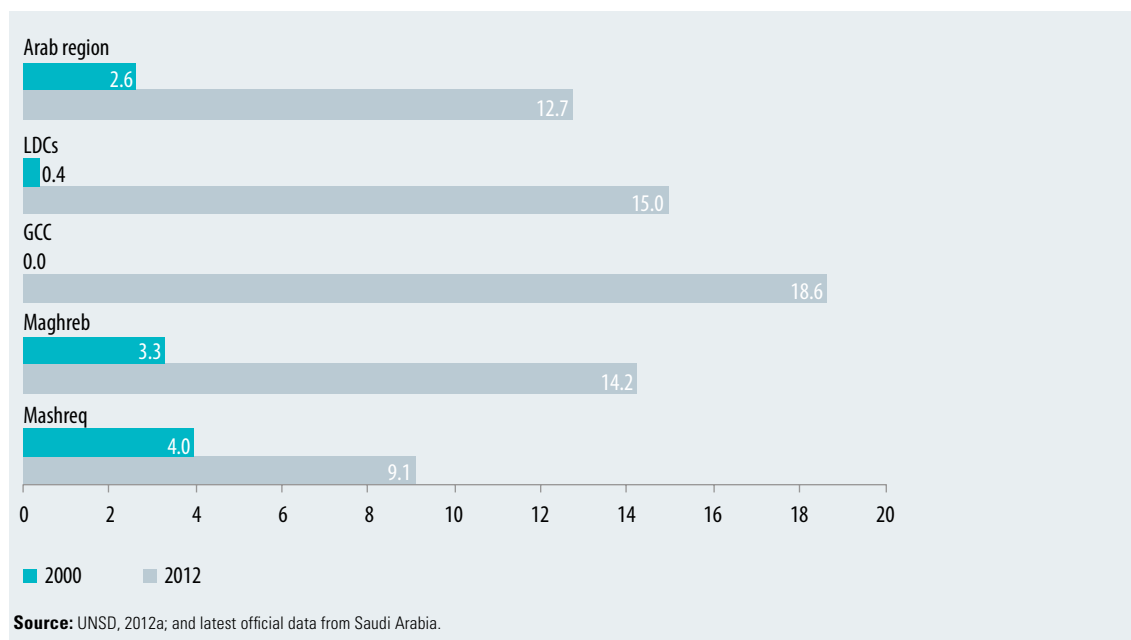
Women after Arab uprisings: Where are they in transitional processes?

In other parts of the world, political transitions were taken as opportunities to adopt measures that enhance women's roles in decision-making, such as quotas. These processes are indeed most effective when they are open to all and consider the priorities of all societal groups, particularly those of women who must be considered equal partners at all levels of decision-making. Gender equality must be integrated as a goal across all issues, particularly those that affect the future of a country.

In Arab countries, the social movements calling for change saw men and women standing together to bring down old regimes. Women took to the public spaces everywhere, even in countries which always rank very low on gender equality indexes.

In subsequent transitional processes, however, women have been far less visible, and there have been concerns about backtracking on achievements in women's rights. In Egypt, for instance, women were given only 7 per cent of seats in the Constituent Assembly tasked with drafting the

FIGURE I-29
Seats held by women in national parliaments (Percentage)



Creating opportunities for women in politics

The low level of political representation of Arab women is a result of cultural norms and stereotypes, as well as unstable political situations posing specific security risks. Arab women generally lack experience in leadership and campaigning skills and have a limited presence in political parties. Political systems in Arab countries have long discouraged broad participation: many were characterized either by one-party rule or a simple-majority electoral system, rather than proportional representation.

Overcoming barriers to women's political representation usually requires adopting special measures. Some countries introduced gender quotas, such as Algeria, Iraq, Jordan, Mauritania, Morocco, Palestine, the Sudan and Tunisia. Iraq used its transition period and the creation of its 2005 Constitution to set a 25 per cent quota for women's representation in Parliament, for example.

Quotas can help increase the number of female parliamentarians, but they are not the only option. Supporting measures can include designing electoral systems to encourage participation, training women leaders and mobilizing women's vote in political parties.

Source: ESCWA analysis.

constitution. In parliamentary elections in 2011, they won only 2 per cent of seats,⁵⁷ as an earlier 12 per cent quota system was abolished.

Transitional justice processes⁵⁸ have been launched in several countries, in which women should be assured equal participation. Reforms should move beyond a traditional general focus on justice and security to specifically redress past gender injustices. Tools towards that end could include legislative audits, the repeal of gender discriminatory legislation and the adoption of laws that advance women's rights, including through quotas.⁵⁹

Violence against women and girls deters their full participation in society

Violence against women and girls remains one of the region's biggest challenges, deterring women and girls from fully participating in all aspects of society. Fear of violence may prevent girls from exercising their right to go to school or women from seeking employment or running for political office, for example. In addition to types of violence such as domestic and sexual abuse, new forms have arisen against women who publicly participate in the achievement of change in their countries, including through social movements and protests. Women in public spaces have been taunted and attacked.

Statistics on violence are scarce, which is a sign that the phenomenon remains hidden and poorly understood. A 2011 global survey provided data only for Egypt, Jordan and Morocco, where 33.2 per cent, 20.6 per cent and 6.4 per cent⁶⁰ of women, respectively, reported experiencing some form of violence in their lifetime. Demographic health surveys in Egypt, Djibouti, Somalia and the Sudan reveal that the harmful practice of female genital mutilation is widespread, with rates exceeding 90 per cent.⁶¹

Women and girls have the right to live free of violence. The devastating effects violence are also not restricted to their personal well-being and the lives of their families: indeed, violence is not, as is sometimes incorrectly assumed, simply a private "family matter." It also negatively affects national economic and social development, as it limits the involvement of women and girls in education and the economy. Other costs stem from the need for additional social and health care, and legal services. Research on the matter suggests that violence has cost the Arab countries more than 3 billion Egyptian pounds (EGP) (US\$430 million) over the past three years, including for medical treatment and losses in labour productivity.⁶² Estimates of annual costs related to violence are of US\$5.8 billion in the United States of America, and of US\$11.38 billion in Australia.⁶³

Goal 4

Reduce child mortality

Target

Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Progress in reducing child mortality is slow

Child mortality has fallen by around one third in the region, but progress is still too slow and the target is unlikely to be met. Under-five mortality rates have declined by 36 per cent from 1990 to 2011, i.e. from 90 deaths per 1,000 live births to only 58. Despite population growth, the number of under-five deaths dropped from 605,000 in 1990 to 404,000 in 2011.

Three out of the four subregions have achieved or are close to achieving the target of reducing the under-five mortality rate by two thirds. However, LDCs made little progress in that field: the rate has fallen by only 15 per cent and the number of deaths actually grew from 236,000 in 1990 to 253,000 in 2011, thus holding back regional achievement.

Progress is similar when it comes to infant mortality, only a little slower as the region registered a 34 per cent decline from 1990 to 2011. Mashreq, Maghreb and GCC countries have all reduced corresponding rates by more than 50 per cent and the 2015 target is within reach. LDCs lag behind with only a 13 per cent reduction in the last two decades. Regionally, the number of deaths fell from 457,000 in 1990 to 309,000 in 2011, whereas it increased in LDCs, from 155,000 to 172,000.

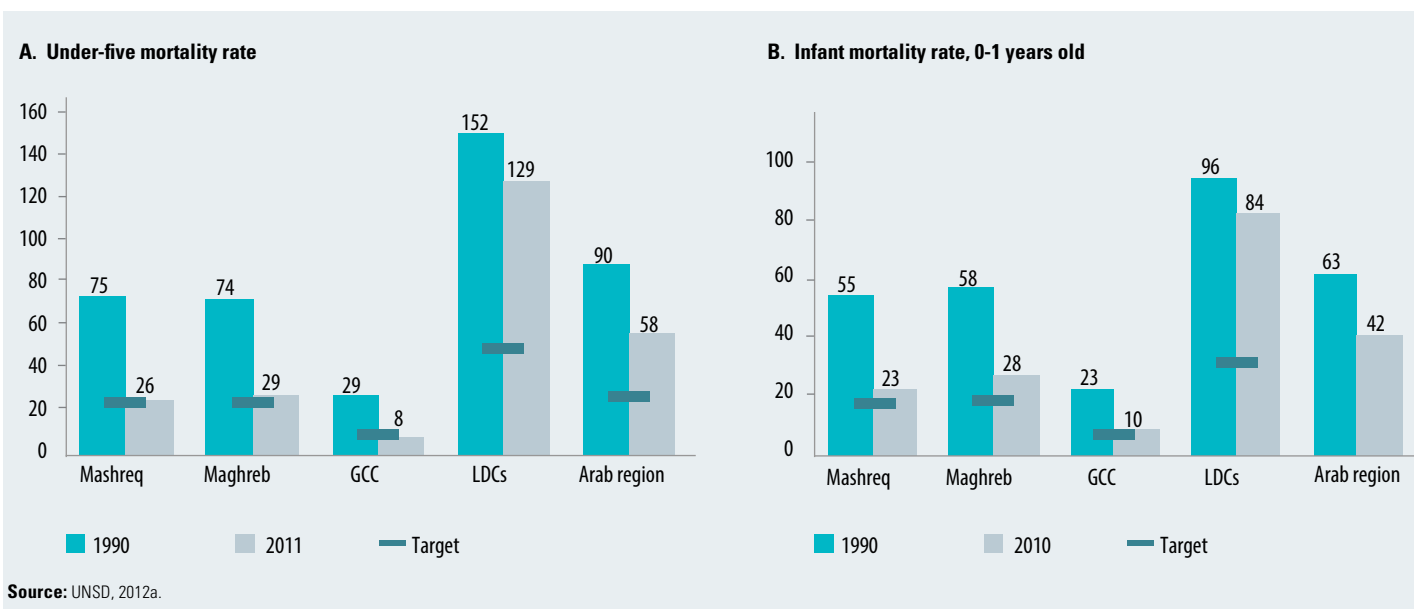
Countries with low mortality rates have made significant progress, challenging the conventional wisdom that as rates fall, progress slows down. In 1990, only two Arab countries had achieved an under-five mortality rate ranging between 10 and 20 deaths per 1,000 live births, and had thus joined the group of “low-mortality countries”.⁶⁴ By 2011, the number of Arab “low-mortality countries” had increased to five.

Progress in reducing under-five mortality has accelerated in 11 out of the 22 Arab countries

Three out of the four subregions have achieved or are close to achieving the target of reducing the under-five mortality rate by two thirds

FIGURE I-30

Child and infant mortality rates (Deaths per 1,000 live births)



in the last decade, as part of efforts to meet the MDG commitment.⁶⁵ The 3.7 per cent decrease per year during 1990-2000 has edged up to a 3.8 per cent decrease per year during 2000-2011

(figure I-31). But the rate remains below the 4.1 per cent average of all developing countries.

Progress has quickened in GCC countries and most notably in LDCs. In Lebanon, the rate of reduction has increased fourfold in the last decade, compared to the 1990s. In Saudi Arabia and the Sudan, the rate has doubled and tripled, respectively. Egypt and Oman have managed to sustain very high reduction rates since the 1990s.

National averages mask subnational disparities, however. In Yemen, the under-five mortality rate among the poor is triple the rate among the rich, and in Egypt, the rate among the poor is two and half times the rate among the rich (figure I-32A). Such important disparities are also registered between urban and rural areas.

Disparities are also linked to the mother's education level, an important factor that affects child survival. The children of educated mothers have much lower mortality rates. Also, the impact of the mother's education level is higher in North Africa and Western Asia than in all other developing regions (figure I-32B).

The children of educated mothers have much lower mortality rates

FIGURE I-31

Average annual reduction in under-five mortality rates
(Percentage)

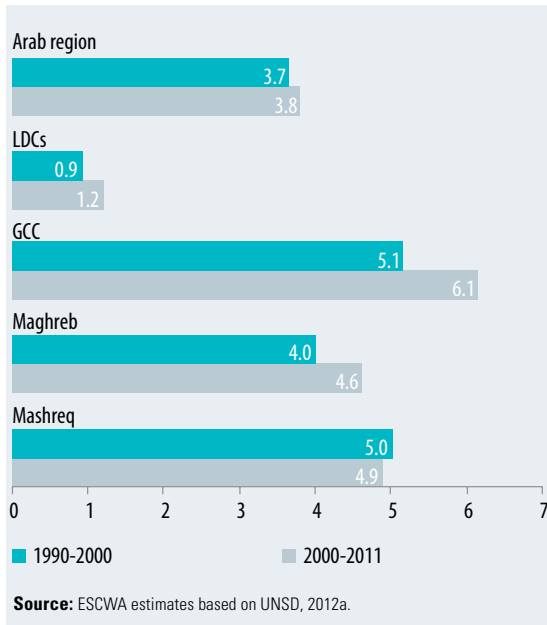
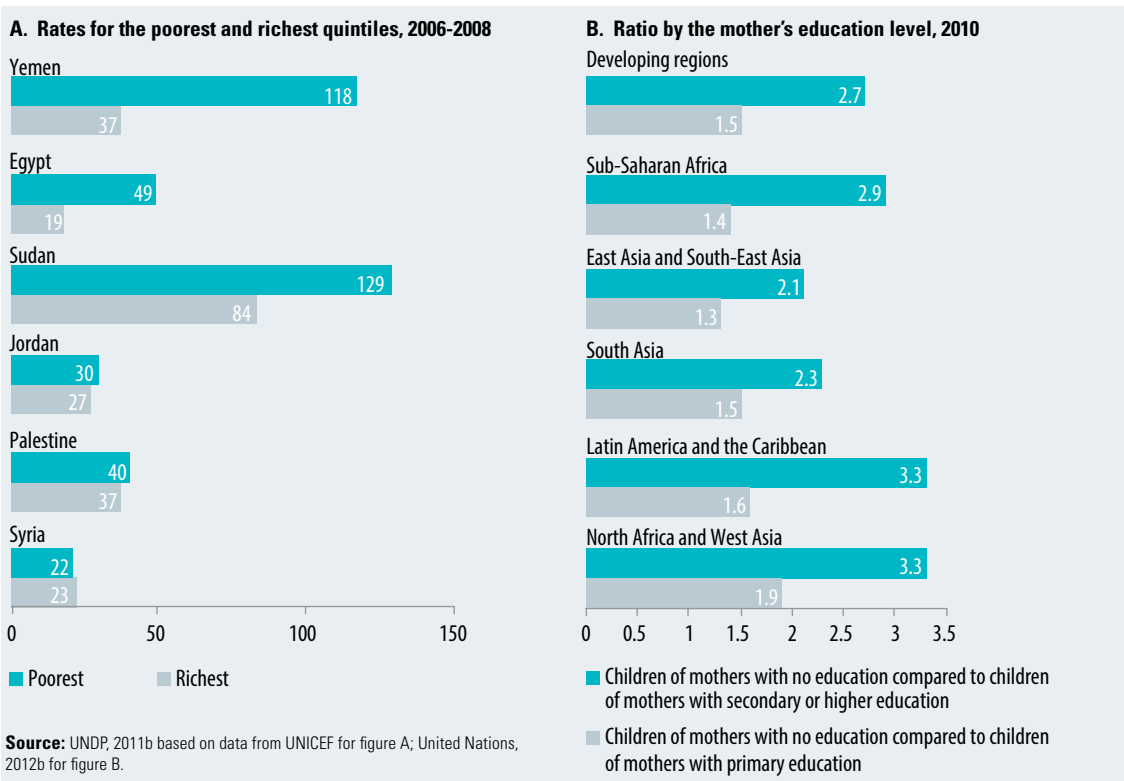


FIGURE I-32

Under five mortality (Per 1,000 live births)



Infants in the first month of life are at high risk of dying

Regional neonatal mortality rates, covering deaths in the first month after birth, have declined from

29 per 1,000 live births in 1990 to 21 per 1,000 live births in 2011 (figure I-33). This 27 per cent reduction is significantly lower than the reductions by 36 per cent and 34 per cent of under-five and infant mortality rates, respectively, which means that the proportion of deaths occurring during the first month after birth is increasing, in consistency with global trends. Worldwide, the share of neonatal deaths among under-five deaths increased from about 36 per cent in 1990 to about 43 per cent in 2011. In the Arab region, the share increased from 35 per cent in 1990 to 42 per cent in 2011. The number of neonatal deaths in the region fell only marginally from 212,000 to 168,000.

In the Mashreq and Maghreb subregions, the difference between the reduction in under-five mortality rates and neonatal mortality rates is very important. The share of neonatal deaths is growing at a striking pace in Maghreb countries particularly, with 57 per cent of under-five deaths in 2011 occurring in the first month of life, compared to 44 per cent in 1990.

The causes of neonatal mortality are generally different from the causes of the deaths of children. More than 50 per cent of neonatal mortality is related to preterm birth complications and complications during birth. Therefore, neonatal mortality requires specific health interventions,

different from those designed to address other under-five deaths.

Cost-effective interventions, both preventive and curative, are possible at the community level, and do not all require investments in advanced medical facilities. For example, early postnatal home visits are effective in promoting healthy behaviour such as early and full breastfeeding and clean cord care, and would encourage more mothers to visit health-care centres regularly. Neonatal infections can be treated as childhood pneumonia, diarrhoea and malaria are. Skilled care for mothers during pregnancy, as well as during and after delivery, can also greatly contribute to the survival of their children. Overall, an effective chain of prevention and care should extend from pregnancy to birth and beyond, including both mothers and children.⁶⁶

A child born in one of the LDCs has a lower chance of surviving to the age of 40

Another way of assessing health risks and the quality of health care is to look at the chances a newborn child has of surviving to the age of 40. A child born in one of the Arab LDCs has a 22 per cent probability of not surviving until 40, a rate above those registered in other subregions (figure I-34).

Neonatal mortality requires specific health interventions, different from those designed to address other under-five deaths

FIGURE I-33
Neonatal mortality per 1,000 live births

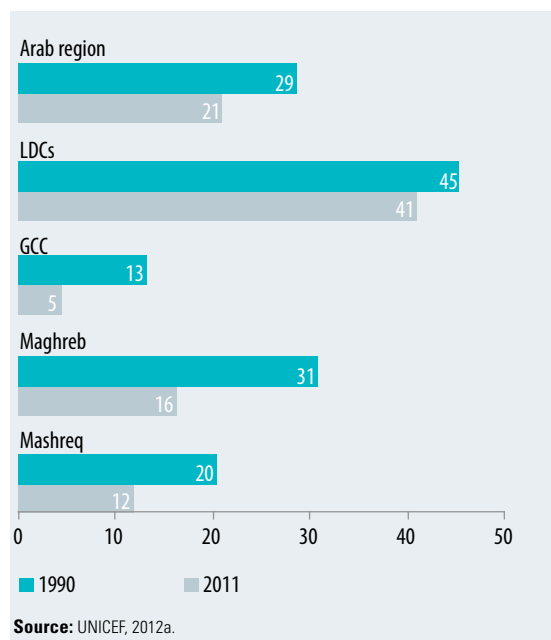


FIGURE I-34
Probability at birth of not surviving to age 40, as a percentage of the cohort

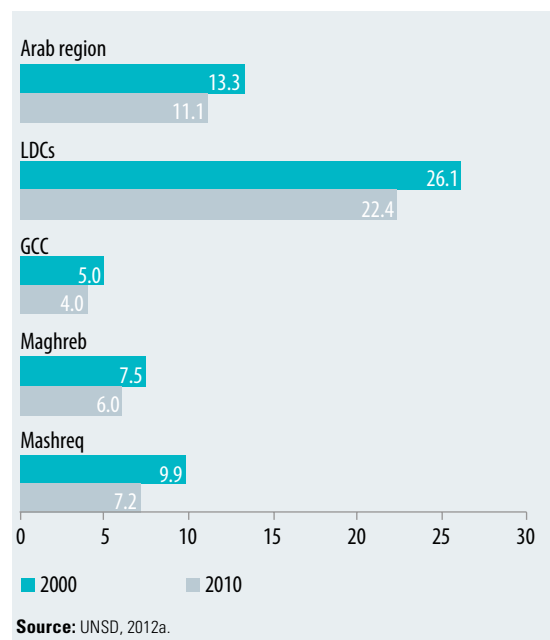
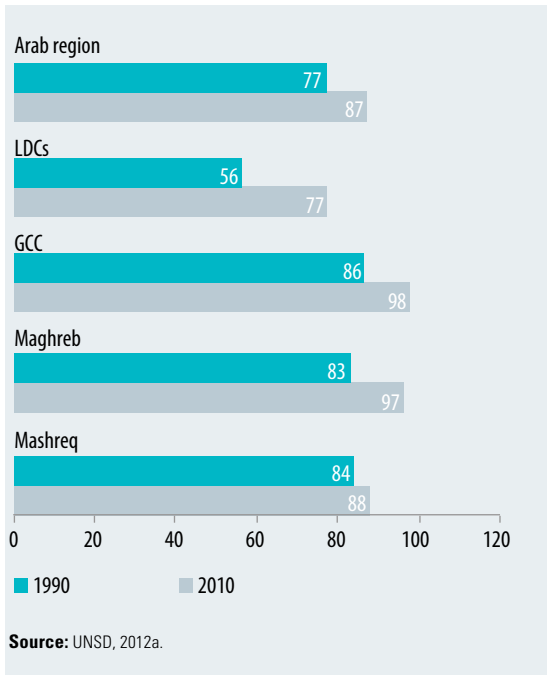


FIGURE I-35

One-year-old children immunized against measles

(Percentage)



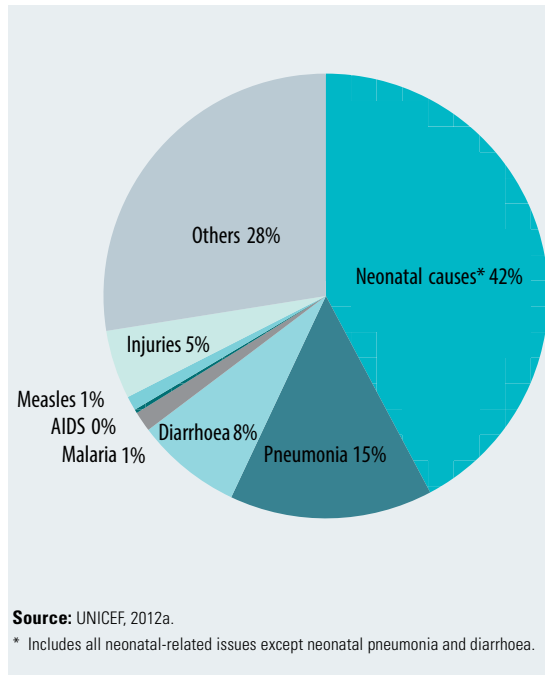
Improved measles vaccination coverage is saving lives

The Arab region has improved vaccination rates remarkably, from 77 per cent to 87 per cent over the past two decades (figure I-35). All subregions have seen significant increases, despite slow progress in Mashreq countries. In 2011, 15 out of 22 countries reported coverage of DPT3⁶⁷ above the targeted 90 per cent. Widespread measles vaccinations in the Eastern Mediterranean region,⁶⁸ which includes most Arab countries, has

FIGURE I-36

Causes of death among children under five in the Arab region, 2010

(Percentage)



Pneumonia and diarrhoea are now the major causes of death among children in the Arab region

led to a remarkable 90 per cent drop in deaths related to measles, from an estimated 96,000 in 2000 to 11,295 in 2011.⁶⁹

Pneumonia and diarrhoea are now the major causes of death among children in the Arab region. Together, they account for one-in-four deaths among children under the age of five (figure I-36). Despite the recent increase in the number of countries introducing new life-saving vaccines, uptake is considered generally slow, especially in middle-income countries, mainly because of the relatively high prices of vaccines.

Goal 5

Improve maternal health

Antenatal care coverage is improving across the region, but progress is marginal in LDCs

Target

Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

Achievements in reducing maternal mortality are uneven

The regional maternal mortality ratio has decreased by 27 per cent between 1990 and 2010 (figure I-37). A decline of more than 60 per cent was registered in the Mashreq and Maghreb subregions, which are close to the target of reducing the ratio by three quarters. Remarkably, GCC countries have halved their ratio in the same period and reached the level of 15 deaths⁷⁰ per 100,000 live births in 2010, thus achieving more progress than developed regions where the average was 16 deaths per 100,000 live births in the same year.⁷¹

Progress is slower in the region since 2000, however (figure I-38). It had actually stalled in three of the four subregions in 2000-2010, compared to the 1990s. Only 9 out of the 22 Arab countries have registered stronger progress since 2000. A number of factors underlie maternal mortality, such as lack of access to health care and poor-quality health care. Legal barriers to safe and reliable contraception and lack of affordable and safe abortion services also impede progress in that area.

