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# UNDP: Urgent job creation on a mass scale key to stability in the Arab region

**Mexico City, 14 March 2013**—Arab States could reap a major “demographic dividend” if they can convert their advances in education into employment opportunities for youth, says the 2013 Human Development Report. But a failure to accelerate job growth could further exacerbate social and economic tensions in the region, the Report warns.



The 2013 Human Development Report—*The Rise of the South: Human Progress in a Diverse World*—is being launched in Mexico City today with United Nations Development Programme (UNDP) Administrator Helen Clark and Mexican President Enrique Peña Nieto.

The Report analyses more than 40 developing countries that have made rapid human development gains in recent years through sustained public investment in education, health and other social programs and strategic engagement with the world economy.

“The rise of the South is unprecedented in its speed and scale. Never in history have the living conditions and prospects of so many people changed so dramatically and so fast,” the Report says. “The South as a whole is driving global economic growth and societal change for the first time in centuries.”

UNDP has commissioned the editorially independent Human Development Reports since 1990, when its Human Development Index (HDI), a composite measure of health, education and income, first challenged purely economic measures of national achievement.

## Drivers of Development Transformation

Dozens of countries in the South have managed to achieve impressive growth, lift millions from poverty and improve peoples’ lives, the Report says. These countries have used pragmatic approaches that often combine a strong state, open markets and imaginative social programs.

The Report warns, however, that misguided austerity policies, lack of equity and shortfalls in political participation for many will threaten progress and spark unrest unless governments act swiftly, as already evidenced in the Arab States region beginning in 2011.

“Economic growth alone does not automatically translate into human development progress,” writes UNDP Administrator Helen Clark in the Report’s foreword. “Pro-

poor policies and significant investments in people’s capabilities—through a focus on education, nutrition and health, and employment skills—can expand access to decent work and provide for sustained progress.”

### **Job creation: A development imperative in the Arab region**

“The rapid expansion in the educated population in much of the South adds to the urgency of job creation on a mass scale,” the Report says. “Countries of the South ... can create a ‘demographic dividend’ only if the increase in the labour force is matched by equally rapid expansion of employment opportunities. If enough decent jobs are not available to meet this demographic demand, the consequences are likely to include rising civil unrest.”

There is a particular need for Arab States to do more to respond to the demand for jobs, which was one of the causes of the widespread unrest in some Arab countries in the last two years, says the Report.

“The turmoil in several countries in the Arab States is a reminder that people, especially the young, who are better educated and healthier than previous generations put a high premium on meaningful employment, on exercising a voice in affairs that influence their lives, and on being treated with respect,” the Report says.

“The Arab States region has both the highest rate of unemployment and the lowest labour force participation rate, especially for women,” says Sima Bahous, Director of UNDP’s Regional Bureau for Arab States. “For many Arabs today, the true measure of development achievement lies in the number of decent jobs created, and opportunities afforded to people to be productive and economically secure.”

Of the 20 countries with the largest increases in mean years of schooling over 1980–2010, eight were in the Arab States.

“Most countries that were part of the recent unrest in the Arab States had major gains in educational attainment but below-median employment to population ratios,” says the Report, based on research by UNDP’s Human Development Report Office.

The 2013 report echoes some of the concerns featured in UNDP’s Arab Human Development Reports (AHDR). In its inaugural 2002 edition, the AHDR identified three critical development deficits in the Arab world: the acquisition of knowledge; political freedoms; and women's empowerment.

“The challenge of attacking unemployment and poverty by creating productive and gainful jobs for today’s openly unemployed plus those newly entering the labour force is enormous, but it is also critical for Arab countries (especially in environments where formal safety nets are ineffective)—and it must be addressed now because otherwise, the problem will only worsen,” the 2002 AHDR notably predicted.

