



UNDG (Arab States/MENA)

Response Strategy & Framework for Action

Towards an Inclusive Development Path

within a

New Arab Social Contract between State and Citizen

14 October 2011

1. Introduction	2
2. Framing the UNDG's Role in the New Dynamics	2
3. Defining Programming Priorities: The Baseline Situation At a Glance	5
4. Changes in the Operating Environment: New Possibilities for Regional UNDG Programming	5
(i) Renewed attention to democratic governance and human rights	
(ii) Employment, employability and inclusive growth	
(iii) Young people as a driving force for transformational change	
(iv) Women in transformational change processes	
(v) Economic and social justice, equity, and protection	
(vi) Human rights emphasis at the humanitarian-development interface	
(vii) Expansion of Public Space and actors	
5. Strategic and Programme Planning Entry Points	9
6. Proposed Priority Programme Areas for Joint UNDG Action	10
(i) Advocacy, policy advice and capacity development towards a new social contract and development model.	
(ii) Youth: voice, participation, citizenship, and employment	
(iii) Education quality	
(iv) Improving alignment between skills supply and work opportunities	
(v) Economic diversification, decent jobs and social protection	
(vi) Promoting inclusive markets	
(vii) Promoting women's empowerment, gender equality, leadership, and participation	
(viii) Localizing MDGs	
(ix) Food security and climate change	
(x) Arab economic integration	
(xi) Coherent policies and scenario planning	
(xii) Disaster risk reduction	
(xiii) Human rights mainstreaming and a rights-based approach	
Annex 1 Regional UNDP Proposed Programme Response Priorities	I-III
Annex 2 Key Development Challenges underlying the Protest Dynamics	i-v

1. Introduction

Since the start of the revolutions in Tunisia and Egypt respectively, and as other political movements spread and unfolded variously in other countries of the region, a number of Regional undg members produced agency-specific response strategies or strategic reflection notes. In March, the undg Regional Directors Team decided that a common strategy of response should be developed, drawing on the agency-specific ones where they exist, as well as on the foundations it had already established since 2009 for the strategic prioritization of its work in the region. It was envisaged that the strategy would coalesce around six main and inter-related policy and programme axes of implementation at country and regional levels:

1. Youth, as a positive force for change;
2. Employment and Decent Work;
3. UN Strategic Re-Positioning in MICs, which involves addressing issues of governance (including local, sector and economic governance) and socio-economic inequalities and inequities;
4. the Nexus of Food Security and Climate Change;
5. Gender Equality and Women's Empowerment; and
6. Human Rights.

Following the CEB meeting in Nairobi in April 2011, UN Secretary-General, Ban Ki Moon, requested the undg Chair, "in her capacity as UNDP Administrator, to lead a CEB cluster that would look at the wider socio-economic agenda in the (Arab States/MENA) region," with a view to "preparing and implementing a comprehensive action plan that will cover all pillars of (the UN System's) work." The preparation of the UN's comprehensive action plan is expected to proceed on two tracks; it is the second track – social and economic development -- that falls within the remit of the undg; the other being political and led by the Policy Committee.

This Regional undg Strategy and Action Framework is thus developed as a contribution to the socio-economic track of the UN's Comprehensive Action Plan, which the Secretary-General requested be prepared for consideration by the CEB at its next meeting in November 2011. It has been developed with, and benefited from, the engagement and contributions of UNDP, UNICEF, UNFPA, WFP, ILO, UN Women, UNESCO, WHO, FAO, UNIDO, UNEP, OHCHR, UNV, OCHA, UNISDR, UNAIDS, and the Regional Commissions - UNESCWA and ECA and their New York offices, under the co-ordination umbrella and work plan of the undg Regional Directors' Team. This group has reviewed this Regional undg Strategy and Action Framework's two previous draft iterations and circulated the second iteration to the UN Resident Co-ordinators for their review. The main thrust of the second iteration was also presented in the most recent meeting of the Regional Co-ordination Mechanism, in which other region-based stakeholders within and outside the UN System are represented (eg. UN Habitat, the World Bank, regional financial institutions, and the League of Arab States).

2. Framing the undg's Role in the New Dynamics

The seeming tidal wave of youth-led transformative change processes in the Arab region to reclaim human and national dignity inevitably re-shapes the operating or enabling environment within which the undg works at regional and country levels. It also provides an opportunity to re-think development assistance and co-operation approaches in ways which lend more prominence to the

inter-locking issues of authentic democratic governance, social justice and equity, and employment-led, inclusive and environmentally sustainable economic growth.

Work on developing this Regional UNDG strategy of response to the historic transformational change processes unfolding in several of the countries of the region sought, in particular, to re-think Regional UNDG approaches in the changed or changing overall operating/enabling environment in the region and at country-specific level, especially in terms of approaches to youth and partnerships with civil society; sharpening the programmatic focus of its strategic priorities, including making their inter-linkages and mutual-reinforcements more concrete and more conducive to inter-agency programme coherence and results; and ensuring that the UNDG's programmatic relevance, agility, comparative advantage and added value are at a level commensurate with the magnitude of the challenges and the aspirations of the Arab peoples in their reclamation of human dignity.

In this connection, the Regional UNDG strategic priorities were reaffirmed as well-founded and valid in the face of the current dynamics in the region. They required, however, a sharpened focus, particularly in terms of their inter-linkages and inter-dependence, in order to ratchet up - especially in the immediate/short-term (6-24 months) - the UNDG agencies' programme relevance, agility and responsiveness *beyond a "business as usual" approach*, in the context of new dynamics and directional shifts sweeping through the region.

This Response Strategy recognizes that underlying the popular discontent in the Arab street are *development failures* – failures of governance, social justice, equity and human rights, and failures in economic models and policies which reinforced a *political economy of exclusion and pervasive inequality*, especially in the distribution of wealth and access to opportunity. It also recognizes that the prevailing *social contract* governing the relationship between State and citizen had become strained by virtue of the rising expectations of an increasingly well-informed and educated public confronting the diminishing ability of the nation to offer opportunities for work and for engagement in decisions which affected their lives. (The key development challenges underlying the political movements, which form the analytical underpinnings of this Strategy and Framework of Action are contained in Annex 2).

The popular uprisings underscore the need for Arab governments to address these development failures and the structural impediments to inclusive governance and growth and social justice and equity, in line with Arab peoples' aspirations. As several countries in the Arab region are embarking on a major revision of the long-standing social contract which exists between State and citizen, there is now a real opportunity now for the UNDG to leverage its substantial knowledge and practical expertise to support the development, in a participatory and inclusive manner, of a new type of Arab social contract. That contract could support authentic, peaceful and nationally-led transformational change processes responding to Arab peoples' aspirations; and help to place countries in the region on a more inclusive, equitable, and sustainable development path anchored in human development and in social justice, human rights and human dignity, in line with the principles of the UN Charter.

In short, the UNDG can help Member States to redress some of the major development failures which have fuelled the current wave of discontent, notably social, economic and political exclusion manifested in socially explosive levels of youth unemployment, widespread regional disparities and inequalities within and between countries, the suppression of voice and accountability and the curtailment of freedoms and human rights. This Strategy and Action Framework is developed towards this end.

