



UNITED NATIONS

ECONOMIC AND SOCIAL COUNCIL



Distr.
GENERAL

E/ECWA/122/Add.3
6 April 1981

Original: ENGLISH

ECONOMIC COMMISSION FOR WESTERN ASIA

Eighth session
3-7 May 1981
Sana's, Yemen

Item 11 of the provisional agenda

DEVELOPMENT PROBLEMS AND PROSPECTS OF THE ECWA REGION
IN THE 1980s

81-3925

CONTENTS

	<u>Page</u>
PREFACE	1
I. DEVELOPMENT PERSPECTIVES IN THE 1980s	
A. Regional overview	3
B. Oil economies	5
C. Non-oil economies	6
D. The least-developed economies	8
II. IMPORTANT ISSUES OF SPECIFIC CONCERN TO THE ECWA REGION	
A. Major sectoral issues	
1. <u>Industrialization</u>	11
a. Agro-industries and fishing and marine-based industries	13
b. Petrochemicals, basic chemicals and energy-based industries	14
c. Basic engineering and capital goods industries	14
d. Development of high technology industries	14
2. <u>Agricultural development and food security</u>	
a. Major problem areas in agriculture	15
b. Food security and regional agricultural co-operation	18
c. Integrated regional agricultural planning	19
d. Strengthening of agricultural and rural institutions	19
3. <u>Development of infrastructure</u>	
a. Transport, communications and tourism ..	21
b. Housing and human settlement	25
4. <u>Combating desertification in the ECWA region</u>	28
5. <u>Appropriate and indigenous technology</u>	30

CONTENTS (contd.)

	<u>Page</u>
B. Employment, intraregional labour mobility and manpower planning	
1. <u>Employment</u>	34
a. The capital-surplus countries	34
b. The capital-deficit countries	35
2. <u>Intraregional labour mobility</u>	36
3. <u>Regional manpower planning</u>	37
a. Manpower bottlenecks	37
b. Immigration policy	38
c. Education of nationals and motivation of national work force	38
d. The participation of women in the economy	38
C. Institutional and managerial capabilities	
1. <u>Major issues</u>	39
a. Planning and programming	40
b. Administrative reform	41
c. Financial management	41
d. Public enterprises	42
e. Personnel development	42
2. <u>International support measures</u>	43
III. SUMMARY AND CONCLUSIONS	45

P R E F A C E

This report is prepared at the request of the Committee for Development Planning (CDP) and in connexion with its Seventeenth Session which is intended to look into the regional and subregional dimensions of the international development strategy for the third development decade. It examines a limited number of key sectors, issues and problems that are of particular relevance to the ECWA region, as reflected in document E/ECWA/97/Add.1,^{1/} and suggests specific ways in which the international community could help in implementing regional and subregional development priorities.

Chapter I provides an overview of development perspectives in the region during the 1980s by first concentrating on those prospects and issues which are basically of a regional nature. In view of wide variations in resource endowments and in development stages and styles, the countries of the region are divided into three groups: oil, non-oil, and least-developed economies. The prospects and priority issues unique to each group are subsequently discussed in detail.

^{1/} Third United Nations Development Decade (Report of the Meeting of the Committee of Government Development Experts of the ECWA Countries on the International Development Strategy for the Third Development Decade).

Chapter II concentrates on critical issues facing the ECWA region in the 1980s. Section A examines some major sectoral pre-occupations, including related issues such as appropriate and indigenous technology. Section B assesses manpower problems, including the brain-drain problem, which cuts across sectoral and country lines and underscores the urgent need for a comprehensive regional manpower planning. Section C concentrates on problems related to institutional and managerial capability for development; an issue which permeates all economic and social sectors of the countries concerned.

In Chapter III, the major priority issues and problems raised in this report are summarized and some suggestions are made regarding the specific ways in which the international community could assist in overcoming the problems confronted.

/...

I. DEVELOPMENT PERSPECTIVES IN THE 1980s

A. Regional overview

The post-1973 developments in the structure of the international oil market provided the ECWA region with a good opportunity to accelerate the pace of development. The experiences of member countries during the seventies indicate, however, that the increased wealth has not been generally matched by correspondingly clear development policies. Ambitious development plans aside, country responses to the new situation have been more or less isolated short-term reactions to domestic and external influences, thus lacking regional as well as long-term perspective. In effect, the region is now passing through an experimental period and the implications of the oil generated boom is yet to be fully realized. Member countries are still feeling their way regarding their goals, priorities and the modalities to achieve them.

While an exact assessment of growth prospects in the medium- and the long-term is difficult for a region such as that of Western Asia, it is, nevertheless, useful to make some general remarks on growth trends in the region during the 1980s. Assuming that the development pattern which began to emerge in the first half of the 1970s continues, economic prospects for the region appear to be optimistic. The oil induced development efforts are expected to be further consolidated in the 1980s, benefiting from much improved resource, infrastructural and industrial bases. Sectorally, industry is likely to register major gains, even though the path of industrialization may diverge considerably among member countries, depending on differences in resource endowments. Agriculture is also expected to benefit from the renewed interest in this sector which, on the one hand, is the main source of livelihood for a large segment of the region's population and, on the other hand, is potentially the supplier of industrial inputs. On the whole, the economic prospects of the oil producing countries appear to be brighter than those of the non-oil and the least-developed member countries which are constrained by inadequate financial resources.

/...

At the regional level, however, many of the problems facing the member countries lend themselves to sensible solutions within the context of regional economic co-operation - a theme which has become more central to the future course of development if the region is to make any real and lasting progress towards realizing its economic potential. The diversities and disparities among the economies of member countries present appropriate complementarities for regional co-operation. Thus, balance of payments surpluses in the oil producing countries co-exist with the deficits of the non-oil countries; accumulated capital funds in what is yet low absorptive oil economies contrast with vast and viable investment opportunities regionwide in various crucial sectors; and, oil producing labour deficit countries have relied on, and will continue to benefit from, a significant supply of workers originating in the non-oil countries of the region.

While each member country may continue to establish its own development priorities, collective efforts could concentrate on the following issues at the regional level:

1. Developing regional technological capabilities, by promoting the indigenous technological base through the pooling of resources and the co-ordination of national policies.
2. Attempting to achieve a greater level of collective self-reliance in food supply through both intensive and extensive agricultural expansion programmes.
3. Encouraging the investment of a greater portion of the available financial resources within the region by providing the necessary incentives and by properly identifying economically viable investment projects which promise attractive yields.
4. Co-ordination among member countries of development efforts, in general, and industrial projects, in particular, with a view to minimizing duplication and unwarranted competition.
5. Rationalizing the mobility and migration of labour within the region, by formulating and implementing a comprehensive regional manpower strategy designed to meet the rapidly growing needs for skilled labour and to set up an effective mechanism for regulating the intraregional flows of labour in a manner least damaging to the development efforts of both labour importing and labour exporting countries.

/...

For a closer examination of development perspectives in the region, member countries are conveniently grouped into the oil, non-oil and the least-developed economies. The first group includes such countries as Kuwait, Qatar, Saudi Arabia and the United Arab Emirates in which oil accounts for the largest component of national output; the second group includes such countries as Jordan and the Syrian Arab Republic whose economies are relatively more diversified than the first group and the last group comprising the two Yemens. Iraq falls into a separate category, in that it is an important oil producing country and enjoys a diversified economy.

B. Oil economies

For the oil economies, the 1980s should witness a gradual but steady correction of the structural imbalances of the economy which has so far depended very heavily on the export of crude oil. Development efforts are expected to emphasize a more balanced growth than was hitherto possible. The production base is likely to be diversified by concentrating on the commodity producing sectors. These efforts will also stress the protection of the depletable natural resource (oil) through conservation and maximization of its long-term benefits.

The development of human resources will be another major priority area. Through education, training and improved social and medical services, the size and the quality of the labour force are expected to be enhanced and dependence on expatriate workers reduced.

Investment in infrastructure is likely to be reduced and limited to areas relating to the commodity producing sectors and/or having real development potentials.

If international efforts at promoting alternative sources of energy and oil conservation begin to yield positive results in the 1980s, the oil producing countries would find themselves in a position to formulate their oil production policies in a way consistent with their absorptive capacity and long-term development interest. Meanwhile, production levels aside, the oil producing countries of the region are expected

/...

to process and market an increasing portion of their oil output. The prospect of building oil refining capacity for export purposes seems strong, even though the location of oil processing industries in the consuming centres may prove to be more economically viable.

Those oil producing countries with accumulated financial surpluses will continue to be confronted with the challenge of finding secure and sound investment outlets for their surplus funds. The problem would be particularly serious if the value of major reserve currencies continued to depreciate and if oil production cannot be brought in line with development requirements. It should be noted, however, that intra-regional investment possibilities offer, at least, a partial solution, provided that obstacles facing the flow of investment funds within the region can be eliminated. An important condition in this respect is to strengthen economic ties among member countries and to make them less dependent upon political considerations.

Finally, the oil economies and, for that matter, all member countries will need to stress the efficient use of resources, whether human, natural or physical. Productivity of labour, profitability and competitiveness of investments, maintenance of physical assets, and improving the quality of institutional, administrative and managerial capabilities all need to constitute the overriding pre-occupation of policy-makers.

C. Non-oil economies

For the non-oil economies, development prospects are less optimistic as financial constraints are likely to persist in the foreseeable future. External financial support will be indispensable at least through the first half of the 1980s. Thereafter, some of these economies may be able to come closer to some degree of financial self-sufficiency, aided, inter alia, by the coming-on-stream of many agricultural and industrial projects and the relative decline expected in the requirement for infrastructural undertakings.

/...

Like the oil economies, emphasis in this group of countries will be placed on commodity producing sectors. However, whereas the oil economies will find it necessary to concentrate on petrochemical industries, the non-oil economies are likely to go into light and/or agro-based industries, especially as agricultural potential lies significantly in this group of countries.

The non-oil economies have been a major source of migrant workers for the oil economies. In view of the heavy and growing demand for skilled labour, the outflow of workers has gradually led to tight labour supply conditions in the labour exporting countries.

Another issue facing this group of countries is the persistent disequilibrium in their external balances, owing to unfavourable export and import situation. The poor historical performance of exports is explained by (a) the paucity of exportable commodities and (b) weak competitive exports position largely owing to low quality output and inaccessibility to foreign markets.

