

INTEGRATED SOCIAL POLICY VISIONS AND STRATEGIES IN THE ESCWA REGION.

Report III



ESCWA

United Nations Economic and Social Commission for Western Asia

ACKNOWLEDGEMENTS

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PREFACE

Since the beginning of 2002, the Economic and Social Commission for Western Asia (ESCWA) has focused on the issue of integrated social policies and the intertwined dimensions of social and economic development. The series of reports produced by ESCWA in this respect aim to assist member countries in identifying the characteristics and mechanisms required for the design, implementation, coordination and evaluation of integrated social policies. The Integrated Social Policy Report: Visions and Strategies in the ESCWA region, builds on two previous ESCWA reports, namely: the first issue of the Integrated Social Policy Report, which laid out the overarching social picture in the region; and the second issue, which developed the approach and framework for mainstreaming social concerns throughout Government policy. This third issue examines the social priorities, as set forth in the national development strategies and vision statements of ESCWA member countries, with a focus on challenges and policy proposals aimed at dealing with them.

In that light, this report presents a comprehensive overview of how social policy is envisioned in the ESCWA region and how it is integrated into the broader context of economic and social development. The report ponders important questions relating to the current development development trajectories in ESCWA member countries, namely, how national development strategies address fundamental concerns with regard to equity, equality and balanced development; and how they tackle issues relating to poverty reduction and risk mitigation. The analysis revisits the way social and economic structures shape the institutions which govern social policy, as well as the importance of values and traditions in the manner with which societies organize roles and responsibilities across societal actors. It further reiterates the need to make social development an explicit goal of public policy along traditional public policy goals relating to economic expansion and growth.

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EXECUTIVE SUMMARY

Building on the previous two integrated social policy reports by the Economic and Social Commission for Western Asia (ESCWA), this third issue focuses on the policy priorities of ESCWA member countries and the measures they propose in order to deal with the socio-economic challenges facing the region. This report presents the visions and approaches to social development by Governments in the region, analyses their strengths and draws attention to potential ways forward.

The report begins with an analytical framework comprising three key elements, namely: (a) social protection (poverty alleviation and risk mitigation); (b) investment in people (access to health, education and employment opportunities); and (c) the wider policy context (including, for example, macroeconomic policy, economic growth and governance).

Chapter II investigates the socio-economic challenges facing the region. Specifically, it underlines that the countries could vest more resources into expanding the social security systems to the entire population and offering more equitable chances in the areas of health, employment and education with a view to broadening the economic base for development.

A comprehensive review of social values espoused in the strategies of individual member countries reveals a high focus on the importance of stability, human rights and traditional values. Chapter III highlights the main social objectives of ESCWA member countries. Analysing how countries in the ESCWA region navigate through the complex interconnection of the different social policy areas, the report sets out how countries respond to the challenges in the areas of social protection, investing in

people and creating an enabling environment for social development. While social issues are clearly a growing concern for the majority of countries, they are not always clearly integrated into the broader policy framework, as described in chapter IV.

Chapter V turns to the actors involved in social policy. The report argues that the distribution of roles and responsibilities between the State, the market and civil society is undergoing radical transformations. Growing expectations are directed towards an active involvement of the private sector in the economic as well as social fields. Chapter VI presents the concluding remarks, underlines the main challenges facing policymakers and proposes ways forward in order to enhance the effectiveness and fairness of social policy in the ESCWA region.

The study of the national strategies and visions of ESCWA member countries leads to a number of conclusions, namely: (a) the evidence presented suggests clear patterns of engagement of ESCWA member countries with different dimensions of social policy and ongoing efforts aimed at identifying gaps and remedies at various levels; (b) the analysis suggests region-specific changes in the distribution of roles and responsibilities across the social institutions of the State, the market and civil society; and (c) three clusters of challenges emerge as being critical for the future development of the region, including cross-sectoral partnerships, equitable allocation of resources and redistribution, and the overarching challenge of inclusive growth. This report makes a compelling case that synchronizing these different levers of change will essentially determine the future developmental trajectories of the ESCWA region going forward.

INTRODUCTION



INTRODUCTION



All the countries in the Economic and Social Commission for Western Asia (ESCWA) region aspire to stability, security and increased prosperity. All see social policy as a desirable and necessary element in achieving balanced human and economic development. They emphasize the public responsibility for the common good and strive to reconcile different and diverse needs across all parts of society against scarce resources.

Additionally, all ESCWA member countries reconfirmed their commitment to social security as a human right in 2004 when the League of Arab States formulated and accepted the Arab Declaration of Human Rights.¹ Since then, various Arab summits have reiterated commitment to human rights and social objectives, most notably the Arab Economic, Social and Development Summit (Kuwait, 19-20 January 2009), which turned the spotlight on poverty alleviation as a matter of pressing concern.

Countries in the ESCWA region are facing diverse challenges and are endowed with fundamentally different capacities and capabilities to confront them. However, the diversity of the region in itself is also an advantage given the complementarities and the significant potential for synergies that can work out well for the development of the region and of its member countries.

People in the region are trying their best to utilize this diversity. Regional migration is an important source of income and an opportunity for the exchange of best practices and expertise. Remittances form a significant share of gross domestic product (GDP) and often constitute a sort of informal safety net for the poor segments of the population. Economic integration opens further opportunities for development: intra-Arab trade tripled between 2000 and 2005,² and intraregional foreign direct investment (FDI) increased substantially since the beginning of the decade.³

People constantly strive to improve the lives of their families and communities. However, there are a number of risks that are often beyond the control of individuals, including, for example, sudden illness or injury, the death of a family member, old age or unemployment. Moreover, civil unrest, conflicts or wars are unfortunate and sad realities that can change the direction for many and bar the chance for a normal and secure life.

This report investigates the ways in which ESCWA member countries aim to develop the human potential of their people, which is the most important factor for development, on the basis of economic, social and political rights.⁴ Additionally, it highlights the systems created by member countries aimed at assisting people in order to mitigate such risks and alleviate poverty.

¹ See the Council of the League of Arab States, *Arab Charter on Human Rights* (2004), Article 30, which came into force in 2008.

² Hertog, S. 2007. The GCC and Arab economic integration: A new paradigm. *Middle East Policy*. 14(1): 55.

³ Between 2002 and 2006, the countries of the Gulf Cooperation Council (GCC) invested approximately US\$60 billion in the Middle East and North Africa. See the World Bank, Middle East and North Africa Region, 2008, *Economic Developments and Prospects: Regional Integration for Global Competitiveness*, p. 33.

⁴ In the context of the United Nations, these are understood as individual, guaranteed, non-personal and justifiable rights independent of birth, wealth, gender, status or other ascribed characteristics.

With that perspective, the current report builds on the previous two integrated social policy reports by ESCWA, which laid out the overarching social picture in the region⁵ and developed the approach and framework for mainstreaming social concerns throughout Government policy.⁶ Specifically, this third issue examines the social priorities, as set forth in the national development strategies and vision statements of ESCWA member countries. The purpose is to delineate the main challenges encountered and the policy proposals to deal with them. The analysis provides an overview of how social policy is envisioned in the ESCWA region and how it is integrated into the broader context of economic and social development.

The report is structured as follows:

- (a) Chapter I presents a broad research on social policy within a development context. It derives the concepts from the literature on social security systems and welfare regimes across the world, and specifies the units of analysis used while studying the policy documents;
- (b) Chapter II offers an overview of the main social and development challenges in the region, highlighting the dynamic and interconnected nature of policy areas forming the social policy domain;
- (c) Chapter III summarizes the main values that are guiding the policymaking process as well as the development objectives laid down in the strategy documents;
- (d) Chapter IV focuses on selected social policy issues (for example health and education), and discusses whether and how national strategies address these issues;
- (e) Chapter V looks at how member countries envisage the distribution of roles and responsibilities across such social institutions as the State, the market and the family or the civil society sector;
- (f) Chapter VI presents the concluding remarks, underscoring the overarching issues.

Across the various chapters, discussions are generally organized around three dimensions of analysis or foci, namely: (a) the wider policy context, including, for example, macroeconomic policy, the quality of economic growth and governance issues, which are known to influence significantly the direction and the content of social policy; (b) policy areas relating to investing in people in a broad sense, including access to health, education and employment opportunities; and (c) policy areas that have traditionally formed the core of social policy in the narrow conception, including risk mitigation and poverty alleviation.⁷

It is important to note that the documents consulted in the preparation of this report were not homogenous and exhibited diversity in terms of content and coverage (see box 1). While some ESCWA members have laid out their aspirations in national development plans (for example, Egypt, Iraq, Palestine and Saudi Arabia) or in multi-year strategic plans (for example, the Sudan and Syrian Arab Republic), others have formulated national strategic or economic visions (for example, Bahrain, Oman, Qatar and Yemen). Moreover, some of the documents were much more elaborate than others (for example, Egypt, Iraq, Saudi Arabia and the Sudan). In some cases, only excerpts or special purpose documents were obtained, which comprised the main highlights of Government strategy as in the case of the United Arab Emirates; a draft of a development plan as in the case of Kuwait;⁸ or a progress report and social action plan as in the case of Lebanon.⁹

By definition, visions are transformation oriented. They outline ambitious plans and roadmaps for political, economic and social reforms, responding to people's aspirations of keeping abreast with the spirit of modern age and of leading more prosperous lives. Visions are intended to unite people and voice both their concerns and consensus on directions in which they wish to grow. Visions and longer-term strategies are crafted to be inspirational and to illuminate fundamental choices and future directions.

⁵ ESCWA, *Towards Integrated Social Policies in Arab Countries: Framework and Comparative Analysis* (E/ESCWA/SDD/2005/4).

⁶ ESCWA, *Integrated Social Policy: From Concept to Practice – Report II* (E/ESCWA/SDD/2008/3).

⁷ The relevance of these three dimensions is explained further in chapter I (see also figure I).

⁸ The Government of Kuwait, *Draft of the Five-Year Development Plan (2009/10-2013/14)*.

⁹ The Government of Lebanon, *Social Action Plan: Toward strengthening social safety nets and access to basic social services* (January 2007); and the International Conference for Support to Lebanon (Paris III), *Ninth Progress Report* (31 March 2009).

Box 1. Main strategy documents consulted for this report

- The Government of Bahrain, *From Regional Pioneer to Global Contender: The Economic Vision 2030 for Bahrain*;
- Ministry of Economic Development in Egypt, *The Sixth Five-Year Plan (2007/08-2011/12)*;
- The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007);
- The Government of Jordan, *National Agenda (2006-2015): The Jordan we strive for*;
- The Government of Kuwait, *Draft of the Five-Year Development Plan (2009/10-2013/14)*;
- The Government of Lebanon, *Social Action Plan: Toward strengthening social safety nets and access to basic social services* (January 2007); and the International Conference for Support to Lebanon (Paris III), *Ninth Progress Report* (31 March 2009);
- The Government of Oman, *Vision for Oman's Economy: Oman 2020*;
- The Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*;
- General Secretariat for Development Planning in Qatar, *Qatar National Vision 2030* (12 June 2008);
- The Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*;
- The Government of the Sudan, *The Five-Year Strategic Plan (2007-2011)*;
- The Government of the Syrian Arab Republic, *The Tenth Five-Year Plan (2006-2010)*;
- The Government of the United Arab Emirates, *Highlights of the UAE Government Strategy*;
- The Government of Yemen, *Yemen's Strategic Vision 2025*.

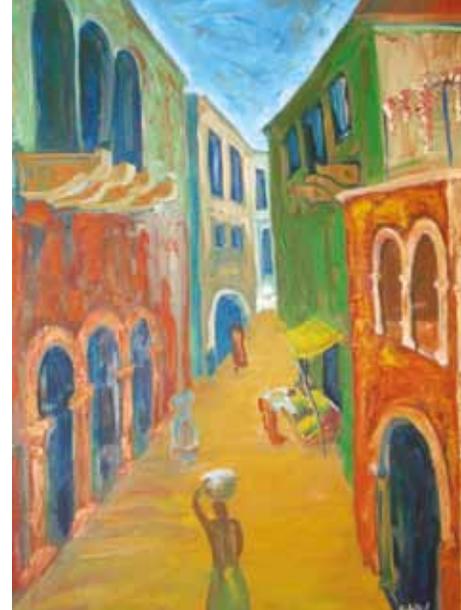
Reality, however, can sometimes go in different directions and derail even the best intentions. This has been clearly reflected in recent developments in the region, which has not escaped the global financial crisis, or in unexpected outbreaks of conflict or violence in some countries and territories, including, for example, Iraq, Lebanon, Palestine and Yemen. Nevertheless, concrete progress in the social domain is difficult to imagine in the absence

of clearly delineated objectives, pathways and directions. In addition to mapping potential gaps and constraints, it is important to remain focused on these commitments and aspirations if momentum is to be sustained. In that respect, ESCWA continues to work closely with member countries in order to maintain the spotlight on worthy objectives while addressing thorny challenges along the way.

Chapter I



I. SOCIAL POLICY AND SOCIAL SECURITY SYSTEMS



A. VALUES AND THE FRAMING OF SOCIAL POLICY

Globally, social policy and social security systems are conceived in very different ways. Countries have formed different institutions aimed at meeting their social aspirations and needs, and as a function of their main social challenges, status of development, structure of society and economy, and national cultures, values and traditions.

Values and traditions play a fundamental role in the way societies organize their solidarity systems and distribute responsibilities. In some parts of the world, the predominant value of freedom entails the idea of individual responsibility for both success and failure. While mutual support takes place mainly on a voluntary basis in the form of private charity, corporate sponsorship and within extended families and social groups, public responsibility is kept to a minimum. In other parts of the world, solidarity and equality are regarded as an important part of public sector responsibility, with the expectation that the State will redistribute resources across geographical regions and social groups. In any society, a set of different values coexists, guides political choices, and legitimizes decisions. However, these values can also be difficult to reconcile in practice.

Similarly, the structure of society and economy shapes those institutions that govern social policy and provide social security. In all cases, social policy is the outcome

of the interplay between three different domains: the market, the family and the State, which govern different realms of social life – the production sphere (market), the reproduction sphere (family) and the re-distribution sphere (State), respectively.¹⁰ In some countries, civil society forms a fourth important institutional actor in the context of social policy and security.

Responsibility is distributed across these different spheres according to the dominant social values and the governing political ideologies. For example, liberals with high regard for individual freedom see the market as the main mechanism to distribute life chances and as the most efficient road to equity and equality.¹¹ By contrast, social democrats are ready to vest considerable power and resources in the State so that it can balance the market and reduce social inequalities across different layers of society. For conservatives, it is neither the market nor the State, but the family that structures society and bears the primary responsibility for prosperity and social security.

The distribution of responsibilities between the market, the family and the State as well as the guiding values further shape the priorities and objectives of governmental policy in a given country. Depending on the social and economic challenges, these may be economic growth, poverty alleviation, social safety nets, social insurance, the reduction of social inequalities, and investment in and development of human potential and capacity.

¹⁰ Esping-Andersen, G. 1990. *The Three Worlds of Welfare Capitalism*. Cambridge: Polity Press.

¹¹ While family background also defines the starting position, the market is seen as the great equalizer. See Smith, A. *An inquiry into the nature and causes of the wealth of nations*. 1998. Washington, DC: Regnery Publishing Inc.

B. EXPANDING THE DIMENSIONS OF SOCIAL POLICY

The understanding of social policy has changed over the years. Starting from its very core objectives of protecting people against such life contingencies as illness, old age, injury and unemployment, social policy has moved far into other sectors of public policy, including health, education and employment; and has extended to encompass such issues as access to water, environment and good governance. The objective of “liberation from” risks has changed into the concept of “freedom to” lead a healthy and meaningful life. Income distribution and social security are only some of the factors that structure opportunities and inequality in society. A broader set of resources determines people’s capabilities to lead the life of their choice (see box 2).¹²

Box 2. Development as freedom

According to Amartya Sen, there are five types of instrumental freedoms that complement one another and that define the capability of a person to live more freely. These are as follows:

- (a) Political freedom (civil rights);
- (b) Economic facilities (production and consumption);
- (c) Social opportunities (education and health);
- (d) Transparency guarantees (trust and openness);
- (e) Protective security (social safety net).

Source: Sen, A. *Development as Freedom*. 1999. Oxford University Press.

Most notably, the view of economists on social policy has been changing. By contrast to the traditional perspective that looked at social policy mainly as a cost factor, the alternative view regards it as an investment in people. This investment is set to increase in importance as modern economies become knowledge-based and as the human factor acquires a decisive role in international economic

competition. Economic development largely depends on innovation and investment in ideas. It is based on people detecting opportunities and taking the associated risk to pursue them. Social policy can facilitate the development of knowledge and ideas.

Social policy also facilitates economic investments by offering insurance and protection against such risks as illness or injury that can otherwise consume all available resources. If well managed, social protection can be a true productive factor that encourages people to adopt a longer-term planning horizon and, moreover, that increases labour productivity. In that respect, social transfers are an important tool aimed at rendering economic growth more equitable and, therefore, more sustainable.

Concerned with rising inequality as a result of globalization and with the objective of making it inclusive and beneficial for developing countries, the Millennium Declaration of the United Nations adopted a similar argument that builds on the fundamental values of freedom, equality and solidarity; and defines clear and commonly agreed indicators for social progress in the form of the Millennium Development Goals (MDGs).¹³

Promoting equal access across social groups and geographic locations to quality education and health care, water and land, transportation and communication, and to information and knowledge is not only about securing human rights. It is also an investment in one of the most productive resources of any country: an investment in people.

Social policy in this report is therefore understood as public action designed to expand choices and opportunities for people throughout the development process. It simultaneously addresses aspects of social production, reproduction, protection and redistribution, as well as issues of equity, inclusion and rights.¹⁴ In that light, the report examines the following: (a) the core of social protection; (b) health, education and labour market policy; and (c) broader issues, including macroeconomic

¹² Sen, A. *Development as Freedom*. 1999. Oxford University Press.

