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POLICY ISSUES IN THE ESCWA REGION**ACHIEVEMENT OF THE MILLENNIUM DEVELOPMENT GOALS
IN THE ESCWA REGION: THE DAMASCUS DECLARATION****Summary**

At its twenty-third session, the Economic and Social Commission for Western Asia (ESCWA) adopted the Damascus Declaration on the Realization of the Millennium Development Goals (MDGs). The Declaration stressed the importance of economic growth, poverty elimination and unemployment reduction, social integration and the need for regional coordination for the attainment of the MDGs. These recommendations were reconfirmed in the Economic and Social Council (ECOSOC) resolution 2005/50 of 27 July 2005 and the Damascus Declaration and the role of ESCWA in the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration.

Pursuant to the Damascus Declaration and the ECOSOC resolution, and in order to facilitate the review of follow-up action by policymakers aimed at achieving the MDGs by 2015, this document assesses the progress made towards attaining the MDGs in the ESCWA region and provides a comparison between countries in the Arab region as well as between the Arab region and other regions.

In this regard, the first part of this report summarizes "The Millennium Development Goals in the Arab region 2005" (E/ESCWA/SCU/2005/3/Rev.1), which was prepared in response to the Damascus Declaration and with the collaboration of several United Nations agencies in the region. In view of the continuing instability in the region and its adverse impact on achieving the MDGs in countries and territories of the region, particularly Iraq and Palestine, the report further highlights progress achieved towards the attainment of the MDGs in these two conflict-stricken ESCWA members, based on national sources.

The report concludes with a policy framework geared specifically towards the attainment of the MDGs in the Arab region and elaborates on the importance of formulating integrated and comprehensive social and economic development strategies with policies that are in line with MDGs and that are pro-poor and pro-women at the local, national and regional levels. Furthermore, this policy framework highlights main developmental issues and challenges identified in the 2005 World Summit Outcome (General Assembly resolution 60/1) that are pertinent to the region.

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Introduction

1. In reaffirming the United Nations Millennium Declaration (General Assembly resolution 55/2), the Economic and Social Council (ECOSOC) in its resolution 2005/50 of 27 July 2005 confirmed the importance of increasing economic growth and its link to the formulation of strategies for the eradication of poverty and unemployment and the achievement of social integration, with a view to realizing the internationally agreed development goals. The resolution also stressed the need for member countries of the Economic and Social Commission for Western Asia (ESCWA) to coordinate their efforts at the regional level in support of the achievement of the internationally agreed development goals, including those contained in the Millennium Declaration.
2. In addition, the 2005 World Summit Outcome (General Assembly resolution 60/1) helped world leaders to find multilateral solutions to problems in four areas, namely: development; collective security; human rights; and strengthening the United Nations. In the area of development, world leaders reiterated their determination to ensure timely and full realization of the development goals agreed at the major United Nations conferences and summits, including the Millennium Development Goals (MDGs) agreed at the Millennium Summit. World leaders reaffirmed their commitment to eradicate poverty and promote sustainable economic growth and development and global prosperity. Moreover, the Summit called on world leaders to act on the following commitments: to increase aid by \$50 billion a year for developing countries to adopt national plans aimed at achieving the MDGs; to innovate sources of financing development; and to pursue trade liberalization.
3. A careful review of the 2005 World Summit Outcome document revealed numerous issues concerning the development pattern of ESCWA that are pertinent to the attainment of the MDGs, namely, unemployment, investment, domestic resource mobilization, human development and, particularly, health and education as well as economic integration.
4. Overall, the Arab region faces serious challenges in achieving most of the MDGs. It is unlikely that the region as a whole will succeed in eradicating poverty and hunger, which is particularly due to the weak progress in the Least Developed Countries (LDCs) and the countries in conflict. Instability in the region brought by war and violent conflict damages infrastructure and production bases, discourages investments, depletes human capital and worsens the income distribution gap. Other key challenges in the region include the overexploitation of water resources, desertification, and the management of non-renewable energy sources.
5. With regard to the importance of economic growth to the attainment of the MDGs as emphasized by ECOSOC resolution 2005/50, average annual growth of the real gross domestic product (GDP) per capita in the ESCWA region during the period 1990-2002 has only reached approximately one per cent, which represents a rate that is well below the average growth rate in developing countries as a whole. The sluggish economic performance has negatively impacted the progress of the region towards achieving the MDGs given that it has resulted in rising unemployment rates and has constrained public expenditure on social services, especially in education and health. In order to improve human development in all its dimensions, a favourable political and economic environment with high and stable growth rates is vital for the countries of the region. The current economic boom in most ESCWA member countries, which is mainly based on high international oil prices, provides a golden opportunity to accelerate progress in human development. The Economic Analysis Division of ESCWA estimates that real GDP in the ESCWA region has increased by 5.5 per cent in 2005. For 2006, the average real GDP growth for the region is expected to remain strong, though the recent crash of financial markets in March 2006 will have negative repercussions on expectations. In order to capitalize fully on this opportunity, Governments in the region must undertake serious efforts to overcome the major structural weaknesses of their economies and to secure more equitable economic growth. These efforts need to include further strengthening of the macroeconomic environment; broad-based institutional and public-sector reform; measures to increase productivity of physical and human capital; and serious and effective interventions aimed at improving governance.

6. With reference to the second point stressed in the ECOSOC resolution concerning regional cooperation in the ESCWA region intraregional trade activities have remained relatively low and have not provided a major stimulus for economic growth in the region, despite several efforts to promote economic and political integration between Arab countries. In 2004, intra-ESCWA, trade accounted for a modest 8 per cent of the total trade of ESCWA member States, which represent a slight increase from the level in 1980. One of the reasons for the low degree of economic integration in the Arab region is the lack of full commitment by member States to such regional agreements as the Greater Arab Free Trade Area (GAFTA). So far, many technical and administrative barriers to intraregional trade and to further economic cooperation have not been properly addressed within the framework of GAFTA, including lists of exemptions, rules of origin, the strength of the dispute settlement mechanism and the issue of non-tariff barriers.

7. Given the strong disparities in human development in the ESCWA region, specific forms of regional development policy coordination need to be considered, including, for example, the establishment of a regional development fund aimed at supporting the LDCs of the region in their attempts to reduce poverty and promote social development. The findings of recent reports that assess progress towards the MDGs illustrate that the LDCs in the region and the countries and territories in conflict will not attain most of the MDGs by 2015 unless comprehensive regional and international assistance is provided.

