Economic and Social Commission for Western Asia (ESCWA)

An Arab Perspective on the Post 2015 Agenda:

National targets, regional priorities and global goals

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Abstract

As the Millennium Development Goals are nearing the formal end of the line, there is a relevant international debate on how the post 2015 agenda should be formed and what it should look like. This paper adds to the debate from a regional perspective. It shows an overview of the heterogeneous MDGs performance of the Arab countries, and draws lessons from that. The results are regional development priorities and development constraints – the necessary conditions for development, which limit the scope of action for the Arab countries. Eight explicit goals in line with these regional priorities and constraints are suggested as being central for the region in any future development compact, and caveats with choosing the indicators for the poverty goal are discussed. Finally, the paper proposes a new methodology on how to set national targets for the chosen indicators and how to aggregate them to the regional and global level for an assumed 2030 developmental finishing line.

Key words: MDGs, Millennium Development Goals, post 2015, Arab countries, 2030 targets, ESCWA

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Introduction

The Millennium declaration was adopted by the United Nations General Assembly in New York on September 8th, 2000, following a three day Millennium summit where the role of the United Nations on the turn of the 21st century was discussed (United Nations, 2000). The Millennium Declaration, adopted by leaders from 189 different countries, consists of eight broad goals, the third one being Development and poverty eradication, within which the world leaders committed to "spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty". The Secretary General published a Road map in his report a year later, which contained in a list of specific goals: Millennium Development Goals (MDGs), together with targets set at a global level, to be achieved by 2015 (United Nations, 2001).

With the year 2015 approaching and with it, the nominal expiration of MDGs, the international policy and academic community is discussing several ways forward. The main purpose of this paper is to utilize the large body of literature on MDGs and development, and reflect on it to inform the on-going and global discussions on future development goals, priorities and targets, from a regional Arab perspective.

The best way to think about future policy options is to reflect on past performance. In this regard, the record of development in Arab countries has been rather mixed. Since the 1970s, the Arab countries were abandoning the centrally planned economies and opting for free markets strategies through liberalization. Although the region scored relatively high in terms of progress on human development as noted by the global HDR (2010), this perspective does not reflect the enormous potential of the region for an inclusive development which was wasted due to mismanagement of the free market policies by the rulers and their elites. This was even the main conclusion of the UNDP's Arab Development Challenge Report (ADCR) of 2009 (UNDP 2009a) which was endorsed by the Arab leaders in the 2009 Arab Development Summit as well as a number of other UN-led regional development reports, most notably the series of Arab Human Development Reports (AHDR) (UNDP 2009b), the 2011 ADCR (UNDP 2011a) and the ILO and UNDP report of 2012 (ILO & UNDP 2012). The main common message of these reports, particularly the ADCR and ILO UNDP reports, is that the Arab countries were embedded in a political economy of rent or what is called a "rentier state".[1]

It is now acknowledged that the root causes of the popular uprising in the Arab region that has been coined as the 'Arab Spring', were mainly socio-economic and governance failures leading to exacerbated inequalities, heavy-handedness of the State, and the presence of educated but dissatisfied populace especially educated middle class youth (ILO & UNDP 2012). In other words, unfulfilled socio-economic demands, years of mismanagement, delayed economic reforms, and political repression, had put strains on the so-called existing social contract. Thus, although economic growth rates in the region were acceptable in the post-1990s reforms and despite the significant gains in human development (particularly in education and health) as illustrated in the Arab MDG Report (UN & LAS 2013), the Arab uprising has shown that development is not only about wealth creation but also about wealth distribution, strong institutions and effective broad-based political participation.

The thinking underlying this paper is guided therefore not only by the progress the Arab countries have made so far on their MDGs, but also by the contextualization of this progress or lack of it, especially in the light of 'Arab Spring', and by the challenges lying ahead. The need for a new global compact on development due to the expiration of MDGs also leads us to examine their weaknesses and build the

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[1] Rentier states do not generate revenue themselves, but obtain and seek international rents which could be derived from exports of natural resources (oil and gas), and aid (Schwarz, 2011). States extract these rents and distribute it to its people in exchange for political legitimacy.

proposal of development priorities, constraints, goals and targets, resulting in national ownership of targets, which follow regional priorities for the Arab countries, and can be aggregated to global goals.

Fortunately, the Arab MDG Report (UN & LAS 2013) provides a recent large body of empirical evidence which allows us to identify the most pressing development challenges facing the Arab region. First there are the regional development priorities which we argue, from an MDG perspective, should be mainly focused on issues related to hunger, infant mortality and child mortality in the Arab least developed countries (LDCs); poverty reduction in LDCs and middle income countries (MICs); decent employment and social protection with the former as a priority for the MICs and more affluent high income countries (HICs) and the latter as a priority for LDCs and MICs; and finally growth and productive investment in the context of regional integration, which is a region-wide priority. Secondly, we argue there are more important underlying constraints without which the above priorities won't be realizable. Priorities in development policy imply the ability to choose between one option and another, whereas constraints impose limitations on these policy choices. Constraints are therefore more fundamental in the sense that, for example, agriculture sector priorities will depend, primarily, on whether or not water is available. In this same vein, we argue future development progress in the region will be determined by four major constraints: appropriate governance frameworks and ensuing political stability; social inclusion and equality; environmental sustainability; quality education and last but by no means least, fiscal space for development expenditure.

Building on this analysis of the region's development challenges and drawing from the regional consultations and global proposals, such as the report by the UN on the post 2015 development agenda prepared by the High Panel of Eminent Persons (UN, 2013b), we propose a list of eight goals which we believe are especially relevant for Arab the region, including both the development priorities and development constraints – the necessary conditions to development.

While setting the goals may be an issue of how to set priorities in development policy, setting the indicators and targets is a more challenging task and by no means a trivial one. Indeed, the choice of indicator in particular is crucial for the relevance of the post-2015 agenda. Otherwise we run the risk of missing the goal even if the target itself is achieved. As argued in this paper, this is essentially what took place in the case of the MDGs goal on poverty. We tackle these issues from a technical standpoint by presenting a new analytical methodology to help set the quantitative targets giving a few illustrative examples, which we hope can be useful for negotiators, regardless whether from the region or not, during global discussions.

As in The Arab Millennium Development Goals report (UN and LAS, 2013), this paper uses the following regional classification of Arab countries: the Cooperation Council for the Arab States of the Gulf (GCC): Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates; the Least Developed Countries (LDCs): the Comoros, Djibouti, Mauritania, Somalia, the Sudan and Yemen; Maghreb: Algeria, Libya, Morocco and Tunisia; Mashreq: Egypt, Iraq, Jordan, Lebanon, State of Palestine and Syria.

The paper is structured as follows. Section one summarizes MDGs performance in the Arab region based on an aggregate performance index. Section two provides a more in depth analysis of these results by focusing on two broad types of development issues: development priorities and development constraints. Section three accordingly suggests eight development goals that may serve, in our opinion, as a basis for further regional deliberations and dwells on the choice of appropriate indicators for poverty measurement in particular. Section four continues with a concrete suggestion on how to set measurable targets for the chosen goals, taking account of the national, regional and global dimensions. Section five summarized and concludes.

1. MDGs Performance for Arab countries – An Overview

The Arab region has made significant strides in achieving most of the MDGs, but there are notable differences across sub-regions as well as countries within the sub-region, as noted by the Arab MDGs report 2013 (UN and LAS 2013). Some countries have made strong progress on most indicators, while others have witnessed limited or no progress. The Cooperation Council for the Arab States of the Gulf (GCC) countries have made substantial advancement in most of the MDGs. On the contrary, the LDCs are severely challenged and are unlikely to achieve the MDGs by the year 2015. In the Mashreq countries, such as Iraq and the State of Palestine, conflict and occupation have serious negative impact in their progress towards the MDGs. Others in the Mashreq and in the Maghreb have registered impressive progress in several MDGs but they also have critical challenges to tackle.

Figure 1: MDGs Achievement Index (MDGI) for Arab Countries
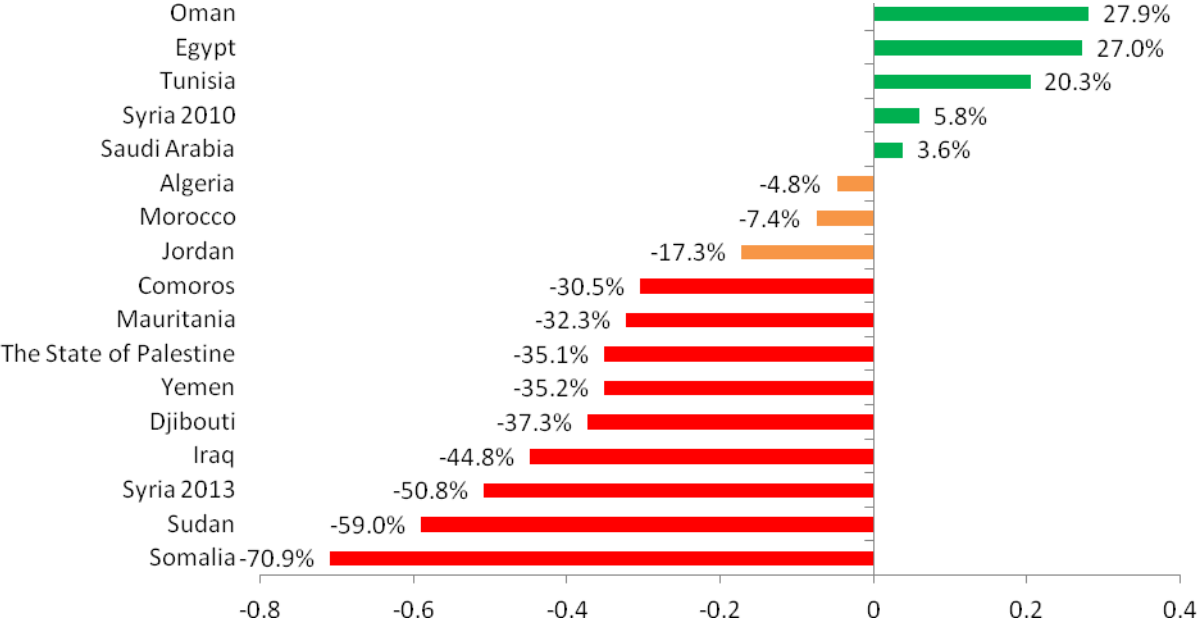
Source: UN and LAS (2013).

The Arab MDGs report 2013 assesses the overall performance of the countries achievements of MDGs by constructing a MDGs Achievement Index (MDGI). The MDGI is based on 12 indicators having quantifiable targets for which information is available at two periods of time – closest to 1990 and 2011. The index compares the actual performance of a country with the minimum required to be on track for the relevant goals by 2015.[2] Figure 1 presents the results of the index, which shows that a majority of the countries are below where they should be for the targets on average. They are the countries having a negative score on MDGI, and many of the worst performers are the LDCs. At the same time, some countries have gone beyond the MDGs targets and on average have higher achievements – the countries having positive score on MDGI. Five Arab countries—Egypt, Oman, Saudi Arabia, the Syrian Arab Republic and Tunisia—have had a positive average MDGI, implying they are on average above required targets. However, many of them have been going through political instabilities and conflicts since 2011, which can stall or even reverse the hard won gains and that poses a severe challenge for the

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[2] See detail about the index in UN and LAS 2013.

country to meet the 2015 deadline. For example, recent conflicts in Syrian Arab Republic have pushed the country downwards in several MDGs indicators.

Algeria, Morocco and Jordan, are on average, near to the MDGs targets. Among the rest of the countries in the region, Comoros, Djibouti, Mauritania, the State of Palestine and Yemen are lagging behind by some 35-40 per cent from the required target. The State of Palestine is unique since its progress depends largely on three areas, access to water, undernourishment and maternal mortality, and determined by the occupation and blockades. The countries that have had lasting conflicts and wars such as in Iraq, Somalia and Sudan, are farthest from achieving the target.

The region demonstrates impressive achievements in enrollment, more impressively for the gender parity in education in both primary and secondary school. The region is clearly ahead of the average for developing regions (Figure 2). In fact, many countries in the region were close to achieving the target in 1990 even before the onset of the MDGs, which can be attributed to the significant investment in education in the post oil-boom era. The region is also showing significant improvement in progressing towards meeting the goal on sanitation, as against the record of the developing regions.

On rest of the indicators, the region lags behind the required pace to meet the target. Combating hunger is, besides access to water, the main deficit. The region is 20 per cent below the target on reducing undernourishment, and even more so for access to drinking water. The latter is also the target where the difference between the Arab region and other regions is the highest. Meeting the targets on infant mortality and maternal mortality is another big challenge, though the region is performing better overall than the average of the developing regions. The report also shows that extreme poverty as measured by the population below the $1.25 line has increased in the region. In fact, as we shall see, the Arab region is the only developing region that has witnessed an increase in poverty and hunger since 1990.

Figure 2: MDGI Performance: Arab region vis-a-vis Developing regions
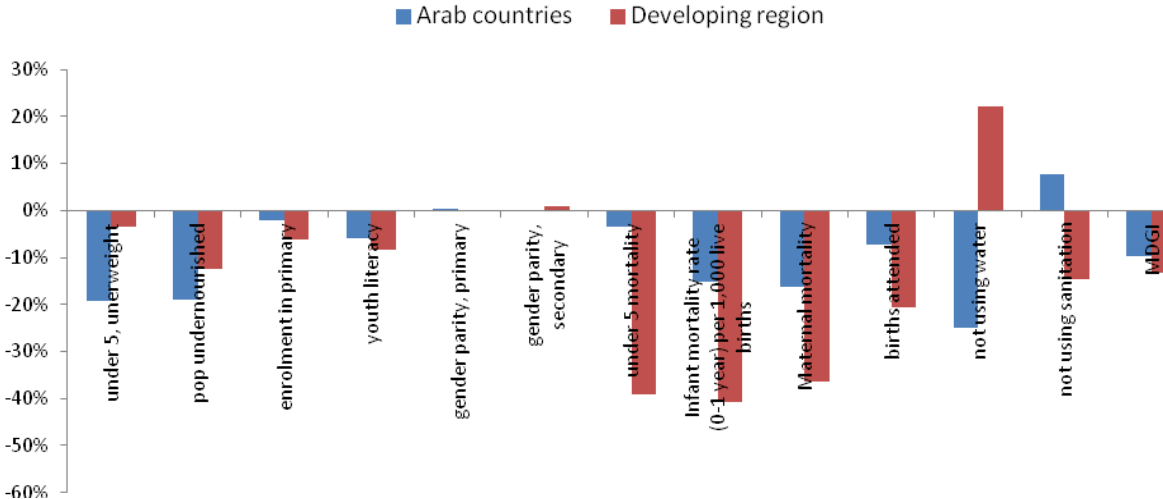
Source: ESCWA estimates based on UNSD 2012 and FAO 2012.

