

KINGDOM OF BAHRAIN



UNITED NATIONS

**MILLENNIUM DEVELOPMENT GOALS
First Report**

MANAMA

October, 2003

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Foreword by the Ministry of Foreign Affairs

In the recent years, the Kingdom of Bahrain has witnessed a number of significant and historic developments under the leadership of His Majesty King Hamad Bin Essa Al-Khalifa, aimed at bringing further political, economic and social development to the country. In 2001, in a historic national referendum, the people of Bahrain overwhelmingly endorsed the National Action Charter, the blueprint for the country's reform programme.

Through concerted official and popular efforts, the Kingdom of Bahrain has taken major strides in its development and modernization process to further consolidate transparency, democracy and progress in Bahrain. The country also plays an active role in the Arab region, and its progress has been noted by Bahrain's many international partners.

The Kingdom of Bahrain has been an active participant in international conferences and has ratified a number of international conventions, such as the Convention on the Elimination of all Forms of Discrimination Against Women. The Kingdom of Bahrain continues to be a regional leader in human rights, democracy and development, and has consistently confirmed its pioneering role in free trade and economic openness.

Bahrain takes pride in these achievements, which have been consistently recognized by UNDP Human Development Report 2003, which, for the seventh time, placed Bahrain first among Arab states.

The Kingdom of Bahrain, which has endorsed the United Nations Millennium Declaration, reaffirms its determination to continue honoring its national, regional, and international responsibilities, with a view to achieving the common objectives set out in the Charter of the United Nations and the Millennium Declaration. Furthermore, Bahrain's aspirations to achieve and surpass the Millennium Development Goals is a sign of its commitment to continuing development and bodes well for a future in which all citizens can enjoy comprehensive economic and social development in a stable, secure and open environment.

Dr. MUHAMMAD ABDUL GHAFFAR
Minister of State for Foreign Affairs

Foreword by UNDP

In 2000, at the Millennium Summit in New York, member states of the UN reaffirmed their commitment to the Millennium Development Goals, on which occasion the government of Bahrain endorsed the Millennium Declaration. Within that context the UN system in Bahrain and in coordination with the government initiated the preparation of the first MDG report whose aim is to present the state and prospects of Bahrain's development, and to prepare recommendations which might be helpful for Bahrain's government and international partners in achieving progress in social development.

As part of this exercise UNDP with the full involvement and support of the Bahrain Central Information Organization has undertaken a comprehensive household survey, which has provided much of the data on which the current report is based.

The present Report reveals that the government made significant progress towards achieving the MDGs, and is potentially on track on all of them. For example Bahrain does not suffer from extreme poverty (people living on less than one US dollar per day), it witnesses 100 per cent enrolment in primary school, and is on track to meet the 2015 target of reducing child and maternal mortality.

However, certain goals need to be monitored in order to ensure ample compliance. For example, despite visible advancements of women in various areas and sector, eliminating or alleviating gender inequalities in the workforce is still a challenge that needs to be continuously addressed. Moreover, even though Bahrain has a low prevalence of HIV/AIDS cases, adequate attention is required from the responsible authorities in order to prevent it from becoming a major concern. By the same token, environmental management of natural resources represents a high national priority.

KHALED ALLOUSH
UN Resident Coordinator

INTRODUCTION

The Kingdom of Bahrain is composed of a group of islands with a total area of 716 sq km and a total population of 650,604 people. Bahrainis make up 63 per cent of the total population, with the remaining made up largely of foreign labour. GNP per capita was estimated at about US \$10,615 in 2001.

The Kingdom has undergone political changes that are having a profound impact. On 14 February 2002, Bahrain was declared “a constitutional monarchy” with an elected parliament, an appointed council, and an independent judiciary system. Municipal elections were held in May 2002 and the parliamentary election took place in October 2002.

The setting up of 333 NGOs over a period of three years, including the establishment of two Human Rights NGOs, comes as part of the reforms. The UN High Commission for Human Rights and Amnesty International have praised these developments, as has the Secretary General of the UN. In October 2001, the Supreme Council for Women was established with a mandate to improve gender equality and to ensure that women were given greater opportunity in public life. In February 2002, the Kingdom joined the 1979 UN Agreement on combating all forms of discrimination against women.

As for the economy, two-thirds of GDP currently comes from the tertiary sector, while oil contributes 24.3 per cent of GDP (2002) and accounts for two-thirds of the government’s revenue in 2001. Meanwhile, to offset declining oil revenues, Bahrain has developed the largest offshore banking center in the region, and is striving to encourage tourism as a source of income. The Kingdom has limited natural resources that are increasingly strained by high population growth, urbanization, and industrialization. Presently, two-thirds of consumed water is desalinated, while air and sea pollution, landfill of coastal areas, over-fishing, and the absence of effective waste management are negative factors affecting the island’s inhabitants.

So the challenge is to diversify the economy in order to sustain the high standard of living in view of these pressures. A related concern is to advance the role of the private sector in becoming an agent of a knowledge-based, growth-driven economy, while at the same time continuing to focus on integration into the global market. Bahrain’s aspirations to achieve and surpass the Millennium Development Goals is a sign of its commitment to continuing development and bodes well for a future in which all of its citizens enjoy a life of material and social well-being.



Box (1)	Bahrain Fact Sheet
Area:	716 square kilometers
Population (2001):	650,604 (62.3% Bahrainis)
HDI:	0.831, 39 th out of 162 countries
Adult literacy rate:	87.4% (age 15+)
(2003)	Males: 92.4%
	Females: 82.3%
Unemployment rate:	10.1% (Bahrainis only)
(2003)	Males: 8.4%
	Females: 13.5%
Life expectancy:	Males – 73.2 years
(2001)	Females – 76.2 years
Infant mortality:	8.7 per 1000 live births
(2001)	Males: 9.7
	Females: 7.7
Real GDP Growth:	4.6% (2001)
GNP per capita:	US\$10,615 (2001)
Population growth:	2.5% (Bahrainis), 2.7% all

Millennium Development Goals

At the UN General Assembly in 2000, heads of governments and states assessed the inequalities in human development worldwide and recognized “their collective responsibility to uphold the principles of human dignity, equality and equity at the global level.” They established the following set of numerical and time-bound targets, known as Millennium Development Goals (MDGs) that express key elements of human development:

- Eradicate extreme poverty and hunger.
- Achieve universal primary education.
- Achieve gender equality and empower women.
- Reduce child mortality.
- Improve maternal health.
- Combat HIV/AIDS, malaria, and other diseases.
- Ensure environmental stability.
- Develop a global partnership for development.

In particular, these goals included meeting certain quantifiable targets, as measured by specific indicators, by the year 2015. Thus, poverty and hunger are to be reduced by 50 per cent, under-5 mortality by two-thirds and maternal mortality by three-quarters, reversing the spread of HIV/AIDS, and halving the proportion of people without access to safe water.

