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The Underlying Causes of Stability and Unrest in the Middle East and North Africa: An Analytic Survey

“Find their worst grievances and deal with them”

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Introduction

The current series of crises in the Middle East and North Africa (MENA) have many causes, and causes that vary sharply by country. They include politics, religion, and ideology – shaped in many cases by major tribal, ethnic, sectarian, and regional differences within a given nation.

The political dynamics of these crises and unrest are, however, only part of the story. An examination of the broader demographic, economic, and security trends in the MENA region shows how critical these factors are in shaping public anger and discontent. They also show the critical role of governance, social change, and justice systems in shaping and dealing with each nation's problems.

This briefing summarizes current statistics and data on the key trends in demographics, economics, internal security and justice systems, governance, and social change to show how they affect both the region and individual nations.

The charts and tables show just how many variations exist in basic data on factors such as the size of given economies, per capita incomes, populations, and population growth rates. They include comparisons of efforts to provide summary scores on factors like governance and justice systems. Some of these comparisons speak for themselves in showing how untrustworthy such systems are as a substitute for looking at the details of how given countries do or do not meet given challenges.

The Need for Far Better Data, Planning, and Analysis

The briefing serves another purpose as well: it illustrates the severe limits to the availability and quality of the data on many key aspects of stability. As such, it is often a warning that countries, intelligence experts, members of international institutions, NGOs, and area experts need to do a far better job of developing basic data on the causes of instability.

The charts and tables show just how many variations exist in basic data on factors such as the size of given economies, per capita incomes, populations, and population growth rates. They include comparisons of efforts to provide summary scores on factors including governance and justice systems. Some of these comparisons speak for themselves in showing how untrustworthy such systems are as a substitute for looking at the details of how given countries do or do not meet given challenges.

They show that far better data are needed in key areas like unemployment and underemployment, income distribution, the efficiency of the state sector, barriers to growth and economic development, the size and function security forces and police, and quality of governance.

Some key societal factors affecting a remarkably young population remain unmeasured. These include factors such as access to meaningful, job-related education, the cost of marriage, substantive employment leading to real careers and income to marry, dependence on the state sector, career options for young women, social mobility and status, and the belief that government and social order offer dignity and justice while being free enough of corruption and favoritism to create loyalty and hope.

The figures in this briefing also reflect the fact that there are few reliable qualitative data on key government services such as education, housing, medical services, water and refuse removal, and infrastructure. The data on corruption and rule of law do not begin to reflect the degree to which given elements of MENA populations are angry at their governments, furious about their living conditions, and identify the political and social framework as unjust.

Furthermore, the data that are available shows that there is a need for far better efforts at statistical standardization, for transparency, for added data on critical aspects of stability, and for accepting the sheer complexity of the various force at work.

Finally, it is clear that metrics and analyses that do not include survey data on popular perceptions of the quality of all the factors involved, and which ignore the country-by-country causes of popular discontent and anger, have only limited value. Polls can be a key tool in supplementing the metrics provided in this briefing, but they are often lacking – or unreliable – in measuring key areas of popular perceptions of the causes of instability.

The Near Certainty of Regime Change Cannot Bring Near Term Stability

That said, the briefing shows that the data presented in this briefing do illustrate the conditions that have made popular unrest so great, and many show why many of the peoples in the MENA region have reason to distrust their governments.

There are no reliable ways to provide exact measurements of the quality of governance and the justice system, but the briefing shows that indicators that are available quality of governance show that “corruption” is only part of a much broader pattern of gross inefficiency, favoritism and nepotism, and indifference to popular needs that has built up over decades.

The demographic and economic data reveal patterns of population growth and other trends that make any quick solutions or improvements difficult to impossible. In the cases of far too many countries, problems such as the need for jobs on the part of the region’s youth are, in and of themselves, certain to put extreme stress on their governments for a decade or more to come.

In such cases, governments may become more “legitimate” in the way they are chosen and in their reduced reliance on repression. They will not, however, be able to build legitimacy by successfully treating the underlying causes of unrest for years to come, and therefore political change alone offers little hope of future stability .

A Decade, Not a “Spring”

Finally, the broader patterns that emerge from the entire set of indicators warn that the “Arab spring” is likely to involve a decade of more of political, economic, and social unrest. The causes of unrest are deep, complex, and involve structural problems in governance, demographics, and economics. None can be solved in a few months or years. Even the most successful nations – and the briefing shows that such nations clearly exist – still face major challenges over the next decade. Others must fight their way out of problems that have brought them close to the edge of becoming “failed states.”

Most MENA states have no real political parties or pluralistic structures, and only the monarchies have a history of political legitimacy.

There is no clear basis for representative government, no experience with political compromise and making elections work, and no pattern of effective governance combined with economic progress and social evolution to build upon. Ethnic and religious issues often cut deep and have been repressed for decades. Justice systems are weak and/or corrupt, religious extremism challenges necessary social and economic change, and the security forces are often an equal or more serious problem.

The US and the West may still think in terms of rapid, stable democratic change. None of the proper conditions exist in many states, and political evolution is the only road to stability in the others. The reality is that far too many revolutions eat their young and the hopes of those who cause them. The “European spring” of 1848, for example, produced continuing instability through 1914 – when new crises led to still greater problems.

There will be Arab successes, particularly with proper support and help from neighboring Arab states and the outside world, but sudden successes are unlikely and even the best regimes face major challenges where it will take years for them to meet popular hopes and expectations.

Setting the Stage – I

Comparisons Between Regions

Setting the Stage - I

No one Middle East; countries differ sharply in virtually every measure.

Many key problems are outside government control:

Population rates.

Comparative economic advantage in natural resources.

Legacies of history

No clear historical causes to predict unrest.

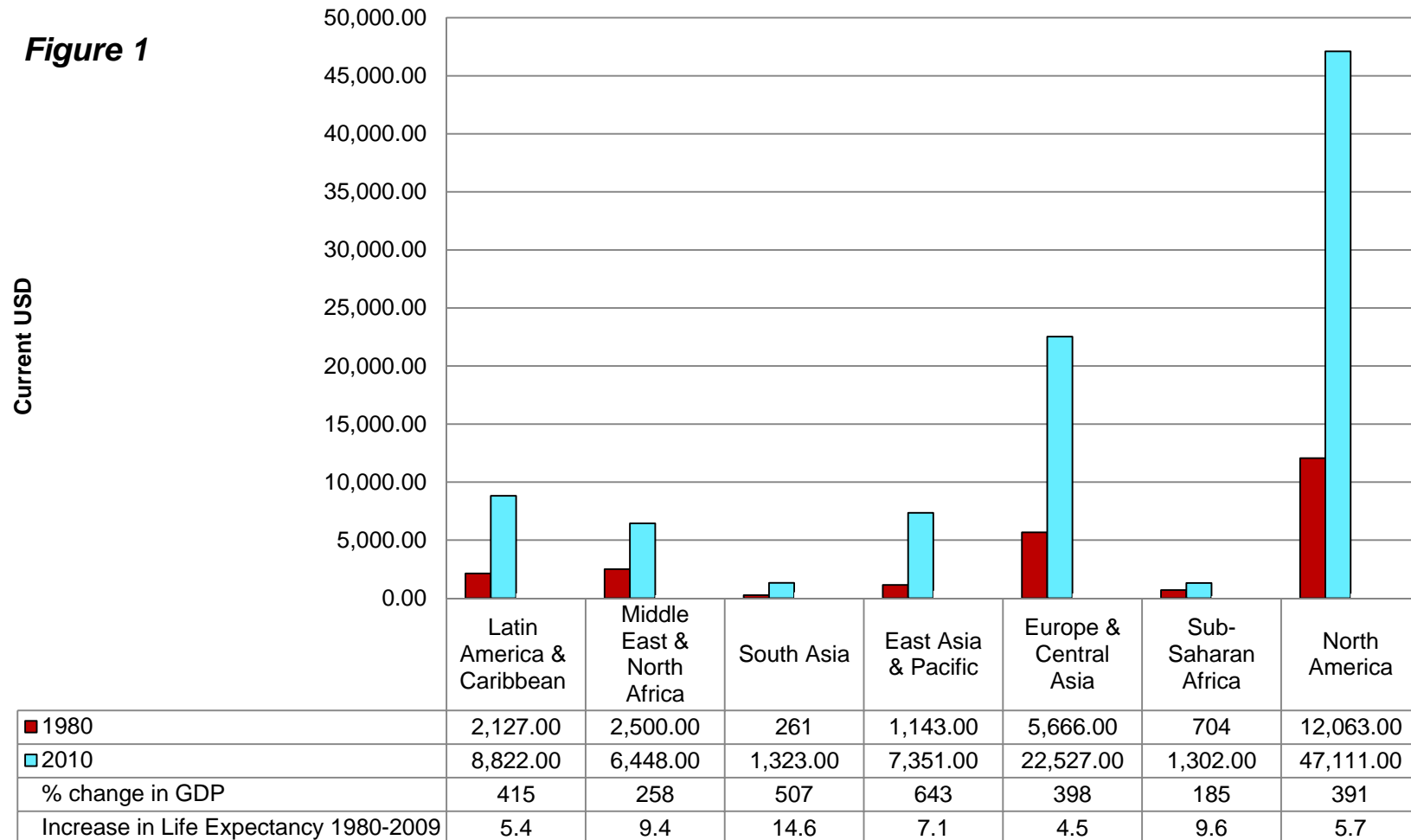
Experts differ sharply on impact of weighting of given problems.

Sharp differences and gaps in the data.

National breakouts illustrate issues, do not portray fault or blame.

Per Capita GDP Growth: 1980 vs. 2010 by Region

Per Capita GDP: 1980 vs. 2010 (in current USD)

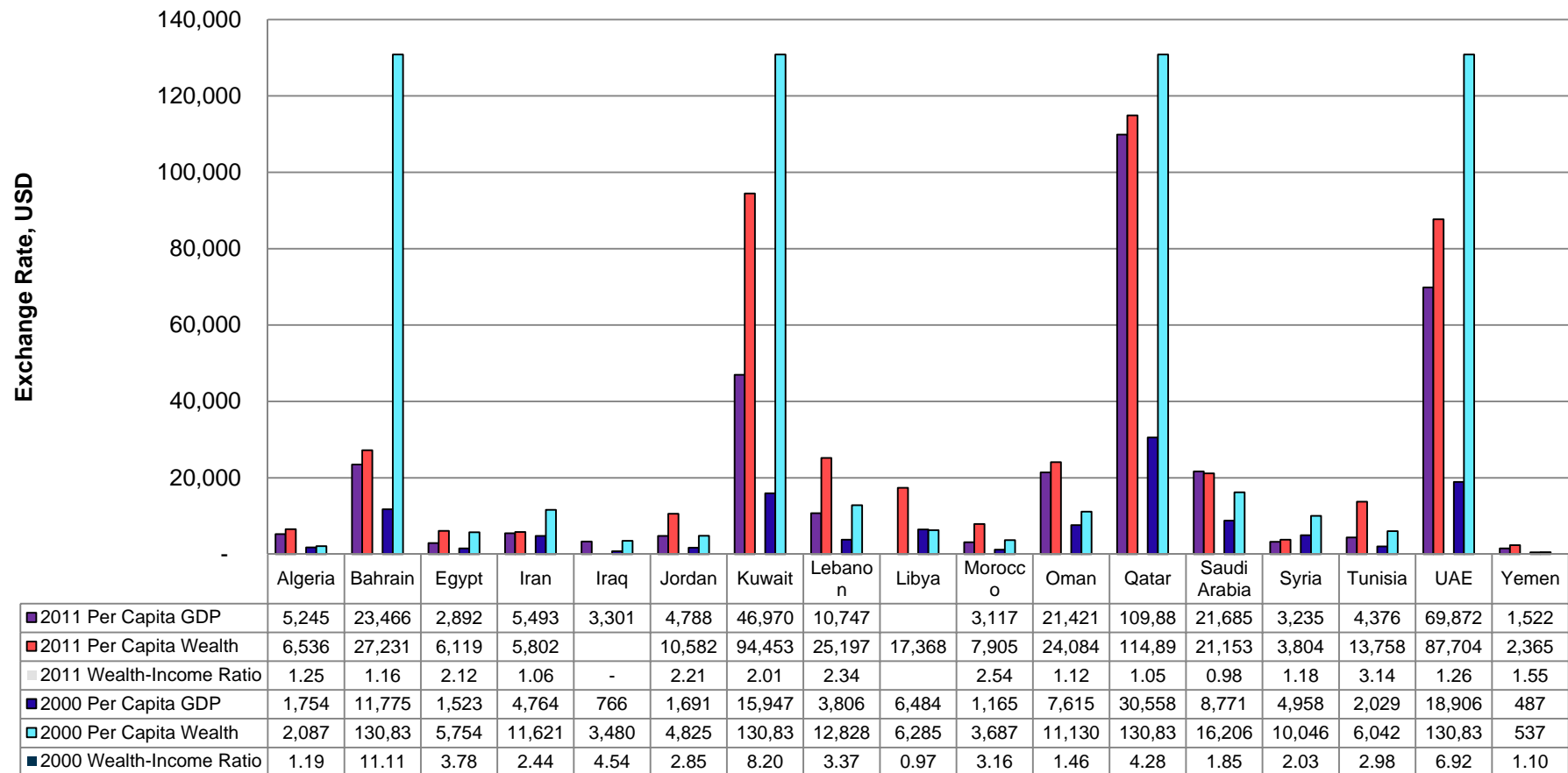


Source: The World Bank: World, dataBank, January 2012.

<http://databank.worldbank.org/ddp/home.do>

Per Capita Income and Wealth in the MENA Region: Comparing 2000 and 2011

Figure 2



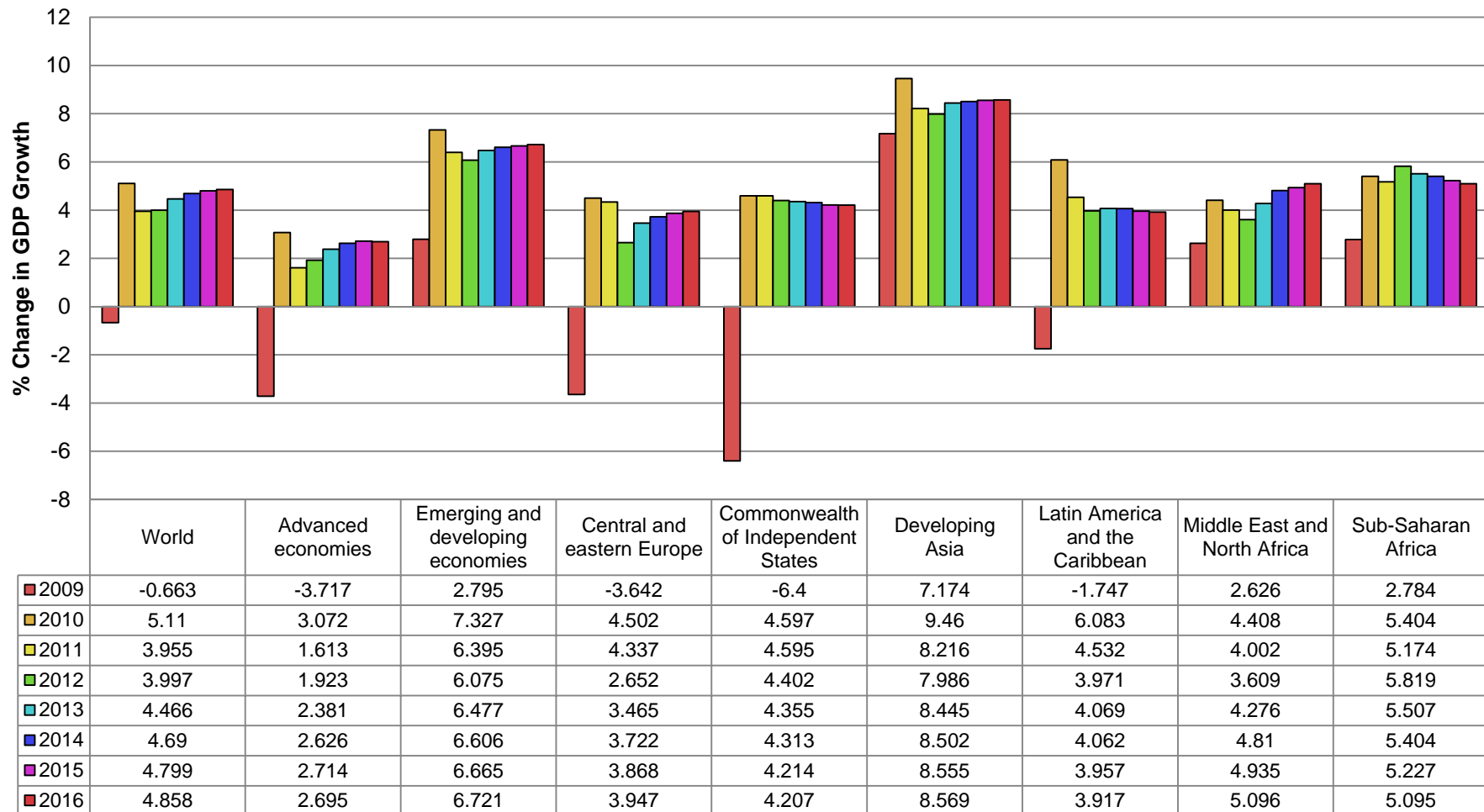
2011 Figures: Credit Suisse, Credit Suisse Research Institute, *Global Wealth Databook 2011*. p. 19-22. Accessed 2/10/2012

https://www.credit-suisse.com/news/doc/credit_suisse_global_wealth_databook.pdf

2000 Figures: By James B. Davies, Susanna Sandstrom, Anthony Shorrocks, and Edward N. Wolff. *The World Distribution of Household Wealth*. Tables to the 2006 report in Excel (including Gini coefficients for 229 countries). UN-WIDER.

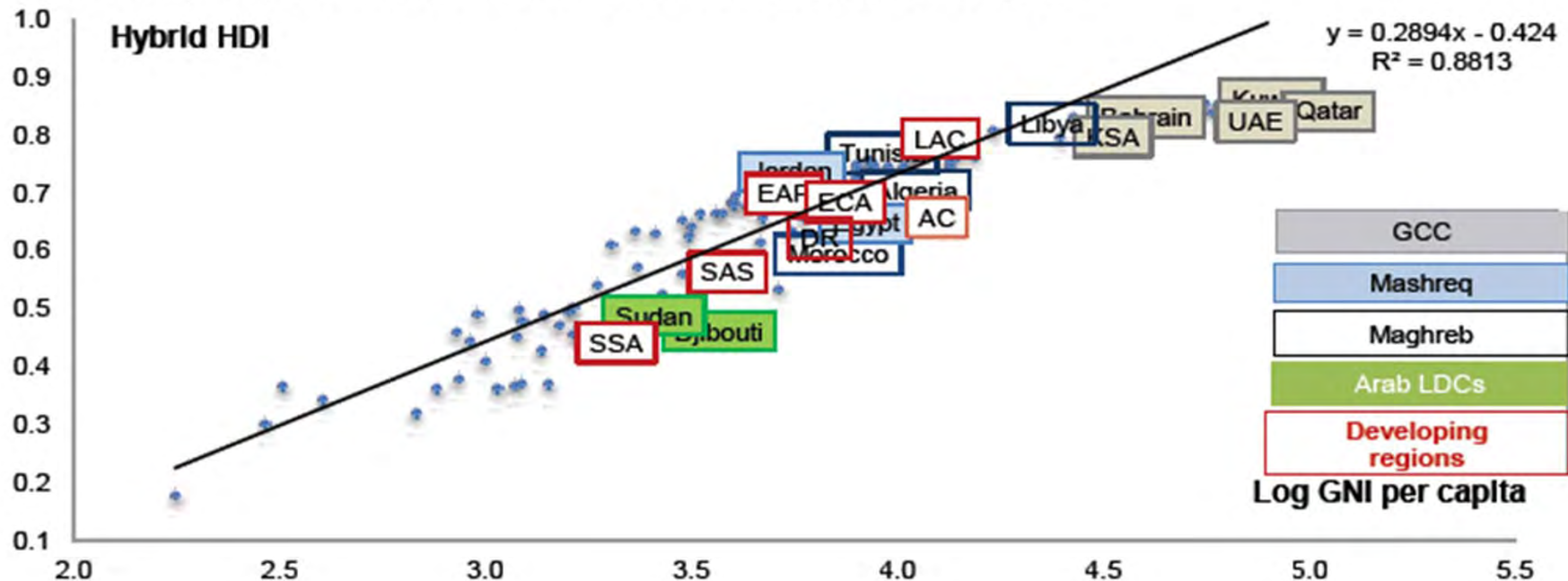
Barely Adequate Regional GDP Growth

Figure 3 Regional Comparison of GDP Growth



Regional and National differences in HDI and Per Capita Income

Figure 1: GNI per capita versus hybrid HDI for Arab and developing countries, 2010



... all Arab countries, which have been identified by the global Human Development Report as top-movers, still lag behind on human development relative to their income levels. Simply put, most Arab countries could have attained higher levels of HDI had they been as effective as their peers in the developing world in implementing a human centred development path. This poor performance on human development, despite substantial investment in health and education, is arguably due to the impact of poor governance structures on the effectiveness of these expenditures. Poor accountability frameworks have led to high rates of corruption and disregard of quality issues. Ineffective or nonexistent parent-teacher associations and limited provision of funding for operations and maintenance of public assets have undermined the quality of education services in particular. In fact, many school facilities have been left in dilapidated conditions and with insufficient supplies of teaching aids..

Mixed Ranking of Most Arab Countries in Terms of Change in UN Human Development Index (HDI), 1970–2010 and 1990-2010

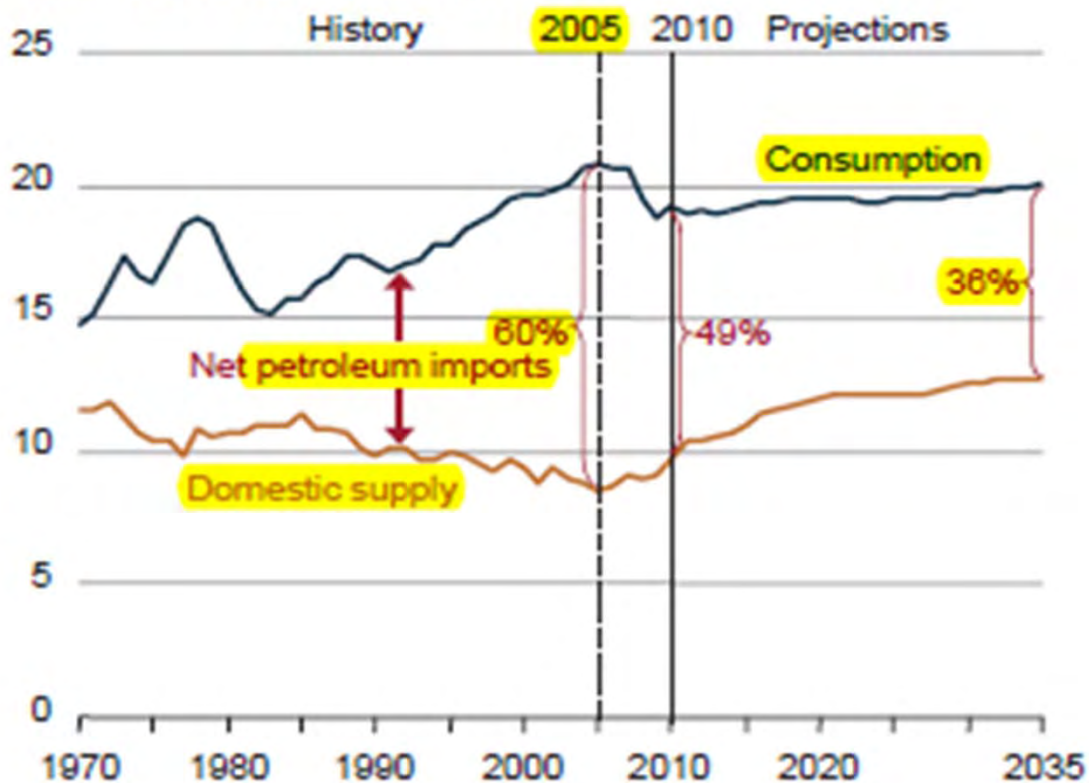
HDI improvement Rank	Country Name	Non-Income HDI rank	GDP Growth rank	HDI improvement Rank	Non-Income HDI rank	GDP Growth rank
1970-2010			1970-2010			
1	Oman	1	19	15	7	40
5	KSA	3	111	18	2	108
7	Tunisia	6	20	14	12	21
9	Algeria	5	100	30	19	98
10	Morocco	14	42	12	10	43
13	Libya	4	132	41	18	114
17	Egypt	25	39	21	28	32
19	UAE	24	38	103	88	118
34	Bahrain	21	104	94	93	67
43	Jordan	26	87	51	53	44
58	Qatar	73	121	104	104	58
67	Sudan	121	72	22	118	9
68	Kuwait	48	131	61	59	50
94	Lebanon	89	92	29	54	8
122	Djibouti	117	133	100	109	130

... compared to 4 of the top 10 movers being Arab countries using 1970 as the base year, not a single Arab country is amongst the top 10 movers on HDI from 1990 onwards. However, three of the top movers in the earlier period, namely Oman, KSA and Tunisia, continue to make remarkable progress on HDI in the latter period, being placed amongst the top 20 movers, together with Morocco. Algeria demonstrates much slower progress in the second period, due to the effect of the prolonged internal strife the country experienced in the 1990s. Sudan, Kuwait, Lebanon and Djibouti, on the other hand, show the slowest rates of improvement in HDI since 1970. Djibouti also shows consistently low rankings in terms of progress on both income and non-income components of HDI and remains amongst the worst performers when one looks at the period since 1990. This is a clear reflection of the fundamental constraints it faces in its attempt to break out of a vicious cycle of misery that is typical of LDCs. The poor performance of Lebanon against a 1970 base is largely due to the negative impact of the long-running civil war on both economic prosperity and provision of quality public services.

Continued US Strategic Dependence on Energy Imports

Figure 4

Figure 1. U.S. liquid fuels supply, 1970-2035
(million barrels per day)



The net import share of total U.S. energy consumption in 2035 is 17 percent, compared with 24 percent in 2009. (The share was 29 percent in 2007, but it dropped considerably during the 2008-2009 recession.)

Much of the projected decline in the net import share of energy supply is accounted for by liquids.

Although U.S. consumption of liquid fuels continues to grow through 2035 in the Reference case, reliance on petroleum imports as a share of total liquids consumption decreases.

Total U.S. consumption of liquid fuels, including both fossil fuels and biofuels, rises from about 18.8 million barrels per day in 2009 to 21.9 million barrels per day in 2035 in the Reference case. The import share, which reached 60 percent in 2005 and 2006 before falling to 52 percent in 2009, falls to 41 percent in 2035

Slide 12

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Bolded text applies to graph, however top part of text needs a new graph. Found relevant sources (AEO) but need help removing graphs from PDF>

CSIS User, 1/25/2012

Setting the Stage - II

*The Critical Importance of National
Differences and the Problem of
Perceptions*

Setting the Stage - II

Differences outweigh common cultural and religious identity.

Low global economic ranking except for petroleum sector – which produces major swings in income.

Economic growth moderate compared to Africa, and Latin America but far below Asia.

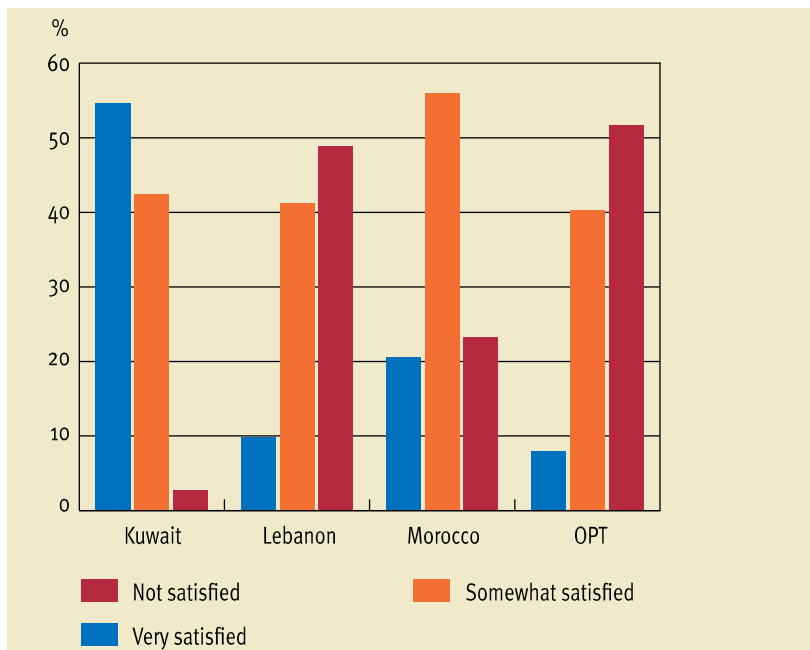
Limited numbers of truly poor in terms of basic food crises.

Instability as much by perceptions and expectations as critical economic and social pressures.

Satisfaction (Stability) vs. Security

Figure 5

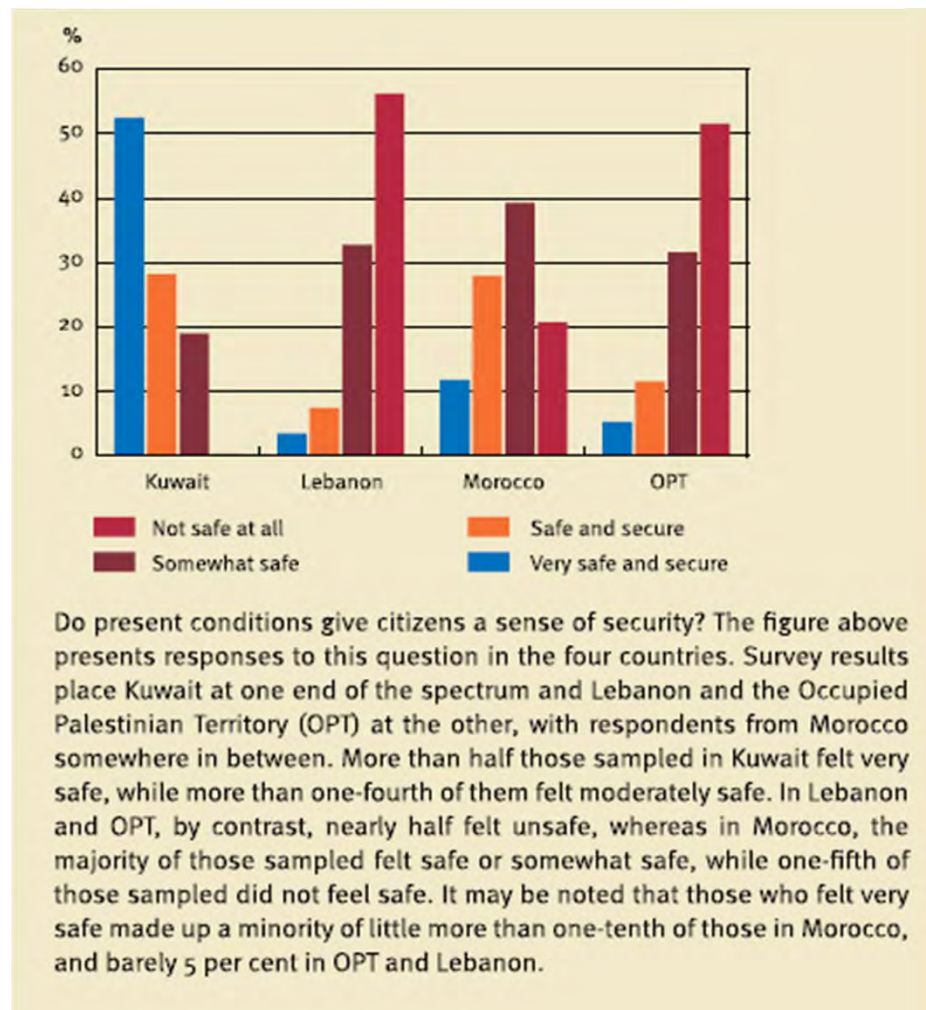
Satisfaction with the present situation



Responses from those sampled in the four countries represent three patterns of response which recur throughout. More than half of Kuwaitis were completely satisfied with their circumstances in terms of the main threats, whereas more than half polled in Morocco were moderately satisfied. In Lebanon and OPT, however, about a half of respondents were dissatisfied. This picture evidently reflects perceptions of the degree of human security in the four countries at the time the questionnaire was administered, that is, in the spring and winter of 2008.

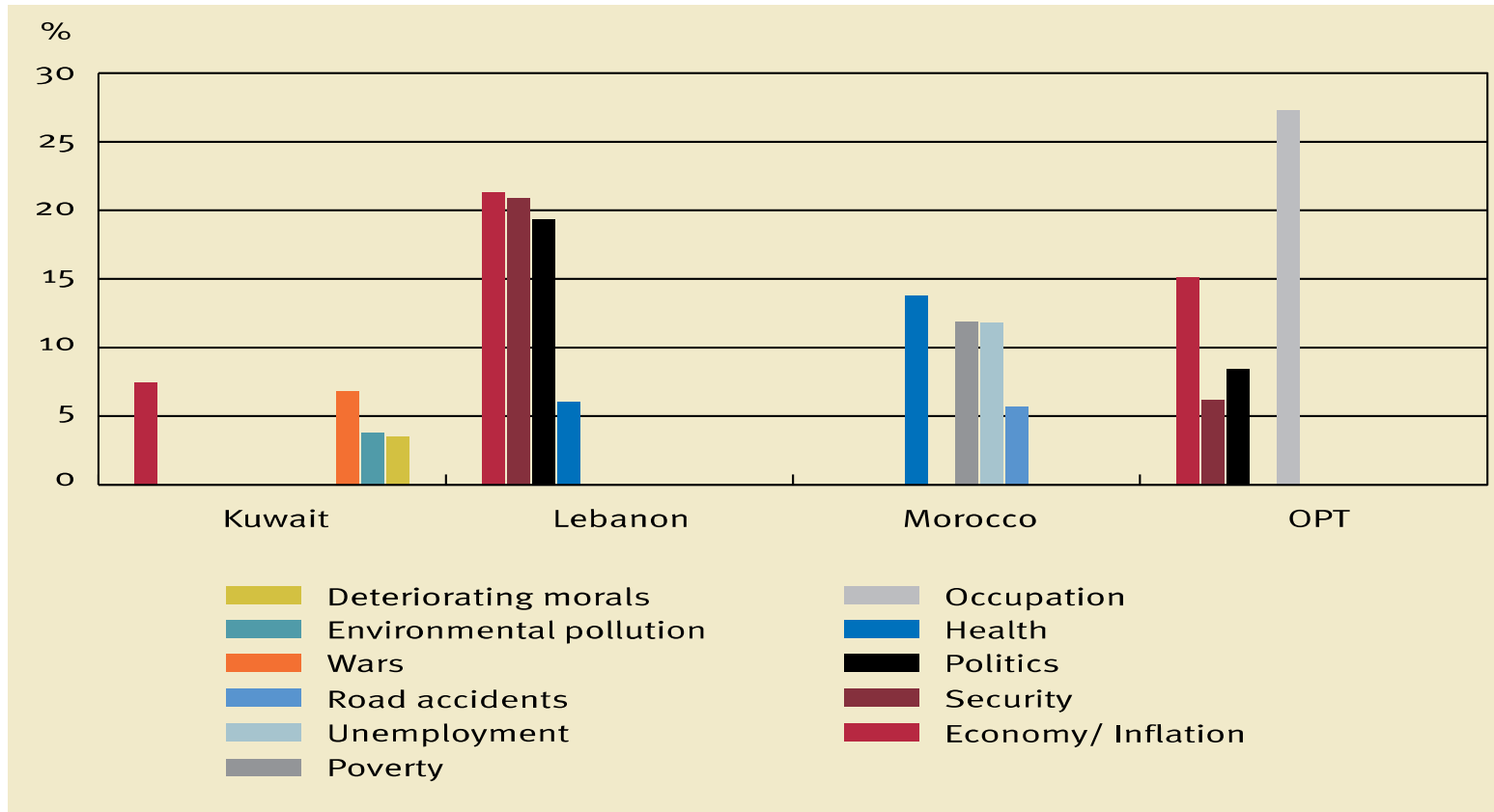
Figure 6

How safe do citizens feel?



What Makes Citizens Feel Most Insecure?

Figure 7



To determine how secure Arab citizens feel, the respondents were asked to specify the most important sources of threat, for themselves personally. In all four countries, economic conditions were viewed as a threat to security. However, in the Occupied Palestinian Territory, foreign occupation ranked as the most serious threat, followed by deteriorating economic conditions, deteriorating political conditions, and a lack of personal security. In Lebanon, concern over the economy took first place, followed by a lack of personal security and deteriorating political conditions. In Morocco, by contrast, the sources of threat were less directly linked to political conditions. Instead, health conditions came first in importance, followed by poverty and unemployment, then traffic accidents. Economic threats and war or external threats were given first place by Kuwaiti respondents, followed by environmental pollution and deteriorating morals. Poor nutrition did not figure directly among the most significant threats felt by citizens in the four countries although it may have been implied in references to poverty and unemployment, given that these latter phenomena reduce the ability to obtain food.

Perceived Threats to Security

(% of participants asked to consider up to 21 potential threats to human security, and choose whether or not they thought each one was indeed a threat in their context.)

Figure 8

Threats	Countries	Kuwait	Lebanon	Morocco	OPT
Environmental pollutants		91.2	77.8	74.9	..
Water shortages		73.5	80.5	76.9	82.3
Deterioration of agricultural land		78.4
Occupation and foreign influence		..	85.1	..	96.2
Governmental failure to protect citizens		..	87	..	86.9
Arbitrariness of government		..	80.1
Lack of social protection		..	73.4	..	71
Poor health services		..	80.9	72.3	73.4
Poor educational services	
The spread of corruption		..	86.3	..	89.4
Slow legal procedures and difficulty in obtaining rights		..	73.2	..	73.7
Weak solidarity among members of society		..	70.2
Tense relations among different groups		..	80.8	..	83.7
Religious extremism		..	79.9
Disintegration of the family		..	74.7	..	75.2
Lack of access to basic services		..	81.1	..	75.4
Epidemics and communicable diseases		..	86.2	70	75.6
Unemployment		..	86.5	81.2	91
Poverty		..	86.4	86	90.6
Hunger		..	88.7	75.9	85.4
Assaults on persons and private property		..	89.1	..	80.4

Figure 9

Key Differences by Country

Country	Leader	Date of accession	Population (millions)	Population under 25 (% of total)	GDP per capita* USD '000	World ranking 2010		
						Democracy ¹	Corruption ²	Press freedom ³
Algeria	Abdulaziz Bouteflika	1999	35.9	47.5	8.2	125	105	141
Bahrain	King Hamad bin Essa Al-Khalifa	1999	1.2	43.9	24.0	122	48	153
Egypt	Muhammed Tantawi (acting)	2011	84.6	52.3	5.9	138	98	130
Iraq	Nuri Al-Maliki	2006	31.4	60.6	4.0	111	175	144
Jordan	King Abdullah II	1999	6.4	54.3	5.2	117	50	140
Kuwait	Sabah Al-Ahmed Al-Sabah	2006	3.5	37.7	40.6	114	54	115
Lebanon	Michel Suleyman	2008	4.3	42.7	13.4	86	127	115
Libya	Muammar Qadafi	1969	6.5	47.4	18.7	158	146	192
Morocco	King Mohammed VI	1999	32.4	47.7	4.7	116	85	146
Oman	Sultan Qaboos	1970	3.3	51.5	23.3	143	41	153
Palestinian Territories	Mahmoud Abbas/Ismail Haniyeh	2005/06	4.1	64.4	2.9	93	na	181
Qatar	Sheikh Hamad bin Khalifa Al-Thani	1995	1.7	33.8	66.9	137	19	146
Saudi Arabia	King Abdullah bin Abdulaziz Al-Saud	2005	27.1	50.8	22.9	160	50	178
Syria	Bashar Assad	2000	22.5	55.3	4.7	152	127	178
Tunisia	Mohamed Gannouchi	2011	10.4	42.1	8.6	144	59	186
UAE	Sheikh Khalifa bin Zayed Al-Nahyan	2004	6.7	31.0	27.2	148	28	153
Yemen	Ali Abdullah Saleh	1978	24.3	65.4	2.9	146	146	173
Peripheral Arab Countries								
Comoros	Ahmed Sambi	2006	0.7	57.4	1.1	127	154	102
Djibouti	Ismael Omar Guelleh	1999	0.9	57.2	2.3	126	91	159
Mauritania	Mohammed Ould Abdulaziz	2009	3.4	59.3	1.9	115	143	118
Somalia	Sheikh Sharif Ahmed	2009	10.1	63.5	0.6	Not ranked	178	181
Sudan	Omar Al-Bashir	1989	43.2	59.0	2.3	151	172	165

Source: Economist Intelligence Unit; The World Bank, Transparency International; Freedom House

Note: 2010 data except for Palestine (2008)

*PPP - Purchasing Power Parity; (1) out of 167; (2) out of 178; (3) out of 198; the lower the ranking the better

Population Growth

*Demographics Threaten the Stability of
Many MENA States*

Demographic Pressures

Massive population growth since 1950, and will continue through at least 2030.

Matched by dislocation, hyperurbanization, and DP/IDP issues

Broad pressure on agriculture at time need economies of scale and capital – not more farmers.

Strain on all government services and infrastructure.

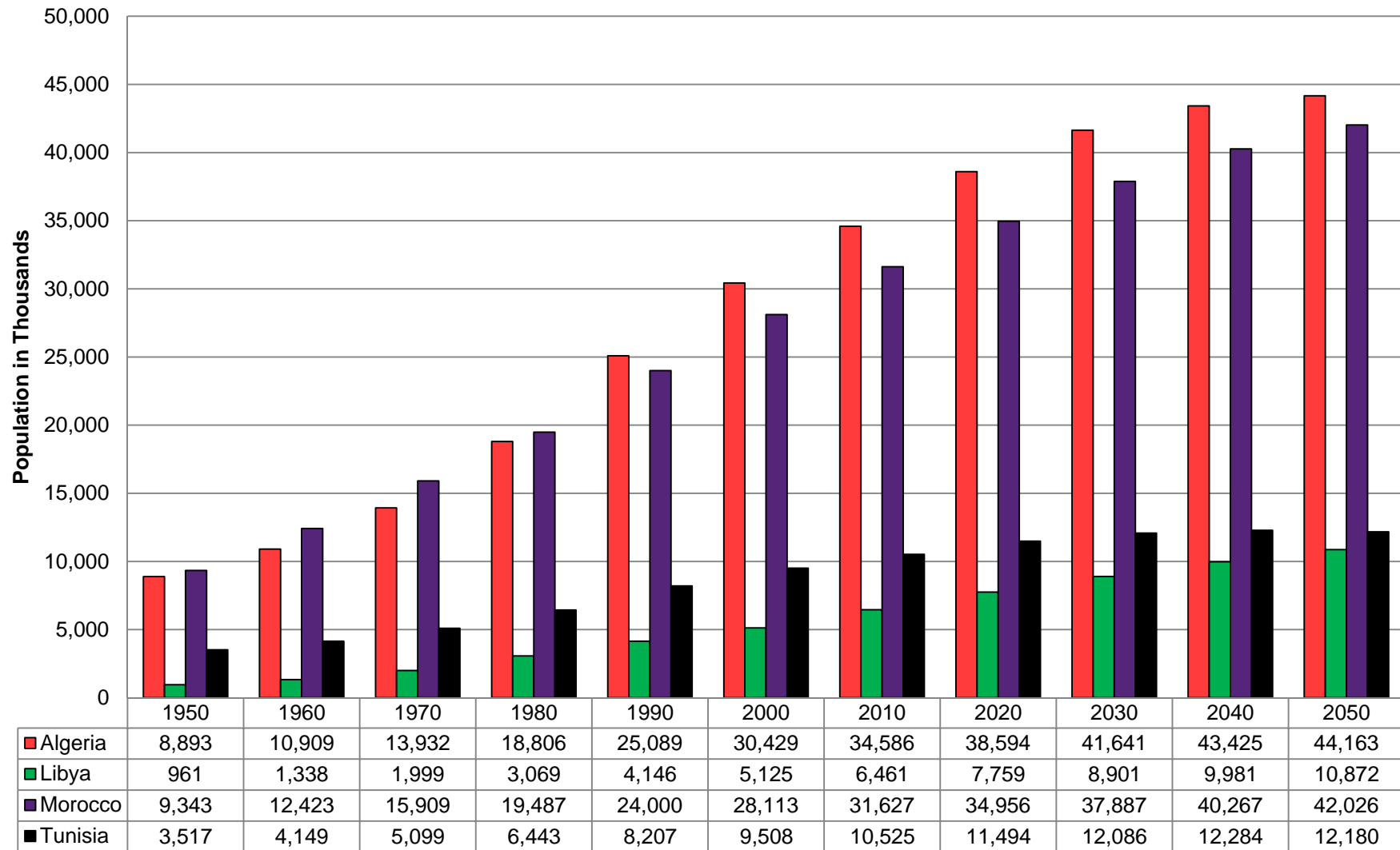
Challenge of expectations, status as important as classic economic pressures.

Country/ Region	1970	1980	1990	2000	2005	Projected Est.		Average Annual Growth Rates			
						2010	2015	1970 -80	1980 -90	1990-00	2000-10
Algeria	13,746	18,811	25,283	30,506	32,855	35,423	38,088	3.2%	3.0%	1.9%	1.5%
Bahrain	220	347	493	650	728	807	882	4.7%	3.6%	2.8%	2.2%
Comoros	238	329	438	552	616	691	767	3.3%	2.9%	2.3%	2.3%
Djibouti	162	340	560	730	805	879	953	7.7%	5.1%	2.7%	1.9%
Egypt	35,575	44,433	57,785	70,174	77,154	84,474	91,778	2.2%	2.7%	2.0%	1.9%
Iraq	10,210	14,024	18,079	24,652	28,238	31,467	35,884	3.2%	2.6%	3.1%	2.5%
Jordan	1,623	2,225	3,254	4,853	5,566	6,472	6,957	3.2%	3.9%	4.1%	2.9%
KSA	5,745	9,604	16,259	20,808	23,613	26,246	28,933	5.3%	5.4%	2.5%	2.3%
Kuwait	744	1,375	2,143	2,228	2,700	3,051	3,378	6.3%	4.5%	0.4%	3.2%
Lebanon	2,443	2,785	2,974	3,772	4,082	4,255	4,426	1.3%	0.7%	2.4%	1.2%
Libya	1,994	3,063	4,365	5,346	5,923	6,546	7,158	4.4%	3.6%	2.0%	2.0%
Mauritania	1,149	1,525	1,988	2,604	2,985	3,366	3,732	2.9%	2.7%	2.7%	2.6%
Morocco	15,310	19,567	24,808	28,827	30,495	32,381	34,330	2.5%	2.4%	1.5%	1.2%
Oman	747	1,187	1,843	2,402	2,618	2,905	3,198	4.7%	4.5%	2.7%	1.9%
OPT	1,096	1,476	2,154	3,149	3,762	4,409	5,090	3.0%	3.9%	3.9%	3.4%
Qatar	111	229	467	617	885	1,508	1,630	7.5%	7.4%	2.8%	9.3%
Somalia	3,600	6,434	6,596	7,394	8,354	9,359	10,731	6.0%	0.2%	1.1%	2.4%
Sudan	15,039	20,509	27,091	34,904	38,698	43,192	47,730	3.2%	2.8%	2.6%	2.2%
Syria	6,371	8,971	12,721	16,511	19,121	22,505	24,494	3.5%	3.6%	2.6%	3.1%
Tunisia	5,127	6,457	8,215	9,452	9,878	10,374	10,884	2.3%	2.4%	1.4%	0.9%
UAE	225	1,015	1,867	3,238	4,089	4,707	5,193	16.3%	6.3%	5.7%	3.8%
Yemen	6,391	8,381	12,314	18,182	21,024	24,256	27,819	2.7%	3.9%	4.0%	2.9%
GCC	7,792	13,757	23,072	29,943	34,633	39,224	43,214	5.8%	5.3%	2.6%	2.7%
LDC	26,579	37,518	48,987	64,366	72,482	81,743	91,732	3.5%	2.7%	2.8%	2.4%
Maghreb	36,177	47,898	62,671	74,131	79,151	84,724	90,460	2.8%	2.7%	1.7%	1.3%
Mashreq	57,318	73,914	96,967	123,111	137,923	153,582	168,629	2.6%	2.8%	2.4%	2.2%
AC	127,866	173,087	231,697	291,551	324,189	359,273	394,035	3.1%	3.0%	2.3%	2.1%
EAP	971,537	1,200,000	1,300,000	1,500,000	1,500,000	1,600,000	1,600,000	2.1%	0.8%	1.4%	0.6%
LAC	286,472	362,655	442,310	521,228	556,512	588,649	618,486	2.4%	2.0%	1.7%	1.2%
SAS	283,267	355,774	439,591	517,193	554,079	589,615	622,911	2.3%	2.1%	1.6%	1.3%
SSA	294,963	389,754	518,053	674,842	764,328	863,314	970,173	2.8%	2.9%	2.7%	2.5%
DR	3,700,000	4,400,000	5,300,000	6,100,000	6,500,000	6,900,000	7,300,000	1.7%	1.9%	1.4%	1.2%

Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, World Population Prospects: The 2008 Revision, <http://esa.un.org/unpd>. December 25, 2010

North African Demographic Pressure: 1950-2050

Figure 11 (In Millions)

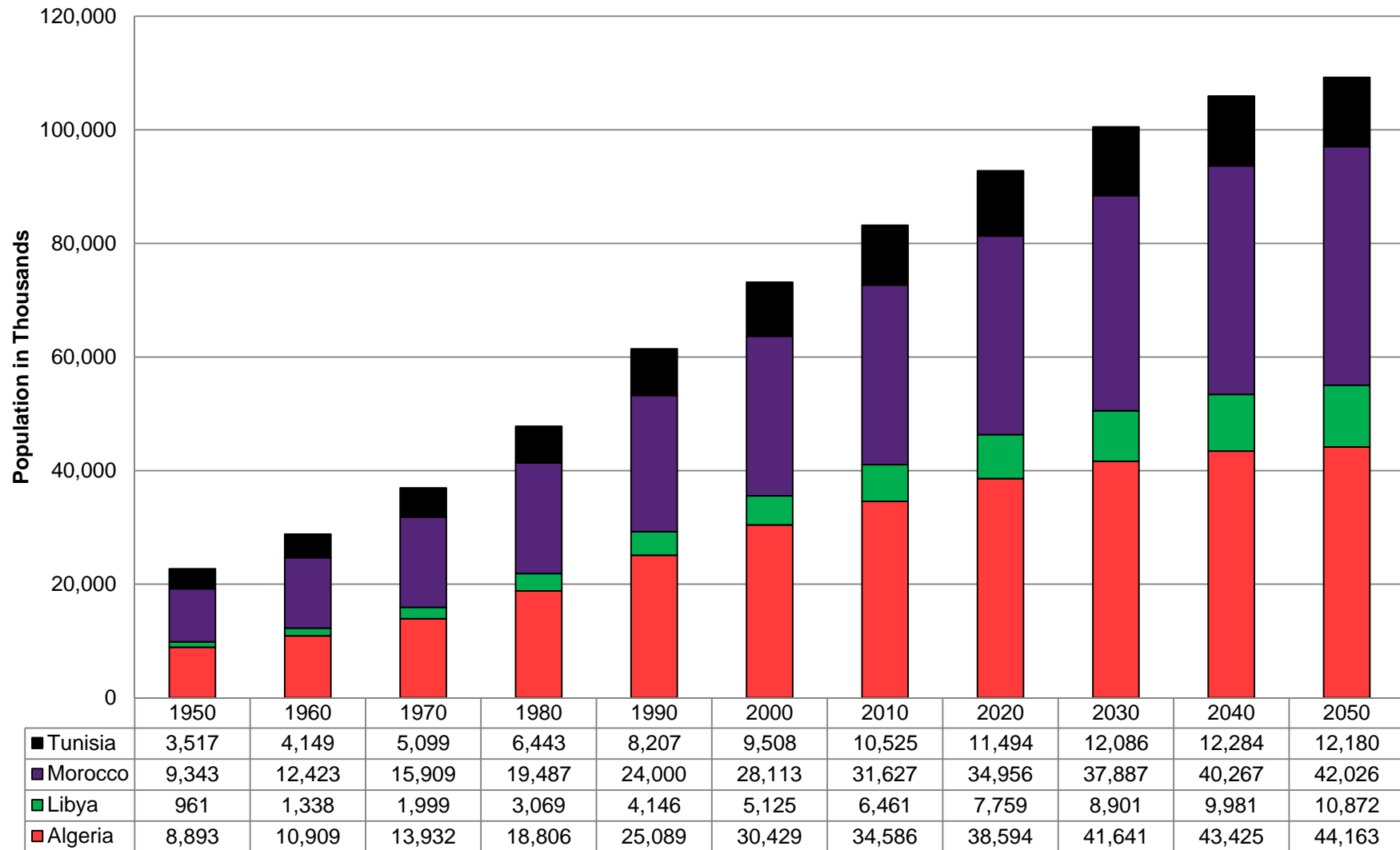


Source: United States Census Bureau, International Data Base, Accessed January 2011.
<http://www.census.gov/population/international/data/idb/informationGateway.php>

North African Demographic Pressure: 1950-2050

Figure 12

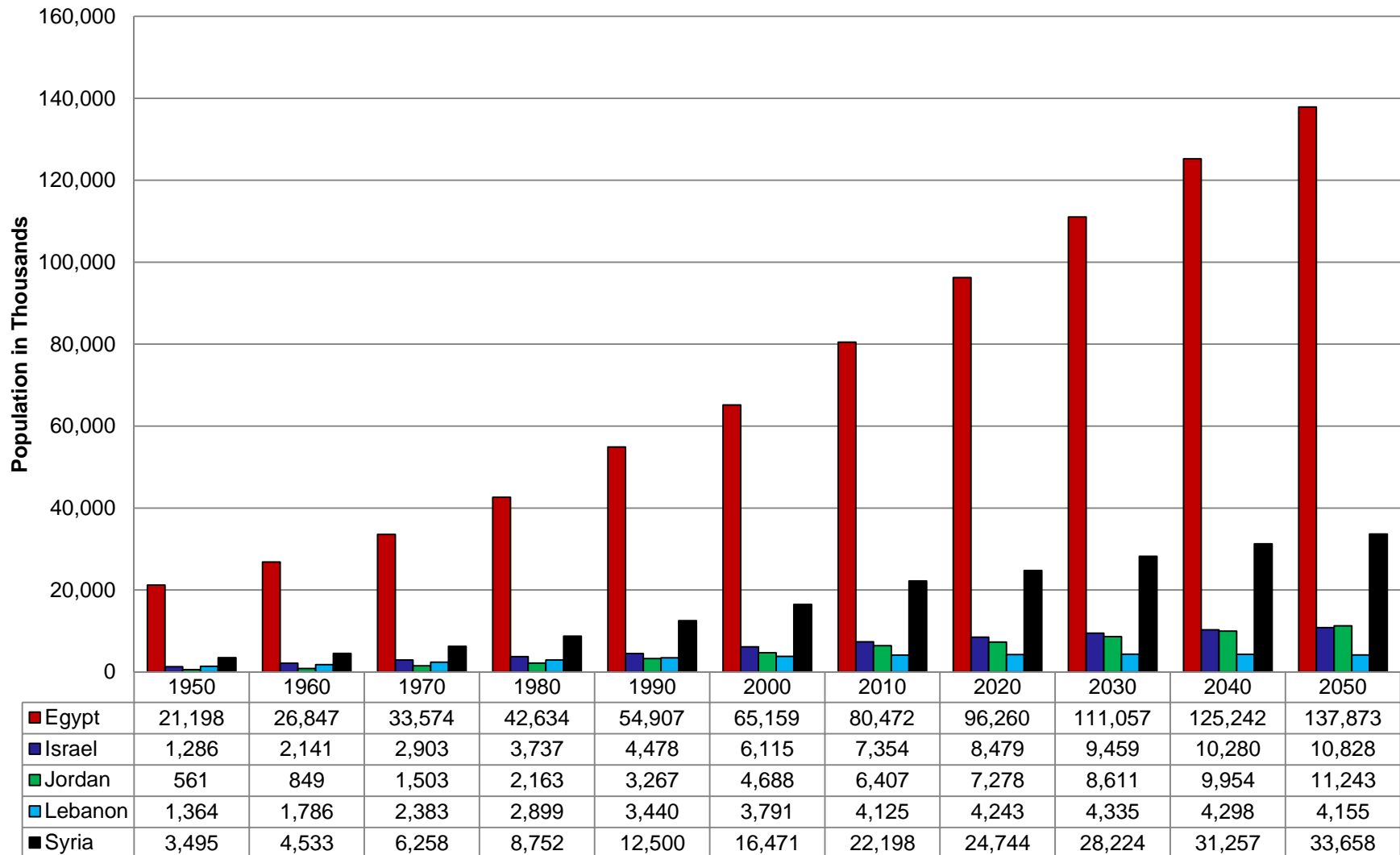
(In Millions)