I. MILLENNIUM DEVELOPMENT GOALS IN THE ARAB REGION

A. SUMMARY OF PROGRESS MADE TOWARDS THE MILLENNIUM DEVELOPMENT GOALS IN THE ARAB REGION

Goal 1: eradicate extreme poverty and hunger

8. Poverty levels in the Arab region did not undergo a significant change during the period 1990-2000. Estimates based on national poverty lines suggest that, in the Arab region, 16.8 per cent of the population lived in poverty in 2000, compared to 16.4 per cent in 1990.¹ The proportion of the population living in extreme poverty, that is, below the international poverty line of \$1 per day in purchasing power parity, is significantly lower in the Arab region than in any other developing region. However, a careful examination of sub-regional and national data shows that much needs to be done in addressing poverty, particularly in the Arab LDCs and conflict countries where the situation has significantly worsened during the past decade.

9. Available data on the three countries that constitute the majority of the population in the Mashreq, namely, Egypt, Jordan and the Syrian Arab Republic, indicate a decline in poverty levels from 21.6 per cent in 1990 to 15.7 per cent in 2000. In contrast, the poverty situation in conflict countries and LDCs has severely deteriorated. Palestine has experienced a dramatic increase in poverty since 2000. In 2002, an estimated 60 per cent of the population was living in poverty, up from 21 per cent in September 2000. In Iraq, while there are no reliable data on poverty covering the past few years, there is no doubt that poverty has worsened as a result of the ongoing conflict. Similarly, in the Arab LDCs, poverty levels nearly doubled between 1990 and 2000. Almost half of the population in these countries, 47.1 per cent, to be precise, lived in poverty in 2000. Between 1992 and 1998, poverty levels in Yemen rose severely from 19.1 to 47 per cent, with 83 per cent of the poor living in rural areas.

¹ The Arab region includes the following 22 countries and territories: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Mauritania, Morocco, Palestine, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syrian Arab Republic, Tunisia, United Arab Emirates and Yemen. The region is divided into four sub-regions: the Mashreq, covering Egypt, Iraq, Jordan, Lebanon, Palestine and Syrian Arab Republic; the Maghreb, covering Algeria, Libyan Arab Jamahiriya, Morocco and Tunisia; the Gulf Cooperation Council (GCC) countries, covering Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates; and the Least Developed Countries (LDCs), covering Comoros, Djibouti, Mauritania, Somalia, Sudan and Yemen. MDG indicators for the Arab region and the sub-regions include all countries for which reliable data was available.

10. In the Maghreb sub-region, poverty estimates indicate an increase from 7.3 to 9.1 per cent between 1990 and 2000. Data on poverty in the member countries of the Gulf Cooperation Council (GCC) are only available for Bahrain, where 11 per cent of the population lived below the national poverty line in 2000.

11. Data on food deprivation from nine Arab countries and territories show that 14 per cent of children were severely or moderately underweight in the period 1999-2003, compared to 11 per cent in the period 1990-1993.² This rate is still much lower than the ones observed in sub-Saharan Africa, South Asia and South-east Asia. However, while all other developing regions experienced a decline of the ratio of underweight children during 1990 and 2003, the malnutrition of children has become a more serious problem in the Arab region over the past decade. In the Arab LDCs, the percentage of underweight children increased from 38.4 per cent to 39.2 per cent during the 1990s.

12. It is estimated that during 2000-2002, 13 per cent of the population of the Arab region was deprived of food compared to 12 per cent during 1990-1992. Again, there were very significant discrepancies between different sub-regions. In the Arab LDCs, the average ratio of people living with insufficient food was 34 per cent in 2000-2002, down from 37 per cent in 1990-1992. In Yemen, over one-third of the population suffered from food deprivation in 2000-2002. In the Mashreq and Maghreb, food deprivation during 2000-2002 was most pronounced in Palestine and Morocco, where 19 and 7 per cent of the population were undernourished, respectively.

13. While some of the countries in the Mashreq and Maghreb could achieve the goal of eradicating extreme poverty and hunger by 2015, it is unlikely that the Arab region as a whole will achieve that goal without rigorous efforts and increased resources. However, the situation in the Arab LDCs and the countries suffering from conflict, poverty and, to a lesser extent, malnutrition has worsened during the last decade of the twentieth century.

Goal 2: achieve universal primary education

14. Most Arab countries, with the exception of the Arab LDCs, are on track towards achieving universal primary education by 2015. Overall, net enrolment rates (NERs) rose from 74 per cent to 82 per cent between 1990 and 2002. The fact that this average rate is below those observed for South-east Asia, Eastern Asia and Latin America and the Caribbean can basically be attributed to extraordinarily low NERs in the Arab LDCs. Despite some progress achieved during the 1990s, the Arab LDCs are still far from achieving universal primary education. NERs in these countries increased by 11 percentage points from 1990 to 2002, reaching 51 per cent. During the same period, the Mashreq, GCC and Maghreb countries achieved increases of NERs between 4 and 13 percentage points and, in all three sub-regions, average NERs are currently above 90 per cent.

15. Between 1990 and 2002, all four Arab sub-regions made significant progress concerning youth literacy rates. For the region as a whole, youth literacy increased from 63.9 to 76.3 per cent. However, the differences between the sub-regions remain very significant. In the GCC countries, the average youth literacy rate reached 94 per cent in 2002, whereas the corresponding rate in the Arab LDCs was only slightly above 60 per cent. In Yemen, the primary NER in 2000 was 59.5 per cent. In the Mashreq and Maghreb sub-regions, 83.2 and 73.6 per cent of the youth were literate in 2002, respectively.

16. Most of the countries in the Arab region have made substantial progress in school enrolment rates during the past decade, which has resulted in increased levels of youth literacy. However, in order to attain the ultimate goal of universal primary education, policymakers have to target impoverished and rural areas that face economic and social obstacles to school attendance.

² These countries and territories are Algeria, Comoros, Egypt, Jordan, Mauritania, Palestine, Somalia, Tunisia and Yemen.

Goal 3: promote gender equality and empower women

17. Over the past decade, the educational gap between male and female has narrowed significantly in the Arab region. The gender parity index (GPI) increased between 1990 and 2002, from 0.79 to 0.90 per cent in primary education, from 0.76 to 0.91 in secondary education, and from 0.6 to 0.85 per cent in tertiary education. Despite these gains, the region still lags behind most other developing regions in terms of educational gender parity, especially in scientific tertiary education. The extent of gender inequality becomes apparent when comparing adult literacy rates. In 2002, a modest 49.6 per cent of women in the Arab region were literate, whereas the corresponding figure for men was 72 per cent.

18. The share of women in non-agricultural wage employment in the Arab region is lower than in all other developing regions. In 2001, that share ranged from 7 per cent in Yemen to 27 per cent in Morocco. Gender inequality is even more pronounced in the area of political participation and decision-making. By May 2005, the share of seats of women in national parliaments had grown to a modest 8 per cent, compared to 4 per cent in January 1997. In 2005, women in the Mashreq enjoyed the greatest parliamentary representation, at 10 per cent, followed by the Maghreb and Arab LDCs, with rates of 8 and 6 per cent, respectively. In the GCC countries, women are hardly represented in national parliaments, leaving the average for this sub-region at approximately 2 per cent.

