

United Nations Development Programme

**English translation of
speech by**

**Dr. Rima Khalaf Hunaidi
Assistant Secretary General
and Director for the Regional Bureau of Arab States**

on the occasion of the

Launch of the Arab Human Development Report 2002

League of Arab States

Cairo, 2 July 2002

Original in Arabic

Your Excellency, Secretary-General of the League of Arab States;

Your Excellency, Minister of State for Foreign Affairs;

Distinguished Guests;

Ladies and Gentlemen

It is my great pleasure and privilege to welcome all of you to the launch of the *Arab Human Development Report 2002*. First, I would like to convey my deep appreciation to you Mr. Secretary-General and to the representatives of Member States for granting us this prominent venue. There is no platform more appropriate than the headquarters of the Arab League for launching this, the first pan-Arab Report of its kind, prepared by Arab scholars renowned for their contributions and inspired by the developmental concerns of this great region. . On behalf of the Report's co-sponsors: the United Nations Development Programme and the Arab Fund for Economic and Social Development and on behalf of the team that prepared it, I thank you warmly for your gracious hospitality and your generosity of spirit.

The beginnings of the Third Millennium are a fitting time for us to take careful stock of the development achievements of our Arab countries, to learn from successes and examine shortfalls as well as future prospects. We are at a most challenging juncture in our history. The illegal occupation of Arab lands has been, and continues to be, one of the greatest and most pervasive obstacles threatening and impeding the pursuit of security and progress in the region.

As the realisation of lost past opportunities sharpens, accelerating globalisation promises great benefits and threatens grave dangers. Our Arab countries begin the Third Millennium in an era when no generation of young Arabs has been more numerous or more hopeful of a brighter future.

This is the time for us to ask: have we, as a developing region, done things right? More important still, have we done the right things? What public policies, incentives and

practices will help us to develop not just our infrastructure, economies and resources, but more centrally the full capabilities of our people, and new opportunities for them and future generations? How can we establish dynamic, open and cohesive environments where human capabilities flourish; where strong and prosperous societies for all our people can grow; and from which we can withstand the shocks of globalisation and capitalise on its opportunities?

And how do we best measure our successes and failures? What are the guiding principles that lead us to learn how we have fared, as countries and a region, in terms of Arab human development?

These are some of the defining questions that the authors of the first Human Development Report for the Arab Region have attempted to answer. My mission today is to try and do justice to the scope of their enquiries by highlighting their core messages. The Report starts by putting people firmly at the centre, as active participants and beneficiaries of development in all its dimensions – economic, social, civil, political, and cultural. It confirms that Arab countries have indeed done several things right in the past. There has been real progress in laying the foundations for health and education. School enrolments have doubled. Life expectancy has increased and infant mortality has declined. Growth has become more pro-poor and has thus contributed to the lowest incidence of absolute poverty in comparison to other regions.

However, the Report also notes that there have been warning signs. For example: about 10 million children between 6 and 15 years of age are out of school. Some 65 million Arab adults are still illiterate, two-thirds of them women. Inefficiency of the educational systems, including high failure and repetition rates, is a serious concern, as is poor quality reflected in a low level of knowledge attainment, and limited analytical and innovative capacity. The result is a capability gap, a growing mismatch between what educational institutions produce and what job markets demand.

Over the past two decades, growth in per capita income was the lowest in the world apart from sub-Saharan Africa. If the annual growth rate of 0.5% persists, it will take the average Arab citizen 140 years to double his or her income. Some other regions are set to achieve that level in a matter of less than 10 years. Considering the vast fixed capital expenditures of Arab countries in the last 25 years, this represents a poor return on physical investments that many believed would bring prosperity. It underlines the importance of investing in *people and their talents*, one of the central themes of the Report.

Another warning sign: the Report observes that labour productivity has been low and is declining. Declining productivity clearly reflects poor skills and a feeble knowledge base in the labour force. It also reflects weaknesses in the development of human and intellectual capital, which confirms the importance of investing in people and their capabilities.

