

Introduction

Policies for the Sustainable Development Goals in the Arab region: emerging trends and structural challenges

The 2024 edition of the Arab Sustainable Development Report (ASDR 2024) focuses on policies to achieve the Sustainable Development Goals (SDGs) in the Arab region. The report maps policy trends related to SDG implementation at the regional level and in relevant groupings of countries: Gulf Cooperation Council countries, middle-income countries, least developed countries and countries experiencing conflict and fragility. Building on the knowledge and analysis of 18 United Nations entities working in the region, ASDR 2024 supports this mapping of trends with reference to **national policy examples related to the 17 SDGs in the 22 Arab States**. It points to policy gaps and contextualizes the trends within structural and emerging development challenges and priorities in relation to regional SDG data.

For the purpose of this report, there is no clear-cut definition of the term “policy”. In practical terms, a policy trend reflects the approach Governments take to achieve (national) priorities. Their efforts include national and sectoral strategies, initiatives, programmes, legislation, engagement with global and regional frameworks, and the establishment of financing and institutional mechanisms to facilitate implementation. ASDR 2024 adopts this wider designation in its use of the terms “policy” and “policy trends”.

The analysis of policy directions in the 17 chapters that follow highlights promising elements, robust policies and policy gaps. It identifies areas where integrated policies that address the different dimensions of sustainable development remain lacking. It links those policy directions wherever possible to the **financing landscape** and **policies to leave no one behind**, as well as **regional dimensions** for cooperation and multilateral action. By doing so, ASDR 2024:

- Provides a better understanding of SDG progress in the region in relation to policies undertaken;
- Helps policymakers identify policy approaches adopted by Arab Governments facing similar challenges;
- Identifies opportunities for the acceleration of SDG implementation through the adoption of more integrated policies and the promotion of regional cooperation and action.



I. The SDG policy landscape in the Arab region

Given the multiple policy areas under each SDG, it is not possible to provide a comprehensive summary of the main trends or findings. However, looking across the policy directions covered in detail in the 17 chapters that follow, a number of observations emerge. These common characteristics of SDG policies in the region are useful for identifying entry points and assessing the extent to which structural challenges to policymaking are being addressed.

The below findings do not cover all 17 SDGs or the different policy areas within each. They use select policy examples from the different SDGs in order to illustrate the finding.

Policies setting ambitious targets are on the rise; however, these are often unaccompanied by practical and resourced action plans.

- ◆ While substantial legislative progress has been made towards combatting violence against women and girls, only five of the countries that have adopted laws to protect against domestic violence have **national plans or strategies on combatting violence against women** and only one of them makes binding budgetary commitments to implement the existing legislation (SDG 5).
- ◆ Many countries have launched **strategic frameworks on sustainable consumption and production and the green economy**, but these policies are more aspirational than actionable (SDG 12). Policy implementation remains weak and underfunded, while many exemplary practices and demonstration projects need to be scaled up.
- ◆ Most countries have set **renewable energy targets** aligned with nationally determined contributions under the Paris Agreement on climate change (SDGs 7 and 13), but only eight countries have developed action plans or strategies to achieve them.
- ◆ Only a few Arab countries have taken the crucial step of translating **net-zero emissions targets** into comprehensive, economy-wide strategies with integrated programmes and specific objectives for priority sectors (SDG 13).
- ◆ Several countries have set ambitious **land degradation neutrality targets**; nine registered voluntary targets under the Convention to Combat Desertification (SDG 15). However, the lack of science-based and holistic action plans, adequate monitoring and community participation represent important implementation hurdles.

Emerging and new policy areas are being introduced.

- ◆ There is an emerging focus on **nutrition through a multisectoral approach** in the Gulf Cooperation Council countries and some middle-income countries, including

the establishment of dietary guidelines, food labelling standards, unhealthy food marketing regulations, and media campaigns and counselling on healthy diets and nutrition (SDG 2).

- ◆ **Mental health policies are being introduced and plans or legislation are recognizing the right to mental health.** However, a significant gap remains in securing adequate funding, services and robust monitoring systems (SDG 3).
- ◆ Several countries have established **national artificial intelligence (AI) structures** and developed **policies to promote AI**, with a focus on skills building, investments, the legal and regulatory environment, as well as ethics. Some countries have already set up an ecosystem for AI (SDG 9).
- ◆ **Sustainable smart cities are emerging in the region**, with 14 out of 22 countries having related initiatives that can enhance urban safety, increase traffic safety, strengthen early-warning systems, unlock the potential of real-time data in predicting and preventing crime and terrorism, and address violence against women and girls in public spaces (SDG 11).
- ◆ **Sustainable public procurement** has progressed in several Gulf Cooperation Council and middle-income countries, including through partnerships with international counterparts to establish and adhere to standardized norms and guidelines. This supports public agencies in prioritizing environmentally and socially responsible products and services while encouraging businesses to adopt sustainable practices and stimulating market development through innovative processes (SDG 12).

Follow-up on regional and global frameworks is strengthening national efforts.

- ◆ By mid-2023, 20 of the 22 Arab countries had convened national multi-stakeholder dialogues as part of the Food Systems Summit 2021 process and follow-up. Of these, 11 articulated **national pathways with concrete measures to achieve sustainable food systems by 2030** (SDG 2).