On the import side, heavy commitments of these countries to development programmes have made it difficult to control the level of imports despite steady deterioration in their terms of trade. Hence, the resulting balance of payments deficits, which are likely to continue in the 1980s, will have to be met increasingly through domestic efforts, including export promotion and austere import policies, particularly if the prospects for the inflow of foreign aid are not very promising.

While inflation is an all-pervasive phenomenon in the region, it is particularly acute in the non-oil economies. Despite the costly and cumbersome anti-inflationary measures, including wide subsidy schemes in some of these economies, the inflationary trend has continued unabated. Although much of the inflationary pressure is attributed to imports, such other factors as deficit financing, investment in slow-yielding development projects, supply constraints and bottlenecks, and low productivity have all contributed to the high rate of inflation.

/...

The non-oil economies too may have to adopt policies aimed at decelerating expansion in their physical infrastructures and concentrate on completing projects already initiated. New projects may have to be subjected to tighter scrutiny, with a view to selecting only those regarded as essential for development purposes.

Here again, the question of efficiency in the use of available resources becomes most relevant in the context of these economies. Similarly, it is equally necessary to raise labour productivity and actual operating capacity of economic units, upgrade the quality of maintaining and servicing plants and physical assets, and improve the performance of administrative and managerial infrastructures.

D. The least-developed economies

The region's least-developed countries, namely, Yemen and Democratic Yemen, have been historically characterized by problems of poverty and rural under-development. In recent years, however, and especially since the mid-1970s, development efforts in the Yemen subregion have made significant progress. Sharp increases in workers' remittances and increased inflow of foreign aid have obviously been instrumental in embarking on development programmes. The problems currently confronting these two countries in their development are generally similar in nature to those experienced by the non-oil economies, and, in some cases, even to those observed in the oil economies, although differing in magnitude. Hence, development targets and policy measures designed to deal with these problems will have to be set at a level which would reflect this difference in magnitude. With this proposition in mind, each of the two Yemens is likely to be seized with the following priority issues during the 1980s.

1. YEMEN

Foremost among the issues confronting Yemen is manpower shortage which has been caused by large scale labour migration to the neighbouring oil countries at a time when domestic development programmes have generated strong demand pressure for labour. Scarcities of skilled and

/...

unskilled labour are felt throughout the economy, but the shortage has been pronounced in the public sector.

Another major issue is the high inflation caused by sharp increases in demand for goods and services, as well as by supply constraints, including port congestion and housing bottlenecks.

A third issue concerns the proper maintenance of the existing and new capital stock. Adequate maintenance programmes and repair facilities are required to prevent the shortening of the useful life of the capital stock. This problem, which is not uncommon in the rest of the ECWA region, is serious, in view of the little attention it has so far received.

2. DEMOCRATIC YEMEN

In contrast to Yemen and the rest of the ECWA region, this country is poor in known natural resources. Its main natural assets include the Aden harbour and fishery resources. Development efforts have been pursued within the framework of a comprehensive economic and social planning.

Despite the many resource constraints, Democratic Yemen has demonstrated its ability to achieve economic development. These constraints will, however, inevitably influence future development. It is, therefore, necessary for development efforts to concentrate on the maximization of benefits from available resources. This entails, among other things, devising effective resource mobilization and allocation policies and increasing productivity; the latter, in fact, is one of the most important issues facing the country at present.

A related issue is the efficiency of public enterprises' management which will certainly determine the degree of success of the country's public sector oriented economy. Improving the management of public enterprises will require, among other things, the introduction of a uniform system of financial accounts and intensive in-service training programmes at the technical and managerial levels.

/...

Another major issue is the dependence of the economy on external financial resources. The narrow resource base has resulted in a situation where the country's investment programmes, as well as some consumption expenditures, have been largely financed through external resource transfers. Moreover, both the inflow of workers' remittances and foreign assistance to Democratic Yemen have shown instability in the past and which will probably continue into the future, unless the Government offers its migrant workers more incentives to increase the flow of remittances. It may also have to attract long-term development commitments from aid donors, particularly the oil producing Arab countries.

A third major issue is rural poverty. Rural income is estimated at about one-third the level prevalent in urban areas. The basic reasons for this poverty are likely to be found in the low productivity of the agricultural and fisheries sectors, and the apparently unfavourable terms of trade with the rest of the economy.

II. IMPORTANT ISSUES OF SPECIFIC CONCERN TO THE ECWA REGION

A. Major sectoral issues

1. Industrialization

In the past two decades, the pattern of industrialization has not been basically altered in the countries of the region. Manufacturing, as a whole, is characterized by the narrow range of output and the low level of specialization. Complementarity in production is limited and reliance on extraregional markets for the import of manufactured goods and the export of primary commodities, namely, crude petroleum and primary agricultural products, continues to dominate the composition of the region's trade. Restrictions hindering the flow of intraregional trade are still widely applied in the region, while little has yet been done to improve the movement of goods among countries.

If this situation is to be rectified, countries of the region would need to formulate and adopt sound and consistent national and regional industrialization strategies and policies. Such strategies and policies should specify the following closely interrelated objectives: (a) the development of an integrated industrial sector; (b) the development of an efficient and competitive industrial sector capable of exporting manufactured goods; (c) the development and efficient use of advanced industrial technology and the associated manpower skills; and, (d) the promotion of an integrated regional co-operation scheme in the field of industry.

The selection of the above objectives may perhaps be better appreciated when the experience and impact of the industrialization process over the last fifteen years are considered. The ability of the region, as a whole, to achieve high rates of industrial growth over the last decade was mainly due to the fact that import substitution, coupled with shortages in foreign exchange at the national level, played a leading role in the industrialization process. The investment decisions, however, have not been well co-ordinated to build an industrial capacity in inter-related fields. Thus, the structure that has emerged consists of a large number of assorted industries, mainly light consumer ones, requiring simple

/...

technologies and having very little complementarity among themselves and, by and large, with the rest of the economy. Furthermore, the contribution of manufacturing to domestic product in most countries was smaller than expected and did not, in general, exceed 10 per cent in the last two decades. At the same time, a high proportion of national demand for consumer goods continued to be met through imports, coupled with an increased reliance on imported supplies, parts and components to meet the needs of existing industries.

Parallel to the import substitution efforts, the oil producing countries have geared their industrialization towards the processing of raw materials and exporting them to the advanced economies. The growth of the chemical and petrochemical industries is a case in point. For their development, these industries have drawn largely on the technological and other resources available in the advanced economies. Therefore, the technological skill that developed applied only to a fraction of the industries and its dependence and interrelations have remained largely with a more sophisticated economy abroad. Industrial investments in such a situation could not transmit their benefits to the various sectors of the economy, by deepening and extending the input/output relationships in industry, and accordingly have failed in creating the cumulative process of growth characteristic of industry.

The ability of the region to sustain high rates of industrial growth in the future, as has been the case so far, will depend largely on the adoption of new industrialization policies and measures which correspond to the particular stage of development in each country. Industrialization needs to go through a process of reorientation where exports of manufactures to the international and regional markets and, where appropriate, widening of the national import substitution process would form the basis for a new industrialization strategy.

In formulating an industrialization strategy for the ECWA region, the following aspects will have to be considered, both at the national and regional levels: (a) the planning of "import substitution" within a larger

/...

framework of an adequate industrial structure; (b) the co-ordination of investments, along with the development of complexes of industrial activity, so that the growth of industry becomes an organic process where there is an interflow of economies among investments and a deepening of the technological base; and, (c) the creation of a balanced industrial structure through the development of a wide range of productive capacities in capital, intermediate and consumer goods, and technological capacities in engineering, chemical and electrical industries.

Thus, the strategy suggested should eventually lead to a programme embracing a group of projects directly linked with one another so that the countries concerned could take advantage of the expanded market. In considering the possibility of formulating such a programme at the national level, it would appear that no single country in the ECWA region possesses adequate resources or has an economic structure which contains the elements for the realization of such a programme and the creation of an efficient and resourceful industrial sector within the economy. This being the case, package type of industries could be developed among a number of countries based on complementarities present at the subregional and regional bases. This consideration points to the urgent need to promote co-operation among countries in the region in their development efforts, and the need to discover what practical steps can be taken to move towards this basic objective.

Taking the above into consideration, the following are considered to be priority areas for an industrialization strategy:

a. Agro-industries and fishing and marine-based industries

Agro-based industries, which may include sugar, vegetable oil, fodders, canning and preservatives, could be developed in the northern-tier countries of the region.

As for fishing and marine-based industries, they could be developed in the southern-tier countries of the region. Most of these countries, although rich in oil resources, are relatively poor in arable land and water resources. Their main potential, apart from oil, lies in taking full advantage of

/...

their coastline for fishing and other forms of marine resource utilization. The oil countries are in a specially advantageous position in this respect, owing to the fairly large investment requirements of these activities, particularly at the initial stage.

b. Petrochemicals, basic chemicals and energy-based industries

These are resource-based export oriented industries that may include (i) energy-based industries, such as iron and steel; (ii) petrochemicals, including downstream industries; and, (iii) basic chemicals industries, based on mineral deposits, i.e., phosphate, sulphur and potash, etc. The competitive nature and high technology component of the industries provide appropriate ground for international co-operation.

c. Basic engineering and capital goods industries

This sector is the dynamic force in the development of the industrial sector. Few countries in the region can individually develop, in the foreseeable future and on a large scale, viable engineering industries, as they lack one or a combination of factors needed for their development. However, ECWA member countries have the potential for the development of viable engineering industries, as they collectively provide the necessary factors such as market size, financial resources and raw materials, as well as human resources for the development of the required skills and the building-up of the needed technological base.

d. Development of high technology industries

The development of human resources remains to be the major challenge for industrial development in the ECWA region. This calls for the transformation of the social and institutional environment in such a way as to make possible the formation and expansion, on a sustained basis, of a managerial and skilled elite, and labour force that can assimilate, adopt, modify, innovate and apply modern science and technology; these being the prerequisites for the development of science-based industries, particularly in the fields of telecommunications, electronics and data processing industries.

their coastline for fishing and other forms of marine resource utilization. The oil countries are in a specially advantageous position in this respect, owing to the fairly large investment requirements of these activities, particularly at the initial stage.

b. Petrochemicals, basic chemicals and energy-based industries

These are resource-based export oriented industries that may include (i) energy-based industries, such as iron and steel; (ii) petrochemicals, including downstream industries; and, (iii) basic chemicals industries, based on mineral deposits, i.e., phosphate, sulphur and potash, etc. The competitive nature and high technology component of the industries provide appropriate ground for international co-operation.

c. Basic engineering and capital goods industries

This sector is the dynamic force in the development of the industrial sector. Few countries in the region can individually develop, in the foreseeable future and on a large scale, viable engineering industries, as they lack one or a combination of factors needed for their development. However, ECWA member countries have the potential for the development of viable engineering industries, as they collectively provide the necessary factors such as market size, financial resources and raw materials, as well as human resources for the development of the required skills and the building-up of the needed technological base.

d. Development of high technology industries

The development of human resources remains to be the major challenge for industrial development in the ECWA region. This calls for the transformation of the social and institutional environment in such a way as to make possible the formation and expansion, on a sustained basis, of a managerial and skilled elite, and labour force that can assimilate, adopt, modify, innovate and apply modern science and technology; these being the prerequisites for the development of science-based industries, particularly in the fields of telecommunications, electronics and data processing industries.