¹³ More information on the Millennium Development Goals (MDGs) is available at: <http://www.un.org/millenniumgoals>

¹⁴ ESCWA, *Integrated Social Policy: From Concept to Practice – Report II* (E/ESCWA/SDD/2008/3), p. vii.

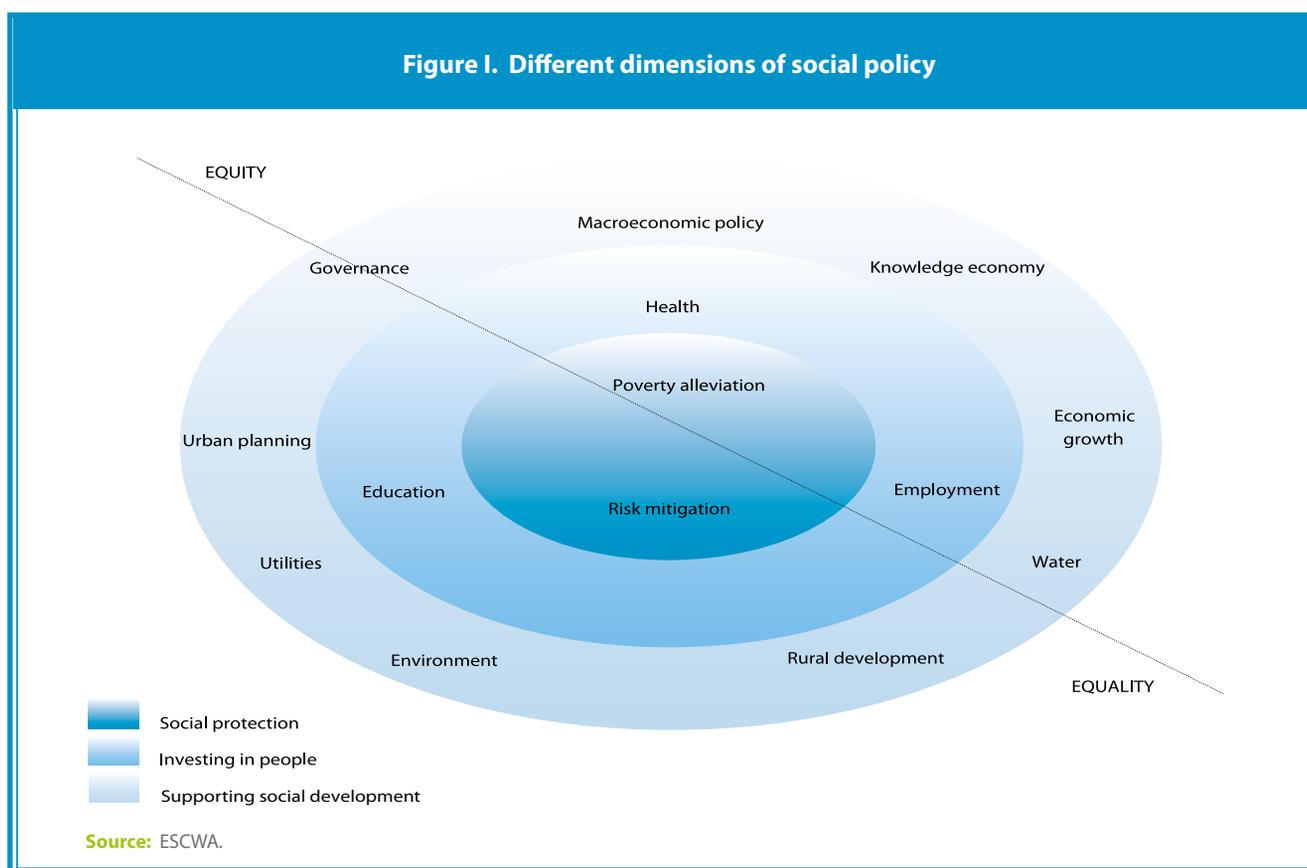
policy, rural development, access to water and environmental protection in so far as themes of equity and equality are concerned.

These different dimensions of social policy can be represented visually by three concentric circles (see figure I). The inner circle deals with the objectives of social protection, consisting of poverty alleviation and mitigation against risks, which have traditionally formed the core of social policy in the narrow conception.¹⁵ Social transfers (in cash and in kind) and subsidies are the traditional instruments for poverty alleviation, while social insurance is broadly used for the objective of risk mitigation.

The second circle represents the extended approach to social policy as described above, comprising access

to health, education and employment opportunities. This circle captures more broadly the idea of investing in people. Policy questions here revolve around issues of inclusion into the labour market, physical access to social services through the extension of infrastructure to remote and marginal areas, equal affordability and the quality of services.

The outer circle represents the wider policy context and draws attention to the fact that macroeconomic policy, the quality of economic growth and governance, among other factors, strongly influence the direction and the content of social policy. Cross-cutting themes across different dimensions and lingering concerns for social policy are issues of equity and equality.

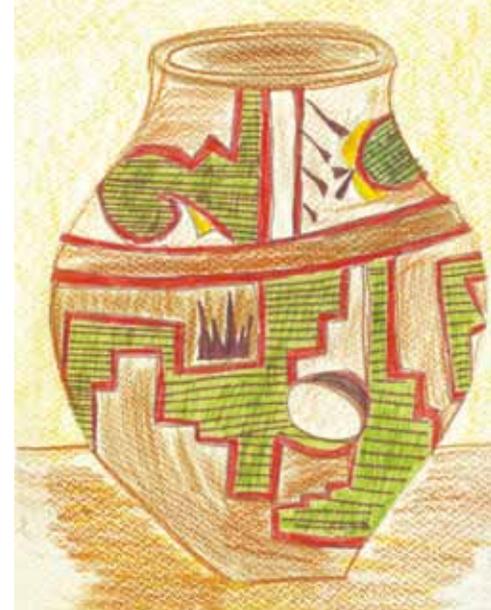


¹⁵ Social protection comprises the following elements: (a) social assistance, which is understood as transfers in cash or in kind made by or on behalf of Governments to persons often not covered by social insurance and who lack the necessary resources to cover their basic needs; (b) social insurance programmes, which are understood as compulsory contributory insurance schemes often limited to employees and providing various benefits in cases of, among others, illness, old age and unemployment; and (c) traditional solidarity within extended families and religious charity. The definitions provided here follow the International Labour Organization (ILO) *Thesaurus*, which is available at: <http://www.ilo.org/thesaurus/defaulten.asp>; and the Organisation for Economic Co-operation and Development (OECD), *Glossary of statistical terms*, which is available at: <http://stats.oecd.org/glossary/index.htm>.

Chapter II



II. SOCIAL AND ECONOMIC CHALLENGES IN THE ESCWA REGION



The integrated approach to human development has evolved from the notion of interconnected policy areas with regard to social policy. Specifically, the evidence of strong correlations between such issues as the nutritional status of children and the level of education of their mothers or between maternal mortality and the place of residence in a country illuminates the cumulative effect of multiple advantages or deprivations and their transmission from one generation to the next. Such effects undermine the common notion of equity and equal value of human life; and most societies mandate the State to take action and to redistribute resources in order to remedy such situations.

This chapter looks at the main challenges facing the ESCWA region, with a special emphasis on the social aspects of overall development needs.

A. CHALLENGES IN ECONOMIC DEVELOPMENT

Economic growth and employment generation are the overarching priorities for the majority of ESCWA member countries. After a long period of stagnation, growth resumed strongly at the beginning of this century, with an average annual rate of 5 per cent.¹⁶ The impact of the global financial and economic crisis on the region so far seems to be moderate and growth is expected to continue, albeit at a lower rate (see figure II).

While economic growth remains a priority for the region, a number of concerns are related to whether social issues

receive adequate attention. At the centre of policy debates are questions relating to whether Governments expect that “a rising tide lifts all boats” automatically or whether social development requires specific public action and should be an explicit goal of public policy. This report follows this argument through, while looking at the visions and strategies that Governments in the ESCWA region have formulated for the near future.

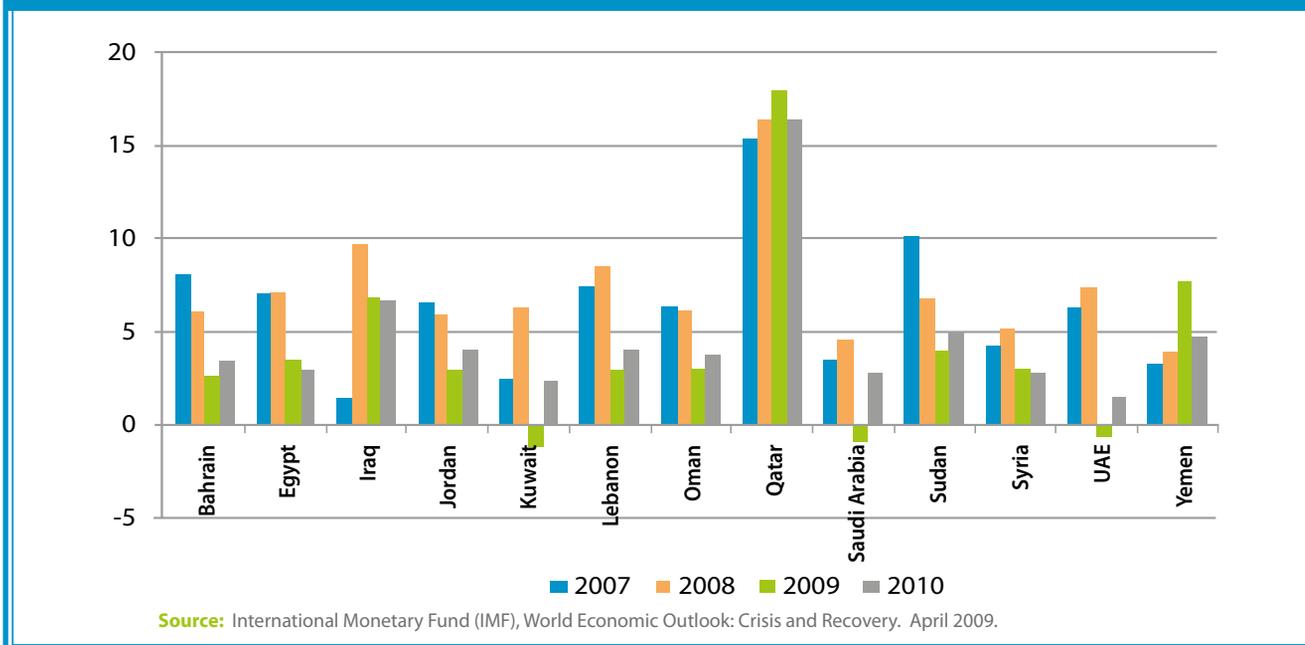
Other concerns are related to the quality and sustainability of growth. The direct and indirect dependence on the oil market is a recurring issue in policy debates. While the recent period of high prices triggered promising growth rates, overall non-oil growth remains significantly sluggish. The onset of the global financial crisis brought back some fears that the benefits could diffuse or dissipate and not induce sustainable results in terms of social progress. Such development would follow the same boom and bust cycles the region has experienced over the past decades and which policymakers are seeking to avoid.

However, the dependence of economic development on the fluctuations of the international oil market and the related “structural fragility” of Arab economies seems to have grown over the years at the expense of agriculture, manufacturing and industrial production. Within that context and according to the latest Arab Human Development Report, the region has become less industrialized than in 1970.¹⁷ The oil sector has produced

¹⁶ ESCWA, *The Impacts of the Financial Crisis on ESCWA Member Countries: Challenges and opportunities* (E/ESCWA/EDGD/2009/ WP.3), p. 17.

¹⁷ This is with the exception of the countries in the Gulf subregion, which can be attributed to an initially low industrial base in 1970. However, even in this subregion, the contribution of manufacturing to GDP hardly exceeds 10 per cent. See also United Nations Development Programme (UNDP), Regional Bureau for Arab States. 2009. *Arab Human Development Report: Challenges to human security in the Arab countries*, p. 103.

Figure II. Projected real GDP growth rates in the ESCWA region, 2007-2010



enormous wealth in some countries and earned the region a prominent place in the international division of labour. At the same time, it is a very narrow economic base to determine the development of employment and welfare in a region of some 200 million people. Public budgets are highly dependent on very limited sources of revenues and the capacity of the economies to provide opportunities for a growing workforce is inadequate, especially during times of stagnation.

The challenge of diversifying the economic base away from oil and opening alternative sources of growth and employment is recognized by ESCWA member countries. Increasing investment in construction and real estate, transport and communication, and oil refining are part of related efforts. Several countries have embarked on economic reforms aimed at promoting investment, and a growing service sector has provided the majority of newly created jobs in the region. According to the 2009 Doing Business Report of the World Bank, the Middle East and

North Africa region is ranked, on average, in the middle of the league table, below the Organisation for Economic Co-ordination and Development (OECD), Eastern Europe and East Asia; roughly on par with Latin America; and well ahead of South Asia and sub-Saharan Africa.¹⁸

At the same time, environmental concerns equally demand more attention to the quality of growth. Strained water resources, a shrinking arable land area and similar indicators necessitate greater attention to the natural limitations of traditional economic practice as well as of development strategies. Several reports point to the urgency of dealing with environmental problems, arguing that the region has entered a stage of water poverty that is expected to affect the majority of the population in the foreseeable future.¹⁹ Agriculture still accounts for the greatest share of water use in the Arab region despite its shrinking share in GDP.²⁰ Among the 14 ESCWA members, at least seven countries are experiencing critical or serious water stress (see table 1).²¹ Yemen, for example, is

¹⁸ The World Bank. *Doing Business 2009*. September 2008.

¹⁹ UNDP, Regional Bureau for Arab States. 2009. *Arab Human Development Report: Challenges to human security in the Arab countries*, pp. 38-39.

²⁰ Ibid., pp. 138-9. This situation is not unique to the Arab region given that agriculture accounts for the greatest share of water use in every developing country.

²¹ ESCWA, *Water Development Report 2: State of water resources in the ESCWA region* (E/ESCWA/SDPD/2007/6).

TABLE 1. LEVELS OF WATER STRESS IN THE ESCWA REGION, 2006

Critical water stress	Serious water stress	Significant water stress	Slight water stress
Kuwait	Bahrain	Jordan	Egypt
United Arab Emirates	Iraq	Saudi Arabia	Lebanon
	Palestine		Oman
	Qatar		Syrian Arab Republic
	Yemen		

Sources: ESCWA, *Water Development Report 2: State of water resources in the ESCWA region* (E/ESCWA/SDPD/2007/6). The table format was adapted from UNDP, Regional Bureau for Arab States. 2009. *Arab Human Development Report: Challenges to human security in the Arab countries*.

Notes: Critical water stress is defined as more than 10,000 persons per million cubic meters; serious water stress is defined as between 5,000 and 10,000 persons per million cubic meters; significant water stress is defined as between 2,500 and 5,000 persons per million cubic meters; and slight water stress is defined as less than 2,500 persons per million cubic meters.

The Sudan was then not a member of ESCWA.

threatened by desertification, with the agricultural sector consuming around 90 per cent of water resources, and with an irrigation efficiency of no more than 40 per cent.²² In Iraq, more than 76 per cent of all rural households and 60 per cent of the population in urban areas have problems accessing drinking water.²³

Regional imbalances are a structural feature of many countries. Rapid urbanization goes hand in hand with the marginalization of rural and remote areas, thereby breeding social exclusion in parts of the rural population. Higher food prices in 2008 brought the issue of rural development back to the agenda and highlighted the high dependence of Arab countries on food imports.²⁴ Overall, the Arab region has to rely on imports to meet approximately 50 per cent of its food needs, especially cereals, which are the most important food for the poor. In Yemen, for example, 80 per cent of cereals are imported.²⁵

Food price increases especially impact the poor in urban areas, the rural landless and small and marginal farmers.

On the one hand, the dependence on imports is a result of the above-mentioned scarcity of water and arable land. On the other hand, it also testifies to inadequate investment in agriculture and declining productivity. Income poverty is often widespread, especially among rural populations, and the neglect of rural areas contributes to the mirror image of rapid urbanization and the related social problems, which is a salient issue in the region.

There are no easy solutions. The challenge lies in the task of steering public and private investments into those sectors that offer roads into the future while, at the same time, benefiting directly poor and marginalized areas and populations. Countries need to allocate their scarce resources across domestic, industrial and agricultural consumption; ponder social versus economic considerations; and explore additional and alternative sources of income, while imposing less strain on scarce water and land resources and investing in skills and technology.

The sections below describe the roads Governments wish to take aimed at furthering economic development and at ensuring that growth reaches all parts and segments of society, especially the poor.