The association between MDGs achievement index (MDGI) and the human development index (HDI) 2012 shows that the countries that are progressing well in MDGs achievement have a higher score on

HDI than others, such as Saudi Arabia, Oman, Tunisia, Egypt and Syrian Arab Republic (figure 3), which is to be expected as all three subparts of the HDI (life expectancy, education, and income) are either directly or indirectly included in the MDGs. Algeria, Jordan and Morocco are, on average, slightly below the MDGs set targets and these three countries are relatively better off in terms of their HDI. In fact, Jordan had already achieved 5 of the 12 targets considered for the MDGI exercise by 1990. Algeria has specific deficit of meeting the target on access to water, and Morocco has the deficit related to underweight children and undernourishment. Given their reasonable performance in MDGI, there should be no doubt that they can be better HDI score. The State of Palestine is a special case as it has a relatively better HDI score although it is far from meeting MDGI target. The LDCs are at the lower end of the HDI score as they are also low in their MDGI. The association between the MDGI and HDI is quite obvious and it is not a surprise that achieving the MDGs is related with improving people's quality of lives and human development.

Figure 3: Association between MDGs Achievement Index and the Human Development Index
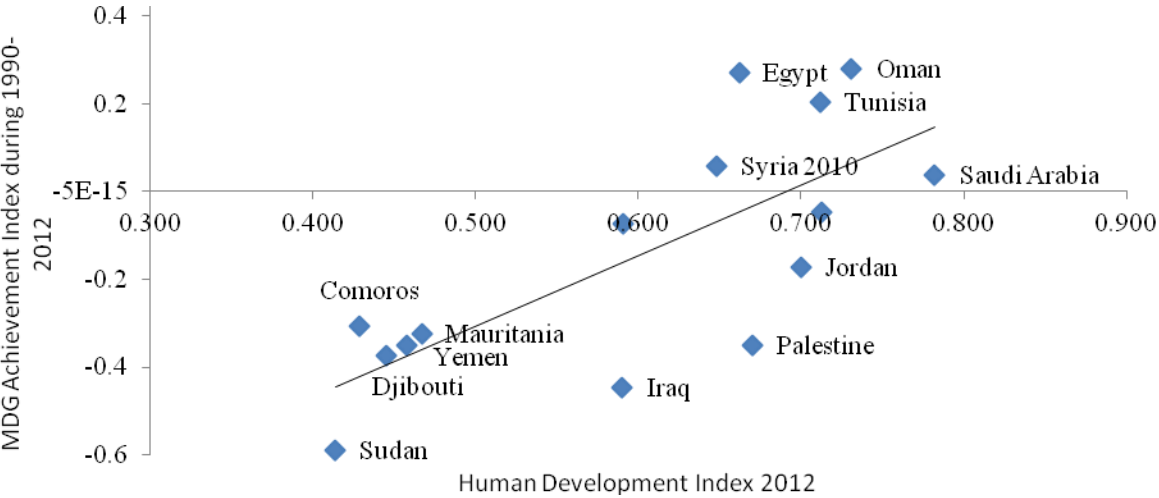
Source: Authors estimates based on UN and LAS 2013 and UNDP 2012.

These findings indicate that persistence of poverty, undernourishment, inadequate access to health services to address extreme forms of deprivation such as high prevalence of infant mortality and maternal mortality, undernourishment and insufficient access to water are some of the main challenges that the region has been facing. In addition, the region's progress in the future will depend on the performance of LDCs and conflict countries, which lag significantly behind the rest of the region. The following section discusses these issues in more depth.

2. Development Priorities and Constraints[3]

The overview of MDGs performance provides a good basis for understanding the development priorities that the region must respond to. While there are unfinished tasks to achieve, there are also emerging challenges such as environmental sustainability, quality of services, governance and political stability, which the region must address as well. The response depends upon the available resources, infrastructure, institutional framework, and vision and planning for achieving the desired development.

2.1 Development Priorities: Fulfill the unfinished tasks and address emerging issues

2.1.1 Focus on immediate needs of LDCS: Extreme poverty, hunger and health

Extreme poverty (measured by the proportion of people whose income is less than US $1.25 a day) is relatively low in the Arab region, but the region will fail in meeting the MDGs target by 2015 (UN and LAS 2013). Between 1990 and 2010, extreme poverty decreased from 5.5 percent to 4.1 percent, which can be mainly attributed to achievements in some Mashreq countries such as Egypt, Jordan and the Syrian Arab Republic. However, extreme poverty has increased to 7.4 per cent in 2012 for the Arab region, which is higher than that in 1990 (Figure 4).[4] The increase in poverty between 2010 and 2012 is noticeable in the Mashreq sub-region, which indicates the immediate impact of conflicts and political instabilities. For example in the Syrian Arab Republic extreme poverty fell from 7.9 per cent in 1997 to only 0.3 per cent in 2007, and increasing to 7.2 per cent in 2012-2013 (Nasser et al. 2013). In the LDCs, extreme poverty is highest at 21.6 percent in 2012, increasing from 13.9 percent in 1990.

Figure 4: Incidence of extreme poverty, based on the international poverty line of US$1.25 a day
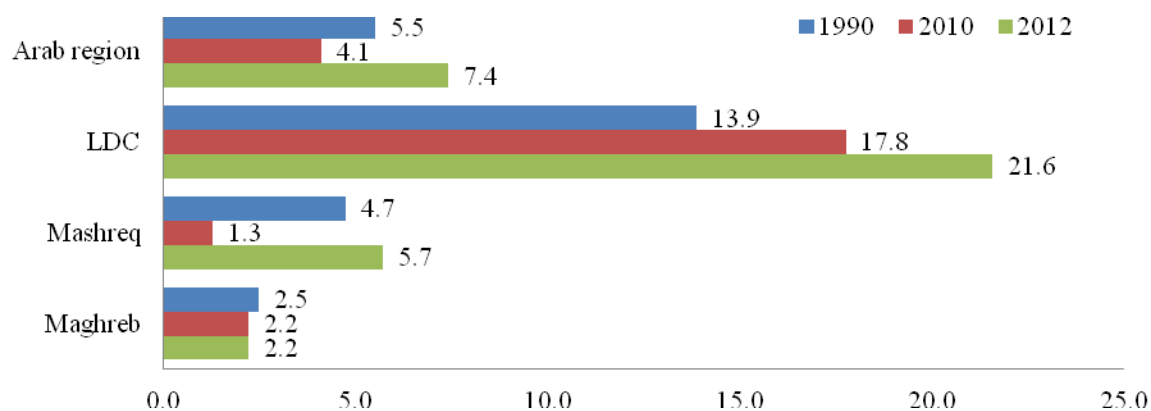
Source: Data for 1990 and 2010 are based on World Bank 2013. Data for 2012 are ESCWA estimates.
Note: Poverty rates measured by the international poverty line of US$1.25 a day are insignificant for GCC countries.

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[3] This section paper is based on the United Nations and the League of Arab States Arab MDG Report 2013.

[4] The regional/sub-regional estimates are for common countries in 1990 and 2012. Taking into account additional countries for which the latest data are available, such as Iraq and Sudan, the incidence of extreme poverty for the region increases to 8.2 per cent.

National poverty assessments by individual countries show much higher rate of poverty than that by the global fixed poverty line of $1.25 (23.4 per cent in 2011) due to a high concentration of Arab population between $1.25 and $3. Hence, as the Arab MDGs report 2013 argued, the sensitivity of the poverty rates to the choice of the poverty line is much higher for the Arab region than any other developing region. Therefore, as argued in section 3.1, there is a strong need to revisiting the global measure of money metric poverty.[5]

Poverty reduction depends on the countervailing forces of growth and distribution. The per capita GDP growth rate for the Arab region has been around 2 per cent during 1990-2010, while the rate of poverty reduction (whether by the $1.25 measure or the national poverty line) during that period was negligible.6 In other words, even when there was poverty reduction, the responsiveness of poverty reduction to economic growth is weak and growth processes has been generally exclusionary. For example, in Egypt, economic growth has been anti-poor as well as anti-middle class during the decade that led up to the 2011 revolution (Abu-Ismail and Sarangi 2013). Since 2010, however, the region, particularly the LDCs and the Mashreq witnessed a significant rise in poverty. Poverty also has a strong rural face in the Arab region. In Egypt, the country with the largest population, 29 per cent of rural people are poor as compared to 15 per cent in urban areas in 2011.7 Neglect of agriculture and rural development and public funding preference to urban centers have contributed to make the problem more acute.

Figure 5: Prevalence of undernourishment, percentage[8]
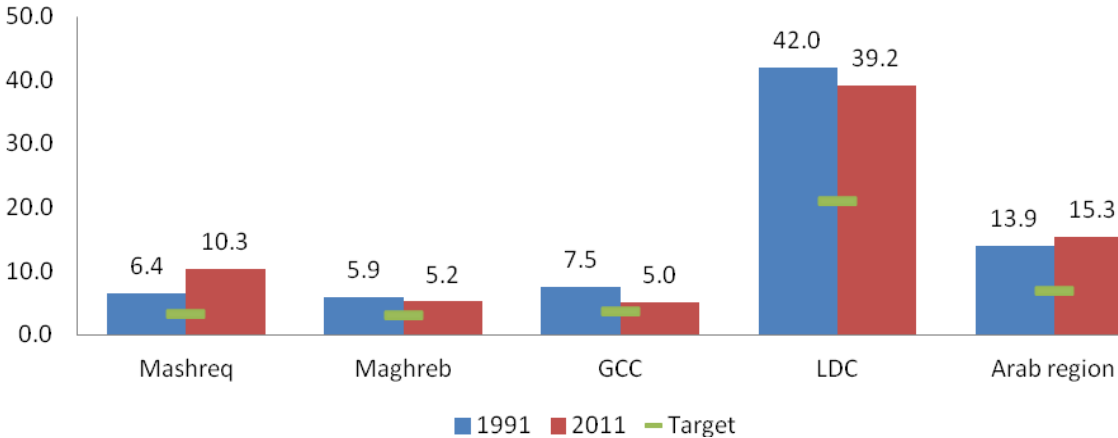
Source: FAO 2012.

Alongside rising poverty, undernourishment is a major challenge which the region must address immediately. Number of people living on less than the minimum level of dietary energy consumption has risen from 13.9 percent in 1991 to 15.3 percent in 2011 (Figure 5). On an aggregate level this represents some 50 million people who are currently undernourished in the region (increased from 30 million in 1991). The LDCs constitute the majority of the undernourished people, however, there are also increases

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[5] Also see UNDP 2011.

[6] Based on World Bank 2013.

[7] See Abu-Ismail and Sarangi 2013.

[8] FAO 2012. Data are reported as averages for three years. Thus the figures for 2011, for example, as reported in this Table correspond to the average for 2010-2012 in FAO SOFI.

in Mashreq, where the undernourishment rate jumped from 6.4 per cent in 1991 to 10.3 per cent in 2011. Out of the about 50 million undernourished people, 9 countries contribute some 40.4 million people. For example more than 60 per cent of people are undernourished in the Union of the Comoros and Somalia and almost 30 percent in Iraq, the State of Palestine, Sudan and Yemen. In the case of Iraq, there was an increase from 11 per cent in 1991 (2 million people) to 26 percent in 2011 (8.6 million).

Figure 6: Children under five who are moderately or severely underweight, percentage
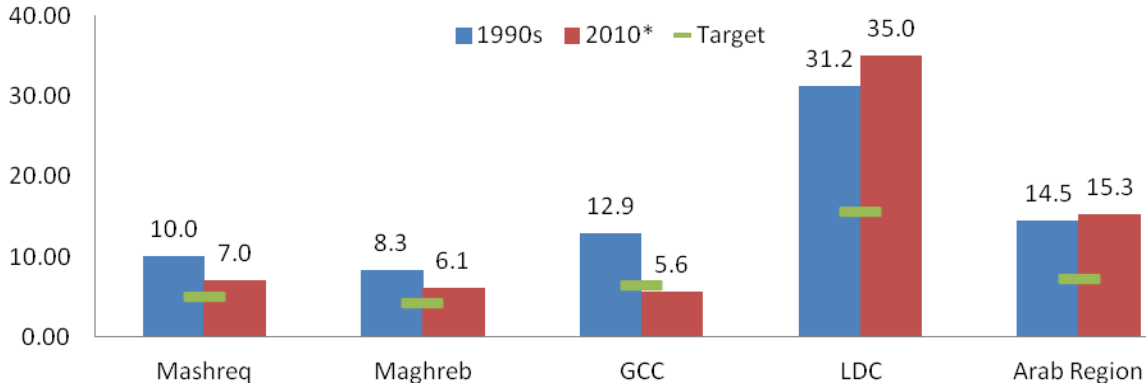
Source: FAO 2012.
Note: 2010* implies data pertain to 2010 or earlier for some countries.

Another indicator of widespread undernourishment is the share of children under age five who are underweight. It increased from around 14.5 per cent in 1990s to around 15.3 per cent in 2010, mainly due to steep increase in LDCs although other sub-regions have done fairly well (Figure 6). In the LDCs, 35 per cent of children (more than one in three children) were underweight in 2010 as compared to 31 per cent in 1990.

Figure 7: Infant (A) and maternal (B) mortality rate

Infant mortality rate per thousand
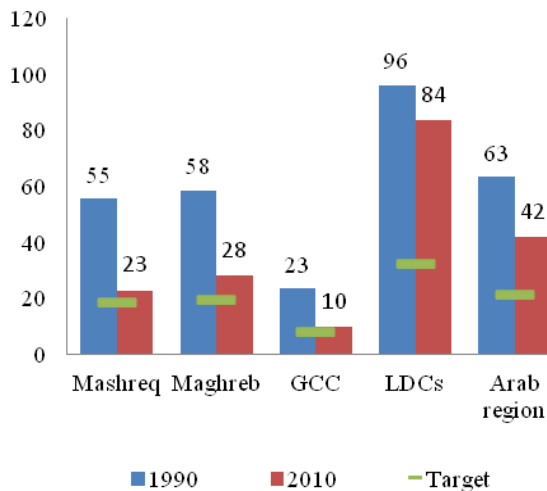
Maternal mortality rate per hundred thousand
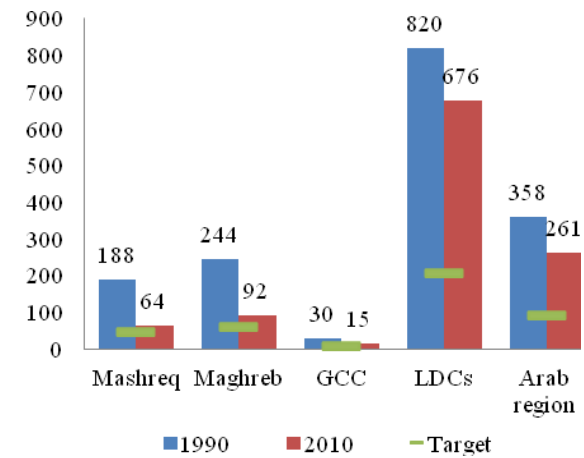
Source: UN and LAS 2013.