2. Agricultural development and food security

a. Major problem areas in agriculture

Historically, the shortage of cultivable land, which led to major agrarian reforms during the fifties and sixties in certain countries, often failed to provide an adequate productive base for a significant increase in agricultural incomes and to provide the necessary scope for the needed expansion. In addition, the predominantly small land holdings in the region limited the spread of mechanization, while land consolidation was often difficult due to scattered ownership or complex tenure rights.

Although the irrigated area constitutes only about 41 per cent of the total cultivated area, output from irrigated agriculture constitutes more than 80 per cent of the gross value of agricultural production.

The cropping intensity is very low, being about 56 per cent. With a better control and rational use of water resources, cropping intensity can at least be raised in both rainfed and irrigated areas to about 100-110 per cent.

Water shortage is perhaps the most important impediment to agricultural development. In addition, the efficiency in water resource management is very low, resulting in losses which generally exceed 50 per cent. In many countries of the region, the limited water resources are spread too thinly over a wide area, resulting in the salinization of the soil. In almost all ECWA countries water value is not included in the economic evaluation of projects which, in turn, results in its wasteful use. There is an urgent need for rational use of water resources throughout the countries of the region.

Yield levels of most crops, in both irrigated and rainfed areas, are low, compared with that of many developing countries and world average.

/...

Continuing land shortages, coupled with the growing desire for self-sufficiency in food and the easing of financial constraints, led to initiating large-scale irrigation projects during the seventies. However, the scale of investment often out-stripped the absorptive capacities and the managerial resources of many countries. Inadequate project planning also frequently led to soil salinity and water logging on reclaimed land which seriously reduced yields and further limited possibilities for increasing agricultural income. The additional investment necessary for effective drainage subsequently increased land development costs and delayed expansion of the cultivated areas. Development expenditure was consequently diverted, in many cases, from vital supporting measures, which were necessary to rapidly and directly improve agricultural incomes and productivity, including research and extension, feeder roads, improved marketing opportunities and wider access to cheap effective inputs, such as improved seeds and fertilizers. A balance between both horizontal and vertical expansion measures is a prerequisite to maximizing returns from available resources in the region. Increasing agricultural production within the next decade is cheaper and quicker when pursued on already existing irrigation schemes. Doubling of yields can be achieved by a more effective use of existing irrigation schemes, with about 33 per cent of the capital expenditure required for similar yield increase on new projects.

The food crisis of the early seventies, and the rapidly expanding urban populations swollen by rural migrants, forged a major policy shift favouring production of food crops and a cutback in the production of primary export crops. However, the resulting lack of a sufficiently diversified pattern of production, combined with problems of salinity and the increased susceptibility of the new varieties to drought and disease, led to instability in production which was aggravated by increasing agricultural labour shortages in some countries.

While considerable emphasis has been placed on increasing national food production, there has been near to total absence of attempts to reduce post-harvest losses. The excessively high production costs, and

/...

the enormous fiscal burden of protective subsidies in some countries, have also frequently distorted the real progress made and added to inflationary pressure.

As noted, there is a considerable scope in most countries of the region for the modernization and intensification of agriculture, including the extended use of new varieties, advanced cropping patterns and rotations, greater use of fertilizers and more efficient methods in water resource management and distribution. Extension programmes designed to intensify agriculture and improve the technical competence of farmers will, however, require greater emphasis on in-service training programmes, as well as direct incentive measures to promote more active participation of government employees in development efforts.

Sustained high growth rates of many commodities, including poultry products, milk, fruits and vegetables, require early action designed to improve efficiency in production and reduce costs, possibly by exploiting backward linkages, including the establishment of new input industries for feed, fertilizers and implements, preferably on a regional basis, as well as spreading high-yielding varieties of seeds and developing wider domestic and international market outlets.

In certain countries, however, the scope for vertical expansion may be insufficient to substantially raise agricultural incomes and off-farm sources of income will, therefore, become increasingly important. Under such circumstances, the need for more labour-intensive patterns of industrialization and large-scale employment generating public works in rural areas will assume critical importance in any strategy to raise rural incomes.^{1/} Failure to provide farmers with knowledge, inputs and services essential to the development of a dynamic production system, and imposition of quotas have greatly hampered production.

^{1/} World Development Report. The World Bank, 1978.

b. Food security and regional agricultural co-operation

In recent times, persistent shortages in domestic food supply, coupled with the ever-increasing demand, have caused the region's food import bills to soar at an alarming rate and, at the same time, exacerbated food security problems. Lack of regional co-operation has resulted in high import costs and aggravated food shortages and wastes in various member countries. Inadequate food security arrangements in many countries have not only led to a precarious food situation, but also seriously disrupted development efforts due to unplanned reallocation of resources.

International efforts aimed at assisting member countries should initially be directed towards promoting national food security arrangements, particularly short-term crop forecasting, establishment of food reserve stocks and adoption of stock allocation and general food reserve policies. At the regional level, efforts should increasingly focus on the development of regional food and feed grain policies, particularly with respect to collective imports and regional stocking.

Specific measures could consist of a plan for regional food/feed reserve stocks and security policies and, ultimately, the creation of institutional co-ordinating mechanisms for regional food security, including the establishment of subregional/regional grain-boards. Studies on the scope for and methods of reducing post-harvest losses of selected agricultural commodities could also be initiated to provide a basis for recommending remedial collective action by means of joint ventures in handling agricultural produce while in transit.

In addition, the formulation and implementation of feasible projects and programmes related to wheat reserve needs, storage facilities and requirements, transport and distribution facilities and requirements, nutritional fortification of bread, conservation and marketing of fish and meat, and others, would make a considerable contribution to the improvement of the food security position of the poorer countries in the region.

/...

c. Integrated regional agricultural planning

Agricultural planning in the ECWA region addresses itself generally to national problems and does not give due attention to regional and global developments. National planners and policy-makers generally do not have adequate information concerning the agricultural situation, developments and plans in the other countries of the region. Hence, they are unable to seize opportunities or to avoid pitfalls. There is a need to increase the awareness of national planners of regional and global developments.

Assistance in improving agricultural planning should, therefore, initially focus on the provision of more information on developments in agriculture at the national and regional levels, the continuing analysis and appraisal of prevailing problems and key policy issues in order to sharpen the awareness of planners and policy-makers, and the promotion of discussion and consideration of alternative strategies and policies for accelerating agricultural and rural development. This should be supplemented by concrete efforts in the field of agricultural adjustment, leading to the development of a perspective plan for regional agricultural development, based on efficient utilization of regional agricultural resources in order to exploit the potential for agricultural integration. The major concern would be to influence national policies concerning future output and to make specific proposals for product specialization in one commodity or commodity group at the national and subregional levels. The regional perspective plan would ultimately provide a unified framework for the formulation of future national agricultural development plans.

Efforts is also needed to improve the technical skills of agricultural planners. This would best be achieved by co-operating with regional training institutes in the preparation and management of training programmes, especially geared to integrated regional agricultural planning.

d. Strengthening of agricultural and rural institutions

Weak agricultural and rural institutions are responsible for a large part of low farm productivity in the ECWA countries. First, the problem relates to farm organization and planning which stems from a

/...

poor farm production base due to prevailing land tenure systems and fragmented holdings. Secondly, the lack of group dynamics are manifestations of institutional weaknesses deserving increased attention. Thirdly, the institutional support systems to the farming community are often too weak to be able to efficiently fulfill their role in agricultural development. There are insufficient and sometimes dysfunctional inducement-pressure mechanisms as reflected in farm extension, price policies and credit. Weaknesses in existing marketing systems and institutions hinder the intensification of intraregional trade in agricultural commodities. Assistance in this area should focus on identifying institutional weaknesses and the development of policies designed to strengthen existing agricultural and rural institutions and/or establish new ones.

Priority should be given to a comprehensive analysis of farm organization in the ECWA countries, with particular reference to land tenure system aimed at developing farm models at the subregional level in order to reorganize farming systems and improve farm planning related to rural settlements in new areas. Attention should also be focused on 'inducement-pressures' mechanisms geared towards increasing farm productivity. Priority consideration under this strategy would be given to review and evaluation of price policies and analysis of the adjustment needed to have a favourable influence on farm productivity. Another area of pre-occupation could embrace the role of agricultural extension schemes and the type of reorientation required to introduce innovations and provide agricultural credit with particular emphasis on short- and medium-term credit facilities.

In conjunction with the latter element, consideration could be given to marketing and other key areas, as well as the related regional policies in order to intensify intraregional trade in agriculture. This would necessitate surveying marketing systems for agricultural produce, including an analysis of marketing costs and identification of the main marketing problems. Particular emphasis should be put on the marketing of perishable produce and its related development at the regional level, through the institution of regional grades and standards and the establishment of an efficient regional market news system.

/...

3. Development of infrastructure

a. Transport, communications and tourism

Despite significant progress made in the development of roads, railways and ports, transport and communications infrastructure in the ECWA region remain inadequate in terms of development needs. There is an urgent need for articulating the important role that various modes of transport are expected to play in accelerating the process of economic and social development in the ECWA region during the 1980s.

i. Highways and land transport

Growing development requirements in the countries of the region envisage the creation of an adequate highway network designed to meet national objectives and serve subregional and regional interests. Within this context, the "missing links" need to be completed and the sub-standard sections upgraded. Rural and agricultural networks will have to be developed in order to serve remote and rural areas and efficiently connect them with market centres.

