

# The Third Arab Report on the **MILLENNIUM DEVELOPMENT GOALS 2010** and the Impact of the **GLOBAL ECONOMIC CRISES**



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of Arab States**

**THE THIRD ARAB REPORT ON THE MILLENNIUM  
DEVELOPMENT GOALS 2010 AND THE IMPACT  
OF THE GLOBAL ECONOMIC CRISES**

United Nations  
New York, 2010

## Foreword

A decade has passed since the Millennium Declaration was endorsed at the UN General Assembly summit in 2000. Translating the Declaration into action, world leaders agreed on a set of development goals -- the Millennium Development Goals (MDGs)—and committed to achieve them by a target date they set in 2015. The Arab region has reaffirmed its commitment to achieving the MDGs in Resolution XI of the 1<sup>st</sup> Arab Developmental Summit held in Kuwait in January 2009. Overall, the region has performed well in attaining these goals and targets, but the least developed Arab countries are unlikely to achieve all their targets by 2015. At the 2009 Kuwait Summit Arab leaders committed to provide these countries with all the assistance they need to advance towards attaining the MDGs.

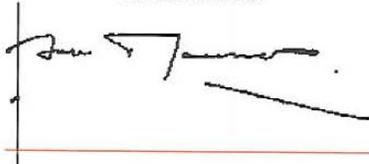
*The 3<sup>rd</sup> Arab Report on the Millennium Development Goals 2010* documents the progress made to date in attaining the MDGs and focuses on the impact of the global economic crises on their achievement. Immediately following the food and fuel crises, the global financial crisis has grown into an economic crisis that is challenging the ability of many developing countries to maintain hard-won development gains or to sustain progress towards targets. Slow onset climate change is also an additional and longer-term challenge.

These multiple global crises have underlined the critical importance for the Arab region of coordinating solutions in order to effectively face national, sub-national and region-specific economic and social challenges. Central to this effort is establishing effective mechanisms to generate employment opportunities and decent work, invest in human development, focus on capacity development, and protect the natural resource base upon which sustainable human development depends, including through climate change adaptation and mitigation.

This report provides detailed information on where the Arab region stands in terms of achieving the MDGs by 2015. It highlights in particular the crucial importance of peace and stability in the region to accelerating progress towards achieving the MDGs. The Report also proposes the necessary policies and actions that should be undertaken to enable the region to attain the MDGs and move forward on the promises of the Millennium Declaration.

*We hope that this report will prove useful as a reference for decision makers, policy analysts and professionals in the region to design appropriate programmes that would enhance the ability of Arab countries to achieve the MDGs by 2015.*

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## ABBREVIATIONS

ACT	Artemisinin-based Combination Therapies
AHDR	Arab Human Development Report
AMU	Arab Maghreb Union
APT&C	Agricultural goods, textiles and clothing
AR	Arab Region
ART	Antiretroviral Treatment
BPFA	Beijing Declaration and Platform for Action
CAMRE	Council of Arab Ministers Responsible for the Environment
CBD	Convention on Biological Diversity
CDM	Clean Development Mechanism
CDS	Credit Default Swap
CEDAW	Convention on the Elimination of all forms of Discrimination against Women
CGE	Computable General Equilibrium
CITES	Convention on International Trade in Endangered Species of Wild Flora and Fauna Flora
CMS	Convention on Migratory Species
CO <sub>2</sub>	Carbon dioxide
CPR	Contraceptive Prevalence Rate
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DE	Diversified Economies
DOTS	Directly Observed Treatment Short course
EE&CIS	Eastern Europe and Commonwealth of Independent States
EFTA	European Free Trade Association
EPI	Expanded Program on Immunization
ESCWA	Economic and Social Commission for Western Asia
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FDI	Foreign Direct Investments
FFF	Food, Fuel and Financial
FSANU	Food Security and Nutrition Analysis Units
FTA	Free Trade Agreements
GAFTA	Greater Arab Free Trade Area
GAVI	Global Alliance for Vaccines and Immunization
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GHG	Greenhouse Gas

## ABBREVIATIONS *(continued)*

GIVS	Global Immunization Vision and Strategy
GNI	Gross National Income
GPI	Gender Parity Index
HIES	Household Income and Expenditure Surveys
HIPC	Highly Indebted Poor Countries
HPI	Human Poverty Index
ICT	Information and Communications Technology
IDA	International Development Association
IDU	Injecting Drug Users
ILO	International Labor Organization
ILO-KILM	International Labor Organization-Key Indicators of the Labor Market
IMF	International Monetary Fund
IMR	Infant Mortality Rate
INEE	Inter-Agency Network for Education in Emergencies
IPCC	Intergovernmental Panel on Climate Change
IsDB	Islamic Development Bank
ISFD	Islamic Solidarity Fund for Development
ITN	Insecticide-treated bed nets
ITU	International Telecommunication Union
KSA	Kingdom of Saudi Arabia
LAS	League of Arab States
LDCs	Least Developed Countries
M&A	Mergers and Acquisitions
MAMS	Maquette for MDG simulation
MDGs	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MENA	Middle East and North Africa
MFN	Most Favored Nations
MICs	Middle Income Countries
MMR	Maternal Mortality Rate
MOE	Mixed Oil Economies
NER	Net Enrolment Ratio
NGO	Non-Governmental Organization
NSP	National Strategic Plans
NTBs	Non-Tariff Barriers
ODA	Official Development Assistance

## ABBREVIATIONS (*continued*)

OE	Oil Exporters
OECD	Organization for Economic Co-operation and Development
OPT	Occupied Palestinian Territory
PCPD	Post-Conflict and Post-Disaster
PPP	Purchasing Power Parity
PR	Proportional Representation
PRGF	Poverty Reduction and Growth Facility
RAMSAR	Ramsar Convention on Wetlands
RANAA	Regional Arab Network Against AIDS
SBA	Stand-By Arrangement
SHHS	Sudan Household Health Survey
SMEs	Small and Medium Enterprises
SOWC	State of the World's Children
SWFs	Sovereign Wealth Funds
TB	Tuberculosis
U5MR	Under-five mortality rate
UAE	United Arab Emirates
UN	United Nations
UNAIDS	United Nations Program on HIV/AIDS
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Population Fund
UNGASS	UN General Assembly Special Session
UNGEI	United Nations Girls' Education Initiative
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UNSD	United Nations Statistics Division
UPE	Universal Primary Education
US	United States
VCT	Voluntary Counseling and Testing
WB	World Bank
WEO	World Energy Outlook
WFP	World Food Program
WHO	World Health Organization
WSS	Water Supply and Sanitation
WTO	World Trade Organization

## Executive summary

The Arab region has achieved progress in many MDG areas, including significant strides in health and education. However, despite Arab countries' efforts, there have been setbacks and constraints attributable to several factors, including the relatively poor economic performance in the 1990s and early 2000s, inadequate financing of social policies, and increasing political tensions and conflicts. The Arab region continues to be characterized by sharp disparities between the different sub-regions, particularly between the high-income countries of the Gulf Cooperation Council (GCC) and the Arab Least Developed Countries (LDCs). These disparities are not only large in terms of level of development but also in terms of progress made towards achieving the MDGs. Indeed, while the GCC countries are on-track in achieving most of the MDG targets, the Arab LDCs, most of which suffer from conflict, together with Iraq and the Occupied Palestinian Territory, lag significantly behind, making it unlikely that they will be able to meet the majority of the targets by 2015. These differences, compounded by wide in-country disparities, are very significant in assessing the impact of the global Food, Fuel and Financial crises on prospects for achieving the MDGs – a focus of this report.

### MDG performance

The first Millennium Development Goal (MDG1) aims to eliminate extreme poverty and hunger by 2015. The main targets to measure progress of countries towards this goal are: reduction by half of the proportion of people living under \$1.25 per day, attainment of full and productive employment for all men and women and a reduction by half of the proportion of the population suffering from hunger. Arab countries are on track with respect to halving the proportion of people living below \$1.25-a-day. However, progress in Arab region LDCs has been undermined since 2006 due to the global crises, especially the rise in food prices. Moreover, this global target masks a higher percentage of the population living below *national* poverty lines. Furthermore, the region lags behind in the target of halving hunger. This is also the case with regards to achieving full and decent employment, where the youth and gender indicators are

particularly worrisome. Within this overall picture, past trends and future prospects for achieving Goal 1 vary remarkably within the region. Thus, rapid progress on employment and poverty in the Maghreb countries contrasts sharply with limited or no progress in the Mashreq countries. In the LDCs poverty and hunger are expected to have risen since 2005, as a result of rising food and fuel prices.

Trends in the proportion of people living below the national poverty lines highlight the fact that the Arab region as a whole has not experienced significant progress in reducing income poverty. Furthermore, Arab poverty is heavily concentrated in rural areas. The region's malnutrition rate also decreased sluggishly, indicating critical malfunctions in development efforts. In addition, labor markets in most Arab countries were characterized by widespread unemployment with an average unemployment rate for the Arab countries of 12 per cent of the labor force for the 2005-2008 period. The most important indicator of full and productive employment is the employment to population ratio. In 2008, the ratio for the Arab region was 54 per cent, the highest is found in the GCC countries at 60 per cent and the lowest in the Mashreq at 48 per cent. This suggests the region is nearly 8 per cent below the average for developing regions in the same year.

Youth unemployment is particularly high, reaching 30 per cent in 2006, and the youth share among the unemployed exceeded 50 per cent for most Arab countries. The situation is particularly grave for young women, as reflected by the 2:3 ratio of male to female youth unemployment rates. However, some female gains in employment were achieved and there was an improvement in female labor force participation.

The indicators of undernourishment and child nutrition for the Arab region place it at a relatively advantageous position when compared to developing regions (approximately one half of the average for the former according to the 2009 MDG report). However, there are serious concerns regarding the impact of a combination of factors including rising food prices, droughts and conflict of hunger since 2005, and particularly

in many Arab LDCs. For example, in Somalia an additional 2.6 million people in 2008 required emergency food relief. In Yemen, rising food prices are expected to have pushed a significant proportion of the population under the food poverty line. In Sudan, a recent report by the FAO and WFP estimated that about 1.2 million residents in the South alone will be vulnerable to food insecurity with a corresponding total food requirement of 76,000 tons (FAO and WFP, 2008). In Gaza and the West Bank, the issue of food security is magnified by the daily struggles for survival under military occupation and siege.

For the Arab States progress on **MDG2**, Universal Primary Education, (UPE) has been mixed. On aggregate, the region has seen improvement in Net Enrolment Rates, gender parity in primary schooling and the literacy rate of young adults aged 15-24 (UNESCO 2010). However, some countries such as Iraq, Lebanon, Oman and the Occupied Palestinian Territory, have seen a decline in performance with regard to educational attainment. This is worrisome because the MDG on UPE interacts actively with other MDGs related to health, extreme poverty and hunger, gender equality and others – a poor performance in UPE is, over time, likely to affect other development aims of the countries in question as well.

The progress in enrolment in education took place despite rapidly increasing population in the region. The total enrolment in the region was estimated at 41 million in 2007, showing an increase of 5.1 million since 1999. Despite these advances, enrolment, school completion, out-of-school children and the issue of marginalization in education continue to present significant challenges to the achievement of Universal Primary Education in the Arab States, particularly amongst LDCs and countries in or emerging from conflict. The Occupied Palestinian Territory, Yemen, Sudan and Iraq carry the largest shares of the out-of-school population for the region, with over 25 per cent in Yemen and Iraq alone in 2007.

In addition to education as a basic right, gender parity is also central to the achievement of many of the MDGs; it is a vital building block in national poverty reduction plans, a lynch-pin in improving maternal and child nutrition and health,

and a core element in the prevention of HIV and AIDS. Consequently, gender parity in primary education is of utmost importance and goes hand in hand towards the expansion of primary education and the achievement of UPE in the Arab States. Nine of the 22 countries in the Arab Region have achieved gender parity in primary education. From 1999 to 2007, gender parity in Net Enrollment Rates for primary education in the Arab region as a whole increased from 0.87 to 0.90,. Although sub-regions are on track towards achieving the **MDG3** target of gender parity in enrolment at primary level by 2015, several challenges remain. The 2010 UNESCO Global Monitoring Report indicates that in 2006, more than 60 per cent of the primary school aged children not enrolled in school in the region, were girls, and 53 per cent of them are expected never to enroll, compared with 39 per cent of out-of-school boys.

More broadly, concerning MDG3, the region has recently witnessed a surge in efforts by governments, non-governmental organizations and civil society organizations to tackle all forms of discrimination against women, and to invest in women's issues on a large scale. The renewed emphasis placed on this MDG reflects the wider recognition that effective agency for women is of both intrinsic and instrumental importance because achievement of other MDGs depend fundamentally upon it. Attainment of MDG3 is central to the achievement of all the other goals. This goal includes a target, namely to eliminate gender disparity at all levels of education by 2015, and three indicators, related to education, economic participation in non-agricultural sector and political representation in national parliaments. Overall, as noted above, Arab countries have achieved considerable progress in increasing female enrolment at all levels of education and reducing the gender gaps, although substantial differences exist among individual countries and sub-regions.

Despite the achievements in access to education, women's economic and political participation remains particularly low in Arab countries and further initiatives are needed. Even though female labor force participation rates increased dramatically in some countries from 1988 to 2008, women's labor force participation in the Arab region, at 33 per cent in 2008, was the

lowest in the world. This confirms that gains achieved by women in education have not been translated into greater economic participation.

An important factor contributing to the low level of women's economic participation in the Arab region is the mismatch between women's educational specialization and the labor market's needs. Although women's access to higher education is growing, they still tend to preponderate in the health and education fields, thus reproducing gender-based domestic roles of caring for others, which are less valued in the labor market. A key challenge is to encourage women to enter non-traditional careers such as the scientific professions and technical occupations.

In that framework, it is vital not only to promote greater economic participation, but also to ensure the right of women to decent working conditions, including equal pay for equal work. Pay differentials remain one of the most persistent forms of gender inequality. They vary between and within countries, as well as across sectors. However, without systematically addressing wage gaps as an essential element of MDG3, analysis to formulate new policies and propose corrective measures will be insufficient.

Arab women's participation in political life remains low. The representation of women in national parliaments in the Arab region, at 10 per cent as of February 2010, is the lowest rate in the world, still far from the 30 per cent that was recommended in the Beijing Platform for Action. However, the Arab region witnessed a slow rate of improvement in women's political representation, as the percentage of women's share in national parliamentary seats rose from 8 per cent in 2006 to 10 per cent in 2010.

In view of the low level of women's political representation in most Arab countries, some governments adopted temporary special measures, such as the quota system to accelerate women's *de facto* equality, as in Jordan, Tunisia, Sudan, Iraq, the Occupied Palestinian Territory, Egypt, Morocco and Mauritania. In this context, many countries witnessed an increase in the number of women in the electorate, parliaments and local councils. The institutionalization of the quota system in national parliaments has yielded favorable results in terms of increasing women's

political representation. In the Arab region, Tunisia has the highest level of female representation in parliament at 28 per cent, as of February 2010, followed by Iraq at 26 per cent and the United Arab Emirates at 22 per cent.

**MDG4** aims to reduce child mortality by lowering the under-five (U5MR) and the infant mortality rates, two principal measures of the health status in a country or region. The third indicator used to track progress is the rate of immunization against measles. Empirical research has led to an increased understanding of the key determinants of health outcomes. These findings have resulted in different sets of policy interventions that increasingly try to strengthen linkages between health and other development areas (including poverty, education and the environment). The Arab world has the resources, capacity, and public will for such change. What is needed now is a more comprehensive vision for the future and a more comprehensive strategy to achieve it.

With respect to child mortality rates, under-five mortality has been declining steadily in the Arab region – from 83 per 1,000 live births in 1990 to 52 per 1,000 live births in 2008, a 37 per cent reduction in 18 years. However, despite progress in reducing the under-five mortality rate it is very unlikely that the Arab region as a whole will achieve this target by 2015. Moreover, in the Arab LDCs, more than one in ten children dies before reaching his/her fifth birthday. The sub-regional variations are both in the level of the under-five mortality rate and in the progress towards reducing it. The LDCs exhibit very high under-five mortality rates – consistently more than 100 per 1,000 live births between 1990 to 2008 – compared with the Mashreq, Maghreb and GCCs sub-regions, where such rates have been below 50 per 1,000 live births since 2000. While the Arab Mashreq is on track to achieve the under-five mortality MDG target, and the Arab Maghreb and the GCCs are likely to achieve it, it is evident that the LDCs are off track on this target.

Between 1990 and 2008 the infant mortality rate (IMR) has been halved in most Arab countries. This is particularly true of countries such as Egypt, Jordan, Lebanon, Syria, Morocco, Tunisia and Saudi Arabia. Yemen has also reduced its IMR, although the rate remains

relatively high compared with other Arab countries and the benefits of such gains are threatened by high levels of infant and child malnutrition. Infant mortality rates remain at their highest in Sudan, Somalia, Mauritania, Djibouti and Comoros, where no major decline in the rate has been experienced since 1990. Declines in IMR have also been slow in Iraq, although the country's mortality rate is lower than the above-mentioned countries.

Despite important successes in increased immunization rates throughout the Arab world, universal immunization coverage will not be achieved by 2015 without addressing problems of accessibility to vaccines, low health facility coverage, suboptimal delivery strategies and unavailability of services in conflict areas and for mobile and displaced populations. The LDC countries remain in need of special technical support and financial investment to bridge the gap and catch up with other Arab countries. In countries where coverage is lagging behind, making more efficient use of existing immunization services can prevent measles-related deaths.

**MDG5** Target 5A seeks to improve maternal health and to reduce the maternal mortality ratio by three-quarters between 1990 and 2015. Two indicators are being used to monitor change: the maternal mortality rate (MMR) and the proportion of births attended by skilled health personnel. Target 5B aims to achieve universal access to reproductive health. This goal is being tracked through the contraceptive prevalence rate, the adolescent birth rate, antenatal care coverage and the incidence of unmet need for family planning.

There are great variations in the maternal mortality level among countries of the region – ranging from levels below 10 per 100,000 live births in some GCC countries to around 1,600 per 100,000 in Somalia. Overall, the Arab region as a whole is progressing more slowly than it should be towards achieving MDG5. This is largely attributed to persistent gender inequalities and unhelpful social practices. While the Gulf (GCC) countries have low maternal mortality rates and are on track to meet the MDG target, the LDCs of the region indicate a worsening situation and are unlikely to fulfill MDG5. Both the Maghreb and

the Mashreq countries made significant achievements in reducing maternal mortality, although it may not be sufficient to achieve the three-quarters reduction required to meet the goal by 2015.

The vulnerability of women (especially the pregnant) increases in deteriorating and crisis situations, as primary attention is usually diverted to other priorities, such as shelter and food, leaving little or no scope for women's needs and services. After having made great progress in improving maternal health in the Occupied Palestinian Territory, a marked regression was experienced after the second intifada due to the closures of, and restricted access to, maternity hospitals, leaving women with no safe option for childbirth. In some parts of Sudan and Somalia women are afraid to seek healthcare services. Thus, they often have to deliver at home in the absence of healthcare providers who are often unable to travel to reach women in need. In addition, because ambulances in Somalia are often targeted women tend to abstain from using them. In the conflict stricken part of Yemen access by pregnant women to health personnel is also hindered. In Iraq, the previous international sanctions regime had reduced the resources invested in the health sector and undermined the general health of the population, particularly the most vulnerable; the wars destroyed much of the health infrastructure and healthcare services, partly resulting from the depletion of the pool of qualified personnel. These collective circumstances highlight the urgent need for special attention to women in countries caught in humanitarian crises to ensure that women continue to have access to care during the intrapartum period.

All countries except Sudan and Somalia have made significant improvements in skilled birth attendance. Countries with significant progress towards achieving reduction in MMR also have a higher proportion of births attended by skilled personnel. In Tunisia for example, the number of births attended by skilled personnel is almost universal reaching 94 per cent. Morocco's skilled birth attendance is only 63 per cent. National authorities believe this to be a key factor for the country's inability to achieve significant reductions in MMR comparable to other Arab countries of similar socioeconomic conditions.

Morocco has thus stated its commitment, at the highest political levels, to reduce maternal mortality, pinpointing it as one of the country's main development challenges. Algeria, Bahrain, Lebanon, Libya, Oman, the Occupied Palestinian Territory, Qatar, Saudi Arabia, Syria, Tunisia and UAE have achieved more than 90 per cent coverage with skilled birth attendants. On the other hand, Somalia and Yemen have the lowest coverage.

All countries except Sudan have made progress in increasing contraceptive prevalence rates. Several countries, such as Morocco, Syria, Egypt, Jordan, Lebanon, Iraq, and Kuwait have made significant relative progress towards this end. Others, with already high CPRs (Algeria and Tunisia), have maintained somewhat similar levels. However, the overall levels of CPRs in several other countries (Yemen, UAE, Saudi Arabia, Comoros, Djibouti, Oman and Mauritania) remain relatively low. Furthermore, birth rates remain high in most countries of the region compared with more developed nations, leading to the conclusion that, on average, women of the Arab Region are more exposed to maternal health risks due to high pregnancy frequencies.

Adolescent fertility is associated with increased risk of maternal mortality due to the fact that young girls may not be physically fit for pregnancy. Data on adolescent birth rate show discrepancies among sub-regions. While the GCC and Maghreb clusters have successfully lowered adolescent fertility, the Mashreq and the LDCs sub-regions are still experiencing early childbearing and exposure to risks.

All four sub-regions showed progress in antenatal coverage between 1990s and 2000s. Statistics show that 9 out of 10 pregnant women in GCC; 8 in 10 pregnant women in the Mashreq and Maghreb region; and 6 in 10 pregnant women in LDCs receive antenatal care. At the country level, an increase in antenatal care has been observed in most countries, reaching complete coverage in several of them: UAE, Oman, Qatar, Bahrain, Jordan, Kuwait, Libya and Lebanon. At the other extreme, women in Yemen and Somalia have received the least amount of antenatal care.

The unmet need for family planning is an indicator that reflects poor access to information

and quality family planning services. However, data on this indicator is only available for a limited number of countries. Countries such as Egypt, Morocco and Syria show lower levels of unmet need for family planning at 9, 10 and 11 per cent, respectively. Over the past decade these countries have faced a leveling of contraceptive prevalence rates.

Although the prevalence of HIV/AIDS continues to be relatively low in Arab countries, risks and vulnerability are high as the epidemic is on the rise. Thus, reaching the **MDG6** targets is more crucial than ever. Not only are these important in their own right, but also improving population health is vital for the successful attainment of all other MDGs. Gains on reducing the spread of HIV/AIDS, malaria and tuberculosis (TB) have been made to varying degrees within the Arab states.

Based on the limited existing evidence, HIV has been found to be more prominently concentrated amongst high-risk populations such as commercial sex workers, although the majority of reported cases in the region involve unprotected sexual contact among young adults; however there is increasing evidence of epidemics amongst injecting drug users (IDU) and their sexual partners. Furthermore, the HIV epidemic in the region is not homogenous. Despite overall low HIV prevalence, the trend since the early 2000s shows increased infections across some countries, particularly amongst specific population groups and locations. While malaria has been almost eliminated in the majority of Arab countries, it still remained highly endemic in the Arab LDCs in 2006, especially in north Sudan (7,167 per 100,000), Comoros (8,693 per 100,000), and Mauritania (6,140 per 100,000). Furthermore, malaria notification in the LDC sub-region tends to underestimate the actual number of cases as surveillance is weak and, in some areas, non-existent. Tuberculosis remains a significant public health problem, and probably the leading cause of communicable disease deaths in adults in the Arab world. Challenges lie mainly in the LDC sub-region where incidence rates have increased over recent years. In terms of the Arab region as a whole, however, the period between 1990 and 2007 witnessed a 24 per cent decline in incidence and a 37 per cent reduction in prevalence.

With respect to **MDG7** all Arab Countries share, in varying degrees, the major challenge of improving environmental governance and integrating environmental resources management into poverty reduction strategies and national development plans. A great majority of people in the Arab world live in urban areas located in coastal zones which are experiencing environmental challenges in terms of predicted sea level rise and the competition for land and natural resources. There are still also a large proportion of the population in the poorer Arab countries maintaining sustainable livelihoods in rural areas which are often poorly serviced in terms of water supply, sanitation and other infrastructural support and where pockets of intense poverty can be found.

The Arab region as a whole only contributes about five per cent of global carbon dioxide emissions, but the impacts of climate change on the region are of major concern to policy makers who recognize that the Arab region will be negatively impacted by climate change. The Fourth Assessment Report of the IPCC indicated that part of the Arab region will be subjected to severe water stress and droughts as a result of a decline in rainfall. Major potential impacts include weak resilience of soil resources and relatively limited availability of surface/ground-water resources for irrigation purposes. Such environmental changes affects food production systems, potentially contributing to increased hunger and migration as well as having the potential to increase the incidence of diseases such as malaria as disease vectors change in response to changing climates.

Biodiversity is being lost in the Arab region as a result of habitat degradation and loss during the past three decades partly as a result of the increase of population. Urbanization and agricultural and industrial development are one of the main reasons for the degradation of biological diversity in all countries across the region. Overgrazing, unsustainable use of water resources and land as well as the commercial use of biodiversity resources are common factors. Pollution, sewage and industrial waste and pesticides and fertilizers run off are additional pressures on biodiversity in many countries.

The various Arab sub-regions have been slowly improving access to sanitation facilities for their population during the last 15 years. However, in 2006, the proportion of the population in Arab LDCs using improved sanitation facilities was still as low as 18 per cent in rural areas and 60 per cent in urban areas. Overall, the rates are still low with 56 per cent in rural areas and 84 per cent in urban areas having access to sanitation across the Arab region. This weak but differentiated performance can also be seen with regards to the proportion of the population with access to improved drinking water sources: 55 per cent in rural areas of LDCs compared to 75 per cent in the region and 78 per cent in urban centers of LDCs. compared to 91 per cent for the region. If Arab countries maintain their sluggish trajectory, an estimated 124 million people in the region will be without access to basic sanitation in 2015, with about half of those living in the Arab LDCs.

**MDG8** seeks to develop partnerships for international development. The focus is split between development partnerships in relation to aid, trade and debt issues and specific trade and investment concerns relating to access to essential drugs and ICTs. Performance on development partnerships is very mixed. Since 1990, development finance to Arab countries has been, to a large extent, driven by the vested interests of donor countries rather than by the evidence-based development challenges and priorities on the ground. Donor countries pledged to make 'concrete efforts' towards the target of 0.7 per cent of their GNI as aid. These commitments were reaffirmed in the 2005 World Summit but in 2008, only five donor countries respected these commitments and reached the 0.7 per cent (Sweden, Luxemburg, Norway, Denmark, and Netherlands). Thus ODA to the region has been highly erratic and was actually lower, in real per capita terms, in the late 2000s than in the early 1990s. It is also grossly insufficient to meet the special needs of Arab LDCs. Moreover, only one of the four qualified highly indebted poor Arab countries has reached the HIPC completion point. On a more positive note, a significantly larger share of non-oil Arab goods enjoyed unfettered access to developed markets in 2007 compared with 1990 and considerable progress was achieved on the debt reduction and ICT front.

Arab donor countries have often either reached or exceeded the target ODA of 0.7 per cent of GDP which was not met by most DAC countries. During the period 1990-1994, ODA to GDP of Arab donors was very high, reaching 1.3 per cent. This ratio decreased considerably in the period 1995-1999 before increasing back to reach 0.8 per cent during 2000-2004. Although ODA to GDP was 0.5 per cent in the period 2005-2008, ODA to GNI in 2008 for Arab donors combined was 0.7 per cent, which is high compared to the DAC donors' 0.3 per cent (figure 9.4). Saudi Arabia was by far the largest Arab donor country during the whole period showing an ODA to GNI ratio as high as 1.2 per cent in 2008. The share of aid provided by Arab Development Funds and Organizations that went to Arab recipients increased from 60 per cent in 2007 to 64 per cent in 2008.<sup>1</sup> This significant increase in inter-Arab aid flows in 2008 should be maintained in the coming years. In addition, aid received from Arab donors is unconditional, while a considerable portion of ODA received from DAC donors remains either tied or partially untied.

On essential drugs, the impact of the global financial crisis has left many people in LDCs without access to affordable medicines. This is alarming considering the increasing incidence of chronic diseases requiring treatments such as insulin and cardiovascular medicine. Furthermore, this has been compounded by the increase in poor people, and lower wages resulting in poorer health and a higher burden on public health services. The global credit crunch may also mean that regional importers will not be able to obtain credit to purchase medical products and for countries that have no capacity to manufacture medicines from raw imported material, the cost will be even higher. Nevertheless, the magnitude and duration of the crisis remain uncertain and previous economic crises demonstrate that their impact is rarely consistent across countries.

Last but by no means least, the ICT sector has a major role to play in generating economic growth and stimulating the global financial recovery across all commercial and industrial sectors. Major advancement was witnessed in the Arab region in the ICT sector, in particular in the

internet and mobile areas, but the Arab LDCs still lag well behind the rest of the other Arab countries in these two fields. Growth in the number of mobile phone subscribers has almost tripled in the last five years. Increasing the number of subscribers has been aided by effective competition between service providers. Except for the LDCs, all Arab countries also showed a significant and continuous rise in the number of internet users per 100 inhabitants from 1999 until 2008. Notably, this number grew by 66 per cent in UAE in 2008 making UAE the Arab country with by far the highest level of internet subscribers per 100 inhabitants (86 in 2008). Meanwhile, the internet did not yet penetrate the Arab LDCs effectively. These countries show insignificant numbers of internet subscribers per 100 inhabitants which reached 1.44 and 1.43 only in Mauritania and Yemen, respectively during 2007. Although the 2008 figures for ICT show that it was not affected by the financial crisis, ICT operators fear that in subsequent years, this crisis will make them face greater challenges in accessing capital and financing their network investments, slowing expansion plans.

**Global financial crisis**

Part II provides a detailed analysis of the impacts of the crisis on the regional economies and the likely impacts on the MDGs. In doing so it draws attention to important similarities and distinctions between the sub-regions on the impacts of the crisis and on policy implications. An important conclusion here is that whilst most countries in the region have been able to employ counter cyclical policies, to good effect, the Arab LDCs are severely constrained in both their fiscal and monetary instruments and their progress on many of the MDGs is threatened.

These differential effects of the crises underline a second conclusion – the importance of the domestic productive sectors, especially local non-traded goods and services, for economic predictability and stability. Jobs are fundamental to sustained poverty reduction and to the creation of conditions for the sustainable achievement of the MDGs. The effective use of trade, investment and productive policies within a sound macroeconomic framework can help countries lift all men and women in the region out of poverty, hunger and malnutrition, illness and illiteracy, as was proven by several Asian economies in recent

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<sup>1</sup> Arab Unified Economic Report 2009, p. 201.

history. But, as Part II analyses, regional growth has not been employment intensive and hence has not been particularly pro-poor and economic diversification has been a challenge. Reducing risks from external shocks requires greater diversification of trading partners, greater regional resilience and greater product diversification.

As highlighted by the LAS and UNDP (2009), there is huge diversity among Arab countries and sub-regions in terms of economic structures and human and natural resource endowments. The diversity in economic structures and levels of economic development implies that the significance of the crisis transmission channels will also vary from one sub-region to another.

The oil exporting economies had clearly benefited the most from the preceding food and fuel crisis given their substantial oil exports. However, these countries faced a substantial drop in export earnings and oil revenues in 2009 due to the financial crisis with oil and gas accounting for over 85 per cent of their merchandise exports. The substantial reserves they had built up over the years of high oil prices allowed them to relax the resultant foreign exchange and fiscal constraints by drawing down reserves or incurring debt. Being major importers of food and construction materials, the prices of which have declined from peaks reached in 2008, these countries also witnessed some decline in their import bills, although the decline was dwarfed by the much higher decline in fuel export proceeds.

International migrant worker remittances, which represent a major source of foreign exchange for a number of Arab countries as well as a substantial income support for many households, constitute another conduit through which the crisis has affected the region. In fact, Arab countries have been affected in terms of falling remittances on two counts: first, remittances received by the region as a whole are expected to have grown at a slower pace in 2009; second, preliminary estimates suggest that remittances from the GCC countries to labor-exporting countries fell by nearly 3 per cent in 2009.

The international financial crisis and its repercussion on the real economy worldwide have also translated into lower FDI inflows into Arab

countries (UNESCWA, 2009): the conjunction of squeezed credit and plummeting oil prices has impacted investments in oil projects; the bursting of the real estate bubble in the GCC countries, particularly in the United Arab Emirates (UAE), has delayed several housing projects; and the decrease in cross-border Mergers and Acquisitions has put on hold some of the projected privatization schemes in the region. Underlying the drop in FDI inflows to the region is a fall in FDI in six countries among which are Egypt, Saudi Arabia, and the UAE that accounted for almost three-quarters of total FDI in the region in 2008.

Primary export economies are most vulnerable to the impact of the Food, Fuel and Financial crises, given their much higher level of poverty and lower wealth and creditworthiness, which reduce their options for dealing with the crises, while at the same time rendering the impact that much more critical, in terms of achieving the MDGs. Given the fact that many LDCs also lack strong capacity to mitigate rising international food prices through some of food subsidy programs, the surge in food prices is certain to have adversely affected extreme poverty and hunger.

The primary exporting countries are thus likely to suffer negatively on a number of fronts. Furthermore, these countries do not have major reserves that can be liquidated and hence face binding foreign exchange and fiscal constraints, which can lead to contraction of their service sectors. To the extent that these countries receive official development assistance that may be at risk due to budgetary limits of donor countries, they could be hit on the ODA front as well. Most countries in this group also do not benefit from FDI in any major way.

Arab GDP growth since the 1970s has been closely tied to the rise in export revenues, dominated by fuel exports. The latter constituted 80, 67 and 90 per cent of merchandise exports of the high income (mainly Oil Exporting economies), middle income (mainly Diversified Economies) and low income (LDC) groups, respectively in 2007. The fitful ups-and-downs in the Arab countries, from high growth in the 1970s to economic stagnation through the 1980s and back to extraordinary growth in the early 2000s

directly reflects the turbulent cycles of the oil market income.

Oil-led growth also reflects, in large part, the poor performance of productive sectors, particularly the industrial sector. One of the most alarming stylized facts on development for Arab countries is that they have transformed over a span of less than 40 years, from agriculture-based to service-based economies. Arab countries with a relatively diversified economic base in the 1960s such as Syria, Egypt, Morocco, and Algeria have all experienced deindustrialization as revealed by declining manufacturing shares of value added and employment, over the last three decades. Correspondingly, services have grown steadily to dominate Arab economies since the 1970s.

Since the crisis has, *inter alia*, manifested itself in lower international oil prices, the impact on growth in the region is a major source of concern. Indeed, oil prices have dropped significantly (from \$147 per barrel before crashing then rising, in a fluctuating market, to \$73 in early June 2010), leading to a collapse of export revenues for the majority of Arab economies. The lower income country group witnessed an even higher export shock (36 per cent) owing to the dependence of its largest two economies, Yemen and Sudan, on oil exports. The Diversified Economies group also saw a decline in its exports but by a narrower margin.

Arab growth – although slowing – remains higher than in most other regions. The region is also expected to improve growth performance in 2010. What explains this resilience? The IMF gives three explanations: First, Arab banks had little exposure to the toxic assets that have created turmoil elsewhere. Second, countries in the region have not been affected to the same extent by sharp declines in export volumes, as in Asia, or the withdrawal of capital flows, as in the case of Latin America and Eastern Europe. Third, the timely and decisive policy actions in the oil-led economies were crucial. With the sharp decline in global interest rates, central banks have responded by easing monetary policy. In some GCC countries, where banks experienced financial distress, the authorities have quickly provided liquidity and capital. In addition, the region's oil exporters have decided to maintain high levels of

capital spending by drawing upon reserves accumulated during the boom years.

Economic growth for the region has been negatively affected by the global financial crisis but the growth impact is less severe than in other regions and is mainly concentrated in the rich oil exporting economies which have already achieved most of the MDGs. By virtue of their significant reserves, the oil exporting countries are also better positioned to mitigate the potential negative socioeconomic ramifications of retarded growth. The preceding food and fuel crises however, may have produced a more conspicuous impact on MDGs, particularly on targets related to poverty and hunger. At the sub-regional level, Arab LDCs are expected to suffer the most in terms of MDG attainment. In terms of policy responses, it is clear that more affluent oil exporting countries were better able to respond to the Food, Fuel and Financial crises than the more diversified MICs while LDCs have lacked any effective capacity to respond.

This analysis of the limited likely impact of the global economic crisis on Arab economies appears to have been endorsed by the region's Governments, who have made limited direct response beyond the timely and decisive action by GCC countries to maintain their financial sectors intact. However, given what we know about the actual workings of the economies of the region and the in-depth understanding gained of some particular economies, there is a real danger that the actual impact of the crises – particularly the food crisis – might prove stronger in LDCs. If these countries are not able to take corrective action, the consumption capacity of the poor and the prospects for attainment of the MDGs could be seriously impaired.

While the phenomenon of jobless growth that has characterized growth in the Arab region in the recent past is undeniable and the broad contours of a pro-poor growth process are known, more understanding is needed as to the reasons that have led to the current pattern and how the trajectory can be changed to a more job intensive growth process. Having a more informed basis for decision-making would allow the Arab countries to respond much better to the boom–bust cycle, which has undermined long-term investment in this region and allow for appropriate policy

choices to increase the resilience and long-term growth of the region, thus also responding to the employment challenge that besets the region. For example, for many of the MDGs an important element of improved understanding needed is the contribution of remittances to the development process and how it is likely to change in responses to changing conditions in the labor receiving countries. Given the importance of remittances for poorer countries in the region, there is an urgent need for a more solid information base on this key economic variable.

## Conclusions

As far as MDG progress is concerned, three main conclusions can be derived. First, even prior to the crisis, data suggests the region had a mixed performance with respect to MDG attainment. In this regard, Arab countries can be classified into three main groups: countries that are likely to achieve MDGs targets (mainly GCC countries); countries with mixed progress and mixed opportunities, which constitute the bulk of Arab middle-income countries (MICs); and countries that are unlikely to achieve MDGs targets (mainly LDCs). Second, the progress has been heterogeneous even across the goals with many Arab countries lagging significantly behind on goal 1 and 5 in particular. Third, security issues pose a serious threat to the achievement of MDGs in conflict-affected countries, namely Iraq, the Occupied Palestinian Territory, Somalia, and Sudan.

A second major concern in this report is the global financial crisis. Initial assessment of the global financial crisis predicted a strong effect on the Arab region and its efforts to achieve the targets set out in the MDGs. It was predicted that the adverse effect of the crisis on growth and

fiscal space would derail progress given their implications for poverty alleviation, job creation, social welfare provisions, and other important development pursuits. More recent assessments of the impact however, are fairly sanguine and expect growth in the region at only a slightly lower rate than the pre-crisis average. Nevertheless, the financial, economic and social costs of the FFF crises in the Arab region LDCs should not be underestimated.

Finally, there is strong political will towards achieving the MDGs and the UN General Assembly high-level plenary in September should provide renewed impetus. Ambition and resources can enable us to achieve the MDGs. But such commitment needs to be used effectively and the priorities identified here should inform our investments in accelerating MDG progress. Those investments should be driven by a national framework for sustainable development balancing economic, social and environmental development priorities that collectively provide the basis for MDG achievement. This national framework, or what is commonly called the National Development Strategy (NDS), provides the critical means through which policy coherence across targets can be achieved. NDS enable countries to identify and harness co-benefits of policies that contribute to different objectives, to find solutions for trade-offs among conflicting objectives, to address simultaneously intra- and inter-generational equity concerns, to address gender equality concerns, to target the most vulnerable populations, and to enhance mechanisms for broad participation, voluntary civic engagement, and ownership across all major stakeholders.

## Introduction

The 2000 Millennium Declaration adopted by 189 Member States of the United Nations was a defining moment for global cooperation at the outset of the 21st Century. The Declaration captured previously agreed goals on international development, and gave birth to a set of concrete and measurable development objectives known as the Millennium Development Goals. These goals also represent a consolidation of all agreed targets associated with the United Nations development agenda, representing the culmination of several important United Nations summits held during the previous decade, including summits on sustainable development, education, children, food, women, population and social development. They are the world's quantified, time-bound targets for addressing extreme poverty, hunger and disease, and for promoting gender equality, education and environmental sustainability. They are also an expression of basic human rights: the rights of everyone to good health, education and shelter. The eighth Goal, to build a global partnership for development, includes commitments in the areas of development assistance, debt relief, trade and access to technologies.

The challenge today in the Arab region is to agree on an action agenda to achieve the Millennium Development Goals. With five years to go to the target date of 2015, the prospect of falling short of achieving the Goals is very real. This would be an unacceptable failure from both the moral and developmental standpoints. In this case, the dangers in the region—instability, violence, epidemic diseases, and environmental degradation— will all be multiplied.

This report reviews progress on the Millennium Development Goals in the Arab Region. 2010 is an important milestone in the pursuit of the MDGs, ten years since the historic Millennium Declaration and just five years to the 2015 target date. A high-level plenary on the MDGs will be a central part of the UN General Assembly meeting in September 2010 and is expected to renew and reaffirm the commitment to the MDGs. This report contributes to the global efforts to meet the challenge of the MDGs and provides an up-to-date and detailed account of progress in the region.

A key message of this report is the need to accelerate progress in some countries and sectors if the MDGs are to be realized as hoped. Achievement of the Millennium Development Goals thus remains feasible with adequate policies, resources and effort particularly to Arab LDCs. The Millennium Declaration represents the most important collective promise ever made to the world's most vulnerable people. This promise is not based on pity or charity, but on solidarity, justice and the recognition that we are increasingly dependent on one another for our shared prosperity and security. This interdependence is particularly relevant for the Arab region where the inter-regional developmental divide is amongst the sharpest worldwide.

With regard to data and information included in this report, the report relies on several sources, including international sources such as the United Nations Statistics Division (UNSD) and other international organizations that collect data on the Millennium Development Goals. Statistics included in this report were also extracted from regional United Nations bodies that work in the Arab region and from official national statistics. As for the methodology for calculating the MDG indicators, the report follows the methodology of the UNSD. Likewise, with respect to the calculation of regional and sub-regional averages, the UN agencies in general have followed the guidelines provided by the UNSD for the calculation of all relevant indices and which are illustrated in the MDG Metadata report.<sup>2</sup> It should be noted however that the data available at national and regional levels are characterized by many gaps and inconsistencies and this was one of the biggest challenges facing the preparation of the report.

The report adopts several sub-regional classifications depending on the nature of the MDG indicator and the research question at hand. However, the following grouping which classifies Arab countries based on their geographic location

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<sup>2</sup> The United Nations Millennium Indicators Series Metadata is available at: <http://mdgs.un.org/unsd/mdg/Metadata.aspx>.

and level of development is the most commonly applied in the report:

1. Mashreq: Egypt, Iraq, Jordan, Lebanon, the Occupied Palestinian Territory, the Syrian Arab Republic.
2. Maghreb: Algeria, the Libyan Arab Jamahiriya, Morocco, Tunisia.
3. Gulf Cooperation Council (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates.
4. Arab Least Developed Countries (LDCs): the Comoros, Djibouti, Mauritania, Somalia, the Sudan, Yemen.

Another grouping used, particularly in the analysis of the impact of the crisis, is as follows: Oil Exporters (OE: mainly GCC), Mixed Oil Economies (MOE: Algeria and Libya),

Diversified Economies (DE: Egypt, Jordan, Lebanon, Morocco, Syria, and Tunisia), Least Developed Countries (LDCs or Primary Exporting Economies) which are Comoros, Djibouti, Mauritania, Sudan, and Yemen) and conflict-affected countries, the Occupied Palestinian Territory, Iraq and Somalia.

The report contains three Parts. Part I addresses performance in the region on each of the MDGs and contain specific policy recommendations relating to enhanced achievement against the MDGs. Part II covers the effect of the global FFF crises on development in the Arab region and it focuses particularly on the impact of these crises on achieving the MDGs. The last Part of this report summarizes the main conclusions with specific emphasis on policy recommendations, as stated in previous chapters, to help the Arab countries accelerate their progress towards achieving the MDGs.

## **PART ONE**



## I. MILLENNIUM DEVELOPMENT GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

Arab countries are on track with respect to halving the proportion of people living below \$1.25-a-day. However, this is not the case when looking at the percentage of the population living below national poverty lines. Moreover, poverty in the Arab LDCs (36 per cent) is nearly twice the average for the region. It is noteworthy also that the rate of poverty in the Mashreq sub-region (19 per cent) in the mid 2000s is more than double that in the Maghreb (7 per cent). At the sub-national level, poverty in Arab regions is heavily concentrated in rural areas. The Arab region lags behind all other regions in indicators of full, productive and decent employment, particularly for women and youth. Given the low employment to population ratios it is not surprising that unemployment is a major development challenge in most Arab countries. There has been insufficient progress to meet the hunger target and serious concerns over the impact of the food crisis on food deprivation, particularly in the LDCs. Furthermore, the region and all sub-regions did not witness any reduction in the depth of hunger, which measures how far the food-deprived population lies below the minimum dietary intake. Despite the overall gloomy picture, past trends and future prospects for achieving Goal 1 vary remarkably within the region. Thus, rapid progress on employment and poverty in the Maghreb countries contrasts sharply with limited or no progress in the Mashreq sub-region. In the LDCs sub-region, poverty and hunger are expected to have risen since 2005, as a result of rising food and fuel prices.

### Introduction

Freedom from extreme poverty and hunger is a key human right. It forms an important component of the synergistic set of factors that influence overall human poverty and assumes a critical role in cementing social cohesion and harmony, thus accelerating nation building, and strengthening political stability. In acknowledgement of these facts, the first MDG aims to halve extreme poverty, achieve full employment under decent working conditions and reduce hunger. In what follows we review the progress or lack thereof of Arab countries in each of these targets.

**Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day**

*Indicator 1.1: Proportion of population below \$1 (PPP) per day*

The region as a whole and all sub-regions are on track with respect to halving the proportion

of people below \$1.25-a-day.<sup>3</sup> It should be noted at the outset that an accurate and up to date assessment of expenditure-based poverty for the Arab region is very difficult to attain, due to the paucity of data and other constraints. However, and despite data limitations, there is sufficient evidence to suggest that poverty has declined (when using the \$1.25 per day measure).

Progress has been achieved in all sub-regions: most notably in the Mashreq, which is close to achieving Target 1A (figure 1.1A). It is the Arab LDCs, however, that recorded the most remarkable reductions. These can be mainly attributed to poverty reduction efforts in Yemen and Mauritania up to 2006 (figure 1.1B). Figure 1.1A also reports the poverty rate for the Arab region based on the \$1.25 poverty line, which was just below 4 per cent before the crisis. This is very low compared to other developing regions. This is corroborated by figure 1.2 where the region ranks, along with the Transition Economies of Eastern

<sup>3</sup> Prior to the latest ICP for 2005, the main international poverty line was \$1.08 a day at 1993 PPP. The new ICP price data for 2005 indicate that the cost-of-living is higher in developing countries than was thought. There are also a great many more household surveys available for measuring living standards. Accordingly, the international benchmark for extreme poverty was adjusted to 1.25 dollars per day.

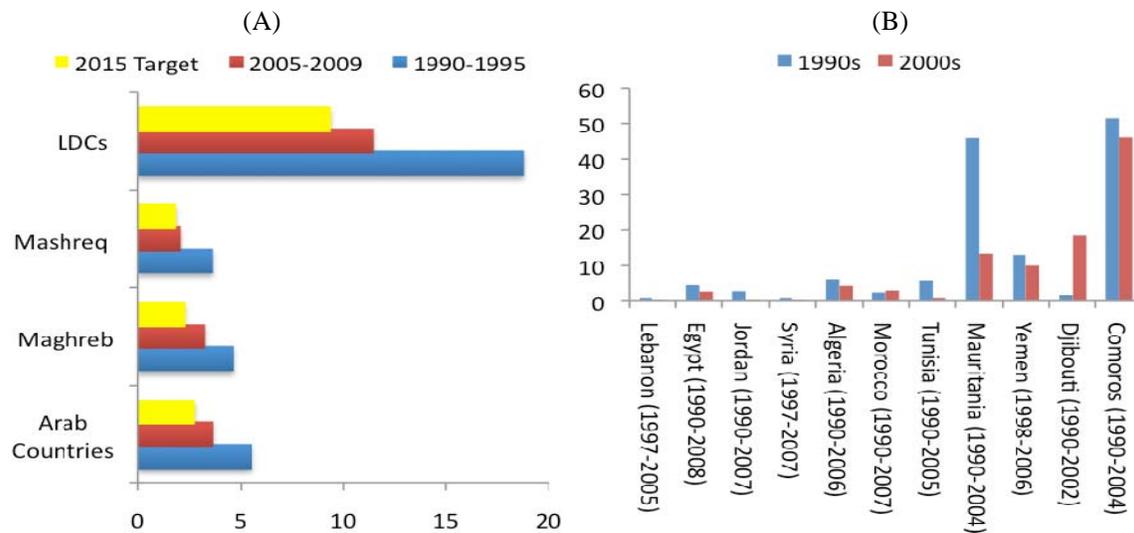
Europe and Central Asia (EE&CIS), as the lowest in the world.

The Arab region has had some success in reducing the proportion of the poorest of the poor. However, this is dependent on the poverty measure. When using a higher poverty base line, the region's poverty rate increases dramatically from 4 per cent to 17 per cent. This indicates that in the Arab region a significantly higher share of the population is clustered not far above the \$1.25 line, making it more vulnerable to economic shocks and other crises. Thus, poverty trends are not homogenous across different poverty lines, as the remarkable progress in poverty reduction observed based on the \$1.25 line is not observed with the \$2.00 and higher poverty lines. This implies that the Arab region has been successful

in reducing the proportion of the poorest of the poor only. However, one has to interpret these results with caution particularly in light of the impact of the rise in food prices since 2006 on LDCs, which is expected to have engulfed the bulk of the poverty reduction gained since 1990.

The international poverty base lines reported above are of limited use in capturing the reality of extreme poverty in Arab countries. A more relevant measure, which relates to locally informed measures of poverty is the proportion of the population under the national *lower poverty line*.<sup>4</sup> Table 1.1, based on most recent poverty assessment reports, reflects this poverty rate and its trend in twelve Arab countries (comprising almost two-thirds of the Arab population).

**Figure 1.1. Proportion of people living on less than \$1.25-a-day for Arab countries and sub-regions (A) and by country (B), percentage, 1990-1995 and 2005-2009**

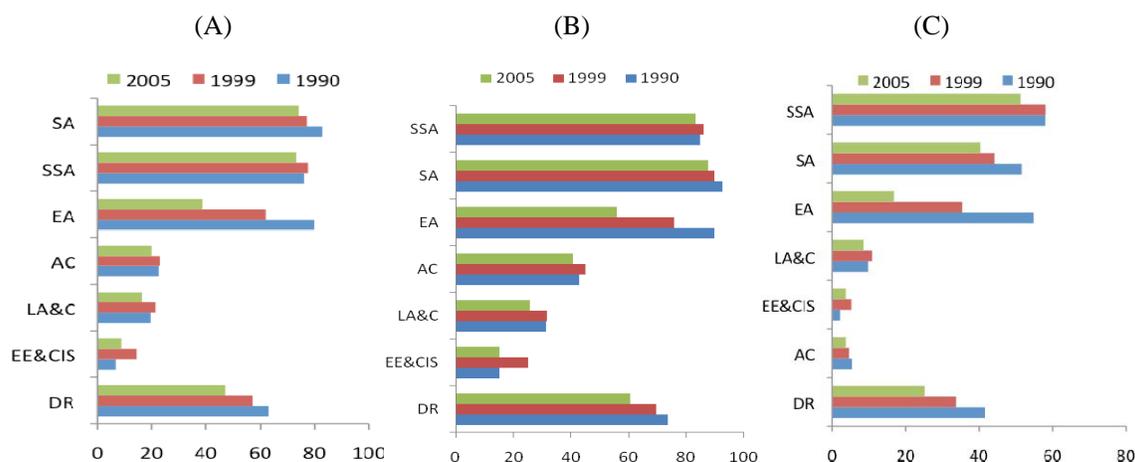


Source: World Bank POVCAL datasets (in 2005 PPP) and UNDP estimates derived from HIES unit record data.

Notes: Countries included are Egypt (1990 and 2009), Lebanon (1995 and 2005), Syria (1997 and 2007) and Jordan (1990-2005) for the Mashreq sub-regions; Algeria (1995 and 2005), Tunisia (1995 and 2005) and Morocco (1995 and 2005) for the Maghreb sub-regions; and Yemen (1998 and 2006), Comoros (1995 and 2005), Djibouti (1995 and 2005) and Mauritania (1995 and 2005) for the LDCs.

<sup>4</sup> The lower poverty line is defined as the value of the basket of goods and services which is equal to the cost of the food bundle that can provide the minimum energy intake per day, plus a minimum allowance for non-food expenditure. This allowance is equal to the average spending on such items by households whose total expenditure is no more than the value of the minimum food requirements.

**Figure 1.2. Proportion of people living on less than \$1.25 (A), \$2.00 (B) and \$2.75 (C) a day in Arab countries and other developing regions, 1990, 1999 and 2005 (per cent)**



Source: UNDP calculations based on World Bank POVCAL datasets (in 2005 PPP).

Notes: Developing Regions (DR) included are South Asia (SA), Sub-Saharan Africa (SSA), East Asia (EA), Arab Countries (AC), Latin America and the Caribbean (LA&C) and Transition Economies of Eastern Europe and Central Asia (EE&CIS).

A distinctly different picture emerges based on this definition of extreme poverty. The results (based on Household Income and Expenditure Surveys (HIES) undertaken during the period from 2000-2009) show the weighted average rate of poverty for the countries in the sample was 18 per cent, which is slightly lower than that for the 1990s (20 per cent). As in the case with the \$2.00 lines there has been little change in poverty; the

average annual reduction in the poverty rate for the region over the period from 1990s to 2000s was only 2 per cent. Poverty in the Arab LDCs is nearly twice the average for the region (at 36 per cent in the 2000s). It is noteworthy that the rate of poverty in the Mashreq sub-region in the mid-2000s is 19 per cent – nearly double the Maghreb (9.7 per cent).

**TABLE 1.1. POVERTY RATES BASED ON NATIONAL LOWER POVERTY LINES (1990-1999 AND 2000-2009)**

Country	Survey year	Poverty incidence (per cent) <sup>a/</sup>	Number of poor in 1995 (millions)	Survey year	Poverty incidence (per cent)	Number of poor in 2005 (millions)	Annual change in poverty rate (per cent)	Annual change in real per capita income (per cent) <sup>b/</sup>
Lebanon	1997 <sup>c/</sup>	10.0	0.4	2005	8.0	0.3	-2.8	-0.2
Egypt	1990	24.1	15.3	2009	21.6	16.6	-0.6	2.3
Jordan	1990	15.0	0.6	2006	13.0	0.7	-0.8	4.3
Syria	1997	14.3	2.1	2007	12.3	2.3	-1.5	1.2
OPT	1998	20.3	0.6	2007	34.5	1.2	4.1	-2.3
Mashreq		21.4	18.9		19.4	21.2	-0.7	1.9
Algeria	1994	14.1	4.1	2006	5.6	1.8	-7.4	1.0
Morocco	1990	13.1	3.5	2007	9.0	2.7	-2.2	1.5
Tunisia	1990	7.0	0.7	2005	3.8	0.4	-4.0	3.8
Maghreb		12.7	8.3		6.8	4.9	-4.8	1.6
Mauritania	1996	50.0	1.1	2004	46.7	1.4	-0.8	0.1
Yemen	1998	40.0	6.2	2006	34.8	7.3	-1.7	1.9

TABLE 1.1. (continued)

Country	Survey year	Poverty incidence (per cent) <sup>a/</sup>	Number of poor in 1995 (millions)	Survey year	Poverty incidence (per cent)	Number of poor in 2005 (millions)	Annual change in poverty rate (per cent)	Annual change in real per capita income (per cent) <sup>b/</sup>
Djibouti	1996	34.5	0.2	2002	42.2	0.3	3.4	5.8
Comoros	1995	47.0	0.2	2004	37.0	0.2	-2.6	1.8
LDCs		41.2	7.7		36.4	9.3	-1.5	1.8
Arab Region		20.3	34.9		17.1	35.4	-2.2	1.8

Source: UNDP estimates based on data compiled from, UNSD, UNDP and LAS (2009), World Bank online database; World Bank and UNDP poverty assessment reports, and National Statistical Offices.

OPT: Occupied Palestinian Territory.

<sup>a/</sup>For all countries, the cost of basic needs approach to the estimation of food poverty lines is used, where the food baskets reflects the consumption pattern of the poor. The estimation of the non-food component by Engel curves gave rise to lower and upper poverty lines. However, it was not possible to verify whether the poverty studies for Algeria and Morocco in 2006 and 2007, respectively, had applied poverty estimation methodologies that are consistent with those used in other countries.

<sup>b/</sup>Average annual growth in real per capita household consumption calculated over the period between surveys based on \$US constant 1990 prices.

<sup>c/</sup>UNDP estimate based on 1997 income survey.

Given the relatively slow pace of poverty reduction, it would be reasonable to expect that real per capita growth in household consumption expenditure has also been quite low. However, data from national accounts reveal that this is not the case: as the annual per capita growth rate for the region was 2 per cent. This is quite impressive given the high population growth rates. However, there is a wide variety in sub-regional experiences. In the Mashreq regions, poverty declined at a slow pace of 0.7 per cent annually despite achieving the highest average annual growth in per capita consumption (1.9 per cent). The Arab LDCs were more successful as poverty declined at an average annual rate of 1.5 per cent despite the slightly lower growth in per capita consumption (1.8 per cent). On the other hand, the Maghreb countries managed to achieve a significantly higher rate poverty reduction (of 2.6 per cent) with a slower annual consumption growth rate of 1.0 per cent.<sup>5</sup> This suggests that the poverty reduction is significantly more responsive to growth in the Maghreb countries than in the Mashreq countries.

Notwithstanding the success of the Maghreb countries, the general picture (as measured by the national lower poverty line) suggests that extreme poverty is still both visible and persistent, affecting nearly one person in five. Moreover, with the exception of those countries where post-2006 HIES data exists, these results do not capture the impact of the food, fuel and financial (FFF) crises. As argued in Chapter 9, it is expected that the increase in food prices since 2006 will have considerable negative impacts on those living in extreme poverty. The picture worsens dramatically when evaluating the scale of overall poverty defined as the share of population beneath the national upper poverty line (approximately \$2.75 PPP for MICs and \$2.4 PPP for the LDCs).<sup>6</sup> Using this definition, the overall poverty rate for the region reaches approximately 39 per cent and the rates for the Mashreq, Maghreb and the LDCs are 38 per cent, 27 per cent and 59 per cent, respectively (UNDP, 2009).

At the sub-national level, poverty in the Arab region is heavily concentrated in rural areas. In 2005, the rural population of Arab countries

<sup>5</sup> It should be noted that the difference between growth rates of private consumption derived from national accounts and those derived from the household surveys can be quite substantial in some cases.

<sup>6</sup> The upper poverty line is defined as the value of the basket of goods and services actually consumed by households whose food and energy intake is equal to the minimum requirement per person per day.

represented about 41 per cent of its total population, or some 130 million people. As noted by the AHDR (2009), the majority of this rural population (94 per cent) is distributed among the lower-middle income groups. One would therefore expect to find significantly higher rates of poverty in rural areas. Indeed, this hypothesis is confirmed by the data in table 1.2, which reports the most recent poverty headcount and poverty gap indices for rural and urban areas (using the national lower poverty line for seven Arab countries). The rural-urban divide is highest in Tunisia, followed by Morocco, Egypt and Yemen where the ratio of rural to urban poverty is 4.9, 3.0, 2.9 and 1.9, respectively. Moreover, the poverty gap ratio, which measures the average distance separating the poor from the poverty line, is evidently higher in rural areas of all Arab countries in the sample where this data is available.

In Yemen (and more recently in Sudan) the considerable increase in oil revenues since the 1990s has provided a window of opportunity to reduce sub-national disparities and thus, pave the way to break out of the vicious cycle of poverty and instability. However, benefits from this

opportunity are accruing disproportionately between rural and urban areas. According to data in table 1.2, urban areas were the primary beneficiaries of the oil-led growth during the period from 1998-2007 in Yemen. This resulted in the widening of the rural and urban poverty gap from 1.3 to 1.9. Thus, an existing rural-urban divide has been exacerbated by oil-led growth.

The trend is also reflected in the middle-income countries of the Mashreq. In Syria, where oil discoveries fuelled economic growth during the 1990s and into the 2000s, rural-urban disparities widened (but by a lesser margin than in Yemen). In fact, using the yardstick of the upper poverty line, rural areas in Syria were slightly poorer in 2007 than they were in 1997. In Egypt, where the rural-urban divide is highest in the Mashreq, the ratio of rural to urban poverty and the rural poverty rate increased significantly over the period of 2000-2009. This suggests that recent economic reforms have had an adverse impact on rural populations. Importantly, this is not the case for all Mashreq countries as both rural and urban poverty reduction in Jordan have been quite substantial over the period 1997-2002.