Source: United States Census Bureau, International Data Base, Accessed January 2011.
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Arab-Israeli Demographic Pressure: 1950-2050 (In Millions)

Figure 13

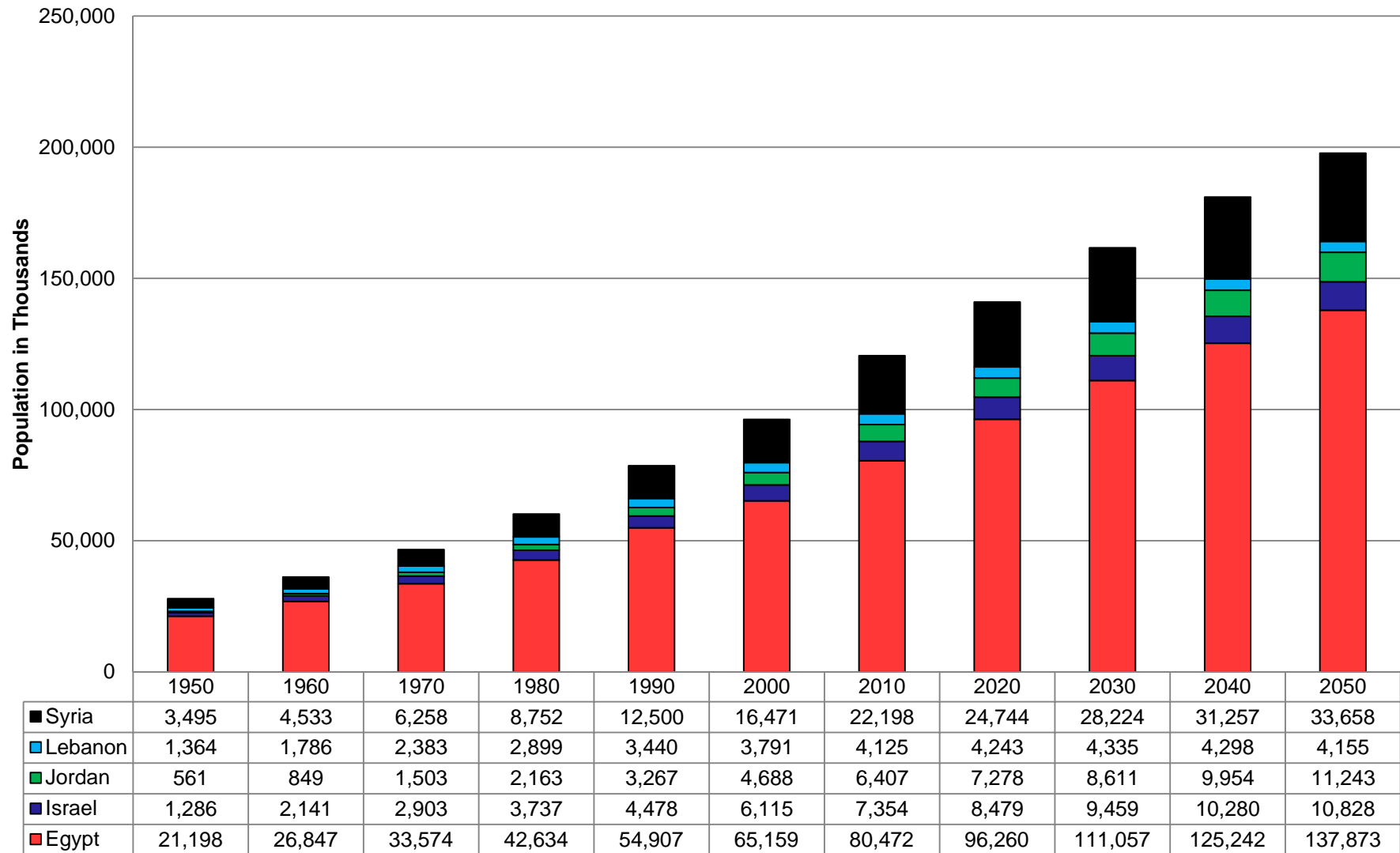


Source: United States Census Bureau, International Data Base, Accessed January 2011.
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Arab-Israeli Demographic Pressure: 1950-2050

Figure 14

(In Millions)

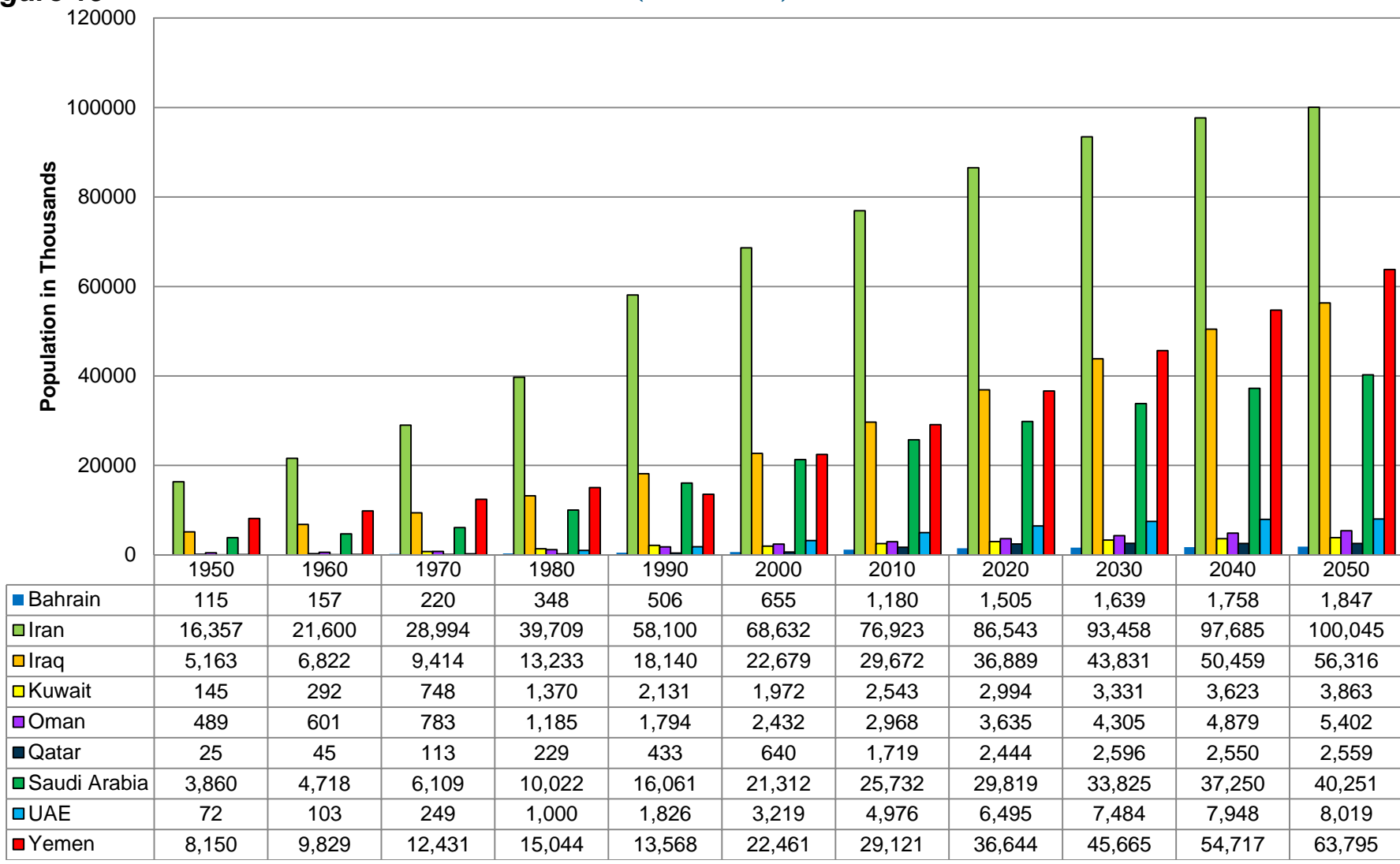


Source: United States Census Bureau, International Data Base, Accessed January 2011.
<http://www.census.gov/population/international/data/idb/informationGateway.php>

Gulf Demographic Pressure: 1950-2050

Figure 15

(In Millions)

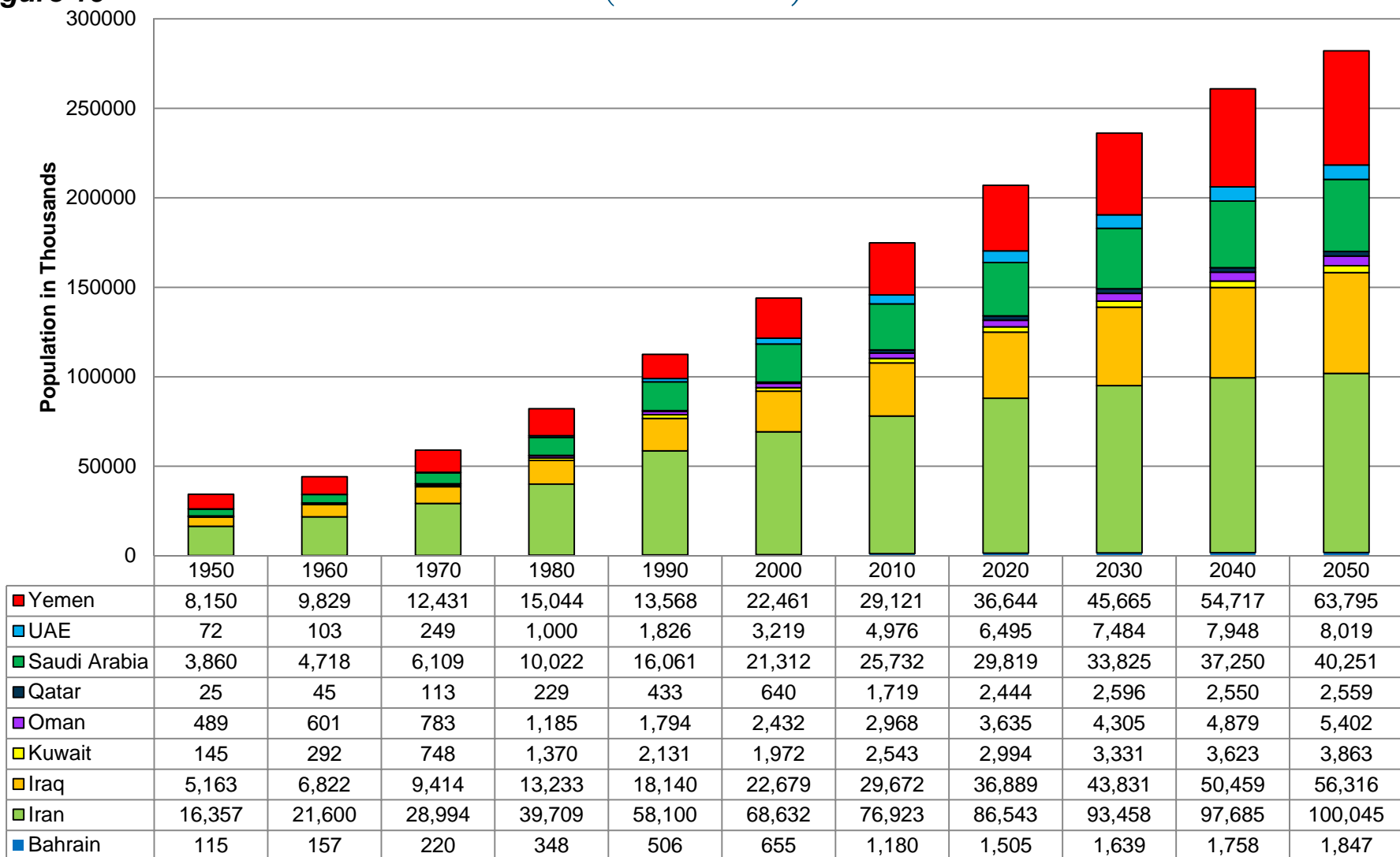


Source: United States Census Bureau, International Data Base, Accessed January 2011.
<http://www.census.gov/population/international/data/idb/informationGateway.php>

Gulf Demographic Pressure: 1950-2050

(In Millions)

Figure 16



Source: United States Census Bureau, International Data Base, Accessed January 2011.
<http://www.census.gov/population/international/data/idb/informationGateway.php>

Estimates of Foreign Nationals as a Percentage of the Labor Force

Figure 17

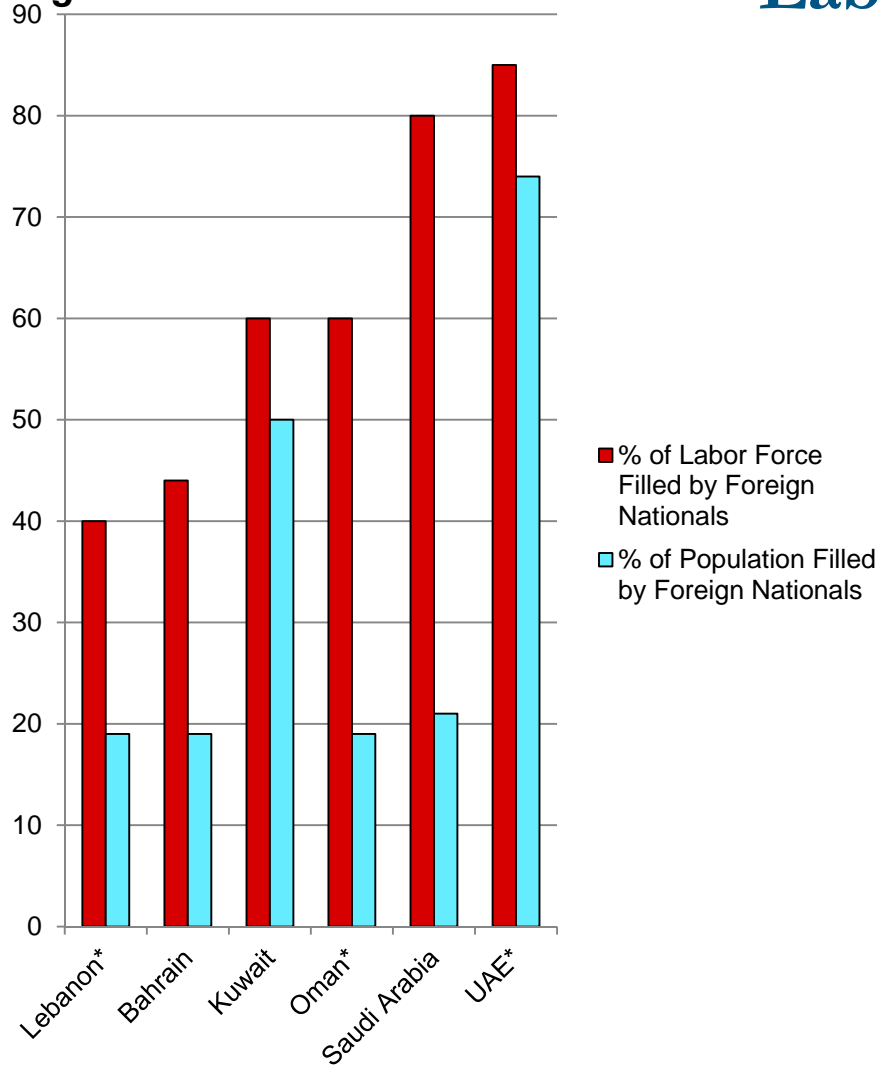


Figure 18

Foreign Nationals in the Labor Force	% of Labor Force Filled by Foreign Nationals	% of Population Filled by Foreign Nationals	Estimates of Foreign Nationals in the Labor Force	Labor Force Estimates
Lebanon*	40	19	1,000,000	2,481,000
Bahrain	44	19	295,900	672,500
Kuwait	60	50	1,345,800	2,243,000
Oman*	60	19	581,280	968,800
Saudi Arabia	80	21	6,104,000	7,630,000
UAE*	85	74	4,111,000	3,500,000

Source: CIA World Factbook, Accessed February 1, 2012.
<https://www.cia.gov/library/publications/the-world-factbook/index.html>

Unemployment and Underemployment are Broad Challenges

Governments often fail to report accurately. There are few reliable data on chronic underemployment, lack of real careers, crony-based employment, lack of productive employment for women

Perceptions of Unemployment in MENA

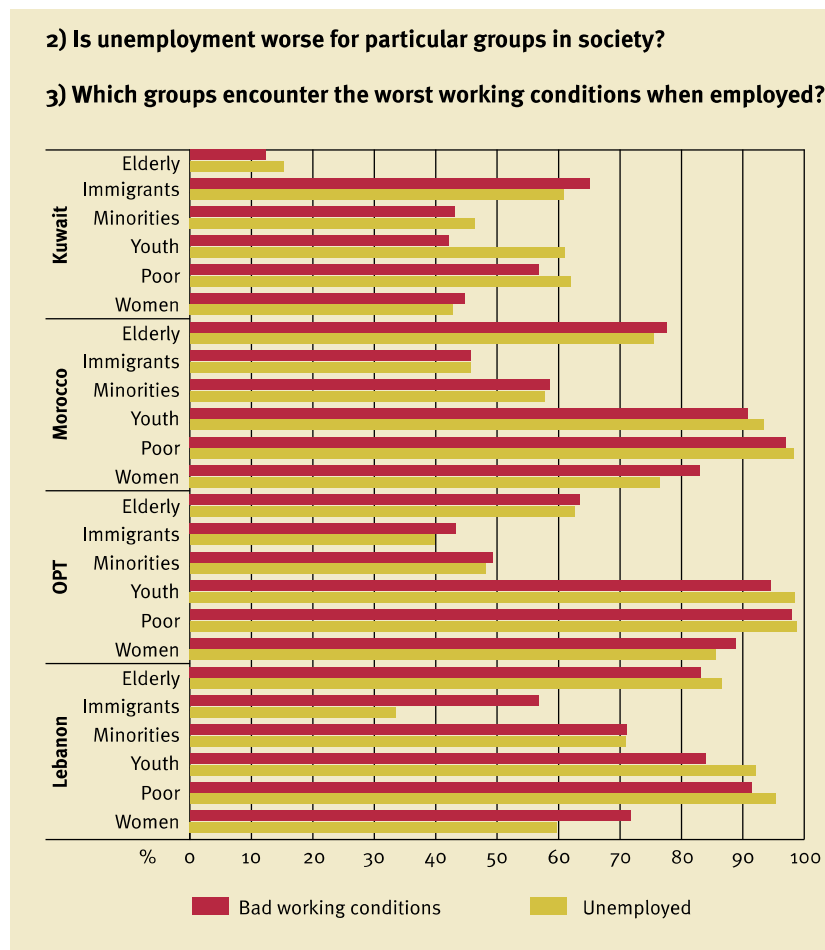


Figure 19

Percent Unemployed and Looking for Work

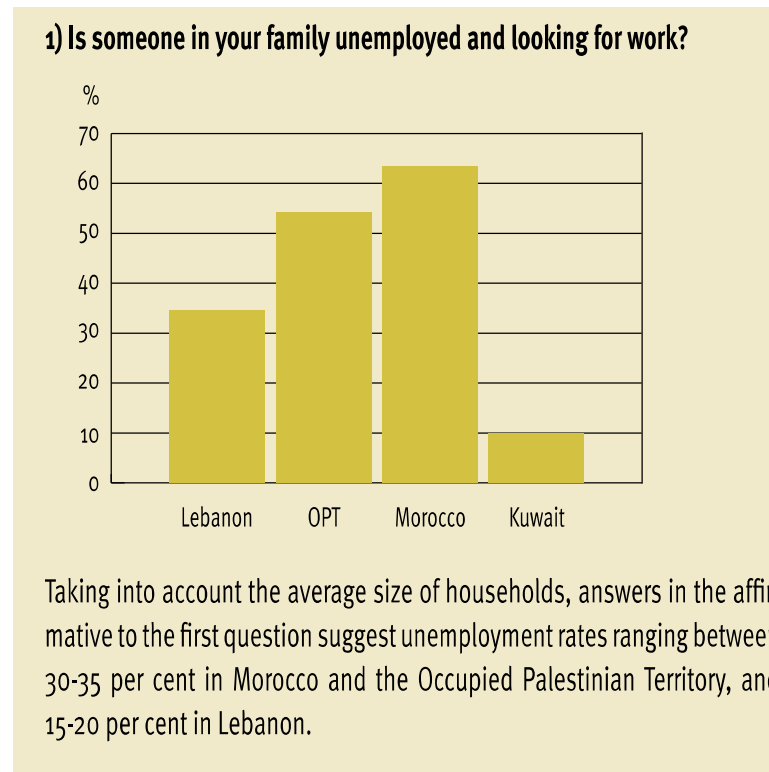
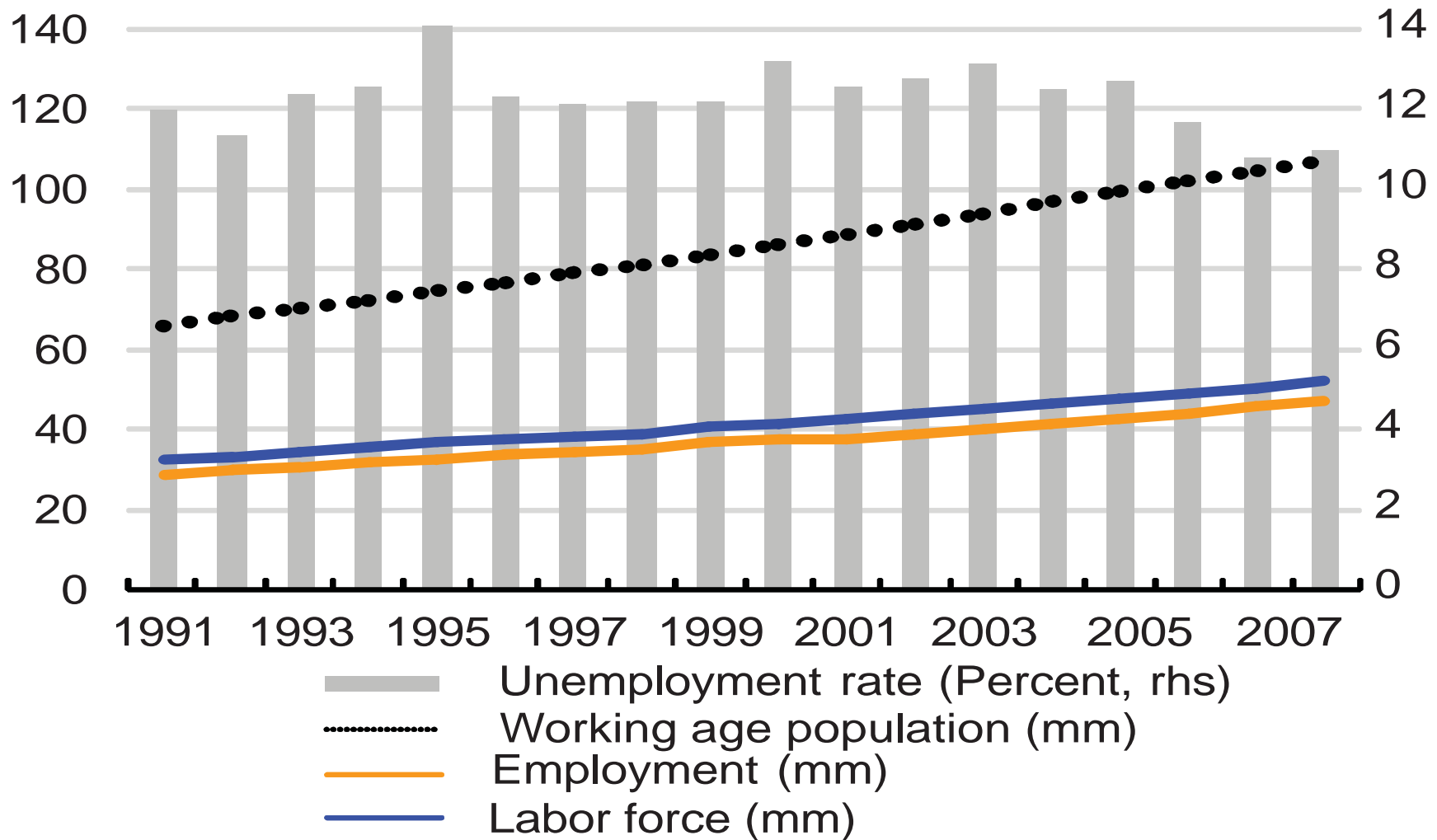


Figure 20

MENA Demographics and Unemployment

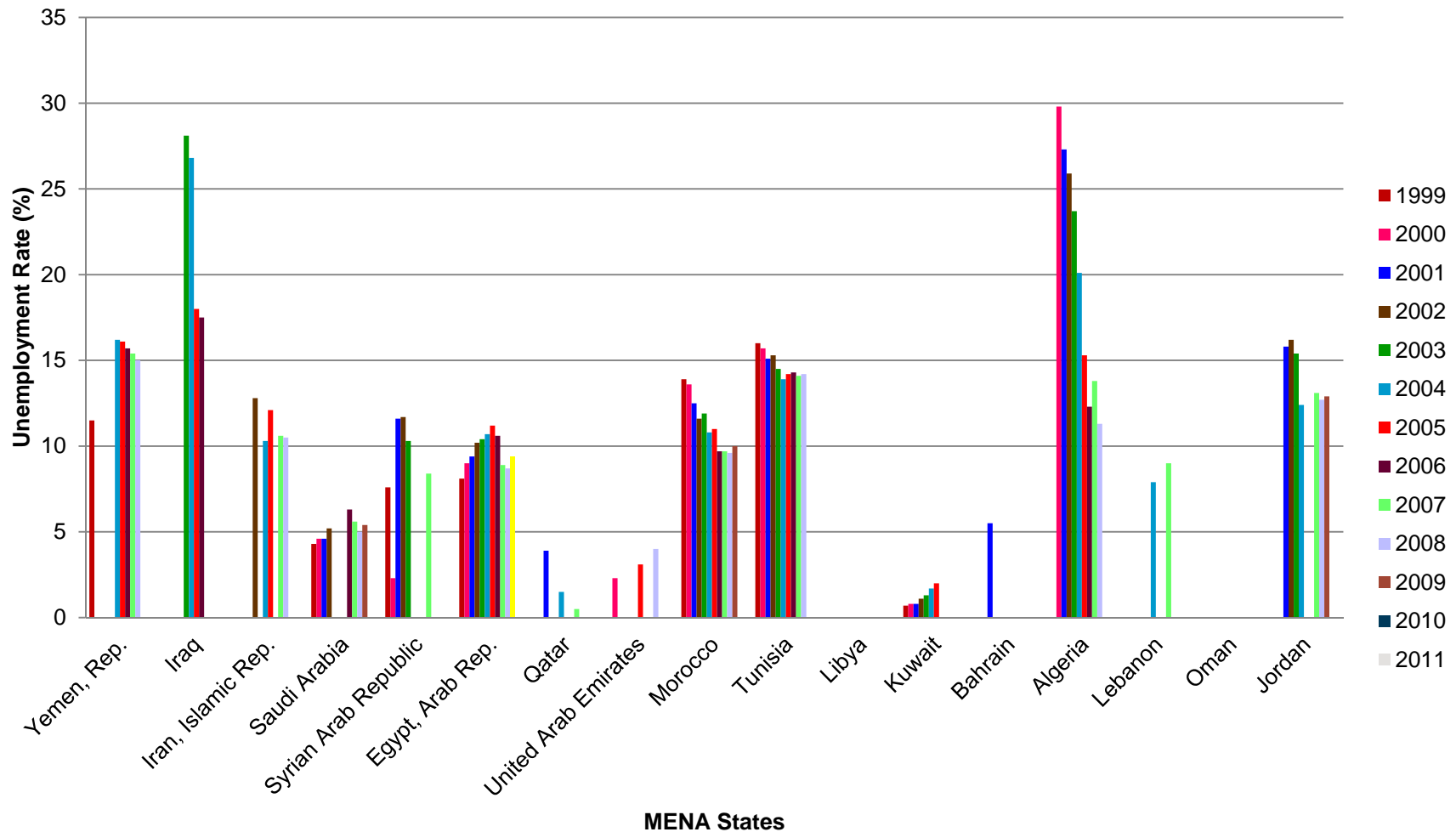
Figure 10



Official Unemployment Rates

Figure 21

Unemployment 1999-2011

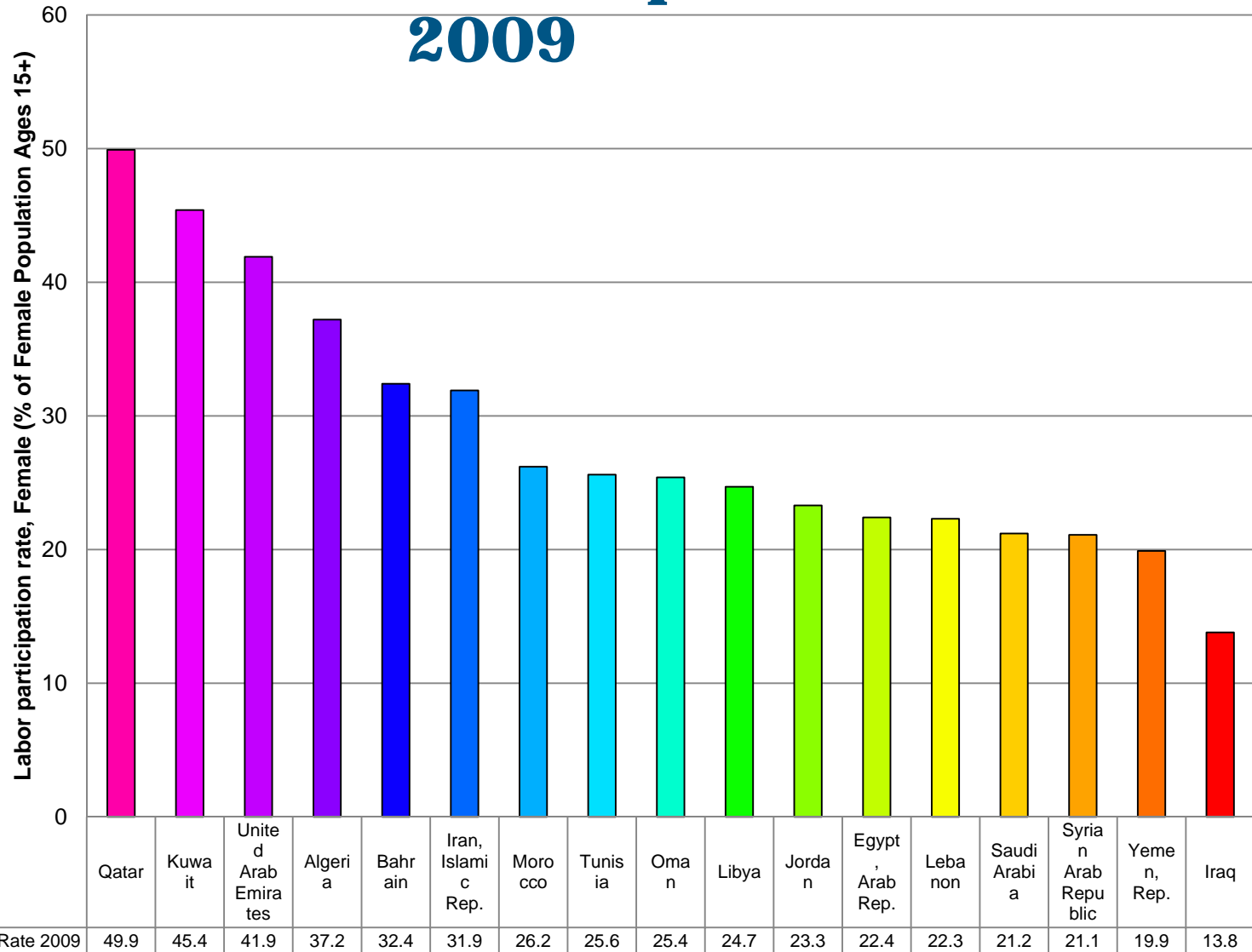


Country/ Region	TOTAL						MALE						FEMALE					
	1981	1991	2000	2005	2008	2009	1981	1991	2000	2005	2008	2009	1981	1991	2000	2005	2008	2009
Algeria	44.9	49.5	55.2	57.1	58.3	58.5	70.6	75.7	79.0	79.3	79.9	79.6	19.5	23.5	31.3	34.7	36.6	37.2
Bahrain	61.4	65.3	65.2	64.6	63.9	63.8	86.9	88.2	86.2	85.8	85.2	85.0	18.6	29.2	33.8	33.0	32.2	32.4
Comoros	75.3	75.9	77.0	78.4	79.3	79.6	87.1	86.9	83.8	84.8	85.5	85.4	63.8	65.1	70.1	72.2	73.1	73.7
Djibouti	64.2	66.4	68.8	69.6	70.0	70.1	80.8	81.5	81.2	79.8	79.1	78.7	48.1	51.7	56.6	59.4	61.1	61.5
Egypt	51.5	50.4	48.9	48.0	47.8	48.8	74.3	74.6	74.1	73.3	73.0	75.3	29.0	26.4	23.8	22.8	22.8	22.4
Iraq	41.7	41.8	41.6	41.5	41.4	41.3	72.8	73.1	71.0	69.6	69.4	68.9	9.9	11.1	12.6	13.4	13.3	13.8
Jordan	42.4	45.9	49.5	48.9	49.8	49.3	70.4	72.1	75.2	74.1	74.8	73.9	12.6	16.7	21.6	22.1	23.4	23.3
KSA	47.2	53.3	53.9	54.8	54.6	54.5	75.0	79.8	79.7	80.3	79.9	79.8	9.8	14.6	17.6	19.8	20.8	21.2
Kuwait	58.1	64.4	70.4	69.4	68.4	68.5	80.5	82.2	85.0	83.4	82.8	82.5	22.2	36.9	44.3	45.2	44.3	45.4
Lebanon	41.8	43.3	44.8	45.3	45.2	46.1	69.7	70.8	71.6	71.1	70.3	71.5	15.3	18.1	20.0	21.2	21.8	22.3
Libya	46.2	46.9	50.5	52.3	52.2	52.8	73.6	74.0	75.5	77.8	78.4	78.9	12.0	15.3	22.7	24.3	23.8	24.7
Mauritania	66.5	67.1	68.5	69.5	69.9	70.0	81.9	81.9	81.5	81.3	81.2	81.0	51.6	52.7	55.6	57.6	58.5	59.0
Morocco	52.5	52.3	53.4	52.3	52.4	52.3	81.4	81.2	80.7	79.9	80.0	80.1	24.3	24.4	27.5	26.2	26.5	26.2
Oman	52.2	56.3	57.9	56.5	55.6	55.7	78.5	80.8	79.2	77.9	76.9	76.9	20.4	18.9	23.4	24.7	24.8	25.4
Qatar	71.3	80.1	75.5	82.2	83.8	84.3	90.9	94.5	92.4	92.5	92.8	93.0	25.7	41.4	36.9	45.9	48.2	49.9
Somalia	69.7	71.0	71.3	70.6	70.3	70.3	84.7	84.0	84.7	84.6	84.6	84.7	55.3	58.4	58.4	57.1	56.5	56.5
Sudan	58.0	52.1	52.0	52.3	52.4	52.3	85.4	77.5	75.1	74.5	73.9	73.9	31.0	26.9	28.9	30.1	30.9	30.8
Syria	46.0	50.2	50.3	49.6	50.6	50.4	79.6	81.4	80.1	78.9	80.1	79.5	12.5	19.0	20.3	20.0	21.0	21.1
Tunisia	49.6	48.2	48.1	47.7	48.1	48.0	79.7	75.2	72.3	70.6	70.9	70.6	19.2	21.1	23.8	24.8	25.5	25.6
UAE	75.0	73.1	75.6	76.8	77.6	77.6	94.5	91.6	91.3	91.3	92.0	92.1	16.8	26.2	34.2	39.3	41.8	41.9
Yemen	44.6	45.0	45.4	46.0	46.6	46.8	73.7	74.2	73.3	73.1	73.4	73.5	17.0	16.2	17.2	18.5	19.5	19.9
GCC	52.2	57.5	59.1	60.3	60.4	60.4	78.8	82.1	82.3	82.8	82.7	82.7	12.9	18.7	22.4	24.9	25.9	26.4
LDC	57.8	54.0	53.6	53.8	53.9	53.9	82.7	77.9	76.1	75.7	75.3	75.4	33.6	30.4	31.1	31.9	32.4	32.5
Maghreb	48.8	50.3	53.2	53.7	54.3	54.4	76.6	77.7	78.5	78.3	78.6	78.6	21.1	23.0	28.2	29.4	30.4	30.5
Mashreq	48.4	48.4	47.6	46.9	47.0	47.5	74.3	74.9	74.3	73.4	73.3	74.5	22.7	22.0	21.0	20.6	20.8	20.6
AC	50.8	51.0	51.6	51.7	51.9	52.2	77.1	77.2	76.8	76.4	76.4	76.9	23.9	23.8	25.3	25.7	26.3	26.3
EAP	76.8	76.9	75.3	74.5	70.7	71.2	86.1	84.5	83.4	81.3	80.2	80.3	67.2	69.0	67.0	65.1	64.5	64.4
ECA	66.5	64.0	58.9	58.4	59.3	58.9	77.0	74.0	68.8	68.1	69.0	68.5	57.4	55.1	50.2	49.8	50.7	50.5
LAC	58.8	61.7	63.4	64.8	65.6	65.5	81.4	82.2	80.6	80.3	80.3	79.9	36.8	41.8	46.9	50.0	51.7	51.8
SAS	61.0	60.8	59.1	58.8	58.9	58.8	86.3	84.4	82.7	82.1	81.5	81.6	33.4	35.4	34.1	34.2	35.1	34.9
SSA	70.3	70.2	70.9	71.3	71.5	71.8	82.5	81.9	81.3	81.1	81.1	81.1	58.4	58.9	60.8	61.9	62.2	62.7
DR	68.9	69.0	67.5	67.2	65.9	66.1	84.3	82.9	81.4	80.3	79.8	79.8	53.3	54.8	53.4	53.0	53.3	53.2

Source: Kilmnet, ILO

Female Labor Participation Rate

Figure 22



The World Bank, dataBank, Accessed 1/25/2012.

<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

A Very Young Population, a “Youth Bulge,” and Underemployment are Key Threats to Stability

Vast pressure on education, jobs, marriage, housing, low to mid-income families, and perceptions about governance, fairness and corruption

“Youth Bulge”

Breakdown in education quality and relevance.

Extremely young populations with major lag in jobs, marriage, and housing.

Low expectations for the future.

Closing windows of security and state sector employment.

Major problems in saving and in funding business.

Pressure to leave the land.

Disguised unemployment.

Cutting edge of ethnic, sectarian, and tribal discrimination, corruption, nepotism, and favoritism.

Youth and The Unemployment Challenge

Table 22. Unemployment rates, total unemployment for the age group (15+), 1990-2011

Country/ Region	Base Yr	Latest Yr	Total		Male		Female	
			Base	Latest	Base	Latest	Base	Latest
Algeria	2001	2008	27.3	11.3	26.6	11.19	31.4	12.05
Bahrain	1991	2001	6.4	5.5	5.2	4.1	11.8	10.5
Egypt	1998	2007	8.2	8.9	5.1	5.9	19.9	18.6
KSA	2002	2008	5.3	5.1	4.2	3.5	11.5	13.8
Kuwait	1995	2005	2.1	2.0	2.4	2.0	1.5	1.8
Lebanon	2004	2007	8.1	9.0	6.9	8.6	7.7	10.1
Morocco	1990	2009	15.8	10.0	14.2	9.8	20.4	10.5
Syria	2002	2010	11.7	8.4	8.3	5.7	24.1	22.5
Tunisia	1997	2011	15.9	18.3	15.5	15	17.3	27.4
UAE	1995	2008	1.8	4.0	1.7	2.0	2.4	12.0
Yemen	1994	1999	8.3	11.5	9.3	12.48	3.1	8.2
GCC			4.5	4.6	3.6	3.0	8.9	11.6
LDC			8.3	11.5	9.3	12.5	3.9	8.2
Maghreb			22.3	11.9	21.7	11.2	24.4	14.3
Mashreq			9.0	8.9	5.9	6.0	20.0	18.7
AC			12.2	9.3	10.4	7.7	18.9	15.5

Source: Kilmnet and UN Data and National Institute for Statistics for Tunisia

Table 23. Unemployment rates, total unemployment for the age group (15-24), 1990-2011

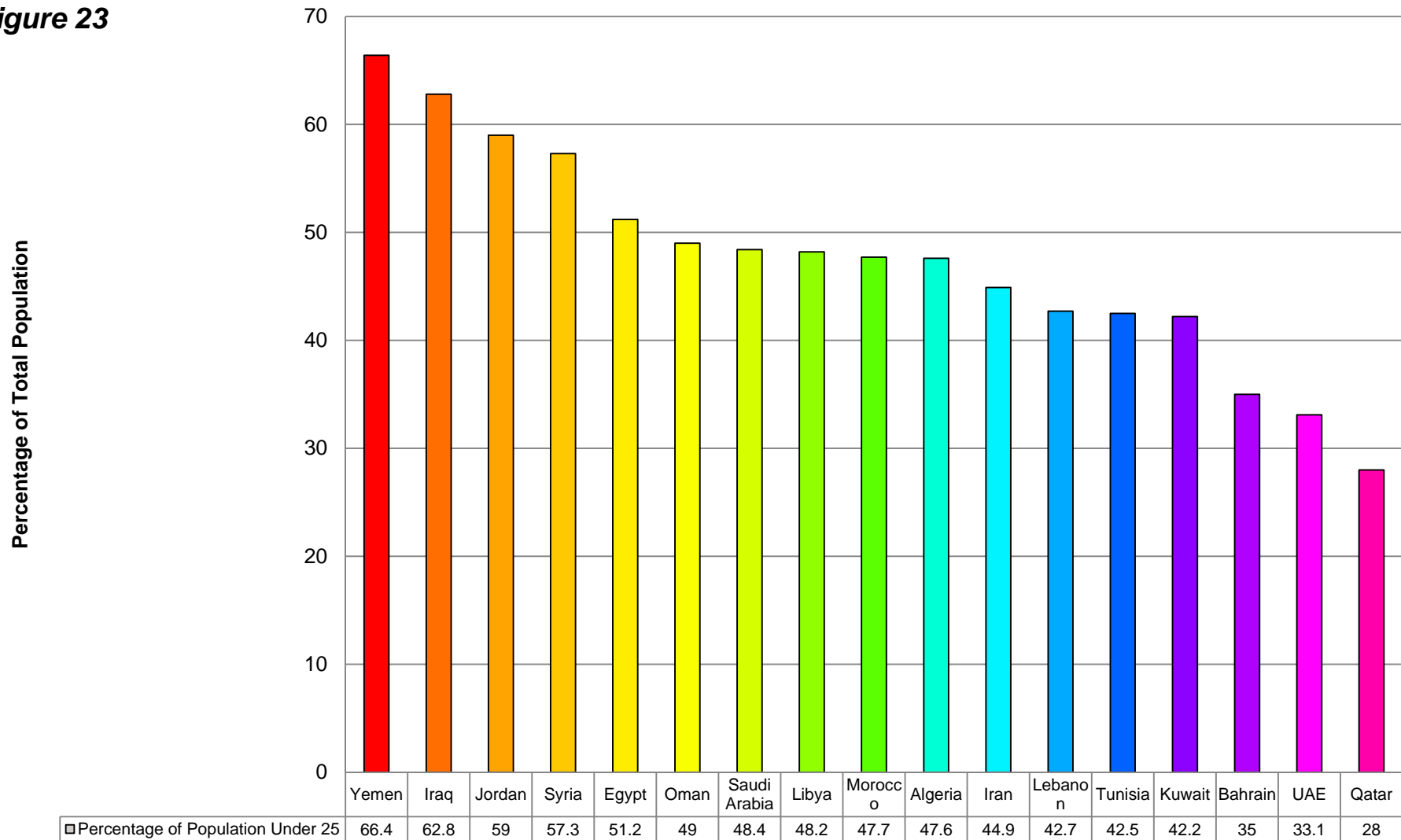
Country/ Region	Base Yr	Latest Yr	Total		Male		Female	
			Base	Latest	Base	Latest	Base	Latest
Algeria	2001	2008	47.8	23.8	48.8	23.5	49.9	25.4
Bahrain	1991	2001	25.4	20.1	22.4	17.2	33.9	27.0
Egypt	1998	2007	23.1	24.8	15.8	17.2	42.8	47.9
KSA	2002	2008	28.1	29.3	25.2	24.1	39.1	50.0
Kuwait	1995	2005	13.2	11.3	15.6	11.8	7.6	10.0
Lebanon	2004	2007	20.9	22.1	20.3	22.3	19.0	21.5
Morocco	1990	2009	31.1	21.9	30.9	22.8	31.6	19.4
Syria	2002	2010	26.3	19.1	21.4	13.1	38.9	49.1
Tunisia	1997	2011	31.9	42.3	33.3	43.2	29.0	18.0
UAE	1995	2008	6.3	12.1	6.4	7.9	5.7	21.8
Yemen	1994	1999	17.9	19.9	20.2	20.7	9.8	17.3
GCC			22.8	23.3	20.8	19.4	29.9	35.9
LDC			17.9	19.9	20.2	20.7	9.8	17.3
Maghreb			41.0	25.5	42.1	25.5	37.6	25.5
Mashreq			24.0	23.7	17.7	17.0	40.6	45.9
AC			29.2	23.8	26.4	20.4	37.0	35.2

Source: ibid

Note: For Algeria and Tunisia, share of male and female of total labour force and employed for latest year available was used to estimate the youth unemployment rate by gender for 2008 and 2011 respectively.

Percentage of the Population Under 25

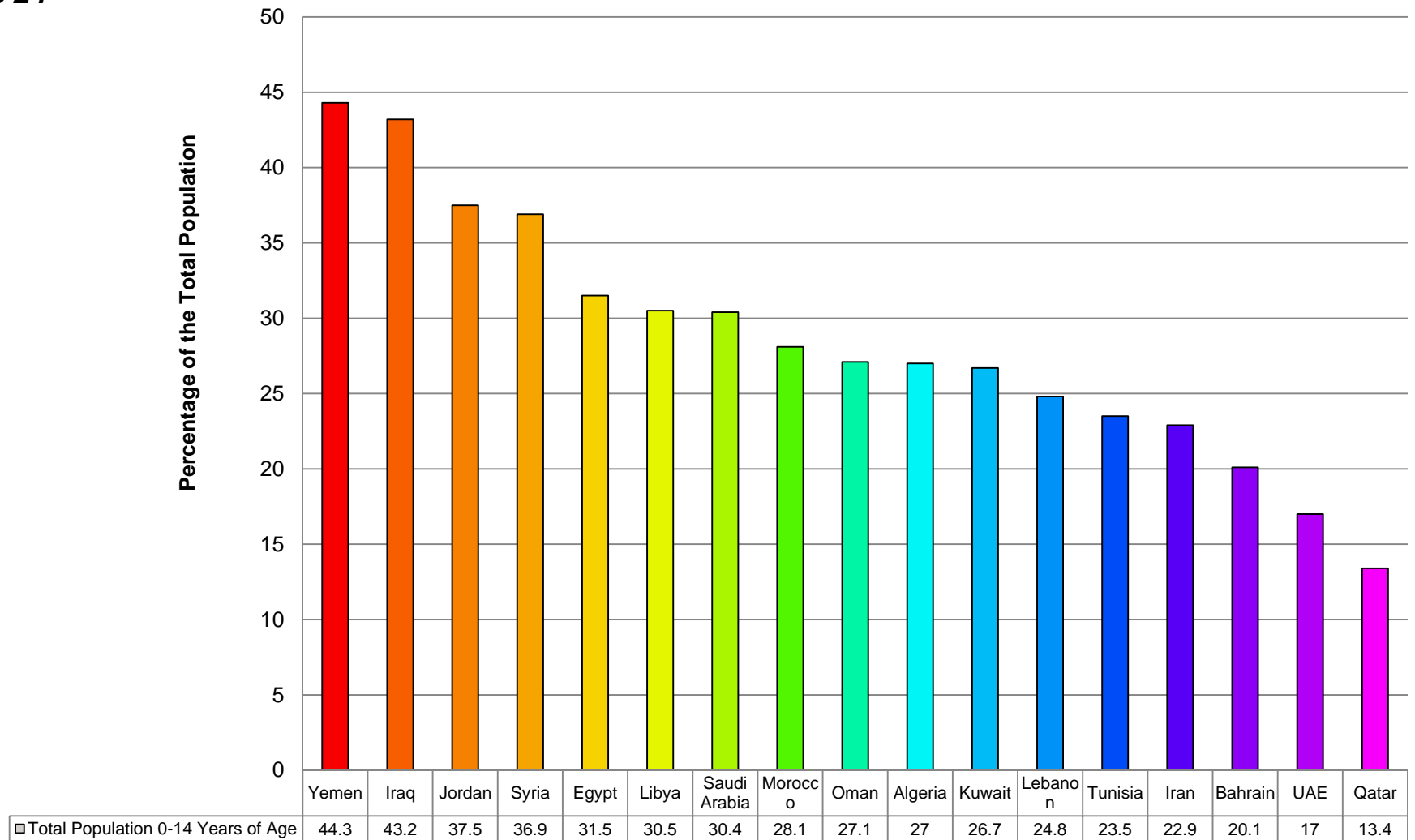
Figure 23



Source: Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Population Prospects: The 2010 Revision*, <http://esa.un.org/unpd/wpp/index.htm>

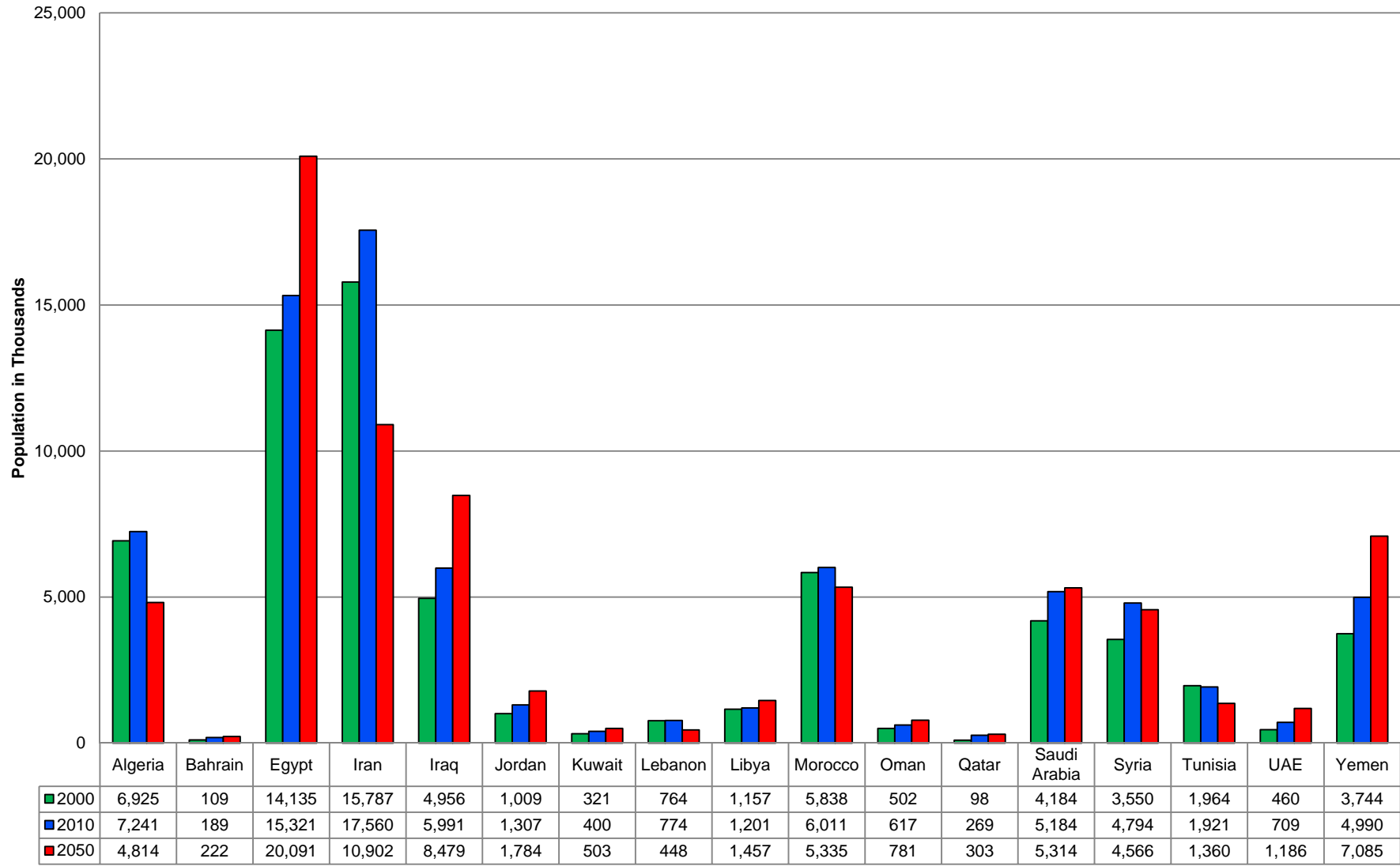
Population of 0-14 years of Age (In Percent)

Figure 24



MENA Youth (Ages 15-24) Through 2050 (In Thousands)

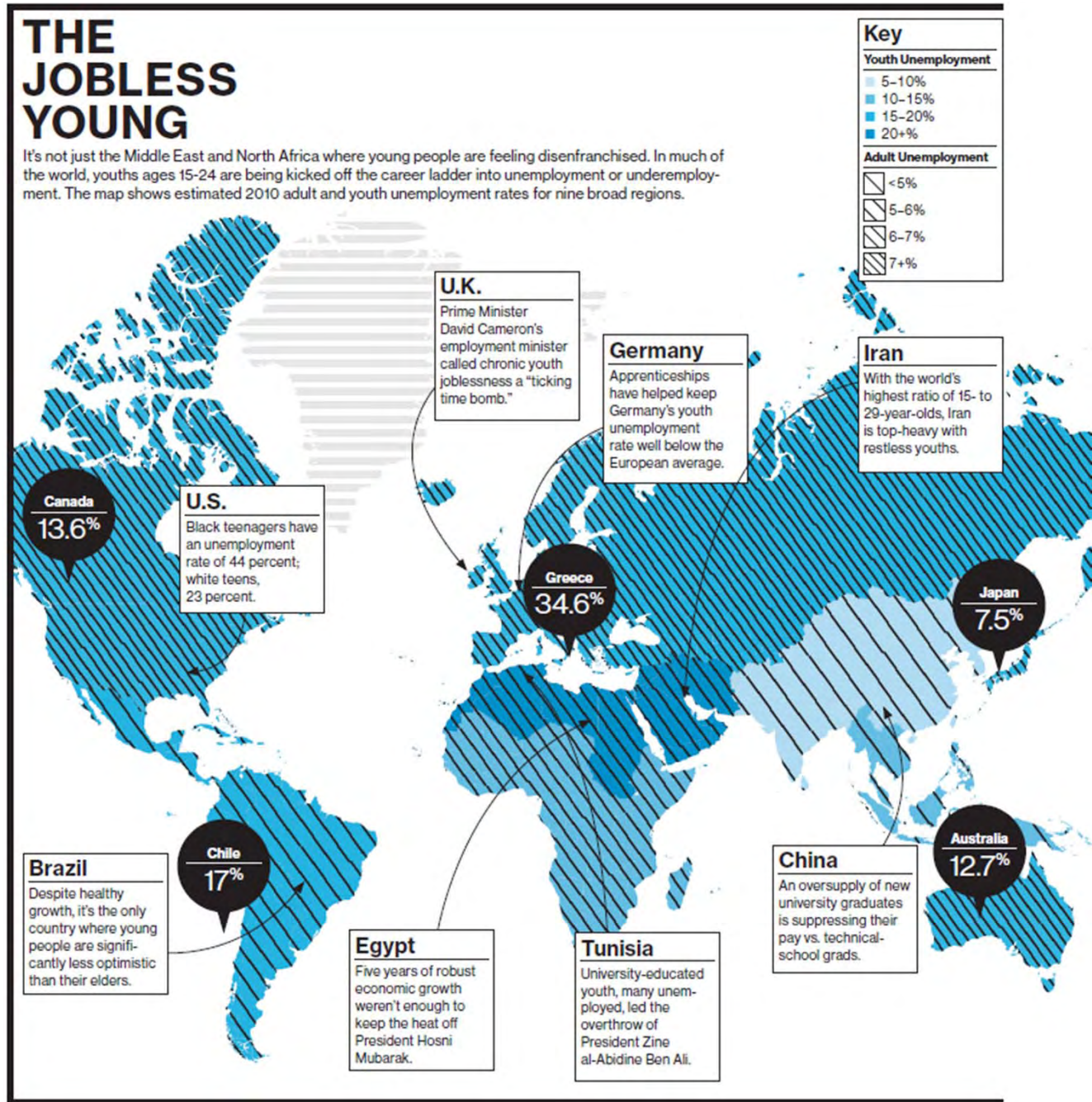
Figure 25



Source: U.S. Census Bureau, International Data Base.