The main arterial highways need to be developed to a uniform first class standard over their entire length and be supplemented by necessary connections throughout the region. Such a network could be easily linked with the European, Asian and African highway networks.

While the primary responsibility for undertaking such a task rests with the countries themselves, the international community could encourage and provide the necessary support measures to the individual countries, as well as to Arab regional bodies during the planning and implementation stages. Financial requirements, especially in the non-oil and least-developed countries of the region, could be met through arrangements bringing together both international and regional organizations.

/...

Technical assistance could be provided to ECWA member states in unifying and standardizing traffic regulations, by helping them in the implementation of already existing international conventions, such as the Vienna-Convention on Road Signs and Signals, which would improve safety on international highways and the Geneva-Customs Convention on the International Transport of Goods under Cover of TIR Carnets, which would facilitate border crossings for haulers.

ii. Rail transport

The reconstruction of the Hidjaz railway, which is designed to provide connections between Saudi Arabia, Jordan and the Syrian Arab Republic and give access to the Mediterranean ports and Europe, is under serious consideration by the three countries concerned. If the Damman-Riyadh line is transformed into a trans-peninsular line, with an extension to Medina and Jeddah, and if the project of a line connecting Basrah with Kuwait (with an extension to Damman) is implemented, the reconstruction of the Hidjaz railway could become part of a vast scheme for the development of railways, connecting the Arabian Peninsula via Basrah and Jeddah with Europe and Asia.

iii. Ports

A number of ECWA countries have registered notable progress in the development of sea ports and the expansion of their capacity. Any new investment in port facilities, however, should be closely related to the expected growth rate of regional and international trade. ECWA countries need to intensify efforts on strengthening and increasing the efficiency of port administration, as well as on simplifying routine formalities. Proper facilitation measures need to be enacted in order to derive full benefit from development efforts. The development of national skills would serve the double purpose of improving administrative efficiency and of lessening reliance on expatriate expertise and labour.

/...

Relevant United Nations bodies, such as UNCTAD and IMCO, could assist in the above tasks by providing and organizing the necessary training courses and seminars. IMCO could also assist in the establishment of national facilitation committees which could serve as a focal point where the interests of administration, customs authorities, industry and other concerned parties can be harmonized and co-ordinated.

iv. Shipping

It is proposed that the developing countries should be enabled to expand their national and multinational merchant fleets through the adoption of such measures as may be appropriate to reach 20 per cent of the dead-weight tonnage of the world merchant fleet by 1990. This should enable them to carry their shares of their liner cargoes as provided by the United Nations Convention on a Code of Conduct for Liner Conferences, thus increasing participation in the carriage of maritime dry bulk and tanker cargoes generated by their foreign trade.

Despite the fact that the ECWA region generates about one half of the world's exports of crude oil, and is heavily dependent on the import of food, capital and intermediate goods, as well as non-food consumer goods, its shipping fleet represented only 1.5 per cent of the world dead-weight tonnage in 1979,

For the development of shipping fleet, especially in the bulk sector, the international community could provide the necessary assistance to the countries of the region in connexion with the implementation of resolution 120(V) which recognizes the right of developing countries to participate in an equitable share in the carriage of cargoes generated by their foreign trade. UNCTAD could also extend the necessary guidance to countries of the region in putting the Code of Conduct for Liner Conferences into effect in order to ensure progress in the liner sector.

The relevant United Nations bodies, particularly UNCTAD and IMCO, could assist the countries of the ECWA region in the establishment and/or strengthening of maritime institutions, as well as in the formulation and establishment of training

/...

programmes. The ECWA region could make use of the UNCTAD/UNDP TRAIMAR Project on training and development in the field of maritime transport. IMCO could also provide advisory assistance in training, as well as in the areas of maritime legislation and safety administration.

v. Telecommunications

A simple criterion to assess the state of development of a country's telephone network is the number of telephones per 100 inhabitants. In 1977, this figure ranged between less than one for Oman and Yemen, and 13 for Kuwait, as compared to a world average of 14.5 and a figure of 80 for developed countries such as the United States of America.

During the Third Development Decade, the countries of the ECWA region should strive hard in order to improve their telecommunication services (telephone, telex, TV and broadcasting) in terms of quantity, quality and efficiency. This should be brought about through the expansion and improvement of the network and basic installations. It must be noted that UNDP and ITU have pooled their efforts for the elaboration of a Master Plan for a Middle East and Mediterranean Telecommunications Network which encompasses all of the ECWA countries and which was adopted by the parties concerned in the latter part of 1978. It is expected that the ECWA countries will be developing their telecommunications facilities within the context of that Master Plan.

During the present decade, a number of United Nations bodies, especially UNDP and ITU, as well as the Arab organizations concerned, such as the ATU, ASBU, ARABSAT, could extend the required assistance and support to individual countries in the implementation of various aspects of the Master Plan.

As the financial requirements of such an undertaking are more than what some of the countries can afford, the international community and the wealthier countries of the region could assist in making available the necessary financial

/...

resources to the non-oil and the least-developed countries for the implementation of their portion of the Master Plan.

vi. Tourism

Development strategy for tourism in the region needs to focus on co-operation in planning and developing tourism facilities, as well as in organizing group tourism on a sub-regional basis for the non-oil countries in the northern- and southern-tiers of the region, and also for coastal areas. The region, being richly endowed with historical heritages and diversified folklores, would require protection and restoration of archaeological ruins and excavations, in co-operation with international organizations. Simplification of border formalities and procedures for tourists, improvement of transportation facilities linking touristic sites, development of traditional handicrafts and establishment of centres of recreation and interest are factors to be seriously considered by the countries of the region during the 1980s. Support and guidance by the World Tourism Organization (WTO), as well as other international organizations concerned, including ICAO and IATA, would no doubt be effective and beneficial.

b. Housing and human settlement

Problems of human settlements in the countries of the region are generally common to most of the developing countries in the world despite the envious position of some capital surplus oil producing countries.

The high rate of population growth - exceeding $3\frac{1}{2}$ per cent for 9 out of the 13 countries of the ECWA region, with the remaining countries ranging between 2.3 and 2.7 per cent - and the pace of urbanization

^{1/} For instance, it reached 20 per cent for the United Arab Emirates for the period 1973-1975, 8.5 per cent for Qatar for 1970-1975, and 6 per cent for Kuwait for the intercensal period 1970-1975.

and the redistribution of population between rural and urban areas^{1/} pose problems with grave social and economic implications for most countries of the region. The population of the ECWA region is distributed in very distinct settlement patterns; it is either concentrated in major or primate cities or is scattered in a great number of small size settlements, with a paucity of middle size settlements, which reflects imbalanced development programmes and the provision of inadequate facilities.

Despite the virtual non-existence of comprehensive housing data in the ECWA region, available statistics point to the gravity of the housing problems.

The countries of the northern-tier encounter severe problems such as shortage of funds, long-term loans, cost of borrowing, inflationary building costs and financial difficulties due to high rental rates reaching sometimes more than 50 per cent of family income.

The countries of the southern-tier, comprising mainly the oil producing countries, confront a host of difficulties despite adequate financial resources. These include labour problems and shortages, insufficient local building materials, dependence on highly-priced imports and, at times, the import of inappropriate technologies and construction equipment. Foreign firms contracted for the planning and supervision of major development programmes dovetail their design to suit imported materials, skills and technologies at a very high costs, a factor which contributes to the high building cost. In addition, many imported materials tend to be incongruous with and unsuitable to local climatic needs, and certainly inflexible with regard to the pace of societal changes and modernization.

Housing shortages in the ECWA region are of staggering magnitude. Efforts have been made to encourage housing development through the provision of housing finance systems and, at times, through public

^{1/} The urban settlements accommodate more than 45 per cent of the region's total population.

housing programmes. Because of the growing demand for housing loans, the impact of these efforts has been minimal, which leaves the problem of housing finance and construction either to government operation, or to the private sector which has, so far, concentrated investment in the construction of luxury dwellings where returns are more attractive. Up to now, assistance extended to alleviate the financial difficulties of home buyers remains extremely inadequate in view of the huge gap between housing cost and family income, and the escalating prices of land and building materials.

In addition to the non-existence of national human settlement policies, little attention has been focused on the development of human settlement technology or building technology which is appropriate to local conditions. Equally important is the need to train sufficient manpower resources and develop adequate supply of building materials in the construction sector.

Housing construction is plagued by a general tendency to abandon traditional materials in favour of manufactured materials based on the use of cement which is an energy intensive material. This results in a poorer thermal response requiring an increase in energy consumption through the intensive use of air-conditioning devices.

In general, few master plans for housing and infrastructure facilities have either been formulated or implemented in the ECWA region. The sewage disposal system has not been adequately planned and developed in most countries of the region. Numerous technical problems exist even after the completion of the networks, such as the insufficient use of water and extensive pipe damage caused by the resultant septic conditions of the sewage.

Most countries have barely met the WHO minimum targets for 1980 which specify that, for urban areas, 60 per cent of the population should have water connections and 40 per cent public tap, whereas, for rural areas, 25 per cent should have access to reasonable water consumption. Nevertheless, local difficulties persist in terms of water shortages and poor connections.

/...

4. Combating desertification in the ECWA region

Desertification is a process of ecological degradation in arid, semi-arid and sub-humid lands by which the productivity of land is lost or substantially diminished. Under this condition, grazing lands cease to produce palatable pasture, dryland agriculture fails, and irrigated fields are abandoned due to salinization, waterlogging and other forms of soil deterioration.

The issues of combating desertification and desert development are of extreme importance to all ECWA countries. Indeed, it must be stressed here that most of the ECWA countries are part of one big desert, except for the "Green Belt", which includes such ECWA countries as Iraq, Jordan, Lebanon and the Syrian Arab Republic.

The causes of the desertification process in the ECWA region and particularly its acceleration in recent decades, are not necessarily to be found in climatic changes; they are rather due to interactions between societal pressures and fragile ecosystems. Under excessive pressures of land use - such as overgrazing, farming marginal lands, excessive irrigation and impeded drainage - damage is caused beyond resilience of the ecosystem and desertification takes place.

In its efforts to combat desertification and initiate international action, the United Nations convened a conference on desertification (UNCOD) which prepared a comprehensive and co-ordinated plan of action to combat desertification. This plan was endorsed by the United Nations General Assembly during its thirty-second session. Unfortunately, however, there are still obstacles that hinder the full implementation of the plan of action and productive lands are still being lost every year.