TABLE 1.2. POVERTY RATES AND POVERTY GAP RATIO (PER CENT) USING THE LOWER NATIONAL POVERTY LINE FOR SELECTED ARAB COUNTRIES, RURAL AND URBAN, 2000-2009

	Urban		Rural		National		Ratio of rural to urban Headcount Index
	Headcount Index	Poverty gap	Headcount Index	Poverty gap	Headcount Index	Poverty gap	
Egypt (2000)	9.2	1.7	22.1	3.9	16.7	3.0	2.4
Egypt (2009)	10.1		28.9		21.6		2.9
Jordan (1997)	19.7	4.8	27.0	7.2	21.3	5.3	1.4
Jordan (2002)	12.9	2.9	18.7	4.7	14.2	3.3	1.4
Syria (1997)	12.6	2.3	16.0	3.5	14.3	2.9	1.3
Syria (2007)	9.9	1.5	15.1	2.6	12.3	2.0	1.5
Occupied Palestinian Territory (1998)	17.3	4.8	18.3	4.6	20.3	5.5	1.0
Occupied Palestinian Territory (2007)	33.1	8.8	30.3	8.7	34.5	9.8	0.9
Yemen (1998)	32.3	8.7	42.5	13.1	40.1	12.1	1.3
Yemen (2006)	20.7	4.5	40.1	10.6	34.8	8.9	1.9
Tunisia (1990)	3.3	0.7	14.8	3.2	7.9	1.7	4.5
Tunisia (2000)	1.7		8.3		4.1		4.9
Morocco (1990)	7.6	1.5	18.0	3.8	13.1	2.7	2.4
Morocco (2007)	4.8		14.5		9.0		3.0

Source: UNDP estimates based on data compiled from World Bank and UNDP poverty assessment reports.

Notes: Results are reported based on the national lower poverty lines.

Since the 1990s, the trends in Maghreb present a varying picture. Although all Maghreb countries have witnessed significant reductions in

rural poverty, urban poverty has fallen at a faster rate in Morocco and Tunisia, subsequently raising the ratio of rural to urban poverty within these

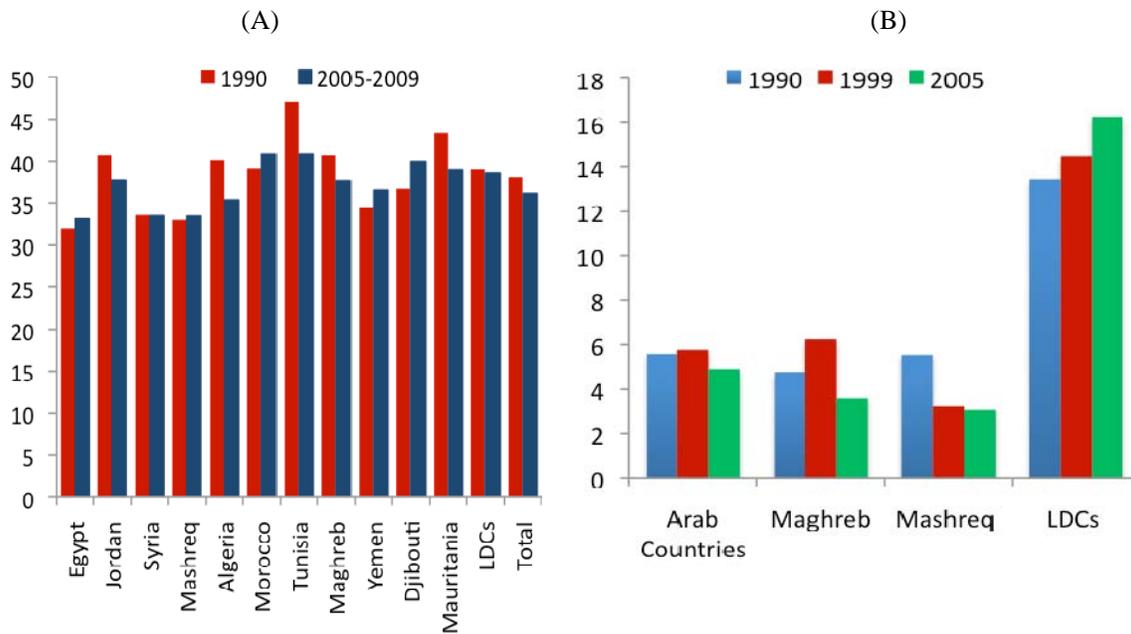
countries. Therefore, although significant rural poverty reductions in the Maghreb countries have taken place, recent development experiences have in most cases widened the rural-urban poverty divide, producing a mixed bag of results.

*Indicators 1.2 and 1.3: Poverty gap ratio and the share of poorest quintile in national consumption*

Both economic growth (changes in real per capita consumption expenditure) and changes in

the inequality of the distribution of consumption expenditure have an effect on poverty trends. Thus, any change in poverty over time has a growth component and a distribution component: if a country experiences both economic growth and a decline in inequality, it can be assured of reduced poverty. Otherwise, the impact on poverty will depend on the relative strength of growth compared with inequality indicators.

**Figure 1.3. Gini coefficients (A) and poverty gap ratio (B) at \$2.00-a-day, 1990 and 2005-2009**



Source: UNDP estimates based on data compiled from World Bank, POVCAL; UNDP and LAS (2008); and World Bank and UNDP poverty assessment reports.

Note: Gini coefficients are weighted by GDP shares.

With minor changes in poverty and growth witnessed for the Arab region, it is therefore expected that inequality did not change significantly. This is broadly confirmed by the trends based on the most recent available expenditure inequality data. As figure 1.3A above reveals, only a slight change in the distribution of expenditure was detected for the majority of the nine Arab countries over the period from 1990 to 2005-2009. The GDP-weighted Gini coefficient for the region declined from 38.3 to 36.1. This suggests the region has an overall medium level

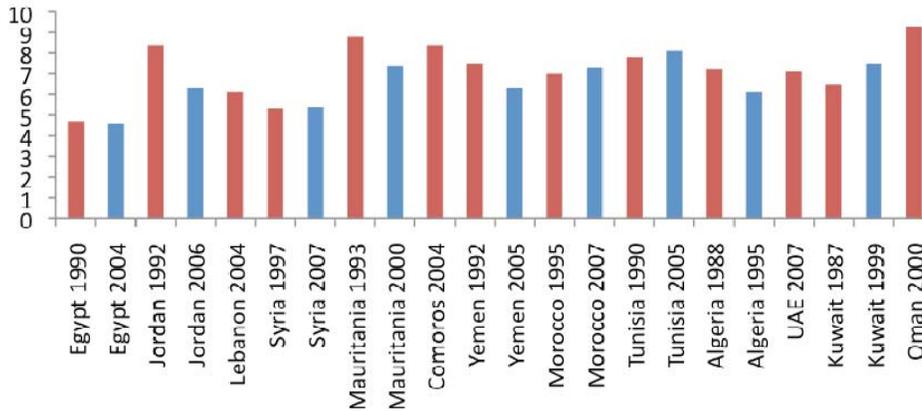
of inequality compared with other countries (the global average is approximately 36).

The magnitude of the task of poverty eradication is determined not only by the number of poor people, but also by the poverty gap (i.e. how far below the poverty line do they fall). As in the case of the Gini, against a poverty line of \$2.00-a-day, the poverty gap fell very slightly between 1990 and 2005 for the region and in all sub regions except the LDCs (figure 1.3B). figure 1.4 shows the ratio of the expenditure of the highest to lowest quintiles, for a different set of

countries, including three Gulf Cooperation Council (GCC) countries and its change since the early 1990s. The data corroborates the above mentioned conclusion regarding the sluggish

movement in inequality, with the notable exception of Jordan, and to a lesser extent, Mauritania.

**Figure 1.4. Ratio of richest to poorest quintile**



*Source:* As reported in Bibi and Nabli (2010), the sources are World Bank estimates except for Lebanon which is from El-Laithy, Abu-Ismaïl and Hemdan (2008), United Arab Emirates which is from Bibi and El-Lagha (2009), Syria which is from Abu-Ismaïl and El-Laithy (2009), Kuwait and Oman which are from Ali (2003).

### The human poverty dynamics

According to the capability approach, poverty means that opportunities and choices most basic to human development are denied. Thus, the Human Poverty Index measures deprivation in three essential elements of human life already reflected in the Human Development Index: longevity, knowledge, and decent living. Three indices are chosen to represent human poverty in a composite index. The first is an index of deprivation relating to survival, i.e. the vulnerability to death at a relatively early age, which is measured by the percentage of people expected to die before age 40. The second is an index of deprivation with respect to knowledge, measured by the percentage of adults who are illiterate. Lastly, an index of deprivation from a decent standard of living is taken (signifying overall economic provisioning) which is composed of two sub-indicators the percentage of people without sustainable access to a safe water source (with weight 0.5) and the percentage of children who are underweight for age (with a weight of 0.5). These three indices are combined into a composite index allowing for possible

substitution between them. Since poverty, from a human development perspective, implies more than the lack of what is necessary for material well-being, the HPI provides a valuable alternative to address poverty in all its dimensions, not income alone.

The Arab region (particularly in the GCC countries) has seen significant gains in reduction of human poverty, but with lower progress in the LDCs.

On the positive side, the HPI for the region and all sub-regions recorded a reduction over the decade from 1997 to 2007 (table 1.3). Indeed, with the notable exception of child weight for age in the LDCs, all other indicators witnessed an improvement over the period in all regions. This has led the region's HPI to plunge by more than one third. The most remarkable reduction was achieved by the GCC countries, followed by the Mashreq and Maghreb. Conversely, the Arab LDCs witnessed the lowest rate of reduction in their HPI. At the country level, Kuwait attained the highest rate of reduction while Sudan experienced the lowest.

TABLE 1.3. HUMAN POVERTY INDEX AND ITS COMPONENTS, 1997 AND 2007

Region	Human Poverty Index		Probability at birth of not surviving to age 40		Adult illiteracy rate		Population not using an improved water source		Proportion of children under age five who are underweight	
	1997	2007	1997	2007	1997	2007	1997	2007	1997	2007
GCC countries	18.4	10.9	5.4	4.0	26.1	13.4	5.2	8.2	13.9	13.7
LDCs <sup>a/</sup>	41.1	34.4	25.6	21.0	50.8	39.7	27.1	31.4	30.7	41.9
Maghreb	31.2	22.2	9.8	6.0	43.3	31.1	23.2	15.7	10.4	6.4
Mashreq <sup>b/</sup>	28.7	20.0	9.7	6.4	41.1	27.7	12.3	3.5	13.9	6.5
Arab Region	31.0	22.7	12.7	9.3	42.2	29.6	18.0	13.8	16.5	15.4

Source: UNDP HDRO.

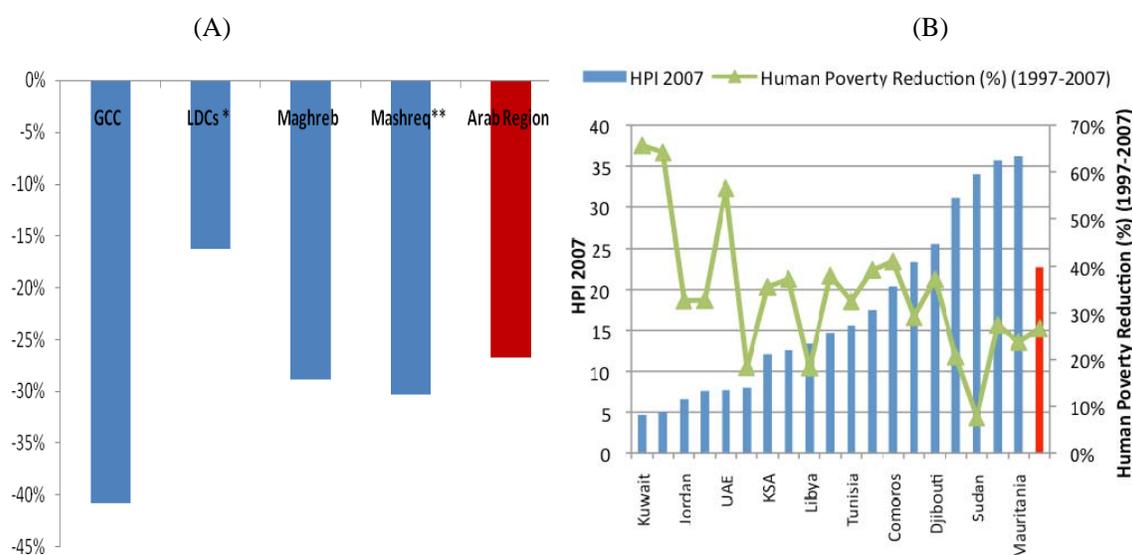
a/ Excluding Somalia.

b/ Excluding Iraq and the Occupied Palestinian Territory.

It is interesting to note that the remarkable achievements of the Maghreb region in the domain of income poverty were not mirrored by distinctive reductions in human poverty (figure 1.5). This is due to the relatively slow decrease in adult illiteracy rates in that region, particularly in Morocco. The Mashreq countries recorded the lowest level of deprivation among all sub-regions

in terms of the population, with access to improved water source, which reached only 4 per cent in 2007, due to significant improvement in Egypt. However, as Iraq and the Occupied Palestinian Territory are excluded from the Mashreq sub-region, its HPI is somewhat underestimated.

Figure 1.5. Human Poverty Index in 2007 (A) and its percentage reduction between 1997 and 2007 (B)



Source: UNDP HDRO.

**Target 1.B: Achieve full and productive employment and decent work for all, including women and young people**

The Arab region lags behind all other regions in indicators of full, productive and decent

employment, particularly for women and youth. As discussed in Chapter 9, gains in female education have not translated into rapid improvement in the female labor market participation and improvement has been modest. On youth, the evidence on the labor market

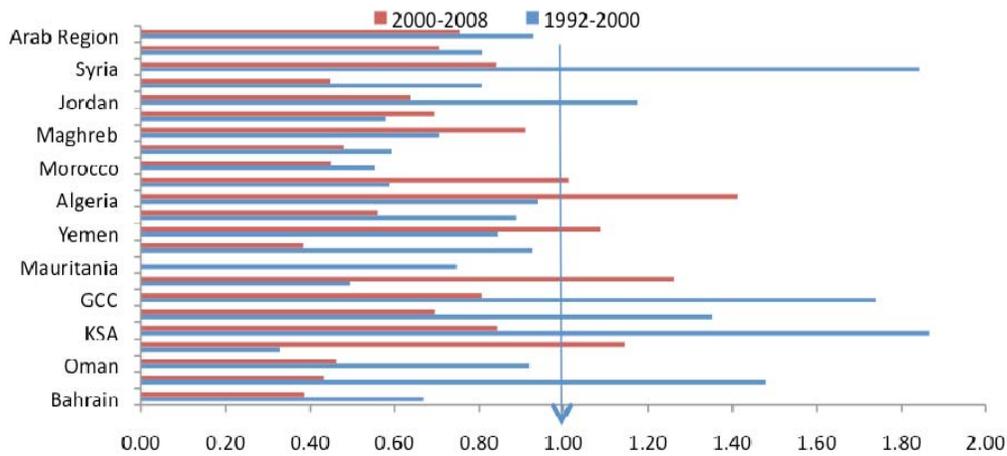
shows that due to demographic trends, youth share of the labor market is growing. This is a demographic dividend because it results in having a lower dependency ratio within the population. However it also shows that the youth share of total unemployment is growing and that it will require higher growth to even maintain current high unemployment levels.

*Indicator 1.4: Growth rate of GDP per person employed*

Growth in employment and its productivity can improve the growth rate of the economy. Moreover, changes in employment structure and

its productivity can improve income distribution. This can come about by increasing employment and its remuneration. The inter-linkages between employment, growth, and poverty, are therefore crucial to assess the progress in achievement of full, productive and decent work. However, according to data for the Arab States, there is a weak link between real growth of GDP and employment generation in the region. Such a weak link is manifested in low and declining response of employment to real growth which exacerbates the phenomenon of “jobless growth”. This is shown clearly in figure 1.6, where the response of employment to growth declined for most countries since the decade of the 1990s.

**Figure 1.6. Elasticity of employment to real GDP growth by country and sub-region, 1992-2000 and 2000-2008**

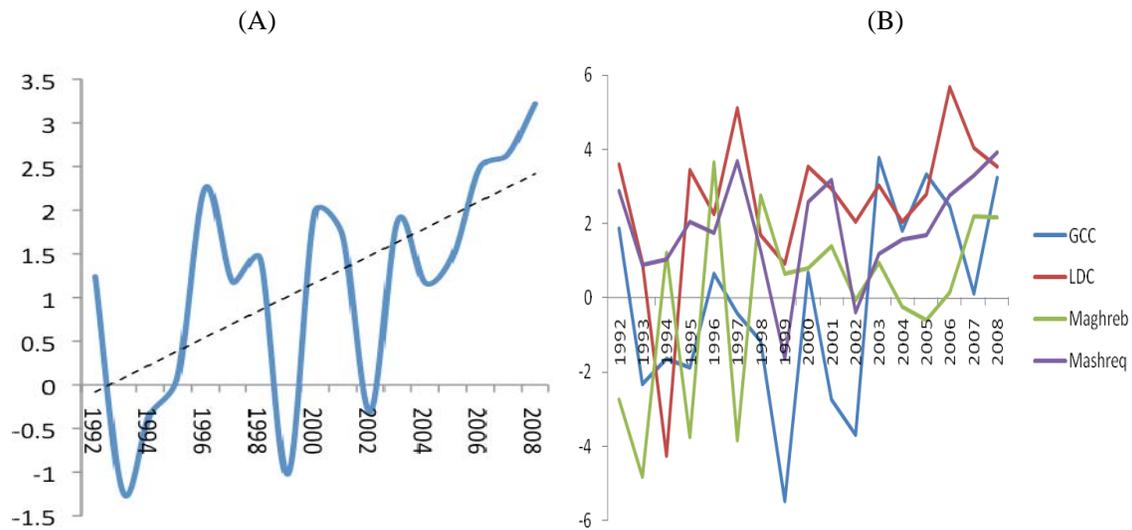


Source: UNDP estimates based on ILO KILM online dataset.

The weak linkage between growth, employment, and poverty, in Arab countries is not difficult to interpret from a structuralist macroeconomic perspective. As argued by UNDP and LAS (2008), high dependence on oil revenues exposes the Arab economies to the vagaries of international oil markets, especially those with low manufacturing sector capacities.

Consequently, for most of the last three decades, economic growth has been highly erratic (figure 1.7) where increases in GDP per person employed, are not strongly tied to increases in labor productivity in non-oil sectors, but to the increases in oil revenues and oil sector contribution to GDP.

**Figure 1.7. Growth rate in GDP per person employed, 1992 to 2008, region (A) and sub-regions (B)**



Source: UNDP estimates based on ILO KILM online dataset.

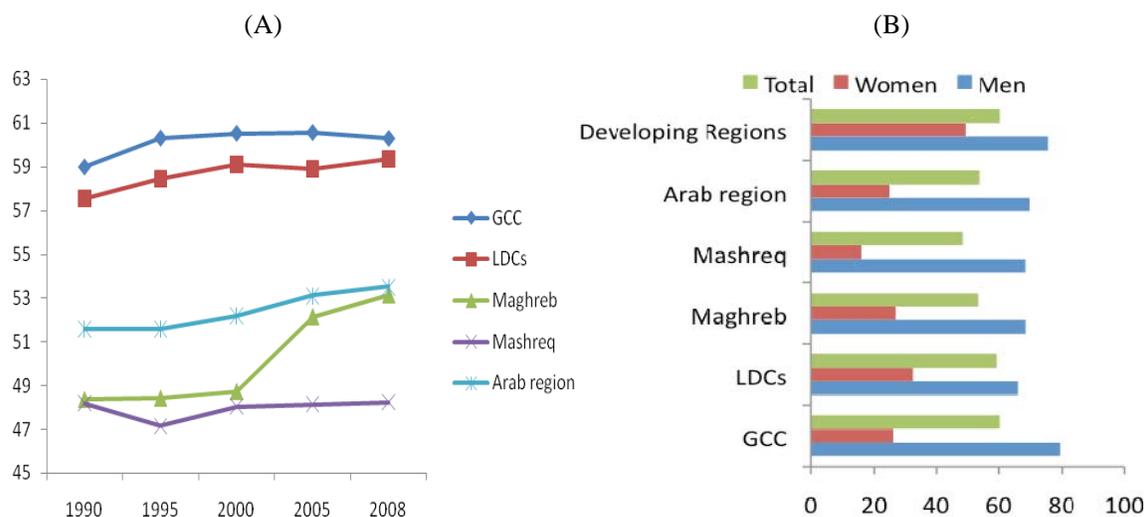
*Indicator 1.5: Employment-to-population ratio*

The most important indicator of full and productive employment is the employment to population ratio, which is defined as the proportion of a country's working-age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the

population is not involved directly in market-related activities, because they are either unemployed or (more likely) out of the labor force altogether. In 2008, the ratio for the Arab region was 54 per cent, the highest being in the GCC countries at 60 per cent and the lowest in the Mashreq at 48 per cent.<sup>7</sup> This suggests the region is nearly 8 per cent below the average for the developing regions in the same year (figure 1.8A).

<sup>7</sup> It should be noted that this ratio is high in GCCs due in large part to the fact that the majority of population are male labor migrants in the productive age. Hence, this figure does not reflect the employment to population ratios for GCC citizens which is expected to be lower.

**Figure 1.8. Employment to population ratio, 2008; men and women (A) and total 1990-2008 (B) (per cent)**



Source: ILO KILM online dataset.

Between 1990 and 2008, the employment-to-population ratio for adult women for the region increased from 22 to 25 per cent. The increase in the Maghreb and GCC regions was impressive (from 19 to 27 per cent, approximately, for both regions), causing the gap between the Mashreq and the remainder of the region to grow quite significantly since 1990 (figure 1.8B). Despite the increase, far more Arab women continue to be out of the labor market than men. The region still has an exceptionally low female employment-to-population compared to other developing regions (figure 1.8A).

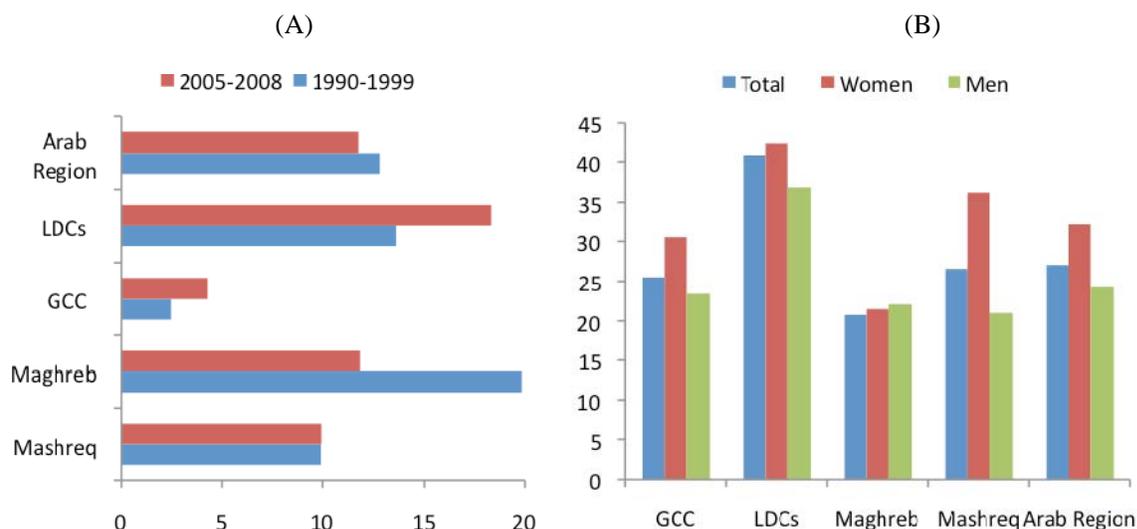
Given the low employment to population ratios it is not surprising that unemployment is a major development challenge in most Arab countries. Using data mainly from the International Labor Organization (ILO), figure 1.9A shows that according to the most recent surveys (2005-2008), the average unemployment rate for the Arab countries was about 12 per cent of the labor force, which is marginally lower than what it was during the 1990s, and still nearly twice the world average in both periods. Trends in sub-regional unemployment reveal a conspicuous decline in the Maghreb, a corresponding increase in the LDCs and constancy in the Mashreq.

Based on projected population growth rates, the AHDR (2009) estimates that Arab countries

will need about 51 million new jobs by 2020 just to keep this unemployment rate constant. The relatively high estimate is due in large part to the effect of the so called “youth bulge”. As noted by the AMDGR (2007), youth are currently the largest demographic category in the Arab region, comprising around 20 per cent of the overall Arab population. The 15-24 age group numbered around 66 million in 2005 (or 23 per cent of the population), up from 33 million in 1980 (20 per cent) and projected to reach 78 million in 2020 (18 per cent).<sup>8</sup> Not surprisingly, unemployment in Arab countries is essentially a youth-centered phenomenon (the share of youth among the unemployed exceeded 50 per cent for most Arab countries in 2006).

<sup>8</sup> ESCWA (2005). Population and Development Report. Second Issue. The Demographic Window: An Opportunity for Development in the Arab Countries. [www.escwa.org.lb/popin/publications/new/DemographicprofileArabCountries.pdf](http://www.escwa.org.lb/popin/publications/new/DemographicprofileArabCountries.pdf).

**Figure 1.9. Average total rate of unemployment, 1990-1999 and 2005-2008 (A) and youth unemployment rate in 2006 (B) (percentage of labor force)**



Source: ILO KILM online dataset for total unemployment and ALO online datasets for youth unemployment.

Note: Average total unemployment rates for Mauritania and WB&G in the 1990s are for 2000.

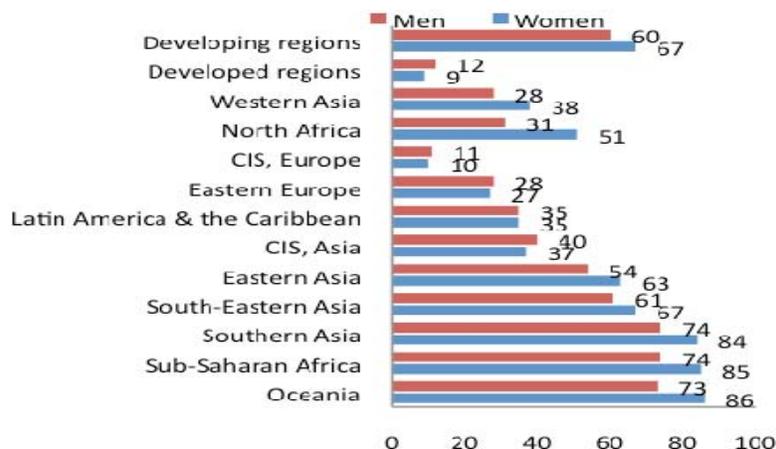
Arab youth are not only in larger numbers than before, they are also more educated, and marry at a later age than before. This implies an increase in the productive capacity of the population. Over the last few decades, school enrolment rates have risen markedly throughout the region for both young men and women. The numbers, however, have not translated into higher rates of employment and wages, mainly due to the low quality of education, the mismatch between educational outcomes and market demand and the dynamics of oil led growth which skewed growth away from productive employment.

As a result, youth unemployment rates are distinctively higher for Arab countries. Estimates based on a compilation by ALO and ILO (for Algeria only) for the year 2005-2006, shows that the youth unemployment rate for the region reached 27 per cent (24 and 32 per cent for men and women, respectively). These rates vary from about 40-45 per cent for Mauritania, Sudan, and Somalia to a low 5-6 per cent for Qatar and UAE.

The gender gap is prominent. The ratio of women to men youth unemployment rates shown in figure 1.9B is approximately 0.6 for the region. It is highest for the Mashreq at 1.7 and lowest for the Maghreb at 1.1.

The major challenge facing the poor is not simply the lack of employment opportunities, but also the difficult working conditions they are forced to endure. For instance, Egyptians with permanent jobs are less represented among the poor compared to non-poor (by 10 percentage points). Casual workers are more likely to be represented in the poor groups, especially in urban areas. The risk of poverty for a person engaged in irregular work is almost double the rate in the population as a whole, and of regularly employed individuals. Furthermore, as most Arab countries have put a freeze on public sector employment, the 'informal sector' has become a "dumping ground" for the 'surplus' urban workforce, composed mostly of unskilled and unprotected laborers.

**Figure 1.10. Proportion of vulnerable employment in total employment for Arab countries and developing regions, 2008 (projected)**



Source: The Millennium Development Goals Report 2009, based on ILO Global Employment Trends for A. UNDP estimates based on ALO on line datasets for B.

Note: The ILO uses as the basis for projections the revised economic outlook published by the International Monetary Fund in order to assess the gender impact of the economic crisis.

Gender disparity is also obvious in the share of vulnerability of employment (measured as the share of own-account and contributing family workers). figure 1.10, based on ILO projections, shows that the disparity between men and women in terms of engagement in vulnerable

employment, is highest in Arab countries (North Africa and Western Asia) compared to any other developing region.

*Indicator 1.6: Proportion of employed people living below \$1 (PPP) per day*

**TABLE 1.4. PROPORTION OF ALL INDIVIDUALS AND EMPLOYED INDIVIDUALS LIVING BELOW \$1.25-A-DAY FOR SELECTED ARAB COUNTRIES**

		Proportion of all individuals	Proportion of employed individuals
Lebanon	2005	0	0
Egypt	1995	13.4	11.2
	2009	3.15	2.7
Syria	1997	7.9	6.4
	2007	0.3	0.2
Yemen	1998	17.0	15.3
	2006	13.6	10.9

Source: UNDP calculations based on HIESs provided by Statistical agencies.

The proportion of working people living in extreme poverty is one of the main indicators for measuring progress in Goal 1. These are people who are employed, but who do not earn enough to lift themselves and their families above the \$1-a-day poverty line. Given that the extremely poor cannot afford to be unemployed, the unemployment rate amongst the extremely

poor is expected to be quite low and thus the proportion of working poor will roughly mirror the poverty rates reported in figure 1.1B which represent its upper bound.

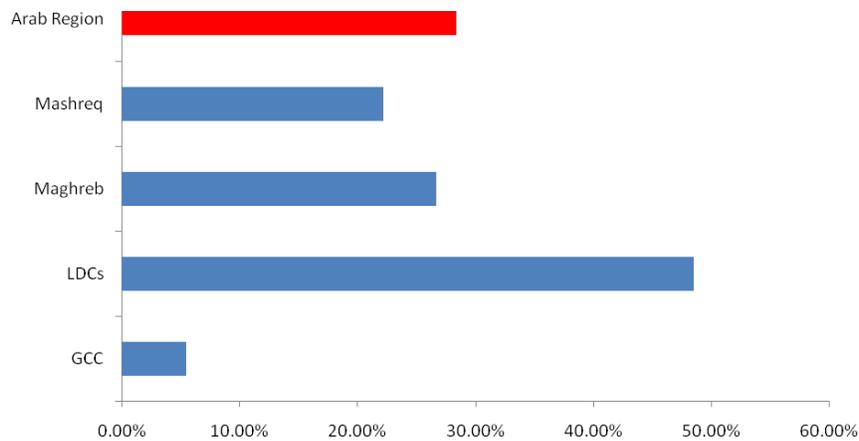
Given data limitations, table 1.4 provides estimates for the working poor for four Arab countries based on HIES data. The data yields two

main conclusions. First, the vast majority of the working poor are indeed employed, thus corroborating the stylized fact that the poor cannot afford to be unemployed. Second and more importantly although a notable reduction occurred in the proportion of individuals working under the \$1.25 poverty line. On the other hand, if national poverty rates are taken as the benchmark for extreme poverty, the reduction is expected to be far less remarkable as per the trend in table 1.2.

*Indicator 1.7: Proportion of own-account and contributing family workers in total employment*

Figure 1.11, plots the actual data in 2005 for the proportion of own account and contributing family workers in total employment at the sub-regional level. As expected, the disparity between the LDCs and other sub-regions is quite prominent; while the proportion of the GCC countries is smaller compared to the regional average. Considering that the categories of own-account workers and contributing family workers are thought to be particularly vulnerable, the LDCs are the most vulnerable among the Arab countries.

**Figure 1.11. Proportion of own account and contributing family workers in total employment for Arab countries, 2005 (per cent)**



Source: UNDP estimates based on ALO on line datasets for B.

**Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger**

There has been insufficient progress to meet the hunger target and serious concerns over the impact of the food crisis on food deprivation, particularly in the LDCs.

*Indicator 1.8 and 1.9: Prevalence of underweight children under five years of age and proportion of population below minimum level of dietary energy consumption*

Arab countries scored significant reductions in proportion of population facing hunger since the 1970s. Judged from the baseline of 1990 however, the region is off-track with respect to the

target of halving food deprivation by 2015. As in the case of income poverty, the Arab LDCs continue to suffer quite disproportionately. In these countries, under-nourished persons amounted to 25 per cent of the total population in 2005. On the positive side, this is 19 per cent lower than in 1990 (mainly due to the reduction in Sudan), but it is still insufficient to meet the MDG target. However, there are major variations within the LDCs. Food deprivation was reduced in Sudan, Djibouti and Mauritania, while it increased in Yemen and Comoros. In other sub-regions, undernourishment remained constant in the Mashreq and decreased only marginally in the Maghreb and the GCC countries.

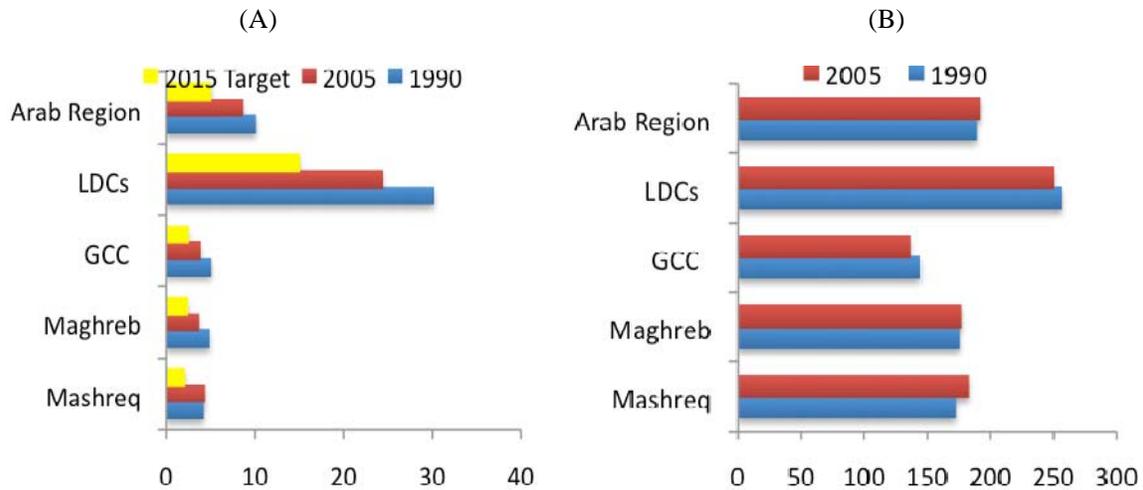
As a result, figure 1.12A shows the weighted average for the region has decreased only slightly over the period from 1990 to 2005 (from 10 to 9 per cent, respectively). Furthermore,

the region and all sub-regions did not witness any reduction in the depth of hunger, which measures how far the food-deprived population lies below the minimum dietary intake (figure 1.12B).

Trends in child nutrition have also recorded scant progress over the decade from 1997 to 2007. This is clearly revealed by the human poverty

index (HPI) reviewed in the earlier section. It is also interesting to note that the percentage of underweight children for the GCC countries is nearly twice that which prevails in the Mashreq and Maghreb, an observation which begs further investigation and clarification since it may be attributed to poor nutritional habits rather than to food deprivation per se.

**Figure 1.12. Proportion of undernourished population and depth of hunger, 1990 and 2005**



Source: UNDP estimates based on FAO online database.

Notes: Undernourished Individuals are those whose food intake is chronically insufficient to meet their minimum energy requirements. The depth of hunger is measured as the difference between the minimum dietary energy and the average dietary energy intake of the undernourished population.

The indicators of undernourishment and child nutrition for the Arab region given above, place it at a relatively advantageous position when compared to developing regions (approximately one half of the average for the former according to the 2009 MDG report). However, there are serious concerns regarding the impact that may have resulted on hunger since 2005, and particularly in many Arab LDCs, as a result of a combination of factors including rising food prices, droughts and conflict. For example, in Somalia an additional 2.6 million people in 2008 require emergency food relief. In Yemen, according to a recent report by UNDP and the LAS, rising food prices are expected to have pushed a significant proportion of the population under the food poverty line. In Sudan, a recent report by the FAO and WFP estimated that about 1.2 million residents in the South alone will be vulnerable to food insecurity with a corresponding total food requirement of

76,000 tons (FAO and WFP, 2008). In the Occupied Palestinian Territory and particularly in Gaza, the issue of food security is magnified by the daily struggles for survival under military occupation. Relying on these post-crisis food security monitoring reports and poverty projections for Yemen, the UNDP and the LAS report estimated that approximately 5.8 million individuals (mainly in Yemen) were in dire need of food relief in 2008.

### Conclusions and policy recommendations

The record of Arab countries on MDG1 since 1990 shows three main successes. First, for the vast majority of Arab countries, human poverty has declined significantly. Second, compared to other regions, the Arab region still maintains relatively low levels of poverty and medium levels of income inequality. Third,

progress in the Maghreb countries has been remarkable since it is the only sub-region which has managed to significantly reduce unemployment while also halving poverty in both urban and rural areas. Outside the Maghreb, Jordan is the only country in the sample which can boast a similar achievement on the poverty reduction front. These success stories need further investigation to spell out policy configurations that have worked for the other Arab countries to emulate.

Despite these successes, the achievement of MDG1 in Arab countries is constrained by four “stylized facts”. First, unemployment and decent work remain the most serious development challenge as Arab countries face the highest unemployment rates (particularly amongst the youth) worldwide. Second, the region as a whole is also unlikely to achieve the key target indicator for halving hunger, as there is a serious risk of reversal in trends in the aftermath of the food crisis, particularly in the Arab LDCs. Third, despite the progress achieved in halving poverty rates as measured by the international \$1.25-a-day line, the region is off-track when progress is gauged by the more appropriate measure of extreme poverty, namely the lower national poverty line. Fourth, the LDCs lag significantly behind on poverty. Indeed given that approximately the majority of the population of the Arab LDCs can be considered as poor, these countries are often caught in a vicious circle of fast population growth, increasing environmental degradation, and natural resource depletion, increasing poverty and encouraging the destabilization of the social and political order.

In conclusion, Arab countries have grown rapidly, but there has been little impact on employment and income poverty reduction. The contending views as to why growth has had little impact on poverty and employment generation, reflect the broader worldwide ongoing debate spurred by the unfulfilled promises of conventional economic wisdom that prevailed during the 1980s, and the first half of the 1990s. What is now under discussion is the road ahead for the region. Should the region insist on the same path of a so-called ‘economic reform’?

It is clear that Arab countries, individually and collectively, should be able to revisit their

earlier social contracts with a view of achieving sustainable human and economic development, rather than focus only on economic growth per se. In light of this, some policy recommendations are as follows:

- As argued in the LAS-UNDP Development Challenges Report (2009), ‘deeper and more inclusive intra-Arab economic cooperation and integration that go far beyond free trade of goods and services,’ seems to be the only way for sustainable development and MDGs achievement in an era during which regionalization, evidently, comes ahead of globalization;
- Intra-regional integration and cooperation has to be manifested in a region-wide system of knowledge sharing, production and dissemination; public and foreign investments, and aid directed towards developmental projects as well as high-tech and high value-added industries; a well developed network of intra-regional transport and communication; a region-wide decent work and poverty reduction strategy; and a strong and pro-active common position in international commitments negotiations;
- Regional cooperation to confront the food security challenge is particularly important and offers an opportunity for intra-Arab collaboration through short-term measures such as the creation of an Arab Food Security Fund to finance the immediate scale-up in the current response to meet the needs of approximately 6-8 million individuals who are in dire need of immediate food relief and concrete actions to ensure humanitarian actors have safe access to areas in crisis;
- High poverty and unemployment in the LDCs can be tackled through a combination of increased access of nationals of these countries to jobs in the GCC countries (Given the low skill level of labor emigrants from Arab

- LDCs this will not affect the employment prospects for GCC citizens). In addition, there is a need for an increased inflow of Arab investments into labor absorbing activities in these countries (the case of Yemen and the GCC regions is an obvious example);
- The quality of the labor force can be improved through greater attention to demand driven vocational and technical training, as well as the quality of public education. These can be promoted through greater ODA from Arab funds and governments, as well as improved opportunities for on-the-job training in other Arab countries, through instituting some systems of short-term apprenticeships or contract labor;
  - Emphasizing female and youth employment, particularly in ventures established within the LDCs, would reduce gender disparities and provide greater voice to women and youth in societal decision making processes. Additional ODA from Arab countries can also assist the LDCs to move more quickly towards meeting the MDG targets and, as a result, promote more sustained progress on human development. This should improve the quality of labor that could potentially work for Arab investors, as well as reduce the rate of population increase in these countries;
  - As noted by the Arab Employment Forum, there is a need to reiterate the responsibility of the state and public policy to create an enabling and stable macroeconomic environment that explicitly favors investment and job creation (ILO, 2010); design macroeconomic policies that can initiate and sustain a high level of employment without sacrificing productivity. Domestic demand-led expansion in productive sectors can be the cornerstone of this employment strategy. Increased public investment
- employment-oriented programs financed to the extent necessary by an expansionary budgetary policy are arguably required to break the inertia of continuing serious unemployment;
- In addition to the above, the ILO suggests 8 other priority areas for decent work in the region:
    - Enhance diagnosis of the informal economy and its characteristics in the Arab region;
    - Provide support services for active labor market programs and to small and medium enterprises on the basis of linking incentives to productivity and working conditions;
    - Develop education and training systems and promote the capacity of the Arab economic texture to integrate capacities and skills according to the changing needs of labor markets;
    - Support and promote the management capacity of the public sector to help in creating more and better jobs;
    - Strengthen the capacity of labor ministries to promote and monitor the integration of employment issues in national economic policies and development frameworks;
    - Emphasis on improving the quality, availability and transparency of labor market statistics;
    - Promote tripartite dialogue in developing, implementing and monitoring national employment strategies; and
    - Create a regional observatory of labor markets in the Arab region to assess the impact of economic policies in terms of employment.

- Economic diversification, improvement of labor productivity, increase in high tech activities, and development of human capital require: a minimum level of monetary and fiscal stability, and an independent judiciary that protects and enforces contractual arrangements;
- An effective financing mechanism must be established to facilitate intra-region cooperation. Hence, the role and capacity of regional development funding institutions, such as the Arab Monetary Fund and the Islamic Development Bank, need to be further enhanced as well as realigned with a regional developmental vision that aims towards inclusive growth and human development;
- An efficient institutional framework must be established, especially in

banking and public administration that facilitates the flow of investments and their translation into productive activities. A minimum level of political stability in the region must be maintained in order to make the above mentioned policies effective and beneficial.

If such interventions and preconditions are lacking, important investments in raising productive capacities and labor productivity outside the oil sector will not take place, and the financial resources of the region will continue to be placed in real estate, services, speculative activities and stocks in foreign markets. Such investment generates quick returns to the few, but does not permeate through the local economies to ensure a better distribution of wealth, stimulate investments and growth, thus, exacerbating the weak nexus between growth and poverty reduction.

## II. MILLENNIUM DEVELOPMENT GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

For the Arab States, progress towards the achievement of MDG 2 has seen mixed success. On aggregate, the region has seen improvement in net enrolment rates, gender parity in primary schooling and literacy rate of young adults aged 15-24. Despite these advances, enrolment, school completion, out-of-school children and the issue of marginalization in education continue to act as impediments to the achievement of UPE in the Arab States. Challenges remain significant and some countries such as Iraq, Lebanon, Oman and the Occupied Palestinian Territory show indications of regression in some indicators. More than 60 per cent of the primary school aged children not enrolled in school in the region were girls, and 53 per cent of them are expected never to enroll, compared with 39 per cent of out-of-school boys. Apart from gender disparity, other challenges to enrolment are faced in the form of geographical and rural-urban inequality and conflict. An estimated 30 per cent of rural children in the Arab States are out-of-school compared with 18 per cent of those living in cities and towns. The progress of the Arab States in reaching UPE through the indicator of full primary cycle completion shows that school retention rates are heavily affected by repetition and dropout rates, wherein the quality of education plays a huge role. Within this context and upon the figures available, it is clear that Sudan, Yemen, Mauritania, Iraq and Morocco are clearly off-track and need to revise and accelerate their efforts.

### Introduction

The second Millennium Development Goal is to Achieve Universal Primary Education (UPE) by 2015, for boys and girls alike (UNESCO, 2010). The achievement of UPE reaches beyond mere enrolment – it also requires the provision of quality education through which children can acquire academic and non-academic skills, as well as completing a full cycle of primary schooling. The target indicators measuring the progress of countries for this MDG are: *the Net Enrolment Ratio (NER) in primary education; the proportion of pupils starting grade 1 who reach the last grade of primary school, and the literacy rate of 15-24 year-old men and women* (UN 2008). Common barriers faced by countries in attaining this goal include lack of resources, difficulties access to educational facilities within countries, gender disparity, below-par teaching standards resulting in high dropout rates and the presence of poverty and conflict.

Access to primary education in the Arab States Region has vastly improved in some countries, yet progress remains uneven and many challenges still remain. The average net enrolment ratio in primary education in the Arab States has increased, the out-of-school population has declined, and the total enrolment in the region was estimated at 41 million in 2007, showing an

increase of 5.1 million since 1999 (UNESCO 2010). Despite these advances, enrolment, school completion, out-of-school children and the issue of marginalization in education continue to act as impediments to the achievement of UPE in the Arab States. The performance of any country on one MDG affects its achievement of the other MDGs. Within this context, the slow-down in progress in the Arab Region, in reaching the targets set for UPE will, if progress continues at the current pace, affect more than just the education sector. If UPE is not achieved, the impact will have significant, long-lasting effects on the achievement of several other development goals. Accordingly, in striving to achieve UPE, the twin challenge faced by Member States in the Arab Region is, like many regions, to accelerate advances in *accessibility* and improvement of *quality* so that all children start and complete a full primary cycle.

### Target 2.A: Universal primary education and the achievement of the MDGs

According to the 2010 UNESCO Global Monitoring Report, the Arab States Region has made considerable advances towards reaching the second Millennium Development Goal (MDG2) of achieving universal primary education (UPE) by 2015. Many Arab countries are on track to achieve the access, completion and literacy rates

indicative of UPE by 2015. Progress and political commitment towards universal primary education in the region has been steady, apart from a few exceptions, and enrolment and retention rates have seen positive and impressive improvements in many countries in the region since 1999.

Although such progress has been made, with several countries in the Arab region on track to achieve UPE by 2015, some countries are struggling to meet their commitments. Morocco, Mauritania, Djibouti and Yemen all face an uphill task in their efforts to achieve UPE by 2015. More alarmingly, some of the countries in the Arab States Region show signs of regression, making the achievement of UPE by 2015 unlikely. Oman, the Occupied Palestinian Territory, Lebanon, and Jordan have all seen a fall in enrolment rates between 1999 and 2007. The sharpest decline has been witnessed in the Occupied Palestinian Territory, where net enrolment rates have all but collapsed, falling from 99 per cent to 77 per cent. These are worrying indications that many countries within the Arab States Region are drifting farther away from, instead of moving towards, the achievement of UPE.

*Indicator 2.1: Net enrolment ratio (NER) in primary education*

Enrolment in primary schools is an important stepping stone to the process of attaining UPE. In this regard, the first indicator

used in measuring progress is through a comparison of primary school enrolment rates with the total number of school-aged children in a country. This comparison is termed the net enrolment ratio (NER) and constitutes one of the most robust benchmarks for universal primary education in terms of access.<sup>9</sup>

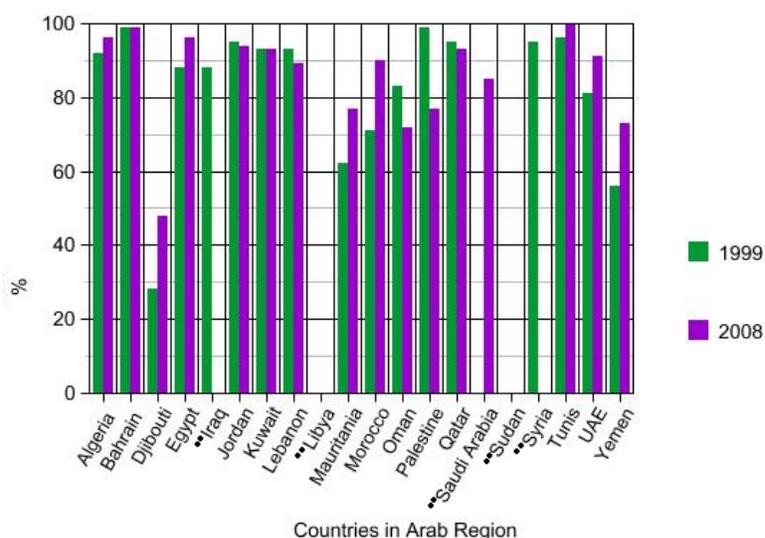
The number of children entering primary school in the Arab States has climbed since the World Education Forum in Dakar in 2000. The average net enrolment ratio in primary education in the Arab States increased from 78-84 per cent from 1999 and 2007, against a world average of 82-87 per cent. Total enrolment in the region was estimated at 41 million in 2007, up by 5.1 million since 1999. Furthermore, the Arab region has registered significant progress since 1999 in reducing its out-of-school population by 28 per cent, or 2.2 million children, down to nearly 5.8 million in 2007 (UNESCO 2010).

Progress towards the achievement of UPE through the lens of the first indicator, Net Enrolment Ratio, remains uneven and intra-regional disparities are widespread. As can be seen in figure 2.1, remarkable improvement can be seen in the NERs for Yemen (56-73 per cent), Morocco (71-90 per cent), and Mauritania (62-77 per cent) all of which show increases in national NER of more than 15 per cent from 1999 to 2008.

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<sup>9</sup> It must be noted however, that although NER indicates the number of children participating in education, it is not indicative of completion of primary school education as it is not disaggregated according to where children are in the cycle – dropped out and re-entered or repeating grades. Thus, although it gives vital data regarding access, it is not a sufficient condition for UPE.

**Figure 2.1. Adjusted net enrolment ratio in primary education in the Arab region**



*Source:* UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

*Note:* Adjusted net enrolment ratio reflects all children of formal national age for primary education in schools whether at primary or those who have entered early into secondary education.

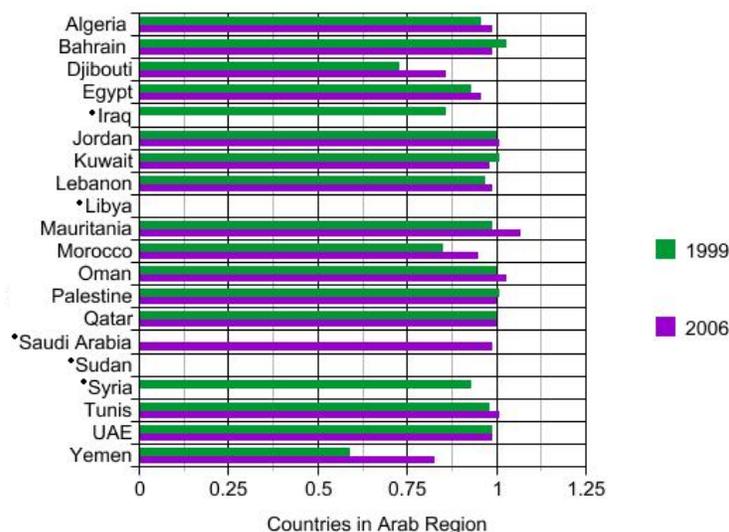
\*\* Insufficient data available for this country.

Conversely, several countries in the region continue to face considerable difficulty in enrolling children in primary education, with many countries showing regressive tendencies. Lebanon’s NER decreased from 93 per cent to 89 per cent, and Oman’s from 83 per cent to 72 per cent, over the same period. Particularly significant is the drop in NER by around 20 percentage points (from 99 per cent in 1999 to 77 per cent in 2008) of the Occupied Palestinian Territory. At the same time, Djibouti’s NER registered a gradual increase from 28 per cent to just 48 per cent. These are extremely worrying indications of the slow-down in progress in education development and the likelihood of

achievement of UPE across the Arab States in 2015.

In addition to education as a basic right, gender parity is also central to the achievement of many of the MDGs; it is a vital building block in national poverty reduction plans, a lynch-pin in improving maternal and child nutrition and health, and a core element in the prevention of HIV and AIDS. Consequently, gender parity in primary education is of utmost importance and goes hand in hand towards the expansion of primary education and the achievement UPE in the Arab States.

**Figure 2.2. Gender parity in adjusted net enrolment ratio in primary education in the Arab region**



Source: UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

\* Insufficient data available for this country.

Eight of the twenty Arab States have achieved gender parity in primary education. From 1999 to 2007, gender parity in NERs for primary education in the Arab region as a whole increased from 0.87 to 0.90, bringing it precisely on par with Sub-Saharan Africa. As shown in figure 2.2 certain countries, notably the three with significant enrolment increases (Yemen, Morocco and Mauritania), have made significant advances in the area of gender parity in access to education, with GPI in Yemen improving from 0.59 to 0.83, in Morocco from 0.85 to 0.95, and in Mauritania from 0.99 to 1.07. Although sub-regions are on track towards achieving the target of gender parity in enrolment at primary level by 2015, several challenges remain. The 2010 UNESCO Global Monitoring Report indicates that in 2006 more than 60 per cent of the primary school aged children not enrolled in school in the region, were girls, and 53 per cent of them are expected never to enroll, compared with 39 per cent of out-of-school boys.

Apart from gender disparity, other challenges to enrolment are faced in the form of geographical and rural-urban inequality and conflict. An estimated 30 per cent of rural children in the Arab States are out-of-school

compared with 18 per cent of those living in cities and towns. Rural areas, such as those in Yemen and Sudan, tend to have vast tracts of land with low population density that can mean long and often dangerous journeys to school – particularly for girls – and a pronounced difficulty in attracting teachers. Furthermore, slums, areas of abject poverty and refugee camps, present in many countries in the region, notably Palestinian camps in Lebanon, Jordan and Syria, often fail to attain the full commitment and support necessary to ensure the comprehensive provision of basic services. Restricted zones, particularly those related to ongoing conflict, such as in Gaza, are often under-resourced and under restrictions, and are faced with difficulty in enrolling or retaining children in primary education. Finally, almost every education system in the Arab region fails to respond to the educational needs of children of pastoral communities and the inherent mobility of their livelihoods.

In short, the achievement of UPE with respect to enrolment in primary education in the Arab States has made some advances but significant challenges remain, particularly in countries where the process has slowed to a halt or regressed.

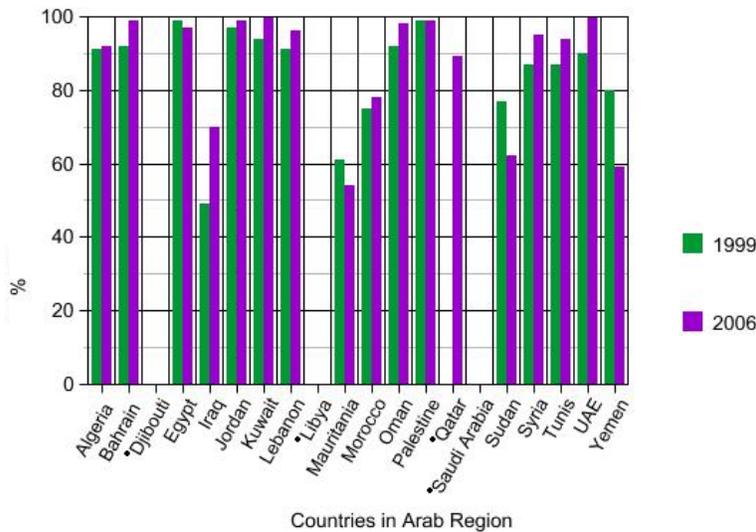
*Indicator 2.2: Proportion of students starting grade 1 and reaching last grade of primary education*

If a country is to successfully achieve UPE, the children who are enrolled in primary education must remain to complete a full primary cycle. In striving to keep children in the education system through a full primary cycle, the issue of quality in education is crucial. While comprehensive access to education in the region is a vital challenge to be overcome, it is the quality in education that will make the most significant

impact on both primary cycle completion rates and adolescent and young adult literacy rates.

Like pre-primary education in the Arab States, the duration of primary education cycle varies from country to country, stretching from 4 to 6 years on average. The full primary cycle survival rate in the Arab States varies considerably. As indicated below in figure 2.3, some countries are very close to, or have already reached the required minimum for achievement of UPE in this area while others lag very far behind (Mauritania, Sudan, Yemen, Iraq).

**Figure 2.3. Percentage of children completing full cycle of primary education in the Arab region**



Source: UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

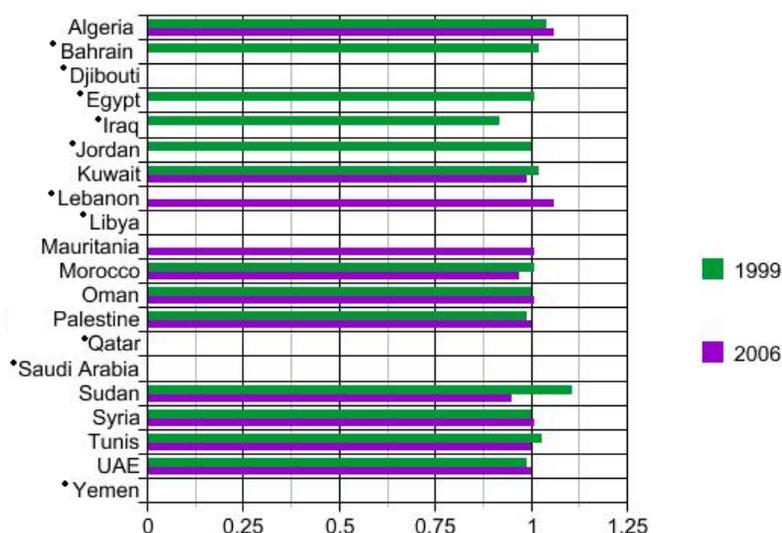
\* Insufficient data available for this country.

Figure 2.3 indicates that many countries, such as Kuwait, the Occupied Palestinian Territory, UAE, Oman, Bahrain, and Jordan, have achieved the required targets for UPE in relation to survival rates. In addition, some countries such as Iraq and Tunisia have had considerable success in retaining children within the primary school cycle until the last grade. However, figure 2.3 also shows that some countries, alarmingly, are showing signs of regression. Egypt, Mauritania, Sudan and Yemen are cases in point.

The reasons for stalling or regression in achieving this target may be explained by the

social, systemic and educational challenges faced by Arab States in retaining students through a full primary cycle. One factor relates to gender, where a gender disparity is prominent in related survival rates. Although gender parity in primary survival ratio has been reached by many countries in the Arab region, others have a long way to go to achieve the same results. What is most clear is that in countries with the lowest primary survival rates, the rates for female completion are consistently lower than those of their male counterparts. According to figure 2.4, this is true for Iraq, Yemen, and Sudan.

**Figure 2.4. Gender parity in primary school completion rates in the Arab region**



Source: UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

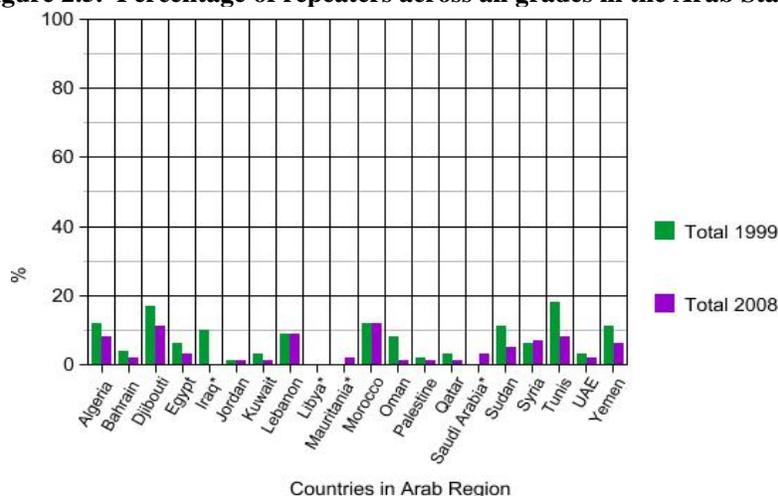
\* Insufficient data available for this country.

A second factor that significantly impacts the retention of children throughout the full primary school cycle is the nature of the relationship between repetition and dropout rates. The two are mutually reinforcing because repetition of grades is often a prelude to drop-out. This is particularly true in instances where support programs are not in place to assist repeaters to advance and progress through the education system.