It should be noted that most Arab countries do not lack official commitment to address the problems which have given rise to popular grievances, as evidenced in the decisions taken by Heads of State

and Government during the first and second Arab Economic, Social and Development Summits held in 2009 in Kuwait and 2011 in Sharm El-Sheikh, Egypt. Arab countries are forging real partnerships for development at the country and regional levels. Many Arab countries have shown commitment and generosity in supporting development and humanitarian initiatives in this region and beyond.

The Regional undg, in collaboration with the League of Arab States, can support the implementation of the decisions taken at first and second Arab Economic, Social and Development Summits.

While every country in the Arab region is affected, directly or indirectly at the margins or at its core, by the broad-based protests, the extent and impact of the development failures, as well as of the means and measures taken or to be taken to redress them, differ from country to country. The course, dynamics, and outcomes of transformative change processes vary as well, sometimes considerably. This Response Strategy and Action Framework is written to accommodate this range of factors.

For example, Tunisia and Egypt have respectively undergone a broad-based people's revolution and are now on the long and difficult road towards consolidating transformational change in the system of governance (including social, economic, local, and sector governance) so that it genuinely responds to peoples' aspirations for human and national dignity, voice and accountability. At the same time, previously hard-won gains, especially in gender equality and women's empowerment need to be safeguarded.

In some countries, the dynamics of the protests are still unfolding, overlaid by as yet unresolved internal tensions which derive from a sense of exclusion based on sectarian or tribal affiliations, and can be fuelled along those lines, including by external geopolitical interests. Government responses in these countries have alternated between, or combined a mixture of, brute force and announcement of reform, national dialogue, and reconciliation, with still uncertain outcomes. In Libya, where protests started peacefully but were met with brute force, the situation descended into armed conflict and the regime's eventual downfall.

In other countries, governments have embarked on accelerating constitutional, legislative and socio-economic policy reforms which resonated with popular demands. In addition to some reform measures, some countries also offered financial assistance which helped to defuse tension.

Elsewhere in the region, crises are protracted. Iraq is still in a fragile transition. Palestinian factions have recently signed a reconciliation deal in response to growing internal popular pressure. Sudan's partition re-set the Regional undg's engagement there. The severe drought in Somalia has exacerbated its existing problems.

To address the country-specific dynamics, the Regional undg is supporting the UN Resident Coordinators and UNCTs, and guiding the overall strategic direction within the broad framework contained herein. As the changing landscape in many of the countries has also set in train complex regional and sub-regional dynamics, this response strategy distinguishes between regional, sub-regional and country-specific response.

3. Defining Programming Priorities: The Baseline Situation At a Glance

The transition process has thrown up further challenges and deepened some of the pre-existing ones, requiring appropriate and calibrated response from the UNDG. There have been overall:

- a decline in growth rates, particularly due to disruptions in production, investment, financial markets, and revenues from tourism, coupled with rising costs;
- an increase in rates of unemployment and under-employment, exacerbated in Tunisia and Egypt by returning migrant labour fleeing the conflict in Libya;
- an increase in prices of basic commodities, particularly food and essential medicines
- increased pressures on fiscal space
- unpredictability in the course and outcomes of the protests
- counter-revolutionary influences (internal & external)
- new conflicts leading to human rights and civilian protection crises, as well as a crisis of humanitarian access to life-saving supplies, particularly medical.

4. Changes in the Operating Environment: New Possibilities for Regional UNDG Programming

(i) Renewed attention to democratic governance and human rights

In the Arab States region, the youth-led protests point to the importance of guaranteeing equitable economic development, accountable government, and freedoms. Without inclusion and integrity, a state cannot maintain political stability for the long term.

Hence, the events in the Arab States region are triggering renewed attention to governance models and democratic transitions, as well as to the need for employment-driven, inclusive, and equitable economic development. The result can be social contracts which lead to more responsive and accountable citizen-centred government.

For the Regional UNDG, there is now a more conducive and enabling environment in which to

Magnitude of the Pre-existing Challenges

Despite significant differentiations among countries in the Arab region and despite having achieved substantial increases in income per capita and HDI levels over the period since 1970, due to fundamental governance and other development failures the countries in the Arab region remain affected by:

1. **Lowest labour force participation rates in the world**, at 52.2%, compared to the average in developing regions of 66.1% in 2009.
2. **Lowest rates of female labour force participation in the world** of 26.3 per cent, compared to the average in developing regions of 53.2 per cent in 2009.
3. **Highest unemployment rate** of 9.8 per cent, against the average in developing regions of 6.2 per cent in the period 2006-2008.
4. **Highest women's unemployment rate** (18.5 per cent in the period 2006-2008) when compared to world regions. The problem is particularly acute amongst younger women who are joining the labour force in ever larger numbers due to the spread of higher education and rise in the age of marriage.
5. **Highest youth unemployment rate** of 24 per cent, almost double the global average of 12 per cent in the period 2006-2008.
6. **A youth bulge, with over half of the Arab population under the age of 25 in 2005.**
7. The demographic transition also yields an increase in the **elderly** population, with vast implications for social security and social protection.
8. The region's **population growth rate** is one of the highest in the world, almost double the average in developing countries (2.1% versus 1.2% in the period 2000-2010).
9. An estimated 19 per cent of the Arab population lived in **on less than \$2 a day (in 2005 PPP) in 2000-2009. Many people just above this poverty line are vulnerable** to external shocks, such as volatile global food prices.
10. Over **50 per cent of cereals consumed in the region is imported during 2004-2007**, making the Arab region **highly food import-dependent**, and food markets and the **food security** of poor and low-income households highly vulnerable to internal and external shocks.
11. All Arab LDCs do badly on specific gender MDG targets, such as **high maternal mortality rates** (Maternal mortality ratio in the Arab LDCs is 772 per 100,000 live births (most recent data), as well as major gender disparities in terms of access to economic opportunities and political representation. Conditions of conflict have further marginalized women by giving greater prominence to the traditional role of males as warriors and reinforcing male dominated tribal structures. The lack of women empowerment negatively impacts attainment of MDGs in general.
12. There is a high proportion of people who live on less than \$1.25 a day **(in 2005 PPP) in Arab LDCs compared to the Arab region (11.5% in the LDCs versus 3.9% in the Arab region in the 2000s), combined with a slow rate of its decline in poverty in rural areas.**
13. **Jobless growth/Low levels of job creation.** Most jobs created in the region have been in low value-added manufacturing and services which largely require unskilled or semi-skilled labour and are contingent upon keeping total labour costs low. Keeping labour costs low meant precarious work contracts with scant provision of social security coverage.
14. **Private Sector.** Job creation in the private sector is low; jobs that do exist cannot adequately be filled because the skills required are not produced through the education system. Private investment has been stymied and confined to sectors that provide quick returns due to an uncertain operating environment for the private sector, within a patron-client political economy regime. In the absence of adequate regulatory frameworks and deliberate state intervention to promote development at sub-national level, regional disparities and inequalities continued to persist and grow.

support nationally-led and –owned participatory processes to redress the democratic governance and human rights deficits in the region. The entry points, however, vary from country to country. In some, local sector-specific or economic governance might be the more appropriate entry point; while in others, it could include support to the electoral cycle, constitutional reforms, anti-corruption initiatives, human rights protection, media sector reforms, public administration reforms, justice and security sector reforms, or legal empowerment of the poor.