- ◆ The 20 Arab countries that are Party to the Paris Agreement on climate change have submitted at least one **nationally determined contribution** to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat, identifying adaptation needs and priorities and establishing mitigation targets (SDG 13). Additionally, 15 of these countries submitted an updated or new nationally determined contribution (NDC) within 5 years of their first NDC document.
- ◆ As part of their national statements of **commitment at the Transforming Education Summit in 2022**, several Arab countries pledged to incorporate climate change into curricula (SDGs 4 and 13).

In some key policy areas, efforts remain largely ineffective despite growing attention and in some cases funding, leading to serious questions regarding policy design and implementation.

- ◆ **National employment policies and technical and vocational education and training (TVET) programmes** have not had a noticeable impact on the high levels of unemployment. This could, in part, be attributed to issues with the design or resourcing of programmes. More fundamentally, however, the persistent low economic growth conditions are disincentivizing investment and job creation, and social, cultural and logistical barriers are impeding the labour force participation of certain groups (SDG 8).
- ◆ **Tax incentives** for stimulating foreign direct investment have often failed to generate commensurate benefits in terms of jobs or economic growth (SDGs 8 and 10).
- ◆ The **mainstreaming of gender equality considerations** has been slow, both across sectoral development policies in making them more relevant and responsive to the needs of all citizens, and in the work of different national institutions to ensure greater awareness and buy-in and active participation in change (SDG 5).
- ◆ In most countries in the region, **spending on education** lags international benchmarks and is generally inefficient, with learning outcomes lagging those in countries with similar levels of expenditure (SDG 4). Educational policies must be augmented by better data and evaluation systems to inform evidence-based resource allocation and address underlying inequalities.
- ◆ At least 17 Arab countries have established protections for the **rights of students with disabilities**, with many also taking steps to enhance the physical accessibility of learning environments. Various barriers, however, continue to impede access to quality education for

students with disabilities: negative attitudes towards disability; difficulties accessing transportation; shortfalls in accessibility in learning environments; low levels of funding for inclusion initiatives; and insufficient training on disability for teaching and support staff (SDG 4).

- ◆ Only four countries in the region have explicitly formulated a **national urban policy**. Urban environmental issues are often covered by sectoral approaches instead of being addressed in integrated urban policies, which limits their effectiveness (SDG 11).

Policies in some areas remain blind to vulnerable groups, inadvertently pushing people behind.

- ◆ A commitment to renew efforts towards advancing the universal **social protection** agenda was taken in the 2021 Ministerial Forum Declaration on the Future of Social Protection in the Arab region, through which countries agreed to work toward enhanced and eventually universal coverage by shock-responsive, well-managed and sustainably financed social protection systems. However, institutional coordination and financing constraints limit the capacity of programmes and schemes to counter poverty, tackle inequality and prevent downward income mobility, with common challenges including reaching informal workers, addressing gender gaps emerging from programme design, and financing adequate benefits for recipients (SDG 1).
- ◆ In some countries, agricultural modernization programmes are not catering for the **needs of traditional smallholder farmers**, and unable to integrate them, are pushing them further into poverty (SDG 2).
- ◆ The speed at which digital technology is advancing will require the **upskilling and reskilling of older employees**, an issue not yet widely addressed in the region that risks widening inequality between generations (SDG 9).
- ◆ Climate policies **often overlook the specific needs of marginalized and vulnerable populations** that are disproportionately affected by climate-related disasters. Internally displaced persons, refugees, migrants, inhabitants of low-lying coastal areas and individuals with lower incomes encounter significant obstacles to accessing essential resources and technology for effectively adapting to climate change (SDG 13).



The region continues to underutilize advocacy and educational efforts for transformative change.

- ◆ **Health policies are failing to curb obesity**, especially in the Mashreq countries, due to lack of advocacy and educational programmes that promote healthy diets and lifestyles (SDG 2), which could further advance sustainable consumption and production (SDG 12).
- ◆ Advocacy and educational activities to end the **existing stigma around mental health**, including among health-care professionals, are lacking. This can discourage people from seeking help and prevent the provision of effective mental health services (SDG 3).
- ◆ The **integration of sexual education in school curricula** has also been slow, thus missing the opportunity to address sociocultural norms and taboos among adolescents and young people (SDGs 3, 4 and 5).
- ◆ While awareness of the value of biodiversity across society is generally weak, very few countries have incorporated **biodiversity education and awareness-raising** as strategic pillars of their national biodiversity strategy and action plans (SDG 15).

Greater attention is being paid to the integration of technology and digitalization across policy areas.

- ◆ **E-payments and the use of platforms such as mobile wallets** for social protection beneficiaries are in progress (SDG 1).
- ◆ Greater attention to **technology in education** is observed, both for developing student skills and for facilitating home learning (e.g. **e-learning platforms**) (SDG 4).
- ◆ **Digital government (or e-government)** has progressed because of policies to modernize public entities and accelerate digitalization, transforming the operations and services of public institutions in partnership with the private sector. The use of digital technologies by Governments helped to maintain essential public services in health, education and social protection during the COVID-19 pandemic (SDG 9 and SDG 16).
- ◆ Some countries have developed a **national digital health/e-health strategy or policy** or have embedded their digital health strategy in the national health strategy to institutionalize the use of information and communication technologies (ICT) for health and well-being (SDG 3).
- ◆ Gulf Cooperation Council countries are developing local technologies and manufacturing capacities for **water desalination and wastewater treatment**, an

approach that is also gaining significance in other Arab countries, although more work is needed to mitigate the potential environmental impacts of desalination technologies (SDG 6).