19. In general, if countries maintain the current rate of progress, the Arab region may succeed in achieving gender equality at all levels of education by 2015. However, it is highly unlikely that the goal of gender equality will be reached in employment, parliamentary representation and decision-making by that target date.

Goal 4: reduce child mortality

20. Between 1990 and 2003, the average under-five mortality rate in the Arab region declined from 91 to 70 deaths per 1,000 live births, which is below the average figure for developing countries with 88 deaths per 1,000 live births. However, that rate remains significantly higher than those observed for Latin America and the Caribbean, Eastern Asia and the Commonwealth of Independent States. In order to achieve the goal of reducing by two-thirds the mortality rate among children under age 5 by 2015, faster progress is required, especially in the Arab LDCs. These countries have experienced only a slight decrease of the under-five mortality rate during the period 1990-2003 from 145 to 122 deaths per 1,000 live births, while Goal 4 calls for a reduction to 48 deaths per 1,000 live births by 2015. Among the Arab sub-regions, progress in reducing child mortality was fastest in the Maghreb, where the ratio decreased from 71 to 36 deaths during 1990-2003. In the Mashreq, the under-five mortality rate was reduced from 78 deaths per 1,000 live births to 56, whereas the GCC countries achieved a decline from 39 deaths in 1990 to 23 deaths per 1,000 live births in 2003.

21. While most Mashreq countries, the GCC and the Maghreb are likely to achieve the goal of reducing child mortality by two-thirds by 2015, the Arab LDCs are far off track. In order to achieve faster progress in reducing child mortality, Governments in the LDCs have to focus on improving access to basic health services, increasing the coverage of immunization, and securing access to sanitation and safe water.

Goal 5: improve maternal health

22. From 1990 to 2002, the region as a whole achieved a 19 per cent reduction in the maternal mortality ratio, from 465 to 377 deaths per 100,000 live births. Among the other developing regions, only Sub-Saharan Africa and Southern Asia had higher maternal mortality ratios. The differences between the four sub-regions are particularly significant for this indicator. In 2000, the GCC countries had a rate of only 30 deaths per 100,000 live births, while the corresponding rate for the Arab LDCs was 717 deaths. In the Mashreq and Maghreb, the numbers of fatalities per 100,000 live births were 145 and 166, respectively.

23. One of the main reasons for the high maternal mortality ratios is the low number of deliveries attended by skilled health personnel. In the period 1995-2001, only 67 per cent of all Arab women gave birth assisted

by skilled health personnel. This rate is significantly lower than those prevailing in Latin America and the Caribbean, and Eastern Asia, where both regions registered rates in excess of 80 per cent. While skilled personnel attended 93.3 per cent of all deliveries in the countries of the GCC, the corresponding figures for the Mashreq and the Maghreb were 67.1 and 71.7 per cent, respectively. In the Arab LDCs, by contrast, a very modest 53.1 per cent of deliveries were attended by skilled health personnel.

24. Despite some improvements during 1990-2002, the Arab region is far off track in terms of meeting the maternal health target, namely, of reducing by three-quarters the maternal mortality rate. In order to achieve faster progress, policies, especially in the LDCs, have to address sensitive issues, namely, family planning, early marriage and childbearing, and the spread of HIV/AIDS.

Goal 6: combat HIV/AIDS, malaria and other diseases

25. Compared to other developing regions, the Arab region has the lowest HIV prevalence in adults aged 15-49, bearing in mind, however, that information about people with HIV/AIDS in the Arab region is scarce and the low number of reported HIV/AIDS cases might not reflect the actual situation properly, especially in some of the Arab LDCs.

26. Malaria poses a serious threat to Arab LDCs, where it is estimated to infect 12.5 million people and results in annual deaths of some 40,000. The majority of Arab countries in the Mashreq, Maghreb and GCC are currently free of Malaria, and in the remaining few, total elimination of the disease in the near future is feasible.

27. Other major diseases, including Tuberculosis (TB), are on the decline in most Arab countries, with the exception of LDCs. Arab countries have improved health-care services related to the prevention, detection and treatment of TB. The regional average for successful TB treatment was 81 per cent in 2002; and 80 per cent of the region is covered by DOTS programmes, which have been recommended by the World Health organization (WHO) to combat TB.

28. The success of many Arab countries in fighting such diseases as TB demonstrates that proactive Government policies and the cooperation with international governmental and non-governmental organizations (NGOs) can lead to fast improvements in health. While the reported numbers of HIV/AIDS cases are low, policymakers have to address the problem of limited information and increase awareness of the disease in order to prevent the spread of the virus.

Goal 7: ensure environmental sustainability

29. The distribution of energy resources in the Arab region is very uneven. While some countries, especially those in the Gulf sub-region, have abundant energy resources in the form of substantial oil and gas reserves, several others possess no or very limited fossil fuels. As a result, the degree of access to electricity ranges from almost 100 per cent in the GCC countries to approximately 8 per cent in some LDCs. In 2003, 21 per cent of the total population in the Arab region, mostly in rural areas, had no access to electricity.

30. Moreover, carbon dioxide emissions remain relatively low mainly owing to limited industrial development. However, such emissions per capita in the Arab region rose by 15 per cent between 1990 and 2003, which can be largely attributed to the higher use of energy in the GCC countries.

31. The availability and protection of water resources and water quality are major issues. Renewable freshwater resources are very limited in many countries of the region, particularly the GCC countries, Jordan and some Arab LDCs. Given that the average freshwater supplies are well below the amount of 1,000 cubic metres per capita per annum, experts classify the region as water scarce. Despite this water scarcity, the proportion of the population that has access to safe drinking water is higher in the Arab region than in most other developing regions. However, between 1990 and 2002, this proportion remained unchanged across the four Arab sub-regions. Significant improvements in the access to safe water resources are therefore needed,

mainly in rural areas, in order to achieve the target of halving, by 2015, the number of people without sustainable access to safe drinking water. In 2002, the highest access to safe drinking water was recorded in the GCC sub-region, at 93 per cent; followed by the Mashreq, at 90.5 per cent; the Maghreb, at 84 per cent; and the Arab LDCs, at 74 per cent.

32. Additionally, access to sanitation remains low, particularly in rural areas and in the LDCs. In the Arab LDCs, only some 18 per cent of the population in rural areas had access to improved sanitation in 2002. In the Mashreq and Maghreb, improved sanitation was available for two-thirds of the population in rural areas, while in the GCC countries the rate was 87 per cent. In urban areas, access to improved sanitation did not exceed 55 per cent in the LDCs, compared to 92 per cent in the Mashreq and Maghreb, and almost 100 per cent in the GCC countries. Unless concerted actions are taken to improve the situation, some 82 million people in the Arab region will lack access to safe drinking water in 2015 and will be exposed to related health hazards.