Target

Achieve, by 2015, universal access to reproductive health

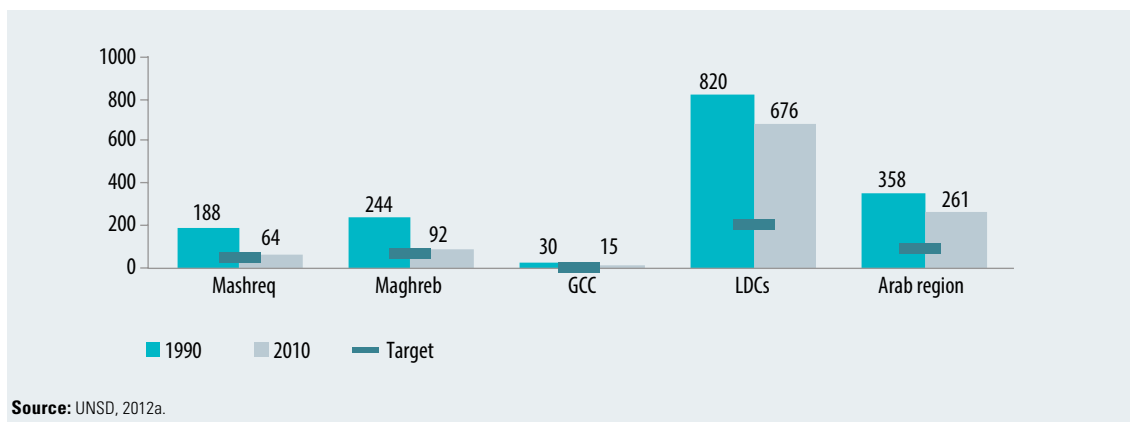
Improved access to reproductive health care is key to addressing maternal mortality in LDCs

Worldwide, around 80 per cent of maternal deaths would be avoided if women had access to essential maternity and basic health-care services.⁷² In the Arab region, more than two thirds of births are attended by skilled health personnel, with an increase from 54 per cent in the 1990s to 69 per cent most recently (figure I-39A). While Mashreq countries can claim significant achievements, progress in LDCs is close to zero, and only one in three births were attended by skilled health personnel there, a rate well below the average of sub-Saharan Africa (45 per cent).

Antenatal care coverage is improving across the region, but progress is marginal in LDCs. The time before birth is critically important for reaching women with interventions and information that promote the health, well-being and survival of both mothers and babies. The regional rate of women attended at least once during their pregnancy by skilled health personnel has risen from 53 per cent to 70 per cent

FIGURE I-37

Maternal mortality ratio per 100,000 live births

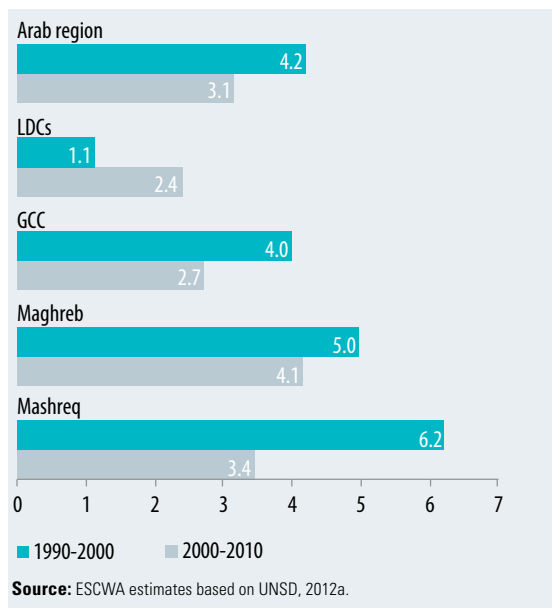


(figure I-39B). GCC countries are close to universal access to antenatal care, strong progress has also been registered in Mashreq and Maghreb countries. However, as with skilled attendance at birth, progress in LDCs is insignificant.

Despite overall increases in the share of births attended by skilled health personnel

FIGURE I-38

Average annual reduction rate in maternal mortality
(Percentage)



and improved antenatal care coverage, large disparities persist between the richest and poorest households (figure I-40A and figure I-40B). With the exception of Yemen, there is close to universal coverage in both indicators for the richest quintile in the region. But the poorest quintile and rural areas still suffer from a lack of access to services. In Egypt for example, skilled health personnel attend 55 per cent of births in the poorest households, a rate which reaches 97 per cent in the richest households. Inequalities are also striking in the Sudan and Yemen.

Nearly half of married women use contraceptives (figure I-41B). But there are strong disparities among countries, ranging from rapid increases in contraceptive use in some to declines in others. Access to safe, affordable and effective methods can help in reducing maternal and infant mortality by preventing unintended and/or closely spaced pregnancies.

Very early childbearing involves higher health risks for both mothers and babies. All subregions have reduced the number of teenage pregnancies (figure I-41A). GCC and Maghreb countries have also significantly decreased teenage pregnancy rates, while LDCs and Mashreq countries continue to register high rates.

The poorest quintile and rural areas still suffer from a lack of access to services

FIGURE I-39

Progress in maternal health (Percentage)

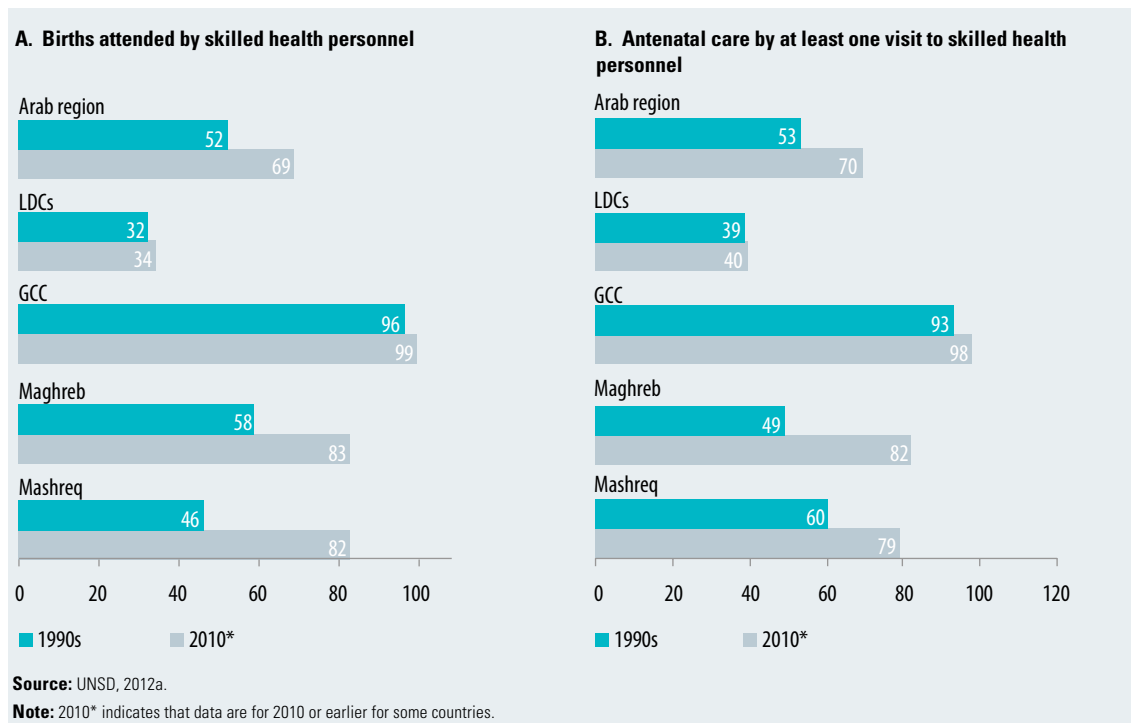
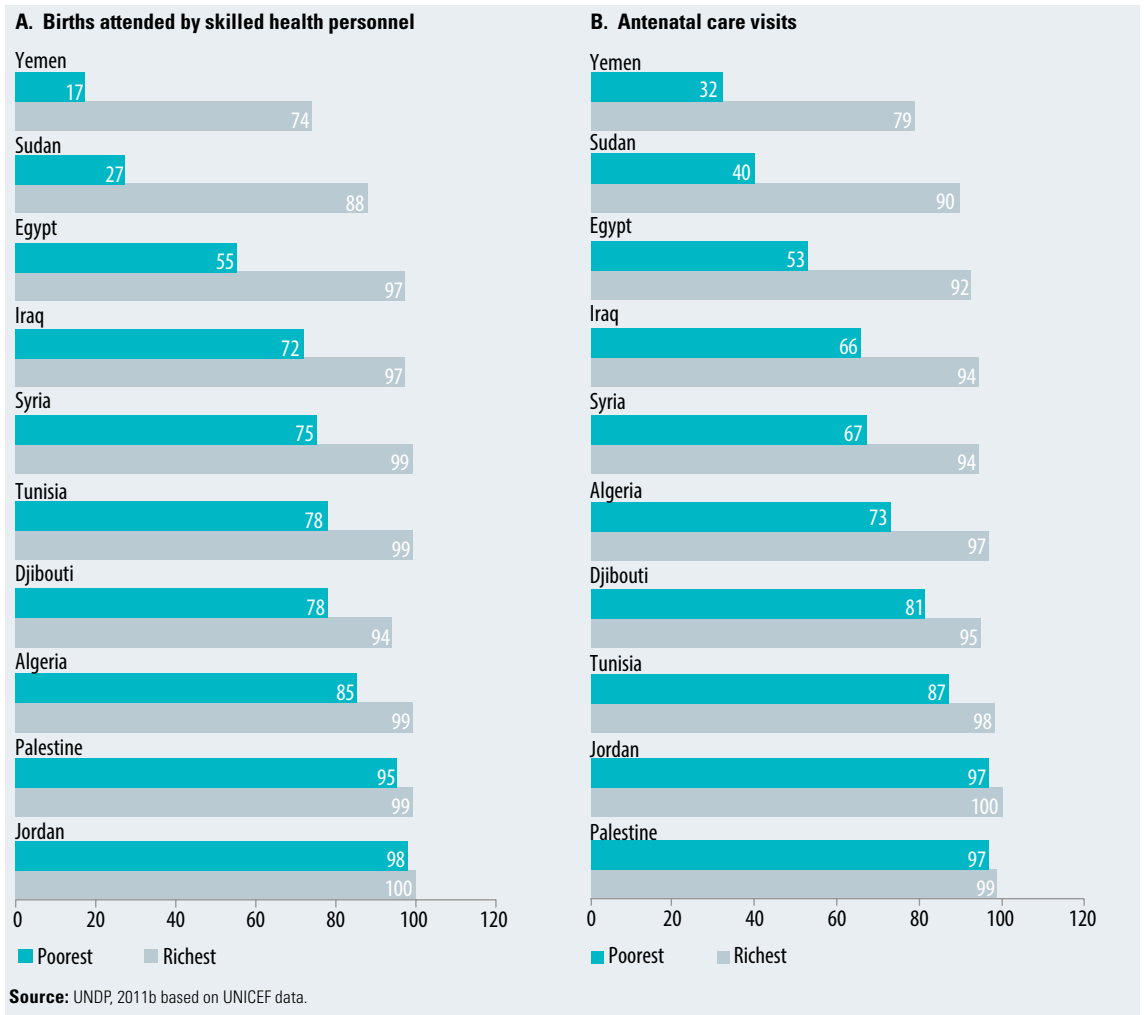


FIGURE I-40

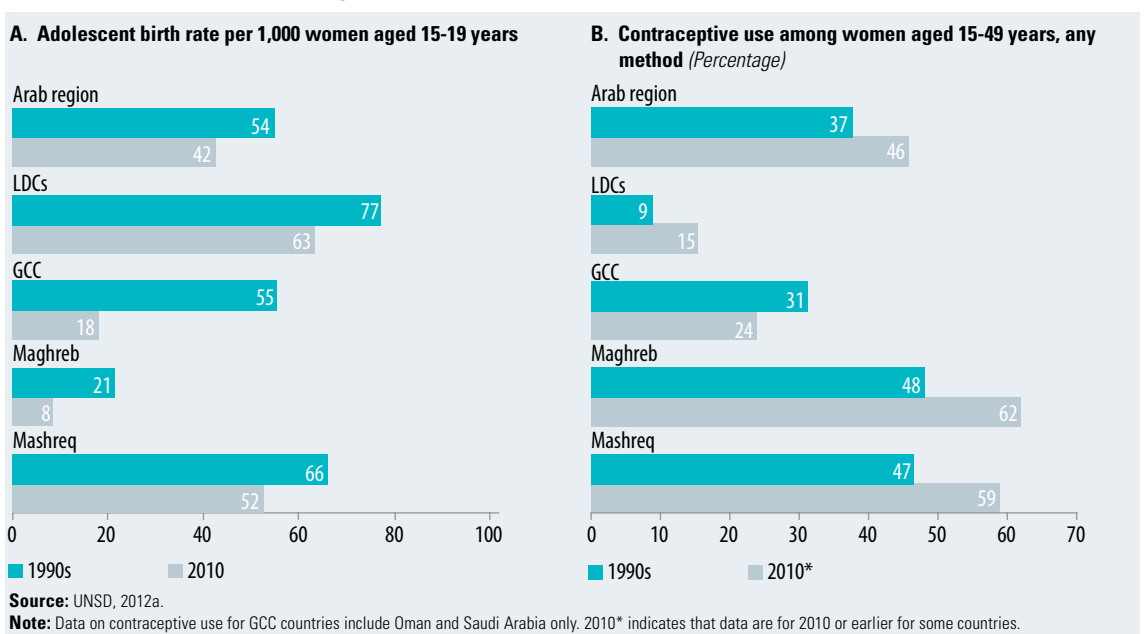
Maternal care for the richest and poorest quintiles in selected Arab countries, 2006-2008 (Percentage)



Access to safe, affordable and effective methods can help in reducing maternal and infant mortality by preventing unintended and/or closely spaced pregnancies

FIGURE I-41

Adolescent birth rate and contraceptive use



Goal 6

Combat HIV/AIDS, malaria and other diseases

Target

Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target

Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it

The number of people living with HIV is increasing, but more people have access to treatment

Recent UNAIDS (Joint United Nations Programme on HIV/AIDS) estimates⁷³ indicate an increase in new HIV infections and AIDS-related deaths registered in the Arab region. Between 2001 and 2011, the estimated number of people living with HIV increased from 166,000 to 226,000. This was mainly due to an increase in LDCs, which registered 25,000 new HIV cases during that period. In Maghreb countries, the number of people living with HIV doubled (figure I-42A).

Since 2001, the number of people registered as newly infected with HIV has increased by more than 35 per cent in the region, from 27,000 to

37,000. Between 2005 and 2011, there was also a significant 27 per cent jump in AIDS-related deaths, from 14,000 to 17,000.

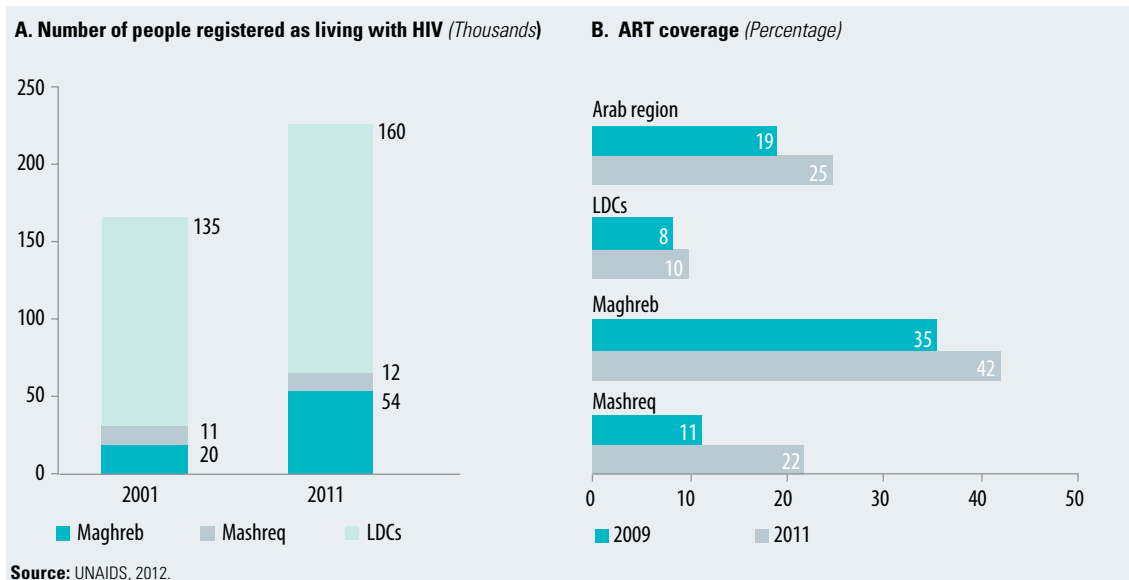
Efforts are being made to increase the coverage of HIV treatment, nevertheless it is still insufficient. Stigma and discrimination remain barriers for access to prevention and treatment services. Estimated antiretroviral therapy (ART) coverage has risen from 18.8 per cent in 2009 to 24.7 per cent in 2011 (figure I-42B). In the same period, the number of people with access to HIV treatment increased by more than 50 per cent, from 10,364 to 15,982.

Punitive laws and practices hamper effective HIV responses. Four Arab countries have a blanket ban on entry by people living with HIV—Oman, the Sudan, the United Arab Emirates and Yemen. Egypt and Qatar require that individuals who wish to stay for short periods of time (10-90 days) demonstrate that they are HIV-negative. All GCC countries impose HIV-related restrictions for migrant workers, all of whom are subjected to mandatory HIV tests. Migrants who are HIV-positive are often quarantined, summarily deported and denied appropriate health care.

Efforts are being made to increase the coverage of HIV treatment, nevertheless it is still insufficient

FIGURE I-42

HIV incidence and treatment



Target

Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Stopping malaria and other major diseases remains a key challenge in LDCs

In 2010, the region had about 1.79 million malaria cases. Five of the six Arab LDCs face serious health concerns related to that disease: the Comoros, Mauritania, Somalia, the Sudan and Yemen. Regionally, the number of deaths of children under the age of five due to malaria had stagnated at around 11,000 per year since 2000: in 2010, an estimated 10,180 children under five died, 8,218 of which lived in Somalia and the Sudan.⁷⁴ In Djibouti, the malaria burden is very minimal, yet the country is prone to periodic epidemics following unexpected rain or population movements.

Making sure that children sleep under long-lasting insecticide-treated nets (LLIN) can be an important and relatively cheap measure to reduce malaria. The use of those varies across four of the Arab LDCs for which data are available, and it also varies between urban and rural areas within countries. Generally, usage is low. In the Sudan and Yemen, only 15.5 per cent and 7.8 per cent of children under the age of five slept under LLIN in 2010, respectively. The average in sub-Saharan Africa was 39 per cent. The share of children with fever receiving anti-malarial treatment also varies across countries. While more than 50 per cent received such treatment in the Comoros and the Sudan, the share was less than 10 per cent in Djibouti and Somalia.⁷⁵

Tuberculosis (TB) incidence rates⁷⁶ are falling in the region, but slowly. Since 1990, TB incidence had dropped by 20 per cent, from 77 cases per

100,000 people in 1990 to 62 per 100,000 in 2010 (figure I-43A). All subregions had witnessed a reduction, but there were large discrepancies among LDCs: the Comoros and Yemen had achieved significant decreases while the four remaining countries had sustained very high incidence rates.

Regional reductions in TB prevalence⁷⁷ have also been considerable since 1990, and appear to have accelerated since 2000. Nonetheless, current forecasts indicate that Arab countries need to enhance their efforts in order to achieve the target of halving prevalence by 2015.

The region is closing in on a 50 per cent decline in TB death rates. Figures had fallen from 13 deaths per 100,000 people in 1990 to 9 per 100,000 in 2010 (figure I.43B). If current trends persist, the Stop TB Partnership target of halving 1990 death rates by 2015 can be achieved in all Arab subregions.

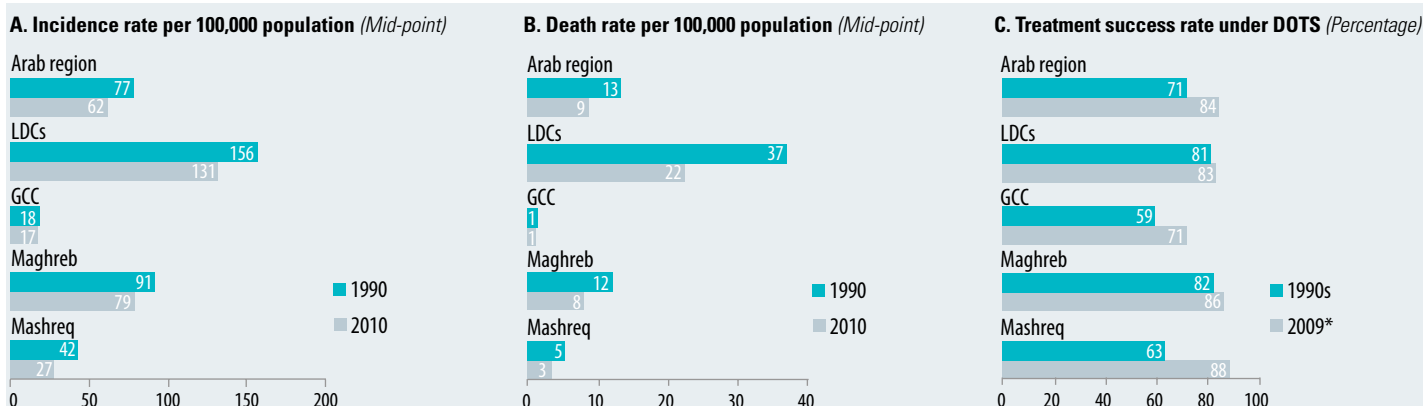
More TB patients are successfully treated, and the region is close to the global target of 85 per cent treatment success among detected cases (figure I-43C).⁷⁸ Significant progress has been made through the internationally recommended Directly Observed Treatment Shortcourse (DOTS). In 2009, 84 per cent of patients were successfully treated, a figure slightly below the target, mainly due to a relatively low success rate in some GCC countries. The three other subregions are above or very close to the 85 per cent target.

The region faces a growing threat from hepatitis B and C. Chronic liver disease related to viral hepatitis has become a leading public health problem. The World Health Organization (WHO) estimates that around 4.3 million people are infected with hepatitis B in the Eastern Mediterranean region every year.⁷⁹ Worldwide, Egypt has one of the highest rates of chronic infection with hepatitis C, at 15 per cent.⁸⁰

More TB patients are successfully treated, and the region is close to the global target of 85 per cent treatment success among detected cases

FIGURE I-43

Tuberculosis rates



Source: UNSD, 2012a.

Note: 2009* indicates that data are for 2009 or earlier for some countries. ** Directly observed treatment shortcourse

Goal 7

Ensure environmental sustainability

Target

Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target

Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

Per capita carbon dioxide emissions in GCC countries are higher than in developed regions

Carbon dioxide (CO₂) emissions are increasing, yet at a slower pace than in the early 2000s. In 2009, the latest year for which data are available, emissions reached 1.5 billion metric tons (figure I-44A), representing a 3 per cent increase from

2008. That rate is lower than the average annual increase of 6 per cent in the period 2002-2007. However, 2009 emissions were more than twice the amount of 1991, mainly due to an increase in GCC countries, and in Mashreq country emissions, which have also doubled.

Globally, per capita emissions are highest in developed regions and reach an average of 11.2 metric tons. In the Arab region, per capita rates are highest in GCC countries, at 19 metric tons (figure I-44B). Regional per capita emissions have increased in the last two decades, again mainly due to GCC countries. Emissions per unit of GDP fell by 33 per cent in the region, due to a decrease of 37 per cent, 20 per cent and 40 per cent in the Mashreq, Maghreb and GCC countries, respectively (figure I-44C).