The poorer parts of the region also continue to be deprived of access to health services, leading to high prevalence of infant and child mortality as well as maternal mortality. The Mashreq, Maghreb and GCC countries have all reduced IMR by more than 50 per cent and the 2015 target is within their reach. However, the LDCs lag far behind with only a 13 per cent reduction in the last two decades (figure 7A), and still lingering at a very high rate of 84 deaths per 1000 live births. A similar trend is also noted in case of child mortality under the age 5.[9] As a result, the region's progress on infant mortality is much slower than what is required to meet the target in 2015. The same trends are observed in the case of maternal mortality where the gap between the LDCs and rest of the region is both large and widening (Figure 7B).

2.1.2 Generate decent employment and expand social protection

One of the main driving forces behind the Tunisian and Egyptian revolution of 2010-2011 was lack of decent job opportunities, especially among the youth. Economic growth in the region was insufficient to absorb people entering the labor market and it continues, as witnessed by the increasing unemployment rates reaching 15 per cent in 2013 (Figure 8). The LDCs and Mashreq countries, among others, show very high unemployment rates of 19 per cent and 17 per cent, respectively.

Figure 8: Total unemployment rates (%)
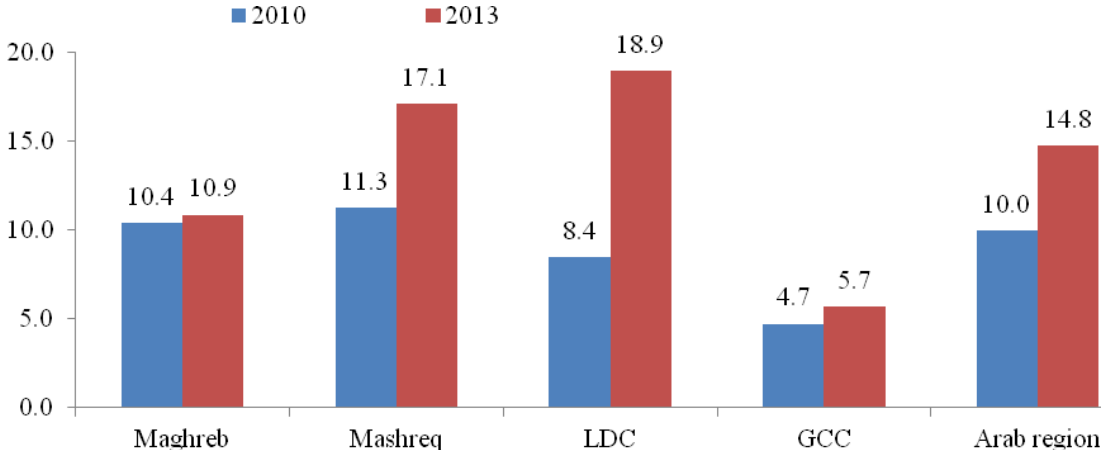
Source: UN and LAS 2013.

Recent data shows that as a result of the economic and political situation in some countries, labor market conditions have further deteriorated and unemployment soared. Strikingly, unemployment among the more educated youth has gone up, which shows serious concerns regarding education and eventual skills mismatches. For example, in Tunisia, according to the INS (Institut National de la Statistique de la Tunisie), 32% of those with a university degree are unemployed and more so for female at 44% in 2011.[10] Youth unemployment in the Arab region is among the highest in the world where one in four youth is unemployed (Figure 9). Female youth unemployment in the region is even higher at around 40%.

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[9] See UN and LAS 2013.

[10] Institut Tunisien de la Compétitivité et des Études Quantitatives 2012

An effective approach would include stimulating labor demand, such as by encouraging economic sectors most likely to generate more jobs, including in public sector, but especially in the private sector. This would require greater productive investment, in which the public sector has to take lead. Public investment has declined during the 1990s, in the economic reform era, assuming that the private sector would fill in the gap. However, private investment did not meet the expectations and the FDI favored mining and real estate sectors, which do not create sufficient jobs.[11]

Figure 9: Youth unemployment
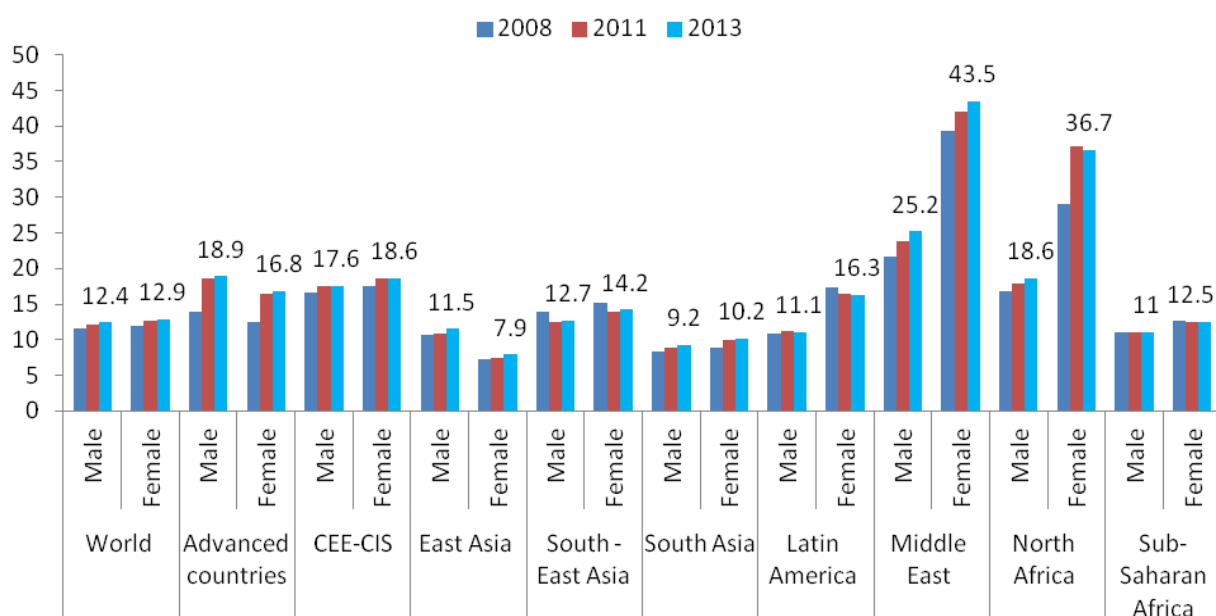
Source: ILO 2013a.

Together with employment creation, social protection is a crucial component in promoting social justice (especially equality of opportunity) and economic development.[12] It is a strong mechanism to address vulnerabilities and economic insecurities, which has direct linkages with MDGs achievements. Social protection in the Arab countries has been operating under two broad categories. One consists of the contributory social insurance system based on formal employment (30-40% of the workforce), while the second consists of social assistance, which mainly includes cash transfers and subsidies (energy and food). On the side-lines, civil society organizations provide relief to the poor and destitute, such as the Zakat funds. However, social protection in the Arab region is neither universal nor comprehensive or rights-base. Three quarters of the population in the region do not receive any transfers, while the other quarter is covered by the social insurance and social assistance within the formal economy (World Bank 2012a).

In many Arab countries, subsidies (food and fuel) represent a large portion of government expenditure while there is simultaneously insufficient social protection for the people. Most of the Arab countries' subsidization rate for energy is between 50-85 per cent, representing 3-14 per cent of GDP (Fattouh &

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[11] World Bank 2013

[12] See Prasad & Gerecke 2010; ESCWA, 2012.

El-Katiri 2012). For example, in Egypt, it represents 9 per cent of GDP or equivalent to 27 per cent of government expenditure (or over $20 billion), while it is 13.3 per cent in Iraq ($11.3 billion). The amount spent on energy subsidies is much higher compared to other social policy spending, such as health and education, but most of that are captured by the well-to-do population. A comprehensive social protection floor[13] is therefore missing in the region, which can promote social justice (in particular equality of opportunity) and achievement of most of the MDGs.

2.1.3 Remove gender barriers in socio-economic-political spheres

The region has done impressive progress towards gender parity in education in primary, secondary as well as tertiary education. But this progress has not translated in creating equal opportunities for men and women in taking up jobs or in equaling wages or in placements to decision-making positions.

Women's labor force participation rate in the Arab region reached only 26 per cent in 2010, which is the lowest rate among all regions and half the global average of 51 per cent. Paid jobs for women outside the agricultural sector in the Arab region decreased from 18 to 16.8 per cent during 1990-2010. Not only is this figure low compared to other regions (faring better at 35-40 per cent), but it is also decreasing, especially in the Arab LDCs and Mashreq countries. In addition and to make matters worse, women are paid less on average than men. For example, in the manufacturing sector women get only 66 per cent of what men get paid for the same job in Egypt, 68 per cent in Jordan, only 50 per cent in the State of Palestine, 65 per cent in Kuwait, and 79 per cent in the Syrian Arab Republic (UNSD 2012).[14]

Figure 10: Seats held by women in national parliament, percentage
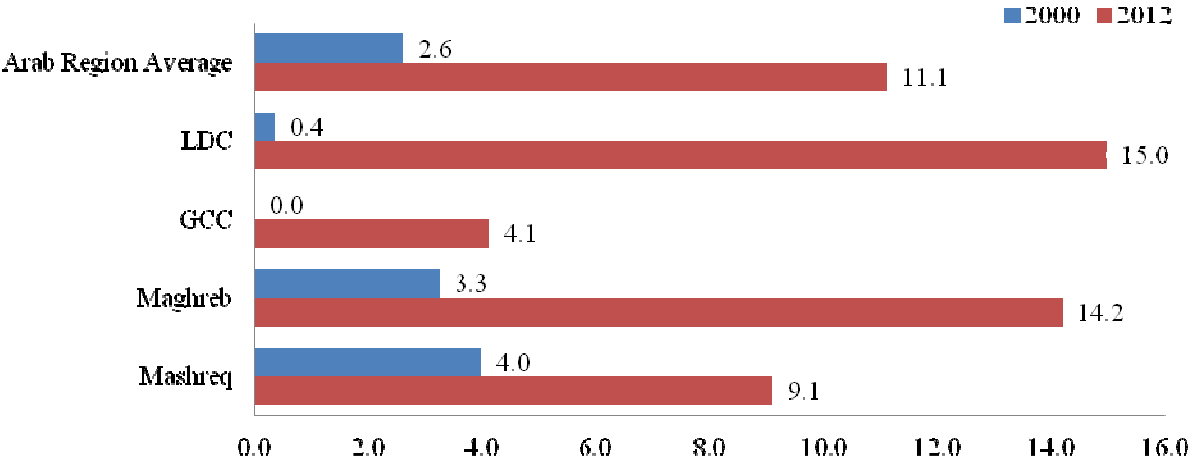
Source: UNSD 2012a.

Women in the Arab region are under-represented in senior management positions, such as legislators, senior officials and managers. This number is less than 10 per cent for the region compared to around 25 per cent globally. Although increasing, the share of women's representation in parliament for the Arab region is low at 12%, compared to the world average of 20% (Figure 10).

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[13] See the ILO Recommendation on national social protection floor (ILO 2012a)

[14] Kuwait salary and benefit report, cited in ILO and UNDP 2012.

2.1.4 Promote sustainable cities

Cities are the future, but growth of cities in the region often happens illegally and under precarious environmental conditions. Some of the most significant challenges to the more sustainable development of Arab cities include declining fresh water resources and the lack of efficient systems for solid waste and wastewater collection, treatment and safe disposal. About 28 per cent of urban residents are in slums in the region, and in the LDCs, more than two thirds of urban residents live in slums. In some countries, they may not be called slums but informal settlements. In countries affected by conflict and political instability, such as the Comoros, Iraq, Lebanon, Somalia, the Sudan and Yemen, 50 per cent to 95 per cent of urban residents live in slums.

The vulnerability of food insecurity in the region is also linked to pressure on environment and water shortage, in addition to bad policies in terms of neglect of rural development. In parts of the region, intensive agriculture and water demanding crops have contributed to groundwater depletion, and also to increased agro-pollution and soil salinity. Some countries are water stressed, such as Yemen. With rising population pressure, water demand rises even though water resources are scarce, which leads to over pumping of aquifers and unsustainable water management practices.

Another environmental pressure arises due to the nature of economic growth in many Arab countries. Economic growth in the region is driven primarily by the extraction of natural resources such as oil and natural gas, which has direct consequences on carbon emissions that contribute to climate change.

2.2. Development constraints

The region cannot realize the above development priorities without county specific enablers – the necessary conditions for development – that promote the achievement of these goals. Some of the key enablers include governance and institutional arrangements that promote inclusive development, quality of health and education services to all and an ample fiscal space. These are the binding constraints in the region, as discussed in this section below.

2.2.1 Governance, equality and stability

The Arab MDGs report 2013 has underscored that governance deficits seriously affected the achievement of the MDGs, which is not captured in the MDGs framework itself. The three countries that lead MDGs progress in the region – Egypt, Syrian Arab Republic and Tunisia – have also spearheaded the revolution demanding social justice, equity and good governance.

Governance here is used in the sense of political institutions – rules of the game in the polity. It implies the process by which governments are chosen, monitored, replaced, capacities of governments, and citizen's trust and respect of their governments. It also implies the quality of political/democratic governance including democracy (elections, participation, accountability) and institutional effectiveness, transparency, accountability and inclusiveness. The Arab Human Development Report recommended, a way forward, the promotion of good governance which is based on expanding human capabilities, choices, opportunities and freedoms and empowering women and those that are marginalized in the society (UNDP, 2002).

One of the many negative manifestations of a rentier economy is that wealth and resources often become concentrated in the hands of political and economic elites. Private sector, mainly in the hands of the well-connected also becomes more concerned with consumption and distribution of rents rather than investments in value-added activities. In the oil-rich countries, revenue was increasingly used to finance luxury goods and mega projects without much benefit to the local economy and local jobs.