The region's median percentage of repeaters for all grades fell from 8 per cent to 3 per cent from 1999 to 2007 (UNESCO 2010); however repetition rates in some countries remain high. Morocco, Djibouti and Lebanon, all have the highest rates of repetition, with the regional peak of 18 per cent occurring among boys in Lebanon at Grade 4. One of the main reasons behind the regionally discernible peak at Grade 4 can be attributed to the unconditional progression

in many countries of children through Grades 1-3 regardless of attainment of minimum learning achievement. At Grade 4, the first year when a minimum academic achievement is required to proceed to Grade 5, many children face difficulty in passing since they have moved through all previous grades without achieving the minimum expected learning achievements, such as basic literacy and numeracy. In light of this many countries, including Lebanon, are working to tighten assessment practices going forward to avoid this bottleneck. Although repetition rates have significantly improved in many countries, such as Djibouti and Oman, the cycle of repetition and drop-out continues to present a challenge across the Arab region (figure 2.5). For some countries, the achievement of this target in reaching UPE is slowing down and subsequently the repetition and drop-out rates have increased, particularly in Mauritania, Sudan, Yemen and Iraq.

**Figure 2.5. Percentage of repeaters across all grades in the Arab States**



Source: UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

\* Insufficient data available for this country.

A third factor that impacts upon the completion of primary schooling is related to a variety of quality-related issues that often influence increases in repetition and drop-out rates. Member states are committed not only to providing access to primary schooling but also to providing education of quality as part of the effort towards achieving UPE. If schools are unavailable, overcrowded or distant, if teachers lack even the most basic teaching skills, and if the material taught is outdated and irrelevant to the needs of learners; children are much less likely to complete a full primary cycle, even if basic access is guaranteed. Accordingly, the issue of quality in education planning, management and delivery is of paramount importance to the achievement of UPE in the Arab States.

Quality in education has been interpreted differently across much of the Arab region, often with varying patterns of localized implementation depending on the governorate (local government). There are, however, a loose set of common ideals upon which the Arab States have focused their efforts in an attempt to improve quality in achieving UPE. These include; *curriculum development; physical and infrastructural elements; teacher training; and teaching and learning practices.*

In recent years several countries in the region including Jordan, Bahrain, Oman, Qatar

and Tunisia have carried out *curriculum* reforms. Despite this progress, there a need for the alignment of curriculum and education outputs with learners' needs and labor market requirements. There are still large sections of curriculum in the Arab States which ignore modern global development issues (e.g. information and communication technology) and which focus instead on theoretical knowledge at the expense of practical skills. Curriculum reform is also related to the issue of gender equality as several analytical studies conducted in a number of Arab States (Algeria, Saudi Arabia, Lebanon, Oman, the Occupied Palestinian Territory, Qatar, Kuwait, Egypt and Morocco) show that textbooks for primary stage pupils support traditional attitudes which highlight the role of men working outside the house while woman perform household tasks and care for the children. Although efforts are underway in some countries, curriculum for primary level education remains outdated, irrelevant in many cases to the needs of the labor market and often re-enforces gender, ethnic or socioeconomic stereotypes.

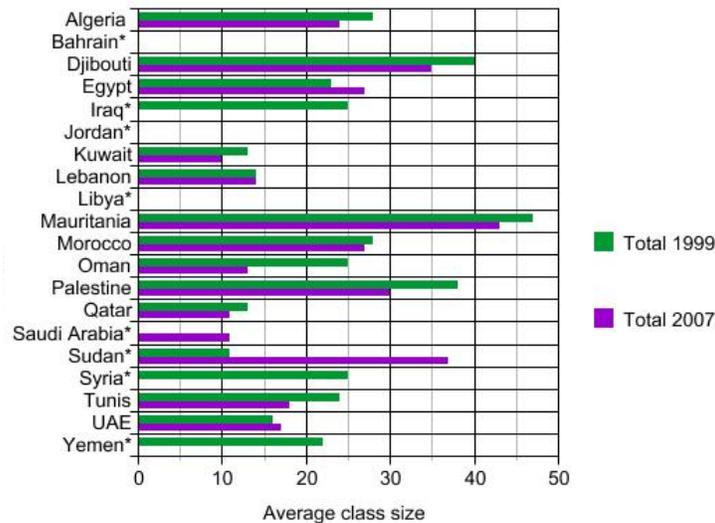
In addition to curriculum development, during the period 2000-2007, many countries in the Arab States Region sought to strengthen the *physical and infrastructural elements* of their education systems as these bear significant influence on the education achievement of students. Subsequently, several Arab States

worked to improve the provision of appropriate school buildings, furnished with utilities, clean drinking water and electricity; with the aim of better accommodating pupils and reducing class density (Jordan, UAE, Bahrain, Saudi Arabia, Oman, and Qatar). Some previously rented schools were replaced with fixed permanent buildings, and double-shift schools decreased in Jordan, Egypt and Oman.

Despite these advances, several challenges remain and many schools continue to lack clean drinking water, especially in rural areas of Tunisia, Morocco and Sudan. In Lebanon, several issues surrounding school buildings represent a fundamental challenge to bringing about quality

in education; 57 per cent of the public schools occupy rented buildings, many of which lack the specifications of a school building. In Egypt, not only is there a shortage of school buildings in rural and remote areas, but most of the school buildings which do exist, operate on a double shift. Lastly, the pupil-teacher ratio (which shows the level of the total supply of teachers of a country in relation to the size of its pupil population) has declined in almost all the countries with the exception of Lebanon, UAE, and Egypt. As evidenced in figure 2.6 below, these three countries either show signs of regression (UAE and Egypt) or stagnation (Lebanon).

**Figure 2.6. Pupil/teacher ratio in the Arab States**



Source: UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

\* Insufficient data available for this country.

Fundamentally, the quality of education comes down to what happens in the classroom, which makes teachers the single most important education resource in any country. It follows that the importance of *teachers, teacher training and teaching-learning practices* in reaching UPE is crucial. There is conclusive evidence from empirical studies and surveys on the quality of education, be it at national, regional or at international levels, that effective learning requires highly motivated, justly remunerated and well-trained teachers (UNESCO 2010). Education and training (both pre-service and in-service) of teachers remains the most important policy

towards the improvement of the quality of education in all countries in the Arab States' region. In the region as a whole, the percentage of teachers having the required qualifications differs from country to country ranging between 90-100 per cent in 8 countries: UAE, Kuwait, the Occupied Palestinian Territory, Algeria, Oman, Saudi Arabia, Morocco, and Mauritania, and ranges between 70-72 per cent in 4 countries : Jordan, Bahrain, Iraq, and Egypt (UNESCO 2010).

In many Arab countries, the preparation of basic education teachers has been upgraded from

post-secondary certificate to university degree (Jordan, Emirates, Bahrain, Tunisia, Algeria, Saudi Arabia, Sudan, Syria, Oman, the Occupied Palestinian Territory, Qatar, Kuwait, Lebanon, Egypt, Morocco, Mauritania, and Yemen). However, in practical terms marked differences may occur across these countries. Furthermore, in some Arab countries, *teaching and learning practices* have been improved and modern educational principles have been adopted (Jordan, Lebanon, UAE, Bahrain, Oman, Saudi Arabia, and Syria).

However, other studies and practical experiences have suggested that in many countries traditional teacher-centered methods focusing on lecture delivery, memorization and recitation of information on the part of the learner (Egypt, Lebanon). In the absence of dynamic teaching and learning practices, and with limited deviation from out-dated material in many countries, the issues of teacher training and classroom management becomes a double jeopardy.

The progress of the Arab States in reaching UPE through the indicator of full primary cycle completion shows that school retention rates are heavily affected by repetition and dropout rates, wherein the quality of education plays a huge role. As a key indicator, primary cycle completion rates such as those seen in the Arab States are instrumental in determining the likelihood of

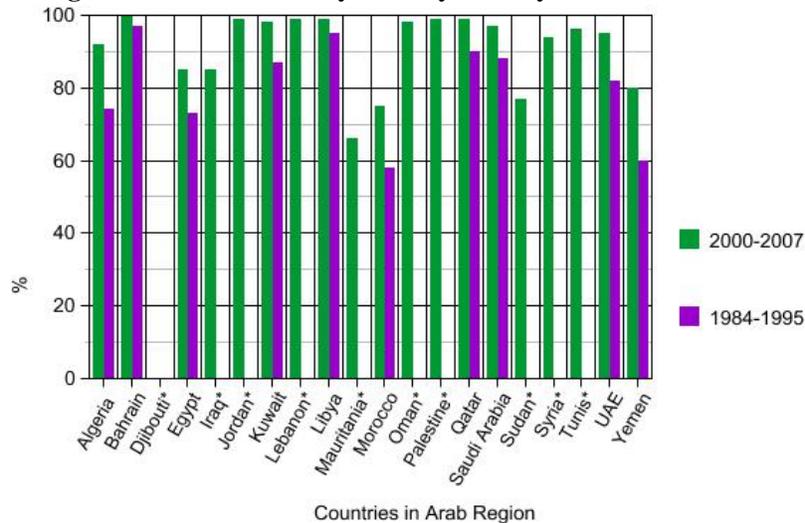
member states in achieving MDG2. Within this context and upon the figures available, it is clear that Sudan, Yemen, Mauritania, Iraq and Morocco are clearly off-track and need to revise and accelerate their efforts.

*Indicator 2.3: Literacy rates among young adults aged 15-24*

As the final indicator of UPE, literacy rates among young adults aged 15-24 represent a generational success or failure of education systems and is closely linked to enrolment (access) and completion of full primary cycle (quality). Once a child has enrolled in primary school, his/her progression and completion of primary education is influenced by the quality of education and the basic education outcome of this must be improvement in the literacy rate of the country.

As can be seen in figure 2.7, significant improvements have been made in Algeria, Morocco and Yemen, even if percentages still remain lower than the requirements for UPE. Many countries have already achieved, or will come close to achieving, UPE with regards to youth literacy by 2015. At the same time, countries experiencing regressions in terms of enrolment and primary cycle completion, such as Mauritania and Sudan, are still experiencing lower literacy rates as a result.

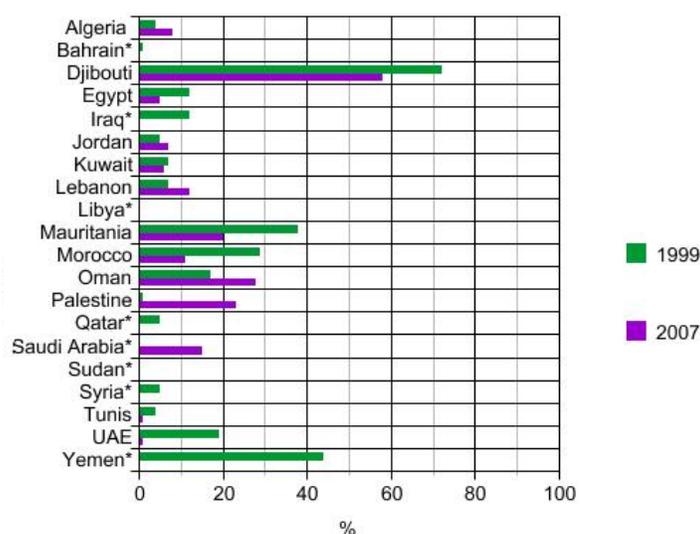
**Figure 2.7. Youth literacy rates by country in the Arab States**



Source: UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

\* Insufficient data available for this country.

**Figure 2.8. Percentage of out-of-school children by country (based on adjusted NER)**



Source: UNESCO Institute of Statistics. All figures in bold are taken from UNESCO GMR 2010 in absence of updated information available through UIS databases for sample year (2008).

\* Insufficient data available for this country

The location and number of out-of-school children in the region reveals major intra-regional disparities and alarming indications of adolescent and youth literacy. As can be seen below in figure 2.8, the situation in several countries has improved since 1999. Yemen, Egypt, Iraq, Mauritania and Morocco have all reduced the numbers of out-of-school children enormously in the past decade. While there is no denying that progress is being made, in some countries it is not occurring at a rate fast enough to enable them to achieve the goal of UPE by 2015. In addition, four of the twenty countries in the Arab States report regressions in the struggle to keep children in schools with out-of-school numbers rising in Algeria, Jordan, Lebanon, Oman, and the Occupied Palestinian Territory. Furthermore, gender is, again, a significant influencing factor. We find that girls account for 59 per cent of out-of-school adolescents in the Arab States. Equally detrimental to increasing access of younger children to primary school, and guaranteeing quality in education, is the fact that a further 18 per cent of lower secondary-school-aged adolescents were still enrolled at the primary school level. In sum, a significant 36 per cent of secondary school-aged children (aged 15-18) in the Arab region remain either out of school or enrolled in primary education (UNESCO 2010).

‘Out-of-school children’ is a blanket category that often hides complex underlying stories. Not all children in the category are in the same position, and out-of-school children often exist in a selection of intersecting circumstances of marginalization. Factors leading to marginalization do not operate in isolation: wealth and gender intersect with language, ethnicity, region and geographical differences to create mutually-reinforcing disadvantages. Measured in terms of scale and impact, on life chances, the challenge of out-of-school children in the Arab States represents a major human development issue, and bears significant impact upon youth and adolescent literacy.

It is fair to say that all countries in the Arab region have a unique set of combined influencing factors that marginalize children and prevent them from entering and completing a full cycle of formal primary education. As outlined in the UNESCO 2010 Global Monitoring Report, some of the most common are *poverty, post-conflict or post-disaster (PCPD) situations, and disability*.

*Poverty* plays a significant role in deciding whether or not a child enters and fully completes the primary education cycle. Household poverty is one of the strongest factors contributing to

marginalization in education. Such households have fewer resources to invest in children's health, nutrition and education, and are particularly vulnerable to the slightest of economic shocks. In Yemen, one of the region's poorest countries, the incidence of four-year education deprivation is twice the national average among the poorest in the population. Similar situations occur in countries like Morocco, Mauritania, Sudan and Egypt, where income differences overlap with rural-urban and gender divides. For example, in rural upper Egypt, over 40 per cent of the population lives in poverty and rural girls in the region average just over 4 years of schooling – far below the national average for girls of 10 years. Furthermore, the interplay between child labor and educational disadvantage in the Arab States has an added impact on child welfare, generational change and national poverty reduction plans. The ILO estimates that there are approximately 13.4 million working children in the Arab region. Working children across the Arab States face a significant attendance disadvantage, ranging from 12 per cent in Yemen to 48 per cent in Iraq. While comparative figures on out-of-school children show that the majority of working children also participate in some form education, many millions of children do not.

For children living in *areas affected by conflict or disaster*, enforced migration, attacks on schools, injury, psychological distress, trauma and the loss of family and loved ones all effect enrolment and primary cycle completion rates. In times of conflict, students miss classes, teacher training is suspended, exams are missed or postponed indefinitely, curriculum is not updated, school hours are cut or postponed for security and children are very often confined to their homes. In the Arab region, four out of the 20 States (the Occupied Palestinian Territory, Yemen, Sudan and Iraq) can be considered to be conflict or post-conflict states. From the data available, it is clear that these countries carry the largest chunk of the out-of-school population for the region, with over 25 per cent in Yemen and Iraq alone. In the Post-Conflict and Post-Disaster (PCPD) areas, there has been considerable advancement in the building of national capacity through trainings facilitated by the Norwegian Refugee Council and the Inter-Agency Network for Education in Emergencies (INEE). Furthermore, there are

beginnings of movement towards inclusive education systems in many of the Arab countries, and there are manuals and support tools under development in several agencies. Despite these advances, it is clear that PCPD situations and their implications for the achievement of UPE require further training as well as dedicated and sustained planning and preparation.

Lastly, *children with special needs or disability* are often some of the most marginalized children in the education sector. In many countries in the Arab States region, children with disabilities are still among the most marginalized and least likely to attend school. This is particularly the case for the LDCs where resources are extremely limited and so schools have less chances of adaptation for disability, special training or equipment, the provision of special needs assistants and the development of an inclusive curriculum.

A final challenge comes in the form of demographic transition in Arab States. While population growth is still substantiated by the large number of women of childbearing age from the previous generation, the recent sharp fertility declines in the Arab countries have produced a phenomenal increase in the number of youth aged 15-24 which has escalated from 33.7 million in 1980, or 20 per cent of the total population, to 67.9 million, or 21 per cent of the total population in 2005. The young population, which is currently in the transition period from childhood to adulthood, is expected to increase to 73 million in 2015 and to 81.4 million in 2025. The representation of actual and projected literacy rates among young adults and adolescents are thus inextricably linked to rates of both net-enrolment and out-of-school children.

## **Conclusions and policy recommendations**

In spite of considerable progress made towards the achievement of UPE, the Arab States Region faces several challenges which must be overcome in order to reach MDG2 by 2015. Access to primary education continues to be a critical challenge in some countries, e.g. Yemen, Sudan, Morocco, Mauritania and Egypt. There also exist significant gender related challenges with girls faring worse, in general, than boys in terms of access, and boys lagging behind in terms

of school completion. Moreover geographical disparities remain within countries between rural and urban areas, as do discriminations based on nationality or legal status. Reaching the hard-to-reach – including children affected by HIV/AIDs, orphans, children with disabilities (10% of all children on average), children from minorities and of migrant families, and those who are trafficked, used in armed conflict or live in institutions – is critical to achieving education for all. Child marriage (18% in MENA) leads to the isolation of, particularly, the girl child and to early drop-out from school.

Internal conflict and occupation have had serious consequences on access to education in conflict and post-conflict countries in the region (Iraq, Lebanon, Sudan and the Occupied Palestinian Territory). Key challenges for education in these countries are; renewing the infrastructure of the schools in addition to overcoming the lack of qualified teachers and poor learning environments. Moreover, demographic pressure over the next decade is expected to increase pressure on governments in the region. Despite the declines in fertility rates, the region will continue to have one of the highest percentages of youth in the world. Providing educational opportunities for the growing population is likely to stretch the resources of many countries and will probably jeopardize the opportunities of maintaining the present enrolment rate. There are still groups or parts of society which are left un-served and find existing delivery systems unsuitable to their needs, life patterns and aspirations. There is a need for independent non-formal and supplemental programs to cater for the educational needs of these marginalized groups.

With regard to the quality of education, international and regional assessments show that relatively poor learning achievements in language, mathematics and science still characterize many Arab States. Also, a lack of qualified teachers remains a challenge to several Arab States in improving the quality of education which is directly affecting the teaching and learning practices. Despite the presence of several initiatives in some Arab States, reforms aimed at serving social and human development needs have failed to change the process by which teachers are selected and upgraded, their

performance and teaching skills updated and curricula and teaching methods modernized. In addition, the education system in some Arab States continues to be plagued by below-par teaching methods and unfriendly classroom environments (poor infrastructure, school violence, etc).

Improvement in the accessibility, affordability, and quality of education in some Arab States must be regarded as a top priority if the region is to come close to achieving the goal of UPE by 2015. In particular, the following policies are deemed to be conducive to this:

- Elimination of school fees by the government and reduction in indirect costs associated with uniform, textbooks, and other informal fees is needed for education to be accessible by the poorest. Financial stipend programs can be foreseen for poor families as incentives for encouraging them to send their children to school;
- For vulnerable groups, special incentives must be given by way of mid-day meals, free textbooks or free uniforms can be tried. Government needs to focus efforts on improving delivery of such incentives with community participation and greater transparency;
- Governments need to institutionalize non-formal education within the Ministry for Education in each country. Adoption of flexible modalities could bring education within reach of the marginalized children living in remote and disadvantaged urban areas, such as slums and refugee camps. Such approaches include mobile school, satellite schools, one classroom schools and multi-grade teaching;
- For children out-of-school or for those who are pushed out of the system or discontinue their studies for any reason, governments need to put in place an accelerated learning process and new learning opportunities,

- catering to school-aged children and adolescents. These programs must be accredited and recognized by government and employers and enable children to return to school or enter the labor market in the future;
- Infrastructure of schools must cater to disabled children and an inclusive environment must be created to welcome all children into schools;
  - The recognition of diplomas that are awarded through non-formal education institutions by governments and employers to adapt the content of programs offered by these institutions with educational content provided by formal education;
  - Ministries of Education in the region are invited to collaborate in improving teaching and learning practices. Attention must be given to the use of active and cooperative pedagogic approaches which places the learners at the center of the teaching/learning processes (Child-centered approaches). This means teachers are called to move away from traditional teaching to open-ended instruction and enquiry-based learning;
  - The Ministries of Education in the region need to pay attention to the relevancy of the content. There is a need for the right mix between the incorporation of new subjects related to health, human rights, environment and the core subjects. Given that there is a positive correlation between instruction time and student achievement, policy makers in the region are advised to pay attention to the broadly agreed benchmark of 1,000 effective hours of schooling per year;
  - The use of continuous and reliable assessment that can be implemented in a timely manner is essential to improving the quality of education. It is recommended that the use of assessment tools be varied, flexible, and continuous in tandem with midterm and traditional end-of-year exams. These could take the form of, for example, teacher observation, reports or the use of portfolio or project-orientated assessment;
  - There is a need to rethink the pre-service and in-service training of teachers as well as improving working conditions. Best practices must be adopted and ongoing professional support should include an incentive structure that lets teachers see the benefit of improving their practices and encourages schools to put better learning at the heart of their educational vision;
  - Improving school conditions and ensuring good training for head teachers will influence the quality of education. Investment in working with head teachers will serve to prioritize the decentralization of knowledge and management training. Investment in school administrators will ensure the production of effective schools and encourage them to increase their participation in the development of their communities.

### III. MILLENNIUM DEVELOPMENT GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Life expectancy of women has increased, fertility rates and maternal mortality rates have decreased, and women's literacy rates and access to all levels of education have considerably improved. Most Arab countries have made considerable progress in eliminating gender disparity in access to education, particularly at the primary level, although differences between individual countries and sub-regions continue to exist. The gender parity index (GPI), which measures the ratio of girls to boys in education, has substantially increased at all levels of education in most Arab states, although remarkable differences exist between the three most successful sub-regions, the Gulf Cooperation Council Countries (GCC), the Arab Maghreb and the Arab Mashreq, and the Arab Least Developed Countries. The region also witnessed legislative reform as several laws discriminating against women were reformed, while new laws were enacted to protect them and ensure their increasing participation in public life. The educational achievements of women have yet to be translated into greater economic and political participation. Women's participation in the labor force and political representation in national parliaments still remains very limited in the Arab region.

#### Introduction

Over the past twenty years, the Arab region has witnessed significant advances in improving the status of women especially in health and education. Most Arab states have invested in the quality of education by reforming curricula and adopting national education strategies guaranteeing free public education accessible to all citizens without discrimination. There has also been expansion in the provision of public health services which have become more inclusive. Consequently, remarkable improvement in social indicators has been observed. Life expectancy of women has increased, fertility rates and maternal mortality rates have decreased, and women's literacy rates and access to all levels of education have considerably improved. The gender parity index (GPI), which measures the ratio of girls to boys in education, has also substantially increased at all levels of education in most Arab states, although remarkable differences exist between the most successful sub-regions, namely the Gulf Cooperation Council Countries (GCC), the Arab Maghreb and the Arab Mashreq, and the Arab Least Developing Countries. The region also witnessed legislative reform as several laws discriminating against women were reformed, while new laws were enacted to protect them and ensure their increasing participation in public life.

Nonetheless, Arab countries still lag behind in terms of women's participation in public life, with one of the lowest rates in the world both for

women's participation to the labor market and political representation. In fact, less than one third of Arab Women participates in the labor force and only 10 per cent is represented in national parliaments. Furthermore, violence against women especially in conflict-stricken countries such as Iraq, Sudan and the Occupied Palestinian Territory still constitutes a serious challenge towards women's empowerment.

This chapter examines progress achieved by Arab countries in the attainment of MDG3, and it highlights the main challenges that need to be addressed in the region. The MDG3 is articulated in a target and three indicators on access to education, economic participation and political representation. There is growing recognition, however, that the targets and indicators that frame this goal are too limited and that the complex set of issues related to gender equality and women's empowerment is not adequately captured by the assigned target and indicators.<sup>10</sup> Progress on all the MDGs is dependent on progress on gender equality and women's rights, therefore articulating and supporting the gender equality elements of all other MDGs will accelerate progress in achieving MDG3. It is additionally important to highlight that global phenomena,

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<sup>10</sup> Proposals to take on an "MDG3 plus" perspective into account other critical factors that perpetuate gender inequality, such as violence against women, early marriage, unequal access to land and property, and the unequal share of unpaid care work that women carry out.

such as the food and financial crises have a critical importance in the Arab region since their full effects can reverse achieved progress and deepen gender inequalities both at the national and regional levels.

**Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015**

*Indicator 3.1: Ratio of females to males in primary, secondary and tertiary education*

The indicator measures the achievement of gender parity in education, through the ratio of females to males in primary, secondary and tertiary education. The section separately examines progress achieved by Arab countries in the three levels of education, and afterwards highlights the main challenges in the region. Although the initial 2005 date for eliminating gender disparity in primary and secondary education was missed, the promotion of gender parity in all levels of education is one of the areas in which there has been considerable progress in the Arab region.

**Primary education**

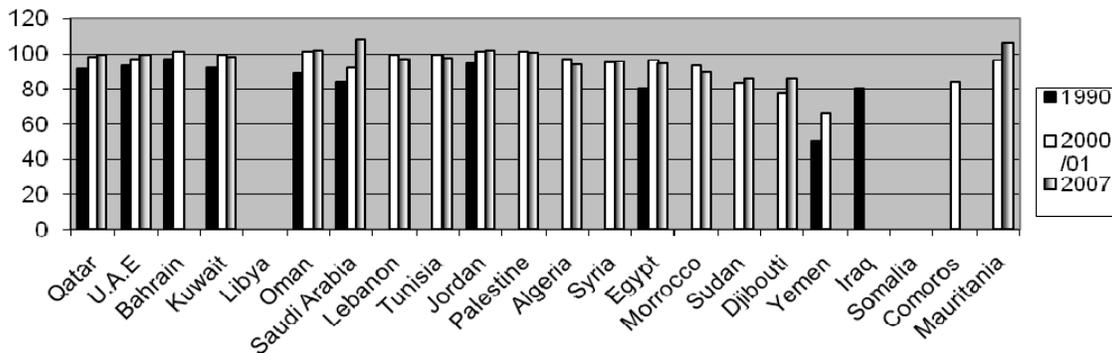
Most Arab countries have made considerable progress in eliminating gender disparity in access to education, particularly at the primary level, although differences between

individual countries and sub-regions continue to exist.

Some Arab countries closed the gender gap in female primary enrolment rates and even exceeded 100 per cent in 2007, including Oman, Jordan, the Occupied Palestinian Territory, Qatar, Mauritania, and Saudi Arabia. Many others are closest to achieving the goal of gender equity, with female enrolment rates exceeding 90 per cent in countries such as Qatar, United Arab Emirates, Bahrain, Kuwait, Libya, Lebanon, Tunisia, Algeria, Syria and Egypt. Despite the effort and gains made by Arab countries such as Morocco, Sudan, Djibouti, Iraq and Comoros to narrow the gap between boys and girls, there's a need to exert more efforts to be able to achieve the goal by 2015, since female primary enrolment rates do not exceed 80 per cent. Yemen, still lags behind with a percentage of female enrolment rate at only 73 per cent. However, it is worth mentioning that Yemen has achieved considerable progress, with the female to male ratio increasing from 50 per cent in 1990 to about 73 per cent in 2005 (figure 3.1).

At sub-regional level (figure 3.2), the GCC had the highest female primary enrolment ratio, 106 per cent in 2000, followed by the Mashreq at 93 per cent and Maghreb at 93 per cent. The LDC sub-region, starting from a lower base, lagged behind despite the considerable improvements, with a female primary enrolment ratio at 82 per cent in 2000.

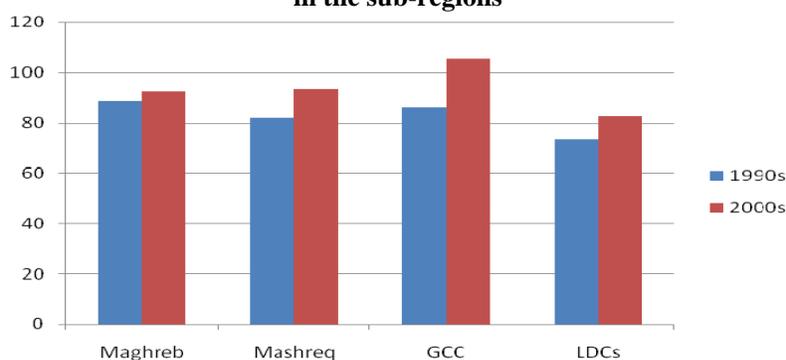
**Figure 3.1. Female primary enrolment ratio (as a percentage of male ratio) in Arab countries**



Sources: Human Development Reports, several issues (net enrolment ratios). ESCWA (2004) Millennium Development Goals in ESCWA, Report on progress 2004. Gender parity index in primary level enrolment, United Nations Statistics division, Millennium Development Goals Database, [www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a611](http://www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a611).

Note: Data incomplete at the time of report finalization.

**Figure 3.2. Female primary enrolment ratio (as a percentage of male ratio) in the sub-regions**



Sources: Human Development Reports, several issues (net enrolment ratios). ESCWA (2004) Millennium Development Goals in ESCWA, Report on progress 2004. Gender parity index in primary level enrolment, United Nations Statistics division, Millennium Development Goals Database, [www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a611](http://www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a611).

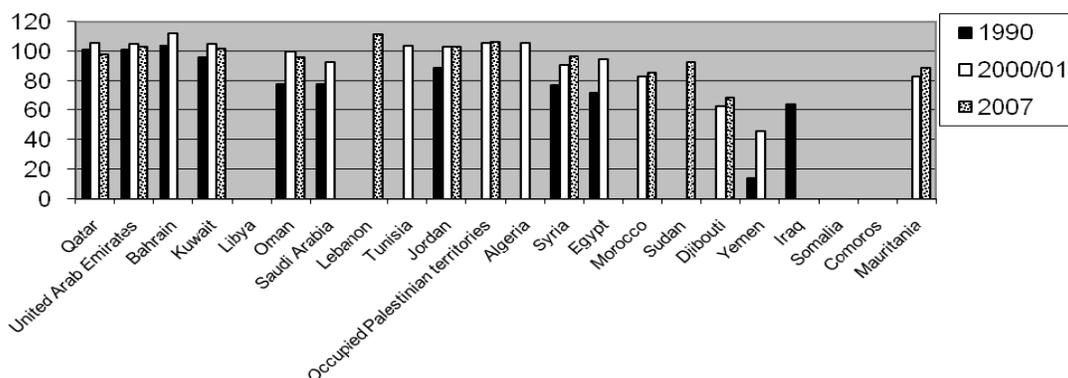
### Secondary education

Most Arab countries made considerable progress in reaching gender equity in secondary education (figure 3.3). Ten of the Arab countries, namely United Arab Emirates, Bahrain, Kuwait, Libya, Lebanon, Tunisia, Jordan, Saudi Arabia, the Occupied Palestinian Territory and Algeria, closed the gender gap and exceeded 100 per cent in 2007. In addition, some Arab countries are approaching the goal of gender equity, with female secondary enrolment rates exceeding 90 per cent like Qatar, Oman, Saudi Arabia, Syria, Egypt and Sudan. Morocco and Mauritania are still midway with percentage about 85 per cent and 88 per cent in 2007. In contrast, Djibouti, Yemen, Iraq, and Comoros have been moving very slowly in approaching this target, with female secondary

enrolment ratio varying from 69 per cent in Djibouti to 76 per cent in Comoros. Yemen had the lowest percentage in the whole region, 50 per cent in 2005; however it is worth mentioning that it has made considerable improvements and the female to male ratio has increased from 14 per cent in 1990 to about 50 per cent in 2005.

At sub-regional level, there has been an overall noticeable increase in female secondary enrolment rates (figure 3.4). Girls' secondary enrolment ratio rose in the Maghreb sub-region from 84 per cent in 1990 to 100 per cent in 2000; in the GCC sub-region, from 82 per cent in 1990 to 94 per cent in 2000; and in the Mashreq sub-region from 73 per cent in 1990 to 90 per cent in 2000.

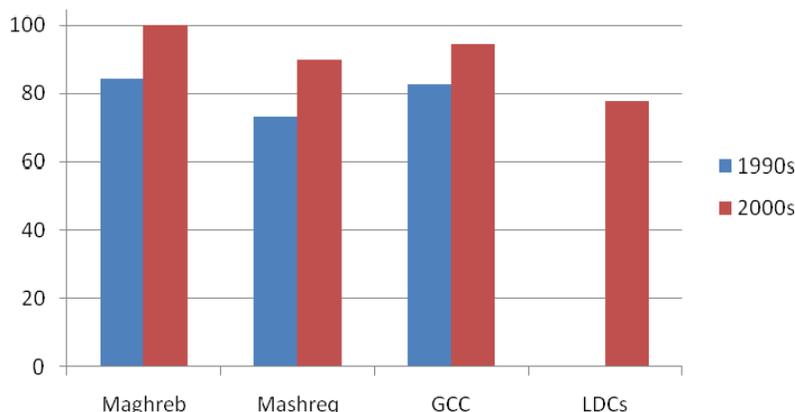
**Figure 3.3. Female secondary enrolment ratio (as a percentage of male ratio) in Arab countries**



Sources: Human Development Reports, several issues (net enrolment ratios). ESCWA (2004) Millennium Development Goals in ESCWA, Report on progress 2004. Gender parity index in primary level enrolment, United Nations Statistics division, Millennium Development Goals Database, [www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a613](http://www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a613).

Note: Data incomplete at the time of report finalization.

**Figure 3.4. Female secondary enrolment ratio (as a percentage of male ratio) in the sub-regions**



Sources: Human Development Reports, several issues (net enrolment ratios). ESCWA (2004) Millennium Development Goals in ESCWA, Report on progress 2004. Gender parity index in primary level enrolment, United Nations Statistics division, Millennium Development Goals Database, [www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a613](http://www.data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a613).

Note: Data incomplete at the time of report finalization.

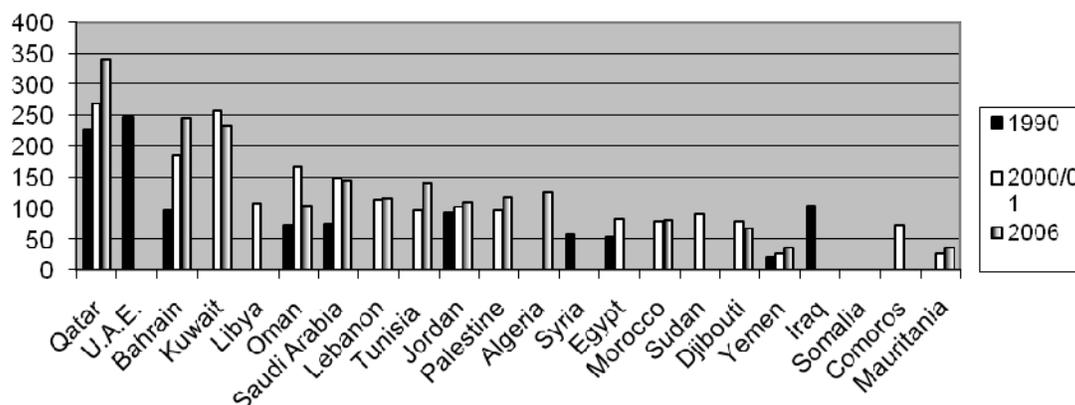
### Tertiary education

Female tertiary enrolment witnessed a remarkable progress in many Arab countries (figure 3.5). Some countries such as Qatar, United Arab Emirates, Bahrain and Kuwait even achieved female enrolment rates that are above 200 per cent in 2007. In addition, many other Arab countries closed the gender gap and achieved female enrolment rates that are above 100 per cent, like Libya, Oman, Saudi Arabia, Lebanon, Tunisia, Jordan, the Occupied Palestinian Territory and Algeria. This can be explained by cultural practices. The reasons for this change varied where the view of women in Arab societies has changed and their growing role in the economic, social and cultural development, led to more women entering the labor market for paid work. And the lack of employment opportunities and competition is a factor in the

orientation of women towards achieving better standards of education which allow them better opportunities for appropriate work.

Syria, Egypt, Morocco, and Sudan are still on their way to close the gender gap in tertiary education; according to the latest data available, the girls to boys' ratio varies from 92 per cent in Sudan to 86 per cent in Egypt. On the contrary, Djibouti and Iraq witnessed a significant step back over the period 1990-2005. In particular, in Iraq, due to various factors including security issues, the female tertiary enrolment ratio sharply declined from 104 per cent in 1990 to 59 per cent in 2005, while Djibouti witnessed a slower decrease from 100 per cent in 1998 to 69 per cent in 2007. The lowest female tertiary enrolment rates are in Mauritania and Yemen with percentages at 36 per cent and 37 per cent in 2006, respectively.

**Figure 3.5. Female tertiary students (as a percentage of males) in Arab countries**



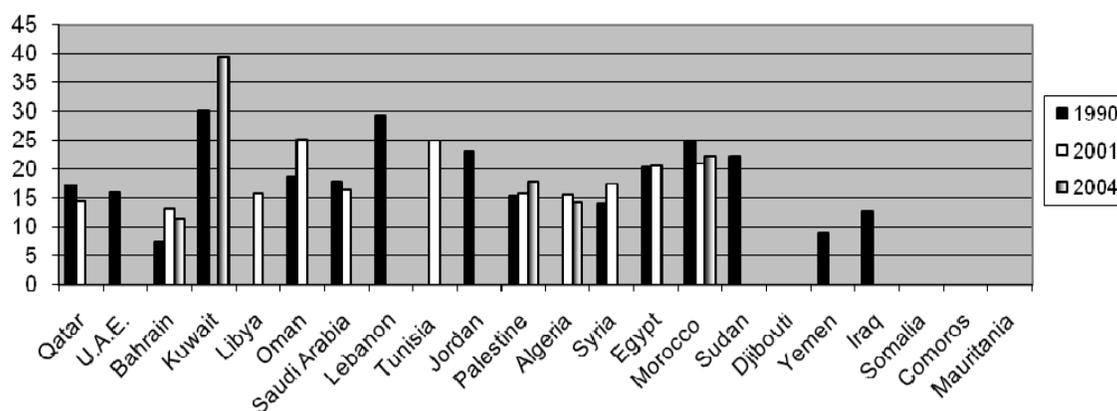
Sources: Human Development Reports, several issues (Gross enrolment ratios). ESCWA (2004) Millennium Development Goals in ESCWA, Report on progress 2004. Gender parity index in primary level enrolment, United Nations Statistics division, Millennium Development Goals Database, <http://data.un.org/Data.aspx?d=MDG&f=seriesRowID%3a614>. Egypt Human development report 2008 Female tertiary and post graduate enrolment.

Note: Data incomplete at the time of report finalization.

Lack of sufficient data makes it difficult to establish trends at the sub-regional level. Nevertheless, examining the available country data, it seems likely that the GCC and Maghreb

sub-regions have exceeded expectations in bridging the gap between male and female enrolment in tertiary education, while the LDC group still lags behind.

**Figure 3.6. Share of women in wage employment in the non-agricultural sector in Arab countries**



Sources: United Nations Statistics Division, Millennium Development Goals Database. (1) Total employment in non-agriculture, (2) Total employment. ESCWA (2004) Millennium Development Goals in ESCWA, Report on progress 2004, and UNSD (latest).

Note: Data incomplete at the time of report finalization.

Poverty remains one of the main challenges and key impediments to achieving gender parity in primary and secondary education in the Arab region. Particularly in rural areas, older girls may be needed in household or farm labor, or may

drop out due to early marriage or high poverty levels. In addition, girls often drop out from secondary school, or fail to attend for reasons such as distance from home, lack of or poor sanitary facilities, or lack of security in countries

such as Iraq and the Occupied Palestinian Territory.

Nevertheless, according to the Beijing Declaration and Platform for Action (BPFA), increasing female access to education is not sufficient in itself. Member states are also urged to improve the overall quality of education and to eliminate all discriminatory images and stereotypes about women and girls in school curricula. It is therefore vital for Arab countries to focus resources and efforts not only on ensuring better enrolment and retention rates, but also on revising school curricula. Particular attention should be paid to girls and women in the Arab LDCs, where enrolment levels in school are the lowest, and to rural and agriculture-based communities, where access to education is often limited.<sup>11</sup>

*Indicator 3.2: Share of women in wage employment in non-agricultural sector*

The second indicator of MDG3 is the share of women in wage employment in the non-agricultural sector. The focus on the non-agricultural sector reflects the benefits of women's integration into the monetary economy, in terms of greater autonomy, control over household decision-making and personal development.

Globally, women's share of waged non-agricultural employment has slightly increased in the last decade. Worldwide, women account for almost 40 per cent of the total employment in this sector. In the Arab region, lack of comprehensive data for this indicator makes it difficult to assess progress. However, from the available data, in 2004, women's share of non-agricultural wage paid employment ranged from 12 per cent in Bahrain to 22 per cent in Morocco while it rose in Jordan from 14 per cent in 2000 to 16 per cent in 2009 (figures 3.6 ). Besides, the proportion of women in non-agricultural wage employment declined between 1990 and 2004. In Saudi Arabia, women's share in wage employment in non-agricultural sector declined from 18 per cent in 1990 to 16 per cent in 2002. Similarly, it

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<sup>11</sup> Ibid.

decreased in United Arab Emirates from 16 per cent in 1990 to 14 per cent in 2000, and in Qatar from 17 per cent in 1990 to 16 per cent in 2004.

Women's labor force participation in the Arab region remains one of the lowest in the world, at 22 per cent.<sup>12</sup> Discriminative legislation, gender wage gaps, lack of access to resources, and cultural barriers contribute to the low level of women's economic participation in the region. Moreover, it is expected that the global financial crisis might affect youth, particularly, young women, in terms of job losses and initial access to labor markets, given their pre-crisis labor market vulnerabilities (ILO 2008; UN-GEI 2008).

An analysis of employment trends and the distribution of the female labor force between the public and private sectors indicates that in general the public sector has been the major employer of women, in many countries in the Arab region. Moreover, the private sector is still generally not able to take advantage of women adequately. Many female workers who are concentrated in service sector for example, tend to be the first to lose their jobs in the time of economic regression and the last to obtain employment in the time of recovery.<sup>13</sup> Furthermore, for many private sector employers, women's double burden of earning a living and caring for their families is viewed as either too costly or as an impediment to overall productivity.<sup>14</sup> For example, in Egypt and Jordan, labor legislation requires employers of a certain number of women to provide a workplace nursery. Working women in Egypt are also entitled to two daily breaks to breastfeed and to take two years off work to care for their family.<sup>15</sup> Implementing such requirements brings additional costs for employers, who seek to circumvent the problem either by recruiting men or by hiring young single women.<sup>16</sup>

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<sup>12</sup> UN-ESCWA, Charting the Progress of the Millennium Development Goals in the Arab Region: A statistical Portrait, 2010, p. 10.

<sup>13</sup> UN-ESCWA, The Effects of the Financial Crisis on the advancement of women in the Arab region, 2009 (E/ESCWA/ECW/2009/IG.1/4).

<sup>14</sup> UN-ESCWA, Women's control over economic resources and access to financial resources, 2009.

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

Another factor contributing to the low level of women's economic participation in the Arab region is the mismatch between women's educational specialization and the labor market's needs. Although women's access to higher education is growing, they still tend to enter courses associated with health and education, thus prolonging domestic roles of caring for others, which are less valued in the labor market. A key challenge is to encourage women to enter non-traditional careers such as the scientific professions and technical occupations.

In that framework, it is vital not to only promote greater economic participation, but also to ensure the right of women to decent working conditions, including equal pay for equal work. Pay differentials remain one of the most persistent forms of gender inequality in the Arab region. They vary between and within countries, as well as across sectors. Globally, in a majority of countries, women's wages represent between 70 and 90 per cent of men's wages.<sup>17</sup> A World Bank study in Lebanon found a 27 per cent wage difference between male and female employees and that wage gaps existed within the same sector and occupation, even after adjusting for different levels of education.<sup>18</sup>

In addition to gender wage gaps, discriminative legislation in social security, taxation and pension laws, along with the existence of laws that restrict women's freedom of movement outside home, hinder women's economic participation. The weak presence of women in labor institutions such as trade unions, and lack of awareness by women of their labor rights remain as key impediments. Some Arab countries additionally lack the needed infrastructure to encourage women to enter the labor market, such as transportation networks, and the provision of day-care facilities for young children.

Despite such limitations, investment in female education in the region has produced well-educated women who proved to be successful

entrepreneurs running their own business.<sup>19</sup> The inability to widely access credit and resources however still remains a key challenge for most women in the region. The World Bank's enterprise surveys indicate that about 18 per cent of the firms in the Middle East and North Africa have female participation in ownership, compared to 50 per cent in East Asia and the Pacific (World Bank 2009). The regulatory requirements for setting up and registering a business, frequently hamper the establishment of small businesses, the category in which enterprises founded by women typically cluster.<sup>20</sup> Furthermore, banks which are the principal source of financing in the Arab region are generally conservative in granting loans.<sup>21</sup> Although in principle there is no gender discrimination in access to finance, women in some parts of the region do not have the same access to formal credit as men. This was highlighted in the World Bank study on entrepreneurs and workers in Lebanon (World Bank 2007b), which found that 64 per cent of male entrepreneurs who financed their own operations had access to a bank loan, compared with only 48 per cent of female entrepreneurs. In Jordan, according to official sources, women's access (55 per cent) to loans are greater compared to men (45 per cent). In Egypt, according to a study conducted by Mahdi, Rashid (2007), it didn't notice any difference between women and men with regard to access to formal credit. Moreover, female owners of small and medium-sized enterprises experience higher rates of rejection from banks and are required to provide collateral on average 25-30 per cent higher in value than that required from men (El-Mahdi 2006). In addition, in many Arab countries a significant proportion of bank credit is allocated for the purchase of treasury bills and Government bonds, leading to a lower pool of credit available to the private sector (El-Mahdi 2006).

*Indicator 3.3: Proportion of seats held by women in national parliament*

Although the Arab region has seen some improvements in women's participation in

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<sup>17</sup> ILO, Global Employment trends for Women, March 2009.

<sup>18</sup> UN-ESCWA, Women's control over economic resources and access to financial resources, 2009.

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<sup>19</sup> Ibid.

<sup>20</sup> UN-ESCWA, Women's control over economic resources and access to financial resources, 2009.

<sup>21</sup> Ibid.

political life, where the percentage of representation in parliaments to 10 per cent for the region as a whole after it was 8 per cent<sup>22</sup> in 2006, but it is still low compared to a global average (19 per cent).<sup>23</sup>

In view of the low level of women's political representation in most of Arab countries, some governments adopted temporary special measures, such as the quota system to accelerate women's *de facto* equality, like in Jordan, Tunisia, Sudan, Iraq, the Occupied Palestinian Territory, Egypt, Morocco and Mauritania. In this context, many countries witnessed an increase in the number of women in the electoral force, parliaments and local councils. The institutionalization of the quota system in national parliaments has yield favorable results in terms of increasing women's political representation. In the Arab region, Tunisia has the highest level of female representation in parliament at 28 per cent, as of February 2010, followed by Iraq at 26 per cent and Sudan at 25 per cent and the United Arab Emirates at 22 per cent. Women are not represented in the national parliaments of Qatar and Saudi Arabia, as shown in table 3.1. In contrast, the ratification of the Kuwaiti law to acknowledge equality between men and women at the ballot resulted in five women entering the Kuwaiti Parliament for the first time in that nation's history. The new electoral law for 2010 in Jordan allocates 12 seats for women in parliament. Furthermore, in 2011, Egypt's parliament adopted a new law that would raise the allocated seats for women in parliament to 64, effective 2011.

Several factors explain Arab women's low level of political representation. Cultural attitudes and stereotypes about the role of women in Arab society hinder their political empowerment. Some sectors of Arab society still view women's role as limited to taking care of the family, raising children and possibly working in professions that are natural extension to their care-taking roles such as teaching or nursing. Historically, women's political participation in some parts of the Arab world has been limited to selected appointments to ministerial and parliamentary positions. Due to that fact, women in general lack the experience and skills needed to reach leadership positions. Therefore, policies to increase women's political representation should include capacity-building activities, sharpening women's skills in leadership, lobbying and political party-involvement.

Moreover, since political parties are often the main route to political participation; women need to be encouraged to join them. Reciprocally, political parties should be encouraged to adopt temporary special measures, such as the quota system, to increase women's membership and participation among their constituencies in general, and executive boards in particular.

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<sup>22</sup> UN-ESCWA. The status of Arab Women in the Light of International Instruments, 2006.

<sup>23</sup> UN, The Millennium Development Goals Global report, 2009.

TABLE 3.1. WOMAN'S POLITICAL REPRESENTATION IN ARAB COUNTRIES

Rank	Country	Lower or Single House				Upper House or Senate			
		Elections	Seats	Women	Women (per cent)	Elections	Seats	Women	Women (per cent)
01	Tunisia	10 (2009)	214	59	27.6	8 (2008)	112	17	15.2
02	Iraq	01 (2010)	325	82	25	-	-	-	-
03	United Arab Emirates	12 (2006)	40	9	22.5	-	-	-	-
04	Mauritania	11 (2006)	95	21	22.1	11 (2009)	56	8	14.3
05	Sudan	04 (2010)	450	113	25	8 (2005)	50	3	6.0
06	Djibouti	2 (2008)	65	9	13.8	-	-	-	-
07	Syrian Arab Republic	4 (2007)	250	31	12.4	-	-	-	-
08	Morocco	9 (2007)	325	34	10.5	10 (2009)	270	6	2.2
09	Algeria	5 (2007)	389	30	7.7	12 (2009)	136	7	5.1
10	Kuwait	5 (2009)	65	5	7.7	-	-	-	-
11	Libyan Arab Jamahiriya	3 (2009)	468	36	7.7	-	-	-	-
12	Somalia	8 (2004)	539	37	6.9	-	-	-	-
13	Jordan	11 (2007)	110	7	6.4	12 (2009)	55	7	12.7
14	Lebanon	6 (2009)	128	4	3.1	-	-	-	-
15	Bahrain	11 (2006)	40	1	2.5	12 (2006)	40	10	25.0
16	Egypt	11 (2005)	454	8	1.8	6 (2007)	264	21	7.9
17	Yemen	4 (2003)	301	1	0.3	4 (2001)	111	2	1.8
18	Comoros	12 (2009)	33	0	0.0	-	-	-	-
19	Oman	10 (2007)	84	0	0.0	11 (2007)	72	14	19.4
20	Qatar	7 (2008)	35	0	0.0	-	-	-	-
21	Saudi Arabia	2 (2009)	150	0	0.0	-	-	-	-

Source: Inter-Parliamentary Union, February 2010.

Note: Data incomplete at the time of report finalization. Data refers to the seats currently filled in the parliament.

The social ideas, customs and traditions, are considered part of the fulfillment of women from political life. Electoral systems play an important role in increasing women's political representation. Proportional representation often allows more women to compete and win than simple majority systems, because they tend to have multi-member constituencies where seats are assigned in proportion to the percentage of votes won by the parties, which encourage more diversity in party platforms and candidates (MDG Global Report 2009). Few electoral systems in Arab countries are based on Proportional Representation (PR). Worldwide, out of 176 countries for which data was available in 2007, PR systems had a global average of 21 per cent of their parliamentary seats held by women, compared to 13 per cent in non-PR systems (UNIFEM 2008/09).

Nevertheless, while MDG3 focuses only on national parliaments, it is additionally important to encourage women to run for elections at the municipal and local level, where they can build constituencies to support their aspirations at the

grassroots' level. In the Arab region, a growing number of countries, such as Jordan, the Occupied Palestinian Territory, and Lebanon, is successfully introducing quotas at the local and municipal level, in order to reduce the gender gap.

### Conclusions and policy recommendations

In general, the Arab region was able to achieve considerable progress in reducing the gender gap and increasing female enrolment rates in all levels of education. However, the educational system as a whole still faces many difficulties, particularly in terms of achieving high education quality. Curricula also need to be revised to eliminate discriminative images and stereotypes about women and girls in school textbooks. Women should be additionally encouraged to enter scientific fields, linking thereby their education to the labor market's needs. The educational achievements of women have yet to be translated into greater economic and political participation. Women's participation to labor force and political representation in national parliaments remains still very limited in

the Arab region. However, progress in these fields will not be achieved without elimination of discrimination at the legal, structural and behavioral levels, as per below policy recommendations:

### **Education**

- Governments and civil societies are urged to enact legislations to raise the minimum age of marriage in order to improve retention rates for girls particularly at the secondary level, since early marriage is one of the main factors that leads girls to drop out of school;
- Governments need to encourage the enrolment among children of poor families, especially girls, at all levels of education, through the implementation of demand-side financing mechanisms, such as the introduction of stipends, targeted vouchers, bursaries, scholarships and subsidies in the form of food and cash transfers conditional on school attendance;
- Governments need to focus resources and efforts to revising curricula, improving the overall quality of education, and to eliminate all discriminatory images and stereotypes about women and girls in textbooks;
- Particular attention should be paid to girls and women in the Arab LDCs, where enrolment levels in school are the lowest, and to rural and agriculture-based communities, where access to education is often limited. The provision of a supportive infrastructure, in terms of improved transportation, telecommunications, electricity and water supply, will facilitate both the participation of women in the public sphere and increase girls' school enrolment rates by reducing the heavy domestic burden which they bear, particularly in rural areas. In the same context, the countries forming networks of food

security and rural development and activation of the early warning system to identify the areas of food and size of gaps in a timely manner;

- Governments need to eliminate discriminative legislations including laws governing social security, taxation, pension, and freedom of movement, in addition to ensuring the right of women to decent working conditions, including equal pay for equal work;
- Women should be encouraged to enter non-traditional careers such as the scientific professions and technical occupations. Their education should be linked to the labor markets' needs. Governments should therefore ensure that women can access regular training and updating of vocational and learning skills programs;
- Governments should encourage women's participation in labor institutions such as trade unions, easing regulatory requirements for setting up and registering small business, in order to encourage women economic participation and entrepreneurship;
- Governments need to adopt transitional measures that allow more space for women's political participation such as the quota system, in national parliaments and at the local/municipal and expand opportunities for capacity-building activities, sharpening women's skills in leadership, lobbying and political party-involvement;
- Governments must integrate a gender perspective in national policies and allocate special resources to support policies aiming at achieving gender equality and the empowerment of women, including building capacities in gender budgeting and gender performance auditing;

- Civil society institutions including women's NGOs are encouraged to monitor states' adherence to the implementation of the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) and lifting unnecessary reservations, by drafting periodical CEDAW shadow reports and presenting them to the UN-CEDAW Committee in Geneva;
  - Political parties are urged to adopt special measures such as the quota system to increase women's membership and participation among their constituencies in general, and executive boards in particular;
  - The media is urged to play a wider role in promoting women's political rights
- inciting them to vote and present themselves as candidates to national elections;
  - Provide technical assistance and build the capacity of member states in the process of integrating a gender perspective in national policies and allocation of resources for promoting gender equality and women's empowerment;
  - Raise awareness among policy makers, especially parliamentarians, of the necessity to amend discriminative legislation, and to fully implement the Convention on the Elimination of all forms of Discrimination against Women (CEDAW).

#### IV. MILLENNIUM DEVELOPMENT GOAL 4: REDUCE CHILD MORTALITY

Under-five mortality rates have declined substantially in the Arab region over the past two decades: from 83 deaths per 1,000 live births in 1990 to 52 deaths per 1,000 live births in 2008 - a 37 per cent reduction. However, overall, the Arab region is not on track for achieving the MDG target of an under-five mortality rate of 28 per 1,000 live births by 2015. Furthermore, great inter- and intra-country disparities exist with regards to U5MR. Variations exist for both levels of under-five mortality and in the progress towards reducing it. Although Gulf states have ensured the achievement of MDG4 since the mid-nineties, LDCs exhibit very high under five mortality rates, consistently more than 100 per 1,000 live births. Seventy per cent of the under-five mortality rates have been accounted for by the high mortality rate of children below age one. Routine immunization coverage of 1-year-old children in the Arab region has increased from 77 per cent in 1990 to 82 per cent in 2008, a number significantly above the developing regions' average of 73 per cent. The expansion of measles immunization services has been achieved in 15 countries and measles elimination is on track in 16 countries in the region. The Maghreb and the GCC countries, with the exception of Algeria (88 per cent), Iraq (69 per cent), OPT (53 per cent), and Syrian Arab Republic (81 per cent), are nearing universal measles immunization coverage.

##### Introduction

Since the 1990s, the Arab region has made substantial progress in reducing infant and child mortality. Similar positive trends have also been evident, including increased life expectancy and greater access to healthcare services. With respect to reducing measles mortality – one of the key elements towards achieving the goal on child health – almost all Arab countries are on track to achieve this target, although in the last three years a number of countries have witnessed measles outbreaks. However, the Arab region continues to be characterized by strong disparities in health across both the four sub-regions and individual countries. Socioeconomic disparities in health within countries, as well as the equitable distribution of good quality health services to the population in the lowest wealth quintile also remain a challenge.

This chapter assesses progress in reducing infant and under-five mortality, and in increasing Measles immunization. The analysis covers levels and trends in relevant indicators over the period 1990-2008, using data from the UNICEF SOWC statistical data base. The chapter ends with policy and program recommendations to sustain further achievements in the MDG4 targets in the Arab region.

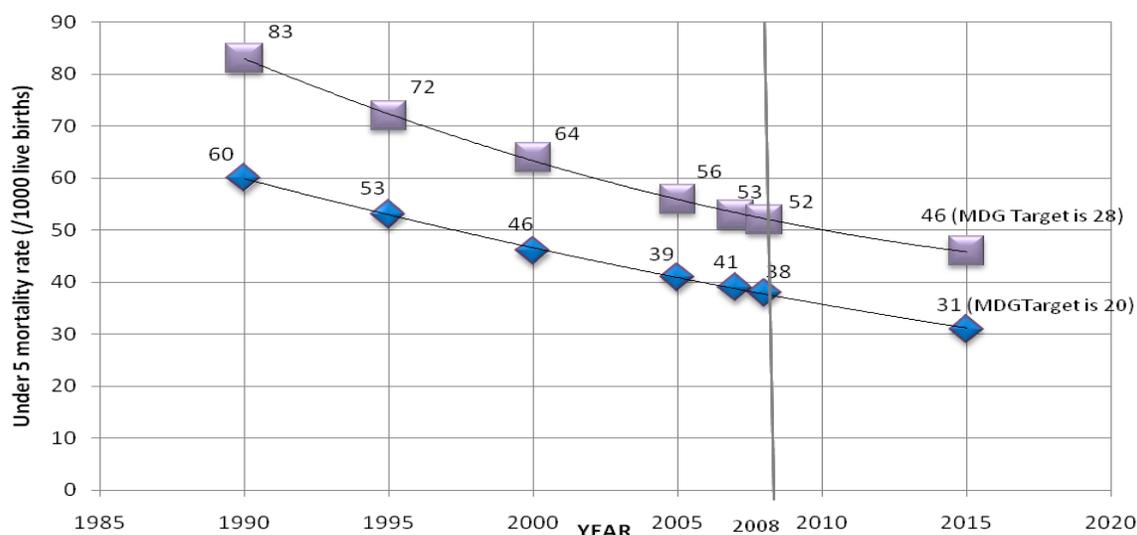
##### **Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate**

##### *Indicator 4.1: Under-five mortality rate (U5MR)*

Increased global efforts have improved the accuracy and timeliness of estimates of under-5 mortality. However, these estimates have some limitations: they fail to use the full range of available data; do not use transparent and reproducible methodologies; do not distinguish predictions from actual measurements; and they lack any indication of uncertainty around point estimates. Case in point, over the past decade, WHO, UNICEF, UN Population Division, and the World Bank have had differing estimates, disputed predictions and varied projections. However, some advances have been made in harmonizing past and present data from different sources to provide more consistent and reliable data.

Overall, the Arab region is not on track for achieving the MDG target of under-five mortality rate of 28 per 1,000 live births by 2015 (figure 4.1). Furthermore, great inter- and intra-country disparities exist with regards to U5MR. Variations exist for both levels of under-five mortality and in the progress towards reducing it. Although Gulf states have ensured the achievement of MDG4 since the mid-nineties, LDCs are lagging behind.

**Figure 4.1. Under-five and infant mortality rates in the Arab region**



Source: 2009 UNICEF SOWC Statistical database for 1990-2008, while 2015 figures are log-linear projections. MDG Targets are one-third of 1990 values.

Note: Rectangle for under five and diamond for infant mortality rates.

In these countries more than one in ten children die before reaching the age of five; this rate is around 5 times higher than that of any GCC countries. In other words, the LDCs sub-region exhibits very high under five mortality rates, consistently more than 100 per 1,000 live births (between 1990-2008), compared to the Mashreq, Maghreb and GCCs sub-regions where such rates have been below 50 per 1,000 live births since 2000 (table 4.1).

neonatal period. In fact, over the past two decades, 70 per cent of the under-five mortality rates have been accounted for by the high mortality rate of children below age one. Progress in reducing under-five mortality will hence depend on the investments made by governments to tackle mortality of children before their first birthday. Most neonatal deaths are due to easily preventable causes such as sepsis, asphyxia, trauma, low birth weight, prematurity, and congenital malformations.