B. INVESTING IN PEOPLE: EDUCATION, EMPLOYMENT AND HEALTH

With a population growth rate of some 2 per cent per year, the ESCWA region continues to be one of the fastest growing in the world. Moreover, it has to meet the challenge of providing equal opportunities to all women, men and children. Investing in its people requires building on the achievements in the areas of education and health, and going beyond by redirecting public policy in a way that enables people to develop their lives. It also means supporting the growing labour

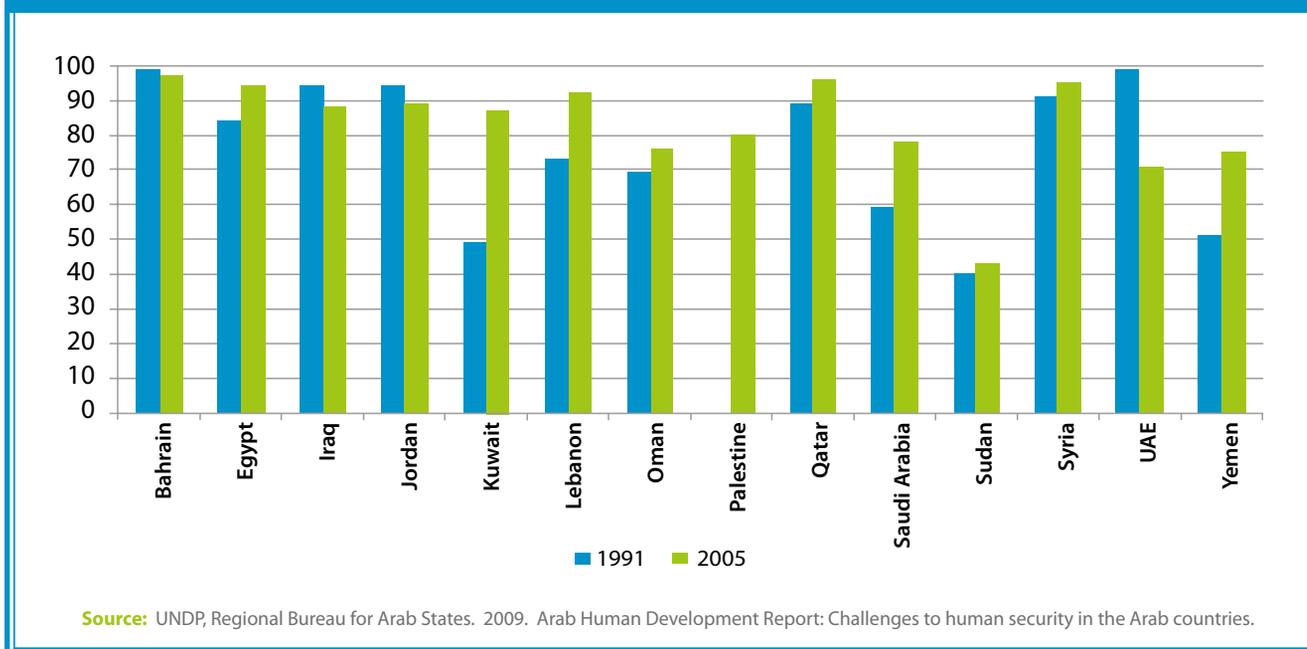
²² The Government of Yemen, *Yemen's Strategic Vision 2025*, p. 6.

²³ The Government of Iraq. March 2007. *The National Development Strategy (2007-2010)*, p. 1.

²⁴ According to the World Bank, the Middle East and North Africa region has the highest dependence on food imports in the world. The World Bank, Middle East and North Africa Region. 2009. *Economic Developments and Prospects: Navigating through the Global Recession*, p. 70.

²⁵ World Bank. June 2008. *Food Crisis in the Middle East and North Africa*. Available at: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/0,,contentMDK:21840570~menuPK:2246554~pagePK:2865106~piPK:2865128~theSitePK:256299,00.html>.

Figure III. Net primary enrolment rates in the ESCWA region, 1991 and 2005 (Percentages)



force by generating sufficient employment opportunities in increasingly competitive markets.

The countries in the ESCWA region have made progress in providing most children with educational opportunities (see figure III). Access to schooling in remote and rural areas is improving and the gender gap has started to close: in almost all countries, the enrolment of girls is higher than that of boys, especially at university level.

This success has brought new challenges to the agenda of policymakers. These challenges are mainly related to the quality of teaching, educational attainment and the adequacy of skills and knowledge required for the labour market. The importance of knowledge for economic diversification and international competition commands increased attention to investing in people as broadly as possible in order to raise the productive capacity of the national economy. At the same time, good education is essential in order to support people to get out of the mostly insecure and low paying service sector. Industries

that require better qualified people tend to offer more stable and better paying jobs.

Education, which has long been an important policy priority for Governments in the region, is provided mostly free at all levels of instruction. Despite past achievements in providing equal access to educational opportunities, current trends point to increasing inequality, especially for poor and rural population groups in primary and in secondary education.²⁶ This can be attributed to, among other factors, the rising share of private sector primary education and this lacks a clear strategy with regard to how poor students can access private schools.

While public spending seems to favour higher education and despite comparatively high expenditures, the quality of educational attainment requires attention throughout the region. Literacy rates in particular are a matter of concern. A significant share of the adult population, especially women, cannot read or write. This quality gap in educational outcomes, as measured by years of

²⁶ World Bank, Middle East and North Africa Region. 2007. *The Road not Traveled: Education Reform in the Middle East and North Africa*, p. 106.

of educational attainment and relatively low scores on international tests, constitutes an important mismatch between the type of knowledge the educational systems currently produce and what the region needs in order to achieve its social and economic development objectives. In particular, countries of the GCC depend on expatriate labour in most private sector occupations; and across the region, the growth of employment opportunities does not always benefit national populations.

Education outcomes have a direct impact on the labour market. The success in fighting unemployment over the past years of oil price boom, albeit remarkable, tends to obscure the fact that most of the jobs in the region are either in the public sector or in low-skill and low-wage industries, including agriculture, construction, low-skill manufacturing and the informal sector.

On average, unemployment rates in the Middle Eastern region came down from around 14 per cent in 2000 to 9.4 per cent in 2008, set against a world average of 6 per cent.²⁷ Governments continue to respond to high demographic pressures and facilitate the creation of as many jobs as possible. However, better quality jobs are vital in the long term, which requires attention to labour productivity and, especially, better education as mentioned above. The high speed of employment creation in relation to GDP growth points to low labour productivity and raises concerns over the quality of emerging jobs and their sustainability in times of crises.²⁸ Some reports point to a quantity versus quality dilemma of job creation in the region, which is in fact facing a double employment challenge in the number and in the kind of jobs that need to be created.²⁹

Interestingly, the creation of high-skill, better quality employment is also closely linked to the challenges of economic diversification and private sector development. The fact that growing numbers of people are able to find good employment outside their home countries points to the fact that, in some countries, not only supply but also demand for suitable skills by the private sector requires attention by policymakers.

Job creation is set to remain a priority for the region over the years. The chapters below explore the labour market policies that ESCWA member countries aim to introduce and apply in order to influence both the quality and the quantity of employment opportunities.

In the area of health policy, the ESCWA region has made most notable achievements in improving the health status of the population, including life expectancy at birth

Figure IV. Life expectancy at birth in the ESCWA region, 1970-1975 and 2000-2005

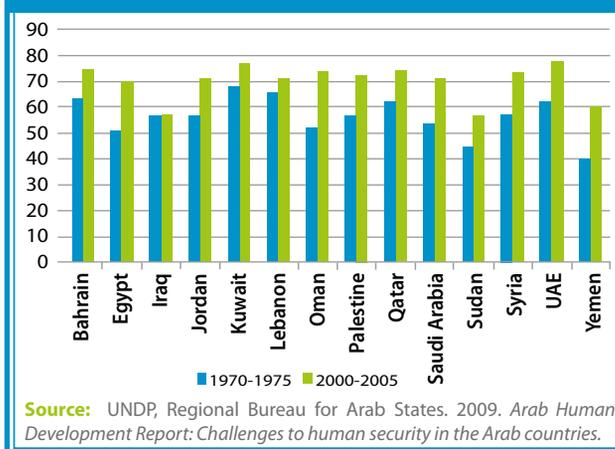
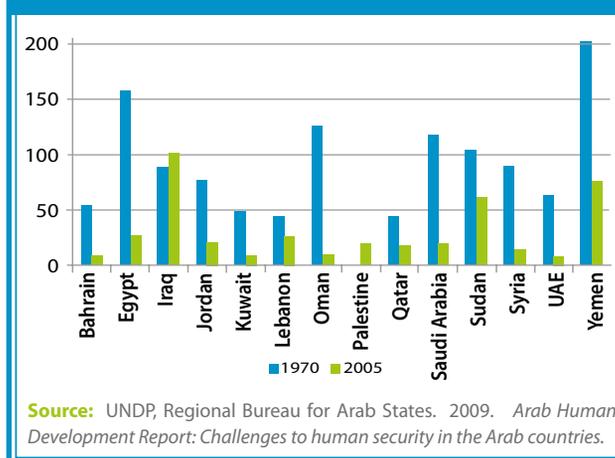


Figure V. Infant mortality rates in the ESCWA region, 1970 and 2005



²⁷ The Middle East region in this context comprises the Asian ESCWA member countries in addition to Iran. ESCWA, *The Impacts of the Financial Crisis on ESCWA Member Countries: Challenges and opportunities* (E/ESCWA/EDGD/2009/WP.3), p. 17.

²⁸ Ibid.

²⁹ World Bank, Middle East and North Africa Region. 2007. *Economic Developments and Prospects: Job Creation in an Era of High Growth*, p. 66.

(see figure IV). The Gulf subregion is enjoying the same health status as most high-income countries, while such middle-income countries as Egypt, Jordan, Lebanon and Syrian Arab Republic are on track towards achieving the related MDG targets. However, other ESCWA members, including Iraq, Palestine, the Sudan and Yemen are still struggling with high rates of infant and maternal mortality (see figure V).

The most pressing concerns are related to the quality of health-care services, high inequality in the distribution of health-care facilities and the high share of private outlays, which amounts to almost 50 per cent of total health spending in the region. Public sector health care is criticized for focusing too much on curative rather than preventive care. Half of public health budgets are spent on treatment in hospitals, with often poor quality and inefficiency, especially in rural and remote areas.³⁰

High direct household spending on health care points to insufficient public provision of health-care services.³¹ It also indicates insufficient coverage by health insurance systems, thereby leaving households in very vulnerable positions in cases of illness and injury. Low-income families often struggle to afford essential medical treatment, and a growing share of private sector provision accelerates the development of dual systems whereby anybody who can afford better quality treatment turns to private health-care providers.

The main challenges consist of closing the significant gaps in health coverage that exist in most countries in the region, particularly in rural and marginalized areas; and of connecting equitable health policy to efficient and sufficiently broad social protection systems.

C. SOCIAL PROTECTION

Most countries in the region have established social protection systems that cover both the objective of risk mitigation and the goal of poverty alleviation. During the period from early 1950s to late 1970s, most countries established contribution-based insurance schemes which cover the risks of illness, injury and old age. Unemployment insurance is still a very recent development. Within that context, Egypt is discussing reforms, Bahrain established an unemployment insurance scheme in 2007, and Jordan is currently contemplating a similar step.

The main weakness of all insurance schemes lies in the fact that they are largely limited to employees in either the public sector or in the formal private sector, and do not cover those segments of the population that work in the agricultural and informal sectors. A second set of questions is related to a high degree of fragmentation, weak institutional capacity and substantial risks of cost inflation. Pension systems, in particular, tend to be fragmented into multiple schemes, with different conditions and benefits. Most systems are accumulating large, implicit public pension debt that can threaten macroeconomic stability.³²

In addition to such social insurance systems, which hardly reach beyond the urban middle classes, all member countries have developed a variety of interventions aimed at targeting the poor and less fortunate segments of society. Social assistance programmes include various kinds of cash transfers, general price subsidies (for example on fuel or food), food distribution, fee reductions on public utilities, and sometimes public works programmes. Subsidies traditionally

³⁰ UNDP, Regional Bureau for Arab States. 2009. *Arab Human Development Report: Challenges to human security in the Arab countries*, p. 157.

³¹ *Ibid.*, p. 14.

³² Robalino, D.A. 2005. *Pensions in the Middle East and North Africa: Time for change*. Orientations in Development Series. World Bank, p. 10. Jordan and Yemen implemented far reaching pension reforms in 1995, 2000 and 2003. See also Loewe, M. 2009. *Pension schemes and pension reform in the Middle East and North Africa*. United Nations Research Institute for Social Development (UNRISD).

play an important role in the region. Policy debates revolve around their effectiveness and efficiency and whether targeted cash transfers would be a better option. Frequently raised issues are the outreach of the programmes, especially to marginalized urban and rural areas, poor targeting of assistance, administrative inefficiencies and lack of coordination. The combined costs of the various subsidies constitute a significant fiscal burden (for example 30 per cent of public expenditure in Egypt), limiting the resources available for broader social policy concerns.³³

For large parts of the population, insufficient or absent coverage by public social protection amounts to a de facto privatization of social services, which poor social groups can hardly afford. Income from remittances is a common safety net for such groups, provided within the framework of the extended family. Although poverty rates in the region are low in comparison to other regions, the sensitivity to shocks is very high. A large number of people live on incomes that are barely above poverty

lines, have no capacity to build any reserves and are highly dependent on traditional solidarity systems.

Additional support is often received from various institutions of civil society and a broad number of faith-based organizations, with strong roots in religious values and in political systems. A multitude of organizations provide education, health care and employment services in addition to cash and in-kind transfers to selected individuals and population groups. This complements and also challenges public sector activity in the social sphere.

This report also discusses how development strategies frame social and economic challenges, and which avenues are proposed in order to develop systems of social protection. Ideally, a comprehensive approach aims to integrate social insurance and social assistance in a way that is open to the broadest participation and that supports people throughout their life trajectories.

³³ For example, in Egypt, subsidies constitute 30 per cent of public expenditure. World Bank, Middle East and North Africa Region. 2009. *Economic Developments and Prospects: Navigating through the Global Recession*, p. 82.

Chapter III



III. VALUES AND OBJECTIVES IN THE STRATEGY DOCUMENTS OF ESCWA MEMBER COUNTRIES



Moving to the core of the report, this chapter examines in detail the values and social objectives espoused in the national visions and strategy documents of ESCWA member countries. While values guide and legitimize choices, social objectives reflect actual priorities and directions for action. In combination, they help to set the tone and boundaries for social policy in particular national contexts, which therefore serves as the logical starting point for the analysis.

A. VALUES

Across the region, the main values mentioned in national vision statements revolve around three sets of core values as follows: (a) values related to stability, security, peace and safety; (b) religious and moral values; and (c) values dealing with fundamental human rights. Figure VI illustrates this interesting spectrum of values.

Figure VI. A spectrum of values across the ESCWA region



A finer analysis along these lines is equally possible. Values of security and stability are mostly emphasized by those ESCWA members that have experienced recent conflicts, including, for example, Iraq, Palestine and Yemen, and even such countries as Qatar and Saudi Arabia.³⁴ For example, within the framework of its most recent five-year strategic plan (2007-2011), the Government of the Sudan proposes a vision for “a safe, united, developed, modern and peaceful Sudanese nation, founded on cultural and political diversity, peaceful democratic transition of political power and the prevalence of essential freedoms and human rights” (see box 3).

In the National Development Strategy of Iraq (2007-2010), the Government advances a vision relating to developing a comprehensive social policy approach aimed at paving the way for stability and security, while ensuring access to fundamental rights and freedoms for all. The Palestinian Reform and Development Plan (2008-2010) emphasizes safety and security as overarching values, coupled with good governance and enhancing the quality of life. In its National Vision 2030, Qatar dwells briefly on guaranteeing security, stability and equal opportunities, while Saudi Arabia, in its Eighth Development Plan, emphasizes the importance of upholding security and social stability, together with deepening the “Arab and Islamic identity of the Kingdom”.

Box 3. The Sudan: A vision of safety, unity, stability and peace

“...A safe, united, developed, modern and peaceful Sudanese nation, founded on cultural and political diversity, peaceful democratic transition of political power, prevalence of essential freedoms, human rights, equity of all people before the law and fair sharing of power and wealth; a nation reconciled with itself, with its neighbours and the whole world in accordance with respect for common interests in the maintenance of peace and human decency of mankind as a whole.”

Source: The Government of the Sudan, The Five-Year Strategic Plan (2007-2011), p. 33.

The second important set of values that underpins several national development vision statements across the region relates to moral and religious values. In its most recent five-year strategic plan (2007-2011), the Government of the Sudan emphasizes religious values, particularly chastity, morality, dignity, moderation, and tolerance, and calls for strengthening the social fabric. The Palestinian Reform and Development Plan (2008-2010) stresses the importance of reinforcing social coherence by promoting social values, strong family connections, honour and dignity, and by preserving social heritage and culture, particularly Arab values of tolerance, mutual respect, family and social relationships.

The National Agenda for Jordan (2006-2015) also highlights the importance of fostering the national Jordanian culture as part of the Arab culture, with strong roots in Islamic values of peace and tolerance. Similarly, Oman calls for preserving Arab and Islamic identity and promoting tolerance. Egypt’s Sixth Development Plan (2007-2012) dwells from the outset on the importance of “preserving our identity and deep rooting our system of social, cultural and national values and maximizing the benefits of development within an integrated Arab, African and Islamic framework”.

In its Strategic Vision 2025, Yemen mentions the importance of faith in God, loyalty to the Prophet, solidarity, mercy, hospitality, championing the weak, quest for knowledge, intellectual and cultural openness, while preserving the Yemeni distinctive identity (see box 4). Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates also emphasize the need to promote moral and religious values, strengthen national identity and maintain the cohesiveness of the family.

Aside from religious values, and values of security and stability, various ESCWA member countries articulate in their vision statements fundamental human values relating to freedom, social justice and equity. For example, Yemen dwells on the importance of building human capital and raising standards of living and integrating values of social justice, freedom and equity. Similarly, the

³⁴ It is important to note, however, that Lebanon fails to mention security and stability in its Social Action Plan or progress reports relating to Paris III despite its history of long protracted conflicts.

Government of the Sudan emphasizes the promotion of essential freedoms, human rights, equity for all people before the law and fair sharing of power and wealth.³⁵

Box 4. Yemen: A rich cultural field

“...The most apparent traits of Yemeni culture are the devotion to the Islamic religion and the faith in Allah and loyalty to the Prophet, the love for the homeland, solidarity, mercy to each other, hospitality to the guest, championing the weak, desire to work and to excel in work, love of commerce, quest for knowledge, and search for the new, all of which became manifested in intellectual and cultural openness, with the preservation of the Yemeni identity, originality and distinctiveness.”