(ii) Employment, employability, and inclusive growth

Addressing the demand and supply sides of the employment challenge is critical. It is also linked to the macro-economic policy choices to be made, and to poverty reduction and food security, governance reforms, environmental sustainability (for greening brown economies), gender equality and women's empowerment, and to stability based on social justice and equity, including a fair redistribution of wealth.

On 19 January 2011, as Tunisians celebrated their historic moment and Egyptians were about to forge their own, the leaders at the second *Arab Economic, Social and Development Summit* pledged to improve the living standards of their people, activate policies and programmes to increase youth employment (for which a fund was capitalized), to expand small and medium sized enterprises, improve the quality and job market relevance of education, reduce poverty and social inequality, strengthen food and water security, empower youth and women, increase the role of civil society, and pursue regional market integration, including the infrastructure to support such integration.

The time is ripe to follow through and act upon these commitments. The Regional UNDG can marshal its support towards those ends in the short and medium term.

A directional shift towards a “developmental state” requires, inter alia, an economic model where improved productive sector performance, poverty and inequality reduction, and high employment levels are the goals. It also requires transparent and accountable economic governance, including of natural resources, and social justice.

Magnitude of the pre-existing Challenges (cont'd)

15. Sharp **sub-national disparities** and **inequality**. While the region has made substantial progress in almost all development indicators monitored at international level, such gains, however, are not equally distributed between various population sub-groups within the region. Disparities between rural and urban areas and between the poor and the rich are important and hamper the pace of progress.
16. The 2010 Arab MDG Report points to a mixed performance with respect to MDG attainment since 1990. The region is still far off on particular MDG targets. The region has done particularly badly on **percent of population with access to safe water, which is 38 per cent below target**. Performance on maternal mortality, under five child malnutrition, access to sanitation, infant and under five mortality has not been flattering either. The region has patently failed to transform its wealth into improved human welfare. Notable problem arenas are adult illiteracy and general and child malnutrition. **The representation of women in national parliaments in the Arab region, at 10 per cent as of August 2011, is the lowest rate in the world.**
17. **Highest level of water scarcity**; out of the 22 Arab countries, 15 are among the world's most water-stressed countries in the world.
18. Growing pressures on and **scarcity of arable land**, worsened by **climate change** effects and leading to increased rates of desertification and loss of biodiversity. This also directly affects water and food security.
19. Although the Arab region has historically contributed minimally to greenhouse gas emissions, it is the **health effects due to climate change** that are cause for great concern. The prevalence of water, food, and vector borne diseases, along with heat waves and extreme weather, illnesses and mortality rates are likely to escalate. Most Arab States are not prepared to handle such climate change induced emergencies and disasters, which can also drive instability.
20. **Constrictions of Voice, Accountability and public space**. Since 1980, the region has given up on the Arab nationalist economic model in response to the limitations the old system imposed with declining oil revenues following the peak in oil prices at over \$35 a barrel in 1980, and their subsequent fall to levels of around \$15 a barrel for the period of 1986-1999. The reform measures included large scale privatization of public assets and dismantling most barriers to international trade. As the reforms were carried out in a political context of limited accountability of public officials, at best, the process led to further enrichment of politically well-connected individuals who managed to appropriate public assets on the cheap and replace formal state monopolies with effective private ones. Hence, while the economy became formally free, it did not have the basic elements of a free market, namely the ability of new firms to enter it.
21. **Corruption**. Combating and removal of corruption and correcting market failures introduced by it, though a necessary condition for more meaningful and inclusive growth, would not be sufficient for dealing with the underlying problems of Arab development, namely its focus on low skills jobs and the persistence of sub-national disparities.

Note: Data in this text box is alternately from UNDP's Arab Development Challenge Report (2011); the Arab MDG Report 2010; Osman Elasha, Balgis. 2010. Arab Human Development Research Paper. Data is drawn, as available, from the following 22 countries: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Saudi Arabia, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Occupied Palestinian Territories, Qatar, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen.

To respond to the employment and poverty challenges, macro-economic policies can complement targeted anti-poverty programmes, provided three conditions are met: a concentration on growth in economic sectors which can directly benefit the poor, an enabling environment which promotes the employment of the poor and lifts their real incomes, and the enhancement of the basic human capabilities of the poor.

In order to respond to the challenges of unemployment and sub-national disparities, which are extensive in the region, there need to be substantial investments in productive sectors and in economic and social infrastructure, to equip the more marginalized regions of middle income countries and the rural areas of LDCs to join the mainstream of economic activity, and enjoy social protections.

In the medium term, Arab economic co-operation and integration to facilitate the free flow of goods, services, capital, and eventually labour across borders, thereby creating a *common market of 350 million people*, would allow the region to develop its potential for food production and for transforming itself into a major industrial hub, making optimal use of the combination of its endowments: natural resources, financial assets, and a young and increasingly well educated labour force.

(iii) Young people as a driving force for transformational change.

The events in the region demonstrate clearly that Arab youth are a driving force for transformational change. Support for developing the potential of Arab youth was already recognized by the Regional UNDG as a strategic priority. It had previously endorsed a Strategic Action Plan for Young People to guide the implementation of UNDG programming and advocacy, particularly at country level. The Strategic Action Plan was recently revisited to ensure that it is sufficiently responsive to and aligned with the priorities emerging from the new dynamics, challenges, and opportunities in the region. It has been endorsed, and now needs to be implemented.

While the conventional wisdom is that a large youth population represents an immense resource for countries, and can enable countries to seize a demographic bonus, without productive employment that bonus will be illusory.

The Regional UNDG now needs to address how youth leadership is best defined in the new context in the region, and how best to support new means and forms of civic engagement which can harness the energy of youth. Towards this end, dialogues with youth, organised by UNDG member agencies (ESCWA, UNDP, UNESCO, and others) have already been held, and others are planned, in the countries of the region, covering a range of topics from economic policy choices to political activism, and civic engagement, and responsibility.

(iv) Women in Transformational Change Processes

Women have engaged actively and alongside men in the protests, breaking through cultural barriers and gender stereotyping. In Libya, women were the first to engage in public protest against gross violations of human rights by the regime when it killed more than a thousand prisoners. While processes of transformational change provide a unique opportunity to advance women's rights, lessons from the region and elsewhere clearly underscore the need to safeguard the already hard-won gains in women's empowerment and gender equality in countries in the region, while at the same time advancing gender equality and women's empowerment further. Tunisian and Egyptian women are producing their own Women's Manifestos in the lead up to elections and constitutional reviews. In a recent youth dialogue organised by ESCWA, women youth activists expressed interest in UN support for acquiring leadership skills. UN Women, in co-operation with UNDP, held a Forum on Women in Democratic Transitions to exchange international and, particularly, South-South experiences.

It is important for the Regional UNDG to calibrate its approaches to ensure that efforts to support safeguarding and advancing women's rights in all spheres of political, social, economic, civic and cultural life remain authentic and nationally driven, and that they support the continued engagement of women as citizens in the public sphere on the broader national and development policy reform issues.