The Kingdom of Bahrain signed the MDGs initiative in September 2000. As part of that initiative, the country is committed to preparing a report that uses the MDGs as a framework for determining the current status of the country’s development. Progress towards the 8 goals is measured by 18 targets and 48 quantitative indicators. In the case of Bahrain, a number of these goals have already been reached, while others are well on target to being achieved by the year 2015. Even where formal MDG targets have been reached, however, current information regarding the maintenance and improvement of those goals needs to be cited and discussed.

Analysis of development progress depends to large extent on the collection of timely and accurate statistical data, and unless such data is available, monitoring progress will be haphazard and inadequate. With this in mind, the country office of UNDP undertook jointly with the Statistical Authority in Bahrain, in December 2002/January 2003, a household survey of 1,210 Bahraini families composed of 7,779 individuals (referred to as MDG survey, 2003) which has provided much of the data on which the current report is based.

ERADICATE EXTREME POVERTY AND HUNGER

Target: Halve the proportion of people living on less than \$1 a day

Target: Halve the proportion of people suffering from hunger

Performance Summary:
 Will development goal be reached?
Possibly – Probably – Unlikely – Lack of Data
 State of supportive environment:
Strong – Fair – Weak but improving - Weak

Status and Trends

Income and expenditure level

The MDG survey reveals that the average Bahraini daily expenditure is US\$13.9 per person, compared with an average income of US\$12.8. The difference may be attributed to more accurate reporting of expenditures (a common phenomenon), or to negative savings (borrowing), or both. Statistical evidence suggests that saving at the national level is close to zero or even negative.

By the MDG standard of US\$1 or less per day, Bahrain does not suffer from extreme poverty. No single individual lives on less than US\$1 per day according to the recently completed MDG household survey, Table (1). If the level of daily expenditure increases to US\$2, however, 0.6 per cent of the population falls below that level. And if the level is further increased to US\$3, the poverty level reaches 2.0 per cent, and so on.

Similar conclusions can be drawn from the data on per capita income, with a slight increase in analogous rates. The MDG survey shows that from the total sample (1,210 families) only 12.2 per cent (147 families) have an average daily income of less than US\$5 per person.

Table (1)
% Bahraini population below poverty level

Item	Income/Expenditures less than				
	\$1	\$2	\$3	\$4	\$5
Income	0	0.2	2.3	8.3	16.0
Expenditure	0	0.6	2.0	6.0	12.2

Sources: MDG survey, 2003.

This conclusion is consistent with the findings of an analytical study that used MDG results to estimate the average expenditure on food needed by an individual Bahraini to ensure the requirements of calories, vitamins, and iron elements for normal body growth and protection from illness. To maintain this dietary norm costs an estimated US\$42 per month or US\$1.4 daily, a further confirmation that there is no absolute poverty in Bahrain.

However, according to the same study, the average level of expenditure needed to live in Bahrain at an acceptable level (covering food, drink, housing, cloths, shoes, energy, fuel, transport, communication, education and health) is US\$29 per day per family of 6 members, or US\$155 per person per month. In light of these estimates, the study concluded that 11 per cent of Bahraini families fall below this level.

Furthermore, the MDG survey reveals that over 91.5 per cent of Bahraini families reside in homes or apartments of at least three or more rooms, while 77.7 per cent of families own their dwellings. In addition, judged by ownership of traditional household appliances and amenities, the vast majority of families have a relatively high standard of living, Box (2).

Box (2): Bahraini families possess or have access to:

- Own a house or apartment: 77.7%
- Three or more rooms: 91.5%
- Kitchen: 98.5%
- Access to safe water: 100%
- Proper sewage system: 99.7%
- Facility for garbage collection: 99.6%
- Cooling system: 100%
- Gas or electric cooker: 99.6%
- Microwave: 45.5%
- Refrigerator: 100%
- Freezer: 87.1%
- Electric water heater: 98.6%
- Washing machine: 96.9%
- TV dish receiver: 82.1%
- Car: 93.4% - More than one: 56.7%
- Telephone: 93% -more than one: 20.1%
- Mobile: 89.8% -more than one: 65%
- PC: 51% - more than one: 8.4%
- Internet connection: 26.5%

By the MDG standard of US\$1 or less per day, Bahrain does not suffer from extreme poverty.

Income and expenditure distribution

Regarding income distribution, the MDG survey shows that the income gap ratio between the richest and poorest 10 per cent in Bahrain is 6.2. In addition, the survey revealed that the share of the poorest 10 per cent of the population was 4.3 per cent of total income, while the poorest 20 per cent earned 9.3 per cent. Conversely, the richest 10 per cent of the population owned 26.6

per cent of total income while the share for the richest 20 per cent was 41.6 per cent, Figure (1). The income and expenditure distribution shown in Figure (2) suggests a moderate degree of inequality.

Figure (1)

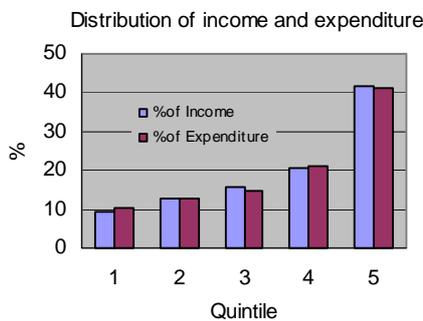
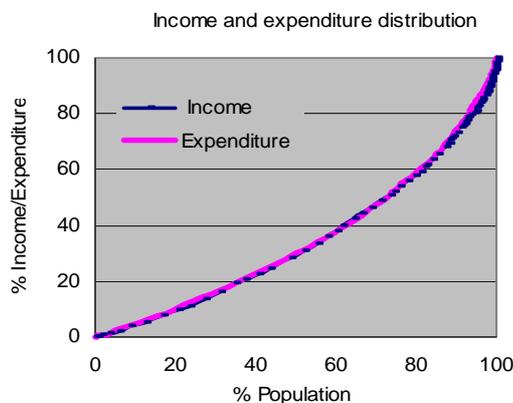


Figure (2)



Income and expenditure level and distribution for population living in families headed by females

The MDG survey uncovered interesting results regarding income and expenditure levels and distribution for individuals living in families headed by females. For example, no individual in this sample lives on less than US\$3 per day, while 0.5 per cent lives on an expenditure of less than US\$4 per day and 5.4 per cent on less than US\$5 per day, Table (2). This suggests that families headed by females are better off as a group than the population as a whole, a conclusion reinforced, to a lesser extent, by the distribution of income which shows lower percentages for individuals who are part of families headed by females compared to the total sample population. A partial explanation for this phenomenon can be found in the cultural practice of favoring families headed by females when providing cash and non-cash assistance (69.2 per cent of female headed families in the less than US\$5 group receive assistance compared to 30.6 per cent for male headed families).

Table (2)
% of Bahraini Population below poverty level

Item	Income/Expenditures less than				
	\$1	\$2	\$3	\$4	\$5
Income	0	.3	1.9	6.2	11.4
Expenditure	0	0	0	.5	5.4

Sources: MDG sample survey, 2003.