In the Arab region, per capita rates are highest in GCC countries, at 19 metric tons

FIGURE I-44
CO₂ emissions

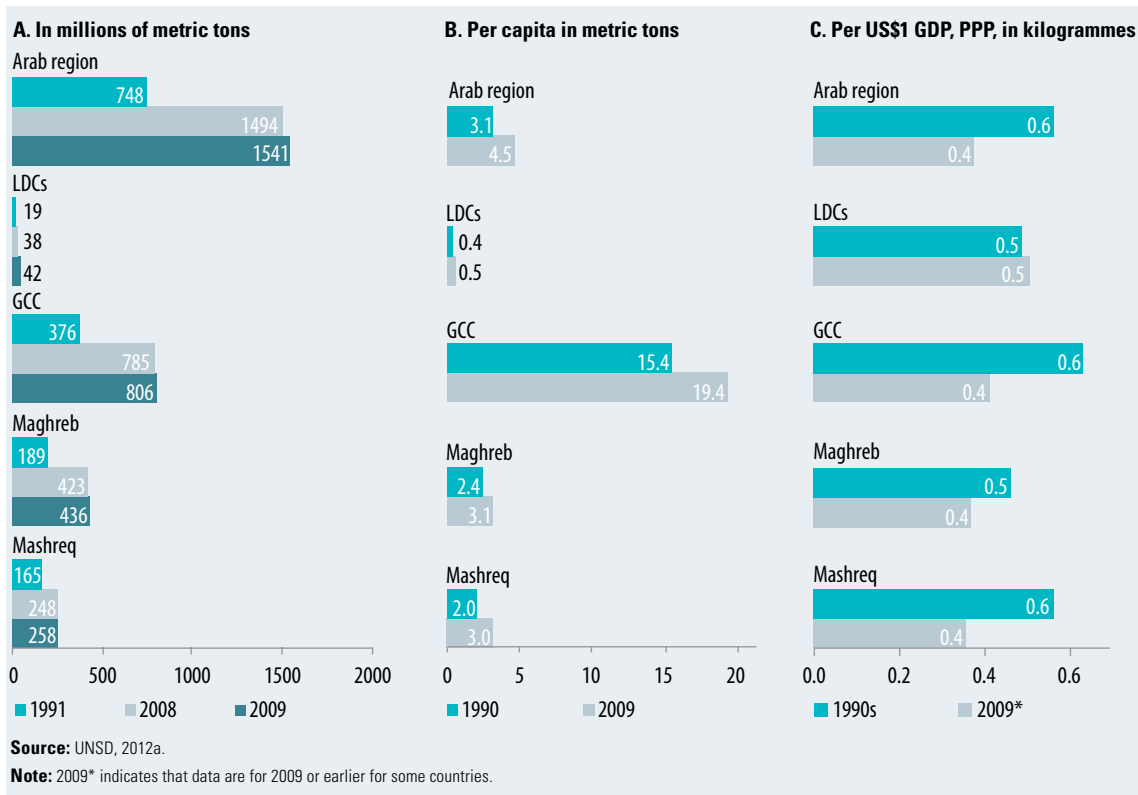
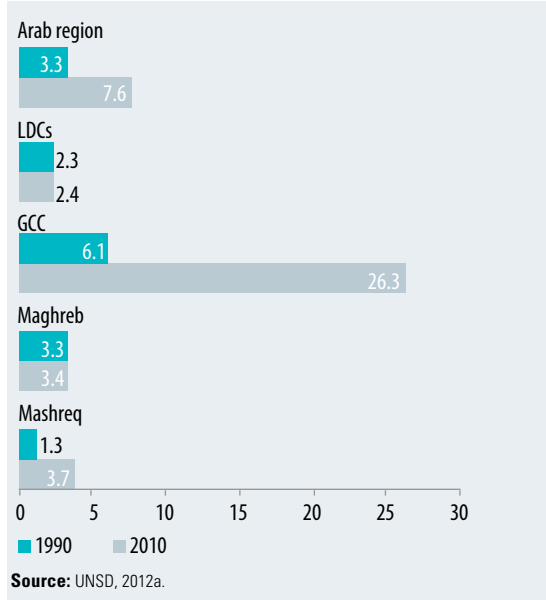


FIGURE I-45

Terrestrial and marine protected areas as a percentage of total territorial area



Climate change threatens to aggravate water scarcity and food insecurity

The Arab region will greatly suffer from climate change, including through water scarcity, desertification, reduced agricultural productivity, food insecurity, seawater rise, inundation of fertile lands and coastal infrastructure, and the loss of biodiversity. A United Nations Environment Programme (UNEP) index of water stress

vulnerability, measured by indicators of resource stress, development pressure and ecological health, concluded that all countries of the West Asia⁸¹ region are highly vulnerable. Water variation, which is a natural factor, and water exploitation both contribute to this vulnerability.⁸²

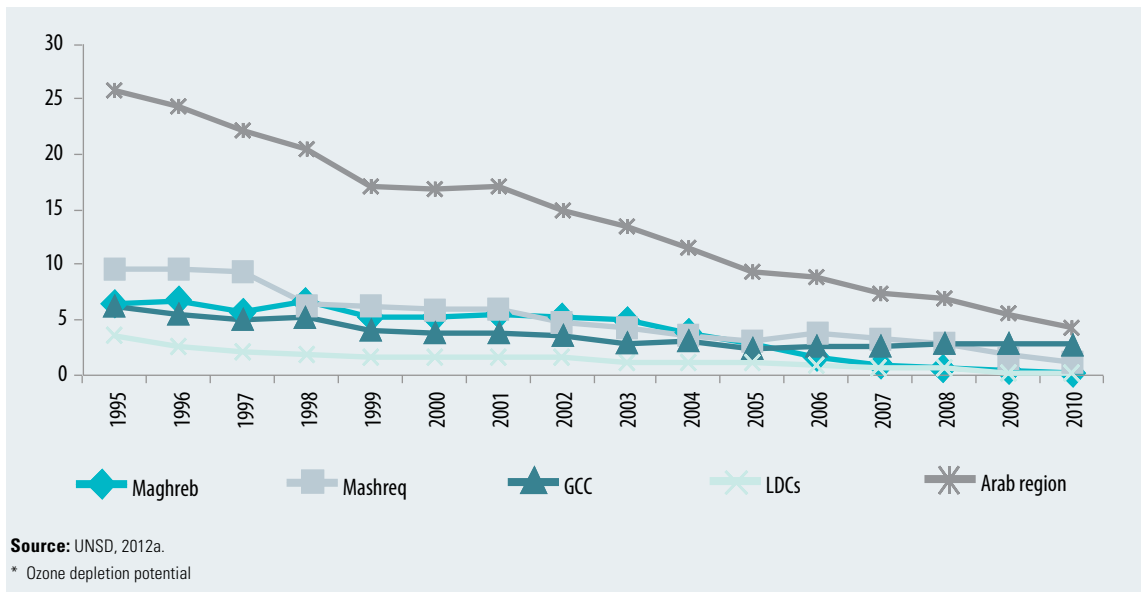
The region is increasingly protecting marine and terrestrial areas. However, most Arab countries have not yet adopted national sustainable development policies to link environmental, social and economic priorities. By 2012, protected areas covered 7.6 per cent of total territory (figure I-45), which represented a doubling in size since 1990. The increase was mainly due to an expansion of such areas in GCC countries. Algeria, Egypt and the Sudan have also protected larger terrestrial and marine areas.

Significant decline in the consumption of ozone-depleting substances

In 2012, the region had reason to celebrate the twenty-fifth anniversary of the Montreal Protocol on Substances that Deplete the Ozone Layer. Consumption of ozone-depleting substances had dropped by 83 per cent between 1995 and 2010 (figure I-46).⁸³ Maghreb countries and LDCs had led the decline, with a rate of 98 per cent, while Mashreq countries had decreased their consumption by 88 per cent. GCC countries had also reduced their consumption, but only by 56 per cent.

FIGURE I-46

Consumption of all ozone-depleting substances in ODP* (Thousand metric tons)



Target

Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Millions have benefited from improved access to safe drinking water, but some countries still have acute shortages

Between 1990 and 2010, coverage with improved access to safe drinking-water sources⁸⁴ in the Arab region reached 81 per cent (figure I-47A). While a number of Arab countries are on track to meet the water target, access has declined in Algeria, Iraq, Palestine, the Sudan and Yemen. Challenges in those countries can generally be attributed to water shortages, inadequate water management, lack of financial resources and insufficient investment. Conflict and instability can also curtail access to water.

Despite shortfalls, Algeria, Iraq, Palestine, the Sudan and Yemen have provided millions more people with access to drinking water since 1990. Iraq and the Sudan are among the Arab countries that have extended access to the highest numbers of people since 1995. Access to safe water markedly differs between urban and rural areas across the region. While 89 per cent of people in urban areas have access to improved drinking-water sources, only 73 per cent of rural dwellers do. This situation has a negative impact on their

daily lives, especially those of women and children who often bear the burden of fetching water over long distances.

Access to sanitation is improving, less so in rural areas

The region has performed better on access to sanitation than on access to water. Improved sanitation coverage⁸⁵ rose from 64 per cent in 1990 to 75 per cent in 2010 (figure I-47B), with increases in almost all countries. In Egypt, for example, the number of people without access to improved sanitation fell from more than 16 million in 1990 to less than 5 million in 2010, as coverage increased from 72 per cent to 95 per cent of the population. However, rural areas remain behind, especially in LDCs, where improved sanitation is only available to roughly one in five people. Despite this trend, Yemen has achieved strong progress in rural areas, increasing access from 12 per cent to 34 per cent.

In discussing water supply and sanitation coverage, this report draws on 2010 data. But since then substantial changes may have been caused by conflicts in countries such as Libya, Somalia, the Syrian Arab Republic and Yemen. Access to water and sanitation generally deteriorates in conflict and post-conflict contexts, where infrastructure may be destroyed and investments in improvements delayed.

Access to safe water markedly differs between urban and rural areas across the region

BOX 1-5

In Yemen, water supplies fall far short of demand

Yemen is one of the most water-stressed Arab countries. Demand is rising with population growth and increased per capita demand, even as water resources decline due to the overpumping of aquifers and an unsustainable water management practice called aquifer mining.

Even before the civil unrest that swept across Yemen in 2011 and 2012, some 4.5 million children lived in households with no access to safe drinking water. Over 5.5 million children had no access to adequate sanitation. In Sana'a and many other large cities, public services do not function properly and water is supplied intermittently. A growing number of families rely on expensive truck-provided water.

In 2011, in a UNICEF (United Nations Children's Fund) social protection monitoring survey that tracked water availability in sampled households in the governorates of Sana'a, Amran and Hodeida, 63 per cent of households reported a decline in water consumption in June. In September, that figure was halved to 32.5

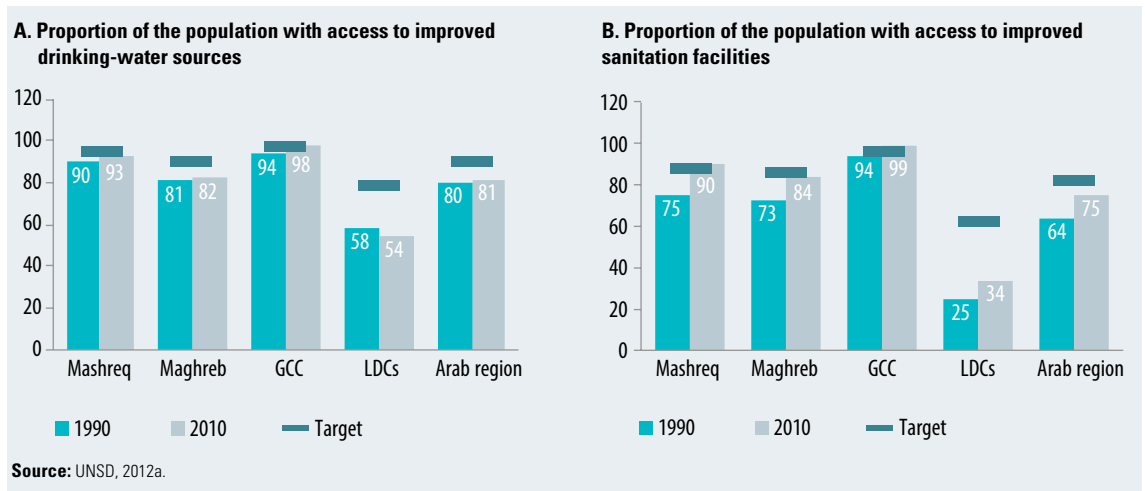
per cent, an improvement which coincided with that of the availability of electricity during the month of Ramadan (August 2011). The decline in water consumption had coincided with a high prevalence of diarrhoea among children under five: it had reached 46 per cent in June and declined to 21.8 per cent in September.

Source: WHO and UNICEF, 2010.

Note: Aquifer mining refers to the over-extraction of groundwater storage, generally for irrigation, which leads to the depletion of aquifers. Aquifers are of two types: replenishable and non-replenishable ones. When the replenishable aquifers are depleted, the maximum rate of pumping is automatically reduced to the rate of recharge. In the case of non-replenishable aquifers, depletion brings pumping to an end.

FIGURE I-47

Access to improved drinking-water sources and sanitation facilities



Target

By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

The proportion of people living in urban slums varies across countries: LDCs have the highest concentration

Some Arab countries have almost eliminated slums; in others, conflict has fanned their growth. In the developing world, the share of urban residents living in slums declined from 39 per cent in 2000 to 33 per cent in 2012, but the absolute number of slum dwellers has continued to rise, from a 1990 baseline of 650 million to an estimated 863 million people.⁸⁶ In some Arab countries, slum dwellings are in isolated pockets,

but in most LDCs, more than two thirds of urban residents live in slums (figure I-48).

Some Arab countries have made remarkable progress in improving the conditions of slum dwellers. Egypt, Morocco and Tunisia have made notable national commitments to upgrading slums using different models. Tunisia was the first Arab country to eliminate slums through SNIT (Société Nationale Immobilière Tunisienne) and ARRU (Agence de Réhabilitation et de Rénovation Urbaine). However, informal settlements in Tunisia, remain a challenge—an estimated 30 per cent of housing production is informal. Morocco reduced the number of its slums by 65 per cent between 1990 and 2010, thus decreasing the share of the slum population from 37 per cent to 13 per cent of urban residents. A government programme, Cities without Slums, upgraded 250 neighbourhoods in 25 cities.

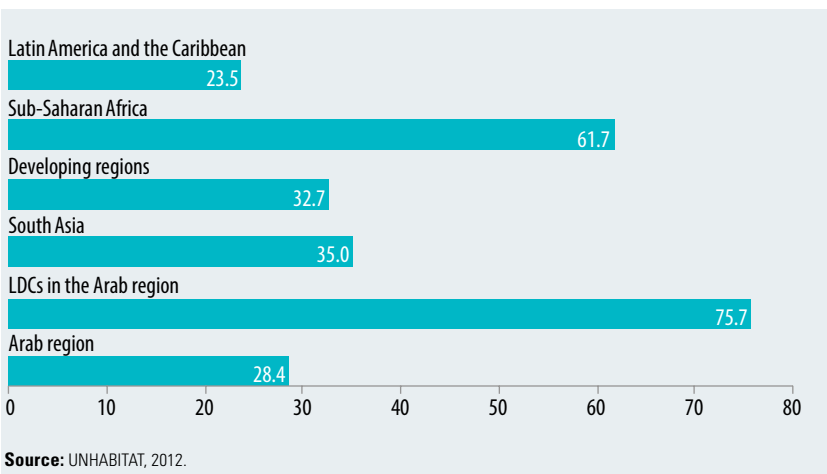
In countries affected by conflict and political instability, such as the Comoros, Iraq, Lebanon, Somalia, the Sudan and Yemen, 50 per cent to 95 per cent of urban residents live in slums. Conflict forced many people to slums, refugee camps and informal settlements, within or beyond national borders.

Urban growth in the region often happens illegally and under precarious environmental conditions. Some of the most significant challenges to the more sustainable development of Arab cities include declining fresh water resources and the lack of efficient systems for solid waste and wastewater collection, treatment and safe disposal. Cities should also be equipped to manage the effects of climate change.

Conflict forced many people to slums, refugee camps and informal settlements, within or beyond national borders

FIGURE I-48

Urban slum population as a percentage of total urban residents (Latest available data)



Goal 8

Develop a global partnership for development

Target

Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Developed countries now admit a higher share of Arab exports free of duty, but the region is still unable to fully utilize the potential of free trade

During the past decade, Arab countries have undertaken significant steps towards trade liberalization, and regional and global economic integration. They implemented a number of regional agreements including the Greater Arab Free Trade Area (GAFTA), GCC and the Arab Maghreb Union (AMU). Twelve Arab countries are members of the World Trade Organization (WTO) and nine more are negotiating WTO membership.⁸⁷ Most countries are eager to sign multilateral and bilateral free trade agreements, particularly with developed countries such as the United States, members of the European Union and members of the European Free Trade Association (EFTA).

Arab countries face fewer trade barriers today than in 1990. In 2010, 94 per cent of non-oil exports to developed countries were free of duty, a significant improvement over 48 per cent in 1996 (figure I-49). The Maghreb region achieved major progress, with Algeria and Tunisia registering the largest increases from 16 per cent and 9 per cent in 1996 to 100 per cent and 96 per cent in 2010, respectively. Mashreq and GCC countries also experienced considerable progress, with the exception of Palestine, where the share of duty-free exports oscillated from 81 per cent in 1996 to 1 per cent in 2001, and then back to 80 per cent in 2010. Arab LDCs had a high percentage of duty-free exports throughout this period.

Under the most-favoured-nation (MFN) treatment principle, average tariffs on agricultural goods, textiles and clothing exports from Arab countries did not undergo any significant change during the past decade, with a rate of 10 per cent in 1996 and 9 per cent in 2010 (figure I-50). It

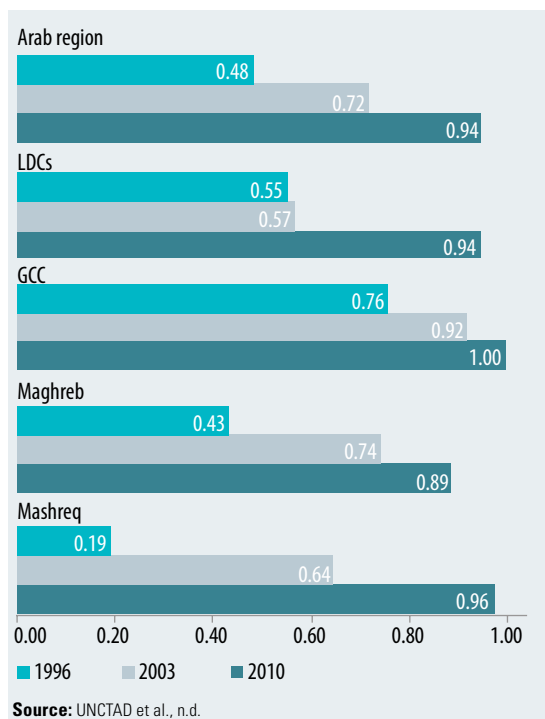
is likely to have remained so in 2011 and 2012. The average MFN tariff imposed on LDCs was the lowest in the region, reaching 7 per cent in 2010. From 1996 to 2010, MFN tariffs applied to LDCs had also seen the greatest decline, of about 12.5 per cent. Mashreq and Maghreb countries witnessed a decline of around 10 per cent during the same period.

The average preferential tariffs applied on agricultural goods, textiles and clothing exports from Arab countries decreased from 8 per cent in 1996 to 6 per cent in 2010 (figure I-51). Rates are likely to have remained stable in 2011 and 2012. Mashreq countries and LDCs showed the most significant declines, of 39 per cent and 34 per cent, respectively. LDCs continue to be subject to the lowest level of preferential tariffs, which reached 3 per cent in 2010.⁸⁸

The average preferential tariffs applied on agricultural goods, textiles and clothing exports from Arab countries decreased from 8 per cent in 1996 to 6 per cent in 2010

FIGURE I-49

Proportion of total imports of developed economies from Arab countries, by value, admitted free of duty, for all product categories excluding arms and oil



Arab countries are still unable to fully realize the benefits of the increasingly favourable conditions for trade. This is due to a number of factors, including overvalued exchange rates, supply constraints and a general weakness in non-oil

export promotion strategies. Consequently, non-oil commodity exports still represent only a small fraction of total Arab exports to developed economies, and the share of manufactured goods also remains low.

Arab countries are still unable to fully realize the benefits of the increasingly favourable conditions for trade

FIGURE I-50

MFN tariffs imposed by developed economies on agricultural, clothing and textiles exports from Arab countries

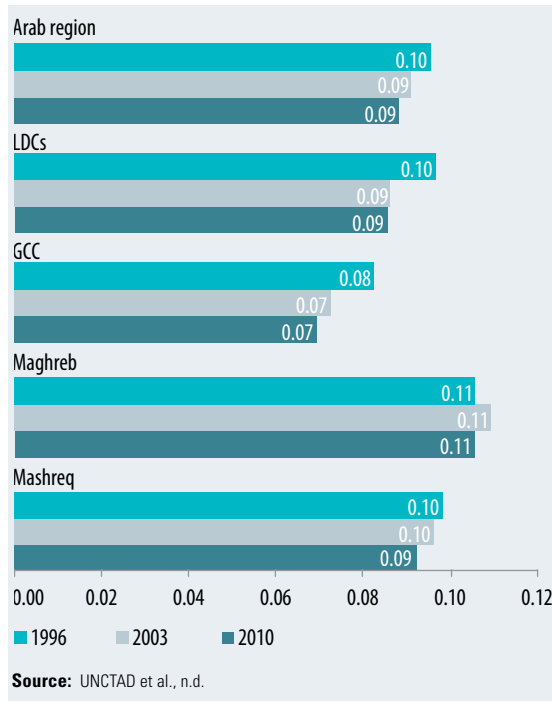


FIGURE I-51

Preferential tariffs imposed by developed economies on agricultural, clothing and textiles exports from Arab countries

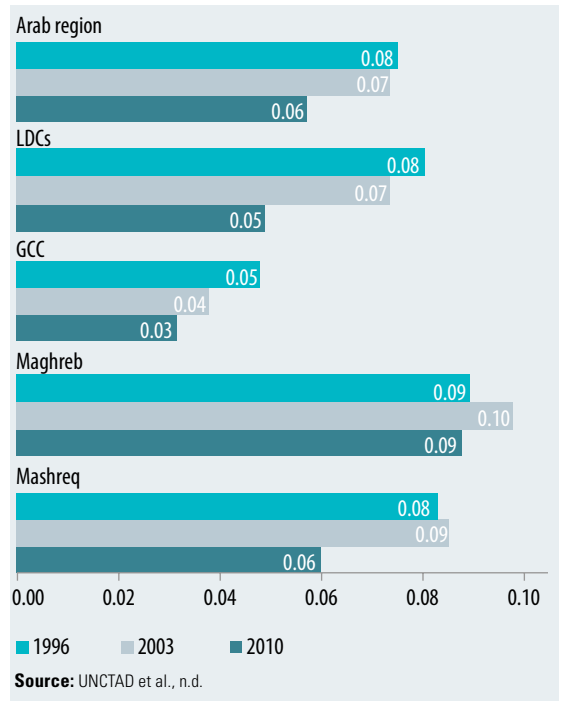
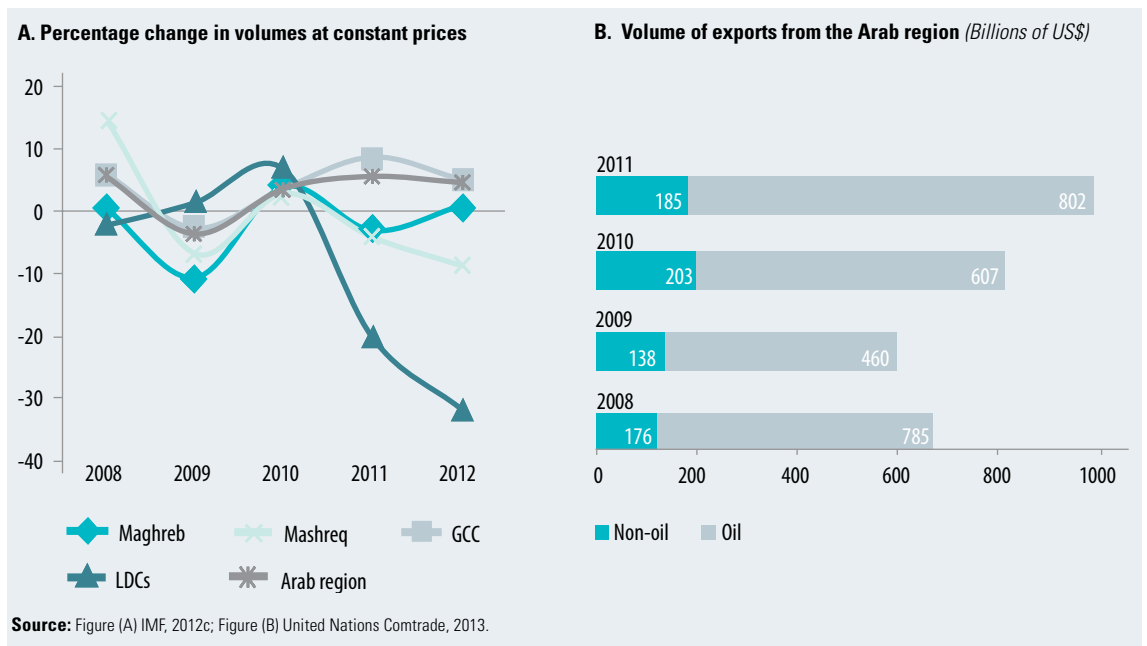


FIGURE I-52

Exports of goods and services



Weak economic growth in Europe had a negative impact on exports

The volume of exports from the Arab region has been highly volatile in the past few years. Annual exports increased by 4.6 in 2012, mainly driven by high oil prices and exports from GCC countries. The volume of exports from Mashreq countries and LDCs dropped significantly in 2011 and 2012. The decline of LDC exports was mainly due to conflict in the Sudan, while in Mashreq countries, it stemmed from instability in Egypt and the Syrian Arab Republic. In 2010 and 2011, calls for protectionism due to economic recession in the developed world did not restrict market access for Arab countries. Nevertheless, weak economic growth in Europe, a main trading partner for most Arab countries, did have a negative impact on their exports.