33. The Arab region faces problems of desertification and land degradation rather than deforestation, given that forests cover no more than 3.4 per cent of the total land area. Nevertheless, the estimated 19 per cent decrease in forest coverage in Arab LDCs between 1990 and 2000 could lead to a significant loss of an important natural resource in those countries.

34. During the past decade, there has been a growing awareness of pressing environmental challenges and such vital issues as water scarcity and desertification are increasingly being addressed at the national and regional levels. In order to make further progress towards the goal of environmental sustainability in the Arab region, stronger regional cooperation with a special focus on supporting the LDCs is needed in a number of areas, particularly energy and water supply.

Goal 8: develop a global partnership for development

35. Total aid to the Arab region increased from \$5.33 billion in 1999 to \$8.32 billion in 2003. Three middle-income countries, namely, Egypt, Iraq and Jordan, received more than half of all aid in 2003. While average per capita aid for Arab countries rose from \$19.40 to \$27.80 during 1999-2003, financial aid to Yemen declined sharply from \$26.90 per capita to \$12.70. With the exception of 2002, Arab LDCs consistently received less than the regional average in aid per capita. In addition, some Arab countries experienced very high degrees of volatility of aid flows during this period.

36. In the area of unemployment, the youth unemployment rate across the region in 2004 was 21 per cent, which represents more than double that of adults and is higher than the corresponding rate in all other developing regions. The Maghreb registered the highest overall youth unemployment rate in the region in 2004 at 27.7 per cent, followed by the Mashreq, where the rate was 21.8 per cent; the Arab LDCs at 16.6 per cent; and the GCC countries at 10.2 per cent. Despite increasing rates of participation of women in the labour force, unemployment rates among young women are still higher than among young men.

37. The prevalence of information and communication technology (ICT) in the Arab region is below that of international averages, particularly with regard to the use of personal computers (PCs) and Internet access. In 2002, penetration rates of PCs and Internet access were 2.7 and 2.8 per 100 population respectively. At the sub-regional level, the number of PC users per 100 population varied between 13 in the GCC countries and 0.6 in the LDCs, while the number of Internet users per 100 population varied between 10 in the GCC countries and 0.4 in the LDCs.

38. In order to target the poor and support the countries in the region in achieving higher and more equitable economic growth, international and regional donors need to collaborate with Governments and national agencies to increase both the level and effectiveness of aid, especially for the Arab LDCs. Higher and less volatile economic growth is vital for creating new jobs, which in turn can alleviate the pressing challenge of very high youth unemployment rates.

Major challenges

39. Overall, the Arab region faces serious challenges in terms of achieving most of the MDGs. It is unlikely that the region as a whole will succeed in eradicating poverty and hunger, particularly given the weak progress in the Arab LDCs and the countries in conflict.

40. In the Arab LDCs, problems of poverty, illiteracy, malnutrition and disease have formed a vicious circle. These countries suffer from lack of funding to provide basic health and education services and infrastructure, which in turn negatively affect productivity and national income. The middle-income countries of the Mashreq and Maghreb have made significant progress in education, but have been less successful in improving maternal health. In these countries, the high rate of unemployment, especially among youth, is currently the most serious problem. Unemployment was strongly related to the poor economic performance of the Arab region during the 1990s, and to the high growth rates of population and labour force. During that period, average GDP per capita growth rates were among the lowest worldwide.

41. Instability in the region brought by war and violent conflict damages production bases, discourages investments and worsens the income distribution gap. Moreover, it diverts resources away from productive uses to military spending. A comprehensive and just solution to the Arab-Israeli conflict, in addition to an end to the violence in Iraq, is a prerequisite for the attainment of development gains.

42. Other key challenges in the region include the overexploitation of water resources, desertification, and the management of non-renewable energy sources.

B. PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS IN IRAQ AND PALESTINE

1. *Iraq*

43. The following information on progress towards the MDGs in Iraq is based on two documents by the United Nations Development Programme (UNDP), namely, "The Millennium Development Goals in Arab countries-towards 2015: Achievements and aspirations", which was issued in 2003; and "Iraq living conditions survey 2004".

44. Data related to the MDG indicators in Iraq are relatively scarce, and estimates from different sources can vary substantially. However, based on recent trends, Iraq is not expected to achieve most of its MDGs.

Goal 1: eradicate extreme poverty and hunger

45. Iraq, together with Somalia, the Sudan and Yemen, appears to be among the Arab countries that are most significantly affected by hunger. Specifically, between one and three out of every 10 people in Iraq were undernourished in 2000. Moreover, since 1990, undernourishment has increased and the problem of hunger has been exacerbated. In 2004, 12 per cent of Iraqi children between six months and five years were underweight, 8 per cent suffered from acute malnutrition and 23 per cent suffered from chronic malnutrition. In the wake of the sanctions imposed on the country during the 1990s, Iraq is not expected to meet Goal 1 by the year 2015.

Goal 2: achieve universal primary education

46. The educational system in Iraq was among the best in the region. Its ratio of primary education enrolment was the fourth highest in the region in 2000, exceeding 90 per cent. However, as a consequence of sanctions, war and difficult economic conditions, net enrolment for primary schools declined to 79 per cent in 2004, categorized as 83 per cent for boys and 74 per cent for girls.

47. Moreover, advances towards achieving full literacy among young adults aged 15-24 have been very slow. A total of 71 per cent of adults in this age bracket were literate in 2004, and 12 per cent were partly literate. The youth literacy rate was only slightly higher than the literacy rate for the population at large. In 2004, 65 per cent of the population aged 15 and above were literate, while 10 per cent were partly literate.

Goal 3: promote gender equality and empower women

48. Iraq needs to accelerate its advancement towards gender parity. Fewer than eight girls out of every ten boys attend primary school; and a maximum of eight girls for every ten boys are enrolled in secondary schools. The literacy rate for women in Iraq has stagnated during past years, and, in some areas, the level of female illiteracy remains very high. While the gender gap in literacy is diminishing, this can be attributed to a recent drop in the literacy levels of men rather than to gains among women. The gap between men and women was highest in northern areas, where literacy was approximately 20 per cent lower for women than men. While most countries in the Arab region are on schedule for the MDG target of gender equality in education, Iraq lags behind and is not expected to attain this goal.

49. Iraq has always had a low participation of women in the labour force and the unemployment rate of women is relatively low given that few actively search for employment. In 2004, approximately 20 per cent of women aged 25-45 years, 10 per cent of those aged 55-59 and 5 per cent of women aged over 65 participated in the labour force.

50. However, following parliamentary elections in January 2005, 86 out of 275 legislators, or 31.3 per cent, were female, which represents the highest ratio of women elected into office in the Arab region.

Goal 4: reduce child mortality

51. Iraq witnessed an increase in the under-five mortality rate between 1990 and 2000. According to the UNDP report on MDGs in Arab countries, Iraq had the fourth highest rate in the region in 2001, after Somalia, Mauritania and Djibouti. The increase in the child mortality rate is mainly a result of the military conflicts and the sanctions imposed on Iraq during the 1990s.