(v) Economic and social justice, equity, and protection

The demand for economic and social justice was central to the political movements and peoples' reclamation of human dignity. Social justice lies at the nexus of democratic governance, inclusive growth, and equitable and sustainable human development, and it underpins each. The Regional UNDG's work on the Strategic Action Plan for Young People, climate change, food security, the most recent Arab MDG Report on human security, and various other agency-specific and people-centred analytical studies and reports all provide a wealth of knowledge and practical experience from which to strengthen programme and policy support in this area.

(vi) Human rights emphasis at the humanitarian-development interface

The uprisings in the Arab world are taking place in a region which for various reasons, including its geo-strategic position and resources, has been the arena of major conflicts, is one of the most conflict and disaster prone in the world, and is host to the largest concentration of refugees and IDPs anywhere. It is particularly prone to earthquakes, floods and droughts. Climate change is expected to result in increases in the frequency and intensity of weather-related hazards, and is likely to compromise future food security, particularly among already impoverished and marginalized segments of the population. That is expected to lead to increased human vulnerability and economic stress. The uprisings thus far have put a strain on health services and disrupted economic and trade activities, thereby increasing vulnerabilities. Already, the civil unrest experienced in a number of countries has raised immediate concern for the safeguarding of people's fundamental human rights and protection from excessive use of force, as well as for the humanitarian consequences resulting from disruptions in basic supplies and services, and for the increases in the number of asylum seekers fearful of persecution and serious risk to their lives.

(vii) Expansion of Public Space and Actors

NEW AND EXPANDING PARTNERSHIPS

Civil Society organisations and actors are mushrooming and the scope of their engagement is growing as the public space expands, both in the ongoing protests and in transition contexts. Many are in formative stages and may look for UNDG capacity development support. While for the UNDG, the concept of "national ownership" is recognised to include civil society, in addition to Government, in practice many of the UNDG's partnerships with civil society in the region have been confined to "government-approved" or patron-oriented CSOs. Activities under these partnerships were generally confined to project implementation, and, to a lesser extent, to creating platforms which facilitated CSO engagement in shaping public policy in dialogue with government.

The new context presents three inter-related opportunities for the Regional UNDG. The opportunity to accompany and support the process of renewal and construction of genuine civil society organizations, including voluntary associations and social networks; the opportunity to support the engagement of civil society in building accountable and transparent institutions and a social and economic development process which is both inclusive and equitable; and the opportunity to facilitate platforms for dialogue on policy issues and options within civil society and between civil society and the State.

The Regional undg will need to consider new approaches to civil society partnerships. Similar considerations apply to social partners, such as workers' and employers' organizations, and other associations, and to new political parties and new political and civic leaders. Volunteerism was also in evidence during the uprisings and needs to be sustained, particularly in the context of promoting civic engagement and responsible citizenship.

NEW MEANS FOR VOICE AND ACCOUNTABILITY

Open public discourse and debate have increased in many of the countries in the region as part of the wave of reforms prompted by the popular protests – some through national dialogue, and others associated with the expression of workers' grievances and collective bargaining, political party formation and electoral platforms, and the demands of student and professional associations. The discourse encompasses debate on macro-economic policy options, sector policies and programmes, and constitutional and legislative reforms.

Within their respective development mandates, some of the Regional undg members are already engaged in facilitating exchanges of relevant global best practice on a range of issues, particularly through South-South exchanges of experiences on areas such as economic policy options and specific topics under democratic transitions (voice and accountability, electoral cycle, civic education), and through dialogues with women and youth respectively.

Social Media and networking were instrumental in galvanizing the formation of broad-based political movements, and continue to be in the ongoing transformational change processes. These media can be better utilized by the Regional undg agencies as a means of exchanging global and regional best practice on transition and development issues and for outreach.

5. Strategic and Programme Planning Entry Points

At the request of the Regional undg Chair, all UNCTs in the region were tasked to revisit their strategic and programme planning to ensure that they more rigorously reflect and adequately address the emerging priorities in the region, in partnership with governments and with broader civil society. The majority are at different stages of new strategic and programme planning cycles. Two (**Lebanon and Iraq**) have already started implementation. Among the countries which rolled out their new planning and programming cycle in 2010, supported by the Regional undg through its Peer Support Group, **Morocco**, which has embarked on further democratic reform, has completed its new UNDAF, and CPDs were submitted to and approved by the June session of the UNDP Executive Board. Morocco will be developing an UNDAF Action Plan over the course of this year.

The June session of the UNDP Executive Board also approved CPDs for **Bahrain and Saudi Arabia**. **Algeria** expects to submit its new CPD to the September 2011 session of the UNDP Executive Board.

Tunisia, Egypt, Syria and Yemen had also prepared their UNDAFs and CPDs, but the CPD submissions to the Executive Board were deferred to enable agencies and governments to work on further refinement and responsiveness to unfolding changes and reforms in the medium term. In the interim, the respective UNCTs in Tunisia, Egypt and Yemen have developed one-year **Transition Plans**, Syria is in the process of doing that too.

For **Libya**, some early recovery activities were included in the humanitarian response, and the Regional UNDG agencies are contributing to the DPA-led post-conflict pre-assessment consultations.

Jordan, Djibouti and Sudan have begun rolling out their new UNDAF planning cycle this year (2011).

The preparation of all these new frameworks and documents constitute important entry points for the UNDG.

The Regional UNDG's approach is currently organized around four broad clusters of countries:

- countries in transition;
- countries on an accelerated reform trajectory;
- countries in or emerging from crisis;
- countries beginning to pursue mitigating reforms.

The approach will provide a common platform for integrated policy, advocacy, and programming which can inform and provide a menu of options for joint action at regional, sub-regional and country levels.

As indicated in the attached Matrix, there will be five priority axes for joint action *in the short-term*, drawing from the broader programming opportunities outlined in this Response Strategy and Action Framework, which can be pursued in the medium term. The designated lead agency (agencies) will be responsible for developing detailed action plans, including for mobilising resources.

The Regional UNDG has provided surge capacities to the RCs and UNCTs in Tunisia, Egypt, Yemen, and Libya to plan and deliver transition-focused development and early recovery support, in parallel with humanitarian responses where required. It regularly convenes with the RCs to monitor developments and to support emerging requirements at UNCT level, with due consideration to what it could do differently, and how to strengthen relevance, added value, agility, operational efficiency, and results and impact.

6. Proposed Priority Programme Areas for Joint UNDG Action

Some of the collaborative or joint programming opportunities for the Regional UNDG include the following, with an annex detailing some of the activities:

(i) Advocacy, policy advice and capacity development towards a new social contract and development model (*addressing governance and equitable, inclusive, gender-responsive and environmentally sustainable development, rooted in social justice and human dignity, and underpinned by capacity development and civil society outreach and other partnerships*).

The Regional UNDG can support the process of review of the development model(s), and facilitate the definition of a new social contract and development model through dialogue on policy choices in fora such as parliaments, media, regional institutions such as the League of Arab States, schools and universities, and with civil society, employers' and workers' organizations and professional associations.

The "developmental state" model to be advocated by the Regional UNDG would be anchored in a new state-citizen relationship, based on mutual responsibility and accountability. The new social contract would ensure a "rule of law-based and inclusive economic and governance system, rooted

in social justice and human dignity, which brings into the mainstream of economic activity excluded or marginalized regions and population groups and gives them voice.

(ii) Youth: voice, participation, responsible citizenship and employment.

Implementation of the revised Regional undg Strategic Action Plan for Young People.