Policies are being supported by the establishment of multi-stakeholder institutions.

- ◆ Most countries, notably the Gulf Cooperation Council countries, have established **high-level political oversight bodies (e.g. food security councils)** to ensure the stable procurement of food as a matter of national security (SDG 2).
- ◆ **Tripartism** is making headway in the region, signifying an increased willingness to engage employers and workers in labour policy. All countries have **social dialogue institutions and bodies** and have adopted the Arab Action Agenda for Employment, which prioritizes social dialogue and encourages the creation of social and economic councils (SDG 8).
- ◆ Gulf Cooperation Council and middle-income countries are establishing **industrial clusters** that represent a conducive environment for growth and integration into global value chains, bringing together various stakeholders and boosting their collaborations (SDGs 8 and 9).
- ◆ **Agreements for the co-management of marine protected areas** that engage civil society organizations and local communities are emerging in middle-income and least developed countries with positive impacts in terms of mobilizing community support, fostering a sense of ownership, and increasing compliance with marine protected area regulations (SDG 14).



Weak regional integration is hindering SDG progress

For a region that boasts a relative homogeneity in terms of language and culture, the Arab region is one of the least integrated globally. The impact is felt most obviously in the state of the economy and trade and in conflict management and resolution. There are, however, a few policy areas where regional or sub-regional cooperation is working well. For example, among Gulf Cooperation Council countries, labour mobility of nationals is further enhanced by portability agreements that facilitate the operation of pension and social protection systems. Collaborative agreements to manage fisheries constitute a positive development as do emerging efforts on collaborative sand and dust storm assessment and early warning systems. Likewise, the area of cyber security and network interoperability is becoming a focus of regional action.

However, as the following chapters will show, weak integration across the SDGs is costly and the potential to accelerate action by adopting regional frameworks and mechanisms remains significant. The policy analysis in this report identifies this potential across the 17 SDGs; select examples include:

SDG 1

Extending social protection systems to people living outside their countries of origins, including through a regional social security coordination agreement; establishing a regional social solidarity fund to close the poverty gap in the least developed countries and guarantee a basic standard of living.

SDG 2

Establishing regional strategic food reserves similar to those established by Association of Southeast Asian Nations (ASEAN) member countries, as well as regional and bilateral trade arrangements in food and agricultural inputs.

SDG 4

Developing a common framework for skills development and credential recognition, as well as strengthening cooperation across educational institutions for student exchanges and joint research.

SDG 6

Building capacity around water diplomacy to ensure peacefully managed access to shared water resources and improving water-use efficiency through inter-sectoral efforts to decouple economic growth from water use.

SDG 8

The implementation of an Arab customs union to strengthen the integration of supply chains and support industry and manufacturing.

SDG 9

Streamlining tariff systems, digitizing supply chains and facilitating the movement of people and goods to strengthen supply chain resilience.

SDG 10

Stronger cooperation on migration management, remittances and the protection of migrant rights.

SDG 11

Strengthening the capacity of local authorities through exchanges of knowledge and good practices within regional networks of cities, supporting local Governments to advance sustainable urban development.

SDG 13

Regional initiatives to identify climate risks and solutions and enhance early warning systems for climate related hazards and collaboration among meteorological offices, as well as developing regional and sub-regional response plans to prepare for effective disaster responses.

SDG 10 SDG 17

A coordinated approach to tax policy and illicit financial flows, as well as a coordinated Arab approach to debt management and advocacy on changes needed to the global financial architecture.

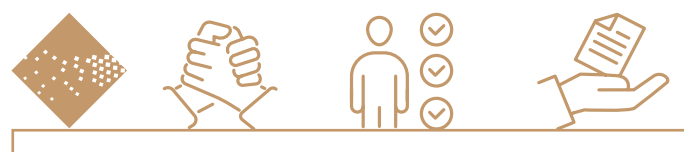


II. Structural challenges and cross-sectoral issues call for a transformative policymaking agenda

The shift to integrated, responsive, accountable and forward-looking policymaking is not easy but is necessary. Policy coherence requires breaking down the siloes of ministerial and other institutional arrangements, as well as developing inclusive rights-based policymaking that engages a broad range of stakeholders, including marginalized groups. It also requires harmonizing domestic and foreign policies and aligning commitments taken at the international level, particularly in economic and financial areas, with national developmental capacities and objectives. This is not a straightforward endeavour but involves difficult decisions and trade-offs between different policy solutions, often influenced by various institutions or actors that carry distinct ideologies and diverging interests as well as unequal power or weight.

The following 17 chapters chart the policy trends within each SDG. This analysis is a prompt for focus on the impact of the policy landscape on the development trajectory in the region and on the well-being of its people and environment. Building on the analysis provided in the following chapters, two approaches are needed. First, evaluation and impact assessment of key policies at the national level with a comparative approach across the different sub-regions. This is the ultimate objective of any attempt to consider policies for the SDGs—the extent to which policies aid transformation toward a more just, inclusive and sustainable reality for current and future generations. Second, addressing the structural impediments to integrated policymaking for the SDGs and the push for a holistic approach that tackles structural issues at the national and regional levels.