Goal 5: improve maternal health

52. According to data for 2000 on the adjusted maternal mortality ratios, the ratio in Iraq was 2.50 per 1,000 live births,³ thereby indicating that the country is off track in terms of achieving Goal 5. While the "Iraq living conditions survey 2004" reports a lower mortality ratio, namely, 1.93 deaths per 1,000 live births, these estimates indicate that, in general, Iraq has not joined the overall decline in maternal mortality achieved in the past decade by most Arab countries.

Goal 6: combat HIV/AIDS, malaria and other diseases

53. While malaria is not a major problem in Iraq, deaths related to TB are still a concern. In 2001, some 25 TB-related deaths occurred per 100,000 population. It is likely that this rate has increased during the past years of military conflict.

Goal 7: ensure environmental sustainability

54. Compared to other countries in the region and to earlier data reported by UNDP, the "Iraq living conditions survey 2004" finds that the supply of safe water has deteriorated significantly during the past years. In 2004, only 60 per cent of the urban population and 33 per cent of the rural population had access to safe water.

³ United Nations Children's Fund (UNICEF), "At a glance: Iraq – Statistics", which is available at: http://www.unicef.org/infobycountry/iraq_statistics.html.

Goal 8: develop a global partnership for development

55. While Goal 8 identifies key elements for a genuine global partnership for development, including aid, trade and debt relief, the most pressing issue for Iraq is youth unemployment corresponding to Target 16. According to the "Iraq living conditions survey 2004", youth unemployment, at 19 per cent, was substantially higher than the total unemployment rate of 10.5 per cent of the economically active population aged 15 and above. However, official unemployment surveys of the Ministry of Planning and Development Cooperation indicated a significantly higher overall unemployment rate of 26.8 per cent for that same year.

56. Following an agreement in 2004 with the member countries of the Paris Club, Iraq achieved substantial progress in terms of ensuring long-term sustainability of debt. According to that agreement, out of the approximately \$38.9 billion of Iraq's total debt to the members of the Paris Club, at least \$31.1 billion will be cancelled subject to conditions set by the International Monetary Fund (IMF). However, with the external debt of Iraq totalling some \$120 billion in 2004, this is only one step on the way towards debt sustainability. In order to promote economic and social development, further debt relief agreements and a comprehensive solution to the issue of reparation obligations are required.

Major challenges

57. Iraq is among the countries that have experienced a worsening in the MDG indicators during the past decade as a result of the sanctions and the ongoing violent conflict.

58. Current health conditions are very poor in Iraq and health services have deteriorated during the past years. As a consequence, child and maternal mortality rates have increased. Iraq also faces serious educational challenges, with approximately half its youth categorized as illiterate.

59. Peace and stability are vital if that country is to make any progress towards achieving the MDGs. As long as the emergency situation prevails, long-term development goals cannot be properly addressed.

2. Palestine

60. According to the latest MDG report, there are two major challenges to development in Palestine, namely: (a) the ongoing foreign military occupation, which undermines the Palestinian Authority (PA) and makes attempts at institution building and economic growth ineffective; and (b) the emergency relief challenge created by the outbreak of the second intifada on 28 September 2000 and the subsequent intensification of the Israeli occupation.

61. The process of data collection has faced multiple challenges, including the closures imposed by Israel, which hindered the movement of field workers collecting data; and the disagreement on the extent of authority given to the PA and on the status and boundaries of Jerusalem, thereby, resulting in difficulties in terms of generating consistent data.

The Palestinian development context

62. The effects of the current conflict over the past few years are too substantial to be gauged in absolute statistics. The current trends towards regression generated by the conflict are long-term and affect primarily social and economic infrastructures. Moreover, the current political crisis adversely affects progress towards the MDGs. First, the reversal of the progress achieved in human development over the past few years has slowed the pace of achieving further development. Second, and more importantly, the emergency situation created by the conflict has taken precedence over the pursuit of long-term developmental goals. The result is that the MDGs have been shelved in the struggle to meet immediate relief goals. By far the greatest economic challenge for the future is the generation of higher and more equitable economic growth aimed at triggering a decline in poverty.

63. The international context for the support of Palestine is very significant, particularly given the significant dependence on international financial assistance for implementing development projects. Foreign aid formed the main source of income for the PA before the intifada.

Goal 1: eradicating extreme poverty and hunger

64. The living standards of Palestinians have dramatically declined. Despite economic stabilization in 2003, some 47 per cent of Palestinians live below the poverty line and as many as 600,000 cannot afford to meet their basic needs in food, clothing and shelter.⁴

65. In December 2004, the World Bank calculated that it would take an increase in the real GDP of 10 per cent per annum over the period 2005-2008 in order to reduce unemployment levels to those that existed before the intifada, namely, some 12 per cent. The employment status of the household head constitutes a key determinant of poverty risk, especially in the absence of a comprehensive welfare system and an unemployment benefits scheme.

66. According to estimates by ESCWA, while real GDP was set to grow by 2.5 per cent in 2005, this growth was from a low base. At the end of 2005, real GDP was still some 10.6 per cent less than in 2000.⁵ Economic activity and employment improved albeit not to the extent needed to curb the rising level of unemployment. Employment increased by approximately 7 per cent in the first half of 2004, compared to the same period of the previous year. However, given that the economy was unable to create enough jobs for the rapidly growing labour force, the unemployment rate stood at 25 per cent in 2003, compared to 10 per cent before the intifada. Young people were particularly affected. Specifically, 37 per cent were without jobs compared to 14 per cent before the intifada.⁶ Unemployment in Palestine increased to 29 per cent by mid-2004. The unemployment situation was particularly acute in the Gaza Strip, where economic activity has been disrupted by incursions of the Israeli army and by the closure of the Erez Industrial Zone that has reduced the flow of Palestinian workers from the Gaza Strip to Israel, thereby contributing to an unemployment rate in Gaza of some 40 per cent.⁷

Goal 2: achieving universal primary education

67. The positive trend, which had dominated in the mid-1990s, has not continued since the eruption of the second intifada. Data on enrolment rates reveal a decline of 0.7 per cent in 2001/2002, compared to 1999/2000. This decline coincides with rising unemployment and poverty, the destruction of economic infrastructure and severe restrictions on movement. The net rate of enrolment is set to decrease further if this situation continues.

Goal 3: promote gender equality and empower women

68. Gender differences in primary and secondary education do not exist to any significant degree in Palestine. While progress has been made in the past eight years in reducing gender inequity in education, improved participation of women in economic and political decision-making has not materialized.

Goal 4: reducing child mortality

⁴ The World Bank, "Four years – intifada, closures and Palestinian economic crisis: An assessment" (October 2004).