<http://www.census.gov/population/international/data/idb/informationGateway.php>

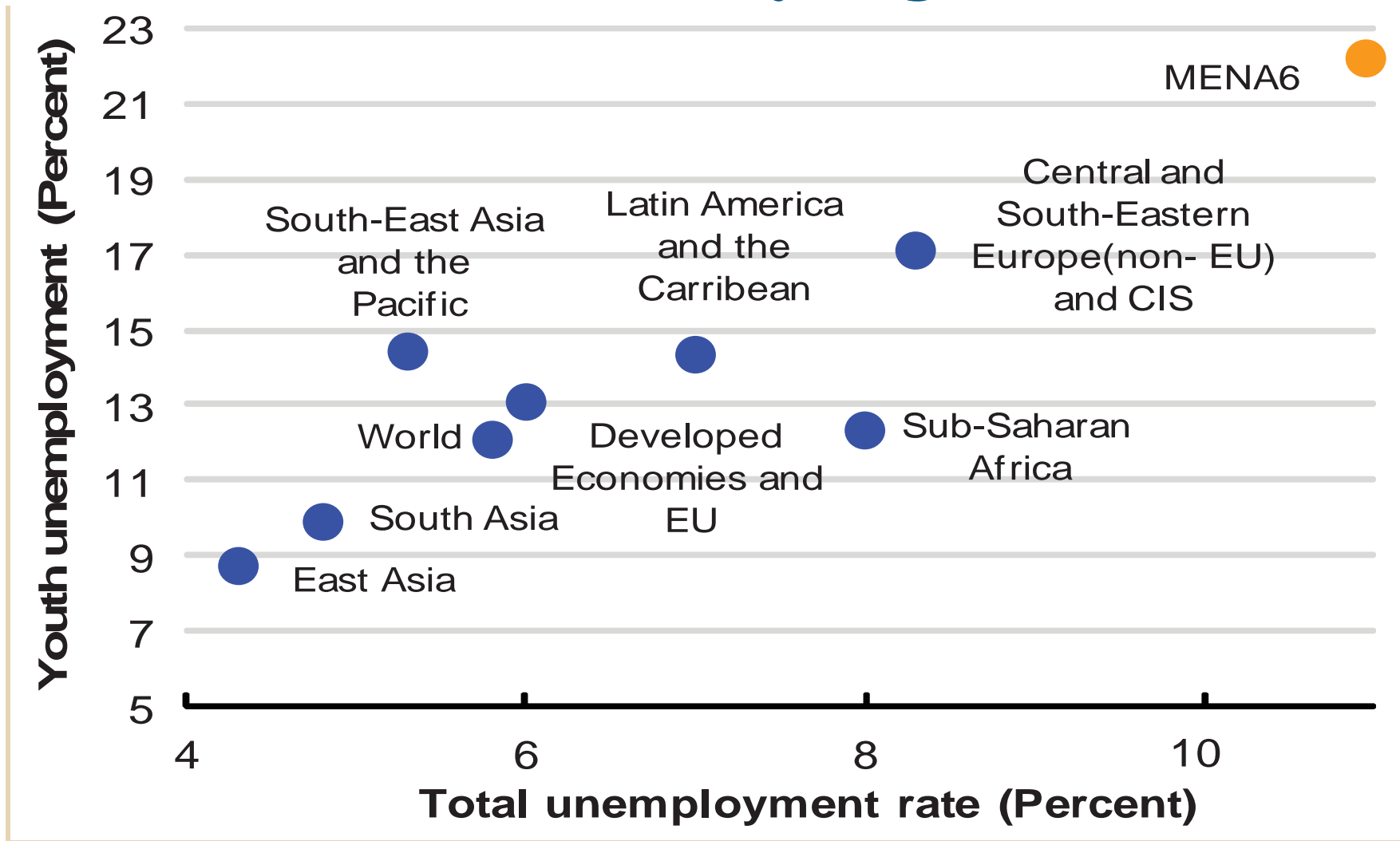
Figure 26



Source: Bloomberg News

Total and Youth Unemployment Rates by Region (2008)

Figure 27



Youth (0-25) Unemployment in MENA in 2007

Figure 28 Unemployment Rate Among Arab Youth

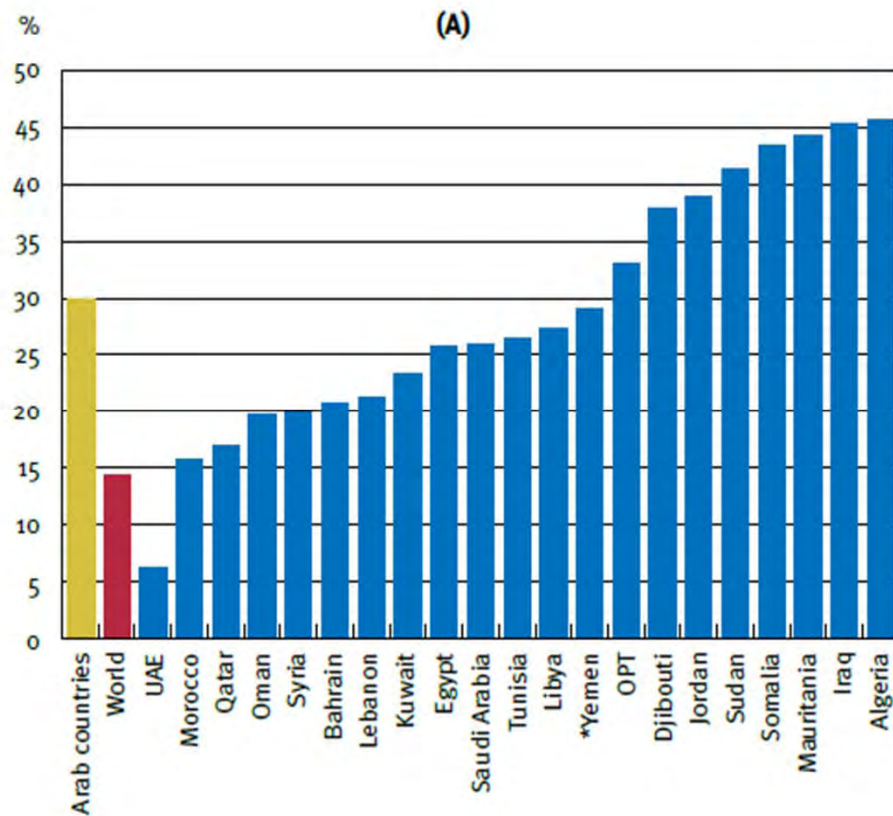
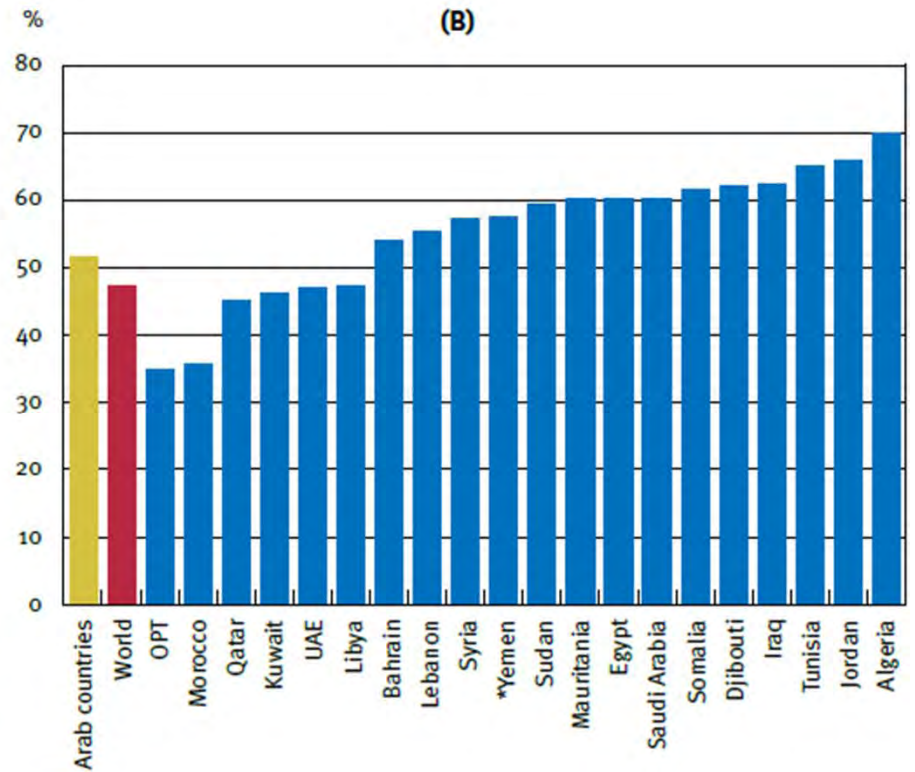
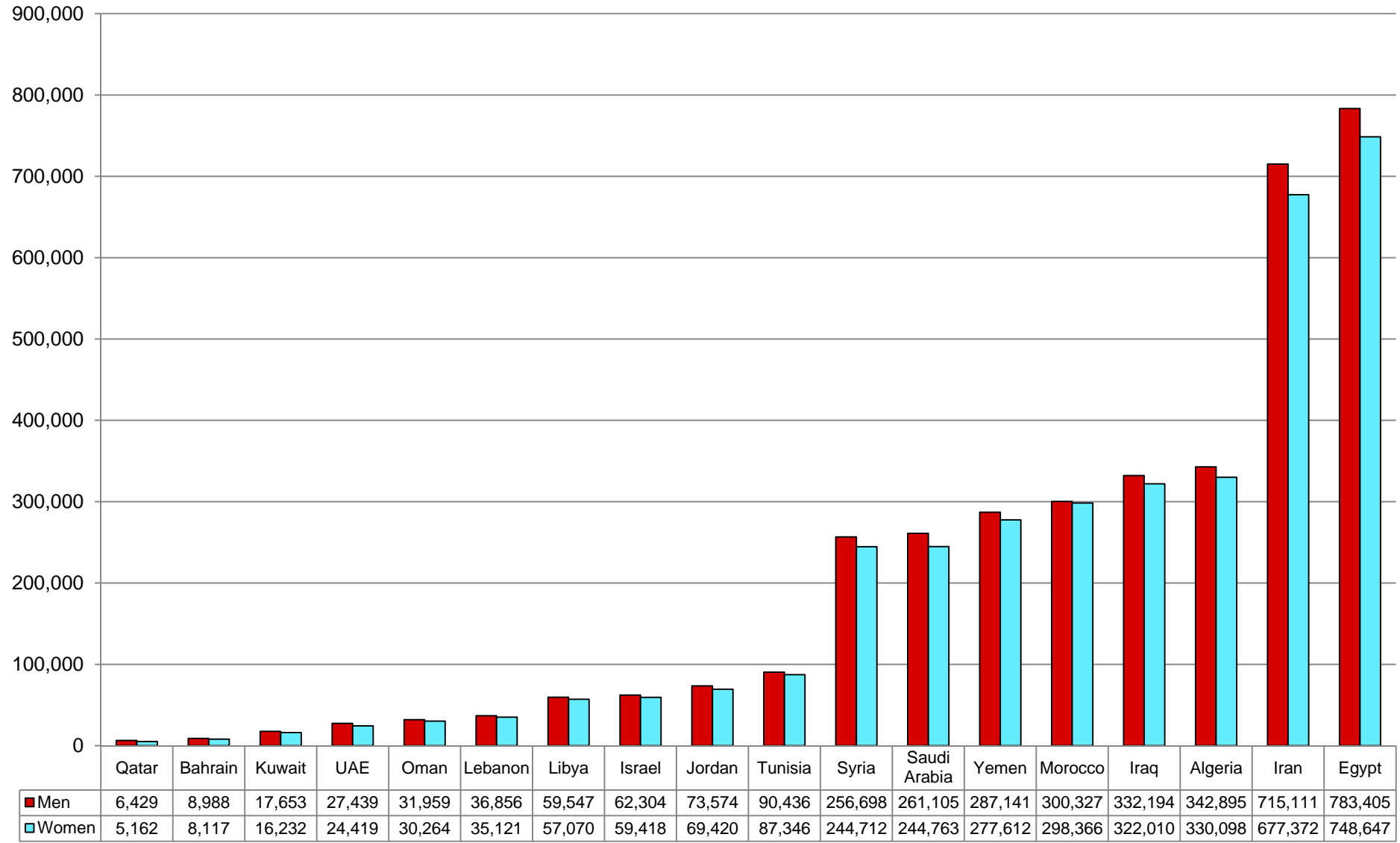


Figure 29 Youth Unemployment as Percent of Total Unemployment



MENA Young Persons Entering Labor Force Each Year

Figure 30



Source: CIA World Factbook, Accessed January 2011

<https://www.cia.gov/library/publications/the-world-factbook/index.html>

Table 24. Projected number of jobs required under the different scenarios in 2015, 2020 and 2030

Country/ Region	Year	Unemployment Rate	LFPR	Labour Force	No. of Unemployed	No. of Employed	Working- Age Pop.	Scenario (1)			Scenario (2)			Scenario (3)		
								2015	2020	2030	2015	2020	2030	2015	2020	2030
Algeria	2007	11.3	58.3	14,486	1,637	12,849	24,835	921	2,005	4,110	2,777	4,024	6,366	3,757	6,157	10,740
Bahrain	2001	5.5	65.4	314	17	296	480	38	83	143	63	110	173	103	199	3 2 7
Egypt	2008	9.4	48.8	27,411	2,573	24,838	56,183	2,119	5,012	10,658	5,004	8,227	14,403	8,629	16,801	32,636
Jordan	2004	12.9	49.3	2,040	263	1,777	4,139	169	525	1,197	475	940	1,699	761	1,829	3,729
KSA	2008	5.0	54.6	9,234	461	8,773	16,912	1,037	2,293	4,445	1,592	2,910	5,169	3,427	6,967	13,033
Kuwait	2005	2.0	69.4	1,428	28	1,400	2,059	141	311	587	176	349	630	287	595	1,093
Lebanon	2007	9.0	45.4	1,391	125	1,266	3,064	86	148	204	227	295	356	378	553	7 1 0
Mauritania	2000	20.6	68.5	1,030	212	818	1,505	149	351	776	471	715	1,227	584	982	1,816
Morocco	2008	10.0	52.3	11,982	1,199	10,783	22,910	714	1,455	2,728	2,030	2,868	4,268	3,079	5,006	8,277
Syria	2007	8.4	50.3	6,624	558	6,066	13,166	853	1,291	2,368	1,577	2,052	3,220	2,343	4,894	11,174
Tunisia	2005	14.2	47.7	3,503	499	3,004	7,344	172	308	511	752	907	1,139	1,029	1,404	1,962
UAE	2008	4.0	77.6	2,813	113	2,700	3,626	259	593	1,189	392	740	1,360	618	1,256	2,396
Yemen	2004	15.0	46.6	5,954	893	5,061	12,785	965	2,597	6,084	2,109	4,146	8,156	4,103	9,515	20,732
AC		9.7	52.9	88,210	8,578	79,632	169,009	7,623	16,972	34,999	17,644	28,283	48,167	29,097	56,158	108,627
GCC		4.5	61.1	13,788	619	13,170	23,077	1,475	3,280	6,364	2,222	4,109	7,333	4,435	9,017	16,849
LDC		15.8	49.8	6,984	1,106	5,879	14,290	1,114	2,948	6,859	2,580	4,862	9,383	4,687	10,497	22,548
Maghreb		11.1	54.7	29,971	3,335	26,636	55,090	1,807	3,768	7,349	5,558	7,798	11,773	7,865	12,567	20,980
Mashreq		9.4	49.0	37,466	3,519	33,947	76,552	3,227	6,975	14,427	7,284	11,514	19,678	12,110	24,077	48,250
AC excluding GCC		10.7	51.3	74,421	7,959	66,462	145,932	6,148	13,692	28,635	15,421	24,174	40,834	24,662	47,141	91,777

Source: Authors' estimates based on data from UNSD and Kilmnet, ILO

Notes: This table shows the projected number of jobs required under three different scenarios, scenario 1: if to keep unemployment rate constant, scenario 2: if to reach full employment, scenario 3: if to achieve full employment as well as higher female labour participation rate. Using projected rates of growth in working-age population by UNSD and holding constant the labour force participation rate and unemployment rate, we re-estimate the projected increase in the labour force and number of employed to reach the total number of jobs to be created under the aforementioned scenarios (For further details, Abu-Ismaïl, Abou Taleb, Olmsted and Moheiddin, 2010).

The Job Creation Challenge: Cost of New Jobs

Country/ Region	Cost of New Job (000)	Cost for Scenario 1 (in billions)									Actual GFCF/ GFP 2009	Share of GFCF/GDP								
		Scenario 1			Scenario 2			Scenario 3				Scenario 1			Scenario 2			Scenario 3		
		2015	2020	2030	2015	2020	2030	2015	2020	2030		2015	2020	2030	2015	2020	2030	2015	2020	2030
Algeria	64	59	128	262	177	257	406	240	393	686	38.16	10.3	11.2	11.5	31.1	22.5	17.8	42.1	34.5	30.1
Bahrain	680	26	56	97	43	75	118	70	135	222	24.04	30.4	33.1	28.5	49.9	43.9	34.6	82.4	79.3	65.1
Egypt	36	77	183	389	182	300	525	315	613	1,190	18.31	12.5	14.7	15.7	29.4	24.2	21.2	50.7	49.4	48.0
Jordan	69	12	36	82	33	65	117	52	126	257	28.93	14.3	22.3	25.4	40.3	39.9	36.0	64.6	77.6	79.1
KSA	424	439	971	1,883	674	1,233	2,190	1,452	2,951	5,521	33.75	25.3	28.0	27.1	38.9	35.5	31.6	83.7	85.1	79.6
Kuwait	538	76	167	315	94	188	339	154	320	588	15.15	16.5	18.2	17.2	20.6	20.4	18.4	33.6	34.8	32.0
Lebanon	310	27	46	63	71	92	110	117	172	220	32.12	19.2	16.5	11.4	50.6	32.8	19.8	84.0	61.5	39.5
Mauritania	32	5	11	25	15	23	40	19	32	59	24.91	41.3	48.8	53.8	130.8	99.3	85.1	162.2	136.3	126.0
Morocco	106	75	154	288	214	303	450	325	528	874	31.58	23.0	23.5	22.0	65.4	46.2	34.4	99.3	80.7	66.7
Syria	30	25	38	70	47	61	96	70	146	332	29.33	14.6	11.0	10.1	26.9	17.5	13.7	40.0	41.8	47.7
Tunisia	156	27	48	80	117	141	177	160	219	306	24.09	15.2	13.7	11.3	66.6	40.2	25.2	91.1	62.2	43.4
UAE	662	171	392	787	260	490	900	409	832	1,586	39.82	19.0	21.8	21.8	28.8	27.2	25.0	45.4	46.1	44.0
Yemen	20	19	51	120	42	82	161	81	187	408	13.98	18.0	24.3	28.4	39.4	38.8	38.1	76.7	89.0	96.9
AC	133	1,038	2,283	4,463	1,969	3,308	5,630	3,464	6,653	12,249	30.60	19.3	21.2	20.7	36.6	30.7	26.1	64.3	61.8	56.9
GCC	490	712	1,588	3,083	1,071	1,985	3,547	2,085	4,238	7,917	32.52	22.4	25.0	24.2	33.7	31.2	27.9	65.6	66.6	62.2
LDC	21	24	63	145	57	105	200	100	219	467	15.07	20.4	26.7	31.0	48.6	44.8	42.8	85.3	93.7	99.8
Maghreb	91	161	330	630	509	701	1,034	725	1,140	1,865	33.85	15.0	15.4	14.7	47.4	32.7	24.1	67.6	53.1	43.4
Mashreq	47	141	303	605	333	517	848	554	1,056	2,000	22.95	13.9	14.9	14.9	32.8	25.5	20.9	54.6	52.0	49.3
AC excluding GCC	62	326	695	1,380	898	1,323	2,083	1,379	2,415	4,332	27.84	14.8	15.8	15.6	40.7	30.0	23.6	62.5	54.8	49.1

“Human Economics,” Not
Macroeconomic Growth, **Drive**
Instability

*Low per capita incomes in most states.
Very poor income distribution, and
serious – if uncertain – poverty levels*

Classic Economic Pressures

Per Capita income is not rising to meet expectations; government blamed.

Low comparative rates of development.

Limited oil income – “wealth” – per capita.

Major income disparities. Loss of status, exclusion from Middle Class.

Price and inflationary shock at all levels of income. Recent spikes in food and energy prices.

Mismanagement of state sector and government interference and favoritism.

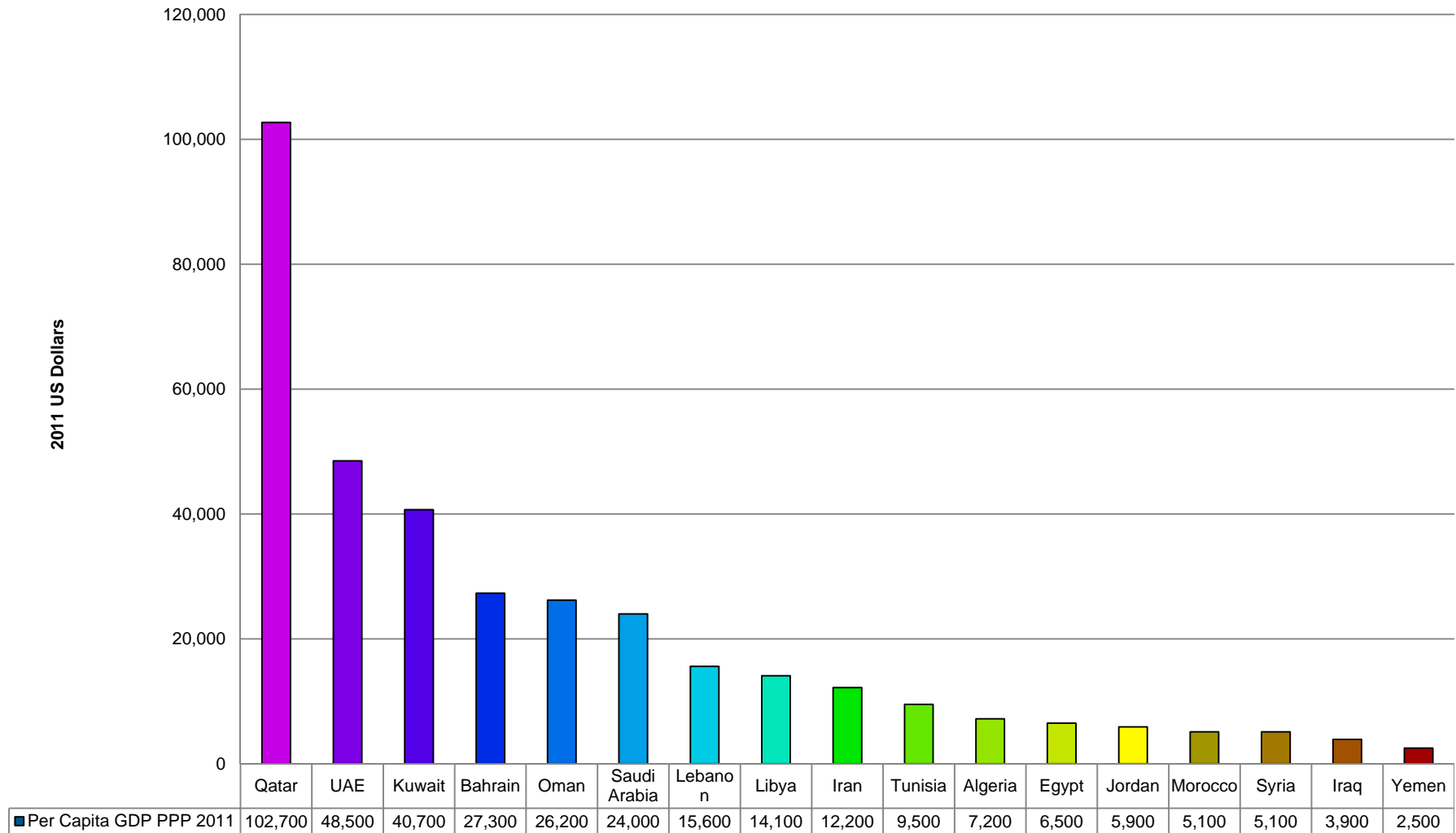
Uncertain subsidy affordability and impact.

Significant numbers at or below a poverty line of \$1-2 a day in family income.

Per Capita GDP 2011, PPP

Figure 31

(in 2011 USD)

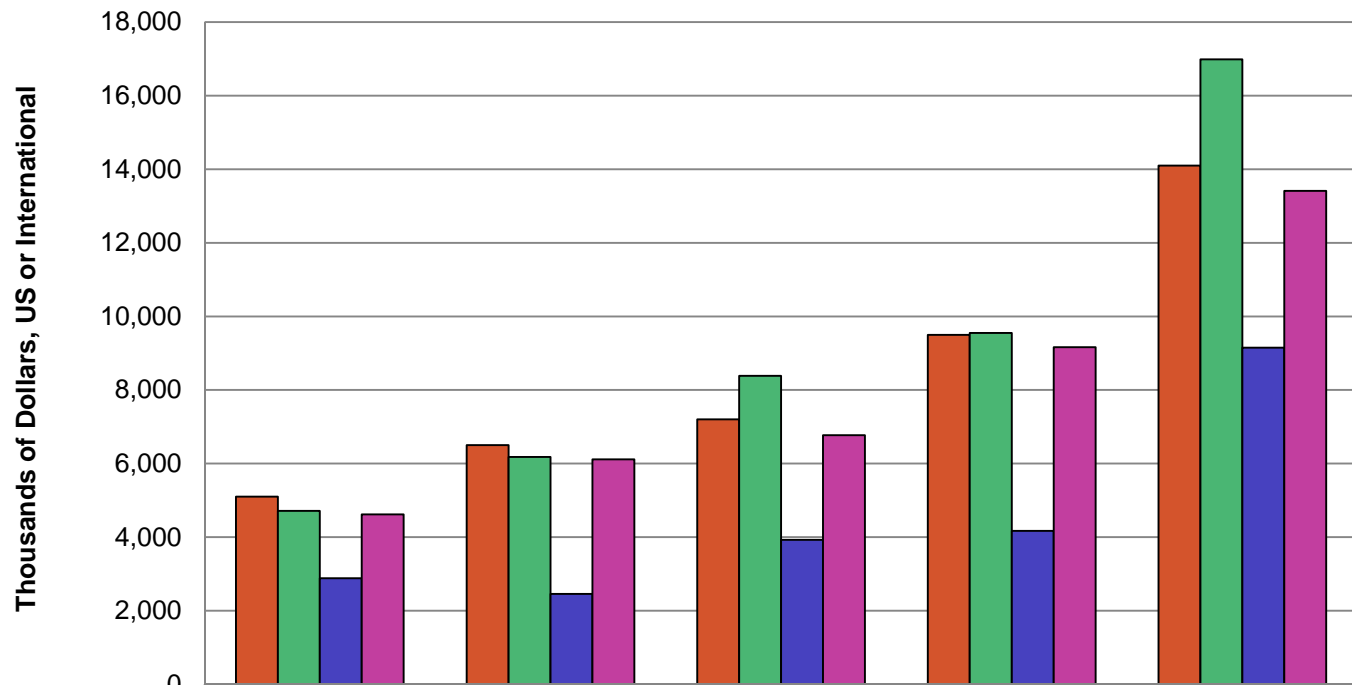


North Africa GDP Per Capita Estimates by Country

Figure 32

Notes:

- The CIA estimate for Libya's GDP is for 2010 as the 2011 unrest prevented accurate GDP estimation.
- * indicates that the World Bank data for that country is from the year 2009.

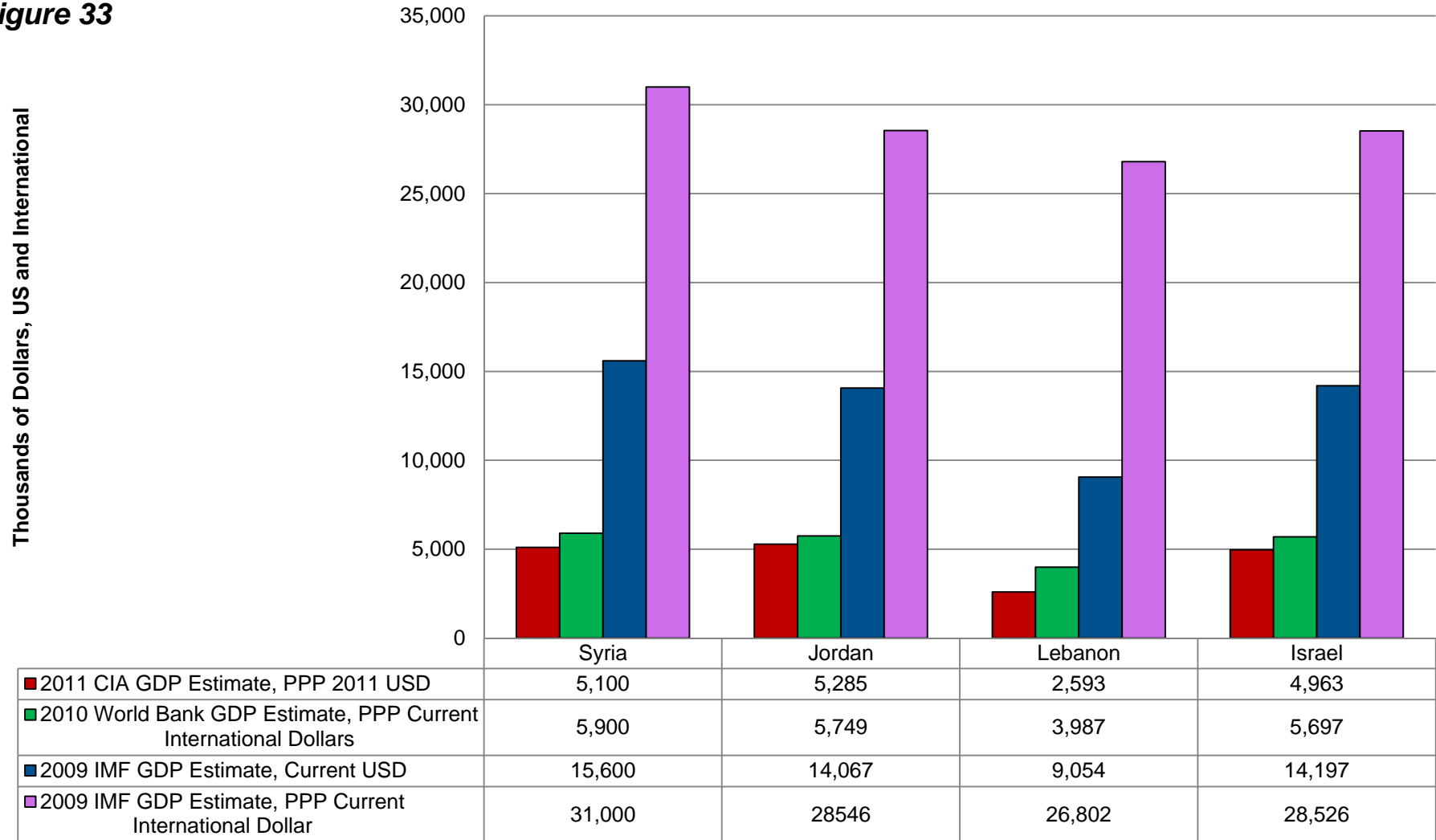


	Morocco	Egypt	Algeria	Tunisia	Libya*
2011 CIA GDP Estimate, PPP 2011 USD	5,100	6,500	7,200	9,500	14,100
2010 World Bank GDP Estimate, PPP Current International Dollars	4,712	6,180	8,384	9,550	16,987
2009 IMF GDP Estimate, Current USD	2,885	2,456	3,926	4,171	9,149
2009 IMF GDP Estimate, PPP Current International Dollar	4,619	6,112	6,769	9,165	13,413

Sources: World Bank Indicators: GDP Per Capita, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>
 CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/>
 International Monetary Fund, World Economic Outlook Database, September 2011, <http://www.imf.org>
 Accessed February 1, 2012.

Levant GDP Per Capita Estimates by Country

Figure 33



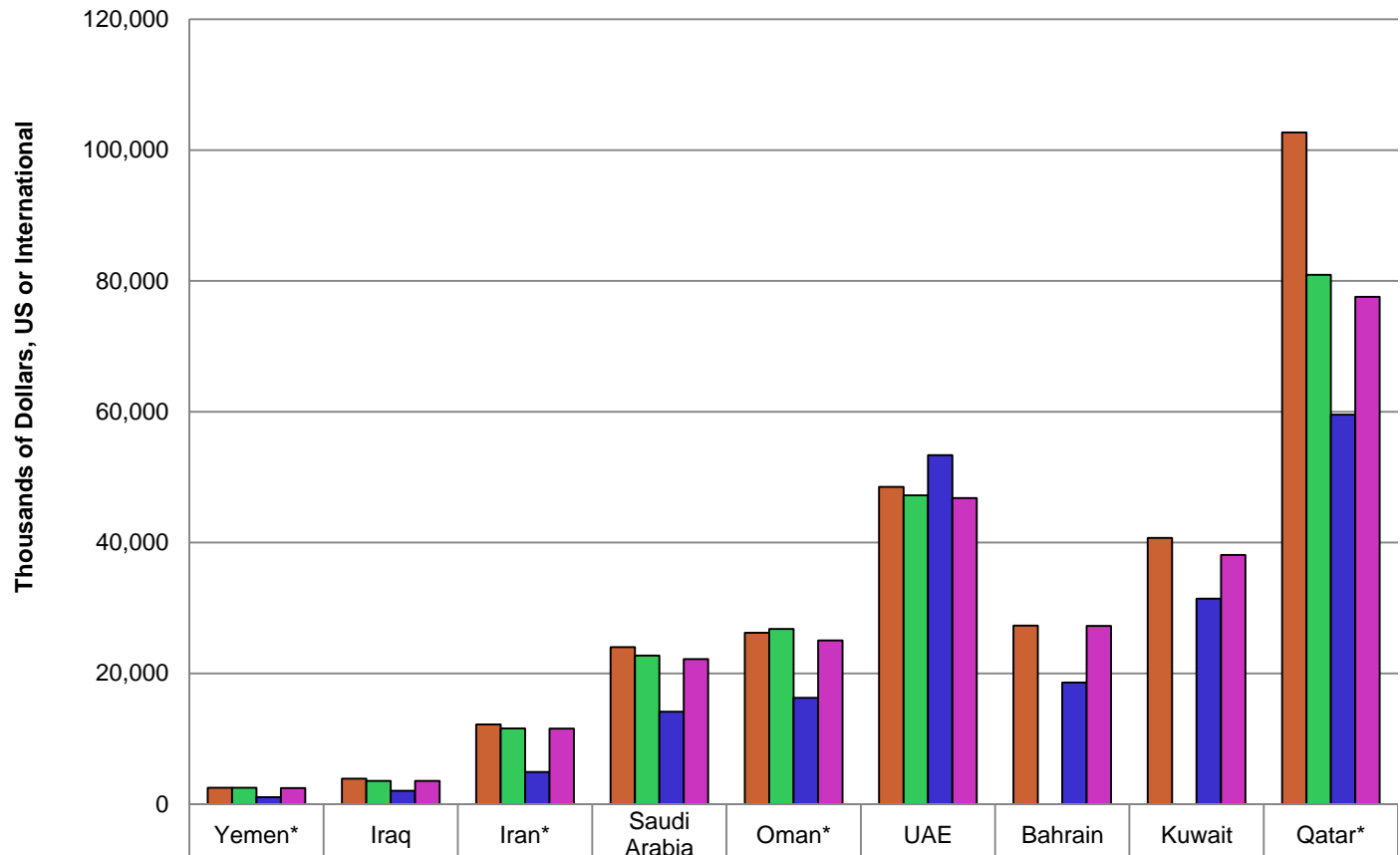
Sources: World Bank Indicators: GDP Per Capita, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>
 CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/>
 International Monetary Fund, <http://www.imf.org>
 Accessed February 1, 2012.

Gulf GDP Per Capita Estimates by Country

Figure 34

Note:

- * indicates that the World Bank data for that country is from the year 2009.

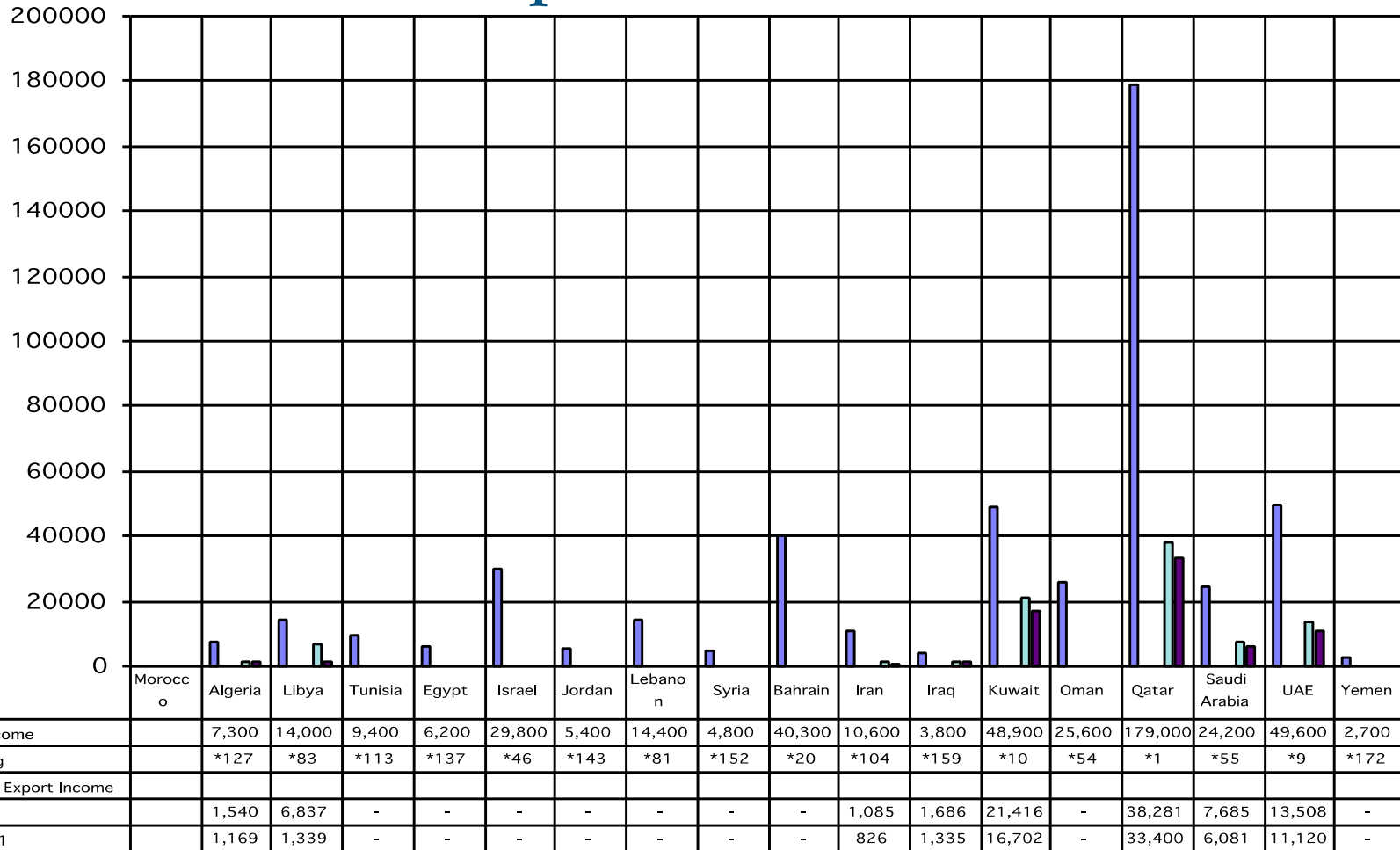


	Yemen*	Iraq	Iran*	Saudi Arabia	Oman*	UAE	Bahrain	Kuwait	Qatar*
■ 2011 CIA GDP Estimate, PPP 2011 USD	2,500	3,900	12,200	24,000	26,200	48,500	27,300	40,700	102,700
■ 2010 World Bank GDP Estimate, PPP Current International Dollars	2,507	3,562	11,570	22,713	26,791	47,215			80,944
■ 2009 IMF GDP Estimate, Current USD	1,061	2,056	4,923	14,148	16,255	53,363	18,589	31,411	59,545
■ 2009 IMF GDP Estimate, PPP Current International Dollar	2,457	3,569	11,550	22,186	25,033	46,794	27,242	38,103	77,568

Sources: World Bank Indicators: GDP Per Capita, <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>
 CIA World Factbook, <https://www.cia.gov/library/publications/the-world-factbook/>
 International Monetary Fund, <http://www.imf.org>
 Accessed February 1, 2012.

MENA Per Capita Income and Petroleum Export Per Capita Income

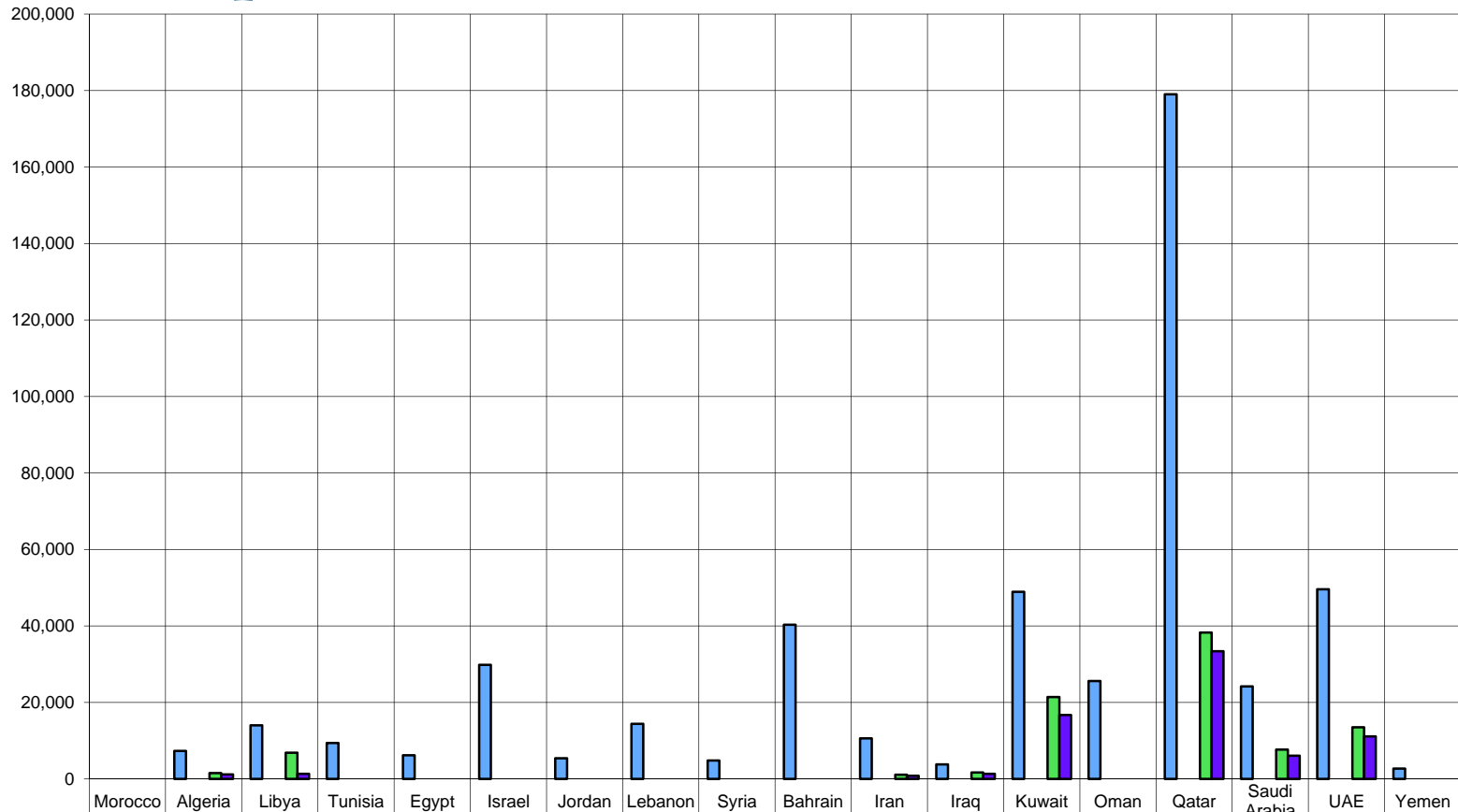
Figure 35



Source: CIA World Factbook, Accessed February 1, 2012 – Per Capita Income
<https://www.cia.gov/library/publications/the-world-factbook/geos/ag.html>
 EIA, OPEC Revenue Factsheet, August 2011 – OPEC Revenue Data
http://www.eia.gov/cabs/OPEC_Revenues/pdf.pdf

Iraqi Per Capita Income vs. Other OPEC Countries

Figure 36



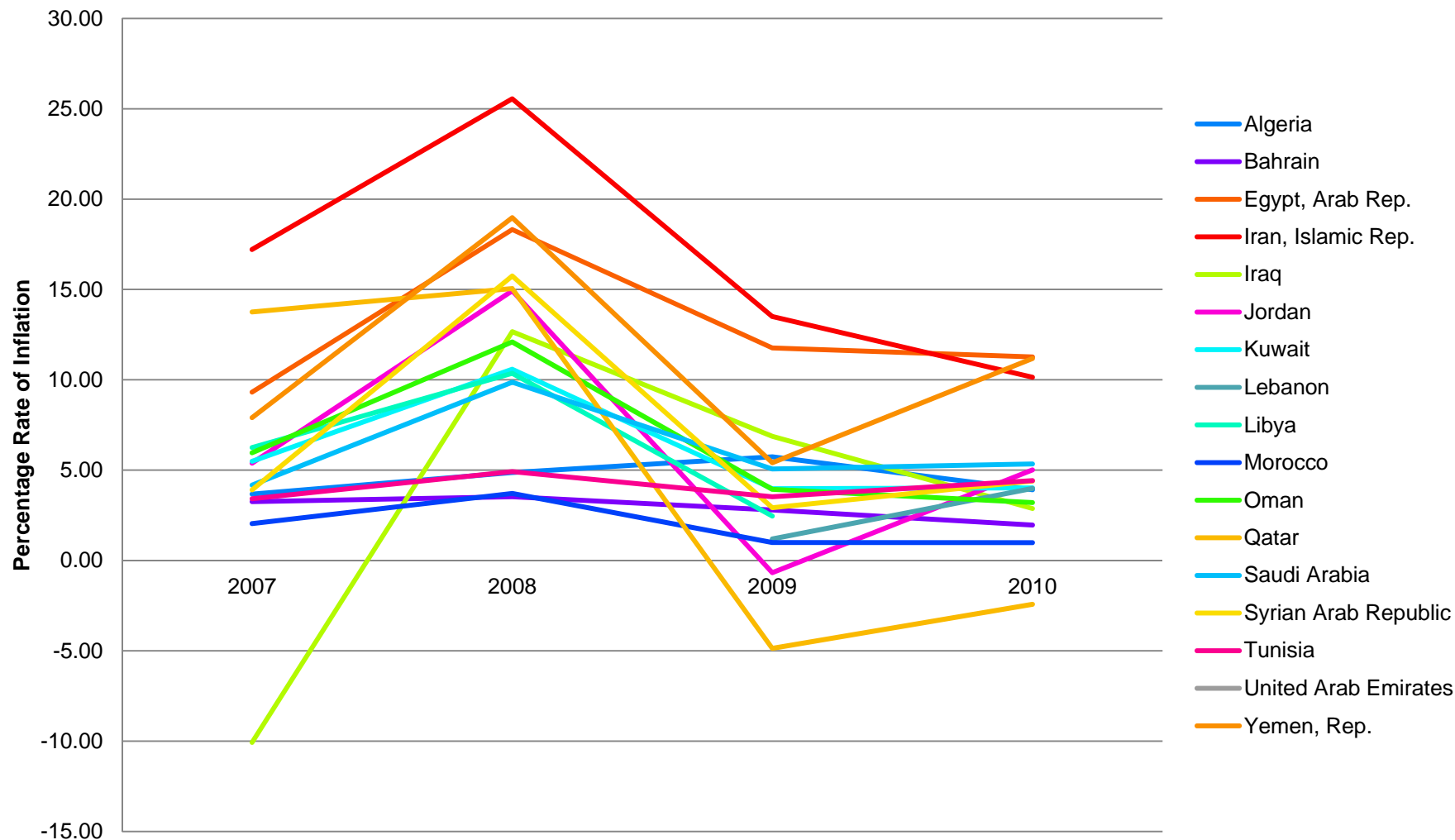
	Morocco	Algeria	Libya	Tunisia	Egypt	Israel	Jordan	Lebanon	Syria	Bahrain	Iran	Iraq	Kuwait	Oman	Qatar	Saudi Arabia	UAE	Yemen
■ Per Capita Income		7,300	14,000	9,400	6,200	29,800	5,400	14,400	4,800	40,300	10,600	3,800	48,900	25,600	179,000	24,200	49,600	2,700
■ World Ranking		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
■ Per Capita Oil Export Income																		
■ --2010		1,540	6,837	0	0	0	0	0	0	0	1,085	1,686	21,416	0	38,281	7,685	13,508	0
■ --Jan-Jul 2011		1,169	1,339	0	0	0	0	0	0	0	826	1,335	16,702	0	33,400	6,081	11,120	0

Source: CIA World Factbook, Accessed February 1, 2012 – Per Capita Income
<https://www.cia.gov/library/publications/the-world-factbook/geos/ag.html>
 EIA, OPEC Revenue Factsheet, August 2011 – OPEC Revenue Data
http://www.eia.gov/cabs/OPEC_Revenues/pdf.pdf

Volatility of Inflation in the MENA Region

Figure 37

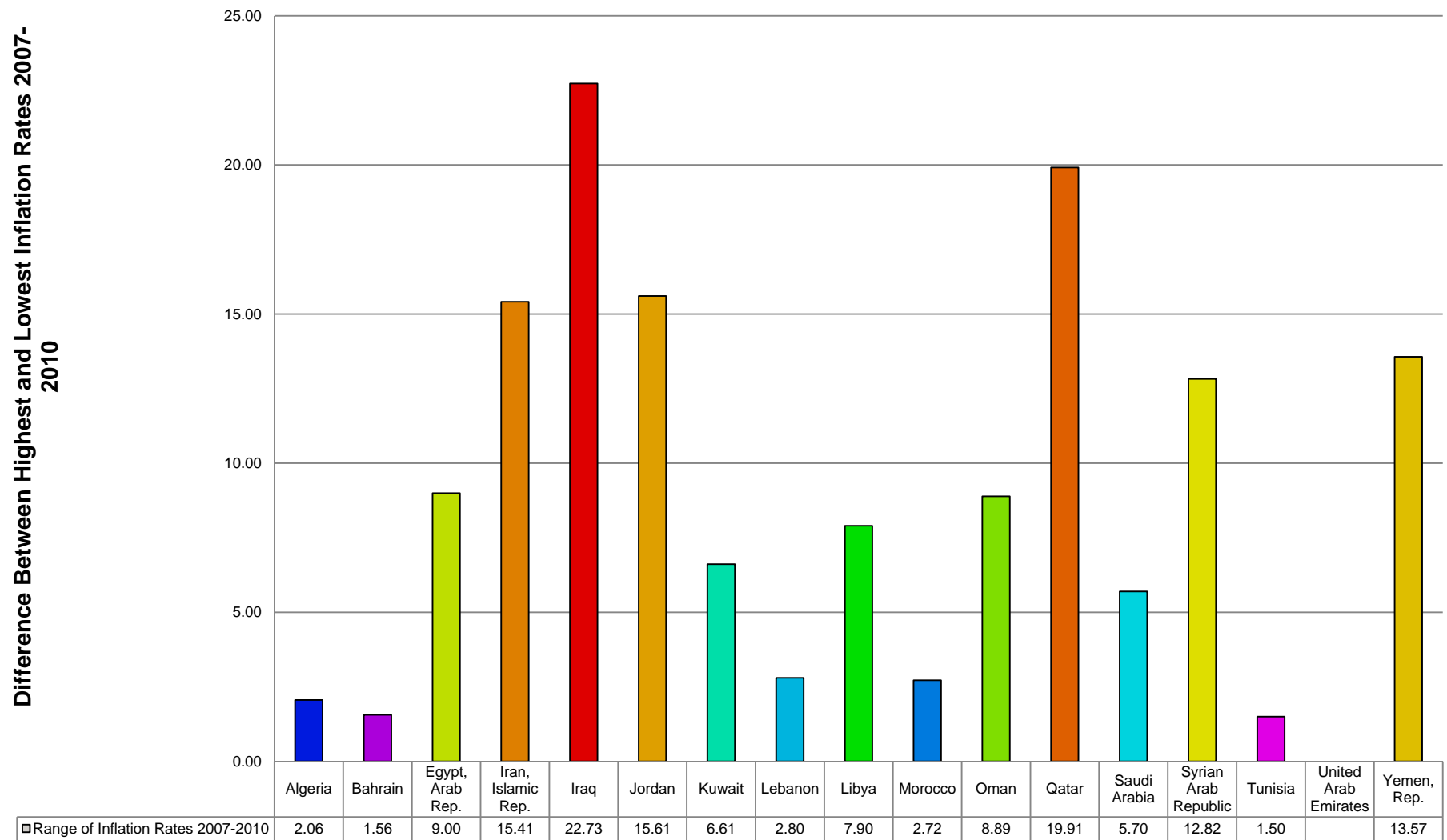
National Inflation Rates, Consumer Prices 2007 - 2010



Volatility of Inflation in the MENA Region

Figure 38

Range of Given National Inflation Rates, Consumer Prices 2007-2010

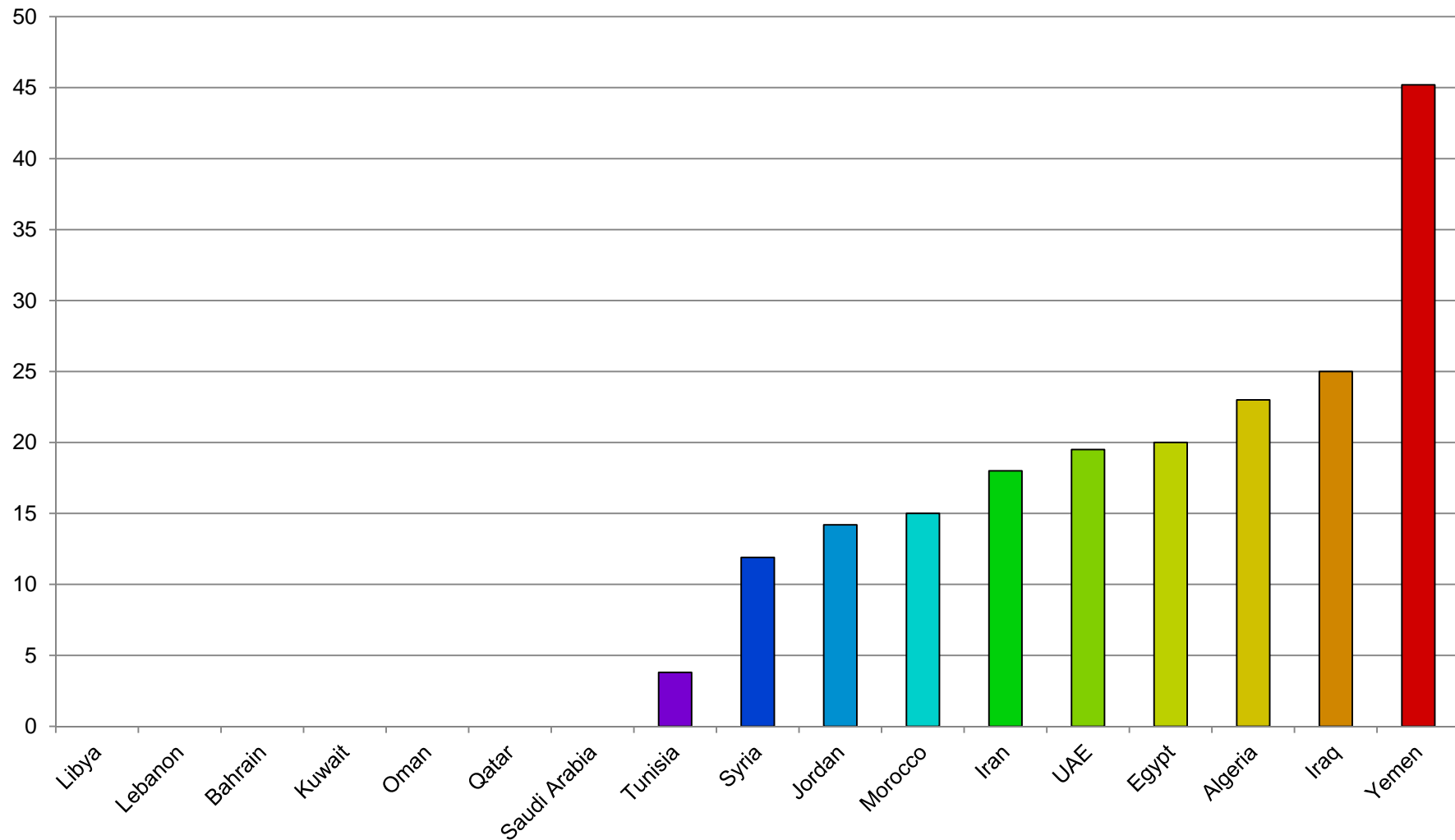


The World Bank, dataBank, Accessed 2/9/2012.