(iii) Education quality

The quality of education needs to be addressed, even in the high-performing economies in the region. Persistent poor literacy and numeracy skills, dropout rates, and shortages of trained teachers are key issues. The past decade has been one of rapid progress towards the goal of universal primary education. But the pace of progress has been uneven, and the region as a whole is not on track to achieve universal primary education by 2015¹.

Unless appropriate investments are made to develop the full potential of youth and offer them opportunities for decent work, the potential benefits of the “demographic dividend” will not be realized. The quality of education is particularly low for children, youth and adults from poor households in rural areas and in urban slums. In the Arab region, there is a critical need to scale-up post-primary education opportunities for adolescents. Secondary education allows further development of core life skills and competencies, and of capacity for informed citizenship.

(iv) Improving alignment between skills supply and work opportunities.

The Regional undg agencies are well placed to help address the imbalance between the output of the educational system and the labour needs of the economy, by working on the process needed to improve the quality and number of jobs created and the quality and relevance of the education system. The aim should be to promote an economy which generates decent, high value-added work for women and men which can be filled by a labour force with the required mix of skills.

Nations should also prioritise the local generation and capture of knowledge through a strengthened research and development approach, which reverses the brain drain of talent and stimulates scientific and technological innovation and entrepreneurship. School-to-work transitions, including through apprenticeship programmes, volunteer schemes and vocational training, should be supported.

(v) Economic diversification, decent jobs and social protection.

The negative consequences of de-industrialization and the neglect of agriculture, coupled with the concentration on extractive industries and related services, can be redressed through more active industrial and agricultural policies to promote inclusive growth in the areas of greatest poverty and food insecurity, and in areas and subsectors with the most potential for creating decent work. Best practice in building resilient economies can be shared from other regions. The region’s substantial wealth – built on extractive industries but now facing depleting resources - can be combined with a young and increasingly well educated labour force to develop world class new technologies, including in the area of renewable energy for which the region holds huge potential. Decent jobs will only result from sound macro-economic policies and good labour standards, which should support living wages, freedom of association, collective bargaining, and social security/protection schemes.

(vi) Promoting inclusive markets.

The Regional undg will continue to combine its upstream policy work with downstream interventions, through promoting MDG and human rights-based local development and youth employment which expand inclusive market linkages along the value chain. While advocating for

¹Page 2 of UNESCO’s Education For All Report 2011

decent jobs and growth of industries and businesses which are innovative and add high value to the production of goods and services, the Regional undg can also provide pragmatic support to the **informal sector, including through legal empowerment of the poor**. This support has to adopt a rights-based approach and provide options which give actors in the informal sector more security and social protection, link them up with sources of finance, and support their transition to the formal sectors.

Likely interventions which the UN development system could support include labour-intensive public works for infrastructure development, eco-tourism, greening brown economies in all sectors, ICT innovation, and policy advice on how to make markets for goods, services and credit more inclusive. The Regional undg can also use its experience to document problems which impede the development of inclusive markets, and bring in comparative experiences from other regions where undg agencies have been associated with initiatives to enable marginalized groups to enter the mainstream of economic activity, such as in Latin America.

(vii) Promoting women's empowerment, gender equality, leadership and participation as central to national and development policy planning and budgeting, and strengthening implementation of the women, peace and security agenda.

(viii) Localizing MDGs.

The Regional undg will continue to advocate and support accelerated progress towards MDGs at sub-national levels, through work on transparency and efficiency of public finance management and planning capacities, as well as on sector governance in health, education and agricultural extension. This policy level work will be supplemented by downstream activities to pilot alternative community/client- managed models of service delivery.

(ix) Food security and climate change.

Promote structural and policy reforms, or their implementation where they exist, in the food system in the region, including through increased investment in agriculture (research and development, extension, crop storage and other infrastructure) to enhance domestic food production, improved trade, water security (including through enhanced water use efficiencies), climate change resilience capacities, and governance improvements in food subsidy schemes within a right-to-food approach.

(x) Arab economic integration.

Support stronger Arab economic co-operation and integration to facilitate the free flow of goods, services, capital, and, eventually, labour. This region of 350 million people could develop its full potential for food production and be transformed into a major industrial hub by smart planning and by combining its endowments of natural resources, financial assets, and a young and increasingly well educated labour force.

Such support could take many forms, including significant support from Egypt and Tunisia in the recovery and reconstruction of Libya, which would benefit the economic recovery of all three countries simultaneously; analyses through authoritative publications of the potential areas and characteristics of various degrees of integration or "union" - social, economic, cultural or political - with assessments of their prospective impact on the long-term development of the region; a focus on economic integration and growth in areas and sectors which create employment and generate income across segments of society; facilitating dialogue, analysis and greater understanding of the links between education and innovation, access to financing, and access to basic services, and supporting the development of a regional strategy on labour force mobility across countries based on win-win programmes for sending and receiving countries, taking into account the priorities, needs and concerns of both.

(xi) Coherent policies and scenario planning:

Develop capacity for forecasting and preventive/pre-emptive analyses, scenario planning and policy options for Member States, to gain a better understanding of the variables/factors which could lead to problematic scenarios, and to formulate and implement genuine and responsive reform and positive mitigation measures in line with human development objectives. This would include projections and comparisons of the impact of adjustment measures, as well as of the consequences of a “do nothing” or “status quo” scenario, particularly for the most vulnerable social groups and the poor in general.

(xii) Disaster risk reduction:

Following the adoption by Arab Heads of State of the “Arab Strategy for Disaster Risk Reduction-2020”, strengthen national and sub-national capacities of governments and communities and help make progress on the development of a programme of action for the implementation of the strategy’s provisions.

(xiii) Human rights mainstreaming and a rights-based approach.

The newly-created undg Mechanism for Human Rights Mainstreaming (undg-HRM) can assist in incorporating human rights requirements and considerations in the programmes and activities articulated in this Response Strategy.