At the same time, many Arab State countries have made great advances in human development. Algeria, Morocco and Tunisia, for example, have seen striking gains in life expectancy in the last 40 years. Possible explanations include improvements in health and medical technology, widespread vaccinations, information technology advances, better access to improved water and sanitation, increased energy provision and public and private investments in health.

### **The Rise of the South: Rapid and Dramatic**

The dynamic new economies of the developing world are creating new paradigms for economic advancement and social development. The South is now emerging alongside the North as a breeding ground for technical innovation and creative entrepreneurship, and the Arab States are participating in this.

“Indeed, the spectacular increase in phone connectivity in Africa has been driven almost entirely by companies based in India, South Africa and the United Arab Emirates,” it says.

South-South interactions have enabled companies to adapt and innovate with products and processes that are better suited to local needs. The result is that the “digital divide” is rapidly narrowing, giving people from everywhere comparable access to information.

One result is the emergence of a new middle class in the South, which is driving economic, social and political expectations. By 2025, annual consumption in emerging markets is estimated to rise to US\$30 trillion. By then, the South will account for three-fifths of the one billion households earning more than \$20,000 a year: a new global middle class.

But the picture is not all bright. The South faces shared challenges—aging populations, the environment, political participation and equality—and countries will need to stay smart to maintain their momentum and lift those left behind out of poverty.

Though there are encouraging signs, inequality and poverty are still great problems. An estimated 1.57 billion people, or more than 30 percent of the population of the 104 countries studied for the Report, live in multidimensional poverty.

The Arab states continue to confront often extreme internal inequalities, within both wealthy and poorer countries in the region. Only sub-Saharan Africa has greater domestic disparities between the populations at the high end and at the low end of the HDI spectrum, data in the 2013 Report shows. High gender disparities also persist in the Arab States, with Yemen having the world's lowest rating in the Gender Inequality Index.

The Report underlines the need for active and bold social policies—and estimates some of the impressive results that could be achieved if they are pursued.

In particular, the Report highlights the importance of education for girls, which has enormous benefits. A mother's education level is more important to child survival than is household income, and is critical for a possible demographic dividend. Forecasts in the report show that a greater emphasis on progress in education could substantially reduce child deaths in all countries and regions, as a direct result of improvements in girls' education.

### **South-South Cooperation**

The South itself can—and should—be a powerful force in development.

“Countries of the South are in a position not just to contribute financial resources towards strengthening regional and multilateral processes, but also to bring the substantial experience gained through their human development achievements and pragmatic policies in many of these areas,” says the Report.

The vast sums piled up in financial reserves and sovereign wealth funds, from East Asia to the Gulf States to Latin America, could be put to use in accelerating social progress, the Report argues. Public investment in South Asia and sub-Saharan Africa could increase to 11.7 percent of gross domestic product (GDP) using three percent of international reserves from some of the largest economies in the South.

The Report highlights the increasing and positive role that Arab States have played in promoting development globally. Development assistance from the Arab States has made important contributions, reaching \$6 billion in 2008. Some of the largest financiers of infrastructure in sub-Saharan Africa between 2001 and 2008 were regional banks and funds based in Arab States. The Arab Monetary Fund has some \$2.7 billion to support emergency financing for member countries as well as broader monetary cooperation.

The global system is ripe for reform, the Report argues. The emergence of the Group of 20 is an important step in this direction, but the countries of the South also need more equitable representation in the Bretton Woods institutions, the United Nations and other international bodies. One step would be to establish a new South Commission to bring a fresh vision of how the South's diversity can be a force for solidarity.

The rise of the South should be seen as beneficial for all states, the Report concludes. Human development is not a zero-sum game; “The South needs the North, and increasingly the North needs the South.”