<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

Population Below Poverty Line (In Percent)

Figure 39



Source: CIA, World Factbook, Accessed January 2011.

Note: Not all poverty figures are available.

Poverty Trends by Region and MENA Country

Figure 40

Table 5-4		Incidence of income poverty – world regions compared, 1981-2005 (percentage living below two dollars a day)								
Region	1981	1984	1987	1990	1993	1996	1999	2002	2005	
East Asia and Pacific	92.6	88.5	81.6	79.8	75.8	64.1	61.8	51.9	38.7	
Of which China	97.8	92.9	83.7	84.6	78.6	65.1	61.4	51.2	36.3	
Eastern Europe and Central Asia	8.3	6.5	5.6	6.9	10.3	11.9	14.3	12	8.9	
Latin America and Caribbean	22.5	25.3	23.3	19.7	19.3	21.8	21.4	21.7	16.6	
Middle East and North Africa	26.7	23.1	22.7	19.7	19.8	20.2	19	17.6	16.9	
South Asia	86.5	84.8	83.9	82.7	79.7	79.9	77.2	77.1	73.9	
Of which India	86.6	84.8	83.8	82.6	81.7	79.8	78.4	77.5	75.6	
Sub-Saharan Africa	74	75.7	74.2	76.2	76	77.9	77.6	75.6	73	
Total	69.2	67.4	64.2	63.2	61.5	58.2	57.1	53.3	47	
Arab countries (MENA without Iran)	32	28.52	26.51	22.45	24.42	24.59	23.23	20.8	20.37	

Source: Chen and Ravallion 2007.

Note: The Arab countries aggregate includes the following countries: Algeria, Djibouti, Egypt, Jordan, Morocco, Tunisia and Yemen.

Figure 41

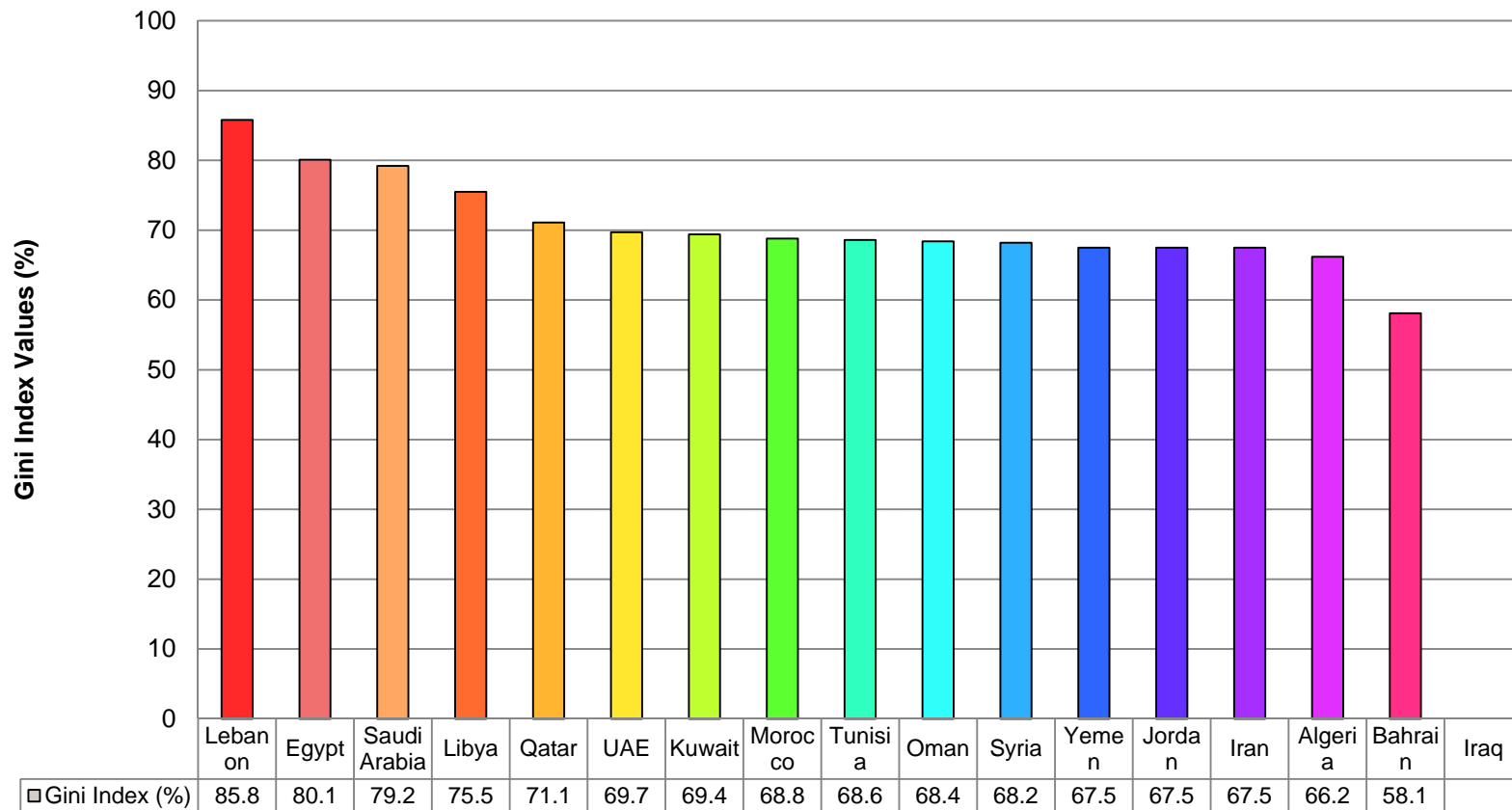
Table 5-5		The incidence of (extreme) poverty based on national lower poverty lines (1991-1999 and 1999-2006)						
Country	Survey year	Poverty incidence (%)	Pop. average (1995-2000) in millions	Estimated number of poor (millions)	Survey year	Poverty incidence (%)	Pop. average (2000-2005) in millions	Estimated number of poor (millions)
Lebanon	1997	10	3.6	0.4	2005	7.97	3.9	0.3
Egypt	1999	16.7	63.6	10.6	2005	19.6	69.7	13.7
Jordan	1997	15	4.6	0.7	2002	14.2	5.2	0.7
Syria	1997	14.3	15.6	2.2	2004	11.4	17.7	2.1
Algeria	1995	14.1	29.4	4.1	2000	12.1	31.7	3.8
Morocco	1991	13.1	27.9	3.7	1999	19	29.7	5.6
Tunisia	1995	8.1	9.3	0.8	2000	4.1	9.8	0.4
MICs		14.6	153.9	22.4		15.9	167.6	26.6
Mauritania	1996	50	2.4	1.2	2000	46	2.8	1.3
Yemen	1998	40.1	16.9	6.8	2006	34.8	19.6	6.8
LICs		41.4	19.2	8		36.2	22.4	8.1
Total		17.6	173.1	30.4		18.3	190	34.7

Source: UNDP/AHDR calculations based on World Bank 2007, 2008; UNDP 2005, 2007, 2008. (See Statistical references).

Gini Index

Figure 42

Gini Index (%)

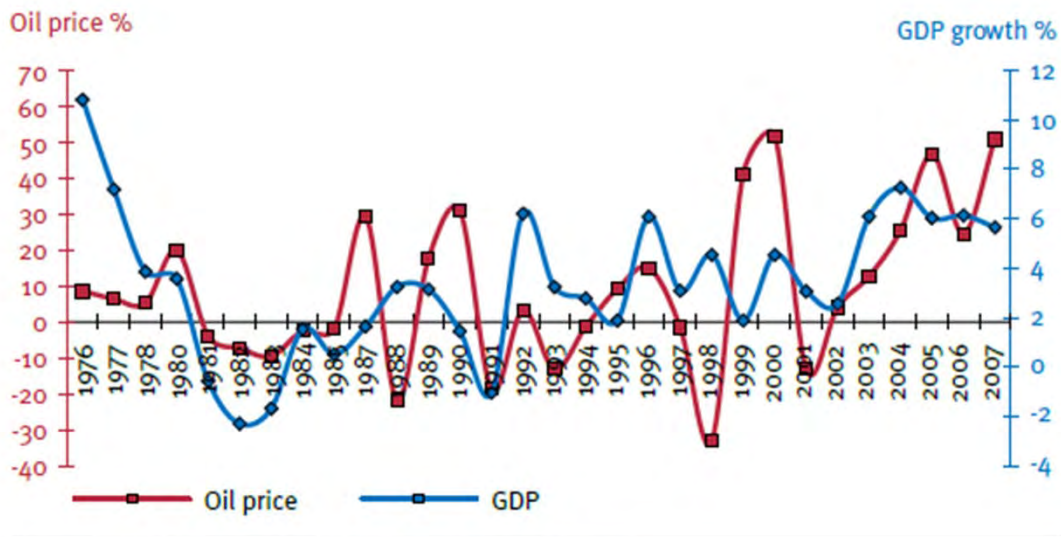


The GINI Index is a measure of statistical dispersion developed by the Italian statistician and sociologist Corrado Gini that measures the inequality among levels of income. The index is measured between 0% and 100%. 0% indicates a society in which all individuals have the same income, 100% indicates that all national wealth is concentrated into one individual

Income Distribution in MENA After Years of Unstable Growth

Figure 43

Riding a rollercoaster: regional GDP growth based on constant 1990 prices, and growth in nominal oil prices, 1976-2007

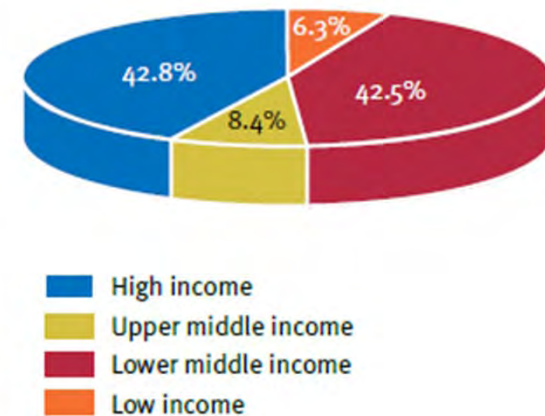


Source: UNDP/AHDR calculations based on UNSD 2008.

Notes: Data for 1979 and 1986 were removed from the graph as they were significant outliers.

Figure 44

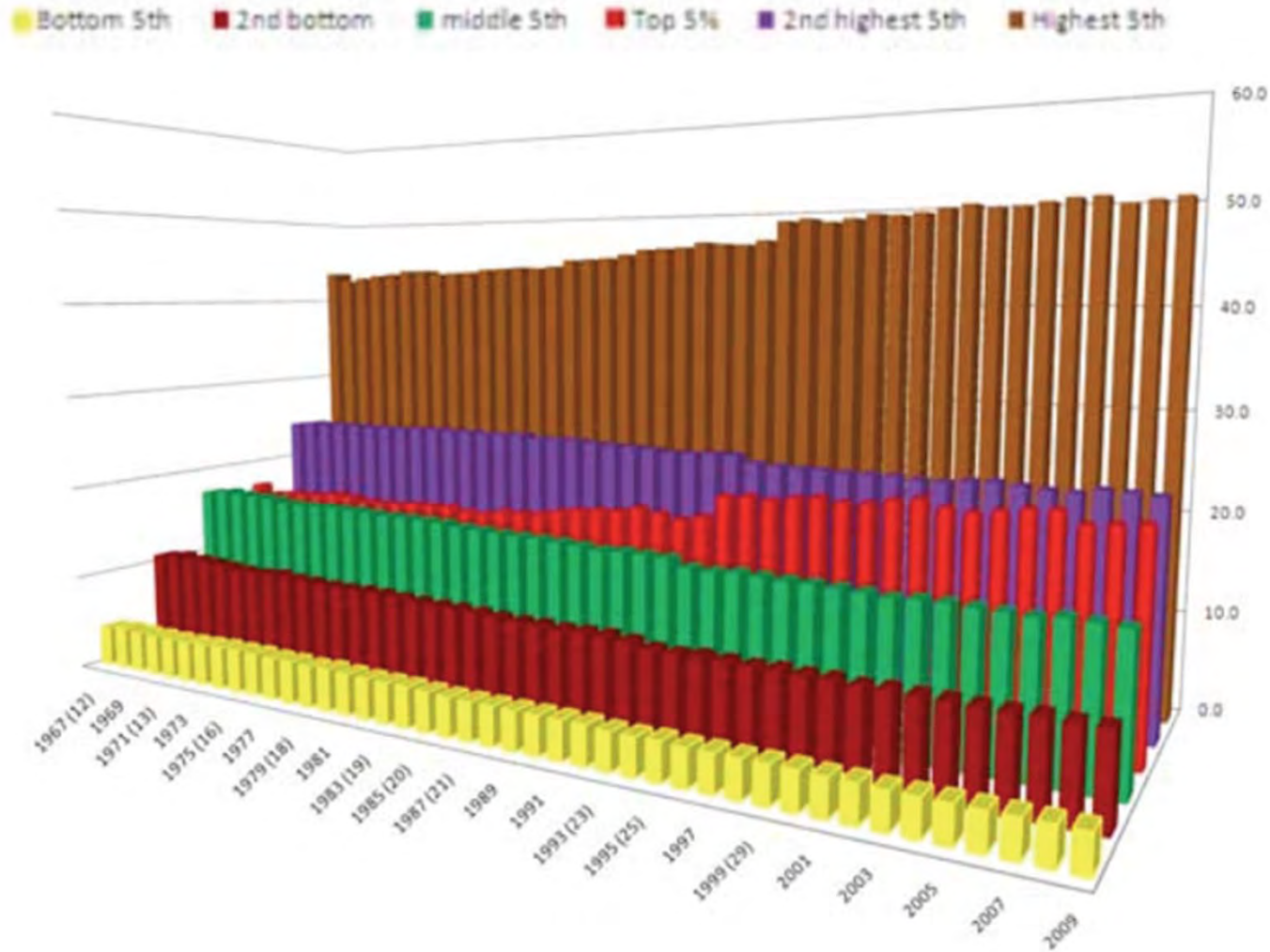
Distribution of regional GDP: by country group, 2007



Source: UNDP/AHDR calculations based on IMF 2007; World Bank 2008.

American Aggregate Income by 5ths, plus top 5%

Figure 45

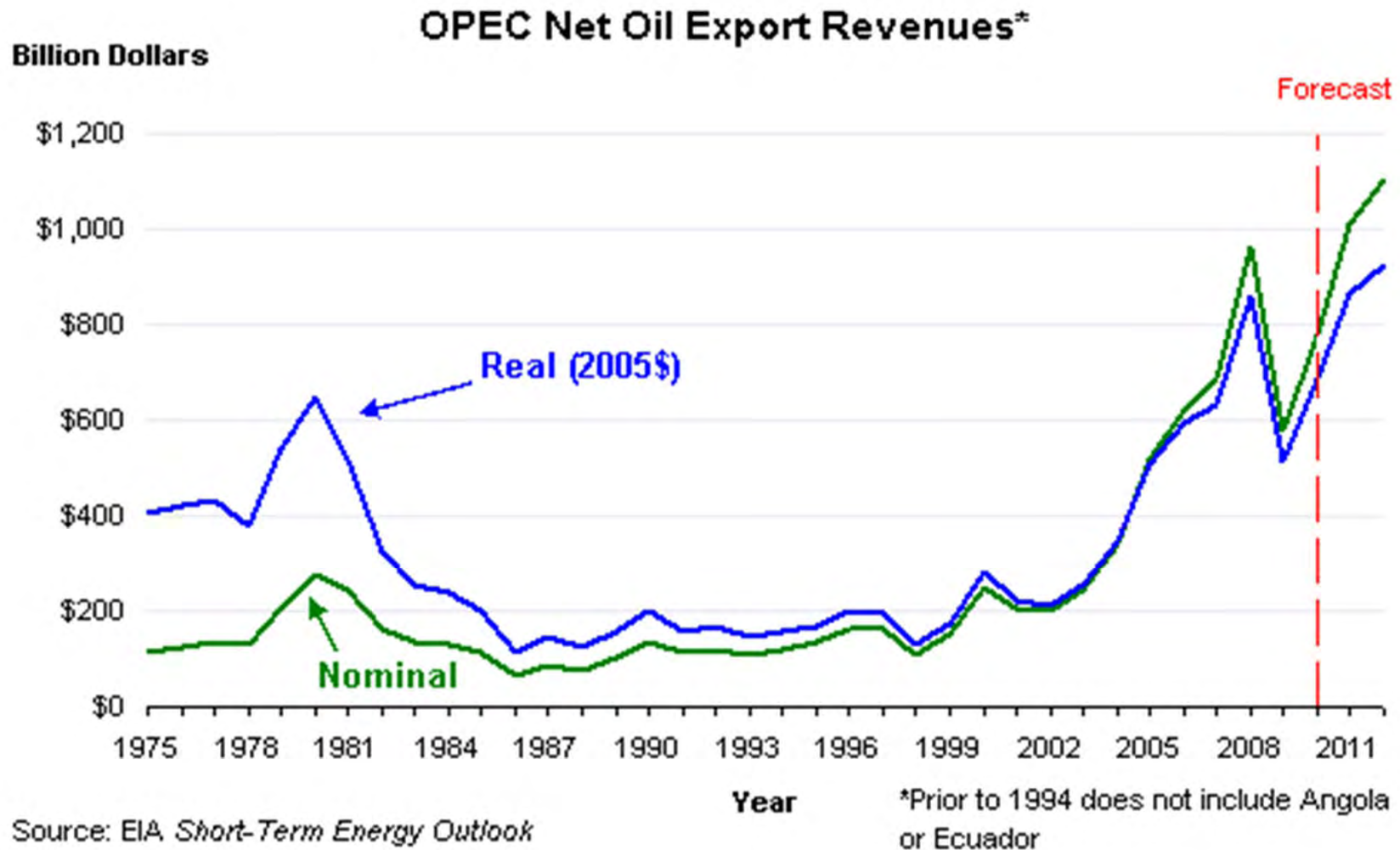


The Illusion of Regional Oil Wealth

Many petroleum exporting countries end up a rentier states with distort economies, limited job creation, and limited per capita income

The Real World Limits to Oil Wealth

Figure 46



Source: US Department of Energy, Energy Information Agency, August 2011,
<http://www.eia.gov/countries/regions-topics.cfm?fips=OPEC>

OPEC Net Oil Export Revenues

Figure 47

Country	Nominal (Billion \$)				Real (Billion 2005\$)			
	2010	2011	2012	Jan-Jul 2011	2010	2011	2012	Jan-Jul 2011
Algeria	\$53	--	--	\$41	\$47	--	--	\$35
Angola	\$56	--	--	\$38	\$49	--	--	\$33
Ecuador	\$8	--	--	\$6	\$7	--	--	\$5
Iran	\$73	--	--	\$56	\$64	--	--	\$48
Iraq	\$50	--	--	\$40	\$44	--	--	\$35
Kuwait	\$60	--	--	\$48	\$53	--	--	\$41
Libya	\$44	--	--	\$9	\$39	--	--	\$8
Nigeria	\$65	--	--	\$52	\$57	--	--	\$45
Qatar	\$37	--	--	\$33	\$33	--	--	\$28
Saudi Arabia	\$225	--	--	\$180	\$198	--	--	\$155
UAE	\$67	--	--	\$57	\$59	--	--	\$49
Venezuela	\$41	--	--	\$34	\$36	--	--	\$29
OPEC	\$778	\$1,011	\$1,105	\$594	\$685	\$863	\$926	\$510

OPEC Per Capita Net Oil Export Revenues

Figure 48

Country	Nominal (\$)				Real (2005\$)			
	2010	2011	2012	Jan-Jul 2011	2010	2011	2012	Jan-Jul 2011
Algeria	\$1,540	--	--	\$1,169	\$1,356	--	--	\$1,003
Angola	\$4,249	--	--	\$2,879	\$3,741	--	--	\$2,470
Ecuador	\$542	--	--	\$413	\$477	--	--	\$354
Iran	\$1,085	--	--	\$826	\$955	--	--	\$709
Iraq	\$1,686	--	--	\$1,335	\$1,484	--	--	\$1,145
Kuwait	\$21,416	--	--	\$16,702	\$18,848	--	--	\$14,327
Libya	\$6,837	--	--	\$1,339	\$6,017	--	--	\$1,158
Nigeria	\$450	--	--	\$354	\$396	--	--	\$303
Qatar	\$38,281	--	--	\$33,400	\$33,685	--	--	\$28,651
Saudi Arabia	\$7,685	--	--	\$6,081	\$6,763	--	--	\$5,216
UAE	\$13,508	--	--	\$11,120	\$11,888	--	--	\$9,538
Venezuela	\$1,498	--	--	\$1,244	\$1,318	--	--	\$1,067
OPEC	\$2,074	\$2,644	\$2,837	\$1,560	\$1,825	\$2,257	\$2,378	\$1,339

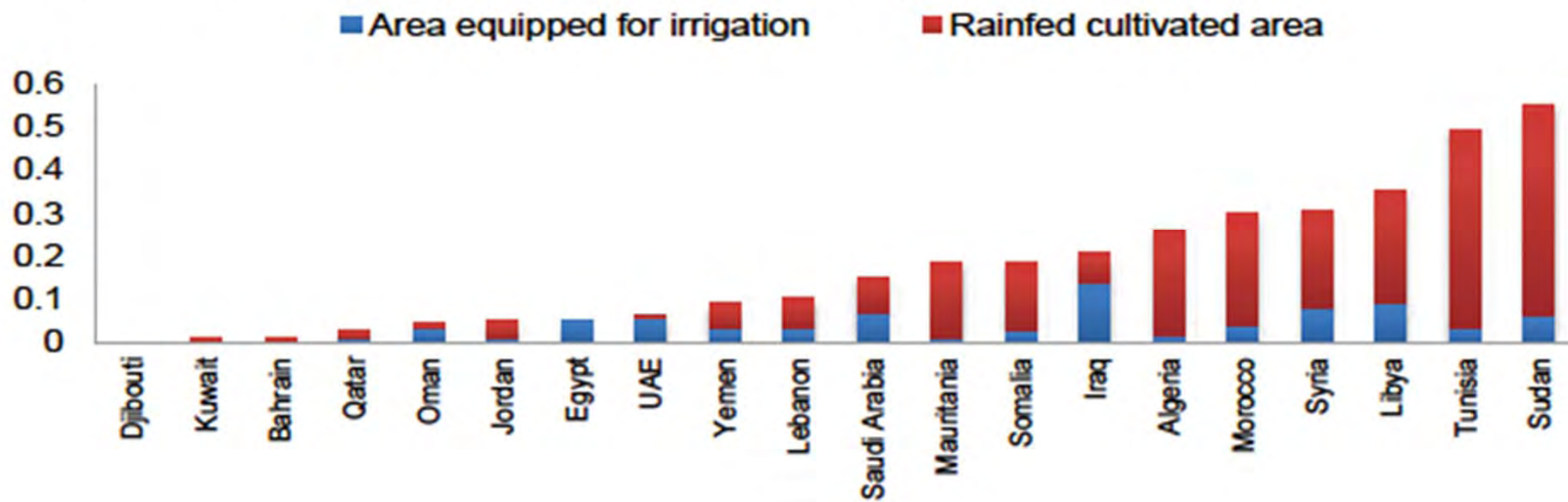
Source: US Department of Energy, Energy Information Agency, August 2011,
<http://www.eia.gov/countries/regions-topics.cfm?fips=OPEC>

Like Poverty, Food Supply and Costs Are a Serious Issue and Key Cause of Instability

*Some estimates indicate the the region
has an exceptionally high spending on
food as a percent of total income*

The “Food Gap” in Arab States: Cultivated Areas Per Capita

Figure 34: Cultivated areas per capita in Arab countries (hectares), 2003-2007

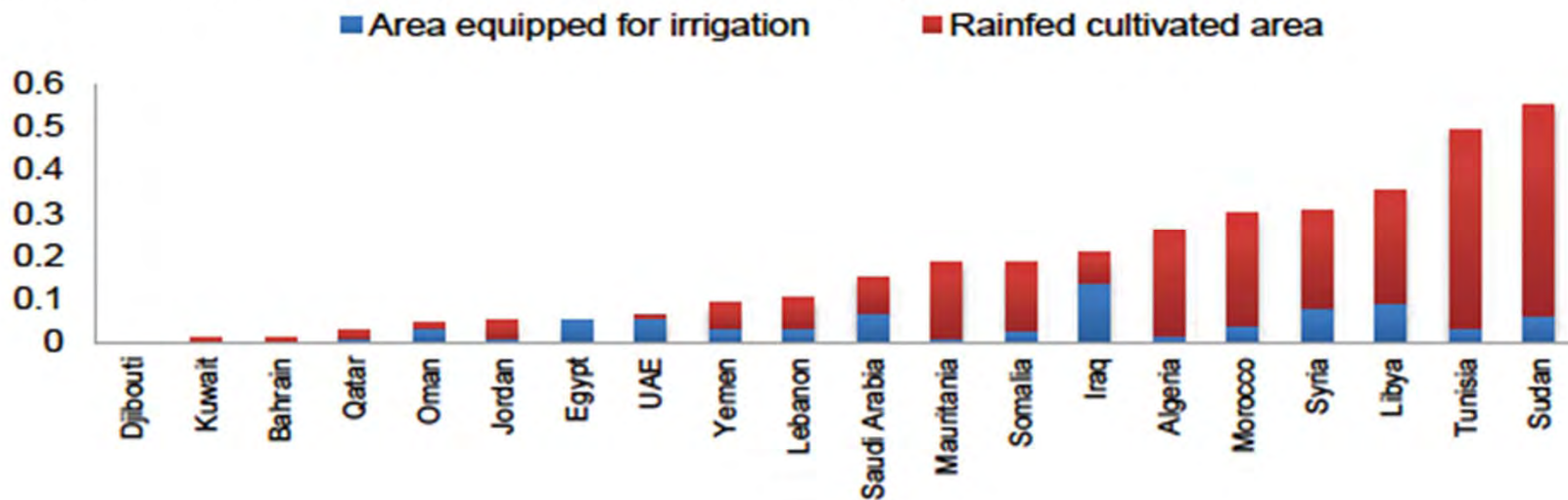


Falling mostly within the arid and semi-arid rainfall zones and with limited agricultural potential resources, most Arab countries have attempted to increase their agricultural production with improvement in productivity, intensive farming, extensive use of water resources for irrigation and expansion of cultivated areas including the fragile rain-fed soils at the expenses of rangeland areas. While this extensive use of land and water has accentuated the fragility of the natural resource base, increase of the cultivated areas has been modest. Moreover, demographic growth, combined with urban expansion, has led to a dramatic decrease in per capita land and water availability in all countries of the region.

...In the agricultural sector where the majority of the poor reside, irrigation water subsidies have been justified on the grounds that they provide aid to the poor. However, newly accumulated data reveals that the poor in the agrarian sector, like their counterparts in urban centers, do not necessarily benefit from such policies. In Egypt, 75% of water subsidies benefits the richest 50% of households, whereas only 25% benefits the poorest 50%. These findings indicate that irrigation subsidies are not justified as a policy instrument for the redistribution of income. The main beneficiaries of subsidies are the rich, not the poor.

The “Water Gap” in Arab States: Renewable Water Per Capita

Figure 34: Cultivated areas per capita in Arab countries (hectares), 2003-2007



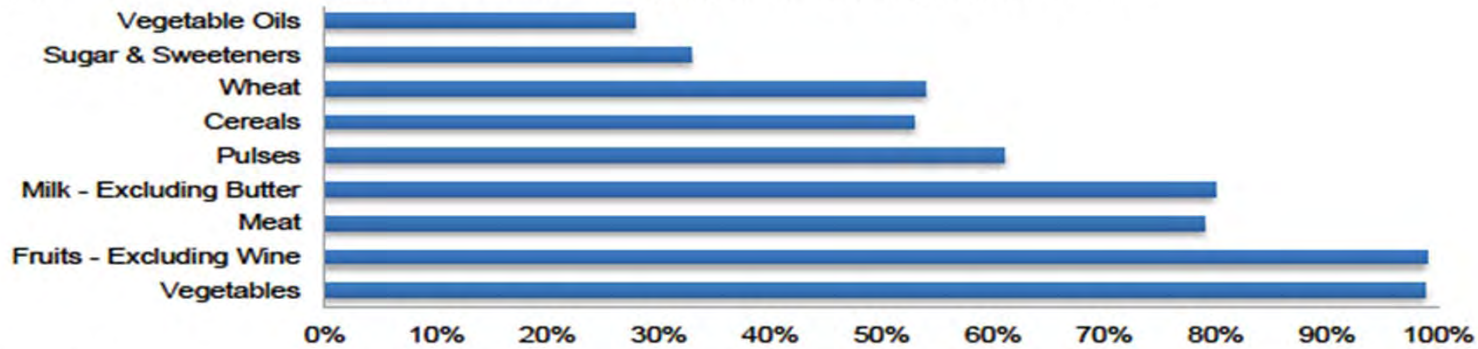
More than arable land, ...scarcity of water constitutes the most important constraint to agricultural production and food security in the region. Population increase conjugated with overexploitation of water resources, especially groundwater, has resulted in a sharp drop of available water. At the regional level, total renewable water per capita decreased from 3035 m³ in 1958-1962 to 973 m³ in 2003-2007. This low level makes the Arab region the most water scarce in the world (world average is about 7,000 m³ per capita).

While Morocco and Egypt are below the scarcity level of 1,000 cubic meters per person per year, 12 other countries, including Tunisia and Algeria, are in a state of “water crisis” (less than 500). Of these countries, 8 are in a state of “absolute scarcity” with less than 165 cubic meters per capita (including Jordan, Libya, Yemen and the high income countries of the GCC). Thus, only 3 countries in the region (Iraq, Sudan and Somalia) can be considered as having a sufficient level of water to meet their needs (more than 1,700 cubic meters per person).

Water per capita is about 100 cubic meters per year in Yemen, which is less than 10% of the average for Arab countries and less than 2% of the world average. With no significant perennial sources of surface water, Yemen relies almost exclusively on over-exploitation of groundwater. Water from the shallow aquifers is extracted at a rate that exceeds the recharge from the limited rainfall. The rate of depletion has accelerated over the last three decades due to the introduction of tube-well technology and pump-sets. According to the World Bank Assessment, groundwater is being mined at such a rate that large parts of the rural economy could disappear within a generation.

Lack of Food Self-Sufficiency in the Arab Region

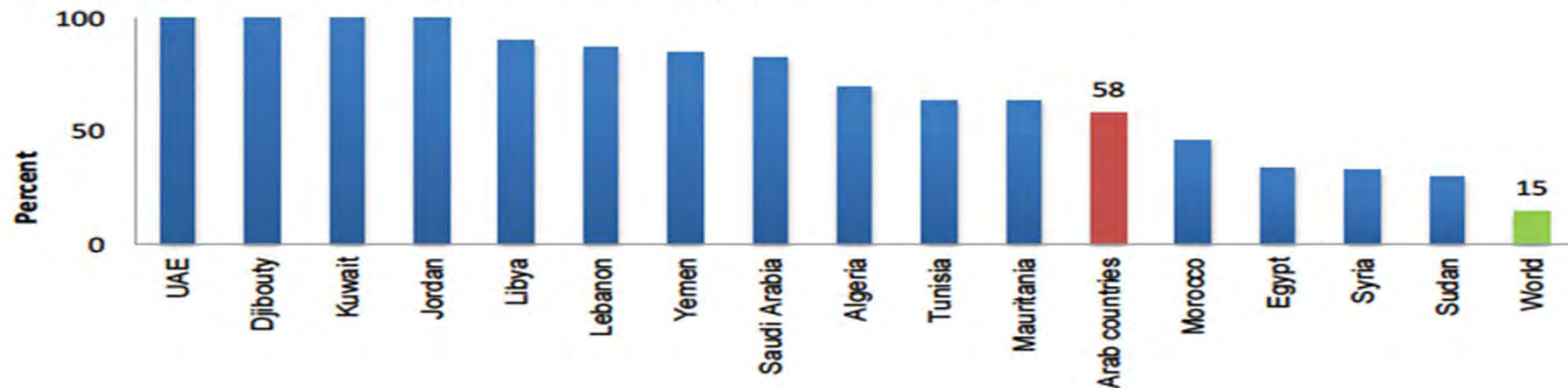
Figure 36: Ratio of production to total domestic supply in the Arab region, 2004-2007



Source: ibid

Note: Arab countries included are Algeria, Egypt, Djibouti, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Saudi Arabia, Sudan, Syria, Tunisia, UAE and Yemen.

Figure 37: Ratio of cereal imports to domestic supply in Arab countries, 2004-2007



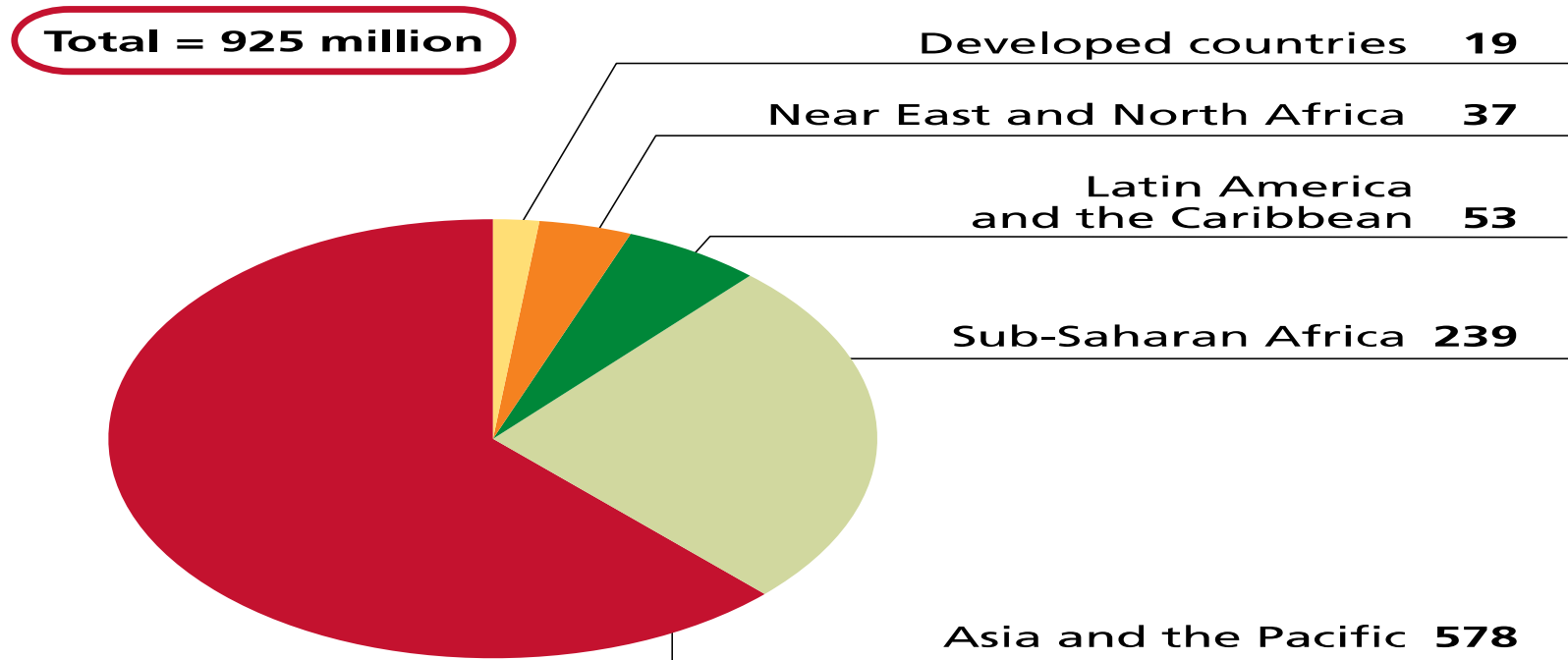
Import dependence for food is highly variable amongst Arab countries, as shown by figure 37. Ratio of cereal imports to domestic supply varies from 23% in Sudan and Syria, to 100% and more (due to re-exports) in Jordan, Kuwait, Djibouti and UAE. In addition, dependency on cereal imports hovers around or exceeds 80% in eleven countries. Calculated in terms of caloric value, the ratio of total food imports to total food caloric supply presents a similar pattern for almost all the countries. In other words, only three countries in the region (Sudan, Syria and Egypt) depend on food imports for less than half of their daily caloric supply.

the Self Sufficiency Ratio (SSR), or the ratio of local production to total domestic supply for the region is 53% for cereals, 28% for vegetable oils and 33% for sugar. It is important to note that these three categories of products provide the bulk of the daily caloric food supply for the vast majority of Arab populations, particularly the poor. However, the region is close to self sufficiency in meat and fruit products that are mainly consumed by the rich.

Relatively High Food Levels, but 37 Million Undernourished

Figure 50

Undernourishment in 2010, by region (millions)



Note: All figures are rounded.

Source: FAO.

Undernourished by MENA Country

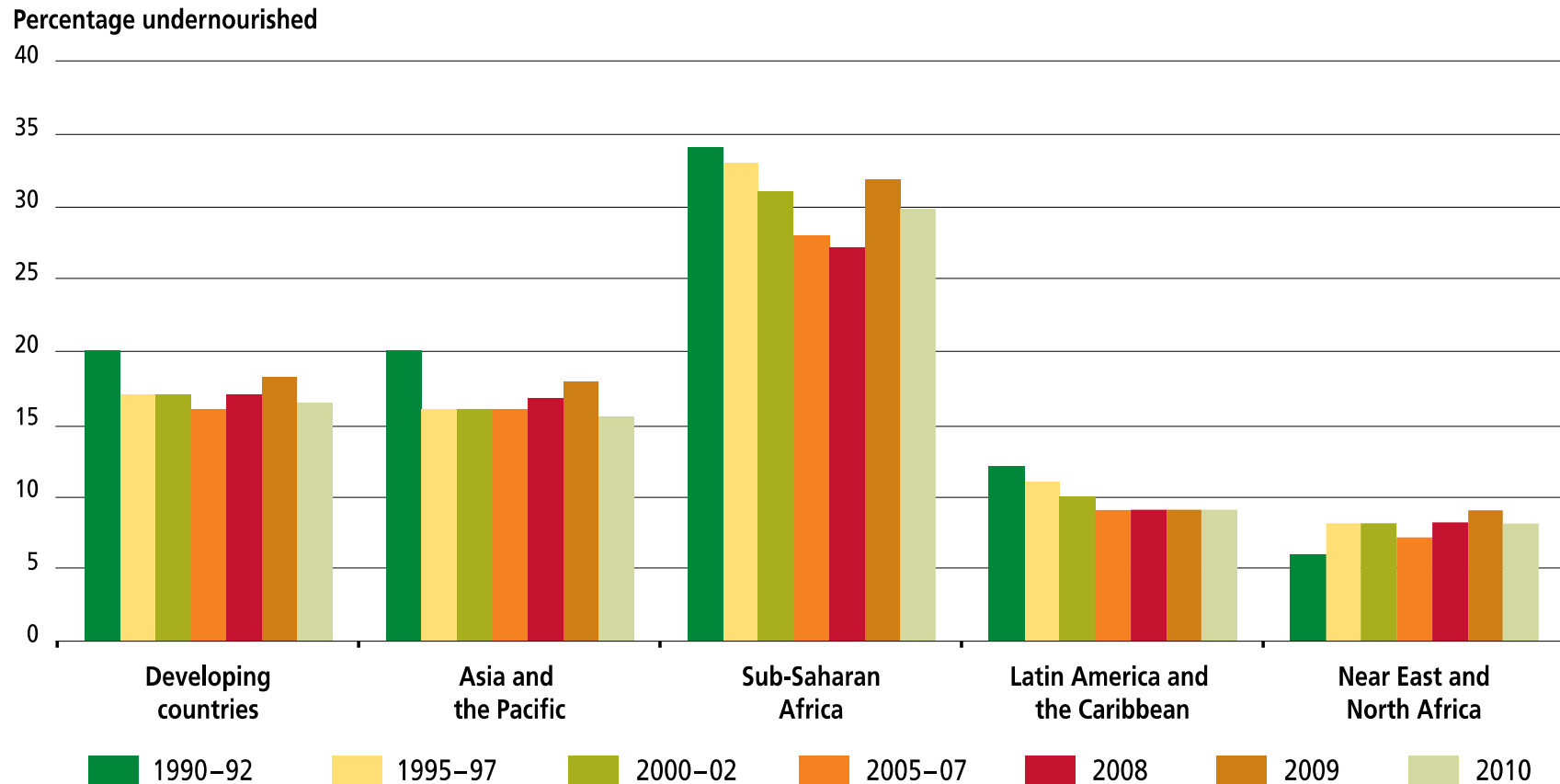
Figure 51

NEAR EAST AND NORTH AFRICA***	439.3	19.6	29.5	31.8	32.4	1.6	▲	6	8	8	7	1.2	▲
Near East	280.4	14.6	24.1	26.2	26.3	1.8	▲	7	11	10	9	1.3	▲
Iran (Islamic Republic of) [1]	71.6	ns	ns	ns	ns	na	na	–	–	–	–	na	na
Jordan [1]	5.8	ns	0.2	0.2	ns	na	na	–	5	5	–	na	na
Kuwait [2]	2.8	0.4	0.1	0.1	0.1	0.3	▼	20	5	6	5	0.2	▼
Lebanon [1]	4.1	ns	ns	ns	ns	na	na	–	–	–	–	na	na
Saudi Arabia [1]	24.1	ns	ns	ns	ns	na	na	–	–	–	–	na	na
Syrian Arab Republic [1]	19.8	ns	ns	ns	ns	na	na	–	–	–	–	na	na
Turkey [1]	72.1	ns	ns	ns	ns	na	na	–	–	–	–	na	na
United Arab Emirates [1]	4.2	ns	ns	ns	ns	na	na	–	–	–	–	na	na
Yemen [4]	21.6	3.8	5.0	5.7	6.7	1.7	▲	30	31	31	31	1.0	▲
North Africa	158.8	5.0	5.4	5.6	6.1	1.2	▲	–	–	–	–	na	na
Algeria [1]	33.4	ns	1.5	1.4	ns	na	na	–	5	5	–	na	na
Egypt [1]	78.6	ns	ns	ns	ns	na	na	–	–	–	–	na	na
Libyan Arab Jamahiriya [1]	6.0	ns	ns	ns	ns	na	na	–	–	–	–	na	na
Morocco [1]	30.9	1.5	1.6	1.6	ns	na	na	6	6	6	–	na	na
Tunisia [1]	10.0	ns	ns	ns	ns	na	na	–	–	–	–	na	na

Proportion of Undernourished: 1990-2010

Figure 49

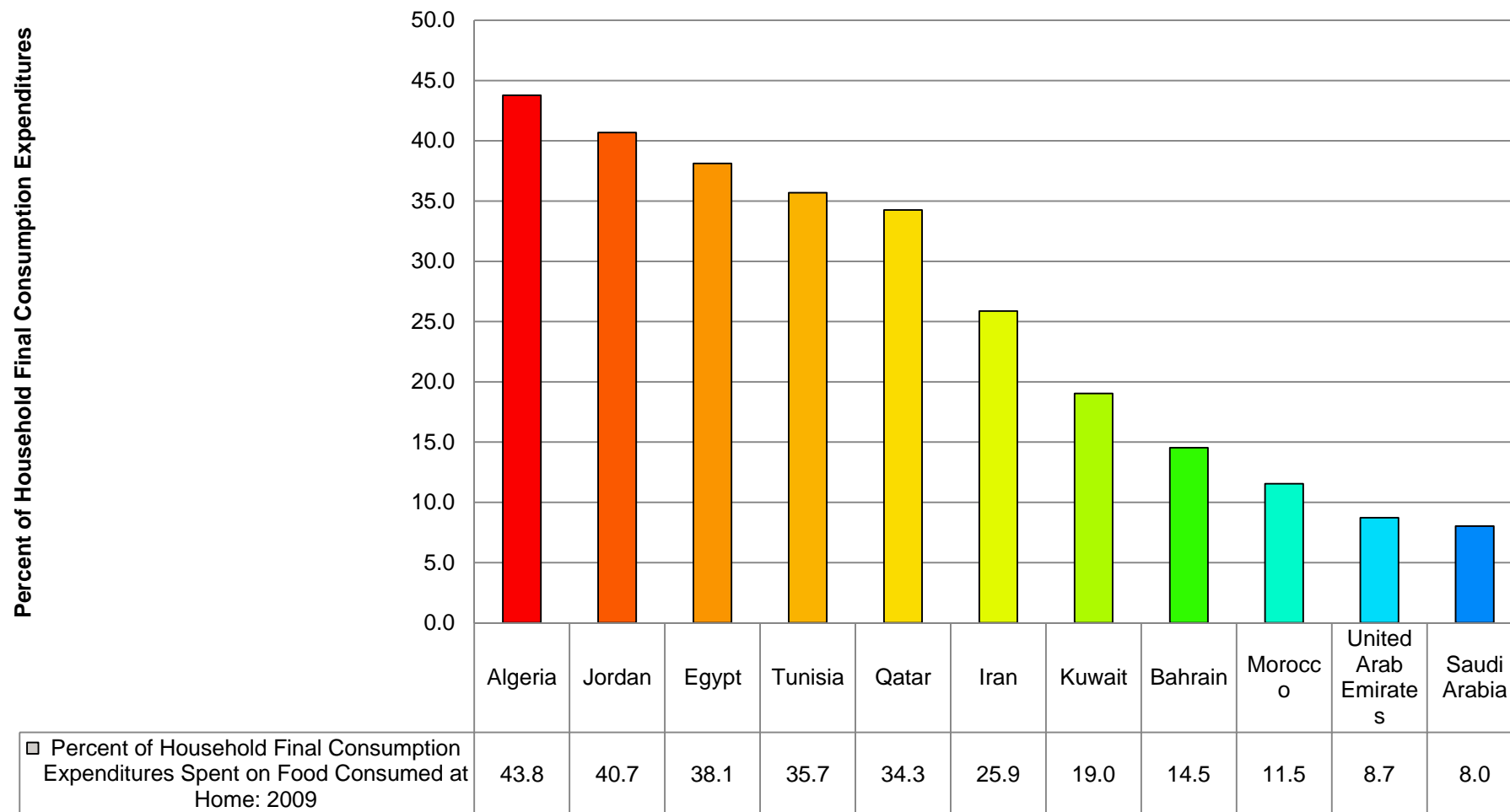
Regional trends in the proportion of undernourished, from 1990-92 to 2010



Source: FAO.

Percent of Household Final Consumption: Expenditures Spent on Food Consumed at Home, 2009

Figure 52

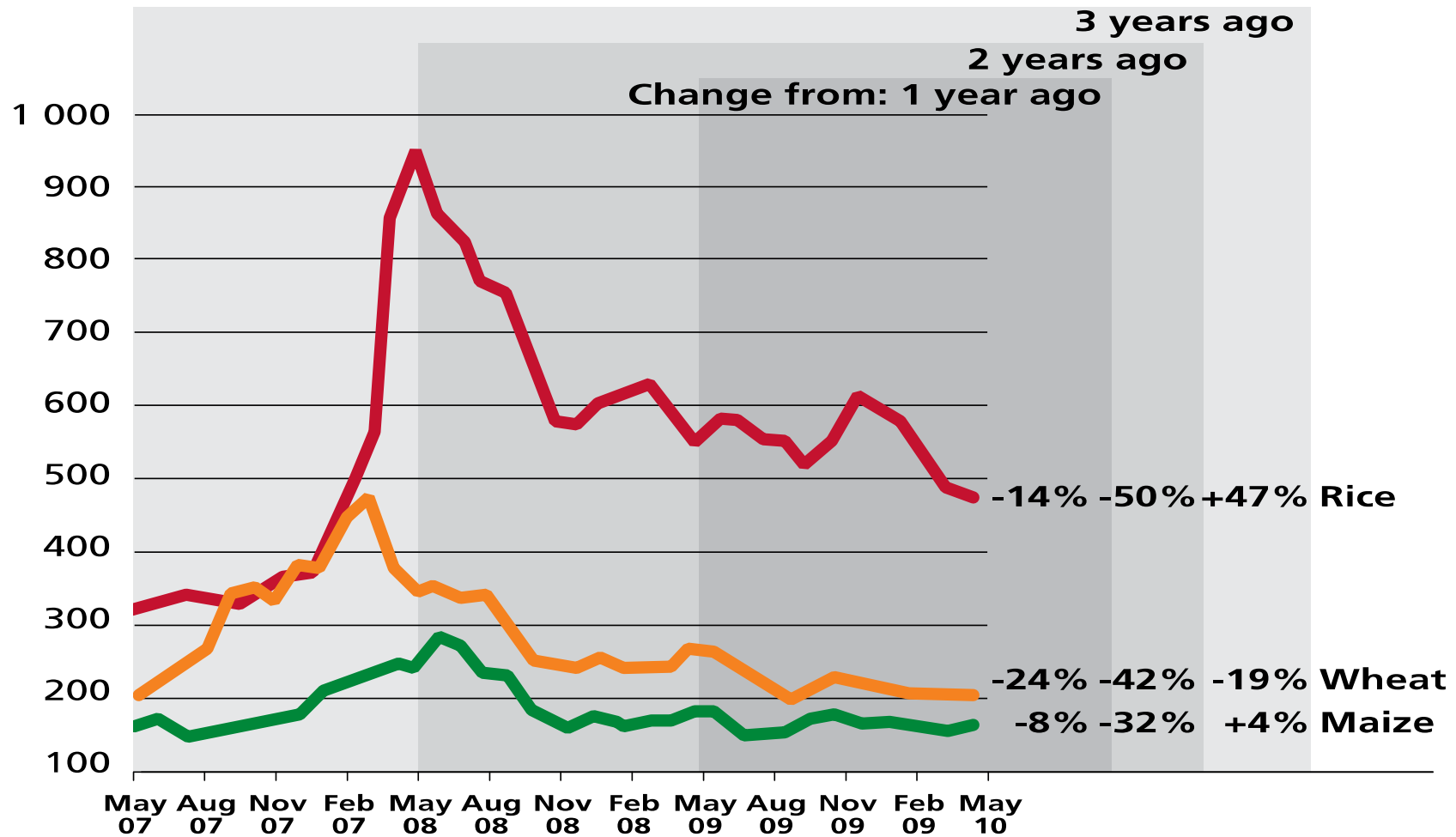


Source: U.S. Department of Agriculture, Economic Research Service; "Food, CPI, Prices and Expenditures: Expenditure Tables," July 2011. http://www.census.gov/compendia/statab/cats/international_statistics.html

Peaks in Food Prices - I

Figure 53

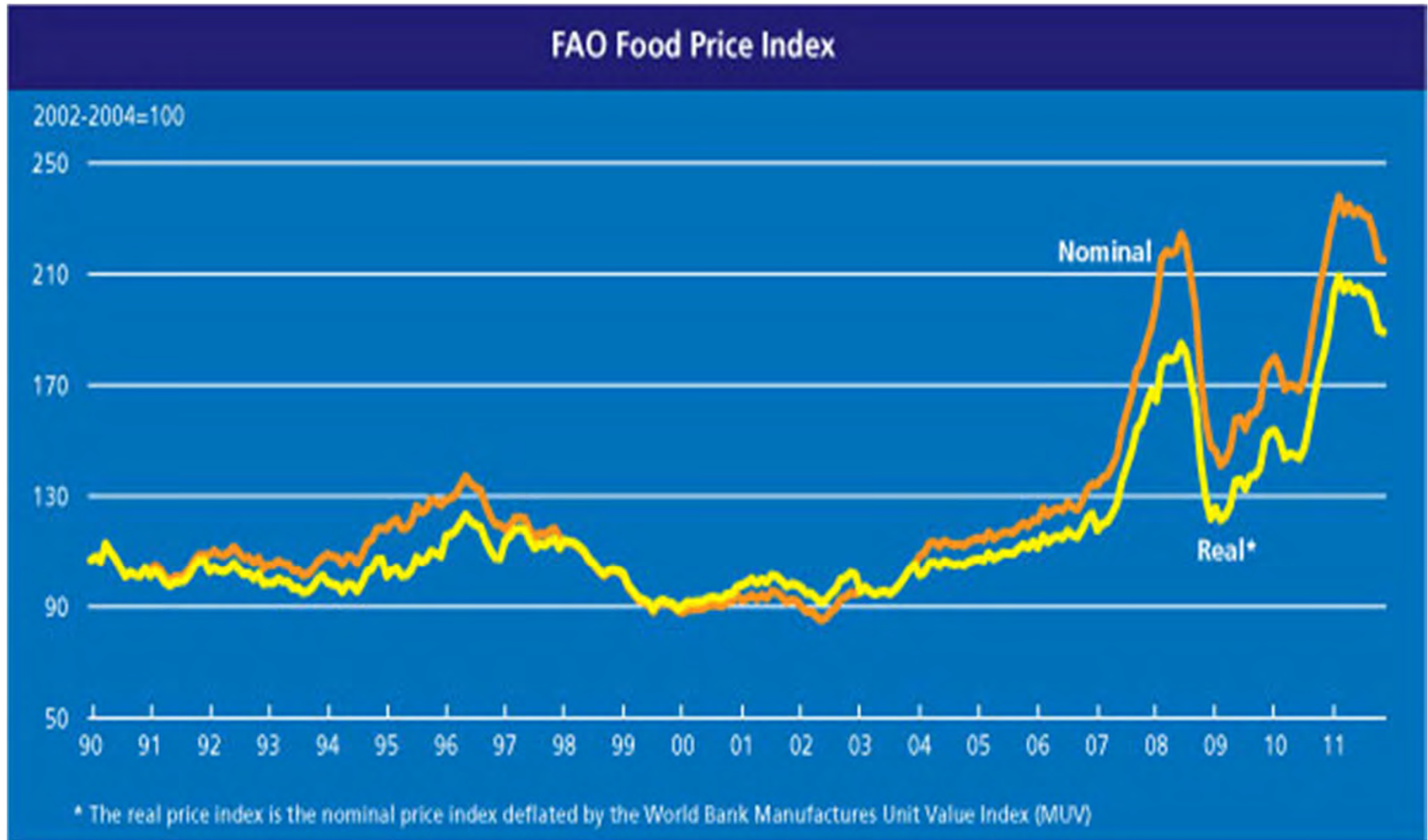
International cereal prices (benchmark monthly averages; US\$/tonne)



Source: FAO. 2010. *Crop prospects and food situation*. No. 2 (May). Rome.