In its report to the Governing Council of UNEP, at its eighth session, the Administrative Committee on Co-ordination (ACC) has identified a number of obstacles to the full implementation of the plan of action^{1/} which call for measures at the national, regional and global levels.

^{1/} See UNEP/GC/8/4.

The regional commissions have been entrusted with important responsibility in the implementation of the plan of action. Accordingly, ECWA adopted a plan of action to combat desertification in the region^{1/} and called on its member states and concerned regional and international organizations to provide all possible financial, technical and advisory assistance for the organization of a "regional meeting on management, conservation and development of agricultural resources" planned to be convened in May 1981.

Apart from the technical aspects concerned with major issues of conservation, an attempt will be made by the meeting to identify country, intercountry and regional projects, and to develop appropriate framework for assessing factors, socio-economic in particular, affecting agricultural resource utilization and management. Arrangements are being made for the organization of a study tour on management and development of arable land and range resources in the arid and semi-arid zones of the USSR as a part of follow-up action. ECWA also recommended that high priority be given to the implementation of the recommendations made by the ECWA/Iraq International Expert Consultation on Irrigation and Agricultural Development.

Apart from the obstacles recognized in the ACC report, there are a number of other constraints that seem to impede full scale implementation of the plan of action at the national level in the ECWA region. These could be briefly outlined as follows: (a) despite the great importance of the issues of combating desertification to all ECWA countries, none has as yet prepared a national plan to combat desertification; without such plans, which should be an integral part of the national development plan, anti-desertification action will remain incoherent and ineffective; (b) the implementation of national programmes needs to be supported by indigenous institutional mechanisms capable of effectively undertaking the principal components of monitoring and assessment of desertification hazards, survey of resources of arid lands, application of available scientific knowledge

^{1/} See E/1979/49/Add.1, pp. 24-25, and E/ECWA/77.

and technologies in corrective anti-desertification measures and integration of anti-desertification actions into comprehensive national plans for arid land developments; (c) one of the prevalent constraints on national action is the evident shortage of manpower, in most ECWA countries, with the multidisciplinary training needed for planning and management of desertification projects; (d) since desertification often transcends national boundaries, so must the fight against it; the realities of life, however, are often not conducive to the implementation of joint programmes; and, (e) in the non-oil producing countries of ECWA, there is an urgent and pressing need for international financial support if national efforts are to succeed within a reasonable period of time; this, however, should not be a problem if the oil-rich countries of the region collaborate in implementing a plan of action to combat desertification in the region which would benefit them all.

Finally, it is necessary for member states to note that preventing the causes of desertification is less costly and of greater benefit to their societies than combating its effects. The solution seems to lie mainly in the better management of resources, soil and water conservation, revegetation, controlled grazing, maintenance of feed reserves, nomadic settlement, dune fixation, establishment of green belts, and rational utilization of the range-lands.

5. Appropriate and indigenous technology

The importance of science and technology in the development strategy of the ECWA region stems from the potential role of these tools in accelerating the development process. The experience of the region during the second development decade revealed that extensive use was made of, and huge payments disbursed on, foreign technology embodied in machinery, equipment and turn-key projects without these transactions resulting in an effective technology absorption and a diffusion process within the region.

As a result, countries of the region recognized the need to formulate a comprehensive national science and technology policy to be supported by co-operative policies in this field at subregional, regional

/...

and international levels. The main objective of these policies will be to strengthen the scientific and technological capacities of the member states to enable them choose, unpackage and adapt foreign technology and accelerate the development of indigenous technology in certain priority sectors and areas. These have already been identified by the ECWA member states in the second regional preparatory meeting for UNCSTD to cover food and agriculture, transport and communications, natural resources, industrialization and human settlements. Science and technology can be effectively utilized to alleviate problems falling within these broad subject areas.

Efforts to utilize science and technology for development should first and foremost be made at the national level. These will include (a) the strengthening of institutional mechanisms for formulating, promoting and monitoring the implementation of science and technology policies; (b) the establishment of sectoral research and development institutions; (c) the creation of scientific and technological information networks; and, (d) government support to existing specialized institutions in consulting, engineering and design, and to similar organizations expected to be formed within the public and private sectors in the future.

Countries of the region should also institute policies and mechanisms for the transfer and acquisition of foreign technology. In this context, endogenous scientific and technological capabilities should be developed to enable them assess foreign technology from the point of view of national development objectives. They should also be trained to unpackage technologies and evaluate their different components for determining if some items or services can be internally procured and for defining alternative sources of technology.

The ECWA countries should further adopt instruments for regulating the import of technology, monitoring investment, monetary transfer, employment of foreign personnel, and R&D development in branches of foreign enterprises in the region. A system for compulsory registration of contracts and other technological transactions with foreign suppliers

/...

should also be instituted for easy monitoring. The adaptation and assimilation of foreign technologies should be promoted and increased utilization of local inputs should be encouraged.

Subregional and regional co-operation in science and technology should be further geared toward developing and upgrading the scientific and technological capabilities of the region, with a view to achieving a higher degree of collective self-reliance in this field. To this end, countries of the region should establish subregional and regional skilled manpower inventories, stimulate and promote the transfer of scientific knowledge and technology among them and undertake, whenever feasible, regional development projects which require a significantly high scientific and technological input.

The countries of the region need to promote the establishment of regional management and consultancy organizations in certain areas such as civil engineering, petroleum and petrochemicals. They should also establish inter-linked information and data banks which would enable exchanges of information on science and technology and on training and education programmes, conditions for the transfer of technology, terms of investment, and sources and costs of foreign capital.

The development of human resources at the regional level needs to be promoted through the exchange of scientific and technological knowledge among the member states, the initiation of co-operative projects, and the organization of seminars, conferences and workshops. Furthermore, strengthening the existing and developing new regional education and training centres at all levels should be achieved to meet the future scientific and technical manpower needs of the region.

At the international level, there is a need for concerted action on the part of the developed countries to support the national efforts of the ECWA member states in the field of science and technology. Hence, building local capabilities and expertise should, therefore, be viewed as a joint and continuous responsibility of technology importing and exporting countries so that technology transfer would become less like

/...

buying and selling of commodities and more as an opportunity for establishing organic and productive links between importers and exporters to induce further suitable innovations in the former. In the same context, governments of both the exporting and importing countries should establish schemes for guaranteeing any risks involved in the adaptation of technology.

Establishment of institutional linkages should be encouraged between the R&D systems in the ECWA member states and their counterparts in the developed countries to undertake joint research projects/programmes, exchanging personnel and sharing experience and results. Furthermore, developed countries should assist the region to gain easy access to fellowships and other forms of free training in universities, research centres and industry, as well as provide research infrastructure ranging from libraries and laboratories to data processing equipment.

Developed countries and the international community as a whole are urged to assist the member states in regulating the increasing operations of TNCs in the region by taking effective measures to ensure (a) a substantial increase in R&D activities of TNCs branches or subsidiaries in the region; such activities should be compatible with the member countries' development objectives, needs and priorities; (b) an increased utilization of, and greater support for, the training of local institutions; and, (c) easy access of member governments to information on terms of technology transfer between the TNCs and their subsidiaries.

Finally, developed countries should substantially increase the volume of untied aid and loans granted to some of the member states for the promotion of science and technology activities. Furthermore, they are expected, along with international financial institutions, to review the criteria used in extending grants and loans to enable increasing participation of local institutions and skills in the development process.

/...

B. Employment, intraregional labour mobility and manpower planning^{1/}

1. Employment

In order to appreciate the magnitude of the manpower and labour problems in the ECWA region, it would perhaps be useful to characterize the salient features of the labour markets of the two distinct groups of countries, i.e., oil and non-oil economies, and then identify a set of critical manpower issues germane to each group, along with policy recommendations, wherever possible, aimed at improving the situation.

a. The capital-surplus countries

The labour markets of the capital-surplus countries display some common characteristics. The participation rates of indigenous population is low (generally below 20 per cent) and the supply of indigenous labour is very limited, mainly due to (i) the small population base; (ii) the low participation rate of women in economic activities; (iii) a relatively youthful composition of population; and, (iv) the increased proportion of population in higher education.

The combination of a rapid economic growth and an inadequate supply of indigenous labour has resulted in a considerable dependence on migrant labour. In fact, the proportion of expatriates reached more than 70 per cent in Kuwait, 81 per cent in Qatar, 50 per cent in Saudi Arabia, and more than 85 per cent in the United Arab Emirates. Recent estimates put the number of migrant workers at well above two millions.

The qualitative aspect of manpower has further added to the employment problem. Indigenous labour force suffers from a generally low level of educational attainment. In most cases, modern education is a fairly recent phenomenon and hence the supply of skilled, technical and professional manpower is critically dependent upon foreign sources.

Prior to the development of the oil industry, traditional activities, such as boat building, farming, fishing and trading, dominated

^{1/} A part of this section is based on the study entitled Manpower Assessment and Planning Projects in the Arab Region, ILO, Geneva, 1979.

the employment scene for the majority of the population. However, the sudden emergence of oil wealth caused a rapid decline in employment in the traditional sector as more nationals were recruited in government services with attractive wages and salaries and favourable working conditions.

The policy of using employment in government services, mainly as a means for income redistribution, may have had some serious implications. First, such a policy may tend to contribute to the gradual erosion of the incentive to work by blurring the relationship between effort and reward and fostering the attitude of aversion toward manual labour. Second, as the oil exporting countries continue to accumulate financial resources and use them to accelerate their economic growth in the 1980s, overall manpower requirements and the import of foreign labour are expected to rapidly increase, thus making dependence on migrant labour even more critical.

If the present trends continue, there is likely to be a significant shift in the composition of migrant workers, with Asians dominating the labour market at the expense of Arabs who have comprised the majority of migrants in the past. Regardless of future changes in the ethnic composition of the migrant community, however, labour immigration will remain a key issue in the region and there is the urgent need for formulating a consistent, rational, long-term immigration policies for these countries within a regional framework.

b. The capital-deficit countries

These countries are easily distinguishable from capital-surplus countries in terms of population size, cultivable land, the nature of terrain, rainfall variations, degree of industrialization and geographical locations. In comparison with capital-surplus countries, these countries have larger labour forces and higher participation rates (about 25 per cent).