⁵ ESCWA, "National accounts studies of the ESCWA region", bulletin No. 25 (2005).

⁶ The World Bank, "Four years – intifada, closures and Palestinian economic crisis: An assessment" (October 2004).

⁷ International Monetary Fund (IMF), "Macroeconomic and fiscal developments, outlook, and reform in the West Bank and Gaza", which was presented to the Ad-Hoc Liaison Committee (AHLC) Meeting (Oslo, 8 December 2004).

69. Over the past decade, health services in Palestine have performed at the level of upper middle-income countries, which is a considerable achievement given that Palestine is far from being an upper middle-income country. The infant mortality rate reached 27.3 deaths per 1,000 live births in 1990-1994, and dropped to 25.5 during 1995-1999. The under-five mortality rate dropped from 33.2 per 1,000 live births in 1990-1994 to 28.7 in 1995-1999. However, this advancement is below the level required by the MDGs; and progress at this rate will not ensure meeting Goal 4 by 2015. It is certain that the turbulent political reality increases cases of child mortality and poses new dangers to the lives of infants and children. According to unofficial statistics, as of 31 May 2002, the number of children aged under 18 who have died since the eruption of the second intifada amounted to 311 out of the total 1,649 victims. If the occupation persists, further progress will be impossible and such progress that has been achieved to date will be threatened.

Goal 5: improving maternal health

70. While exact data are not available, the maternal mortality rate is expected to have increased since the start of the second intifada. Moreover, hospital deliveries declined to 67 per cent of total deliveries owing to restrictions on movement.

Goal 6: combating HIV/AIDS, malaria and other diseases

71. Ministry of Health records show a low incidence of cases and carriers of HIV/AIDS; and no cases of malaria have been reported during the past few years. Additionally, there is a continuing decline in the incidence rate of pulmonary TB.

Goal 7: ensuring environmental sustainability

72. Environmental protection is still in its preliminary phase in Palestine. Since the establishment of the PA, progress has been made with respect to water and sanitation services. Halving the proportion of people without access to safe water was achieved by 2000. However, less progress was achieved with respect to connecting households to public sewage networks, with a modest increase of 11.1 per cent. Unresolved political issues impede progress of environmental protection regarding green areas and biodiversity, and render progress achieved with respect to water and sanitation unsustainable in the long run. Considering the history, evolution, characteristics and levels of environmental protection in Palestine, it is unlikely that Goal 7 will be met by 2015.

Goal 8: develop a global partnership for development

73. Goal 8 has been excluded from the MDG report for two reasons, namely: (a) this Goal applies to States Members of the United Nations;⁸ and (b) most of the elements measured by the indicators of Goal 8, including external trade, are not within the control of the PA given that the Israeli occupation has forced de Facto a one-sided customs union.

74. Palestine is highly dependent on international financial assistance for implementing development projects. Moreover, foreign aid formed the main source of income for the PA before the intifada, with the largest amount of aid provided in the form of budget support. Without this assistance, 122,000 employees of the PA could not have been paid. Total aid to Palestine in 2003 reached \$971.8 million.

Major challenges

75. Closure refers to the restrictions placed by Israel on the movement of Palestinian goods and labourers across borders and within the occupied territories. The Palestinian economy suffered losses in income

⁸ The United Nations considers the West Bank and Gaza Strip as territories under foreign occupation.

estimated at \$3.3 billion between the imposition of the closure policy in 1992 and January 2002; and the number of effective border closures increased from 17 days in 1992 to 100 days in 2001.

76. Physical damage related to conflict in Palestine was estimated by the World Bank at some \$305 million by end December 2001.

77. The main long-term development challenges in Palestine are as follows: to trigger high annual growth; to design policies aimed at addressing the consequences of rapid population growth; and to combat the soaring rates of unemployment.

II. ACCELERATING PROGRESS TOWARDS THE MILLENNIUM DEVELOPMENT GOALS: DEVELOPMENT ISSUES AND POLICY RECOMMENDATIONS

A. CROSS-CUTTING DEVELOPMENT ISSUES

78. Despite the political, social and economic heterogeneity of the Arab world and the uneven progress achieved towards the MDGs, a set of mutually reinforcing key problems and development challenges can be identified. These issues, which were also stressed by the 2005 World Summit Outcome, have to be addressed in any new development policy agenda geared towards the attainment of the MDGs.

1. Gender

79. Given that gender is a cross-cutting issue, it is critical for the attainment of the MDGs and other development goals to achieve gender equality and empower women. Significant progress has been made in the Arab region with regard to improving the conditions and status of women. The share of Arab women in the labour force and their participation at the political and decision-making levels are among the lowest in the world, despite improvements in educational attainment and health. A number of socio-cultural, legal, economic and political factors, including the lack of security, continue to marginalize and discriminate against women both within the household and in such public institutions as the legal system, labour market, education and health services. More coordinated and concerted efforts are needed to integrate gender in policymaking, with a view to removing formal and informal rules and practices that deny women equal rights, including access to and control over assets and resources, and opportunities to participate in society.

2. Unemployment

80. In 2006, the latest report of the International Labour Organization (ILO) showed that the Middle East and North Africa (MENA) remained the region with the highest unemployment rate in the world, at 13.2 per cent in 2005.⁹ Worst hit are the current disaster zones in Iraq and Palestine, where the unemployment rates were approximately 26.8 and 29 per cent, respectively. At the same time, the labour force in MENA is growing at the very high rate of 3.5 per cent per annum. While unemployment is currently slightly lower than in 2000, the recent high economic growth rates in the region have not translated into considerable employment growth. In the light of the high number of entrants to the labour market in the coming years, creating jobs, especially for youth, and the successful integration of women in the labour market, are consequently among the biggest economic challenges. Success on these fronts could assist in alleviating poverty and harnessing greater economic growth for the region.

3. Security

81. There is no doubt that political tensions, military conflict and violence have negatively impacted economic and human development in many countries of the region, given that these issues result in low investment and economic growth rates, high levels of unemployment, increased poverty, and large numbers of disabled, in addition to threatening the sustainability and equal distribution of development gains.

⁹ International Labour Organization (ILO), "Global employment trends: brief" (January 2006).

Increasing political stability and security are key, especially in countries that suffer directly from conflict, such as Iraq and Palestine.

4. Investment and capital accumulation

82. The overall investment ratio in the ESCWA region declined from 29 per cent since it last peaked in 1978 to some 16 per cent in 2002. Real or perceived risks have limited investment activities, thereby negatively affecting economic growth and development. While investment rates in the region have certainly risen since the beginning of the oil boom in 2003, a large part of the oil revenues of past years was not invested into real sector activities that generate employment. Instead, it was either invested abroad, in offshore dollar assets, or in the equity and real estate markets in the region, thereby contributing to the observed surge in the prices for these assets. Equity markets have recently collapsed with a potential negative impact on economic growth rates.