The region's current account balance as a percentage of GDP was positive in the last five years, mainly as a result of surpluses in oil-exporting countries. In 2011, the current account balance reached 13.9 per cent, but it declined to 13.5 per cent in 2012, largely driven by GCC countries (figure I-53). In contrast, Mashreq countries and LDCs have alarmingly large and increasing current account deficits.

Target

Address the special needs of the least developed countries

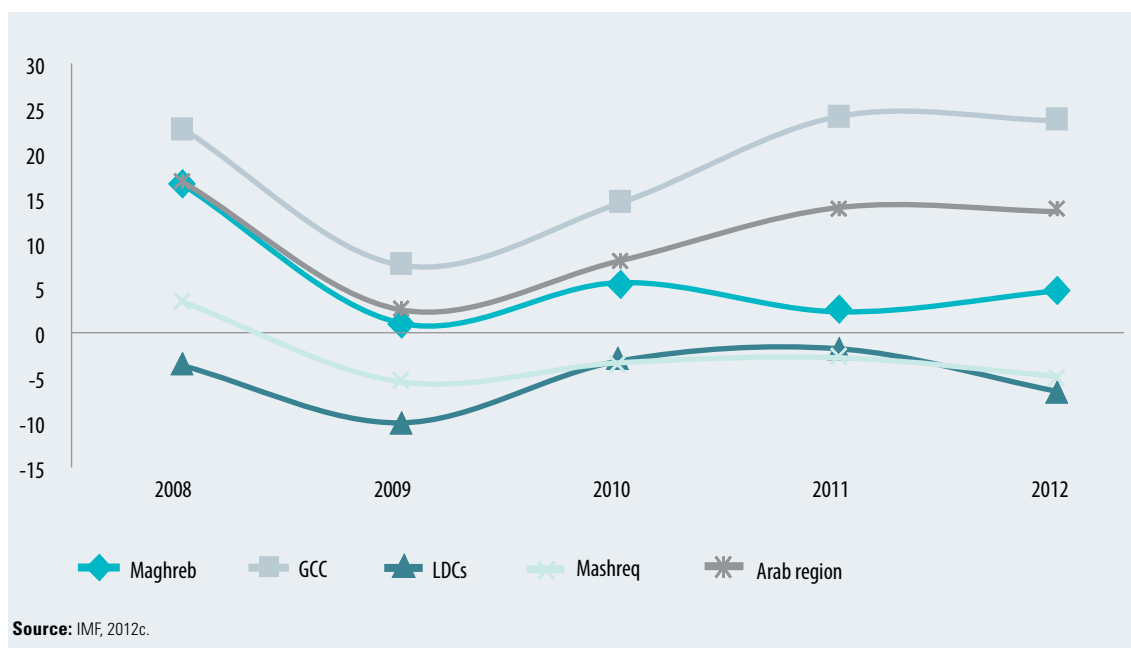
Although official development assistance to the Arab region is increasingly untied, it is still low and volatile

Official development assistance (ODA) allocations are far below the levels required to address the special needs of Arab countries, particularly LDCs. Total ODA to the Arab region (excluding GCC countries), measured by constant 2010 US\$, had significantly decreased from US\$19.1 billion in 1990 to US\$11.8 billion in 2011 (figure I-54). LDCs had registered a small increase of ODA allocations, mainly due to a substantial increase in support to the Sudan. However, other LDCs experienced stagnation and even decline, for some. Mashreq countries also saw a decline, despite continued significant commitments to Iraq and Palestine.

ODA in the Arab region is marked by high volatility. Sudden spikes are almost always conflict-related and/or due to political stances of donors. Examples include Egypt in 1990, Iraq after 2002, and Lebanon and Palestine after 2007. Such fluctuations are far less noticeable in Maghreb countries, but this trend may have changed starting 2012 due to political transitions in Tunisia and Libya.

FIGURE I-53

Current account balance, percentage of GDP



Source: IMF, 2012c.

ODA has not matched population growth, rendering per capita levels significantly less in 2011 than in 1990

ODA has not matched population growth, rendering per capita levels significantly less in 2011 than in 1990 (figure I-55). This is particularly alarming for LDCs. The strikingly low per capita ODA for Yemen, US\$18, stands out within ODA targeting LDCs. Per capita ODA to Mashreq countries declined from US\$131.5 in 1990 to US\$40.9 in 2011, except during the period 2003-2008 when Iraq, Lebanon and Palestine recorded the biggest increases.

Around one third of ODA to Arab LDCs is devoted to humanitarian assistance, in particular in Somalia and the Sudan, where the share is 63 per cent and 40 per cent, respectively. For the region as a whole, throughout 2009-2011, donor countries directed 69 per cent of ODA to social sectors and 31 per cent to economic sectors, with

some variations among subregions. Around 50 per cent of ODA to Maghreb countries was intended for the economic sector, compared to 26 per cent in Mashreq countries and LDCs.

ODA to the region is becoming increasingly untied to any conditions, in particular for LDCs. The Paris Declaration on Aid Effectiveness made a strong commitment to untie aid, and the Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) made further commitments to LDCs. As shown in figure I-57, the proportion of untied ODA to the Arab region increased between 2007 and 2011, especially in LDCs, where the share rose from 66 per cent to 92 per cent. The proportion of untied aid decreased in the Mashreq subregion, however, due to declines in Iraq and Jordan.

FIGURE I-54
Net ODA received by Arab countries, in constant 2010 US\$

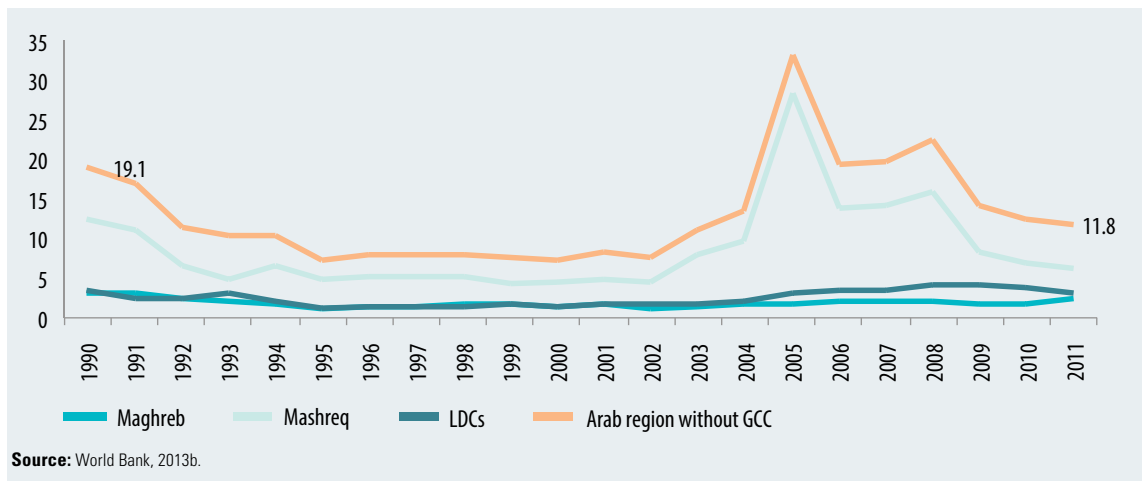


FIGURE I-55
Net ODA per capita received by Arab countries, in constant 2010 US\$

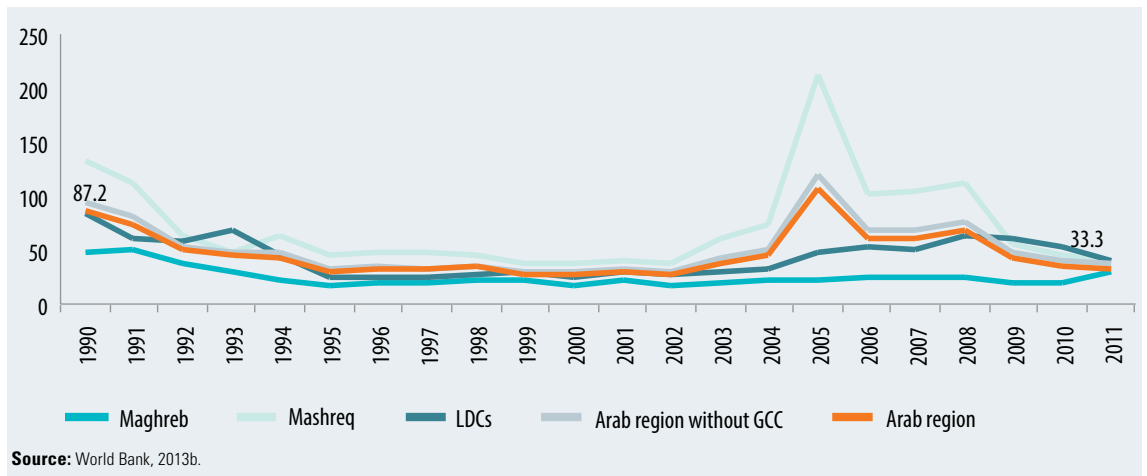
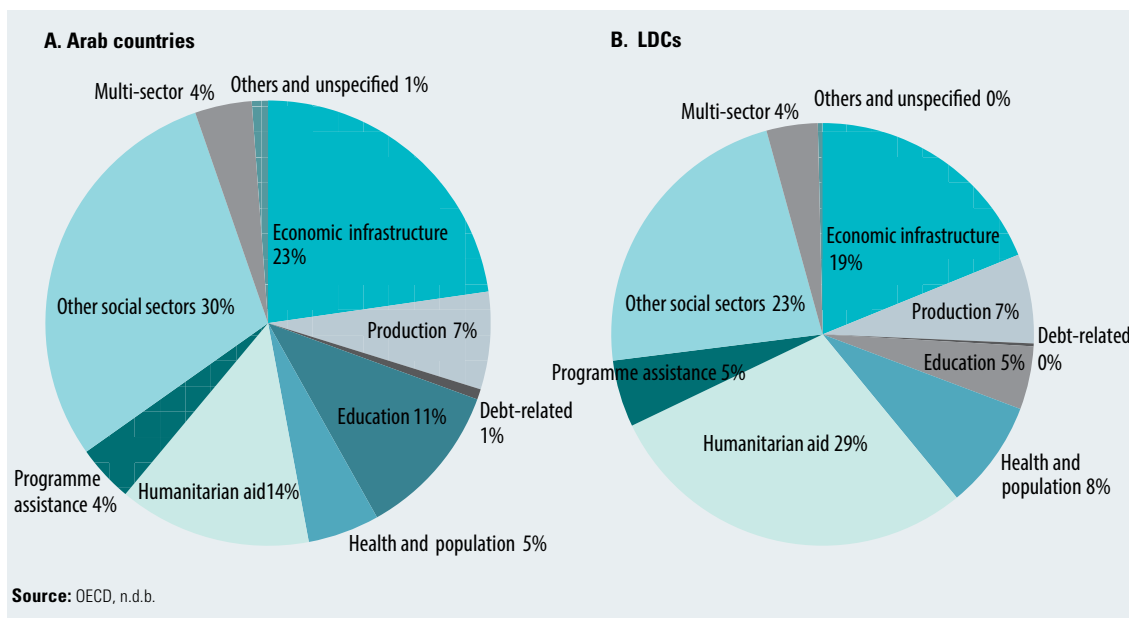


FIGURE I-56

ODA distribution among economic and social sectors, 2009 - 2011



Arab donors are more generous than DAC/OECD on average, but have significantly reduced ODA as a share of gross national income since 1990

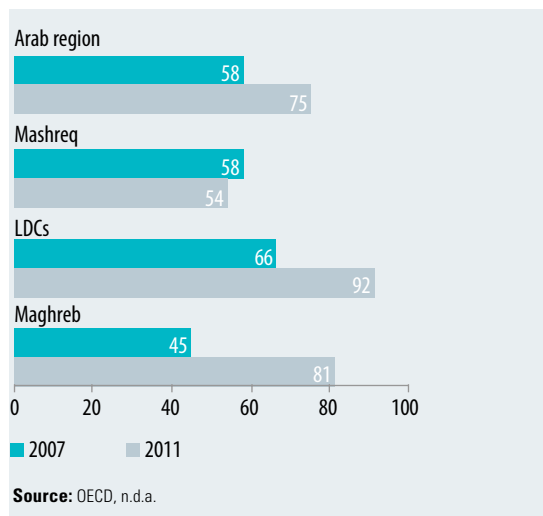
Arab countries do not only include ODA recipients: some of them, such as Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, are among the most significant donors. Arab donors contributed around 5 per cent of total DAC ODA and 65 per cent of total non-DAC ODA in 2011 (figure I-58). During 1990-1994, ODA from Arab donors was around 1.5 per cent of gross national income (GNI), a share that has declined since then. By 2011, it had fallen to 0.46 per cent, but was still higher than the DAC average of 0.34 per cent (figure I.59).

There could be some discrepancy between national data on ODA and those reported by the OECD database for a number of reasons, including non-coverage or non-reporting of some aid as ODA. For example, Qatar national statistics on MDG progress for 2012 indicate that the country's ODA as a share of GDP was 0.54 per cent in 2011, but the OECD database does not report separately on Qatar's ODA and rather combines it with other ODA. However, this discrepancy does not affect the results of this report, which presents trends in ODA from Arab donors.

Aid to the region is projected to increase in the coming years, despite recession in the major donor countries. On the one hand, indications from

FIGURE I-57

Proportion of untied ODA



the DAC/OECD survey on donors' forward spending plans for 2012-2015 suggested that global ODA was expected to rise in 2012, but from 2013 on, it was expected to stagnate. This confirmed earlier studies that pointed to the fact that the impact of a recession on ODA is visible only after some time from its onset. On the other hand, the survey predicted that recent events in a number of Arab countries might result in ODA increases. There are also other indications that Arab donors and financial institutions have indeed made some adjustments in response to the needs of Arab countries going through political turmoil.

FIGURE I-58

ODA by Arab donors as a percentage of DAC and non-DAC ODA

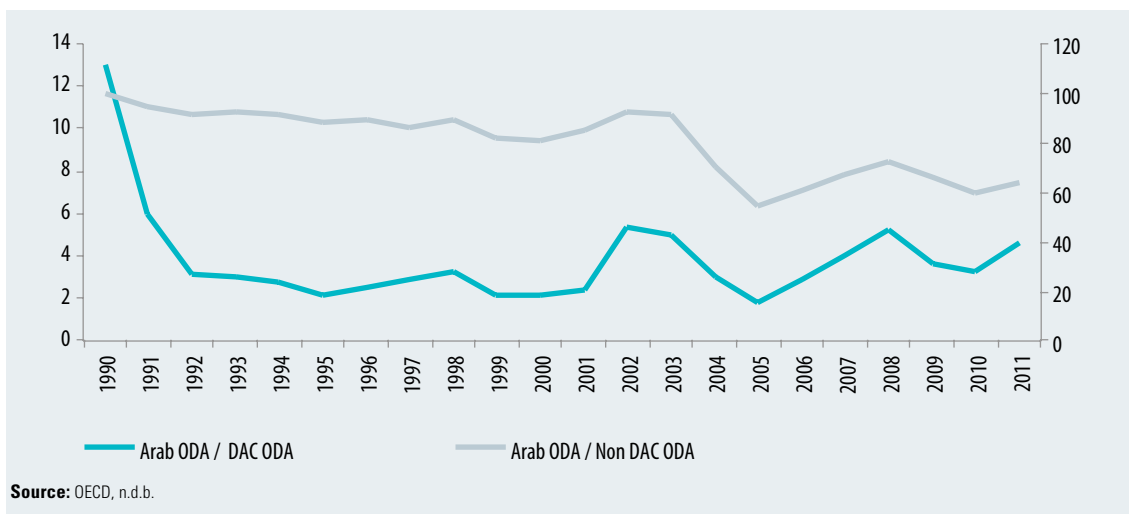
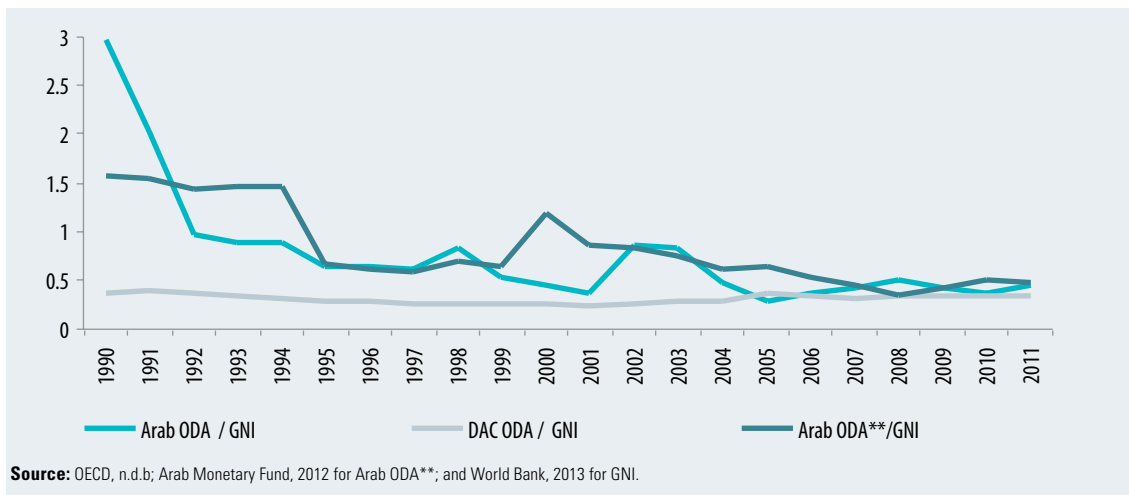


FIGURE I-59

ODA by Arab donors and DAC ODA as a percentage of GNI



Four out of five Arab LDCs with available rankings are classified as being at high risk of or in debt distress

Target

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Public debt is reaching an alarming level in several countries due to global recession and political instability, but debt service remains relatively low

Debt sustainability models focus on the ability of countries to service debt, but in the context of MDGs, debt sustainability is defined in terms of whether or not debt obligations inhibit economic and social development. Currently, the Bretton Woods Institutions analyse debt sustainability

under the Debt Sustainability Framework (DSF). It sets limits or thresholds for borrowing in order to ensure debt sustainability, despite difficulties in determining critical thresholds beyond which debt would be unsustainable. For low-income countries, DSF sets the debt-to-GDP ratio threshold at 40 per cent and the threshold for debt service at 20 per cent of exports. For middle-income countries, the International Monetary Fund (IMF) does not set an explicit threshold, but a debt-to-GDP ratio above 60 per cent would trigger deeper analysis.

Based on the most recent assessment under DSF, four out of five Arab LDCs with available rankings are classified as being at high risk of or in debt distress.⁸⁹ The Comoros and the Sudan

are considered to be in debt distress, while Djibouti and Yemen are at high risk. Mauritania is classified as at moderate risk, while no rating is available for Somalia. The Sudan is in a particular situation, following the secession of South Sudan. According to an agreement between the two countries, the Sudan has assumed all external debt, but South Sudan has agreed to join an appeal to the international community for debt relief. There has been limited progress so far.

The Comoros, Mauritania, Somalia and the Sudan have been considered eligible for the Heavily Indebted Poor Countries (HIPC) Initiative, launched in 1996 by the IMF and the World Bank to address the special challenges of poor countries. Somalia and the Sudan are still at the pre-decision point, with an uncertain outcome, given their protracted arrears. The Comoros and Mauritania have reached the HIPC completion point and have benefited from irrevocable debt relief. Globally, as of January 2013, 35 of 39 countries had reached that point.

All Arab LDCs are above the 40 per cent debt-to-GDP threshold. In the Sudan, debt is above 80 per cent of GDP in 2012, and in Yemen, the situation is increasingly worrying, as debt is projected to increase from 41 per cent of GDP in 2010 to 45 per cent in 2013. In the Comoros, Djibouti and Mauritania, debt levels have declined in recent years, partly as a result of HIPC. But

debt levels in 2012 were still high, at 41 per cent, 51 per cent and 85 per cent, respectively.

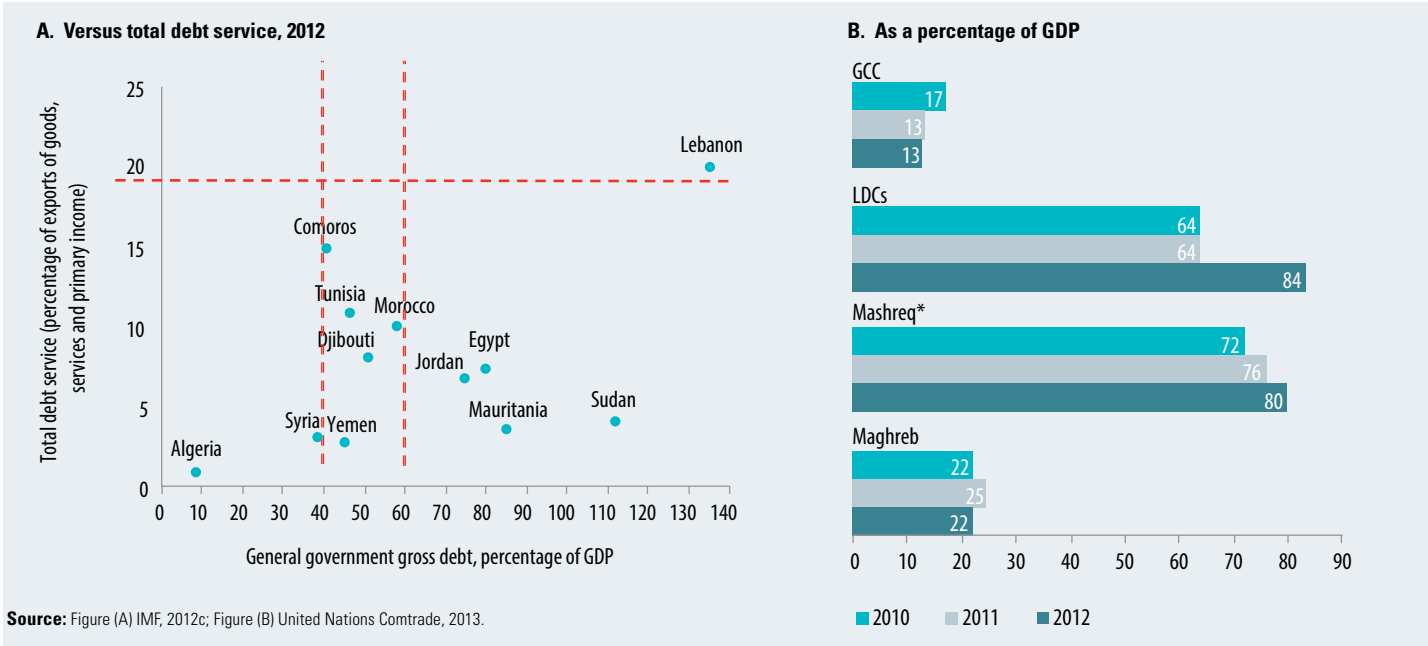
Debt is reaching alarming levels in a number of Mashreq countries, where the overall debt-to-GDP ratio is projected to increase from 72 per cent in 2001 to 80 per cent in 2012. Egypt, Jordan and Lebanon are now all above the 60 per cent threshold set for middle-income countries. The ratio in Lebanon has fallen in recent years, but it is still cripplingly large at 135 per cent of GDP. In Egypt and Jordan, ratios have been rapidly increasing, and there are growing concerns about debt sustainability as levels approach 80 per cent. The ratios in Morocco and Tunisia have risen in recent years, but are still below the 60 per cent threshold.