## ***Global Highlights from the Report***

- *By 2020, the combined economic output of the three leading developing countries alone—Brazil, China and India—will surpass the aggregate production of Canada, France, Germany, Italy, the United Kingdom and the United States.*
- *Developing countries have increased their share of world merchandise trade from 25 percent to 47 percent and their share of world output from 33 percent to 45 percent between 1980 and 2010. They have also been strengthening links with each other: South-South trade has increased from less than 8 percent of world merchandise trade to more than 26 percent.*
- *The world has witnessed remarkable recent improvement in human development. No country for which data was available had a lower Human Development Index value in 2012 than in 2000. The proportion of people living in extreme poverty fell from 43 percent in 1990 to 22 percent in 2008, seven years prior to the MDGs target of halving world poverty by 2015; more than 500 million people were lifted out of poverty in China alone.*

## **Highlights: Arab States Region**

- There are two countries in the region (Qatar and United Arab Emirates) in the very high human development group and eight (Bahrain, Kuwait, Saudi Arabia, Libya, Lebanon, Oman, Algeria and Tunisia) in the high human development group; six (Jordan, occupied Palestinian territory, Egypt, Syrian Arab Republic, Morocco and Iraq) in the medium human development group; and the remaining three (Yemen, Djibouti and Sudan) are in the low human development group.
- The average HDI value for the region of 0.652 is below the world average of 0.694 and below the averages for East Asia and the Pacific, Europe and Central Asia and Latin America and the Caribbean.
- Between 2000 and 2012, the region registered annual growth of 0.94 percent in HDI value, placing it fourth in comparison to other regions. Looking at individual countries in the region, Yemen achieved the fastest growth (1.66 percent), followed by Morocco with 1.2 percent and Algeria, 1.1 percent.
- The region's average life expectancy at birth is 71.0 years, about a year higher than the world average and places the region ahead of South Asia and sub-Saharan Africa regions. The region's average mean years of schooling of six years is 1.3 years higher than those of South Asia and sub-Saharan Africa regions but 1.5 years below the World average and over four years below the average for Europe and Central Asia. The average gross national income per capita of \$8,317 (PPP\$ constant 2005 international) is about 82 percent of the world average of \$10,184.
- The region is ranked third out of six regions in terms of overall loss to HDI due to inequality in distribution (25.4 percent) and over two percentage points higher compared to the world's average loss of 23.3 percent. The education component is where the loss due to inequality is highest (39.6 percent) followed by income (17.5 percent).
- The average Gender Inequality Index value for the region is 0.555—only better than South Asia and sub-Saharan Africa. In terms of components, a relatively higher level of maternal mortality ratio; a very low female share in parliamentary seats (13 percent, the lowest relative to other regions); as well as low female labour force participation rate (22.8 percent also the lowest) account for the poor performance on the GII.
- The total value for the region of merchandise goods exports was \$546.6 billion, representing four percent of total world exports of \$13.6 trillion. Saudi Arabia leads in the region exporting goods to the tune of \$245.9 billion in 2010, representing 59.4 percent of its GDP in that year. This is followed by Algeria (\$57.1 billion) and then Kuwait (\$50.3 billion) representing 38 percent and 43.8 percent of their respective GDPs.




- The region has the lowest employment-to-population ratio (52.6 percent) below the world average of 65.8 percent. There is also wide variation across countries and territories ranging from a low employment-to-population-ratio of 41.2 percent in occupied Palestinian territory to 89.9 percent in Qatar.
- The highest youth unemployment is reported for Egypt—54.1 percent followed by occupied Palestinian territory—49.6 percent.

The average overall life satisfaction based on the Gallup World Poll for the region is 4.8 (on a scale from 0 to 10), making it the third most dissatisfied region (after sub-Saharan Africa and South Asia. 63.9 percent responded that they are satisfied with their jobs and only 67.6 percent were satisfied with the economic conditions in their communities—both averages are below the world averages of 73 percent and 78.9 percent respectively

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**ABOUT THIS REPORT:** *The Human Development Report is an editorially independent publication of the United Nations Development Programme. For free downloads of the 2013 Human Development Report in ten languages, plus additional reference materials on its indices and specific regional implications, please visit: <http://hdr.undp.org>.*

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