On the other hand, the average income per family headed by females represents 72 per cent of the overall average but when adjusted for family size the ratio increases to 93.4 per cent.

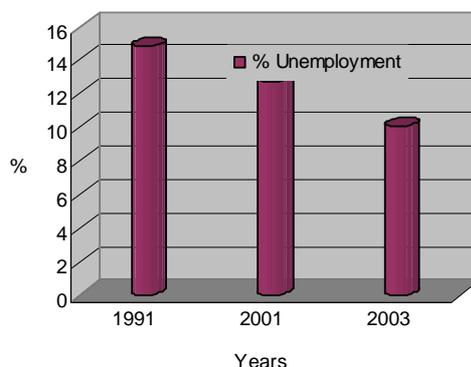
Challenges to Achieving this Goal

High unemployment rate

At a double-digit level, unemployment among Bahrainis is a national concern, although, the overall rate has declined from 14.8 per cent in 1991 to 12.7 per cent in 2001 and to 10.1 per cent in 2003, Figure (3). While this figure does not take into account the varying degrees of employment, such as part-time or temporary employment, the rate is still high and represents a dilemma for government planners.

Figure (3)

Unemployment Rates Among Bahrainis



As seen in Tables (3 &4) most unemployed are young (50.9 per cent in the 15-24 age group) and have completed secondary schooling (55.5 per cent). This state of affairs has long been clear to the government, which has implemented a number of programmes to address the predicament. With the rising number of Bahraini young people entering the labor market and increasingly limited government resources, jobs cannot be guaranteed for all new entrants to the workforce, especially as graduates are, on the one hand, over-qualified for semi-skilled private sector jobs or unwilling to work for such low wages. On the other hand, they are under-qualified for highly skilled technical or managerial positions.

Families headed by females are better off as a group with no individual living on less than US\$3 per day.

Although, unemployment rate shows decline in the past years it is still is a national concern.

Table (3)
Unemployed by age group

Age group	% distribution
15-24	50.9
25-29	15.7
30-49	28.4
50+	5
Total	100

Source: MDG sample survey, 2003.

Table (4)
Unemployed by education

Education	%distribution
Illiterate	2.7
Read & Write	6.6
Primary & Intermediate	35.9
Secondary Plus	55.8
Total	100

Source: MDG sample survey, 2003.

Inadequate distribution of cash assistance funds

The cash assistance funds provided by the Ministry of Labor to needy families create a situation which is unsustainable in the long term. Not only does it create a climate of dependency, but it also depletes resources which could otherwise be devoted to training, reorientation, and self-employment schemes, all programmes which would help to alleviate the unemployment that is a major cause of economic hardship. Furthermore, the inevitable inequities that arise in such a system undermine the goodwill that the programme is designed to overcome. The MDG survey revealed that only 31 per cent of the government cash assistance in 2002 went to families with a daily income per capita of less than US\$5. The rest went to individuals who did not genuinely qualify for such assistance.

The government's challenge is to develop mechanisms for alleviating the need for cash allotments, on the one hand, and creating sustainable incomes, on the other. Along with major NGOs, it is beginning to channel welfare assistance into programmes that will help people solve their economic problems

Supporting Environment

Bahrain is a welfare-oriented state with a large proportion of the population benefiting from government subsidies. Education and health services are free to all people, while utilities and fuel are highly subsidized. The result is a high

level of HDI, 0.831 in 2000. While social policy has had a positive impact on the welfare of the people, its sustainability, however, is uncertain. On the other hand, there are a significant number of families which, for a variety of reasons, are forced to depend on further welfare assistance in the form of cash handouts. The Ministry of Labor and Social Affairs provided small amounts of cash assistance to 10,804 families in 2002, disbursing a total of US\$11.3 million, a figure which has almost doubled over the past 12 years.

The government's challenge is to move from "a charity-oriented" to "a social-development" strategy that empowers people, promotes self-employment and entrepreneurship. To achieve this goal, job training and placement centers have been established, and "Bahrainization" policies have been set for the private sector. In addition, there have been concerted efforts to attract foreign investment and stimulate the private sector to create more jobs suitable for national graduates. While these measures have met with some success, greater efforts are being undertaken to focus on educational and training programmes that will produce candidates who are qualified, both professionally and attitudinally, for the specific employment opportunities available in the job market.

Priorities for Development Assistance

- Further expansion of the UNDP Micro-Start Programme and UNIDO supported Small and Medium size entrepreneurs programme, which allow financially burdened people to receive training and small repayable loans to start their own small enterprises. Such programmes will make a significant contribution to solving the unemployment problem and reducing the number of families perpetually dependent on welfare assistance, while at the same time achieving sustainable socio-economic development.
- Development of proper monitoring systems of distribution and follow-up of the government cash-assistance programme; redirection of a portion of this handout fund to self-supporting programmes.
- Enhancement of the capacity of the national statistical authorities to monitor progress towards achieving and/or maintaining the level of MDGs.

The cash assistance funds provided by the Ministry of Labor to needy families create a climate of dependency.

The government's challenge is to move from "a Charity-oriented" to "a social-development" strategy.

ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target: Ensure that children everywhere boys and girls alike—complete a full course of primary education.

Performance Summary:
 Will development goal be reached?
Possibly – Probably – Unlikely – Lack of Data
 State of supportive environment:
Strong – Fair – Weak but improving - Weak

Status and Trends

Enrolment Rate

In 1919, Bahrain was the first country in the Arabian Gulf to establish a public school. Since then, education has been a high priority for the government and great strides in this area have been made in the succeeding decades. Today, schools are free and accessible to all, Bahrainis and non-Bahrainis, and although, education is not compulsory, it is highly encouraged by the government. By 2001/2002 Bahrain had already achieved 100 per cent net enrolment rate in the primary school, 88.1 per cent in the intermediate and 73.4 percent in secondary level, Table (1). The last two rates are slightly higher (89.7 and 74.5 percent respectively) if non-Bahraini population is excluded.

On the other hand, the drop-out rates continue to decrease while enrollment rates continue to increase.

Table (1)
Net enrolment rate by level of education

Level	Rate	
	1990-91	2001-02
Primary	85.9	100.0
Intermediate	79.0	88.1
Secondary	57.6	73.4

Source: Ministry of Education

Literacy 15-24

Literacy data follows a similar trajectory as school enrolments, increasing in the last decade to almost 100 per cent for 15 to 24 year olds. This finding is entirely consistent with intermediate and secondary school enrolments which are already very close to 100 per cent. Likewise, university education showed significant gains. For example, enrolment in the University of Bahrain, the national university, increased from 5,359 students in 1990-91 to 19,000 students in 2001-02, an increase of three and half folds.

Public Expenditure on Education as a Percentage of GNP

Government expenditure on education accounts

in part, for the success of Bahrain's educational system. In the 1990s, for instance, investment in education ranged between 3 to 4 per cent of GNP (not including university education), the most recent figure for 2001 being 3.3 per cent, a figure which compares favorably with many developed countries.