Source: The Government of Yemen, *Yemen's Strategic Vision 2025*, p. 16.

The Palestinian Plan stipulates that the State of Palestine respects human rights and promotes the principles of justice, equality and tolerance (see box 5). Syrian Arab Republic underscores the need to respect human rights as well as other related values, including equity, social justice, fairness and freedom. Qatar mentions in its National Vision that it aspires for a society that promotes justice, benevolence and equality.³⁶ For Bahrain, fairness in society means that all are treated equally under the law, in accordance with international human rights. As for Kuwait, its Development Plan emphasizes human rights values relating to freedom and democracy.

The analysis above reveals that there is an interesting amalgam of values that underpin the development visions in ESCWA member countries and, moreover, that they are relatively homogeneous across the region in terms of emphasizing religious values and the role of the family, as well as fundamental human values of freedom, social justice, equality and equity. Additionally, there are values that have a distinctively Arab flavour, including chastity, morality, dignity, honour, moderation, tolerance,

benevolence, mutual respect, faith, mercy and hospitality. There are also minor iterations relating to security and stability, mostly in the case of conflict-stricken societies.

Box 5. Vision of the future Palestinian State

“...Palestine is a stable democratic state that respects human rights and guarantees equal rights and duties for all citizens. Its people live in a safe and secure environment under the rule of law and it promotes equality between men and women. It is a state which values highly its social capital, social coherence and solidarity, and identifies itself with Arab Palestinian culture, humanistic values and religious tolerance.”

Source: The Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*, p. 4.

The more important question, however, relates to how the countries intend to promote security, stability, freedom, social justice and equality in practice, and how social development can be reconciled with religious values and traditions. A look at the social policy objectives outlined in the documents can help shed some light on these important questions.

B. SOCIAL OBJECTIVES

As far as their social objectives are concerned, the ESCWA member countries can be categorized according to their Human Development Index (HDI) rank. Within that structure, the following two groups of countries emerge: (a) ESCWA members at a medium human development, namely, Egypt, Jordan, Lebanon, Palestine, the Sudan, Syrian Arab Republic and Yemen; and (b) ESCWA members at a high human development rate, namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.³⁷ It should be noted that Iraq has no HDI rank and is treated separately, as set forth below.

³⁵ The Sudan mentions other important values, including *shura* (consultation), unity, democracy, the right to a decent honourable life, dignity and honour. See the Government of the Sudan, *The Five-Year Strategic Plan (2007-2011)*.

³⁶ General Secretariat for Development Planning in Qatar, *Qatar National Vision 2030 (12 June 2008)*.

³⁷ UNDP, Regional Bureau for Arab States. 2009. *Arab Human Development Report: Challenges to human security in the Arab countries*.

1. ESCWA members with a medium HDI

(a) Egypt

Egypt's Sixth Development Plan (2007-2012) advances social objectives relating to improving living standards and the quality of life, reducing unemployment and combating illiteracy. While stimulating economic growth and catalysing private sector involvement and investment in all aspects of economic activity are emphasized as a first priority, the plan also lays out ambitious social objectives, including promoting equal education opportunities for all, reforming the health insurance system with the aim of achieving full coverage of essential health services, and increasing employment levels at a rate of more than 750,000 individuals per year or 3.8 million new jobs over the five-year period (see box 6).

While the Government of Egypt is clearly keen to stimulate increased private sector participation and investments, it is also committed to providing quality services and public utilities, particularly in the areas of health, education, potable water, sanitation and environment. The Government explicitly expresses its intention to reduce social disparities between various social groups, eradicating poverty and unemployment and promoting social justice.³⁸

Balanced economic development is therefore a core theme of the Plan, with targeted investments for agriculture and irrigation estimated at 61.6 billion Egyptian pounds (approximately US\$11.2 billion), of which 8.5 billion Egyptian pounds has been allocated for the first year (2007/08), thereby contributing to increasing employment opportunities and improving living standards in rural areas. Total investment in social programmes is an estimated 181 billion Egyptian pounds over a period of ten years (2005-2015), with an annual average of 18.1 billion Egyptian pounds for primary education, health, social reform, small enterprises, agricultural mechanization, potable water, sanitation, infrastructure, housing services and development of slum areas.

The empowerment of women in the economic, political and social domains and balanced development also come across as important priorities for the Government.

Box 6. Egypt: Priorities of the Sixth Development Plan

"The Sixth Plan signifies a new economic phase of profound changes to Egypt's socio-economic structure by seeking to improve the living standards of all Egyptians through raising the economic growth to an annual average rate of 8 per cent. Such an annual increase would, in turn, raise the average per capita income to 13,000 Egyptian pounds by the end of the plan; provide job opportunities to around 3.8 million workers; enable the Government to provide quality services and public utilities particularly in the health, education, potable water, sanitation and environment areas.

Achieving such ambitious targets requires serious commitment of all partners to development objectives and investment patterns. In addition, it requires prioritizing public policies and investments and channeling them into two venues:

- The first venue embodies intensifying investments in infrastructure projects, where investments on potable water and sanitation would exceed a quarter of total investments, followed by transportation, education and health projects each assigned 15 per cent of total public investments;
- The second venue focuses on achieving regional balance by allocating 42 per cent of local public investments to fostering development in Upper Egypt governorates as part of the national project for the region's development."

Source: Ministry of Economic Development in Egypt, *The Sixth Five-Year Plan (2007/08-2011/12)*, Introduction.

³⁸ Ministry of Economic Development in Egypt, *The Sixth Five-Year Plan (2007/08-2011/12)*, p. 20.

(b) Jordan

Within the framework of the National Agenda for Jordan (2006-2015), the Government is in the driving seat, particularly in the social domain. It stresses the importance of reforming basic and higher education systems and restructuring vocational training; reforming public health care through the revision of health policies; developing a cost-effective medical insurance system to cover all Jordanians; developing a strategy to reform the retirement systems; and promoting employment opportunities for all from 2007 to 2012, while reducing unemployment from 12.5 per cent to 6.8 per cent of the active population by creating nearly 600,000 jobs per year (see box 7).

Additionally, the Government intends to achieve an annual real GDP growth rate of 7.3 per cent and reduce public debt, realizing, in this respect, that it controls over 30 per cent of the national GDP and that it remains deeply involved in the country's key economic sectors, including education, transportation, utilities and agriculture. The Agenda makes due reference to the wide existing

Box 7. Jordan: Core objective of the National Agenda

"The chief objective of the National Agenda is to improve the quality of life of Jordanians through the creation of income-generating opportunities, the improvement of standards of living, and the guarantee of social welfare. The National Agenda sets ambitious targets to be achieved over the coming decade, among which are: achieving an annual real GDP growth rate of 7.2 per cent, reducing public debt from 91 per cent to 36 per cent of GDP, converting the public deficit of 11.8 per cent of GDP into a surplus of 1.8 per cent, increasing national savings from 13 per cent to 27 per cent of GDP, and reducing unemployment from 12.5 per cent to 6.8 per cent of the active population by creating nearly 600 thousand jobs."

Source: The Government of Jordan, *National Agenda (2006-2015): The Jordan we strive for*, p. 7.

disparities in the provision and quality of such public services as health care, education and infrastructure, which need to be addressed. In particular, public health-care spending is concentrated in urban areas and does not properly target the poor population.³⁹

Moreover, the Government pledges, in its National Agenda, to improve waste management and air pollution, combat desertification and improve land use. Environmental sustainability is therefore accorded systematic attention as is the issue of women empowerment, alleviation of all forms of discrimination against women and encouraging more participation of women in the labour force.

(c) Lebanon

While there is no comprehensive national development strategy for Lebanon, economic and social objectives are outlined in various documents, particularly in the consecutive progress reports relating to the International Conference for Support to Lebanon (Paris III).⁴⁰

An interesting blend of economic and social objectives is fleshed out in these reports, revolving, on the one hand, around improving social spending efficiency through public financial management reform, revenue management, debt management and reorganization of the tax administration. Social objectives, on the other hand, revolve primarily around health and education, with ambitious plans for a three-year education reform strategy, a three-year health sector reform and continuing health insurance reform aimed at harmonizing the coverage system and improving efficiency. It is interesting to note in this respect that Lebanon is one of the few countries in the region that has drafted a separate social action plan, which was formulated in 2007 and entitled Social Action Plan: Toward strengthening social safety nets and access to basic social services. This Plan outlines how the Government intends to improve various social indicators, and address poverty reduction (see box 8). Specifically, the Social Action Plan pledges an annual package of more than US\$75 million designed to improve some social indicators through specific interventions aimed at targeting the most disadvantaged in society.

³⁹ The Government of Jordan, *National Agenda (2006-2015): The Jordan we strive for*, p. 6.

⁴⁰ The latest of which is the ninth progress report of 31 March 2009.

Box 8. Lebanon: Priorities of the Social Action Plan

The Social Action Plan will prioritize immediate measures, “particularly specific interventions needed in education, health, social and local development areas, where these interventions are to be integrated – at a later stage – within the framework of the comprehensive social strategy... Based on careful review of the social files, the objectives of this plan are to:

- a. Reduce poverty and improve the quality of education and health indicators.
- b. Improve the efficiency of social spending while preserving budgetary allocations at an appropriate and sustainable level.
- c. Minimize regional disparities and achieve better dissemination of allowances allocated in the national budget for social intervention.”

Source: The Government of Lebanon, *Social Action Plan: Toward strengthening social safety nets and access to basic social services* (January 2007), p. 3.

(d) Palestine

The main objectives for Palestine revolve around enhancing social protection, restoring economic growth and developing human capital, while preserving social heritage and culture (see box 9). The strategy document makes clear that economic and social development go hand in hand; that the Palestinian private sector needs to be the engine of economic growth; and that the Government is intent on creating an environment for private sector investment, trade and growth.

Important social policy issues highlighted in the Palestinian Reform and Development Plan (2008-2010) include education, which is accorded more than 30 per cent of the proposed reform budget aimed at increasing enrolment at primary and secondary levels to 98 per

cent; and the provision of health insurance and housing to those under the extreme poverty line. Within that context, the “budget framework for 2008-10 envisages a gradual shift of resources towards social sector spending to ensure high levels of access to education and health services, and to allow for the necessary investment to modernize and improve the quality of these services”.⁴¹

Box 9. Palestine: Objectives of the social sector

The social sector ministries and agencies support a wide range of policy areas and activities including health, education, social safety nets, emergency relief, unemployment, gender, youth and children, disability, martyrs and detainees.

The following high level objectives are of particular relevance to social sector ministries:

- Objective (1): Reinforce social coherence.
- Objective (2): Provide social protection.
- Objective (3): Restore economic growth.
- Objective (4): Preserve heritage and culture.
- Objective (5): Develop human capital.

Source: The Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*, pp. 50-52.

Moreover, the Plan emphasizes the importance of ensuring that the poorest and most vulnerable in society receive a basic level of assistance; and identifies a range of services to provide immediate and direct poverty alleviation, including cash transfers, food aid and complementary activities to encourage self-reliance. While the Plan recognizes that the private sector is a critical source of employment growth, there is a parallel emphasis on safeguarding the welfare of vulnerable groups. The Plan clearly states the need to “safeguard the welfare of vulnerable groups while pursuing a private sector-led approach to economic growth”.⁴²

⁴¹ The Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*, p. 7.

⁴² *Ibid.*, p. 6.

Spending in the social sector is intended to predominate, averaging approximately 44 per cent of total expenditures at least in the medium term. There is also a parallel emphasis on stimulating growth in labour intensive sectors, such as construction and agriculture. Furthermore, women's empowerment is emphasized throughout the document. The Plan states, for example, that the Women's Empowerment (WE) programme will support the economic empowerment of women by providing special assistance and training in order to increase the participation of women in the job market and to enhance the role of women in the private sector.⁴³

(e) *The Sudan*

The Sudan identifies sustainable economic development as a key priority for the State along with fostering peace and stability and reducing poverty. The roadmap for achieving this vision appears in the form of five key result areas (see box 10). In essence, the Government recognizes that poverty reduction is possible through a broader set of social policy interventions, including expanding the provision of basic services in health, education, water, sanitation and housing, and increasing employment opportunities.

The Five-Year Strategic Plan therefore sets out very specific objectives for 2011 relating to raising enrolment rates in basic and secondary education to 80 per cent (particularly for girls), reducing child and maternal mortality rates to less than 5 per cent, reducing malaria and tuberculosis by 80 per cent, and reducing poverty according to the rates defined by the MDGs. There is a parallel emphasis by the Government on the expansion of the social security safety net and the provision of protection of less fortunate segments.

Additionally, the Plan calls for active private sector investment in agriculture, industry, infrastructure and services, and to direct these investments to development priorities in poorer parts of the country. While private sector activity is recognized as important, the commitment of the Government to social policy objectives is clear. Equally highlighted as important strategic interventions are the following: caring for the environment, gender

sensitivity, women empowerment and paying attention to the particular development needs of women, children and the family.

Box 10. The Sudan: Safety nets to balance growth

The Plan advances a vision for a "unified, secure and peaceful Sudan based on the principle of pluralism, a democratic multi-party system, equitable distribution of wealth and the Rule of Law". The Plan will achieve this vision through implementation of targeted and coordinated policies, including:

"Key result area 1: Promote sustainable economic development by encouraging a competitive private sector, supporting key infrastructure and agriculture projects and building a knowledge-based economy.

Key result area 2: Sustain peace and stability through continued implementation of the Comprehensive Peace Agreement (CPA), Darfur Peace Agreement (DPA) and East Sudan Peace Agreement (ESPA), whilst safeguarding national sovereignty and security, continuing to build consensus and reconciliation, and maintaining good relations with the international community based on mutual interests.

Key result area 3: Reduce poverty and make progress towards achieving the Millennium Development Goals (MDGs) by expanding provision of basic services in health, education, water and sanitation, with a particular emphasis on quick impact projects for returnees and war affected groups.

Key result area 4: Strengthen public accountability, Good Governance and the Rule of Law.

Key result area 5: Build capacity of public institutions and civil society at state and local levels and strengthen the social fabric of the Nation."

Source: The Government of the Sudan, *The Five-Year Strategic Plan (2007-2011)*, pp. 4-5.

⁴³ Ibid., p. 57.

(f) Syrian Arab Republic

The Tenth Five-Year Plan (2006-2010) of the Syrian Arab Republic outlines aspirations for developing a social market economy based on a more active involvement of the private sector, particularly in the areas of commerce, tourism, construction, transportation, and information technology (see box 11). At the same time, it emphasizes the maintenance of public responsibility for improving access and enrolment in education at different levels; improving access to health care by all citizens, irrespective of income levels; and increasing employment opportunities. In that respect, the Plan adopts the concepts of balanced equitable development and lays out how the benefits of development can be allocated more fairly.

Box 11. Syrian Arab Republic: Twin objectives of efficiency and equity

“Achievement of the two pillar objectives of efficiency in resource allocation and equity in distribution is viewed as basic requirements of the Tenth Five-Year Plan. Economic development should be closely associated with social development as to constitute the two important pillars of the social market economy, which places the Syrian citizens and their prosperity as the pivot of development processes. Moreover, anticipated overall macroeconomic reforms should also be linked to poverty reduction, increase of income rates, and uplift of living standards at both urban and rural areas. Besides, a balanced regional development in all Syrian governorates coupled with improvement of the less developed regions should be taken into consideration.”

Source: The Government of the Syrian Arab Republic, *The Tenth Five-Year Plan (2006-2010)*, p. 4.

Moreover, the Plan highlights a pro-poor approach in social development, with specific mention of increasing economic opportunities for the poor in the least developed regions (particularly northern governorates). Equally mentioned is the need to increase social protection and expand the coverage of social safety nets among

poor segments of the population. The Plan also touches on the importance of the family and dwells specifically on increasing the participation of women in the labour force; and proposes the development of a poverty mapping survey and a poverty alleviation strategy.

(g) Yemen

In Yemen, the main social policy objective as outlined in its Strategic Vision 2025 is improving human development in the broadest sense and achieving a higher standard of living.⁴⁴ This translates in more practical terms into key social objectives relating to reducing high unemployment, reducing population growth, combating illiteracy and raising per capita income in general (see box 12).

The Strategic Vision thus proposes creating employment opportunities, with a focus on increasing the participation of women in the labour force from 22.7 per cent to 50 per cent by 2025; increasing enrolment in basic education across the country; and reducing illiteracy rates to less than 10 per cent of the population by 2025. It also proposes increasing health service coverage to about 90 per cent by 2025, with priority given to primary health care, reproductive health, immunization and raising health awareness.

Moreover, the strategy document makes it clear that economic and social progress go hand in hand in driving comprehensive development, and that there needs to be a parallel effort aimed at stimulating economic growth, raising per capita income and increasing real GDP by an annual average of no less than 9 per cent over the next quarter of a century.⁴⁵

The focus is therefore on reconciling sustainable economic development with broader social policy objectives relating to unemployment, education and health. The strategy document further stresses the following: (a) the important role of women as full partners in the development process; (b) the importance of prioritizing projects for poverty reduction, with the aim of both halving food poverty and reducing relative poverty to 10 per cent by 2015; and (c) the need for sound environmental management and protection of the environment for future generations.

⁴⁴ The Government of Yemen, *Yemen's Strategic Vision 2025*, p. 3.

⁴⁵ *Ibid.*, p. 4.

Box 12. The direction of Yemen's Strategic Vision 2025

"...Over the next twenty five years, Yemen's Vision aims – God willing – to improve the level of human development and to become among the countries with middle human development that reflects higher standards of living and decent lives for individuals and the society at large. Accomplishing this aim requires improving the demographic and health conditions, eliminating illiteracy, increasing school enrollment for basic education, especially among females, in addition to raising the per capita income."

Source: The Government of Yemen, *Yemen's Strategic Vision 2025*, p. 3.