Looking at other signs, the Report asks: how does the region fare when seen through the eyes of the Global Human Development Reports? The answer is that Arab countries' achievements on the Human Development Index (HDI) in the past decade were lower than the world average. Significantly, compared to other regions, the Arab world does better on income indicators than on development indicators. The Report team thus concludes that the Arab region is *richer than it is developed*. And although income poverty is low compared to other parts of the world, Arab countries are affected by a different kind of poverty - poverty of capabilities and poverty of opportunities. The Report probes the roots of this type of poverty and traces the sources to three key deficits: *freedom, women's empowerment, and knowledge*. In these critical areas, we have not developed as quickly or as fully as other comparable regions.

While the Report confronts the factors impeding the region and obstructing its progress, it also poses a number of instrumental policy choices. The Report illustrates that true human development requires systems of good governance, that promote, support and sustain human well-being by expanding capabilities, choices, opportunities and a

whole range of freedoms – economic and social as well as political, particularly for the poorest and most marginalized.

Certainly, the scope for change is immense. On the question of *freedom*, applying the Freedom Index shows that, out of the seven regions of the world, Arab countries had the lowest freedom score in the late 1990s. Applying indicators of voice and accountability, which cover political processes, civil liberties, political rights and independence of the media, reveals that the Arab region has the lowest value of all world regions for voice and accountability. No doubt, the freedom deficit weakens human development and represents one of the most painful manifestations of the backlog of political development.

Similarly, on *women's empowerment*, using the Gender Empowerment Measure confirms that political and economic participation by women remains the lowest in the world. In many countries of the region, women suffer from unequal citizenship and legal entitlements. In some countries with elected national assemblies, women are still denied the right to vote or hold office. And one in every two Arab women can neither read nor write. Development that is not engendered is endangered.

As for constraints on *knowledge*, they are varied emanating from the effects of large-scale illiteracy; the deficiencies in the education system; the weak systems of scientific research and development, and low access to ICT. For example, investment in research and development (R&D) is less than one seventh of the world average. The Arab region also has the lowest level of ICT access of any world region. The lack of knowledge and its stagnant development lead to poor productivity and declining development opportunities. Knowledge, and not income, has become the primary determinant of national potential in today's world.

Accurate diagnosis of a problem is part of its solution. Analysing reality is the first step towards progress. From this starting point, the Report sheds light on the wide prospects of human development which are at the centre of our aspirations. The so-called

deficits, namely lack of freedom, lack of women's empowerment and lack of knowledge can, with our commitment to progress, become three pivots on which Arab human development can turn quickly and decisively for the better. Emphasis on areas of weakness aims to direct attention and guide thinking towards strengthening investment in three priorities: *building* Arab capabilities and knowledge; *utilizing* those capabilities effectively by reinvigorating economic growth; and *liberating* the full potential of Arab countries by promoting good governance.

The Report proposes several fundamental strategies for addressing the three deficits. In terms of *building capabilities*, it calls on governments to ensure universal provision of school enrolment in basic education and to increase compulsory schooling to 10 years. A good society needs to provide equitable learning opportunities for all its children. The Report also calls for institutional innovation in support of flexible, evolving and life long adult education. While the costs of improving educational systems might be high, the costs of the continuation of ignorance are infinite. The Report also recommends greater Arab cooperation in education, particularly in higher education, and in curriculum development, textbook preparation and teacher training – all areas where a common language presents advantages.

It underscores that a transformation in attitudes and societal incentives to support more creativity and innovation will enable Arab countries to stand out in competitive, knowledge-based markets. Accordingly, changing the mechanisms of the social system should be directed towards securing the incentives for research, innovation and creativity and offering real opportunities of social distinction for those who work in areas of knowledge.

The Report goes on to propose a clear agenda for investment in education, technology and research and development. The share of R&D should be increased from the current less than 0.5% of GDP to 2% by the end of this decade. Arab cooperation in the framework of joint projects enables each country to strengthen its national development and capitalise on economies of scale while addressing pan-Arab concerns.

Arab countries can expand their choices by advancing Arab integration as a guarantee for competitiveness and survival in today's world. This can lead to the establishment of an Arab citizenship area in which restrictions would be removed on movement of knowledge, people and capital.