In addition, as argued by the ADCR (UNDP 2011a), many lucrative economic activities were concentrated in the hands of a few elites with political connections. These elites managed to capture the State and therefore blocked any reform that tried to develop competitive and productive economic sectors that could have benefited the well-educated young workforce. In addition, public spending and public contracts were used within the patron-client relationship to reward certain groups or communities that support the rulers. The ruling elite went doing business without punity and accountability thus further constraining empowerment in terms of freedom, political rights, human rights and promoting exclusionary development policies.

Weak governance implies there are no representative institutions that could mediate economic and political reform process. Natural resources, public accounts and tax systems in particular were mismanaged without popular representation. The political elites relied on the powerful military, police or state security apparatus for supporting them stay in power through oppression of dissidents. And hence by capturing the economic power together with the security apparatus, the political elites had a free hand on the respective countries.

Figure 11: Association between per capita income and voice and accountability
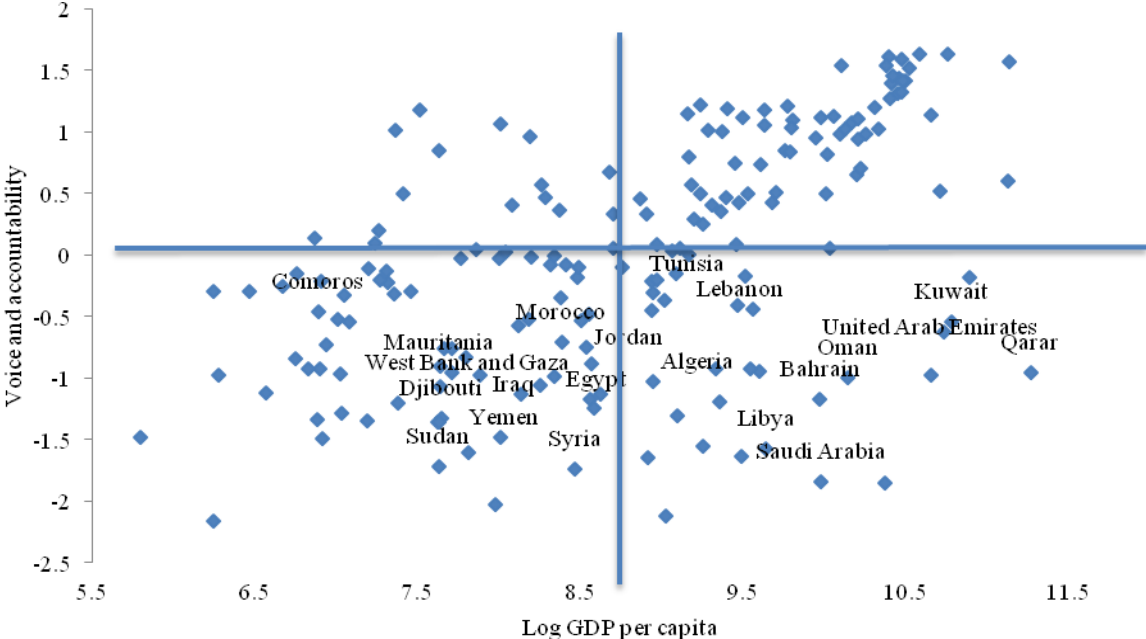
Source: World Bank 2013.

Measuring governance is difficult. There is no unique indicator which can capture the true strength of governance in its comprehension. However, international organizations have made efforts in measuring proxy indicators of governance. One such indicator is the voice and accountability index, by the World Bank. Figure 11 shows that Arab countries undergoing political transitions rank low in terms of voice and

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accountability. As a whole, the Arab region lags behind other regions in most governance indicators. Most countries are in the lower quadrant of figure 11, especially on the lower right, which suggests a combination of national wealth and poor governance.

Weak governance has affected the developmental outcomes of the Arab countries negatively, examples include eroding growth, discouraging private sector investment, deteriorating the quality of public services, which may lead to regressions in social achievements.[15] The majority of citizens were excluded from the benefits of economic growth in the region. The Arab uprisings have shown that development and economic growth should not be solely concerned with wealth creation, but with wealth distribution and participation through democratic governance.

Moreover, examining political institutional environment, as one of the three main formal institutional facets – besides legal and economic institutions - (Kunčič, 2013), reveals that there has been a clear trend in the quality of political institutions. The dynamics of legal, political and economic institutional environment from 1990 to 2010 is shown in Table 1 below for selected countries, marking whether the trend in institutional quality in the 21 years from the start of 1990s was either positive or negative. The communality of the countries below is that the political institutional dimension has the same trend in all of them. The original four 'Arab spring' countries, which managed to overthrow the government, were suffering a consistently deteriorating quality of political institutions, both relatively (as compared to other countries) as well as absolutely (within a country through time), adding more proof to the thesis that poor governance and progressively more and more alienated political forces and procedures contributed to the 'Arab spring'.

Table 1: Dynamics of legal, political and economic institutional environment

	relative institutional dynamics			absolute institutional dynamics		
	legal	*political*	*economic*	*legal*	*political*	*economic*
Tunisia	positive	**negative**	negative	positive	**negative**	positive
Egypt	positive	**negative**	negative	positive	**negative**	no trend
Libya	negative (data to 1999)	**negative**	no data	negative	**negative**	no trend
Yemen	negative (data to 1999)	**negative**	no data	negative	**negative**	positive

Source: Kunčič 2013 and authors' calculations.

Inequalities in various forms still continue to threaten development achievements and social cohesion in the region. While income inequalities in the Arab region are relatively moderate, according to the Gini coefficient, this does not reflect reality on the ground. Surveys reporting large and growing differences among household expenditures suggest a different picture. In many countries, the income reported by surveys is less than half of that estimated by national accounts. Measures of inequality should, therefore, be more reliable and account for actual disparities, which require improving sampling methods in surveys to better capture the top rich, as highlighted under MDGs goal 1. The ratio of income of the poorest to richest could serve as a simple and easy to understand indicator of inequality rather than the relatively complex Gini coefficient. In addition, countries should improve statistical systems to obtain reliable data on wealth and property registration which will shed light on inequality in assets holding.

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[15] See UNDP 2011a.

Current MDGs monitoring is done on the national, regional and global levels, which conceals inequalities at sub-national levels and other forms of inequalities. Where data are broken down—such as by income group, urban and rural areas, by age or disability, or by ethnic group or gender—the MDGs indicators often show some groups are lagging far behind. Based on limited available data, a recent ESCWA study of the Arab region shed light on multiple polarizations at the regional, national, city and intercity levels. It calls for stronger efforts to address these (ESCWA 2011c).

2.2.2 Quality education and social services

The MDGs assessment shows quantitative achievements on several indicators including access to health and education services. However, there are severe constraints on quality of education and health services. As such, one of the criticisms of the MDGs was precisely the neglect of quality aspect of the monitoring the targets and goals. For example, although primary school enrolment increased in the Arab region, this does not mean that children are "learning" or even that they are present in the classrooms on a daily basis. This quality lacuna in the Arab region is visible when comparing education achievement of the Arab countries with international standards.

Figure 12: TIMSS results in mathematics and science, 2011
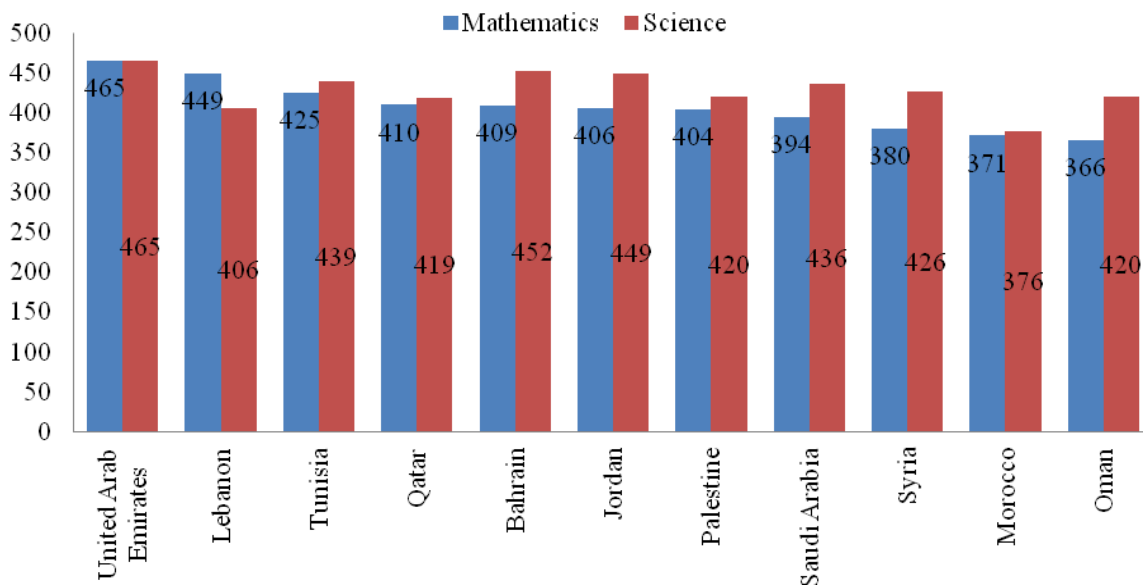
Source: Mullis et al. 2012; Martin et al. 2012.

One international benchmark is the *Trends in International Mathematics and Science Study (TIMSS), which shows that* most Arab countries are lagging behind the international averages. Alarmingly, none of the 14 Arab countries that participated in the assessment managed to score 500, which is the average international achievement level (Figure 12). Similarly, another assessment known as the *Programme for International Student Assessment* (PISA) showed low levels of performance.

Figure 13: Out-of-pocket health expenditure (% of total expenditure on health)
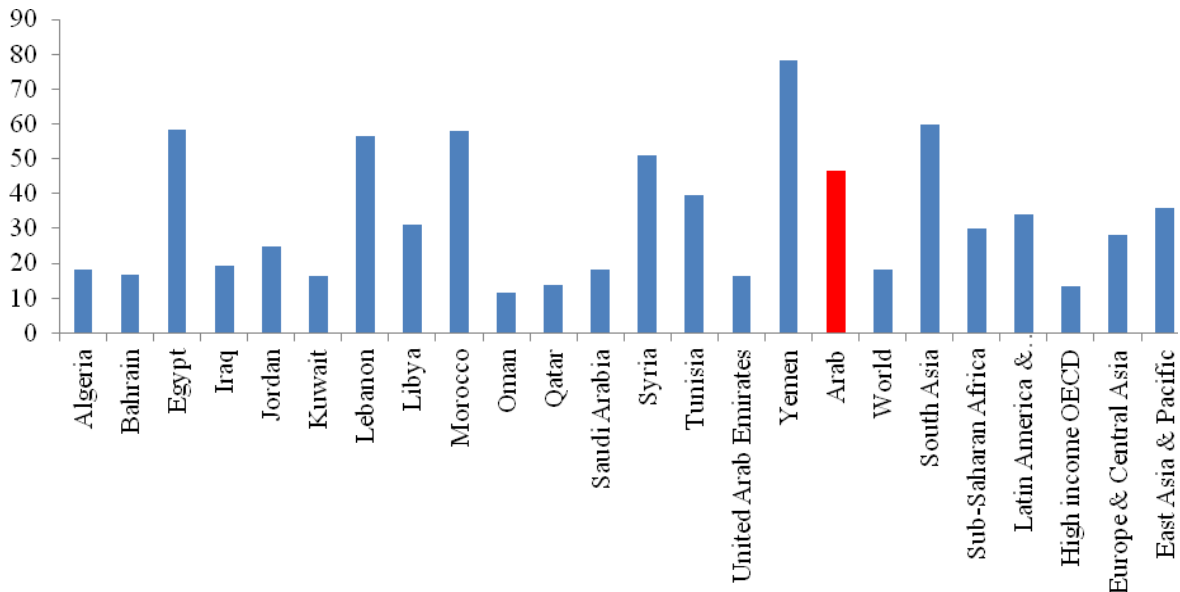
Source: World Bank 2013.

There is also evidence of inequalities within income groups where students from poor background perform lower than those with richer background. The latter can afford private tutors which again contribute to widening inequality between the rich and poor students in their performance. The inequality adjustment education index, by UNDP, shows that the average loss of education achievement due to inequality in the Arab region is 41 percent, which is higher than all other developing regions and with equal par with South Asia.[16]

Lack of education quality leads to having skills deficiencies in the labor markets. In other words, youth are not prepared and apt for the growing challenges in the labor market. This is shown in the ILO & UNDP (2012), where private sector prefers foreigners for top managerial positions in the Arab region since employers often complain that a growing number of local youth are not prepared with necessary skills for the job.

As for the health component of the MDGs, there is no easy way to measure the health care system and quality. For example, the Arab region spends some 2.7% of GDP to provide health care services. This is close to the world average for developing countries. However, the quality of health services are deteriorating and out-of-pocket spending is increasing. In general, the population of the Arab region spends around 50% of the total health expenditure (ranging from 14% in Qatar to 58% in Egypt and 78% in Yemen) out of pocket (Figure 13), showing also that the more wealthy you are, the less you need to spend out of your pocket on health care. The average out of pocket expenditure is the highest among all the regions except South Asia with 60%, taking into account that the world average is around 18%.

As another example, providing access to water, as the MDGs aim for, is insufficient without looking at the quality of water and the cycle of water management. The UN and LAS's Arab MDGs report showed

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[16] UNDP 2013.

that due to unregulated disposal of wastewater in many Arab cities, water resources and coastal ecosystems are polluted, which leads to major health issues of the population.

2.2.3 Fiscal space for development expenditure

The need for financing development priorities is constrained by the available funds, which can be examined within fiscal space, which combines the amount and distribution of internal sources of finance (taxes, natural resources), as well as deficit financing and external sources of financing such as ODA. Fiscal space available for development is further examined below on these issues.