The cost of debt service and the share of short-term debt, two indicators of debt vulnerability, are relatively low, with a few noteworthy exceptions. Total debt service as a share of exports is below the 20 per cent threshold in all Arab countries, with the exception of Lebanon. The cost of debt servicing has increased in Egypt, Jordan and Tunisia in recent years, however, and this trend is expected to continue as debt levels rise. This increase will constrain fiscal space and policy, as a larger share of government revenue goes to debt servicing.

In terms of the share of short-term debt in total debt, the portion was extremely high in Jordan, at

Debt is reaching alarming levels in a number of Mashreq countries

FIGURE I-60
General government gross debt



The increase in debt levels in Mashreq countries and LDCs can be attributed to large and sustained government fiscal deficits

56 per cent in 2011, while the average was 33 per cent among upper-middle-income countries. In Somalia and the Sudan, the 2011 share was 27 and 25 per cent, respectively, much higher than the 4 per cent average of low-income countries.⁹⁰

The increase in debt levels in Mashreq countries and LDCs can be attributed to large and sustained government fiscal deficits. From 2011 to 2012, fiscal deficits grew from 2.3 per cent to 4.5 per cent in LDCs, and from 5 per cent to 8.4 per cent in Mashreq countries. Instability in those countries has affected government revenue through a

slowdown in economic activity. Governments have sometimes increased expenditures to appease the population or avoid further social unrest, thus exacerbating fiscal imbalances.⁹¹

A comparison of IMF debt projections in 2010 and 2012 indicates rising debt levels since the onset of political instability in the region. Global economic slowdown is another contributing factor to this increase. In four middle-income countries, Egypt, Jordan, Morocco and Tunisia, the differences are large; amounting to at least 10 percentage points.

FIGURE I-61

General government net lending/borrowing

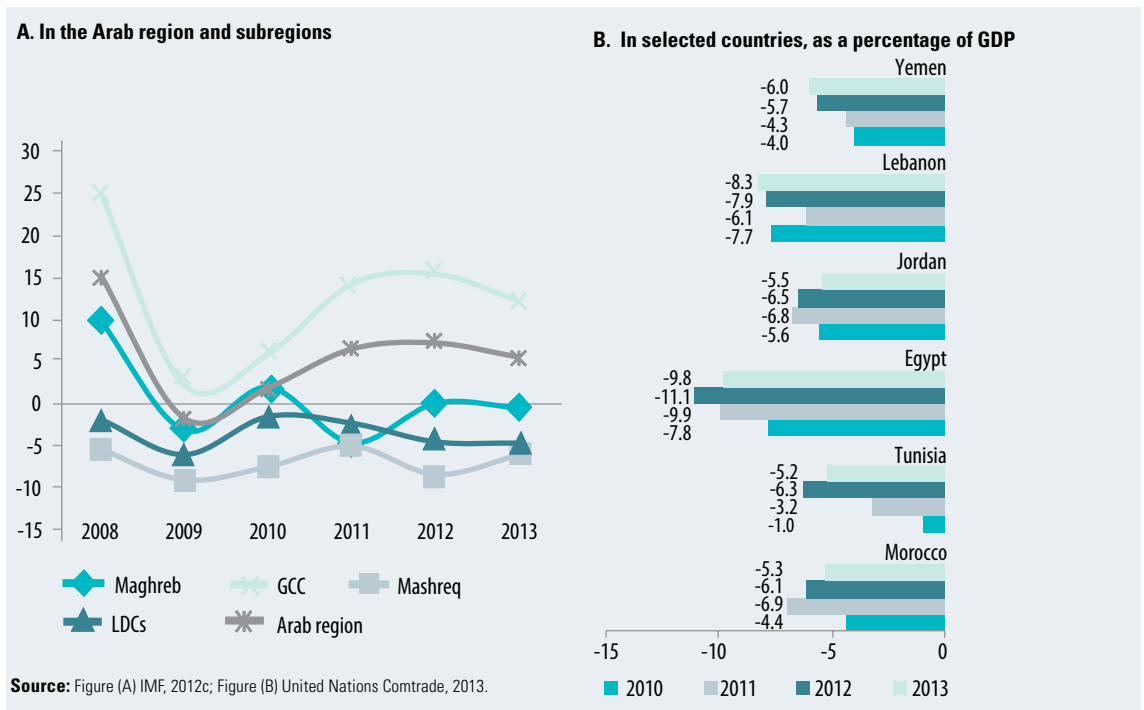
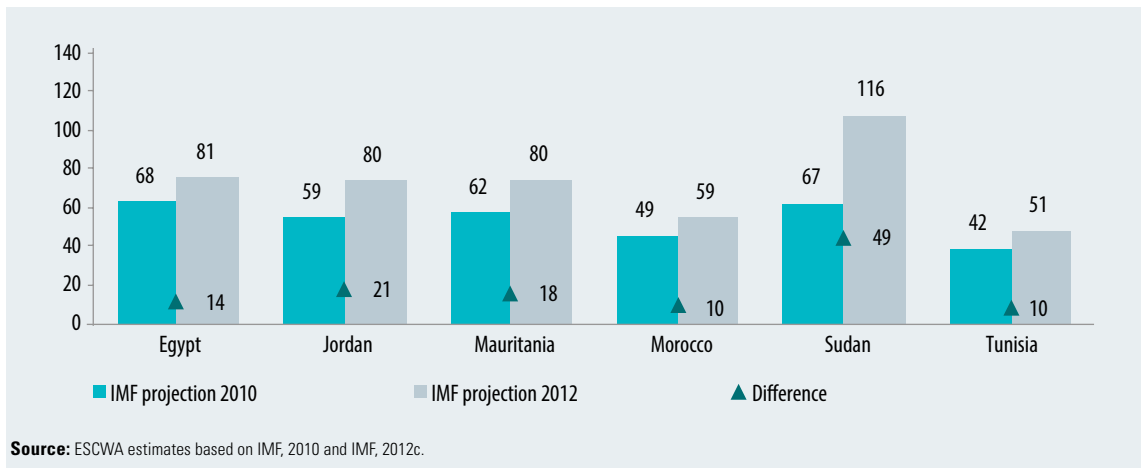


FIGURE I-62

IMF general government gross debt projections as a percentage of GDP, and percentage point difference in projections



Source: ESCWA estimates based on IMF, 2010 and IMF, 2012c.

Debt projections for Mauritania and the Sudan have also been adjusted upwards, but for different reasons than in the case of middle-income countries. In the Sudan, the issue has been the assumption of all external debt after the secession of South Sudan, and the delay in sorting out a debt relief agreement with the international community. In Mauritania, the increased projection is due to delays in resolving a long-standing debt with Kuwait. The lack of agreement with Kuwait on debt relief could raise the vulnerability of Mauritania to external shocks, but should not affect the risk of debt distress, which will remain moderate.⁹²

As part of the political transition in the region, a debate is taking place on the legitimacy of debt accrued by previous regimes. From an MDG perspective, the heavy cost of servicing this debt can jeopardize progress; it is therefore crucial to establish legitimacy. The new Tunisian regime has called for an audit of external debt to determine

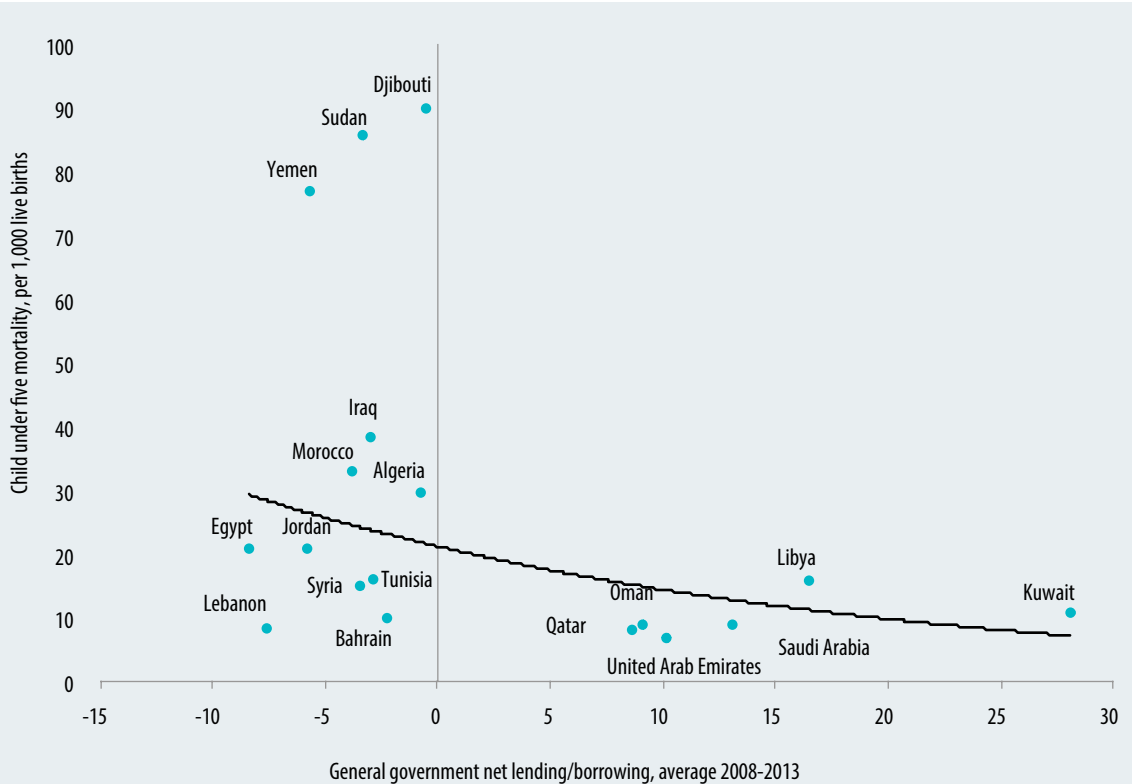
whether or not funds benefited the people of Tunisia, in order to distinguish between legitimate debt that should be honoured, and debt that served former rulers and should be repudiated. The United States has already offered debt relief to Egypt and encouraged others to follow suit.

Most Arab countries with low human development face constrained fiscal space

Fiscal space in the region is inversely related to the magnitude of human development challenges.⁹³ Countries with fiscal space constraints have also high child mortality rates (figure I-63). It is especially the case for LDCs, which would require external assistance in order to address the dual challenge of limited fiscal space and human development deficits. Regional cooperation could help to address the special needs of LDCs through greater trade linkages and financial support. Those subjects are discussed in the third chapter of this report.

FIGURE I-63

Under-five mortality rates per 1,000 live births versus general government net lending/borrowing as a percentage of GDP, average 2008-2013



Source: UNSD, 2012a; IMF, 2012c.

Access to social media is spreading rapidly

Target

In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

The Information and Communications Technology revolution is spreading in the region

The Information and Communications Technology (ICT) revolution brings the promise of major technological advancements to the developing world and has a considerable role in economic growth. While global demand for ICT continues to increase, Arab countries have a mixed record on different services. According to figure I-64A, they are performing above the global average in terms of mobile cellular subscriptions, but still lag behind in fixed telephone lines, fixed and mobile broadband, and the number of Internet users.

Over the past few years, the mobile telephone has emerged as the principal gateway to increase ICT access and use. The increase in mobile phone

penetration rates in Arab countries points to mobile phones as a “digital bridge” that will help many reduce the connectivity divide with countries that have a more extensive fixed-line infrastructure.

GCC countries are the most advanced in the region in mobile phone penetration rates. Despite low rates compared to other Arab countries, LDCs have also witnessed an increase in the number of mobile phone users. The rate of Internet users is growing robustly in most Arab countries, but it is still low in LDCs.

Access to social media is spreading rapidly. YouTube registers more than 167 million video views per day in the region. Facebook has more than 45 million users and Twitter 2 million. There is strong growth in content posted in Arabic on both Facebook and Twitter.⁹⁴ GCC countries have the highest usage rate, with Kuwait and the United Arab Emirates leading in terms of Facebook and Twitter. ICT and access to social media can be effective tools to improve governance and empower women (box 1-6).

BOX 1-6

Removing barriers to women’s access to ICT

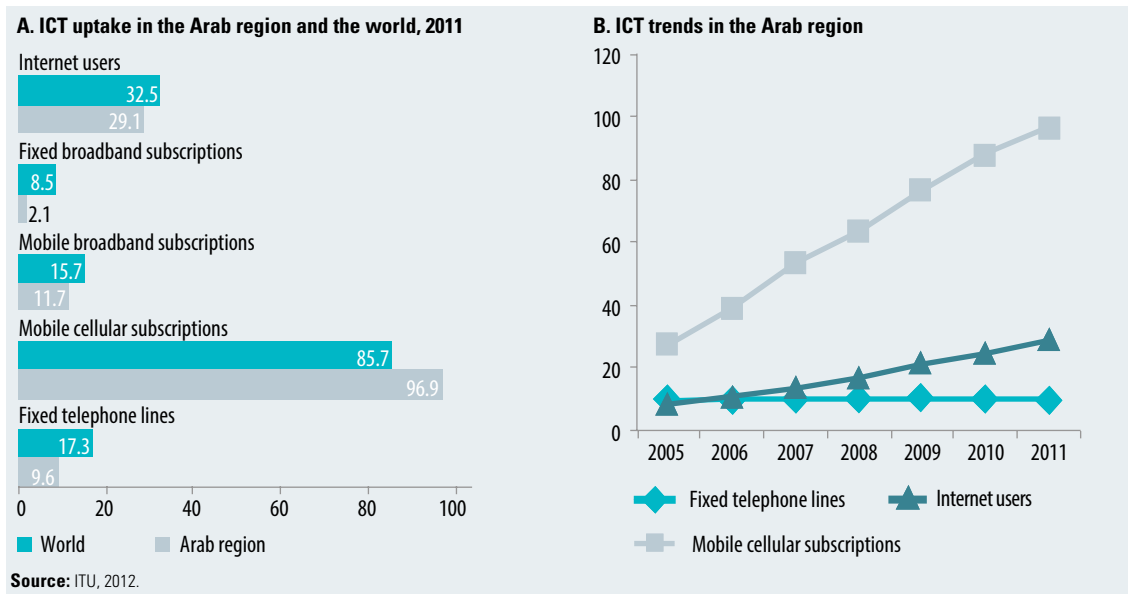
Arab women are at a disadvantage in accessing technology for several reasons. Limited financial resources prevent many from purchasing technology and accessing the Internet because of high monthly subscriptions fees. In addition, since many working women are in informal, low-skilled jobs, they do not have access to office computers. Facilities such as cybercafés are also male-dominated in some areas, which discourages women from using them. However, new employment models enabled through ICT, including teleworking, render the labour market more flexible and create a new range of employment activities. Providing women with access to ICT through specific policies and initiatives would enable them to benefit from these new job opportunities.

Few policies and initiatives to improve access to ICT specifically target women. But several measures could be pursued. They might include adopting a public access strategy geared at removing specific barriers faced by women; encouraging women’s ICT-related employment; considering ICT training for women and girls as a priority for development and including it as part of education curricula; and increasing efforts to compile statistics disaggregated by sex and age that could be used for gender-specific indicators on ICT use and needs.

Source: World Bank, 2009.

FIGURE I-64

ICT uptake and trends (Percentage)



Overall assessment of MDGs:

Significant gains, persistent challenges

There are notable differences in MDG achievement in the region. Some countries have made strong progress on most indicators, while others have witnessed limited or no progress. LDCs, all of which are poor MDG performers, are unlikely to achieve the set goals. Added to this group due to conflict and occupation are Iraq and Palestine. GCC countries, on the other hand, are the most advanced in the region in achieving many of the goals. But there are stark inequalities within countries as well as deep deficits in women's advancement. GCC countries are also heavily reliant on natural resources and face challenges in managing them sustainably.

The Maghreb and Mashreq subregions have registered different levels of achievement, generally performing better than LDCs but still lagging behind GCC countries. As noted in the *Arab Development Challenges Report 2011*,⁹⁵ the main challenge in these two subregions is to reduce subnational inequalities, as aggregate trends hide large disparities, be they between rich and poor, rural and urban residents, or men and women. Among Maghreb and Mashreq countries, Egypt, the Syrian Arab Republic and Tunisia have spearheaded the region's MDG progress. Unfortunately, security and political instability threaten to unravel achievements in the Syrian Arab Republic and, to a lesser extent, in Egypt.

One useful way to present the main findings is through the MDG achievement Index (MDGI).⁹⁶ Using percentage terms for 12 quantifiable MDG targets, it compares actual performance with the minimum required for the country to be on track towards achieving the goals. Table 1.2 shows the results, revealing that most countries are either slightly above or below where they should be for most targets. Some targets have already been achieved, most notably gender parity in education. Conversely, in some countries and mainly LDCs, some indicators have regressed below their 1990 baselines.

Figures 1-65A and 1-65B shed further light on MDG performance at the country and regional levels. The first one presents average MDGs successes

and shortfalls, measured by the extent to which achievements were above or below the required targets in 2011. Figure I-65B presents an average MDGI for Arab countries. Figure I-65C compares the Arab region and developing regions using the averages for each of the 12 MDGI performance indicators. Together with table 1-2, they confirm that MDG performance has been mixed according to country groupings and indicators.

On average, the Arab region is behind on MDGs by 9.6 per cent, a situation which is better than the 13.3 per cent average delay of all developing regions (figure I-65C). One of the most remarkable achievements of the region has been its progress towards education targets, most notably gender parity in education, which was already achieved by most Arab countries in 1990. Improvements in primary enrolment are, on average, comparable to those of the other developing regions of the world. The Arab region has also made impressive gains in extending access to improved sanitation, and it is ahead of the set target. However, there are notable differences between and within subregions.

Gains are, however, shadowed by glaring deficits in combating hunger, as the region is nearly 20 per cent below the target on reducing undernourishment, and in providing access to drinking water, an indicator for which the discrepancy between Arab countries and the developing world average is highest. In health indicators – infant, child and maternal mortality – the divide between rich and poor Arab countries is clearest. Only one Arab LDC has recorded a positive score on only one of these health indicators: Yemen, on maternal mortality. The performance of Arab LDCs on births attended by skilled health personnel is only marginally better in 2011 compared to 1990.

Five Arab countries – Egypt, Oman, Saudi Arabia, the Syrian Arab Republic and Tunisia – have a positive average MDGI, which indicates that they are, on average, above set targets. Three of those countries also scored very high on the

One of the most remarkable achievements of the region has been its progress towards education targets, most notably gender parity in education

FIGURE I-65

MDG performance in Arab countries (Percentage)

On average, the Arab region is behind on MDGs by 9.6 per cent, a situation which is better than the 13.3 per cent average delay of all developing regions

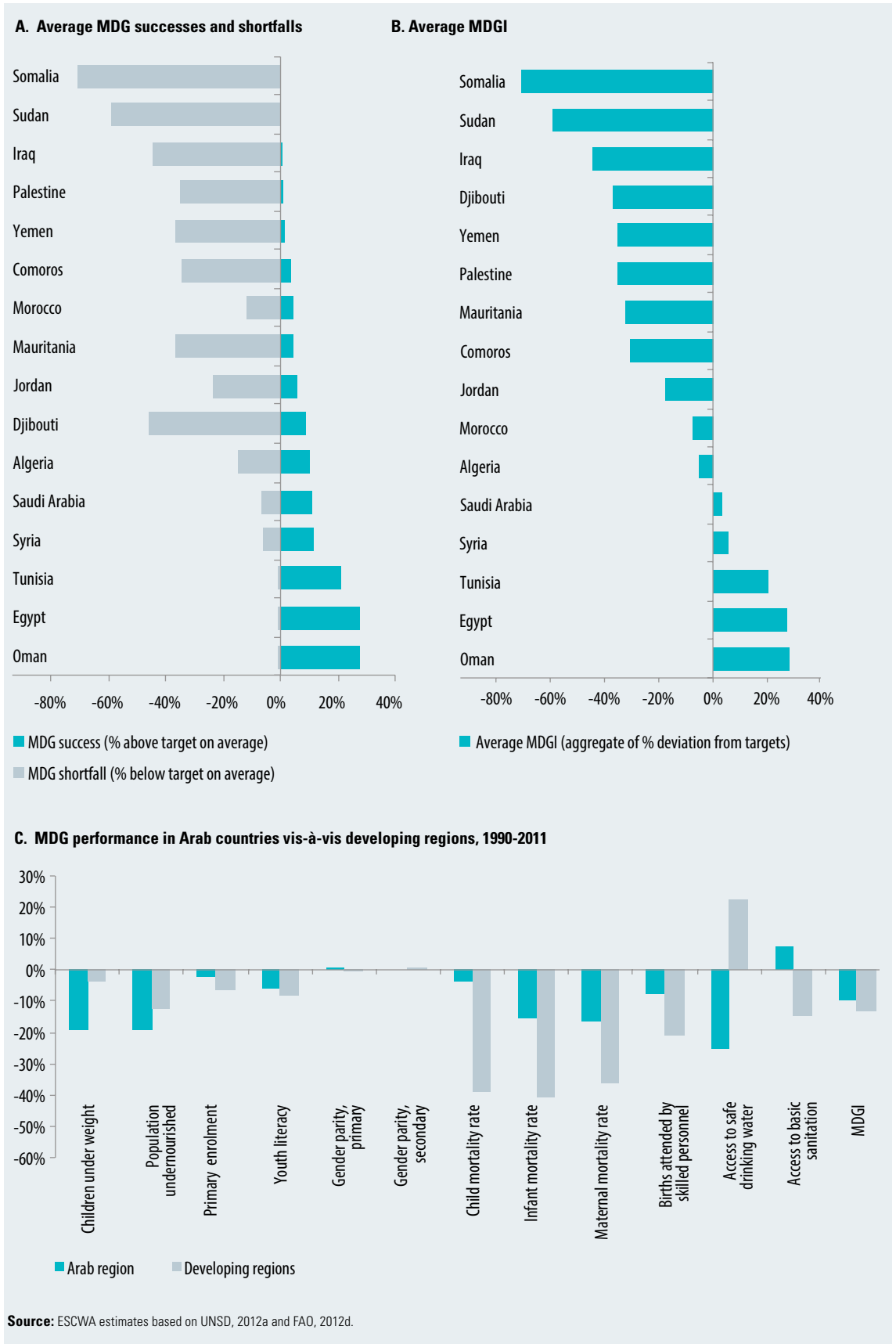


TABLE 1-2

MDGI for selected indicators, 1990-2011 (Percentage)

	Children underweight	Population undernourished	Net enrolment in primary education	(15-24) Literacy rates	GPI in primary education	GPI in secondary education	Under five mortality	Infant mortality	Maternal mortality	Births attended by skilled health personnel	People not using improved drinking water	People not using improved sanitation
Egypt	-1	n.a.	-1	-6	1	n.a.	49	40	28	12	76	70
Iraq	1	-100	-5	-13	n.a.	-9	-88	-80	-77	-3	-84	-35
Jordan	n.a.	36	-7	n.a.	n.a.	n.a.	-26	-21	-43	6	-67	n.a.
Palestine	n.a.	-100	-9	1	n.a.	n.a.	-11	-19	-78	2	-100	-2
Syrian Arab Republic	-23	n.a.	n.a.	-3	n.a.	n.a.	10	3	27	7	-19	44
Algeria	44	18	-1	-3	n.a.	n.a.	0	-21	-10	9	-100	31
Morocco	-65	-33	4	-14	n.a.	-3	13	4	17	8	-5	-6
Tunisia	44	n.a.	n.a.	1	n.a.	n.a.	26	23	-8	6	49	7
Oman	8	n.d.	6	-1	n.a.	n.a.	56	52	27	3	8	91
Saudi Arabia	47	n.a.	7	-1	n.a.	n.a.	55	11	-36	1	-11	n.a.
Comoros	-99	-100	-6	-8	5	-14	-44	-53	-59	4	36	-29
Djibouti	-100	42	-43	n.d.	n.a.	-14	-66	-65	-72	37	9	-100
Mauritania	43	-50	-15	-22	11	-8	-100	-100	-68	-14	-19	-47
Somalia	-80	-83	-33	n.d.	n.d.	n.d.	-100	-100	-100	-40	-43	-59
Sudan	-65	-60	n.d.	-6	n.a.	n.d.	-56	-81	-83	-69	-100	-69
Yemen	-91	-94	-10	-7	-5	-23	-37	-36	18	-34	-100	-3
	45 to 100% above target	20 to 45% above target	1 to 20% above target									
	-1 to -20% below target	-20 to -45% below target	-45 to -100% below target				over -100% below target		n.a. target not applicable		n.d. no data	

Source: ESCWA estimates based on UNSD, 2012a and FAO, 2012d.