Mortality risks among children are largely concentrated in infancy, and particularly the

**TABLE 4.1. MGD4 PROGRESS BY ARAB SUB-REGIONS – UNDER-FIVE MORTALITY RATES (/1,000 LB) PER SUB-REGION**

Sub-regions	1990	1995	2000	2005	2007	2008	2015	MDG target	MDG progress
Arab Mashreq	71	52	42	31	28	27	17	24	On track
Arab Maghreb	70	56	46	39	36	35	25	23	Achievable
Gulf Cooperation Council (GCC) Countries	37	27	21	19	19	18	14	12	Achievable
Least Developed Countries (LDCs)	136	129	121	115	112	110	99	45	Not on track
<b>ARAB REGION</b>	<b>83</b>	<b>72</b>	<b>64</b>	<b>56</b>	<b>53</b>	<b>52</b>	<b>46</b>	<b>28</b>	<b>Not on track</b>

Source: 2009 UNICEF SOWC Statistical database.

#### *Indicator 4.2: Infant mortality rate*

As previously mentioned, progress in reducing the infant mortality rate closely mirrors efforts to reduce the U5MR. Between 1990 and 2008 the infant mortality rate (IMR) has been halved in most Arab countries. This is particularly true of countries such as Egypt, Jordan, Lebanon, Syria, Morocco, Tunisia, United Arab Emirates, Sultanate of Oman, Kuwait, Qatar, Bahrain, and Saudi Arabia. Yemen has also been successful in halving its IMR although this figure remains relatively high compared to other Arab countries.

IMRs remain at their highest in Sudan, Somalia, Mauritania, Djibouti and Comoros, where no major decline in the rate has been experienced since 1990. Declines in IMR have also been slow in Iraq although the country's mortality rate is lower than the above-mentioned countries. Also striking is the stall in mortality decline in the Occupied Palestinian Territory since the mid 1990s. It is unclear why this is so, but could be due to Israeli checkpoints and closure policies, preventing access to healthcare services, especially obstetric care, or to maternal under-nutrition or both.

Child marriage affects children's health because babies who are born to very young mothers are more vulnerable to diseases during the critical early years of life. Armed conflict also has a devastating impact on children's survival. Of the 20 countries with the highest rates of under-five mortality, 11 have experienced major armed conflict since 1990. Children without parental care due to conflicts or separated from their mother at an early age, especially those who remain in institutional settings for an extended period of time, are at much greater risk of early death.

In most Arab countries, the vast majority of under-five deaths take place in the first year of life, which means that more efforts are needed to address the causes of infant mortality. In particular low birth weight, diarrhea and other infections, need to be addressed. Obstetric complications experienced by women during pregnancy and childbirth also contribute to infant mortality.

#### *Indicator 4.3: Proportion of 1-year-old children immunized against measles*

In addition to the under-five and infant mortality rates, the proportion of 1-year olds immunized against measles is one of the key indicators used to monitor MDG4. It is generally agreed that to stop the transmission of this highly contagious disease, measles immunization coverage must be above 90 per cent. In 1990, only three countries out of the 22 in the Arab region had measles immunization rates above 90 per cent. Today, more than half of the Arab countries are above this threshold.

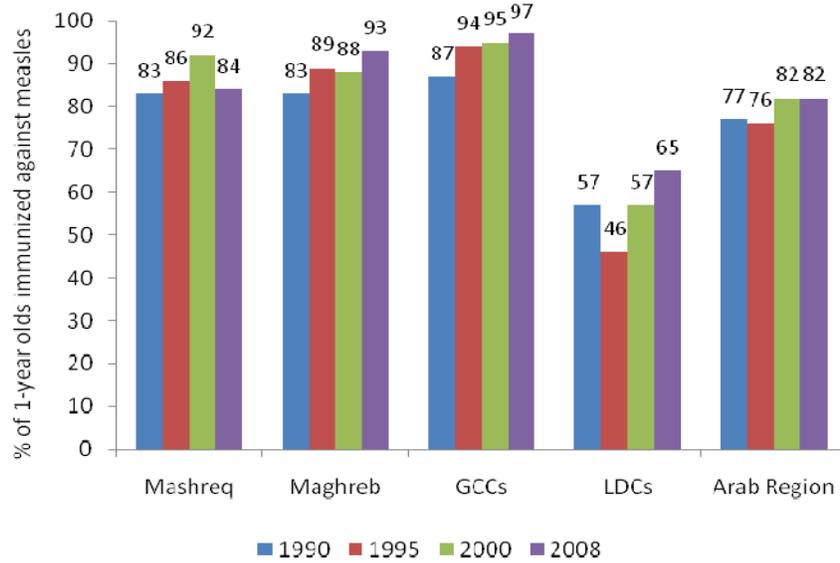
Routine immunization coverage of 1-year-old children in the Arab region has increased from 77 per cent in 1990 to 82 per cent in 2008, a number significantly above the developing regions' average of 73 per cent. The expansion of immunization services has been achieved in 15 countries and measles elimination is on track in 16 countries in the region. The Maghreb and the GCC countries, with the exception of Algeria (88 per cent), Iraq (69 per cent), OPT (53 per cent), and Syrian Arab Republic (81 per cent), are nearing universal measles immunization coverage. A similar number of Arab countries are covering 100 per cent of the cost of the classic EPI vaccines and injection equipment with funds from their own national budgets. The Arab region has achieved the Global Immunization Vision and Strategy (GIVS) goal to reduce measles-related mortality three years earlier than expected. Also, the introduction of new vaccines has gained momentum; this is especially true of those countries, which have introduced Hib, pneumococcal and rotavirus vaccines.

Yet, despite such progress, or perhaps because of it, intra-regional disparities still persist and probably increasing. The highest measles immunization rates are observed in the Maghreb (93 per cent in 2008) and the GCCs (97 per cent) sub-regions. In contrast, measles immunization rates are at their lowest in Arab LDCs (65 per cent) and have increased only by 12 percentage points since 1990 (figure 4.2). Immunization rates against measles in the Mashreq region stand at 84 per cent. LDCs continue to face the heavy burden of communicable diseases whilst the Mashreq, Maghreb and GCC regions continue to face that of non-communicable diseases. Amongst the

LDCs, notable is the deterioration of immunization coverage rates (between 1990 and 2008) in the following countries: Comoros (from 87-76 per cent), Djibouti (from 85-73 per cent), Somalia (from 30-24 per cent), and Yemen (from

69-62 per cent). Elsewhere in the LDCs, and during the same time period, measles immunization rates remain low despite some improvements experienced in: Mauritania (from 38-65 per cent), and Sudan (57-79 per cent).

**Figure 4.2. Measles immunization coverage: 1990-2008**



Source: 2009 UNICEF SOWC Statistical database.

Low coverage rates in some areas are also due to the lack of public awareness of the importance of immunization. In Sudan for instance, low coverage is partly due to misinformation about the contraindications of the vaccines, adverse events and multiple injections. In Somalia, the major reason for low coverage is the poor quality of immunization services. These include missed opportunities of immunization, lack of defaulters tracing and follow up, overcrowded immunization sessions and improper health staff behavior. In Comoros and Mauritania, the high costs of new vaccines, lack of resources for expanded coverage and lack of resources for renewal and replacement of cold chain equipment are important barriers to immunization progress.

Therefore, and despite important successes in increased immunization rates throughout the Arab world, universal immunization coverage will not be achieved by 2015 without addressing problems of accessibility to vaccines, low health facility coverage, suboptimal delivery strategies and unavailability of services in conflict areas and

for mobile and displaced populations. The LDC countries remain in need of special technical support and financial investment to bridge the gap and catch up with other Arab countries. In countries where coverage is lagging behind, making more efficient use of existing immunization services can prevent measles related deaths. Special focus needs to be placed on improving vaccine procurement and management capacity to enhance new vaccines introduction. If efforts are not stepped up to expand immunization campaign outreaches as well as second chance vaccination through national fixed health delivery systems, measles mortality will continue to slow down progress towards MDG4 in the Arab region. Such immunization efforts are also crucial to early childhood development gains because, even when it is not fatal, a measles attack may lead to child blindness, deafness, malnutrition or pneumonia.

**Conclusion and policy recommendations**

Under-five mortality rates have declined substantially in the Arab region over the past two

decades: from 83 deaths per 1,000 live births in 1990 to 52 deaths per 1,000 live births in 2008 - a 37 per cent reduction. These trends, if maintained, will likely lead to an U5MR of 46 deaths per 1,000 live births in 2015. Nevertheless, not only would the projected 2015 rate remain well above the target of 28 deaths per 1,000 live births, but variations in access to quality health services, literacy amongst girls and women, family income, and traditional practices related to maternal and child health will continue to weigh heavily on the ability of Arab countries to reduce child mortality. Moreover, since 1990 progress to reduce infant mortality has mostly mirrored the trend in under-five mortality and there remains a pressing need for greater efforts to target neonates' diseases and deaths.

In general, efforts to improve child health have increased significantly in the Arab region. However, while infant and under-five mortality rates have been reduced considerably, little is known about the extent of within-country disparities of child mortality. Due to the enormous challenges facing Arab countries today (such as conflict, poverty and gender inequality), it is easy to lose sight of the possibility of change. To accelerate reduction in under-five mortality by 2015, countries in the region need to step up efforts in addressing pending issues such as high maternal mortality, malnutrition, wide disparities between rural and urban areas, and between the rich and poor of society.

Slow progress in MDG4 amongst LDCs (see annex 4.1) is a major hindrance to overall progress on this MDG in the Arab region. Addressing this bottleneck is likely to fail without a substantial increase in financial investment and technical support to the health sector. Strategies to improve public health, and expedite the achievement of MDG4, have emphasized the importance of adopting public health approaches (including population-based preventive measures, integration of health services, increased institutional capacity, and locally acceptable reforms of the health sector). These changes will require sound public policy decisions on the priorities, scope, and tools to enhance the health sector across the Arab region.

Substantial progress in reducing communicable disease related mortality has been

made in both GCC and Maghreb countries. Yet, the burden of these diseases is still relatively high considering the availability of strong controlling and preventive tools, such as vaccines and other public health interventions. Access to high quality and regular communicable diseases preventive services remains low in LDCs. Low managerial capacity, inadequate human resources and poor public health programs continue to inhibit progress towards the achievement of this target. Conflict and insecurity in some Arab countries have also played an important role in aggravating the situation.

While much progress has been made in addressing communicable diseases, new and emerging threats adversely affect child population in the Arab countries. Road traffic accidents, violence and injuries are now rapidly become top childhood killer diseases. According to the recent WHO-UNICEF World Report on Child Injury Prevention, road traffic accidents are the fifth highest cause of childhood mortality in high income countries in the WHO Eastern Mediterranean Region. Other threats are the non-communicable diseases and HIV/AIDS. Although the latter has overall low prevalence in the Arab countries but focal epidemics threaten lives of children. More efforts will be required to address these new and emerging issues by all Arab Countries to reach MDG 4.

Lastly, the UN agencies and the World Bank, through the Interagency Working Group on Mortality Estimation (IGME), agree every year on the most plausible figures for mortality rates for children under five years of age. These estimates are based on an in-depth analysis of available data for each country. Differences between UN estimates and those from governments around the world are common because of differences in methodologies and data sources used. There should be a continuous dialogue between Governments and the UN to have a common understanding of current discrepancies in the estimates, and to work together towards reducing them. To achieve this, investing in the collection of high quality household survey data remains the solution.

There are a number of important steps that Arab LDC countries need to undertake in order to

successfully meet the MDG4 on child health. Namely there is a pressing need to:

- Address child health related issues (such as nutrition, maternal health, and maternal mortality). It is likely that progress on MDG4 will depend on how well countries will continue to address underlying factors for child mortality in the Arab world, especially poor access to quality health services, high rate of illiteracy among girls and women (LDCs), disparities in family income (Mashreq and Maghreb), and harmful traditional practices related to maternal and child death;
- Address new and emerging issues that adversely impact child health such as inequities, accidents and injuries;
- Increase public spending and technical support to the health sector;
- Invest in high quality surveys and studies to improve data quality and to address discrepancies;
- Focus on infant mortality. To achieve further reductions in under-five mortality, it will be important to substantially increase investments in tackling mortality of children before their first birthday. Such efforts will have to target specific neonates' diseases and mortality (which explain the bulk of infant deaths). Most neonatal deaths are due to easily

preventable causes such as sepsis, asphyxia, trauma, low-birth weight, pre-maturity, and congenital malformations;

- Work to improve health service delivery. The strengthening of health systems and policies by balancing curative and preventive care, revamping public health institutions and policies, and improving quality and financing of healthcare will be of key importance;
- Increase measles vaccination coverage. While progress in this area has been steady, additional efforts are required in LDCs. Introduce new vaccines against pneumonia and diarrhea particularly in Low and Middle Income Countries;
- Address related MDGs. All the MDGs have a direct impact and mutual reinforcement on each other; this is the case for maternal health, which has direct multi-fold links and impacts on MDG4. In fact, maternal mortality, resulting in child neglect due to family dissolution, can lead to higher infant and child mortality. Furthermore, maternal mortality has a long-term impact on surviving children, especially girls, in areas where low educational accessibility and attainment perpetuate both poverty and poor health cycles.

Arab sub-regions	Countries	Under five mortality rate						Infant mortality rate						Percentage of 1-year-old children immunized against measles			
		1990	1995	2000	2005	2007	2008	1990	1995	2000	2005	2007	2008	1990	1995	2000	2008
Mashreq	Lebanon	40	35	24	17	14	13	33	29	21	15	13	12	61	85	79	53
	Syrian Arab Republic	37	28	22	18	17	16	30	24	19	16	15	14	87	85	83	81
	Jordan	38	35	27	22	20	20 <sup>a/</sup>	31	29	23	19	18	17	87	92	94	95 <sup>b/</sup>
	Egypt	90	65	47	30	25	23	66	50	38	25	21	20	86	89	98	92
	Occupied Palestinian Territory	38	32	29	28	27	27	33	28	26	24	24	24	-	73	93	96
	Iraq	53	48	48	45	44	44	42	39	38	37	36	36	75	80	87	69
Maghreb	Libyan Arab Jamahiriya	38	30	24	19	18	17	33	27	22	17	16	15	89	92	92	98
	Tunisia	50	35	27	23	22	21	40	29	23	20	19	18	93	91	95	98
	Morocco	88	70	54	42	38	36	68	57	46	37	34	32	79	88	93	96
	Algeria	64	52	48	44	42	41	52	44	41	38	37	36	83	89	80	88
GCCs	United Arab Emirates	17 <sup>c/</sup>	14	11	9	8	8	15	12	10	8	7	7	80	90	94	92
	Qatar	20	17	14	11	11	10	17	14	12	10	10	9	79	87	91	92
	Kuwait	15	14	13	12	11	11	13	11	10	10	10	9	66	98	99	99
	Bahrain	16	14	13	12	12	12	14	11	11	10	10	10	87	95	98	99
	Oman	31	21	17	13	12	12	23	16	13	11	11	10	98	98	99	99
	Saudi Arabia	43	31	23	22	21	21	35	26	20	19	19 <sup>d/</sup>	18	88	94	94	97
	Yemen	127	120	98	79	72	69	90	85	71	59	55	53	69	40	62	62
LDCs	Djibouti	123	114	106	99	96	95	95	89	84	79	77	76	85	41	50	73
	Comoros	128	120	114	108	106	105	90	85	81	78	76	75	87	69	70	76
	Sudan	124	119	115	111	110	109	78	75	73	71	70	70	57	51	58	79
	Mauritania	129	126	122	119	118	118	81	79	77	76	75	75	38	67	62	65
	Somalia	200	200	200	200	200	200	119	119	119	119	119	119	30	34	38	24
	Total	The Gulf Cooperation Council (GCC) Countries	37	27	21	19	19	18	30	23	18	17	16	16	87	94	95
The Arab Mashreq		71	52	42	31	28	27	54	41	34	26	24	23	83	86	92	84
The Arab Maghreb		70	56	46	39	36	35	56	46	39	34	32	31	83	89	88	93
The Least Developing Countries (LDCs)		136	129	121	115	112	110	88	84	79	75	73	72	57	46	57	65
Total		83	72	64	56	53	52	60	53	46	41	39	38	77	76	82	82

Source: UNICEF Global Database, 2009.

Note: This table has been sorted in ascending order using the countries' 2008 U5MR.

a/ Official communiqué received from Jordan indicates infant and under five mortality for 2008 were 19 and 21 per 1,000 live births as per the National Report.

b/ 100 per cent according to official communiqué received from Jordan.

c/ As per official communiqué received from UAE, Under 5 mortality and Infant mortality in 1990 was 14/1,000 and 11.4 per live births respectively. Measles immunization coverage in 1990 was 93 per cent.

d/ Infant Mortality Rate in Saudi Arabia in 2007 is 18.6 Source: Millennium Development Goals Report 2009, Ministry of Economy and Planning, Page 51.

## V. MILLENNIUM DEVELOPMENT GOAL 5: IMPROVE MATERNAL HEALTH

Whilst several countries maintained low levels for their maternal mortality rate (MMR), including most of the GCC countries, there is substantial variation between countries. Some have achieved significant progress in reducing maternal mortality ratio (MMR), while others have seen little or no achievements at all; and, within countries, rural rates are sometimes more than five times greater than those in the capital city. Countries with significant progress towards achieving reduction in MMR also have a higher proportion of births attended by skilled personnel. All sub-regions except the LDCs have made significant improvements in skilled delivery attendance. Most of births in the GCC are attended, and Mashreq sub-region has a slightly higher figure of skilled birth attendance than that of the Maghreb sub-region. In general 8 out of 10 births are attended in both sub-regions. Both Mashreq and Maghreb sub-regions made remarkable progress in increasing family planning, where about 6 out of 10 married women are using family planning methods. Although the rate of family planning declined in GCC countries, it remained higher than that of LDCs, where it hardly reached 15 per cent during the first decade of the 21st century. Data on adolescent fertility rate show discrepancies among sub-regions despite the decline witnessed during the past period in all sub-regions. While the GCC and Maghreb sub-regions have successfully lowered adolescent fertility to less than 20 per 1000 girls, the Mashreq and the LDCs sub-regions performance is very poor being over 50 for Mashreq and over 70 for LDCs. All of the four sub-regions showed progress in antenatal coverage between 1990s and 2000s. 8 out of 10 pregnant women in the GCC, the Mashreq and the Maghreb region, and 6 in 10 pregnant women in LDCs receive antenatal care. At the country level, an increase in antenatal care has been observed in most countries, reaching nearly complete coverage in several of them: UAE, Oman, Qatar, Bahrain, Jordan, Kuwait, Libya, Lebanon and Saudi Arabia. On the other extreme, women in Yemen and Somalia have received the least amount of antenatal care (4 in 10 pregnant women).

### Introduction

Multiple contextual issues have directly and indirectly impacted maternal health in the Arab region. For decades now the socioeconomic conditions and the wellbeing of Arab populations have been deteriorating due to global, regional and local factors. The chronic humanitarian situations in several countries, caused by long lasting armed conflicts and natural disasters, has continued to cause the human suffering of the populations of the Occupied Palestinian Territory, Sudan, Somalia, Iraq and Yemen. This was compounded by an accelerating environmental degradation and demographic interactions, including high rates of population growth and the geographical distribution of populations. The global financial and economic crisis has added another complication, slowing the flow of foreign aid and further undermining the ability of states to cope with maternal health.

The vulnerability of women (especially the pregnant) increases in deteriorating and crisis situations as primary attention is usually diverted to other priorities, such as shelter and food,

leaving little or no room for women's needs and services. After having made significant progress in improving maternal health in the Occupied Palestinian Territory, regress was experienced after the second intifada due to the closures of, and restricted access to, hospitals providing reproductive health services leaving women with no safe option for safe delivery. In some areas of Sudan and Somalia women are unable to seek healthcare services due to insecure circumstances leaving no choice for pregnant women but to deliver at home in the absence of healthcare providers (who are often unable to travel to reach women in need). Lately, women's ability to seek healthcare in the conflict stricken part of Yemen was also hindered, as they were not able to deliver under supervision of health personnel. In Iraq the long lasted wars, international sanctions and the ongoing armed conflicts compounded by emigration of qualified health care personnel led to drastic deterioration of the health system.

These collective circumstances highlight the urgent need to divert special attention to women in countries caught in humanitarian crises

to ensure that women continue to have access to care during pregnancy, delivery and after that.

The environmental degradation and climate change accompanied by the rapid population growth and imbalanced geographical distribution influenced by rural-urban migration in most of countries of the region in the region negatively impacted the social and economic conditions of women, children and other population sub groups. Such conditions may cause further environmental deteriorations, reduction in food production, expanded poverty and overall negative impact on all MDGs.

This chapter emphasizes the progress achieved by Arab states during the past two decades with regard to MDG5, which focuses on improving maternal health through monitoring specific indicators measuring progress in two targets: a) maternal mortality; and b) universal access to quality reproductive health services. Progress will be monitored at the country level as well as regionally for the GCC, Mashreq and Maghreb and for the LDC group..

Monitoring MDG5 faces the challenge of unavailability of accurate periodical data for most countries of the region, especially the maternal mortality ratio. Absence of consistent methodologies to collect data on maternal deaths accompanied by high under reporting of rare

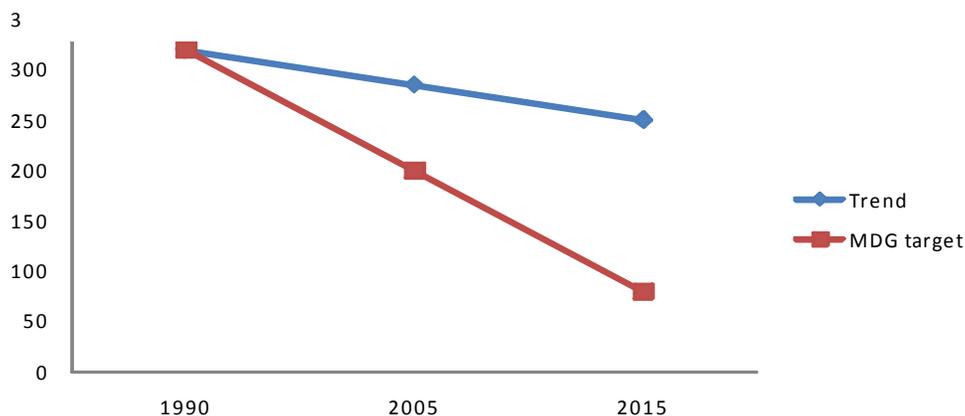
events makes it more difficult to measure indicators.

Overall, progress made by the Arab region in achieving this goal is less than what is required to meet the goal by 2015. Differentials among countries and among sub-region are the main reason. Some countries and sub-regions made significant progress, while others lagged behind or witnessed deteriorations.

**Target 5.A: Reduce by three quarters the maternal mortality ratio**

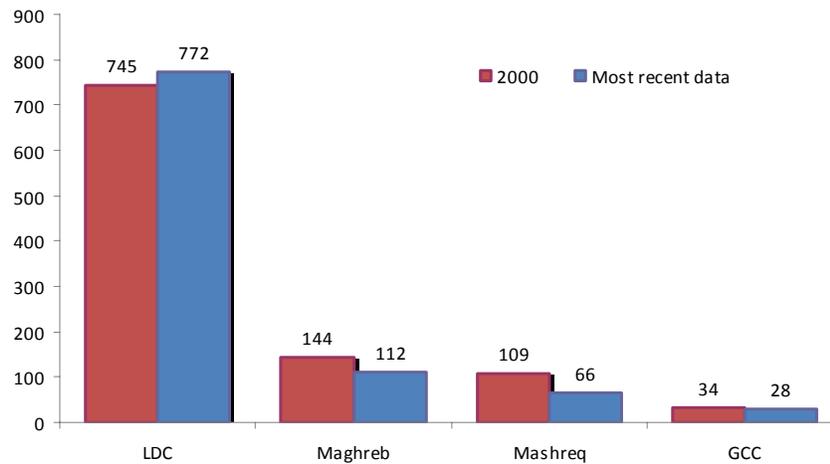
Monitoring progress in measuring maternal mortality rates and ratios at the regional level is challenged by the lack of accurate and periodic data from most countries of the Arab region. Nevertheless, estimates (figure 5.1) indicate that overall, the Arab region is progressing slower than it should be towards achieving the MDG Target 5A. This is largely attributed to the wide differentials among countries and sub-regions, where some have achieved significant progress in reducing maternal mortality ratio (MMR), while others have seen little or no achievements at all. figure 5.2 indicates that GCC countries made significant reductions in MMR that are comparable with developed countries, while the least developed group made no noticeable progress. On the other hand the Mashreq and the Maghreb groups made significant progress but not sufficient to achieve the target by 2015.

**Figure 5.1. Maternal Mortality Ratio: estimated trend and expected MDG goal**



*Note:* The figures are estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

**Figure 5.2. Average MMR by Arab region grouping**



*Note:* The figures are estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

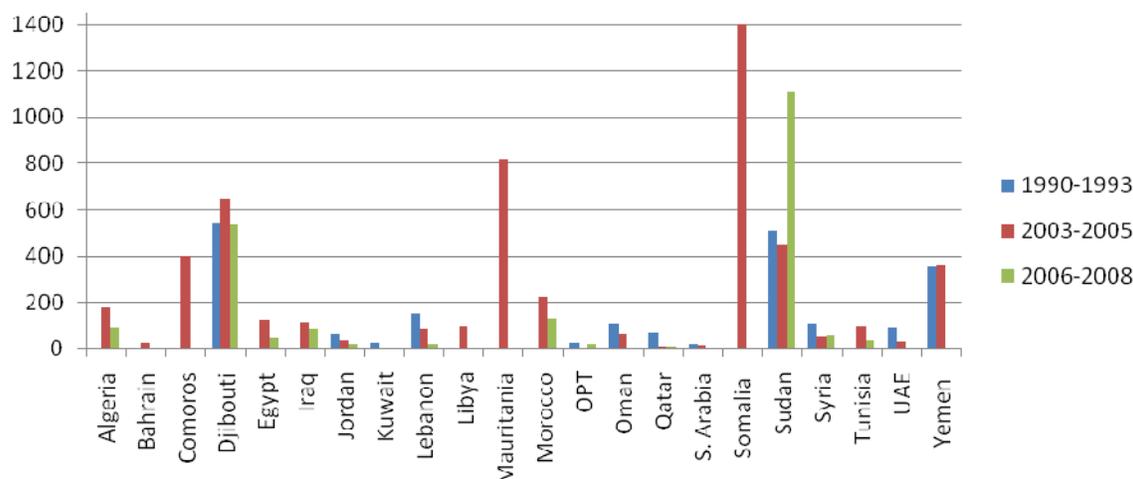
At the country level, figure 5.3 presents MMR from various national sources of data. Generally, there are wide discrepancies among countries with regard to availability of data. For example there is difficulty in establishing a trend of MMR for a good number of countries due to adopting different methodologies in measuring the indicator. Nevertheless, figures show that several countries maintained low levels of MMR including most of GCC countries. In Saudi Arabia for example, the ratio was 14.6 in 2008. As well, a number of other countries including Jordan, Tunisia, Lebanon, the Occupied Palestinian Territory, Egypt, Algeria and Syria significant reductions in MMR. Latest figures of Jordan for 2009 showed a ratio of 19 and according to Egypt 2010 MDG report sustained declining trend of MMR will lead to achievement of the goal by 2015. In Syria, the 2005 figure was adopted due to absence of an updated figure, while absence of consistent figures for Iraq makes it difficult to establish a trend. In early 1990s, according to official figures MMR was 117, while estimated at

293 for 1999 and 193 for 2004. Based on data from 2006/07 family health survey the figure was estimated at 84 per 100,000 births. As well, Yemen is still facing difficulty in MMR estimates (being 351 for early 1990s and 365 in early 2000s) with no evidence of any progress.

Maghreb countries witnessed wide variations in MMR. In Tunisia, the figure was estimated at 36 compared with 89 in Algeria. In Morocco, latest figures from a 2009 survey estimated MMR at 132, while it was 227 a decade earlier.

In addition to the above, the national figures do not reflect sub national differentials. Available figures for the 2006 Sudan Household Survey show that MMR was lower than 200 in Khartoum compared to more than 1000 in some states especially in the South. In Syria, figures indicate that the ratio was above 80 in the north-eastern governorates and as low as half of that for Damascus.

**Figure 5.3. Maternal Mortality Ratio by country**



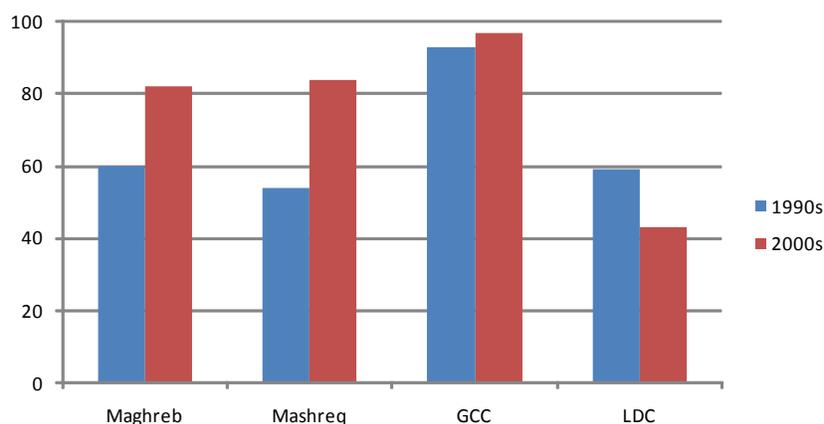
Note: Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

*Indicator 5.2: Proportions of births attended by skilled health personnel*

The proportion of births attended by skilled health personnel reflects efficiency of health system in countries. Figure 5.4 indicates that all sub-regions except the LDCs have made

significant improvements in skilled delivery attendance. Most of births in the GCC are attended, and Mashreq sub-region has a slightly higher figure of skilled birth attendance than that of the Maghreb sub-region. In general 8 out of 10 births are attended in both sub-regions.

**Figure 5.4. Sub-regional trends in skilled birth attendance**



Note: Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

At country level, data in figure 5.5 indicate that all countries except Sudan and Somalia have made significant improvements in skilled birth attendance. Countries with significant progress towards achieving reduction in MMR also have a

higher proportion of births attended by skilled personnel. In Tunisia for example, the number of births attended by skilled personnel is almost universal reaching 94 per cent. Morocco's skilled birth attendance was only 63 per cent where

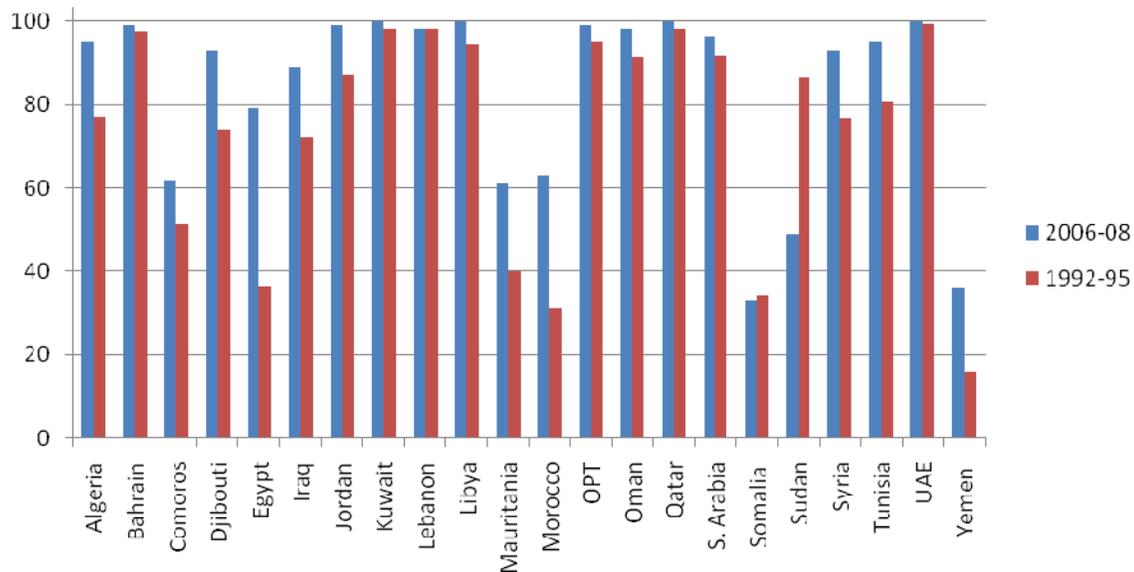
national authorities took necessary measures to increase this proportion, which materialized in reducing MMR of Morocco from 227 to 132 according to the latest survey data in 2009. Algeria, Bahrain, Jordan, Lebanon, Libya, Oman, the Occupied Palestinian Territory, Qatar, Saudi Arabia, Syria, Tunisia and UAE have achieved universal coverage, where more than 90 per cent coverage with skilled birth attendants.

The level of birth attendance by skilled personnel reflects the capacity of the health system to deliver healthcare through trained human resources in various areas within countries. However, this factor should receive due attention through availing necessary human resources and supplies that are more suitable to the needs of local communities such as trained midwives and mobile clinics. It is also important to bridge the gaps of training and level of performance of midwives in order to arrive at standardized service provision across areas and health facilities to improve the outcome of deliveries. This approach gains special importance in countries that have

great variations across areas where human and other resources should be mobilized and redirected to areas lagging behind and at the same time provide the needed training and rehabilitation in partnership with civil society and NGOs.

Skilled attendance does not necessarily mean that childbirth is taking place within a health facility. In fact, many women give birth at home with the assistance of trained personnel. Countries that focus only on hospital or facility-based delivery miss women who are unable to reach the hospital on time. A recent study in Morocco showed that although more women are delivering in hospitals, after a policy of free-of-charge services was implemented, still there are many women dying because they deliver at home with no access to skilled community based personnel. In Sudan, where MMR is highest among Arab countries, the SHHS 2006 showed that although the proportion of births attended by skilled personnel is 57 percent only 20 percent of births take place in an institutional setting.

**Figure 5.5. Percentage of births attended by skilled personnel**



*Note:* Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

**Target 5.B: Universal access to reproductive health services by 2015**

Indicators for universal access to reproductive health (Target 5B) are measures of

interventions or programs that are necessary to achieve Target 5A. Target 5B indicators are selected to measure access to and utilization of some essential reproductive health services such as family planning, antenatal care as well as

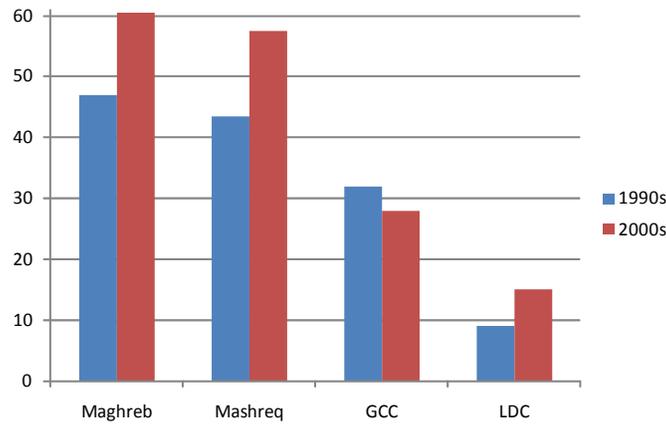
adolescent fertility rate (as a measure of high-risk fertility) and unmet need for family planning as a measure in efficiency of the health system to make services available and accessible to all citizens.

*Indicator 5.3: Family Planning*

Family planning is known to be one of the most effective preventive interventions to improve women’s health and reduce maternal mortality, through reducing exposure to the morbidity and mortality risks due to pregnancy and delivery. This is pronounced especially in preventing unwanted pregnancies that do not allow enough

spacing among births or suitable timing of conception. figures 5.6 and 5.7 present levels and trends of family planning between 1990s and 2000s among married women of reproductive age, 15-49 in sub-regions and at the country level. These levels include all methods, modern and traditional. Data show that both Mashreq and Maghreb sub-regions made remarkable progress in increasing family planning, where about 6 out of 10 married women are using family planning methods. Although the rate of family planning declined in GCC countries, it remained higher than that of LDCs, where it hardly reached 15 per cent during the first decade of the 21st century.

**Figure 5.6. Family Planning Prevalence Rate by sub-region**

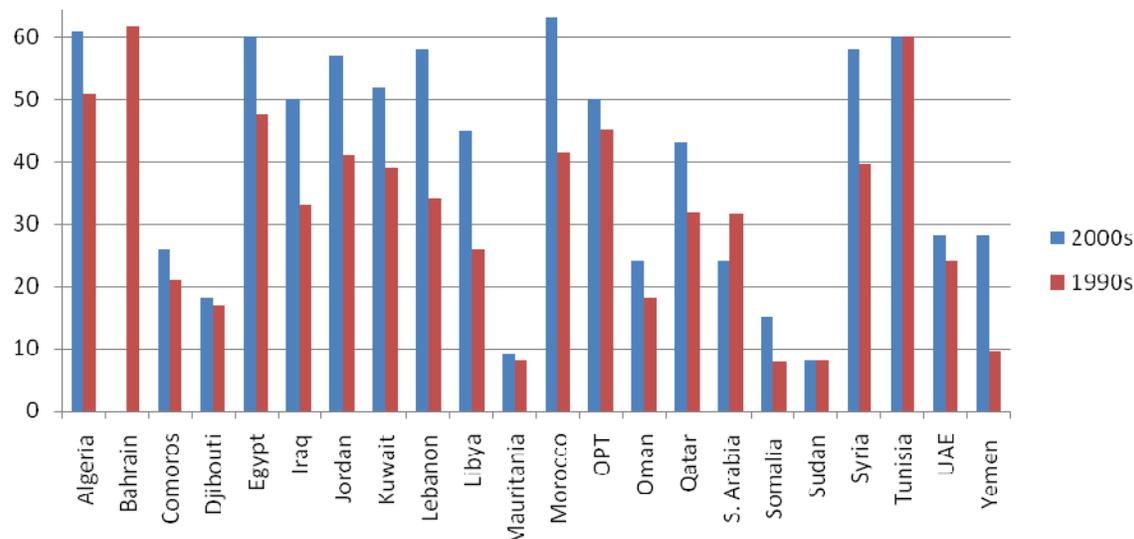


*Note:* Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, and estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank.

At the country level figure 5.7 indicates that most countries have made progress in increasing family planning prevalence rates. Several countries such as Egypt, Jordan, Syria, Iraq, Lebanon, Kuwait and Yemen have made significant relative progress to this end. Others, with already high rates (Algeria and Tunisia), have maintained somewhat similar levels. However, the overall levels of family planning in

several countries (Yemen, UAE, Saudi Arabia, Comoros, Djibouti, Oman and Mauritania) remain relatively low. Furthermore, birth rates remain high in most countries of the region compared with more developed nations, leading to the conclusion that average women of the Arab Region are more exposed to risks of maternal health due to high pregnancy frequencies.

**Figure 5.7. Family planning prevalence rate by country**



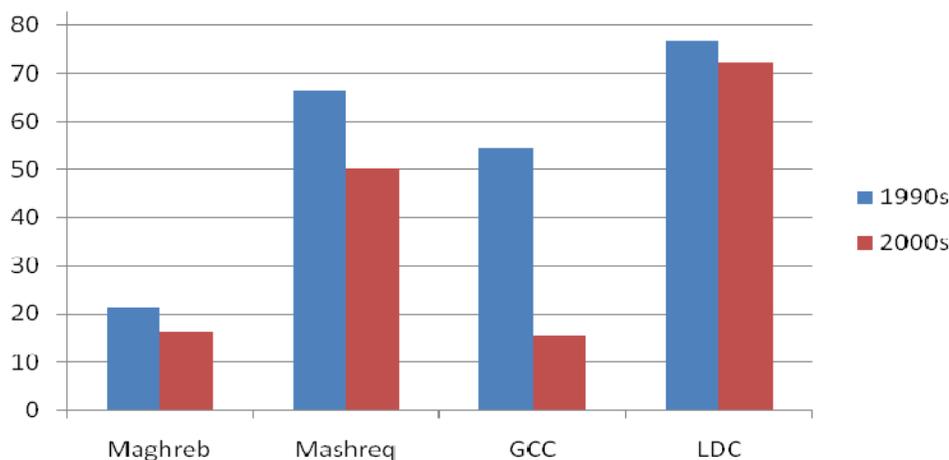
Note: Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

*Indicator 5.4: Adolescent fertility rate*

Adolescent fertility rate is the annual number of births to women between the ages of 15 and 19. Adolescent fertility is associated with increased risk of maternal mortality due to the fact that young girls may not be physically fit for pregnancy compared with later ages. Data on adolescent fertility rate (figure 5.8) show discrepancies among sub-regions despite the decline witnessed during the past period in all sub-regions. While the GCC and Maghreb sub-

regions have successfully lowered adolescent fertility to less than 20 per 1000 girls, the Mashreq and the LDCs sub-regions are still experiencing early childbearing and exposure to risks being over 50 for Mashreq and over 70 for LDCs; a worrying phenomena that call for policy dialogue with politicians and community leaders to expand knowledge and sensitization of risk associated with child marriages and to adopt legislations to protect this vulnerable girls from very early marriage.

**Figure 5.8. Trends of Sub-regional adolescent fertility rate**

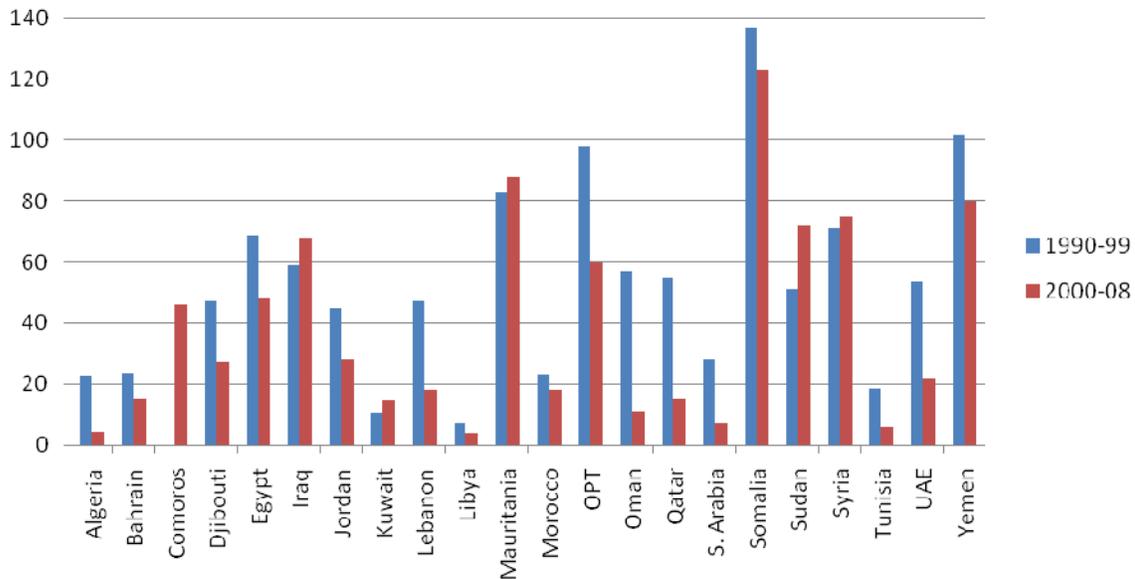


Note: Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

All countries of the Arab region except Syria, Mauritania and Sudan have marked decline in adolescent fertility (figure 5.9). By 2008, many countries (Tunisia, Algeria, Bahrain, Oman, Kuwait, Libya, Qatar, Morocco and Lebanon) had lower than 20 births per 1000 women aged 15-19 annually. These decreases in adolescent birth rates are generally attributed to improved access to girls' education and job opportunities, increase in the average age at marriage and improved access to family planning services. It should be noted that although the association between low adolescent fertility rate and low MMR is evident

for most of the countries in question, there is no perfect correlation between them. For example, in Yemen the 1997 rate was above 100 births per 1000 women aged 15-19 declined to 72 births in 2003, thus remaining very high where MMR is also high. The Ministry of Public Health and Population in Yemen estimates that adolescent mothers (more correctly mothers below 20 years of age) contribute disproportionately to the total maternal mortality rate. The Ministry is therefore supporting an Act that would define the minimum age of marriage.

**Figure 5.9. Trend of adolescent fertility by country**



Note: Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

The total fertility rate is an indicator representing the frequency of women's exposure to maternal mortality. This is important in spite of the fact that this indicator does not take into account pregnancy failure due to spontaneous or induced abortion. All countries of the region (data not presented here) witnessed significant declines in fertility levels. A number of countries (Tunisia, Lebanon, UAE, Kuwait and Algeria) achieved very low fertility levels. These countries have also very low maternal mortality ratios.

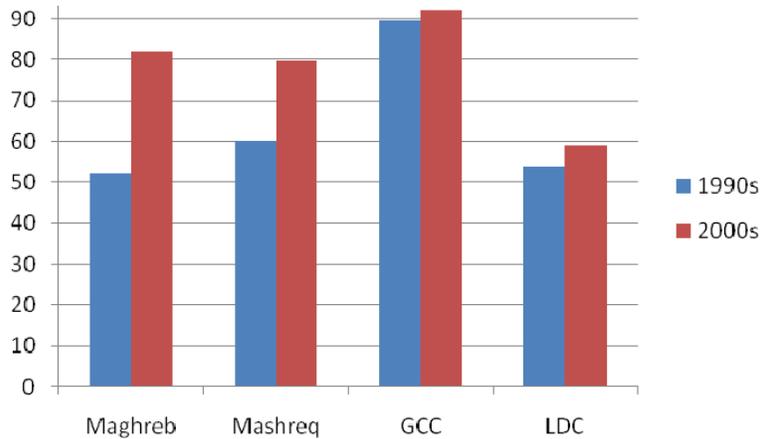
*Indicator 5.5: Antenatal care coverage*

Antenatal coverage is a good proxy indicator for access to reproductive health services in general. In one way, antenatal care contributes to reducing risks associated with pregnancy complications and at the same time it is an opportunity to immunize pregnant women against Tetanus. This is particularly important for women who are likely to give birth at home. The WHO, UNICEF and UNFPA recommend that women should receive antenatal care through at least 4 visits to health facilities. Nevertheless, the first visit is the most important as it establishes contact between the pregnant woman and the facility.

Figure 5.10 charts progress in expanding antenatal care by sub-region, where all of the four sub-regions showed progress in antenatal coverage between 1990s and 2000s. Statistics

show that 8 out of 10 pregnant women in GCC, the Mashreq and the Maghreb region, and 6 in 10 pregnant women in LDCs receive antenatal care.

**Figure 5.10. Antenatal care by sub-region**

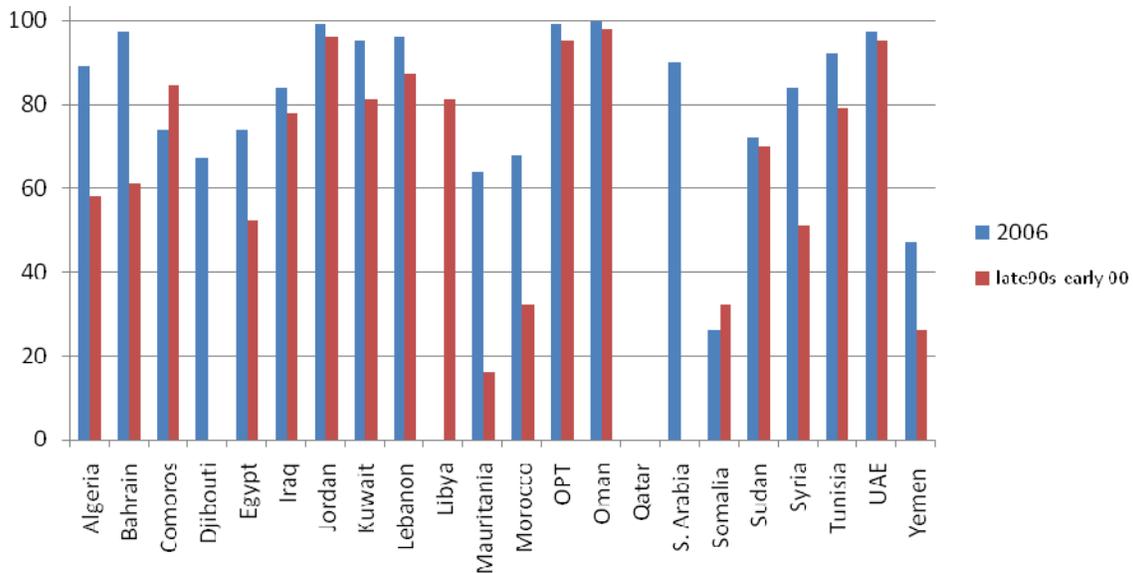


*Note:* Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

At the country level (figure 5.11), an increase in antenatal care has been observed in most countries, reaching nearly complete coverage in several of them: UAE, Oman, Qatar, Bahrain, Jordan, Kuwait, Libya and Lebanon and

Saudi Arabia. On the other extreme, women in Yemen and Somalia have received the least amount of antenatal care (4 in 10 pregnant women).

**Figure 5.11. Progress of antenatal care between late 1990s and 2006 by country**



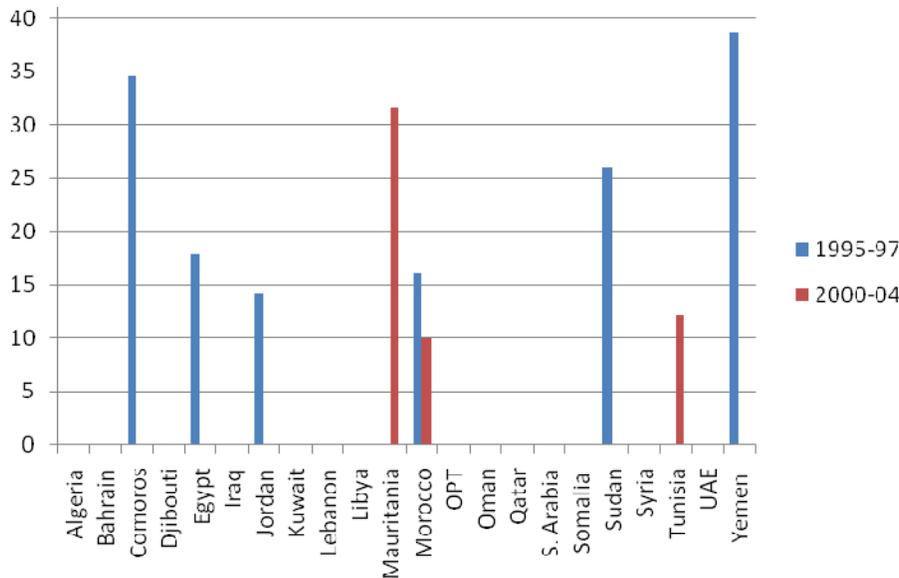
*Note:* Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

*Indicator 5.6: Unmet need of family planning*

The unmet need of family planning is an indicator not only reflects poor access to information and quality family planning services, but also level of inaccessibility to reproductive health services in general and inability to meet reproductive rights. However, data on this indicator is not available for most of the countries of the region. Figure 5.12 presents available data for a limited number of countries. Countries such as Egypt, Morocco, Syria and Jordan show lower levels of unmet need for family planning at 9 per cent, 10 per cent, 11 per cent and 12 per cent,

respectively. Over the past decade these countries have faced a leveling-off of family planning rates and fertility stagnation. Greater inputs, including research and financial resources, are required to change the status quo. These will be of key importance in improving program interventions, quality of services and to increase women's choices (through the method of mix and supply of family planning methods). Furthermore, improved counseling services will both increase utilization and address the causes and consequences of discontinuation of contraceptives' usage (within the first 12 months of initiating use).

**Figure 5.12. Unmet need of family planning**



*Note:* Country figures are compiled from various sources, including ICPD@15 Country reports prepared in 2009, estimates taken from a maternal mortality study made by WHO, UNICEF, UNFPA and World Bank and each agency provided regional estimates based on its definition of the region.

**Challenges of maternal health in Arab Region**

Arab countries face several challenges which could hinder reductions in maternal mortality, and the achievement of MDG targets 5A and 5B as a whole. There is an increasing need to develop better coping mechanisms to deal with situation created by reduced foreign aid, especially after the emergence of the global financial crisis and the shifted focus of development partners to other regions (namely sub-Saharan Africa and South Asia). For example Egypt depended for a long time, on development partners to secure reproductive health

commodities, particularly family planning methods. Recently some of Egypt's development partners have started to phase out their aid to the country, forcing the public sector to look for other partners to fill this gap. This global financial and economic crisis may affect the possibility to find new development partners and in turn negatively affect gains made so far through the existing reproductive health program in Egypt.

Yemen relies on development partners and donors and on oil revenues as well to finance its development program, including improving maternal health. The drop and fluctuations in oil

prices has affected the public allocations to essential drugs, which were cut by 50 per cent. It is expected that such reductions will affect supplies of family planning and other reproductive health services including emergency obstetric care and interventions aiming at narrowing the gap between urban and rural areas including the ability to recruit and incent health service providers to work in local communities of remote areas. Reduction in oil prices could also affect the gains countries that depend largely on oil revenues such as Iraq, (which depends on oil for 92 per cent of its revenues). Nevertheless, the main challenge in Iraq is the ability of national authorities to utilize existing oil revenues to design and implement development programs, where the Common Country Assessment (CCA) conducted by the UN system showed the inability to utilize more than US\$ 60billion. Insufficient water resources for agriculture in villages and rural urban migration add another challenge to the economy and environmental degradation in Iraq. Long lasting conflicts in Sudan, Somalia and most recently Yemen have had a negative effect on the financial resources, and in particular on official development assistance (ODA), directed towards developmental issues such as maternal health.

In many of the Arab countries out-of-pocket (miscellaneous) expenditures exceed 50 per cent of total health expenditures. In addition, the global financial and economic crisis will affect all population groups and could further jeopardize women's health due to their marginalized role in political and economic decision-making and due to gender-based discrimination. In the least developed Arab countries women's access to education and income-earning opportunities are hindered by both tradition and poverty. There is fear that the economic crisis will further eliminate women from the public domain and reduce their already constrained decision-making power to access timely health services for antenatal, childbirth and post-natal care. This might lead to sustaining or further exacerbating the high MMRs among the LDCs.

In addition, poverty may lead to perpetuating a culture of early age of marriage for girls and expanded gender-based violence (GBV) including female genital mutilation (FGM) which may lead to increasing risk of maternal deaths. Recent discussions in the Parliament of Yemen to

discuss an Act that would set a minimum age of marriage for girls identified poverty as one of the contributing factors to early marriage. This would lead to girls dropout of school before they finish their basic education or even not attending schooling at all. As well, it will lead to widening the gap between boys and girls and more vulnerability among girls and exposure to health and other risks.

## **Conclusion and policy recommendations**

All MDGs are interlinked and mutually reinforcing each other. Maternal health is directly linked with other goals. Maternal mortality leads to increased infant and child mortality due to negligence caused by family dissolution. As well, it has long term impact on surviving children, especially girls where their education can be hindered, which may lead to poverty and ill health. On the other hand, poverty reduction improves mothers' chances to survive through improving family's ability to seek adequate health care and alleviation of poverty burden that can be caused by need of poor women for relatively high cost health services.

Improvement of girls' education enhances their awareness to acquire health services in addition to availing opportunities for women to occupy skilled jobs. Girls' education contributes to their empowerment and awareness of their rights and their ability to demand meeting these rights especially in health throughout their life cycle. MDG3 plays an important role in empowering women to make decisions regarding utilizing services and improve their chances to generate income and acquires financial resources. MDG4 on reducing infant and child mortality can have an impact on reducing frequency of conception and childbearing, which in turn has an impact on reducing exposure to maternal death. On the other hand better survival chances of mothers will positively impact survival chances of infants and children. MDG6 focuses on reducing risks of HIV/AIDS and other sexually transmitted diseases and Malaria, which can cause maternal deaths.

Arab countries have policies in place addressing both targets of MDG5, nevertheless, the global financial and economic crisis requires that countries should address the following

priorities at the country level with the help of regional initiatives driven by the Arab Council of Health Ministers in collaboration with international development partners:

- Review funding for healthcare in support of increasing government financial allocations to reproductive health including family planning and emergency obstetric care programs, and sustain existing programs in the Mashreq and Maghreb countries, and strengthening and expanding coverage in the least developed countries;
- More effective and coordinated donor funding. Signatory Arab countries to the Paris Declaration for donor harmonization and Accra declaration of new aid and funding modalities should utilize these forums for more effective proposal programs to be submitted to donors in support of the two targets of MDG5;
- Lobby for the inclusion of priority countries such as Sudan and Somalia to benefit from the new funding modalities and to shift funds to priority development issues and not only to humanitarian aspects. As well, lobby to extend Africa based modalities, for example, the Maputo and the Abuja declarations, to create partnerships with the League of Arab States and other influential policy bodies who could bring those modalities to Yemen in particular;
- Benefit from existing opportunities to increase funding to strengthening the health system such as the Global Fund for HIV/AIDS,

Tuberculosis and Malaria, funds available from the GFATM and GAVI and channel resources to their own health system priorities;

- Create partnerships with the national and regional private sectors to support implementation and funding of interventions that lead to reduction of maternal mortality, especially the integrated programs for the young people that address harmful practices such as FGM, avail information and services for married and unmarried young people to protect them from risks and enable them to realize their reproductive rights. Special emphasis are to be directed to initiatives and programs that can be implemented at the community level making use of available human resources that can be mobilized locally;
- Develop new approaches and methodologies for maternal service delivery that ensure cost reduction and sustainability and that ensure inclusion of maternal health and family planning in the comprehensive approaches for strengthening the national health system, including reproductive health commodity security logistics systems;
- Develop policies to motivate and retain human capital in the health sector in their country and/or to re-locate to more difficult areas. Policies should address and introduce new incentives and mechanisms of provider payment and other policies for the distribution and capacity building of human resources.

## VI. MILLENNIUM DEVELOPMENT GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Gains on reducing the spread of HIV/AIDS, malaria and tuberculosis (TB) have been made to varying degrees within the Arab states. Though the prevalence of HIV/AIDS continues to be relatively low in Arab countries, risks and vulnerability are high as the epidemic is on the rise. The majority of reported cases in the region involve unprotected sexual contact among young adults; however there is increasing evidence of epidemics amongst injecting drug users (IDU) and their sexual partners. Furthermore, the HIV epidemic in the region is not homogenous. Despite overall low HIV prevalence, the trend since the early 2000s shows increased infections across some countries, particularly amongst specific population groups and locations. In 2006 68,000 people were newly infected with the disease and due to limited access to medical care and treatment, 36,000 adults and children died. Most of the cases reported in Arab countries have been shown to be amongst the male population. Access to antiretroviral treatment (ART) is only available for a fraction of the people living with HIV. The promotion of condoms is not acceptable in every country in the Arab region and only a few countries have officially reported to UNAIDS or WHO on use of condom at last high-risk sex. Studies conducted in the region indicate relatively low use of condoms in high-risk sexual intercourse particularly amongst youth, sex workers, men who have sex with men and injecting drug users.

Malaria has been successfully eliminated in the majority of LAS but it does still remain endemic in four LDC countries: Djibouti, Somalia, Sudan and Yemen (together with a limited geographic area in Iraq and Saudi Arabia at the border with Yemen). Tuberculosis (TB) is considered to be the leading cause of communicable deaths in the Arab world, especially in the LDC sub-region. Good progress has been made, however, through the internationally recommended Directly Observed Treatment Short course (DOTS) strategy for TB control and both prevalence and incidence levels have decreased since 1990. A steady decline through the early 2000s saw a decrease in the rate to 35.8 per 100,000 persons by 2007. Since 1990, this signifies an overall drop of 24 per cent in the LAS tuberculosis incidence rate. In the LDC sub-region, Djibouti, Mauritania and the Sudan have witnessed increases in incidence of 40 per cent since 1990 and therefore remain the LAS's biggest challenge concerning TB reduction. HIV has supported the incidence and spread of TB, which today is the most common cause of death of AIDS patients.

### Introduction

Despite the low rates of HIV/AIDS in Arab countries, an acute shortage of timely and reliable epidemiological and behavioral data has limited the ability of forming a clear understanding of HIV-related dynamics and trends. Based on the limited existing evidence HIV has been found to be more prominently concentrated amongst high-risk populations such as commercial sex workers. This raises the opportunity for affected countries to address the issue with a comprehensive and targeted response founded on a rights-based approach. For the purposes of this report, data concerning HIV/AIDS has been extracted primarily from UNGASS country progress reports (UNGASS, 2008) and country reports on Universal Access.

With regards to malaria most Arab countries have successfully eliminated the disease with the exception of LDCs which are still experiencing high levels of prevalence and incidence. Although recent progress is evident, efforts must be scaled up to combat the disease in these specific countries if the League of Arab States (LAS) as a whole, is to be successful in its fight against malaria. The malaria data in this report was obtained from the annual malaria surveillance reports and the World Malaria Report (WHO Global Malaria Program, 2009).

Tuberculosis (TB) remains a big public health challenge for many countries and remains the most significant communicable disease in the Arab world. TB data was obtained from the Global TB report 2009 (WHO, 2009). Challenges lie mainly in the LDC sub-region where incidence

rates have increased over the recent years. In terms of the LAS as a whole, the past 17 years have seen a 24 per cent decline in incidence and a 37 per cent reduction in prevalence. Plans to scale up TB care, especially in terms of case detection, should help this encouraging trend to continue.