Figure 14: Government Revenue and Expenditure, 2013, % GDP
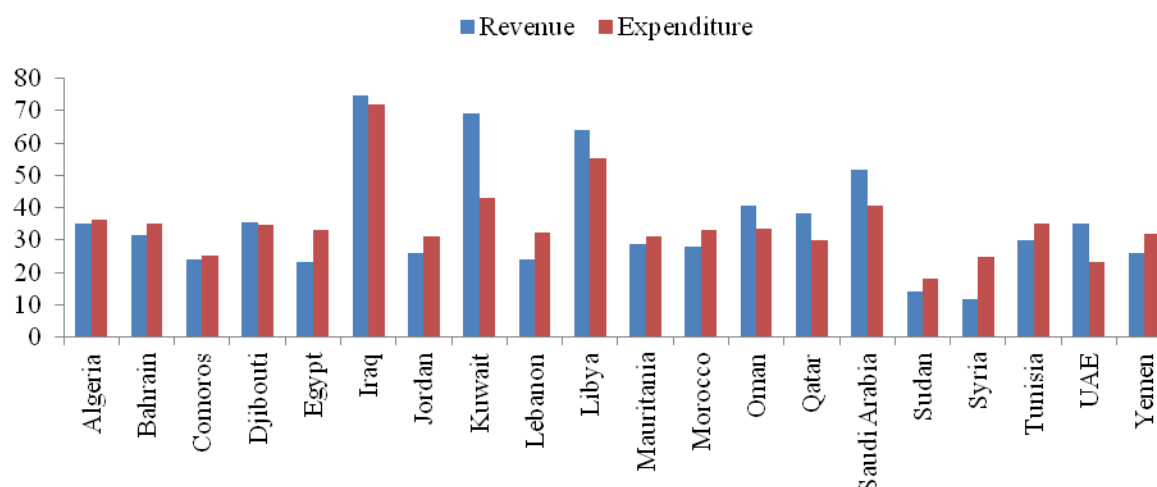
Source: IMF 2013.

The current macroeconomic and fiscal situation of the Arab countries, especially those in political transition is daunting. After three years of political transitions undergoing in the Arab region, economic growth has plummeted, fiscal accounts have deteriorated, and debt levels have increased. The political transition had significant impact on the economic activity in the region. All the countries of the region were affected in varying degrees, either directly or indirectly. The countries that took the strongest brunt were those directly affected by the political crisis such as Tunisia, Libya, Morocco, Yemen, and Syria. Growth in the Arab region was 4.4 per cent during the period 2000-10 on average (population weighted), compared to only 1.6 per cent in 2011-2012 and 3.5 per cent in 2013.[17] As a result of the political instabilities, the region lost around 3 per cent of its economic growth. In 2013, the region managed to increase its growth rates, mainly due to the robust performance of the GCC countries. The transition countries (Egypt, Libya, Tunisia) still lag behind.

The fiscal outlook for the Arab countries is bleak especially in the transition countries. Some countries increased their spending during the uprisings in order to satisfy the demands of the protestors in terms of wage increases, subsidies, and increased social assistance. This additional spending which was put in place during the uprisings is difficult to reverse because of political considerations, and so it its adding an extra burden to the government budget.

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[17] World Bank 2013 (World Development Indicators)

During the political upheavals, government revenue had fallen. For example, in Egypt, government revenue fell from 25.1 per cent of GDP to 22 per cent, while it fell from 26 per cent to 24.6 per cent in Yemen. Apart from the GCC countries, government expenditure is higher than government revenue by some 3 percentage point (Figure 14). This led to a deteriorating government fiscal balance and rising public debt (AMDGR 2013).

The discussions above show that most countries in the Arab region had limited fiscally capacity even before the 'Arab Spring' and they are in a worse off position now. Apart from the need to increase domestic fiscal space for financing the priorities areas identified above, there is also room for mobilizing international support through international aid, FDI, trade, role of private sector and eventually through remittances (UN-DESA 2012). The political economy of international development is currently in mutation. The global and regional environment for partnership has changed drastically in recent years. Regionalism and South-South cooperation is on the rise. International development is no longer monopolized by the traditional richer Western countries.

Figure 15: ODA in constant 2010 US$ billions
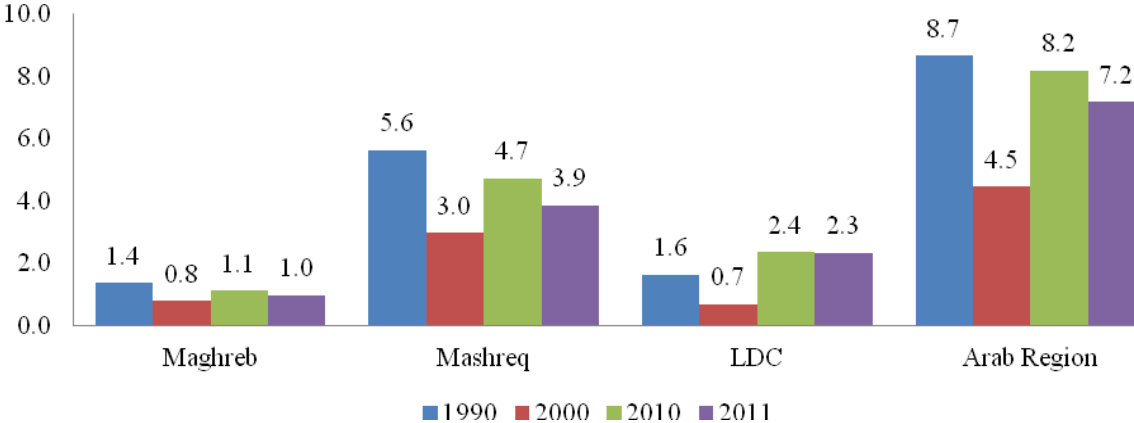
Source: OECD DAC 2012.

The DAC countries' total ODA coming to the Arab countries has stayed stable at around $5 billion per year for the past 40 years, except during the Iraq wars (1991 and 2003) when it peaked to $10 and $27 billion respectively. The top ODA donors for the Arab region are USA, France, Germany, UK and Japan. The Arab countries also provide another $4.5 billion to the Arab region. During 1990-2011, total bilateral ODA to the region has significantly decreased, from $8.7 billion in 1990 to $7.2 billion in 2011 (Figure 15). In addition, ODA in the Arab region is marked by high volatility. Sudden spikes are almost always conflict related and/or due to donor political stances. Examples include Egypt in 1990, Iraq after 2002, and Lebanon and the State of Palestine after 2007. Such fluctuations are far less applicable to the Maghreb countries, but this trend may change in the future, depending on the political developments in Tunisia and Libya.

In addition, around one-third of ODA to the Arab LDCs entails humanitarian assistance, in particular in Somalia and Sudan, where the share is 63 per cent and 40 per cent, respectively. For the region as a whole, throughout 2009-2011, donor countries directed 69 per cent of ODA to social sectors and 31 per cent to economic sectors, with some variations among sub-regions. Around 50 per cent of ODA for the Maghreb countries was targeted to economic sectors, compared to 26 percent in the Mashreq countries and the LDCs.

3. Setting the Goals

The Arab region is characterized by strong heterogeneity. It includes some of the countries with the highest per capita income in the world as well as some of poorest countries in the world. Differences are also noticeable in terms of MDGs achievement and MDGs progress has been uneven in the region. Some Arab countries have thus recorded strong progress in most indicators, while other countries have regressed or lie significantly below targets. Among the latter, the least developed Arab countries are unlikely to achieve the MDGs. Due mainly to conflict, Syria, Iraq and the State of Palestine are also included in that group. The GCC countries, however, have achieved most of the goals even prior to 1990. Between these two extremes, the remaining Arab countries have registered a patchy performance and some face a new set of realities after the 2010 uprisings. In this respect, it is remarkable to observe that the countries that are most affected by the 'Arab Spring', namely Syria, Tunisia and Egypt, were the top MDGs achievers in the region. This indicates the MDGs framework was detached from the main development challenges facing these countries and hence any future global development agenda needs to look beyond the crude quantitative aspects of basic development indicators by including other factors that are more relevant to present day realities of Arab middle-income countries.

Consistent with this position to move beyond the MDGs in order to reflect more closely the development challenges facing Arab countries, three UN publications offer useful contextual narratives based on more relevant development stylized facts: the Arab Development Challenges reports (UNDP 2009a, UNDP 2011a), Arab Human Development Reports (2004-2009) (UNDP 2009b), and the ILO-UNDP report on Rethinking Economic Growth in Arab Countries (ILO and UNDP 2012). Other reports by ESCWA, World Bank, IMF as well as by specialized UN agencies provide more in depth and focused regional analyses on issues such as macroeconomic policies, food security, sustainable development and social policies.[18]

3.1 Interdependence of development goals

Appreciating such results from a broad human development perspective calls for a complete rethinking of development strategies. In this paper we argue this rethinking must be based on a clear distinction between development priorities, which we highlight, and development constraints. Development constraints play a more fundamental role in affecting the outcome of the development process. They can be viewed as the "necessary conditions" that enable policy makers to address the development priorities. Naturally, some development constraints are more binding than others, depending on the country context.

Take for example, the issue of hunger and undernourishment, which is a priority in LDCs and some middle-income countries. In order for economic growth to foster food security, it must reach the very poor. The impacts of economic growth depend on the source of growth, and there is strong evidence that the income of the very poor responds more to agricultural growth than to non-agricultural growth (Ligon and Sadoulet 2007). FAO (2012) argue that the role of agricultural growth in reducing poverty is likely to be greater than its role in driving economic growth. This is because normally the share of labour force in the agriculture sector is larger than the agricultural share of economic output. Increasing the productivity and growth of such sectors can thus contribute toward reducing poverty and hunger, especially in low-income countries.

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[18] For an exhaustive reference of these reports, refer to the Arab MDG Report 2013.

Arab states focused attention primarily on urban trading centres, neglecting agriculture and the rural sector. The state kept urban areas pacified as part of the traditional Arab social contract by providing them with subsidized imported food. This dynamic, combined with only marginal declines in the rural population, explains the increase in rural poverty in many countries, notably in Egypt. The exclusionary processes at work also explain persistent regional disparities with divergences in poverty rates across regions, increasing in Egypt and Syria and declining only marginally in Tunisia. This is the result of a development process that favours certain growth poles with limited economic linkages amongst the regions, or redistributive policies by way of public investment.

However, to accelerate hunger reduction and to foster food security, economic growth must also be accompanied by purposeful and decisive public action. Key elements include the provision of public services, equitable access to resources by the poor, empowerment of women and design of social protection systems. The implementation of such policies must be based on transparency, participation, accountability, rule of law and human rights in order for such policies and programmes to be effective.

As stated in the second draft of the Global Strategic Framework for Food Security and Nutrition, the causes of hunger and malnutrition include: lack of good governance to ensure transparency, accountability and rule of law, which underpin access to food and higher living standards; lack of high-level political commitment and prioritization of the fight against hunger and malnutrition, including failure to fully implement past pledges and commitments and lack of accountability; lack of coherence in policymaking within countries, but also globally and regionally; lack of prioritization of policies, plans, programmes and funding to tackle hunger, malnutrition and food insecurity, focusing in particular on the most vulnerable and food insecure populations; war, conflict, lack of security, political instability and weak institutions; and weak international governance of food security and nutrition.''

The lack of accountability has also led the Arab region to squander considerable oil wealth with unsustainable patterns of production, pricing and consumption that have created some of the highest levels of energy intensity per dollar of GDP in the world. It has also hindered any serious scientific research endeavour in renewable energy and in some countries like Yemen it has led to rapid depletion of under-ground water resources. Sadly, the bulk of increasingly scarce water resources in Yemen were directed to the production of 'qat', a popular narcotic plant. Thus the mismanagement of natural resources in Arab countries provides the strongest example of compounded failures in governance and economic policy (UNDP 2011a). Due to mismanagement of land and water resources, Arab LDCs, which traditionally have been self-sufficient in food, with Sudan even considered at one point the bread basket of the Arab World have become increasingly dependent on food imports. The resultant environmental decline has been particularly disastrous for nomadic populations, because it decimated their herds following years of consecutive droughts.

To sum, it would be impossible to address the food security problem without taking into account elements related to governance, equity, water and fiscal space. Indeed, this interdependence of development goals and targets plays a crucial role in determining development outcomes. It is also the main tenet for advocating development goals as a 'package', rather than as isolated objectives. For example, poverty and the lack of primary education are key factors that impact infant and maternal health, survival of women beyond childbirth has a direct impact on child mortality, girls and women are more likely to delay pregnancy and to have access to maternal health care when they have secondary education, higher level education is likely to lead to reduced poverty and so forth.

3.2 Which Goals?

Extending this line of analysis, the pertinent question is: which set of goals and targets are likely to have the strongest feedback effects so that the overall impact on development achievements would be maximized? Based on our previous discussion of priorities and constraints, it makes sense to propose the following line of reasoning. The first priority facing the region, we argue, is addressing extreme poverty, hunger and infant and maternal health. This is not because the rates of extreme poverty (as measured by the $1.25) or hunger (as measured by population undernourished) or mortality are extremely high. To the contrary, the region's levels are lower than in most other developing regions on all these indicators and its performance on infant and maternal health has been better than the global average. Rather, it is because these goals are relatively easy to achieve given the region's economic and institutional capacities if there is a concerted effort to focus on LDCs.

Ending extreme poverty and hunger and improving basic health services, necessarily implies and presupposes overall poverty reduction, which in turn presumes employment generation at decent enough wages and a growth process that is inclusive enough to reach marginalized and deprived geographic areas and population groups. However, as argued above, these regional short to medium term priorities are contingent upon the degree to which the region is able to free itself from structural constraints, most notably, the governance deficits and institutional weaknesses which, combined with economic injustice, lead to social and political unrest. In addition, there is plenty of evidence to suggest that the region's developmental prospects are tied to environmental sustainability issues, and the degree to which the water scarcity challenge is overcome, particularly in poorer countries where the fiscal constraint on public investment prevents infrastructure development and thus impacts rural livelihoods and access to water and sanitation. We also argue that, at least for the more affluent oil-rich Arab countries, education quality appears to be the most binding developmental constraint. For the oil-poor countries, and particularly the LDCs, the fiscal space constraint is more binding.

Taking into account previous development stylized facts and the above noted interdependence of development goals as an underling logic, we propose the following eight development goals to reflect the region's future development aspirations:

1. Eradicating extreme poverty and hunger;
2. Reducing infant and maternal mortality;
3. Generating decent employment and inclusive growth;
4. Full access to water and sanitation;
5. Empowering women;
6. Ensuring good governance and social justice;
7. Providing quality public health and education services; and
8. Forging stronger intra-regional partnerships to secure fiscal space for development expenditure.

Clearly these goals will not be equally relevant to all countries and will vary in importance depending on the country and sub-regional context. It should also be made clear that these goals are not intended to be exhaustive of all the region's development challenges. It is also clear that few development experts would disagree on the validity of any of these goals as necessary, though insufficient, for the region's future development prospects. To reach a similar agreement on a corresponding list of indicators that may appropriately reflect these goals is, however, the major challenge currently facing the negotiators. An even more difficult task they will face is how to reach agreement on the targets for these indicators. Subsection 3.3 will attempt to shed light on first of these two challenging tasks by focusing on issues related to the measurement of poverty through setting an example, especially since the poverty target

is potentially one of the most politically controversial. The following section will focus on the second challenge - of how to set the post-2015 targets.