ANNEX 1: UNDG (AS/MENA) PROPOSED PROGRAMME RESPONSE PRIORITIES

Towards a New Arab Social Contract

Priorities	Immediate/Short-term Action (6-24 months)	Participating Agencies
Promoting an Inclusive Development Path		
<i>Inclusive growth, economic diversification and job creation, with social justice and equity</i>	At the Regional Level - Joint policy recommendations for a new, inclusive development model in the region. - Provide and strengthen the capacity of Member States in “pre-emptive: analysis and in the development of policy choices which address the root causes of discontent and thus avert its intensification. - Engage civil society actors, social partners, and the media to facilitate informed debate on major policy choices and share perspectives on a new social contract and new development path . - Advocate and support evidence-based sector policies and strategies (agriculture, industry, trade, energy, social, etc.) to achieve positive human development outcomes. - Advocate and support scaling up of public investment in economic and social sectors and in areas consistent with poverty reduction targets and job creation, including through integrated rural and local/area development. - Advocate and promote a Social Protection Floor. - Country review of food subsidy schemes to ensure better targeting to the poor, improved nutrition content and reduce waste, losses and leakages along the value chain; improve targeting of food subsidies in context of higher domestic food prices, high unemployment and low wages. - Advocate for reduced scope of fuel subsidies to use savings to fund basic social services and investments in health and education. - Promote strategic food reserves and other innovative means to protect against break in supply chains and food price volatilities. Key Sources of joint policy recommendations and dialogue:: - UNDP 2nd Arab Development Challenges Report, to be launched in November 2011 (1st ADCR was endorsed by Arab Heads of State and Government in Kuwait and supported within the Regional UNDG as a basis for joint policy and programmes work). - Building on the above, ILO-led publication (with UNCTAD, DESA, UNDP, ESCWA), to be launched in March 2012. - Intra-regional and South-South Dialogue on job-creating inclusive growth and economic diversification models promoting social justice and equity. - Women entrepreneurship development in poor rural and urban areas.	<u>Agency Co-Leads</u> UNDP, ILO <u>Participating Agencies</u> UNIDO, FAO, UNESCO, WHO, UNICEF, UNFPA, UN Women, ESCWA, ECA, UNCTAD, WFP
	At the Sub-Regional Level In consultation with the respective RCs, develop an integrated sub-regional programme, with the LAS (and others) to maximize opportunities for and mutual benefits from co-operation of Egypt, Tunisia and Libya in the post-conflict economic recovery, institution building and reconstruction of Libya which, in turn, would stimulate and reinforce sustained economic recovery in Tunisia and Egypt during their transitions. In consultation with the respective RCs, develop a sub-regional programme to improve existing economic inter-linkages among Somalia, Djibouti, Yemen, Saudi Arabia and UAE.	All agencies
	At Country Level - Support to UNCT strategic planning & implementation of respective Transition Plans (Tunisia, Egypt, Yemen, Libya, Syria, etc., including surging capacities, leveraging global knowledge and experience. - Support to UNCT strategic planning/updating of new and deferred UNDAFs and CPDs. - Support, as needed, for facilitation of dialogue at national and sub-national levels among civil society, government and private sector on development policy choices, including expansion of fiscal space, subsidy schemes and use of public assets, among other topics, leveraging relevant South-South exchange of experiences. - Support to local area development programmes, including job creating schemes (Yemen, Syria, Tunisia, others). - Support as needed to large-scale labour-intensive Works Project (eg., Egypt).	ALL All UNDP, ILO, FAO, UNIDO. WFP

Priorities	Immediate/Short-term Action (6-24 months)	Participating Agencies
Regional Integration	- Expand relevant and reliable statistics and statistical services to support policy and decision-making processes. - Develop and implement regional UN statistical strategy for the Arab region. - Develop capacity of national producers of statistics, increase awareness of users of statistics, improve co-ordination of statistical data flows in the region and strengthen data comparability. - Support to the League of Arab States on follow-up to decisions of Arab Summits on Economic and Social Development: Youth employment through SMEs, infrastructural development, civil society participation. - Support governments in reviewing and adjusting their subsidy and fiscal policies to promote green, equitable and inclusive economic growth. - Support governments in the monitoring and evaluation of the implementation of their strategies and national action plans with respect to Rio convention. - Support governments in developing a legislative framework which can enhance the transition to low-carbon and climate resilient economies.	<u>Lead: UNESCWA</u> Participating agencies: ALL
Democratic Governance		
Inclusive Governance for inclusive development	- <i>Electoral Cycle</i> support, contingent upon government request; includes institutional and capacity development of Electoral Management Boards/Independent Electoral Commissions, exchange of international and South-South experiences on out-of-country-voting, campaign financing, women in elections, media, civic and voter education, etc.). - <i>Constitutional reforms/revisions</i> –support to ensuring protection of human rights (civil, political, social, economic and cultural), and closing the loop of policy, legislation and budget allocations. - <i>Expand the notion of “national ownership”</i>. - <i>Advocate and support enhancement of social accountability mechanisms especially at local level</i>. - <i>Organising forums for South-South and Pan-Arab exchange</i> of experiences on pathways to democratic transitions and production and dissemination of corresponding knowledge-products.	<u>Lead:</u> UNDP, UN Women, OHCHR, UNESCO, UNV UNDP, UN Women, OHCHR, ILO, UNESCO, WHO, UNFPA, UNICEF, All UNDP, UNCDF - ILO, WHO, UNESCO - ESCWA, UNDP, UNESCO, ILO
Expanding Democratic Space: Social Equity, Social Justice and Human Rights Civil Society Partnerships	- Voice and Accountability – Promote and make available best practices in supporting dialogue at national and sub-national levels (already ongoing in Egypt and Jordan). - Advocate and promote Citizen monitoring of government performance through nationally-owned assessments. - Advocate and support safeguarding the hard-won rights of women and promote further advances, including supporting the establishment of durable consultative mechanisms to safeguard and promote gender equality and women’s empowerment in all relevant Transition institutions and processes. - Support women’s participation in crisis mediation and conflict resolution, and strengthen capacities to expand the available pool from which to draw such expertise. - Develop partnerships with, and capacities of, CSOs for informed and accountable engagement and effectiveness in public life. - Civic education – support mechanisms of representation to advocate, negotiate and monitor implementation of human rights. - Media Sector Reform – develop learning modules on investigative journalism, with special reference to investigations of corruption during transitions - Develop capacities to foster professionalism and animate informed public debates. - Support to national and regional organizations protecting journalists and monitoring and exposing violations of freedom of expression. - Develop a communications strategy on the UNDG’s work on inclusive governance and socio-economic development.	All UNDP, UNCDF, UN Women, UNESCO, UNV, UNICEF, UNFPA <u>Lead</u> UN Women All UNICEF, UNFPA, UNESCO, UN Women, UNDP, OHCHR, ILO, WHO UNIC, UNDP, ILO, OHCHR <u>UNIC</u> , inputs from all
Responsive and Accountable Institutions	- Integrity and anti-corruption -- support of transitional commissions on anti-corruption (eg., ongoing in Tunisia). - Judicial and Police sector reform and Access to Justice – People-centered assessments of needed governance reforms in this sector. - Responsive local governance and development – supporting inclusive participation of communities in local area development schemes, including MDG localization (planned in Syria, Morocco...). - National Human Rights Institutions – self-assessments of institutions and effective utilization of international machinery (eg. UPR).	UNDP, UNODC, OHCHR ALL <u>Lead: OHCHR</u> UNDP, UNICEF, UNFPA, ILO, UNICEF, WHO, FAO, WFP, UNESCWA
Public Administration	- Identify immediate strategic capacity development gaps with an explicit link to the transformation agenda, writ large (i.e. including building capacity to deliver core	