**Target 6.A: Halt and begin to reverse by 2015 the spread of HIV/AIDS**

*Indicator 6.1: HIV prevalence among population aged 15-24 years*

To date, the majority of reported cases in the region involve unprotected sexual contact among young adults; however there is increasing evidence of epidemics amongst injecting drug users (IDU) and their sexual partners. Furthermore, the HIV epidemic in the region is not homogenous. Despite overall low HIV prevalence, the trend since the early 2000s shows increased infections across some countries, particularly amongst specific population groups and locations. In 2006 68,000 people were newly infected with the disease and due to limited access to medical care and treatment, 36,000 adults and children died. Most of the cases reported in Arab countries have been shown to be amongst the male population and there is a tendency in many countries of the region to report only on local nationals rather than expatriate residence. This some how resulted in under-reporting of estimated number of people living with HIV in those countries.

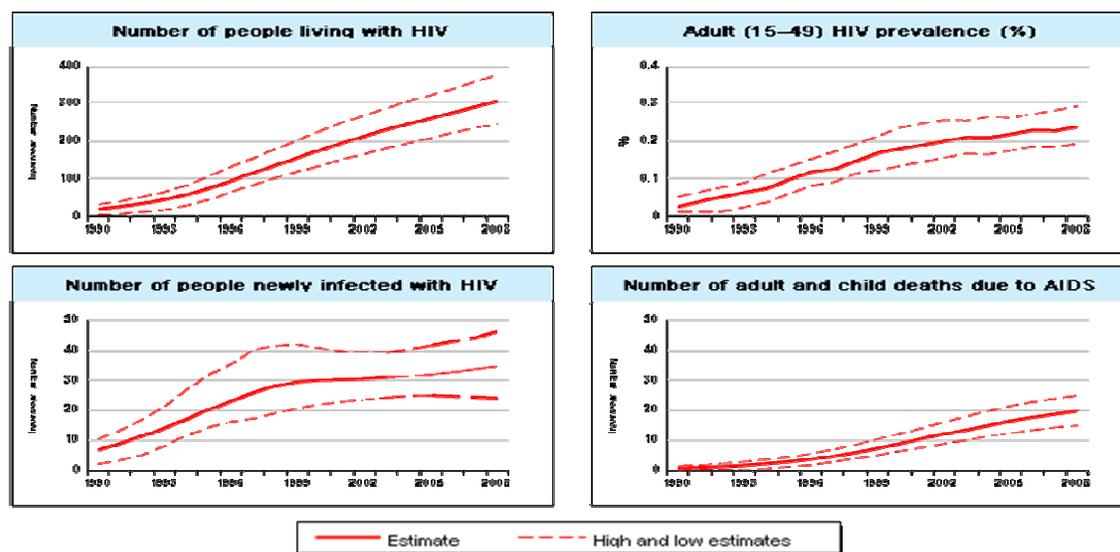
Over the past couple of years, several Arab countries have taken steps to improve HIV information systems; however, it is still difficult to have a precise statistics on HIV prevalence due to a shortage of timely and reliable data. Passive reporting has been the primary mechanism for obtaining evidence on epidemiological and behavioral trends (Shawky et al., 2009). Recently more countries have been conducting bio-behavioral studies amongst high-risk populations.

These investigations will facilitate a systematic evidence based evaluation of programs and progress towards achieving MDG6.

In the absence of strategic regional information, various theories about the status of HIV/AIDS epidemics have been put forward. While some have proposed that cultural values in the Arab region provide a sort of 'immunity' against HIV, others assert that substantial HIV transmission is occurring but goes unrecorded. In 2001, estimates placed HIV prevalence at a low level of 0.2 per cent, with this figure remaining the same in 2008 (UNAIDS/WHO, 2009) (see figure 6.1 for regional HIV estimates). While this figure of general prevalence is low, pockets of groups at higher risk of HIV are showing increasing rates of infections (Shawky et al., 2009). Djibouti and Sudan are the two countries to have shown evidence of increased levels of HIV in the general population, with prevalence estimated to be 1 per cent amongst pregnant women (UNAIDS/WHO, 2009) and Sudanese university students (UN/LAS, 2007). Young people are becoming increasingly at risk of infection from HIV as pre-marital sex, unprotected sex and use of drugs become more widespread. The risk of HIV infection is higher amongst young people who engage in sex work and drug use. A general lack of awareness on the modes of transmission and prevention measures is a driving force behind the increase of infection.

The region is highly influenced by religion and culture. Some of the beliefs and practices in the region work in support of HIV prevention. These include the Islamic tradition of male circumcision, elevated place of faithfulness, promotion of acceptance, tolerance, the need to prevent risk and harm, as well as the need to support the sick and the value of the preservation of human life; however, where the traditional practices are not safe and protective, additional work shall be done with leaders and religious authorities to address them in the best way.

Figure 6.1. HIV estimates in the Arab region – 1990 to 2008



Source: UNAIDS/WHO (2009)

*Indicator 6.2: Condom use at last high-risk sex*

The promotion of condoms is not acceptable in every country in the Arab region. Only a few countries have officially reported to UNAIDS or WHO on use of condom at last high-risk sex. This limited data is available in UNGASS country monitoring reports (UNGASS, 2008) and universal access reports (WHO/UNCF/UNAIDS, 2009). According to a recent study in Sudan, only 5 per cent of the surveyed women knew that condom usage helps prevent HIV infections. Furthermore, more than two thirds of women had never seen or heard about them. Studies conducted in the region indicate relatively low use of condoms in high-risk sexual intercourse particularly amongst youth, sex workers, men who have sex with men and injecting drug users (Shawky et al., 2009). Although these studies are not, on the whole, considered valid for country-wide estimates, they can provide some insight into the issues surrounding HIV and its transmission.

In Morocco, 13 per cent of injecting drug users reported using a condom during their last sexual encounter (Morocco Ministry of Health, 2008). Regarding the percentage of female and male sex workers reporting condom use with their most recent client, Yemen reported 61 per cent, Morocco 54 per cent, and Sudan (northern sector)

47 per cent. No country from the region reported condom use among men who have sex with men. The data from Egypt indicates that condom use among various groups at higher risk of HIV was less than 15 per cent on average. Percentage of condom use as reported by street children in the past 12 months was 12 per cent (for boys) and 13 per cent (for girls), 12 per cent for male injecting drug users, 7 per cent for female sex workers and 9 per cent for men who have sex with men.

*Indicator 6.3: Proportion of the population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS and Indicator 6.4: Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years*

The global and regional HIV epidemic cannot be eliminated without sustained success in reducing new HIV infections amongst young people. While knowledge alone is often insufficient to produce long-lasting behavioral change, an accurate understanding of the risks of HIV and how to prevent exposure is a prerequisite to risk reduction. The global target for comprehensive knowledge of HIV among young people (ages 15-24) is 95 per cent. Unfortunately, many young people in the region lack basic knowledge about HIV prevention and studies

within the region have shown that comprehensive knowledge remains low (Abu-Raddad et al., 2008). There is no data on Indicator 6.4.

Country partners alongside the international community have taken steps to increase awareness of Voluntary Counseling and Testing (VCT) and equip young people with the skills and tools needed to make more informed decisions. However increasing availability and coverage of VCT services remains a fundamental challenge. Whilst several countries have registered progress, these commitments have yet to be translated into functional systems. Overall, the responses to HIV/AIDS in the Arab countries have been evolving substantially. UNAIDS 'Three Ones' principle has been widely adopted across the region:

- **One** agreed HIV/AIDS Action Framework that provides the basis for coordinating the work of all partners;
- **One** National AIDS Coordinating Authority, with a broad based multi-sector mandate;
- **One** agreed country level Monitoring and Evaluation System.

Using these three pillars as the overall focus, a variety of ways can be used to bring together self coordinating entities, partnerships and funding mechanisms for concerted action.

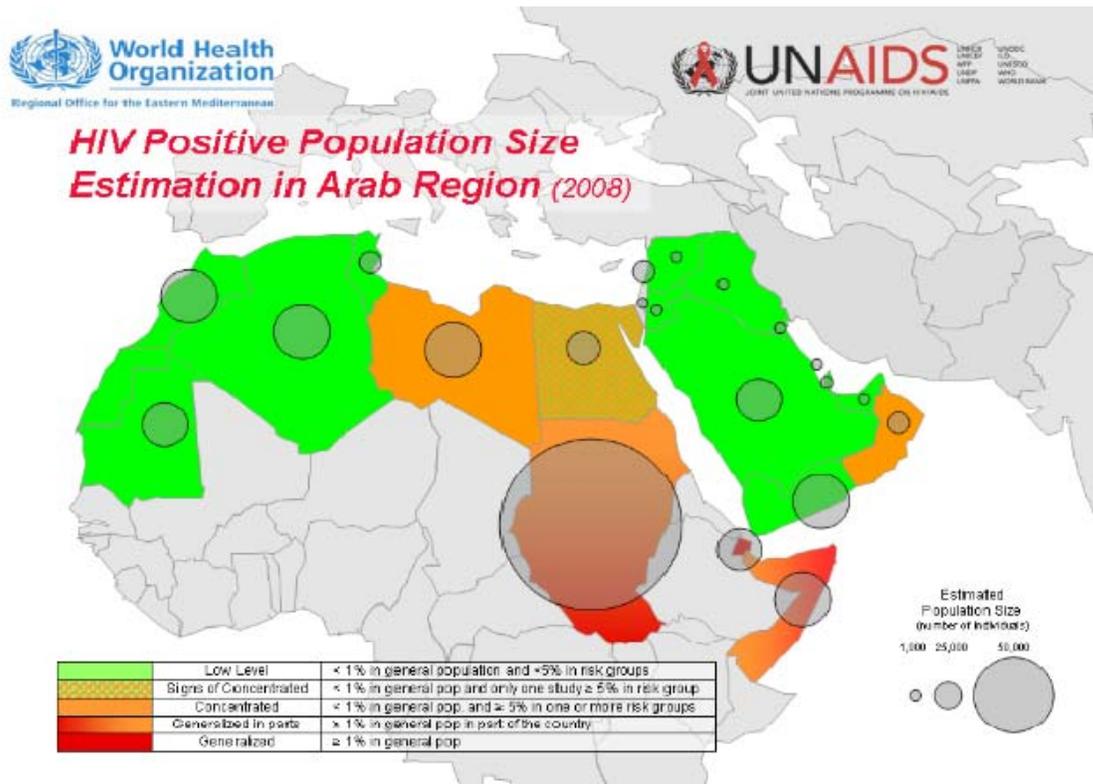
**Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it**

*Indicator 6.5: Proportion of the population with advanced HIV infection with access to antiretroviral drugs*

Access to antiretroviral treatment (ART) is only available for a fraction of the people living with HIV (who are in need of treatment) in the Arab region and the number of health facilities offering ART varies between the countries. Data concerning access to treatment has been extracted from the WHO Eastern Mediterranean Region report "Monitoring Health Sector Progress Towards Universal Access to HIV/AIDS Prevention, Treatment and Care in 2008" (WHO 2009).

Sudan has the highest number of people living with HIV on ART. Morocco had the second highest number. Iraq has the smallest reported number as it has just started offering ART. Between 2007 and 2008, some countries saw slight ART user increases such as Jordan and Syria. Oman and Yemen had between 50 to 77 per cent increase in 2008 compared to 2007. Some countries saw a 100 per cent or more increase such as Lebanon, Somalia and Sudan which is a good indication for scaling up ART (figure 6.2).

**Figure 6.2. Estimation of number of people living with HIV in Arab countries and demonstration of countries based on various stages of the epidemic**



Source: UNAIDS/WHO (2009)

Despite commonalities in culture, religion and language across the region, a mix of epidemiological, vulnerability and socioeconomic dynamics increasingly favor a focus on sub-regional contexts. Each of the sub-regions has different AIDS responses, which raise differing challenges and opportunities. In 2006, the Arab countries embraced the move towards universal access of HIV prevention, treatment, care and support. Non-governmental organizations, community associations have played an active role in national AIDS responses. The stigma and discrimination against people living with and affected by HIV is a major obstacle against Universal Access. This has resulted in less number of people who are being tested voluntarily and fewer people who are reached by prevention programs. Mandatory testing for HIV (pre-marital, pre-employment, pre-admission to school, etc) is a common practice in the GCC and some other countries of the region which diverts resources to unnecessary testing of individuals at lower risk and puts additional stigma and

discrimination against those more prone to infection.

Civil conflicts, acute poverty, gender inequality, weak infrastructure as well as environmental hardships all contribute to the challenges brought forward by HIV/AIDS prevalence in LDCs. Increased vulnerability to HIV exists in urban centers, frontier zones, along maritime and trucking routes, and among displaced and uprooted communities. Countries in the Horn of Africa will not be able to prevent an escalation of epidemics without addressing mobility and cross border vulnerabilities.

The geography and history of the Maghreb region places these countries in a distinct situation with regards to their social make-up, cultural-linguistic influences (i.e. Arabic, Berber and French) and internal-external migration patterns, including links to West-Central Africa region. Increasingly, the critical milestones in scaling-up a potentially effective AIDS response are mostly

in place, including high political commitment, implementation of National Strategic Plans (NSP), civil society engagement, improvements in treatment and care, external resources, removal of policy and social barriers such as to voluntary counseling testing and condoms promotion, and willingness to focus on HIV prevention among key populations at higher risk.

Countries of the Mashreq sub-region are mostly low prevalence, with very similar socioeconomic status and cultural backgrounds. The similitude in situations across the countries makes it cost effective for them to draw on each other's experiences, materials and human resources. The development of specific interventions and services, the comparative openness and capacities of the private, academic and media sectors in Lebanon can serve to build this country as a long-term institutional base for the sub-region. Opportunities for the immediate future include the reinforcement of the model of effective commitment and action in low-prevalence in Jordan, the development of innovative and trend-setting work with most-at-risk groups and people living with HIV in Egypt and Lebanon, and breakthrough work to address vulnerability of women and young people in the Palestinian situation.

Gulf Cooperation Council (GCC): Countries in the GCC have high incomes. They are characterized by a combination of stringent application of conservative societal policies, highly developed infrastructures and a substantial dependency on migrant labor. The region still requires major breakthroughs in the AIDS response that have been made difficult as a result of cultural and political sensitivity, limited access to and, possibly, transparency on data, and policies with regard to entry and residence of migrants. Opportunities, however, exist including the presence of inter-governmental organizations that jointly define common policies for the sub-region, media centers with wide regional reach and the potential for resource mobilization. Civil society actors are developing actions plans on AIDS to reinforce actions and mobilize resources. Regional Arab Network Against AIDS (RANAA) provides a forum for exchange and capacity building of NGOs on AIDS.

The effects of financial crisis on HIV response in Arab region are not yet clear. Most of the resources of HIV response are coming from national governments and exact figures for that are not available. However, since its creation in 2001, the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) was the main external donor to the region for the three health MDGs. In this period, over US\$336 million has been granted to the eligible countries of the region for HIV, from which US\$261 million (77 per cent) was provided to the least development countries of the region. Mashreq and Maghreb countries received 6 and 17 per cent of the mentioned total, respectively. In view of the financial constraints and global crisis, there is an additional uncertainty of sustained external aid for the least developed countries of the region. These countries are already most affected by HIV and will be most affected by any potential treatment interruption and prevention programs for key populations at higher risk (UNAIDS/World Bank, 2009). In this respect, countries in Arab world shall use their available resources for HIV more strategically with a focus on prevention programs for key populations at higher risk and provision of treatment, care and support for those in need of that. Each country shall identify where the epidemic is and allocate resources based on the local knowledge about the epidemic through interventions that are proven efficient and effective.

**Target 6.C: To have halted by 2015 and begun to reverse the incidence of malaria and other major diseases**

Malaria has successfully been eliminated in the majority of LAS but it does still remain endemic in four LDC countries: Djibouti, Somalia, Sudan and Yemen (together with a limited geographic area in Iraq and Saudi Arabia<sup>24</sup> at the border with Yemen). Therefore, meeting Target 6C in the LAS as a whole is heavily dependent on progress in this sub-region.

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<sup>24</sup> Most of the malaria incidences in Saudi Arabia occur in the South-West part of the country. The incidence of malaria has decreased in Saudi Arabia from 125 cases per hundred thousand persons in 1990 to 0.46 cases per hundred thousand population in 2008 (Saudi Arabia, National MDGs Report 2009).

Malaria is no longer a large threat in the GCC sub-region except in Saudi Arabia, where it occurs mainly in the south-west of the country. The number of locally transmitted cases dropped from 204 in 2005 to only 61 in 2008 (WHO Global Malaria Program, 2009). In Oman, after interrupting local malaria transmission during 2004-2006, local transmission (as a result of imported malaria cases) occurred in 2007 in the Dakhliya Region, Wilayat Manah (4 cases), and in 2008 the North Batina Region, Wilayat Sohar (8 cases). The United Arab Emirates have been certified as malaria free in 2007, but are still receiving sizable number of imported cases annually from other endemic countries (2,696 cases in 2008). This highlights the importance of keeping a functional post-elimination program with strong surveillance component to prevent reintroduction of malaria in the GCC area.

Morocco, in the Maghreb sub-region, is in the stage of certification of malaria free status and last reported local transmission was in 2004. Among the Mashreq countries, malaria is present in a very small geographic area of Iraq, restricted to the three northern governorates. Iraq adopted a malaria elimination strategy in 2005, and has achieved a significant reduction in the number of cases, with only 23 local transmissions reported in 2006, and 4 in 2008. Other Mashreq countries are free from local transmission of malaria.

Malaria notification in the LDC sub-region tends to underestimate the actual number of cases as surveillance is weak and, in some areas, non-existent. Lack of adequate healthcare and laboratory facilities and adverse security conditions are some of the factors hindering progress in survey efforts. Although all four Arab LDCs have adopted effective malaria treatment policies, including Artemisinin-based Combination Therapies (ACT) for falciparum malaria, the scaling-up of reliable and effective malaria diagnosis and treatment has been a challenge. Efforts have been hindered by the following factors: limited coverage of primary healthcare services; poor quality of malaria diagnostic services; lack of mechanism for delivery of ACTs at the community level and to

remote, marginalized people; weak logistic and supply system for timely supply of the drug; low compliance of the private sector to new treatment guidelines; and presence of counterfeit drugs in the market.

In Arab LCD countries, coverage of malaria risk areas by adequate preventive and curative measures is increasing but still far below the target of universal coverage by 2010. As an example, in Sudan (north) the malaria control program distributed over 3.3 million long-lasting insecticide-impregnated nets between 2006 and 2008. About 90 per cent of public health facilities provide ACTs free of charge and in 2008, about 3 million treatment courses were delivered, enough to treat all reported cases (UN/LAS, 2007).

*Indicator 6.6: Incidence and death rates associated with malaria*

Due to the constraints outlined above, quality of malaria data varies from country to country in the Arab LDC sub-region. For purposes of consistency, this report compares total reported malaria incidence (including clinical and parasitological confirmed cases) as not all LDC countries have been able to provide reliable data on parasitologically confirmed cases or to define the population at risk in order to give a better estimate of incidence. As malaria data are reported separately from south and north Sudan with different completeness and quality, this report has also divided the report of the country into two (table 6.1).

As table 6.1 demonstrates, Sudan accounts for a high proportion of the burden of malaria. In a 2005 survey, malaria parasite prevalence was 5 per cent. Latest malaria parasite prevalence from surveys in Somalia (January to June 2009) is ranging between 5-15 per cent. High levels of incidence have also been reported in Mauritania and the Comoros although data is not complete for all years. Djibouti has also seen decreases in reported malaria and the 2008 malaria survey shows very low levels of endemicity with prevalence at less than 0.6 per cent.

TABLE 6.1. LDCs: REPORTED INCIDENCE OF MALARIA PER 100,000 POPULATION

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008
Comoros	NA	NA	NA	NA	7,287	4,794	8,693	NA	NA
Djibouti	640	577	658	648	271	307	788	563	415
Mauritania	NA	9,111	8,159	11,240	7,732	7,486	6,140	6,197	6,253
Somalia	NA	137	1,245	293	450	340	575	420	269
Sudan (north)	16,614	14,956	11,228	11,114	7,358	8,700	7,167	10,063	9,950
Sudan (south)	NA	3,336	6,353	8,715	6,814	4,366	1,474	1,250	1,652
Yemen	NA	NA	971	880	776	954	1,004	1,003	692

Source: The WHO Global Malaria Program (2009).

*Indicator 6.7: Proportion of children under 5 sleeping under insecticide-treated bed nets (ITN)*

A survey of the Sudan in 2005 estimated that 11 per cent of the population were living in malaria-risk areas and 15 per cent of children under 5 were sleeping under ITN. With massive scaling-up efforts over the past four years, with the financial support of the Global Fund to Fight Aids, Tuberculosis and Malaria, Islamic Development Bank and other donors, it is expected that the current coverage will be much higher as to be confirmed by the 2009 survey. According to reported figures from Food Security and Nutrition Analysis Units (FSANU) surveys in Somalia, 40 per cent of households have at least one ITN and 35 per cent of children are sleeping under ITN. A survey conducted in 2008 in Djibouti revealed that 32 per cent of households have at least one ITN and 20 per cent of children under 5 are sleeping under ITN.

*Indicator 6.8: Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs*

A 2005 survey in north Sudan shows that only 19 per cent of children under 5 took any anti-malarial drug after the onset of fever (FMH/WHO, 2006). According to a Sudan household health survey in 2006, 47 per cent of under 5 children in the south and 54 per cent in the north received anti-malarial treatment (FMH, 2007). It is expected that the 2009 surveys in south and north Sudan will provide more reliable standard indicators.

*Indicator 6.9: Incidence and prevalence and death rates associated with tuberculosis*

Combating the spread of tuberculosis (TB) remains one of the LAS's most important public health challenges. TB is considered to be the leading cause of communicable deaths in the Arab world, especially in the LDC sub-region. Good progress has been made, however, through the internationally recommended Directly Observed Treatment Short course (DOTS) strategy for TB control and both prevalence and incidence levels have decreased since 1990. The LAS's TB burden is assessed by three indicators: the incidence (the risk of contracting TB), prevalence (the spread of TB in the population) and mortality rates, each measured per 100,000 people. It is estimated that in 2005, 240,000 people in the LAS developed TB and 43,000 had died from it (UN/LAS, 2007).

From 1990 until the year 2000, incidence rates – that is, the number of new cases per 100,000 people – remained stable in the Arab world at around 45 per 100,000 persons. A steady decline through the early 2000s saw a decrease in rate to 35.8 per 100,000 persons by 2007. Since 1990, this signifies an overall drop of 24 per cent in the LAS tuberculosis incidence rate (table 6.2). Reliable incidence data was unavailable for Iraq and Somalia.

Within the four sub-regions, biggest gains have been observed in the Mashreq countries where incidence rates have fallen overall by around 40 per cent since 1990 with three of the five sub-region's countries (namely Jordan, Lebanon and Syria) more than halving their incidence rates. Egypt and the Occupied Palestinian Territory also saw a fall in rates by over 35 per cent. The median incidence for the Mashreq countries now stands at 20 per 100,000 persons.

TABLE 6.2. SUB-REGIONAL TB INCIDENCE AND PREVALENCE RATES

LAS sub-region	Incidence			Prevalence		
	Median incidence rate (1990)	Median incidence rate (2007)	Change (per cent)	Median prevalence rate (1990)	Median prevalence rate (2007)	Change (per cent)
Mashreq	33.0	20.0	-39.4	59.5	27.0	-54.6
Maghreb	34.5	41.5	20.3	47.5	42.0	-11.6
GCC	44.0	32.0	-27.3	69.5	42.5	-38.8
LDC	174.0	243.0	39.7	497.0	377.0	-24.1
LAS Median	47.3	35.8	-24.3	79.5	58	-37.1

Source: World Health Organization (2009).

GCC countries have also seen an overall decline in rates by 27 per cent to current levels of 32 per 100,000 persons. Bahrain, Kuwait, Oman and UAE have all halved their incidence rates, all now experiencing rates of under 40 per 100,000. Qatar and Saudi Arabia<sup>25</sup> have seen increases over the years in their incidence rates (from 60 to 70 per 100,000 and 43 to 46 per 100,000, respectively). The incidence rates in both the Maghreb and the LDC sub-regions have increased between 1990 and 2007. In the Maghreb sub-region Libya, Morocco and Tunisia saw decreases, but due to Algeria's 50 per cent increase the median rates for the sub-region increased by 20 per cent between 1990 and 2007. Although Morocco has seen a reduction in incidence by 25 per cent, the rate remained the highest of the sub-region in 2007 at 92 per 100,000 persons.

In the LDC sub-region, Djibouti, Mauritania and the Sudan have witnessed increases in incidence of 40 per cent since 1990 and therefore remain the LAS's biggest challenge concerning TB reduction. As a result of these increases in incidence which were already high, the sub-region's median rate rose from 174 per 100,000 in 1990 to 243 per 100,000 persons in 2007, indicating that the risk of contracting the disease has increased by 40 per cent. Reliable data was unavailable for Somalia. Overall, during the 1990-2007 time periods, TB incidence has increased in Maghreb and LDC countries, but declined in Mashreq and GCC countries.

<sup>25</sup> The incidence of tuberculosis in Saudi Arabia was 10.9, 10.1 and 10.06 per 100 thousand persons respectively in the years 2006, 2007 and 2008. (Saudi Arabia, National MDGs Report 2009).

Median prevalence of TB in LAS had dropped by 50 per cent from 79.5 per 100,000 in 1990 to 49 per 100,000 in 2005. However, 2006 and 2007 saw a recent lift in prevalence, with the rate increasing to 58 per 100,000 persons across LAS. Overall however, this indicates a drop of 37 per cent in median prevalence in the LAS since 1990.

Greatest gains in reductions in prevalence were again seen in the Mashreq sub-region, with rates falling from 59.5 to 27.0 per 100,000 from 1990 to 2007, signifying a decrease of 55 per cent. Syria achieved the greatest decrease in prevalence, dropping from 94 to 27 per 100,000 (a decrease of 71 per cent). Although rates decreased in Iraq by 10 per cent, prevalence remains high at 79 per 100,000 in 2007. Lebanon and Jordan both saw their prevalence rate at least halved between 1990 and 2007.

The GCC counties also saw a fall in prevalence by 39 per cent since 1990 with all countries experiencing declines except Qatar whose prevalence increased by 14 per cent, bringing the prevalence rate up 81 per 100,000 persons by 2007. Kuwait achieved the most notable decrease of 72 per cent, bringing the rate down to 25 per 100,000 by 2007. Bahrain and Oman also saw rates at least halve (50 per cent and 65 per cent declines, respectively) with Oman's 2007 prevalence rate being the lowest in the sub-region (14 per 100,000).

Decreases in rates have also been observed overall in the Maghreb sub-region with the prevalence rate dropping from 47.5 per 100,000 in 1990 to 42.0 per 100,000 in 2007 (a decrease 12 per cent). Although the prevalence rate in

Morocco dropped by 40 per cent, the 2007 rate remained relatively high at 80 per 100,000. Libya and Tunisia also saw decreases of 63 per cent and 43 per cent, respectively with Libya's 2007 prevalence rate low at 18 per 100,000 and Tunisian rate at 28 per 100,000.

Prevalence of tuberculosis remains high in countries in the LDC sub-region, although some gains have been made since 1990. The Comoros has seen the biggest percentage decrease bringing the rate down 56 per cent to 83 per 100,000 persons by 2007. Prevalence in Djibouti remains the highest in the sub-region (and indeed the highest in LAS) at 1104 per 100,000 although this figure has decreased by a quarter since 1990. Mauritania and Somalia and the Sudan also share high prevalence rates of 559, 352 and 402 per 100,000, respectively in the year 2007, even although each country has experienced a decrease since 1990. The prevalence rate in Yemen has halved since 1990 and currently stands at 130 per 100,000. High individual prevalence rates contribute to an overall rate of 377 per 100,000 persons in the LDC sub-region, although this rate has declined by roughly 25 per cent since 1990.

Overall positive gains have been made in LAS. The incidence of tuberculosis has declined by 24 per cent and prevalence by 37 per cent. While Mashreq and GCC showed a decline in both incidence and prevalence, Maghreb and LDC did not yet show the desirable decline in incidence, reflecting adequate TB control and reduced transmission of the disease. If further achievements are to be made across LAS, efforts must be concentrated on prevalence and incidence in the Maghreb, mainly Algeria, and LDC sub-region.

In the LAS region as a whole, the median rate of tuberculosis mortality has fallen from 5.5 per 100,000 to 3 per 100,000 from 1990 to 2007 – a decline of 46 per cent. Mortality rates in all Mashreq, Maghreb and GCC all hovered at around 2 per 100,000 by 2007, indicating a decrease of around 50 per cent. The mortality rate in the LDC sub-region is, however, at least 10 times that of any other sub-region and has in fact risen by 7 per cent since 1990 (table 6.3).

TABLE 6.3. TB MORTALITY RATES ACROSS LAS SUB-REGIONS

LAS sub-region	1990	2007	Change (per cent)
Mashreq	5.5	2.0	-63.6
Maghreb	4.0	2.5	-37.5
GCC	4.0	2.5*	-37.5
LDC	62.5	67.0	7.2
LAS region	5.5	3	-45.5

Source: World Health Organization (2009).

\* Saudi Arabia did not record any death from tuberculosis during the years 2006, 2007 and 2008. (Saudi Arabia, National MDGs Report 2009).

In the Masreq sub-region, rates in Iraq are highest, at 11 per 100,000 of the population. All mortality rates in the other countries are at around 2 per 100,000. In the Maghreb sub-region, Tunisia and Libya's rates were very low by 2007 at 1 and 3 per 100,000, respectively. Rates in the GCC countries were similar by 2007, although the mortality rate in Qatar had increased by 17 per cent to 7 per 100,000 of the population.

In the LDC sub-region, the Comoros has achieved a 60 per cent reduction in the tuberculosis mortality rate with levels in 2007 falling to 6 per 100,000. Yemen and Somalia also

saw decreases in mortality rate, with 2007 rates standing at 10 and 63, respectively. Djibouti, Mauritania and Sudan have all seen increases in mortality years since 1990 with mortality rates being the highest in the sub-region at 157, 75 and 71 per 100,000, respectively.

*Indicator 6.10: Proportion of tuberculosis cases detected and cured under directly observed treatment short course (DOTS)*

The proportion of estimated new smear-positive cases of TB detected (diagnosed and then notified to WHO) by DOTS programs provides an

indication of the effectiveness of national TB programs in finding and diagnosing people with TB. The case-detection rate is calculated as the number of new smear positive cases notified divided by the number of new smear positive cases estimated for that year, expressed as a percentage.

The Stop TB Partnership has endorsed the targets, linked to the Millennium Development Goals, to diagnose at least 70 per cent of people with sputum smear-positive TB (i.e. under the DOTS strategy), and treat successfully at least 85 per cent, globally, by 2005. Countries have also begun to scale up TB control by adopting the new Stop TB strategy since 2006 and several countries have seen the introduction of innovative approaches such as the Public Private Mix, Practical Approach to Lung Health and computerized surveillance systems.

Data prior to 1999 is not complete for all countries in the LAS so this analysis will focus on results from 1999 to 2007. The regional detection rate under DOTS was 50 per cent in 1999, rising to 60 per cent in 2007 – 10 per cent short of the goal of 70 per cent case detection. This implies that 40 per cent of TB patients in the LAS do not have access to quality care.

The LAS sub-region reporting the highest case detection rate is the Maghreb sub-region with cases rising from a median of 90 per cent in 1990 to 106 per cent in 2001, indicating that by 2001 more cases of TB were being detected than was estimated. This rate dropped slightly throughout the early 2000s to 95 per cent in 2007, but is still commendably above the 70 per cent target rate. The Maghreb is the only sub-region where all countries have reached this target.

The countries of the Mashreq sub-region reported a detection rate of 40 per cent in 1999 which rose to 71 per cent in 2004 only to drop down to 61 per cent in 2007. Only Egypt and Jordan have reached the 70 per cent target, with rates in the Occupied Palestinian Territory and Iraq remaining very low (5 per cent and 31 per cent, respectively).

Rates rose in the GCC countries throughout the late 1990s from 33 per cent in 1999 to 60 per cent in 2006, but dropping to 41 per cent in

2007.<sup>26</sup> Increases in case detection in the LDC countries were observed in the early part of the 2000s, but overall there has been a decrease since 1999 with rates falling from 48 per cent to 42 per cent in 2007.

This indicator refers to the proportion of new smear-positive TB cases registered under DOTS in a given year that successfully completed treatment, whether with bacteriologic evidence of success (“cured”) or without (“treatment completed”).

By 1999 the median treatment success rate in the LAS region was 85 per cent, which was the desired rate to reach by 2005. Rates did indeed continue to remain at this level with varying increases and decreases throughout the early 2000s, and by 2007 the rate had dropped only slightly to 84 per cent. The Mashreq and Maghreb countries experienced very similar patterns in treatment rate with both reporting an 87 per cent and 88 per cent rate in 1999. Levels in both countries rose slightly throughout the coming years only to fall slightly to 87 per cent in each sub-region by 2007.

The GCC countries experienced the lowest case detection rates in 1999 of the four LAS sub-regions (at 70 per cent) but levels rose steadily throughout the early 2000s, reaching 78 per cent in 2007. The LDC countries have also reported a rise since 1999 to 2007 with levels reaching 82 per cent.

In order to hasten reduction of the TB burden in the LAS, countries have developed strategic plans in line with the Global Plan to Stop TB 2006-2015. Such plans aim to rapidly scale up TB care, especially through improving case-detection capacities, and are in line with the Stop TB Strategy. The plan also indicates financial requirements for the scheduled activities. For example, the WHO-EMRO countries, which include Afghanistan, the Islamic Republic of Iran and Pakistan, in addition to all Arab countries, (except Algeria, the Comoros and Mauritania), it is estimated that a total of US\$3.1 billion is needed to achieve Target 8. Almost all countries

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<sup>26</sup> The incidence of tuberculosis in Saudi Arabia was low and reached 10.06 for every 100 thousand persons in 2008. (Saudi Arabia, National MDGs Report 2009).

are eligible for financial support under the Global Fund, have received the grant support. However, financial gaps remain wide in many countries and, thus, continued fundraising activities, particularly via national and regional partnerships, become very important.

Already a close link between TB and HIV has been established. HIV has supported the incidence and spread of TB, which today is the most common cause of death of AIDS patients. Since the HIV epidemic has been expanding in some Arab countries, particularly LDCs, it is increasingly crucial to monitor the prevalence of both diseases in the same patients. More than 70 per cent of cases and deaths occurred between the ages of 25 to 54, who are usually the breadwinners; thus, their disease obviously affects the family income. TB, therefore, presents a developmental, as well as a public health, challenge. However, epidemiologically, young people are particularly important as they will soon enter the age group that faces the highest risk. Improved awareness among young people is therefore very important, particularly in countries where HIV/AIDS is increasingly becoming a key determinant of TB. More importantly, the youth is the main driving force of the community. TB remains a highly stigmatized disease, and patients and their families often suffer unnecessarily. Communication and social mobilization for the support of patients is much needed.

### **Conclusion and policy recommendations**

Health is always a fundamental human right. Some of the most important recommendations for accelerated progress on MDG6 are:

- Strengthening Health Systems including improved governance and stewardship in informal, formal and decentralized systems of health protection;
- Sustaining progress and accelerating investments both domestic and international for advancement of health;
- Prioritizing regions and vulnerable groups (with special attention to the

poor, rural populations, women and youth) with a view to extending health protection to those in need and the excluded;

- Establishing a Social Protection Floor, this provides access to essential social services and social transfers, at country level;
- Strengthening the capacity of all stakeholders to address issues of gender equality and delivery of health services as well as promoting partnerships with civil society organizations including women's groups, NGOs and with private sector.

Interventions have greater synergies through use of a common platform, e.g. the same health center or health worker. At the same time, integrating approaches to health-service delivery can improve outcomes in areas such as maternal and neonatal care, sexual and reproductive health, HIV, malaria and tuberculosis. Measures need to be in place to ensure that existing services are not overburdened (in order to maintain gains already achieved); that staff are sufficiently trained to implement the integration; and that workloads are appropriately managed to allow for staff to take on new responsibilities. Since health centers are often the first port of call for most health related problems, they should be recognized as a key entry point for providing integrated support to affected families as well as for integrating relevant services of other sectors and reinforcing a holistic concept of family care and support.

- Improving qualitative and quantitative information on the nature and extent of the impact of various strategies and interventions, including underlying social determinants.

In 2004 the Commission on Macroeconomics and Health voiced the need for "close-to-client health systems", or the outreach services, health centers and local hospitals to which the poor are most likely to have access. Many child survival, health promotion and preventive strategies and priority disease interventions have been shown to be cost-effective for community-based implementation. In

response to the HIV epidemic, home-based care and care provisioning in households has emerged as a key response in many countries, due to shortages of healthcare workers, and adequate facilities for providing care. These tasks fall primarily on women and girls. Recognizing the State's obligations to provide these services within the holistic social protection approach is critical as is supporting households facing this disproportionate share of HIV/AIDS care.

- Urgent attention to harmonizing tools and methodologies at national, regional and global levels for an integrated information system that brings together health information with those of other sectors.

## VII. MILLENNIUM DEVELOPMENT GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Progress has been made towards achieving the four MDG 7 targets that seek to reverse the loss of environmental resources, reduce biodiversity loss, improve access to water supply and sanitation services, and improve the lives of slum dwellers. Forests are not among the major natural assets of the Arab region but Arab countries with significant forested areas have sought to protect the limited area covered by forests in the region. Forest cover remained static or moderately increased in the region since 1990.

The contribution of the Arab region to total global GHG emissions is limited to about 4.7%, but there are considerable disparities in terms of total emissions and emissions per capita among Arab countries and the four sub-regions (GCC, Mashreq, Maghreb, LDCs) reflecting variation in energy access and use. The consumption of ozone depleting substances varies widely between the countries of the Arab region with a high of 1800 metric tons in Iraq but only 20 per cent or less than that figure in all except five of the other Arab region countries.

At least 15 countries are facing the threat of depletion of their renewable and non-renewable water resources. Some countries are well below the water poverty threshold of 1000 m<sup>3</sup> per capita per year including Bahrain, Jordan, Kuwait, Libya, Oman, Qatar and the United Arab Emirates. Additionally, there is a serious shortage of fresh water in other countries including Egypt, Morocco and Tunisia. Another major challenge facing the Arab region is the management of shared water resources among countries within and outside of the region. As more than 66 per cent of surface water resources originate from outside the Arab region, this issue remains a major concern threatening the region's stability, food security, and water resources plans. The critical nature of the current water situation in the Arab region is expected to be further aggravated by the impacts of climate change. The depletion of groundwater supplies in many Arab countries has resulted in the depletion of water springs and the dryness of wetlands and the loss of associated organisms reducing biodiversity. This loss has been accelerated due to habitat degradation and loss during the past three decades as a result of the high and unprecedented economic development activities in addition to the increase of population in most countries of the Arab region. Across all countries, eight out of ten people now have access to improved water sources, but deficits remain in many places. Furthermore, there is a gap between access to potable water in urban and rural populations.

### Introduction

While the term 'environmental sustainability' is not explicitly defined in the United Nations Millennium Declaration, countries confirmed that "we must spare no effort to free all humanity, and above all, our children and grandchildren from the threat of living on a planet irredeemably spoilt by human activities, and whose resources would no longer be sufficient for their needs". World leaders further reaffirmed their support for sustainable development principles and called for a new ethic of conservation and stewardship for the new millennium. To realize this, the seventh MDG seeks to ensure environmental sustainability through four targets aimed at reversing the loss of

environmental resources, reducing biodiversity loss, improving access to water supply and sanitation services, and improving the lives of slum dwellers, which are in turn supported by ten indicators. MDG 7 thus provides a focus on the important nexus between the environment, development and public health, and the need to pursue the sustainable management of our natural resources and improve human welfare.

Environmental sustainability is one of the key tenants of sustainable development, and is a cross-cutting issue that influences the ability to achieve other MDGs. The delivery of basic human needs associated with the provision of water, sanitation, food and shelter is fundamentally tied to the achievement of MDG 7

and the delivery of environmental services derived from natural resource systems, including freshwater sources, marine ecosystems, terrestrial and land resources, and the atmosphere. Strains on these resources are attributable to geography, natural drivers as well as man-made pressures. For instance, while the region is home to 5 per cent of the world population, it is the source of less than 1 per cent of the world's renewable fresh water. High population growth rates have increasing water stress in the Arab region, with several Arab countries experiencing acute water scarcity on a per capita basis. The availability of arable land has fallen due to drought, desertification and land degradation, which threatens agricultural productivity, rural livelihoods, and food security in the region. In addition to demographic and agricultural drivers, on-going regional conflicts, occupation, war and uncertainty as well as natural disasters that have hit the region in recent years have increased the concentration of people in urban centers and peripheries. Poor and vulnerable groups, including women, children and the elderly, have been among the most affected. This has increased demand for government services and investments in the delivery of potable water, sanitation, transport infrastructure, energy and electricity. As most urban populations and associated commercial sectors in the region are concentrated along the coastline, negative impacts are felt in coastal marine environments and the fisheries sector. Concurrently, the release of untreated wastewater from cities and industry as well as agricultural run-off charged with pesticides and agro-chemicals have contributed to the deterioration of surface waters, renewable and non-renewable groundwater resources, land and coastal ecosystems, as well as the living species that are struggling to survive in these threaten environments. Population growth, conflict situations, natural disasters and pollution pressures are generally not conducive to the conservation of natural resources.

These causes of environmental pollution and natural resource depletion are then magnified by the impacts of the triple crisis associated with the financial crisis, food crisis and climate change. These crises can be partially viewed as a manifestation of competing pressures on natural resources in the region, as well as the cause of further loss of environmental resources. For

instance, shifting climate patterns and higher temperatures increase aridity in the Arab region and have seemingly increased the incidence of extreme weather events in the region, such as droughts and floods. The threat of sea level rise due to climate change threatens coastal communities from Rabat to Dubai as well as fertile agricultural land found in the Nile Delta and the coastal areas of the Levant. The food crisis compounded by climate change caused governments in the region to revisit food security policies through the lens of natural resources constraints.<sup>27</sup> The financial crisis forced some governments to reconsider planned investment decisions related to water supply from conventional and non-conventional sources. Accordingly, this triple crisis increased pressure on a region already seeking to respond to growing demand for water, land and energy intensive services in the short term. This situation has amplified the challenge of protecting biodiversity, promoting sustainable development and ensuring environmental sustainability, which jointly require a more long-term vision that takes into consideration the needs of current and future generations.

Despite this multitude of challenges facing the Arab region, important progress has been achieved in all the MDG 7 targets and most of their associated indicators over the last several years. This demonstrates the awareness and commitment of Arab countries to adopt policy, plans and programs to ensure environmental sustainability and overcome the challenges being faced.

**Target 7.A: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources**

The United Nations Millennium Summit in September 2000 resulted in a set of political commitments and subsequent indicators aimed at tackling the major development issues. These issues were revisited by Governments and Heads of States at the World Summit on Sustainable

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<sup>27</sup> Riyadh Declaration: Promoting Arab Cooperation to Face the Global Food Crisis, 30<sup>th</sup> Session of the General Assembly of the Arab Organization for Agricultural Development (AOAD), Riyadh, 26-30 April 2008.

Development (WSSD) in 2002. In preparation for this global event, Arab countries reactivated efforts to prepare national sustainable development strategies that could help to integrate sustainable development principles into country policies and programs, and build upon environmental action plans initiated by most Arab countries during the 1990s.<sup>28</sup> The WSSD Johannesburg Plan of Action resulted in agreement to develop integrated water resources management (IWRM) and water efficiency plans by 2005, which would further contribute to the achievement of Goal 7. Several Arab countries subsequently sought to prepare IWRM plans with a view toward integrating sustainable development principles into their water policies and national development strategies. Egypt, Jordan, the Occupied Palestinian Territory and Yemen completed national IWRM strategies by the target date, while other Arab countries including Bahrain, Kuwait, Qatar, Saudi Arabia and United Arab Emirates initiated work during the same period.<sup>29</sup>

At the regional level, Arab Governments established the Council of Arab Ministers Responsible for the Environment (CAMRE) under the League of Arab States in 1987 and then the Joint Committee on Environment and Development in the Arab Region (JCEDAR) in 1993 as an advisory body.<sup>30</sup> JCEDAR provides a regional platform for discussion and coordination on regional environment and development issues related to sustainable development. As an inter-governmental advisory body also including representatives from inter-governmental

institutions, regional organizations, non-governmental organizations, JCEDAR proposes recommendations for consideration by CAMRE on a variety of issues related to sustainable development, climate change, chemicals management, biodiversity, and other environment and development priorities facing the region. The League of Arab States Technical Secretariat, ESCWA and UNEP/ROWA constitute the Joint Secretariat that facilitates the work of JCEDAR.

*Indicator 7.1: Proportion of land area covered by forest*

Forests are not among the major natural assets of the Arab region. However, Arab countries with significant forested areas have sought to protect the limited area covered by forests in the region. This can be seen in data collected by the United Nations Statistics Division, which reports that forest cover remained static or moderately increased in the region since 1990. Tunisia witnessed an increase from 4 per cent to 7 per cent in its land covered by forests. Land areas covered by forests in Lebanon increased from 12 per cent to 13 per cent during the period 1990-2005.

Stretches of forest cover can be found in Lebanon, Oman, and parts of North Africa. It is estimated that 83 per cent of forest in the Arab region are found in North Africa, Sudan and Somalia, with the remainder in the Mashreq and Arabian Peninsula. The Green Mountains in Libya and the Atlas Mountains spanning from Algeria to Morocco are also extensively covered by forested areas.<sup>31</sup> Nevertheless, these resources are being depleted for firewood and the extension of human settlements and have thus been targeted for protection and conservation with the support of governments and civil society. For instance, several nature reserves to protect forests have been established in Lebanon to protect the Cedar tree and forested areas neighboring urban communities outside of Beirut. Forests also provide a sanctuary for local species, and contribute to the protection plant and animal biodiversity. They also help to reduce the land degradation, soil erosion and the risk of landslides

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<sup>28</sup> ESCWA, *Governance for Sustainable Development in the Arab Region: Institutions and Instruments for Moving Beyond and Environmental Management Culture*, E/ESCWA/SDPD/2003/8, 23 October 2003, pp. 28-29.

<sup>29</sup> ESCWA, (issued in Arabic/unofficial translation: *Development of frameworks for the application of national strategies for integrated management of water resources in ESCWA member countries*, E/ESCWA/SDPD/2005/10. 25 October 2005, p. 1.

<sup>30</sup> ESCWA, *Governance for Sustainable Development in the Arab Region: Institutions and Instruments for Moving Beyond and Environmental Management Culture*, E/ESCWA/SDPD/2003/8, 23 October 2003, p. 19.

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<sup>31</sup> The Arab Framework Action Plan on Climate Change (2010-2020), prepared under the auspices of the LAS, finalized but pending approval by member states.

and rock slides due to run-off by protecting land resources and watersheds. Forests also act as a carbon sink and mitigate the effects of climate change. Forest fires are among the major threats to the region's forest resources. Fires are often a result of increased aridity associated with higher temperatures and reduced humidity, which is expected to increase in face of climate change. Fire brigades have been established to combat forest fires in remote and mountainous areas that are hard to reach. Significant damage and destruction of forests, fruit trees and olive trees has also been caused by conflict and occupation. In the Occupied Palestinian Territory, the data available through the Central Bureau of Statistics show a high rate of 1.51 per cent in 1999 to 1.57 per cent in 2007 in the land area covered by forests despite the large seizures of land in the West Bank and the uprooting of trees in the West Bank and Gaza Strip. This has had direct implications for rural livelihoods and environmental sustainability in the Occupied Palestinian Territory.

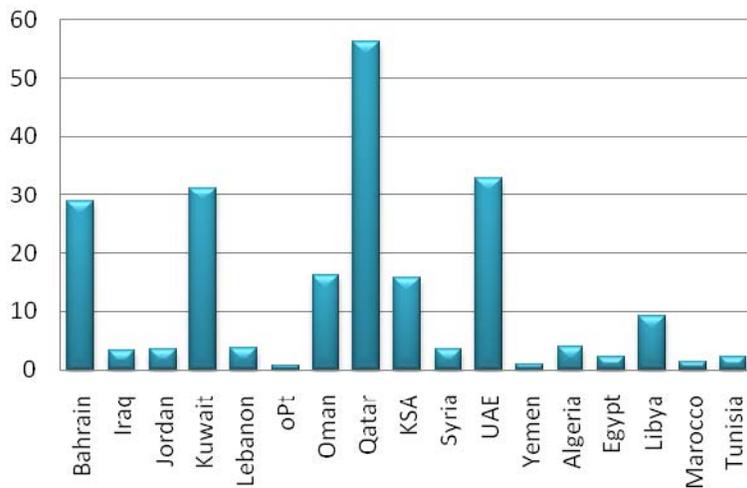
Although there are no figures directly relating the international financial crisis and efforts to protect forested areas in the region, it can be expected that the crisis might have been diverted investments away from reforestation programs. The crisis might have also restrained efforts to prevent the encroachment of private real estate developments onto forested land in view of

supporting new development opportunities at the local level. Nevertheless, reforestation initiatives continue to be witnessed in parts of the region. For instance, the Land Rover has launched a voluntary carbon offsetting program that plants trees to offset climate emissions resulting from the sale of its vehicles in the Middle East. Several tree planting initiatives have been launched to help the Palestinian people, while government and researchers continue to research ways to protect the Cedar Trees of Lebanon.

*Indicator 7.2: Carbon dioxide emissions, total, per capita and per \$1 GDP (PPP)*

The contribution of the Arab region to total global GHG emissions is limited to about 5 per cent, but there are considerable disparities in terms of total emissions and emissions per capita among Arab countries (figure 7.1) and the four sub-regions (GCC, Mashreq, Maghreb, LDCs) indicating varied energy access and use. For example, many of the GCC countries have per capita carbon dioxide emissions over 25 metric tons per capita per annum, and demonstrate an increase in their emissions during the period 1990-2006. During the same period, Arab LDCs reported emissions of less than 1 metric ton per capita, while figures for the Mashreq and Maghreb generally fell in the range of 1.5-3 metric tons and remained steady during the same period.

**Figure 7.1. CO<sub>2</sub> emissions (metric tons) for selected Arab countries (2006)**



Source: <http://mdgs.un.org/unsd/mdg/>.

The emissions levels of the GCC are due in large part to the fact that these countries are rich in fossil fuels and their economies are dependent upon the extraction and processing of these resources. This facilitates the use of these fuels for local consumptive uses. Carbon dioxide emissions are also somewhat linked to global production, consumption and demand for oil. The International Financial Crisis witnessed a drop in the demand for oil during 2009 (International Energy Agency 2009). However, the consumption of fossil fuels remained high at the global and regional level. Consumption patterns are generally higher in the GCC compared to other sub-regions due to the use of fossil fuels for domestic use and transportation since air-conditioning is necessary in most buildings and per capita car ownership rates (especially large cars) is higher in the GCC than elsewhere.

While the contribution of the Arab region as a whole to global carbon dioxide emissions is small, global carbon emissions are a major driver of climate change and evidence indicates that the Arab region will most likely be negatively impacted by climate change. The Fourth Assessment Report of the International Panel on Climate Change (IPCC) estimates that parts of the Arab region will be subjected to severe water stress and drought as a result of a decline in rainfall caused by a change in climate. According to a recent study by Dasgupta et al. (2007), 5-12 per cent of coastal areas in a number of countries in the Arab region could be impacted by a sea level rise of 1-5 m based on the IPCC scenarios. North Africa and the Middle East region is very likely to be subject to extreme desiccation in the coming decades, should temperatures increase in excess of 4 °C resulting in a reduction in rainfall exceeding 30 per cent in some parts of the Maghreb. The per capita availability of freshwater resources could decrease by as much as 40 per cent by 2100. The impacts of climate change on the region are of major concern to policy-makers.

The combined effect of higher temperatures and reduced precipitation will increase the occurrence of droughts in the Arab region. This effect is already materializing in the northern parts of Africa, which is experiencing an increasing drought frequency of one every 20 years in the beginning of the 20th century, to five or six times every 10 years more recently. (UNEP, 2010).

Water run-off is projected to drop by 20-30 per cent in most of the region by 2050 mainly due to rising temperatures and lower precipitation (UNEP, 2010). Ocean and sea-level rise could lead to inundation of the Arab region's lengthy coastline. This may result in saltwater intrusion into coastal aquifers, the salinization of groundwater resources, the loss of valuable biodiversity in wetlands, and population migration. Sea level rise impacts are considered a high priority in the region's island nations, such as Bahrain and the Comoros. Additionally, in the urban areas of North Africa, between 6 and 25 million people are estimated to be exposed to the threat of coastal flooding under a temperature increase scenario of 1-3°C.

The vulnerability of the region to climate change is aggravated by the significant dependence on climate-sensitive agriculture, the concentration of population and economic activity in flood-prone urban coastal zones. Climate-induced resource scarcity in conflict-prone areas could escalate violence and political instability both within and beyond the region's boundaries. Additionally, if the already extreme temperatures in the Middle East rise even very slightly, it could have severe impacts on human health. Heat-related mortality is expected to rise. A warmer climate in Africa could expand the range of carriers of malaria, yellow fever, dengue fever, and other vector-borne diseases deeper into the Arab region. (IPCC Fourth Assessment Report).

In response, Arab countries have established national climate change committees and sought to satisfy the reporting requirements to the United Nations Framework Convention on Climate Change (UNFCCC). Some countries have also adopted renewable energy policies and targets for reducing their carbon emissions (e.g. Egypt, Jordan, Morocco and the UAE), and are looking to promote large-scale renewable energy applications in remote and under-served regions (e.g., Yemen).

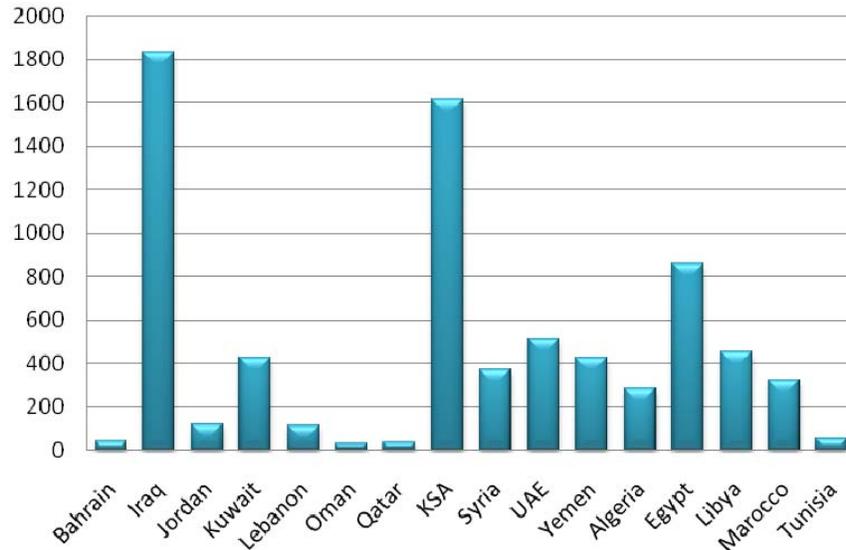
### *Indicator 7.3: Consumption of ozone depleting substances*

The consumption of ozone depleting substances (figure 7.2) varies widely between the countries of the Arab region.

All countries of the Arab region, with the exception of the Occupied Palestinian Territory, have signed and ratified the Vienna Convention for the Protection of the Ozone Layer and its 1987 Montreal Protocol on Substances that Deplete the Ozone Layer and are being supported by the United Nations Environment Program's

Compliance Assistance Program under the Multilateral Fund to meet their obligations to phase out ozone depleting substances. The majority of countries are in compliance with these obligations and there is currently a region-wide focus to reduce and halt the illegal trade in ozone depleting substances.

**Figure 7.2. Potential consumption of ozone depleting substances in metric tons (2007)**



Source: <http://mdgs.un.org/unsd/mdg/>

*Indicator 7.4: Proportion of fish stocks within safe biological limits*

Marine pollution and over-fishing hamper the ability of countries to protect fish stocks and maintain them within safe biological limits in the Arab region. Coastal run-off from industry and urban centers is a common problem in the Arab region and adversely impacts marine waters. This has resulted in the observance of mercury and cadmium in sensitive fish species. In order to ensure the sustainability of the fisheries sector, most Arab countries operate some sort of catch control regime to manage fish stocks.<sup>32</sup> Difficulties persist, however, in monitoring domestic fishing fleets as well as large trawlers from international companies that secure permits to fish within the territorial waters of Arab countries.

<sup>32</sup> ESCWA, *Trade and Environment Dimensions of the Fisheries Sector in the Arab Countries: The Case of Yemen and Oman*, E/ESCWA/SDPD/2007/WP.2, October 2007, pp. 1-2.

The fisheries sector is also a significant source of employment and income generation for poor coastal communities in many Arab countries, such as Lebanon, Oman and Yemen, is considered a major export sector for several countries in the Maghreb.<sup>33</sup> In addition, fish are an important source of nutrition. This exposes the importance of ensuring the sustainability of fish stocks for socioeconomic and environmental reasons associated with the achievement of the MDGs.

*Indicator 7.5: Proportion of total water resources used*

All Arab Countries have realized that the efficient development and management of water resources requires water policy reform, particularly the adoption of supply and demand

<sup>33</sup> ESCWA, *Trade and Environment Dimensions of the Fisheries Sector in the Arab Countries: The Case of Yemen and Oman*, E/ESCWA/SDPD/2007/WP.2, October 2007.

management measures, the improvement of legal and institutional frameworks, the enhancement of stakeholder participation and the forging of partnerships with the private sector.

Over the last three decades, rapid population growth and accelerated socioeconomic development in the Arab countries has generated a substantial increase in water demand. These demands were driven mainly by the implementation of agricultural policies aimed at achieving national food self-sufficiency in Arab countries, rather than agriculture policies aimed at ensuring food security through trade and regional integration.

Water stress is has become more acute in the region, which is impacting human health and ecological systems. At least 15 countries are facing the threat of depletion of their renewable and non-renewable water resources. Some countries are well below the water poverty threshold of 1000 m<sup>3</sup> per capita per year, including Bahrain, Jordan, Kuwait, Libya, Oman, Qatar and the United Arab Emirates. Additionally, there is a serious shortage of fresh water in many Arab countries such as Egypt, Morocco and Tunisia. This situation is due to growing domestic demand associated with population growth and changing lifestyles, unsustainable consumption patterns across economic sectors, and the deterioration in the quality of the limited surface and groundwater resources by industrial discharges, domestic wastewater effluent, and agricultural runoff. Furthermore, non-renewable groundwater resources are being over-exploited to meet the ever-increasing needs of the domestic, agricultural, and industrial sectors. Water shortage for domestic use has become a serious problem in major Arab cities. In Yemen, annual groundwater abstraction rates exceed natural recharge by about one and a half times, with even higher rates in the Sana'a Basin. In Amman, Jordan, shortages have reached the point where many residents receive

water only one day a week. All in all the region uses more water than it has available, especially in the hyper-arid GCC sub-region, which is now heavily dependent upon the desalination of sea and brackish water to overcome their freshwater deficit.

Furthermore, some Arab countries are deprived of their water resources by occupying powers, which is another major issue in the region and is constraining the development of certain populations. While some progress has been made to establish legal and institutional frameworks for managing shared water resources among Arab countries and between Arab and non-Arab countries neighboring the region, additional efforts are being coordinated through the newly established Arab Ministerial Water Council, which held its first ministerial session under the auspices of the League of Arab States in June 2009.

The critical nature of the current water situation in the Arab region is expected to be further aggravated by the impacts of climate change, where it is anticipated that water scarcity and the deterioration of water quality will increase due to the reduction of precipitation which will reduce water recharge rates; higher temperatures which will increase evapotranspiration rates and increase agricultural water demand and water demand for domestic consumption and industrial cooling, as well as seawater intrusion into coastal aquifers due to sea level rise.

In response to these challenges and growing water scarcity, most Arab countries have sought to increase water use efficiency in agriculture, reduce the loss of non-revenue water in supply networks, and expanded investment and researching into non-conventional water resources, including desalination, the reuse of treated wastewater, and water harvesting.

### Conflict and the environment

As well as placing a great strain on the natural environment itself disaster and all conflict situations have potential negative environmental impacts, from pollution caused from the destruction of buildings, the release of hazardous substances and associated air, water and soil pollutions as well as loss of habitats, biodiversity and agricultural land due the physical damage caused.

The region has suffered over the past decade through a number of conflicts. Sudan suffers from the ongoing violence in Darfur and conflict over scarce natural resources. Fertile land, trees and water remains a destabilizing influence in many parts of the country. In Lebanon in 2006, the destruction of fuel tanks that were destroyed during the conflict led to the release of 15,000 tons of oil into the local marine environment, tilling flora and fauna and polluting beaches. The environment of the Occupied Palestinian Territory has been severely affected by the ongoing situation there, and most recently the Gaza Strip has suffered from loss of agricultural land with 17 per cent of the total cultivated area lost (UNEP, 2009) and destruction of wastewater treatment facilities due the conflict of December 2008. In one particular instance, the AZ Zaitoun wastewater treatment plant was bombed and over 100,000m<sup>3</sup> of wastewater and sludge escaped into adjacent agricultural areas (UNEP, 2009).