In addition, the amount allocated to each student has increased over time as reflected in the index of per capita expenditure shown in Table (2).

Table (2)
Index (1991=100) of GDP per capita expenditure on education

Years	Index
1991	100
1995	104.4
2001	125.6

Source: Ministry of Education

Challenges to Achieving the Goal

The main challenge facing the government of Bahrain in the area of education is how to bring the content of the educational system to the 21st century standard. One way is to refocus on applied science and technologies in order to meet the needs of national and international labor markets that are increasingly driven by high-content knowledge economies, and to move away from root-memorization method of teaching to a more communicative participatory approach.

Currently, and like many other countries, Bahrain finds itself unable to absorb the growing number of school and university graduates in the local labor market, who are also not well-equipped to compete in the international labor market. On the other hand, authorities come under an increasing pressure to invest more resources into the education system, not only to accommodate an increasing number of enrolled children, but also to give more people the opportunity to higher education.

By 2001 Bahrain had already achieved 100 percent net enrolment rate in the primary school.

“Education is compulsory and free in the early stages as specified and provided by law. The necessary plan to combat illiteracy is laid down by law.”

*Art 7,
Constitution of the Kingdom of Bahrain*

Supportive Environment

As a member of the global UN Education for All (EFA) since 1990, Bahrain has made special efforts to incorporate and achieve the designed targets as part of the National Action Plan, as required by EFA. The plan includes mechanisms to improve the quality of education so that graduates are adequately prepared for the job market. Further measures, however, have to be taken in order to avoid a growing population of dissatisfied educated young people.

Furthermore, the constitution of the Kingdom lays emphasis on providing all school age children with free education, regardless of gender or nationality. Within this context, the government has been considering the human resources as the fundamental element in achieving the overall national goals of social and economic development and as a consequence, it has used all available means to maintain education as a high priority, while at the same time improving its quality.

Priorities for Development Assistance

The government of Bahrain is in agreement that international development assistance needs to focus on:

- Supporting the Ministry of Education in enhancing the quality of education through introducing proper mechanisms that integrate the views of the community, the business sector, and all others who are concern with education process. In addition to revising the contents of national syllabuses, the main aim is to equip young people with the kind of skills and conceptual capacities that make them relevant for the increasingly complex and intellectual base economies of the modern world.
- Enhancing the policy planning mechanism at the Ministry of Education, with regard to the implications of socio-economic changes and globalization on the education system of Bahrain.
- Strengthening the mechanisms of coordination and communication among various institutions and units, which are part of the education system.

According to the UN EFA, Bahrain concentrates on the improvement of the quality of education so that graduates are well-prepared for the job market

GENDER EQUALITY AND EMPOWERMENT OF WOMEN

Target: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education by 2015.

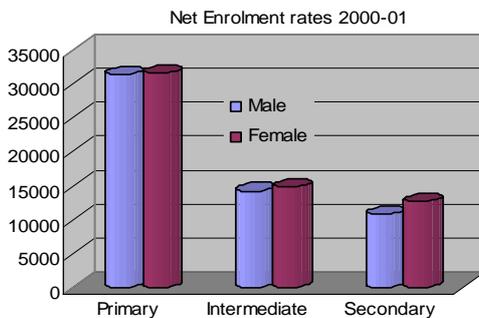
Performance Summary:
 Will development goal be reached?
Possibly – Probably – Unlikely – Lack of Data
 State of supportive environment:
Strong – Fair – Weak but improving - Weak

Status and Trends

Women in Education

Virtually all the MDG targets with regard to females in education have been reached and even surpassed; today females outnumber males in all but the earliest stages of Bahrain's educational system, including the university level, where the percentage of women students enrolled at the University of Bahrain, Arabian Gulf University, and the College of Health Sciences substantially surpasses that of men. According to 2000-01 statistics, the ratio of females to males (Bahraini only) was 1.01 in primary, 1.04 in intermediate and 1.13 in the secondary (Figure 1, using absolute numbers). In addition, in tertiary education, mainly at the University of Bahrain total enrolment in 2003 is above 19,000, with a female to male ratio of 1.6:1. Most recently recorded figures of graduates from the University of Bahrain indicate that women are graduating at a rate approaching twice that of men.

Figure (1)



Furthermore, while the dropout rate is relatively insignificant for both sexes, it is consistently lower for females at all levels according to 2000-01 statistics. For example, the dropout rate among females in primary education was 0.1 per cent and among males 0.3 per cent, at the intermediate level the rates were 0.4 and 0.5 per cent respectively, and in secondary education, the corresponding rates were 1.2 and 2.4.

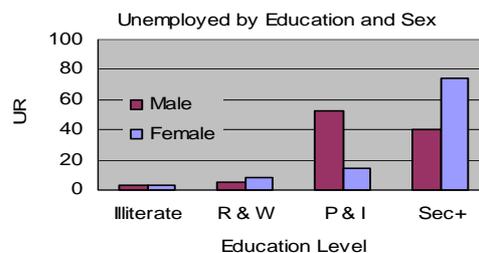
This achievement reflects Bahrain's longstanding commitment to education in general and to girls in particular. As part of its early educational strategy, Bahrain established its first girls' school, the Khadija AlKobra Girls School, in Muharraq in 1928. Since then, and particularly in recent years, great strides have been made in providing females with access to education at all levels.

On the other hand, the MDG survey indicates that for Bahrainis 15 years of age and above as much as 17.7 per cent of women is illiterate, as opposed to 7.6 per cent among men. While this represents a significant gender deficit, it should be noted that this disparity increases according to age, and among the younger generations the disproportion disappears. It can be assumed that with universal education this inequality will ultimately evaporate.

Women in the Workforce

The MDG Survey revealed that even though females outnumber males at the secondary and post-secondary educational levels, their share in the national workforce is limited. Women suffer from the general problem of unemployment in Bahrain but are unduly affected by this economic situation, enduring an unemployment rate almost double that of men. Although the ratio of women in the workplace continues to rise (from 7.1 per cent in 1991 to 25.8 per cent in 2001), and the varieties of occupations in which they are engaged is increasing, there is still substantial discrimination against employing women in both the public and private sectors of the economy.

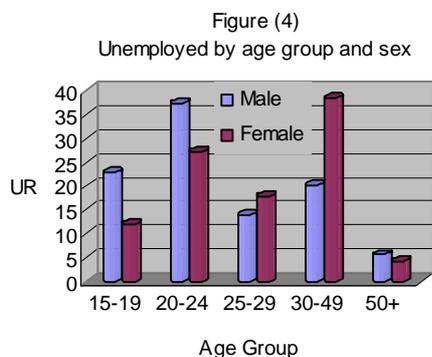
Figure (2)



Females outnumber males in all but earliest stages of Bahrain's educational system including the university level.

Yet, women's share in the national workforce is limited.

