



Economic and Social Commission for Western Asia

Arab Least Developed Countries: Development challenges and opportunities

Foundational elements towards a common vision for the decade 2021-2030

Four member States of the Economic and Social Commission for Western Asia (ESCWA), namely Mauritania, Somalia, the Sudan and Yemen, are categorized as least developed countries. Moreover, Somalia, the Sudan and Yemen are mired in conflicts, and face chronic challenges that prevent them from meeting the criteria required to surpass this category, which are set out in the Istanbul Programme of Action. Although the Governments of these countries are making efforts to build good governance systems to make their economies more resilient, many obstacles and challenges undermine those efforts, notably the outbreak of conflicts, and the intensity of displacement and of irregular, regular or safe migration. They also face external shocks, such as financial crises, crises resulting from high food prices, and the deterioration of world oil prices; weak human, technical and institutional capacity; a lack of technology transfer; the absence of necessary local resources; the prevalence of inequality; and increasing natural disasters as a result of climate change. Furthermore, recent efforts in these countries have been hampered by the health, social and economic impacts of the COVID-19 pandemic. All these factors have led to a vicious cycle of low productivity and weak foreign investment, and ultimately to a low level of human development.

Despite the common characteristics of all these countries, such as their heavy reliance on primary commodities, their vulnerability to external shocks, and low rates of capital formation, each country faces its own specific challenges towards achieving the Sustainable Development Goals (SDGs). The pandemic has exacerbated structural weaknesses in health care, social protection and other vital services, such as the viability of distance learning. However, the pandemic is not the only crisis facing these countries. Environmental challenges, such as floods in the Sudan and Yemen, and drought in Somalia, have further strained resources and crisis management systems, while the raging conflict in Yemen is complicating domestic policy responses, already exacerbated by regional and geopolitical dynamics. Moreover, Mauritania, Somalia, and the Sudan have witnessed transitions of power in the past two or three years. In the Sudan in particular, there is an urgent need to restore security and

stability to areas affected by wars, to provide urgent humanitarian aid to the displaced, and to meet the needs of the population in poor and rural areas.

To confront the structural challenges that undermine the efforts of the Arab least developed countries in the development process, these countries need to develop new methods and policies to stimulate economic growth, create job opportunities for young people, assimilate large numbers of unemployed persons, and make use of technology to create new opportunities. At the social level, combating poverty, exclusion and increasing social marginalization caused by consecutive crises, all of which are structural problems, and achieving social justice requires building governance systems based on the rule of law, transparency, accountability and equality; on the empowerment and effective integration of women and young people; and on addressing structural inequalities. Ways to achieve this include leveraging technology to provide better quality social services to the entire population, especially in the areas of health, education and social protection, particularly in the post-COVID-19 context. The pandemic highlighted the role of good governance and public institutions as key drivers of sustainable development, and the need to develop policies and ensure the necessary investments and reforms to implement an increasingly complex and important agenda towards economic, social and environmental sustainability.

Based on the discussions and outcomes of a regional meeting organized by ESCWA on 18 February 2021 to monitor development challenges and opportunities for the decade 2021-2030, which brought together government representatives of the four least developed Arab countries, Arab donor countries and a number of regional and international institutions, the following founding elements were prepared for a common vision for beneficiary and donor countries:

(a) Strengthening institutional coordination mechanisms between the Arab least developed countries, donors and regional partners, and setting up a monitoring, follow-up and evaluation mechanism to continually follow up the implementation of the next decade's programme, and to conduct a periodic evaluation to identify the achievements, challenges and existing difficulties. It also aims to strengthen coordination and integration mechanisms between organizations, in a way that prevents duplication of efforts and allows harmonization of work according to the national priorities of each country. ESCWA will organize, coordinate and monitor the work of this mechanism, and will establish a transparent platform for exchanging information and sharing the work undertaken by each institution to coordinate development operations;

(b) Ensuring national ownership, achieving integration and coordination between comprehensive development visions, supporting reform programmes emanating from the countries themselves, and working to ensure that the programme for the next decade, to be presented at the fifth United Nations Conference on the Least Developed Countries to be held in early 2022, meets the aspirations and expectations of the Arab least developed countries, to remove them from the category of "least developed countries" and fast track them towards achieving the SDGs;

(c) Developing a clear and effective plan to mobilize sufficient resources to finance the programme and close the resource gap, while taking into account the specificities of each country, and giving priority to countries that suffer from conflict and war. It is necessary to develop innovative initiatives that galvanize support to these countries and close development gaps. For example, it is useful to consider various options to solve financing problems, and to help these countries repay late fees that limit the possibility of using grants that international donors have pledged to these countries,

and which prevent them from being converted into projects to serve citizens. A good method to achieve this is the initiative to suspend debt service payments, which was launched at the G20 Summit hosted by Saudi Arabia;

(d) Transitioning from relief work to development work, and a Triple Nexus approach to relief, development and peace; and working to guide all interventions implemented in the three Arab least developed countries suffering from major humanitarian crises and protracted conflicts. The need for emergency humanitarian aid is certain; however, it must be delivered within a long-term sustainable framework that leads to direct and rapid investment in development, and thus contributes to peace, by focusing on providing security, health, education, communication, infrastructure and other services in conflict-affected areas. Work must be done to secure the safe return of internally displaced persons and refugees to their homes and cities, and ensure that plans related to security, humanitarian issues and development should be mutually supportive in the pre- and post-peace phases;

(e) Stressing that ending conflicts and addressing their roots is a priority for alleviating increasing humanitarian needs, and reducing the effects of conflict not only on the unity and effectiveness of State institutions and infrastructure, but also on the social fabric and social cohesion in general;

(f) Providing support to the least developed countries emerging from conflict and those in transition, by implementing reconstruction and recovery programmes at various levels, including strengthening infrastructure and public institutions and rebuilding human capital. The process of reconstruction and recovery should be led by national institutions, which are accountable to citizens and the law for their results and for building partnerships with private sector institutions, donors and international organizations;

(g) Focusing on building the capacity of institutions and increasing their resources, and on implementing institutions' capacity-building programmes, to effectively contribute to the process of economic recovery and development between partners, donors, and international and United Nations organizations, supporting State institutions, and developing national mechanisms to enable Governments to benefit from this support;

(h) Providing technical support and capacity-building for data and statistics collection and analysis. The Arab least developed countries are impeded by a lack of data that can help in economic planning. Therefore, capacity-building workshops and programmes should be implemented in this field;

(i) Strengthening public health and primary care systems and structures. This is of great importance, especially in view of the COVID-19 pandemic and its effects on society;

(j) Developing the monetary sector and monetary policies; addressing the external debt crisis; securing various types of financing sources, such as joint financing (public and private) or consolidated financing; strengthening self-financing capacity, such as tax reform; and developing the financial sector and financial markets to finance development plans that ensure sustainability and achieve human security. Training courses should be organized in these various fields; and technical assistance should be provided to countries to develop local capital markets, and implement programmes to finance development and establish partnerships between the public and private sectors;

(k) Focusing on sustainable and green economic development, infrastructure development, strengthening growth, creating green job opportunities, valuing the capacity of productive sectors, and accelerating self-sufficiency in the field of food security. The private sector, both formal and informal, should be supported, given the importance of its role in transferring technical expertise. Since most of the Arab least developed countries have agricultural, livestock and fishery wealth, but are not linked to global production chains in a way that enhances opportunities for establishing profitable and sustainable production sectors, there is a need to support them in supply chains, from fields to markets, taking into account the importance of green and considerate economic development to mitigate the effects of climate change.