Below is an overview of structural and cross-sectoral issues that continue to hinder the transformative potential of the SDGs and that frame analysis of the policy directions presented in detail in the individual SDG chapters.



A weak or broken policymaking cycle

The experience of the COVID-19 pandemic exposed and amplified existing fragilities in the capacities of public institutions in Arab countries, including in regard to weak preparedness of institutions, fragmentation of the decision-making process, and challenges in coordination among institutions as well as between public institutions and non-State actors such as civil society organizations.⁶ The weak response⁷ was not only the result of shrinking fiscal space and ability to fund response interventions, but relates to the lack of trust in public institutions operating in political and/or economic crises. The weak response cannot be separated from the weakness of frameworks to monitor and evaluate policies and the functioning of government institutions. Ineffective institutions with limited accountability can create a breeding ground for social and political instability and conflict.

Ineffective institutions hinder capacity to deal with any kind of shock or disaster, including natural ones. For instance, across the region, several human and climate related disasters translated into a massive loss of lives that could have been avoided and effectively mitigated. The collapse of two dams in Derna, Libya in September 2023, is an example of the impacts of conflict and extreme weather coinciding, with disastrous outcomes. The dams collapsed due to a lack of maintenance and inadequate operation. Fragmented, divided and weak institutions did not follow up or supervise maintenance work. Nor were there effective institutional systems in place for disaster prevention and management.

Lack of policy coherence: Fragmentation in policymaking has a clear negative impact on development progress. For example, most countries lack integrated sexual and reproductive health services for improved outcomes, with sexual and reproductive health programmes managed independently from national health systems. Social protection programmes in many countries are dispersed among multiple entities and mechanisms of distribution lead to high inefficiency while many families and individuals fall through the cracks. Poor coordination of tax incentives and other policies result in poor investment performance, with many such investments not producing the expected effects on growth or employment.

The problem is also linked to centralized budgets that are not responsive to priorities or needs at the subnational or local levels. The decentralization process is unfinished in most countries of the region. Overall, since they depend on transfers from the central Government, local Governments and authorities still have weak capacities for mobilizing local resources. Compared to other regions in the world, Arab cities and local authorities have lower rates of local revenue collection due to centralized budgeting mechanisms at the national level, corruption, inefficient transaction and land records management, and poor accountability. Local authorities have limited ability to collect property taxes, the primary source of locally generated revenue. As a result, cities may be unable to meet demands for operating costs, such as employee salaries, building rents and equipment, and instead must rely on subsidized operations by using transfers meant for capital investment.

An integrated, holistic approach to policymaking is necessary.

Sustainable development trajectories are encapsulated in long-term national visions and enabling environments, based on a systemic and integrated approach to policymaking. These aspirational visions need to be translated into actionable policies with measurable objectives and monitoring mechanisms, as well as practical solutions beyond selective and isolated interventions.

While political commitment might be reflected through visions captured in strategies and action plans, these must be coupled with the legal and normative frameworks to translate commitments into policies and action. In addition, awareness of the interlinkages between or interdependence of different SDGs and policy areas must be enforced by coordination mechanisms that allow for holistic policy design and implementation.

Furthermore, the SDG follow-up and review processes ought to be closely linked with the policymaking cycle, including the fiscal and investment plans, thus allowing for better allocation and management of budgetary resources for the implementation of the SDGs. Engagement of the highest level of Government and ministries with cross-cutting influence, such as ministries of finance, is pivotal in steering implementation and ensuring adequate financing.

Lack of coordination among different government entities on development priorities—and lack of policy coherence across different strategies—compounds inefficiencies and the lack of attentiveness to trade-offs. In some countries, for instance, price controls and food subsidies end up skewing national agricultural production and promoting less diversified diets. Untargeted energy and food subsidies end up accruing more benefit to better-off households than to those living in poverty, while fishing subsidies have led to overfishing in many places. Fuel subsidies have hindered efforts to curb energy demand and transition to cleaner energy at the household and corporate levels. Water desalination has high energy requirements, often met by fossil fuels, which contribute to greenhouse gas emissions. Without proper mitigation, brine discharge from desalination plants can also pollute water bodies. In the agriculture sector, policies encouraging the planting of high export value but water intensive crops, combined with inefficient irrigation practices, result in water overuse in a region that suffers from high levels of water scarcity and where integrated water resource management (IWRM) is an important topic on the policy agenda.

Data gaps hinder evidence-based policymaking processes: The lack of monitoring and evaluation systems for data- and evidence-based policymaking remains a key weakness among countries in the Arab region. While there have been improvements in the ability of national statistical offices (NSOs) to produce data pertaining to the SDGs and increasingly use voluntary national and local reviews, the quality and frequency of the statistical information produced nationally and locally, and their regional and international comparability, remain key challenges. Statistical legislation requires updating and modernizing.