Peaks in Food Prices - II

Figure 54



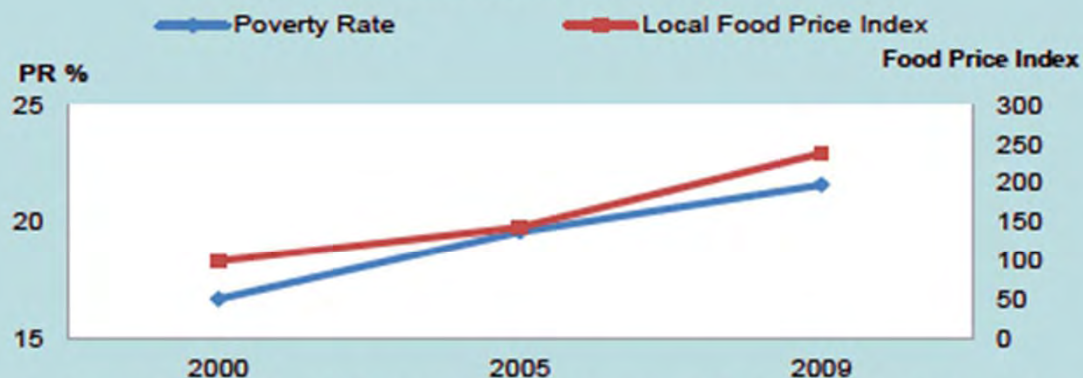
Source: Food and Agriculture Organization of the United Nations, Food Price Index, Accessed January 2011.
<http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/>

Soaring Food Prices and Poverty: Egypt as a Case Study

As rising global food prices continue to threaten to push millions of people into extreme poverty, Egypt grapples with an insurmountable budget burden against the threat of further unrest and bread riots, lest it discontinue the food and fuel subsidies on which the livelihoods of so many Egyptians depend. As one of the largest importers of food, namely the largest importer of wheat in the world, Egypt is among the countries with the highest level of spending on food subsidies. Thus, in the context of the 'silent tsunami' of the 2008 crisis, preceded by the devaluation of the Egyptian currency, staggering inflation rates, with Egypt recording one of the highest increases in food prices in the world, the rising importance of food subsidies became inevitable. During this time, the purchasing power of poor households decreased by 10% (in 2007); an extreme poverty rate which stood at 16.7 in 2000 reached 19.6% by 2004/5 and 21.6% by 2008/9.

The increase in consumer food prices in Egypt was far from a simple transmission of international food prices. Paradoxically, the prices of local products experienced even a greater increase than imported products. The highest increases were recorded for dairy products (82%), fruits (139%) and vegetables (102%), the three food groups in which Egypt is actually self-sufficient. This had large negative ramifications on the composition and quality of the Egyptians' diet. The poor who were disproportionately affected by this price rise, shifted their consumption increasingly towards cereals such as subsidized bread.

Poverty Rate and Local Food Price Index from 2000-2009



As a result, Egyptians have witnessed a remarkable increase in their dietary caloric intake over the recent years, but the nutritional value has decreased markedly as the composition of this energy supply has been overwhelmingly dominated by cereals, making up 60 percent of the Daily Energy Supply (DES) in Egypt (according to HIES data). As subsidized foods consist mainly of energy-dense and micronutrient poor commodities (sugar, oil, bread), micronutrient deficiency, in other words hidden hunger, still remains a serious problem. The prevalence of obesity in adults has become very high, especially amongst women. In addition, according to WHO, one in every two children under the age of five suffers from some degree of anemia and the share of stunted children, an indication of chronic malnutrition, is increasing at an alarming rate.

Low Regional Crises Scores: 1990-2010

Figure 55

Country	Natural disaster only	Human-induced disaster only	Combined natural and human-induced disaster	Total disasters (1996–2010)	Humanitarian aid/total ODA (2000–2008)
	<i>(Number of years)</i>			<i>(Percentage)</i>	
Afghanistan		5	10	15	20
Angola	1	11		12	30
Burundi		14	1	15	32
Central African Republic		8		8	13
Chad	2	4	3	9	23
Congo		13		13	22
Côte d'Ivoire		9		9	15
Democratic People's Republic of Korea	6	3	6	15	47
Democratic Republic of the Congo		15		15	27
Eritrea	2	3	10	15	30
Ethiopia	2	2	11	15	21
Guinea		10		10	16
Haiti	11	1	3	15	11
Iraq		4	11	15	14
Kenya	9		3	12	14
Liberia		14	1	15	33
Sierra Leone		15		15	19
Somalia			15	15	64
Sudan		5	10	15	62
Tajikistan	3		8	11	13
Uganda		4	10	14	10
Zimbabwe	2	3	5	10	31

Sources: FAO GIEWS and Development Initiatives.

Economics, Demographics, and
Governance Form an Energy Export
Threat to MENA Stability

A Broader View of the MENA “Energy Curse”

- **Classic Problems are:**
 - State drive by export revenues, not broad social and economic needs.
 - Gross distortion of development coupled to finite life of resource
 - Rentier creation of disguised unemployment coupled to major population increases
- **New Arab Development Report adds:**
 - Massive waste through subsidies coupled to steadily growing loss of export capability.
 - Major opportunity cost coupled to loss of incentive for efficiency, global competitiveness.
 - Compounds job creation problems, disguised unemployment.
 - Energy subsidies come as cost of education, health and development.
 - Massive increase in pollution.

Arab Development Challenges Report: Growth and Structural Transformation

Volatile and oil-led growth perpetuate structural retardation

Average annual real GDP per capita growth rates during 1970-2009 reached 2% per annum for the Arab region, with the overall pattern of growth in the region dependent on oil and its price.

Structural economic problems in the Arab world include:

Stagnating agricultural and manufacturing sectors

A rapidly expanding services sector (mainly low value-added activities) at the expense of more productive sectors—Arab states are the least industrialized among developing regions

An overwhelming dependence on the oil sector, which exposes Arab economies to volatile oil markets

Creation of highly productive jobs has also been hindered by the above structural problems:

Mining has a high share of output, but a low share of employment

Low value added services have become the main employers of labor and contributors to output

Production and exports are concentrated in low value-added goods and services

The region has failed to develop its trading capabilities within the global market:

Exports are still simple, primary products

Imports, on the other hand, are very diversified

The region is the least industrialized among developing regions, due to a weak manufacturing sector that produces low value-added petroleum and food-derived products and a services sector that is similarly engaged in low value output rather than higher value more specialized services such as communications or finance.

Arab Development Challenges Report: Employment, Social Protection & Fiscal Policy

- **Employment gains despite demographic pressures**
 - **High average fertility rates** (3.1 children per woman) provide the basis for high population growth expectations
 - **The Arab region is going through a demographic transition, with more participants entering the labor force each year (in 2010, ages 15-64 made up 62.45% of the Arab Population)**
- **Employment in Arab countries** has averaged an impressive 3.3% annual growth rate, amongst the highest in developing regions. However, they also **exhibit one of the lowest labor force participation rates in the world** (due to low female participation rates)
- **The Arab region has one of the highest unemployment rates among developing regions— 9.3% (2001-11), vs. 6.6% for developing regions over the same period.** However, this rate has improved from the 1990s when it averaged 12%.
 - The unemployment rate in the GCC is roughly half that in Mashreq countries.
 - **Youth unemployment in the region, at 24%, is double the world average.**
 - While youth employment has been increasing, growth in the **youth population has been outpacing employment growth such that the employment/population ratio has declined from 27.1% to 24.3% (1997-2009), which is among the lowest rates in the world.**
- **The female unemployment rate is the highest in the world.** This is due to more females progressing through higher education and entering the labor force than before only to be faced with issues such as gender bias in hiring, for example.
- **There is an Increase in the Arab region’s informal job market** (i.e. jobs outside of social security programs; self employment was used as a proxy for measurement)
- **The education system fails to produce graduates with the requisite skills to find meaningful, productive jobs**

Demand Side Constraints to Arab Employment

“Arab unemployment is fundamentally a demand-side problem. [...] the growth return of education is low since misguided policies do not enable the country to translate the accumulated knowledge into ideas, innovations, and new productive activities.”

Investment has failed to generate sufficient growth in the Arab region (gross fixed capital formation (GFCF), has increased slightly but total employment has remained constant), and this is due to the ineffectiveness of these investments to generate high skilled, meaningful output-contributing jobs. Low wage premiums also cause human capital flight, while remaining workers are often inadequately trained.

Expected requirements for solving the job creation deficit (excluding GCC) :

Scenario 1: keep unemployment in the Arab region constant with no change in labor force participation rate

Scenario 2: cut the unemployment rate by half in the Arab region

Scenario 3: cut the unemployment rate by half and increase female employment to 35%

	2011-2015		2011-2020		2011-2030	
	Jobs required in millions	GFCF required in \$ millions	Jobs required in millions	GFCF required in \$ millions	Jobs required in millions	GFCF required in \$ millions
Scenario 1	6.1	292,800	15.4	739,200	24.7	1,185,600
Scenario 2	13.6	652,800	24.1	1,156,800	47.1	2,260,800
Scenario 3	28.6	1,372,800	40.8	1,958,400	91.8	4,406,400

Note: GFCF=gross fixed capital formation measured in 2005 constant prices; excludes costs of upgrading the conditions of the working poor; \$48,000 average cost of creating one job

MENA Oil and Gas Production vs. Consumption: 2011

	Country	Oil Production (1000 b/d), 2010	Oil Consumption (1000 b/d), 2010	Net Oil Balance (1000 b/d), 2010	Natural Gas Production (Bcm), 2009	Natural Gas Consumption (Bcm), 2009	Net Natural Gas Balance (Bcm), 2009
Net Energy Importing Countries	Jordan	0.09	98	-97.91	0.25	3.1	-2.85
	Lebanon	0	106	-106.00	0	0.04	-0.04
	Morocco	3.94	209	-205.06	0.06	0.56	-0.50
	Tunisia	83.72	84	-0.28	3.6	4.85	-1.25
	West Bank	0	24	-24.00	0	0	0
Small Energy Exporting Countries*	Bahrain	46.43	47	-0.57	12.58	12.58	0
	Egypt	662.62	740	-77.38	62.69	44.37	18.32
	Oman	867.88	142	725.88	24.77	14.72	10.04
	Syria	401	292	109	6.19	7.1	-0.91
	Yemen	258.75	157	101.75	0.52	0.1	0.42
Large Energy Exporting Countries	Algeria	2077.74	312	1765.74	81.43	28.76	52.67
	Iraq	2408.47	694	1714.47	1.15	1.15	0
	Kuwait	2450.37	354	2096.37	11.19	12.08	-0.89
	Libya	1789.16	289	1500.16	15.9	6.01	9.89
	Qatar	1437.22	166	1271.22	89.29	21.1	68.19
	Saudi Arabia	10521.09	2643	7878.09	78.45	78.45	0
	UAE ²⁶	2812.84	545	2267.84	59.06	59.06	0

Source: Authors; EIA; Cedigaz

* Less than 1 million b/d of oil equivalent

Source: Bassam Fattouh & Laura El-Katiri, *Energy Subsidies in the Arab World*, Arab Development Report, UNDP, 2012, p. 17

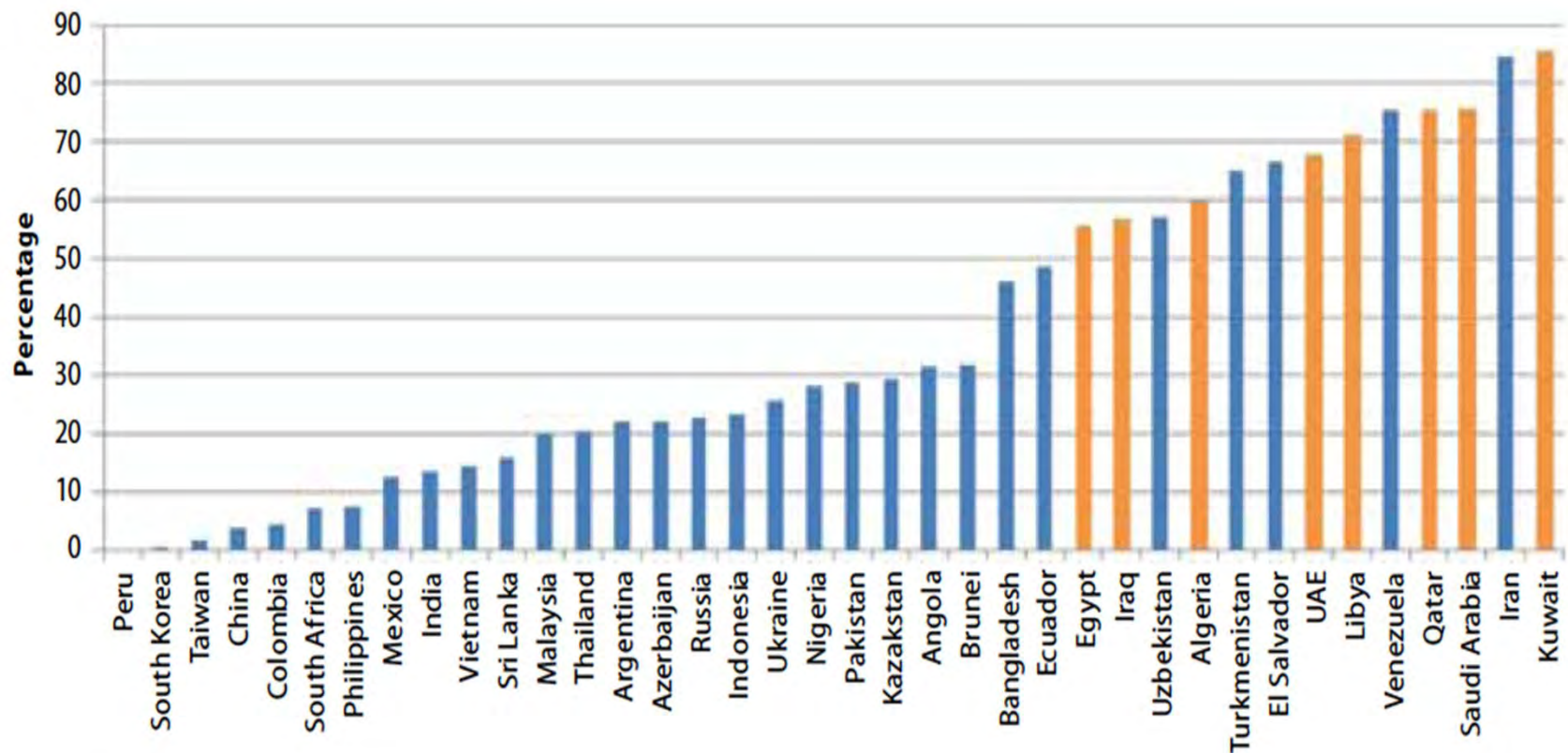
IEA Estimate of Cost of Energy Subsidies: 2010

	Average Rate of Subsidization (%)	Subsidy (\$ per person)	Total Subsidy (% of GDP)	Subsidy by Fuel			Total Subsidy (US\$ bn)
				Oil	Gas	Electricity	
Algeria	59.80	298.40	6.60	8.46	0.00	2.13	10.59
Libya	71.00	665.00	5.70	3.17	0.26	0.78	4.21
Egypt	55.60	250.10	9.30	14.07	2.40	3.81	20.28
Saudi Arabia	75.80	1,586.60	9.80	30.57	0.00	12.95	43.52
Iraq	56.70	357.30	13.80	8.87	0.28	2.16	11.31
Kuwait	85.50	2,798.60	5.80	2.81	0.90	3.91	7.62
Qatar	75.30	2,446.00	3.20	1.15	1.41	1.59	4.15
UAE	67.80	2,489.60	6.00	2.65	9.99	5.51	18.15

Source: IEA

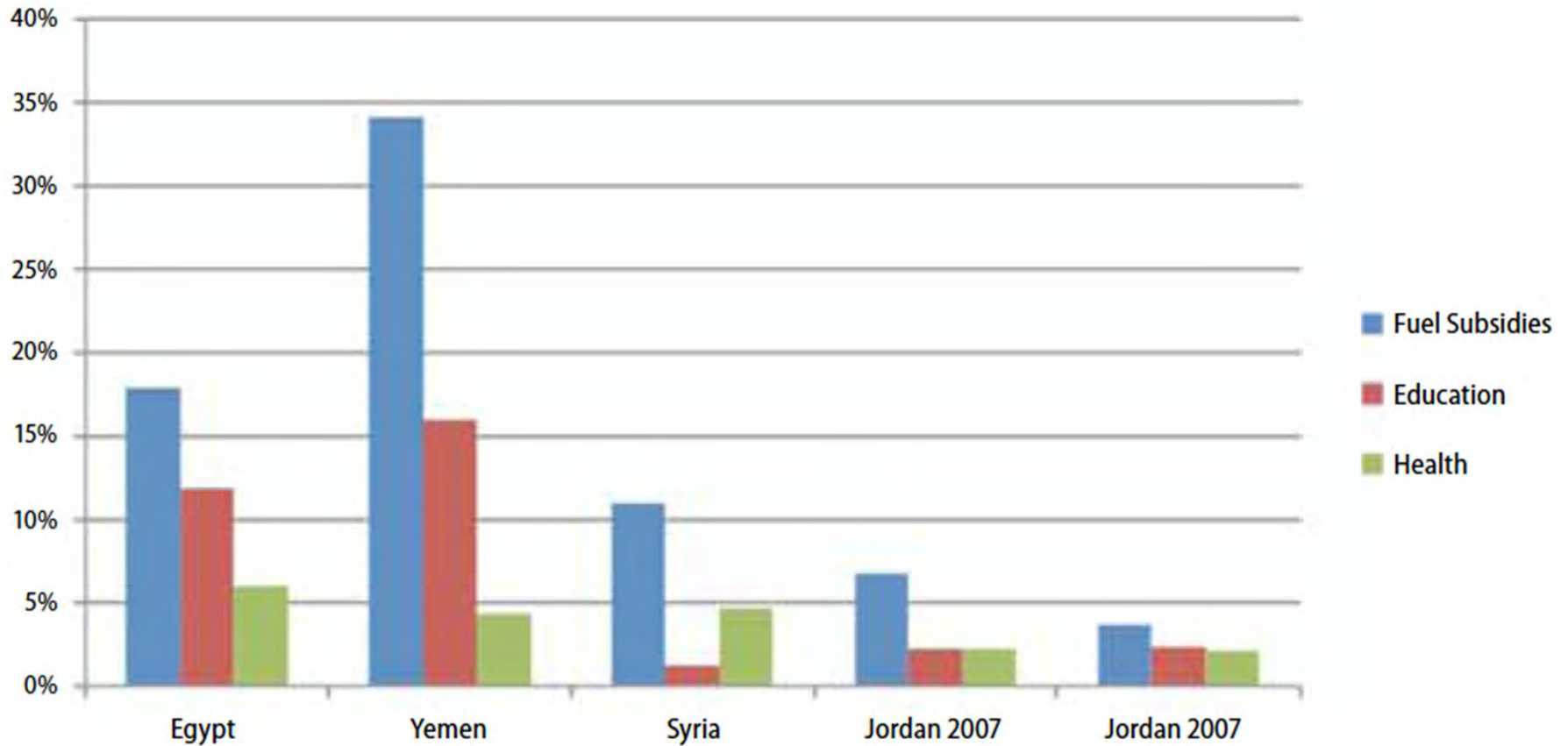
MENA Self-Inflicted Energy Wounds: Part One: Comparative Subsidies

**FIGURE 1: AVERAGE SUBSIDIZATION RATES FOR DOMESTIC FUELS
IN SELECTED COUNTRIES (IN %), 2010**



Source: IEA

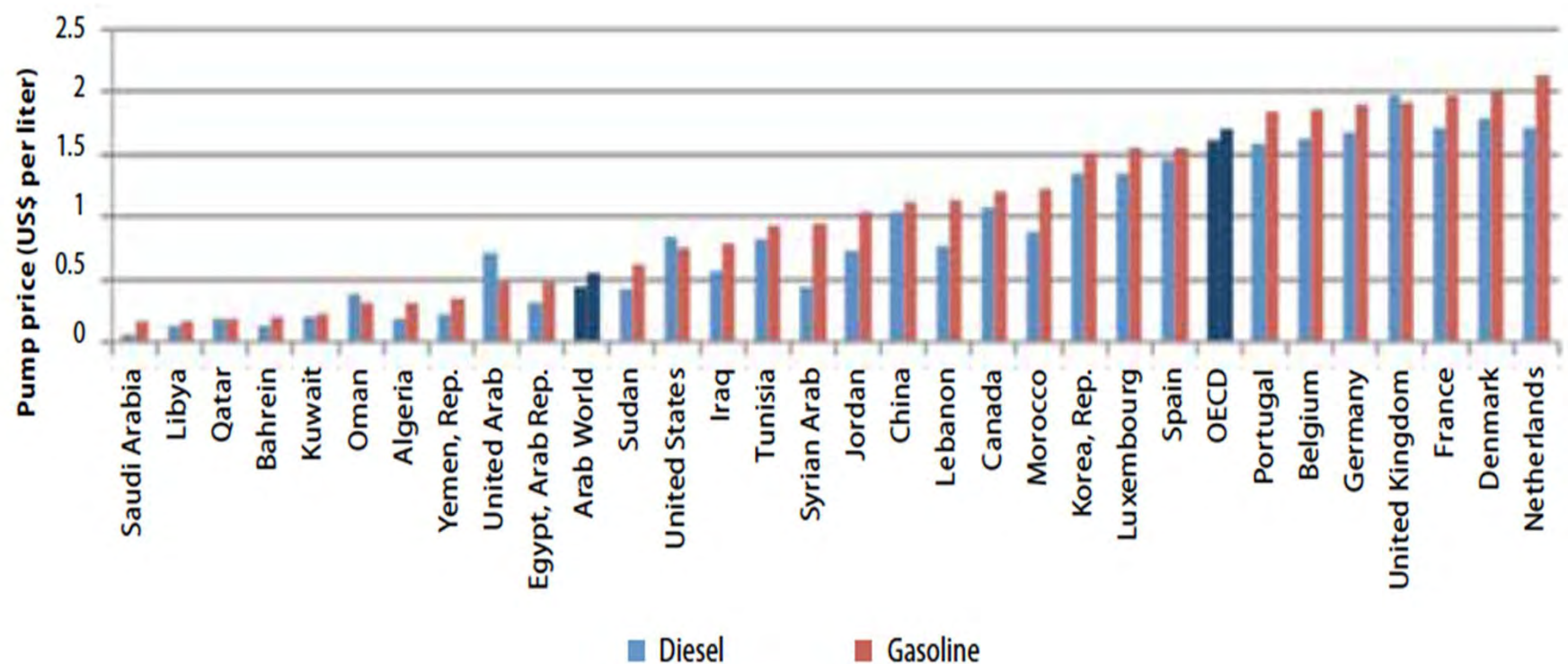
MENA Self-Inflicted Energy Wounds: Part Two: Energy Subsidies vs. the Public Interest



Source: Egypt: World Bank (2011); Yemen: Breisinger et al (2011), Authors' own calculations; Syria: IMF (2010a), MEES, World Bank (2011); Jordan: IMF (2010b), World Bank (2011).

MENA Self-Inflicted Energy Wounds: Part Three: Gas and Diesel Prices

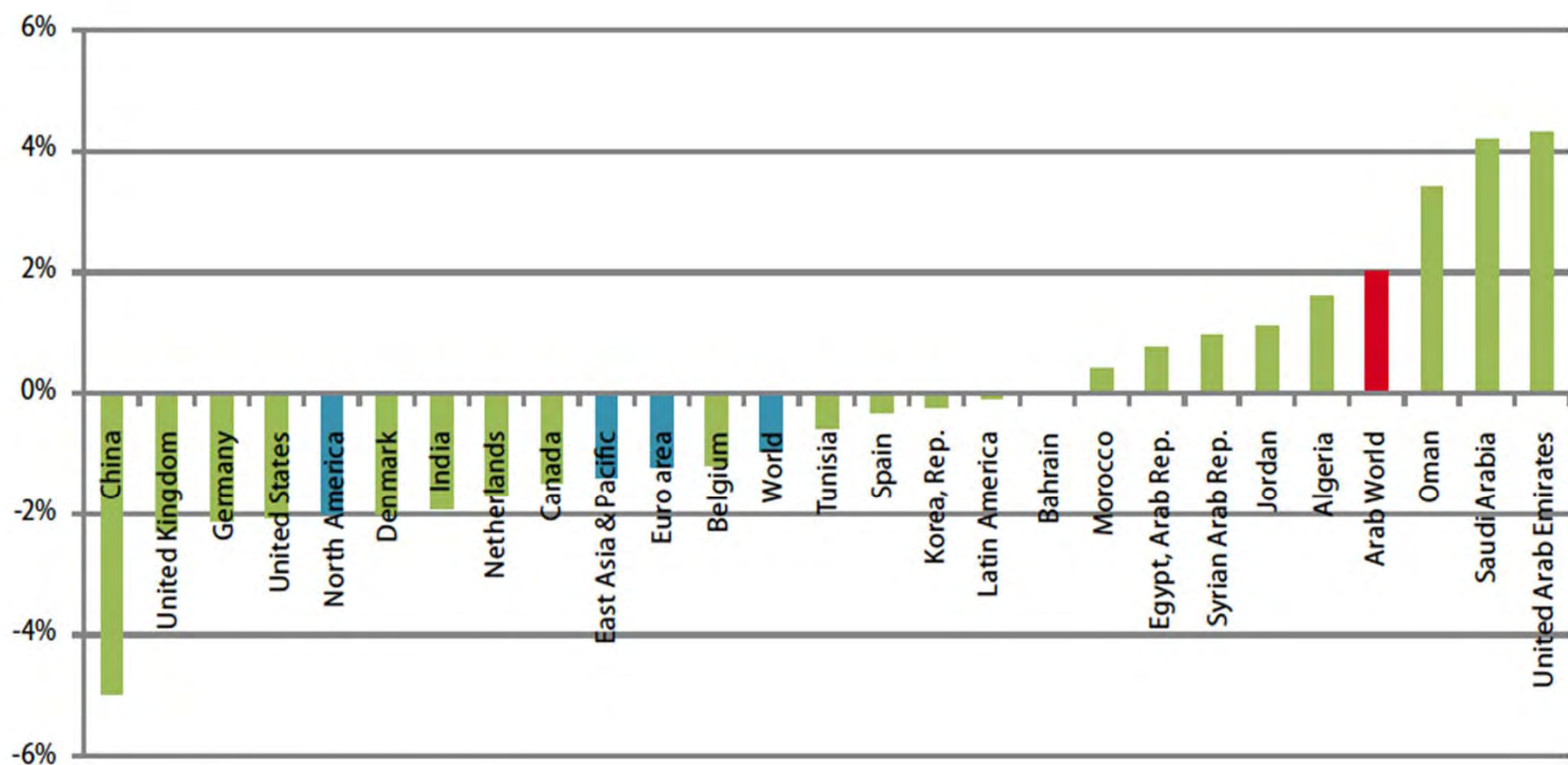
FIGURE 2: AVERAGE RETAIL PRICES FOR GASOLINE AND DIESEL IN SELECTED ARAB, OECD AND NON-OECD COUNTRIES (IN US\$/LITRE), 2010



Source: World Bank.

MENA Self-Inflicted Energy Wounds: Part Four: Growth in Use Per \$1,000 of GDP

FIGURE 3: COMPOUND AVERAGE GROWTH RATE OF ENERGY USE (KG OF OIL EQUIVALENT) PER \$1,000 GDP (CONSTANT 2005 PPP) IN SELECTED ARAB, OECD, AND NON-OECD COUNTRIES, 1980–2008

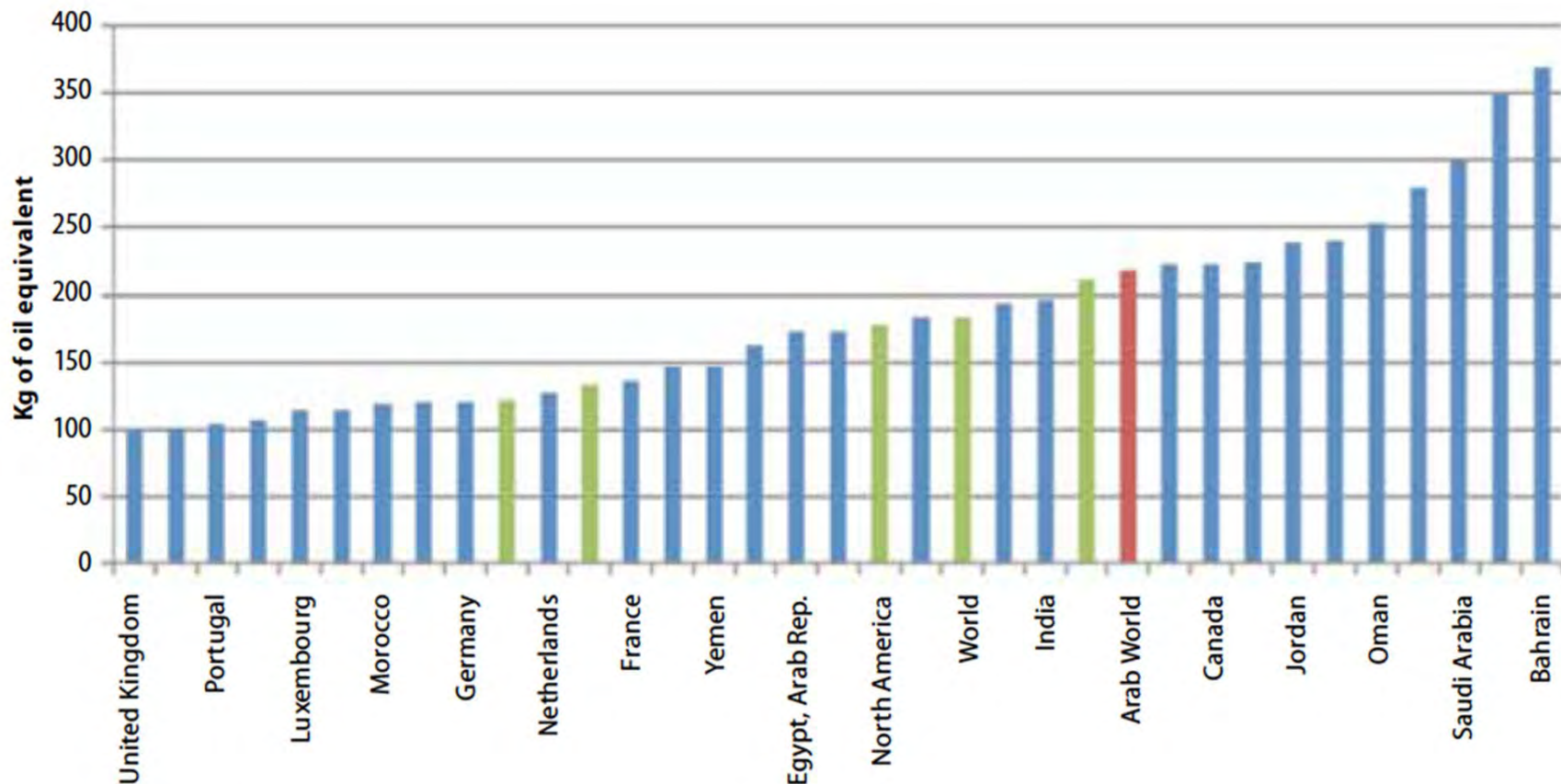


Source: World Bank, World Development Indicators

Source: Bassam Fattouh & Laura El-Katiri, *Energy Subsidies in the Arab World*, Arab Development Report, UNDP, 2012, p. 25

MENA Self-Inflicted Energy Wounds: Part Five: Use Per \$1,000 of GDP in 2008

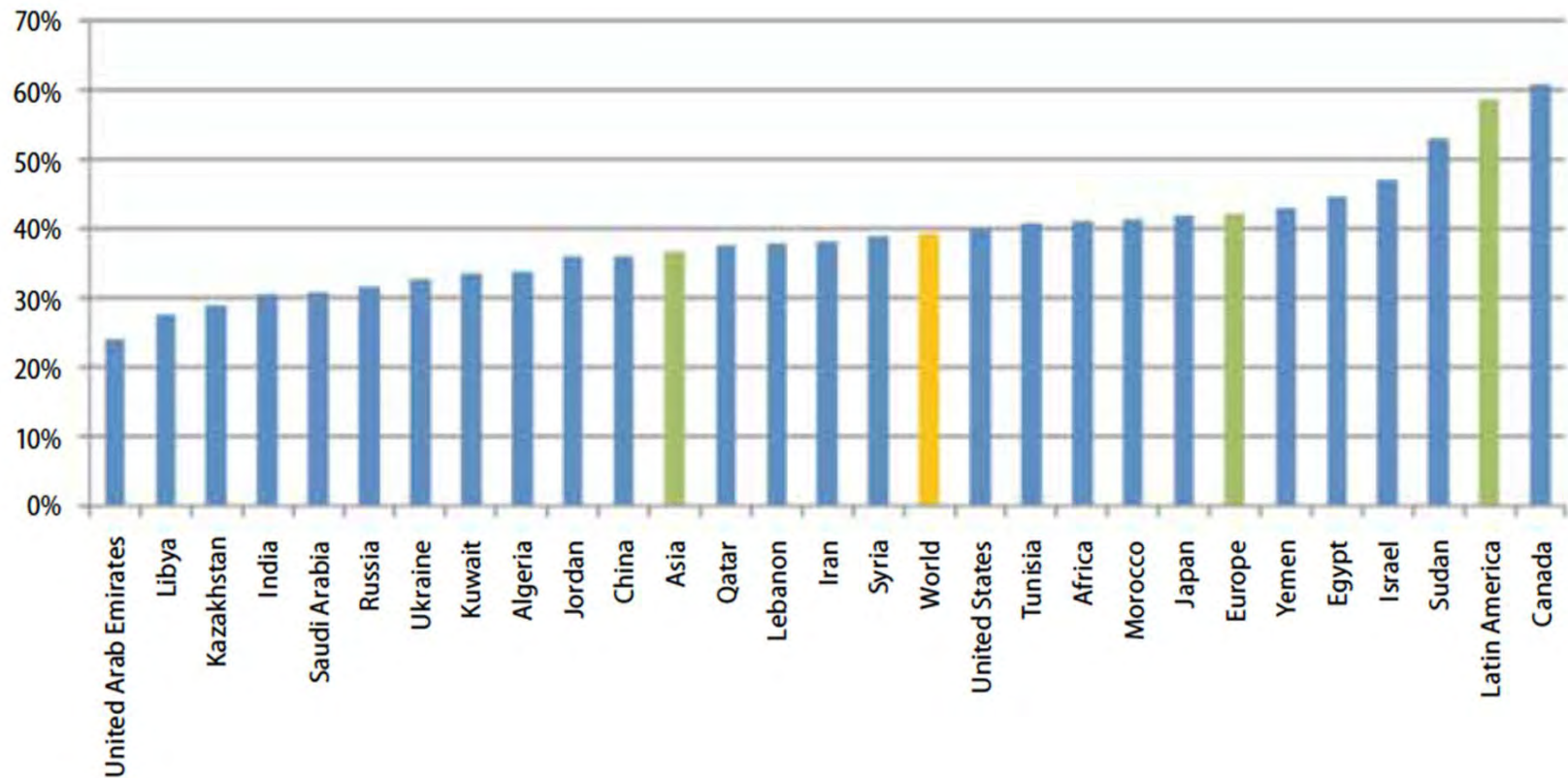
FIGURE 4: ENERGY USE (KG OF OIL EQUIVALENT) PER \$1,000 GDP (CONSTANT 2005 PPP) IN SELECTED ARAB, OECD, AND NON-OECD COUNTRIES, 2008



Source: World Bank, World Development Indicators

MENA Self-Inflicted Energy Wounds: Part Six: Efficiency in Power Generation

FIGURE 5: ENERGY EFFICIENCY IN POWER GENERATION IN SELECTED ARAB, OECD, AND NON-OECD COUNTRIES (%), 2009

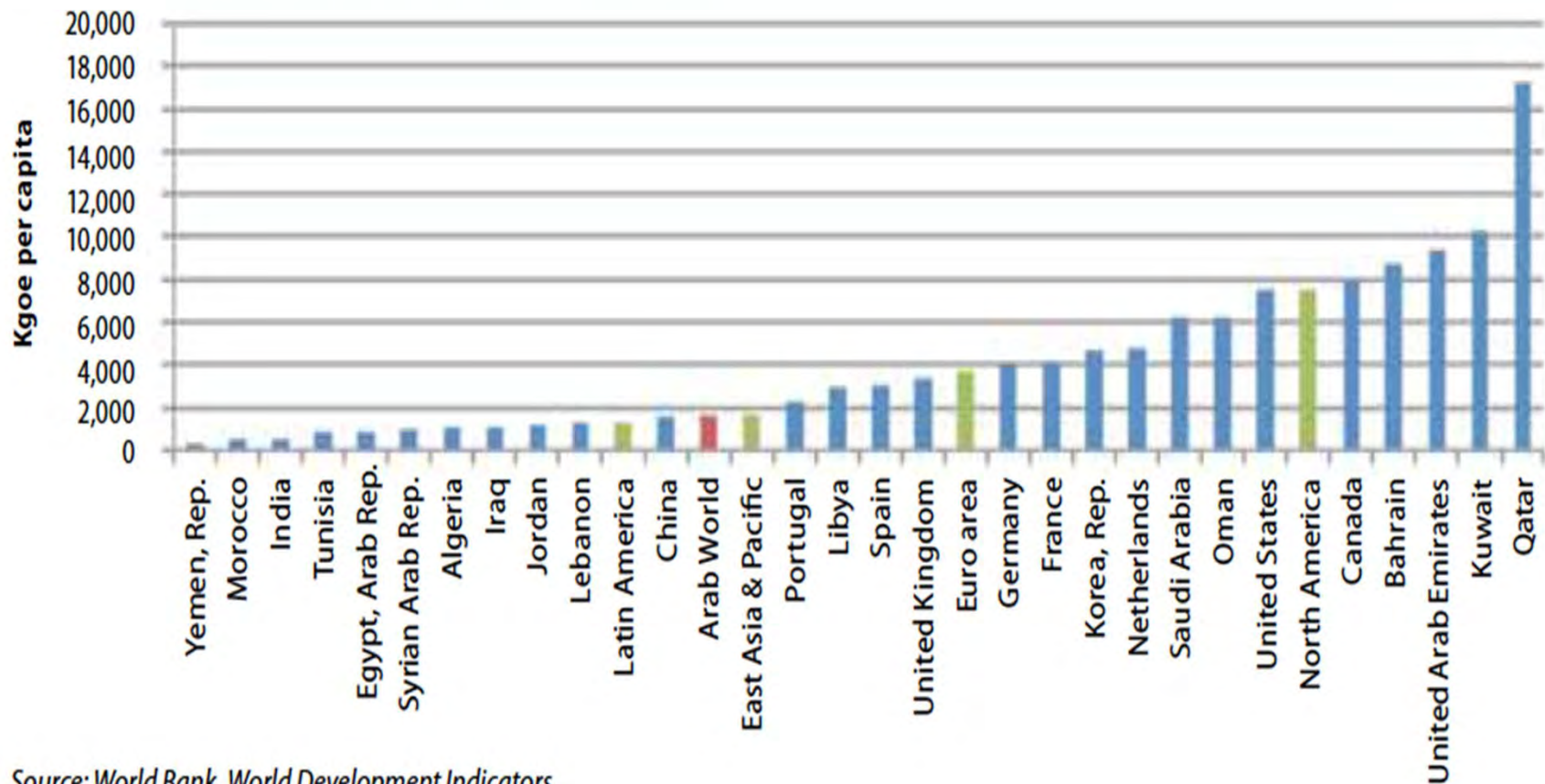


Source: ABB, Trends in Global Energy Efficiency 2011

Source: Bassam Fattouh & Laura El-Katiri, *Energy Subsidies in the Arab World*, Arab Development Report, UNDP, 2012, p. 26

MENA Self-Inflicted Energy Wounds: Part Seven: Oil Use Per Capita

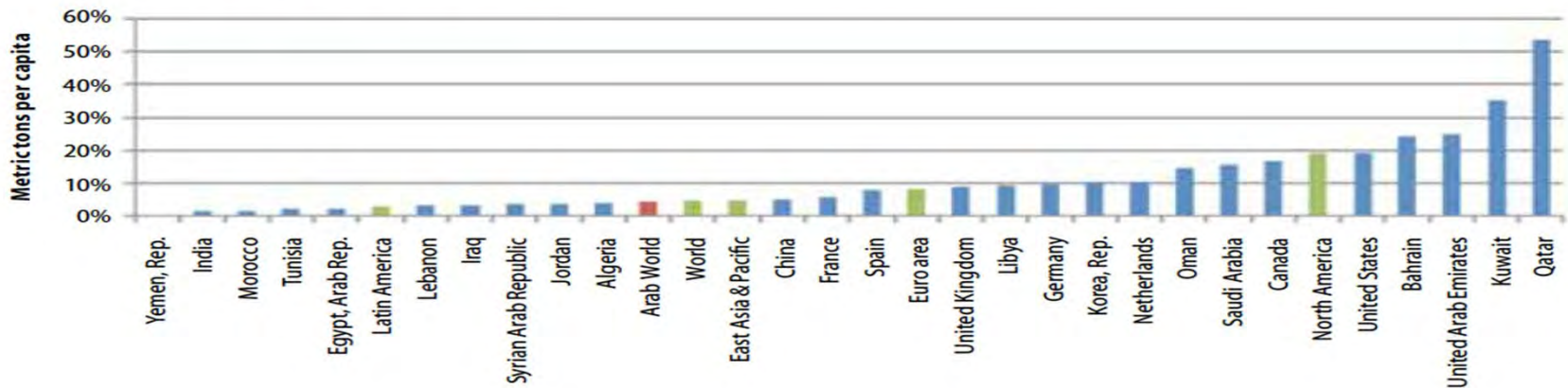
**FIGURE 7: ENERGY USE IN SELECTED ARAB, OECD, AND NON-OECD COUNTRIES
(KG OF OIL EQUIVALENT PER CAPITA), 2008**



Source: World Bank, World Development Indicators

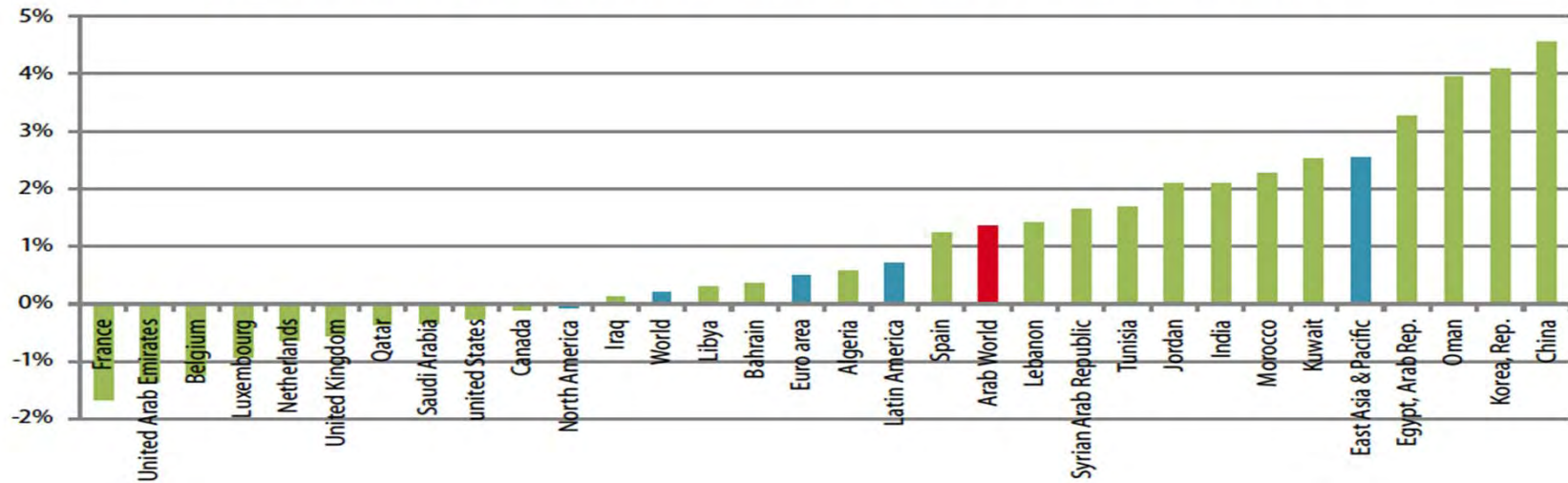
MENA Self-Inflicted Energy Wounds: CO₂ Pollution

FIGURE 8: CO₂ EMISSIONS IN SELECTED ARAB, OECD, AND NON-OECD COUNTRIES (METRIC TONS PER CAPITA), 2007



Source: World Bank, World Development Indicators

FIGURE 9: COMPOUND AVERAGE GROWTH RATE OF PER CAPITA CO₂ EMISSIONS IN SELECTED ARAB, OECD, AND NON-OECD COUNTRIES (METRIC TONS PER CAPITA), 1980–2007



Source: Bassam Fattouh & Laura El-Katiri, *Energy Subsidies in the Arab World*, Arab Development Report, UNDP, 2012, p. 28

Ethnic, Sectarian, and Tribal Differences: “Clash Within A Civilization”

*Not a “clash between civilizations,” but a
struggle within the Arab and Islamic
worlds*

Ethnic, Sectarian, Tribal, and Regional Differences

Deep and growing divisions at sectarian extremes, Sunni and Shi'ite.

Tribal, sectarian, ethnic, and linguistic differences tend to cluster, and reflect government favoritism and wealth/income differences.

Mixed record in both correcting historical problems and offering clear path of hope for the future.

Tensions made worse by resource and demographic pressures.

Violent extremism feeds on these differences.

Key Ethnic and Sectarian Differences by Country: North Africa

Algeria

Ethnicity: Arab-Berber 99%, European less than 1% (*note:* almost all Algerians are Berber in origin, not Arab; the minority who identify themselves as Berber live mostly in the mountainous region of Kabylie east of Algiers; the Berbers are also Muslim but identify with their Berber rather than Arab cultural heritage; Berbers have long agitated, sometimes violently, for autonomy; the government is unlikely to grant autonomy but has offered to begin sponsoring teaching Berber language in schools)

Religion: Sunni Muslim (state religion) 99%, Christian and Jewish 1%

Language: Arabic (official), French, Berber dialects

Libya

Ethnicity: Berber and Arab 97%, other 3% (includes Greeks, Maltese, Italians, Egyptians, Pakistanis, Turks, Indians, and Tunisians)

Religion: Sunni Muslim 97%, other 3%

Language: Arabic, Italian, English, all are widely understood in the major cities.

Morocco

Ethnicity: Arab-Berber 99.1%, other 0.7%, Jewish 0.2% (Western Sahara has 507,160; Arab, Berber)

Religion: Muslim 98.7%, Christian 1.1%, Jewish 0.2%

Language: Hassaniya Arabic, Moroccan Arabic, Berber dialects, French often the language of business, government, and diplomacy.

Tunisia

Ethnicity: Arab 98%, European 1%, Jewish and other 1%.

Religion: Muslim 98%, Christian 1%, Jewish and other 1%.

Language : Arabic (official and one of the languages of commerce), French (commerce).

Key Ethnic and Sectarian Differences by Country: Egypt & Levant - I

Egypt

Ethnicity 99.6%, other 0.4% (2006 census)

Religion: Muslim (mostly Sunni) 90%, Coptic 9%, other Christian 1%

Language: Arabic (official), English and French widely understood by educated classes

Israel

Ethnicity: Jewish 76.4% (of which Israel-born 67.1%, Europe/America-born 22.6%, Africa-born 5.9%, Asia-born 4.2%), non-Jewish 23.6% (mostly Arab) (2004). Approximately 296,700 Israeli settlers live in the West Bank (2009 est.); approximately 19,100 Israeli settlers live in the Golan Heights (2008 est.); approximately 192,800 Israeli settlers live in East Jerusalem (2008 est.) (July 2011 est.). IDPs: 150,000-420,000 (Arab villagers displaced from homes in northern Israel) (2007)

Religion: Jewish 75.5%, Muslim 16.8%, Christian 2.1%, Druze 1.7%, other 3.9% (2008)

Language: Hebrew (official), Arabic (used officially for Arab minority), English (most commonly used foreign language).

Gaza Strip

Ethnicity: Palestinian Arab: 1,657,155 (July 2011 est.)

Religion: Muslim (predominantly Sunni) 99.3%, Christian 0.7%

Language: Arabic, Hebrew (spoken by many Palestinians), English (widely understood).

West Bank

Ethnicity: 2,568,555 (July 2010 est.) Palestinian Arab and other 83%, Jewish 17%.

Religion: Muslim 75% (predominantly Sunni), Jewish 17%, Christian and other 8%.

Language : Arabic, Hebrew (spoken by Israeli settlers and many Palestinians), English (widely understood).

Key Ethnic and Sectarian Differences by Country: Egypt & Levant - II

Jordan

Ethnicity: Arab 98%, Circassian 1%, Armenian 1%; approximately two million Iraqis have fled the conflict in Iraq, with the majority taking refuge in Syria and Jordan.

Religion: Muslim (mostly Sunni) 90%, Coptic 9%, other Christian 1%

Language: Arabic (official), English (widely understood among upper and middle classes)

Lebanon

Ethnicity: Arab 95%, Armenian 4%, other 1% *note:* many Christian Lebanese do not identify themselves as Arab but rather as descendants of the ancient Canaanites and prefer to be called Phoenicians

Religion: Muslim 59.7% (Shia, Sunni, Druze, Isma'ilite, Alawite or Nusayri), Christian 39% (Maronite Catholic, Greek Orthodox, Melkite Catholic, Armenian Orthodox, Syrian Catholic, Armenian Catholic, Syrian Orthodox, Roman Catholic, Chaldean, Assyrian, Copt, Protestant), other 1.3%. *note:* 17 religious sects recognized

Language: Arabic (official), French, English, Armenian.

Syria

Ethnicity: Arab 90.3%, Kurds, Armenians, and other 9.7%. *note:* approximately 19,100 Israeli settlers live in the Golan Heights (2008 est.) (July 2011 est.)

Religion: Sunni Muslim 74%, other Muslim (includes Alawite, Druze) 16%, Christian (various denominations) 10%, Jewish (tiny communities in Damascus, Al Qamishli, and Aleppo)

Language: Arabic (official), Kurdish, Armenian, Aramaic, Circassian (widely understood); French, English (somewhat understood).

Key Ethnic and Sectarian Differences by Country: Gulf & Arabia - I

Bahrain

Ethnicity: Population 1,214,705; includes 235,108 non-nationals (July 2011 est.); Bahraini 62.4%, non-Bahraini 37.6% (2001 census). 44% of the population in the 15-64 age group is non-national (2010 est.)

Religion: Muslim (Shia and Sunni – no break out) 81.2%, Christian 9%, other 9.8% (2001 census)

Language: Arabic (official), English, Farsi, Urdu.

Iran

Ethnicity: Persian 51%, Azeri 24%, Gilaki and Mazandarani 8%, Kurd 7%, Arab 3%, Lur 2%, Baloch 2%, Turkmen 2%, other 1%

Religion: Muslim 98% (Shia 89%, Sunni 9%), other (includes Zoroastrian, Jewish, Christian, and Baha'i) 2%

Language: Persian and Persian dialects 58%, Turkic and Turkic dialects 26%, Kurdish 9%, Luri 2%, Balochi 1%, Arabic 1%, Turkish 1%, other 2%.

Iraq

Ethnicity: Arab 75%-80%, Kurdish 15%-20%, Turkoman, Assyrian, or other 5%

Religion: Muslim 97% (Shia 60%-65%, Sunni 32%-37%), Christian or other 3%

note: while there has been voluntary relocation of many Christian families to northern Iraq, recent reporting indicates that the overall Christian population may have dropped by as much as 50 percent since the fall of the Saddam HUSSEIN regime in 2003, with many fleeing to Syria, Jordan, and Lebanon

Language: Arabic (official), Kurdish (official in Kurdish regions), Turkoman (a Turkish dialect), Assyrian (Neo-Aramaic), Armenian.