Female unemployment is at its highest among those who completed high school, 74.3 per cent (Figure 2), and among married women, 48.7 per cent (Figure 3), with very highest concentration in the age group 30-49, 38.5 per cent (Figure 4). This is partly due to the fact that women are often passed over for employment in favor of males, who may be less qualified, on the grounds that their roles as mothers and homemakers disqualify them.



Women who are employed tend to be grouped in “gender-appropriate” sectors such as teaching and health care where salaries and social prestige are relatively low. Once employed, their opportunities for promotion are limited, and their participation seldom rises above low or middle management levels. The current state of affairs may also be accounted for in part by the fact that unlike men, women in general have not been outspoken in voicing their complaints. This is beginning to change as women are demonstrating, along side men, to call for government action to improve the employment situation.

Women in the political arena

Bahrain’s commitment to the MDG of gender and women’s rights has been reinforced by the pledge contained in the National Action Charter that “all citizens are equal before the law in rights and duties. There is no discrimination on the basis of sex . . .” and “all citizens, males and females, have the right to take part in public affairs and to

enjoy political rights in the country, starting with the voting and candidacy rights in accordance with the law.” These rights of universal franchise were initially exercised in the May 2002 municipal elections and in October 2002 Parliament elections.

Currently, women are appointed to ministerial and sub-ministerial positions, act as ambassadors, under-secretaries, and, most recently, appointment to the presidency of the University of Bahrain has been a woman.

In addition, women are involved in organizations and societies, including the human rights and women’s rights organizations, and have applied to establish a Women’s League, an umbrella organization to represent women who are active participants in such societies. With continuing appointments to leadership and decision-making positions, women will increasingly be seen, it is hoped, as fully capable of filling elected roles as are their male counterparts.

Challenges to Achieving the Goal

The educational achievements of women have yet to be translated into greater economic participation. To achieve this, discrimination against job seeking women must be eliminated. Additionally, job opportunities for women need to be expanded in order to ameliorate the overall unemployment situation as well as to augment economic growth.

The main challenge is to change the traditional outlook on the role of women both in society and in the workforce. Marriage severely limits women’s involvement in the labor market, and women who work are still required to play a dual role, that of homemaker and child-bearer as well as breadwinner. Furthermore, traditional stereotypes about the ability of women to play an effective part in the workforce creates obstacles to their employment. Prevailing social views, arising from the stigma that women are emotional beings better suited to the home and family, cast doubts on female employment. Thus, women are expected to “sacrifice” their own happiness and fulfillment on behalf of their families.

Supportive Environment

In 2001 the Supreme Council for Women was established as an advisory body to assist the government in formulating gender related policies. The council is to propose public policy to the government on issues concerning women

Women’s call for government action to improve their status has strengthened and thus women are progressively appointed in leadership and decision-making positions.

The Supreme Council for Women, the advisory body in gender related policies advocates the improvement of the status of women in Bahrain.

and advocate amendments to existing legislation. The establishment of such a body corroborates the Kingdom's commitment to eliminate gender disparities in education, society and the economy.

Furthermore, women NGOs in Bahrain, representing 11 out of the approximately 300 NGOs, play a major role in supporting women and the acknowledgement of their rights. The government is committed to working closely with these NGOs especially on matters relating to the formulation of gender policies to integrate the contributions of all sectors of society.

The legislative structure in Bahrain, starting with the Constitution and the National Action Charter, as well as the recent ratification of the Convention for the elimination of all forms of discrimination against women (CEDAW), gives women equal access to public affairs, allows them voting rights, and assures protection against any type of discrimination in the economic and political fields.

Priorities for Development Assistance

The following are areas for development assistance:

- Education and awareness on gender issues, elimination of stereotypes and false perceptions and promotion of female entrepreneurship.
- Advocacy and support for gender mainstreaming in government policy formulation and implementation and in the decision making process.
- Monitoring progress towards gender mainstreaming through collection and analysis of periodic statistics.

Women's NGO's play a major role in supporting their rights.

CHILD AND MATERNAL MORTALITY

Target: Reduce infant and under-five mortality rates by two-third by 2015

Target: Reduce maternal mortality ratio by three-quarters

Performance Summary

Will Development goal be reached?

Possibly-Probably-Unlikely-Lack of Data

State of Supportive Environment

Strong-Fair-Weak but Improving-Weak

Status and Trends

Due to a relatively high standard of health, one that has been improving over the past decades as a result of the government commitment to providing free quality health care to its citizens, Bahrain is on track to meeting the 2015 target of reducing child and maternal mortality. Child and maternal mortality rates in Bahrain are relatively low, close to the level recorded in advanced economies, and it is likely that there will be a further decline in mortality rates as a result of health precautions taken by pregnant women, as well as progress in prenatal medicine.

Child Mortality Rate

The infant mortality rate is low compared to other developing countries. Ministry of Health statistics indicate that the overall infant mortality rate in 2001, including non-Bahrainis, was 8.7 per 1000 live births, Table (1) and Figure (1). With more than 13,000 births per year, the total number of infant deaths was approximately 106. This rate held constant for the five years from 1997-2001, with only minor changes in any given year, resulting in a statistically insignificant variation in the total number of deaths. Furthermore, female mortality rates are lower than those of males but do not differ much from the corresponding rates in advanced economies.

Figure (1)

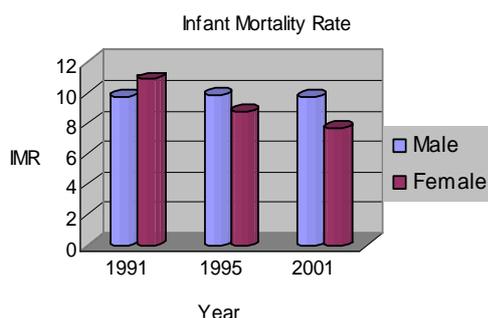


Table (1)
Infant Mortality Rate

Year	IMR		
	Male	Female	Total
1991	9.7	10.9	10.3
1995	9.9	8.8	9.4
2001	9.7	7.7	8.7

Source: Central Information Organization

In order to further reduce the infant mortality rate, the Ministry of Health has established a committee to review the main causes of infant mortality, including hereditary diseases, congenital defects, and suffocation in the course of delivery.

Measures of the generally superior standard of health care available in Bahrain are indicated by the current under-five mortality rate, which stands at 2.7 per 1000 live births, Table (2) and Figure (2). The lower mortality rate is undoubtedly due to the high level of preventive and medical services provided to this key sector of the community and to the rising standards of living.

Table (2)
Under 5 Mortality Rate

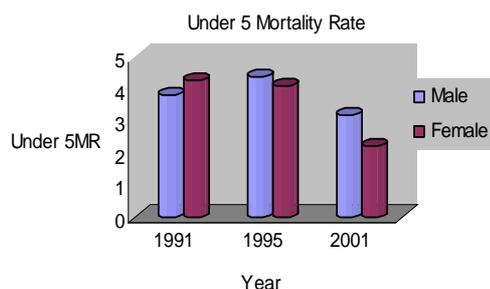
Year	Under 5 Mortality Rate		
	Male	Female	Total
1991	3.8	4.3	4.1
1995	4.4	4.1	4.2
2001	3.2	2.2	2.7

Source: Central Information Organization

Child and Maternal mortality rates are relatively low, close to the level recorded in advanced economies.