Note: See Annex for technical details. MDGI was not calculated for some GCC countries, namely Bahrain, Kuwait, Qatar and the United Arab Emirates, for reasons including that they had already attained most goals by 1990, and that data were in some cases insufficient for calculating the index.

Human Development Index of the global Human Development Report (2010) and featured among the 10 'top movers' from 1970-2010 – i.e. countries that have seen the greatest improvements in human development relative to their starting point in 1970, with Oman followed by Tunisia and Saudi Arabia actually leading developing countries. MDG results are thus not entirely surprising.⁹⁷

Members of a second group of countries – Algeria, Jordan and Morocco – are, on average, slightly below the MDG set targets. It is important to distinguish Jordan, because it had already achieved 5 of the 12 targets considered in table 1-2 by 1990. Both Algeria and Morocco are generally on track, and were it not for specific deficits, related to access to water for the former and underweight children for the latter, they would have joined the group of countries with a positive MDGI.

The remaining eight Arab countries can be classified in two groups. The first group, behind according to MDGI by 35 per cent to 40 per cent, includes the Comoros, Djibouti, Mauritania, Palestine and Yemen. Palestine stands

out because its performance is heavily affected by severe bottlenecks in three areas – access to water, undernourishment and maternal mortality – which are heavily affected by occupation and blockades. For the rest of the group, the underlying causes of poor MDG performance are comparable to causes hindering performance in the majority of LDCs: poverty, fiscal limitations and general socioeconomic conditions that pose high hurdles.

The second group includes three countries facing special circumstances: Iraq, Somalia and the Sudan. The obvious common factor is that since 1990, all three have endured longstanding conflict. Iraq is distinct for its higher level of per capita income, and because only three decades ago, it was a global model for development achievement.

With the deadline for MDGs fast approaching and discussions for a post-2015 agenda gearing up at the global level, the lessons learned from the Arab region provide insights for informing the post-2015 framework of development. This subject matter is tackled in the second part of the report.

Part II

Towards a Post-2015 Development Agenda

Transitions in many parts of the region provide lessons to inform both the reviews of the existing MDG agenda and the preparatory process of any meaningful framework to move forward. Countries in the Arab region should consider governance reforms and move towards inclusive and quality development that links the economic, social and environmental dimensions. This part of the report suggests a way forward towards a regional development agenda, taking into consideration the key development priorities in the Arab region, as well as the recommendations on a post-2015 development agenda and its implementation, issued by the third Arab Economic and Social Development Summit, held in January 2013. It considers ongoing debates on global goals after the 2015 MDG endpoint.

Towards a Post-2015 Development Agenda

The finish line for MDGs is fast approaching. Global and national processes to debate and frame the post-2015 development agenda have already begun (box 2-1). An expert group, the United Nations System Task Team on the Post-2015 United Nations Development Agenda, was established to map a unified vision that will lead towards

defining the agenda.¹ A first report of the group proposes four dimensions to be considered within that new agenda: inclusive social development, inclusive economic development, environmental sustainability, and peace and security.²

One of the main criticisms of MDGs is that the goals were not sufficiently tailored to regional and

One of the main criticisms of MDGs is that the goals were not sufficiently tailored to regional and national contexts

BOX 2-1

The lead-up to the Post-2015 United Nations Development Agenda

One of the main outcomes of the United Nations Conference on Sustainable Development (Rio+20) was the agreement on developing a set of sustainable development goals (SDGs) through a member state-led process of open and inclusive consultations, with early and broad participation by all stakeholders. These goals would build on MDGs but also fill their gaps, including by reflecting the interdependence of social, economic and environmental issues. SDGs would also focus on domestic actions as well as the global commons, so important to human survival, and would include indicators to measure progress.

The United Nations Secretary-General has convened a High-Level Panel of Eminent Persons to advise him on the development agenda beyond 2015. Global thematic consultations on 11 key issues and 50 national dialogues are occurring across the globe. In the Arab region, consultations are taking place in Algeria, Djibouti, Egypt, Jordan, Morocco and the Sudan. They involve multiple stakeholders and extensive public outreach. The United Nations regional commissions are holding regional consultations, including in the Arab region where dialogues are led by ESCWA in cooperation with the Regional Coordination Mechanism.

The Report of the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda, released in June 2013, suggests a five-point transformative shift in the post-2015 agenda: leave no one behind, put sustainable development at the core, transform economies for jobs and inclusive growth, build peace and effective, open and accountable institutions for all, and forge a new global partnership. These five elements are backed up by 12 specific goals and 54 indicators. The 12 goals are:

1. *End poverty*, by increasing income and many other manners, including secured rights to land and assets, and increased coverage of social protection and enhanced resilience to natural disasters;
2. *Empower girls and women and achieve gender equality*, with indicators on violence against women, child marriage and discrimination against women;
3. *Provide quality education and lifelong learning*, with indicators covering both the quantitative and qualitative dimensions of education;
4. *Ensure healthy lives*, by increasing vaccination coverage and reducing infant and maternal deaths, as well as reducing the burden of diseases such as HIV/AIDS and tuberculosis;
5. *Ensure food security and good nutrition*, by ending hunger and reducing stunting as well enhancing agricultural productivity;
6. *Achieve universal access to water and sanitation*, with indicators covering universal access to safe drinking water and improving water efficiency and recycling;
7. *Secure sustainable energy*, focusing on renewable energy and energy efficiency as well as on phasing out fossil fuel subsidies;
8. *Create jobs, sustainable livelihoods and equitable growth*, with indicators on decent jobs and improving business environments;
9. *Manage natural resource assets in a sustainable manner*, focusing on safeguarding ecosystems, reducing deforestation and combating desertification;
10. *Ensure good governance and effective institutions*, with indicators on freedom of speech, right to information and reduced corruption;
11. *Ensure stable and peaceful societies*, by improving justice institutions and the capacity of security forces;
12. *Create a global enabling environment and catalyze long-term finance*, focusing on reducing tax evasion, increasing ODA and encouraging long-term private investment.

Source: United Nations System Task Team on the Post-2015 United Nations Development Agenda, 2012b; United Nations, 2013.

Note: The 11 key issues considered during the consultations are all relevant to the Arab region. They comprise: conflict and fragility; education; environmental sustainability; governance; growth and employment; health; hunger, food and nutrition security; inequalities; population dynamics; energy; and water. See: www.un.org/en/development/desa/area-of-work/post2015.shtml.

national contexts, although they were endorsed by heads of states.³ Some countries have even argued that MDGs distorted national priorities⁴ by favouring some issues over others.

Countries that have already met the goals should now focus on new qualitative goals and targets. In the Arab region, given the significant improvement in education, further increases in enrolment might not necessarily be a priority, for example. In contrast, ensuring quality education, including through reduced student-to-teacher ratios, might be a leading aim.

In the future, better alignment of global goals with national plans and priorities might come by allowing countries to define suitable targets for themselves, which can then be “negotiated” and agreed in regional and global arenas.⁵ National targets would be aggregated afterwards, and used as an input to regional and global targets. This approach of “global goals and national targets” would allow countries to set targets most relevant to them, such as reducing particular subnational disparities or closing gaps in governance.

Countries thus enabled to choose their own national targets would also be able to test different development strategies, based on specific situations. Successful experiences could be shared among countries facing common issues. Nationally-chosen targets would enjoy a higher degree of legitimacy and political support, which would, in turn, foster government accountability. Civil society organizations could thus have a key role in monitoring progress towards achieving those targets.⁶

The “global goals and national targets” approach poses some challenges. First, once a global goal is determined, defining national targets and consensus may take time. Second, there is currently no international mechanism to review national targets and report on their implementation. Third, a great deal of consensus-building might be required to create a workable agenda.

From the Arab regional perspective, development requires reforming institutions, including by reassessing and adjusting social, economic and governance models. Persistent shortfalls in governance and economic exclusion, including at the subnational level, contribute to explaining why some countries, although having done well in achieving MDGs, have spearheaded social unrest. The region as a whole remains far

behind on gender equality. National capacities to produce data and monitor progress, underpinning achievements in all other areas, need to be strengthened.

There is cautious optimism that the Arab region is moving in the right direction – “cautious”, because political shifts may not necessarily alter the underlying distribution of power.⁷ They could fall short of the deep-rooted changes required to broadly improve human development and well-being. But while there are challenges, there are also opportunities for institutional reforms that could advance inclusive and sustainable development. The following section underlines the perspectives stemming from the Arab region that should be considered for a post-2015 agenda.⁸

Include governance reforms as a key measure of inclusive development

The first and foremost recommendation of this report is to make governance reforms a key measure of development achievement. It is widely recognized that governance and human rights issues were missing in MDGs,⁹ though they were included in the United Nations Millennium Declaration. The post-2015 agenda should consider goals that encompass those issues, particularly given growing evidence that both conflicts and bad governance pose major threats to development.¹⁰ A year of civil war implies a loss of around 17.5 per cent of per capita GDP, and could push a country back 5 to 10 years on a broad range of MDG indicators.¹¹

Political institutions of governance: Measure the strength of political institutions to promote good governance

Aiming to build systems that respect human rights, democratic governance and rule of law should underpin any post-2015 framework, as those are linked to all other development goals. There needs to be agreement on minimum standards for democracy, human rights and fundamental freedoms, encompassing aspects such as civil and political freedom, free and fair elections, independence of the judiciary, freedom of expression and the media, accountability and transparency. In the Arab region, in particular in countries going through political transitions, rebuilding institutions is critical. The protection of property rights, the rule of law

Nationally-chosen targets would enjoy a higher degree of legitimacy and political support

and an independent judiciary are also of primary importance to restart business activity.

The causes of the recent political turmoil in some countries have mainly been socioeconomic and governance failures. Income inequality, perceptions of injustice, economic and social mismanagement, stalled reforms, austerity measures, higher food prices, the heavy-handedness of the state and the recent financial crisis are among the spurs of popular dissatisfaction, particularly among youth.¹²

Some skewed macroeconomic and development policies explain why the Arab countries were not able to transform their growth and wealth into jobs and increased human well-being for all. But they are not the entire story. Poor governance¹³ was a major contributor. The Arab Human Development Report 2002 noted

that the “freedom deficit undermines human development and is one of the most painful manifestations of lagging political development”.¹⁴ The Arab Development Challenges Report 2011 also underscored that progress in the region is hindered by the lack of governance reform.¹⁵

Rentier economies (box 2-2), weak tax bases, ineffective local governments, legal disempowerment, connections between business and ruling elites, and oppression are all drivers of systemic exclusion. As a result, the culture of corruption remains entrenched. Judicial systems are weak and compromised by alignment to prevailing powers. Political participation is often nominal, and there are high barriers to the freedom of information.¹⁶ Public spending and contracts are used to reward certain groups or communities that support rulers.

The causes of the recent political turmoil in some countries have mainly been socioeconomic and governance failures

BOX 2-2

Rentier economies of the Arab countries

Political elites in the Arab region have established rentier economies, based on oil and natural resources. These economies do not generate revenue themselves, but obtain and seek international rents, such as income derived from exports of natural resources. Even some non-oil exporting countries have rentier economies, based on remittances from immigrants and foreign aid.

States seek those rents and distribute them in exchange for political power and/or legitimacy. Since the state does not depend on taxing its citizens for revenue, distribution becomes its main function. Once the state takes control of rents, rulers do not have to bargain with citizens or obtain their consent. It pays its supporters and represses dissenters. In the process, it can become disconnected from its domestic constituencies and society.

According to the natural resource governance index developed by the Revenue Watch Institute, Arab countries lack the basic mechanisms for ensuring accountability and transparency. The index ranks countries according to four criteria, namely level of transparency, legal framework, checks and balances, and the broader governance context.

Ten Arab countries were assessed, but none got a satisfactory score on the index, which reflects the failure to manage natural resources effectively, including by providing citizens with the needed information. Morocco, the best performing Arab country, only publishes limited information on its mineral sector. As members of the Extractive Industries Transparency Initiative, Yemen and Iraq have produced useful reports on oil and gas revenues. GCC countries do not publish the rules governing their oil and gas industries. Reforms by new governments in Egypt and Libya have so far been slow. In contrast, Algeria is one of the few countries in the Arab region with a comprehensive oil and gas legislation.

FIGURE II-1

The resource governance index



Source: Revenue Watch Institute, 2013; Schwarz, 2011.

Although Arab countries have achieved progress on many MDG indicators, they have failed in promoting inclusive development

The country-level assessment of MDGs tends to correlate with the substantial progress on economic growth that many Arab countries have experienced over the past five or six decades. Figure II-2 plots GDP per capita in 1950 against GDP per capita in 2010. Countries can be categorized into four quadrants, on the basis of their relation to global averages for 1950 and 2010. The first quadrant on the bottom left shows countries that were worse off in 1950 and have remained so since then – they were below global average in 1950 and remained below global average in 2010. The quadrant on the bottom right indicates countries that were better off in 1950 but had become worse off by 2010. The quadrant on the top left illustrates countries that were worse off in 1950 and had become better off by 2010. The quadrant on the top right shows countries that were better off in 1950 and have maintained that status or become even richer by 2010. Figure II-3 shows that, in the last two decades, GDP growth in the Arab region has been similar to if not better than GDP growth in other regions.

Apart from Arab LDCs, most countries have performed well. Algeria, Egypt and Morocco became closer to the global average in 2010. Oman was among the top performers. Only the Syrian Arab Republic seems to have moved from the better off category in 1950 to the worse off category in 2010. A similar trend can be noticed through social indicators such as life expectancy in 1950 and 2010.

Although Arab countries have achieved progress on many MDG indicators, they have failed in promoting inclusive development. The benefits of economic growth have not been widely shared, as illustrated by gaps in food security; gender and other disparities are still deep; and environmental challenges are emerging. Countries are now faced with tackling socioeconomic development challenges and governance deficits in order to pursue economic growth combined with social justice and equity, and to address the aspirations of citizens, especially young men and women, and people with disabilities.

Good governance is the key missing link. The fact that three of the countries with recent

FIGURE II-2
GDP per capita in 1950 against 2010



Source: World Bank, 2013b; Madisson, 2008.

political developments (Egypt, the Syrian Arab Republic and Tunisia) have also led the region on MDG progress, raises questions about deficits in governance that have been overlooked in measures of the MDG framework. Further, whether or not those countries will maintain their achievements in the current context is also questionable.

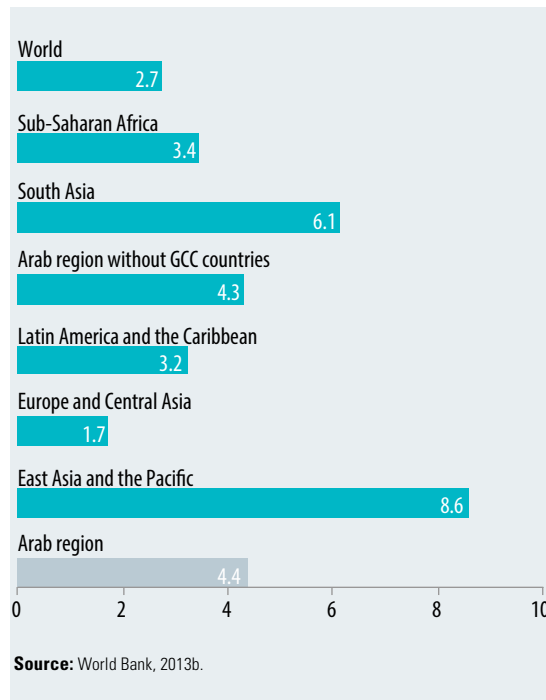
Political space, whether that of political parties, professional associations and trade unions, civil society or the media, remains constrained and often tightly controlled, restricting people's options to voice their concerns. This has led not only to social unrest and political tensions in some countries, but to outright conflict in others, such as Somalia and the Sudan.

Countries undergoing political transitions rank low in terms of voice and accountability, one of the measures of governance (figure II-4). As a whole, the Arab region lags behind other regions in most governance indicators. Most countries are in the lower quadrant of figure II-4, especially on the lower right, which suggests a combination of national wealth and poor governance.

FIGURE II-3

Average of GDP growth rates, 1990-2011

(Annual percentage)



Three of the countries with recent political developments have also led the region on MDG progress, which raises questions about deficits in governance that have been overlooked in the MDG framework

FIGURE II-4

Per capita income and voice and accountability



Ideally, all countries, whatever their level of development, should over time be moving towards the upper right of the scatter plots, featuring increased prosperity and improved governance. However, only a few Arab countries did move in that direction between 1996 and 2011. Most countries have increased their GDP per capita, but have failed to improve good governance. In fact, most countries have moved to the lower part of the plots, which illustrates a worsening in terms of voice and accountability. At the subregional level, the Maghreb and Mashreq subregions have moved towards the lower right, featuring increased economic prosperity coupled with a minor decline in voice and accountability. LDCs and GCCs have moved straight down, featuring limited improvement in economic prosperity together with a significant decline in the selected indicator of good governance.

Most countries have increased their GDP per capita, but have failed to improve good governance

There is a strong positive correlation between good governance as measured by voice and accountability, and prosperity as measured by GDP per capita. It is striking that both the slope and the R-square value increase when Arab countries are excluded from the sample (figure II-5). This

FIGURE II-6

GDP per capita and voice and accountability: Dynamic picture

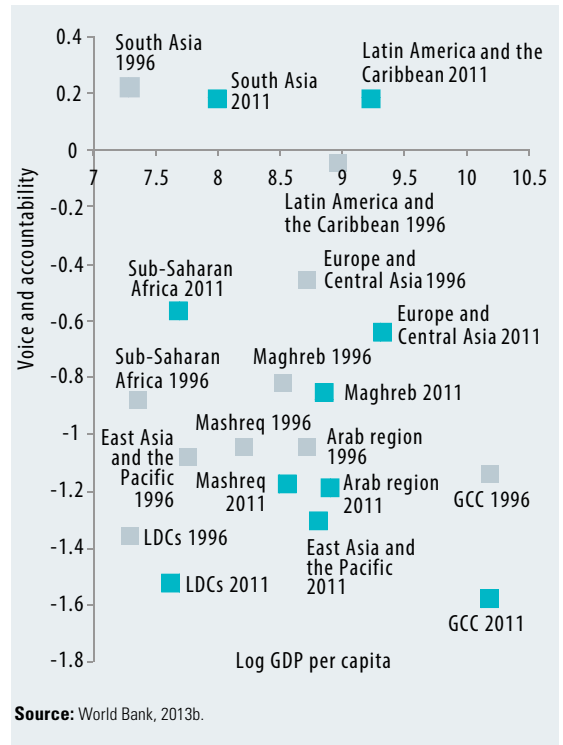


FIGURE II-5

GDP per capita and voice and accountability: Shifting trend line



BOX 2-3

Bearing the brunt of transition and conflict

Political transition, although chaotic, is allowing pluralism and fledgling democratic institutions to emerge in some countries. Egypt, Libya, Tunisia and Yemen have had elections and formed new Governments. Jordan and Morocco are reforming their political systems in a gradual way. Democratic institutions and practices will take time to root, however. It remains to be seen how these institutions will function over the long term. Many of the main demands of recent social movements have not yet been met.

While offering new opportunities for governments to be accountable to their citizens, transitions come with a diverse set of challenges. These include social and political unrest, disruptions of livelihoods and economic activities, conflict and cross-border population movements. Recovery will greatly depend on the span of the transition period, with a longer time increasing the risk of negative social and economic impact.

Transitions, whether economic or political, are messy and unpredictable. A recent study looks at some 90 historical experiences over 50 years in political transitions. It finds that about 45 per cent of countries succeeded in building democratic institutions within three years, and 40 per cent failed, i.e. have achieved only temporary democracy or very low levels of it. Only 15 per cent achieved democracy gradually, within 4 to 15 years. These countries also had had long-term economic and income growth, following a short-term decline, i.e. 7 to 11 per cent decline in the year of transition; but growth declined by around 21 per cent in countries that took longer to achieve democracy. In addition, countries that undergo quick transitions, irrespective of success or failure, experience swift recoveries and a long-term growth higher than the pre-crisis level of about one percentage point; while countries which undergo a longer transition period are locked in low growth for a longer period of time.

Egypt, Libya, Tunisia and Yemen are going through some of the most dramatic changes, with consequences that are being felt in everyday life. In 2012, public debates shifted from political transition to increasing concerns about economic matters, including escalating food prices. Costs rose despite a boost in domestic cereal production in three of those countries, namely Egypt, Libya and Tunisia.

Economic activity remained at low levels in 2012 in Egypt, Tunisia and Yemen. Real GDP declined significantly in 2011-2012 compared to 2010-2011. Fiscal accounts deteriorated, given shortfalls in revenues and increased public expenditures. Already wide fiscal deficits increased by about 2.5 per cent of GDP compared to 2010, and such an increase is also expected in Jordan and Morocco. Government debt has risen; external current account deficits have widened.

These problems are compounded by existing challenges in the Arab region, such as high unemployment. The number of unemployed people rose by 5 million between 2010 and 2012, due to political instability in some countries. Since 2011, the number of poor people has also increased by 5 million.

Instability poses additional threats to progress towards MDGs, causing it to stall or even reverse in some cases. In the Syrian Arab Republic, which was one of the top MDG performers in the region, recent conflict has pushed more than 3 million people into poverty. Prices of goods and services have risen while incomes have fallen, and jobs and physical assets have been lost.

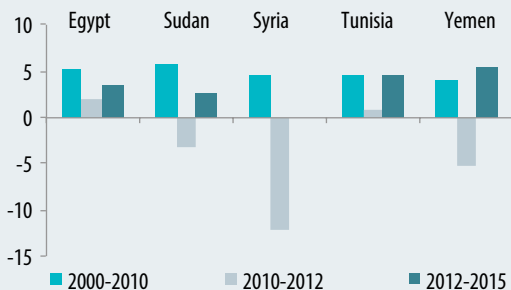
Armed conflict and civil insecurity continue to undercut development in countries that are already deeply poor. In Yemen, over 10 million people, about 46 per cent of total population, may be food insecure. Insecurity negatively affects trade and aid distribution, making access to food one of the most pressing concerns that many Yemenis face. Conflict also complicates an already dire degree of water scarcity. Yemen suffers from chronic shortages and may be the first Arab country to run out of water, possibly as early as 2015. As of June 2012, 12.7 million Yemenis lacked access to safe water or sanitation.

The impact of conflict on social sectors such as health and education, the special vulnerability of women and young people to sexual and gender-based violence and HIV infection are seen as some of the great threats to long-term sustainable development and the achievement of MDGs.

In the Sudan, the highest levels of food insecurity are registered in conflict areas: North and South Darfur, and parts of South Kordofan and Blue Nile states. Conflicts have disrupted national and cross-border trade flows which otherwise support livelihoods and food security – a problem compounded by recent restrictions on commodity trading with South Sudan.

FIGURE II-7

Decline of real GDP growth in countries in transition and conflict

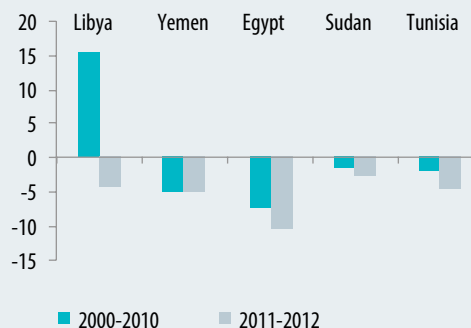


Source: IMF, 2012c.