#### **Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss**

##### *Indicator 7.6: Proportion of terrestrial and marine areas protected*

Biodiversity is being lost in the Arab region largely as a result of being exposed to the pressures of the development process. This loss has been accelerated due to habitat degradation and loss during the past three decades as a result of the high and unprecedented economic development activities in addition to the increase of population in most countries of the Arab region. Political boundaries of the Arab countries contain five hot spots of the 34 sites internationally recognized in the world. The Arab boundaries feature also one of the eleven areas designated as hotspots for marine biodiversity. Due to the large degree of environmental and ecosystem degradation, these systems require immediate efforts for rehabilitation and protection. At the global level, biodiversity is declining at a faster rate now than at any time in the past (MA 2005) and in the Arab region it is expected to continue to decline unless drastic measures and concrete steps are taken to reduce the loss of biodiversity and the protection of species and their habitats. Only Saudi Arabia, which have improved the proportion of area protected to maintain biological diversity by analogy restricted by the total from 3 per cent in 1990 to 4 per cent in 2008.

The depletion of groundwater supplies in many Arab countries has resulted in the depletion of water springs and the dryness of wetlands and the loss of associated organisms. In Iraq the drainage projects caused the loss of 90 per cent of the marshland. In the River Jordan, the establishment of the Israeli country water carrier resulted in the reduction of water flow from Tiberius Lake in the river, which adversely affected the ecosystem. The oases systems have also deteriorated and lost a lot of palm groves and springs, natural freshwater due to the pumping and diversion of water for use in urban areas, forest area has decreased due to land clearing for agriculture, population expansion and the large forest fires (FAO 2005). For example, forest cover has decreased in North Africa and Sudan by an average annual rate of 0.7 per cent per year between 2000 and 2005 compared with the average annual global decline of 0.2 per cent. It is however noteworthy that some of the Mashreq countries and the Arabian Peninsula undertake re-forestation activities (FAO 2007).

The current threats to biodiversity have been exacerbated because they change constantly and vary from one place to another and from one country to another. However, there are ongoing threats; for example, the degradation resulting from urbanization and agricultural and industrial development is one of the main reasons for the degradation of biological diversity in all countries across the region. The common sources for biodiversity loss in all parts of the Arab countries are specifically caused by overgrazing, excessive

use of water resources and land as well as the commercial use of biodiversity resources and overpopulation. Pollution, sewage and industrial waste, pesticides and fertilizers are considered additional pressures on biodiversity in many countries.

The marine and coastal biodiversity shows signs of stress due to coastal development which represents one of the greatest threats to coastal biodiversity. The trend towards planning for further development of the projects is expected to maintain this pressure, but the slowdown created by the International Financial crisis may provide some respite to the coastal and marine biodiversity. Among other reasons leading to the degradation of marine biological is the pollution caused by sewage and the over-exploitation of fish stocks (the non-sustainable and the illegal), the marine and coastal pollution due to oil exploration and the industrial pollution, which can be caused by oil tankers, organic loads and the leakage of gas and oil. Climate change is also a key issue as the high water temperature resulted in the bleaching of coral reefs in nearly 100 per cent in some locations.

*Indicator 7.7: Proportion of species threatened with extinction*

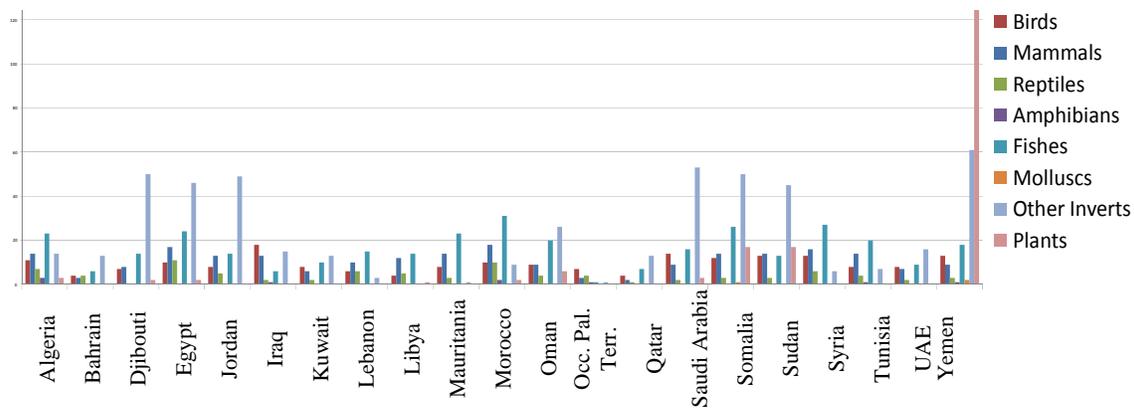
The total number of the animal species known in the Arab countries is currently 1,316. Five of these species are threatened with extinction (World Bank 2007). The number of endangered bird species and reptiles has doubled between 2002 and 2006, and the number of threatened fish species has increased by 14 times

(World Bank 2007). In 2008, Yemen was running a number of projects in cooperation with international organizations. One of them is the conservation of biological diversity of the island which contains 250 species of endemic plants, 34 per cent of which are on the brink of extinction. The total number of threatened species (figure 7.3) in the Arab countries is estimated to be around 1,084.

**Conservation efforts on biodiversity**

Despite the challenges, the Arab countries seek to meet the MDG target relating to biodiversity. The majority of Arab States have joined the Convention on Biological Diversity (CBD) and related conventions, such as the International Treaty on Plant Genetic Resources for Food and Agriculture, the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES), the Convention on Migratory Species (CMS), the Ramsar Convention on Wetlands (RAMSAR) as well as several regional conventions. Within the scope of the CBD, countries have prepared national strategies and action plans to preserve biodiversity and developed programs for the establishment of protected areas to contribute to the protection of ecosystems. The total number of terrestrial and marine protected areas in the region has increased from 174 in 1970 to 360 in 2007 (UNEP 2007). However despite this, the total area of protected land in the Arab region registered at the global level is 5 per cent, which is half the global average (UNEP 2008).

**Figure 7.3. Endangered species in the Arab region**



Source: IUCN/WCPA 2008.  
Occ. Pal. Terr.: Occupied Palestinian Territory.

For the CBD, 2010 is a significant year and it has been declared on International Year of Biodiversity. The Arab countries are exerting efforts to achieve the implementation of the 2010 target under the Convention through the implementation of an integrated approach that can establish a balance between biodiversity conservation and economic development. However, the failure to achieve peace and security in many parts of the Arab region is considered a major impediment. This is due, in part, to the transfer of resources to other sectors which are more preliminary in the current circumstances, the matter which directly harms the efforts of nature conservation.

**Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation**

*Indicator 7.8: Proportion of population using an improved drinking source*

*Indicator 7.9: Proportion of population using an improved sanitation facility*

The main driver for achieving MDG7, target C (to halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation), is the effectiveness of water and sanitation governance. Steps towards preserving water and the environment for future generations are well known. They start with long-term national water and sanitation strategies that consider the survival, development and wellbeing of future generations, accompanied by sharp, realistic and enforceable policies and investment plans and programs that include a minimum quality of service that are affordable to the poorest. Tunisia is a good example of good governance, with one of the highest governance effectiveness in the region (World Bank, 2007), and implementing integrated water resource management strategies that consider all resources efficiently and sustainably.

The following is an assessment of countries of the region classified into four categories with respect to meeting the Water Supply and Sanitation (WSS) target of the MDGs:

- The first category contains the countries of the Gulf Cooperation Council (GCC) – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. These countries are characterized by relatively high gross domestic product (GDP) per capita, high GDP growth rates and high levels of urbanization. Overall water supply coverage is estimated at 93 per cent while sanitation coverage is at 98 per cent. Thus, countries in this group have almost entirely achieved their WSS targets, with the notable exception of Oman, which lags substantially behind the others mostly as a result of its high percentage of rural population. In Saudi Arabia, the proportion of population with access to safe water from 75 per cent in 1990 to 95 per cent in 2008, as well as the increased proportion of those on sanitation services from 20 per cent to 46 per cent, with low dependence on the drainage of domestic 76 per cent to 52 per cent, and thus the percentage of population with access to sanitation and household drainage tanks from 96 per cent to 98 per cent, and the proportion of families with secure tenure from 88 per cent in 1990 to 99 per cent in 2007;
- The second category comprises countries that are on track to achieve WSS targets. Countries in this category include those of the Mashreq region – Egypt, Jordan, Lebanon and the Syrian Arab Republic – and, it seems likely, those of the Maghreb region – Algeria, Libyan Arab Jamahiriya, Morocco and Tunisia – although only two of these were part of the assessment. Overall WSS coverage stands at 96 per cent and 89 per cent, respectively for the Mashreq countries and 87 per cent for both for the Maghreb countries. These countries have moderate levels of urbanization and are generally classified as middle-income countries. With appropriate assistance, these countries were able to extend WSS services to a large portion

of their population, especially in rural areas;

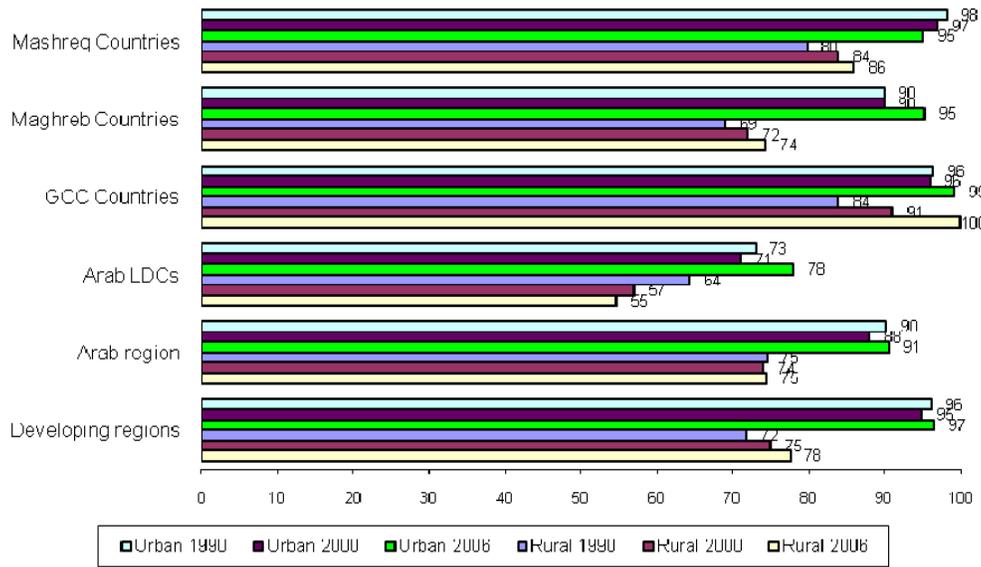
- The third category comprises Least Developed Countries (LDCs) including Yemen – the only country of the group in which the assessment was conducted – Comoros, Djibouti, Mauritania and Sudan. Overall WSS coverage is estimated at 66 and 46 per cent, respectively in Yemen while for the LDCs as a group it stands at 67 and 38 per cent, respectively. All these LDCs countries are not currently on track to reach their WSS target, although substantial improvements could be achieved if both domestic and international efforts could be increased;
- The fourth and last category comprises countries currently experiencing political instability, hostilities, occupation and/or internal strife and as such face an uncertain prospect in reaching the desired progress. These countries are Iraq, the Occupied Palestinian Territory and Somalia and all are not on track to meet their WSS target of the MDGs. Overall WSS coverage is estimated at 78 per cent for Iraq and the Occupied Palestinian Territory and less than 30 per cent for Somalia. The water and sanitation infrastructure of these countries have deteriorated as a direct result of conflict and/or internal strife.

There are however, major stressors and constraints in the Arab region that impact negatively on the achievement of MDG7.C. Some are common to almost all countries in the region: high population growth rates in particular since the 1970s, unsustainable management of water resources, both aquifer and surface water in the agricultural sector and in growing urban centers, the cycle of droughts exacerbated by climate change, and degradation of the quality of natural water systems.

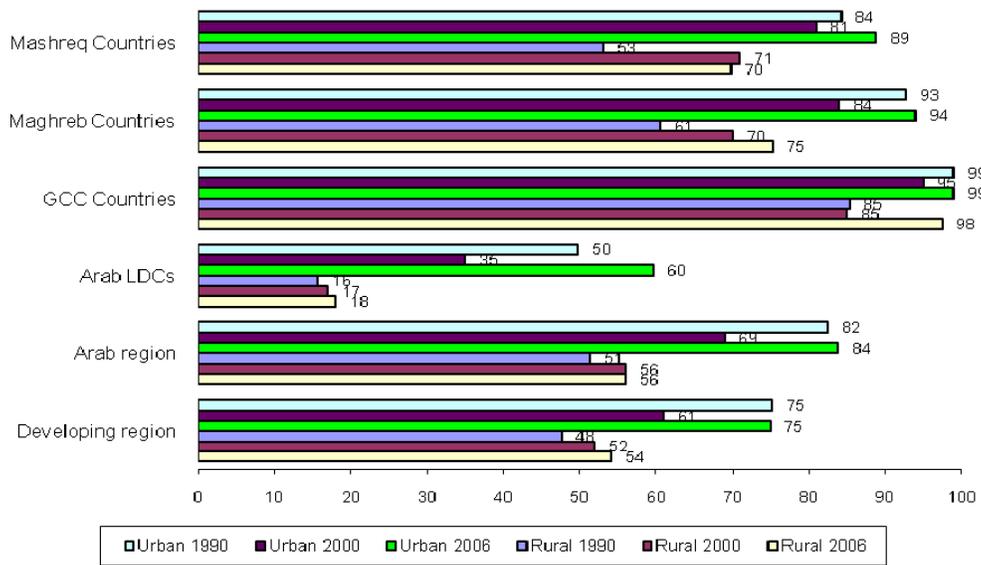
While Arab countries are on track to meet the target of access to safe drinking water for all sub-regions, sustaining the progress needed to meet this goal will be a challenge in view of increased demographic pressures, urbanization and demand from the agricultural, industrial and services sectors. Across all countries, eight out of ten people now have access to improved water sources, but deficits remain in many places. Furthermore, there is a gap between access to potable water in urban and rural populations (figures 7.4 and 7.5). Some countries, such as Egypt, Syria and Sudan, have increased the percentage of rural population with access to improved water sources. However, between 1994 and 2000, rural populations in other Arab countries, such as Comoros, Algeria, Yemen and Sudan have experienced setbacks in access to improved water source due, in part, to internal conflicts and unrest. The matter is complicated by the fact that that water supply of some of the region's largest countries is sourced from major rivers, namely the Nile, Senegal, Tigris and Euphrates, that originate outside the region.

**Figure 7.4. Proportion of population using improved drinking water sources,**

**urban vs. rural (per cent)**



**Figure 7.5. Proportion of population using improved sanitation facilities, urban vs. rural (per cent)**



Source: ESCWA. 2009. Sustainable water supply and sanitation for all: Regional assessment report on the status and achievements of ESCWA member countries towards improved supply and sanitation. Economic and Social Commission for Western Asia (E/ESCWA/SDPD/2009/1), United Nations, New York. The data in the two graphs are based on the survey of the Joint Monitoring Programme (JMP) carried out in 2006.

Most countries have taken steps to reform their WSS-related institutions. Decentralization has led to a devolution of responsibilities to sub-national levels in several Arab countries. However, poor coordination mechanisms and limited human and financial resources make it

difficult to properly maintain assets and to attract new investments, thereby leaving water establishment dependent on public funding. Coordination with water sector stakeholders through water user association and the activation of water councils and committees could promote

the development of joint activities, improve service delivery and help to pool financial resources at the national and local levels.

As for legislation, in addition to water laws, regulatory instruments are essential and powerful tools for the formulation and implementation of effective WSS plans. In the region, there is a need to establish effective legal compliance and enforcement mechanisms on WSS issues, and to provide the necessary financial and technical support required by water institutions.

The role of stakeholders in water planning and distribution is improving in most countries, but it still needs to be strengthened in order to reach a more effective management of water resources and to enhance progress towards achieving the MDGs. Greater efforts need to be made to encourage participation of users through local councils, raising public awareness on the need to conserve water and prevent pollution, and developing civic habits of abiding by rules, regulation and legislation.

There is a trend, in most countries, to increase the involvement of the private sector in water and sanitation projects. One of the key features of the reform is to engage the private sector in the construction and operation of WSS facilities through public-private partnerships (PPPs). In recent years, policymakers in a number of countries of the region have opted for PPPs as a strategic choice involving sector-wide reforms, in line with overall structural adjustment programs. These partnerships are breaking new grounds and are enhancing innovation in areas where prior experience is scant or non-existent. The experiences and results gained thus far, although in many countries preliminary, may provide valuable lessons for a rapidly growing portfolio of projects that support private sector partnerships. It is therefore worth monitoring these activities for future assessment in order to build on new concepts based on modified strategies and plans.

Water scarcity affects all segments of the society, but the poor, particularly those who live in rural areas and depend on water for agriculture, are affected more than the other segments. At the national level, while richer states compensate for deficits through the availability of financial resources, such as the construction of water

desalination plants, poorer countries suffer to a larger extent from providing alternative water resources in the light of their limited financial resources (UNDP 2003). It is estimated that the total financial cost of providing the water supply and sanitation and services required to halve the proportion of the population without sustainable access to safe drinking water and sanitation by the year 2015, under MDG7, would be about US\$99,870 million and US\$62,000 million, respectively (UNEP, 2010). It is thus imperative to continue the support provided to the Arab LDCs. A recent initiative by the Islamic Development Bank (IsDB) supported by the Islamic Solidarity Fund for Development (ISFD) seeks 'the reduction of the number of people without access to water and sanitation by two thirds' with a commitment of \$10 billion investment in the water and sanitation sector over the next 10 years. Other donors such European Community and bilateral European donors have also committed significant grants to the Arab LDCs to support the water sector.

Accordingly, if the MDG water related targets are to be integrated into national development plans, partnerships need to be broadened to encompass communities, financing institutions, consumer associations, businesses and decision-makers to foster trust and to ensure effective collaboration among stakeholders. In particular, countries of the region should consider adopting principles of integrated water resources management, especially water demand management strategies as a key approach for the implementation of WSS plans.

**Target 7.D: By 2020 to have achieved a significant improvement in the lives of least 100 million slum dwellers**

*Indicator 7.10: Proportion of urban population living in slums*

In addition to rural-urban migration and urban population growth, conflicts and, in some cases, natural disasters are major factors leading to the internal and international displacement of people. Most displaced people have lost their homes and assets and have to live in temporary shelters with low levels of hygienic conditions and services. Host countries have also witnessed stress on their natural resources with an abrupt

increase in demand on water resources and sanitary and health services, as well as other infrastructural services. Host countries, supported by the international community, should provide adequate services to reduce the impact on environmental resources and services. Such services include developing public housing programs, adopting a multi-sector approach to services and extending basic infrastructure, including roadway systems, water, electricity and latrines to cover temporary shelters or refugee camps.

Some countries are involved in the development of low cost housing as a strategy to provide decent living conditions for poor people and slum dwellers. In Morocco, for example, the government program 'Cities without Slums' aims at improving the conditions of 298,000 homes. So far 130,000 people moved from informal to formal housing. In addition to government, the project involves banks and private housing developers (UNEP, 2010). Such partnerships reflect triple wins – for the poor people, the government and the private housing development companies.

There are five indicators used to assess whether a settlement or dwelling is informal and to what degree: durability, over-crowding, sufficient living area, number of informed dwellers, and access to infrastructure and social services.

Over-crowding is another indicator of informality and is used to determine whether a household resides in a slum area. It is assessed by the number of people living in a particular area where more than three people per habitable room. Like cities in many developing countries, Arab urban settlements face rapid expansion within the informal housing sector. Currently, Mauritania has the highest percentage of informal housing in the region while Egypt, because of its considerable population, has the highest number of dwellers in informal settlements.

There are also five interrelated issues that challenge the sustainable development of Arab human settlements. The most significant of these issues is the declining availability of potable water resources and the need to protect remaining resources from waste and irrational use. The

second challenge is the need for effective and efficient systems for solid waste collection including, but not limited to, municipal solid waste, industrial solid waste, healthcare waste, and hazardous waste. The third challenge for many Arab human settlements is atmospheric pollution, the effects of climate change and their combined impacts. The fourth issue is the vulnerability of settlement to natural disasters, and the increased likelihood of extreme events due, in part, to climate change related factors. Therefore, it is essential to address the issue of managing human settlements, including urban planning and resource allocation.

Lacking clean, safe drinking water and proper means of collecting and treating wastewater is partially responsible for the spread of epidemic, diseases among the dwellers of poor quarters. Many Arab countries have succeeded in providing their residents with safe drinking water. However, there is still a gap between urban and rural populations with respect to accessing improved water sources. Regionally, urban access to sanitary services is relatively high, with an average coverage of about 90 per cent. However, the populations of some Arab countries have poor access to proper sanitary services, which can lead to disease outbreaks and other public health problems.

Many large cities in the Arab region are growing at a very fast rate as a result of high population growth and rural to urban migration in search for job opportunities and better public services. Much urbanization and urban growth is happening illegally, with more than one third of the total urban population in the Arab region living in informal settlements and slums and under very precarious environmental conditions. The situation is particularly grave in Mashreq and Arab LDCs, where city residents face overcrowding, inadequate housing, and lack of water and sanitation. Added to this, they suffer from severe shortages in health, communication, transportation and amenities. The rapid expansion of urban areas in the two aforementioned sub-regions is creating cities of unprecedented size and complexity, as well as challenges for providing a decent environment for the poor and ensuring the fulfillment of their rights.

### **Conclusions and policy recommendations**

Efforts to ensure environmental sustainability in the Arab region are challenged by increased demand and pressures on already fragile water, land and marine resource, as well as the amplified stress cause by the triple crisis generated by the financial crisis, food crisis and climate change.

Adopting national and regional action plans to address these challenges is essential to achieving MDG 7. Integrating sustainable development principles in development strategies and the implementation of measures to reverse the loss of environmental resources can only become actionable at the national level. However, regional cooperation is vital to finding collective solutions and joint responses for responding to global challenges. This is particularly relevant in the Arab region given common concerns related to water scarcity, desertification, drought and climate change. Additionally, Arab countries share water, marine, fishery and biological resources that cross national boundaries and require collective management schemes to ensure their sustainability.

Several regional inter-governmental processes and initiatives have been launched to address many issues being measured through the indicators related to MDG 7. For instance:

- The Arab Ministerial Water Council considers water security and the sound management of water resources among its key priorities. In doing so, it has adopted a resolution in June 2009 that assigns ESCWA the responsibility for establishing a regional mechanism in coordination with other regional partners to monitor the MDG 7 target related to water supply and sanitation and identify additional regional-specific indicators for improved monitoring and reporting on the quality of water supply and sanitation services available in the Arab region;
- The Council of Arab Ministers Responsible for the Environment, recognizing the serious threat that climate change poses for sustainable development and environmental sustainability, issued the Arab

Ministerial Declaration on Climate Change in December 2007 that alerts the international community that while Arab countries are not the major cause of climate change, the Arab region will be among the most affected by the negative impacts of climate change. To this end they pledged to promote the production and use of cleaner fuels, improve energy efficiency in all sectors, diversify energy sources, expand the use of cleaner production techniques and environmentally friendly technologies, while incorporating climate change adaptation and mitigation into national development;

- Reporting to global and regional multilateral environmental agreements, such as the United Nations Convention on Biological Diversity, UNFCCC, Vienna Convention, and the Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment (a.k.a. Jeddah Convention) among others that are supported by UNEP require Governments to collect and verify data on indicators that are closely associated with those laid out in MDG 7, which supports analysis on whether targets have been achieved;

While inter-governmental processes are a major component, the engagement of civil society and the private sector is also necessary to realizing MDG 7. To this end, the Government of Lebanon has partnered with a local NGO to protect an urban forest, while the Government of Jordan collaborates regularly with the Royal Scientific Society and national organizations to ensure the management of its nature reserves and its associated biodiversity. A new regional organization called the Arab Countries Water Utilities Association (ACWUA) has also been launched to share best practices and lesson learned for improving the delivery of water supply and sanitation services through public and privately managed water establishments.

Enhanced cooperation between the public and private sectors not only raises the economic

efficiency, but also increases the speed at which improved water infrastructure and new housing units can be made available to the public. Private sector participation in the water sector has already been initiated in Jordan, Morocco and Tunisia, while Saudi Arabia has begun to consider involving the private sector in building water desalination units (UNEP, 2010). Private real estate development is already wide-spread throughout the region, but needs to be targeted to also serve vulnerable groups, including slum dwellers. The participation of the private sector should thus not be considered as a singular goal, but as a part of a comprehensive strategy to increase efficiency and improve service delivery in view of meeting national sustainable development goals and the MDG targets.

The following recommendations are thus proposed for advancing progress towards the achievement of MDG 7 in the Arab region:

- **Increase the knowledge base and access to actionable information for decision-making** – There is a need to enhance the quantity and quality of information being generated in the Arab region regarding the MDG 7 indicators, and to improve access to this information for more informed decision-making. For instance, most information on human settlements in the Arab region is from international sources that are not vetted or tailored to consider regional and national specificities. Arab states thus need to develop their national and local urban observatories to monitor rural and urban migration patterns and the interactions between the social, economic and environmental sectors in order to formulate integrated urban management schemes;
- **Increase understanding about cross-cutting linkages related to the MDGs** – Greater analysis and awareness of

the relationship between food insecurity, drought, poverty and human health can contribute to the formulation of more targeted policies that respond to the needs of vulnerable groups. This includes looking at the MDGs in a more integrated manner to develop mutually supportive policies that are necessary to achieve sustainable development;

- **Identify innovative valuation schemes for environmental sustainability** – In response to the financial crisis and the difficulty of securing funds needed to meet long-term environmental objectives, creative instruments should be adopted to assist decision-makers appreciate the benefits of long term returns to natural capital. The development of national environmental accounting systems for some water and land resources in some Arab countries is a good start, but should be elaborated upon and complemented by additional instruments, such as water foot printing and virtual water trade assessments. These initiatives should run in parallel with project-based financing schemes such as the Global Environment Fund and the Clean Development Mechanism;
- **Promote a greener economy** – By promoting investments in environmentally sound technologies and processes, as well as encouraging the production and consumption of more environmentally-friendly goods and services, governments can open new markets and generate new employment and income opportunities that can help redirect national development policies onto a more environmentally sustainable path.

## VIII. MILLENNIUM DEVELOPMENT GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

ODA to the region has been highly erratic and was actually lower, in real per capita terms, in the late 2000s than in the early 1990s. When Iraq and the Occupied Palestinian Territory are excluded, the real ODA for the region declined by nearly half since 1990. It is also grossly insufficient to meet the special needs of Arab LDCs. However, aid from Arab donors (achieving the DAC target of 0.7 per cent of GNI) to Arab countries reached nearly 7 billion dollars in 2008. Although Arab aid came in a non-binding way, it is only a third of the 22 billion USD aid provided by the DAC donors –most of whom are budgeting below the DAC target, often well below.

In 2007, Arab countries were able to admit 93 per cent of their non-oil exports free of duty into developed markets, which is a significant improvement over the 35 per cent they held in 1996. From their side, Arab countries have undertaken significant trade liberalization during the past decade with the Greater Arab Free Trade Area (GAFTA), the Gulf Cooperation Council (GCC) and the Arab Maghreb Union (AMU). Eleven Arab countries are WTO members, while eight Arab countries are in the process of negotiating WTO membership.

Only one of the four qualified highly indebted poor Arab countries has reached the HIPC completion point.

Considerable progress was achieved in the Arab region in the ICT sector, in particular in the Internet and mobile areas, but the Arab LDCs still lack well behind the rest of the region in these two fields.

## Introduction

Establishing a global partnership for development between developed and developing countries requires a mutual cooperation from both parties. Such a partnership is essential for the attainment of the first 7 MDGs. It is therefore imperative that the developed countries support the poor countries through Official Development Assistance (ODA), enhanced market access and fair trade rules, in addition to debt relief and access to Information and Communication Technology (ICT). Therefore in measuring progress (or lack thereof) towards Goal 8 we should review targets which will inform us if and to what extent this global partnership has worked for the poor in Arab countries.

### **Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system**

Arab countries face less trade barriers today than they did in 1990. This is largely due to the significant increase in the share of Arab non-oil exports that were admitted into developed markets free of duty. Conversely, tariffs imposed on Arab

agricultural goods, textiles and clothing have only seen a marginal fall. Several Arab countries are dependent on agriculture and manufacturing as their primary source of income (e.g. Comoros, Somalia, and Egypt) and therefore further tariff reductions could significantly benefit these countries that currently have no trade alternatives like those countries trading in oil. The agricultural support to farmers in DAC donors still remains quite high, particularly when measured against the yardstick of ODA disbursements. This support within the developed countries significantly distorts the trade and production within developing countries. However, from their side, Arab countries have undertaken significant trade liberalization during the past decade with the Greater Arab Free Trade Area (GAFTA), the Gulf Cooperation Council (GCC) and the Arab Maghreb Union (AMU).

Arab countries have already taken serious steps towards integrating into the global economy. Eleven Arab countries are WTO members, while eight Arab countries are in the process of

negotiating WTO membership.<sup>34</sup> Meanwhile, most Arab countries have been eager to sign multilateral and bilateral Free Trade Agreements (FTA), particularly with developed countries such as the members of the EU, the US and the EFTA states. Additionally, Arab countries have significantly opened their economies to trade, investment and capital flows. In the realm of trade policy, tariffs have been significantly reduced in almost all the countries of the region, with most Non-Tariff Barriers (NTBs) eliminated or significantly reduced.<sup>35</sup> Ten countries in the Arab region already had simple tariff average below 12 per cent in 2006. The GCC Custom Union members have by now a simple tariff average around 5 per cent. Some other Arab countries have also drastically reduced the levels of protection. The simple tariff is around 5 per cent in Lebanon, 7 per cent in Yemen, 9 per cent in Egypt, and 12 per cent in Jordan. In Egypt, a tariff reform reduced the weighted tariff average to 7 per cent in 2007 and recent changes furthered this reduction to 5 per cent in 2008. In the case of Jordan, the weighted average is 10 per cent and in Yemen 6 per cent.<sup>36</sup> Other countries in the region have also reformed their trade policies, significantly reducing tariffs, maintaining however higher simple tariff levels. This is the case of Algeria (19 per cent), Djibouti (31 per cent), Libya (17 per cent), Sudan (24 per cent), Morocco (27 per cent), Syria (27 per cent) and Tunisia (27 per cent). The higher tariff average in these countries reflects to a large extent the higher tariffs affecting the imports of agricultural products.

In 2007, Arab countries were able to admit 93 per cent of their non-oil exports free of duty into developed markets, which is a significant improvement over the 35 per cent they held in 1996 (figure 8.1). The Maghreb region's rate of improvement was spectacular (Algeria and Tunisia showed the largest increase from 16 per cent and 9 per cent to 100 per cent and 96 per cent, respectively, over the period from 1996 to 2007). The Mashreq and GCC regions also observed considerable improvements (with the exception of the Occupied Palestinian Territory where the share of duty-free exports oscillated from 81 per cent in 1996 to 1 per cent in 2001 and then to 49 per cent in 2007). Finally Arab LDCs already showed a high percentage of duty-free exports (above 90 per cent) throughout the period. Thus, the rate of increase in market access was more limited (from 83 per cent in 1996 to 99 per cent in 2007). To sum, developed countries are admitting a higher portion of Arab exports free of duty but Arab countries are still unable to take full advantage of the scale of benefits offered by trade agreements due to various factors such as overvalued exchange rates, supply constraints, and a general weakness in non-oil export promotion strategies. As a result non-oil commodity exports still represent only a small fraction of total Arab exports to developed economies and the share of manufactured goods exports in non-oil exports also remains low.

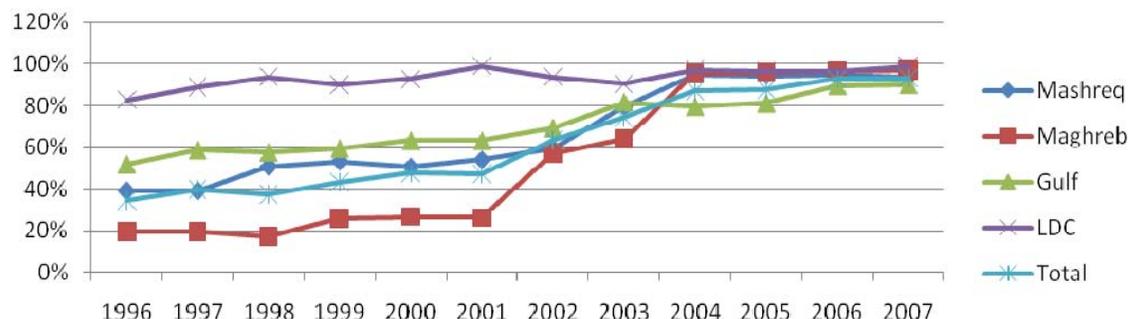
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<sup>34</sup> The WTO member countries are: Bahrain, Djibouti, Egypt, Jordan, Kuwait, Oman, Saudi Arabia, Morocco, Tunisia, Qatar and UAE; countries in negotiations are: Algeria, Iraq, Syria, Lebanon, Sudan, Yemen, Libya and Palestine.

<sup>35</sup> For an analysis of trade policy in the countries in the region refer to World Bank (2008), World Trade Indicators 2008, Washington DC.

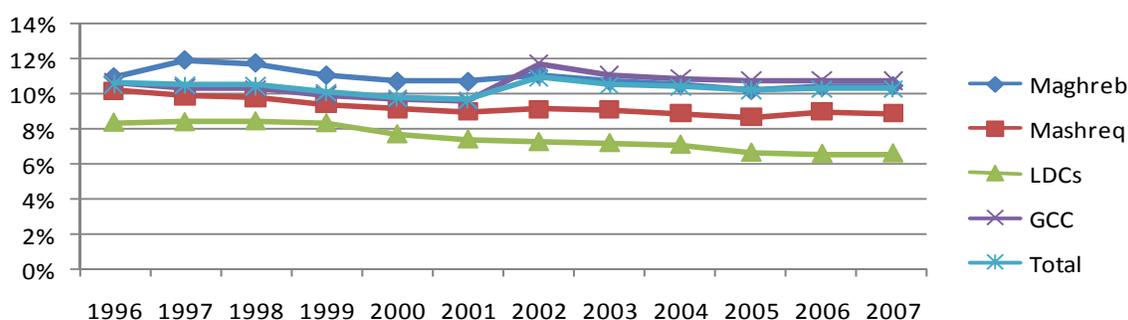
<sup>36</sup> Moustafa, Ahmed and Luis Abugattas (2008) "The Developmental Impacts of Trade Policies and Agreements in the Arab Region" UNDP Arab Trade and Development.

**Figure 8.1. Proportion of total developed country imports (by value and excluding arms and oil) from Arab countries admitted free of duty (1990-2007)**



Source: ESCWA calculation based on data from: (<http://www.mdg-trade.org/38.Table.aspx>).

**Figure 8.2. MFN Tariffs imposed by developed countries on agricultural products, textiles and clothing from Arab countries (1990-2007)**



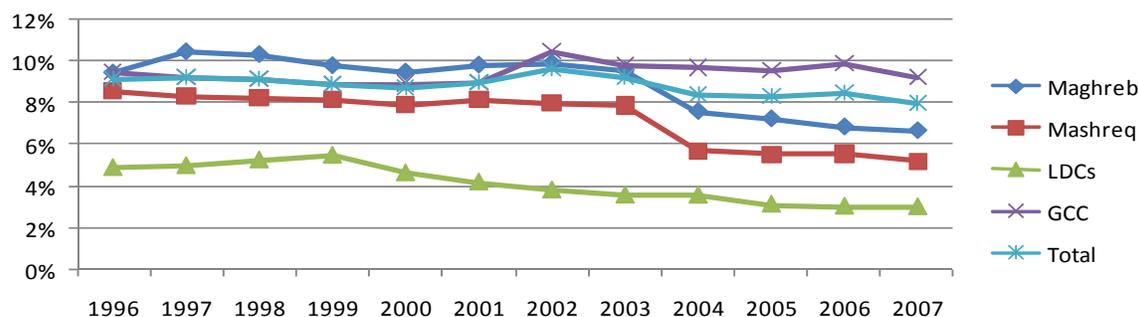
Source: ESCWA calculation based on data from: (<http://www.mdg-trade.org/38.Table.aspx>).

Note: Data available for Mashreq sub-region does not include: data for Iraq during all the period and data for the Occupied Palestinian Territory for 2006, 2007. Data available for Maghreb sub-region does not include data for Libya during the period. Data available for LDCs sub-region does not include data for Somalia during all the period and data for Sudan during 2005 to 2007.

The average tariffs under Most Favoured Nations (MFN) treatment imposed by developed countries on agricultural goods, textiles and clothing (APT&C) exports from Arab countries combined did not experience any significant change during the past decade (11 per cent in 1996 and 10 per cent in 2007; figure 8.2). The average MFN tariff imposed on Arab LDCs is considered the lowest compared to the other sub-regions reaching 7 per cent in 2007. The Arab

LDCs showed the greatest decrease during the period 1996-2007 of about 21 per cent in MFN tariffs compared to other Arab sub-regions. The Mashreq region observed a moderate decrease of around 13 per cent whereas the Maghreb region had experienced an insignificant decrease of around 4 per cent during the same period. Meanwhile, the GCC region faced roughly the same average MFN tariffs on APT&C.

**Figure 8.3. Preferential tariffs imposed by developed countries on agricultural products and textiles and clothing from Arab countries (1990-2007)**



Source: ESCWA calculation based on data from: (<http://www.mdg-trade.org/38.Table.aspx>).

The average preferential tariffs applied on APT&C exports from Arab countries decreased from 9 per cent in 1996 to 8 per cent in 2007 (figure 8.3). The Mashreq and LDCs showed the most significant decrease of around 39 per cent. The LDCs continue to be subject to the lowest level of preferential tariffs which reached 3 per cent in 2007. Meanwhile, preferential tariffs for the GCC region were the highest among the Arab sub-regions reaching 9 per cent in 2007 which represents only a 3 per cent decrease since 1996.

The above figures consider the tariffs in terms of averages. However, these averages hide the effect caused by any form of tariff protection, such as tariff peaks and tariff escalation. Tariff peaks refers to applying extremely high tariffs on selected products while tariff escalation is the method of imposing low tariffs on raw material goods and progressively increasing tariff levels for semi-processed goods until reaching high tariff levels on finished goods. Tariff peaks are most evident in agriculture and food products while tariff escalation is mostly common in agro-industrial products and textiles. Although tariff peaks are showing a decline since the 1990s, agricultural products were subject to an increase in tariff peaks since 2005. As for Tariff escalation, which has stayed relatively stable for non-agricultural products since 2000, tariff escalation for agricultural products witnessed a substantial increase from around 5 per cent in 2004 to nearly 20 per cent in 2008.<sup>37</sup> Since tariff peaks and escalation are concentrated in traditional export sectors like textiles, clothing and agriculture, they tend to affect developing countries heavily and deprive them from more gains from trade.

<sup>37</sup> MDG Gap Task Force, 2009 p. 32.

Finally, the estimated agricultural support to farmers relative to national income in DAC donors has been declining. In 2008, overall agricultural support over GDP reached its lowest value since the 1990s where it dropped from 2.8 per cent to 0.8 per cent. One of the reasons for this decline is that donor governments have made significant steps in reducing their support policies to agriculture. Another factor is that the gap between domestic and world agricultural prices has narrowed as world prices increased over the past years. Despite this decrease, the value of this agricultural support in 2008 amounted to \$375,953 million,<sup>38</sup> which makes up around 3 times the net ODA for that year.

**Target 8.B: Address the special needs of the least developed countries**

*Indicator 8.1: Net ODA, total and to the least developed countries, as a percentage of OECD/DAC donors' gross national income*

*Indicator 8.2: Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services*

*Indicator 8.3: Proportion of bilateral official development assistance of OECD/DAC that is untied*

Arab donors have played a significant role in providing aid to several recipient countries.

<sup>38</sup> Agricultural Policies in OECD Countries: Monitoring and Evaluation p. 41

Arab donors include the United Arab Emirates, Saudi Arabia, Oman, Qatar and Kuwait. Since 1990 till 2008, these countries provided total aid of around 51 billion dollars. Rich Arab countries have often either reached or exceeded the target ODA of 0.7 per cent of GDP, which was not met by DAC. During the period 1990-1994, ODA to GDP of Arab donors was significantly high reaching 1.3 per cent (table 8.1). This ratio decreased considerably between the period 1995-1999 before increasing back to reach 0.8 per cent during 2000-2004. Although ODA to GDP was 0.5 per cent in the period 2005-2008, ODA to GNI in 2008 for Arab donors combined was 0.7 per cent which is especially high when compared to DAC donors 0.3 per cent (figure 8.4). Saudi Arabia was by far the largest Arab donor country during the whole period showing an ODA to GNI ratio as high as 1.2 per cent in 2008. The Saudi aid was directed towards costly projects that require large investment bases and need many years to cover their costs, which makes investors usually reluctant to invest in them. The highest share of the Saudi aid was dedicated to the transport and communications sectors (32 per cent) followed by the social development sector (23 per cent) then the energy sector (19 per cent), the agricultural sector (16 per cent), the mining sector (6 per cent) and other sectors (3 per cent).<sup>39</sup>

Aid provided by Arab Development Funds and Organizations to Arab recipients increased from 60 per cent in 2007 to 64 per cent in 2008.<sup>40</sup> This significant increase in inter-Arab untied aid flows in 2008 should be maintained in the coming years especially since the volume of development aid from Arab donors reached nearly 7 billion dollars in 2008. Although Arab aid came in a non-binding and spontaneous way, it is still insufficient compared to the aid provided by DAC donors which reached around 22 billion USD in 2008.<sup>41</sup> But it is worth noting that aid received from Arab donors (table 8.1) is untied while a considerable portion of ODA received from DAC donors remains either tied or partially tied.

At the 2002 International Conference on Financing for Development in Monterrey, the international community stressed on the importance of ODA in helping developing countries achieve the MDGs. Donor countries pledged to make 'concrete efforts towards the target of 0.7 per cent' of their GNI as aid. These commitments were reaffirmed in the 2005 World Summit but in 2008, only 5 Donor countries respected these commitments and reached the 0.7 per cent (Sweden, Luxemburg, Norway, Denmark and Netherlands). Notably, the proportion of ODA to GNI in the largest developed countries, namely Japan and United States, is very low (0.2 per cent). The G20 summit in April 2009 reconfirmed the need to target the delivery of the MDG goal 8 commitments in order to prevent the financial crisis escalating into a development crisis. As the financial crisis effected many developed countries with a markedly lower GNI, the subsequent costs of this predicts that the amount of ODA from these countries can be expected to drop, despite the fact that official ODA did in fact reach its highest globally in 2008.

TABLE 8.1. ODA BY ARAB DONOR, 1990-2008, PERCENTAGE OF GDP

Arab donors	1990-1994	1995-1999	2000-2004	2005-2008
UAE	1.11	0.20	0.20	0.19
Saudi Arabia	1.34	0.56	1.20	0.73
Oman	0.31	0.10	0.11	0.05
Qatar	0.12	0.37	0.37	0.47
Kuwait	2.35	1.18	0.69	0.39
Total	1.29	0.53	0.81	0.50

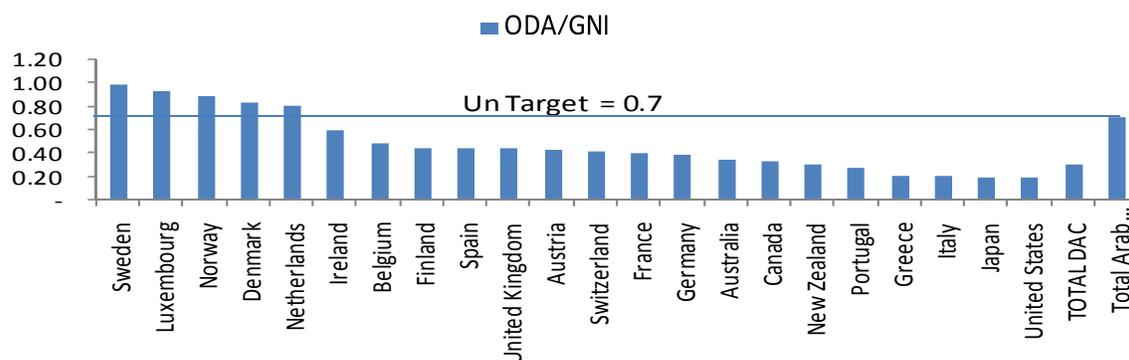
Source: ODA from Arab Unified Economic Report 2009, p. 377 and GDP from IMF, World Economic Outlook, October 2009.

<sup>39</sup> Saudi Arabia National MDGs Report 2009.

<sup>40</sup> Arab Unified Economic Report 2009 p. 201.

<sup>41</sup> OECD, Query Wizard for International Development Statistics (QWIDS).

**Figure 8.4. Percentage of Net ODA to GNI for DAC donors for 2008**



Source: OECD article, Development Aid at its Highest Level Ever in 2008, chart 1.

Since 1990, total ODA to the Arab region has declined in real per capita terms and as a share of the GDP in most recipient countries. This decline is emphasized far more sharply when Iraq and the Occupied Palestinian Territory are excluded. ODA allocations are also far below the levels required to address the special needs of Arab LDCs (particularly Yemen) and are biased towards the social service sectors.

In nominal terms, total bilateral ODA to the Arab region decreased significantly from \$11.2 billion in 1990 to \$4.8 billion in 2000. It then shot up to a massive \$29.2 billion in 2005 (due to the debt relief granted to Iraq) before finally settling at close to its 1990 level (\$11.9 billion). However, what really matters is not nominal but real ODA.

This is shown in table 8.2, which gives ODA based on constant 2007 prices. The ODA rollercoaster is clearly smoother due to the use of constant prices but the table reveals a broadly similar picture. Thus, the first distinguishing feature of Arab ODA is its high volatility. The sudden spikes are almost always due to conflict related and/or donor political stances (for example Egypt in 1990, Iraq after 2002, the Occupied Palestinian Territory and Lebanon after 2007, etc.). It is worthy to note however that this volatility is far less applicable to Maghreb countries. The second glaring feature is the enormous share of ODA to Iraq. Thus when Iraq and the Occupied Palestinian Territory are excluded, the real ODA for the region declines by nearly half since 1990.

**TABLE 8.2. ODA (1990, 2000 AND 2008) IN CONSTANT 2007 \$US AND THE RATIO OF ODA TO GDP (IN PER CENT FOR THE YEARS 1990 AND 2008) FOR ARAB COUNTRIES AND SUB-REGIONS**

	1990	2000	2008	ODA/GDP (1990)	ODA/GDP (2008)
Algeria	201	321	294	0.2	0.2
Libya	12	-	57	0.0	0.1
Mauritania	352	321	291	3.6	1.4
Tunisia	567	327	442	3.2	1.2
Maghreb	1,132	969	1,084	1.2	0.5
Egypt	7,917	1,827	1,282	13.8	0.8
Iraq	97	164	9,326	0.4	41.6
Jordan	1,246	726	717	22.0	3.5
Lebanon	373	302	1,012	9.0	3.8
Occupied Palestinian Territory	-	923	2,457	0.0	55.9
Syria	992	195	130	6.1	0.2
Mashreq	10,625	4,136	14,924	9.8	5.3
Comoros	66	31	35	18.4	7.0
Djibouti	284	101	113	42.4	12.3
Mauritania	352	321	291	22.5	9.5

TABLE 8.2. (continued)

	1990	2000	2008	ODA/GDP (1990)	ODA/GDP (2008)
Somalia	718	165	727	49.4	28.5
Sudan	1,215	336	2,289	5.1	3.4
Yemen	589	374	291	10.7	1.0
LDCs	3,225	1,327	3,746	9.7	3.6
Arab Region	15,181	6,501	19,754	4.7	2.7
Without Iraq and the Occupied Palestinian Territory	15,083	5,414	7,972	5.0	1.2

Source: UNDP calculations for ODA in constant prices based on data from OECD QWIDS. ESCWA calculation for ODA to GDP based on ODA data from OECD QWIDS and GDP data from UNSD.

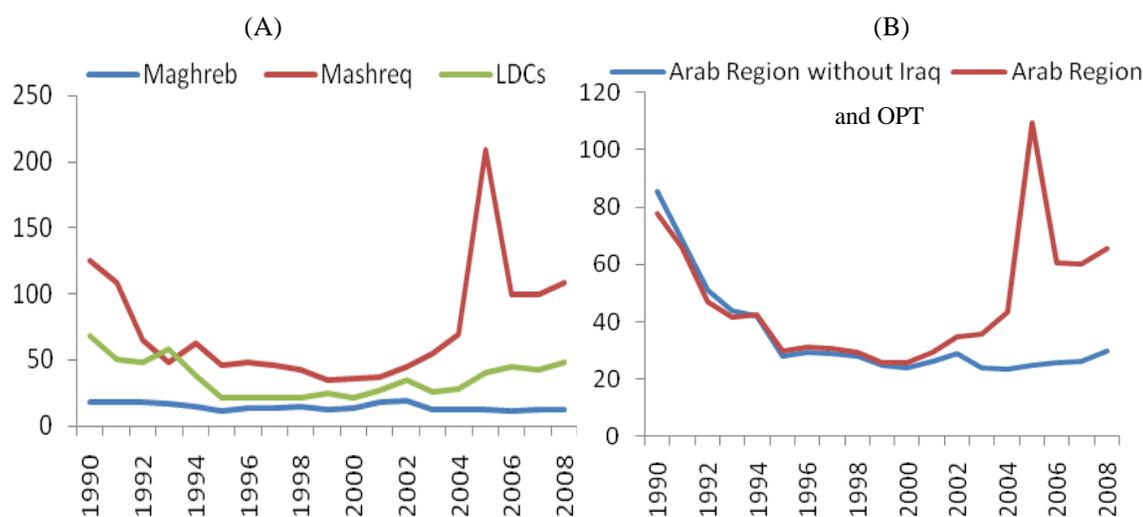
Note: The ODA to GDP shares are based on current prices.

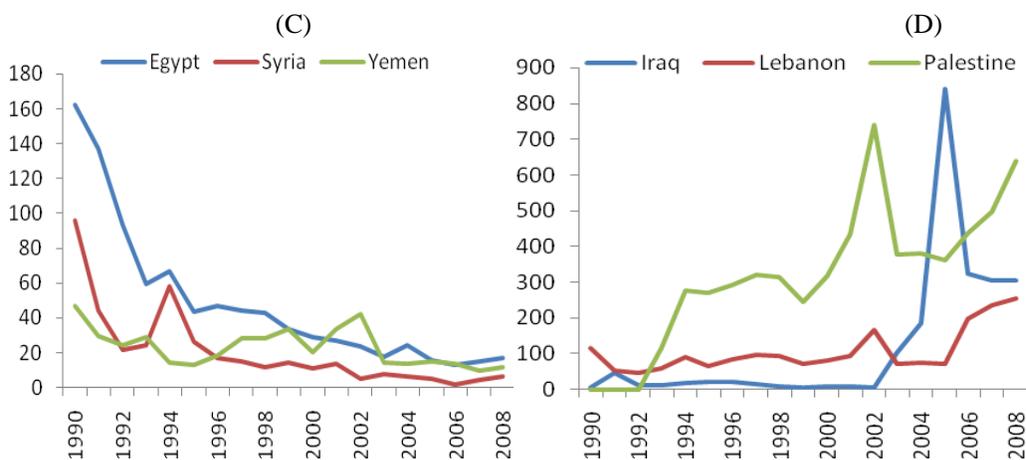
Another distinguishing feature of Arab ODA is that it could not catch up with the rise in Arab GDP. This has meant a far less significant role for ODA in the development process. This is particularly the case in LDCs where ODA to GDP ratios declined from 10 per cent to 4 per cent over the period from 1990 to 2008. At the regional level the decline was also very conspicuous (from 5 per cent to 3 per cent over the same period). Even in the Mashreq region where the ODA level has increased sharply since 1990, the ratio nearly halved in 2008.

ODA has also not been able to catch up with population growth leaving real ODA per capita levels far lower in 2000s than they were in the 1990s for most Arab countries (figure 8.5A).

The trend is particularly evident in figure 8.5B which plots real ODA per capita for the region. Excluding Iraq and the Occupied Palestinian Territory, the trend is clearly downward. The fact that real ODA per capita for LDCs is lower in 2008 than it was in 1990 is particularly alarming and the strikingly low ODA per capita for Yemen (\$12) stands out visibly within the LDC group particularly when compared to Mauritania and Sudan. Finally figure 8.5C shows the trend of real per capita ODA in Egypt, Syria and Yemen which witnessed the highest rate of decline. Conversely figure 8.5D shows the trends for Lebanon, Iraq and the Occupied Palestinian Territory where the highest growth rates (compared to the base year) were recorded.

**Figure 8.5. ODA per capita at the sub-regional (A) and regional (B) levels and the biggest ODA losers (C) and winners (D) at the country level, 1990-2008 in constant 2007 \$US**





Source: UNDP calculations based on ODA data from OECD QWIDS.

Finally, the allocation of ODA by sector shows a clear bias toward social service sectors rather than raising productive capacities. Between the period of 2005-2007 donor countries have directed 67 per cent of ODA donations for the Arab countries towards the basic social services leaving 33 per cent for the economic sectors (table 8.3). Within the former, education is a clear priority reaching as high as 39 per cent in Syria, 33 per cent in Algeria and 23 per cent in Morocco and among Arab LDCs (with the exception of Sudan and Somalia where more than 68 per cent of ODA was allocated to humanitarian aid). As noted above, in the Mashreq region, a significant amount of ODA allocated towards economic sectors was due to debt relief.

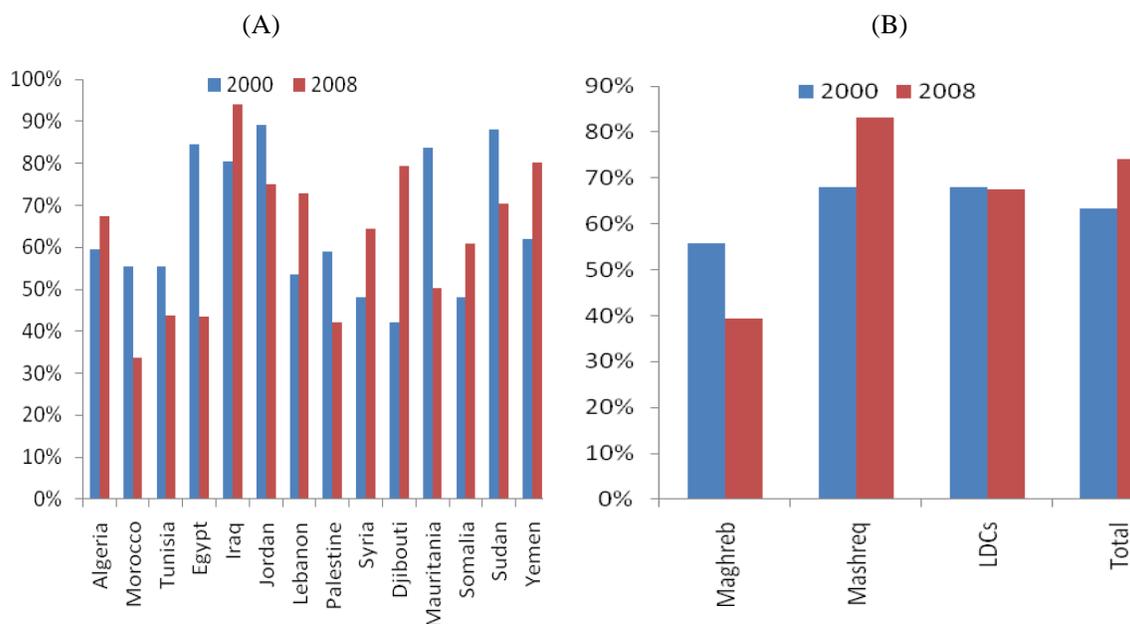
At the Accra meeting for aid effectiveness, held in September 2008, donors made strong commitments to untie aid. Currently, eight DAC donors have fully untied their bilateral aid, namely Australia, Belgium, Ireland, Luxemburg, Netherlands, Norway, Sweden and UK. The Accra Agenda for Action calls on other donors to increase their untied ODA. In particular, it urges Austria, Canada, Greece, Italy, Japan, Portugal, Spain and the US to take steps to untie aid further. However, despite the increase in the share of untied ODA to Arab countries since 2000, the proportion of untied ODA increased in many Arab countries (figure 8.6).

TABLE 8.3. ODA DISTRIBUTION TO ARAB COUNTRIES AMONGST ECONOMIC AND SOCIAL SECTORS (2005-2007)

Country	Economic			Health & Humanitarian Program				Other Social		Other &
	Infrastructure	Production	Debt Related	Education	Population	Aid	Assistance	Sectors	Multisector	Unspecified
Algeria	43.5	2.6	6.0	33.5	0.4	2.6	7.0	0.0	3.0	1.3
Morocco	34.3	4.3	0.0	23.5	2.2	0.9	0.0	27.4	5.2	2.2
Tunisia	12.2	22.6	0.4	17.0	0.4	0.0	15.2	22.6	8.3	1.3
Libya	7.0	7.8	0.0	20.9	0.9	1.3	0.0	57.4	4.3	2.2
<b>Maghreb</b>	<b>30.6</b>	<b>8.2</b>	<b>1.2</b>	<b>23.9</b>	<b>1.4</b>	<b>1.0</b>	<b>4.8</b>	<b>21.6</b>	<b>5.5</b>	<b>1.8</b>
Egypt	20.9	21.3	10.0	9.6	3.9	0.4	17.0	11.3	5.2	0.9
Iraq	13.9	3.5	47.8	1.3	2.2	3.0	0.0	25.2	3.5	0.0
Jordan	3.0	2.2	8.7	7.8	5.2	1.7	28.7	31.3	10.9	0.9
Lebanon	12.2	0.9	1.3	10.4	1.7	41.3	1.3	24.8	4.3	1.3
Palestine	1.7	4.3	0.0	5.7	10.0	31.3	6.5	31.7	7.0	1.7
Syria	0.9	4.3	0.0	39.1	9.6	6.1	0.0	24.8	11.7	3.9
<b>Mashreq</b>	<b>12.8</b>	<b>4.4</b>	<b>38.3</b>	<b>2.9</b>	<b>3.1</b>	<b>6.7</b>	<b>2.6</b>	<b>25.2</b>	<b>4.2</b>	<b>0.3</b>
Comoros	8.3	10.4	6.5	21.7	27.8	0.0	3.9	9.1	5.7	7.4
Djibuti	1.9	0.6	6.3	31.9	7.5	10.0	26.3	8.8	3.8	3.1
Mauritania	5.7	7.0	4.3	22.6	3.5	6.5	12.6	20.0	15.2	3.0
Sudan	1.7	0.9	0.0	3.0	3.9	68.3	1.7	17.8	2.2	0.9
Somalia	0.0	1.3	0.0	4.3	6.5	68.7	2.2	13.9	1.3	2.6
Yemen	9.6	1.3	2.6	24.3	14.3	1.3	4.8	38.3	1.3	2.2
<b>LDCs</b>	<b>2.6</b>	<b>1.5</b>	<b>0.9</b>	<b>7.9</b>	<b>5.5</b>	<b>54.5</b>	<b>3.8</b>	<b>19.0</b>	<b>3.1</b>	<b>1.5</b>
<b>Average</b>	<b>33</b>			<b>67</b>						
	<b>Economic Sector</b>			<b>Social Sector</b>						

Source: ESCWA calculations based on data from OECD, Aid Statistics, Recipient Aid Charts.

**Figure 8.6. Proportion of untied ODA to Arab countries (A) and sub-regions (B) in 2000 and 2008**



Source: ESCWA calculations based on OECD database, Creditor Reporting System (CRS).

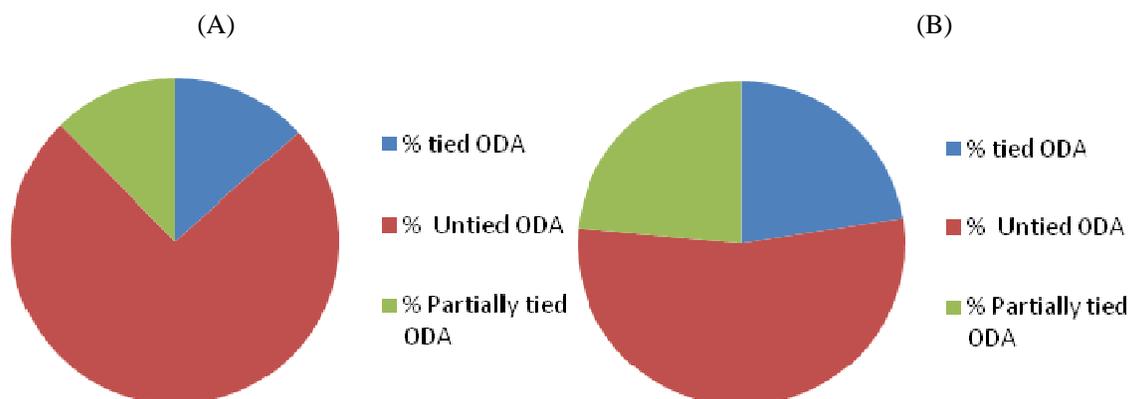
Note: Data available for Mashreq sub-region does not include Libya and data available for LDCs sub-region does not include Comoros.