2. ESCWA members with a high HDI

(a) Bahrain

The Bahrain Economic Vision 2030 signals aspirations for a competitive global economy driven by a thriving private sector (see box 13). The Vision also underscores the role of Government in ensuring that economic growth benefits all Bahrainis and raises incomes and quality of life for all societal segments. It therefore outlines in skeleton form what it calls forward-looking policies in such critical areas as education, health care, infrastructure and the environment.

Box 13. Bahrain: Better living standards

The Economic Vision 2030 "provides guidelines for Bahrain to become a global contender that can offer our citizens even better living standards as a result of increased employment and higher wages in a safe and secure living environment".

"The ultimate aim is to ensure that every Bahraini household has at least twice as much disposable income – in real terms – by 2030."

Source: The Government of Bahrain, *From Regional Pioneer to Global Contender: The Economic Vision 2030 for Bahrain*, p. 6.

However, social security and social justice are also accorded attention, with a focus on subsidies on water, electricity, gasoline and food exclusively targeting the needy; housing support for those most in need; and a high standard of social assistance giving all Bahrainis an equal start. According to the Economic Vision, "fairness in society means that all are treated equally under the law, in accordance to international human rights; and that everyone has equal access to services, namely education and health care, and that the needy are supported via adequate job training and a targeted social safety net"⁴⁶

(b) Kuwait

One of the primary strategic objectives of Kuwait's Five-Year Development Plan (2009/10-2013/14) is to raise the rates of economic growth and transform the country into a financial and business hub (see box 14). While the private sector is expected to contribute actively to this growth, its role should not be limited to economic activities. Specifically, it is also expected to play a pivotal role in such social areas as education and health.

Moreover, the Plan tackles a number of social issues and presents existing social safety nets, including the social assistance and social security systems, and sets forward their limitations and the steps needed in order to enhance their efficiency and their sustainability. Education and health are amongst the Plan's main concerns. Within that context, it underlines the need to adapt the educational system to the requirements of the labour market and develop human resources by training and upgrading the national labour force, thereby fostering a knowledge economy. Kuwait also stresses the need to protect and empower vulnerable groups, especially women and young people, and to promote equitable access to education, health and employment. Interestingly, the Development Plan raises issues related to governance, underlining the need to promote the values of participation and to strengthen public understanding of State-society relations.

⁴⁶ The Government of Bahrain, *From Regional Pioneer to Global Contender: The Economic Vision 2030 for Bahrain*, p. 11.

Box 14. Kuwait: Approach to development

“The Plan aims to transform Kuwait into a financial and business hub, attractive for investment, where the private sector leads the economic activity, fuels the spirit of competition, and raises the efficiency of production in the framework of a supportive institutional environment that preserves values and the social identity and helps in increasing human development and balanced development.”

Source: The Government of Kuwait, *Draft of the Five-Year Development Plan (2009/10-2013/14)*.

(c) Oman

The Government of Oman tackles a wide array of key economic and social issues in its Vision for Oman's Economy: Oman 2020. With the view of enhancing the country's economic and social development, it emphasizes the need to adopt practical, integrated

policies and mechanisms aimed at developing national human resources. Upgrading the skills of Omani citizens is set as a key goal. This requires quantitative and qualitative improvement in general in addition to technical education, vocational training and higher education (see box 15).

Within that context, measures to be taken include providing basic education for all nationals, upgrading the quality of basic education and adapting university education and postgraduate studies to market needs. The Government also emphasizes issues relating to health. It aims to provide high quality basic health care to the entire national population and to decrease death and infection rates to levels equivalent to those in advanced countries.

The private sector is expected to play a significant role in developing human resources, notably through the establishment of private health, educational and training institutions. Moreover, in the area of social protection, the Vision notes the need to improve the social security system. It pays special attention to vulnerable groups, stressing the need to continue to provide them with

Box 15. Oman: Primary objectives for 2020

“The primary aim of the Vision for Oman's Economy in the next quarter of a century is to, at least, maintain the current level of per capita income in real terms, and to strive to double it by 2020.”

“...The government will strive to use the proceeds of oil and gas for sustainable economic diversification and it will accept full responsibility for promoting basic health, education and training for Omani citizens, in addition to adopting policies which promote their standard of living.”

“... the primary dimensions upon which future policies shall be based are as follows:

1. Development of human resources, and upgrading Omanis skills and competencies to keep abreast with technological progress; to manage the dynamics of this progress in a highly efficient way; and to face the ever-changing domestic and global conditions.
2. Creation of a stable macroeconomic framework aimed at the development of a private sector capable of the optimal use of human and natural resources of the Sultanate in an efficient and ecologically- sound way.
3. Encouraging the establishment of an effective and competitive private sector; and consolidation of the mechanisms and institutions that will foster shared visions, strategies and policies between the private sector and Government.
4. Providing appropriate conditions for the realization of economic diversification, and striving toward the optimal use of natural resources and the geo-strategic location of the Sultanate.
5. Enhancing the standard of living of the Omani people; reduction of inequality among regions and among income levels of various groups; and ensuring that the fruits of development are shared by all citizens.
6. Preserving the achievements accomplished in the past twenty-five years, safeguarding and developing them, along with the completion of some of the necessary basic services.”

Source: The Government of Oman, *Vision for Oman's Economy: Oman 2020*, pp. 24-25.

social security and to protect them against the negative impacts resulting from the implementation of the economic reforms advocated in the Vision. Gender equality is also a part and parcel of the Vision, which calls for developing the role of Omani women and enhancing their contribution to the national economy.

Furthermore, the Vision addresses the issues of redistribution and balanced development, noting that special priority needs to be given to the least developed regions of the country in order to eliminate the variations in the standards of living among all regions. An interesting element of the Government's approach is its emphasis on data collection and analysis. Within that context, the Vision considers that comprehensive data, including census and statistics, are required in order to develop effective development projects and evaluate the development process.

(d) Qatar

In its National Vision 2030, Qatar expresses its commitment to a social development pathway that delivers prosperity while avoiding economic imbalances and stresses. As box 16 shows, the Vision 2030 attempts to balance five major challenges. Moreover, the Vision is explicit about promoting private sector involvement in the economy and activating sustainable economic diversification. However, this is counterbalanced by a sense of alertness to the social risks that increased economic activity and market openness can entail. In that respect, the Vision articulates aspirations for a modern, world class educational system; the promotion of scientific research and intellectual activity; an integrated system of health care managed according to world class standards; and a knowledge-based economy founded on innovation, entrepreneurship, educational excellence and efficient public service delivery. A competitive private sector, sound economic management, responsible exploitation of oil and gas, sustainable economic diversification and the attraction of the right mix of skills (through targeted participation of expatriate labour) are all emphasized.

This is counterbalanced by attention to providing equal opportunities, providing all citizens with basic needs, and promoting a sound social structure in which strong and

cohesive families play a key role in maintaining care and social protection. The role of women as active participants in all spheres is also underscored.

Box 16. Qatar: Balancing five major challenges

"Qatar's sound management of its bountiful hydrocarbon resources will continue to secure improvements in standards of living. However, an improved standard of living cannot be the only goal of a society. To remain true to its values, Qatar must balance five major challenges:

- Modernization and preservation of traditions;
- The needs of this generation and the needs of future generations;
- Managed growth and uncontrolled expansion;
- The size and the quality of the expatriate labor force and the selected path of development;
- Economic growth, social development and environmental management."

Source: General Secretariat for Development Planning in Qatar, *Qatar National Vision 2030* (12 June 2008), pp. 1-2.

(e) Saudi Arabia

Saudi Arabia lays out ambitious social objectives in its Eighth Development Plan (2005-2009). These include improving living standards and quality of life; providing job opportunities for all Saudi citizens; and expanding education, training, health and social services, both quantitatively and qualitatively (see box 17). Additionally, there is specific mention and attention in the strategy document to the expansion in applied and technological sciences and the stimulation of initiative and creativity in all spheres.

Box 17. Saudi Arabia: Improving living standards

“The main objectives of the Eighth Development Plan in relation to raising the standard of living of the population are:

- Increasing per capita income.
- Alleviating poverty.
- Providing education to all.
- Providing potable water to all.
- Providing telephony and Internet services to all.
- Reducing internal migration.
- Achieving a population growth rate commensurate with the efforts to raising the standard of living.
- Reducing the mortality rate of children under five years of age.
- Reducing the maternal mortality ratio.
- Improving health and education of the youth.
- Improving the quality of life of the elderly.”

Source: The Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*, pp. 194-195.

Saudi Arabia sees its future as “a diversified and prosperous economy that ensures supply of rewarding job opportunities and economic welfare to all citizens, provides good quality education and health care to the population, and helps manpower acquire the necessary skills, while maintaining the Kingdom’s Islamic values and cultural heritage”.⁴⁷ The Plan pledges to develop all relevant aspects of education and training, expand illiteracy eradication campaigns, and develop human resources in the broadest sense, which receives the largest share of total appropriations of over 56.6 per cent under the Plan.

Equally mentioned is the need to provide public health care and social welfare services to the entire population. There are provisions to increase the share of national manpower in total employment in various sectors and

increase the participation of women in the labour force in particular. This is coupled with a pledge for diversifying and developing revenue sources in order to offset the sharp fluctuations of oil revenues, while promoting environmental awareness and protection. Within that context, the socio-economic policy objectives revolve around diversifying the economic base while enhancing capacity in health, education and social services. The Plan accords attention to the disadvantaged and to the reduction of poverty by concentrating on economic policies that lead to higher economic growth, along with achieving more balanced development of all the regions in the country.

(f) United Arab Emirates

The Highlights of the Government Strategy stresses the importance of stimulating economic growth and strengthening national economic competitiveness. It underlines that these economic objectives require more attention to higher education and scientific research (see box 18). More generally, the development of human resources is set as a primary goal. The quality of both public and private schools is set to be enhanced.

Additional measures include developing vocational training, enhancing work standards, as well as developing policies for the optimal organization of the workforce and its “Emiratization”. Revised labour policies are also considered cornerstones of the country’s strategy.

Moreover, the document points to the need to upgrade private and public health sector capabilities. Rural development, including the improvement of living conditions in rural areas and the provision of basic services nationwide are also set as priority social objectives. Attention is also paid to environmental issues. Within that context, the United Arab Emirates pledges to boost environmental awareness, advocate the conservation of natural resources and strengthen renewable energy initiatives. It is important to note that a range of actors are expected to be involved in national social development. While the State is set to remain the key coordinator of this development, the private sector is expected to play,

⁴⁷ The Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*, p. 24.

a pivotal role in almost all areas, including, among others, water, education and health. The strategy also promotes the concept of community, while stressing the need to shift from social welfare to social development.

Box 18. United Arab Emirates: Major objectives of the Government Strategy

“The UAE Government Strategy aims to achieve sustainable and balanced development and ensure continued quality and high standards of living.”

“This strategy covers six major areas, as follows:

- Social development;
- Economic development;
- Government sector development;
- Justice and safety;
- Infrastructure;
- Rural areas development.”

In the area of social development, the Government Strategy focuses on:

- Pre-university education;
- Higher education and scientific research;
- Health care;
- Population and labour force;
- Social welfare;
- Culture, youth and community development.

Source: The Government of the United Arab Emirates, *Highlights of the UAE Government Strategy*, pp. 3-4.

3. Iraq

The Government of Iraq pledges to accord attention to economic growth as a priority area. As its starting point, the National Development Strategy (NDS) takes the view that the national economy has been grossly mismanaged for 40 years and therefore needs to shift to a market-oriented economy. The overarching vision is to “transform Iraq into a peaceful, unified federal democracy and a prosperous, market-oriented regional economic powerhouse that is fully integrated into the global economy”.⁴⁸ According to the Strategy, this ambitious vision can only be achieved by an economy that is open to the world, driven by the ingenuity and creativity of private enterprise, founded

on the rule of law, and led by a federal, democratic, transparent and accountable Government.

In other words, achieving this vision is set to require both public and private investments, which are critical to prosperity because they are strategic complements.⁴⁹ Moreover, the Strategy outlines the following key priority areas: (a) achieving economic growth; (b) developing human resources; (c) improving infrastructure; and (d) expanding social protection coverage (see box 19). The most important social policy objectives include investing in education, thereby building human capital to sustain growth, reducing unemployment from 18 per cent to 9 per cent, and increasing labour force participation for women to 35 per cent; women empowerment; increasing access to health; expanding all transportation and communication networks; improving access to water and sanitation; and environmental protection.

Box 19. Iraq: Balancing economic and social reforms

“The Strategy aims to ensure consistency of economic and social reforms and, to this end, the Government of Iraq will direct its efforts towards the following key areas: (i) Achieving economic growth; (ii) Human resources development; (iii) Improving infrastructure; (iv) Expanding social protection coverage by ensuring access to fundamental rights and freedoms for all.”

Develop a comprehensive approach to address:

- Goal (1):** Mitigate poverty and hunger.
- Goal (2):** Achieve primary education for all.
- Goal (3):** Enhance gender equity and strengthen women issues.
- Goal (4):** Reduce infant and child mortality.
- Goal (5):** Reduce maternal mortality.
- Goal (6):** Provide full access to water and health services.
- Goal (7):** Provide decent housing for all.
- Goal (8):** Control corruption.

Source: The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), pp. 60-61.

⁴⁸ The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), p. i.

⁴⁹ Ibid.

Table 2 highlights the main priority objectives of the development strategies of ESCWA member countries. It aims to synthesize the results of chapter 3 and offer a summary snapshot of the main national goals in the fields of social protection, investing in people and, more broadly, public policy.

The table suggests that ESCWA member countries share a number of priority objectives. It clearly reveals, for example, the commitment by Governments to improve health-care provision as well as access and provision of basic education. Health and education are therefore without doubt priority objectives and basic building blocks of social policy across the region.

Reducing unemployment is also a key priority objective that is shared by more than half of the ESCWA member countries. Additionally, significant attention is accorded to economic growth, which all countries regard as a priority objective and a catalysing condition for social development. The inference is that economic and social development are considered complementary and go hand in hand.

Some issues, however, are not as strongly stressed as education, health or economic development. This is the case of environmental protection or access to water. While these issues are often raised in the strategies, they do not appear to be considered as urgent or priority matters in many countries.

It is moreover possible to identify clusters of countries and delineate some commonalities within these clusters. The table seems to indicate, for example, that middle-income countries have a shared interest in risk mitigation. It also points to the fact that poverty alleviation is mainly a priority concern for low- and middle-income countries.

Countries in the Gulf subregion appear to share similar objectives relating to education, with an emphasis on the need to develop higher education, training and research. This approach is in contrast to other ESCWA member countries, which stress the need to improve access to basic education while placing less emphasis on other aspects of human resource development.

Chapter IV



IV. KEY DIMENSIONS OF SOCIAL POLICY



This chapter looks into three key dimensions of social policy orientations in the ESCWA region, namely: (a) the wider policy context; (b) human resources development; and (c) social protection. Linking back to figure 1 on the different dimensions of social policy, the chapter highlights evidence from the strategy documents and ponders potential implications. The purpose is to try to delineate significant trends, lessons and best practices relating to social policy in the region, as well as to underscore possible challenges, gaps, contradictions and areas for improvement.

A. SUPPORTING SOCIAL DEVELOPMENT

Economic growth and economic development are driving overarching objectives for all ESCWA member countries. This is not surprising given complex challenges across the Arab region and broad patterns of underperformance in investment, productivity, and trade.⁵⁰ Governments are aware that the capacity to achieve satisfactory growth rates depends largely on a stable macroeconomic framework, a conducive investment climate and an economic policy supportive of private sector development.

Burdened by high debt, a composition of public expenditures that favour consumption and an unstable economic environment, some Governments in the region struggle to generate the resources needed for productive investment and to direct them to those sectors that produce the highest social returns. Several development

strategies spend considerable space on the problem of fiscal stabilization, against the background of pressing social needs.

Within that context, Jordan underlines the need for radical reforms in order to improve budget performance and increase Government efficiency, which are at the core of the initiatives and objectives of fiscal reform, and which are particularly needed in order to secure funding for socio-economic development programmes.⁵¹

In Palestine, the Reform and Development Plan explains that political insecurity has prevented private sector investment and has forced the Palestinian National Authority to increase “public spending in ‘pro-social stability’ rather than ‘pro-growth’ areas to address economic volatility that threatens to push poverty and insecurity to unprecedented levels”.⁵² It notes with concern that the “almost exclusive deployment of public sector resources to cover salary and pension costs, and the social safety net” is crowding out spending on investment and development.⁵³

Iraq is striving for fiscally sound budgets as well as transparent controls for budget formulation and execution. By modernizing the Public Distribution System, the Government wants to make available sufficient resources for development and to provide general basic services to people.⁵⁴

⁵⁰ *The Economist*, Waking from its sleep: A special report on the Arab world (23 July 2009).

⁵¹ The Government of Jordan, *National Agenda (2006-2015): The Jordan we strive for*, p. 23.

⁵² The Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*, p. 18.

⁵³ *Ibid.*, p. 68.

⁵⁴ The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), p. 16.

While Egypt discusses fiscal reform in the context of supporting growth and promoting investment through tax incentives, it also keeps a firm eye on increasing subsidy allocations and social safety benefits to low-income groups.

The Syrian Arab Republic underlines the importance of ensuring harmony among macroeconomic policies in order to realize simultaneously stability, growth and employment goals; and poses tax reform efforts in the context of supporting economic development and social justice.⁵⁵

Furthermore, all ESCWA member countries dwell on the importance of promoting private sector participation in economic activity, inducing private and foreign investments and strengthening the foundations of economic growth. Within that context, Bahrain mentions the need to transform to an “economy driven by a thriving private sector — where productive enterprises, engaged in high value added activities, offer attractive career opportunities to suitably skilled Bahrainis”.⁵⁶ Similarly, other countries in the Gulf region, namely, Kuwait, Oman, Qatar and United Arab Emirates, stress the importance of encouraging competitive private sector activity in order to realize real potential for economic expansion and, moreover, to accommodate stagnant labour. Some of the strategy documents touch in this respect on a more fundamental problem relating to the need to change the nature and scope of private sector activity in order to induce a greater demand for high-skill jobs in this region.