5. Poverty and social exclusion

83. Social exclusion is defined as the formal and informal marginalization and discrimination of persons or groups based on race, ethnicity, religion, gender, age, descent, disability, HIV status, migrant status and area of residence. Social exclusion causes and perpetuates poverty in that it denies people equal rights and opportunities in terms of access to services, markets and political participation. Thus, poverty reduction strategies in the Arab region need to integrate social exclusion in their frameworks, with particular attention to women, youth, the elderly, the disabled, displaced persons and refugees, and people living in agricultural, rural or remote areas. With the onset of the poor growth period in the mid-1980s, progress was limited in many social areas, including education, health, gender equality and developments in civil society. This contributed, in a spiral manner, to poor economic growth. In general, the social provisioning channel is still far from being adequately tapped for the purpose of poverty reduction. Existing public protection systems have almost stagnated within the confines of their traditional modes and functions. Breaking the vicious circle requires the introduction of a set of integrated and comprehensive social and economic policies; the re-establishment of steady economic growth outside of oil fluctuations; the focus on the impact of economic reforms and structural adjustment policies; and the fostering of social development, social justice and equality. This set of policies needs to regard the key programmatic areas of social protection as intertwined and synergistic subsets of one integrated whole, namely, such labour market interventions as labour market regulations, programmes and wage setting rules; contribution financed social insurance programmes, namely pensions, unemployment insurance, family benefits, sick pay; and such non-contribution, publicly funded expenditure programmes as transfers in cash or in kind, subsidies and free basic social services for all.

6. Regional cooperation

84. The achievement of the MDGs requires global and regional partnerships based on mutual accountability and responsibility whereby wealthier nations, through funding, debt relief and fair trade agreements, support the efforts of developing countries to adopt relevant development strategies within a supporting global environment. Analyses of trade patterns and business cycles in the Arab region have revealed that, overall, the level of regional integration is low and has not increased substantially during the past decades. Arab countries face major obstacles to trade cooperation and integration, including, most importantly, similarities in the economic structures and differences in demand structures, the lack of commitment to regional agreements and the heavy reliance on trade taxes in some countries, especially highly indebted ones. In addition, economic and trade activities in the region are highly vulnerable to political instability. Certainly, a higher level of integration of Arab markets will render the region more attractive to international and regional investors, facilitate investment and growth, and generate additional employment opportunities and incomes. In addition, greater South-South cooperation is needed for sharing experience and expertise on successful development policies and initiatives.

7. Environment

85. Water scarcity and quality continue to be serious challenges. A limited availability of water resources combined with high population growth rates and overuse of water, particularly in agriculture, have led to falls below the Water Stress Index level of absolute water scarcity. Many rural and remote areas do not have access to safe drinking water, energy services and sanitation. This situation has exacerbated the high poverty levels in these areas. It is not possible to provide basic health and education services without electricity and safe water. Moreover, contaminated surroundings underlie higher rates of infant and maternal mortalities.

B. AN MDG-FRIENDLY POLICY FRAMEWORK

86. Countries that are strongly committed to the MDGs need to endorse a policy framework that is geared specifically towards the attainment of the set goals, which can be referred to as an MDG-friendly policy framework. Such a framework needs to address the interactions between the various dimensions of poverty, beyond traditional income and expenditure considerations; and to encompass quality of life, namely, longevity, health, and educational attainment, as well as power, vulnerability, and voice. Poverty reduction strategies in the region must focus on unemployment, income disparities, social exclusion, gender inequality and social protection mechanisms. Equally, MDG-friendly policies need to be pro-poor and pro-women in order to be aligned with the objective of reducing capability poverty, that is poverty in all its forms. Pro-poor and pro-women policies imply that the social and economic indicators for poor people and women need to improve at faster paces than those for the rest of society. A viable policy framework must contain clear guidelines, adequate measures and effective mechanisms so that growth unfolds into enhanced capabilities of the poor.

87. Successful pro-poor and pro-women policies need a sound macroeconomic framework and a transparent administration of resources. They also need the precise monitoring of results with the objective that unintended consequences can be taken into consideration and failures analysed and rectified. Moreover, these policies, which aim to reduce the absolute number of poor, need to obtain the confidence, and, if possible, the active involvement of the poor themselves. Similarly, gender equality is recognized as vital for the achievement of sustainable development incorporating the improvement of quality of life for all, human rights and the proper political functioning of pluralistic structures. General policy guidelines for an MDG-friendly policy framework in the Arab region are set out below.

1. *Integrated social policies*

88. Structural adjustment policies and economic reforms with commensurate and integrated social policies aimed at addressing key social issues are needed in order to address fully the challenge of poverty reduction. Arab countries need to adopt an integrated approach to reducing poverty and promoting growth, which could include measures to address gender inequalities; income disparities; unemployment, especially among youth and women; social exclusion in the market and in services for youth, women, ethnic and religious minorities, the elderly, the disabled, the displaced and the refugees; social protection mechanisms; and political participation of women. This will require countries in the region to adopt a rights-based approach to development in which the various stakeholders are involved in the policymaking process, namely Governments, NGOs, direct representatives of poor communities, women's groups, academia, the private sector, media and civil society.

2. *MDG-friendly growth*

89. In general, growth is pro-poor if it uses the assets that the poor own; if it favours the sectors where the poor work; and if it occurs in areas where the poor live.¹⁰ Pro-poor growth can also occur when rapid rates of economic growth are associated with redistributive measures and policies that favour the poor. Generally, poor households in Arab countries suffer, albeit to varying degrees, from high unemployment, low returns of their employed members and low participation of their working age members in economic activity. A

¹⁰ Jan Vandemoortele, "The MDGs and pro-poor policies: Related but not synonymous", Working Paper No. 3, (International Poverty Center, UNDP, November 2002), p. 9.

pro-poor pattern of growth in the Arab region needs to employ a policy framework that simultaneously promotes the following aspects:

- (a) Labour-intensive growth through significant agricultural and industrial development;
- (b) Enhanced ability of the poor to integrate into the process of economic growth;
- (c) Higher participation rate of the working age population in economic activity, especially females;
- (d) Greater emphasis on programmes for development of poor sub-regions.

3. Investment policy, public investments and the MDGs

90. In the Arab region, heavy investments are needed to lift countries to a higher and MDG-friendly growth path. For growth to absorb current unemployment, investment rates in many countries need to be higher than those currently existing. Heavy involvement of the public sector in investment is instrumental for a number of reasons. First, the attainment of those MDGs that are concerned with the non-money dimensions of capability poverty intrinsically requires substantial amounts of investment in buildings and equipment. Equally, substantial investments in infrastructure and social services, including access to clean water, improved sanitation, transportation and communication, are still critical and badly needed for the development of most, if not all, Arab countries, especially rural communities. Both of these contours of investment, social services and infrastructure, are classical domains of the public sector. Secondly, public investments are the principal channel for introducing labour-intensive techniques, promoting growth of labour-intensive sectors and activities, and for developing the more disadvantaged and marginalized sub-regions. Thirdly, the private sector in the Arab region, as in many other developing regions, is still too small to be solely relied upon to generate high investment rates. Besides, given comparatively weak institutions to mobilize and direct savings and imperfect market signals, the role of the State is crucial in harnessing resources for development and for inducing private investment.