Priorities	Immediate/Short-term Action (6-24 months)	Participating Agencies
Reforms and Capacity Development	services/functions related to Transitions). This could include service delivery surveys, service standards, and an increased use of Internet feedback to enhance quality and accountability (both horizontal and vertical). - Develop capacities of service delivery oversight institutions. - Engage independent media and civil society to promote checks and balances, transparency and accountability of social service delivery mechanisms. - Recognize growing role of Arab MICs in development co-operation as capacity development suppliers and marshal such expertise. - Identify CD indicators that are relevant in transition contexts. - Develop capacity in Monitoring and Evaluation of institutional or sector performance. - Capacity development for local governance and for government institutions in development and budget planning, delivery of services, civil society engagement and community participation, and public accountability.	UNESCO WFP, UNICEF WHO, UNDP
Youth		
	• Implementation of the Regional undg Strategic Action on Young People, concentrating on: employment/employability (school-to-work transition), emerging health risks, apprenticeships and vocational training, civic engagement, advocacy, including organizing a panel during the IYY event in New York. • Develop joint Framework for Co-operation with the League of Arab States (LAS) to empower young people, drawing on Sharm El-Sheikh Arab Summit decisions, including SME youth employment. • Organize High-Level Donor Conference on Investment in Young People in Arab States/MENA region hosted by Regional undg Directors to shape dialogue, stimulate aid targeting, donor co-ordination, and on-the-ground action. • Organize a series of dialogue/roundtable policy discussions (regional, country clusters, or country-level) on youth, bringing together policy makers, youth and key stakeholders to examine innovative and evidence-based policy and programming solutions to key issues affecting young people. Topics include: youth employment and employability, civic engagement, social media, young people in national policy and development plans, macro-economic policies, education, health, gender equality. • Strengthen youth voice and space (Pan-Arab and South-South).	Co-Leads: UNICEF and UNFPA UNESCWA UNDP, ILO, WHO, UNESCO, FAO, UNIDO UN Women
	At Country level Multi-country project: “Youth employment generation programme in Arab Transitions (Algeria, Egypt, Libya, Morocco, Tunisia)”. Inter-agency consultations will take place at country level. Support to improving employability and entrepreneurship among youth in poor areas (Syria, Tunisia). Youth dialogue on Development Challenges Report (Egypt, Tunisia, Morocco, Jordan, elsewhere). Youth dialogue on key policy reform issues: health, education, food and fuel subsidies, etc.).	UNDP, ILO, FAO, UNIDO, UNESCO, WFP, WHO
Humanitarian-Development Interface		
Crisis Prevention and Recovery	<u>In addition to immediate emergency response:</u> <i>Regional undg continues close and regular consultations and updates on and monitoring of evolving situations in each of the countries in the region to ensure responsiveness to needs, response preparedness and coherence of response.</i> - Enhance preparedness for response to humanitarian emergencies and post-crisis recovery, including technical assistance for reviewing contingency plans, business continuity, staff training and improving information preparedness and flows. - Provide quality support to ensure that humanitarian contingency plans are integrated with other emergency planning processes, such as those related to operational and programme continuity and security. - Strengthen/add to UNCT capacities to enhance national and regional capacities in disaster reduction, crisis prevention and response and in early recovery planning, with due regard to human rights principles.	OCHA, WFP, WHO, UNICEF, UNFPA, UNDP, UNISDR

ANNEX 2: Key Development Challenges Underlying the Protest Dynamics

Political Economy of Exclusion

The dominant form of the *social contract* in the region has been one where the population is seemingly resigned to or is expected to resign itself to the lack of political freedom, in exchange for the provision of certain services and exemption from or low taxation.

The citizens who have lived under this social contract have had no institutional means of expressing discontent with the system or of holding governments accountable. With very few exceptions in such situations, elections, where they have taken place, have been neither free nor fair, the voter turnout has generally been low, and those parliamentarians elected through this process have had little incentive to develop a dialogue with their constituents.

Vehicles for citizen participation in the political process, such as genuine political parties, civil society organizations, media, trade unions, and professional associations have been either tightly regulated or banned altogether.

In essence, this typical social contract has enabled many Arab States to continue to follow a *non-developmental path*, in contrast to other successful developing economies in other regions.

Such states have typically maintained their power by directly controlling or accessing public finances, whether that be through economic or political rents. While oil has played an important role in this equation for the major oil exporting countries, the diversified economies in the Arab region have not been immune to this *rentier* approach. The state has been able to enjoy rents because of its degree of control over assets including urban and agricultural land, and economic opportunities. In some cases, this has been supplemented by state control of and access to politically-conditioned aid, the bulk of it military and security related. This situation helps explain why some positive strides made in the more diversified Arab economies, notably Egypt, Syria, and Tunisia, in the 1960s were not sustained in the way development was in other regions.

The state in the region also typically engages in patronage politics, buying the allegiance of key traditional and modern power brokers by distributing part of the rent it collects to them.

The flip side of this typical set of characteristics is the low share of direct taxation in public revenues in the region. This power structure reflects the interlocked interests which concentrate authority in a small circle and prevent rotation of power.

With some notable exceptions, states in the region have also had dependency relationships with external powers, in both geographical and economic terms. The region's economies have been characterised by the export of commodities and the import of critical life-sustaining inputs, such as food. In exchange, their curtailment of basic freedoms and violations of human rights has often been overshadowed in the interests of stability.

The social contract and geopolitical and economic alignments of the region have been coming under pressure since the 1970s. Increasingly states have been unable to co-opt educated youth into what used to be a relatively well paid civil service, which guaranteed employment and upward social mobility in the post-World War Two period.

In country after country over the past three decades, the public sector has not been able to absorb the ever increasing numbers of graduates produced by the education system. Structural adjustment measures resulted in a decline in both the real income of government employees and public sector wages, as well as a decline in government expenditure on social services. Privatization of such services proceeded without guarantees of coverage or quality.

The system of large scale subsidies on a range of essential goods also became difficult to maintain, leading to bread riots in a number of countries in the 1970s and 1980s. The lack of universal social protection coverage and equitable access to property and justice exacerbated the social and economic exclusion of wide segments of the region's population.

While many of the countries in the region appeared stable, with long serving rulers, that stability was often accompanied by the suppression of human rights and citizens' aspirations. Arab countries with a more open public space for protests presented as less stable.

It would be misleading, however, to try to explain such stability or instability outside the context of regional and international alliances, dependencies, and inequitable development. Stability which is built on patronage and oppression, rather than on a healthy social contract between the state and citizens, reinforces the drive for quick returns on private sector investments (such as through investments in up-scale real estate), rather than on the longer-term and job-creating investments required to absorb a more educated labour force. The sense of insecurity generated by rising inequality and unemployment can lead to capital flight, or to investments in quick return markets which do not produce decent work.

These features of the prevailing governance structures in the Arab region have led to two mutually reinforcing processes: no or little public accountability of the state, and the ever increasing concentration of political and economic power in the hands of a few.

Structure of socio-economic exclusion. With some variations, the economic structure which underpins the political systems characteristic of the region is based on extractive industries which generate few jobs directly, and a swollen and non-productive tertiary sector through which rents collected by the state are partially distributed to the public at large. Productive sectors have been declining. Agriculture suffering from poor policies and climate stress has been incapable of meeting the food needs of ever growing populations. Trade liberalization alongside overvalued currencies did not help the industrialization begun by a number of Arab countries in the 1960s. The region has become heavily dependent on imports for the basic needs of its populations, and has not been able to use its wealth of natural and human resources to negotiate for a more even playing field and a greater role in the evolving international economic and geopolitical order.

The tertiary sector is dominated by the government and its services. It has appeared to be more concerned with the payment of certain sectors of society for their allegiance to the system, rather than the provision of quality and accessible public services. It has typically been heavily skewed towards provision of the range of security services. It has excess labour and high overall wage bills, while its average individual salaries have not been sufficient to prevent recourse to petty corruption. The trading is typically heavily dependent on imports, with relatively few, politically well-connected, major traders who enjoy monopoly rents, and a large number of small traders who eke out a living in an overcrowded retail sector. The real estate, construction and tourism sectors – much of it “upscale” – are driven by quick profits on investments and feed the conspicuous consumption of the wealthiest.