The majority of strategy documents regard expanding knowledge-based sectors and a gradual transition towards a knowledge-based economy as promising roads into the future and a vehicle for further integration into the world market. This comes across explicitly in the strategy documents of Bahrain, Egypt, Iraq, Jordan, Kuwait, Qatar, Palestine, Saudi Arabia, the Sudan, Syrian Arab Republic, United Arab Emirates and Yemen, which all dwell in one form or another on the need to diversify national production resources by expanding to high value-added sectors; nurturing technology and

capital intensive industries; expanding information and communications technology (ICT) infrastructure and promoting informatics, biotechnology and electronics; encouraging investments in the hardware and software industries; and encouraging scientific research, science parks and centres of excellence.

This transition is generally perceived as being important in order to meet the demands and requirements of the twenty-first century, as suggested in the strategy documents of the Sudan and the Syrian Arab Republic; and to facilitate integration into the new world economy, as suggested by those of Saudi Arabia and Yemen. The role of the private sector or the need for public-private partnerships is also emphasized in several strategy documents, including, for example, those of Bahrain, Egypt, Palestine, Saudi Arabia and the Sudan.

This is certainly an interesting path for a number of countries in that it captures one possible direction of economic development for one sector. At the same time, however, some strategies show awareness that capital-intensive modern technology does not necessarily conform to the needs of large segments of the population and that the development of domestic markets could be of equal importance. Some countries, therefore, articulate a pro-poor growth orientation.

This transpires most clearly in the National Development Strategy of Iraq, which pledges to accord priority attention to the agriculture and manufacturing sectors, both of which are labour intensive and can help create jobs directly through farming, fishing and the supply chain associated with delivering agricultural goods to market as well through jobs in agro-industries.⁵⁷ Equally, the Palestinian National Authority pledges to stimulate growth in such labour-intensive sectors as construction and agriculture. Box 20 summarizes the guiding questions for pro-poor growth and the rationale or philosophy for this pro-poor growth orientation, as articulated by the Government of Iraq.⁵⁸

⁵⁵ The Government of the Syrian Arab Republic, *The Tenth Five-Year Plan (2006-2010)*, p. 1.

⁵⁶ The Government of Bahrain, *From Regional Pioneer to Global Contender: The Economic Vision 2030 for Bahrain*, p. 11.

⁵⁷ The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), p. 32.

⁵⁸ For more information on this topic, see Organisation for Economic Co-operation and Development (OECD), *Promoting Pro-Poor Growth: Key policy messages* (2006); and the World Bank, *Pro-Poor Growth*, which is available at: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPGI/0,,contentMDK:20292383~menuPK:524081~pagePK:148956~piPK:216618~theSitePK:342771,00.html> and *Operationalizing Pro-Poor Growth*, which is available at: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTPGI/0,,contentMDK:20264272~menuPK:566333~pagePK:148956~piPK:216618~theSitePK:342771,00.html>.

Box 20. Guiding questions for pro-poor growth: Example from Iraq

The concept of pro-poor growth aims at the inclusion of poor and marginalized areas and social groups into economic development. It also strives for changing the distribution of relative incomes through the growth process. While there are different ways of measuring success, related policies are guided by the following questions:

1. In which sectors are the poor mainly placed?

- (a) Agriculture: Subsistence farming, food production, fishing, livestock production;
- (b) Informal sector: petty trade, micro enterprises, small scale manufacturing;
- (c) Services: tourism, transport, micro-finance, communication services;
- (d) Energy.

2. What are the constraints for the poor to be productive in those sectors?

- (a) Exclusion and cultural norms;
- (b) Conflict and violence;
- (c) Graft and corruption;
- (d) Unsecure property rights;
- (e) Lack of access to water, land, electricity, finance, information/knowledge;
- (f) Lack of skills.

Policy interventions and key strategies may centre around:

- 1. Informal market development.
- 2. Access to finance (rural banks, microcredit).
- 3. Land reform, rural/agricultural development.
- 4. Infrastructure development: Access to water, to markets, to electricity, information.
- 5. Support for labour intensive industries.
- 6. Expanded access to secondary education, especially for girls.
- 7. Revision of labour market regulation (in order to increase formal employment).
- 8. Enhanced connection of rural and urban areas.

Example from Iraq:

Treating poverty requires macro and sectoral level policies. Structural adaptation implemented by some countries supporting poor people with resources and basic services, couldn't solve poverty because they don't help poor families in increasing productivity and hence they don't address the root causes of poverty. In addition to having the Social Safety Net Program (SSN) in place consisting of employment services, cash benefits, micro-grants and the food basket, sectoral policies are required by directing some resources to sectors where the poor can work such as developing small businesses, supporting non-organized sector in urban and rural areas, restructuring the rural sector by supporting it with technology, increasing production, creating job opportunities absorbing labor force in those areas, connecting non-agricultural with agricultural economic activities. These policies might limit the migration of labor force from rural to urban areas and limit underemployment. Underemployment means labor that gets less than the minimum wage which turns them into poor categories; thus this kind of unemployment is the cause of poverty in some countries. It also covers people working in non-organized urban and rural sectors that work for long hours but get insufficient income for their families.

Source: Compiled by ESCWA, and the example from Iraq is based on the Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), p. 67.

Rural development and increased investment in agriculture are therefore recognized as an imperative in most strategy documents. However, such environmental concerns as water scarcity and land degradation are highlighted as limiting factors that also need to be addressed. Moreover, most strategy documents raise the issues of sustainability and environmental protection and dwell on the importance of introducing necessary changes in legislative and regulatory frameworks, as in the case of Jordan; on the need for more effective and sophisticated environmental institutions, as in the case of Qatar; on early warning and monitoring systems; and on greater environmental awareness and proactive engagement and environmental protection.

Countries in the Gulf subregion specifically dwell on the sound management of hydrocarbon resources and preserving the rights of future generations by avoiding threats of potential depletion of non-renewable energy resources. This increased awareness of environmental issues comes across specifically in the strategy document of Qatar where a significant international role is advocated in order to assess and mitigate the negative impact of climate change, especially on the subregion.

Access to water comes across more specifically as a salient issue for the majority of countries in the ESCWA region. There are a number of common themes, including water scarcity, the need to rationalize the use of scarce water resources in agriculture and to expand water harvesting and improve the efficiency of water use. In Palestine, for example, a governmental programme links access to water to agricultural development and to infrastructural development, and stresses the need to provide access to remote areas.⁵⁹ More generally, Egypt, Iraq, Lebanon, the Sudan and Syrian Arab Republic realize the significance of water explicitly as a social resource, stressing the importance of improving access to potable water and clean reliable water supplies across governorates, cities and villages.⁶⁰

Less frequently mentioned, however, is the need for restructuring pricing and tariff structures. This issue is touched upon by some ESCWA members, including Jordan, Palestine and Saudi Arabia. Saudi Arabia highlights that the increasing demand for water is one of the most critical challenges facing its Eighth Development Plan; and Yemen stresses the scarcity of water as an important constraint for social and economic development. Additionally, a number of ESCWA members, including Egypt, Palestine and the United Arab Emirates, are devising comprehensive water management strategies aimed at addressing the growing challenge of water scarcity in the region.

In some documents, the interfaces between growth, social development and the imperative of securing the environment are summarized in the overarching concept of human development. This comes across most clearly in the cases of Iraq, Palestine, Qatar, Saudi Arabia, Syrian Arab Republic and Yemen. Within that context, for example, Palestine, the Syrian Arab Republic and Yemen all have a conception of human development that entails building human capital and productive human capacities, while simultaneously raising standards of living and paying attention to the underpinning social policy actions in the areas of education and health, and the equitable distribution and access to wealth and resources. Both Qatar and Saudi Arabia consider human development as an important pillar in their strategies going forward. Box 21 illustrates some interesting summary excerpts relating to the concepts of human development in the ESCWA region.

One group of the values pointed out in chapter III above sheds light on human development from another angle. The emphasis on security and stability in the strategy documents of Iraq, Palestine, Qatar, Saudi Arabia, the Sudan and Yemen highlights the notion that human development and human security are complementary, whereby human development focuses on positive aspirations, while human security is concentrated on preventive actions required to protect lives and livelihoods and alleviate human desperation.⁶¹

⁵⁹ The Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*, p. 47.

⁶⁰ It is worth noting that the Sudan refers to access to water in the poverty section of its Five-Year Strategic Plan.

⁶¹ The United Nations Development Programme (UNDP) sees human security as the "rearguard" of human development. See UNDP, Regional Bureau for Arab States. 2009. *Arab Human Development Report: Challenges to human security in the Arab countries*, p. 20.

The broad concept of human development permeating the strategy documents is generally concerned with expanding people's capabilities and opportunities, while human security is concerned with enabling people to contain or avert threats to their lives, livelihoods or human dignity. For example, some documents, including those of Iraq, Palestine and Yemen, focus on protection against physical threats and violence, thereby emphasizing notions of national security as in peace and stability. Other interpretations focus on protection against hunger

or water scarcity, with issues of food security, as in the case of Egypt, Iraq, Palestine, Saudi Arabia, the Sudan and Yemen; or water security, as in the case of Saudi Arabia, the Sudan and Yemen. Notions of human security and human development can overlap around social security used in some documents and entailing improved quality of life, access to productive employment opportunities, a decent income and a suitable health environment, as in the case, for example, of Egypt, Jordan and Saudi Arabia.

Box 21. Concepts of human development: Examples from the ESCWA region

Iraq: Iraq aims to protect its citizens, improve their wellbeing and productivity and mobilize human capital as the key ingredient for sustainable development. Human security and development are considered key to achieving social peace, a cornerstone of national unity and economic development.

Palestine: Longer-term investment in human development is critical in order to realize the social and economic recovery of the Palestinian people. Policy actions in the education, health and housing sectors are required not only to meet the service delivery needs of an expanding population, but also to provide it with the education, skills and wellbeing critical to ensuring social stability and sustainable development.

Qatar: Until recently, Qatar's progress has depended primarily on the exploitation of its oil and gas resources. Recognizing that the country's hydrocarbon resource will eventually run out, future economic success will increasingly depend on the ability of the Qatari people to deal with a new international order that is knowledge-based and extremely competitive. In order to meet the challenge, Qatar is establishing advanced educational and health systems as well as increasing the effective participation of nationals in the labour force. In addition, Qatar will continue to augment its labour force by attracting qualified expatriate workers in all fields.

Saudi Arabia: Human development, including manpower, continues to be the top priority of the successive development plans. The long-term strategy addresses dimensions other than purely economic in the belief that human development encompasses social and cultural dimensions as well. Improvement in educational standards is a cornerstone of human development and one of the most effective means of alleviating poverty and reducing mortality and fertility rates.

Syrian Arab Republic: Despite an emphasis on the need to raise economic growth rates and volume of gross domestic product (GDP), the Syrian Arab Republic has established the principle of "human development first", whereby high growth rates at the expense of any social or environmental cost is not tolerated. The adoption of this principle also translates into an association of just and equitable distribution of wealth, with the distribution of power through good governance.

Yemen: Human development aims to build human capital and raise the standard of living, economically, intellectually and culturally, by forming productive human capacities and broadening the available options, thereby enabling individuals and society as a whole to have access to a source of livelihood. This also leads to the realization of a suitable and decent life, and to participation in political, economic and social decision-making under a system in which security, stability and social justice prevail.

Source: Compiled by ESCWA, based on the relevant national strategy documents.

Few countries explicitly relate to the MDG agenda. Egypt has developed a work programme in order to ensure commitment towards achieving MDGs by 2015 and aimed at focusing on issues of poverty, primary education, health, social reform, housing services and the development of slum areas. Sudan wants to improve the provision of basic services in health, education, water and sanitation through national and sectoral policies that are positively biased towards the poor, with a view to achieving MDGs.⁶²

Similarly, Iraq commands greater attention to the equal integration of vulnerable populations into the achievement of MDGs.⁶³ The social action plan of Lebanon explicitly focuses on poverty, primary education and primary health care. Saudi Arabia has devised a composite quality-of-life index that covers human development indicators, MDGs and other indicators that are specific to the country.⁶⁴ Similarly, the Syrian Arab Republic has set long-term quantitative goals aimed at developing the quality of life and livelihoods and at reflecting the country's commitment to achieving MDGs.

B. INVESTING IN PEOPLE

In contrast to the broader concepts of human security and human development, a more focused approach places social policy around the areas of education, employment and healthcare policies. In response to the challenges outlined in chapter II, all strategies underline public responsibility in these domains.

Education in particular is an issue that cuts across all strategy documents, with very articulate guidelines and stipulations in all cases. However, the specific agenda and priorities in the domain of education differ across ESCWA member countries, thereby reflecting differences in outlook and orientation. For example, while combating illiteracy features on the policy agenda of Egypt, Iraq and Yemen, a much broader approach positing education as a cornerstone of investing in people and developing human capacities in a wider sense is salient in the case of Oman, Qatar and Saudi Arabia.

The basic common denominator across middle-income and less developed countries, including, within that context, Egypt, Iraq, Jordan, Palestine, the Sudan, Syrian Arab Republic and Yemen, is combating illiteracy or, alternatively, increasing enrolment in primary and/or secondary education. Countries in the Gulf subregion, however, seem to be interested in building human capacity in a broader sense, which is linked to the objective of economic diversification and aspirations for promoting a knowledge-based economy highlighted above.

A middle ground position emerges for some of the conflict-stricken countries, with an appreciation of the value of investing in people as humans and nurturing human capital necessary to sustain growth, as in the case of Iraq, while raising standards of living economically, intellectually and culturally, as in the case of Yemen.

In relation to labour market policies, the majority of ESCWA member countries dwell in their strategy documents on specific mechanisms to create job opportunities or, alternatively, alleviate unemployment. Within that context, Jordan aims to establish the Employment Technical Vocational Education and Training Centre, to design an unemployment insurance scheme and to reduce unemployment among the disabled. Palestine mentions the Employment Generation Initiative aimed at providing productive paid employment and microfinancing programmes to the unemployed and vulnerable groups. Iraq dwells on expanding vocational training, microcredit programmes, enforcing new labour legislation and an inclusive employment policy, which, in combination, point in the direction of an active labour market policy (see box 22).

Countries in the Gulf subregion tackle labour market policies from a different perspective by focusing specifically on restricting or rationalizing the recruitment of foreign labour and increasing employment opportunities for nationals, as in the case of Bahrain and Saudi Arabia, while others plan to address labour market needs by targeting qualified expatriate workers, as in the case of Qatar. The majority of ESCWA member countries also specifically dwell on increasing labour market opportunities for women.

⁶² The Government of the Sudan, *The Five-Year Strategic Plan (2007-2011)*, p. 25.

⁶³ The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), p. 70.

⁶⁴ The Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*, p. 68.

Box 22. Active labour market policy

1 Objectives:

- (a) Increase employment;
- (b) Promote social integration;
- (c) Secure income independence.

2. Elements:

- (a) Organization of the labour market through the establishment and development of employment agencies, including monitoring mechanisms;
- (b) Establishment and development of unemployment insurance;
- (c) Legislation regulating work conditions, hours, protection, contracts, possibly wages;
- (d) National employment programmes, including public employment, employment subsidy schemes (especially targeting youth), public works, public investment, microfinance, and support for self-employment;
- (e) Human resources development, e.g. training, re-training and skills matching programmes;
- (f) Regulation of migration and protection;
- (g) Special support to disadvantaged social groups (for example persons with disabilities, minorities, immigrants).

Example from Iraq:

1. Promote continuous education, equal opportunities in the labour market and appropriate work safety.
2. Support the integration of youth and women to underpin economic development and to reduce the costs of passive social protection.
3. Enforce labour legislation to develop a flexible, competition-based labour market, assuring equal opportunities for all, regardless of gender, ethnicity, religious beliefs, political convictions, geographic location (Labour Code drafted under ILO/USAID assistance ready for submission).
4. Expand vocational training and develop skills to meet the new labour market demand (vocational training programs to address business and contracting fields' needs).
5. Expand micro credit programs with the participation of the State, micro financing banks and NGOs to support small business and income-generating activities for poverty reduction.
6. Promote an inclusive employment policy to absorb dismantled entities, thereby utilizing an expanded labour force to promote stability and social peace in Iraq.
7. Encourage inflow of employment-generating foreign investments and establish cooperation for on the job training programs to build skills matching new technology and management standards.
8. Reduce unemployment and underemployment by strengthening cooperation with social partners (making a high priority the budget allocation for labour intensive activities such as public works).
9. Stimulate job creation by encouraging national and foreign investments which provide training and career development programs for employees.

Source: Compiled by ESCWA, based partly on the Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007).

Improving health-care provision also comes across as a common social policy issue in ESCWA member countries. However, differences in priorities and approaches are evident, based on a thorough review of the available documents. The majority of the countries in the Gulf subregion draw aspirations aimed at integrating health-care systems managed according to world class standards, as in the case of Qatar; at expanding the provision of health care to the entire population, as in the case of Saudi Arabia; or at becoming a leading centre for modern medicine offering high quality and financially sustainable health care in the region, as in the case of Bahrain.

By contrast, low-income countries appear to be grappling with different priorities in terms of meeting urgent needs and improving services, mobilizing resources, training and capacity-building, as in the case of Iraq; increasing health-care awareness and coverage, as in the case of Yemen; alleviating such endemic diseases as malaria, tuberculosis and intestinal parasites, as in the case of the Sudan and Yemen; procuring drugs and medical equipment, as in the case of Palestine; and reducing infant and maternal mortality rates, as in the case of the Sudan and Yemen.