3.3 Selecting the indicators: the case of poverty

At the outset, it is important to note that measuring the level of poverty in a country or society can be a challenge – if only because of the subjective element involved in determining who was 'poor'. There is, however, a widely accepted idea that for any given society, poverty exists if an individual (or household) is unable to attain a certain standard of living, or 'well-being', that is deemed the minimum acceptable by the standards of that society (Ravallion 1992). At the national level, a household is considered to be poor (poverty is typically estimated for households, not for individuals) if the total income or expenditure of its members lies below a specific threshold (often referred to as a national poverty line), which reflects the cost of meeting this family's basic food and non-food needs.

But how do we draw this national poverty line? The most commonly applied approach is to set it according to the cost of a bundle of basic goods (mainly food) and services. The food component of the national poverty line is typically based on predetermined caloric requirements that take into account demographic characteristics (a child will need less calories than an adult) and that is consistent with the consumption behaviour of the poor (the poor will typically receive their calories from reasonably priced food commodities). The cost of the bundle is known as the food poverty line. The food poverty line is augmented by an allowance for expenditures on essential non-food goods to yield two thresholds. A higher threshold yields an "upper" bound of the poverty line, while a lower threshold yields a "lower" bound, which most developing countries apply as the basis to determine their national poverty line.

Whilst this approach, inter alia, is useful for national poverty measurement, it does not lend itself to international comparison since most countries will use different variations of this methodology and these variations can produce significantly different poverty results. Some developing countries for example may have a political incentive to reduce poverty lines. Hence their national poverty lines will be set closer to the value of the food poverty line. Others, typically more affluent, may apply the upper poverty line threshold, which allows for a more generous portion of non-food component, in an attempt to design poverty reduction programs that would target a wider tranche of society.

How then can we compare poverty across countries? One method proposed by the World Bank is to take the poverty line for the poorest countries and hold its value constant over time and across countries. This led to the famous $1.25 poverty line as the basis for measuring global poverty reduction. However, if, for a variety of reasons beyond the scope of this paper, the exercise to equate purchasing power parity fails, then international comparisons are baseless and meaningless.[19]

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[19] The assumption that PPPs equate the cost of the same bundle of goods and services which can be purchased by $1.25 in the World's poorest countries has been strongly contested for a variety of reasons. First, comparisons of countries at different levels of development pose a potential problem because of differences in the relative importance of consumption of nonmarket goods. Moreover, PPP exchange rates, such as those from the International Comparison Program or the Penn World Tables, although taking into account the local prices of goods and services that are not traded internationally, were designed for comparing aggregates from national accounts, not for making international poverty comparisons. PPPs are also based on prices of goods and services that may not be representative of the consumption baskets of the poor, so they may not fully reflect the relative price level faced by very poor consumers. As a result, there is no certainty that an international poverty line, when applied, will measures the same degree of deprivation across countries. For the vast literature on the calculation of the poverty line see, for example, M. Ravallion, S. Chen and P. Sangraula, (2008), "Dollar a Day Revisited"; WPS4620, www.worldbank.org, and the references cited therein.

One solution to this problem, proposed by Abu-Ismail et al. (2011), is to estimate poverty lines based on the average for developing countries. The crucial assumption by the authors is that most developing countries get their poverty lines 'right'. There are a few countries which set the bar too low (China and Tunisia) or too high (Mexico and Venezuela), but most countries will adopt broadly comparable methodologies in estimating their national poverty lines. In fact, this is exactly what the World Bank did in order to arrive at the $1.25, which is the average of the national poverty lines of the poorest countries in the World. The authors therefore accept the World Bank's basic idea of relying on national poverty lines to construct international poverty lines. However, they reject the assumption that this poverty line should be fixed or that it should be based on the national poverty lines of the poorest countries only. Rather, they argue that international poverty lines should be based on given stylized facts regarding the relationship between national poverty lines and the average per capita expenditure (in 2005 PPP) and resort to a simple statistical exercise to estimate this relationship[20].

Table 2: National and regression-based poverty lines (per capita per day) by monthly per capita expenditure and for developing regions based on most recent surveys

	PCE per capita per month	NPL per day	Estimated PL per Day
By expenditure level			
Low (below $60)	49.6	1.1	1.2
Lower-middle ($60-100)	69.6	0.9	1.5
Middle ($100-150)	113.1	2.0	2.1
Upper-middle ($150-200)	164.0	1.8	2.7
High (above $ 200)	282.5	3.3	2.7
By region			
Sub-Saharan Africa	58.1	1.4	1.4
South Asia	54.4	1.1	1.3
East Asia and Pacific	100.7	1.0	1.9
Arab Countries	126.0	2.0	2.2
Eastern Europe and Central Asia	192.0	3.1	2.6
Latin America	298.6	3.3	2.7
Developing Regions (62 countries)	**113.1**	**1.5**	**1.8**

Source: Abu-Ismail et al (2011)

Table 2 reports their results for 56 developing countries with a total population of 4.4 billion (approximately two-thirds of the World's population in 2013). The table compares their estimated poverty lines with the national poverty lines for these developing countries, which are divided amongst five groups according to level of per capita expenditure. The poorest group thus contains countries having a per capita expenditure of $60 per month or below. The most affluent group contains countries which have a per capita expenditure of $200 per month or above.

The main story emerging from the table is one that the poorest category of developing countries will typically have national poverty lines that are approximately two thirds the value of average per capita expenditure, while for the richest countries the ratio declines to one third. Thus, the average national poverty line for a lowest income group of countries is expected to be $1.1. For middle- and high-income countries, the corresponding line is $2.2 and $3, respectively. The table also indicates that their

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[20] See Abu-Ismail et al (2011) for the technical details.

estimated poverty lines are higher than the national poverty lines by a somewhat conspicuous margin in East Asia (due to the above mentioned undervaluation of the Chinese national poverty line). With respect to developing regions as a whole, their estimated poverty line is approximately $1.8. The principal conclusion to draw from this exercise is that the $1.25 is far too low as a benchmark for global poverty. Hence, even if the global community decides to use a fixed global poverty line to monitor extreme poverty, which itself is not a wise choice, the appropriate line to use would be closer to two rather than one dollar a day.

Finally, when these arguably more relevant estimated poverty lines are applied to developing countries the results lead us to question the validity of two axioms of conventional wisdom on global poverty levels and trends. First, East Asia and the Pacific led by China, is no longer the global leader on the strength of poverty reduction, outpaced by Latin America and Eastern Europe, respectively. Second and more importantly, the World is significantly poorer than is conventionally thought and is far less successful in reducing poverty (with only 14% poverty reduction over the period from 1990 to 2010). In short, if we accept the $1.25 as an accurate reflection of poverty, then the World is on track to achieve the poverty reduction goal of reducing by half the global poor population by 2015. If we adopt poverty lines that are closer to the national poverty lines and thus arguably more realistic, the World is significantly off-track (Abu-Ismail et al 2011).

To conclude, we suggest an alternative method for 'setting the line' that will yield a better basis for global poverty comparisons while retaining the same fundamental principles that the World Bank applied to establish its $1.25 poverty line. Our suggested alternative is to assign different poverty lines to different country groupings depending on their level of expenditure per capita. Thus the $1.25 is more applicable to the poorest countries, the $2.00 line to middle-income countries and the $2.75 poverty line to the richest developing countries.

Notwithstanding this proposal for improved poverty monitoring, the previous discussion shows a complete overhaul to existing surveying techniques and assessment methodologies is required. This necessitates a far stronger role for the UN in supporting the global harmonization of household surveys and standardization of poverty monitoring methodologies. These constraints are particularly serious for Arab countries where household expenditure survey data are either non-existent or unavailable for a significant part of the region and access to primary data, when possible, tends to lag behind, and the quality of data collection is not consistent across countries. The new development agenda should therefore pay more heed to issues related to the access and quality of data.

4. Setting the Targets

The previous section outlined a proposal of eight goals to serve as an input for forming an Arab position on the global development compact post 2015. The possible and suggested indicators, however, are not yet quantified. This section discusses some of the caveats in thinking about setting the targets, the possible ways of quantifying the targets and illustrates one such procedure in detail on the example of Infant Mortality Rate, and also shows results for Maternal Mortality Ratio and Poverty Rate.

One of the misconceptions of the MDGs is that they represent national targets which all countries should ideally be on track to meet, leading to singling out of the countries that are not (see for instance World Bank, 2011). This view is not entirely consistent with the original purpose of MDGs, although often used in this way, as MDGs were set as a global target based on the global dynamics those goals in the past. As with every average measure, the statistical properties of an approximately normally distributed population would imply that some countries will be reaching the targets, in fact overachieving, while others will not. The average goal, however, can still be achieved. This tendency to (mis)use the MDGs for national targets points out to a demand for national targets by policy makers. The post 2015 agenda should thus take into serious consideration reversing the way targets for any goals chosen in the end will be set, instead of trying to force the global movements of aggregates to national settings, the targets should be constructed from the country level up to the regional one, taking into account regional priorities, and finally, aggregating to a global goal. The European Report on Development 2013 along these lines proposes, but without going into specifics, a mixed approach by combining global goals and national targets, as "national targets are more likely to increase domestic ownership (and legitimacy) of a global framework and improve accountability", and they can be used for aggregation to a higher level (EU, 2013, p. 216).

Targets can be set either relatively or absolutely, and the progress can be measured on both dimensions, with low income countries normally doing better in terms of absolute progress, and middle income countries being better at closing the gap (ODI, 2010). Consequently, as most quantifiable MDGs targets have been set in terms of relative progress, this puts the least developed countries at a disadvantage right from the start in measuring the progress on achieving the goals (Vandemoortele, 2013). Moreover, on the other end of development distribution, it would not be sensible to ask countries doing extremely well in some indicators, to do even better, as this might be impossible or be prohibitively expensive (e.g. halving the infant mortality rate for best achievers), or have adverse affects on other developmental goals (going under the natural rate of unemployment would have direct inflationary consequences). In such cases, a cap on the target would be in order. In other cases, the target could also be normative in itself and expressed as an absolute ceiling or floor, such as eradicating (bringing down to zero) extreme poverty.

There are criteria that both national and global targets should meet, namely the "targets should satisfy three simple conditions: (i) clarity of concept, (ii) solidity of indicator and (iii) robustness of data" (Vandemoortele, 2013, p. 7). The ability to measure the progress by governments for national planning, and by regional bodies and international organizations for global progress checking, is a crucial possibility arising from following these guidelines. In addition, in line with Ockham's razor, the targets itself should be parsimonious, easy to calculate, transparent and even obvious.

With clear guidelines outlined above in mind, several ways forward can be discounted from the start:
- Starting at a global level
- Using only absolute or relative targets

- Relatively complicated statistical procedures yielding targets such as propensity score matching, panel data econometrics, clustering, etc.

Consequently we can also summarize the guidelines that should be followed in devising a target setting algorithm as:
- Starting at national levels and aggregating to regional and global
- Using both relative or absolute measures
- Keeping the measurement as simple, transparent and realistic as possible

Setting the targets for MDGs did follow the last guideline, as the targets were set based on past dynamics of the objective in question. Past trends, although full of caveats and with no guarantee of predicting the future, can still be informative, but within a type of aggregation procedure, in order to avoid the possible biases of involving just one unit and its trends. The MDGs were looking at global trends and including all the countries, which effectively made it not only an extremely simple, but also a relatively good indication for the future, since peculiarities in country trends converged toward the average in the world dynamics. Similarly, for national target setting for the post 2015 agenda, we propose to take advantage of past trends as indication for the future, and to avoid the already mentioned bias, compare each country in question to a group of countries several years before. Matching each country today to its most similar countries ten years ago (for instance) on a specific goal/indicator, and then calculating the progress those countries have made in the last decade, yields a national, absolute or relative, and procedurally simple, transparent and realistic target value for that country and that specific indicator for the next ten years. Moreover, using weightings relevant to the category of goal and target in question, the national values can firstly be aggregated to regional targets, and then to a common global target.

Figure 16: Infant Mortality Rate (IMR) reduction for Egypt
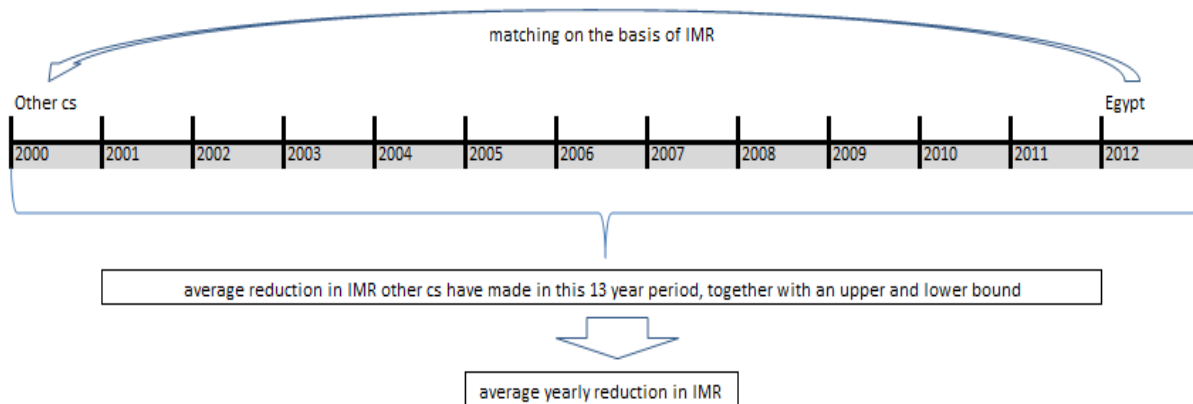
Source: Authors' representation.

The lag period in question would ideally be 15 years, as was the MDGs period and as what potentially could be the new post 2015 period, although due to data availability, the lag can range from 10 to 15 years or even above. Thus, yearly targets can be calculated, allowing then the final targets to be either extrapolated above the 15 years period or interpolated to less than 15 years in the future, depending on the need. Both the lag and the base year can thus be adjusted to the future setting target period.

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A graphical representation of this procedure for the question of calculating the target for Infant Mortality Rate (IMR) reduction for Egypt can be seen in Figure 16.

There are two ways of doing the matching of Egypt in 2012 to past values of other countries, in order to avoid the bias inherent in using only a couple of values, either we already form groups of countries in the year 2000 based on their IMRs and match Egypt to one of these groups and look at the progress the matched group as a whole has made, or by matching Egypt in 2012 directly to its closest neighbors in 2000, and then averaging the progress of several of the closest neighbors to get an idea of how Egypt should be performing in the future. In all the data exercises, unless otherwise noted, the data is extracted directly from World Bank databases (Azevedo, 2011).