Note: Period 2012-2015 shows the projected growth. There are no available data for the Syrian Arab Republic for that period.

FIGURE II-8

Dwindling fiscal balance of countries in transition and conflict as a percentage of GDP



Source: IMF, 2012c.

Source: IMF, 2012c; Khandelwal et al., 2013; Nasser et al., 2013. Also see Seth, 2013; and Freund and Jaud, 2013.

Weak governance in some countries of the Arab region, as is now increasingly obvious, has had a number of economic and development consequences

indicates that some of the Arab countries have not enacted good governance practices although they have shown a good level of economic development, while most countries of the world with similar levels of development have established such practices.

Weak governance in some countries of the Arab region, as is now increasingly obvious, has had a number of economic and development consequences (box 2-3), including eroded growth, diminished private sector investment and deteriorating public services, likely to lead to backtracking on MDGs. Some economists¹⁷ currently argue that inclusive development depends on reforming national governance and institutions. They stress that understanding national politics is the basis for understanding economic development and growth, since politics determines institutions, which in turn define the structure of power and distribution of resources. This thesis explains the development trajectories of Arab countries, and should be considered in the discussions of future global goals, after the 2015 MDG endpoint.

Reaching consensus on measures of good governance is a big challenge

Governance is measured in different ways across institutions. The non-governmental organization Freedom House measures governance by assessing government accountability and public voice, civil liberties, rule of law, and anti-corruption and transparency. The World Bank assesses it through voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulatory quality, rule of law and control of corruption. The Polity Indicators measure political regimes. The Social and Economic Rights Fulfilment Index gauges rights linked to health, food, housing, employment and education. However, none of these indicators is universally accepted for a number of reasons, including validity, accuracy and sensitivity to country specificities.

In terms of targets and indicators, there could be global targets with global indicators, global targets with national indicators, regional targets with national indicators, and/or national targets with national indicators.¹⁸ Within the global targets, some guiding principles could be participation and inclusion (elections, parliamentary processes, access to independent media, etc.), accountability

and responsiveness (lawmakers, government officials and institutions), rule-based systems, transparency, equity, non-discrimination and gender equality. Possibilities for national targets might draw on experiences in Albania and Mongolia, both of which have governance targets and indicators under their respective national ninth MDG.

One way of measuring democratic governance is to assess impact or outcome, as different governance models could produce the same levels of impact on areas such as empowerment. Most positive and proactive indicators might go beyond showing abuses of human rights or corruption. Quality indicators to measure the progress of governance institutions could emphasize that once institutions are in place, they should be effective in delivering sound public services and promoting active citizen participation.

The United Nations System Task Team on the Post-2015 United Nations Development Agenda has identified the following governance issues for consideration at a global level:¹⁹ empowerment of people for realizing their civil and political rights; sustainable management of the biosphere for enabling people and the planet to thrive together; rules on running the world economy so that all nations share fair benefits; and good global governance based on transparent, accountable international institutions and partnerships. All those issues are important for the Arab region. Immediate reform priorities could include constitution-building, free and fair elections, political participation and transitional justice to move beyond past crimes towards nation-building.²⁰

Social systems of governance: Measuring the strength and effectiveness of social policies and institutions to promote social justice

Monitoring governance systems in a post-2015 framework can aim at building institutions to promote social justice, particularly to address hunger and food insecurity, and adopting progressive social policies to rectify some of the imbalances in the Arab region. At meeting held on 28 May 2012, the Council of Arab Ministers of Social Affairs adopted the principle of social justice as a basis for its five-year plan for 2012-2016, under resolution No. 3. Given the popular demands of Arab uprisings, revising social policies

is an immediate priority of the region. Two policy interventions in this direction would be to address the food security challenge and adopt progressive social policies and social protection systems.

Address the food security challenge

Food security and sustainable agriculture are among the top priorities for many countries around the world,²¹ and pose continuing challenges for Arab countries, especially LDCs. Even middle-income countries are not immune to food shortages. Food crises will most likely continue due to water scarcity, natural disasters and climate change, and conflicts. Food insecurity may have contributed to the discontent that motivated recent sociopolitical upheavals.²²

In the Arab region, more than 50 million people are currently undernourished; 21.2 million people are food insecure, especially in Somalia, Palestine, the Sudan, Yemen, and now in the Syrian Arab Republic. An estimated US\$1 billion is needed to provide immediate relief to those who are food insecure, a figure likely to grow in the future.

Food security in the Arab world is further undercut by poor policy choices – including the neglect of rural areas, added to the disadvantages of climate and geography. The contribution of agriculture to GDP has declined in most Arab countries in the last two decades. Overall in the region, it fell from 18.6 per cent of GDP in 1992 to 12.4 in the 2011. The decrease was most dramatic in Jordan, the Sudan, the Syrian Arab Republic, Tunisia and Yemen.²³

Since poverty rates are higher in rural areas, and agriculture is still a major employer, growth in agriculture and the rural non-farm economy should be reignited, including as part of achieving MDGs. New irrigation technologies, for example, could make agriculture more efficient and productive, while going a long way towards reducing food insecurity and the severity of rural poverty.

Many Arab countries have overlooked the strong nexus between poverty and poor management of natural resources, even though sustainable environmental management may be the region's most serious long-term development challenge. In particular, there has been little investment in maximizing the contribution of the region's scarce water to agricultural productivity, such as through improved irrigation, and the appropriate use of land and selection of crops. The bulk of

increasingly scarce water resources in Yemen, for example, go into the production of qat, a popular narcotic plant.²⁴

A state that prioritizes good governance and accountability for human development would see the logic of investing in rural areas and agriculture, including through scientific research and innovation, as part of transforming enormous environmental challenges into a historic opportunity for more sustainable development. Currently, many Governments have mostly continued the implementation of policies adopted during the 2008 global food crisis and the 2010-2011 uprisings, including poorly targeted food subsidies that weigh heavily on public budgets. Encouragingly, some countries have also initiated long-term policies and investments to improve food security. Those included food subsidy reforms in Jordan, the Sudan and Tunisia; an increase in grain reserves by GCC countries; and the creation of a committee to monitor food prices and availability in Saudi Arabia.

This report proposes the following two concrete suggestions that could address the food security challenge in the region.

a. Enhancing water use efficiency to improve agricultural production

Agriculture absorbs more than 85 per cent of the region's water. Intensive agriculture in some cases has accelerated groundwater depletion, especially in the Arabian Peninsula, and has increased agropollution and soil salinity. Irrigation efficiency is low, at 30 per cent to 45 per cent. The cultivation of thirsty crops results in low water productivity.

An integrated management of agriculture could improve water-use efficiency by 15 per cent to 30 per cent, and substantial water savings could be directed towards achieving MDG targets for domestic demand. Improving water-use efficiency would result in greater agricultural production with less water. It could increase farmer income, and conserve non-renewable groundwater for future generations.²⁵

More attention should be given to setting appropriate water treatment standards, and to monitoring and enforcing the use of water-saving technologies to reach a defined level of efficiency. Conditions should be fostered to allow setting 75 per cent efficiency rate targets for irrigation, and

An estimated US\$1 billion is needed to provide immediate relief to those who are food insecure, a figure likely to grow in the future

Two proposals to tackle the food insecurity challenges in the Arab region are to form an Arab food security partnership network and to create a strategic grain reserve

to gradually phase out thirsty and low-value cash crops. Growing wheat, for example, requires large amounts of water. Countries may use existing resources more efficiently by striking a judicious balance between growing crops that need less water and importing those that need more.

Agricultural policies have to be coordinated and integrated with broader water policies. Investment in wastewater facilities could increase reuse volumes. Subsidies and loans could also expand the use of water-saving technologies.

b. Creating an Arab food security fund to meet food emergencies

There are many different instruments for food assistance.²⁶ Immediate assistance may include the direct provision of food, food vouchers, subsidies and so on. Geared towards meeting basic needs, food aid is essential for responding to sudden declines in availability and market failures. In conflict-affected territories, it has an important role, beyond immediate relief, in keeping food prices low, thus increasing access even for those outside the distribution system, and helping people to remain in their areas of origin.²⁷

In the medium term, food assistance might also focus on improvements in agricultural production. Broader food security, however, is linked to a range of health and nutrition, social protection and poverty interventions. Achieving it may require connecting food assistance to the expansion of social assistance within national social protection strategies, and to health and nutrition strategies.²⁸

Two proposals to tackle the food insecurity challenges in the Arab region are to form an Arab food security partnership network and to create a strategic grain reserve.²⁹

The idea of creating a regional Arab food security fund has been proposed in the past by various United Nations and international agencies, including the League of Arab States, at the First Arab Economic and Social Development Summit in 2009. But it has not been implemented. As the region witnesses acute food security issues, it is time to seriously explore this option.

A fund could be designed exclusively to provide relief during food shortages or emergencies, ensuring a rapid response without the need to secure additional resources, as is currently the case for international humanitarian actions. Funding should be set at a minimum of US\$3 billion, only

0.2 per cent of total GDP of GCC countries – well under the commitment of Arab donors to provide 0.7 per cent of their GNI as ODA. Wealthier countries, such as Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, should be able to provide the bulk of resources. Other countries from the region or other development agencies, including philanthropic institutions, could also offer support.

The fund should complement other short-term relief responses, both those within national social protection systems and those established by international organizations. International organizations should prioritize the procurement of food from local and regional sources, towards greater cost-effectiveness and more timely delivery. This can also benefit local livelihoods and mitigate the risks of long-term dependency. Clear guidelines should be developed on how and when to include food aid and food security expenditures in the national budgets of countries affected by emergencies. Greater consideration could be given to opportunities for national capacity development. Because most food aid operations are currently managed outside the scope of national institutions, their contribution to national capacity-building is limited.³⁰

Adopt progressive social policies and social protection systems

Social protection systems – designed to support people who are poor or vulnerable for reasons related to unemployment, disability, age and so on – are a crucial component of economic and social development, poverty reduction, and social justice and human rights.³¹ They embed fair development, a key popular demand during Arab uprisings, in an institutional framework.³²

Social protection is sometimes perceived as a “deadweight” burden on national budgets. But this perception is not accurate. Social protection is in fact good for growth and development,³³ especially pro-poor growth. Investing in social protection is a way of investing in people, with powerful effects on income generation, health and education. These fuel a “virtuous” cycle of continued social and economic development.

Social protection reforms should be fully integrated with labour market policies. The portability of social insurance between different types of employment must be ensured, along with the opportunity to contribute to health

insurance and pension schemes during periods of unemployment.³⁴ Labour and social protection policies should also be coordinated to ensure efficiency and impact. For example, public works programmes with wages lower than unemployment benefits are not likely to be effective.³⁵

There are two broad categories of social protection in the Arab countries. One consists of the social insurance system based on formal employment, which applies to 30 per cent to 40 per cent of the workforce. The second comprises social assistance, which mainly includes cash transfers and subsidies for energy and food. On the sidelines, civil society organizations provide relief to the poor and destitute, by means such as zakat funds.

Currently, social protection is neither universal nor rights-based. Three-quarters of people in the region do not receive any assistance,³⁶ a rate similar to those registered in sub-Saharan Africa and South Asia.

Designing robust safety nets that target the needy should therefore be a priority for Arab countries. The recently adopted ILO recommendation on a national social protection floor³⁷ could guide national efforts. It has two broad aspects. The first encompasses basic income security, social transfers (in cash or in kind), income security to older persons and persons with disabilities, child benefits, and income support benefits for the unemployed and working poor. The second includes universal access to essential affordable social services in the areas of health, water and sanitation, education, food security, housing and others, defined according to national priorities.

In short, the social protection floor is a comprehensive approach encompassing most MDGs, and emphasizing inclusiveness and universality. It brings together all the social policy elements of health, education, poverty reduction and so on.

One starting point for many Arab countries will be to reform generalized subsidies in favour of those that target the poor and vulnerable. Subsidies for food and fuel are a large drain on government expenditure, even as social protection is insufficient.³⁸ Subsidy rates for energy, for example, range between 50 per cent and 85 per cent, representing 3 per cent to 14 per cent of GDP. In Egypt, energy subsidies are 9 per cent

of GDP, equivalent to 27 per cent of government expenditure, i.e. over US\$20 billion. Iraq spends 13.3 per cent of its GDP or US\$11.3 billion on energy subsidies. The amount is much higher compared to other social spending on health or education for example. Moreover, most energy subsidies benefit well-to-do people. The richest groups in Egypt capture 46 per cent of energy subsidies, compared to only 9 per cent for the poorest groups.³⁹

An estimate of the costs of social protection floors for Arab countries,⁴⁰ comprising unemployment programmes, universal child benefits and disability benefits and pensions, indicates that these would range from 3.1 per cent of 2011 GDP in Saudi Arabia to 4 per cent in Tunisia. Those figures are only indicative, however, and do not include other types of social protection programmes, such as cash transfers or education stipends, which may vary according to country priorities.

In terms of affordability in the short term, countries can be grouped in three categories: first, those with a reasonable fiscal situation, in particular oil-rich countries, which need not focus on enhancing fiscal capacity, but rather on the role and efficiency of social policy; second, those countries with severe fiscal constraints in the short term, coupled with high social protection costs due to demographic pressures such as Egypt, the Syrian Arab Republic and Yemen, which might need external financial assistance; and third, other countries such as Lebanon, Morocco and Tunisia, which can afford a basic social protection package, but should review current expenditures and initiate reforms to increase available domestic resources.

Economic governance: Measure the performance of economic institutions to achieve quality development

Arab uprisings have shown that development and economic growth should not be solely concerned with the creation of wealth, but also with its fair distribution and participation in the decision-making process.

The problems of many Arab economies lie in their structures: stagnating shares of agriculture and manufacturing; a rapidly expanding service sector based mainly on low value-added activities; and a still leading, though rapidly declining, oil

One starting point for many Arab countries will be to reform generalized subsidies in favour of those that target the poor and vulnerable

A more diversified economic structure should be considered to promote inclusive and quality development

sector. This pattern is not sustainable, and has not been conducive to the equitable distribution of benefits.

Oil revenues have supported a service-led pattern of economic development at the expense of the productive sectors, rendering the region the least industrialized among developing regions. Many of the region's economies are turning into increasingly import-oriented, service-based economies. Since the services fall at the low end of the value-added chain, however, they contribute little to the expansion of local knowledge and skills, and lock countries into inferior positions on global markets.

Another important structural dimension involves trade. Since the 1980s, most Arab countries have initiated trade reforms and boosted non-oil exports. But increased market access mostly benefited a handful of existing industries, particularly those linked with petroleum. By and large, the increased intensity of trade did not indicate successful integration into the global economy. Most exports are extracted natural resources, with fuel representing 70 per cent of total exports, and 80 per cent of all merchandise exports by oil-rich countries. Imports, in contrast, are relatively diversified.

Underlying weak trade performance is the weak manufacturing sector. Industry accounts for only 12 per cent of regional GDP, the lowest share among all developing regions. Moreover, it is heavily concentrated in lower value-added petroleum-related products, food, chemicals, rubber and plastic products. These represent nearly 60 per cent of total manufacturing output.

One of the greatest economic challenges that the region faces today, including in terms of MDGs and future development, is its continued lack of progress in creating economies that produce decent jobs, one of the targets under the first MDG. In Arab non-GCC countries, the manufacturing sector accounts for only 10 per cent of GDP and employs 8 per cent of the workforce on average. Since Arab countries have generally favoured urban trading centres and neglected agriculture and rural areas, agriculture only contributes to 7 per cent of GDP, even as it employs 27 per cent of the population.

The mining and utilities sector accounts for some 42 per cent of GDP, but only 2 per cent of employment in the region. In non-GCC countries, which are not oil-rich but are linked

to the oil economy in other ways, mining and utilities accounts for some 31 per cent of GDP, but only for 1 per cent of employment on average, for example.⁴¹

Misalignment between economic development and employment has also been clear in trade policies, which have favoured liberalization while ignoring the local productive capacity and foreign direct investment (FDI) flows. Only 20 per cent of total FDI went to the manufacturing sector, even though it created 55 per cent of all FDI-related jobs. In contrast, 63 per cent of FDI went to real estate and mining, resulting in only 12 per cent of FDI-related jobs.⁴²

The lack of employment in highly productive sectors has left the Arab region with the lowest productivity growth in the world. Aside from the fact that the dominant sectors are mining, agriculture and services, where productivity growth is very limited, Arab countries have not increased public and private investment to boost productivity. The region's weak private sector continues to focus more on efforts "to secure narrow interests than to win concessions for the wider business community".⁴³

Migrant workers are an important element of the Arab labour market. Some countries, especially GCC countries, but also Jordan and Lebanon, have immigration policies that allow low wages for migrant workers, compared to nationals. This encourages the private sector to rely on low-productivity, labour-intensive techniques, since they have a ready supply of cheap labour. Wages remain depressed,⁴⁴ which discourages nationals from seeking employment in the private sector. Many invest the minimum in education to get a job in the expanding and increasingly inefficient public sector. Others emigrate, seeking better opportunities elsewhere. Migrants in some countries now make up the majority of private sector workers, for both businesses and households.

In looking at the post-2015 agenda, a more diversified economic structure should be considered to promote inclusive and quality development. Arab countries should rethink macroeconomic policies accordingly. In particular, policies should seek to expand manufacturing and exports of non-oil commodities. Industrial policies are needed to ensure that industries grow in directions that contribute to transforming economies, including through job creation.

Complementary policy reforms in areas such as trade; investment; science and technology; enterprises (micro-, small- and medium-sized); human-resource training and upgrading; and regional development will be needed.

To a large extent, economic transformation and equitable growth will hinge on revising governance models. Reforms should be centred on moving away from old regime patronage models towards institutions that are democratic, inclusive, effective, pro-business and productive. Specific choices will depend on each country's conditions.

One essential entry point for economic inclusion is the creation of productive employment, which should be a top priority in the post-2015 framework. In most cases, this requires finding solutions to reduce the number of poor workers in the agricultural field by providing more decent employment for them in industry and modern services. This process would entail a renewed commitment to public investment as a core vehicle for rejuvenating growth. Revenues could come in part through reforms in subsidies, as discussed earlier.

An effective approach would include stimulating labour demand, such as by encouraging economic sectors most likely to provide high levels of decent employment. Coherent development strategies should seek to generate decent employment not only in the public sector, but especially in the private sector. Better labour market conditions should also provide greater opportunities for women's employment, given that Arab women have the highest unemployment rates in the world.

Also important is the freedom of workers' associations to engage in social dialogues and collective bargaining. Those are both effective means to stimulate reforms that support inclusive development, and ensure that a fair share of economic benefits accrues to workers, including through mechanisms such as wage-productivity links and minimum wages.

While independent workers' organizations mobilized popular support in some Arab uprisings, trade unions in a number of countries tend to be affiliated with authorities. Greater freedom of association would pave the way for more representative and democratic unions.⁴⁵ Already, the establishment of independent unions in some Arab countries, such as Egypt, Jordan and

Lebanon, shows the desire of many workers to seek representation outside existing organizations.

Integrate subnational and other forms of inequalities into goals and targets

Inequalities in various forms, related to income or in other respects, continue to undermine development achievements and growth, and threaten stability. This issue has attracted wide attention in the post-2015 discussions. Many gaps cannot be quickly addressed, since they are deeply rooted in countries' histories, politics and governance systems. They are visible through the lack of access to services, resources, power, voice and agency, and they include inequalities in wealth and income, assets, opportunities and access to natural resources, among others. Redistributive policies include a variety of measures, such as progressive taxation, social transfers and social expenditure, and national laws and regulations.⁴⁶

While income inequalities in the Arab region appear as relatively moderate according to the Gini coefficient, this measurement does not reflect reality. Surveys reporting large and growing differences in household expenditures suggest a different picture. In many countries, income as reported by surveys is less than half of income estimated by national accounts. Measures of inequality should, therefore, be more reliable and account for actual disparities, which requires improving sampling methods in surveys to better capture the top rich, as highlighted under goal 1 in part 1 of the report. Also the ratio of income of the poorest to the richest could serve as a simple and easy indicator of inequality rather than the complex Gini coefficient. In addition, countries should improve statistical systems to obtain reliable data on wealth and property registration, which will shed light on inequality in assets holding.

Current MDG monitoring is done on the national, regional and global levels, which conceals inequalities at subnational levels and other forms of inequalities. When data are broken down – such as by rich and poor, urban and rural areas, age, disability, ethnic group, gender, etc. – MDG indicators often reveal that some groups are lagging far behind others. Based on limited available data, a recent ESCWA study of the Arab region shed light on multiple polarizations at the regional, national, city and intercity levels. It called for stronger efforts to address these.⁴⁷

Measures of inequality should, therefore, be more reliable and account for actual disparities

One proposed measure is to have a country target on income inequality taking into account the entire population, including top earners, which are not effectively captured by the Gini coefficient. A more effective measure is the ratio of the share of top and bottom quintiles in income/expenditure. This will require extensive disaggregated data at the country level, covering different categories such as ethnicity, geography, gender and age.⁴⁸

Emphasize gender equality and women's empowerment

The Arab region faces major challenges when it comes to achieving gender equality. Despite impressive progress towards gender parity in primary, secondary and tertiary education, women's participation in the labour force is the lowest of all world regions. Women's participation in parliaments is also far behind their participation in the rest of the world: some countries still lack even a single woman legislator. With very little data disaggregated by gender, development policies that use existing statistics can mostly be considered "gender blind",⁴⁹ overlooking women's needs and lacking effectiveness.

While MDGs shed light on some serious gender equality concerns, they have had a limited impact in the region. A post-2015 agenda should move beyond numeric indicators to prioritize the quality of life of men and women, and their personal freedoms. Such a qualitative approach could, for instance, reinforce gender equality across the life cycle, particularly in the early stages of education, which can have a direct impact in helping boys and girls equally value the contributions of men and women to society. Later on, this new perspective could support women's ability to access employment.⁵⁰

The post-2015 agenda should reflect the fact that gender equality is not just about bettering the quality of the lives of women, who represent half of the world's population. Gender equality accelerates development and improves the lives of all people. For example, raising the education level of mothers in LDCs would help in reducing child mortality in those countries as well as across the region. Women can also be powerful drivers of economic growth. Raising women's labour participation rates to the same level as men's could boost GDP by 20 per cent in the Middle East and North Africa (MENA) region, which would

translate into improving annual per capita GDP by US\$770. The United Arab Emirates could see a GDP growth of 12 per cent, and Egypt of 34 per cent.⁵¹

Countries should empower all women and girls, including women with disabilities and those living with HIV. Development programmes should ensure that they reach all those in need, including marginalized women and men. Efforts to combat gender-based violence, which also enhance women's access to integrated reproductive health and HIV services, should be strengthened. In addition, the economic empowerment of marginalized women is a critical element of an effective and broad sustainable development.

In general, a post-2015 agenda should put forward concrete goals and targets to establish real equality. For instance, statistics capture women in paid work, but they do not offer a complete picture of their economic contribution, especially concerning unpaid household work. Ensuring that women participate at all levels of policymaking related to economics, poverty alleviation and other development issues should also be an explicit aim.

Integrate environmental concerns into development agendas

The vulnerability of food, water and energy resources threatens long-term development in the region and further exacerbates poverty. This vulnerability is exacerbated by the cumulative impacts of a changing climate, shrinking energy and water reserves, and challenges to food security.

The concept of sustainability has gained momentum in the run-up to the post-2015 discussions. In 2012, the Rio+20 participants agreed that economic, social and environmental issues are interrelated and, along with social justice, fairness and equity, are central to sustainable development.

Sustainability is frequently considered when discussing the environment; however it should be applied more broadly to cover all aspects of development. Economic growth, agricultural production, industrial development and manufacturing, and access to food and social services: all need to be approached from that perspective. Growth, accompanied by high and rising inequality, is not sustainable, nor is increased agricultural production that relies on a rapidly reducing forest cover or the depletion of

A post-2015 agenda should move beyond numeric indicators to prioritize the quality of life of men and women, and their personal freedoms

aquifers. Similarly, intensive fishing and marine pollution exert a mounting pressure on countries in the Arab region, which should maintain their fish stocks and keep them within safe biological limit. Overfishing threatens the income source of coastal communities as well as national economies that are mainly dependent on fishing; it also renders the communities that depend on fish as their main source of protein vulnerable.⁵²

In the Arab region, economic growth, driven primarily by the extraction of natural resources such as oil and natural gas, has been intensive in terms of carbon emissions that lead to climate change. This phenomenon will only exacerbate the underlying challenges of resource scarcity and expanding consumption. The risks and opportunities associated with climate change are now emerging within the development discourse in the region, with a focus on adaptation as an inevitable strategic option and new clean-energy policies to set the stage for future low-carbon economies.