Against this background, it is not surprising that the region is characterized by huge *inequalities* which are not well reflected in Gini coefficients. The household budget surveys on which such data are calculated tend to exclude the better-off. The level of income reflected in the data is sometimes half that reported by GDP figures, as in the case of Egypt.

Overall, the structure of economies in the Arab States region differs substantially from other developing regions. Well beyond the borders of the GCC countries, the dominance of the extractive industries in the regional economy leads to dependence on global oil prices. The high capital intensity of extractive industries limits the generation of high-skill and well-paid jobs. Much of the labour force is driven to low skill services and informal activities, with corresponding negative effects on living standards and for inclusive growth. The region's heavy dependence on food imports makes it highly susceptible to global price fluctuations.

As indicated in the forthcoming Arab Development Challenges Report, the \$2 a day (in 2005 PPP) poverty rate in the region², was 19 per cent for the period 2000-2009.³ However, a significant proportion of the population is clustered between the \$1.25 and \$2.75 lines. Hence, calculating the poverty rate at \$2.75 a day (in 2005 PPP), it climbs to 40 per cent.⁴

The continuous rise and persistence of *unemployment, particularly among youth*, driven in large part by *the demographic transition with its unprecedented increase in the working-age population*, is a key challenge facing Arab countries. In addition to high overall unemployment (9.8 per cent in 2006-2008)⁵, the region has one of the lowest employment-to-population ratios and the lowest labour force participation rates in the world (respectively 46.7 and 52.2 per cent in 2009), particularly for women (respectively 21.9 and 26.3 per cent in 2009).⁶

Youth are the largest demographic category in the Arab region, with the population under twenty five years of age exceeding fifty per cent.⁷ Youth unemployment is high with young women suffering even higher rates of unemployment than young men (35.8% versus 20.1%, latest years available).⁸

Youth unemployment and its long-term nature have contributed to the overall sense of frustration and discontent. State economic and social policies have not provided acceptable minimum standards of economic and social rights. States have not given adequate protection of civil and political *rights*, in particular the right of freedom of speech and assembly and the right to organize and to collective bargaining. This has left both the employed and unemployed without sufficient legal and social protection.

The countries in the region have ratified most of the UN Human Rights instruments - indeed nearly all have ratified the conventions on economic, social and cultural rights and on civil and political rights. The Arab Charter of Human Rights has been ratified by eleven states. Yet the signatories to a greater or lesser degree are perceived to restrict the protection and enforcement of those rights, through national laws and regulations, or to suspend their exercise through long-standing emergency laws.

The extent to which the economic and power structures in the region exclude people is demonstrated by the size of the informal sector - which perpetuates the vicious circle of poverty and of weak social, economic and political rights.

The vast majority of the poor in the Arab States region make their living in the informal sector, with limited security of access to land and other resources. They run unregistered businesses, and often occupy land to which they have no formal right.

The very *legitimacy of states* is undermined by the exclusion of countless millions of people who are excluded from legal and social protection, legal identity, and channels of representation.

Guarantees of rights and access to justice exist in some, though not all, constitutions of the region, but are not always reflected in specific legislation. Even where good legislation exists, it is often not enforced. Where

² For data methodology, please see UNDP Arab Development Challenge Report (2011, p.12). Data is drawn, as available, from the following: Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Saudi Arabia, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Occupied Palestinian Territories, Qatar, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen.

³ Based on countries for which data is available. Source: UNDP Arab Development Challenge Report (2011, p.11).

⁴ Based on countries for which data is available. Source: UNDP Arab Development Challenge Report (2011, p.11).

⁵ Source: UNDP Arab Development Challenge Report (2011, p.31)

⁶ Source: UNDP Arab Development Challenge Report (2011, p.141 and p.138).

⁷ Source: UNDP Arab Development Challenges Report (2011 p.135).

⁸ Source: UNDP Arab Development Challenges Report (2011 p.145).

sanctions are imposed for breaches of rights, they tend to be inadequate, and the monitoring and accountability mechanisms are insufficient. Thus, there is a discrepancy between the protection granted *de jure* by Arab States and the actual delivery of that legal protection. Rights need to be able to be claimed through effective legal processes and an accessible, fair, and independent justice system.

Governance failures, including the lack of proper and effective *social dialogue mechanisms* and barriers to the formation of genuine *labour unions and other civic and professional associations*, facilitate and reinforce the appropriation and concentration of wealth. It is thus all the more astounding that labour unions in Tunisia played a critical role in its revolution and continue to do so during its transition. In Egypt, a series of workers' strikes preceded the groundswell put in motion by youth activists. In Bahrain, the labour unions were prominent in the challenge to the prevailing system.

States can be redesigned to become more responsive to their citizens and to expand their choices and opportunities. State institutions can play a key role in that, and in creating an environment in which citizens can live in dignity. The UNDG is well placed to support Member States towards this end.

Most Arab countries have previously made formal commitments to address the problems which are now seen to have given rise to popular discontent. At the Second Arab Economic, Social, and Development Summit in Sharm El-Sheikh in January 2011, Arab leaders agreed to activate policies and programme to reduce poverty, unemployment, and social inequality; empower youth and women; increase the role of civil society; and pursue regional market integration. Now resolve is needed to follow through and act on these commitments.

Arab Youth, a Positive Force for Change

The lead role taken by youth in the Arab region to reclaim their human dignity is not surprising, given the challenges faced by the current generation of youth. Many young people have seen few opportunities for advancement and decent work, and have revolted against the assaults on human and national dignity and the deficits in freedoms.

As the main users of new technologies (mobile phones and social media outlets such as Facebook and Twitter), and with 24-hour live coverage by Arab satellite television channels, the youth of the region also galvanized a broad spectrum of the population. People were united by a common desire to reclaim human and national dignity and social justice, in the face of adverse economic conditions and rampant political corruption. The wide presence of women in the protests is testimony to their inclusive nature and their role in breaking down gender barriers and stereotypes, as well as those of class, income, and other social divisions. The breadth of the uprising also attests to the sense of civic responsibility exercised when state security forces melted away.

Overlaying complexities in the region

Co-existing with the on-going narrative of youth-led transformative change is the turbulent modern history of this region. It is home to some of the most complex, intractable, long-standing conflicts in the world. Foremost among them are the still unresolved Arab-Israeli issues, and the continued military occupation, displacements, and dispossession suffered by Palestinians.

More than any other conflict, this one has etched itself in the consciousness of Arab peoples as an historical injustice. It is seen by them to be the epitome of the unequal application and un-enforcement of international human rights and humanitarian law, including the right of the Palestinians to national self-determination and to the fulfilment of their aspirations to freedom and human dignity. Lack of progress on this frozen conflict has also damaged the UN's credibility and moral authority in the region.

The Arab region is both host to, and the source of, the largest number of conflict-induced refugees in the world. A number of countries of the region have endured conflicts leading to the massive displacement and deprivation of their populations, as well as the systematic violation of human rights. The flight of refugees across the region has exacerbated the socio-political conditions, contributing to protracted tensions and insecurity.

These overlaying complexities create a challenging environment for national development, and have contributed to some of the underlying failures in human development, driving the rising tide of popular protests in the region.