It is no secret that progress in the realm of information content is subject to the provision of certain pre-requisites. Arab artists, professionals, scholars, students, entrepreneurs and other social groups will not be driven to creativity through decrees and orders but by open horizons lined with supportive and catalytic measures and regulations. The gap between us and those that advanced in this arena is due to their provision of such pre-requisites and our negligence. Freedom to choose what to publish and to associate with other users will drive the Arabization of information content faster and more surely than any type of compulsion. In this context, it is necessary to thank the media representatives present since their profession has been a pioneer in this arena by placing Arabic newspapers on the Web.

The Report is equally practical about how to *utilize human capabilities* effectively. This starts by making Arab economies more dynamic and people-friendly in terms of objectives and results. It advocates mobilizing the private sector within an enabling policy and regulatory environment, characterised by transparency and accountability, where the public sector helps to promote competition that enhances benefits and reduces costs. The Report does not find in Arab domestic markets a solid foundation for nurturing growth based on manufacturing and services. For this reason, it presents the most viable response to globalization as one of openness and constructive engagement where Arab countries both contribute to, and benefit from this inexorable phenomenon. Thus, it sees the goal of inter-Arab integration as critical, to survive and compete.

The Report is unequivocal on one point: the legitimacy and strength of states and their institutions are inextricably linked to their capacity to mobilize and be mobilized in the fight against poverty. This implies that it is essential to mainstream human

development and poverty reduction within national economic policy. Human development is vital to the region's success in reinvigorating economic growth. The basic priority for policy in Arab countries is to create a virtuous cycle whereby economic growth promotes human development and human development in turn promotes economic growth. To that end, the Report also urges action to foster full employment, remove gender bias in labour markets and expand social safety nets.

The Report acknowledges the high human, political and economic costs of conflicts, reaffirming that solutions would obviously require a just and comprehensive resolution of the Arab-Israeli conflict, which is at the core of the region's political crisis. It also suggests that addressing the damage wrought by civil wars requires a fundamental rethinking of how to respond to, and reconcile, cultural and religious differences. The Report contends that advancing political rights to consolidate social solidarity will offer high returns for both economic and political development.

When it comes to *liberating human potential*, the Report goes to the essence of good governance, namely improving the quality of state institutions and increasing popular participation and representation. It emphasizes that comprehensive political representation in effective legislatures based on free, honest, efficient and regular elections underpin any viable social contract. Legislative reform needs to be coupled by the reform of public administration. Legal reform is indispensable as the core of institutional reform because the rule of law embodied in legal and judicial institutions, is the foundation on which all other societal and governance institutions are built. The Report argues that reforms should ensure that the law and associated administrative procedures guarantee citizen's rights and are compatible with fundamental human rights, particularly the rights to freedom of expression and freedom of association for all, under the aegis of a truly independent judiciary that impartially enforces the rule of law.

I have tried to convey to you in a nutshell the salient findings and directions of the AHDR 2002. In truth, the Report is richer than my account, so please read it! But from what I have said, perhaps its most important conclusion is clear. We, Arabs, have reached

a crossroads. We can continue to endure institutional inertia and short-term policies and leave our children to bear the consequences; or we can actively pursue an Arab renaissance, anchored in human development. As a researcher and a mother and as, first and foremost, an Arab citizen, I devoutly believe that we, the Arab people, have the capacities, the resources and the opportunities to meet that challenge head on for the sake of future generations. Success has its pre-requisites and accomplishment has its conditions. What is required now is the political will and organization to take up that task with the serenity that comes from a noble goal and with the strength that comes from working together in all our rich diversity guided by people's aspirations. If the first Arab Human Development Report promotes dialogue and action leading to that outcome, it will have served its purpose.

In conclusion, I would like to extend my appreciation to all those who have worked on preparing and producing this report, especially the lead editor, Dr. Nader Fergany, the group of authors and the advisory council. All those who have contributed spared no effort in analysing the issues of Arab human development and assessing the opportunities for progress. Their inspiration throughout has been the achievements and potential of the Arab people themselves, an inspiration that has motivated them to help illuminate the way forward.

Courageous thinking remains the key to success and to effecting the vision for the future.

Thank you and once more I extend a warm welcome to all of you.