“Every citizen is entitled to health care. The state cares for public health, and the state ensures the means of prevention and treatment... through hospitals and healthcare institutions.”
Art 8,
Constitution of the Kingdom of Bahrain

Figure (2)



Contributing to a reduction of the under-5 mortality rate is the widespread implementation of measles immunization. Figures for 1-year-old children reveal that immunization coverage has risen to 97 per cent and should easily reach 100 per cent by 2015.

Maternal Health

Maternal mortality is another area where the Kingdom of Bahrain has made significant strides in the past decades. Primary causes of maternal mortality are complications arising from pregnancy, child-birth, hereditary diseases, blood diseases, or hemorrhaging, but the most recent data show that 99 per cent of expectant women were attended by trained personnel during pregnancy and childbirth, including pediatric care for children up to the age of one. Maternal mortality rates vary from year to year, actually showing an increase in 2001. However, the number of fatalities is so low that these variations are insignificant, amounting to not more than one or two individuals out of more than 13,000 live births per year, Table (3).

The low level of infant and maternal mortality rates in Bahrain is attributable to general developments such as improvement in the social and economic well-being of the population, greater respect for women's rights and social status, the high standard of prenatal care, and the attendance of skilled health personal during deliveries.

Table (3)
Maternal Mortality Rate per 100,000 live births.

Year	Deaths	Births	MMR
1997	4	13382	30
1998	2	13381	15
1999	3	14280	21
2000	2	13947	14
2001	3	13468	22

Source: Ministry of Health

While low rates of maternal mortality, along with relatively low rates of infant mortality are a credit to the country's advanced health care system, the high fertility rate of 3.0 children per woman, resulting in a population growth rate of 2.7 per cent, is a matter of continuing concern. Though both figures constitute a significant decline from the fertility rate of 5.9 and growth rate of 3.4 per cent that existed only twenty-five years ago, population growth exerts a constant pressure on human and social resources which the country will be able to meet only if it can bring about a decline in the rate.

Challenges to Achieving this Goal

Bahrain's health figures are commendable, but the country's health services cannot afford to remain complacent if they expect to maintain and reduce the incidence of infant and child mortality, as well as childhood diseases. An infant mortality rate of 8.7 out of every 1000 live births is laudable, but still somewhat high for a country ranked in the High Human Development category of the UNDP HDI (.0831). Infant deaths occur most commonly during the first week of life, usually due to pulmonary distress or genetic and hereditary blood diseases. Increased resources, both financial and human, are required if the country is to successfully address these medical conditions and further reduce instances of infant mortality.

With a growing population, health care budgets are coming under mounting strain as the country strives to maintain and improve its services. Financial allotments for medical care have risen substantially in recent years, but they are still insufficient for the demands placed upon them. In contrast to developed countries, Bahrain spends only 2.6 per cent of its GDP on health care, a relatively small percentage by comparison. While private clinics and hospitals absorb some of the demand for medical care, thus reducing the pressure on government services, greater expenditures will have to be allocated for both facilities and personnel in order to meet the health care needs of a growing population. Particularly in the area of public health services, more training is needed to provide qualified professionals who are willing to devote themselves to this vital area rather than to specialize in more exotic and lucrative branches of medicine. At the same time, the under funding of health care personnel, especially the low compensation of doctors and midwives, represents a challenge to achieving this goal.

The low level of infant and mortality rate is attributable to the high standard of living.

Yet, health care budgets need to be increased in order to meet the health care needs of a growing population.

Supportive Environment

A number of supportive policies and programmes to reduce child mortality are in place, including the expansion of the health services network-health posts, information on health, sanitation and family planning. Furthermore, the health infrastructure, which is well developed and long established, provides universal health services to Bahraini citizens. By the same token, the country is hoping to be a regional hub for “health tourism”.

On the other hand, the country runs an accurate vital civil registration system where all demographic events such as births and deaths are timely recorded. This gives confidence in the rates calculated from these records.

Priorities for Development Assistance

- Provide all pregnant women with early prenatal care; make possible an early diagnosis of high-risk pregnancies, and promote proper nutrition and lifestyle tips for pregnancy
- Improve the organization of and provide training to medical and paramedical professionals and teams in hospitals.
- Strengthen the existing monitoring system of data collection and analysis.

COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target: Halt and begin to reverse the spread of HIV/AIDS

Target: Halt and begin to reverse the incidence of malaria and other major diseases

Performance Summary

Will Development goal be reached?

Possibly-Probably-Unlikely-Lack of Data

State of Supportive Environment

Strong-**Fair**-Weak but Improving-Weak

Status and Trends

Compared with many countries, Bahrain has a relatively low prevalence of HIV/AIDS. Nevertheless, this is no excuse for lack of action. The relatively young age structure of the country's population, the mobility of a significant number of expatriates, and the increased movement of Bahrainis abroad for educational and commercial purposes, heighten the risk of an outbreak. Certain factors that need to be addressed include a lack of adequate information and awareness about HIV/AIDS, especially among at-risk groups, as well as the lack of an adequate regulatory framework to provide guidelines on prevention. Treatment and reporting of HIV/AIDS, as well as obtaining reliable data, constitute a serious challenge in a society where the subject is still considered taboo by many individuals.

Malaria and tuberculosis do not constitute major problems in Bahrain, and in both cases, rates are declining as shown in the table below. Those who suffer from these diseases are mainly expatriates who have contracted them abroad and are currently being treated by local health care services. It is therefore likely that they will continue to decline, particularly in the case of malaria, which is not indigenous to the island.

HIV/AIDS Prevalence

An accurate assessment of the HIV/AIDS epidemiological situation in Bahrain is not possible due to the lack of updated, reliable data. Nevertheless, according to a surveillance report by the Ministry of Health, dated June 2002, HIV accounted for 115 cases in Bahrain and AIDS cases 7, or a total of 122. The 2002 UNAIDS report, on the other hand, estimated that the total number of HIV/AIDS cases in Bahrain at the end of 2001 was around 1,000, Table (1).

According to the Ministry of Health report published in June 2001, the major cause of HIV/AIDS transmission was through sexual

Table (1)
HIV/AIDS Number of Bahraini Cases

Indicator	1997	1998	1999	2000	2001
HIV	85	139	83	132	122
AIDS	14	11	8	8	7

Source: Ministry of Health, 2002

contact, which accounted for 90 per cent in 1997, 88 per cent in 1998, 95 per cent in 1999, and 85 per cent in 2000, Table (2). The age distribution of HIV/AIDS positive cases in 1999 was 17 per cent in the age 20-24 age bracket, 39 per cent in the 25-29 age bracket, and 18 per cent in the 30-34 age bracket.