Data availability, quality and accessibility has been a persistent challenge in the region and is closely linked to the weakness of institutions, with almost 80 per cent of SDG data coming from administrative sources. The COVID-19 pandemic placed further stress on the work of NSOs and simultaneously underscored the importance of data production and the necessary coordination and management of data. As a result, there is emerging investment in new methods and the use of non-traditional data sources and modes of data collection in the region. NSOs across the region are engaged in establishing well-coordinated national statistical systems governed by up-to-date legislation, modernizing administrative records and upgrading dissemination tools to produce harmonized data. Data availability in the region has increased in recent years, with the SDG data gap decreasing from 50 per cent in 2020 to 35 per cent in 2023.⁸



While it could be argued that data for the SDGs are a challenge in most countries, it is useful to highlight that there are critical data gaps related to governance, human rights and discrimination in the Arab region. The human rights deficit manifests itself in the lack of disaggregated data by income level, gender, disability, ethnicity, religious affiliation, migratory status, geographical location, etc., and data collected on indicators reflecting the state of inequality under SDGs 5, 10 and 16, which cannot be monitored properly. This makes the data deficit a political and not only a technical issue. For instance, almost all Arab countries have shown increasing interest in measuring the well-being of people with disabilities, but there is a lack of disability-inclusive data to allow policymakers to implement and monitor evidence-based inclusive policies.

Weakness of the science-policy interface and lack of science-informed policymaking

Evidence-based policymaking cannot flourish independently of a vibrant, robust and free environment of knowledge production. Innovation remains underfunded and underprioritized; in 2021, there were 630 full-time researchers in the region per 1 million inhabitants while the world average is 1,353. Likewise, only 0.61 per cent of gross domestic product (GDP) was spent regionally on research and development against a world average of 1.93 per cent. Gulf Cooperation Council countries are allocating large sums for scientific research but their productive sectors may not have sufficient absorptive capacity. While these countries have advanced and sophisticated infrastructure and facilities for research and development, the percentage turnouts are small when compared to other countries and regions because of their high GDP value. In addition, the links between research, innovation and policymaking have yet to materialize in institutionalized processes or mechanisms.

Beyond weak investment in research and development and persistently low rates of academic publishing across the region, there is huge potential for strengthening the science-policy interface and ensuring that policymakers encourage and have access to locally developed knowledge and research. At the regional level there is, for instance, limited adoption of science-based assessments as a basis and justification for integrating water and sanitation into climate-related plans and policies. Scientific assessment findings that identify climate risks and areas, sectors and groups that are most vulnerable to climate change are insufficiently used in the policy development process. In addition, the gap between industry and academia is significant: industries are focused on production development, market access, risk alleviation and profit-making, whereas academic research

is in most cases purely scientific and not readily convertible into practical application.

A lack of strategic foresight and greater policy focus on the short term are also weakening inter-generational justice, especially in the economic and social spheres. Some positive elements can be seen in the environmental sphere, for example in the anticipation of climate impacts on water resources and agriculture: the development of disaster risk reduction policies; and greater efforts in the application of environmental impact assessments and ecosystem management approaches. However, deficiencies remain in terms of long-term public debt management, urban planning and territorial development, the anticipation of the socioeconomic impacts of technology, and the lack of comprehensive ageing policies that cut across sectors and bridge the inter-generational gap.

Poly-crises and the structure of the Arab economies

While the political economy underpinning policymaking varies from one country to another in the region depending on each country's resources, population and political system, it is generally deeply shaped by the rentier model that exists in the majority of Arab countries. Throughout the region, many economies are marked by the State-led accrual of economic rents through natural resource wealth; the distribution of subsidized goods and services, a large footprint of State-run enterprises within national economies; and control over the distribution of economic resources and opportunities. This model leads to increasing socioeconomic inequalities in accessing productive opportunities and reproduces the elite class.⁹ After the short-lived period of nationalist models of governance in the post-independence period, the spread of authoritarian approaches to governance, including deepening the State and military capture of economic spaces, meant that actors that are key to economic and developmental dynamism, including labour unions, political parties, civil society groups and private sector actors and associations, were increasingly marginalized in policymaking processes.

Economic growth has been relatively stagnant in the Arab world during the last decade. Rentier economies and dependence on oil exports created an environment where manufacturing and private investment in productive sectors are weak. Integration of Arab economies in global value chains is limited. The region has moved towards market integration through the Pan-Arab Free Trade Area agreement but intraregional trade still faces multiple obstacles; at around only 13 per cent of total trade, it falls far short of its potential for fostering economic growth and sustainable employment in the Arab region, which lags behind other emerging regions. The unrealized potential of a regional

market is a great detriment to economic growth. Renewed political commitments to trade integration, including through the implementation of an Arab customs union, would have multiple positive effects on the region's economy.

The Arab region's chronically challenged economy has been further battered by the succession of global crises that have emerged over the past four years. The region was ill-prepared to weather the sharp economic slowdown and inflationary pressures emerging from the COVID-19 pandemic, the 2022 escalation of the war in Ukraine, and instability in global energy, food and raw materials markets.

The impacts of these crises, however, have not been uniform. Gulf Cooperation Council countries have largely benefited from energy price hikes, which have led to significant windfalls and high rates of revenue; government interventions kept inflation significantly below world and regional averages. In the rest of the region, the economic impacts of the poly-crises have been serious, with many countries not yet recovering in terms of real GDP per capita. Most non-Gulf Cooperation Council countries have experienced some combination of debt crisis, currency depreciation, reduction of price supports, widening trade imbalances, and political instability or conflict that have significantly weighed on economic recovery and increased cost of living.

At the same time, official development assistance (ODA) inflows to the region have fallen in both absolute and relative terms. In 2018, for instance, net ODA flows to the region totalled around 35.4 billion United States dollars (US\$), representing around 20 per cent of the global total. In 2022, this figure fell to US\$33 billion, representing just 13 per cent of net ODA globally. The decline is particularly sharp for the region's least developed and conflict-affected countries, which saw their combined net ODA inflows fall by nearly 25 per cent during this period.¹⁰ Around 65 million people in the region depend on ODA for survival.