Key Ethnic and Sectarian Differences by Country: Gulf & Arabia - II

Kuwait

Ethnicity: Population: 2,595,628; *note:* includes 1,291,354 non-nationals (July 2011 est.). Kuwaiti 45%, other Arab 35%, South Asian 9%, Iranian 4%, other 7%. non-Kuwaitis represent about 60% of the labor force (2010 est.)

Religion: Muslim 85% (Sunni 70%, Shia 30%), other (includes Christian, Hindu, Parsi) 15%

Language: Arabic (official), English widely spoken.

Oman

Ethnicity: Arab, Baluchi, South Asian (Indian, Pakistani, Sri Lankan, Bangladeshi), African. Population is 3,027,959; *note:* includes 577,293 non-nationals (July 2011 est.). About 60% of the labor force is non-national (2007)

Religion: Ibadhi Muslim 75%, other (includes Sunni Muslim, Shia Muslim, Hindu) 25%

Language: Arabic (official), English commonly used as a second language

Qatar

Ethnicity: Arab 40%, Indian 18%, Pakistani 18%, Iranian 10%, other 14%

Religion: Muslim 77.5%, Christian 8.5%, other 14% (2004 census)

Language: Arabic (official), English commonly used as a second language.

Saudi Arabia

Ethnicity: Population is 26,131,703: includes 5,576,076 non-nationals (July 2011 est.). Arab 90%, Afro-Asian 10%. About 80% of the 7.7 million labor force is non-national (2010 est.)

Religion: Muslim 100%

Language: Arabic (official).

Key Ethnic and Sectarian Differences by Country: Gulf & Arabia - III

UAE

Ethnicity: Population is 5,148,664 *note:* estimate is based on the results of the 2005 census that included a significantly higher estimate of net immigration of non-citizens than previous estimates (July 2011 est.), Ethnicity is Emirati 19%, other Arab and Iranian 23%, South Asian 50%, other expatriates (includes Westerners and East Asians) 8% (1982); *note:* less than 20% are UAE citizens (1982)

Religion: Muslim 96% (Shia 16%), other (includes Christian, Hindu) 4%

Language: Arabic (official), Persian, English, Hindi, Urdu.

Yemen

Ethnicity: predominantly Arab; but also Afro-Arab, South Asians, Europeans

Religion: Muslim including Shaf'i (Sunni) and Zaydi (Shia), small numbers of Jewish, Christian, and Hindu

Language: Arabic (official)

Popular Perceptions of Equal Treatment from Fellow Citizens

(in %)

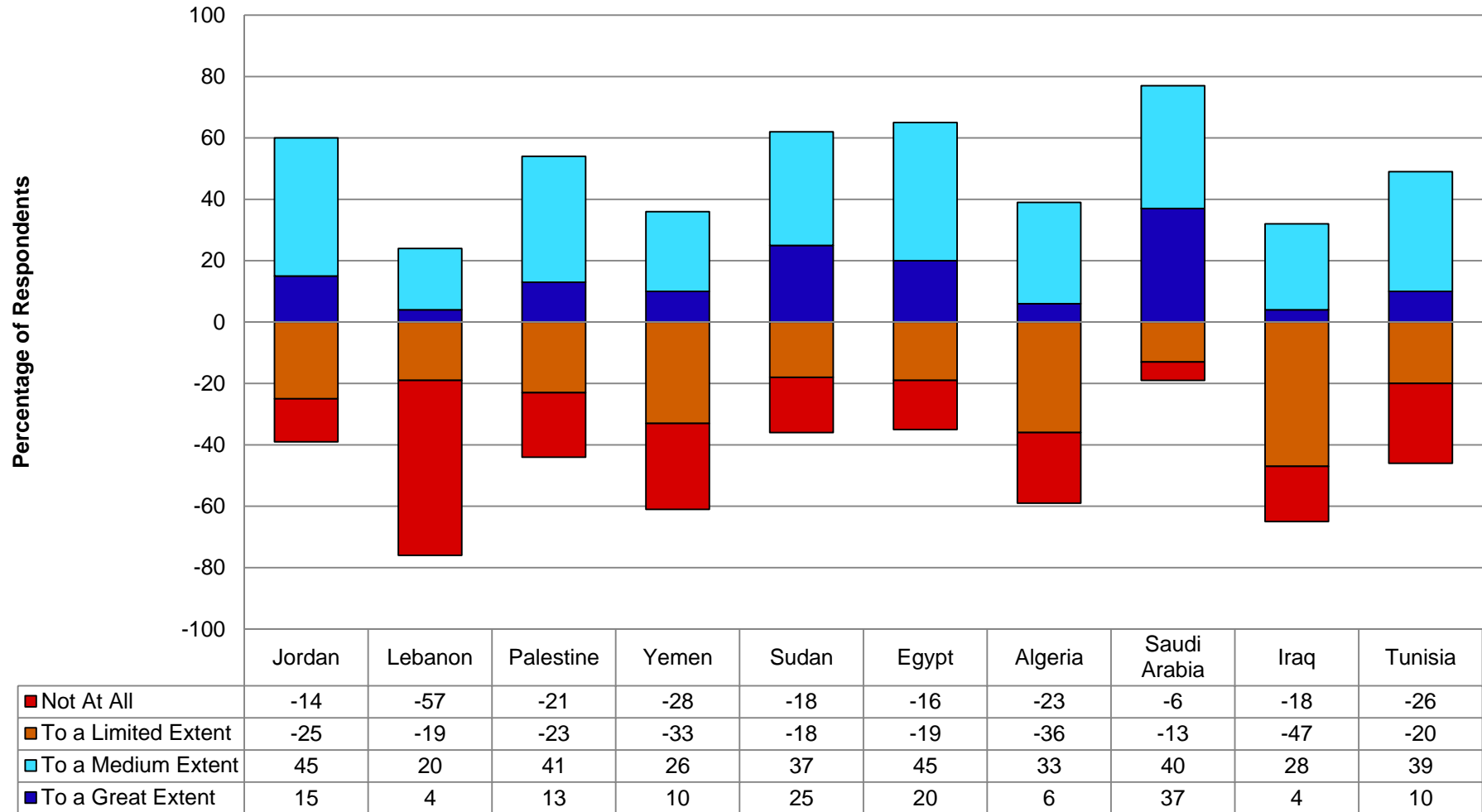
Figure 56

	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
To a great extent	15	4	13	10	25	20	6	37	4	10
To a medium extent	45	20	41	26	37	45	33	40	28	39
To a limited extent	25	19	23	33	18	19	36	13	47	20
To no extent	14	57	21	28	18	16	23	6	18	26
I don't know/ declined to answer	1	0	2	4	2	1	2	4	2	4

Arab Reform Initiative Arab Democracy Barometer, Saud al-Sarhan, "Data Explanation of Why There Was No 'Day of Rage' in Saudi Arabia," delivered at *The Rahmania Annual Seminar* 1/11-13/2012. p. 8.

Popular Perception of Equal Treatment From Fellow Citizens

Figure 57



Secularism vs. Religion vs. “Justice” vs. Other Ideological Issues

Failure of secular options: practical and ideological.

Combination of repression, economic pressure, youth bulge.

Danger of religious extremism.

Building on violence: Arab-Israeli issue, local conflicts, Iraq, counterterrorism.

Uncertain role of education and clergy.

“Justice” issue.

Rapid Social Change and Uncertainty and Risk

Past social norms, social stability, status, roles, and leadership elites often replaced by constant change in unstable socially anonymous conditions

Social Change, Hyperurbanization, Media, Education

Hyperurbanization and relocation changes values, patterns of stability and security – infrastructure, dislocation, housing, and community stresses,

Exposure to global and regional media is beyond government control and steadily raises expectations while criticizing regimes.

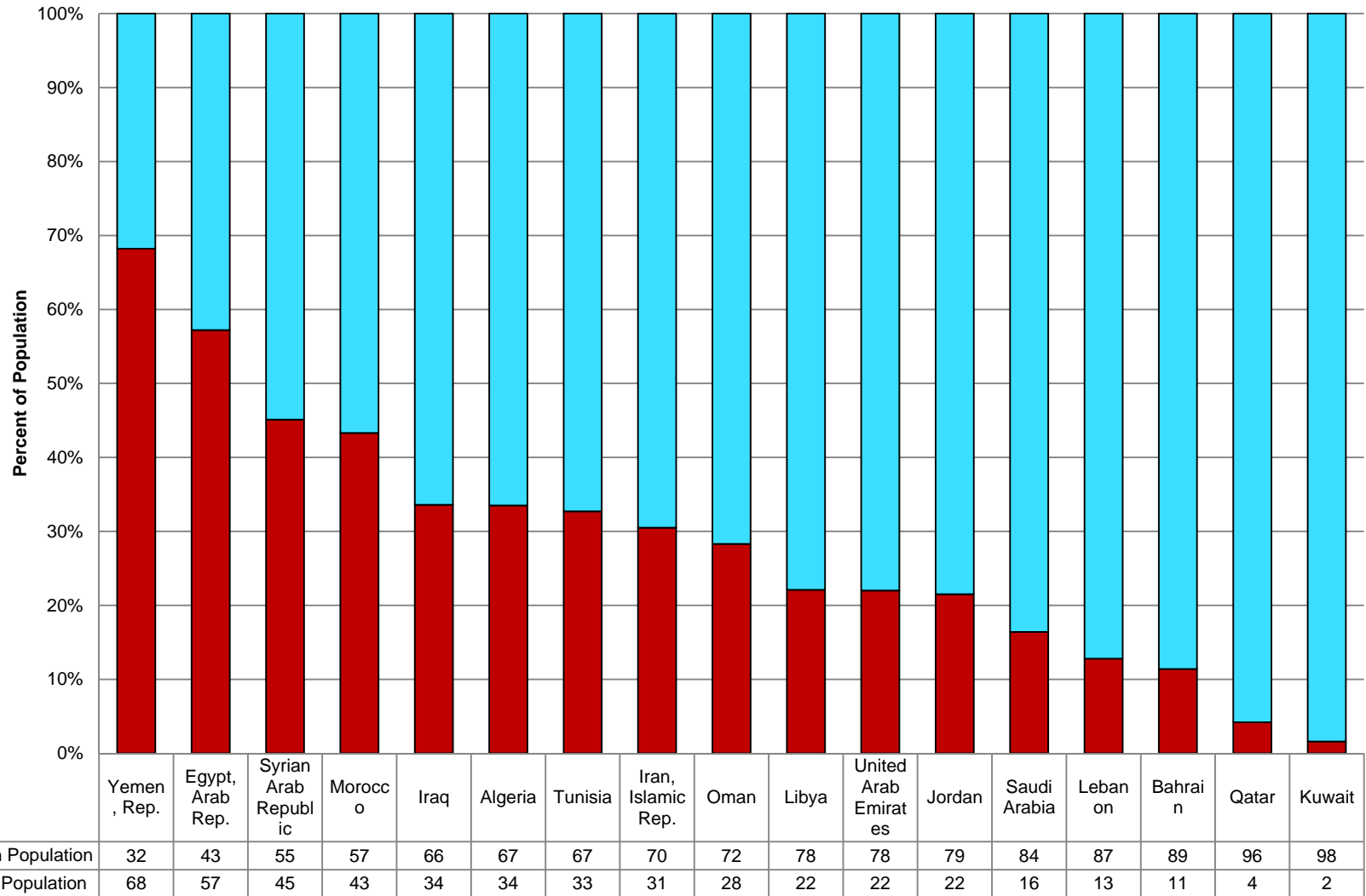
Educational standards may not keep up, but more and more of population has secondary or university education.

Economic and governance failures challenge secularism, modernization at the popular level.

Major questions about the role of women, marriage, family stability and security.

Urban-Rural Split by Country (In Percent)

Figure 58

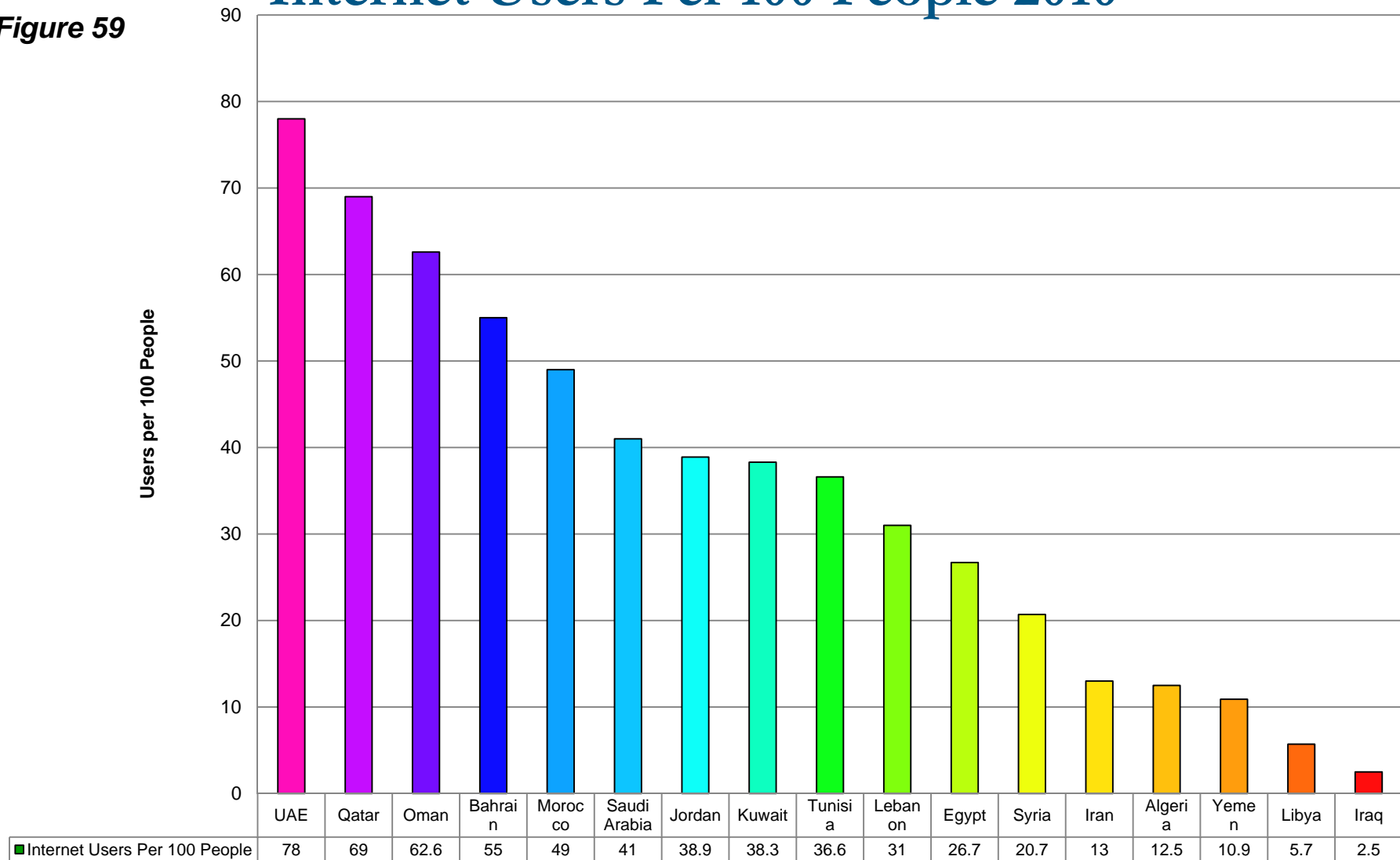


Source: World Bank, "World Development Indicators," Accessed 2 February 2012.

<http://data.worldbank.org/indicator/SP.RUR.TOTL.ZS>

Internet Users Per 100 People 2010

Figure 59



The World Bank, dataBank, Accessed 1/25/2012.

<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

Excessive Security, Weak Rule of Law, and Sometimes Repression

*Problems threaten stability and often the
regime as much as the people*

Civil Challenges to Stability

Rigid and/or Repressive Regimes; Lack of Peaceful Civil and Political Alternatives.

Problems with Security Forces Police and Rule of Law.

Ethnic, Sectarian, Tribal, and Regional Differences.

Major Demographic Pressures – Youth Bulge.

Social Change, Hyperurbanization, Media, Education

Economic Pressures.

Uncertain Governance: Services, Education, Health, Utilities (power, water, sewers/garbage)

Secularism vs. Religion vs. “Justice” vs. Other Ideological Issues

Rigid and/or Repressive Regimes; Lack of Peaceful Civil and Political Alternatives

Democracy and freedom of expression are only one set of issues.

Elitism, corruption, concentration of wealth, failures of government services are critical.

So are:

Lack of proper training and equipment at all levels of police and justice system, grossly inadequate pay.

Favoritism, cronyism, oligarchy, age.

Misuse of courts, police, and security services.

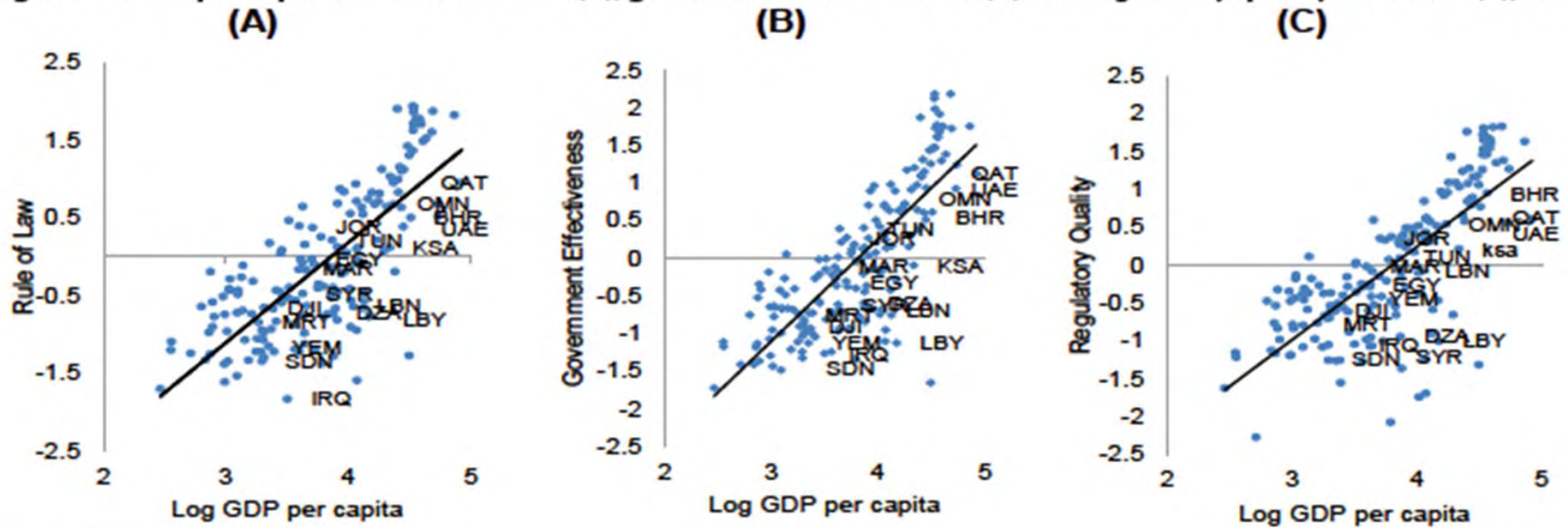
Misuse of detention, confessions-based justice, extreme interrogation.

Restrictions on freedom of expression and travel.

Failure to fund key governance: Services, Education, Health, Utilities (power, water, sewers/garbage)

UNDP Estimate of Interaction Between Income, Governance, Rule of Law and Regulation

Figure 40: GDP per capita versus rule of law (A), government effectiveness (B) and regulatory quality estimates (C), 2009

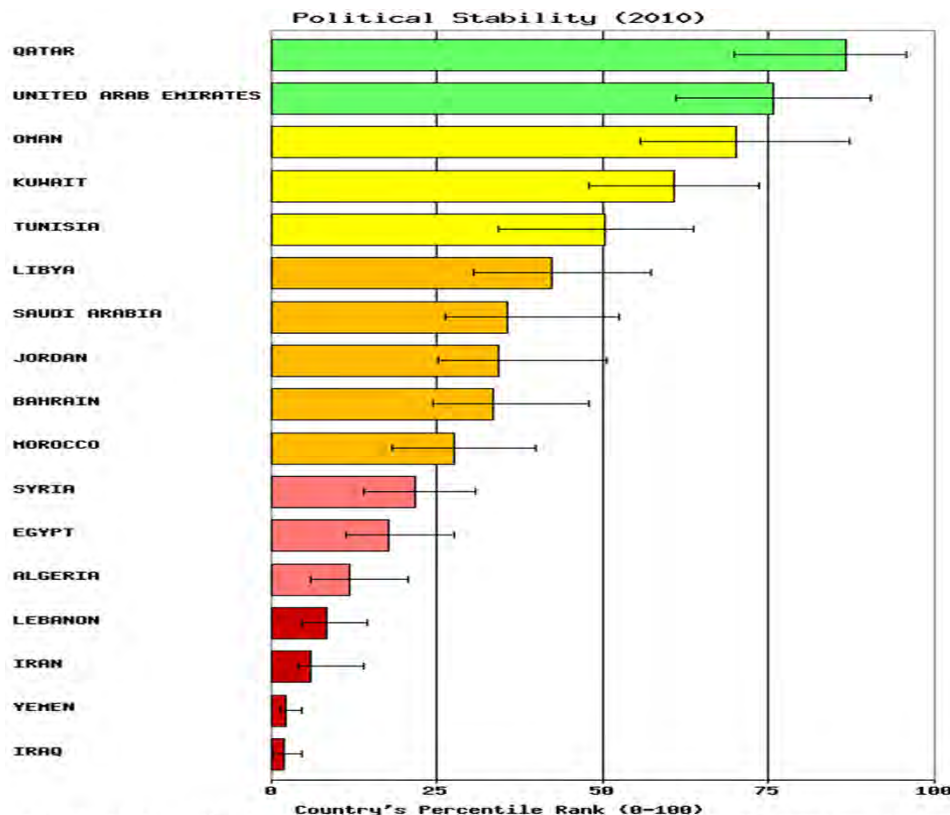


Source: WDI online datasets.

Note: Arab Countries included are Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, UAE and Yemen.

Political Stability (by world percentile)

Figure 60



Country	Sources	Year	Percentile Rank (0-100)	Governance Score (-2.5 to +2.5)	Standard Error
ALGERIA	7	2010	11.8	-1.25	0.23
BAHRAIN	7	2010	33.5	-0.34	0.23
EGYPT	7	2010	17.9	-0.91	0.23
IRAN	6	2010	6.1	-1.57	0.24
IRAQ	5	2010	1.9	-2.27	0.27
JORDAN	8	2010	34.4	-0.27	0.23
KUWAIT	7	2010	60.8	0.43	0.23
LEBANON	7	2010	8.5	-1.53	0.23
LIBYA	7	2010	42.5	-0.06	0.23
MOROCCO	7	2010	27.8	-0.52	0.23
OMAN	7	2010	70.3	0.69	0.23
QATAR	8	2010	86.8	1.06	0.23
SAUDI ARABIA	7	2010	35.8	-0.23	0.23
SYRIA	7	2010	21.7	-0.81	0.23
TUNISIA	7	2010	50.5	0.1	0.23
UNITED ARAB EMIRATES	7	2010	75.9	0.82	0.23
YEMEN	6	2010	2.4	-2.22	0.24

Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues
 Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Political stability and Absence of Violence “measures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including domestic violence and terrorism.” Higher rankings show more political stability.

Popular Perceptions of State Institutions

Figure 61

Popular Trust of the Government (Cabinet) (in %)

	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
I trust it to a great extent	26	5	16	9	25	43	7	54	5	19
I trust it to a medium extent	46	15	36	20	31	35	24	28	35	43
I trust it to a limited extent	16	22	14	29	16	9	35	13	29	14
I absolutely do not trust it	10	58	29	38	25	9	33	2	29	18
I don't know/ declined to answer	2	1	4	4	2	3	3	3	1	6

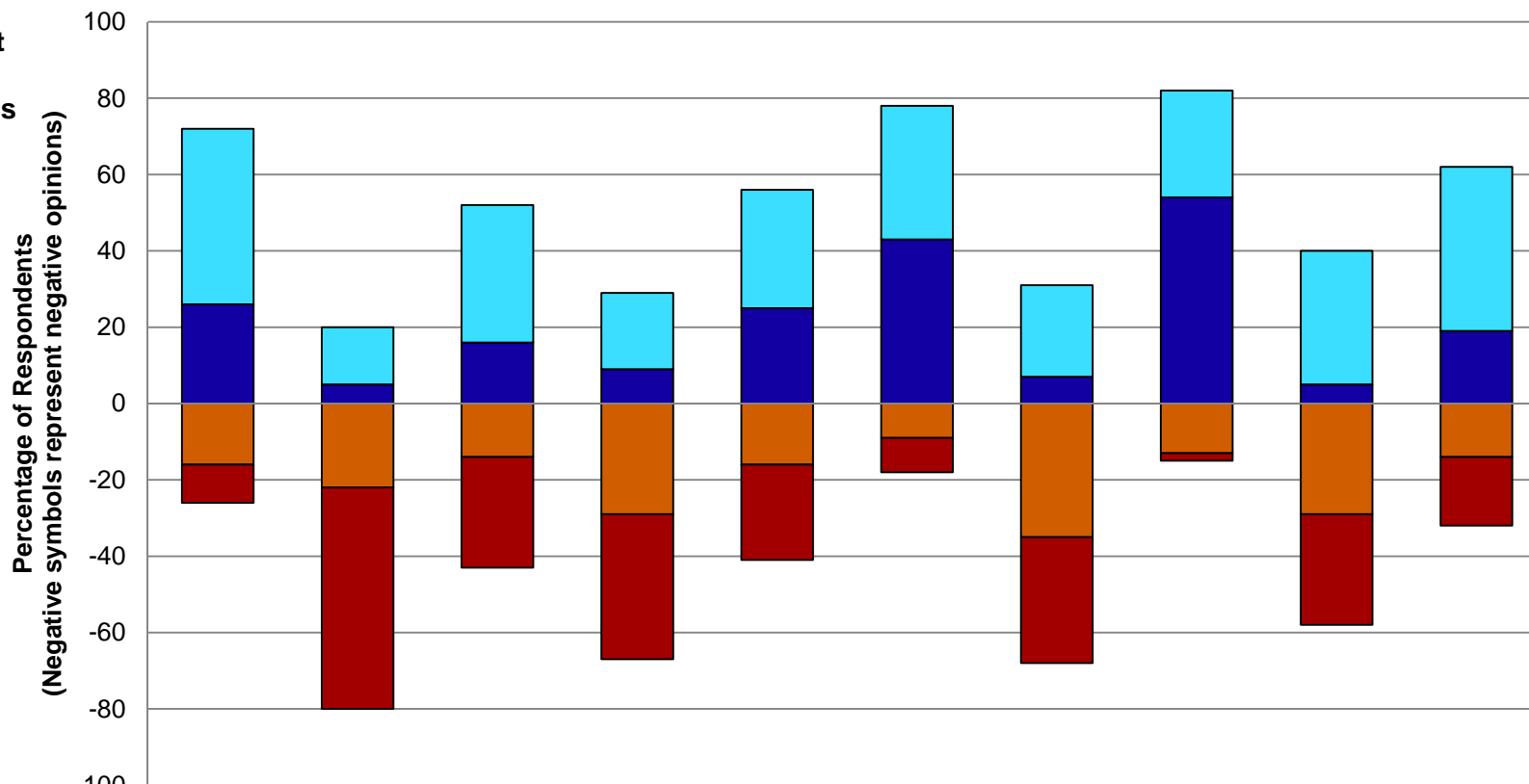
Arab Reform Initiative Arab Democracy Barometer, Saud al-Sarhan, "Data Explanation of Why There Was No 'Day of Rage' in Saudi Arabia," delivered at *The Rahmania Annual Seminar* 1/11-13/2012. p. 3.

Popular Perceptions of State Institutions:

Popular Trust in the Government (Cabinet)

Figure 62

*Limited-No Trust Denoted by Negative Numbers



	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
■ I absolutely do not trust it	-10	-58	-29	-38	-25	-9	-33	-2	-29	-18
■ I trust it to a limited extent	-16	-22	-14	-29	-16	-9	-35	-13	-29	-14
■ I trust it to a medium extent	46	15	36	20	31	35	24	28	35	43
■ I trust it to a great extent	26	5	16	9	25	43	7	54	5	19

Popular Perceptions of State Institutions

Figure 63

Popular Trust of the Judiciary (the Courts) (in %)

	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
I trust it to a great extent	40	8	20	11	35	55	9	60	11	16
I trust it to a medium extent	42	17	36	24	35	30	35	23	43	35
I trust it to a limited extent	10	21	12	30	17	7	31	11	23	16
I absolutely do not trust it	5	54	26	31	11	5	22	4	19	23
I don't know/ declined to answer	3	1	6	4	2	3	2	3	3	10

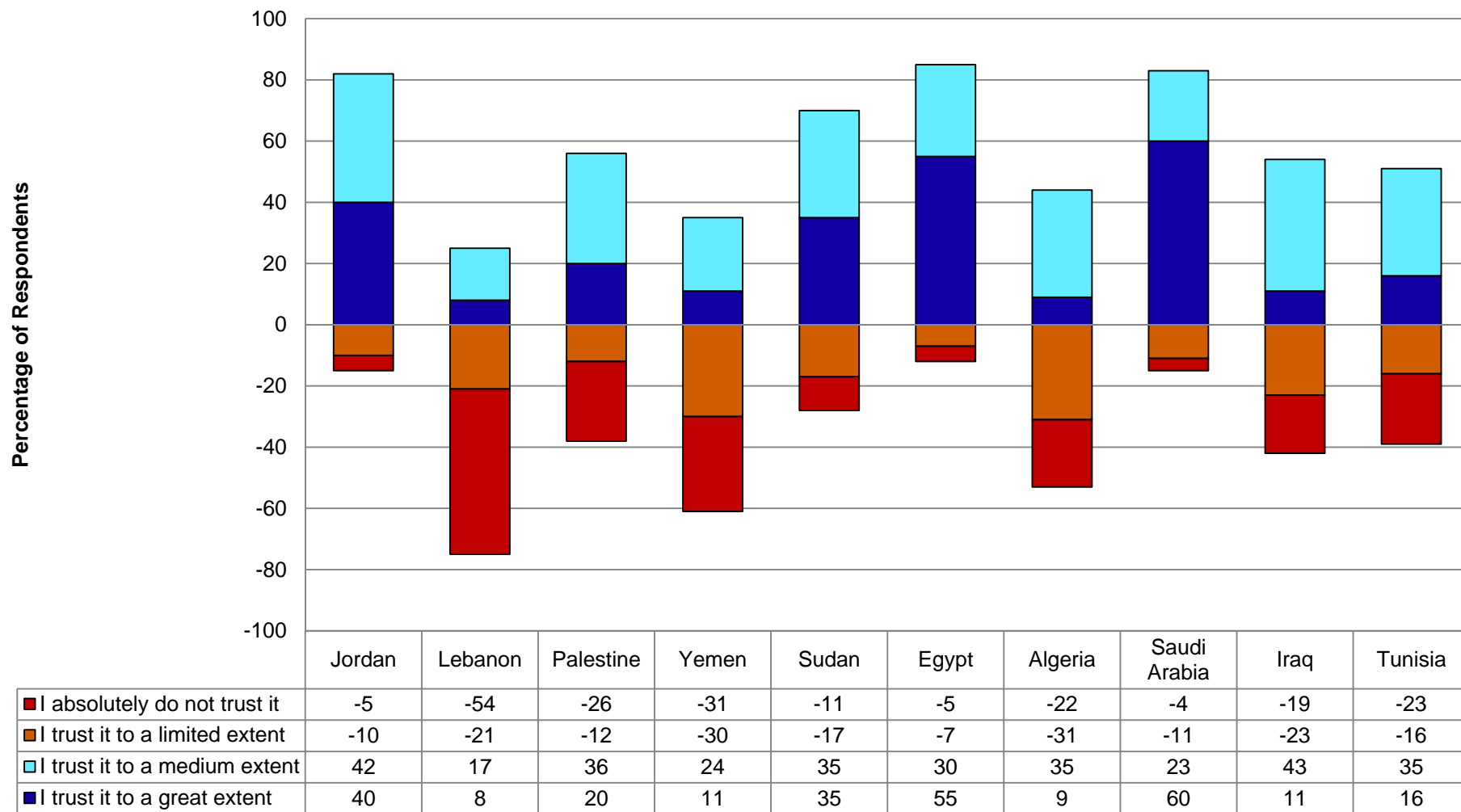
Arab Reform Initiative Arab Democracy Barometer, Saud al-Sarhan, "Data Explanation of Why There Was No 'Day of Rage' in Saudi Arabia," delivered at *The Rahmania Annual Seminar* 1/11-13/2012. p. 4.

Popular Perceptions of State Institutions:

Popular Trust in the Judiciary

Figure 64

*Limited-No Trust Denoted by Negative Numbers



Popular Perceptions of State Institutions

Figure 65

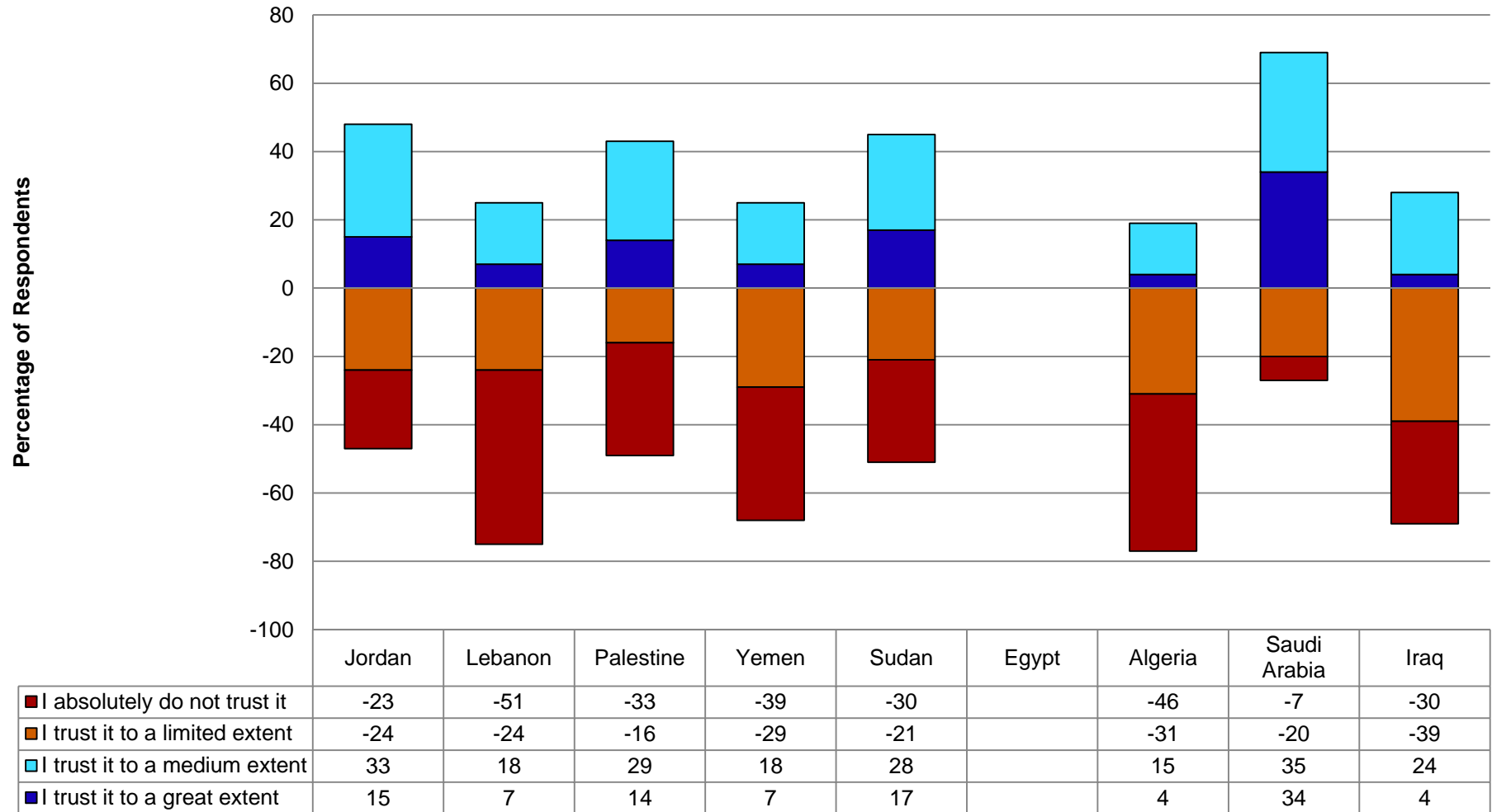
Popular Trust in the Elected Council of Representatives (the Parliament) (in %)

	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
I trust it to a great extent	15	7	14	7	17		4	34	4	
I trust it to a medium extent	33	18	29	18	28		15	35	24	
I trust it to a limited extent	24	24	16	29	21		31	20	39	
I absolutely do not trust it	23	51	33	39	30		46	7	30	
I don't know/ declined to answer	5	1	8	6	6		5	4	2	

Popular Perceptions of State Institutions:

Figure 66 Popular Trust in the Elected Council of Representatives (the Parliament)

*Limited-No Trust Denoted by Negative Numbers



Popular Perceptions of State Institutions

Figure 67

Popular Trust in the Armed Forces (the Army) (in %)

	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
I trust it to a great extent	61	64	20	24	48	80	23	54	24	73
I trust it to a medium extent	27	16	34	28	26	15	31	25	44	16
I trust it to a limited extent	7	5	13	21	13	2	25	9	20	3
I absolutely do not trust it	2	15	26	20	10	1	19	3	19	4
I don't know/ declined to answer	3	0	6	7	3	2	2	9	1	4

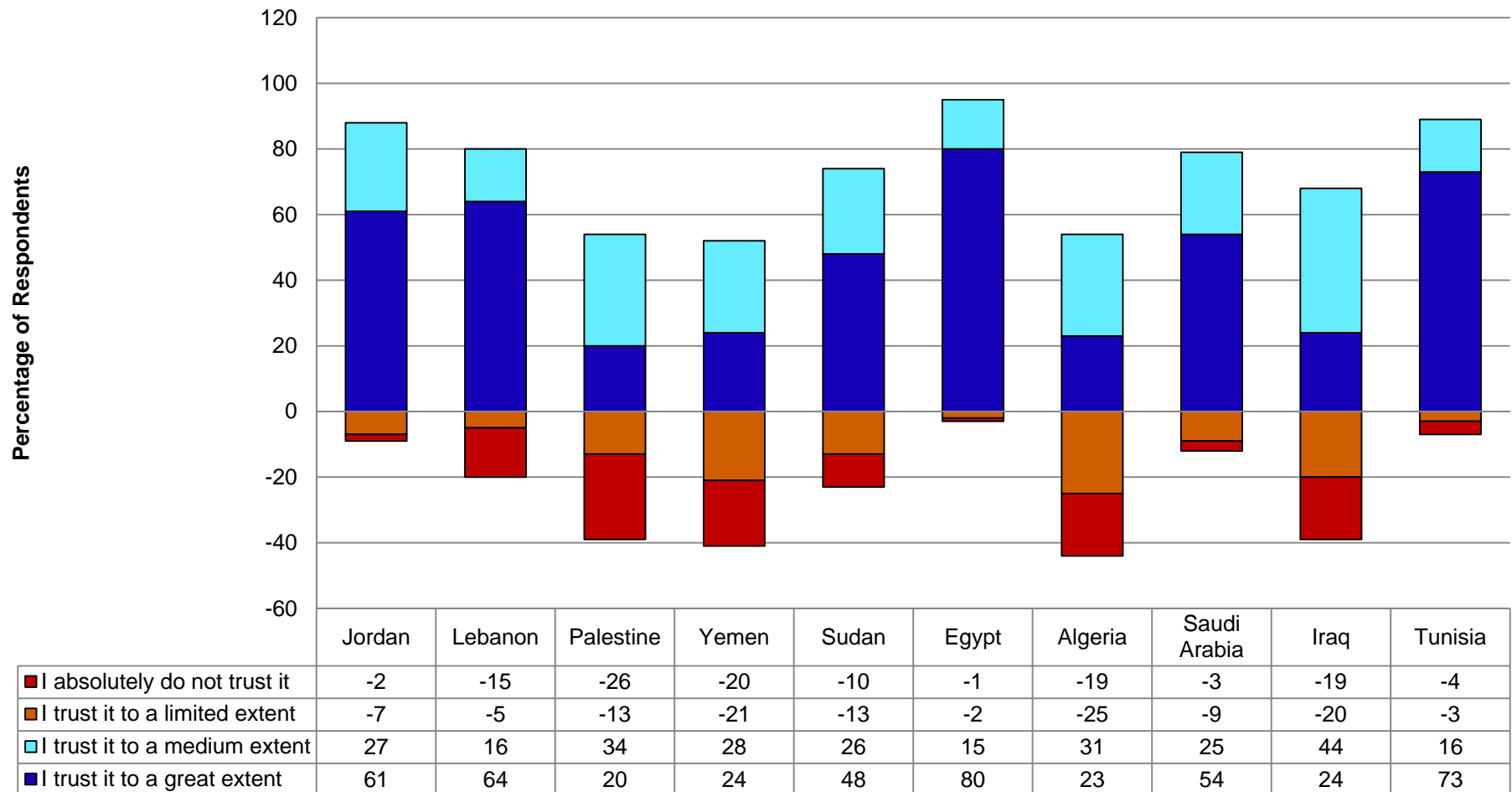
Arab Reform Initiative Arab Democracy Barometer, Saud al-Sarhan, "Data Explanation of Why There Was No 'Day of Rage' in Saudi Arabia," delivered at *The Rahmania Annual Seminar* 1/11-13/2012. p. 6.

Popular Perceptions of State Institutions:

Figure 68

Popular Trust in the Armed Forces (the Army)

*Limited-No Trust Denoted by Negative Numbers



Popular Perceptions of State Institutions

Figure 69

Popular Trust in the Public Security Forces (the Police) (in %)

	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
I trust it to a great extent	57	9	26	11	32	22	13	38	18	19
I trust it to a medium extent	30	22	35	24	25	32	35	34	50	39
I trust it to a limited extent	7	23	12	24	19	26	31	11	21	15
I absolutely do not trust it	4	45	24	37	21	18	19	4	10	21
I don't know/ declined to answer	2	0	3	4	2	2	2	3	1	5

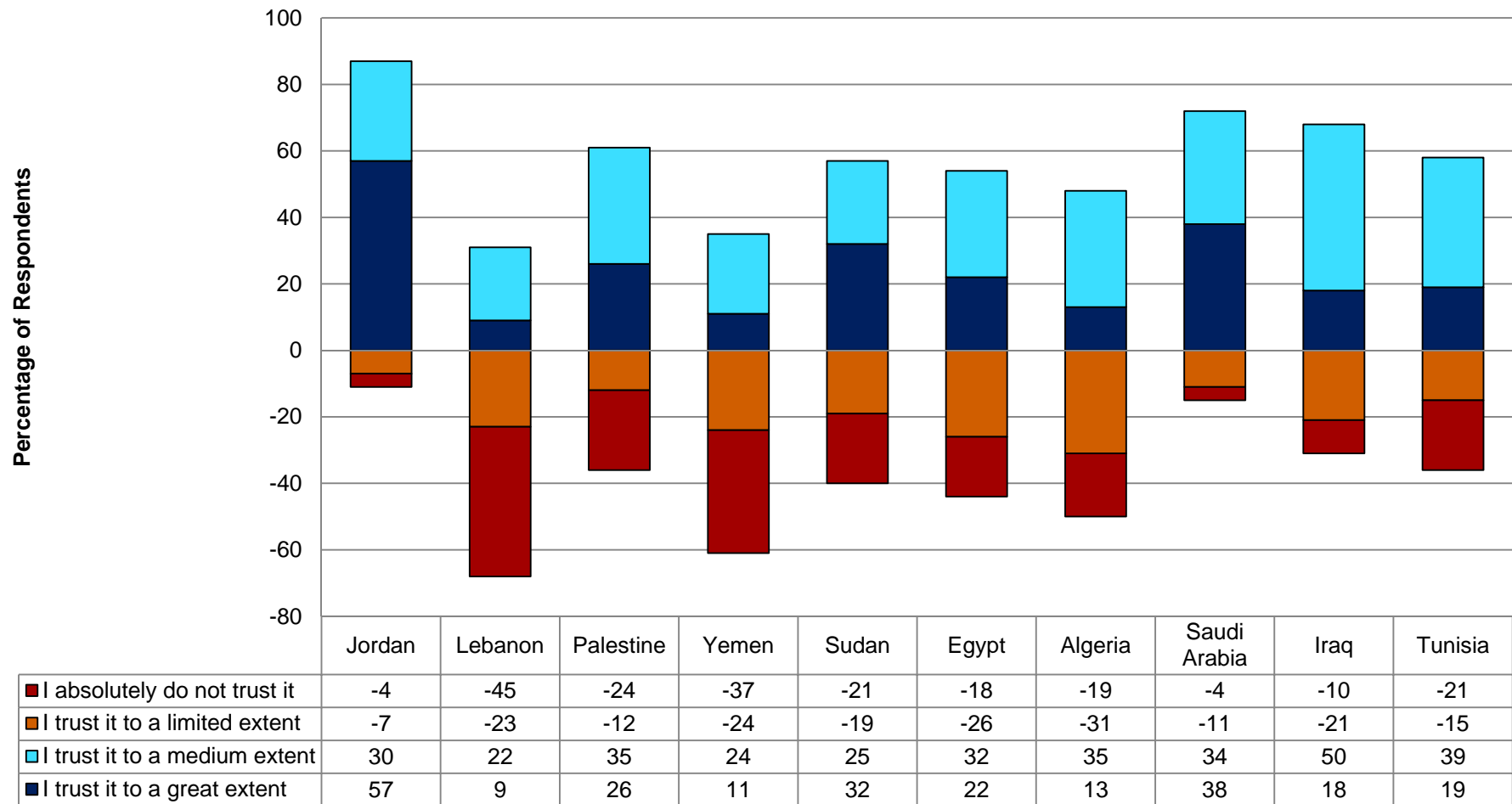
Arab Reform Initiative Arab Democracy Barometer, Saud al-Sarhan, "Data Explanation of Why There Was No 'Day of Rage' in Saudi Arabia," delivered at *The Rahmania Annual Seminar* 1/11-13/2012. p. 7.

Popular Perceptions of State Institutions:

Figure 70

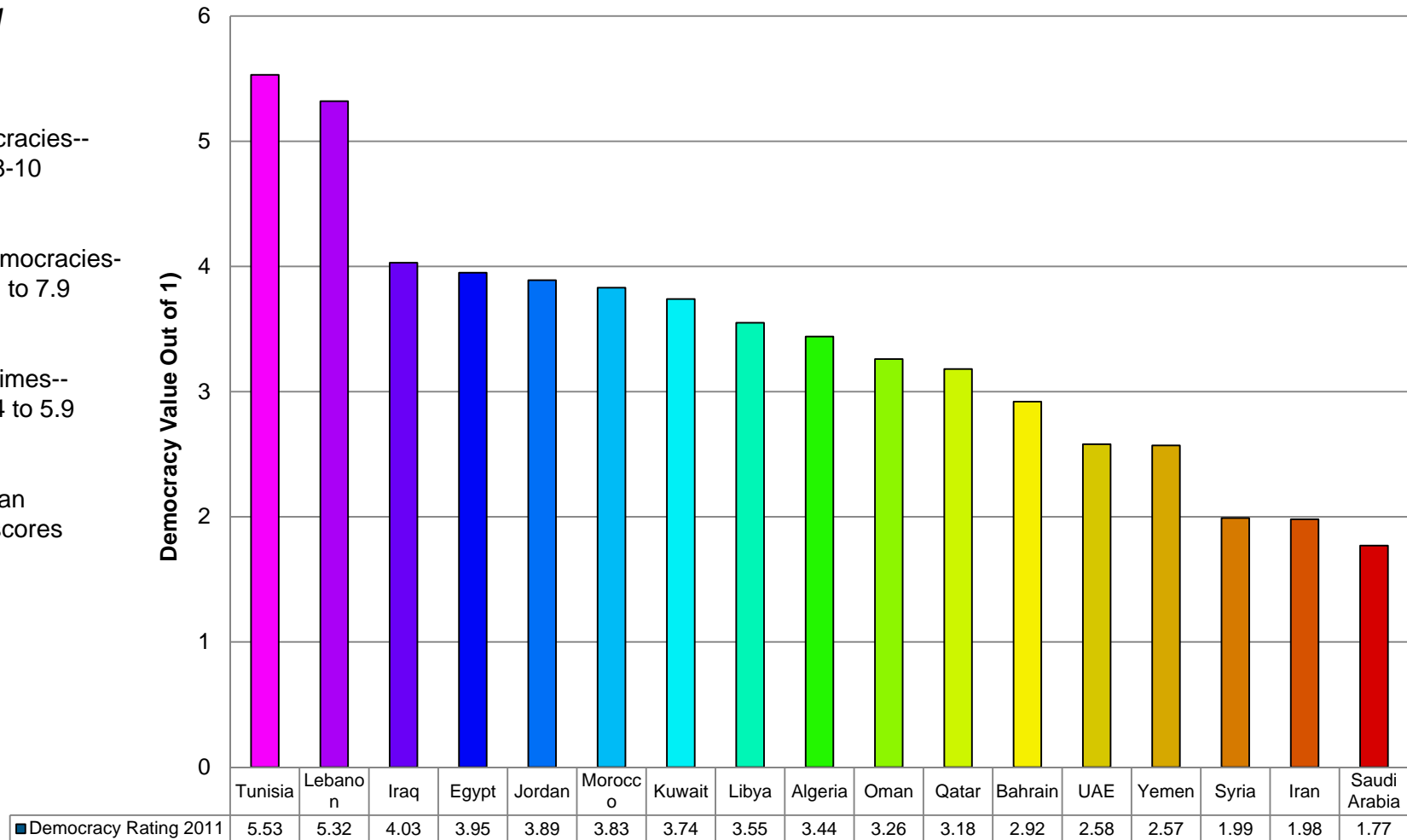
Popular Trust in the Public Security Forces (the Police)

*Limited-No Trust Denoted by Negative Numbers



Democracy Index 2011

Figure 71



The Economist Intelligence Unit's Index of Democracy, on a 0 to 10 scale, is based on the ratings for 60 indicators grouped in five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture. Each category has a rating on a 0 to 10 scale, and the overall index of democracy is the simple average of the five category indexes.

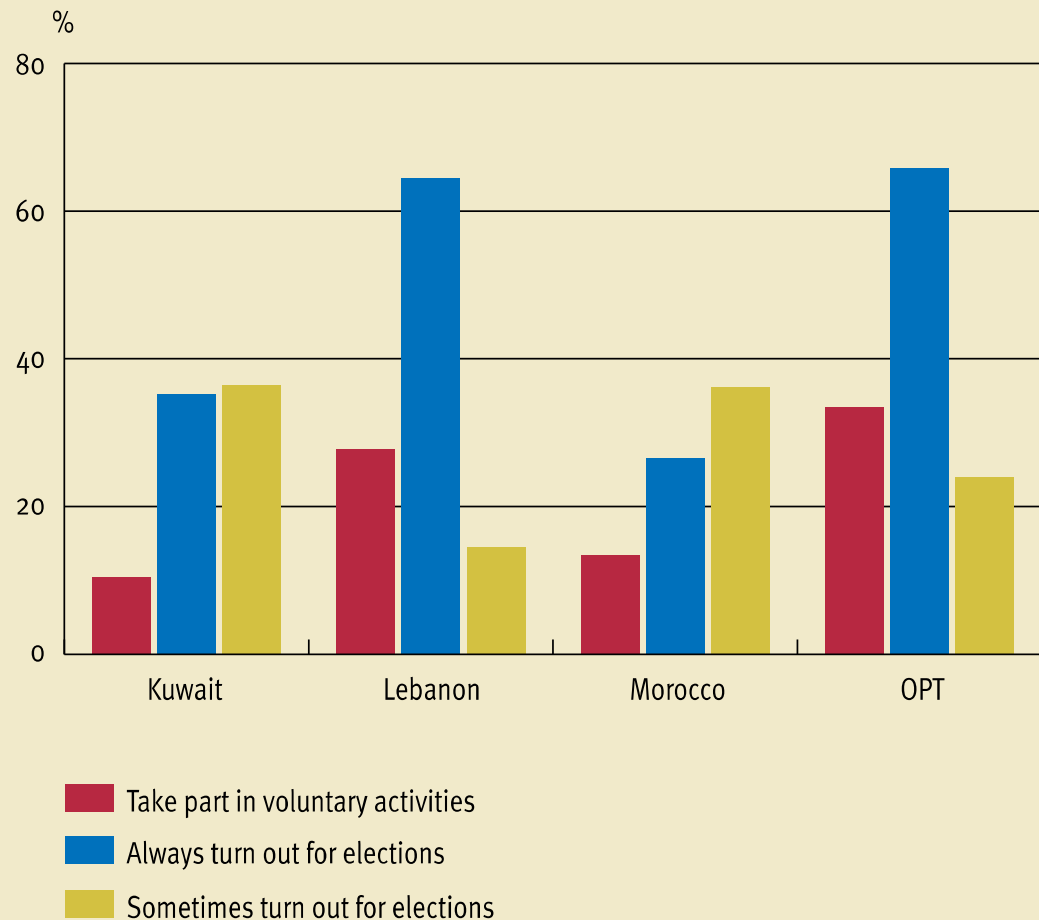
Source: Economist Intelligence Unit, *Democracy Index 2011*, Accessed January, 2012.

http://www.eiu.com/Handlers/WhitepaperHandler.ashx?fi=Democracy_Index_Final_Dec_2011.pdf&mode=wp

Political Participation vs. Voter Apathy

Figure 72

Among the four countries sampled, the survey revealed comparatively low interest in elections among citizens in Morocco, one of those Arab states that have made most progress towards political liberalisation. Evidently, for this group of citizens, participating in elections was no longer considered a novel or decisive way to influence the course of the state. Interest, as indicated by turnout, was higher in two countries where popular political participation has recently consolidated the rise of sectarian forces (Lebanon), or the deepening of political schism (Palestine). In Kuwait, the small proportion of the sample interested in voluntary activities and political participation suggests quite a degree of public apathy.



Voter Participation: 2003-2008

Figure 73

State	Parliamentary	Presidential	Local
Algeria	35.5% (2007)	59.3% (2004)	--
Bahrain	72% and 73.6% (two rounds in 2006)	--	61% (2006)
Djibouti	72.6% (2008)	78.9% (2005)	--
Egypt	31.2% (2007) 28.1% (2005)	23% (2005)	--
Iraq	79.6% (2005)	--	--
Jordan	54% (2007)	--	56% (2007)
Kuwait	59.4% (2008)	--	Less than 50% (2005)
Lebanon	46.4% (2005)	--	--
Mauritania	73.4% and 69.4% (two rounds in 2006)	70.1% and 67.5% (two rounds in 2007)	73.4 and 69.4% (two rounds in 2006)
	98.2% and 97.9% (two rounds in 2007)		

Figure 74

State	Parliamentary	Presidential	Local
Morocco	37% (2007)	--	54% (2003)
Oman	62.7% (2007)	--	--
OPT	77.6% (2006)	66.5% (2005)	--
Qatar	--	--	30% (2007)
Saudi Arabia	--	--	70% (2005)
Sudan	--	86% (2000)	--
Syria	56% (2007)	95.8% (2007)	49.5% and 37.8% (2007)
Tunisia	91.4% (2004)	91.5% (2004)	82.7% (2005)
Yemen	75.9% (2003)	65.1% (2006)	65% (2006)

Source: UNDP/RBAS 2008; IPU 2008; Egypt SIS 2008 et al. (See Statistical references).