4.1. Nearest decile group matching

Dividing the distribution of countries on IMR in the year 2000 on ten deciles, with around 20 countries in each decile, and the first decile being the best – countries with lowest IMRs, the 10th decile being the worst – countries with worst IMRs, and plotting the average progress groups have made over the period yields the scatter plot in Figure 17. The progress is measured as an absolute reduction in Infant Mortality Rate in 13 years, and the Figure shows that the countries not doing well on IMR in the year 2000 did on average the largest absolute strides, reducing their IMR by over 34 per 1000 live births, or expressed on a per year basis, a reduction of 2.83 per 1000 live births per year.

Figure 17: Average progress in Infant Mortality Rate (IMR) from 2000 to 2012
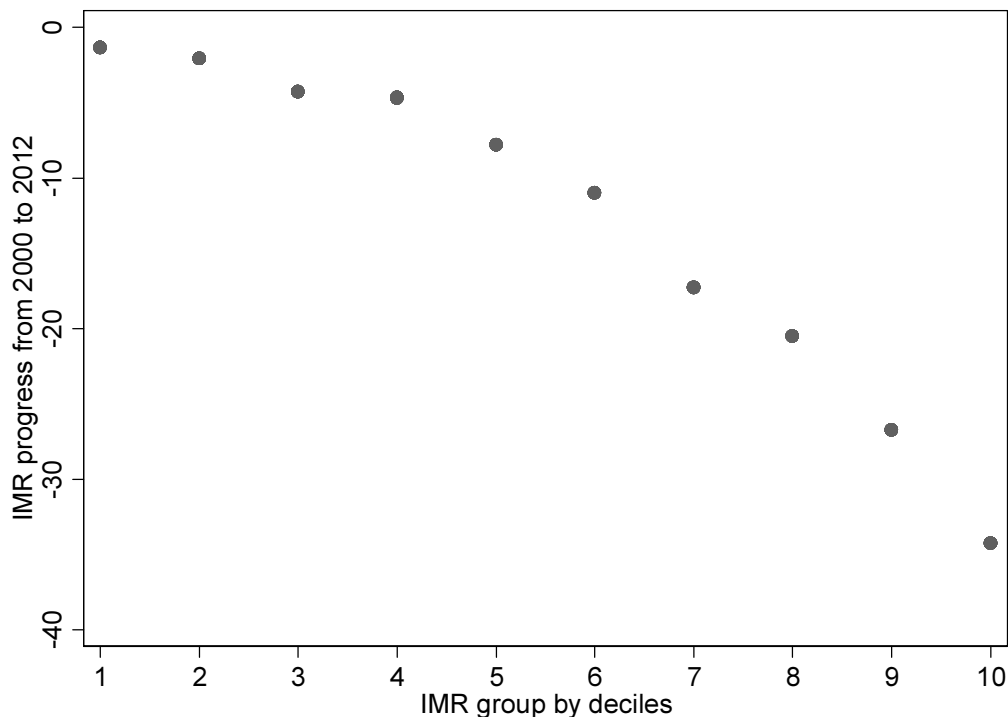
Source: Authors' calculations based on World Bank 2013.

The relative progress of each decile, on the other hand, is not statistically significantly different between decile groups, has no clear trend over the deciles and is within the -28% and -38% range, averaging at -33%, or in a compound yearly term, -2.2% per year.

Egypt's 2012 IMR falls within the fourth decile of countries by the size of IMR in 2000, implying a guideline national target of a reduction of 0.36 per 1000 live births per year. All the results for Arab countries using this procedure are listed below in Table 3.

Table 3: Infant Mortality Rate targets for Arab countries, nearest decile

Country name	Country code	2000 IMR decile group	Absolute progress 2000 – 2012	Relative progress 2000 - 2012	Yearly absolute target	Yearly relative target
Somalia	SOM	9	-26.753	-0.315	-2.058	-0.021
Comoros	COM	8	-20.5	-0.317	-1.577	-0.021
Djibouti	DJI	8	-20.5	-0.313	-1.577	-0.021
Mauritania	MRT	8	-20.5	-0.313	-1.577	-0.021
Yemen	YEM	7	-17.295	-0.317	-1.33	-0.021
Sudan	SDN	7	-17.295	-0.317	-1.33	-0.021
Iraq	IRQ	6	-10.97	-0.365	-0.844	-0.024
Morocco	MAR	6	-10.97	-0.385	-0.844	-0.025
Jordan	JOR	4	-4.672	-0.34	-0.359	-0.023
Egypt	EGY	4	-4.672	-0.385	-0.359	-0.025
State of Palestine	PSE	4	-4.672	-0.34	-0.359	-0.023
Algeria	DZA	4	-4.672	-0.365	-0.359	-0.024
Kuwait	KWT	3	-4.284	-0.376	-0.33	-0.025
Tunisia	TUN	3	-4.284	-0.34	-0.33	-0.023
Syria	SYR	3	-4.284	-0.34	-0.33	-0.023
Libya	LBY	3	-4.284	-0.34	-0.33	-0.023
Oman	OMN	3	-4.284	-0.281	-0.33	-0.019
United Arab Emirates	ARE	2	-2.074	-0.376	-0.16	-0.025
Bahrain	BHR	2	-2.074	-0.376	-0.16	-0.025
Qatar	QAT	2	-2.074	-0.376	-0.16	-0.025
Saudi Arabia	SAU	2	-2.074	-0.281	-0.16	-0.019
Lebanon	LBN	2	-2.074	-0.281	-0.16	-0.019

Source: Authors' calculations based on World Bank 2013.

Matching Egypt to groups of countries can be too crude for fine tuning the target, as the country only gets matched to one group and the group's progress is then taken as the goal, without any explicit upper and lower boundaries or confidence intervals, which brings us to an alternative and preferred method – nearest neighbor matching.

4.2. Nearest neighbor matching

An alternative route is thus to match Egypt's 2012 IMR to the 10 closest neighbors based on 2000 IMRs. The countries most similar to Egypt (in 2012) in terms of IMR (of the year 2000) are listed below in Table 4, along with a target (-6.11) and an interval [-2.94, -9.28]. The target for absolute IMR progress for

Egypt in 13 years is calculated as the average of the progress of all 10 nearest neighbors, the (absolute) upper bound (-9.28) as the average of best 5 nearest neighbors' performance, and an (absolute) lower bound (-2.94) as the average of worst 5 nearest neighbors' performance.

Table 4: Egypt's 10 closest neighbors (NN)

NN	Country name	Country code	Egypt's IMR 2012	NN IMR 2000	Difference	NN IMR change 2000 - 2012	Best 5 NN avg	Worst 5 NN avg	Avg of all 10 NN
1	Bulgaria	BGR	17.9	17.9	0	-7.4	-9.28	-2.94	**-6.11**
2	Argentina	ARG	17.9	18	-0.1	-5.3	-9.28	-2.94	**-6.11**
3	Venezuela	VEN	17.9	18.2	-0.3	-5.1	-9.28	-2.94	**-6.11**
4	Samoa	WSM	17.9	18.3	-0.4	-3	-9.28	-2.94	**-6.11**
5	Lebanon	LBN	17.9	17	0.9	-9	-9.28	-2.94	**-6.11**
6	Saudi Arabia	SAU	17.9	18.8	-0.9	-11.4	-9.28	-2.94	**-6.11**
7	St. Vincent & Grenadines	VCT	17.9	19.1	-1.2	2	-9.28	-2.94	**-6.11**
8	Thailand	THA	17.9	19.2	-1.3	-7.8	-9.28	-2.94	**-6.11**
9	Mauritius	MUS	17.9	16.3	1.6	-3.3	-9.28	-2.94	**-6.11**
10	Russian Federation	RUS	17.9	19.7	-1.8	-10.8	-9.28	-2.94	**-6.11**

Source: Authors' calculations based on World Bank 2013.

As before, this can easily be adapted to a yearly target of IMR reduction for Egypt as -0.47 per 1000 live births per year, not very much unlike the target of -0.36 per 1000 live births per year calculated with the closest decile group method. The added value of this procedure is, however, the existence of an interval marked by the upper and lower bound of -0.71 and -0.22, respectively.

Again, the worse the starting position of the country, the greater the absolute progress of the country, as shown in Figure 18 below for the entire world on the left hand side (A), and for Arab countries in particular on the right hand side (B).

Figure 18: Infant Mortality Rate (IMR) absolute progress for the entire world (A), and for Arab countries (B)
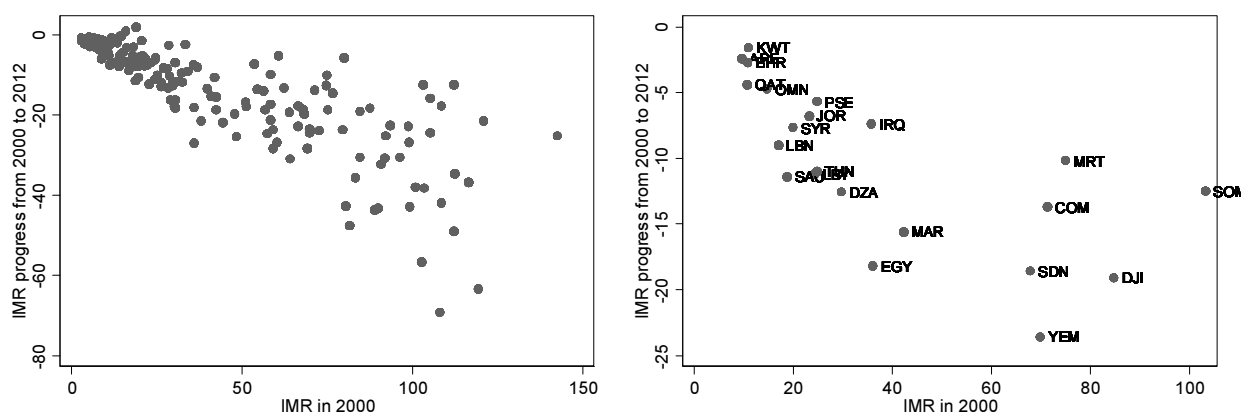
Source: Authors' calculations based on World Bank 2013.

On the other hand, there is no clear functional relationship when a relative indicator for IMR reduction is used, the percentage change in IMR in the period 2000 to 2012. It ranges unsystematically from -0.75 to 0.10 with a mean of -0.33 and a standard deviation of 0.15.

Table 5 shows the summary results of nearest neighbor matching on IMR for the Arab countries, both for the relative as well as absolute yearly targets and intervals (lower and upper bound), sorted from the largest yearly absolute reduction target to the lowest. Note that interestingly enough, the data implies a lot of country heterogeneity when looking at absolute targets, and little or no heterogeneity when looking at relative targets.

The methodology also implies that there would be convergence in developmental outcomes, if the counties hit the targets. Even though the relative targets (percentage changes) are very similar from country to country, they result in different absolute targets (absolute changes). The countries starting from a lower position are expected to make largest strides forward, and have already done so in the past, bringing the least developed countries closer to the leading ones, in terms of developmental outcomes.

Table 5: Absolute and relative yearly IMR targets for the Arab countries

Country code	IMR yearly target, abs	IMR yearly target, abs upper bound	IMR yearly target, abs lower bound	IMR yearly target, rel	IMR yearly target, rel upper bound	IMR yearly target, rel lower bound
SOM	**-2.282**	-2.783	-1.78	**-0.022**	-0.027	-0.018
DJI	**-1.686**	-2.008	-1.365	**-0.022**	-0.025	-0.018
MRT	**-1.562**	-1.983	-1.14	**-0.021**	-0.026	-0.016
COM	**-1.462**	-1.922	-1.003	**-0.022**	-0.028	-0.016
YEM	**-1.352**	-1.597	-1.106	**-0.026**	-0.029	-0.022
SDN	**-1.316**	-1.597	-1.035	**-0.024**	-0.029	-0.018
IRQ	**-0.875**	-1.111	-0.64	**-0.026**	-0.032	-0.02
MAR	**-0.727**	-0.911	-0.543	**-0.024**	-0.029	-0.018
PSE	**-0.477**	-0.694	-0.26	**-0.022**	-0.03	-0.013
EGY	**-0.47**	-0.714	-0.226	**-0.022**	-0.032	-0.012
DZA	**-0.421**	-0.612	-0.229	**-0.021**	-0.029	-0.012
TUN	**-0.383**	-0.546	-0.22	**-0.023**	-0.032	-0.014
JOR	**-0.358**	-0.537	-0.178	**-0.02**	-0.028	-0.011
LBY	**-0.356**	-0.554	-0.158	**-0.023**	-0.033	-0.011
SYR	**-0.292**	-0.446	-0.138	**-0.021**	-0.031	-0.011
OMN	**-0.287**	-0.389	-0.185	**-0.025**	-0.032	-0.016
KWT	**-0.268**	-0.369	-0.168	**-0.024**	-0.031	-0.016
BHR	**-0.222**	-0.326	-0.117	**-0.023**	-0.032	-0.013
LBN	**-0.188**	-0.289	-0.086	**-0.021**	-0.03	-0.01
QAT	**-0.169**	-0.212	-0.126	**-0.025**	-0.03	-0.019
SAU	**-0.155**	-0.225	-0.086	**-0.019**	-0.026	-0.011
ARE	**-0.155**	-0.225	-0.086	**-0.02**	-0.027	-0.011

Source: Authors' calculations based on World Bank 2013.

Since the nearest neighbor procedure yields not only a target, but also a lower and upper bound, and because the nearest decile group procedure supports to more precise result of the nearest neighbor

matching, we proceed with aggregating from national to regional and global level using the nearest neighbor procedure.

4.3. Regional and global aggregation

There are two issues to be considered when thinking about aggregation of national targets and boundaries to regional ones, and finally global ones. The first issue relates to choosing an appropriate weighting mechanism, and the second one, to choosing a regional breakdown.

Weighting is a must in aggregation, as an aggregated indicator represents both the depth of a problem as well as the incidence, and it allows the aggregated measure to reflect more what is happening in areas where more people suffer as opposed to areas where less people suffer (ceteris paribus). The simplest weighting would imply using population as a weight, so that more populous countries have a higher effect on the aggregate measure. Weights can also be more appropriate and tailored to the indicator in question. In the case of IMR, rather than using total population, a more direct and exact weights would be the crude number of births in a country.