Table (2)
Number of HIV cases by method of distribution

Indicators	1997	1998	1999	2000	2001
Hetero	78	122	79	108	119
Homo/Bi	0	0	0	3	1
IDU	2	6	1	2	0
Blood	4	7	3	2	1
Other	1	4	0	17	1

Source: Ministry of Health, 2002

Because of the traditional nature of Bahraini society, the most promising approach to a reduction of HIV/AIDS cases is a programme of community awareness and prevention, which is the necessary key to reducing infection rates and ultimately defeating AIDS. Even though it is unlikely that Bahrain will suffer the dramatic increases seen in some other parts of the developing world, nevertheless the low prevalence rates can be halted and reversed at a relatively low cost by investing in prevention and care before HIV/AIDS becomes a significant health issue.

Malaria and other Diseases

Neither malaria nor tuberculosis constitutes major health problems in Bahrain. Malaria is not endemic to the island and therefore only appears in patients who have contracted it elsewhere.

Bahrain has a relatively low prevalence of HIV/AIDS, however, this is not an excuse for lack of action.

Neither malaria nor tuberculosis constitutes major health problems in Bahrain.

Tuberculosis is declining slowly, Table (3), and although a significant majority of cases are expatriates, the contagious nature of the disease means that it can be passed to citizens. Up until 2000, all primary school children were vaccinated against TB. At present it is mandatory only for babies born in Bahrain of expatriate parents, but the Ministry of Health is trying to introduce a compulsory vaccination programme for all infants under the age of one.

Table (3)
Malaria and TB cases

Indicators	1991	2001
Number of those with malaria	192	79
Prevalence and death rate associated with TB %	1.9	1.5

Source: Ministry of Health, 2001

For individuals who suffer from tuberculosis, the biggest problem involves monitoring patients to ensure that prescribed medication is taken for the full term so that they do not contribute to the development of resistant forms of the disease. This requires adequate staffing, a perennial problem, and one which budget constraints make difficult for government health services to provide. The publication of an informational manual setting out the proper guidelines for diagnosis and treatment protocols may be a provisional measure for dealing with the spread of tuberculosis, in lieu of trained personnel who can provide the necessary care and monitoring.

Challenges to Achieving this Goal

The Kingdom of Bahrain is committed to halting and reversing the spread of HIV/AIDS. However, due to Bahrain's geopolitical status as an important tourist hub in the Middle East, and its diversified economy which encourages travel into and out of the country, a more sophisticated screening system for incoming tourists needs to be established. In addition, providing young people at especially high risk of contracting HIV with the information and support they need to prevent infection is of paramount importance.

It is believed that most people with HIV are unaware of their HIV-positive status. The widespread stigma and discrimination that HIV-infected persons and members of vulnerable

groups often experience, both from officials and general society in general, render people reluctant to seek prevention and information services. So far there has been a general dearth of measures promoting safer conduct among vulnerable groups and raising awareness among the general public, especially the youth. People have to be effectively empowered to be able to protect themselves and others by gaining access to adequate protection

Supportive Environment

In view of the increase of HIV/AIDS patients, the government has adopted certain preventive steps to stop its spread. The Ministry of Health, in cooperation with the World Health Organization, initiated a national programme with a work plan for prevention and control of HIV/AIDS that focused on screening of blood donors, training of AIDS counseling, periodic exams of persons with HIV/AIDS, and providing counseling for persons with HIV/AIDS and their close contacts. These actions, taken at the highest political level, if strongly enforced by the health officials, are expected to open up new opportunities for addressing HIV/AIDS.

Priorities for Development Assistance

Development partners could usefully focus their assistance in certain key areas include:

- Strengthen the capacities to help the National Aids Committee created by the government to implement the national HIV/AIDS strategy
- Develop a national capacity for HIV/AIDS surveillance. There is a need to improve the relevant health information systems, quality of data and analysis
- Conduct public awareness and education campaigns.

In order to control the spread of HIV/AIDS, a sophisticated screening system for tourists needs to be established.

Public awareness and education campaigns are of paramount importance in the prevention of HIV/AIDS.

ENSURE ENVIRONMENTAL SUSTAINABILITY

Target: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target: Halve the proportion of people without sustainable safe drinking water.

Target: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

Performance Summary

Will Development goal be reached?

Possibly-Probably-Unlikely-**Lack of Data**

State of Supportive Environment

Strong-**Fair**-Weak but Improving-Weak

Status and Trends

Unchecked high population growth, and ad hoc urbanization and industrialization, undoubtedly will result in depletion of natural resources and, diminishing biodiversity. This operates contrary to the government strategy of adopting sustainable development policies, and a setting that intended to effectively set Agenda 21 in motion. It is paramount that integration of environmental management becomes an integral part of the overall development objectives.

Land area protected to maintain biological diversity

Three sites have been set aside as protected areas in the Kingdom of Bahrain with a total area of 71.54 sq km, 10 per cent of the total area of the country. The Tubli Bay Protected Area is a diverse marine environment which shrank from 24 sq km in 1956 to a mere 12 sq km by 2000. The second protected area is the Hawar Islands estimated at 51.4 sq km in which animal and bird life is protected. These two sites are registered in the RAMSAR Treaty. Al-Areen Wildlife Sanctuary is a third protected area of 9.14 sq km containing rare and endangered Arabian wildlife species as well as desert plants.

Carbon dioxide emissions (per capita)

The energy sector produces the highest level of CO₂ emissions of 75 per cent followed by waste and effluents, Table (1). The two major producers are power stations and the aluminum industry. Although CO₂ emissions from the transportation sector represent only 5.6 per cent of the total, dependency on private cars has increased the number of vehicles from 14 persons per car in 1970 to 3.3 in 1997. At present, more than 90 per cent of Bahraini families own at least one car and about half own at least two cars.

Table (1)
Major sector GHG emission in the state of Bahrain

Sector	G.gram Co2	%
Energy	17,428	75.8
Waste	2,327	10.1
Industrial Process	1,895	8.2
Transport	1,300	5.7
Other	46	0.2
Total	22,996	100.0

Source: Environmental Affairs

The energy sector produces the highest level of CO₂ emissions.

Even though GHG emission and its contribution of CO₂ to the world total is less than 0.1 per cent, the protection of the atmosphere and abatement of global warming is important. A preliminary vulnerability assessment indicates that due to high carbon dioxide emission the Kingdom's land area will have an inundation level of 5 per cent if the sea level rises by 20cm and 10 per cent if the sea level rises by 100 cm.

Proportion of population with sustainable access to an improved water source

According to MDG survey, universal access to improved water resources is 100 per cent, a figure which contributes substantially to the high standard of living in the Kingdom of Bahrain. Since 1986 domestic water has increased at 6 per cent per annum. Average per capita water use is more than 500 liters per day, all dependent on depleted groundwater sources and costly desalination processes. Nearly one-third of water demand is met by groundwater abstraction, while desalinated water contributes to two-thirds

Universal access to improved water resources is 100 per cent.

