



1. Objectives

Regional integration is seen by many developing countries as a key component of their strategy for economic diversification, industrialization and structural transformation of the economy, as a step towards sustainable growth and development. However, for the regional integration process to achieve its objectives, countries need to be able to show certain levels of performance in several areas of integration. This is why ESCWA decided to develop a tool for monitoring and evaluating the performance of the economic integration of Arab countries (SIMAEI). This tool uses indices and dashboards that make it possible to synthesize and disseminate information in an efficient, transparent and easily understandable manner by all stakeholders, whether they have technical knowledge or not. An interface has also been developed, open to all and which uses the most recent technologies to support users everywhere and meet all their needs in terms of monitoring, analysis and evaluation of the performance of Arab countries in terms of economic integration.

2. Description of the index system for the evaluation and monitoring of Arab economic integration

The SIMAEI platform is integrated with the Arab Trade Gateway Platform which offers a set of analytical tools focused on promoting and facilitating trade in the Arab region. The SIMAEI platform covers 20 Arab member countries of ESCWA and several Arab economic regions.

At the heart of the system for monitoring and evaluating the performance of economic integration in the Arab region exist:

- Six individual indicators: exports, imports, incoming and outgoing direct foreign investment, inward and outward remittances flows. These bilateral flows were selected because they constitute the privileged channels of economic ties between Arab countries and cover the areas of economic integration targeted by trade agreements in the region. For each of these indicators, a score is assigned to each country based on the assessment of its performance against the best and worst performing country and a Min-Max standardization
- Three series of indices which allow the evolution of integration performance to be traced at the global, regional and bilateral levels. The globalization index is calculated from national data and the average of the country's scores in the areas of exports, imports, inbound and outbound direct foreign investment, remittances of inbound and outbound workers. Based on the score obtained, the country is assigned a rank. Using bilateral data, dependency indices are calculated which trace the financial resources that the country manages to capture through its integration with its partners through exports, direct inward investment and repatriation of the remittances of inbound and outbound workers. The average score for its three indicators gives the index of dependence of countries on their partners. Two series of dependency indices are calculated, one focusing on the Arab sub-regions (Arab Maghreb Union, Gulf Cooperation Council, the Mashreq, the Group of Other Least Developed Countries in the World (Other than Arab LDCs) the Mauritania being included in the Arab Maghreb Union and the League of Arab Countries (LAS). It is crucial to differentiate the performance of Arab countries from that of Arab sub-regions, which are supposed to serve a launching pad for effective integration beyond the region.
- Three dashboards, because measuring and evaluating economic integration is not sufficient and a successful economic integration plan requires adjacent policies. It is necessary to take into account the structural characteristics, the policies implemented, commercial and accompanying, with the results of these policies to obtain a precise assessment of the country integration plans, and be able to develop winning integration scenarios and strategies. Three dashboards are therefore available on the platform retracing the assessment of the structural characteristics of countries (Enablers), policies implemented (Policies) and their results (Outcomes).

The system allows performance comparison with 146 countries as well as Arab economic regions, such as Arab Maghreb Union (AMU), Gulf Cooperation Council (GCC), Mashreq, Group of Other Arab Least Developed Countries (Other Arab LDCs), Mauritania being included in the Arab Maghreb Union, the member countries of the Agadir Agreement (Egypt, Jordan, Morocco, Tunisia) and the League of Arab Countries (LAS). In terms of non-Arab economic groupings are included the European Union of 27 (EU-27), the Association of Southeast Asian Nations (ASEAN which brings together Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam) and the Association of Southeast Asian Nations plus China, Japan and the Republic of Korea (ASEAN + 3) , the Southern Common Market (NAFTA which brings together the United States of America, Canada and Mexico), the Common Market of South America (Argentina, Brazil, Paraguay, Uruguay, Venezuela (suspended)).

An index of the intensity of integration flows is also calculated which makes it possible to know the amounts of financial flows involved as a percentage of Gross Domestic Product.

Indeed, calculating scores for each individual indicator over the entire period, taking their average, finding a globalization or dependency score according to the number of individual indicators used and assigning a rank to each country makes it possible to:

Compare performance from one year to the next (although differences may appear from one report to another due to updated data, especially in times of a sharp crisis, such as COVID),

Give as much weight to exports, investments and all the financial flows taken into account without any value judgment on their relative importance,

Synthesize rich and complex information

Make it **accessible** and **easily understandable** for all audiences

However, the user may lose sight of the amount of the flows involved. It is therefore useful to recall the sum of exports, imports, incoming and outgoing foreign direct investments, and inward-outward remittances, when the degree of globalization is assessed; exports, inward direct investment and remittances of inbound workers when countries' dependence on partners is analyzed.