4. Fiscal policy and the MDGs

91. Attaining MDGs assumes a quantum leap in public expenditure. In addition to heavy investment, Governments are expected to expand their involvement in social protection interventions, and to cover the bulk, if not all, of the recurrent costs of basic social services. Consequently, to attain MDGs, public expenditure will have to outstrip Government resources almost in all the countries of the region, with the exception of those in the GCC.

92. In the long run, growth guarantees the expansion of public revenues even if tax rates and tax efforts remain unchanged. However, in the short run, Governments enjoy several options, other than borrowing, for generating resources for public spending on MDGs interventions. Improving governance and management of Government finances, including that of public institutions, is still inadequately tapped. Improved efficiency of current public expenditure and public enterprises enables Governments to allocate reasonably large amounts of budgetary resources for the MDGs and targets. Furthermore, proportionately more public funds can be devoted to key MDG areas from a given public budget through intersectoral reallocation, that is restructuring in favour of the required interventions.

5. Improving the asset base of the poor

(a) The role of agriculture

93. Large proportions of the populations of many countries in the region, especially women, are still subsisting on agriculture. Moreover, the incidence of poverty in this sector is still markedly higher than in other sectors. Given that situation, it is difficult to imagine that countries with large agricultural sectors can be on track towards achieving the MDGs without a significant expansion of prosperity in agriculture.

94. Improvement in rural incomes cannot be sustained in the long run without an improvement in agricultural productivity. Scaling up investment in infrastructures and basic social services are key

interventions for boosting productivity and incomes in agriculture. Devoting sizeable investment to irrigation and land reclamation schemes can promote both a rise in productivity and make available more arable land that can be distributed. Furthermore, any land or agrarian reform measures must integrate gender issues, including those on land tenure, access to seeds, fertilizers, technology, credit and markets to sell produce.

(b) *Non-farm micro-enterprises and SMEs*

95. Micro-enterprises and small- and medium-sized enterprises (SMEs) are labour-intensive modes of organizing production and, consequently, they offer additional avenues for absorbing the unemployed and surplus labour released by rising productivity in other sectors.

96. Promotion of micro-enterprises and SMEs requires a stimulating environment through appropriate policies, institutions and regulations. Measures to improve the asset base of current and potential entrepreneurs are central to this process. Other methods to make entrepreneurs more productive include the provision of credit, infrastructure and public services for non-farm micro enterprises; and granting access to education and training. Moreover, supporting training programmes to improve entrepreneurial aptitudes and managerial skills of the current or potential entrepreneurs contributes to enhancing the economic viability and performance of these small-scale projects.

6. *Investing in health and education*

97. Attainment of the MDGs relies to a great extent on wide-scale improvements in health and education, which are also strongly interlinked with poverty reduction policies.

98. Member countries must incorporate measures aimed at improving access to quality primary, sexual and reproductive health care, especially in rural and remote communities and in the Arab LDCs and conflict-stricken areas, where infant and maternal mortality levels are high and further exacerbated by the spread of infectious diseases, including HIV/AIDS, malaria and TB. In these areas, there is a need to establish comprehensive reproductive health care that includes family planning information and services, quality ante- and post-natal services, safe abortion and post-abortion care where legal, prevention and treatment of HIV/AIDS and other infectious diseases, in addition to the elimination of harmful practices such as female genital mutilation. Decentralization and the equitable distribution of health resources can ensure that adequate health services are provided to the poor and the marginalized. In addition, applying such preventive health measures as vaccination and awareness campaigns can substantially reduce rates of incidence of contagious diseases.

99. Despite significant educational achievements during the past decades, Arab countries have to increase further efforts to strengthen their human capital base. More spending is required to eradicate illiteracy and extend the quality and coverage of primary and secondary schooling, with a particular focus on girls and women in agricultural, rural, remote and other disadvantaged communities. In terms of improving the quality of education, curricula should be revised with a view to mainstreaming gender and to developing analytical and problem-solving skills. This, in turn, requires additional training of teachers as well as improved conditions of service that create a positive and productive learning environment. Finally, education needs to be tailored to meet the demands of the job market. This can be achieved by intensifying communication and collaboration between educational institutions and private and public firms.

7. *Environmental policy*

100. Environmental planning and policymaking has become a pressing need for all ESCWA members. Policies need to target the adoption of the Integrated Water Resources Management (IWRM) and the improvement of institutional set-ups to manage various natural resources. The process involves intensive capacity-building owing to the diversity and complexity of environmental issues. Additionally, macroeconomic and social policies must be checked against their environmental impact. Regional and

international cooperation are necessary to achieve policy goals, particularly for shared resources and transboundary spillovers.

8. Institutional capacity-building for monitoring and reporting

101. Across the region, institutional capacities are weak in terms of collecting, compiling, analysing and using statistics for formulating and managing policies and projects. Developing institutional capacities to produce quality statistics facilitates monitoring and reporting on MDGs and contribute to greater transparency and accountability.

9. Building on the commitment to achieve the MDGs

102. Both rich and poor countries in the Arab region share the risks and benefits of not investing the financial and human resources necessary to achieve MDGs by 2015. Arab countries must enhance their human and institutional capacities, improve policies, promote investment and increase donor aid. That will require sustained action at the local, national and regional levels; and reform aimed at good governance, partnership, gender equality, environmental sustainability and pro-poor economic policies. The year 2007, which represents the mid-point between the adoption of the MDGs in 2000 and the target year of 2015, presents an opportunity to assess the progress made towards the Goals and to review strategies. Arab countries are encouraged to take stock of progress made, identify key issues, challenges, and strategic interventions and resource allocations needed to meet the targets by 2015. Moreover, the success of the above-mentioned reforms and policies will hinge on the adoption of a rights-based approach that includes a variety of stakeholders, from Government, NGOs, the private sector and civil society, in addition to international development organizations, financial institutions and the donor community. Additional measures need to be taken to coordinate and harmonize the efforts of both international and national development partners with a view to pooling human and financial resources on nationally-defined priorities; setting comprehensive and integrated targets and strategies for their realization; and creating a forum to share experiences and good practices. International organizations, and ESCWA in particular, can assist countries by nurturing political will and commitment; providing technical and financial support, including strengthening national statistical capacities to monitor and report on progress towards MDGs; undertaking, in collaboration with national partners, studies and surveys to identify key development issues, design and implement policies and programmes; promoting the exchange of good practices and lessons; fostering dialogue among stakeholders; and supporting a rights-based approach to development.