During the past decade, growth of employment in the modern sector has been sluggish and rapid rural-to-urban migration has contributed to a phenomenal increase of employment in the "informal sector". Unemployment and underemployment are widespread phenomena.

/...

Although there has been considerable migration to the Gulf States, high selectivity of labour demanded by oil exporting countries has caused severe shortages of certain types of labour, particularly among skilled workers and technicians, and hence has become detrimental to developmental efforts in capital-deficit countries.

2. Intraregional labour mobility

Recently, a new dimension has been added to the problem of intraregional labour mobility. In 1975, migrant workers in the ECWA countries amounted to around 1.5 million, out of which well above one million were from the ECWA region, including Egypt. In 1980, total labour demand in the capital-surplus countries is estimated at about 3.9 million. Only about 1.4 million is met by nationals; the rest is filled by migrant labour. Assuming a 3 per cent annual growth rate of the migrant labour, the total migrant labour is likely to reach around 3.36 million at the end of the present decade.

Anticipating the likelihood that the oil exporting countries could not satisfy the steadily rising foreign labour requirements solely from regional sources, they have been diversifying the sources of labour imports beyond the regional boundary since 1975. As a result, the number of migrant workers from Asia and the Far East tripled during the period 1975-1980 (from 292,000 to one million).^{1/} Another factor responsible for this diversification effort is the frequent upward adjustments of general wage levels, particularly those of the skilled labour in the traditionally labour supplying countries of Western Asia (i.e., Jordan, Lebanon, the Syrian Arab Republic and the two Yemens) for the last five years (1975-1980). The inter-country wage differentials have narrowed to the point where they may cease to be a significant factor for migration in the 1980s.

Clearly, a discernible shift in the policy of migrant labour supply has been observed in the capital-surplus countries. The ability of these countries to choose among many alternative supplying countries may

^{1/} See Birks and Sinclair, International Migration and Development in the Arab Region, ILO, Geneva, 1980, table 66, p.166.

give them an added leverage to be more selective in importing the kind of migrant workers from the ECWA region. It may also reduce the flow of remittances, which will certainly have serious implications for countries like Yemen where remittances accounted for 32 per cent of GNP in 1975.

3. Regional manpower planning

Regional co-operation in manpower is a declared objective, not only of ECWA but of all the Arab countries. One of the most important aspects of such co-operation was and still remains the free movement of manpower. Common culture and language made this kind of flow easier. Although there are many important advantages to free labour mobility, it has also created equally serious problems for both the exporting and the importing countries. Therefore, in order to accelerate regional co-operation in this field, intraregional labour mobility among ECWA countries should be co-ordinated within a comprehensive regional plan consistent with a regional manpower strategy for sustained regional development.

Manpower planning is virtually non-existent in any of the ECWA countries. Some fragmentary efforts were visible at the national level, with major focus on the public sector in some countries (e.g., Iraq and the Syrian Arab Republic), but no comprehensive national and intersectoral manpower planning exercises have been undertaken, not to mention a regional manpower plan into which national plans can be dovetailed. Such regional manpower plan should fully address itself to crucial labour market issues and human resources development problems confronting both the oil and the non-oil economies of the region.

For the capital-surplus countries, these issues include:

a. Manpower bottlenecks

As the oil economies accelerate their development, competition for a limited pool of skilled manpower is expected to be simultaneously intensified. A plan to co-ordinate the supply of and demand for labour on a regional basis will eliminate wasteful competition and will reduce labour market distortions in the capital-deficit countries resulting from competitive bidding of wages.

/...

b. Immigration policy

In view of a growing conflict between the needs of economic development for more migrant workers and the political concern that national culture and identity suffer, a clear policy on immigration needs to be formulated, aiming at the solution of this problem.

c. Education of nationals and motivation of national work force

Not only a rapid development of their indigenous human resources in all fields, but also the inculcation of motivation and positive attitude toward work need to be taken into account in formulating manpower programmes.

d. The participation of women in the economy

Despite the traditional and cultural environments which are not conducive to the increased participation of women in economic activities, efforts must be intensified to find ways and means of increasing female participation without causing undue frictions, particularly in economies seriously suffering from shortages of indigenous manpower.

The relevant issues to be raised in the context of a regional manpower programme are the long-term future of employment in the agricultural/traditional sector, the constraints to developing the manpower of this sector, and the links between the manpower in this sector with others in the economy.

The following two major issues dominate the discussion of manpower problems in the capital-deficit countries:

a. Brain-drain problem

In the past, most capital-deficit countries were seriously affected by massive outward migration of skilled and technical manpower toward the Gulf States, which has been somewhat eased by a shift in the migration policy of importing countries to diversify their supply of labour by extending their search beyond the region, particularly Asia. However, this new phenomenon has introduced a new element of uncertainty. It became less certain if the present demand for the services of their nationals will continue or if a large number of migrant workers will shortly return home,

/...

thus creating labour surpluses and a sudden decline in remittances. What is needed here, more than anything else, is a regional assessment of the demand for and the supply of migrant labour and the establishment of agreed levels of labour migration by both capital-surplus and capital-deficit countries in order to permit the latter to plan in a more certain and predictable environment. Needless to say, such an orderly and predictable flow of labour would also facilitate the formulation of a rational educational and training programmes of all the countries involved.

b. Employment creation and management of the labour market

The limited expansion of the non-governmental modern sector and the continuing growth of the informal sector have characterized the labour market in the capital-deficit countries in the past. This trend is likely to continue in view of high rates of population growth and rapid urbanization, unless positive policy measures are formulated and implemented to correct this imbalance. The likelihood of the educated unemployed, after a decade of substantial educational investment, looms large unless economic development accelerates to absorb new entrants aspiring to work in the modern sector. A regional manpower planning programme should reflect this pressing concern.

c. Institutional and managerial capabilities

1. Major issues

The development strategy for the ECWA region, as adopted by the Commission at its Seventh Session in preparation for the International Development Strategy for the Third Decade emphasizes, inter alia, the growing importance of the public sector in promoting development and calls for measures to assist it in assuming a leading role in the orientation and success of the efforts needed at both the public and private sector levels.

While efforts were made in all the ECWA countries, during the seventies, to adapt the public administration systems to the dynamics of the development process, public sector performance has not been without shortcomings. Institutional and managerial deficiencies have continued to frustrate development efforts in many instances. The situation appears

/...

to be most critical in view of the ambitious development goals and strategy envisaged for the region in the 1980s and the crucial role that the public sector is expected to play. Efforts need to be intensified to strengthen public sector capabilities in such critical areas as goal setting, planning, programme and project implementation and evaluation of achievements, as well as in policy-making and the whole range of various functions. The following are some of the key issues related to the development of institutional and managerial capabilities in the ECWA countries.

a. Planning and programming

While various planning structures have emerged in almost all countries of the region, the nature and scope of their operations, in terms of plan formulation, implementation and evaluation, remain limited. In spite of the growing emphasis on planning techniques, the most comprehensive of plans hardly reflect a well-designed development strategy and technical or conceptual sophistication. Implementation and policy-making at the programme and project levels remain one of the weakest linkages in the planning process. Planners' efforts in developing the necessary framework for sound planning are often frustrated by inadequate data base, lack of research shortage of qualified technical, managerial, and administrative personnel, coupled with cumbersome bureaucratic procedures. Greater consideration should be given to the role of planning as a scientific instrument for the achievement of goals. Scientific planning is essential for the rationalization of decision-making, optimum utilization of resources and sound assessment of the expected results of national and international development efforts. In this respect, the strategy for the region considers it necessary to develop and expand indigenous planning expertise for integrated economic and social development plans. Emphasis in planning models should be focused on solving critical problems which hamper development efforts rather than on macro models in the conventional sense of the term. It is also equally necessary to develop an adequate and reliable information system needed to improve the quality of planning and policy-making.

/...

b. Administrative reform

Parallel to the adoption of planning techniques, an increasing number of countries also took measures to strengthen overall administrative capabilities, ranging from selective measures focusing on specific areas to comprehensive programmes of reform, with emphasis on the priority areas of development. However, only in a few instances have these tasks been systematically designed and carried out within the framework of a well-conceived reform programme. In the majority of cases, the administrative system has been subjected to changes on an ad hoc basis. Even where structures have been modified, personnel laws and regulations and work procedures have remained archaic, having adverse effects on recruitment prospects, personnel development and overall performance of the administrative system, especially at the sectoral and local government levels.

The demand on the public administration system of ECWA countries will continue to grow at a faster pace during the 1980s. The new dimensions in development efforts, emphasizing such increasingly important issues as the satisfaction of basic needs, achievement of greater popular participation, elimination of economic and social disparities within the country through regional (subnational) planning, and a myriad of other tasks and issues will pose serious challenges.

It is necessary to adequately assess the overall requirements of national development administration and to formulate a comprehensive administrative reform programme as part of the national development plans for the 1980s. The administrative requisite of various programmes and projects may have to be separately identified within the framework of sectoral, regional (subnational) and national public administration reform programmes.

c. Financial management

Despite efforts at improving plan formulation and implementation, the financial system in practically all the ECWA countries has not been fully utilized as an effective policy instrument in the planning process. As such, the concept of financial planning and management has not yet acquired wide acceptance and remains synonymous with government budgeting. Even then,

/...

effective harmonization between the plan and the annual state budget is often lacking in practice. In the majority of the countries, the budgetary systems operate along traditional concepts geared to meet accountability requirements, neglecting such other crucial criteria as economy, efficiency and effectiveness. The prevailing accounting and auditing systems suffer from conceptual shortcomings and inadequate technical expertise.

The revenue systems equally depict structures that leave much to be desired as regards the resource mobilization and allocation, stabilization, and distributive objectives of public policy.

d. Public enterprises

Whether in the private or public sector oriented economies of the region, public enterprises (both departmental and autonomous) have been instrumental in expanding, in varying degrees, the economic role of the State. While these enterprises have been expected to play an important role in the mobilization and allocation of resources, the production of goods and services, and the creation of employment opportunities, their operations have been marked by mounting technical, organizational and managerial difficulties. Perhaps the most pressing problems facing these enterprises are inadequate articulation of the divergent objectives, faulty organizational structures, poor criteria of performance and control, and persistent shortage of entrepreneurial experience and managerial and technical capabilities. The consequence of all this is especially serious in the public sector oriented economies of the region where public enterprises are predominant economic units.