Popular Use of the Internet for Political Purposes

Figure 75

(in %)

	Jordan	Lebanon	Palestine	Yemen	Sudan	Egypt	Algeria	Saudi Arabia	Iraq	Tunisia
Find out about Political Activities Taking Place in Your Community	11	13	19	13	20	13	12	25	9	14
Express Your Opinion About Political Issues	7	8	12	9	12	9	6	10	6	10
Find Out About Opposing Political Opinions in Your Country	9	11	19	13	19	13	12	20	6	13

Arab Reform Initiative Arab Democracy Barometer, Saud al-Sarhan, "Data Explanation of Why There Was No 'Day of Rage' in Saudi Arabia," delivered at *The Rahmania Annual Seminar* 1/11-13/2012. p. 9.

Problems with Rules of Law, Security Forces, and Police

Arguably, greater concern with “justice” than “democracy.”

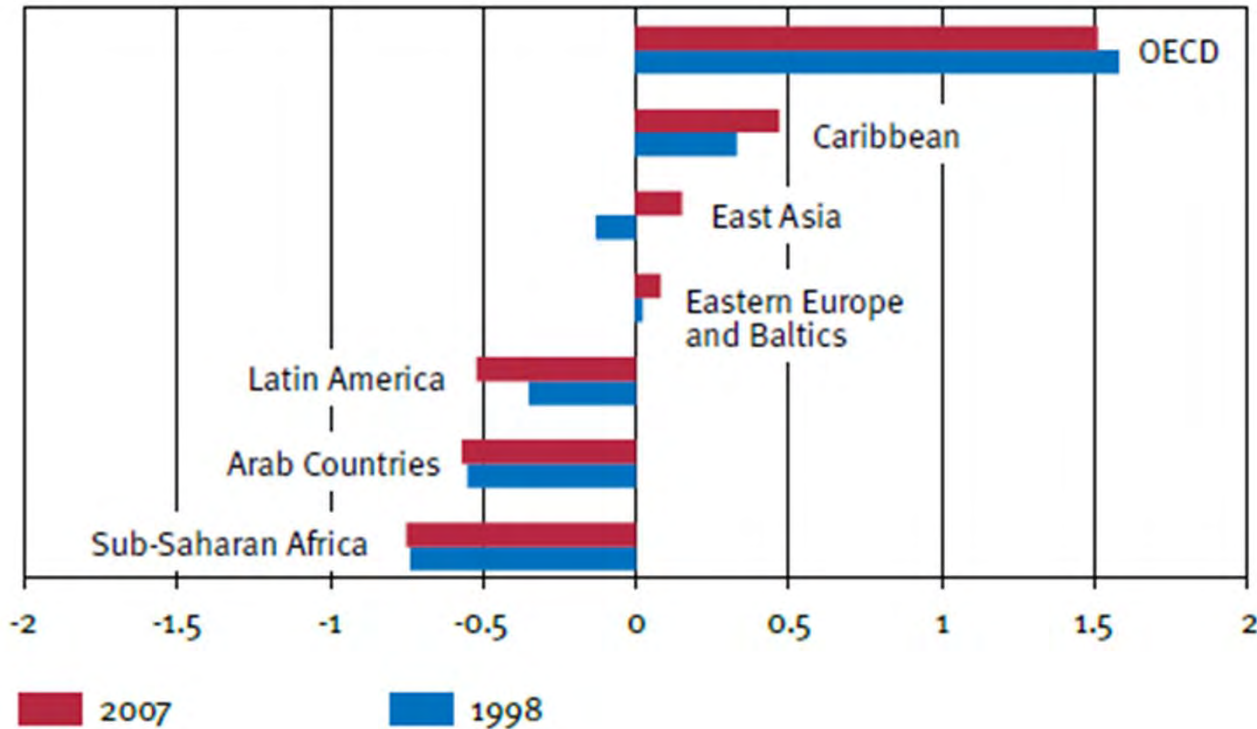
Special courts, internal security services, poor policing - major problems.

Detention facilities often a critical problem area.

Recent growth of paramilitary and CT forces is sometimes done without the actions of improving conditions, showing necessary restraint.

Comparative Rule of Law by Region

Figure 76

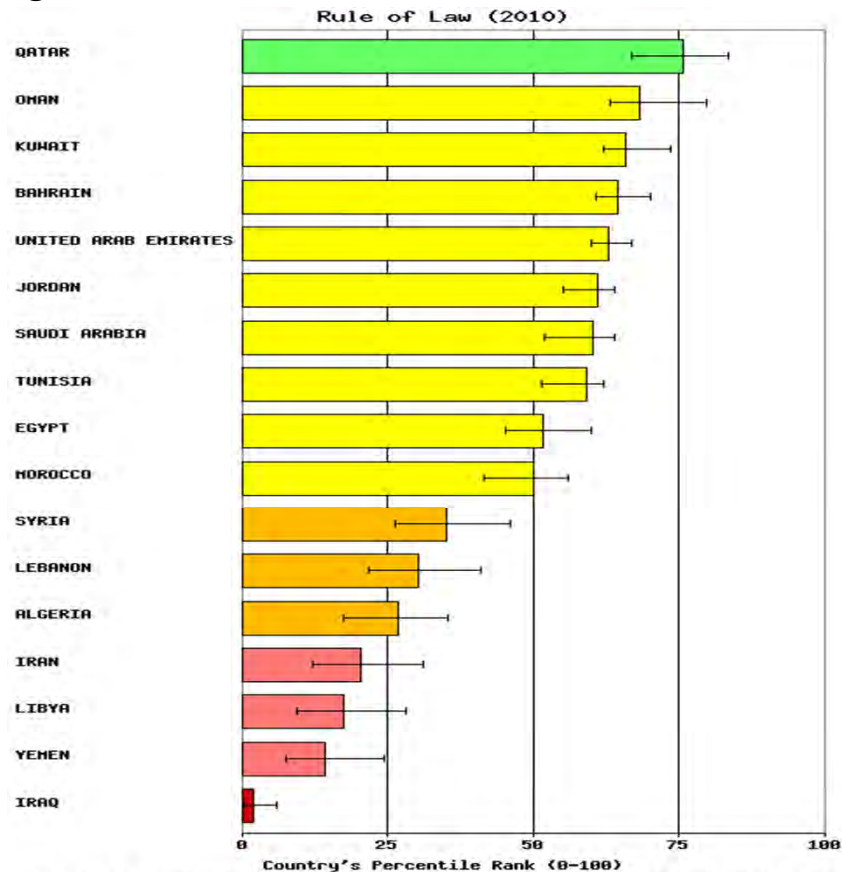


Source: UNDP/AHDR calculations based on World Bank 2008.

Note: The rule of law governance indicator has a range of -2.5 to 2.5; higher is better. It is a subjective indicator aggregated from a variety of sources and measuring perceptions of the following concepts: legal impartiality and popular observance of the law.

Rule of Law

Figure 77



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues
 Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Figure 78

Country	Sources	Year	Percentile Rank (0-100)	Governance Score (-2.5 to +2.5)	Standard Error
ALGERIA	14	2010	27	-0.76	0.14
BAHRAIN	11	2010	64.5	0.45	0.16
EGYPT	15	2010	51.7	-0.11	0.14
IRAN	10	2010	20.4	-0.9	0.16
IRAQ	10	2010	1.9	-1.62	0.17
JORDAN	14	2010	61.1	0.22	0.14
KUWAIT	10	2010	65.9	0.54	0.16
LEBANON	14	2010	30.3	-0.66	0.14
LIBYA	11	2010	17.5	-0.98	0.15
MOROCCO	15	2010	50.2	-0.19	0.14
OMAN	9	2010	68.2	0.67	0.16
QATAR	12	2010	75.8	0.87	0.15
SAUDI ARABIA	11	2010	60.2	0.16	0.16
SYRIA	14	2010	35.1	-0.54	0.14
TUNISIA	14	2010	59.2	0.11	0.14
UNITED ARAB EMIRATES	11	2010	63	0.39	0.16
YEMEN	13	2010	14.2	-1.05	0.15

Rule of Law “captures perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence.” A higher ranking indicates a stronger rule of law.

The World Bank, World Governance Indicators Project, Accessed January, 2010.

http://info.worldbank.org/governance/wgi/mc_chart.asp

Ranking Rule of Law in Comparison with 139 Countries World Wide (as of 2010)

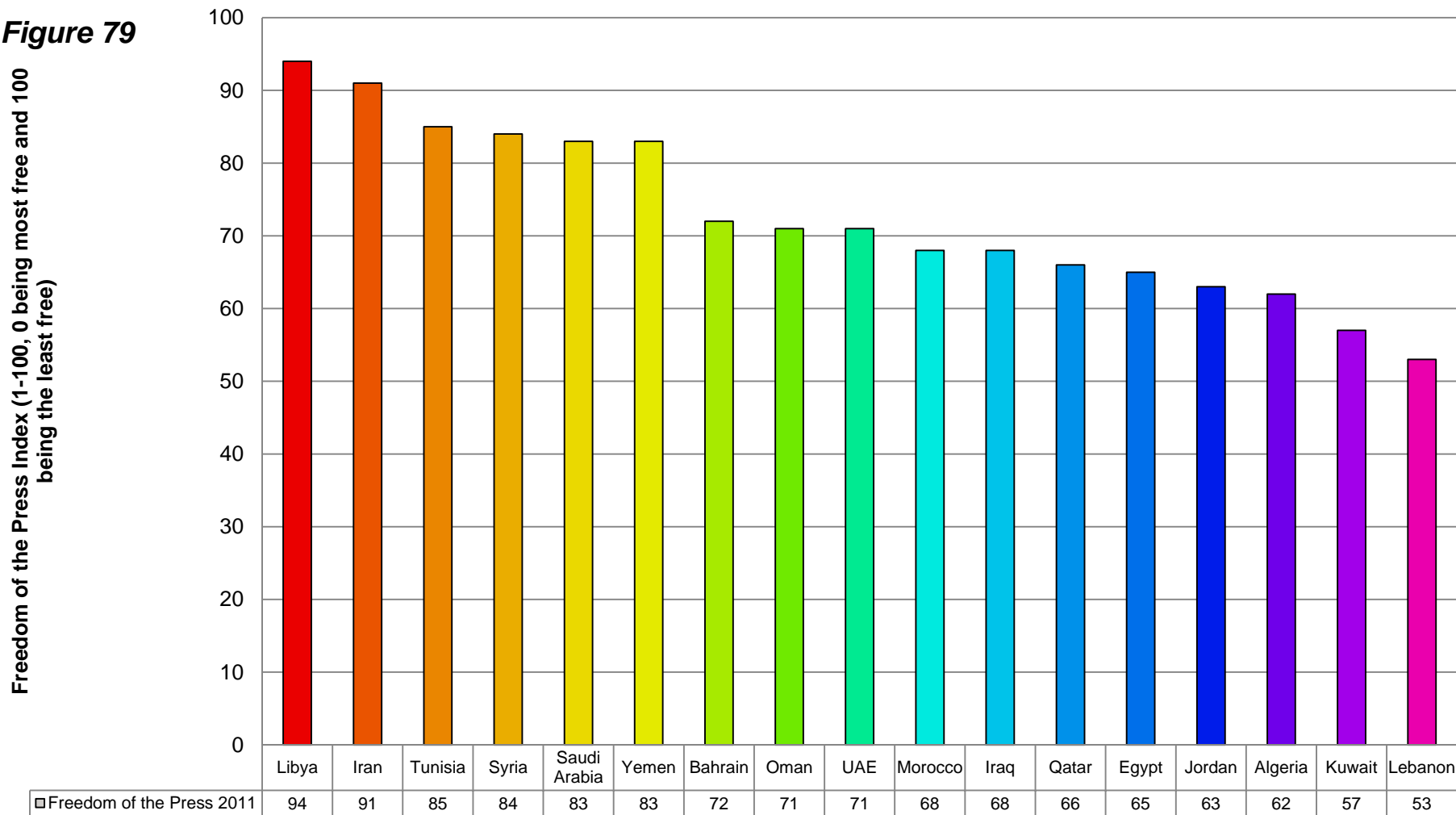
Institutions	Country rank/139							
	Algeria	Bahrain	Egypt	Jordan	Kuwait	Lebanon	Libya	Morocco
Judicial Independence	112	34	63	48	36	113	95	79
Favouritism in decisions of government officials	82	42	95	44	47	136	122	52

Source: WEF

Judicial independence is the last line of defence and is pivotal for the effectiveness of accountability tools, especially when those who are to be held accountable are either politically or economically powerful, or both. The World Competitiveness Index of the World Economic Forum, which ranks 14 Arab countries among 139 countries worldwide, registered in 2010 three Arab countries in the upper 1/3 on lack of judicial independence (relative to the rest of the sample). Two of those three Arab countries ranked in the upper 1/3 on favouritism of decision by government officials (i.e. high favouritism relative to others in the sample).

Press Freedom Index

Figure 79



The Press Freedom Index “currently comprises 23 methodology questions and 109 indicators divided into three broad categories: the legal environment, the political environment, and the economic environment. For each methodology question, a lower number of points is allotted for a more free situation, while a higher number of points is allotted for a less free environment. A country’s final score is based on the total of the three categories: A score of 0 to 30 places the country in the Free press group; 31 to 60 in the Partly Free press group; and 61 to 100 in the Not Free press group.”

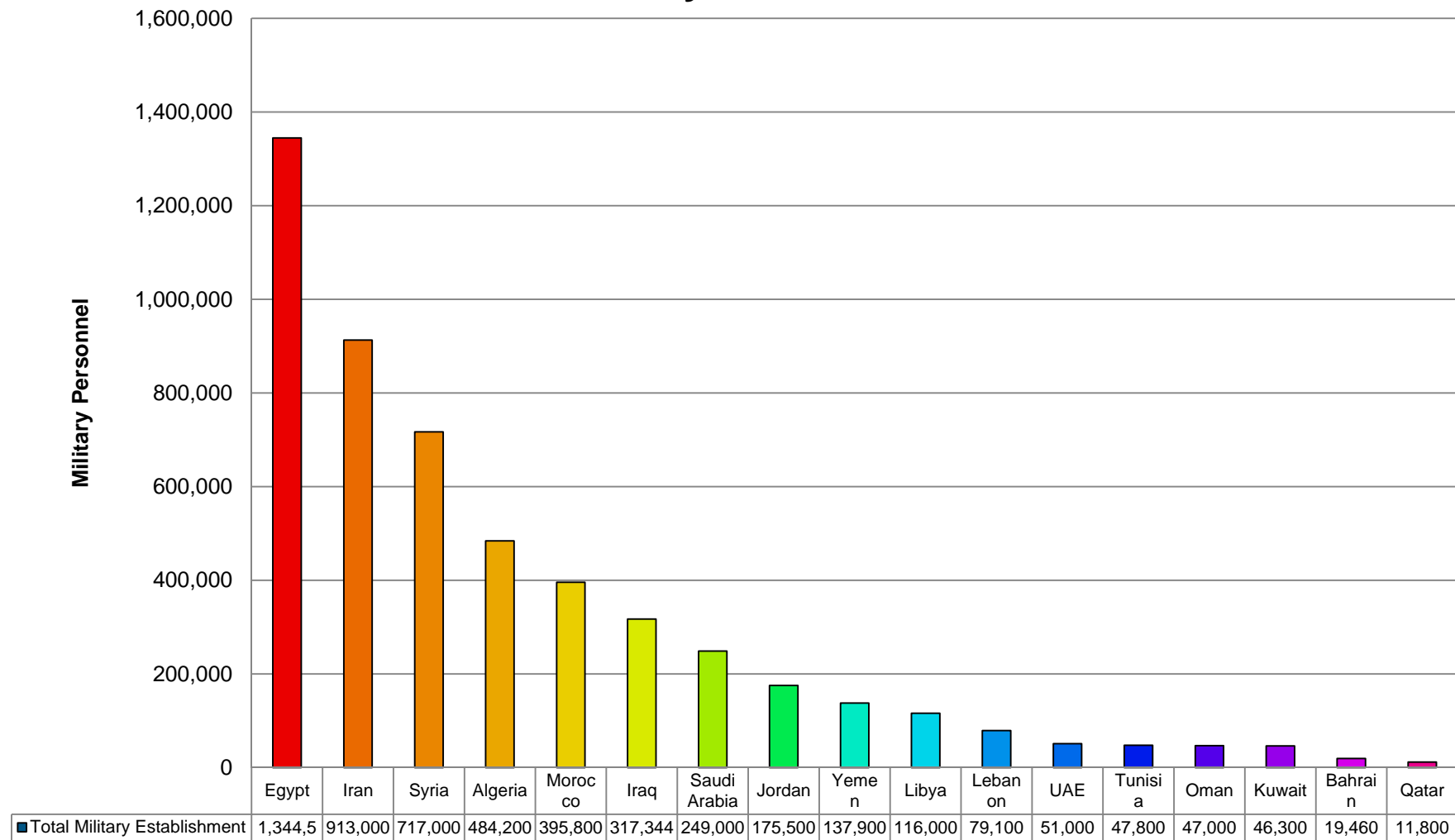
Source: Freedom House, *Freedom of the Press 2011*, Accessed February 2, 2012.

<http://www.freedomhouse.org/report/freedom-press/freedom-press-2011>

Excessively Large Paramilitary and National Security Forces

Figure 80

Total Military Establishment



Source: IISS, *Military Balance 2011*, Chapter 7.

Arab Development Report Security Measures - II

Figure 82

To what extent does the state respect your basic rights? **Figure 81**

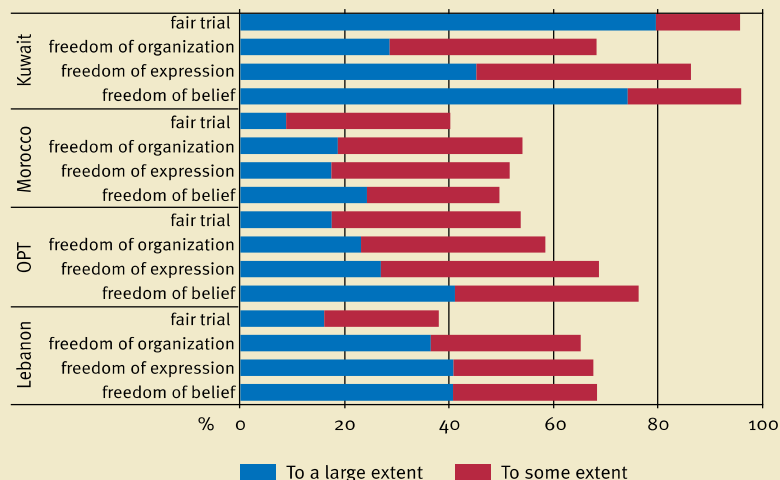


Table 3-1 Arab countries under a declared state of emergency in 2008

State	Year of declared state of emergency
OPT	2007
Sudan	2005 (in the Darfur region), extended to the whole country in May 2008
Iraq	2004
Algeria	1992
Egypt	1981
Syria	1963

Source: AOHR 2008 (in Arabic).

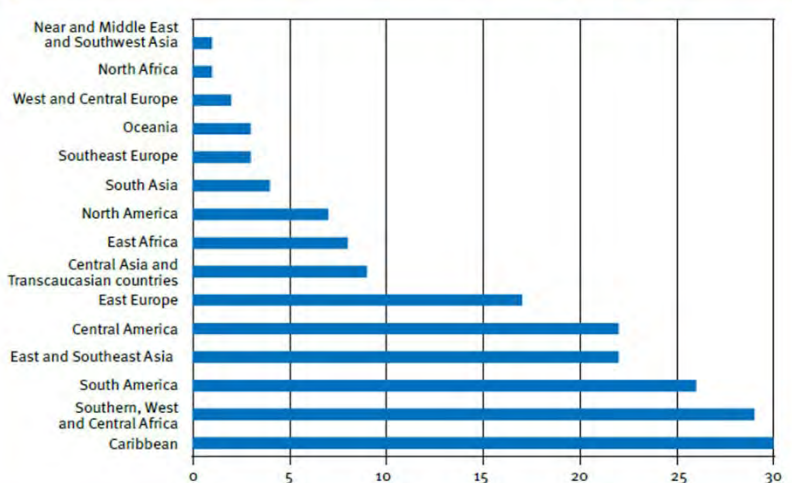
Figure 84

Table 3-2 Political prisoners in 5 Arab states, 2005 and 2007

State	Number of political prisoners, 2005	Number of political prisoners, 2007
Iraq	26,000 (reduced to 14,000)	24,661
Egypt	10,000	--
Lebanon	--	5,870
OPT	9,000	11,000
Yemen	1,000	--

Source: AOHR 2008 (in Arabic).

Figure 3-1 Homicide rates (per 100,000 of the population), world regions, 2002



Source: UNODC 2005.

Problems in Governance – I Corruption, Inefficient State Sectors, Barriers to Business and Growth

*Over-dependence on non-competitive
state industries, government jobs for
employment, mixed with corruption and
barriers to private sector growth and job
creation*

The Question of Governance

Few cited their own governments before the present crisis.

Governance only one of many concerns, but lack of warning of sudden wave of unrest reflects government's failure to listen and respond far more than a lack of warning indicators.

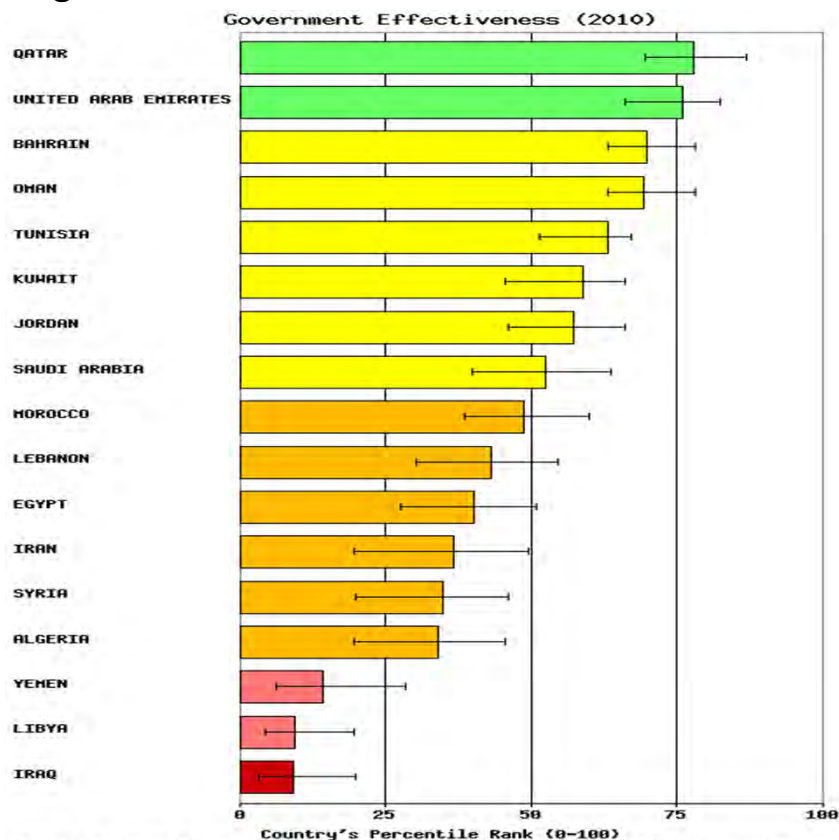
Corruption a key concern, as is question of "dignity," "justice" in moral as well as legal sense, belief governments have failed to pursue Islamic values.

Limited surveys show fear of physical security varies far more sharply than broad concerns with governance and economy.

Limited sampling of countries sharply distorts results.

Government Effectiveness (by world percentile)

Figure 85



Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), The Worldwide Governance Indicators: Methodology and Analytical Issues
 Note: The governance indicators presented here aggregate the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, and international organizations. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

Figure 86

Country	Sources	Year	Percentile Rank (0-100)	Governance Score (-2.5 to +2.5)	Standard Error
ALGERIA	9	2010	34	-0.56	0.19
BAHRAIN	7	2010	69.9	0.59	0.22
EGYPT	10	2010	40.2	-0.43	0.18
IRAN	7	2010	36.8	-0.52	0.22
IRAQ	7	2010	9.1	-1.23	0.22
JORDAN	9	2010	57.4	0.08	0.19
KUWAIT	7	2010	58.9	0.1	0.22
LEBANON	9	2010	43.1	-0.34	0.19
LIBYA	7	2010	9.6	-1.21	0.2
MOROCCO	10	2010	48.8	-0.17	0.18
OMAN	6	2010	69.4	0.59	0.22
QATAR	8	2010	78	0.94	0.21
SAUDI ARABIA	7	2010	52.6	-0.08	0.22
SYRIA	9	2010	34.9	-0.55	0.19
TUNISIA	10	2010	63.2	0.19	0.18
UNITED ARAB EMIRATES	7	2010	76.1	0.78	0.22
YEMEN	8	2010	14.4	-1.03	0.21

Government Effectiveness “captures perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.” A higher ranking indicates greater government effectiveness.

Source: World Bank, World Governance Indicators

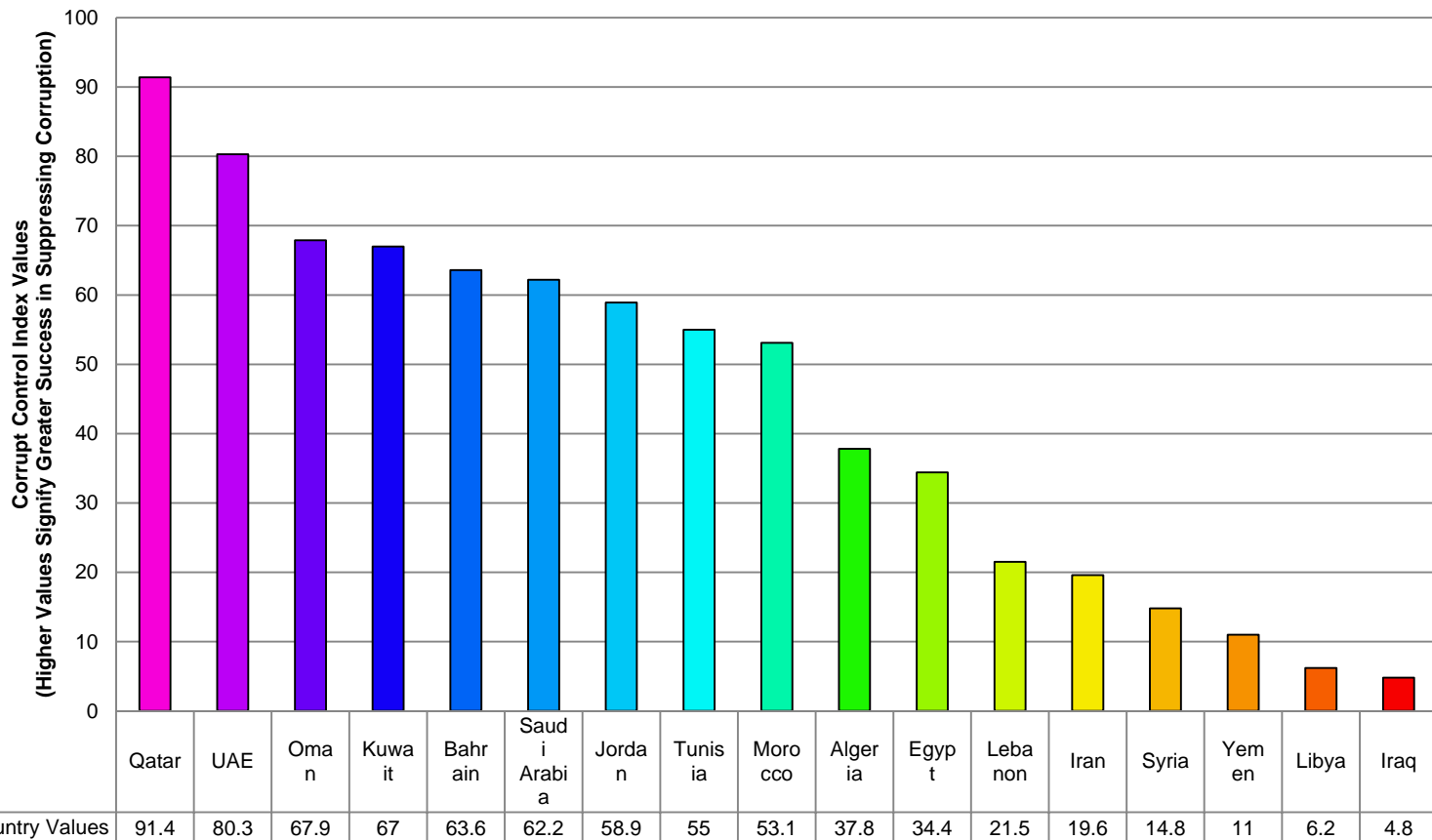
http://info.worldbank.org/governance/wgi/mc_chart.asp

Control of Corruption (by world percentile)

Higher figures indicate greater control

2010 Corruption Control Metric

Figure 87



Control of Corruption “captures perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as “capture” of the state by elites and private interests.

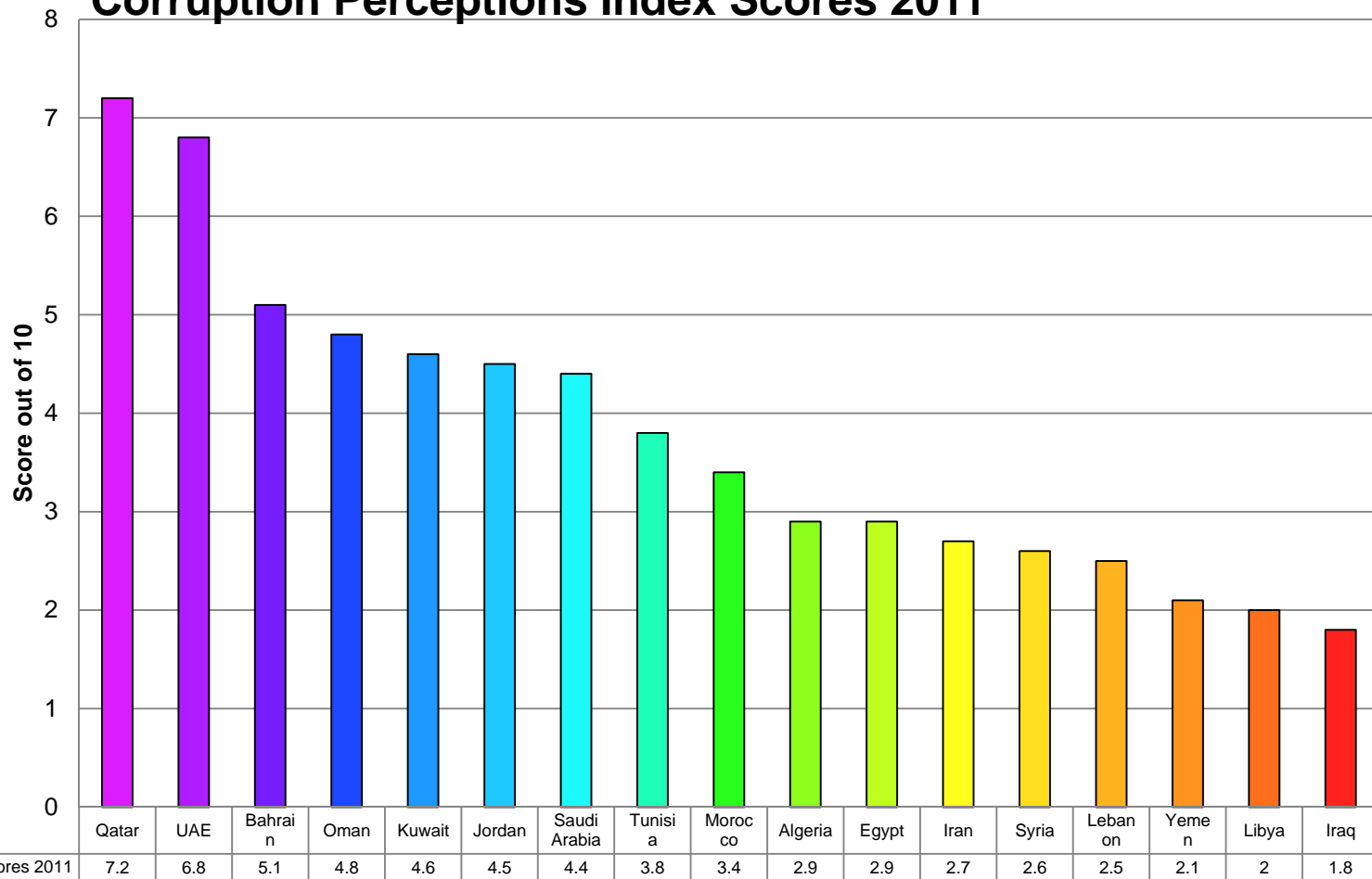
Source: World Bank Governance Indicators, Accessed January, 2012.

<http://info.worldbank.org/governance/wgi/index.asp>

Corruption Perception Index

Figure 88

Corruption Perceptions Index Scores 2011



The Corruption Perceptions Index “ranks countries according to their perceived levels of public-sector corruption. The 2011 index draws on different assessments and business opinion surveys carried out by independent and reputable institutions. The surveys and assessments used to compile the index include questions relating to the bribery of public officials, kickbacks in public procurement, embezzlement of public funds, and questions that probe the strength and effectiveness of public-sector anti-corruption efforts.”

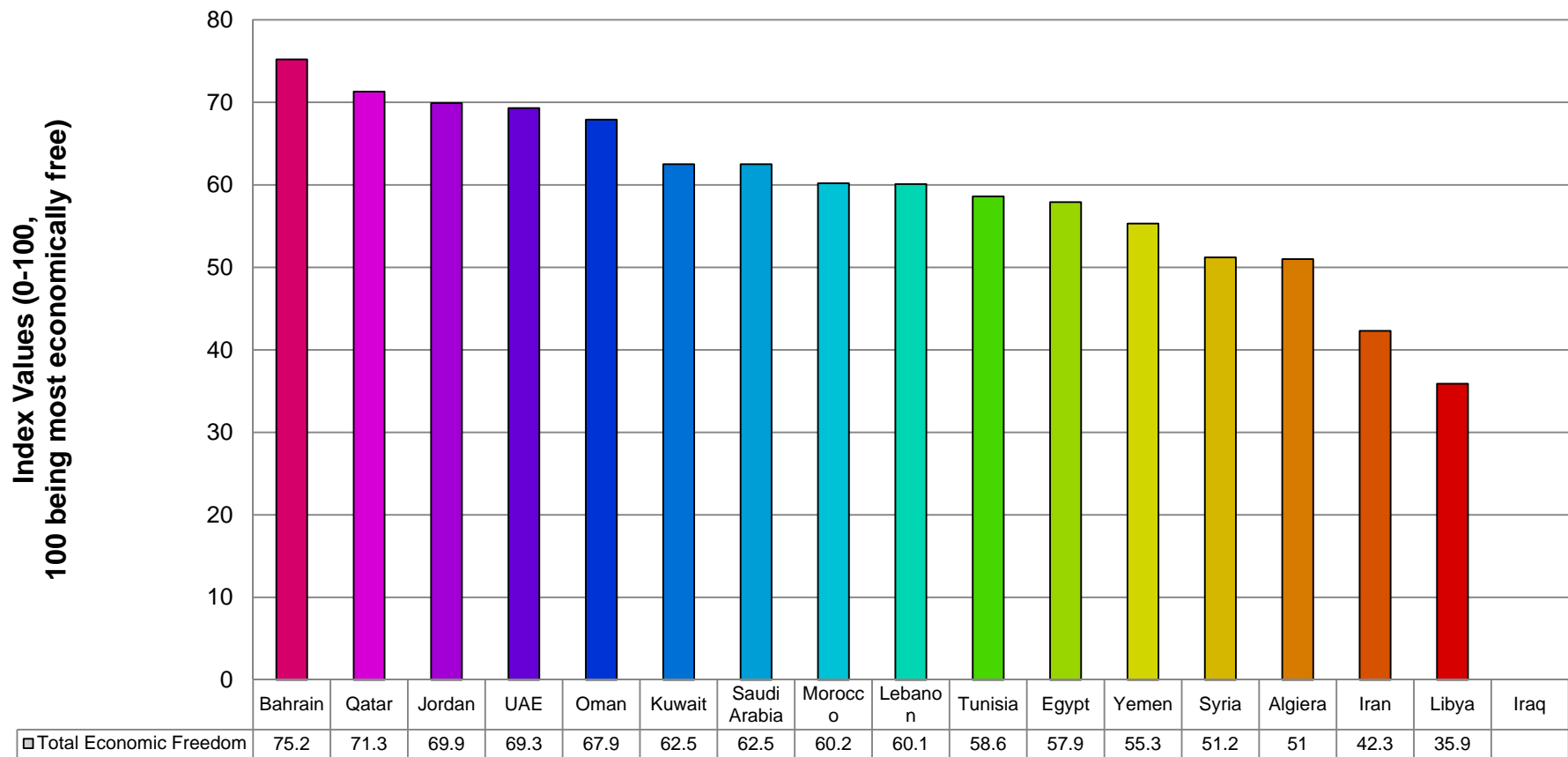
Transparency International, *Corruption Perceptions Index 2011*, p. 4

http://www.transparency.org/publications/publications/other/corruption_perceptions_index_2011

Economic Freedom Index

Figure 89

Aggregate Economic Freedom Index



The [Economic Freedom Index](#) measure ten components of economic freedom, assigning a grade in each using a scale from 0 to 100, where 100 represents the maximum freedom. The 10 economic freedoms are grouped into four broad categories or pillars of economic freedom: [Rule of Law](#) (property rights, freedom from corruption); [Limited Government](#) (fiscal freedom, government spending); [Regulatory Efficiency](#) (business freedom, labor freedom, monetary freedom); and [Open Markets](#) (trade freedom, investment freedom, financial freedom). Each of the freedoms within these four broad categories is individually scored on a scale of 0 to 100. A country's overall economic freedom score is a simple average of its scores on the 10 individual freedoms.

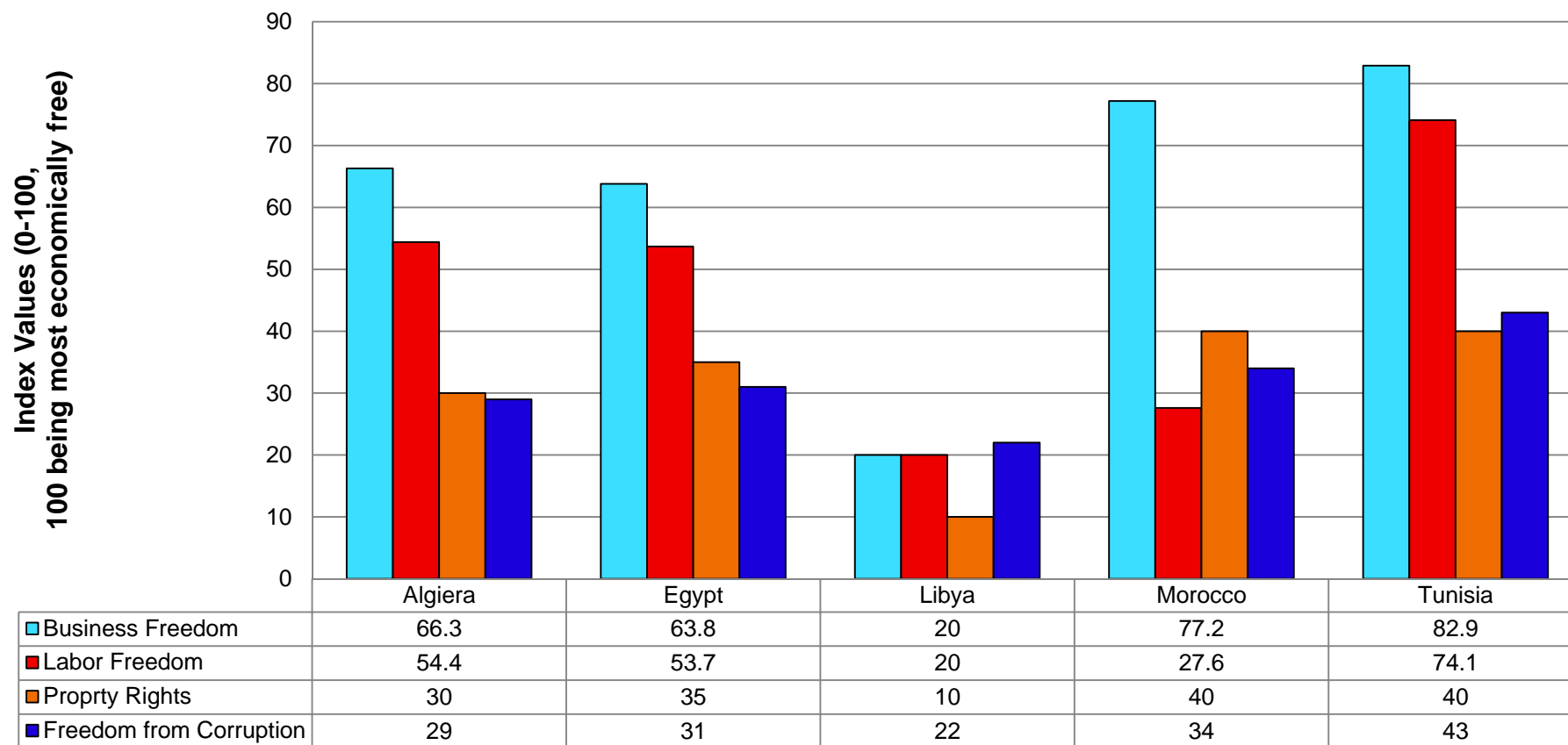
The Heritage Foundation and *The Economist*, Economic Freedom Index 2012, Accessed 2/8/2012.

<http://www.heritage.org/index/ranking>

Economic Freedom Index

Figure 90

North Africa – Selected Indicators of Economic Freedom



Property Rights - measures the degree to which a state protects private property, enforces protections, and refrains from expropriation.

Freedom From Corruption - derived primarily from Transparency International's Corruption Perceptions Index (CPI) for 2010.

Business Freedom - a quantitative measure of the ability to start, operate, and close a business that represents the overall burden of regulation as well as the efficiency of government in the regulatory process.

Labor Freedom - provides cross-country data on regulations concerning minimum wages; laws inhibiting layoffs; severance requirements; and measurable regulatory burdens on hiring, hours, and so on.

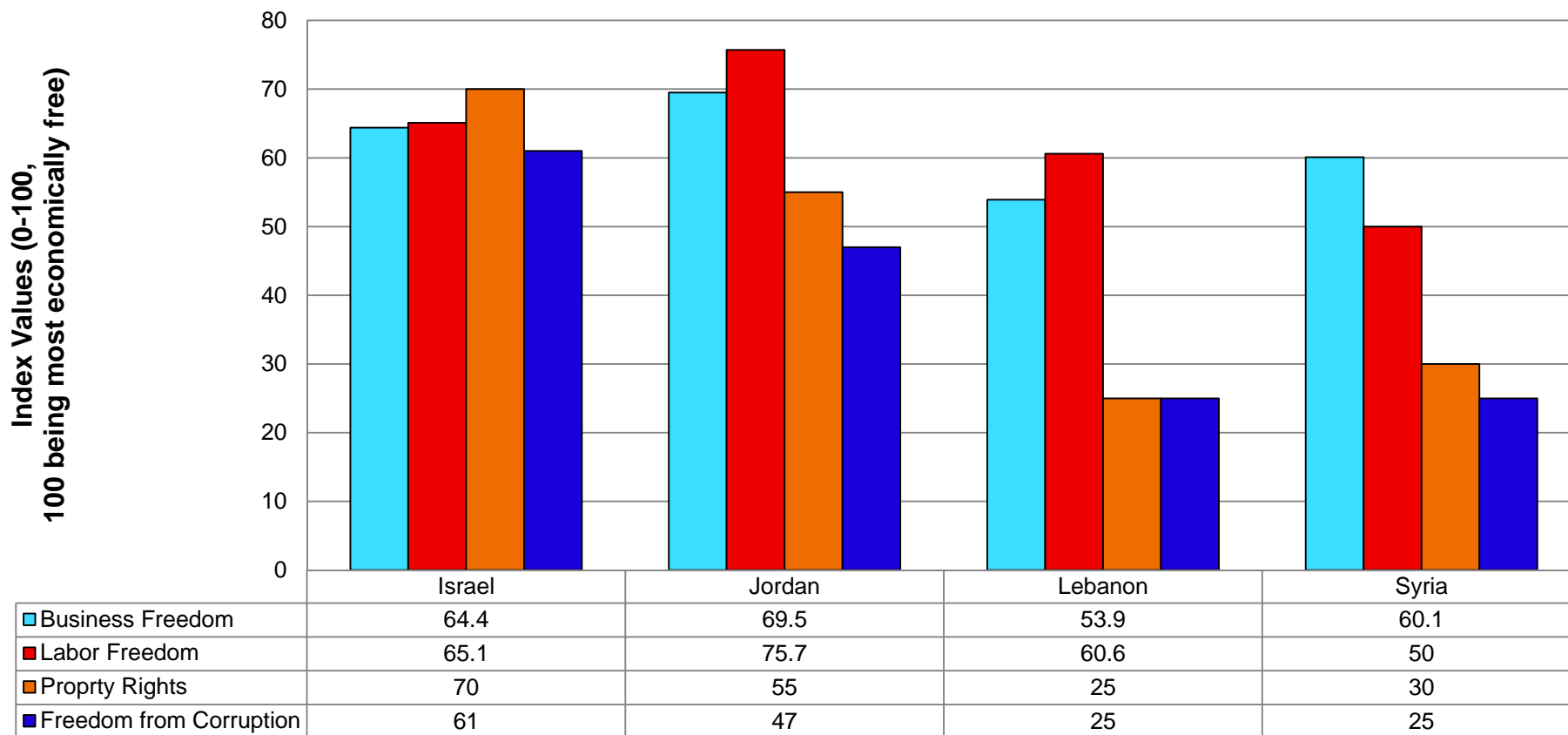
The Heritage Foundation and *The Economist*, Economic Freedom Index 2012, Accessed 2/8/2012.

<http://www.heritage.org/index/ranking>

Economic Freedom Index

Figure 91

Levant – Selected Indicators of Economic Freedom



Property Rights - measures the degree to which a state protects private property, enforces protections, and refrains from expropriation.

Freedom From Corruption - derived primarily from Transparency International's Corruption Perceptions Index (CPI) for 2010.

Business Freedom - a quantitative measure of the ability to start, operate, and close a business that represents the overall burden of regulation as well as the efficiency of government in the regulatory process.

Labor Freedom - provides cross-country data on regulations concerning minimum wages; laws inhibiting layoffs; severance requirements; and measurable regulatory burdens on hiring, hours, and so on.

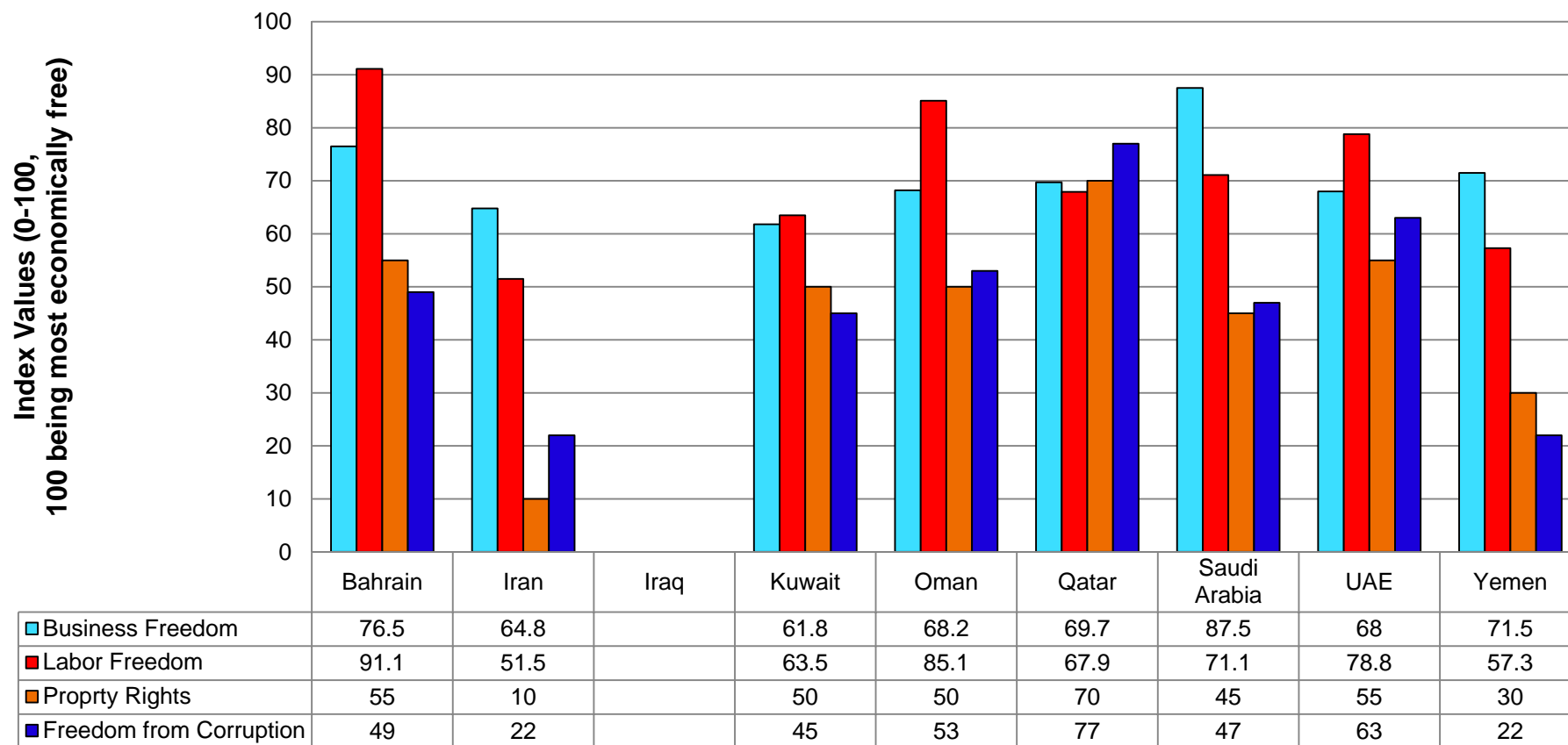
The Heritage Foundation and *The Economist*, Economic Freedom Index 2012, Accessed 2/8/2012.

<http://www.heritage.org/index/ranking>

Economic Freedom Index

Figure 92

Persian Gulf– Selected Indicators of Economic Freedom



Property Rights - measures the degree to which a state protects private property, enforces protections, and refrains from expropriation.

Freedom From Corruption - derived primarily from Transparency International's Corruption Perceptions Index (CPI) for 2010.

Business Freedom - a quantitative measure of the ability to start, operate, and close a business that represents the overall burden of regulation as well as the efficiency of government in the regulatory process.

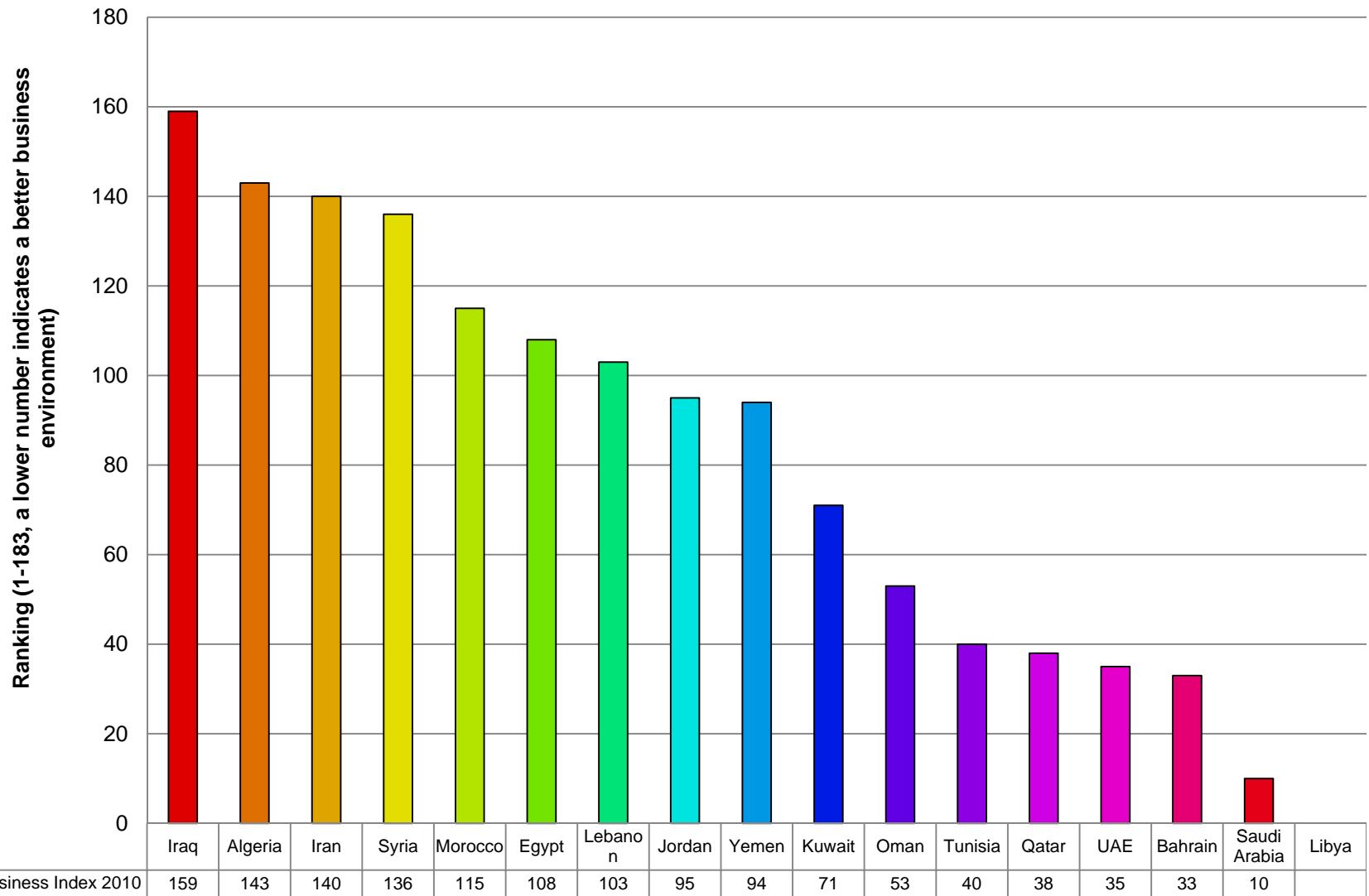
Labor Freedom - provides cross-country data on regulations concerning minimum wages; laws inhibiting layoffs; severance requirements; and measurable regulatory burdens on hiring, hours, and so on.

The Heritage Foundation and *The Economist*, Economic Freedom Index 2012, Accessed 2/8/2012.