Proportion of people with access to improved sanitation

The MGD survey revealed that 97.1 per cent of Bahraini families have flush toilets and only 2.6 per cent have toilets not equipped with flush. On the other hand, the areas provided with a

sewerage system has increased steadily every year, and is planned by the year 2010 to reach virtually all inhabited areas of Bahrain. An official report published in 1993 indicated that 75.3 per cent of the population was provided with central sewerage facilities.

Challenges to Achieving the Goal

Marine environment

Bahrain has approximately 126 km of coastline and 8,000 km² of marine area, an area where more than 90 per cent of the population lives close to it, which is posing great threat to these natural resources. For instance, it is reported that about 82 per cent of coral reefs in marine areas are endangered due to bleaching and pollution. Implementing sustainable development plans that concentrate on adopting policy measures to integrate coastal zone management and conservation of marine resources represent a national challenge.

Water management

As mentioned before, the country suffers from a scarcity of water resources, although, only 30 per cent of the sewage effluent is tertiary treated currently and used in watering forage crops and landscapes. The future plans aim at fully utilizing recycled wastewater of the expected effluent of 200,000 m³ per day by 2010, which will save 20 per cent of the current annual abstract.

Management of wastes and chemicals

On the other hand, it is estimated that 1400 tons of municipal waste are generated per day, well above 464 kg/person/year considered relatively high for a developing country. Municipal waste is increasing annually by 3.4 per cent, whereas industrial solid and oily wastes as well as solid healthcare wastes are on an annual rise of 1.2 and 5 per cent respectively. Most of this waste is dumped in landfill sites with healthcare waste being incinerated. Implementing an effective waste management, including recycling, should become a priority.

Furthermore, Ministerial Order No:7 of 2002 bans 127 hazardous chemicals and severely restricts the importation and use of further 255 ones. In 2002, Bahrain signed the Stockholm Convention on Persistent Organic Pollutants and in January 2003, UNEP assisted with the formulation of a Plan of Action to further strengthen Bahraini's capability to implement the Convention. GEF was invited to support.

Supportive Environment

The political will and support for sustainable development in the country is expressed in the Charter of National Action (CNA) adopted by a referendum in 2001. Since its adoption, significant steps have been taken to consolidate social organizations, in order to activate interest and participation in synthesizing sustainable development policies.

A central committee for preparing a national plan to execute Agenda 21 has been formed from representatives of all Ministries, NGOs, and academia. Both civil society organizations and the recently elected Municipal Councils are keen to participate in decisions aiming to improving the physical environment of their constituencies.

In addition, the Kingdom's interaction with the international community and signing of many international conventions has created an opportunity for revising legislations and development plans to incorporate environmental considerations. Furthermore, the implementation of a currently under preparation "National Environmental Strategy" that is supported by UNDP should result in the creation of a national capacity capable of balancing the diverse interests of economic, environmental, and societal development.

Priorities for Development Assistance

- Support the capacity-building initiatives that are targeting the newly formed environmental body, which is a primary factor in dealing effectively with diverse environmental and natural resource issues. These initiatives are essential for ensuring proper capacity that is capable of ensuing an environmentally sustainable development policies and optimum utilization of natural resources.
- Development and implementation of a national strategy for sustainable development, including coastal zone management plan, with participation of all partners.
- Institutionalization and consolidation of environmental impact assessment policies based on sound environmental information system and database.

Bahrain suffers from a scarcity of water resources.

The "National Environmental Strategy" prepared by UNDP will create a national capacity to deal with the environment.

DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target: Develop further an open trading and financial system

Target: Make available the benefits of new technologies

Performance Summary

Will Development goal be reached?

Possibly-Probably-Unlikely-Lack of Data

State of Supportive Environment

Strong-Fair-Weak but Improving-Weak

Status and Trends

Foreign Trade

Bahrain a founding member of the World Trade Organization (WTO), with a liberal approach to foreign investment is committed to promote a favorable business environment. From the foreign investors' point of view, Bahrain offers advantages such as non-discriminatory financial regulations, efficient procedures and political stability. The country has recently passed laws for anti-money laundering and liberalized foreign property ownership, while currently is in the process of passing several laws to protect industrial and intellectual property rights.

Bahrain, the financial hub of the Gulf region, has over 100 banks and financial institutions (48 off-shore ones) operating from Bahrain with assets exceeding US\$ 100 billion. On the other hand, the GDP in 2001 was estimated at US\$ 7.934 billion, and the GNP was US\$ 7.604 billion. The GNP per capita was estimated at US\$ 10,615. Imports in 2001 amounted to 59.5 per cent of GDP, with the major countries importing from including Australia, Saudi Arabia, Japan, USA, and UK. Exports, on the other hand, amounted to 77 per cent of GDP, with major countries exporting to including USA, Saudi Arabia, Taiwan, UAE, and India. The Balance of Trade was positive US\$ 1,272.3 million.

Debt

According to government sources national and international debt is approximately BD 900 million (=BD 0.376) or US\$ 2.4 billion, while other sources put the figure at US\$ 2.8 billion. Interest paid on debts in 2001 amounted to BD 52 million (US\$ 138 million), which is equivalent to 6.2 per cent of the total expenditures (BD 833 million). Currently, the debt service is relatively low, although, it can grow rapidly into a major component in the government budget unless it is closely monitored.

Communication Technology

Bahrain stands at the forefront among the Arab countries in benefiting from the new communication technologies. According to the MDG survey 51 per cent of the families have at least one PC and 8.4 per cent have two PCs or more. On the other hand, 26.5 per cent were connected to internet while 11.4 per cent of the families have one or more members visiting internet cafés. Likewise, 89.8 of the families have at least one mobile and 65 per cent have two mobiles or more. The number of mobile telephones increased from 133,468 in 1999 to 205, 727 in 2000 to 300,829 in 2001, an increase of 225 per cent over 1999-2001. TV satellites exist in 82.1 per cent of the families.

Challenges to Achieving the Goal

Maintaining a steady improvement in the level of welfare of the population, in light of the limited natural resources and high population growth, is a major challenge for the Kingdom. In addition, due to the small size of its open economy, Bahrain has no protection against regional or global turbulences, especially instability in the oil market. This, in turn, reduces strategic planning of economic development to mere reactionary scenarios of which the elements of success are positioned outside the country.

Since independence in 1971, the government of Bahrain has been perusing a heavy socially-oriented doctrine that produced an impressive human development capital, although, it has not been fully utilized. This policy, which have been made possible by the oil revenue, however, may not be an option for long, and consumers, whether private citizens or production units, that are currently enjoying free or highly subsidized services such as health, education, fuel, utilities, housing, etc., may have to pay the real cost. A gradual taxation system should be introduced not only to diversify the government revenue but also to improve the efficiency level of the use of depleteable resources. On the other hand, well justified social programmes can be designed to protect the welfare of the genuinely needy families.

Bahrain is committed to promote a favorable business environment.

Bahrain is the financial hub of the region with over 100 banks and financial institutions.