Performance criteria relating to investment, costing, pricing and surplus disposal should be developed and the organizational structures and relationship with the functional organizations of the government streamlined. Serious effort should be made to develop adequate and qualified cadres at the middle management, technical and lower operational levels.

e. Personnel development

The rapidly growing public administration and finance infrastructures are handicapped by the shortage of adequately qualified personnel at the managerial, technical and lower administrative levels. The situation has prompted governments in almost all countries of the region to organize

specific training programmes aimed at upgrading personnel capabilities at various levels. National institutes and centres of public administration and management have been established in almost every country of the region during the last decade, with a view to conducting training and research activities. Such efforts at the national level have been supported by the complementary services of one or two regional organizations involved in training in development administration.

Since there is, as yet, no overall assessment of present and future needs of public personnel in the countries of the region, the training programmes organized through such facilities have been largely of an ad hoc nature and limited in scope. These programmes have been seldom formulated and carried out in close collaboration with some of the key organs of the government known as the "central guidance cluster". Moreover, little effort has been made to systematically co-ordinate these training programmes with what is available under the formal system of education. Apart from isolated exercises, there is virtually no systematic research on the reform of the administrative system. There is an acute shortage of qualified training staff in such disciplines as economics, statistics, finance, accounting and management.

Although external assistance has been provided in the past to enable these national and regional facilities to remedy the shortcomings encountered, the assistance has not been sufficient to meet their rapidly expanding needs. The growing training requirements of the countries of the region during the current decade place heavier burdens on the limited capacity of these facilities.

2. International support measures

Once the International Development Strategy for the Third United Nations Development Decade has been adopted, its national and regional implications in terms of institutional and managerial requirements need to be assessed and translated into concrete programmes of action. By virtue of its terms of reference and the recent decision of the United Nations General Assembly to make the regional commissions important centres

/...

of development for their regions, the Secretariat of ECWA should play a crucial role in further identifying the institutional and managerial needs of member countries in development finance and administration. It should assist in designing the technical assistance programmes needed in these fields at the national and regional levels. The United Nations Development Programme (UNDP) and other organizations should play an increasing role in providing the resources needed for such programmes.

It is equally important that the services and assistance expected to be provided by the various organizations of the United Nations system in development administration and finance be closely co-ordinated, especially at the regional level, with a view to ensuring their increased effectiveness. In areas where conceptual guidelines have already been developed, efforts should be intensified to ensure their application. As part of the monitoring scheme at the national, regional and global levels, a programme of follow-up action on these concepts and guidelines could fruitfully be devised, especially as efforts made so far at their application have not been satisfactory. Parallel to such a programme, emphasis should also be placed on intensifying empirical research and the provision of advisory services, particularly at the regional level.

One of the main difficulties in measuring efforts and achievement in public administration and finance has been the lack of adequate quantifiable indicators to be used in connexion with national administration and finance reform programmes. It is necessary to develop such feasible indicators in development finance and administration as part of the International Development Strategy for the Third Development Decade.

/...

III. SUMMARY AND CONCLUSIONS

The 1970s have been marked by a remarkable growth in the ECWA region, mainly caused by the oil boom which has removed financial capital as one of the major constraints for accelerated development.

The remarkable economic growth in the past decade, which is likely to continue in the 1980s, conceals many fundamental weaknesses. First of all, the economies in the region suffer from serious structural imbalances, with the result of increasing vulnerability to external shocks. The development of regional technological capabilities, particularly appropriate and indigenous technology, is still at its embryonic stage. The region seriously lacks skilled indigenous manpower and the manpower problem is exacerbated by unregulated intraregional flows of skilled labour. Mainly due to lagging agricultural development, the region has been plagued by the food security problem and, consequently, the rapidly escalating food import bills with no end in sight. Despite the relative abundance of capital in the region, the intraregional investment of surplus-capital has been nowhere near the level commensurate with the region's development potentials. For lack of regional co-operation in development efforts, costly duplication of projects and unwarranted competition abounds throughout the region. These critical issues confronting the ECWA region are presented in summary form, with suggestions for possible international support measures designed to alleviate these problems.

1. Industrialization

In the past two decades, the pattern of industrialization has been characterized by a narrow range of products manufactured and a low level of specialization with scanty intraregional trade. An import substitution strategy has dominated the industrialization scene, with limited success, and has failed to develop an integrated industrial structure. Furthermore, the GDP contribution of manufacturing in the region did not exceed 10 per cent.

/...

While the thrust of industrialization was directed toward import substitution, the oil producing countries in the region have reoriented their strategy toward the processing of raw materials, particularly the chemical and petrochemical industries, for exporting to the industrialized countries. However, because of total dependence on advanced countries for technological capabilities and productive resources, the strategy has failed to generate important industrial linkages with the other sectors of the regional economy, thus accentuating the phenomenon of the modern-traditional dual economy.

In order to reverse the present trend characterized by the structurally unbalanced and unco-ordinated industrialization process, industrialization strategy for the ECWA region in the 1980s should focus on (a) the development of an integrated and balanced industrial sector; (b) the development of an efficient and competitive industrial sector capable of exporting manufacturrd goods; and, (c) the development and efficient use of advanced industrial technology and the associated manpower skill development. Development of resource-base industries, such as agro-based and fishing and marine-based industries, would be consistent with the above objectives in the northern-tier countries and petrochemicals, basic chemicals and energy-based industries in the Gulf countries. In addition, basic engineering and capital goods industries, and high technology industries, need to be developed throughout the region as an essential link for initiating the process of a mutually generative uplift.

The crux of the problem is the size of the market. The strategy suggested above invariably calls for the inter-linkage of a group of projects of different countries in order to take advantage of the expanded market within the framework of regional co-operation.

2. Agricultural development and food security

The persistent shortfalls of domestic food supplies, which has necessitated an alarming growth in food imports, will continue to be one of the most critical issues facing the ECWA region in the 1980s.

/...

Among the important factors contributing to these chronic food shortages and the low agricultural productivity are low cropping intensity, shortage of water and its inefficient use, soil salinity, water-logging, drought, disease and land fragmentation which inhibit the use of modern inputs.

Equally important is the imbalance in the agricultural investment strategy which favoured heavy investments for improving irrigation systems at the expense of expanding and enhancing the effectiveness of institutional support structures concerned with research, extension, marketing, the provision of credit, reduction of post-harvest losses and improvement of technical competence of farmers.

As for food security, lack of regional co-operation has resulted in high import costs and has aggravated food shortages and wastes. The situation calls for regional food and feed grain policies, particularly with respect to collective imports, regional stocking policies and the creation of an institutional co-ordinating mechanism such as subregional/regional grain-boards.

Not only should the agricultural planning efforts of individual countries be harmonized, but also a regional perspective plan should be formulated as a unified framework for regional agricultural development.

Strengthening agricultural and rural institution is an essential prerequisite for improving farm productivity in the ECWA region. The specific programmes designed to achieve this objective should focus on (a) re-organization of farming systems; (b) evaluation of price policies and analysis of the adjustment needed to spur farm productivity; and; (c) promotion of agricultural extension and improvement of the marketing and distribution systems.

3. Development of infrastructure

a. Transport, communications and tourism

Despite significant progress made in the past decade, transport and communications infrastructure still remains highly inadequate to cope with the long-term development needs of the ECWA region.

/...

In highways and land transport, a comprehensive network linking various parts of the region is yet to be planned and developed. There are still numerous missing links to be completed, substandard roads to be upgraded, rural and agricultural networks to be developed, and desert roads to be built. There is the urgent need for unifying and standardizing traffic regulations among ECWA member countries by implementing already existing international conventions.

In the past decade, notable progress has been made in the development of new ports and the expansion of existing port capacities. In the coming decade, ECWA countries should concentrate on strengthening port administration, and developing national skills to lessen dependence on expatriate expertise and labour.

Despite the fact that the ECWA region generates about one half of the world's exports of crude oil and is heavily dependent on the imports of both consumer and capital goods, its shipping fleet accounts for only a fraction of world dead-weight tonnage. In order to ensure more equitable participation in the carriage of cargoes generated by foreign trade, measures are needed to facilitate the establishment and/or strengthening of maritime institutions, as well as related training programmes.

Given the backward state of development in telecommunications in the ECWA region, concerted efforts should be made to improve telecommunications services in terms of quantity, quality and efficiency. In this context, further elaboration and implementation of a Master Plan for a Middle East and Mediterranean Telecommunication Network, which was drafted by UNDP and ITU and adopted by the parties concerned, should receive careful attention.

Tourism development in the region should be based on co-operation in planning and improving tourism facilities, as well as in organizing group tourism on a subregional basis.

b. Housing and human settlement

Rapid population growth, coupled with escalating urbanization and stagnation in rural development, aggravates the problem of human settlement.

/...

Housing shortages are critical in the non-oil economies hamstrung by financial difficulties. In the oil producing countries, while there are apparently no financial constraints, a host of difficulties frustrate efforts aimed at improving housing.

National policies governing human settlements, building technology and manpower training in the construction sector are virtually non-existent in the region. The sewage disposal system is still seriously inadequate and the provision of potable water barely meets the WHO minimum target for 1980 in most countries of the region.

4. Combating desertification

The fact that more than 95 per cent of the ECWA region consists of arid and semi-arid areas, and in view of rapid growth of population coupled with increasing shortages in agricultural output, there is an urgent need for preventing and arresting desertification and, where possible, reclaiming desertified land for productive use. The anti-desertification programme must, therefore, receive priority consideration as a major distinctive regional element of the international development strategy.

The efforts to combat desertification should centre around the Plan of Action adopted by the United Nations Conference on Desertification (UNCCD). The regional commissions are expected to serve as a focal point in implementing the Plan of Action. The following measures are needed for the effective implementation of the Plan of Action: (a) formulation of a national plan to combat desertification; (b) development of indigenous institutional mechanisms and necessary manpower training; (c) formulation of a regional programme into which national plans can be dovetailed; and, (d) international financial support in the case of the capital-deficit countries.

5. Appropriate and indigenous technology

In the past, massive expenditures have been made on foreign technology embodied in machinery, equipment and turn-key projects without examining the appropriateness of such imported technology to the socio-economic conditions of the ECWA countries. As a result, little technology absorption and diffusion process has occurred.

/...