Sustainable production and consumption patterns are main issues of discussion in the region in the context of green economy initiatives. Arab countries should consider a new model for development in response to sustainability challenges, supported by new and more equitable values and institutions.⁵³ Responses to these challenges should be drawn from sustainability links and relationships between social, economic and environmental policies.

Incorporating sustainability into the broad development framework is not easy. In addition to practical challenges of measurement, there are also political issues of consensus between developing and developed countries. The dependency on fossil fuels for economic growth continues to increase total regional emissions, as it had done historically for today's developed countries. Equity, growth and environmental sustainability are not necessarily mutually reinforcing; there are trade-offs and policy choices to be made.

In forging the post-2015 agenda, however, there is an opportunity to build in sustainability, which was not evident in the MDG framework. Not all areas require hard trade-offs. Some immediate entry points could be those that offer multiple benefits, such as better health as a result of reduced pollution. A starting point could be to assess national economic, social and environmental

policies in terms of whether they contribute to, or detract from, equality and sustainability.

Revisit goal 8: New regional partnerships for development

Changing the course of development in the Arab region will require political will and financing for reforms. Popular movements have galvanized political commitment to change. International and regional support can help to mitigate the negative effects of economic recession in some Arab countries. As for reaping the benefits of financing, the story is mixed in the region.

Middle-income countries such as Egypt, Morocco and Tunisia, as well as LDCs, particularly the Sudan and Yemen, confront a lack of fiscal space.⁵⁴ The latter also struggle with difficulties in effectively spending funds for development. Given these factors, on top of the complexity of political transition and conflict, policy reforms at the country level alone may not suffice to ignite inclusive development. Regional and global donors should stand by commitments to countries undertaking major reforms.

The eighth MDG called for a “global partnership for development,” with six targets, and indicators including on ODA.⁵⁵ The goal is often criticized for being poorly defined, and although one aim was to link it to the other seven goals, in reality, it does not specifically relate to these. A United Nations MDG Gap Task Force created in 2007 observed that progress under MDG 8 has been uneven and difficult to assess at a global level.

MDGs were agreed in 2000: the global and regional environments for partnership have changed drastically since then. There is a growing demand for human rights, democracy and participation. Regionalism and plurilateralism have increased through regional agreements. The global community has dealt with multiple crises. With the rise of the global South, richer Western countries no longer monopolize international development.

It is clear that aid money will not be enough to achieve MDGs. Other resources are needed, such as increased domestic resource mobilization through taxation, especially in middle-income countries.⁵⁶ The role of the private sector in achieving development goals is also becoming increasingly important and complementary to that of the public sector.

Arab countries should consider a new model for development in response to sustainability challenges, supported by new and more equitable values and institutions

Since Arab ODA is extremely important and powerful, it could be coordinated in a more efficient way, with stronger monitoring and oversight, and greater transparency

Where aid money has been provided, it has consistently fallen short of the commitment by donor countries to disburse 0.7 per cent of their GNI as ODA, as highlighted under goal 8 in part 1 of the report. Recent declines in foreign assistance may be linked to financial and economic crises in donor countries, coupled with aid fatigue following several natural disasters and conflicts.

Arab donors have been more generous to the Arab world, but their share of ODA to GNI has also been declining (see goal 8 in part 1). A few Arab donor countries have established national development funds, such as the Kuwait Fund for Arab Economic Development (KFAED), the Saudi Fund for Development (SFD) and the Abu Dhabi Fund for Development (ADFD).⁵⁷ But more could be done. If GCC countries provided 0.7 per cent of their GNI to international aid, especially to Arab LDCs, this would amount to an additional US\$9.8 billion per year.

Looking beyond 2015, a new partnership should bring together diverse actors in the service of inclusive development, including Governments, the private sector, non-governmental organizations, youth and women's groups, religious organizations, international and regional organizations and foundations. These partnerships should be forged with mutual respect, and based on transparency and good governance with adequate monitoring.

Some Arab donor countries are establishing development agencies, such as the United Arab Emirates' Office for the Coordination of Foreign Aid. The foreign aid activities of Qatar are not well known. For the most part, Arab ODA is untied and Arab donors are not present in recipient countries to monitor it, raising the risks of mismanagement. Since Arab ODA is extremely important and powerful, it could be coordinated in a more efficient way, with stronger monitoring and oversight, and greater transparency. One way to avoid mismanagement is to have regular evaluations and impact assessments.

As a way forward, a review of Arab donors should be undertaken, possibly towards coordinating efforts to finance national development plans in the region, and to develop systems to increase transparency and accountability. The recently released United Nations report on a new global partnership, by the High-Level Panel of Eminent Persons on the Post-2015 Development Agenda,

also argues that people should see how taxes, aid and revenues are spent.

Improve statistics to capture development realities

Expanding the measurement of development progress should be a top priority of the post-2015 agenda. In many cases, it requires strengthening national statistical systems. While MDGs have helped move these beyond measuring GDP alone, the goals have only quantitative targets, so there has been less progress in assessing the quality of achievements. Within the numerical targets, a key concern is the reliance on the international fixed poverty line of US\$1.25, which may not be appropriate for many developing countries, including those of the Arab region. In addition, statistical systems should be strengthened in order to collect and analyse disaggregated data at subnational levels, as discussed previously.

A post-2015 agenda should explicitly recognize the importance of developing the capacities of national statistical systems to measure and monitor the quality of services, and propose a more reliable approach to measuring poverty.

Monitor the quality of services, not just the level of development

Non-income related deprivations, such as a poor quality of education and inadequate healthcare, have remained persistent over the past decades in many parts of the region. MDGs were mainly focused on increasing or decreasing numbers, such as the number of students enrolled in primary school. But number increases do not necessarily entail quality learning or daily attendance. The gap in quality is apparent when considering that, outside enrolment, Arab education achievements remain low against international standards, and most youth are poorly prepared for the labour market.⁵⁸

In the health sector, MDGs focused on a few issues, without capturing systemic health-care shortfalls. Not only large sections of Arab populations are not covered by any health-care system, but out-of-pocket payments have risen to over 50 per cent of total health expenditure, further reducing access for the poor. The quality and relevance of health care have suffered. Health systems are fragmented and need better management, guided by clear government

priorities to mobilize and allocate resources for more accessible and higher quality care.⁵⁹

Providing access to water, an aim of MDGs, is another example of how quantitative targets are insufficient if not completed with qualitative ones, such as monitoring the quality of the water and the cycle of water management. In many Arab cities, the unregulated disposal of wastewater degrades water resources and coastal ecosystems, and can contaminate urban water supplies, leading to significant health effects. The Arab Ministerial Water Council and the Arab Economic, Social and Development Summit, held in January 2011, both recognized the importance of monitoring the quality of water and sanitation services, and mandated ESCWA to develop a set of regional indicators for that purpose.⁶⁰

The quality of services that affect development should be firmly incorporated in the post-2015 agenda. One way to move ahead is to focus on the outcomes of learning or health interventions.⁶¹ Public services, such as water supply, could have inbuilt quality indicators to measure progress. If governance goals are included in the post-2015 agenda, the quality of institutions should also be measured.

Develop means to monitor poverty and inequality suited for the Arab region, as well as mechanisms to improve access to data and statistics

Money-metric indicators of poverty are a powerful tool to track human deprivation. However, since there is a wide range of definitions, theories and methodologies, poverty experts often do not agree

on answers to basic questions such as: how many poor people are there in the world today? Have developing countries been successful in reducing poverty?

Choosing an appropriate poverty line is a crucial prerequisite for using money-metric indicators. A poverty line can be held constant over time and across countries, as has been the practice with, for example, the World Bank's US\$1 per day per person PPP poverty line. But PPPs do not equate purchasing power across countries. The cost of the same goods and services will generally be higher in richer countries even in PPP terms. In that case, no fixed poverty line can serve as a reliable measure of poverty outside the poorest countries.

The World Bank's basic idea of relying on national poverty lines to construct a globally comparable poverty measure is valid. A more sensible approach, however, would relate the poverty line to changes in the standard of living between countries. It should be based on well-established relationships between national poverty lines and average per capita expenditure (in 2005 PPP) across all developing countries.

The post-2015 era should also consider poverty holistically, taking into account multiple perspectives. There have been some attempts already, such as the multidimensional poverty index, but it is restricted to human development dimensions, which makes it too narrow. Other attempts include measuring child poverty, such as multiple overlapping deprivation analysis. There is also a need to look at poverty at the intra-household level to capture gender differences in access to assets and inheritance rights, since these are important indicators of human capabilities.

The quality of services that affect development should be firmly incorporated in the post-2015 agenda

Annex

Technical Notes

Data coverage

The 22 Arab countries (see below) were included in the report. The main database was an aggregate of data from many sources. The primary data source is the official United Nations site for MDG indicators (<http://mdgs.un.org>). Missing data were compiled from United Nations specialized agencies. National MDG reports provided some data points when the indicator definition was consistent and the time series was in harmony with the main database. Finally, World Development Indicators of the World Bank provided data when their time series fitted the database trend and when the indicator definition matched. Data covered the period from 1990 to 2012; however for the last two years data points were rather scarce due to time lags before the publication of data.

Choice of indicators for further analysis

Indicators used for analysis were the ones that have at least one data point in the 1990s (base year) and at least one in the 2000s (last year) for Arab countries. A five years difference at least was observed between the base year and the last year. The first data point was used as a proxy of the 1990 baseline and the last one available in the 2000s was used as a proxy of the current status. Education indicators were an exception whereby the baseline year was 1999, because of more data availability. It is noteworthy that the Millennium Development Goals Report 2012 also presents 1999 as the base year for education indicators. Even in education indicators, the minimum five years difference between the base year and the last year was well observed.

Subregional groupings

The 22 Arab countries are: Algeria, Bahrain, the Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, the Sudan, the Syrian Arab Republic, Tunisia, the United Arab Emirates and Yemen.

Subregions were determined according to similarities in their characteristics and in concordance with the previous Arab MDG reports.

- Mashreq: Egypt, Iraq, Jordan, Lebanon, Palestine and the Syrian Arab Republic
- Maghreb: Algeria, Libya, Morocco and Tunisia
- The Cooperation Council for the Arab States of the Gulf (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- Least Developed Countries (LDCs): the Comoros, Djibouti, Mauritania, Somalia, the Sudan and Yemen

Subregional and regional averages

Subregional and regional indicators were calculated for the two time periods, the earliest in 1990s and the latest in the 2000s. Countries were grouped into the subregions described above, indicators were weighted by the corresponding weighting factor specified in the UNSD metadata for MDG indicators (<http://mdgs.un.org/unsd/mdg/PrintableMetadata.aspx>).

The only exception was for the indicator 'Seats held by women in national parliament' weighted by 'total population' instead of 'total number of seats filled in single or lower chambers of parliament' (specified in the metadata); total population is a more relevant weighting factor because members in the parliament represent the whole population.

Two conditions had to be met for the calculation of the subregional average for any indicator: first, 50 per cent of the subregion's population had to be represented for both years; second, half the countries of the subregions had to be represented for both years.

Regional average was also calculated for the Arab region as a whole using the same weighting factors specified in the UNSD metadata, as mentioned previously.

Regression-based poverty lines

A central question is whether fixing a poverty line across countries would lead to a meaningful comparison. The World Bank uses fixed poverty lines across the globe, derived on the basis of the national poverty lines of the poorest countries. The latest revised poverty line of US\$1.25 is estimated based on the national poverty lines of the 15 poorest countries.⁶² Critics have pointed to flaws in such fixed lines, which could be due to the choice of rock-bottom norms of expenditure, unrealistically applied to the entire world; the use of PPP for poverty measurements, which was originally intended for comparing aggregates of national accounts; a combination of food and non-food components in the poverty line without a consistent consumer theory; and the fact that national poverty lines of the poorest countries could be understated or overstated due to political reasons.⁶³

An appropriate poverty line should be based on the development level of the country presented by the per capita consumption expenditure (PCE), not fixed on the basis of the national poverty lines of the poorest countries. New regression-based poverty lines (RPLs) were estimated by aligning the national poverty line for developing regions on the average PCE based on 2005 PPP.⁶⁴

For the Arab region, Latin America, sub-Saharan Africa and South Asia in the 1990s, the

estimated RPLs are within close range of the national poverty lines. RPLs and poverty line/PCE ratios are least consistent with the national poverty lines in East Asia and the Pacific. This could be attributed to the fact that some countries such as China tend to significantly underestimate the national poverty line. RPLs for sub-Saharan Africa are close to the World Bank US\$1.25 line, but they are significantly higher for developing regions as a whole. The exercise thus concludes that US\$1.25 is a benchmark far too low for global poverty measurement. It also indicates the need to use a variable poverty line over time, even if some common yardstick to compare poverty across countries is required.

The MDG achievement Index

The MDG achievement Index (MDGI) measures the gap between the latest observed value and the expected value for the same year if the indicator was on the right path to meet the required target in 2015. It gives the percentage deviation of MDGs from the required targets for selected indicators and countries (selection criteria are detailed below).

Every goal was selected based on whether it had a quantifiable target; two indicators were chosen to represent the goal in the index calculations. This resulted in the following 12 indicators:

Goal	Indicator	Target	Cut-off for base year
Goal 1: Eradicating extreme poverty and hunger	Children under the age of five moderately or severely underweight, percentage	Halve	less than or equal to 5 per cent
	Population undernourished, percentage	Halve	less than or equal to 5 per cent
Goal 2: Achieving universal primary education	Total net enrolment ratio in primary education, both sexes	100 per cent	above or equal to 95 per cent
	Literacy rates of 15-24 years old, both sexes, percentage	100 per cent	above or equal to 98 per cent
Goal 3: Promoting gender equality and empowering women	Gender Parity Index in primary level enrolment	1.0	above or equal to 0.9
	Gender Parity Index in secondary level enrolment	1.0	above or equal to 0.9
Goal 4: Reducing child mortality rates	Children under five mortality rate per 1,000 live births	Reduce by 2/3	less or equal to 18
	Infant mortality rate (0-1 year) per 1,000 live births	Reduce by 2/3	less or equal to 14
Goal 5: Improving maternal health	Maternal mortality ratio per 100,000 live births	Reduce by 3/4	less or equal to 31
	Births attended by skilled health personnel, percentage	Fill 3/4 of the gap to reach 100 per cent	above or equal to 95 per cent
Goal 7: Ensuring environmental sustainability	Proportion of the population not using improved drinking water sources, total	Halve the people who do not have access to improved drinking water sources	less than or equal to 2 per cent
	Proportion of the population not using improved sanitation facilities, total	Halve the people who are not using improved sanitation facilities	less than or equal to 6 per cent

Countries included in index calculations are those that have data for 7 or more indicators of the 12 chosen indicators. If a country had attained the cut-off limit for an indicator in 1990, then this indicator is excluded from the index calculations. This condition resulted in excluding Bahrain, Kuwait, Lebanon, Libya, Qatar and United Arab Emirates from index calculations.

Cut-off points are the limit to include a country in the MDG index calculations and they were chosen based on the level of developed countries in 1990 with a 20 per cent margin (data from the Statistical Annex of the MDG report 2012). Data on the indicator ‘Children under five moderately or severely underweight’ were not reported for developed regions, thus the use of a 5 per cent cut-off point similar to ‘undernourished population’. Employment indicators are not included as part of this index due to the fact that there is no specific numerical target.

The final resulting matrix included 192 cells (16 countries multiplied by 12 indicators), 30 cells were labelled as ‘achieved in 1990’ and 7 cells had ‘no data’, and thus the MDG index was based on 155 cells.

Index calculation

The index was calculated for every country indicator selected, given that the value was available and applicable to MDG targets. The calculations are described in the table below.

Formulae

$$e = b / 2$$

$$f = (e - b) / (2015 - a)$$

$$g = (b + f(c - a))$$

$$h = (g - d) / g$$

For Arab countries, the base year was not necessarily 1990, but it was the first year available, except for education data (explained above). The last year was the last year available in the period of the 2000s.

The ideal rate of yearly changes was based on the assumption of the linearity of indicators.

The index is the percentage deviation of the observed value of a certain indicator from the

year-specific target for an indicator. However, in certain occasions, the resulting index was less than -100 per cent, thus we assumed it to be equal to -100 per cent for statistical purposes. Decimal figures were rounded in the index calculation, for example a value of -0.02 was rounded to -1 per cent and a value of 0.02 was rounded to +1 per cent.

The index was split into seven categories based on how close the country came to the year-specific target for an indicator. These are:

- 45 to 100 per cent above the target
- 20 to 45 per cent above the target
- 1 to 20 per cent above the target
- -1 to -20 per cent below the target
- -20 to -45 per cent below the target
- -45 to -100 per cent below the target
- over -100 per cent below the target

The MDG index for the Arab region was calculated by weighting achievement indices with the size of each country’s population.

The average MDGs successes (or shortfalls) indicate the extent to which the results are above (or below) required targets. Average MDG successes are computed by weighted average of MDG achievement indexes for the indicators that are above the required target, the weights being a number of indicators relative to total indicators. The average MDGs shortfalls are calculated similarly. The average of successes and shortfalls gives the average MDGI, which indicates the overall percentage deviation of MDGs from the required target for a country or a region.

MDGI was also calculated for developing regions from data extracted from the statistical annex of the Millennium Development Goals Report 2012 (http://mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2012/StatAnnex_Final.doc). The index calculation for developing regions relied on the same indicators. It is important to indicate that the baseline year for those indicators is 1990 and the last year is 2010, consistently. Consequently, the comparison between the Arab region and developing regions should be interpreted carefully.

	a	b	c	d	e	f	g	h
Underweight children	Base year	Base value	Last year	Last value	MDG target 2015	Ideal rate of yearly change	Target last year	Achievement index
Country X	1991	10.5	2008	6.8	5.25	-0.22	6.78	-0.28
Country Y	1992	9.2	2005	3.7	4.6	-0.2	6.60	43.94

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Endnotes

Overview

¹ The grouping of Arab countries most commonly applied in the report is based on their geographic location and level of development. See the annex for subregional groupings.

² See the annex for details on the methodology applied to calculate regional and subregional averages, and on data sources. Unfortunately, international databases are not able to capture the impacts of the latest political situation for the majority of Arab countries, as most statistics report achievements up to 2010. This report uses up-to-date information from national sources and other independent sources, where relevant, and complements international databases to provide a realistic assessment of MDGs in the Arab region after 2010.

Part I

¹ Regional and subregional estimates include countries for which data were available both in 1990 and 2012. Taking into account additional countries such as Iraq and the Sudan, the incidence of extreme poverty increases to 8.2 per cent in the region.

² Based on Nasser et al., 2013.

³ Abu-Ismaïl et al., 2012.

⁴ United Nations and League of Arab States, 2010.

⁵ UNDP, 2011a.

⁶ See annex for details.

⁷ UNDP, 2011d.

⁸ United Nations and League of Arab States, 2010.

⁹ World Bank, 2013b.

¹⁰ UNDP, 2011a.

¹¹ Household final consumption expenditure, derived from national accounts data, includes expenditure on all goods and services purchased by households. It excludes purchases of dwellings but includes imputed rent for owner-occupied dwellings, payments and permit and licence fees. Here, it also includes the expenditures of non-profit institutions serving households (World Bank, 2013b).

¹² UNDP, 2011d.

¹³ ILO and UNDP, 2012.

¹⁴ ESCWA, 2012b.

¹⁵ The employment-to-population ratio is the proportion of a country's working-age population that is employed. It shows to what extent the economy is able to provide employment to its people. It usually falls between 50-75 per cent. A lower number indicates that a large share of the population is not working and a higher one that more people are working.

¹⁶ National data in GCC countries, such as Qatar and Saudi Arabia (State of Qatar, Statistics Authority, 2013; Kingdom of Saudi Arabia, Ministry of Social Affairs, 2013), differ from ILO data on this indicator. That might be due to the fact that national data are restricted to citizens of the country and do not take into account migrant populations.

¹⁷ See ILO and UNDP, 2012; UNDP, 2011a.

¹⁸ ILO and UNDP, 2012; Achy, 2010.

¹⁹ This regional trend is similar to what ILO is predicting in its latest report (ILO, 2013)

²⁰ ILO, 2012a.

²¹ ILO, 2013.

²² Montenegro and Hirn, 2009.

²³ In the Arab region, a worker is considered poor if his/her income from employment is not high enough to secure per capita consumption for him/her and his/her family of US\$2 per day or more (ILO and UNDP, 2012).

⁸² UNEP et al., 2011.

⁸³ The first year for which data on Arab countries was available is 1995.

⁸⁴ An improved drinking-water source is defined as one that, by the nature of its construction or through active intervention, is protected from outside contamination, particularly from contamination with fecal matter (<http://www.wssinfo.org/definitions-methods/introduction/>).

⁸⁵ An improved sanitation facility is one that hygienically separates human excreta from human contact.

⁸⁶ UNHABITAT, 2007 defines a slum household as a group of individuals living under the same roof in an urban area who lack one or more of the following: durable housing of a permanent nature that protects against extreme climate conditions; sufficient living space, which means not more than three people sharing the same room; easy access to safe water in sufficient amounts at an affordable price; access to adequate sanitation in the form of a private or public toilet shared by a reasonable number of people; and/or security of tenure that prevents forced evictions.

⁸⁷ Arab WTO member countries are: Bahrain, Djibouti, Egypt, Jordan, Kuwait, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Tunisia and United Arab Emirates. Eight other countries have observer status and are in negotiations: Algeria, the Comoros, Iraq, Lebanon, Libya, the Sudan, the Syrian Arab Republic and Yemen. Palestine is an observer.

⁸⁸ Note that the figures 1-50 and 1-51 consider tariffs in terms of averages, which hides the effect of any form of tariff protection, such as tariff peaks and escalation. Tariff peaks refer to applying extremely high tariffs on selected products, while tariff escalation is the method of imposing low tariffs on raw material goods and progressively increasing tariff levels for semi-processed goods until reaching high tariff levels on finished goods. Tariff peaks are most prevalent for agricultural and food products, while tariff escalation is mostly common in agro-industrial products and textiles.

⁸⁹ IMF, 2012b.

⁹⁰ World Bank, 2013a.

⁹¹ ESCWA, forthcoming.

⁹² IMF, 2012a.

⁹³ ESCWA, forthcoming.

⁹⁴ Dubai School of Government, 2012.

⁹⁵ UNDP, 2011a.

⁹⁶ Ibid.

⁹⁷ The further question of human development in the context of social unrest has been addressed in recent scholarly work, such as Kuhn, 2012; Campante and Chor, 2012.

Part II

¹ United Nations, 2011.

² United Nations System Task Team on the Post-2015 United Nations Development Agenda, 2012b.

³ United Nations Regional Commissions, forthcoming.

⁴ Fukuda-Parr, 2012.

⁵ DESA, 2012.

⁶ ESCWA, 2010a.

⁷ Acemglu and Robinson, 2012.

⁸ The following section draws on observations from the United Nations Regional Commissions, forthcoming; UNDP, 2011a; and UNDG for Arab States/MENA, 2011, which identified the following six priority areas for development: youth as a positive force for change; employment and decent work, especially for youth; governance and socioeconomic inequalities; food and climate change; gender equality; and human rights.

⁹ UNDP, 2011a.

¹⁰ OECD, 2011.

¹¹ ESCWA, 2011h.

¹² ILO and UNDP, 2012; Campante and Chor, 2012.

¹³ Governance here implies political/democratic governance, including democracy (elections, participation and accountability) and institutional effectiveness (transparency and inclusiveness).

¹⁴ UNDP, 2002.

¹⁵ UNDP, 2011a.

The Arab region has made impressive progress towards many Millennium Development Goals (MDGs), particularly in education. Achievements, however, were uneven. There are still major deficits in targets related to hunger, infant and maternal mortality, and access to water. There are also major inequalities between and within Arab countries.

Lessons from the Arab region could be one of the reference points as the world prepares for a post-2015 development agenda. The fact that some of the countries caught in the recent wave of political instability were also among the region's leading MDG achievers raises important questions about critical issues that have been overlooked by the MDG framework. To better capture the aspirations of the people of the region, the report argues that the post-2015 development framework should have, at its core, pillars that promote good governance. It should also emphasize the *quality*, not just the *quantity* of development, empower women and reduce inequalities to foster development for all.



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