<http://www.heritage.org/index/ranking>

Ease of Doing Business Index

Figure 93

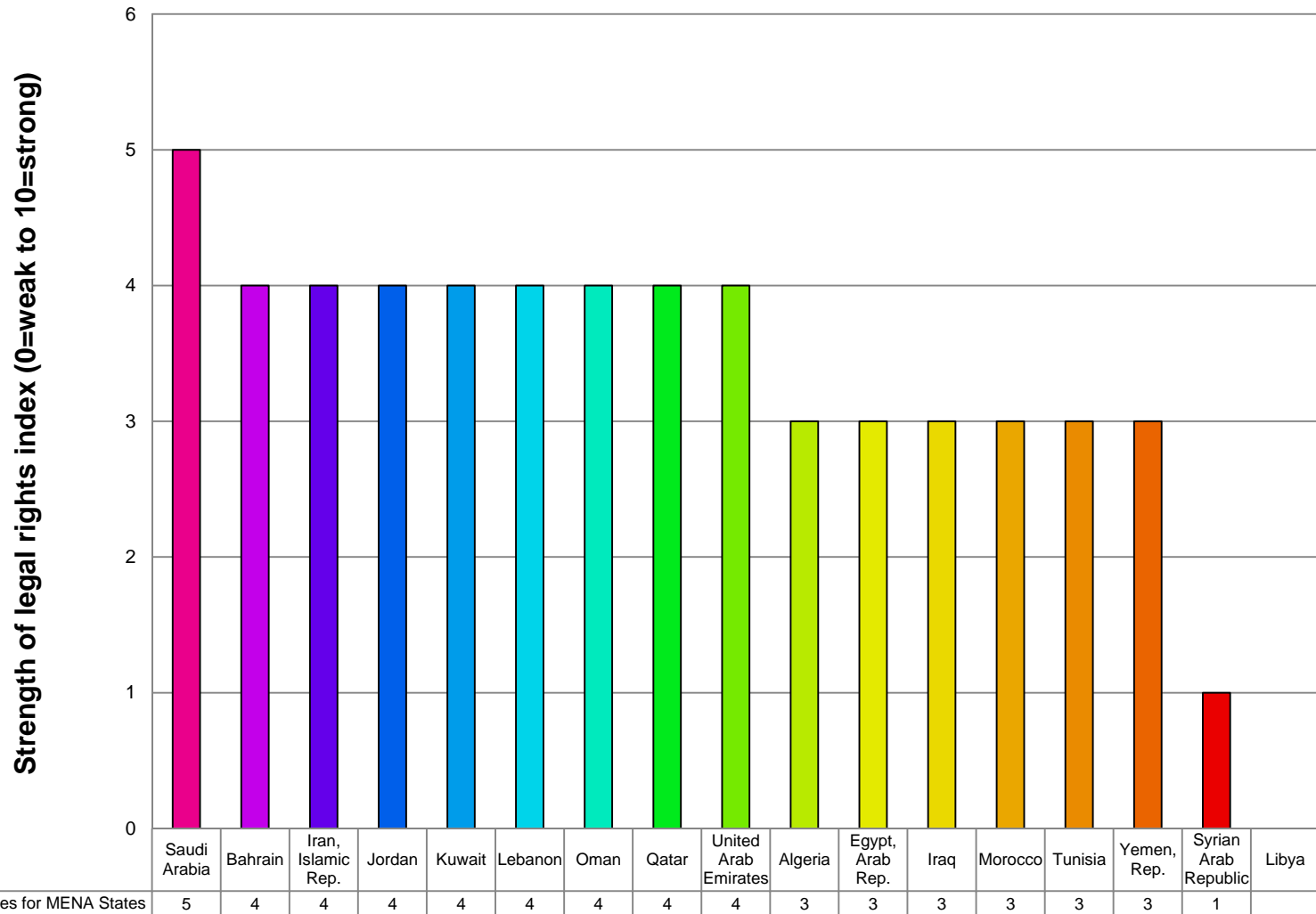


The Ease of Doing Business Index “ranks economies from 1 to 183. For each economy the ranking is calculated as the simple average of the percentile rankings on each of the 10 topics included in the index in *Doing Business 2012*: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency and, new this year, getting electricity.”

The World Bank, dataBank, World Development Indicators, Accessed February 1, 2012.
<http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

Strength of Legal Rights Index

Figure 94



Strength of Legal Rights Index “measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. The index ranges from 0 to 10, with higher scores indicating that these laws are better designed to expand access to credit.”

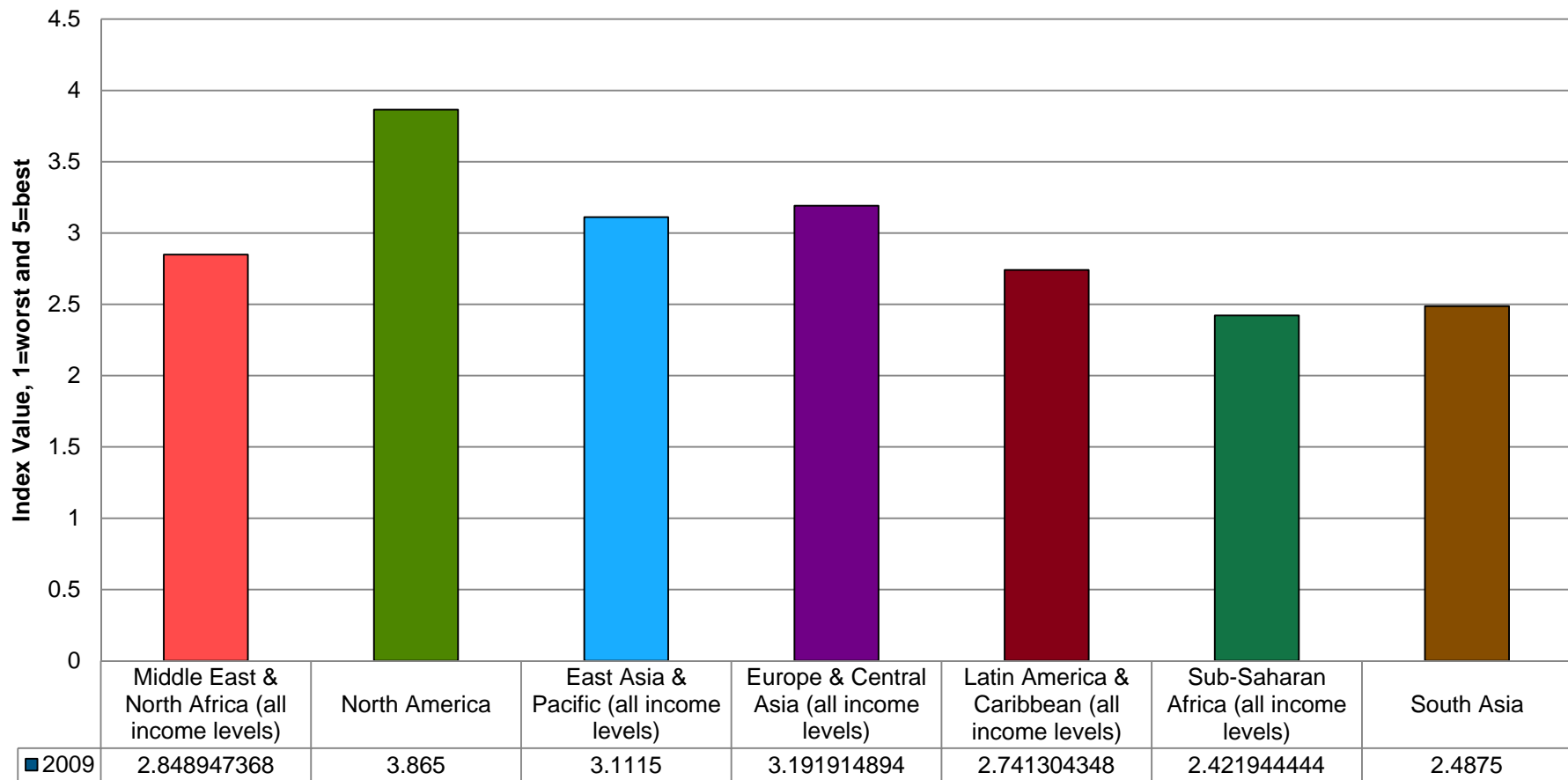
The World Bank, dataBank, Accessed 1/25/2012.

<http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

Obstacles to Business: Logistical Performance

Figure 95

Cross-Regional Comparison of Logistical Effectiveness



Logistics Performance Index “overall score reflects perceptions of a country's logistics based on efficiency of customs clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time. The index ranges from 1 to 5, with a higher score representing better performance.”

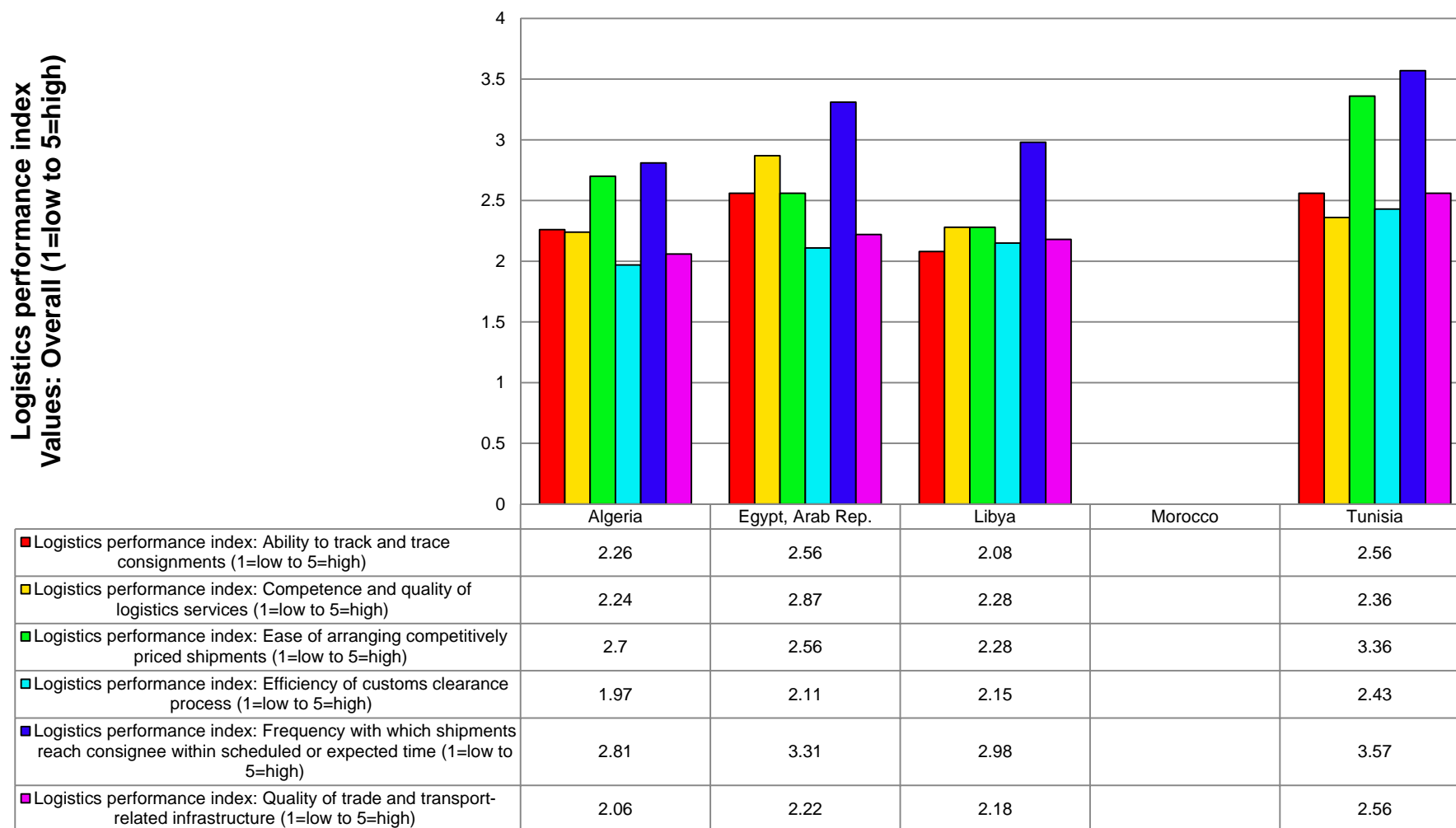
The World Bank, dataBank, World Development Indicators, Accessed February 1, 2012.

<http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

Obstacles to Business: Logistical Performance

Figure 96

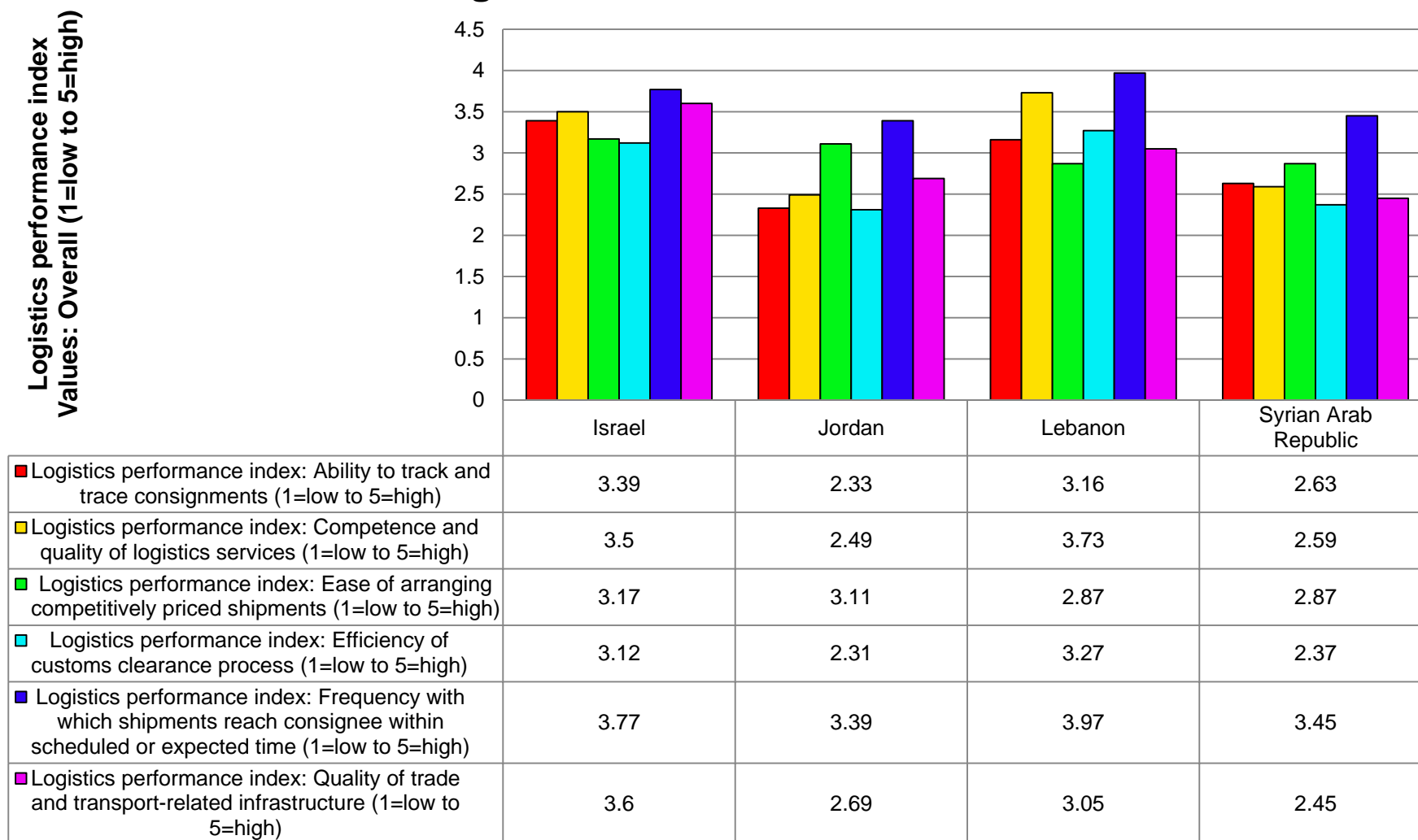
North Africa - Logistics Effectiveness Index Indicators



Obstacles to Business: Logistical Performance

Figure 97

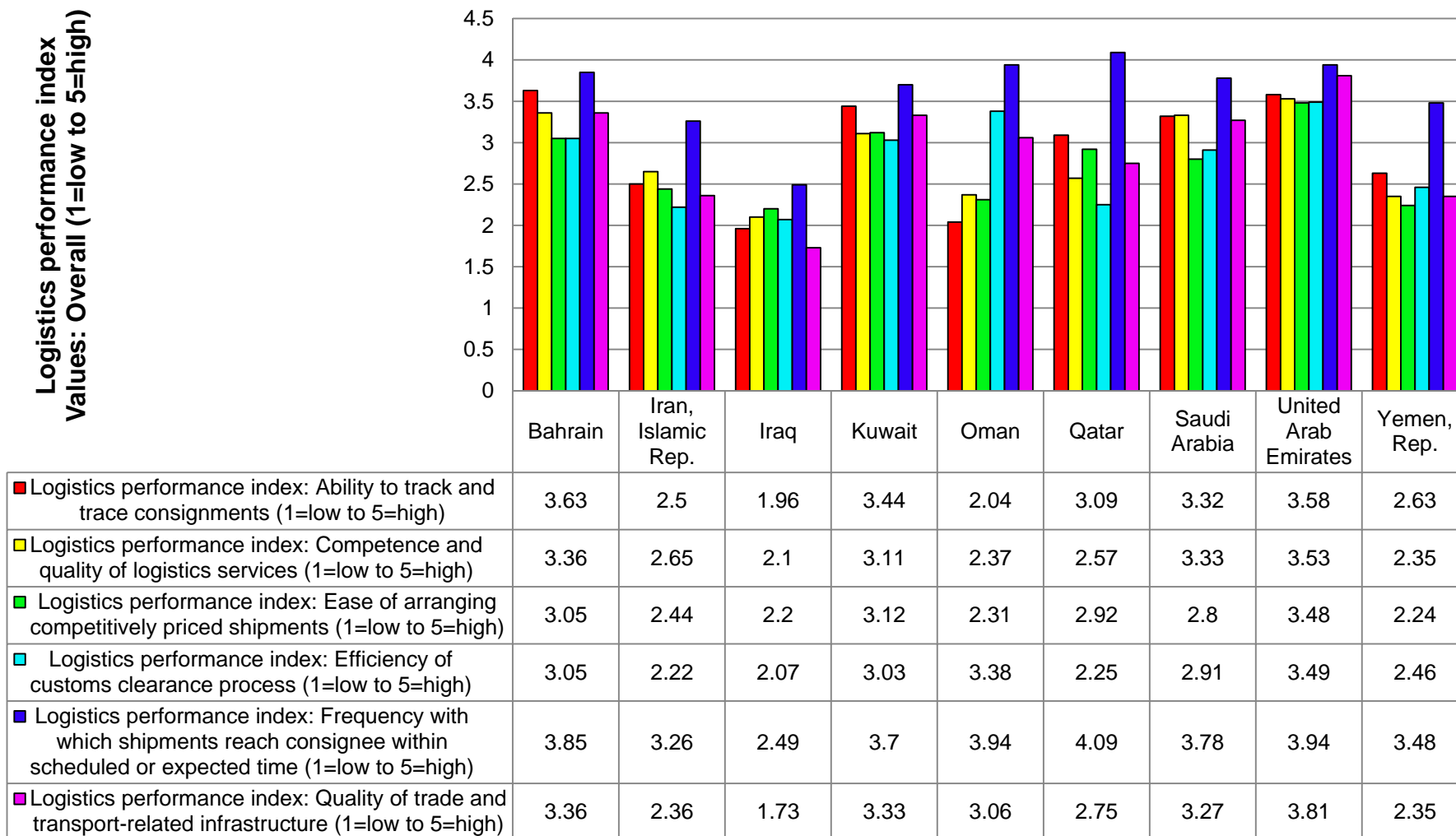
Levant - Logistics Effectiveness Index Indicators



Obstacles to Business: Logistical Performance

Figure 98

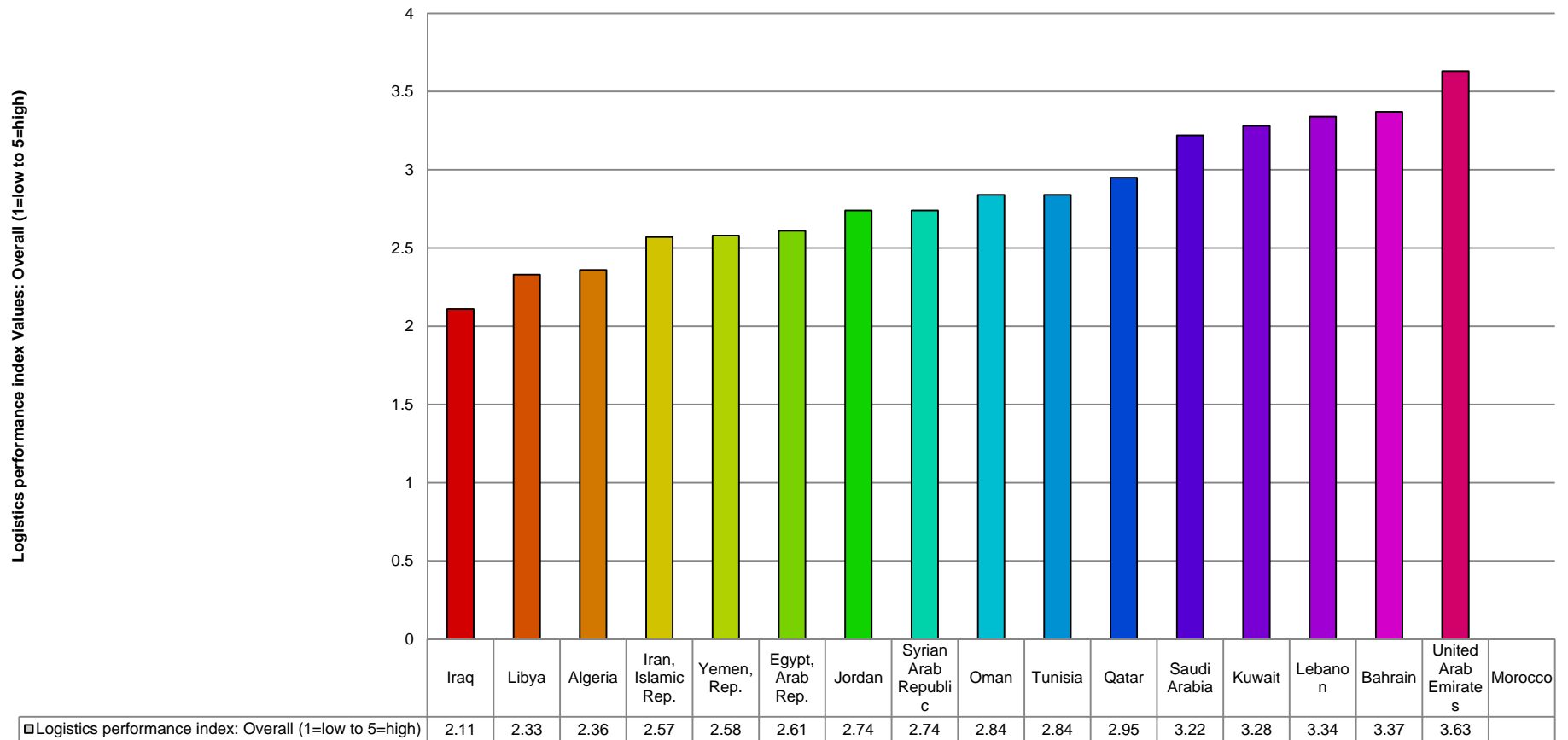
Gulf - Logistics Effectiveness Index Indicators



Obstacles to Business: Logistical Performance

Figure 99

Logistics Performance Index



Logistics Performance Index “overall score reflects perceptions of a country's logistics based on efficiency of customs clearance process, quality of trade- and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time. The index ranges from 1 to 5, with a higher score representing better performance.”

The World Bank, dataBank, World Development Indicators, Accessed February 1, 2012.

<http://data.worldbank.org/indicator/IC.BUS.EASE.XQ>

Problems in Governance – II Uncertain Provision of Key Services

Problems in funding education, health, water, refuse removal, housing, and mixed use of subsidies and barriers.

Uncertain Governance: Education, Health, Utilities, Housing, Infrastructure, etc.

State sector lacks efficiency, integrity.

Government services do not keep up with either rising population or expectations.

Key infrastructure failings, particularly in urban periphery and slums and rural areas.

Oil wealth is relative and often poorly allocated.

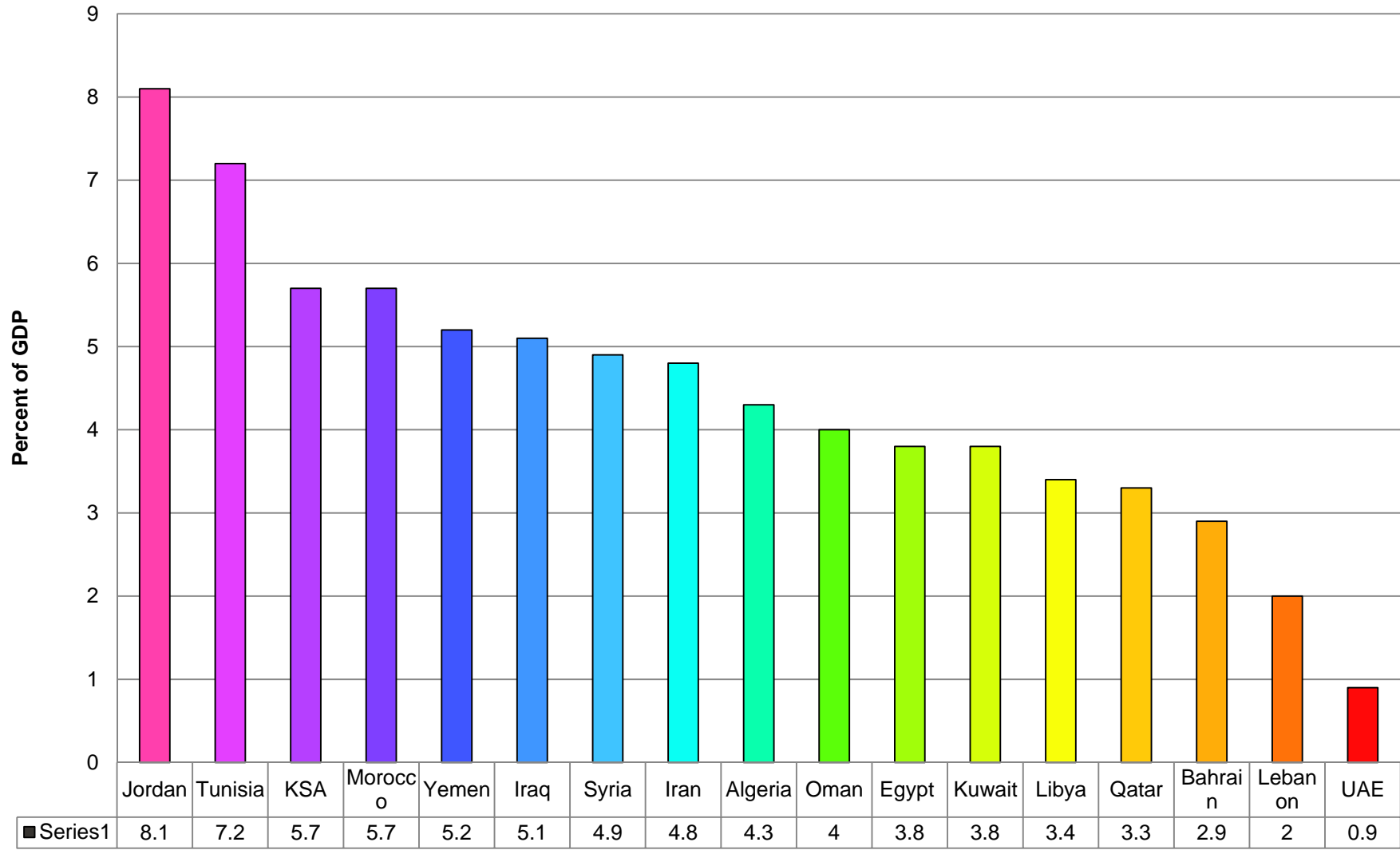
Broad perception that governments are corrupt, unjust, and driven by selfish elites.

Gap between intentions and execution.

Perceived favoritism by crony, ethnicity, sect, tribe, faction, and area.

Education Expenditure (% of GDP)

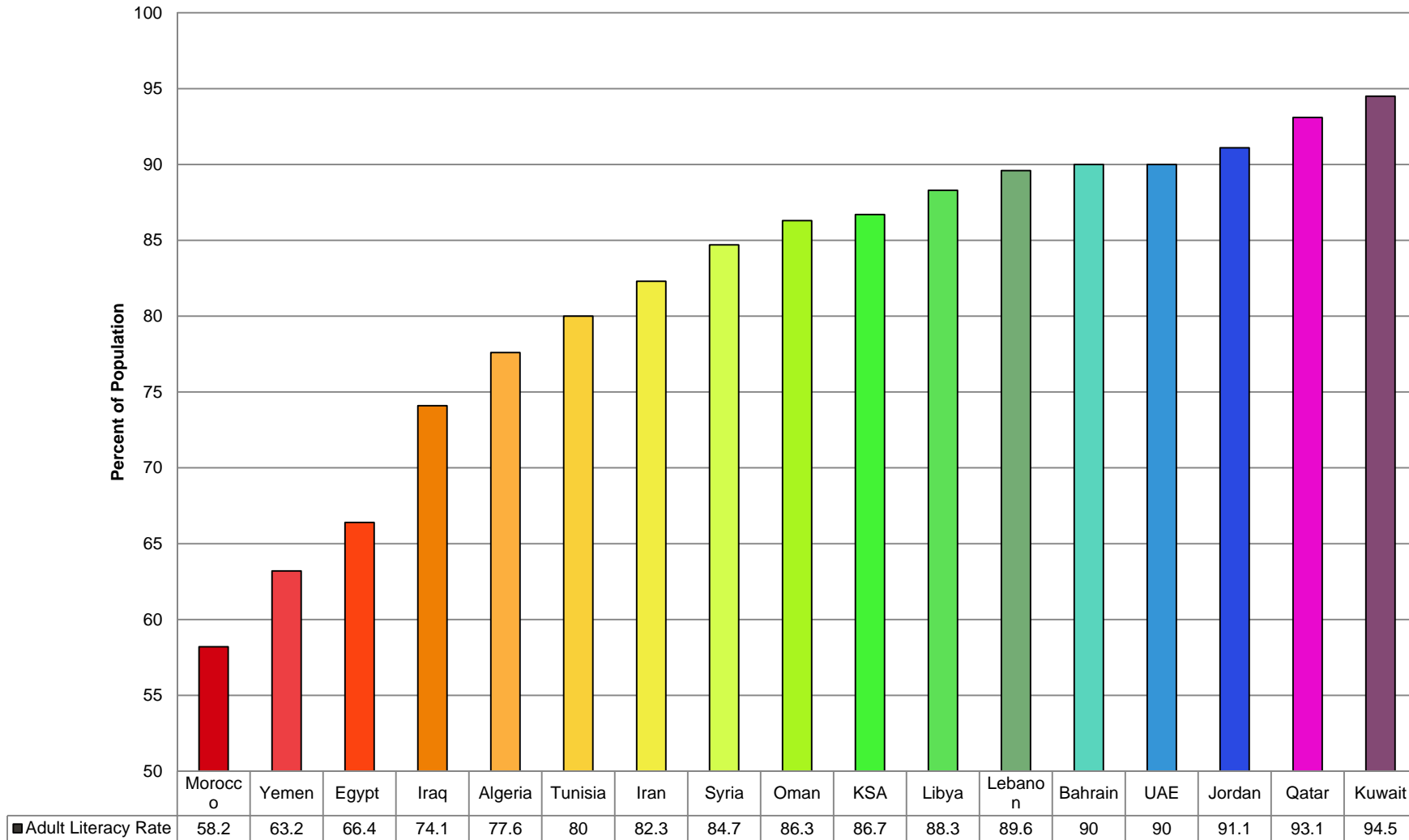
Figure 100



Education Levels

Figure 101

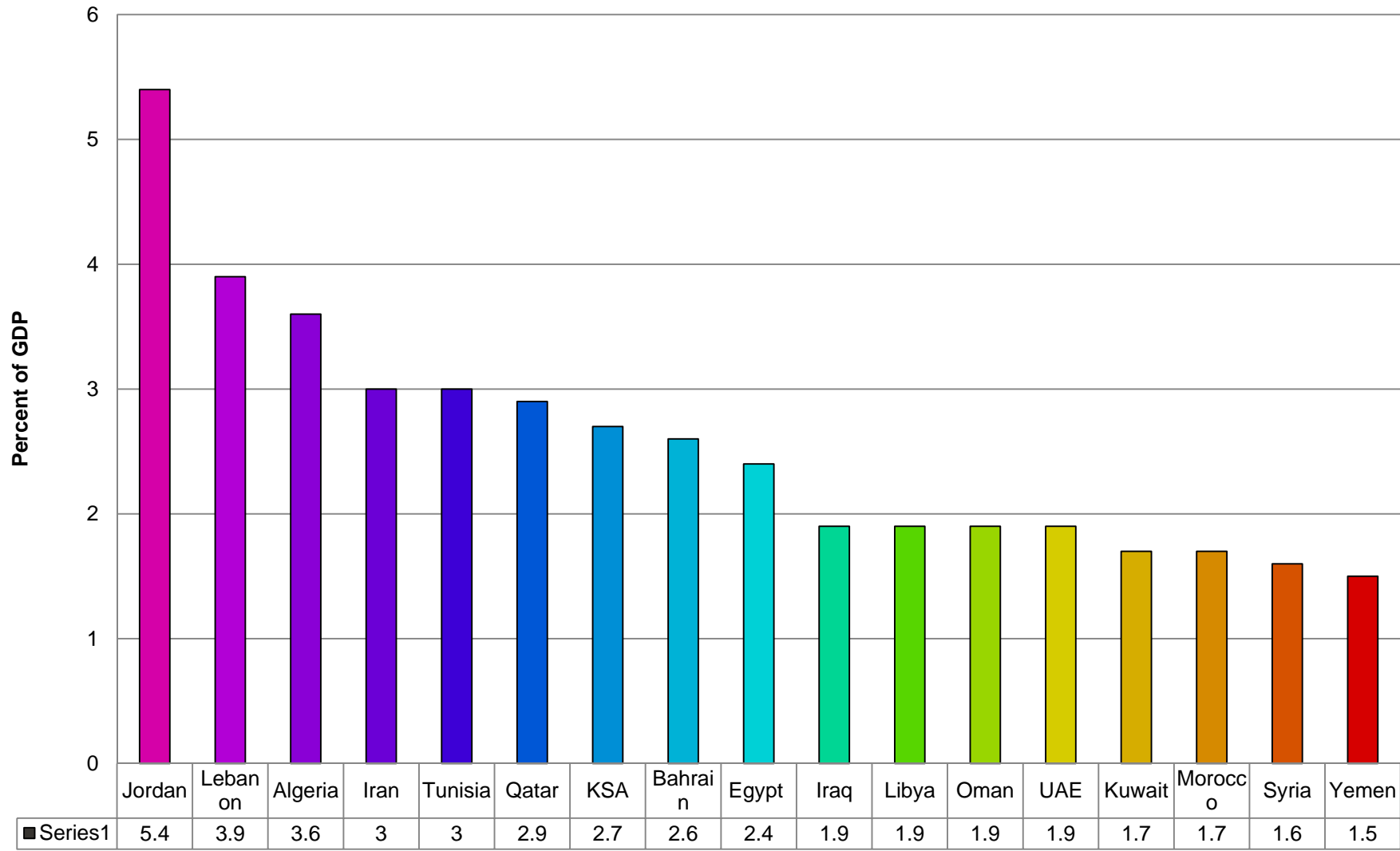
Adult Literacy Rate (% aged 15 and above)



Source: UNDP, Human Development Indicators, 2010.

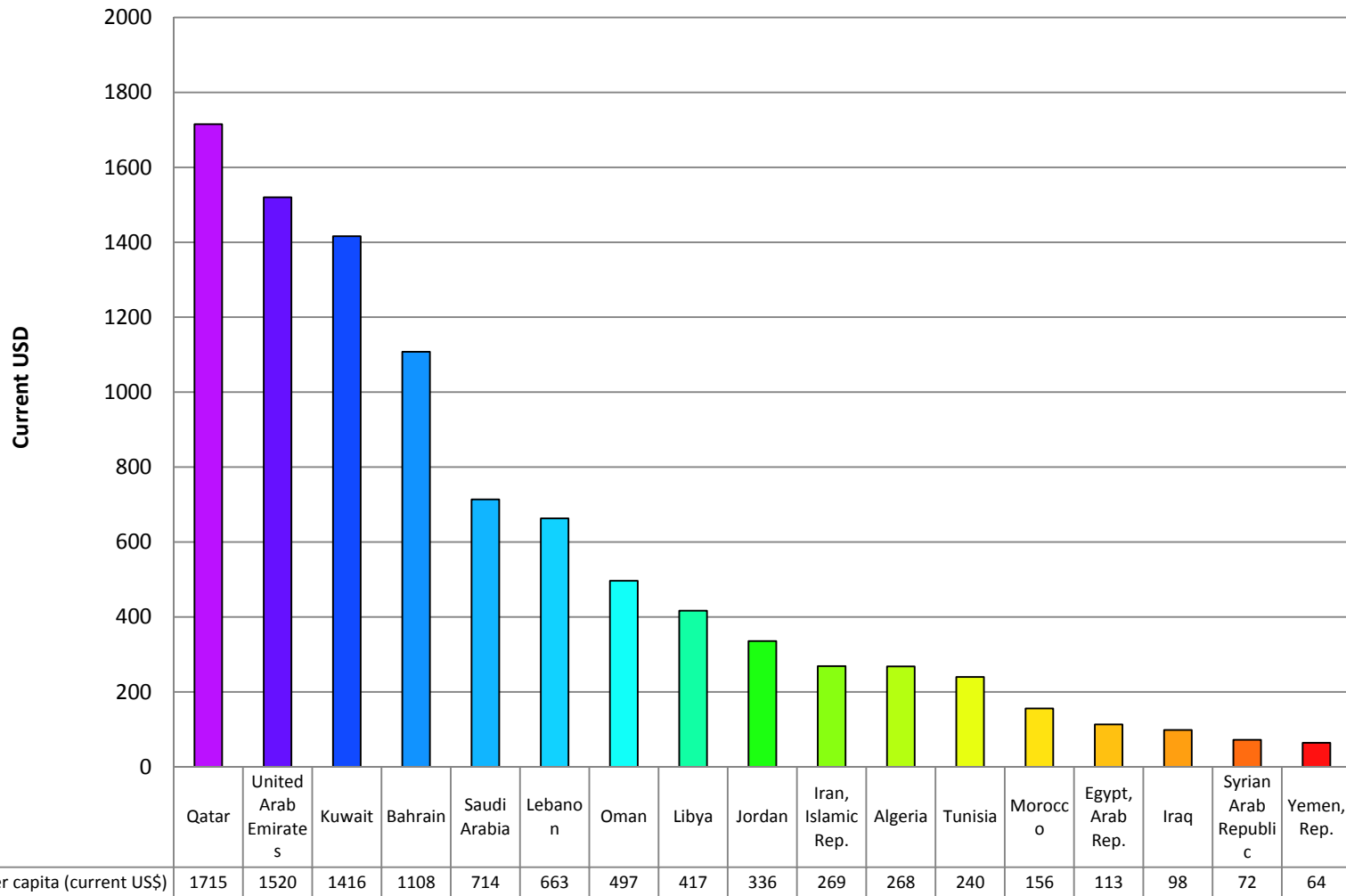
Total Health Expenditures (% of GDP)

Figure 102



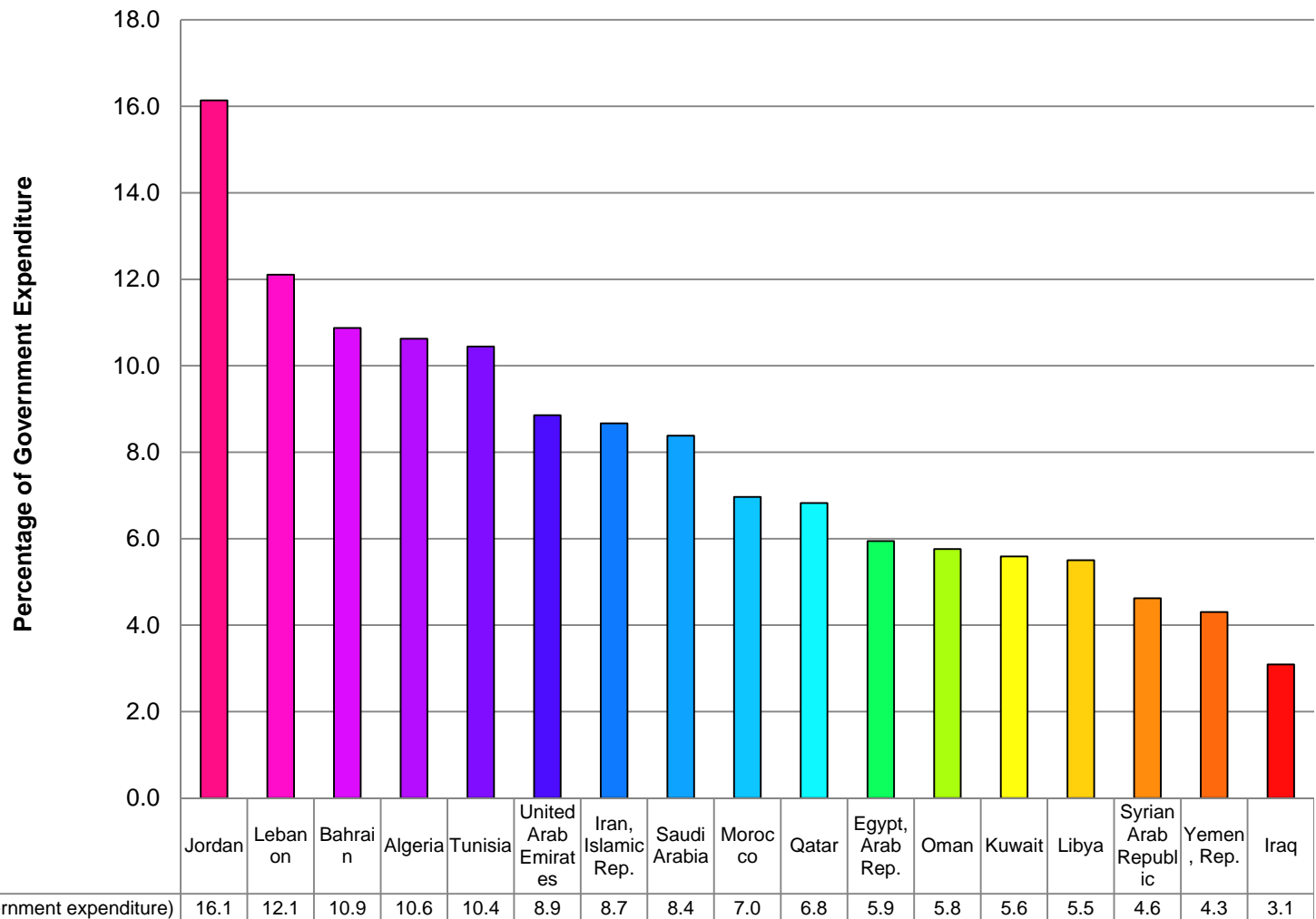
Health Expenditure Per Capita in the MENA Region (in Current USD)

Figure 103



Health Expenditure, Public (% of Government Expenditure)

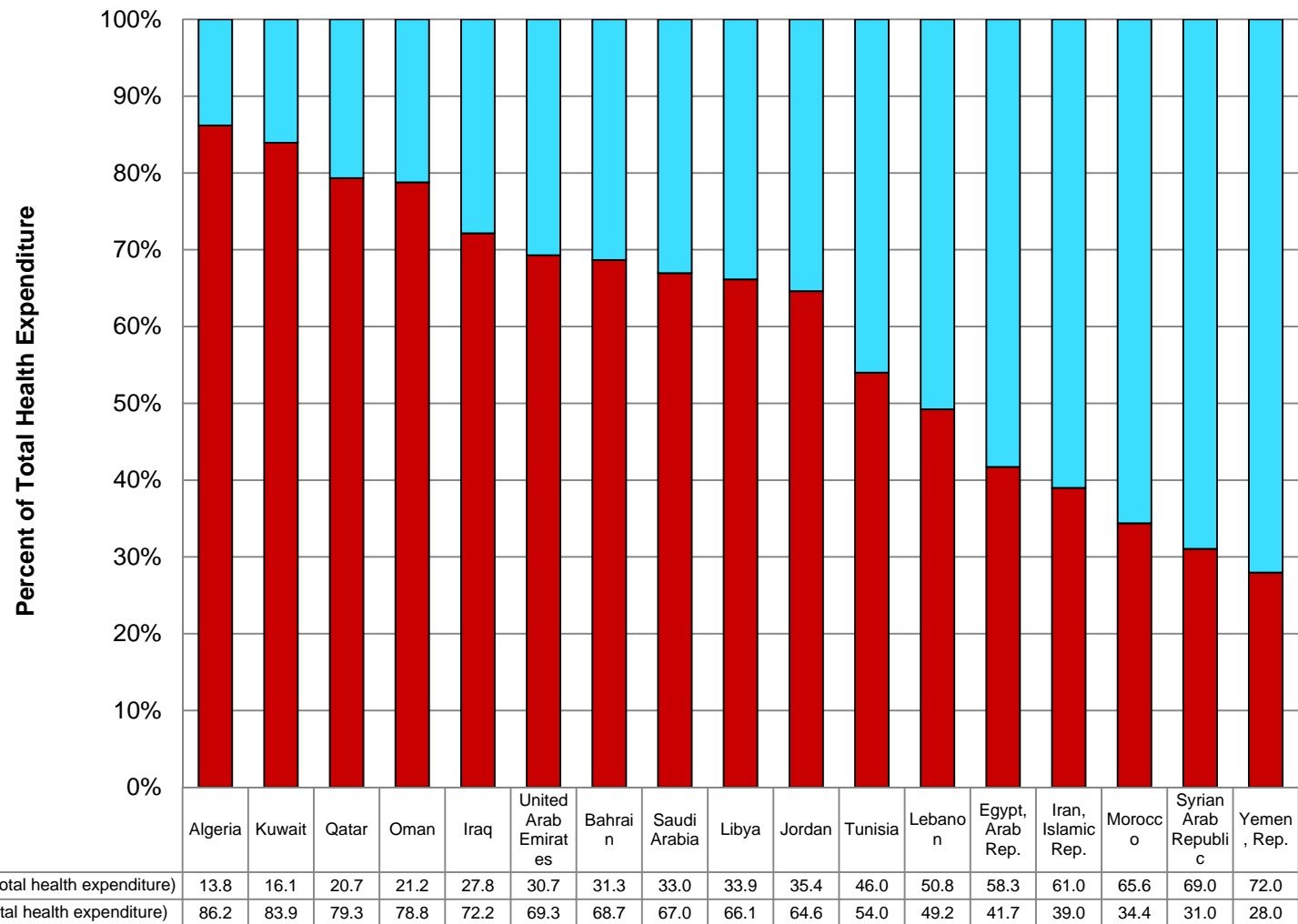
Figure 104



□ Health expenditure, public (% of government expenditure)	16.1	12.1	10.9	10.6	10.4	8.9	8.7	8.4	7.0	6.8	5.9	5.8	5.6	5.5	4.6	4.3	3.1
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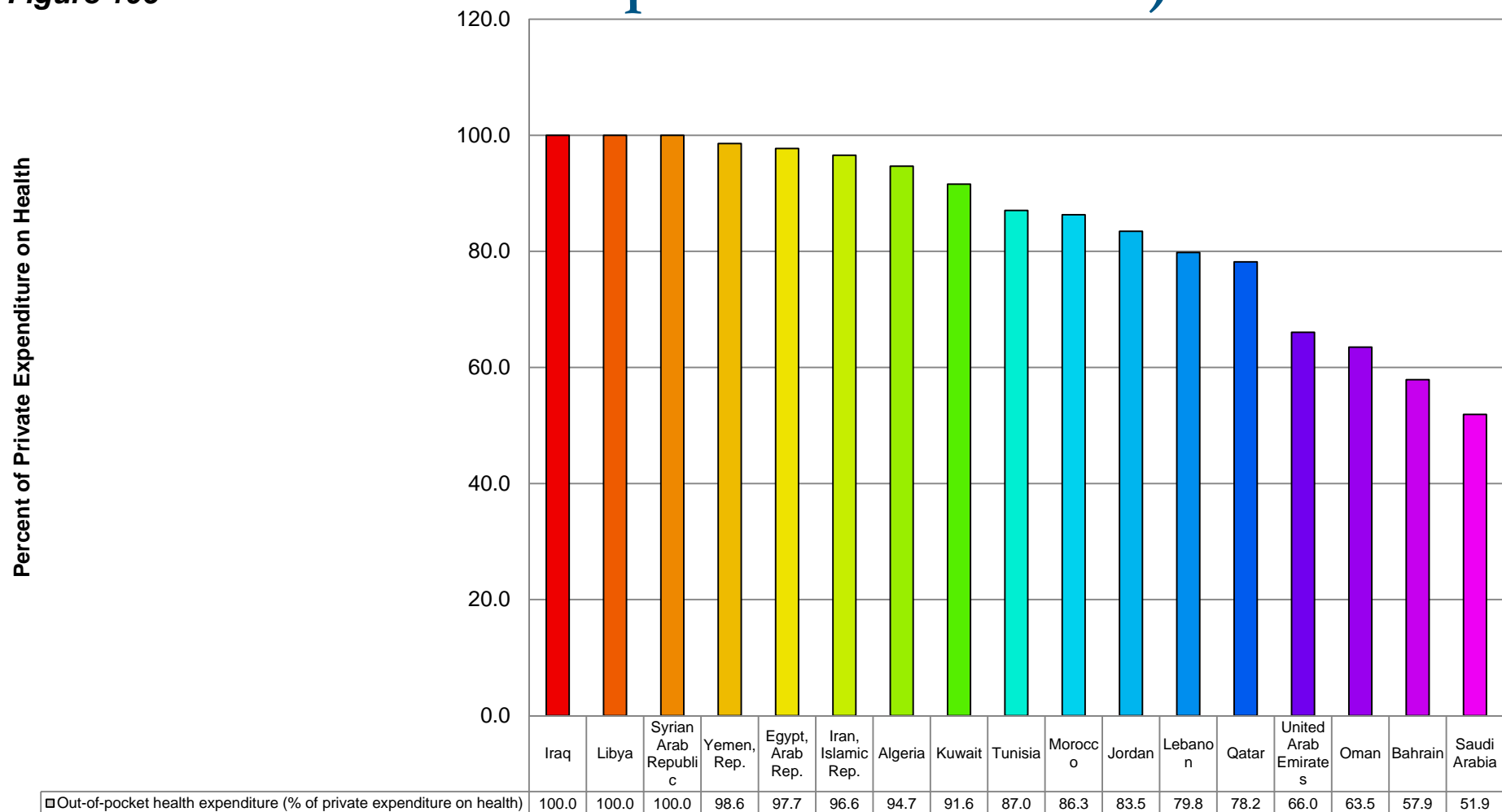
Proportion of Health Expenditure Paid by the Public and Private Sectors

Figure 105



Out-of-pocket Health Expenditure (% of Private Expenditure on Health)

Figure 106

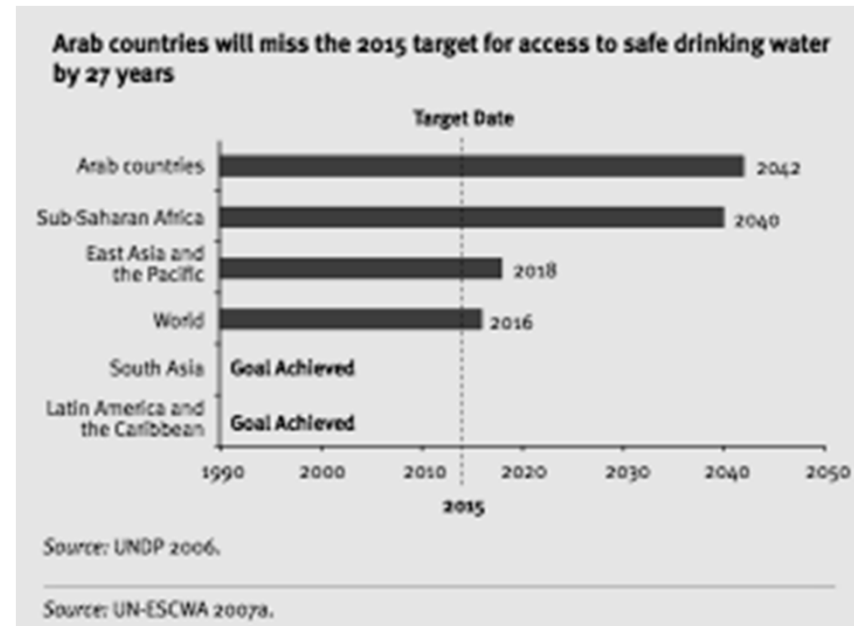
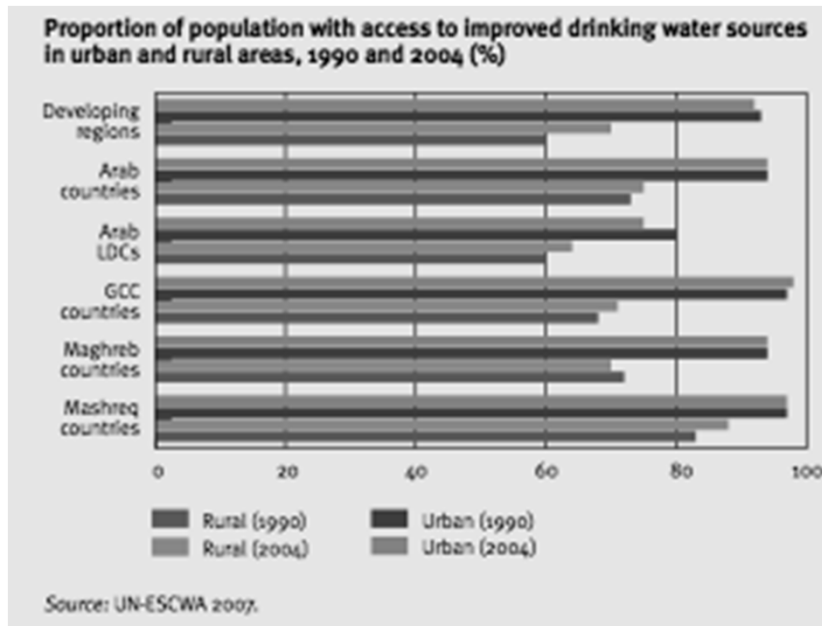


*Note: Out-of-pocket health expenditure is any direct outlay by households, including gratuities and in-kind payments, to health practitioners and suppliers of pharmaceuticals, therapeutic appliances, and other goods and services whose primary intent is to contribute to the restoration or enhancement of health status of individuals or population groups. It is part of private health expenditure.

Safe Drinking Water Adequacy

Figure 108

Figure 107



Arab countries are off track. The proportion of the population in the region using improved drinking water sources rose slightly between 1990 and 2004 from 83 per cent to 85 per cent. It increased from 65 to 68 per cent in Arab LDCs. However, this sub-regional average does not include Somalia where only 29 per cent of the population had access to safe water in 2004. In the other three sub-regions, it reached 86 per cent in the Maghreb, 94 per cent in the GCC countries, and 86 per cent in the Mashreq.