Indeed, if the integration between some Arab countries may appear strong at the intraregional level, it remains weak if the focus is on integration with the world and it is important to remember that intra-Arab integration remains less than 15 percent which is very low compared to the intensity of trade flows between some of the Maghreb countries and Europe which exceed 60 percent of the GDP

All indices of globalization, regional and national dependence and intensity of financial flows are calculated, oil and gas products included and not included in order to take into account the influence of the primary sector on the performance of a region which depends heavily on of this product and for which economic diversification is a major issue.

Finally, projections are included for 2020-2025 for the indices of globalization and dependence of Arab countries (and 122 other regions and countries) and the world. These projections are made on the basis of economic forecasts published by the Economic Intelligence Unit, the International Monetary Fund, the World Bank, the countries themselves, expert opinions, etc... in times of COVID, these forecasts are to be interpreted with caution

3. Description of the platform

The interface has four panes all open to all users:

- the first focuses on the dynamics of the globalization of the Arab countries and regions with all the countries of the world and the main Arab and non-Arab sub-regions;
- the second on the performance of the Arab regions with (1) their main partners, whether they are Arab and non-Arab countries or economic regions, the remaining countries forming a separate group (RoW: Rest of the World), (2) then the focus narrows on the performance of the integration of the Arab regions with the Arab and non-Arab regions, and (3) narrows again to keep only the results of the integration of the Arab regions with themselves (Arab intraregional integration);
- the third is only concerned with the results of the integration of the Arab countries (1) with all the countries of the world, (2) with the main partners, the Arab economic groups and the rest of the world, (3) the Arab regions, and finally, (4) in-between (intra-Arab integration at country level);
- the fourth is made up of dashboards.

4. Functioning

For dashboards, the user must:

- **Select the level of integration, the dashboard that interests him**
- **Select the reference Arab country or region:**

in addition to the 22 Arab countries, the following Arab sub-regions are included: The Arab Maghreb Union (AMU), the Gulf Cooperation Council (GCC), the Mashreq, the Group of the Other Arab Least Developed Countries (Other Arab LDCs, Mauritania excluded as part of the AMU grouping), Mauritania being included in the Arab Maghreb Union, the member countries of the Agadir Agreement (Egypt, Jordan, Morocco, Tunisia) and the League of Countries Arabs (LAS).

- **Select the comparison countries or regions (one or more):**

here are available 146 Arab and non-Arab countries as well as 11 Arab economic sub-regions, such as the Arab Maghreb Union (AMU), the Gulf Cooperation Council (GCC), the Mashreq, the Group of the Other Arab Least Developed Countries (Other Arab LDCs, Mauritania having been included in the AMU grouping), Mauritania being included in the Arab Maghreb Union, the member countries of the Agadir Agreement (Egypt, Jordan, Morocco, Tunisia) and the League of Arab Countries (LAS) and non-Arabs are included the European Union 27 (EU-27), the Association of Southeast Asian Nations (ASEAN which includes Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam) and the Association of Southeast Asian Nations plus China, Japan and the Republic of Korea (ASEAN + 3), the Common Market of South (NAFTA which brings together the United States of America, Canada and Mexico), the Common Market of South America (MERCOSUR of which Argentina, Brazil, Paraguay, Uruguay and Venezuela (suspended) are members).

- **Select the dashboard indicators (up to 5)**

- **Several graphs will then be generated**

They show the performances of the selected country for the last available year, the comparative performances of the selected country and of the selected comparators with their evolution over time, etc...

- **Select the figures** which must be included in the final report: a button allows their selection

The user can then print the interest report, share their selection via a web link, save their selection (by creating an account).

5. The way forward

Include services in indices. Bilateral service flow estimates have been made which need to be adjusted to the post-Covid situation

Develop the platform. In order to make it as user-friendly as possible for all types of users

Allow impact simulations on the scores and ranks of countries from the expected values of exports, imports inflows and outflows of foreign direct investment and remittances (which could reflect the aspirations of the National Plans of Country development, for example).

Develop forecasting models for individual indicators in order to improve performance evaluations to multiply revisions of data, scores and ranks, in order to allow Member States to develop more effective scenarios, analyzes and strategies.