To remedy this situation, a comprehensive national science and technology policy needs to be formulated with a view to strengthening the scientific and technological capacities of the member countries capable of choosing, unpackaging and adopting foreign technology and accelerating the development of indigenous technology. Furthermore, a proper machinery should be set up for regulating the import of technology, monitoring investments and transfers, employment of foreign personnel, and R&D development in foreign subsidiaries.

The major thrust of subregional and regional co-operation in science and technology should be directed towards collective self-reliance in this field. To this end, member countries should establish subregional and regional skilled manpower inventories, facilitate the transfer of scientific knowledge and technology among themselves and undertake joint projects requiring high technological inputs. In addition, related human resources development at the regional level should be promoted through the establishment of regional management and consultancy organizations and strengthening the existing and developing new regional education and training centres.

Equally important is the establishment of institutional linkages between the R&D systems in the ECWA member countries and their counterparts in the developed countries to undertake joint research projects/programmes, exchange personnel and share experiences and results.

The activities of TNCs in the region need to be closely monitored and regulated to ensure (a) a substantial increase in R&D activities of TNCs in the region which are compatible with the development objectives' needs and priorities of the countries concerned; (b) greater support for local training institutions; and, (c) easy access of member countries to information on terms of technology transfer between TNCs and their subsidiaries.

6. Employment, intraregional labour mobility and manpower planning

The ECWA region suffers from inadequate utilization and mis-allocation of its labour force, coupled with a general shortage of skilled and technical labour and an abundance of poorly trained manpower.

/...

In the capital-surplus countries, the supply of indigenous labour is very limited and hence the labour participation rate is extremely low, which has led to a considerable dependence on migrant labour. Added to this quantitative dependence is the generally low level of educational attainment among nationals, hence intensifying their dependence on the foreign supply of skilled and technical manpower. If the present market trends continue, there will be a significant shift in the composition of migrant workers, with Asians dominating the market at the expense of Arabs. Regardless of the ethnic composition, labour immigration policy will remain a key issue in the region.

By contrast, capital-deficit countries have a relatively large labour force and higher participation rates. However, employment growth in the modern sector has been sluggish, while the informal sector employment in urban areas grew rapidly. Selectivity of skilled labour demanded by the oil exporting countries has caused severe shortages of skilled and technical manpower in capital deficit countries with adverse effects on their development efforts. The ability of capital-surplus countries to choose among many alternative supply countries beyond the regional boundary may give them an added leverage to be more selective in importing migrant workers from the ECWA region and may reduce the flow of remittances.

Free labour mobility, despite its many advantages, has created serious problems for both labour importing and exporting countries. Thus, there is the urgent need for co-ordinating intraregional labour movement within a comprehensive regional plan consistent with a regional development strategy. Such regional manpower planning has to deal squarely with crucial manpower problems confronting both oil and non-oil economies.

7. Institutional and managerial capabilities

Institutional and managerial deficiencies continue to frustrate development efforts in the region. Public sector capabilities need to be strengthened in such crucial areas as goal setting, planning, programme and project implementation, and evaluation of achievements.

/...

Despite the growing emphasis on planning techniques, most plans do not reflect a well-designed development strategy and lack technical and conceptual sophistication. The formulation of sound planning is often precluded by an inadequate data base, lack of research, and shortages of qualified technical, managerial, and administrative personnel, coupled with cumbersome bureaucratic procedures. In this context, it is imperative to develop and expand indigenous planning expertise for integrated economic and social development plans, and to develop an information system needed to improve the quality of planning and policy-making.

It is necessary to adequately assess, through systematic research, the overall requirements of national development administration and to formulate a comprehensive administrative reform programme as part of the national development plans for the 1980s.

The concept of financial planning and management has not yet gained wide acceptance and remains synonymous with government budgeting. In most countries, the budgetary, accounting and auditing systems operate along traditional concepts geared to meet accountability requirements, neglecting such other criteria as economy, efficiency and effectiveness.

While public enterprises have an important rôle to play in accelerating economic development, their operations have been afflicted with mounting technical, organizational and managerial difficulties. Perhaps the most pressing problems facing these enterprises are inadequate articulation of the divergent objectives, faulty organizational structures, poor criteria of performance and control, and persistent shortages of managerial and technical cadres.

In response to rapidly growing public administration and finance infrastructure, and chronic shortages of technical and managerial manpower, specific training programmes aimed at upgrading personnel capabilities at various levels and various types of training centres of public administration and management have been established in most countries of the region in the last decade. Yet, in the absence of overall assessment of present and future needs of public personnel, the training programmes

/...

organized through such facilities have been largely of an ad hoc nature and limited in scope. Moreover, they have seldom been co-ordinated with the formal system of education.

8. Priority areas requiring international support measures

a. Industrialization

Promotion of joint ventures and industrial projects which create an integrated industrial structure; deepening of the technological base; the growth of the manufactured exports with easy access to the developed countries' markets; and, formulation of an integrated regional industrialization strategy.

b. Agriculture and food security

The modernization and intensification of agricultural production, including better water resources management; promotion of national food security arrangements, particularly short-term crop forecasting, establishment of food reserve stocks and adoption of stock allocation and general food reserve policies; creation of institutional co-ordinating mechanism for regional food security, including the establishment of sub-regional/regional grain-boards; and, an integrated regional agricultural planning.

c. Infrastructure - transport, communications and tourism

An improved regional road network; the effective implementation of the existing international conventions on international highway safety and the international transport of goods; linkage of rail transport within and beyond the region; strengthening and rationalizing port administration; implementation of the Code of Conduct for Liner Conferences; strengthening of maritime institutions and the required training programmes; and, elaboration and implementation of a Master Plan for a Middle East and Mediterranean Telecommunication Network.

d. Infrastructure - housing and human settlement

Development of appropriate indigenous building and human settlement technologies; a master plan for housing and infrastructure facilities; improvement of the sewage disposal system; and, provision of adequate water consumption.

/...

e. Anti-desertification

Implementation of the Plan of Action embodied in the UN Conference on Desertification; and, financial, technical and advisory assistance to anti-desertification programmes.

f. Appropriate and indigenous technology

Establishment of subregional and regional skilled manpower inventories; promotion of the intraregional transfer of scientific knowledge and technology through regional development projects with high technological inputs; establishment of regional management and consultancy organizations, and regional information and data bank on science and technology; establishment of institutional linkages between the R&D systems in the ECWA region and their counterparts in the developed countries; and, regulation of the activities of TNCs and increasing the flow of untied grants and loans for the promotion of science and technology activities.

g. Manpower planning and intraregional labour movement

Formulation of a consistent long-term immigration policies for the oil exporting countries within a regional framework; establishment of a regional machinery for regulating the intraregional labour migration, including a regional assessment of the demand for and supply of migrant labour exporting and importing countries; and, formulation of a comprehensive regional manpower plan aimed at correcting the imbalances and distortions of the present labour markets and developing human resources.

h. Institutional and managerial capabilities

Designing of and providing necessary resources for technical assistance in identifying the institutional and managerial needs of member countries in development finance and administration; developing adequate quantifiable indicators designed to measure the progress of the implementation of development finance and administration reform programmes; and, intensifying empirical research and advisory services at the regional level.

* * * *

The critical sectoral issues which have been underscored in this report appear to be disparate in nature, but they all share one common, dominant element: a compelling argument for a collective regional approach

/...

to the resolution of these issues. It is quite evident that no single country is capable of coping with these issues separately. Such uncoordinated endeavours are likely to encounter insurmountable obstacles created by the limited size of the market, the virtual non-existence of the required technological base, the paucity of skilled and trained manpower, and inadequate financial resources in the non-oil economies.

The notion of regional co-operation as an important vehicle for successful development is, of course, not new, as evidenced by the many activities in this field. What is needed urgently here is a fresh, imaginative, and innovative approach to the problem. Above all, the concept of regional co-operation should not be looked at from a narrow compartmentalized confine of each sectoral issue, but assessed in an integrative approach within a broad framework of a comprehensive regional development. A case in point is an integrative approach to the issues of industrialization, intraregional trade, and intraregional labour migration.

It may be useful, as an industrialization strategy, to seek the identification of a group of industries that not only can be regionally integrated but also potentially competitive on the present import markets. No doubt, a strategy for regional industrial integration and building potentially competitive industries calls for a wide range of policy co-ordination and plan harmonization among member countries in the ECWA region. Here, trade policy can be an important instrument for bringing about regional co-ordination. In the context of the ECWA region, trade option receives added importance because trade may, if it is free, substitute for movements of factors. It became abundantly clear in the earlier discussions that the intraregional labour migration has created severe socio-economic and political strains on both the labour exporting and the labour importing countries. As a reasonable alternative, the labour importing, capital-surplus countries may invest in the labour-surplus poorer parts of the region so that they may buy consumer and investment goods from the labour exporting countries, instead of importing labour to

/...

produce the goods themselves, or importing the goods from a high cost developed countries. Such a regional investment strategy and trading arrangements reflect the ideal form of collective self-reliance which reduces inequities within the region and promotes regional socio-economic integration.

This leads to a vitally important point: the creation of the political will for governmental negotiations to bring about convergence in the policies of the member countries in the ECWA region. Perhaps the major thrust of the support measures of the international community should be directed toward the elaboration of the practical steps needed to be taken to generate an international environment conducive to governmental negotiations.

The above consideration points to the urgent need for strengthening the existing regional machineries and establishing new ones, if necessary, for various forms of regional co-operation. Some of the practical steps which the international community might take to promote regional approach to problem solving may be outlined as follows:

1. The level of general awareness and widespread perception of the gravity of critical issues must be raised considerably. For this purpose, various studies and the findings of the major issues confronting the ECWA region should find the widest possible dissemination among member governments, regional and international organizations, universities and research institutions, policy-makers, administrators, and other interested parties.
2. To organize regional seminars, workshops and conferences to facilitate an exchange of views on various issues, articulate the nature and scope of the problem, formulate and adopt programmes of action, and seek the ways and means of mobilizing national and international support measures for implementing the programmes adopted. Such seminar arrangement would provide member governments with the opportunity to

/...

participate directly in shaping the programme and would enable them to determine the extent to which countries will be able to cope with specific issues themselves or wish to avail themselves of regional and international co-operation.

3. The international community should extend technical assistance to member countries in a wide range of problem areas, such as the preparation of technical guidelines, undertaking specialized studies on relatively unexplored issues, designing training programmes, organizing fellowship programmes, providing short-term consultants and long-term experts in residence, and developing an information system and a data bank.

- - -