Middle-income countries, encompassing Jordan, Lebanon and the Syrian Arab Republic, emphasize in their documents issues relating to health-care reform and developing cost-effective medical insurance systems.

C. POVERTY AND SOCIAL PROTECTION

For many countries in the region, investing in people represents an important element in poverty reduction strategies. Lebanon, for example, incorporates access to health and education as important building blocks for its social action plan. Saudi Arabia also emphasizes building human capabilities and alleviating obstacles for the poorest segments of society. In Yemen, poverty reduction is part of a complex interconnected set of economic, social and labour market strategies.

Equally, poverty alleviation is an important goal of the Syrian Arab Republic's Tenth Five-Year Plan (2006-2010), which has interestingly devised a separate poverty mapping survey and poverty strategy. The Government of Iraq has similarly articulated special objectives relating to poverty reduction, including the following: (a) reducing the number of people living under the poverty line by two-thirds; (b) reducing the number of people suffering from hunger by two-thirds; and (c) reducing the number of families living under US\$0.50 per individual per day from 15.3 per cent to 9.2 per cent. Box 23 highlights the poverty alleviation strategies of Jordan, Lebanon and Saudi Arabia.

Box 23. Poverty reduction: Examples from Jordan, Lebanon and Saudi Arabia

Jordan: While substantial improvements have been achieved along poverty indicators since 1997, poverty in Jordan remains pervasive, with 14.2 per cent of the population living below the poverty line mainly in rural areas. In order to reduce poverty, the following initiatives must be implemented:

- (a) Create a National Council for Development and Poverty Alleviation;
- (b) Develop a comprehensive national social policy with a focus on social development and productivity enhancement;
- (c) Strengthen capacities of human resources to implement poverty alleviation programmes;
- (d) Develop a clear understanding of the poverty root causes and characteristics;
- (e) Restructure the National Aid Fund;
- (f) Provide assistance to the unemployed poor to integrate in the workforce;
- (g) Upgrade social work skills of welfare workers;
- (h) Increase penetration of microfinance services in poor communities.

Lebanon: In its efforts to reduce poverty, improve social indicators, and achieve the Millennium Development Goals (MDGs), the Government of Lebanon has developed a social action plan, with the following salient features:

- (a) An annual package of more than US\$75 million is designed to improve some social indicators through specific interventions designed to target the most needy population of the society;
- (b) Cash transfers to poor senior citizens through the Ministry of Social Affairs;
- (c) New cash transfers to female-headed poor households;
- (d) The support of poor households with a disabled member;
- (e) Addressing the problem of working children and children at risk of delinquency;
- (f) A unified system for poor households to be exempted either partially or fully from paying certain social services fees;
- (g) Improving access to primary education;
- (h) Improving access to public health care;
- (i) Establishing a mapping system of local development projects.

Saudi Arabia: A key objective of the Eighth Development Plan is to contain and eventually eradicate poverty, as explicitly stated in the fourth strategic basis of the Plan. The poverty strategy will focus on the following basic aspects:

- (a) Through provision of jobs, credit, education, training and health services, afford the poor the opportunity to develop and enhance their material and human abilities, and improve their access to markets for selling their products;
- (b) Eliminate obstacles before the poorest segments of society and enhance their financial and human capabilities, to enable them to contribute effectively to the community;
- (c) Enhance social protection for the poor through reducing exposure to such risks as ill health, economic shocks due to market volatility, and natural disasters; and provide them with aid when they face such disasters and shocks, through expanding the scope of social security and financial and in-kind assistance.

Source: Compiled by ESCWA, based on the Government of Jordan, *National Agenda (2006-2015): The Jordan we strive for*; the Government of Lebanon, *Social Action Plan: Toward strengthening social safety nets and access to basic social services* (January 2007); and the Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*.

More specific tools of such comprehensive approaches to poverty reduction include the design of social safety nets that specifically address income poverty. These comprise cash transfers, as in the case of Egypt, Lebanon and Palestine; food aid and housing support, as in the case of Iraq and Palestine; and broadening the net of social security and insurance, as in the case of Lebanon and the Sudan.

Other kinds of subsidies for water, electricity, gasoline and food exclusively target the most disadvantaged and vulnerable segments of the population, as in the case of Bahrain, Egypt, Iraq and Syrian Arab Republic. Some countries are in the process of restructuring subsidies, as in the case of Egypt that is transitioning from subsidies to conditional cash transfers. Iraq and Jordan stress the need to phase out gradually fuel/oil subsidies; while Saudi Arabia and the Syrian Arab Republic stress the importance of sustaining agricultural subsidies. A common theme revolves around mitigating the burdens of economic activity on the poor and ensuring that the most vulnerable in society receive a minimum level of assistance. Saudi Arabia addresses explicitly the need for increased social protection for the poor by expanding the scope of social security and providing financial or in-kind assistance.

Social protection also entails attention to issues of protection against such risks as illness and injuries. In that respect, some countries address the issue of health insurance systems directly in their strategies. Egypt, for example, introduces a vision for reforming the health-

care and health insurance system through a programme of health insurance for each citizen. According to Egypt's Sixth Development Plan (2007-2012), high-income groups need to contribute to the cost of their care, while low-income groups must be protected such that their care needs are met.

Similarly, Jordan mentions developing a cost-effective medical insurance system to cover all its citizens. Other initiatives include developing health insurance authorities and developing a family insurance scheme fund, as in the case of Egypt. Various countries, however, also dwell on growing difficulties in sustaining public insurance systems and pension schemes and the need to develop private insurance plans, as in the case of Jordan and Palestine; and to reduce the burden of pension expenditures through privatization and investment funds, as in the case of Jordan. The United Arab Emirates also talks openly about encouraging the private sector to contribute and partner in providing the required health and insurance services.

The evidence from this chapter therefore clearly suggests attention and engagement of ESCWA member countries with different dimensions of social policy and the ongoing efforts to identify gaps and remedies at different levels. Chapter V investigates the broader implications of these intended interventions at different levels in terms of the distribution of roles and responsibilities across important societal clusters, thereby tracing these allocations to fundamental value orientations.

Chapter V



V. ROLES AND RESPONSIBILITIES



This chapter looks at how ESCWA member countries aim to strike a suitable balance between inherited structures and values, and the need for change. Within that context, it is important to highlight how countries envisage the distribution of roles and responsibilities across the social institutions of the State, the market and the realm of family and civil society.

The dominant role of the State in almost all spheres of social life is undergoing fundamental changes. Some countries in the region are clearly in a state of transition, moving from a centralized planning policy and a deep engagement by the State in the production sphere towards a more liberal market economy that values private sector engagement and adopts a partnership approach to development.

Kuwait explicitly sets the objective of making the private sector lead economic life and aims to create an enabling environment for investment and business activity. In Iraq, the National Development Strategy expects fruitful synergies for public and private investment; and a partnership approach to development is equally discernible in the case of Egypt, the Sudan, Syrian Arab Republic and Yemen. In the Sudan, partnership with the private sector is built into the agenda for institutional reform.⁶⁵ In the Syrian Arab Republic, the Five-Year Plan strives for a new delineation of roles aimed at leveraging

the relative strengths of the public sector and the private sector, thereby harnessing their complementary resources and expertise in the pursuit of comprehensive development. The State is largely seen as being responsible for steering, regulating and redistributing, while the market is responsible for production, investments and the distribution of economic resources, as illustrated in box 24.

The growing involvement of the private sector in the provision of public services constitutes an important trend across the region. Bahrain and Oman embrace the engagement of the private sector in health-care provision and emphasize that people will be able to choose between public and private providers of equal quality. Saudi Arabia has opened the role for a greater participation of the private sector in the management and operation of public hospitals, while Yemen sees public and private investment as essential for preventive, primary and therapeutic health services. Egypt wants to mobilize private sector resources for the education process; and Jordan sees a role for the private sector in managing pension and insurance funds. The Sudan envisages private sector participation in the provision of social services; while Palestine wants to reduce the scope of public sector activity and outsource those services where the private sector has a comparative advantage.⁶⁶

⁶⁵ *The Government of the Sudan, The Five-Year Strategic Plan (2007-2011)*, p. 18.

⁶⁶ Moreover, Palestine even aims to engage the private sector in delivering social services to vulnerable groups with special needs. See the Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*, p. 51.

⁶⁷ *The Government of Iraq, The National Development Strategy (2007-2010)* (March 2007), p. 78.

Box 24. Partnerships for development: Examples from Iraq and the Syrian Arab Republic

Iraq: Achieving the National Development Strategy will require both public and private investment. “Both forms of investment are critical to prosperity because they are strategic complements. Working together, public and private investment creates powerful synergies that spark economic growth, igniting job creation and raising living standards. Prudent public investment in water, health, electricity, roads, schools and security provides a conducive environment in which private investment can flourish. In turn, private investment creates jobs that generate resources which can be tapped to build better schools, modern infrastructure and guarantee peace and security for all Iraqis.”

Syrian Arab Republic: In its current Five-Year Plan, the Syrian Arab Republic abandons the notion of centralized and compulsory planning policy. This means that the State will orchestrate investment and market activities rather than dominate or control them. Instead, the State will provide certainty and ample space for free enterprise and promote relevant opportunities. Its interference into economic activities will be limited to steering the course of national economy, activating laws and regulations needed for market transactions, regulating competition principles, and providing a conducive environment for local and foreign private investment and business activities.

Despite full reliance upon market supply and demand mechanisms to determine more efficient distribution of resources and economic activities, the social market policy adopted by the Tenth Five-Year Plan lays much emphasis on Government intervention. This is ultimately aimed at coping with market failures or conducting activities linked to provision of public interest services, or other services that private investments fail to cover. Similarly, the State will withdraw from any competitions wherever market mechanisms are found to be worthy of playing an essential role in sectoral resources investment.

Social market economy entails that development process responsibilities should not be limited to the central Government, with the blame put on the State for plan implementation tasks. Responsibility must be multilateral and will have to include the private sector, provincial Governments, non-governmental organizations and civil society groups. The present Plan, therefore, clearly defines the roles played by all major forces, and attempts to create an appropriate coordinating environment to achieve the set goals.

Source: Compiled by ESCWA, based on the Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007); and the Government of the Syrian Arab Republic, *The Tenth Five-Year Plan (2006-2010)*.

In some cases, this enthusiasm for private sector activity in the social domain seems to result from the experience of an ongoing passive privatization of services as pointed out by Iraq.⁶⁷ The deteriorating quality of public service provision and/or insufficient coverage in parts of the country has motivated private providers to step in and fill the gap, and the Government acknowledges this situation and wishes to build on it.

In the civic domain, the family continues to be generally seen as the guardian of tradition and identity. This is intertwined with prevalent value systems described in chapter III, in particular the Arab Islamic values of culture and heritage; and with the critical role played by the family in maintaining the cohesive social fabric and social protection.

⁶⁷ The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), p. 78.

Within that context, the Sudan stresses the need to support the family as one of the basic building blocks of a stable society.⁶⁸ Palestine sees the family as the core of social cohesion, which is currently under threat and deserves increased support. Saudi Arabia commands the highest attention to preserving the cohesion of the family and its ability to strengthen the social fabric.⁶⁹ Specifically, its Development Plan underlines that family care continues to have special significance and that single sector approaches, including, for example, social welfare, will have to give way to a more integrated, multisectoral way in order to support the family. Box 25 highlights the main challenges related to preserving the integrity and cohesiveness of the family.

Along with the family, private philanthropy and charitable organizations are regarded as important actors in the social field. On the one hand, this clearly results from a similar gap-filling role assumed by a wide array of non-governmental and faith-based organizations, as is the case with the private sector. Palestine underlines that

non-governmental organizations (NGOs) have historically played a key role in providing specialized services to people in need of care. Saudi Arabia points out that the total number of people who benefited from the services of NGOs were five times greater than those served by the Ministry of Social Affairs. The Syrian Arab Republic expects that increased involvement of the private sector and NGOs will reduce the pressure on Government services, while Egypt emphasizes the prominent role of NGOs in the areas of gender equality, microfinance and poverty alleviation.

At the same time, the appreciation of NGOs and charitable organizations is also an expression of respect for the deeply rooted Islamic values, including benevolence, unity, justice, trusteeship and religious obligations towards the less fortunate in the community.⁷⁰ As illustrated in box 26, the Sudan explicitly refers to the importance of nurturing the role of traditional society organizations or the traditional sector.

Box 25. Preserving Islamic identity and the integrity of the family: Example from Saudi Arabia

Saudi Arabia's culture derives its strength and uniqueness from its deep-rooted Arab and Islamic heritage and traditions. Ever since its inception, the country has been guided by Islamic teachings and principles. Commitment to these values is emphasized in the first objective of the Eighth Development Plan, namely: "to safeguard Islamic teachings and values, enhance national unity, security and social stability, and to firmly establish the Arab and Islamic identity of the Kingdom".

The Plan also attaches a great deal of importance to strengthening family ties, preserving the Arab and Islamic values of the family, taking care of all family members, and providing the appropriate conditions for developing their capabilities; all in accordance with Article 10 of the basic governance law. There is thus the salient need to ensure the continuity of the development effort while concentrating on such human development sectors as education, health care, and family care.

Considering it the nucleus of society, Saudi Arabia has focused attention on the family, with the country's Basic Law emphasizing "the keenness of the State on strengthening it; preserving its Arab and Islamic values; and caring for all its members by providing them with the appropriate environment for promoting their faculties and capacities".

Source: Compiled by ESCWA, based on the Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*.

⁶⁸ The Government of the Sudan, *The Five-Year Strategic Plan (2007-2011)*, p. 32.

⁶⁹ The Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*, p. 303.

⁷⁰ This is referred to as *zakat* across the Arab region.

Box 26. The traditional sector: Example from the Sudan

We seek the achievement of an “organised and unified traditional community, able to play its part effectively in the development of the country in order to help maintain the sovereignty, security and resources of the country, to uphold and secure the supremacy of justice, and to consolidate social peace and harmony for the benefit of the Nation”.

Mission

- (a) Enhancement of the role of traditional society organizations in execution of the Nation’s strategic objectives;
- (b) Integration between the traditional society organizations and official bodies through agreement on an organized and specified division of roles;
- (c) Expansion of proactive programmes of brotherhood and coherence among the different bodies of society for the sake of consolidation of unity and peace;
- (d) Enhancement of the traditional sector’s role in increasing acceptance of the value of moral development to assist social transformation and reform in society.

Objectives

- (a) Greater recognition of the role of the traditional sector in maintaining and strengthening the unity and sovereignty of the country;
- (b) Increase in the role of traditional society in economic development and in the achievement of balanced development;
- (c) Participation in the rehabilitation of war-torn areas;
- (d) Participation in working for human development: spiritually, mentally and physically.

Source: The Government of the Sudan, *The Five-Year Strategic Plan (2007-2011)*, p. 41.

Moreover, the majority of strategy documents distinguish between the objective of maintaining traditional values and the cohesiveness of the family on the one hand, and the increased systematic attention accorded to the role of women in the economic and other spheres on the other hand. For example, Yemen draws attention in its strategy document to the importance of “changing the inferior social views of women, which are part of the mistaken cultural heritage of the society..., women accordingly should become full partners with men in carrying the burdens and harvesting the fruits of development”.⁷¹ The Sudan, Jordan and Egypt emphasize the need for women empowerment, promoting equality, eliminating negative stereotyping and increasing women’s contribution to the

economy and representation in official decision-making positions. Other countries also highlight the importance of increasing the participation of women in the labour force, including, for example, Iraq, Saudi Arabia and the Syrian Arab Republic. Saudi Arabia explicitly accords attention to the fact that changing family structures and increasing female labour participation requires the development of a suitable support infrastructure in the form of care centres and kindergartens.⁷² The challenge going forward lies precisely in reconciling changing gender roles and an increased participation of women in the economic and other spheres of life with maintaining the integrity, cohesiveness and traditional care/social protection provided by the family.

⁷¹ The Government of Yemen, *Yemen’s Strategic Vision 2025*, pp. 12 and 19.

⁷² The Government of Saudi Arabia, *The Eighth Development Plan (2005-2009)*, p. 315.

While the critical role of the private sector is seen in developing a market economy and driving economic development, the central roles of the family and of charitable organizations are equally apparent in social development. Less clear, however, is the role of the State in the social sphere.

One very prominent public sector task seems to lie in the area of social investment and the expansion of social infrastructure to remote areas and marginalized groups. This is illustrated, for example, in the strategy documents of Iraq, Palestine, the Sudan and Yemen, where balanced and equitable access to education is explicitly advocated as well as the need to address the gender gap in terms of access to education. Equity issues are also explicitly taken up and addressed by various countries in the context of balanced development, and pursuing projects tailoring to the needs of underprivileged rural areas, as in the case of Egypt, Jordan, Qatar, Saudi Arabia, the Sudan, Syrian Arab Republic, United Arab Emirates and Yemen. Egypt dwells on social equity and equity among different regions; while Yemen emphasizes social justice and equity in distribution across governorates and, in addition, the Syrian Arab Republic mentions resource allocation and equity in distribution.

This attention to equity as in a balanced development comes across explicitly in the Eighth Development Plan of Saudi Arabia, with a clearly stated objective relating to “distributing resources and services among the regions of the Kingdom to ensure reduction of development disparities among them and enhance their comparative competitive advantage”.⁷³ Iraq regards decentralization and sound inter-governmental fiscal relations as important mechanisms in order to ensure the equitable regional distribution of public resources.⁷⁴

However, it is not clear whether the growing role of the private sector in the social realm is integrated into an overarching policy framework. This raises questions about the role of the State in ensuring that equity and equality objectives are respected and that a growing involvement of the private sector does not lead to the exclusion of the marginalized and poor.