At the regional level, the percentage of untied ODA increased from 63 per cent in 2000 to 74 per cent in 2008. However, the pattern was not uniform at the sub-regional level. The share increased in Mashreq countries, stagnated in LDCs and decreased significantly in the Maghreb countries (figure 8.6B). At the country level, Egypt experienced the greatest decline in untied ODA (from 85 per cent in 2000 to 44 per cent in 2008). Jordan, Tunisia and Morocco have also experienced declines (from 89 per cent to 75 per cent, 55 per cent to 44 per cent and 55 per cent to 34 per cent, over the same period, respectively). The Occupied Palestinian Territory also witnessed a decrease in untied ODA from 59 per cent in 2000 to 42 per cent in 2008. Although the DAC High Level Meeting in April 2001 made a recommendation to increase untied ODA to the

least developed countries, untied ODA to Sudan has decreased from 88 per cent in 2000 to 70 per cent in 2008. The same is true for Mauritania, which experienced a significant decline in untied ODA from 84 per cent to 50 per cent.

This regional picture changes completely when Iraq is excluded from the analysis. Figure 8.7 depicts the proportion of tied, untied and partially tied ODA to the region including and excluding Iraq. The charts are self-explanatory. When Iraq is included the share of tied and partially tied ODA is only 26 per cent in 2008. When it is excluded that share increases to 46 per cent. As the share of tied and partially tied ODA to the region in 2000 was 37 per cent, this implies that restrictions on the disbursement of ODA have increased significantly in many Arab countries.

**Figure 8.7. Proportion of tied, untied and partially tied, ODA to Arab countries including Iraq (A) and excluding Iraq (B) in 2008**



Source: ESCWA calculations based on OECD database, Creditor Reporting System (CRS).

**Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term**

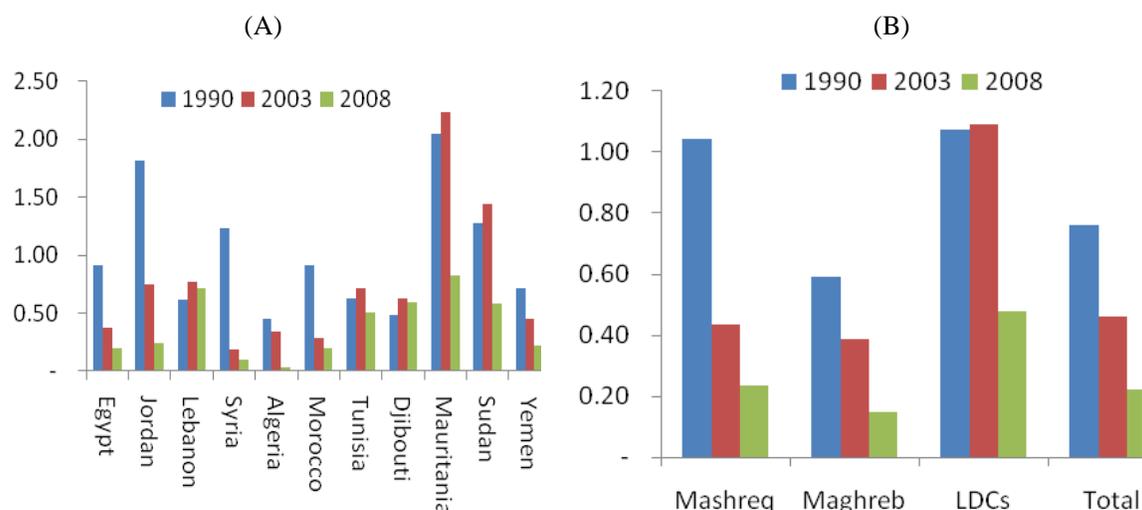
Significant progress has been achieved on the reduction of external debt and external debt obligations in all Arab countries and sub-regions. However, only one of the four eligible Arab LDCs has benefited from the Heavily Indebted Poor Countries (HIPC) initiative.

The traditional debt sustainability models focus on the country's ability to service its debt.

From an MDG perspective however sustainability is defined in terms of whether or not debt obligations inhibit economic and human development. According to the unified Economic Arab report, the external public debt owed by the Arab states borrowers group reached \$156.5 billion in 2008, which is approximately \$8 billion higher than in 2005<sup>42</sup> and \$12 billion higher than in 1990. However, as in the case of ODA, the trends in nominal macroeconomic aggregates can be quite misleading. This is clarified in figure 8.8 which shows the external debt to GDP ratios for Arab countries and sub-regions. Evidently the ratio has declined remarkably since 1990 in all Arab countries (from 0.76 in 1990 to 0.22 in 2008) but it was still rather high in 2008 for LDCs at approximately 0.5.

<sup>42</sup> Unified Economic Arab Report 2009.

**Figure 8.8. External debt to GDP by country (A) and sub-region (B), ratio, in 1990-2008**



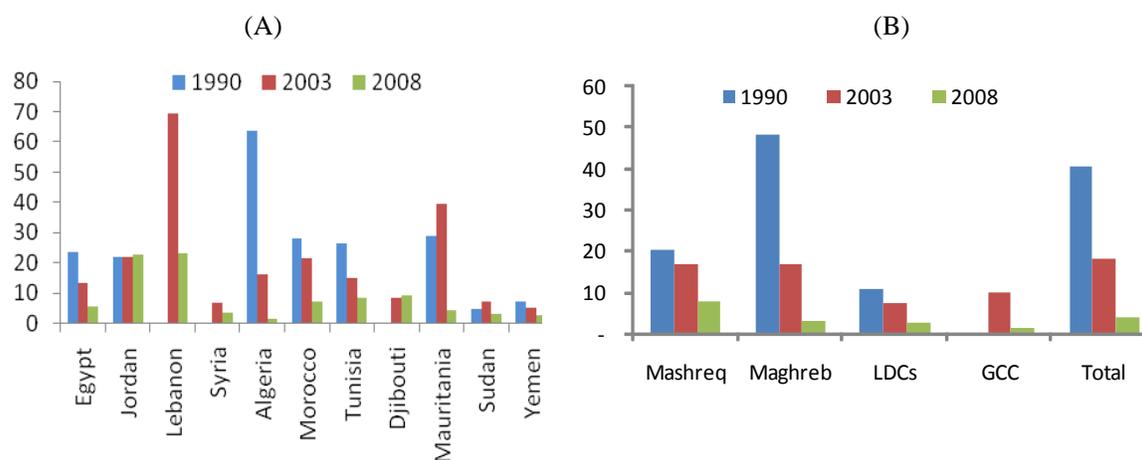
Source: ESCWA calculations based on UNSD and Unified Arab Economic Reports.

Note: Data available for Maghreb sub-region calculations in 1990 does not include Libya; that for Mashreq sub-region does not include Lebanon, Syria, the Occupied Palestinian Territory and Iraq; and that for LDC sub-region does not include Comoros, Djibouti and Somalia. Data available for Maghreb sub-region calculations in 2003 and 2008 does not include Libya; data for Mashreq does not include the Occupied Palestinian Territory and Iraq; and that for LDCs does not include Comoros and Somalia.

The debt service to exports ratio measures the burden of external debt in terms of the economy's ability to cover its debt service from proceeds of foreign exports. Except for Jordan and Djibouti, all Arab countries and sub-regions showed a significant decrease in their debt service

over exports ratio during the period 1990-2008. The increase in the debt service of these countries (figure 8.9) is partly explained by the macroeconomic implications of rising food and fuel prices.

**Figure 8.9. External debt service to exports of goods and services by country (A) and sub-region (B), percentage in 1990-2008**



Source: ESCWA calculations based on UNSD and Unified Arab Economic Reports.

Note: Data available for Maghreb sub-regional calculation does not include Libya; that for Mashreq does not include the Occupied Palestinian Territory and Iraq; and that for LDCs does not include Comoros and Somalia.

In addition to the countries listed above, Iraq also continued to make progress toward resolving outstanding debts. In October 2008, bilateral debt agreements with eleven non-Paris Club official creditors had been signed on similar terms comparable to the Paris Club agreement, restructuring a debt stock of \$9.4 billion. Debt Agreements were signed with Greece, Morocco, Tunisia, and the United Arab Emirates and debt negotiations continue with several other non-Paris Club official creditors, including China and some GCC countries. In August 2008, a cash settlement was completed with private creditors, resulting in a cash payment of \$48.3 million and the cancellation of \$470 million of outstanding commercial debt. In March 2009, Iraq concluded a Stand-By Arrangement (SBA) with the IMF that details economic reforms, which allows an 80 per cent reduction of the debt owed to Paris Club creditor nations.

Among the Arab countries, Comoros, Sudan, Somalia and Mauritania are considered to be Heavily Indebted Poor Countries (HIPC).<sup>43</sup> From these countries, only Mauritania was able to reach its completion point while the others are still at the pre-decision point. Mauritania now receives the bulk of debt relief under the HIPC Initiative without further policy conditions; all of its foreign debt has since been forgiven. Mauritania and the IMF agreed to a three-year Poverty Reduction and Growth Facility (PRGF) arrangement in 2006. Thus, the cumulative Debt relief committed under this initiative to Mauritania for the year 2009 was \$868 million.<sup>44</sup> However, the IMF and World Bank have suspended their programs in Mauritania following the August 2008 coup.

Somalia and Sudan, afflicted by internal division and conflict, have extended arrears to multilateral Institutions. They need to mobilize

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<sup>43</sup> Countries to be considered for Heavily Indebted Poor Countries (HIPC) Initiative assistance should fulfill a process of two steps; countries should commit to poverty reduction through policy changes and demonstrate a good track-record over time. The IMF and World Bank provide interim debt relief in the initial stage where the country reaches its decision point, and then when a country meets its commitments, it reaches its completion point where full debt-relief is provided.

<sup>44</sup> United Nations Statistics Division: (<http://mdgs.un.org/unsd/mdg/Data.aspx>).

resources to clear their arrears to IDA and IMF prior to reaching the decision point. As of end 2008, Somalia's arrears to IDA and the IMF amount to \$192 million and \$373 million. Sudan arrears to IDA and IMF total to \$508 million and \$1,532 million.<sup>45</sup> Mobilizing such resources will be challenging, given the size of arrears. The main obstacles to Somalia and Sudan's progress under HIPC Initiative continue to be primarily of political and security nature.

**Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries**

Total expenditures on pharmaceutical are closely related to a country's GDP and its total health expenditures, which normally range from 1.35 to 1.5 per cent of GDP.<sup>46</sup> Among developing countries the proportion of private expenditures is inversely related to income: in other words private payments account for a higher proportion of expenditures on medicine.

The impact of the global financial crisis has left many people in LDCs without access to affordable medicines. This is alarming considering the increasing incidence of chronic diseases requiring treatments such as insulin and cardiovascular medicine. Furthermore this has been compounded by the increase of poor people, and lower wages resulting in poorer health and a higher burden on public health services. The global credit crunch may also mean that importers will not be able to obtain credit to purchase medical products and for countries that have no capacity to manufacture medicines from raw imported material, the cost will be even higher. Nevertheless, the magnitude and duration of the crisis remain uncertain and previous economic crises demonstrate that their impact is rarely consistent across countries.

On the positive side, experiences in Indonesia and Thailand suggest that economic

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<sup>45</sup> IDA & IMF Staff paper on September 15, 2009 about "Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation".

<sup>46</sup> UN, 2009, p. 56.

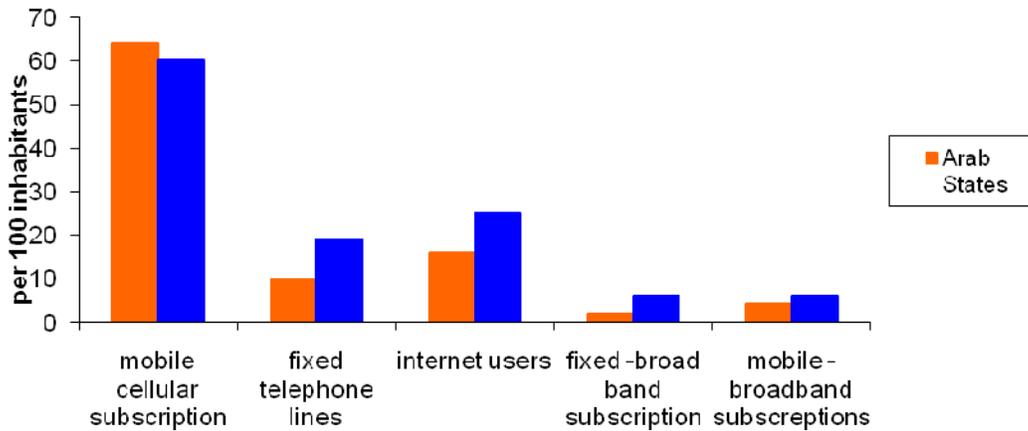
crises can provide an opportunity to make needed but difficult policy changes. Such as establishing monitoring systems to ensure availability of key essential medicines, maintaining a national buffer stock and providing substances for pharmaceutical companies producing generic products.

**Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications**

The ICT revolution is spreading to the developing world and bringing with it the promise of major technological advancement, which will contribute to the rapid modernization of economies in developing countries. The financial

crisis has failed to make a major dent in demand for ICT services, with the mobile and satellite sectors proving remarkably resilient, and consumer demand for high-speed fixed and mobile connections continuing to fuel growth in broadband subscriptions in major markets worldwide. The ICT sector has a major role to play in generating economic growth and stimulating the global financial recovery across all commercial and industrial sectors. Major advancement was witnessed in the Arab region in the ICT sector, in particular in the Internet and mobile areas, but the Arab LDCs still lack well behind the rest of the other Arab countries in these two fields (figure 8.10).

**Figure 8.10. ICT uptake in the Arab States and the world, 2008**

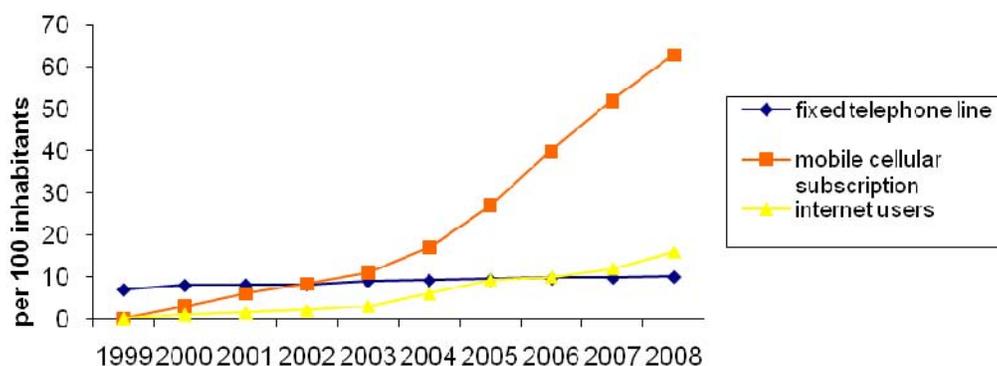


Source: ITU World telecommunication/ICT Indicators database.

There appears to be a general linear relationship between the Arab region's population, that represents about 5 per cent of the world's population, and the Arab region's global share of ICT services. Starting 2008, the Arab region contributed to 5 per cent of global share in the mobile phone sector, 3 per cent of worldwide

fixed telephony lines and 4 per cent of Internet users in the world. With regard to fixed broadband and mobile broadband subscriptions, Arab countries represented only 1 per cent and 3 per cent, respectively from the total global subscriptions.

**Figure 8.11. ICT developments in Arab States, 1999-2008**



Source: ITU World telecommunication/ICT Indicators database

Over the last decade (1999-2008), mobile telephony has witnessed rapid growth at a CAGR of 55 per cent and prevalence of 63 per cent in the population by the end of 2008 (figure 8.11). At the same time, there were 10 fixed telephone lines per hundred population and around 16 fixed internet users per 100 population. Compared with the global average, Arab countries have shown a higher rate of contributions to mobile phones, but they still lag behind in the prevalence of fixed telephone lines and use of the Internet, as well as being far behind the world average in terms of demands for fixed and mobile broadband.

*Indicator 8.14: Telephone lines per 100 population*

*Indicator 8.15: Cellular subscribers per 100 population*

*Indicator 8.16: Internet users per 100 population*

Although the 2008 figures for ICT (table 8.4) show that it was not affected by the financial crisis, ICT operators fear that in subsequent years, this crisis will make them face greater challenges in accessing capital and financing their network investments, slowing plans to roll out Next-Generation Networks. Unchecked, these challenges could hold back communities that need solid broadband infrastructure to achieve their social and economic development goals: 'next-generation technologies bring enormous advantages to nations, and the right policy choices must be made now, so we can reap the benefits tomorrow.'

### Fixed telephone lines

In the 1990s the number of fixed telephone lines grew rapidly, at over 10 per cent a year, following a wave of incumbent privatizations and prior to the widespread introduction of mobile competition. Lately, growth in fixed telephone lines has fallen to its lowest level in the last two decades after the dramatic growth in the mobile communications sector. During the period 1990-2000, the number of fixed telephone lines has increased in Egypt and Syria by 6 times, in Morocco by 5 times and in Tunisia by 3 times. The rest of the Arab countries have also observed large increases between 1 and 2 times. During the period 1999-2008, Egypt, Syria, Yemen, Algeria, Oman, Bahrain and Saudi Arabia experienced continuous increase in the number of fixed telephone lines per 100 inhabitants. In other countries like Morocco, Qatar and UAE, this number decreased after 1999 before increasing back to reach its highest figure in 2008. But in the last five years, the number of fixed lines increased slightly with the exception of Morocco where it increased by more than 50 per cent and Egypt where it increased by 150 per cent as it shows the largest number of fixed lines in the region (12 million in 2008). As for the LDCs, the number of fixed telephone lines per 100 inhabitants (teledensity) has increased slightly to reach 2.4 in Mauritania, 0.89 in Sudan and 1.76 in Djibouti for the year 2008.

When the number of telephone lines per 100 inhabitants is considered, UAE shows the highest figure with 33.63 in 2008. This figure is also high in Qatar (20.56), Bahrain (28.42), Syria (17.12), Saudi Arabia (16.27) and Egypt (14.64).

TABLE 8.4. PROPORTION OF ICT SUBSCRIBERS PER 100 INHABITANTS (2003-2008)

Country	Main (fixed) telephone lines per 100 inhabitants			Mobile cellular subscriptions per 100 inhabitants			Internet users per 100 inhabitants		
	2003 (per cent)	2008 (per cent)	CAGR (per cent)	2003 (per cent)	2008 (per cent)	CAGR (per cent)	2003 (per cent)	2008 (per cent)	CAGR (per cent)
Algeria	6.73	9.64	7.4	4.54	92.72	82.8	2.2	11.93	40.3
Bahrain	26.69	28.42	1.3	63.67	185.77	23.9	21.55	51.95	19.2
Comoros	2.25	3.53	9.4	0.34	14.9	113.1	0.85	3.48	32.6
Djibouti	1.31	1.76	6.1	2.96	13.29	35	0.63	2.26	29.3
Egypt	11.76	14.64	4.5	7.8	50.62	45.4	4.04	16.65	32.8
Iraq	4.41	3.6	4	0.3	58.24	187.2	0.11	1	54.9
Jordan	11.87	8.46	6.6	25.27	86.6	27.9	8.48	26	25.2
Kuwait	19.24	18.53	0.7	56.11	99.59	12.2	22.4	34.26	8.9
Lebanon	17.65	17.88	0.3	20.06	34.03	11.1	12.61	22.53	12.3
Libya	13.19	16.41	4.5	2.23	76.71	102.8	2.81	5.13	12.8
Mauritania	1.35	2.37	12	12.4	65.07	39.3	0.42	1.87	34.5
Morocco	4.09	9.46	18.3	24.67	72.19	23.9	3.35	33.04	58
Oman	9.35	9.84	1	23.52	115.58	37.5	7.26	20	22.5
OPT <sup>a/</sup>	6.3	9.7	7.3	7.1	33.9	38.1	-	22.9 <sup>b/</sup>	-
Qatar	25.22	20.56	4	51.47	131.39	20.6	19.24	34.04	12.1
Saudi Arabia	15.57	16.27	0.9	32.18	142.85	34.7	8	30.8	30.9
Somalia	1.25	1.12	2.2	2.51	7.02	22.9	0.38	1.14	24.9
Sudan	2.52	0.89	18.9	1.42	29	82.8	0.54	10.16	79.9
Syria	13.43	17.12	5	6.6	33.24	38.2	3.4	16.79	37.7
Tunisia	11.99	12.18	0.3	19.76	84.59	33.8	6.49	27.53	33.5
UAE	30.16	33.63	2.2	78.94	208.65	21.5	29.48	65.15	17.2
Yemen	3.5	4.87	6.9	3.4	16.14	36.5	0.6	1.61	21.7

Source: ITU World telecommunication/ICT Indicators Database.

CAGR: Compound annual growth rate (2003-2008); Occ. Pal. Terr.: Occupied Palestinian Territory.

a/ Ministry of Social Affairs/Occupied Palestinian Territory.

b/ 2009.

### Mobile subscribers

In the past couple of years, mobile telephony has emerged as the most important ICT for low-income countries, and as a principal gateway to increased ICT access and use. The total number of mobile subscriptions in the Arab countries was nearly 215 million by the end of 2008, compared with around 35 million fixed telephone lines in the region.

The market increase in mobile phone penetration rates in Arab countries points to the role of mobile telephony as a “digital bridge” which will help many developing countries reduce the connectivity divide that separates them from others with more developed fixed-line infrastructure. The Arab region has experienced huge increases in the number of mobile phone subscribers during the period 1999-2008.

The GCC sub-region is considered the most advanced Arab sub-region in terms of mobile penetration whereby the rate of mobile subscribers in UAE have remarkably exceeded 200 per cent to reach 209 per cent. This rate has also been very high in Bahrain (186 per cent), Qatar (132 per cent), Oman (116 per cent), Kuwait (100 per cent). The Arab country with the largest number of mobile subscribers is Egypt, where the rate of mobile subscribers has multiplied in the past five years to increase by 7 times (51 per cent in 2008) and reach around 42 million lines. Subsequently comes Saudi Arabia (36 million lines), then Algeria (32 million lines) and then Morocco (23 million lines). The spread of the mobile has increased in the least developed countries, despite the low prevalence rate per 100 inhabitants compared to the rest of the Arab States whereby it reached in 2008 around 13 per cent in Djibouti Somalia (7 per cent), Yemen (16

per cent), Sudan (29 per cent) and Mauritania (65 per cent).

United Arab Emirates and Kuwait are among the top ten world countries in terms of the lowest cost provided for the network sub-cellular mobile service as a percentage of gross national income per capita.

### **Internet users**

The internet has continued growing worldwide in terms of users and penetration. The number of internet users in most Arab countries is growing strongly, with more than half of the region's internet users estimated to be located in Egypt, Saudi Arabia and UAE.

Except for Djibouti, Mauritania and Yemen, all Arab countries displayed above showed a significant and continuous rise in the number of internet users per 100 inhabitants from 1999 till 2008. Notably, this number grew by 66 per cent in UAE in 2008 making UAE by far the Arab country with the highest level of internet subscribers per 100 inhabitants. Additionally, each of Jordan, Kuwait, Lebanon, Morocco, Oman, Qatar, Saudi Arabia and Tunisia has reached high rates of internet users per 100 inhabitants ranging between 20 and 51 per cent. Meanwhile, the internet did not yet penetrate the Arab LDCs effectively. These countries show insignificant numbers of internet subscribers per 100 inhabitants which reached 1.86 and 1.61 only in Mauritania and Yemen, respectively during 2008 and in Sudan it reached 10.16.

### **Conclusion and policy recommendations**

Clearly the primary policy recommendation is that ODA be driven by development priorities and not by political considerations. It should also focus both on social and productive sectors. Further, donors should respect their commitments on aid effectiveness made at both the Paris Declaration and the Accra Agenda for action. They should also respect their pledge to untie ODA. These policy recommendations are important in light of the findings that the percentage of untied ODA had actually decreased for most Arab countries, including LDCs, and for the region as a whole excluding Iraq. The IMF and the World Bank also have an integral role to

play in helping HIPCs sustain their debt levels through completing the HIPC and MDRI initiatives. The international community should not determine assessment of HIPCs decision and completion points on political considerations.

As Arab countries take rapid steps towards global integration, there must be a system of monitoring and evaluation of the impacts of global integration that provide the basis and guidance for policies that are geared towards maximizing the positive impacts, minimizing the negative impacts and, effectively protecting vulnerable groups. Additionally, Arab governments should enhance the capacity of Small and Medium Enterprises (SMEs) to better utilize bilateral and multilateral free trade agreements and WTO membership in order to gain market access. UN regional agencies should coordinate with LAS to help Arab countries achieve greater regional integration especially in the area of trade.

Arab countries are also required to lower the costs of access to the different ICT fields, improve ICT infrastructure and implement the use of ICT in schools' programs and public institutions in order to provide larger access to this vital sector. Due to the important role that ICT plays in promoting growth, developed countries along with UN regional agencies should take effective steps to help enhance the ICT sector in the Arab countries, particularly in Arab LDCs through providing access to wireless communication technologies, fixed broadband Internet, Next-Generation Networks and satellite technologies. To achieve this, Arab countries must carry out:

- Implementation of national ICT policies;
- Timely and effective market liberalization;
- High-speed broadband network deployment;
- Digital literacy enhancement;
- Development of the framework to enable the migration to the next-generation ICT environment.

## **PART TWO**



## IX. THE IMPACT OF GLOBAL ECONOMIC CRISES ON MDGS IN ARAB STATES AND POLICY REACTIONS

Economic growth for the region has been negatively affected by the global financial crisis but the growth impact is less severe than in other regions and is mainly concentrated in the rich oil exporting economies which have already achieved most of the MDGs. By virtue of their significant reserves, the oil exporting countries are also better positioned to mitigate the potential negative socioeconomic ramifications of retarded growth. The preceding food and fuel crises however may have produced a more conspicuous impact on MDGs, particularly on targets related to poverty and hunger. At the sub-regional level, Arab LDCs are expected to suffer the most in terms of MDG attainment and there are important variations within countries also, especially between rural and urban dwellers.. In terms of policy responses, it is clear that more affluent oil exporting countries were better able to respond to the food, fuel and food crises than the more diversified MICs while LDCs have lacked any effective capacity to respond.

### Introduction

This chapter reviews the evidence on socioeconomic impact of the Finance, Food and Fuel (FFF) crises on Arab countries, drawing on recent data and reports by ESCWA, ILO, IMF, UNDP and the World Bank. The principal objective, since precise projections would need better data, is to identify the order of magnitude of the impact on main social and economic indicators. The chapter also briefly reviews policy reactions from Arab governments in order to assess their effectiveness in mitigating the negative impacts on the MDGs. The chapter is divided into five sections. The first section presents a brief review of the attainment of MDGs in Arab countries emphasizing the fact that the region had already shown a very mixed record prior to the crisis. While GCCs had already achieved most of the MDGs, Arab LDCs were unlikely to reach the targets set for most of them. The second section discusses the typology of countries in the region highlighting the diversity of Arab countries in terms of social and economic indicators. This diversity underlines the basic context dictating how different country groups can and do respond depending on initial conditions and the transmission mechanism from the international to the local. The third section present a summary of assessments of the impact of the crises on economic growth and MDGs based on most recent growth projections. The final two sections summarize the main policy interventions undertaken by countries in response to the crisis and reviews policy-related considerations.

### 9.1: Brief review of the attainment of MDGs in the Arab Region

Since adopting the MDGs, the Arab region has achieved progress in many MDG areas, including significant strides in health and education. However, despite Arab countries' efforts, there have been setbacks and constraints attributable to several factors, including the relatively poor economic performance in the 1990s and early 2000s, inadequate financing of social policies, and increasing political tensions and conflicts. The Arab region continues to be characterized by sharp disparities *within* countries but especially also *between* the different sub-regions, particularly between the high-income countries of the Gulf Cooperation Council (GCC) and the Arab Least Developed Countries (LDCs). These disparities are not only large in terms of level of development but also in terms of progress made towards achieving the MDGs. Indeed, while the GCC countries are on-track in achieving most of the MDG targets, the Arab LDCs and conflict-ridden Iraq and the Occupied Palestinian Territory lag significantly behind, making it unlikely that they will be able to meet the majority of the targets by 2015.

With respect to MDG1, trends in the proportion of people living below national poverty lines highlight the fact that the Arab region as a whole has not experienced significant progress in reducing income poverty. Furthermore, Arab poverty is heavily concentrated in rural areas. The region's malnutrition rate also decreased sluggishly,

indicating critical malfunctions in development efforts. In addition, labor markets in most Arab countries were characterized by widespread unemployment with the average unemployment rate for the Arab countries about 12 per cent of the labor force for the 2005-2008 period. Youth unemployment is particularly high, reaching 30 per cent in 2006, and the youth share among the unemployed exceeded 50 per cent for most Arab countries. The situation was particularly worrisome for young women, as reflected by the 2:3 ratio of male to female youth unemployment rates. However, some female gains in employment were achieved and there was an improvement in female labor force participation.

For MDG2, progress in education took place despite rapidly increasing population in the region. The total enrolment in the region was estimated at 41 million in 2007, showing an increase of 5.1 million since 1999. Despite these advances, enrolment, school completion, out-of-school children and the issue of marginalization in education continue to present significant challenges to the achievement of Universal Primary Education in the Arab States, particularly amongst LDCs and conflict countries. The Occupied Palestinian Territory, Yemen, Sudan and Iraq carry the largest shares of the out-of-school population for the region, with over 25 per cent in Yemen and Iraq alone in 2007.

Concerning MDG3, the region has recently witnessed a surge in efforts by governments, non-governmental organizations and civil society organizations to tackle all forms of discrimination against women, and to invest in women's issues on a large scale. The renewed emphasis placed on this MDG reflects the wider recognition that effective agency for women is of both intrinsic and instrumental importance because other MDGs in part depend upon it. On the educational front, Arab women have moved closer to equality as the gender parity index measured by the girls-to-boys gross enrolment ratio has substantially increased at all levels of education over the period 1991 to 2005. Indeed, progress towards gender parity has been significant in the Mashreq, Maghreb, and GCC countries. It is also worth mentioning that Yemen has achieved considerable progress where the female to male ratio has increased from 50 per cent in 1990 to about 73 per cent in 2005. Nonetheless, the share of women in wage

employment in the non-agricultural sector has mostly remained constant in all sub-regions since 1990. Despite female labor force participation rates increasing dramatically in some countries from 1988 to 2008, women's labor force participation in the Arab region, at 33 per cent in 2008, was the lowest in the world. This confirms the commonly held belief that gains achieved by women in education have not been translated into greater economic participation.

With respect to child mortality rates (MDG4), under-five mortality has been declining steadily in the Arab region – from 83 per 1,000 live births in 1990 to 52 per 1,000 live births in 2008, a 37 per cent reduction in 18 years. However, in the Arab LDCs, more than one in ten children dies before reaching his/her fifth birthday. The sub-regional variations are both in the level of under-five mortality and in the progress towards reducing it; The LDCs sub-region exhibits very high under five mortality rates – consistently more than 100 per 1,000 live births between 1990 to 2008 – compared to the Mashreq, Maghreb and GCCs sub-regions where such rates have been below 50 per 1,000 live births since 2000. While the Arab Mashreq sub-region is on track to achieve the under-five mortality MDG target, and the Arab Maghreb and the GCCs are likely to achieve it, it is evident that the LDCs are off track on this target.

Likewise, there are great variations in the maternal death level (MDG5) among countries of the region – ranging from levels below 10 per 100,000 live births in some GCC countries to around 1,600 per 100,000 in Somalia. Overall, the Arab region as a whole is progressing slower than it should be towards achieving MDG5. This is largely attributed to persistent gender inequalities and unhelpful social practices. While the Gulf (GCC) countries have low maternal mortality rates and are on track to meet the MDG target, the LDCs of the region indicate a worsening situation and are unlikely to fulfill MDG5. The Maghreb and Mashreq countries made significant achievements in reducing maternal mortality, although it may not be sufficient to achieve the three quarters reduction required to meet the goal by 2015.

While malaria (MDG6) has been almost eliminated in the majority of Arab countries, it

still remained highly endemic in the Arab LDCs in 2006, especially in north Sudan (7,167 per 100,000), Comoros (8,693 per 100,000), and Mauritania (6,140 per 100,000). Furthermore, malaria notification in the LDC sub-region tends to underestimate the actual number of cases as surveillance is weak and, in some areas, non-existent. Tuberculosis remains a significant public health problem, and probably the leading cause of communicable disease deaths in adults in the Arab world. Challenges lie mainly in the LDC sub-region where incidence rates have increased over the recent years. In terms of the Arab region as a whole, however, the period between 1990 and 2007 witnessed a 24 per cent decline in incidence and a 37 per cent reduction in prevalence.

With respect to MDG7, all Arab Countries share, in varying degrees, the major challenge of improving environmental governance and integrating environmental resources management into poverty reduction strategies and national development plans. The various Arab sub-regions have been slowly improving access to sanitation facilities for their population during the last 15 years. However, in 2006, the proportion of the population in Arab LDCs using improved sanitation facilities was still as low as 18 per cent in rural areas and 60 per cent in urban areas. Overall, the rates are still low with 56 per cent in rural areas and 84 per cent in urban areas having access to sanitation across the Arab region. This weak but differentiated performance can also be seen with regards to the proportion of the population with access to improved drinking water sources; 55 per cent in rural areas of LDCs compared to 75 per cent in the region and 78 per cent in urban centers of LDCs compared to 91 per cent for the region. If Arab countries maintain their sluggish trajectory, an estimated 124 million people in the region will be without access to basic sanitation in 2015, with about half of those living in the Arab LDCs.

To sum, three main conclusions can be derived from the brief survey above. First, even prior to the crisis, data suggests the region had a mixed performance with respect to MDG attainment. In this regard, Arab countries can be classified into three main groups: countries that are likely to achieve MDGs targets (mainly GCC countries), countries that are not likely to achieve MDGs targets (mainly LDCs) and countries with

mixed progress and mixed opportunities, which constitute the bulk of Arab middle-income countries (MICs). Second, the progress has been heterogeneous even across the goals with many Arab countries lagging significantly behind on goal 1 and 5 in particular. Third, security issues pose a serious threat to the achievement of MDGs in the conflict countries namely Iraq, the Occupied Palestinian Territory, Somalia, and Sudan. The impact of the crises on these achievements and on future prospects is reviewed below.

## **9.2: Typology of countries in the region and main crisis transmission mechanisms**

As highlighted by the LAS and UNDP (2009), there is huge diversity among Arab countries and sub-regions in terms of economic structures and human and natural resource endowments. Thus, in 2008, Diversified Economies (DE: Egypt, Jordan, Lebanon, Morocco, Syria, and Tunisia) accounted for 51 per cent of population and about 34 per cent of GDP; Mixed Oil Economies (MOE: Algeria and Libya) accounted for 13 per cent of population and 14 per cent of GDP; Less Developed Countries (LDCs: Comoros, Djibouti, Mauritania, Sudan, and Yemen) accounted for 22 per cent of population and only 6 per cent of GDP; while Oil Exporters (OE = mainly GCC) accounted for only 13 per cent of population and about 46 per cent of GDP. This translates into substantial differences in per capita GDP with OE having a per capita GDP of about US \$27.7 thousand, followed by MOE (US\$8.3 thousand). DE ranks third with a per capita GDP of US\$5.3 thousand while LDCs per capita GDP amounted to only US\$2.2 thousand. The diversity in economic structures and level of economic development implies that the significance of the crisis transmission channels will also vary from one typology to another.

The oil exporting economies had clearly benefited the most from the preceding food and fuel crisis given their substantial oil exports. Likewise, they were more significantly affected by the financial crisis with oil and gas accounting for over 85 per cent of their merchandise exports. However, while these countries faced a substantial drop in export earnings and oil revenues in 2009, the substantial reserves they have built up over the years of high oil prices allowed them to relax the

resultant foreign exchange and fiscal constraints by drawing down reserves or incurring debt. Being major importers of food and construction materials, the prices of which have declined from peaks reached in 2008, these countries also witnessed some decline in their import bills, although the decline was dwarfed by the much higher decline in fuel export proceeds.

The oil exporters, particularly GCCs are also affected by the associated loss in the capital value of their foreign investments managed by their sovereign wealth funds, which are expected to have lost 30-40 per cent of their value over the one year period since July 2008 (however, some of that loss may have been recovered in 2009 and 2010). The loss in wealth would reduce the ability of the concerned governments to deal with the impact of a prolonged drop in fuel prices. As a result of the expected slowing down of growth and possibly contraction in some of the countries in this group, use of labor from other Arab countries is likely to be negatively affected as is outbound tourism in the region, both of which would transmit the slow down to other country groupings. They can also be expected to reduce their direct investment in other Arab countries.

Libya, Algeria, and Bahrain rely less on fuel exports than the core GCC member countries, and given the importance of sectors other than oil, they are also affected by the slump in demand for other products, including services due to falling incomes in their target markets. In addition the drop in oil income in these economies, beyond affecting the service sector also tends to negatively affect the manufacturing sector, which is dependent on imports of machinery and intermediate goods, although the decline in international prices of major import items does partially offset this negative impact.

In the case of diversified economies, the transmission mechanisms of the financial crisis are more varied and the resultant net impact more nuanced. Most of these countries are partially or wholly dependent on oil imports for meeting their energy needs and hence on that account actually benefit from the crisis by having to pay less for such imports. In addition, they are net importers of food and key industrial raw materials and intermediate goods, the prices of which have also declined from the peaks reached in 2008. These

countries, however, are likely to face a drop in the demand for the goods they export to other Arab countries and Europe on account of the lower growth in those economies.

The sluggish economic activity in the EU member countries (which is expected to continue in 2010) will have a strong bearing upon non-oil exporting Arab countries as they are highly dependent on the European market. In particular, the European market is an important outlet for Maghreb countries' exports and, to a lesser extent, for some Mashreq countries' exports: on the average during the period 1997-2005, Tunisian, Moroccan and Algerian exports to the EU-15 averaged around 80 per cent, 72 per cent and 60 per cent of their total exports, respectively. Syrian, Egyptian and Lebanese exports to the EU-15 represented around 60 per cent, 35 per cent and 19 per cent of their respective total exports.<sup>47</sup>

International migrant worker remittances, which represent a major source of foreign exchange for a number of Arab countries as well as a substantial income support for many households, constitute another conduit through which the crisis has affected the region. In fact, Arab countries have been affected in terms of falling remittances on two counts: first, remittances received by the region as a whole are expected to have grown at a slower pace in 2009; second, preliminary estimates suggest that remittances from the GCC countries to labor-exporting countries would fall by nearly 3 per cent in 2009.

Falling remittances could have a serious impact on domestic demand in receiving countries. Insofar as remittances have historically helped finance consumption and small and medium-sized enterprises' investments in labor-exporting countries, the recent decline in remittances flows would affect both consumption and investment levels in these countries.

Preliminary data also shows that the international financial crisis and its repercussion on the real economy worldwide have translated into lower FDI inflows into Arab countries

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<sup>47</sup> UNESCWA report on "The impacts of the financial crisis on ESCWA member countries: challenges and opportunities" (E/ESCWA/EDGD/2009/Technical Paper 3).

(ESCWA, 2009a): the conjunction of squeezed credit and plummeting oil prices has impacted investments in oil projects; the bursting of the real estate bubble in the GCC countries, particularly in the United Arab Emirates (UAE), has delayed several housing projects; and the decrease in cross-border Mergers and Acquisitions has put on hold some of the projected privatization schemes in the region. Underlying the drop in FDI inflows to the region is a fall in FDI in six countries among which are Egypt, Saudi Arabia, and the UAE that accounted for almost three quarters of total FDI in the region in 2008.<sup>48</sup>

Arab region LDCs are most vulnerable to the impact of the FFF crises, given their much higher level of poverty and lower wealth and creditworthiness, which reduce their options for dealing with the crises while at the same time rendering the impact that much more critical, in terms of achieving the MDGs. Given the fact that many LDCs also lack the capacity to mitigate rising international food prices through some of food subsidy programs, the surge in food prices is certain to have adversely affected extreme poverty and hunger.

The LDCs are thus likely to suffer negatively on a number of fronts. Furthermore, these countries do not have major reserves that can be liquidated and hence face binding foreign exchange and fiscal constraints, which can lead to contraction of their service sectors. To the extent that these countries receive official development assistance that may be at risk due to budgetary limits of donor countries, they could be hit on the ODA front as well. Most countries in this group also do not benefit from FDI in any major way and hence are unlikely to suffer on that account.

### **9.3: Impact of the FFF crises on Arab countries**

In this section we review the latest evidence on the impact of the FFF crises on Arab financial markets, growth, trade (including remittances) and fiscal balances. The primary source of data for these sections are the IMF and World Bank. The final sections review the expected impact on MDGs relying on the LAS and UNDP (2009) Development Challenges Report and the World Bank-IMF Global Monitoring report (2010).

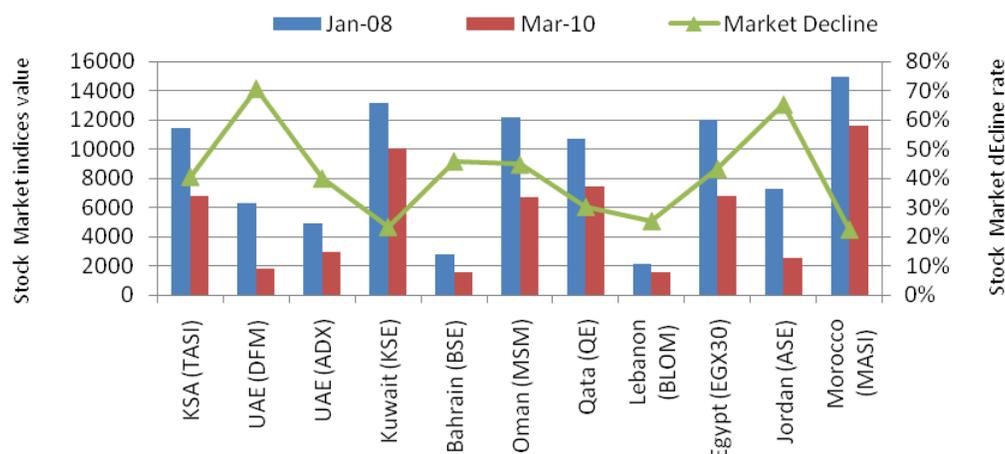
#### **Assets and financial markets**

The global financial crisis had differential impact on Arab countries. Stock markets are down, some notably, from the high points achieved in 2007 and 2008. Oil economies and amidst them Oman, Saudi Arabia and UAE in particular, experienced sharp drops in their stock markets, because of a combination of concerns about the health of the global financial system to which they were linked as well as overheated real estate markets (figure 9.1). The picture with respect to diversified economies is more nuanced, with countries benefiting from strong economic fundamentals (i.e. Morocco) being less affected by the worldwide credit turmoil while others, like Egypt, have seen their equity markets fall considerably. The total loss in Arab stock markets is expected to exceed US\$600 billion.

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<sup>48</sup> UNESCWA paper on “Foreign direct investment report (forthcoming 2010)” (E/ESCWA/EDGD/2009/Technical Paper 2).

**Figure 9.1. Arab Stock Market Indices, January 2008 to April 2010**



Source: Bloomberg ([http://www.bloombergfinancialnews.com/markets/stocks/wei\\_region2.html](http://www.bloombergfinancialnews.com/markets/stocks/wei_region2.html)).

The crisis has also induced a mild<sup>49</sup> shortage of capital in the banking sector in the Gulf. For example, Kuwait's Gulf Bank lost US\$1.54 billion in 2008. However, financial sector risks in oil exporting economies (particularly GCC) are rising. During the boom years, banks had lent substantial amounts for real estate and equity purchases. The value of these assets has since fallen sharply. For example, according to Colliers International Report 2009, in Dubai, average residential sales prices fell by 42 per cent since the last quarter of 2008, while residential rental rates dropped 20-40 per cent on average. In Abu Dhabi, the impact of the crisis was less acute, as the decline in residential real estate value was around 20 per cent. Reflecting a general increase in financial risks, credit default swap (CDS) spreads on sovereign debt and the rollover risk of foreign debt have increased sharply (IMF 2009).

Despite these significant losses, especially in the stock markets in the Gulf and in Egypt, this has not produced ripple effects in the region due to overall low market capitalization ratios. The region has also been broadly unaffected by the tightened global financial conditions, mainly because of limited integration with international markets. With little exposure to the U.S. credit markets, banking sectors in the region remain generally sound. Prudential indicators continue to be strong in most countries, with capital adequacy

<sup>49</sup> Relative to the shock experienced by sovereign wealth funds – see above.

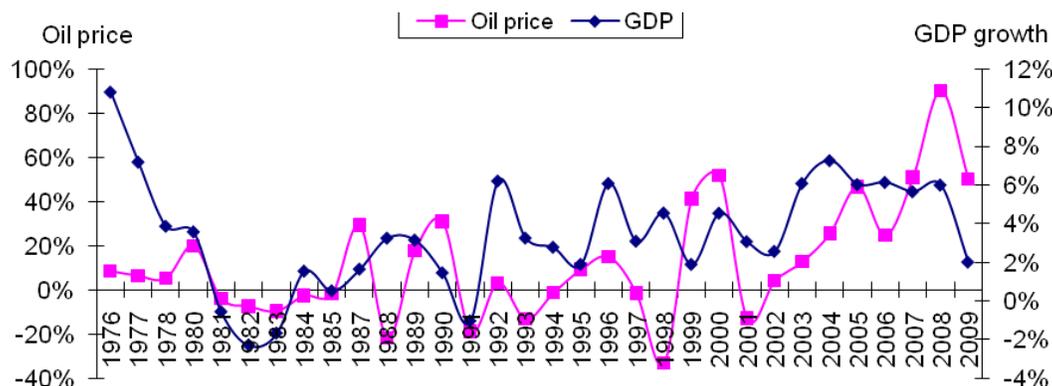
ratios ranging from 8 per cent to 29 per cent. This is also because the banking sector remains heavily dominated by public banks in diversified economies (e.g., Algeria, Egypt and Syria) (IMF, 2008).

### Growth and the balance of payments

Growth in Arab countries has been historically driven by oil and oil-related revenues, either directly through fuels exports for oil exporters or indirectly through transport and delivery of oil and oil-related goods and services, workers' remittances and intra-regional public and private expenditure (including both consumption and investment). Foreign aid has been relatively unimportant. This renders long-run economic growth in Arab countries volatile and subject to international oil market dynamics and geopolitical factors (AHDR, 2009).

Arab GDP growth since the 1970s has been closely tied to the rise in export revenues, dominated by fuel exports. The latter constituted 80, 67 and 90 per cent of merchandise exports of the high income (mainly Oil Exporting economies), middle income (mainly Diversified Economies) and low income (LDC) groups, respectively in 2007. The fitful ups-and-downs in the Arab countries, from high growth in the 1970s to economic stagnation through the 1980s and back to extraordinary growth in the early 2000s (figure 9.2), directly reflects the turbulent cycles of the oil market.

**Figure 9.2. Riding a rollercoaster: Regional real GDP growth, and growth in nominal oil prices, 1976-2009**



Source: UNDP calculations based on UN Statistical Data, 2008 for GDP (1976-2007); IMF 2009 for GDP (2008-2009) and BP (2008) for oil prices.

Note: Data for 1979 and 1986 were removed from the graph as they were significant outliers.

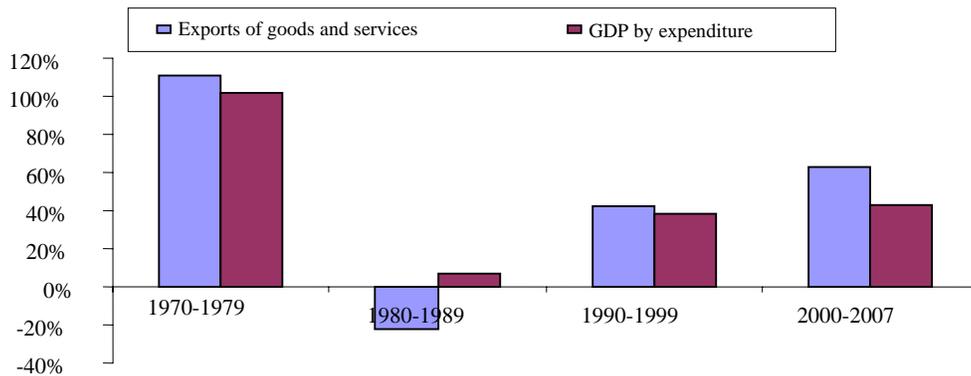
As figure 9.2 suggests, in the most recent episode of prosperity, this fluctuation in growth rates has abated somewhat across all country groups. However this offers no grounds for complacency since the recent plunge then partial recovery in oil prices demonstrates renewed volatility. The general historical pattern is not encouraging. It is evident, for instance, that the overall weighted average coefficient of variation for the period 1962-2009 remains very high at 4.1 (LAS and UNDP, 2009).

Oil-led growth also reflects, in large part, the poor performance of productive sectors, particularly the industrial sector. One of the most alarming stylized facts on development for Arab countries is that they have transformed over a span of less than forty years, from agriculture-based to service-based economies. Arab countries with a relatively diversified economic base in the 1960s such as Syria, Egypt, Morocco, and Algeria have all experienced deindustrialization as revealed by declining manufacturing shares of value added and employment, over the last three decades. Correspondingly, services have grown steadily to dominate Arab economies since the 1970s (AHDR, 2009).

Oil-led growth is also revealed in the growth and balance of payments data. Figure 9.3 plots GDP and exports (goods and services) growth over four time periods since 1970. The highest growth rate in exports and growth is recorded for the 1970s where both nearly doubled (in constant US\$). The high correlation between GDP growth and exports over the four periods is easy to observe and is quite striking. The figure also shows that GDP barely grew in constant prices during the 1980s (which suggests a large decline in per capita GDP). In fact, real GDP per capita for the region grew by only 6 per cent over the entire 24 year period of relatively low international oil prices (from 1980 to 2004).<sup>50</sup>

<sup>50</sup> LAS and UNDP (2009).

**Figure 9.3. Arab exports and GDP growth  
(percentage changes for periods in constant 1990 US\$)**

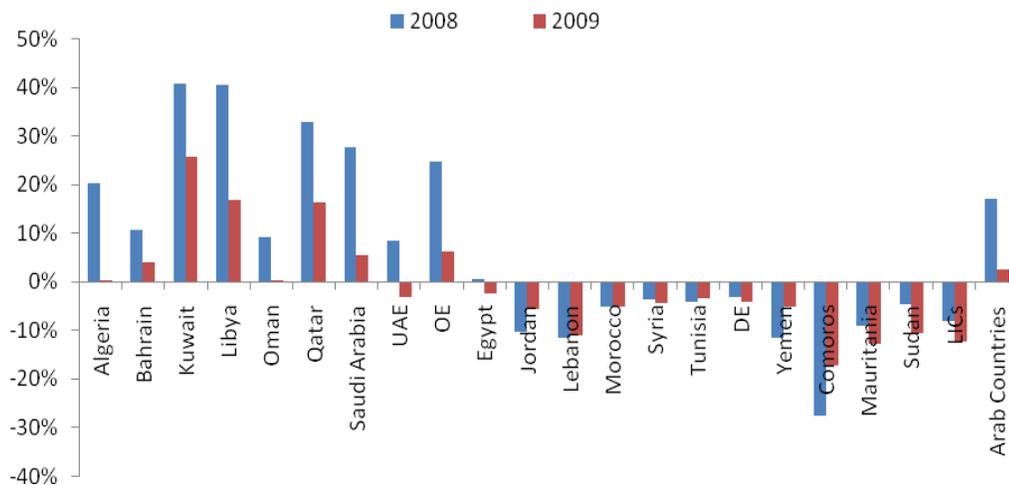


Source: LAS and UNDP (2009).

Since the crisis has, inter alia, manifested itself in lower international oil prices, the growth impact on the region is a major source of concern. Indeed, oil prices have dropped significantly (from \$147 per barrel to around \$80), leading to a collapse of export revenues for the majority of Arab economies. The lower income country group witnessed an even higher export shock (36 per cent) owing to the dependence of its largest two economies, Yemen and Sudan, on oil exports. The Diversified Economies group also saw a decline in its exports but by a narrower margin.

Because of import dependence, especially on foodstuffs, the decline in exports was not matched by a commensurate decline in imports, leading to a rise in trade and current account deficits (figure 9.4). Thus from 2008 to 2009 the region as a whole moved from a surplus of around 17 per cent of GDP to a slight surplus of 2.5 per cent. The adjustment is mainly witnessed in oil exporting economies as the current account deficits for the DE group remain virtually unchanged (-3 per cent 2008 to -4 per cent 2009) and the LDCs bear a relatively less severe impact (-8 per cent 2008 to -12 per cent in 2009).

**Figure 9.4. Current account balance (percentage of GDP) 2008 and 2009**

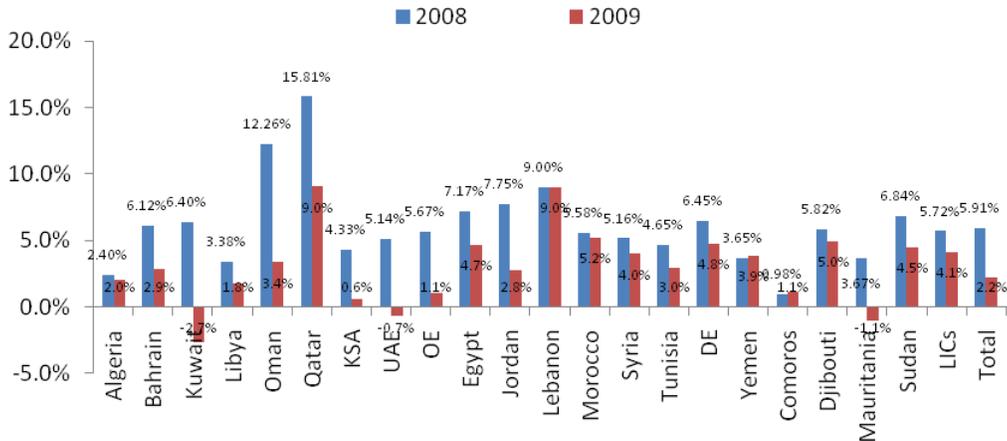


Source: UNDP estimates based on IMF, WEO (April 2010).

Given the order of magnitude of the decline in oil exports and the time-tested strong correlation between exports and growth, Arab GDP contracted significantly in 2009 and the latest IMF estimates (April 2010) show a regional GDP growth in 2009 of 2 per cent compared to 6 per cent in 2008 (figure 9.5). The data for the OE

group reveals a deeper plunge with growth declining from 6 per cent in 2008 to 1 per cent in 2009. Three countries in the region, Mauritania, Kuwait and UAE, recorded negative growth rates. The DE and LDC groups however recorded a less severe decline in growth (from 6 per cent to 5 per cent and 6 per cent to 4 per cent, respectively).

**Figure 9.5. Real GDP growth, 2008-2009**



Source: UNDP estimates based on IMF, WEO (April 2010).

Arab growth—although slowing—remains higher than in most other regions (table 9.1). The region is also expected to improve growth performance in 2010. What explains this resilience? The IMF gives three explanations: First, Arab banks had little exposure to the toxic assets that have created turmoil elsewhere. Second, countries in the region have not been affected to the same extent by sharp declines in export volumes, as in Asia, or the withdrawal of capital flows, as in the case of Latin America and Eastern Europe. Third, the timely and decisive policy actions in the oil-led economies were crucial. With the sharp decline in global interest rates, central banks have responded by easing monetary policy. In some GCC countries where banks experienced financial distress, the authorities have quickly provided liquidity and capital. In addition, the region’s oil exporters have decided to maintain high levels of capital spending by drawing upon reserves accumulated during the boom years. Indeed, between 2004 and 2008, the region’s oil-exporting countries accumulated \$1,300bn in foreign assets. Now these reserves provide the basis for counter-cyclical fiscal spending during the downturn.

Saudi Arabia for example has announced the largest fiscal stimulus package (as a share of GDP) among the G20 countries for 2009-2010, and a \$400 billion investment plan over five years.

As noted by the IMF, continued high public spending not only cushions oil exporters’ economies. It also contributes to sustaining global demand and provides positive spillovers to neighboring oil importers whose economies are interlinked. Despite some redundancies in construction and related industries, the estimated 14m expatriate workers in the six oil exporters comprising the GCC continue to send about \$40bn a year in remittances to their home countries. The flip side of continued public spending is that the combined external current account of the region’s oil exporters moved from a massive surplus of \$400bn in 2008 to a much smaller surplus this year, projected by the IMF to be about \$40 billion. Both DE and LDC groups also follow the same trend (but of course with a significantly lower order of magnitude) which led the region to a minor current account surplus in 2009 compared to 2008.

TABLE 9.1. GDP GROWTH BY REGION, 2008-2010

Country group name	2008	2009	2010
World	3.0	-0.6	4.2
Advanced economies	0.5	-3.2	2.3
Newly industrialized Asian economies	1.8	-0.9	5.2
European Union	0.9	-4.1	1.0
Emerging and developing economies	6.1	2.4	6.3
Africa: Sub-Sahara	5.5	2.1	4.7
Central and eastern Europe	3.0	-3.7	2.8
Developing Asia	7.9	6.6	8.7
ASEAN-5	4.7	1.7	5.4
Arab	5.9	2.3	4.7

Source: IMF, World Economic Outlook Databases (April 2010 and May updates for MENA) and UNDP estimates for the Arab region.

TABLE 9.2. WORKERS' REMITTANCES, COMPENSATION OF EMPLOYEES, AND MIGRANT TRANSFERS, 2007-2009 (US\$ MILLION)

	2007	2008	2009e	Impact of the crisis (per cent)	Remittances (2008) (percentage of GDP)
Algeria	2,120	2,202	2,193	-0.4	1.3
Egypt, Arab Rep.	7,656	8,694	7,800	-10.3	5.3
Jordan	3,434	3,794	3,650	-3.8	19.0
Lebanon	5,769	7,180	7,000	-2.5	25.1
Morocco	6,730	6,891	5,720	-17.0	8.0
Syrian Arab Republic	824	850	827	-2.7	1.5
Tunisia	1,716	1,870	1,860	-0.5	4.7
Occupied Palestinian Territory	630	630	630	0.0	n/a
MICs	28,880	32,112	29,681	-7.6	5.2
Sudan	1,769	3,100	3,059	-1.3	5.3
Yemen, Rep.	1,322	1,420	1,413	-0.5	5.3
Comoros	12	12	12	0.0	2.3
Djibouti	29	30	30	0.0	3.5
Mauritania	2	2	2	-1.6	0.1
LDCs	3,133	4,565	4,516	-1.1	5.1
All developing countries	289,376	337,761	317,237	-6.1	2.0
East Asia and Pacific	71,309	86,115	84,785	-1.5	1.6
Europe and Central Asia	50,777	57,801	49,279	-14.7	1.6
Latin America and Caribbean	63,239	64,717	58,481	-9.6	1.8
Middle-East and North Africa	31,364	34,696	32,212	-7.2	3.8
South Asia	54,041	73,293	71,955	-1.8	3.7
Sub-Saharan Africa	18,646	21,139	20,525	-2.9	2.2

Source: World Bank estimates based on the IMF Balance of Payments Statistical Yearbook and UNDP estimates for the Arab region.

The estimates in table 9.2 also indicate the Arab Region had the highest share of remittances to GDP among developing regions in 2008 (4 per cent). The World Bank estimates suggest remittances for Arab countries had increased significantly in current prices from 2007 to 2008

(table 9.2). Among Arab countries, Jordan and Lebanon are particularly vulnerable given their high dependence on remittances. In 2009, Morocco is expected to have the strongest decline (17 per cent) given its high reliance on workers in Southern Europe and the Mediterranean. Indeed,

Morocco is the only Arab country where remittances in 2009 were lower than in 2007. Egypt's remittances were also expected to have decreased by 10 per cent in 2009. Region-wide, remittances are thus expected to decline by 7 per cent from their 2008 record high level of approximately US\$35 billion, which is slightly higher than the average decline for developing countries but less than the contraction expected in

Europe and Central Asia and Latin America and the Caribbean. However, the shock is expected to be confined to MICs as Arab LDCs will witness a far less significant drop (1 per cent). This suggests Arab workers will suffer from the crisis despite the relatively mild impact on growth with Moroccan and Egyptian workers mainly bearing the brunt.