Persistently high unemployment and an education deficit

Informality in the Arab region is widespread: across the region, an estimated 63 per cent of employment is informal (a figure reaching 87 per cent in the least developed countries),¹¹ as weak regulatory frameworks, poor labour market conditions, economic concentration in low-productivity sectors, inadequate educational outcomes and conflicts have hindered decent work opportunities in the formal sector.¹² Most workers are not covered by minimum wage laws, work safety regulations, social protection systems and other benefits afforded by labour laws. Women are highly represented in



the informal sector; in addition to having the highest female unemployment rate in the world, the Arab region also has the lowest rate of women's economic participation – the timeframe to close this gap is estimated at 115 years.¹³

Unemployment was the highest in the world at 10.7 per cent in 2022 compared to 5.8 per cent globally. The situation is even more dire for women; at 19.9 per cent, the region's female unemployment rate in 2022 was more than triple the global average. Youth unemployment was 26.3 per cent in 2022, far exceeding the global average of 14 per cent. For young women, the unemployment rate was even higher at 41.6 per cent in 2022. High youth unemployment has fuelled a brain drain, as talented young people with few prospects at home seek opportunities abroad. Poor socioeconomic conditions, political instability, conflict and limits on free expression, compounded by institutional weaknesses and corruption, drive the migration of educated professionals from low- and middle-income countries to higher-income countries in the region and beyond.

Regional unemployment has rarely fallen below 10 per cent since 2000, despite efforts at economic diversification and the proliferation of vocational training for younger cohorts. These efforts remain below scale. Educational reform has not caught up quickly enough. Economic challenges hinder efforts to scale up education and make well-targeted investments to improve the quality of instruction. Within countries, further obstacles include an uneven distribution of qualified teaching staff and other essential resources, contributing to inequalities in learning opportunities. Professional development frameworks for teachers are not present in all countries, and in many cases, education systems face challenges attracting talent to the teaching profession. The pace of TVET reforms has varied across the region, and in most cases, systems continue to suffer from insufficient funding, short-term skill anticipation, limited hands-on experience opportunities for students, and rigid access criteria. Additionally, limited opportunities to transition between TVET and higher education make the impact of these programmes questionable.



From a broader perspective, emerging sectors of the 4th industrial revolution demand educational systems that build skills in problem solving, critical thinking and use of new technologies. Such reforms to the educational system are difficult to imagine without a social and political environment where critical thinking and freedom of expression are guaranteed.

Financing faces domestic and international challenges

Fiscal space is shrinking across the region, even more so in the wake of the COVID-19 pandemic and recent global and regional crises. Financing is impacted by slow growth and heavy constraints related to domestic resource mobilization and structural impediments within the global financial architecture and trends in foreign aid.

Domestically, far-reaching reforms are needed to increase resource mobilization. Social expenditure is low in the region compared to global averages and underutilized as a tool to combat inequality.¹⁴ Meanwhile, Arab countries spend considerably more than the global average on consumption subsidies and military and police forces.¹⁵ This imbalance means that public expenditure falls short of its potential to empower populations and reduce inequalities of outcome and opportunity. Instead, it reinforces the status quo. The tax to GDP ratio in the region was estimated at 8 per cent in 2019 compared to median rates of 18 per cent for middle-income and 25 per cent for high-income countries globally. While tax reform is underway in some countries, tax increases in the region have not necessarily yielded equivalent increases in revenue, as weak enforcement capacity, numerous exemptions, high levels of informal economic activity, low compliance rates, and various forms of tax abuse have undercut the efficiency of the region's tax administrations. Despite reforms, the shares of both personal and corporate income taxes in total tax revenue have not significantly changed in most countries in the region.

Significantly, tax policies and reforms have also not been optimized for addressing inequality in the region. Regressive indirect taxes such as value added tax (VAT) continue to predominate in the tax revenues of most middle-income and least developed countries. For example, regressive indirect taxation represents 40-50 per cent of total tax revenue in Egypt, Lebanon, Morocco and Tunisia and over 70 per cent in Jordan. Despite an increasing concentration of wealth amongst the richest people in the region, countries have adopted very few measures to tax wealth.

Public debt has become unsustainable in several countries across the region. Many Arab countries have high debt-to-

GDP ratios. This stood at around 46 per cent of GDP for the region in 2023, reaching 71.1 per cent in middle-income countries and 78 per cent in least developed countries. As a growing share of this debt is borrowed at unfavourable terms, debt servicing costs have also grown, accounting for significant portions of total government revenue and reducing capacity to invest in SDG policy priorities. To date, there is no mechanism for a coordinated Arab regional approach to debt management or advocacy on the international stage to influence global financial architecture.

Climate change and natural resource scarcity

Climate change is raising temperatures, with parts of the region facing increases of 5°C by the end of this century based on current trends. Due to their relatively limited adaptive capacity, the Arab least developed countries are the most vulnerable to climate change. Land degradation and desertification are accelerating biodiversity loss, contributing to food insecurity, degrading ecosystem services, threatening human health, well-being and resilience, and exacerbating political instability and conflict.