Similarly, it is not always clear how the countries intend

to integrate equity concerns into their macroeconomic framework. While sound public finances, tax reforms and monetary stability are highlighted as important pre-conditions for private sector growth and a conducive investment climate, aspects of equality and redistribution are less prominently articulated. For example, Iraq briefly mentions the intention to base health-care financing on progressive taxation.⁷⁵ While Jordan intends to review the tax system in order to widen the tax base and improve revenue collection, social objectives are not explicitly pointed out.⁷⁶ Moreover, the Syrian Arab Republic sees income redistribution as an important objective within its plans for public finance reform;⁷⁷ while Egypt aims to influence income redistribution through cash and in-kind subsidies.⁷⁸ Palestine expects that improved fiscal policy will help a more equitable distribution of resources, but does not go into details. As mentioned above, the outsourcing of public services to the private sector is regarded as a possible avenue in order to release public resources for economic investment.

In that respect, some countries invoke improved governance as an important public sector task that serves economic as well as social objectives. The critical importance of a professional and equitable public administration, especially for the poor and less well connected parts of society, is often underestimated. Iraq, Lebanon, Palestine, the Sudan and Syrian Arab Republic, in particular, and, to a lesser degree, Kuwait and the United Arab Emirates, all highlight improved governance among their main priorities (see table 2). Improved governance entails, in the majority of cases, guaranteeing the separation of powers and the rule of law; improving public sector performance and promoting equity, transparency and accountability in the management of State resources; promoting respect for human rights; and fostering participatory dialogue and enhanced public participation in decision-making. The Sudan gives a high emphasis to equitable justice; while Egypt addresses improved governance comprehensively to include supporting citizenship by asserting the principles of democracy, community participation, transparency, accountability and equal opportunities. Box 27 illustrates the good governance stipulations from the national agendas of Jordan and Palestine.

⁷³ Ibid., p. 29.

⁷⁴ The Government of Iraq, *The National Development Strategy (2007-2010)* (March 2007), p. 12.

⁷⁵ Ibid., p. 79.

⁷⁶ The Government of Jordan, *National Agenda (2006-2015): The Jordan we strive for*, p. 24.

⁷⁷ The Government of the Syrian Arab Republic, *The Tenth Five-Year Plan (2006-2010)*, p. 2.

⁷⁸ Ministry of Economic Development in Egypt, *The Sixth Five-Year Plan (2007/08-2011/12)*, p. 64.

It is perhaps in the light of these complex challenges of more equitable resource allocation and distribution that various countries in this region also espouse the need for fostering partnerships and a new social contract through growing patterns of public participation. Different strategy documents dwell on the importance of inducing stakeholder engagement and participation. For example, the Bahrain Economic Vision 2030 states from the outset that “success will require the coordinated participation of all segments of society. As we work towards achieving our Economic Vision 2030, we should be mindful that this endeavour will require our collective efforts.”⁷⁹ Other countries also point to the need for broad stakeholder engagement and commitment in relation to both strategy formulation and implementation. Processes of consultation with relevant stakeholders in preparation of national strategy documents are clearly delineated in the majority of cases, including civil society, the private sector, academia, development organizations, relevant ministries and Government agencies, ministerial committees, opinion leaders, political representatives and the media. Some countries, however, readily admit the enduring challenge of inducing wider public participation. Box 28 outlines the main stakeholders who were consulted in preparation of several of these strategy documents.

In the aggregate, the strategy documents point to a unique mix of values and traditions that can help to explain how ESCWA member countries are organizing their solidarity systems and allocating important responsibilities among different actors. While there is some evidence of a trickle-down approach to social policy in some countries of the region or, in other words, that social policy is being used as a tool to alleviate the ills of the market, there is also a pro-poor growth orientation explicitly espoused in some of the strategy documents, as in the case of Iraq and the Syrian Arab Republic.

In some cases, social policy appears to be used to check for social equity and equal opportunities in important policy domains, as in the case of Palestine and Iraq in the area of education. In other cases, social policy is considered as a central pillar of progressive social change, actively employed in order to achieve a more equitable and just society, particularly in the case of Iraq, Saudi Arabia and Yemen. These peculiar orientations undoubtedly reflect the unique character of the region and are inspired at least in part by Islamic values and traditions.

Box 27. Good governance: Examples from Jordan and Palestine

Jordan: “The initiatives included in the National Agenda reflect a clear vision of a set of mechanisms to achieve the following objectives:

- Enhance public participation in the decision making process and strengthen the role of the civil society institutions.
- Guarantee the rule of law and independence of the judiciary.
- Safeguard public safety and national security in accordance with articles of the Constitution.
- Build trust between citizens and institutions and adopt principles of transparency, good governance and accountability.
- Strengthen principles of social justice and equal opportunity.
- Develop human and economic resources, upgrade the production base and expand development benefits.”

Palestine: “Good governance: a system of democratic governance characterized by participation of citizens, respect for the rule of law and separation of powers, capable of administering natural resources and delivering public services efficiently, effectively and responsively, and supported by a stable legal framework, a robust legislative process and accountable, honest and transparent institutions which protect the rights of all citizens.”

Source: The Government of Jordan, *National Agenda (2006-2015): The Jordan we strive for*, p. 4; and the Palestinian National Authority, *Palestinian Reform and Development Plan (2008-2010)*, p. 5.

⁷⁹ The Government of Bahrain, *From Regional Pioneer to Global Contender: The Economic Vision 2030 for Bahrain*, p. 24.

Box 28. Development strategies and patterns of participation in selected ESCWA members

Bahrain: The Bahrain Economic Vision 2030 has been shared with a host of opinion leaders from the private sector, academia and development organizations and the public sector. Success will require the coordinated participation of all segments of society.

Iraq: The National Development Strategy was prepared through an extensive series of consultations that started with the Iraqi Interim Government and continued with the Iraqi Transitional Government. Consultations have drawn together sector experts from various ministries, the private sector and academia. An inter-ministerial committee was established to prepare the first draft. An early draft was submitted to the World Bank and the United Nations Development Group for comments, and was discussed with these two organizations over a series of meetings in Jordan in September 2004 to incorporate their comments.

Jordan: The National Agenda was based on extensive research and integrated inputs from key players and organizations from within and outside the Government. The National Agenda Steering Committee was formed by a royal decree of 9 February 2005 to develop the National Agenda. The Committee comprised representatives from the Government, parliament, civil society, the private sector, media and political parties.

Palestine: The process was led by the Ministry of Planning and the Ministry of Finance, and conducted by an implementation team consisting of a core team located in the two Ministries and counterpart teams located in various other ministries and agencies.

Qatar: The General Secretariat for Development Planning (GSDP) with the guidance of Qatar's Higher Authorities coordinated the formulation of the Vision, in consultation and in full partnership with all stakeholders, especially civil society, the private sector, ministries and Government agencies.

The Sudan: This National Strategic Plan for the Sudan, which represents the first since the signing of the Comprehensive Peace Agreement, provides a framework for focusing and coordinating the country's peace and development efforts over the next five years. The Plan was prepared by the National Council for Strategic Planning, with the participation of hundreds of people across the country, representing all groups of society.

Syrian Arab Republic: The early formulation stages of the Plan underwent elaborate discussions by all popular organizations, and State executive and legislative bodies, over and above representatives of political parties, private sector and the intellectual community.

United Arab Emirates: Six ministerial teams, comprising 16 ministers, various workgroups and several Government officials participated in drawing up the country's strategy.

Yemen: Several agencies were responsible for formulating the National Vision 2025, namely, the Ministry of Planning and Development, the Ministry of Finance, the Central Bank of Yemen and the Central Statistical Office.

Source: Compiled by ESCWA, based on the relevant national strategy documents.

Chapter VI



VI. CONCLUDING REMARKS AND IMPORTANT ISSUES GOING FORWARD



The very nature of development is about transformation and social change. Development changes traditional values and the organization of society, and innovates the modes of production and distribution. As a result, it provides individuals and societies with more control over their destinies and more freedoms, in the definition of Amartya Sen. A development strategy must be aimed at facilitating the transformation of society in terms of identifying the barriers to as well as the potential for change.⁸⁰

Embracing development without losing track of cultural heritage and cherished Islamic values and traditions remains an overarching challenge for countries in this region. While there is a clear openness to change and development on many fronts, this is counterbalanced by an explicitly stated attachment to cherished religious values, social structures and family traditions. Striking a balance between modernization and increased globalization on the one hand and, on the other hand, the preservation of traditions or between higher participation of women in the labour market and maintaining the cohesiveness of the family necessitates skilful steering, balancing and manoeuvring for ESCWA member countries. The salient features of these complex challenges are succinctly captured in Qatar's National Vision (see box 29).

A. CHALLENGES OF PARTNERSHIP

The changing roles of the key social institutions discussed above are clearly highlighting the evolution of different

roles and responsibilities across society. The impressive spectrum of values and objectives displayed in chapter III exposes the wide range of ethical principles, ranging from very traditional ideas to individual freedom and democracy. While these principles may not co-exist without tension, they can also produce creativity and innovation.

Box 29. Balancing development and modernization: Example from Qatar

Modernization and preservation of traditions are twin challenges. "Qatar's very rapid economic and population growth have created intense strains between the old and the new in almost every aspect of life. Modern work patterns and pressures of competitiveness sometimes clash with traditional relationships based on trust and personal ties, and create strains for family life. Moreover, the greater freedoms and wider choices that accompany economic and social progress pose a challenge to deep-rooted social values highly cherished by society. Yet it is possible to combine modern life with values and culture. Other societies have successfully moulded modernization around local culture and traditions. Qatar's National Vision responds to this challenge and seeks to balance the old and the new."

Source: General Secretariat for Development Planning in Qatar, *Qatar National Vision 2030* (12 June 2008), p. 3.

⁸⁰ Stiglitz, J.E. 1998. *Towards a new paradigm for development strategies, policies and processes, Prebisch Lecture at the United Nations Conference on Trade and Development (UNCTAD)*, Geneva, p. 3.

Development is not a technical problem of engineering macroeconomic growth; rather it is a process that involves all parts of society. Consequently, participation and inclusion need to be posed at the centre of debate, design and realization of development plans. To that end, a number of countries have embarked on a consultative approach towards the private sector and, in some cases, also civil society organizations, and the critical importance of common engagement is often highlighted (see box 28).

This course of action may benefit from a more systematic approach and a more comprehensive design. While the impressive engagement of NGOs, charities and faith-based organizations is valued in the strategies, an explicit partnership strategy is nowhere clearly designed. While leveraging charity and *zakat* are no doubt important, the challenge in this respect is how to evolve to more organized and targeted social protection systems that can share the benefits of social assistance more widely, more systematically and also more equitably.

Philanthropic giving is widespread in this region. However, existing patterns of personal giving need to be formalized, institutionalized and leveraged more effectively. It could therefore be important to agree on common objectives in order to ensure that the efforts take place on the basis of shared values and are serving the same goals. The challenge going forward is how to build on existing traditions and religious values that emphasize giving to the poor by channelling this positive energy more systematically in the pursuit of the greater good. This challenge is all the more vital as societies become more complex and as social gaps and needs become more accentuated and protracted.

A similar observation concerns the relation with the private sector in the social realm. The growing private sector involvement is not yet set into an equity frame, and countries may wish to discuss how their development goals relate to the possibly different interests and objectives of private sector actors. While all strategies underline public responsibility in the areas of education, employment and health, the fact that approximately 50 per cent of health spending in the region is private points to a de facto privatization of public services. The development of dual systems in the provision of

education and health-care services catering for different parts of society with different quality raises problematic equity questions and creates unequal opportunities, especially with regard to primary education and health care. The strategies do not always reveal how ESCWA member countries wish to address this situation and what a partnership with the private sector in the social realm would entail.

B. CHALLENGES OF EQUITY AND REDISTRIBUTION

While all countries task the State with the responsibility of expanding and improving education, infrastructure and health-care services and of ensuring access to water, less attention is given to the design of financial and operating systems that ensure affordability, sustainability and good quality. Delivering the “hardware” of development does not, by itself, ensure good results. The financing of social services and of public utilities clearly shows how countries want to organize solidarity between the rich and the poor, and between the strong and the weak.

Very few ESCWA member countries explicitly relate their financial and tax systems to social objectives and the financing of social services and, moreover, limited attention is accorded to equity in terms of income distribution and how it can be promoted through reliable and transparent tax policies. Furthermore, the objective of redistribution in order to achieve an equalization of incomes, social outcomes and opportunities is not clearly accentuated.

The main instrument of social support and equalization in the majority of countries appears to be the various types of subsidies and cash transfers. Other redistribution mechanisms, including social insurance and public utilities, are discussed far less. While most of the strategy documents incorporate explicit stipulations relating to poverty reduction through precisely targeted subsidies, cash transfers and social safety nets, related challenges regarding administrative costs, monitoring of assistance and delivery of services are less considered. While alleviating the burdens of the poor and ensuring that the most vulnerable in society receive a minimum level of assistance are certainly important, sustainable mechanisms aimed at ensuring protection against risk

are equally deserving of attention. This must therefore be an important area of concern in the region going forward. Ideally, a comprehensive approach to social protection would aim to integrate social insurance and social assistance in a way that is open to broadest participation and that supports people throughout their life trajectories.

C. CHALLENGES OF INCLUSIVE GROWTH

Returning to the initial question of whether Governments accord specific attention to social policy or expect economic growth to relieve social problems automatically, the analysis points in several directions.

On the one hand, while all ESCWA member countries certainly hope for a rising tide to lift all boats, the focus on economic growth is not exaggerated to the point of completely crowding out social concerns. Kuwait and Oman explicitly recognize that high rates of economic growth over the past years were not matched by similar development on the social side; and that economic growth must be supported by a parallel growth in social sectors.⁸¹ Various countries envisage the task of social policy to involve catering to those left behind by economic growth and development; others integrate it more broadly into public policy at large and public responsibility for the common good. Additionally, in some cases, there is evidence of social policy that has been oriented as an ethical approach, which systematically and institutionally checks the social equity and equal opportunity implications of public policymaking.

On the other hand, while social assistance, subsidies and family care are certainly essential elements of social policy, the inclusion of all parts of society into the growth process seems to deserve more attention and broader action. All ESCWA member countries stress the importance of education and embrace the idea of investing in people.

However, a related emphasis on cutting-edge knowledge and top technology that lead to a knowledge-based

economy could raise some questions about public sector priorities in a region with comparatively high rates of illiteracy and insufficient quality of educational attainment. The evidence suggests that while the educational systems of the region are already producing well-skilled specialists, many continue to seek employment abroad. Policymakers must therefore consider a shift towards increased investment in terms of upgrading the quality of basic education as broadly as possible, and of generating suitable employment opportunities aimed at retaining a better-trained indigenous labour force.

A related point concerns the desire to develop knowledge-based economies. In the direct sense, this implies the notion of generating and sharing knowledge as openly and broadly as possible by including all society in a creative process of innovation.⁸² This is certainly a very valid objective in the entire region, which is intimately connected to the idea of a broad investment in people. Conversely, the policy directions emphasized in the development strategies, as raised in chapter IV, point to a preference of high-tech, high value-added and capital-intensive technologies, which do not necessarily correspond to the employment needs of the more labour-abundant countries in the region. Some ESCWA members, including, for example, Egypt, Iraq and Palestine, emphasize the need for labour-intensive technologies and industries, which are certainly a priority for the majority of countries, thereby corresponding to the needs of society outside of the educated urban elites.

Finding ways to include all of society into the growth process is clearly an objective in several strategies. Iraq in particular underlines that, while social safety nets are a necessary instrument of poverty alleviation, they are insufficient for the purpose of bringing people out of poverty (see box 20). More needs to be done in order to develop the productive potential of poor people in often marginalized areas. Most of the devised strategies envisage rural development and investment in agriculture as the main path of initiating pro-poor growth, thereby opening broader opportunities for people in rural areas

⁸¹ See, respectively, The Government of Kuwait, *Draft of the Five-Year Development Plan (2009/10-2013/14)*; and the Government of Oman, *Vision for Oman's Economy: Oman 2020*.

⁸² According to the Organisation for Economic Co-operation and Development (OECD), "the knowledge based economy" is an expression coined to describe trends in advanced economies towards greater dependence on knowledge, information and high skill levels, and the increasing need for ready access to all of these by the business and public sectors". See OECD, Glossary of statistical terms, which is available at: <http://stats.oecd.org/glossary/detail.asp?ID=6864>.

and narrowing the income gap. However, only a few countries specifically address the informal sector; and only two of them, namely, Iraq and the Syrian Arab Republic, seem to have relevant policies in place. Governments may wish to explore policies aimed at addressing the informal sector, especially in urban areas, as a possible avenue for pro-poor growth.

As raised in the first issue of the Social Policy Report, the function of public policies is to address human needs that remain unmet and shared values that remain unfulfilled.⁸³ This third issue documents an increasing appreciation across the ESCWA region of the integrated nature of social policy, with various countries openly referring in their strategy documents to the complex, interconnected nature of important social policy domains, including economic development, education, health, labour market policy, social protection and poverty alleviation.

As emphasized in the second issue of the Social Policy Report, these represent key elements of a social sector policy.⁸⁴

In essence, development is a complex, forward-looking endeavour that centres on transforming society and improving the human condition. Synchronizing the different levers for change is very important. Success will depend on the extent to which visions can unite all of society around essential goals; and development plans can lay out the way to achieve them. The critical factor is to ensure that the social development goals contained in those vision documents and development plans are effectively carried out and implemented. Making systematic progress on these different fronts will determine the developmental trajectories and avenues for change in this region.

⁸³ ESCWA, *Towards Integrated Social Policies in Arab Countries: Framework and Comparative Analysis* (E/ESCWA/SDD/2005/4), p. 11.

⁸⁴ ESCWA, *Integrated Social Policy: From Concept to Practice – Report II* (E/ESCWA/SDD/2008/3), box 11, p. 35.

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