TABLE 9.3. REAL GDP GROWTH PROJECTIONS IN CONSTANT PRICE BY COUNTRY, 2008-2014 (ANNUAL PERCENTAGE CHANGE)

	2008	2009	2010	2011	2012	2013	2014
Oil Exporters <sup>a/</sup>	5.7	1.1	4.7	5.1	5.0	4.7	4.8
Oil Importers <sup>b/</sup>	6.4	4.8	4.6	5.1	5.4	5.6	5.7
LDCs <sup>c/</sup>	5.7	4.1	6.1	5.3	5.6	5.3	5.2
Total	5.9	2.3	4.7	5.1	5.1	4.9	5.0

Source: UNDP estimates based on IMF, WEO (April 2010).

a/ Oil Exporters include: Algeria, Bahrain, Kuwait, Libya, Oman, Saudi Arabia, and United Arab Emirates.

b/ Oil importers include Egypt, Jordan, Lebanon, Morocco, Syria and Tunisia.

c/ LDCs include Sudan, Yemen, Djibouti and Mauritania.

Regarding the growth and balance of payments outlook beyond 2009, country-level GDP growth projections by the IMF for the period from 2009 to 2014 shown in table 9.3 and figure 9.6 reveal a relatively swift and smooth economic recovery. Table 9.4 below depicts the trade side of the story. It suggests that the region's modest

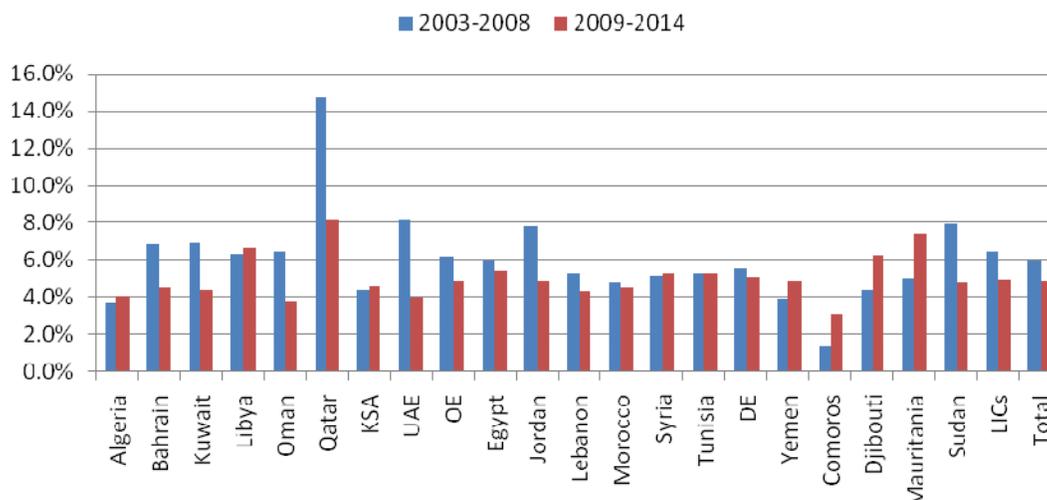
current account surplus of 2009 will improve by 2010 but will not reach anywhere close to the record high rate of the 2006-2008 period. The bulk of the balance of payment shock is to be received by oil exporters as the two other groups more or less maintain their pre-crisis rates.

TABLE 9.4. CURRENT ACCOUNT SURPLUS/DEFICIT PROJECTIONS, 2008-2014 (PERCENTAGE OF GDP)

	2008	2009	2010	2011	2012	2013	2014
Oil Exporters	25	6	12	15	17	17	16
Oil importers	-3	-4	-4	-4	-4	-3	-3
LDCs	-8.2	-12.2	-7.1	-7.9	-7.8	-7.4	-6.9
Arab Region	17.0	2.5	7.0	8.6	9.8	9.9	9.5

Source: UNDP estimates based on IMF, WEO (April 2010).

**Figure 9.6. Actual and projected real GDP growth (annual percentage change), 2003-2008 and 2009-2014**



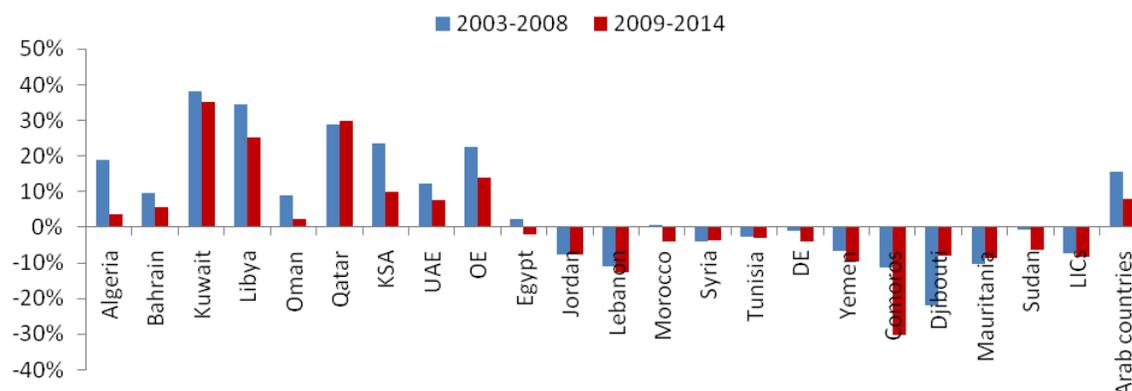
Source: UNDP estimates based on IMF, WEO (April 2010).

The balance of payments scenario described above might suggest very moderate growth but in fact medium term growth is forecast to be only 0.9 per cent less than observed over the previous five year cycle. Thus, compared to real GDP growth rates observed from 2003 to 2008, the region as a whole is poised on a slightly less favorable growth trajectory over the period from 2009 to 2014 (5.8 and 5 per cent, respectively). Also, what is notable about the IMF projections is that there are little differences between the three groups in terms of the medium term growth outlook. Thus, oil economies are projected to grow at an annual average rate of 5 per cent which is close to the rate achieved over the period from 2003 to 2008 (6 per cent). The equivalent rates for the DE group are 5.2 and 5.3 per cent, respectively. Likewise, the growth rates for the LDC group over the 2009 to 2014 period are only marginally below those achieved over the earlier five year period (5.5 and 6.5 per cent, respectively).

In short, there are two main IMF assumptions regarding the growth impact on the region over the medium term. First, the region as a whole is expected to continue on its relatively high growth trajectory and thus rebound rapidly from the crisis. Second, there are minor differences between sub-regional growth rate forecasts.

One limitation of the IMF projections is that even with an optimistic scenario in which oil prices rebound to an average of around US\$85 over the period from 2010 to 2014, Arab countries will have significantly less export earnings compared to the previous cycle (figure 9.7). The size of exports earnings largely depends upon the global oil price and, as figure 9.2 illustrated, this has a strong relationship to growth achieved. So, the projections do not capture the growth uncertainty historically associated with volatility in the oil price. Structural changes should eventually transform the pattern of growth and dampen this relationship. However, oil-led growth in Arab countries has over the past three decades set in place firmly established features such as obsolete technology, shortage of investment in manufacturing, a private sector that is biased towards low-risk services activities, and an industrial labor force that has extremely low productivity, which militate against such a transformation. According to IMF figures the spot oil price has in fact risen over the last year (first quarter 2009 to first quarter 2010) by over 67 per cent which underlines the continuing volatility of world energy prices and, given the relationship between regional growth and prices, the likely volatility of growth. Annex One to this chapter gives the country specific GDP growth figures from 2003 and trajectories to 2015 and bring out the similarities, and some important exceptions, across the region especially in pre-crisis growth rates.

**Figure 9.7. Actual and projected current account balances (percentage of GDP, average of annual percentage change), 2003-2008 and 2009-2014**



Source: UNDP estimates based on IMF, WEO (April 2010).

### Fiscal space for MDGs

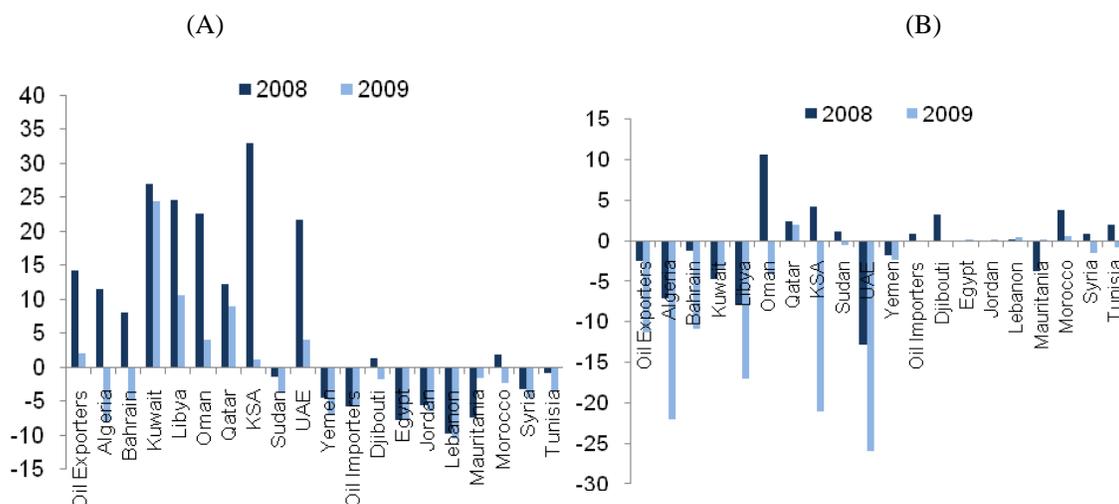
The challenge facing Arab countries is not only to achieve higher growth -this is no doubt necessary for rapid poverty reduction – but also to transmit growth more effectively and more rapidly into poverty reduction by effectively deploying redistributive policies. Even so, the public resources for catalyzing that growth are limited by fiscal space. In fact, the potential impact of the crisis on most MDGs can be approximated by projecting the size of fiscal space available for development expenditure. To illustrate the fiscal impact of the crisis it is insightful to compare two IMF estimates for the fiscal balances for 2008 and 2009 (figure 9.8). The 2009 estimates are generally much lower than originally projected a year earlier for both 2008 and 2009 and the differences between the two sides of the graph demonstrate the size of the fiscal effect of the crisis. Data on fiscal revenues over the period from 2000 to 2009, show this clearly with oil exporting economies and LDC groups witnessing a sharp decline in their revenues in 2009. The oil importing DE group is not significantly affected. In fact, countries such as Jordan and Syria, which relinquished fuel subsidies in the wake of the fuel crisis are now enjoying a higher level of fiscal space for

development expenditure confirming that the financial crisis relieved oil importing economies from pressures caused by rising fuel prices.

Despite the decline in oil revenues, most countries of the OE group are maintaining capital spending at a high level. This spending is providing an important stimulus to global demand, but will result in a turnaround in the region's external position as revealed in Figure 9.4, which is also evident in the large post-crisis fiscal deficits projected for the majority of countries in that group in figure 9.8.

As noted by the IMF, the big losers are Sudan and Yemen, where the decline in revenue is not matched by counter cyclical fiscal policies due to limited maneuverability of fiscal policy. In Yemen, the authorities issued a decree cutting operations and maintenance and plan to reduce energy subsidies. In Sudan, transfers to the provinces have declined, and the authorities are increasing taxes and rationalizing tariff exemptions. Sudan is also facing binding financing constraints, having official foreign reserves coverage of about one month of imports (IMF, 2009). Thus, fiscal expenditure to GDP ratios are expected to decline dramatically for that group, confirming that poorer countries have far less fiscal space for MDGs in 2009.

**Figure 9.8. Impact of the crisis: fiscal balance projections for Arab countries**  
Pre-crisis (A) 2008 and (B) Post-crisis



Source: UNDP estimates based on IMF Regional Economic Outlook, Middle East and Central Asia (May 2008 for the pre-crisis and May 2009 for the post-crisis data).

Note: To accommodate the different ranges there are range differences between left and right hand sides but the scales are the same (the length of the bars are the same e.g. at 15 per cent on both sides).

### Full and decent employment

It is important to note that any assessment of the impact of the crisis on employment will suffer from lack of reliable statistics. Nonetheless, it is well known that unemployment rates in Arab states are amongst the highest in the world. According to ILO (2007), the overall unemployment rate in Arab countries was approximately 13.0 and 12 per cent in 2005 and 2006, respectively, while for the world at large it stood at 6 per cent. Furthermore, ILO (2007) also reports that the Arab region has one of the lowest employment-to-population ratios (47.3 per cent in 2006, up from 47.0 in 2005). It also has the lowest labor force participation rate (53.9 per cent in 2006 and 53.6 per cent in 2005) worldwide (ILO, 2007: 3).

Any assessment of the impact of the crisis must also take into account the fact that the Arab region confronts very high labor force growth (averaging around 4 per cent annually during the

period from 2000 to 2005).<sup>51</sup> That is more than 4 million new entrants to the labor market every year. Meanwhile, it has the youngest labor force in the world (excluding sub-Saharan Africa). The region is also still dependent on public employment, with one third of the labor force working for the Government in the region, while the ratio exceeds 50 per cent in middle income countries such as Egypt and Syria (ILO, 2005). However, the growth of public sector employment has been slowing down significantly since the mid 1990s in most countries. Consequently, the private sector's contribution to job creation has exceeded the public sector's contribution considerably, over the last decade (World Bank, 2007: 72-79).

<sup>51</sup> According to the LAS et al. (2007: 291 and 302) total labor force in the Arab countries amounted to about 119 million workers in 2005 (labor force/population ratio of 0.382 and a total population of about 312 million). Over the period 1995-2005 labor force was growing at an annual average rate of 3 per cent compared to a population growth rate of 2 per cent per annum. The annual rate of growth of the labor force was 7 per cent in Saudi Arabia. As for Qatar, it reached 9 per cent for the period 1995-2007. Thus for the Arab countries as a group, total labor force is expected to become 141 million workers in 2010 and about 167 million workers by 2020.

In analyzing Arab labor markets there is also a need to distinguish between country groups. The labor market in MOEs, LDCs and DEs is more problematic from the perspective of unemployment as they are characterized by relatively high unemployment rates; declining real wages; and the predominance of the government sector in total employment. On the other hand, with the exception of Saudi Arabia, unemployment rates in OE countries have been characteristically low, typically below 5 per cent of the respective labor force. Thus, for example, the World Bank (2007: table A.28: 129) reports that unemployment rates for 2004 were 1.9 per cent for Bahrain, 1.7 per cent for Kuwait, 2.1 per cent for Qatar, and 3 per cent for UAE. The unemployment rate for Saudi Arabia is reported as 7 per cent of the labor force.

Despite well known unemployment data problems, there is evidence to suggest that during the period since 1980 to the present unemployment rates exhibited increasing trends in most Arab countries for which time series data is available. These countries are Algeria, Egypt,

Jordan, Morocco, Tunisia, and Syria.<sup>52</sup> In 2005 the total labor force of these countries amounted to 67.5 million representing about 57 per cent of the total Arab labor force (LAS-UNDP, 2008). According to the ILO (2009), however, the rapid economic growth witnessed in recent years for another group of Arab countries (UAE, Kuwait, Saudi Arabia, Bahrain, Lebanon, Syria, Iraq, Jordan and the Occupied Palestinian Territory) has had some positive impact on job creation. This is reflected in a decline in the aggregate unemployment rate for these countries from around 11 per cent in 1998 to an estimated 9 per cent in 2008. Still, the ILO notes that the regional unemployment rate remains one of the highest in the world. The same ILO report states that based on ILO's Econometric Models, direct impact of the crisis on employment is expected to be relatively limited in the Arab region. This prediction is consistent with the weak link between employment and growth in the region that is discussed at length in the LAS-UNDP report.

TABLE 9.5. THE EMPLOYMENT CHALLENGE: PROJECTED NUMBER OF NEW JOBS REQUIRED

Country group	2005 Labor force (million)	2005 Unemployment rate (per cent)	2005 Employment (millions)	2010 New jobs (million)	2015 New jobs (millions)	2020 New jobs (millions)
DE (6)	48.3	11.82	42.59	6.55	14.16	21.78
MOE (2)	15.5	15.61	13.08	2.26	4.92	7.56
OE (6)	13.7	4.53	13.08	3.37	7.73	12.08
LDC (4)	22.8	18.68	18.54	2.85	6.17	9.49
Total (18)	100.3	12.97	87.29	15.03	32.98	50.91

Source: LAS and UNDP (2009).

<sup>52</sup> The time series on unemployment in the Arab countries is compiled by Belkacem Laabas of the Arab Planning Institute in Kuwait. A recent compilation for Syria is taken from the State Planning Commission of Syria.

Given the persistently high and increasing unemployment rate it is obvious that Arab countries as a group face the challenge of creating employment opportunities in a sustained manner. Indeed, the World Bank (2004a and 2007) considers the creation of jobs in the Arab countries as the most important development challenge for the coming two decades. Table 9.5 which is derived from the LAS-UNDP study provides estimates of the number of jobs that need to be created over the medium-run up to 2020, in order to keep the unemployment rate constant.

According to the results the challenge for the Arab countries as a group is to create about 51 million new jobs by 2020. This is a much higher estimate than that reported in the World Bank

(2004b: 223) of 34 million jobs and better reflects the actual demographic transition. The table also shows the details of this challenge for country groups for the medium-term (creating about 15 million jobs by 2010 and 32 million jobs by 2015). The LAS-UNDP report also estimated the required rates of real GDP growth to overcome the employment challenge and compared this with the recent record of high economic growth over the period 2000-2006 for a selected number of Arab countries. The results shown in table 9.6 below clearly indicate that the pace of growth as well as the accompanying choice of technology must diverge considerably from their historical patterns if the region is to meet the employment challenge.

TABLE 9.6. REQUIRED RATE OF GROWTH TO MEET THE EMPLOYMENT CHALLENGE

Country	Annual change in the employment rate (per cent) (1)	Population growth rate (per cent) (2)	Annual rate of growth of employment (per cent) (3)	Real GDP growth (per cent) (4)	Employment elasticity (5)	Required rate of GDP growth (per cent) (6)
Algeria	-0.75	2.23	1.48	3.71	0.40	8.00
Egypt	-0.18	2.05	1.87	6.05	0.45	7.11
Jordan	-0.59	3.65	3.06	4.86	0.63	5.08
Morocco	0.00	1.78	1.78	4.02	0.44	7.27
Syria	-0.42	2.98	2.56	5.69	0.45	7.11
Tunisia	-0.14	1.79	1.65	5.15	0.32	10.00
Average	-0.35	2.41	2.06	4.91	0.42	7.62

Source: LAS and UNDP (2009).

These stylized facts and projections are important to understand the nature of the employment challenge that was already present prior to the crisis and help gauge the potential order of magnitude of the impact of the crisis. Clearly, with unemployment rates that have been stagnating or even rising despite respectable rates of economic growth, the pattern of growth does not meet employment needs. This conclusion is confirmed by the low employment elasticities driving the high required growth rates just to keep unemployment rates stable (table 9.6).

There are major differences between different country groups in terms of their employment responses to the crisis. The impact is expected to be least severe for the OE countries since it will be largely absorbed by expatriate

labor. The situation is different for Algeria in the MOE group where unemployment rates are initially high and where the fiscal response of the state is more constrained than in more affluent OEs in the Gulf and Libya. Algeria may also be affected by the crisis due to its stronger linkages with Europe via migrant workers. Assuming no change in employment elasticities and accepting the IMF growth projections for the period 2009-2014, it is clear that the unemployment problem will be aggravated seriously. The average expected growth rate for Algeria over the period comes to under 4 per cent while for unemployment to remain constant the country needs to grow at 8 per cent.

The same applies to Tunisia, Morocco and Syria and to a lesser extent Egypt and Jordan in

the DE group. Assuming no changes to the external market for labor from the labor exporting Diversified Economies, their economies are required to grow in excess of 7 per cent annually just to keep their unemployment rates from increasing, while they are projected to grow by under 6 per cent. If one adds the expected decline in the demand for labor from these countries in Arab oil economies and Europe, the employment impact becomes even more daunting. The employment impact within DEs will differ depending on each country's level of resilience. Countries which have strong ties to Europe via exports and migrant workers may bear the strongest unemployment impact.

The countries in the LDC group start the period with the highest unemployment rates. They exhibit some of the highest population growth rates and associated high rates of increase in labor force. For these countries, there is an urgent need for reduction in the high and ever increasing rates of youth unemployment in particular that can become socially destabilizing. Hence maintaining current rates of unemployment are not even an option. However, the projected rates of growth are insufficient to even keep unemployment rates constant.

To summarize, the labor market woes of Arab countries are structural and transcend any short or medium-term ripple effects of the crisis due to the dynamics of oil-led growth. The crises, through their impact on growth, are expected to exacerbate these structural deficiencies.

### **Poverty and hunger**

Extreme poverty (as measured by the share of population under the national poverty line) in the Arab region recorded only a slight decrease since 1990 despite the fact that most Arab countries achieved relatively high GDP growth rates in the last decade UNDP (2009). As in the case of unemployment, the link between expenditure poverty and GDP growth is weak. This may mean that reductions in GDP growth per se may not have the greatest impact on extreme poverty but points to the need for better policy response to address poverty through other and complementary interventions.

The rise in food prices however has a discernible and significant impact on household

poverty. International food prices have risen dramatically since 2002, with the FAO food price index more than doubling from a level of 90 to 191 in 2008. The Arab world has not been immune to the rise in international prices of major food commodities over the period. What matters for the purpose of our analysis is whether these high food prices are a temporary fluctuation or a permanent feature of the global economy over the next decade. The reversal of the drop in food prices which already started in October 2009 and has continued into 2010, with the food price index reaching 174 by January 2010, implies that the era of cheap food experienced in the period up to 2002 may have come to an end. This means we need to factor in the persistence of historically high food prices in the foreseeable future, with all that this implies for prospects of sustained poverty reduction in the food import dependent Arab world. Because of their economic circumstances, poor households are more responsive to changes in food prices than the wealthy ones. Net food buyers represent most of the Arab world's poor and include the overwhelming majority of the urban poor. Hence, there is a real risk that large numbers of vulnerable people who had managed to escape poverty in recent years will be unable to cope with the shock of rapidly rising food prices and will fall back into poverty.

Given recent data on consumption patterns, produced through the household budget surveys in 2005-2006, it is possible, assuming no income changes, to estimate the current level of poverty from the current level of prices applied to the consumption basket obtained by the surveys. LAS and UNDP (2009) estimates the direct effect of the rise in prices on poverty rates in four countries for which recent household expenditure data was available: Yemen, Egypt, Syria and Lebanon.

The results indicate that the order of magnitude of the price impact has been quite significant as extreme poverty rates rise by approximately 30 per cent. The report pays particular attention to the case of Yemen where extreme poverty may have increased more dramatically due to the higher proportion of household expenditure on food.

However, as these projections only take into account the price impact, they are incomplete. Any objective analysis of the impact of major

economic shocks on poverty requires an economy-wide framework that incorporates considerable detail on how households earn and spend their incomes. Accordingly, the report shows the results of implementing a technique for evaluating the impact of economic shocks — policy changes and exogenous events — on poverty and inequality in Egypt based on a computable general equilibrium (CGE) model with representative households. Using this modeling tool, the report estimated that, over the period from December 2006 to December 2007, the incidence of extreme poverty in Egypt increased from 20 to 23 per cent (as a result of increased food prices alone). The actual impact as revealed by the HIES for Egypt in 2009 suggests these estimates were not unrealistic.

Using a similar modeling tool (MAMS or Maquette for MDG Simulations), the World Bank (2010) estimated the impact of the financial crisis on poverty reduction under three scenarios. The pre-crisis trend gives the forecast path for the MDGs if developing countries had continued their impressive growth performance during 2000-2007, the period just before the global economic crisis. The impact of the crisis on the MDGs can thus be measured by comparing the post-crisis trend with this one. The post-crisis trend assumes a relatively rapid economic recovery in 2010, with strong growth continuing into the future, as described earlier. This is essentially the base case forecast for growth in developing countries after the crisis. The low-growth scenario assumes that the recovery projected for the post crisis trend will not take place in the medium run. The scenario assumes little or no growth for about five years, when it begins to slowly recover.

The results, summarized in table 9.7 and figures 9.9 and 9.10, are in line with the earlier findings as the impact of the financial crisis on poverty is expected to be mild in Arab countries

(MENA) compared to other regions if the base-case growth projections apply. However, if growth falters, the region is projected to be the weakest in terms of poverty reduction. This result is consistent with another well established stylized fact, namely that poverty is quite shallow for most Arab countries (El-Laithy and Abu-Ismail, 2008). This implies that small shocks to disposable income or income distribution can produce a significant impact on poverty in this region.

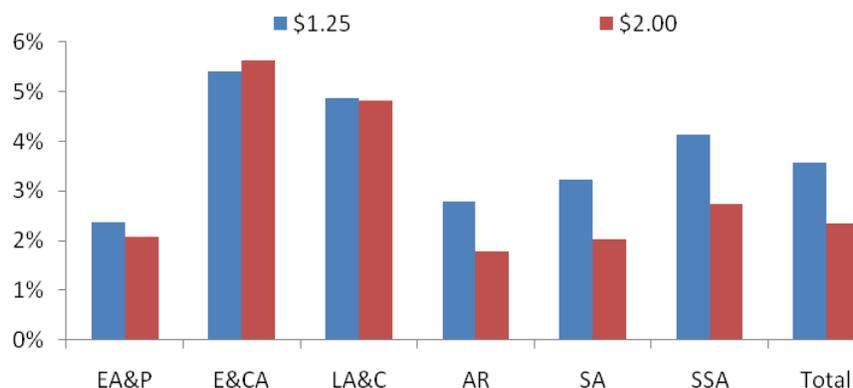
Finally, although globally cumulative increases in fuel prices over the last three years have been significantly larger than corresponding increases in food prices (even when considering the latest months of accelerating food prices), in most Arab countries, food inflation exceeded fuel inflation since many countries continued to heavily subsidize fuel. Thus, notwithstanding the inherent interdependence, it would be safe to conclude that fuel price shocks represent a macroeconomic challenge to Arab countries, while food price shocks represent a social and poverty reduction challenge. In this respect, the medium to long-term challenge facing poverty reduction in the Arab region in the context of rising food and fuel prices is that countries that host the majority of the poor population are net food importers (with the exception of Syria) and are either net fuel importers (Mauritania, Somalia, Djibouti, Comoros, Syria, Jordan, and Morocco) or have limited and declining net fuel exports (Yemen and Egypt). In addition, the main short-term challenge is to respond to crisis zones within Arab countries (mostly LDCs) that have been severely affected not only by rising prices, but also by conditions of conflict and drought. As noted by the LAS and UNDP (2009), this challenge is still very much relevant despite the decline in food prices from the peaks reached in mid 2008.

TABLE 9.7. ALTERNATIVE POVERTY SCENARIOS – PERCENTAGE POOR – UNDER THE \$1.25 AND \$2.00 POVERTY LINES

		Post crisis		Pre crisis		Low growth	
		2005	2015	2005	2015	2005	2015
US\$1.25-a-day	East Asia and Pacific	16.8	5.9	16.8	5.5	16.8	7.8
	Europe & Central Asia	3.7	1.7	3.7	1.5	3.7	2.5
	Latin America & Caribbean	8.2	5	8.2	4.6	8.2	6.5
	MENA Region	3.6	1.8	3.6	1.7	3.6	3.3
	South Asia	40.3	22.8	40.3	21.5	40.3	28.6
	Sub Saharan Africa	50.9	38	50.9	35.9	50.9	43.8
	Total	25.2	15	25.2	14.1	25.2	18.5
US\$2.00-a-day	East Asia and Pacific	38.7	19.4	38.7	18.6	38.7	22.2
	Europe and Central Asia	8.9	5	8.9	4.5	8.9	7.1
	Latin America and the Caribbean	16.6	11.1	16.6	10.3	16.6	14.5
	MENA Region	16.9	8.3	16.9	8	16.9	14.1
	South Asia	73.9	57	73.9	55.5	73.9	63.9
	Sub Saharan Africa	73	59.6	73	57.6	73	65.1
	Total	47	33.7	47	32.6	47	38.2

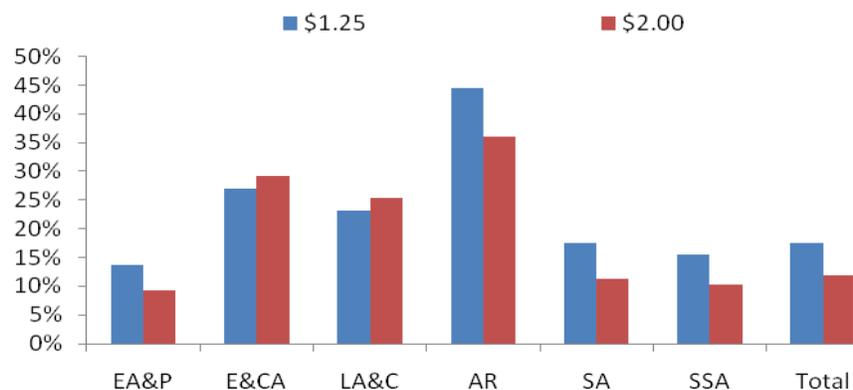
Source: Global Monitoring Report (IMF and WB, 2010).

**Figure 9.9. Impact of the financial crisis on poverty reduction trends under \$1.25 and \$2.00 poverty lines (percentage change from pre-crisis to post-crisis trends) for Arab countries and developing regions**



Source: UNDP estimates based on data in the Global Monitoring Report (IMF and WB, 2010).

**Figure 9.10. The impact of a lower growth scenario on poverty reduction trends (percentage change from pre-crisis to low-growth trends)**



Source: UNDP estimates based on data in the Global Monitoring Report (IMF and WB, 2010).

## The impact on other MDGs

Notwithstanding the complexity of the growth-MDG nexus, initial assessments of the impact of the financial crisis on progress of other MDGs in the Arab Regions portrayed a rather gloomy picture. It was feared that in its wake, the Arab countries that were on track to meet their MDG targets would be seriously put off track and those that were in the balance would no longer have a chance of meeting the targets. More recent evidence emerging suggests the financial crisis may not derail the MDG progress as expected.

In fact, the projected impact of alternative scenarios for growth on other MDGs for the Arab region—completion of primary school, under-five mortality rate, gender equality in education, and

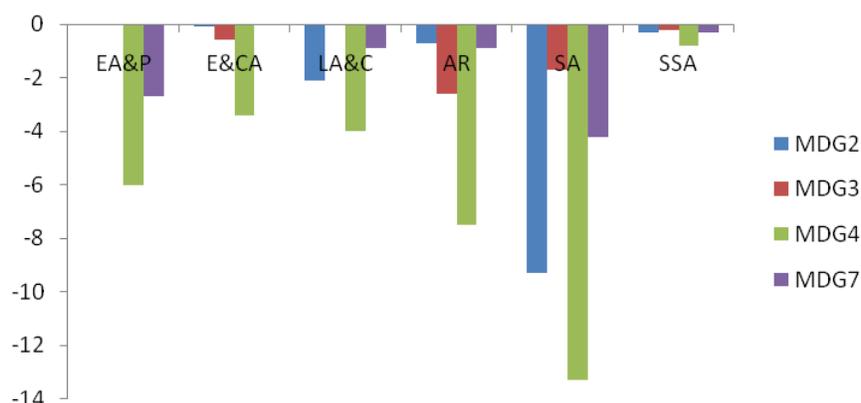
access to safe water—as reflected in the World Bank-IMF Global Monitoring Report (2010), shows the impact is more limited than on poverty. Table 9.8 indicates the impact on education in particular is less severe. As noted by the report, this muted effect reflects the presence of significant lags. The impact on child mortality is stronger as the Arab region is expected to witness only a marginal improvement for this indicator by 2015. Indeed, only South Asia records a stronger negative impact on child mortality (figure 9.11). It is important to note however that these results are fraught with uncertainties and risks. As noted by the authors of the report themselves, the complexity of the relationships between the MDGs and their determinants are still poorly understood.

TABLE 9.8. THE IMPACT OF THE CRISIS ON MDG ATTAINMENT IN ARAB COUNTRIES (PER CENT)

	Target	1991	2007	Three 2015 projections		
				Post crisis	Pre crisis	Low growth
MDG2: Primary completion rate (per cent)	100	78	90	95	96	94
MDG3: Ratio of girls to boys in primary and secondary education (per cent)	100	78	96	96	98	95
MDG4: Child mortality under five (per 1,000)	26	78	38	37	29	37
MDG7: Access to improved water source (percentage of population without access)	6	11	12	8	7	10

Source: Global Monitoring Report (IMF and WB, 2010).

Figure 9.11. Impact of the financial crisis on MDG (percentage decline in attainment rates from pre-crisis to post-crisis trends) for Arab countries and developing regions



Source: UNDP estimates based on data in the Global Monitoring Report (IMF and WB, 2010).

#### 9.4: Policy responses

The interventions in terms of actual injection of additional funds into the financial sectors have been limited to the GCC member countries which boast financial sectors that account for bigger shares of GDP than in other Arab countries. They have also had to deal with the impact on the banking sector of the property bubble bursting and substantial drops in fairly well developed stock markets. The GCC member countries have been forced to pump money into the banks to salvage them. In 2008, the central bank of the United Arab Emirates introduced a liquidity support facility of US\$32.7 billion, to address the tight liquidity conditions that had resulted from difficulties in global interbank markets, the unwinding of speculative positions in Gulf currencies—as a revaluation is seen less likely—and rapid growth in bank lending. Qatar has offered a US\$5.3 billion package to its banking sector, while Kuwait has introduced a similar facility for its banks.

In those OEs where financial systems were affected by the global crisis, the authorities responded forcefully to stabilize the interbank market and to restore liquidity. Following the tightening of liquidity conditions in the last quarter of 2008, all GCC and some non-GCC central banks provided direct injections of liquidity into the banking system, supplemented by deposits from government institutions and other measures to ease liquidity conditions. To shore up investor confidence, some governments provided guarantees for deposits at commercial banks (Kuwait, Saudi Arabia, and U.A.E.), and sovereign wealth funds (SWFs) were asked to support domestic asset prices and provide capital injections for banks. Despite the policy response, IMF maintains that credit markets remain impaired in many countries, largely reflecting global uncertainty, with some evidence that even investors with profitable projects are finding it difficult to obtain financing.

The ability of the concerned governments to draw down on substantial reserves allowed for massive interventions that helped stabilize the banking sector and maintain customer confidence in banks. The timely and substantial injections into the financial system by GCC member countries managed to avert a financial collapse in

the region and demonstrated the ability of the major regional economic powers to intervene effectively.

On the fiscal front there appears much variation from country to country with no clear trends emerging. Typically the fiscal stimulus measures in these countries have gone hand in hand with policies to increase use of domestically produced goods and job creation or sharing schemes. However, given the capacity constraints that exist in the public sector in most Arab countries, it is not clear how the laudable intentions of reversing the adverse impacts of the crisis through fiscal policy will actually work. Investment budgets are notoriously difficult to disburse, and hence it is not clear when the intentions to increase public investments will be translated into functioning construction sites, providing jobs and creating public assets that improve the infrastructural underpinnings of the private sector. In the absence of functioning unemployment benefit schemes, with the exception of Algeria, there are no automatic stabilizers that can kick in to adjust for the economic slowdown.

Amongst the diversified economies, Egypt has introduced measures to substantially increase public expenditures in 2009, on top of measures implemented in the 2008-2009 budget. The budget deficit is expected to increase to over 8 per cent of GDP from under 7 per cent in 2008. In the case of Morocco while total public expenditure will decline, due to a fall on the subsidy front, thanks to lower international prices of subsidized products, investment spending will be increased by over 16 per cent in order to provide a counter cyclical boost to the economy. In Tunisia, the Government has increased budgetary expenditures in a supplementary budget produced in June 2009 and made additional commitments to support struggling businesses and regional development, as a result of which the ratio of public expenditures to GDP is expected to increase by 2 percentage points.

The oil exporting countries on balance appear to be keeping their public expenditures at the level attained in 2008, thus incurring a deficit or achieving lower surpluses. While such policies may appear as expansionary if one uses the yardstick of the budget deficit as a ratio of GDP,

in effect they are more like containment policies since total outlays have typically not increased. These countries have thus not used fiscal stimulus as a means of absorbing additional labor, but at least have prevented a further decline in the unemployment situation by not adding to it.

The least developed countries were not able to use beneficial countercyclical policies to weather the effect of the current crisis on their economies. In particular, Sudan and Yemen have not been able to compensate the decline in revenue (due to falling oil prices) with countercyclical fiscal policies due to fiscal constraints. In Sudan, transfers to the provinces have declined and the authorities are in fact increasing taxes. In Yemen, authorities are cutting expenditures. Fiscal expenditure to GDP ratios are therefore expected to decline in these countries. This drop could negatively impact the already poor quality of services, and would hamper the growth of the private sector undermining long term growth prospects. The least developed countries might end up cutting social spending on health, education and social protection programs threatening some of the achievements accomplished recently in terms of the MDGs.

### **9.5: Concluding remarks**

This chapter has attempted to provide an overview of the impact of the ongoing global economic crisis and the response so far articulated by the concerned governments based on secondary data from UN agencies, the World Bank and IMF. Initial assessment of the global financial crisis by UNDP and ESCWA predicted a stronger effect on the Arab region and its efforts to achieve the targets set out in the MDGs. It was predicted that the adverse effect of the crisis on growth and fiscal space would derail progress given their implications for poverty alleviation, job creation, social welfare provisions and other important developmental pursuits. More recent assessments of impact however are fairly sanguine and expect continued growth in the region, but at lower rates than pre-crisis rates.

Nevertheless, the financial, economic and social costs of the crisis should not be underestimated. Almost all financial, economic and social sectors have been adversely affected by the crisis. The historical links between growth and

poverty reduction and unemployment based on a review of national accounts are fairly weak and lead to the conclusion that growth has not led to poverty reduction or job creation. The poor treatment of the informal sector, which could have acted as the major channel through which increased incomes at the national level trickle down might well explain the observed phenomenon of jobless growth. A better understanding of how the informal sector operates and the economic contribution it makes, should lead to a more realistic assessment of the likely impact of the crises on employment.

The analysis of the limited likely impact of the global economic crisis on Arab economies appears to have been endorsed by the region's Governments, who have made limited direct response beyond the timely and decisive action by GCC countries to maintain their financial sectors intact. However, given what we know about the actual workings of the economies of the region and the in-depth understanding gained of some particular economies, there is a real danger that the actual impact of the crises -particularly the food crisis- might prove stronger in LDCs. If these countries are not able to take corrective action the consumption of the poor and the prospects for attainment of the MDGs could be seriously impaired.

While the phenomenon of jobless growth that has characterized growth in the Arab region in the recent past, is undeniable and the broad contours of a pro-poor growth process are known, more understanding is needed as to the reasons that have led to the current pattern and how the trajectory can be changed to a more job intensive growth process. Having a more informed basis for decision making would allow the Arab countries to respond much better to the boom-bust cycle which has undermined long term investment in this region and allow for appropriate policy choices to increase the resilience and long term growth of the region, thus also responding to the employment challenge that besets the region. For example, for many of the MDGs an important element of improved understanding needed is the contribution of remittances to the development process and how it is likely to change in responses to changing conditions in the labor receiving countries. Given the importance of remittances for poorer countries in the region, there is an urgent

need for a more solid information base on this key economic variable.

As outlined in the ESCWA Damascus Declaration in May 2009 ‘the financial and economic crisis presents an opportunity to encourage the design of coordinated and integrated solutions to regional economic and

social challenges. This includes the formulation of appropriate mechanisms to generate employment opportunities; invest in skills development; encourage sustainable growth; strengthen social protection mechanisms; support fundamental principles and labor rights; promote gender equality and non-discrimination; and focus on human development and decent work.’

## ANNEX 9.1. GROSS DOMESTIC PRODUCT – ANNUAL PERCENTAGE REAL GROWTH

GDP GROWTH	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Algeria	6.9	5.2	5.1	2.0	3.0	2.4	2.0	4.6	4.1	4.3	4.1	4.1
Bahrain	7.2	5.6	7.9	6.7	8.1	6.1	2.9	3.5	4.0	5.0	5.0	5.0
Kuwait	17.3	10.2	10.6	5.1	2.5	6.4	-2.7	3.1	4.8	4.8	4.8	4.8
Libya	13.0	4.4	10.3	6.7	7.5	3.4	1.8	5.2	6.1	7.6	7.3	7.1
Oman	0.3	3.4	4.9	6.0	7.7	12.3	3.4	4.7	4.7	3.9	4.2	4.2
Qatar	6.3	17.7	9.2	15.0	13.7	15.8	9.0	18.5	14.3	9.2	4.7	4.9
Saudi Arabia	7.7	5.3	5.6	3.2	2.0	4.3	0.6	3.7	4.0	4.3	4.4	4.6
United Arab Emirates	11.9	9.7	8.2	8.7	6.1	5.1	-0.7	1.3	3.1	4.0	4.4	4.7
Egypt	3.2	4.1	4.5	6.8	7.1	7.2	4.7	5.0	5.5	5.7	5.9	6.2
Iraq	n/a	n/a	-0.728	6.205	1.495	9.516	4.213	7.266	7.873	7.57	7.141	6.766
Jordan	4.2	8.6	8.1	8.0	8.9	7.8	2.8	4.1	4.5	5.0	5.5	5.5
Lebanon	4.1	7.5	2.5	0.6	7.5	9.0	9.0	6.0	4.5	4.5	4.5	4.5
Morocco	6.3	4.8	3.0	7.8	2.7	5.6	5.2	3.2	4.5	5.0	5.0	5.0
Syrian Arab Republic	-2.1	6.7	4.5	5.1	4.3	5.2	4.0	5.0	5.5	5.6	5.6	5.6
Tunisia	5.6	6.0	4.1	5.4	6.3	4.6	3.0	4.0	5.0	5.6	5.7	5.7
Yemen, Republic of	3.7	4.0	5.6	3.2	3.3	3.6	3.9	7.8	3.8	4.2	4.5	4.6
Comoros	2.5	-0.2	4.2	1.2	0.5	1.0	1.1	1.5	2.5	3.5	4.0	4.0
Djibouti	3.2	3.0	3.2	4.8	5.1	5.8	5.0	4.5	5.4	6.3	6.7	7.0
Mauritania	5.6	5.2	5.4	11.4	1.0	3.7	-1.1	4.6	5.2	5.4	6.0	5.4
Sudan	7.1	5.1	6.3	11.3	10.2	6.8	4.5	5.5	6.0	6.2	5.6	5.4

Source: International Monetary Fund, World Economic Outlook Database, April 2010. Shaded values are staff estimates.

## ANNEX 9.2. DAMASCUS DECLARATION

### **The Regional High-level Consultative Forum on the Impacts of the International Financial Crisis on ESCWA Member Countries: the Way Forward**

#### **Damascus on 5-7 May 2009 (“the Forum”)**

Having discussed the impact of the international financial and economic crisis (“the crisis”) on ESCWA member countries.

Having also discussed the national, regional and international responses to the crisis and taken the views of experts, representatives of ESCWA member countries, regional and international organizations.

Also the 6th session of the technical committee for foreign trade, economic globalization and financing for development in ESCWA member countries, held in Beirut on 6-7 July 2009.

After it had thoroughly discussed the declaration.

Hereby adopts this revised Declaration after incorporating the amendments agreed upon in the session:

1. Requests ESCWA member countries to take the following steps to respond more effectively to the crisis:
  - (a) Take active measures to offset the repercussions of the crisis on their economies and, in particular, to mitigate its impact on economic growth, development and employment. The measures taken will depend on whether a country is oil exporting, has a more diversified economy, is a least developed country or is under occupation;
  - (b) Adopt sustainable expansionary fiscal policies to boost domestic demand and shorten the period of low economic growth. Fiscal stimuli in ESCWA member countries should meet key development goals, and be coordinated and implemented in cooperation with the private sector and civil society. Such policies should primarily be targeted towards infrastructure, agriculture, industry, health, education, environment and social protection mechanisms;

- (c) Take measures to ensure greater cooperation with and support for the private sector, particularly in the real economy, with a special focus on small and medium-sized enterprises and the banking sector in those member countries facing capital reversal and liquidity crises;
- (d) Encourage national, regional and international funds to provide increased liquidity to those member countries facing liquidity crises. Such funds are required to strengthen the response to the crisis through measures that provide long-term financing for low and medium income countries in the region in order to enable them to meet the Millennium Development Goals. Financial institutions should also provide contributions during prosperity times to respond to financial crisis;
- (e) Enhance the efficiency of regulatory frameworks in the financial sector to better serve the real economy;
- (f) Promote greater regional integration, particularly in monetary and financial affairs, and coordinate stimulus policies in order to improve the effectiveness of their response to the crisis;
- (g) Encourage sovereign wealth funds in the ESCWA region to increase their investment in the real economy of the region, in particular in those member countries with comparative advantage in agriculture and industry;
- (h) Pursue diversification vigorously to reduce dependency on the oil sector, by diversifying exports and investing in technology and infrastructure, thus expanding employment opportunities;
- (i) Facilitate intraregional flows of trade in goods and services, people and capital between ESCWA member countries to enhance regional integration;
- (j) Promote South-South cooperation as part of the promotion of economic and technical cooperation between developing countries;
- (k) Review trade policy and how it could be used more effectively to protect the countries from illegal competition;
- (l) Implement the concept of good governance which covers transparency, control and accountability on the units, institutions and national level;
- (m) Coordination between expansionary fiscal policy and monetary policy and facilitate credit conditions;
- (n) Support the production capacity for ESCWA member countries through providing tax incentives and tariff reductions on crude material and capital goods, and through facilitating and simplifying trade measures. These incentives could differ from one country to another according to the situation of each country;
- (o) Strengthen employment and social protection policies in the interest of ensuring decent work for all, including employment services, active labor market policies, unemployment insurance, sustainable and adequate pension policies, and complementary cash transfer programs;
- (p) Support the United Nations Conference at the Highest Level on the World Financial and Economic Crisis and its Impact on Development, including the structure of the international monetary system, taking place in New York from 24 to 26 June 2009. This can be accomplished by actively participating in the Conference and providing inputs reflecting the needs of the region;
- (q) Take proactive steps towards ensuring more active participation of developing countries, in particular

- those in the ESCWA region, in managing the global economy. The current crisis has proved the need for reform and, in particular, for a more representative, legitimate and thus effective management of the global economy. This cannot be achieved without the active participation of developing countries in global economic decision-making mechanisms.
2. The Forum supports the activities of ESCWA and requests the secretariat to undertake the following steps to assist member countries to respond more effectively to the crisis:
- (a) Strengthen and enhance the role of ESCWA in representing the particular needs of the region in managing the crisis and in the deliberations of The Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System;
  - (b) Undertake technical cooperation and capacity-building activities (such as seminars, workshops and technical missions), bringing together concerned entities in each country (such as the ministries of foreign affairs, trade, finance and the economy) in order to assist member countries to achieve both national and regional coherence in negotiating positions in respect of such matters of strategic importance as the current crisis;
  - (c) Play a catalyst role in bringing together member countries and Arab and Islamic financial institutions in order to enhance the role of such institutions in solving problems arising from and/or exacerbated by the crisis.

**PART THREE**



## X. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The following paragraphs summarize the main points from the conclusions and recommendations of individual chapters on each of the MDGs. Overall, the MDG results in 2010 show a mixed performance and significant challenges. The detailed recommendations in each chapter outline sector specific approaches in more depth. The intent is that these recommendations can inform accelerated progress on the MDGs within the Arab region. Ambition and resources can enable us to achieve the MDGs. But such commitments need to be used effectively and the priorities identified here should inform our investments in accelerating MDG progress. Those investments should be driven by a national framework for sustainable development balancing economic, social and environmental development priorities that collectively provide the basis for MDG achievement.

**MDG1:** The record of Arab countries on MDG1 since 1990 shows three main successes. First, for the vast majority of Arab countries, human poverty has declined significantly. Second, compared with other regions, the Arab region still maintains relatively low levels of poverty and medium levels of income inequality. Third, progress in the Maghreb countries has been remarkable since it is the only sub-region which has managed to significantly reduce unemployment while also halving poverty in both urban and rural areas. Outside the Maghreb, Jordan is the only country in the sample which can boast a similar achievement on the poverty reduction front.

Despite these successes, the achievement of MDG1 in Arab countries is constrained by four “stylized facts”. First, unemployment and decent work remain the most serious development challenge as Arab countries face the highest unemployment rates (particularly amongst the youth) worldwide. Second, the region as a whole is also unlikely to achieve the key target indicator for halving hunger, as there is a serious risk of reversal in trends in the aftermath of the food crisis, particularly in the Arab LDCs. Third, despite the progress achieved in halving poverty rates as measured by the international \$1.25-a-day line, the region is off-track when progress is gauged by the more appropriate measure of

extreme poverty, namely the lower national poverty line. Fourth, the LDCs lag significantly behind on poverty reduction. Indeed, arguably, the majority of the population of the Arab LDCs can be considered as poor, as these countries are often caught in a vicious circle of fast population growth, increasing environmental degradation, and natural resource depletion, increasing poverty and encouraging the destabilization of the social and political order.

**MDG2:** In spite of considerable progress made towards the achievement of UPE, Arab States face several challenges which must be overcome in order to reach MDG2 by 2015. Access to primary education continues to be a critical challenge in some countries, e.g. Yemen, Sudan, Morocco, Mauritania, and Egypt. There also exist significant geographical disparities within countries between rural and urban areas.

Internal conflict and occupation have had serious consequences on access to education in conflict and post-conflict countries in the region (Iraq, Lebanon, Sudan and the Occupied Palestinian Territory). Key challenges for education in these countries are: renewing the infrastructure of the schools in addition to overcoming the lack of qualified teachers and poor learning environments. Moreover, demographic pressure over the next decade is expected to increase pressure on governments in the region. Despite the decline in fertility rates, the region will continue to have one of the highest percentages of youth in the world. Providing educational opportunities for the growing population is likely to stretch the resources of many countries and jeopardize the maintenance of the present enrolment rate. There are still groups or parts of society which are left un-served because existing education delivery systems are unsuitable to their needs, life patterns and aspirations. There is a need for independent non-formal and supplemental programs to cater for the educational needs of these marginalized groups. Thus it is important to consider improving the access to education, its cost, and quality in some Arab countries as priorities if the region is to move closer towards the goal of achieving universal primary education by 2015.

With regard to the quality of education, international and regional assessments show that relatively poor learning achievements in language, mathematics and science still characterize many Arab States. Also, lack of qualified teachers remains a challenge to several Arab States in improving the quality of education which is directly affecting the teaching and learning practices. Despite the presence of several initiatives in some Arab States, reforms aimed at serving social and human development needs have failed to change the process by which teachers are selected and upgraded, their performance and teaching skills updated and curricula and teaching methods modernized. In addition, the education system in some Arab States continues to be plagued by below-par teaching methods and unfriendly classroom environments (poor infrastructure, school violence, etc.).

Improvement in the accessibility, affordability, and quality of education in some Arab States must be regarded as a top priority if the region is to come close to achieving the goal of UPE by 2015.

**MDG3:** The Arab region was able to achieve considerable progress in reducing the gender gap and increasing female enrolment rates in all levels of education. However, the educational system as a whole still faces many difficulties, particularly in terms of achieving high education quality. Curricula also need to be revised to eliminate discriminative images and stereotypes about women and girls in school textbooks. Women should be additionally encouraged to enter scientific fields, linking thereby their education to the labor market's needs. The educational achievements of women have yet to be translated into greater economic and political participation. Women's participation in the labor force and political representation in national parliaments remains still very limited in the Arab region. However, progress in these fields will not be achieved without elimination of discrimination at the legal, structural and behavioral levels.

**MDG4:** Efforts to improve child health have increased significantly in the Arab region. However, while infant and under-five mortality rates have been reduced considerably, little is

known about the extent of within-country disparities of child mortality. Due to the enormous challenges facing Arab countries today (such as conflict, poverty and gender inequality), it is easy to lose sight of the possibility of change. To accelerate reduction in under-five mortality by 2015, countries in the region will need to step-up efforts in addressing pending issues such as high maternal mortality, malnutrition, wide disparities between rural and urban areas, and between the rich and poor of society.

Slow progress in MDG4 amongst LDCs is a major hindrance to overall progress on this MDG in the Arab region. Addressing this bottleneck is likely to fail without a substantial increase in financial investment and technical support to the health sector. Strategies to improve public health and expedite the achievement of MDG4 have emphasized the importance of adopting public health approaches (including population-based preventive measures, integration of health services, increased institutional capacity, and locally acceptable reforms of the health sector). These changes will require sound public policy decisions on the priorities, scope, and tools to enhance the health sector across the Arab region.

**MDG5:** Arab countries face several challenges which could hinder reductions in maternal mortality, and the achievement of MDG targets 5A and 5B as a whole. Long-lasting conflicts in Sudan, Somalia and most recently, Yemen, have had a negative effect on the financial resources, and in particular on official development assistance (ODA), directed towards developmental issues such as maternal health.

Although many countries already have policies in place addressing both targets of MDG5, Chapter 5 identifies ten priorities that should be addressed at the country level with the help of regional initiatives driven by the Arab Council of Health Ministers in collaboration with international development partners. The first three priorities are fundamental in that they reflect the financing gap apparent in some countries.

- **Review of funding for healthcare.** Increased government financial allocations to family planning and emergency obstetric care programs that aim at continuing the

existing programs in the Mashreq and Maghreb countries and enhance healthcare in the LDCs will be of key importance in achieving targets 5A and 5B.

- **More effective and coordinated donor funding.** Many Arab countries are signatory to the Paris declaration for donor harmonization and Accra declaration of new aid and funding modalities. These should be used as a tool for more effective donor programming and funding for MDG5 targets.
- **Lobby for the inclusion of priority countries** such as Sudan and Somalia to benefit from the new funding modalities and to shift funds to priority development goals.

**MDG6:** Treatment, and even better, prevention of, serious diseases are a fundamental right and the recommendations in Chapter 7 for improved performance focus on the integration of health service delivery through a common platform and more coordination, together with better information. A key concern is to address the burden of care imposed by serious illness such as HIV/AIDS on household members, usually women and girls. There are five overarching recommendations.

- Strengthening Health Systems, including good governance and stewardship through a larger role for decentralized systems, both informal and formal, of health protection.
- Prioritizing regions and vulnerable groups (with special attention to the poor, rural populations, women and youth) with regard to the expansion of health protection to those in need and those excluded.
- Establishing a Social Protection Floor.
- Strengthening the capacity of all stakeholders to address issues of gender equality and delivery of health services, as well as promoting partnerships with civil society organizations including women's groups, NGOs and with the private sector.

- Sustaining progress and accelerating investments, both domestic and international, and seeking and supporting global solidarity for advancement of health.

**MDG7:** Recognizing that climate change poses a serious threat to sustainable development and hence achievement of the MDGs in the Arab region, CAMRE issued a Ministerial Declaration on Climate Change in 2007 and more recently in 2009. Adopting national and regional action plans addressing climate change issues is going to be essential to assess possible impacts and develop effective adaptation programs. Regional cooperation is vital to mitigate the impact of climate change, particularly in the face of potential impacts associated with rising sea temperatures and sea-level rise through regional coastal zone management and the establishment of regional early warning systems for monitoring extreme climatic events such as storms, cyclones, droughts, and floods. But such programs and activities will come at a price, and there is obviously a real concern that the global financial crisis will see a diversion of resources away from these issues to the immediate short-term challenges relating to the financial sector and its debts.

In terms of access to water and sanitation, there has been significant progress, but this has not been at the pace necessary to achieve the targets set by 2015 for the Arab region. Progress is hindered by water shortage as well as water management, lack of financial resources in the Arab least-developed countries, and rapid increase of slum dwellers. Slums create financial pressures on municipalities to provide water, housing and shelter, and to manage waste and combat the spread of diseases, placing pressure on resources that do not readily exist.

Currently in the Arab region, approximately 83 million people do not have access to safe drinking water and about 96 million people need access to sanitation services. Most of these people live in lower income countries which are under occupation, or are scarred by war and conflict. It is estimated that the total financial cost of providing the water supply and sanitation services required to halve the proportion of the population without sustainable access to safe drinking water and sanitation by the year 2015, under MDG7,

would be about US\$99,870 million and US\$62,000 million, respectively (UNEP, 2010). At this point, the lower income Arab countries do not have the financial resources to make this sort of investment. Furthermore, in some Arab countries, rapid urbanization contributes significantly to increasing the percentage of the population living without these services.

**MDG8:** Clearly, the primary policy recommendation is that ODA be driven by development priorities and not by political considerations. It should also focus both on social and productive sectors. Furthermore, donors should respect their commitments on aid effectiveness made at both the Paris Declaration and the Accra Agenda for Action. They should also respect their pledge to untie ODA. These policy recommendations are important in light of the findings that the percentage of untied ODA had actually decreased for most Arab countries, including LDCs, and for the region as a whole, excluding Iraq. The IMF and the World Bank also have an integral role to play in helping HIPC countries sustain their debt levels through completing the HIPC and MDRI initiatives. The international community should not base actions relating to HIPC countries and their decision and completion points on political considerations.

As Arab countries take rapid steps towards global integration, there must be a system of monitoring and evaluation of the impacts of global integration that provide the bases and guidance for policies that are geared towards maximizing the positive impacts, minimizing the negative impacts and effectively protecting vulnerable groups. Additionally, Arab governments should enhance the capacity of Small and Medium Enterprises (SMEs) to better utilize bilateral and multilateral Free Trade Agreements and WTO membership in order to gain market access. UN regional agencies should coordinate with LAS to help Arab countries achieve greater regional integration, especially in the area of trade.

Arab countries are also required to lower the costs of access to the different ICT fields, improve ICT infrastructure and implement the use of ICT in schools' programs and public institutions in order to provide larger access to this vital sector. Due to the important role that

ICT plays in promoting growth, developed countries along with UN regional agencies should take effective steps to help enhance the ICT sector in the Arab countries, particularly in Arab LDCs, through providing access to wireless communication technologies, fixed broadband Internet, Next-Generation Networks and satellite technologies.

### **Policy coherence and the linkage between the MDGs**

A common theme in the individual MDG chapters is the interdependence of the MDGs, performance on one depends upon performance on others. This interdependence is a determining factor in the achievement of the goals as a whole and of each goal individually. Both in the overall framework of sustainable human development plans and in strategies around individual MDGs addressing this interdependence is vital. Failing to tackle hunger and under nutrition (MDG1) jeopardizes the achievement of other MDGs, including goals to halve poverty, achieve universal primary education, promote gender equality, reduce child mortality and improve health. Decent work is not only essential for promoting the eradication of extreme poverty and hunger but contributes towards and depends upon all the MDGs. The impact of primary education (MDG2) is felt strongly across a number of sectors and goals. Similarly, progress in education depends on advances in achieving other public goals, including the MDGs not related to education. Articulating and supporting the gender equality elements of all other MDGs will accelerate progress in achieving MDG3. Likewise, other MDGs are directly and indirectly related to maternal and child health and to combating major diseases (MDGs 4, 5, and 6), including reducing poverty, improving nutritional status, and reducing gender inequalities. Environmental sustainability policies (MDG7) have on the one hand a bearing on health and on poverty eradication but, on the other hand, conservation of ecosystems will not be possible if populations are ridden by poverty, hunger and malnutrition.

A political and policy environment that recognizes this interdependence of the MDGs is important. MDG-specific recommendations also need to be contextualized within countries and

National Development Strategies (NDS) provide the critical means through which policy coherence across targets can be achieved. NDS enable countries to identify and harness co-benefits of policies that contribute to different objectives, to find solutions for trade-offs among conflicting objectives, to address simultaneously intra- and inter-generational equity concerns, to address gender equality concerns, to target the most vulnerable populations, and to ensure broad participation and ownership across all major stakeholders.

### **Regional cooperation**

An important emphasis in the recommendations made in this report concerns regional cooperation. This is brought up not just in relation to MDG8 on development partnerships but more broadly across the MDGs. It dovetails with the focus on this at the 25th Ministerial Session of the Commission which noted (UNESCWA, 2008) that even although Arab countries have recently achieved significant progress towards the attainment of the Millennium Development Goals (MDGs), particularly in the fields of health and education, the Arab region continues to witness sharp disparities between the high-income countries of the Gulf Cooperation Council (GCC) and Arab least-developed countries (LDCs). GCC countries seem to be on track in terms of achieving most MDG targets but Arab LDCs and conflict-ridden Iraq and the Occupied Palestinian Territory are lagging significantly behind and are therefore

unlikely to meet the majority of MDGs by 2015. The United Nations Millennium Declaration recognized that the prime responsibility for the attainment of MDGs rests with individual countries. However, the Declaration equally called for “strong partnerships” aimed at promoting a more open and equitable system of international finance and trade, increasing development assistance and enhancing international commitment towards good governance, development and poverty reduction.

### **The impact of the economic crises on the MDGs**

A major analytic concern in this report, and the focus of Chapter 9, is the global financial crisis. Initial assessment of the global financial crisis by UNDP and ESCWA predicted a stronger effect on the Arab region and its efforts to achieve the targets set out in the MDGs. It was predicted that the adverse effect of the crisis on growth and fiscal space would derail progress given their implications for poverty alleviation, job creation, social welfare provisions and other important development pursuits. More recent assessments of impact however, are fairly sanguine and expect continued growth in the region, although at lower rates than pre-crisis rates. Nevertheless, the financial, economic and social costs of the crisis should not be underestimated. Almost all financial, economic and social sectors have been adversely affected by the crisis and the crisis is a brake on MDG progress.

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