The Arab region is also the most water-scarce globally. Almost 90 per cent of the region's population is experiencing high levels of water stress and 17 countries are affected by desertification and land degradation. Climate change is further aggravating water scarcity and its impacts on health, food security and biodiversity are critical. Climate change is also increasing the intensity and frequency of water-related crises such as floods and droughts.

Barriers to addressing climate change challenges in the region include limited capacity as well as limited or mis-directed financing. This is due in part to weakness of data and analytical capabilities and insufficient coordination at the highest institutional policy levels in most countries of the region when it comes to climate action, data and monitoring. Net-zero strategies lack details on the institutional, financial and technical aspects of achieving decarbonization. Furthermore, they are not aligned with national development plans and the allocation of resources in State budgets. Core international funding falls far short of the needs of Arab States, is concentrated in middle-income countries, and is often in the form of non-concessional loans. It also privileges mitigation initiatives at the expense of adaptation priorities identified by Governments.

The region has made progress in universalizing access to energy services, but its reliance on fossil fuels is high and the penetration of renewable energy remains limited. There are disparities in energy access among and within countries,

particularly between rural areas (83 per cent in 2021) and urban areas (98 per cent in 2021). Accelerating progress requires decisive policy shifts to decouple economic growth and energy consumption, enhance the efficiency and productivity of electricity generation, and increase investment in and use of clean and renewable energy. The region is witnessing a rise in utility-scale projects, including the launch of mega-projects on renewable energy. However, at 5 per cent in 2020, renewable energy as a share of total final consumption remains very low. In addition, energy intensity has remained relatively unchanged over the last decade, while it has fallen by between 10 and 21 per cent in all other regions in the same period.

Conflict: varied triggers and regression in development gains

Of the 22 Arab countries, 7 can be considered countries in conflict and 38 per cent of the population (173 million people) live in conflict-affected areas.¹⁶ Many other countries are impacted and host large numbers of refugees.

In addition to the loss of life and livelihoods, the developmental impact of conflict is well-documented: devastation of infrastructure, including health-care and educational facilities; regression on women's rights and a rise in violence against women and in child marriage; an entire generation that is out of school or whose schooling is severely disrupted or comprised; and a weakening of institutions and a rise in corruption, among others. What this will mean for the region in years and decades to come is yet to be reckoned with.

Representing only 5.8 per cent of the world's population, the Arab region is the origin of about 14.8 million refugees. It hosted 9.4 million refugees under the mandates of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) in 2023. These figures represent about 40.5 per cent and 25.4 per cent of all refugees worldwide, respectively. The region has around 19.4 million internally displaced persons. More than 65 million people need humanitarian assistance in seven countries in conflict.

UNHCR, "[Refugee Data Finder](#)". Accessed on 1 February 2024..

Data on humanitarian assistance from the Office for Coordination of Humanitarian Affairs (OCHA) for Iraq, Libya, the State of Palestine, Somalia, the Sudan, the Syrian Arab Republic and Yemen.

Conflicts in the region are not uniform. Different drivers and exacerbating factors (co)exist: internal strife, repression and weak rule of law, inequality and/or failure of the social contract, occupation, and external interventions. Different



types of responses are needed. Multilateralism is being severely tested and global processes have rarely proven effective in halting conflict or leading to just resolution. The occupied Palestinian territory is the extreme case. The Israeli occupation is the longest in the world and has led to the systematic de-development of the occupied Palestinian territory. The occupation, its oppressive policies, disproportionate use of force and the building of settlements are all violations of international law. The role of international actors in countries such as Iraq, Libya or the Syrian Arab Republic is also illustrative. In many cases, international actors are seen as parties to the conflict rather than catalysts for just and sustainable peace. At the regional level, the efficacy of mechanisms has also been very limited.

Few development plans in countries affected by conflict include contingencies for renewed vulnerability. Peace agreements and development responses for conflict mitigation are not engaging subnational actors to drive sustainable change and restore or reconstruct the social fabric along lines that would guarantee peaceful co-existence.

Governance deficit and weak integration of human rights

The Arab region has a large governance deficit, with a high level of corruption reducing trust in Governments. Restoring trust in institutions, rule of law, and strengthening the effectiveness of institutions to secure justice for all and facilitate transitions to sustainable development are the scaffolding necessary for the region to reduce and prevent violence, involve citizens and civil society in decision-making processes, and build peaceful societies through inclusive and rights-based social contracts. Rule of law and independence of the judiciary are weak, with notable variations between countries. The performance of audit institutions varies significantly within the region and the role of parliaments in budgetary oversight is also diverse.

Access to information by the public, the press and researchers is often limited. Only eight countries have laws that guarantee public access to information. Meanwhile, since the Arab Spring, several countries have introduced new limits on freedom of speech and assembly. Civic space in most countries is rated as closed, repressed or obstructed.¹⁷ Corruption is also rife and impacts not only the distributive role of the State, but also the enabling environment for economic growth and private sector engagement. In 2022, the percentage of firms that experienced at least one bribery payment request was 21.7 per cent compared to a world average of 14.8 per cent.¹⁸ Attempts to move forward with open Government and e-government are a step in the right direction, but institutional transparency and effectiveness are only a part of the problem.