The second issue relates to the question of which regional groupings to look at. The issues here range from historical and political ones to purely technical ones such as choosing an overlapping or non over-lapping regional disaggregation, or whether a regional disaggregation has to be exhaustive or not. Suffice to note that the World Bank classifies countries by lending, by income and by region (East Asia & Pacific, Europe & Central Asia, Latin America & Caribbean, Middle East & North Africa, South Asia, Sub-Saharan Africa), the latter of which is inconsistent with the IMF regional classification (Africa, East Asia, South Asia, Western Asia, and Latin America and the Caribbean), and both of them not matching the UN MDGs report regional classification (Northern Africa, Sub-Saharan Africa, Latin America and the Caribbean, Caucasus and Central Asia, Eastern Asia, Southern Asia, South-eastern Asia, Western Asia, Oceania).

In the case of IMR, the weighting is done using number of crude births, and the regional aggregation is done only for Arab countries for consistency purposes with the previous sections of the paper. Any other chosen regional integration could also be used for setting regional targets and the choice of regional breakdown does not have an effect on the global target, which can be constructed directly from using the national targets and boundaries with the chosen weighting factor. The year of crude births is taken as the last available – 2011, which is an arbitrary choice but follows simplicity and aims to reflect the most recent state in the world. It could be argued that in the case of year 2011 being specific for some countries more so than the others, an average of a couple years would be a better weight, but we do not pursue this issue further.

Table 6 below shows the yearly absolute and relative IMR reduction targets, using crude number of births in 2011 as weights. Note that the calculation of a weighted mean with yearly progress is separable, meaning that it does not make any difference whether we calculate yearly progress for every country and then aggregate or aggregate first and then calculate the yearly progress. An interesting indicator which offers itself is also the regional targets as a share of world targets. This indicator implies which region is either below or above global average in their set goal – and thus – in the burden of underdevelopment. For the case of the Arab countries, IMR is a lesser burden for the region than for the world as a whole, the regional target reflecting that by being at the 82% of the global target. The discrepancy between the relative and absolute indicators is again obvious and reminds us of the

necessity of using both, to get a clearer picture, above and beyond a unified 2.3% yearly reduction for both the Arab countries and for the world.

Table 6: Aggregation of countries' IMR targets to an Arab regional, and global level

	IMR yearly target, abs	IMR yearly target, abs upper bound	IMR yearly target, abs lower bound	IMR yearly target, rel	IMR yearly target, rel upper bound	IMR yearly target, rel lower bound
Arab countries	-0.777	-1.004	-0.549	-0.023	-0.03	-0.015
World	-0.947	-1.24	-0.654	-0.023	-0.03	-0.016
Arab/World	0.82	0.81	0.839	0.987	1.007	0.946

Source: Authors' calculations based on World Bank 2013.

4.4. Maternal mortality ratio, Poverty ratio and 2030 targets

We repeat the procedure of nearest neighbor matching for Maternal mortality ratio (MMR) and for Poverty ratio (PR). National estimates of Maternal mortality ratio are not very useful in the analysis due to data unavailability, so we proceed with the World Bank's model estimates of MMR. The period on which the targets are based is the most recent available one, that is from 2000 to 2010. The results for the Arab countries are reported below in Table 7. Somalia, Sudan and Mauritania have by far the largest strides to make, the yearly target for Somalia being at reducing MMR by almost 18 per 100,000 live births per year, however, in terms of a relative target, the most ambitious target would be for the State of Palestine, reducing MMR by 2% a year. Table 7 below also illustrates the need to set a ceiling or floor for a target, as it would not be sensible to suggest to Qatar to increase its MMR, rather, it should keep it at the low level where it is now, and the same holds for the positive absolute and relative lower target bounds, which could be capped to zero.

Aggregating to a regional Arab countries level, and to a global level, we again use the crude number of live births. The results of the regional and global aggregation, yielding yearly absolute and relative targets, are presented in Table 8, with the Arab countries again, although less than with IMR, being in a better position than the world in terms of MMR and thus having slightly lower MMR targets than the world.

Measuring poverty is trickier than measuring health outcomes, not the least because the availability of data is much worse. Additionally, poverty headcounts or ratios based on absolute poverty line such as the popular $1.25 cannot yield comparable poverty estimates, as poverty lines should in fact vary from country to country. National poverty lines thus produce a more accurate snapshot of the incidence of poverty around the world, but are on the other hand plagued with not only the use of different methodologies to define poverty, but they may also be influenced by political considerations. However, comparability can be much improved by allowing the national poverty lines to vary with expenditure, a solution proposed by Abu-Ismail, Abou Taleb and Ramadan (2012), whose estimates of national poverty lines and poverty rates for nearly 60 developing countries, and the resulting poverty rates, we use in this exercise.

Table 7: Absolute and relative yearly MMR targets for the Arab countries

Country code	MMR yearly target, abs	MMR yearly target, abs upper bound	MMR yearly target, abs lower bound	MMR yearly target, rel	MMR yearly target, rel upper bound	MMR yearly target, rel lower bound
SOM	**-17.769**	-28.923	-6.615	**-0.017**	-0.026	-0.007
SDN	**-15.923**	-24.154	-7.692	**-0.018**	-0.025	-0.01
MRT	**-11.308**	-15.692	-6.923	**-0.019**	-0.025	-0.013
COM	**-4.846**	-7.385	-2.308	**-0.014**	-0.022	-0.006
YEM	**-3.685**	-6.169	-1.2	**-0.017**	-0.03	-0.003
DJI	**-3.415**	-6.169	-0.662	**-0.018**	-0.03	-0.005
PSE	**-2.292**	-3.108	-1.477	**-0.02**	-0.027	-0.014
MAR	**-2.123**	-3	-1.246	**-0.019**	-0.025	-0.011
DZA	**-1.892**	-3.108	-0.677	**-0.016**	-0.026	-0.004
SYR	**-0.954**	-1.662	-0.246	**-0.012**	-0.021	-0.002
TUN	**-0.854**	-1.754	0.046	**-0.015**	-0.027	0
LBY	**-0.792**	-1.754	0.169	**-0.013**	-0.027	0.002
JOR	**-0.762**	-1.692	0.169	**-0.012**	-0.024	0.003
IRQ	**-0.762**	-1.692	0.169	**-0.012**	-0.024	0.003
EGY	**-0.731**	-1.631	0.169	**-0.011**	-0.022	0.003
OMN	**-0.492**	-1.246	0.262	**-0.015**	-0.034	0.011
LBN	**-0.323**	-1.015	0.369	**-0.012**	-0.032	0.014
SAU	**-0.323**	-1.015	0.369	**-0.012**	-0.032	0.014
BHR	**-0.315**	-0.631	0	**-0.015**	-0.03	0.002
KWT	**-0.215**	-0.554	0.123	**-0.016**	-0.032	0.004
ARE	**-0.123**	-0.385	0.138	**0.001**	-0.02	0.03
QAT	**0.023**	-0.123	0.169	**0.004**	-0.015	0.028

Source: Authors' calculations based on World Bank 2013.

Table 8: Aggregation of countries' MMR targets to an Arab regional, and global level

	MMR yearly target, abs	MMR yearly target, abs upper bound	MMR yearly target, abs lower bound	MMR yearly target, rel	MMR yearly target, rel upper bound	MMR yearly target, rel lower bound
Arab countries	-4.219	-6.775	-1.664	-0.014	-0.025	-0.001
World	-4.612	-6.858	-2.366	-0.018	-0.028	-0.007
Arab/World	0.915	0.988	0.703	0.801	0.921	0.184

Source: Authors' calculations based on World Bank 2013.

Table 9 shows the yearly absolute and relative targets for the Arab countries in the sample. The targets are based on a nearest neighbor matching procedure using the two data points from Abu-Ismail, Abou Taleb and Ramadan (2012) paper, which offers the adjusted poverty rates (based on regression modified national poverty lines). For instance, for Egypt, that had a poverty rate of 18.6% in 2009, the adjusted poverty rate target implies a yearly reduction of 0.16 percentage points, or a yearly reduction of the poverty rate by 1% in relative terms. As before, the need for capping the positive targets to zero for Jordan and Syria arises, as well as the positive lower bounds for most countries, as it would not be sensible to plan for a poverty increase, even if within the bounds.

Table 9: Absolute and relative yearly poverty targets for the Arab countries

Country code	Poverty yearly target, abs	Poverty yearly target, abs upper bound	Poverty yearly target, abs lower bound	Poverty yearly target, rel	Poverty yearly target, rel upper bound	Poverty yearly target, rel lower bound
MRT	**-0.428**	-0.845	-0.01	**-0.011**	-0.022	0
DJI	**-0.422**	-0.845	0.001	**-0.011**	-0.022	0
YEM	**-0.212**	-0.614	0.19	**-0.006**	-0.018	0.007
TUN	**-0.21**	-0.6	0.18	**-0.005**	-0.017	0.006
EGY	**-0.155**	-0.594	0.284	**-0.01**	-0.03	0.01
MAR	**-0.054**	-0.299	0.19	**-0.002**	-0.011	0.007
JOR	**0.052**	-0.308	0.413	**0.002**	-0.011	0.015
SYR	**0.146**	-0.47	0.762	**0.012**	-0.026	0.05

Source: Authors' calculations based on World Bank 2013.

Even though data is much scarcer in the poverty reduction setting targets exercise, the results can still be aggregated to what would be called the global level (including the 56 developing countries in the sample) and to an Arab countries level (including the 8 countries in the sample). The results of such an aggregation, using total population as weights, are reported in Table 10. Again the need to cap some of the boundaries arises. A comparison between the Arab countries and the World can be made once more, but only on a very informative basis, since there are no more than nine Arab countries included, and the World in this case consists in fact of 56 developing countries, so it is understandable why the burden of poverty and thus the targets seem to be low for the Arab World.

Table 10: Aggregation of countries' poverty targets to an Arab regional, and global level

	Poverty yearly target, abs	Poverty yearly target, abs upper bound	Poverty yearly target, abs lower bound	Poverty yearly target, rel	Poverty yearly target, rel upper bound	Poverty yearly target, rel lower bound
Arab countries*	-0.11	-0.525	0.305	-0.005	-0.023	0.014
World**	-0.235	-0.558	0.088	-0.006	-0.016	0.004
Arab/World	0.47	0.941	3.451	0.791	1.47	3.432

* 9 available

** All of developing countries in the sample

Source: Authors' calculations based on World Bank 2013.

Furthermore, a careful reader might wonder why the poverty reduction target for the Arab World is so low, in absolute terms being only a reduction of 0.11 percentage points per year, and in relative terms – a reduction of 0.5% per year. Three reasons may be behind these small targets. The first one being the most obvious: simply because the sample consists of only 8 Arab countries and 56 developing countries in total, so the results may be biased. The second one being technical, as the benchmark countries in the sample have not been doing so well on reducing their poverty ratios in the past, and since the algorithm bases targets on past performances, it yields a low target for the reduction of poverty – consistent with the past. The third one being substantial, as the Arab countries may be, more than other developing regions, in a better position concerning the burden of poverty, which would imply a reasonably low target for reducing poverty, but a reduction nevertheless. A combination of all three factors in fact, may be the most likely.

Using the targets above, we can put forward a thought experiment on what the 2030 target could be, by extrapolating the yearly targets. It must be noted that the more different the period of extrapolation, the less the targets are informative for this kind of exercise, and bearing in mind that the matching is done on unconditional similarity with no controls and rests on a ceteris paribus assumption.

Nevertheless, taking the calculations forward, Table 11 present the 2030 health and poverty targets, both for the Arab countries as a region as well as for the World, counting the period from potential international agreement in 2015 on a new development compact, to the likely target year 2030 (15 full years). In this period to come, the Arab region should aim to reduce its IMR by 11.6 per 1000 live births, equal to 40%, reduce MMR by 63.3 deaths per 100.000 live births, equal to 24%, and reduce the poverty ratio by 1.7 percentage points, equal to 7.1%.

Table 11: The 2030 targets

	2030 Targets					
	IMR	**IMR**	**MMR**	**MMR**	**Poverty**	**Poverty**
	target, abs	**target, rel**	**target, abs**	**target, rel**	**target, abs**	**target, rel**
Arab countries	-11.648	-0.403	-63.292	-0.237	-1.655	-0.071
World	-14.207	-0.41	-69.174	-0.304	-3.525	-0.091

Source: Authors' calculations based on World Bank 2013.

The targets calculated in this section can be indicative of the progress that can likely be expected of the Arab region, taking clues from past performance, not implying though, that the plans for development outcomes should not be more ambitious, and possibly due to the progress and globalized nature of the world, be more in line with what we call the upper bound in this paper, or even more ambitious.

Concluding Remarks

This paper sets out to provide a new perspective to an old debate on how to set global development goals, the debate being that much more relevant now, since the MDGs are formally ending in 2015. We argue that very good performance of some Arab countries on their MDGs, the same Arab countries which then witnessed the 'Arab Spring', points to inadequacies in the MDGs framework.

Based on an overview of heterogeneous MDGs progress in the Arab Countries and the existing literature, development priorities and constraints are identified. The regional development priorities should primarily deal with the questions of eradicating hunger and extreme poverty, reducing infant, child and maternal mortality, poverty reduction, social protection and decent employment. They are, however, limited by developmental constraints, which we argue are the necessary conditions for development both now and in the future, and consist first and foremost out of the quality of institutional factors (namely quality of governance and political stability) and fiscal space (the potential to finance development expenditures), but also out of the quality of health care and education, as the two major enablers of future generations and future development. The caveats of setting the goals are discussed on the particular salient example of poverty, and eight tentative goals are suggested, which should play a central role in the post 2015 debate for the Arab region.

Of course, we are well aware that deriving a unique global target list that is relevant to all countries is impossible. However, the process that leads up to setting the goals and targets is perhaps more important than the targets themselves, as it must ensure a real partnership between rich and poor countries with accountability frameworks clearly defined and agreed upon. Only then will the effort led by the UN on the monitoring and evaluation of the goals become fruitful.

The most important contribution of this paper might be that it provides a methodology and an illustrative example on how to set global goals that reflect regional priorities and policy choices at the level of the targets within each goal. The targets are proposed on a country level for the purpose of national ownership, and the methodology allows transparent, clear and simple national target setting, as well as regional and global aggregation. This perspective is crucial since political processes at the global level that will decide the future development targets should be grounded on the country-level facts and realities of developing countries.

We are conscious that there are many issues and hurdles outside the scope of this paper that will need to be settled before arriving at commonly agreed goals. There are also other practical issues such as the time frame, the place of human rights, how to deal with cross-cutting issues, and who will be the global custodian.

We hope that this paper will prove useful to the decision making process on the post 2015 global development agenda. Finally we wish to emphasize that our suggested goals and targets are in no manner indicative of an emerging position by the UN agencies of the region. They are merely a reflection of our own thoughts and analyses and are intended to stimulate discussions and further investigations to reach a regional and hopefully global perspective with broad consensus.

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