A persistently large gender gap and ongoing inequalities: The upholding of human rights also faces challenges in the Arab region. Discriminatory laws as well as social practices that are not curbed by the power of the law impact various social groups, including women. According to the Global Gender Gap Index 2022, the Arab region has the second largest gender gap worldwide.¹⁹ According to the Arab Gender Gap Report,²⁰ women are twice as likely to be illiterate as men, making up two thirds of the region's illiterate adults. These inequalities clearly manifest in the economic sphere in relation to women's participation in the labour force²¹ and wage gaps, and in the form of absent or weak workplace policies and practices that promote gender equality.²² Inequalities also manifest themselves in women's access to justice and in relation to representation and participation in political and policymaking spheres, including governmental and non-governmental entities like labour unions. Women's share of seats in national parliaments is among the lowest in the world. Eliminating violence against women and girls is the highest priority for achieving SDG 5 in the region. Laws to criminalize violence against women are missing in some countries and their enforcement in others is weak, while discriminatory social norms and limits on mobility continue to structure women's lives, though unevenly. Harmful practices, such as early marriage and

female genital mutilation, remain a significant problem. High levels of teenage pregnancy, lower life expectancy, poor health outcomes and higher poverty are challenges several Arab countries are facing. Inequalities are also evident in educational attainment and in the domestic private sphere, which remains heavily impacted by patriarchal norms. Inequalities are experienced in harsher forms as well among the most vulnerable constituencies, including persons with disabilities, older persons, migrants and displaced persons.

Geopolitics and multilateral governance

It is critical to view the governance deficit and any strategy to strengthen a human rights regime in Arab countries within the regional and global geopolitical context. The democracy deficit in the region has historically been intertwined and influenced to a significant degree by the Israeli-Palestinian conflict. The lack of a just resolution to the conflict, one that guarantees Palestinians their inalienable rights as enshrined in international law, continues to draw the region into conflict and instability. This has also significantly contributed to a disenchantment, if not a loss of faith, in the human rights regime, in multilateralism and in global institutions to deliver on justice. To date, at least 58 United Nations Security Council resolutions that are critical of Israel and its actions, seek to hold it accountable, and/or to protect the rights of Palestinian people were overridden through veto power. Disenchantment with the rule of international law, in addition to rising inequality, contributes to the growth of regressive elements that undermine the rule of law at the national level both institutionally and socially.

Source: un.org/depts/dhl/resguide/scact_veto_table_en.htm.

Across the region, official data on income and wealth inequality is sparse, complicating any analysis of the state of inequality in the Arab countries. What is clear, however, is that economic growth has not been sufficiently broad-based to substantially increase low-income households' share of national incomes, and that discrimination and relatively weak rule of law have contributed to inequalities that leave millions of people behind. On top of this, conflict and instability have led poverty to rise in the Arab region over the past 20 years. The COVID-19 pandemic further exacerbated gaps between the rich and those living in poverty. While 70,000 individuals in the region became millionaires between 2019 and 2021,²³ some 29 million people fell below the extreme poverty line of US\$2.15 per day.²⁴ Reducing inequality will require Arab countries to reassert the role of the State as the guarantor of economic and social rights through policies to promote pro-poor growth and decent job generation, prioritize social expenditure, and protect the rights of all people.



Endnotes

- 6 Abdellatif and others, 2020; Abi Rached, 2021; Al Shami, 2023.
- 7 Governments worldwide have announced fiscal stimulus packages amounting to \$9.6 trillion, which includes about \$100 billion in the Arab region. See ESCWA, 2020.
- 8 ESCWA, 2024a.
- 9 Hameed, 2020.
- 10 OECD Statistics. Aid (ODA) disbursements to countries and regions [DAC2a]. Accessed on 18 April 2024.
- 11 See the [ESCWA Arab SDG Monitor on SDG 8](#).
- 12 ESCWA and ILO, 2021.
- 13 World Economic Forum, 2022; ESCWA, 2023b.
- 14 Despite comparable levels of total government spending, the region channels only 8.3 per cent of GDP to health, education and social protection, compared to a global average of 19.8 per cent. See ESCWA, UNDP and UNICEF, 2022.
- 15 Excessive military spending is diverting funds from socioeconomic development, regional integration and peacebuilding, and increasing instability due to mutual suspicion among neighbouring countries. Regional military expenditure was nearly \$112 billion in 2021. This sum represents 4.6 per cent of regional GDP and 16.4 per cent of regional general government expenditure, against the world averages of 2.2 and 5.8 per cent, respectively. See the [World Bank data](#) and the [GlobalEconomy.com](#), Military spending, percent of GDP – Country rankings.
- 16 ESCWA, 2023a.
- 17 According to civic space monitors, no major improvements in civic space were documented in the Middle East and North Africa region during 2022. Out of 19 countries, civic space is rated as closed in nine, repressed in seven and obstructed in three. Source: [monitor.civicus.org](#).
- 18 ESCWA, 2021a.
- 19 World Economic Forum, 2022; UNDP, 2024.
- 20 ESCWA, 2021b.
- 21 ILO, 2019. ILO states that “the Arab region has the world’s lowest rate of female economic participation – 26 per cent compared to the global average of 56 per cent. By contrast, male labour force participation rates, at 76 per cent, are above the global average of 74 per cent”.
- 22 This includes maternity protection, the provision of childcare for women and men with children, mechanisms to prevent and address harassment at the workplace, and leave policies and working arrangements that support workers with family responsibilities. See [ILO website](#).
- 23 ESCWA, 2022.
- 24 ESCWA, forthcoming.



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