Monitoring SDGs for Arab countries

Policy Brief, Goal 8, Decent Work & Economic Growth

prepared[1]

Cercle des Economistes Arabes, for

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Monitoring the SDGs

In the framework of its critical engagement in the 2030 Agenda, ANND has launched an effort to document national programs for the implementation of the Sustainable Development Goals (SDGs) and socio-economic reform initiatives in the Arab region. This effort takes the form of national assessment reports and seeks to check if such implementation is made within a comprehensive rights-based development strategy, adopted with an inclusive, participatory and transparent approach.

The assessment reports link between monitoring and evaluation by Civil Society Organizations (CSOs) of the implementation of Agenda 2030 and other similar human rights monitoring mechanisms. They shed light on the necessity to adopt an inclusive social dialogue for policy making at the national level. With the limited resources available, the reports shall be made on a few countries (namely Jordan, Egypt and Morocco) and shall focus on 3 SDGs only:

- Goal 1 End poverty in all its forms everywhere
- Goal 8 Promote inclusive and sustainable economic growth, employment and decent work for all
- Goal 10 Reduce inequality within and among countries

In addition, ANND is launching in collaboration with the Cercle des Economistes Arabes an effort to monitor SDG indicators in Arab countries, in particular those related to the 3 SDGs above. This Policy brief is dedicated to Goal 8.

The SDGs Indicators

The UN has established an "Inter-Agency Expert Group on Sustainable Development Goals indicators" (IAEG-SDGs), where 3 Arab countries are members: Algeria, Bahrain and Egypt. An initial report on the indicators was issued in June 2015[2]. In February 2016, the UN Economic and Social Council issued its report[3] giving the final list of proposed SDGs indicators, for consideration by the Statistical Commission. Nine indicators were chosen for Goal 1, fifteen for Goal 8, and thirteen for Goal 10.

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[1] This brief has been prepared by Samir AITA.

[2] Sustainable Development Solutions Network (SDSN): *Indicators and a monitoring framework for the Sustainable Development Goals; Launching a data revolution for the SDGs; a report to the Secretary general of the UN*; June 12, 2015.

[3] UN ECOSOC : *Report of the Inter-Agency and Expert Group on Sustainable development Indicators*, E/CN.3/2016/2/Rev.1.

CSOs have criticized the way in which the indicators have been set.[4] It was also the case for many governments who found the chosen indicators biased, not matching the spirit of the SDGs, and influenced by choices made by International Financial institutions (IFIs) and rich countries. On March 11, 2016, the UN Statistical Commission recognized that "*the development of a robust and high quality indicator framework is a process that will need to continue overtime and authorized the IAEG-SDGs to continue its work*", beyond considering the list of February 2016 "*as a practical starting point*". On the other hand, the UN Statistics Division (UNSD) showed the "*widespread distrust of many developing countries*" on the process of choice, further development, and comparability of indicators.

Arab SDG statistics

In addition, Arab CSOs have noted that, in fact, economic and social statistics and surveys are not conducted yearly in most Arab countries, as requested in the framework of the 2030 Agenda. They do not often follow international standards. The results of which are also not accessible to the public in detail in order to assess the validity of the indicators transmitted by governments to UN and international agencies. This leaves CSOs lacking tools to defend their position on several core issues of the SDGs.

The SDG Index

The Sustainable Development Solutions Network (SDSN) launched in 2016a first SDG index and dashboards report,[5] including an SDG index[6]. It was followed by a second report in July 2017[7]. ECOSOC had more recently issued a Report to the UN Secretary General on progress towards SDG's[8].

Fig 1. SDG Index 2016/ GDP per capita ppp US$ 2015
Calculation by author

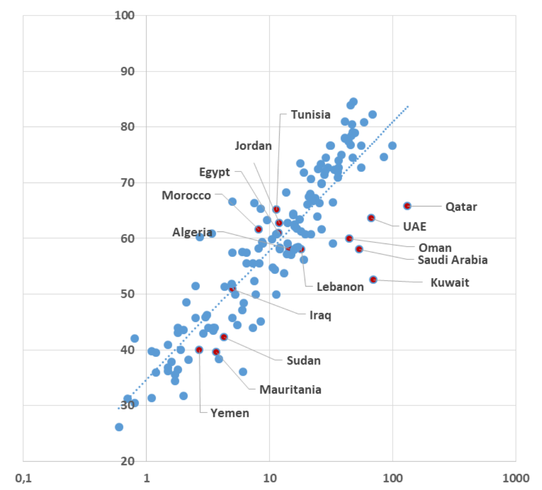
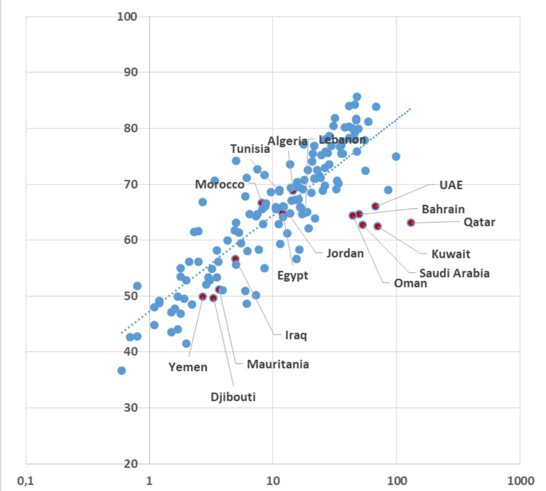


Fig 2. SDG Index 2017/ GDP per capita ppp US$ 2015
Calculation by author



The comparison between 2016 and 2017 general indexes show an improvement for all low-income countries; the tendency curve gives a score of over 45 for countries with GDP per capita ppp of US$ 1,000, instead of around 35. This improvement is not observed for all medium-income and high-

[4] Barbara Adams and Karen Judd : *2030 Agenda and the SDGs: Indicator framework, monitoring and reporting*; Global Policy Watch, March 18, 2016.
[5] SDSN : *SDG Index & Dashboards. A Global Report*; 2016.
[6] http://www.sdgindex.org/
[7] SDSN: *Global Responsibilities; International Spillovers in Achieving the Goals;* July 2017.
[8] UN ECOSOC: *Progress Towards Sustainable Development Goals. Report to the Secretary General*; E/2017/66*.

income Arab countries. Per example, Qatar has regressed from the rank 49 to 98, and Egypt from the rank 66 to 87.

SDG Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG goal 8 is a complex one, involving both economic development and employment issues, and includes several targets. The IAEG-SDGs has suggested its monitoring with the following list of indicators[9]:

Target 8.1 Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries.

The indicator here is the annual growth of GDP (or GNI) per capita (tier1, US$ ppp). ECOSOC has reported that GDP growth is decelerating for the least developing countries from 7,1% for 2005-2009 to 4,9% for 2010-2015, well below target. The SDSN adopted this indicator, adjusted to income levels[10]. Most of Arab countries were assessed underachievers: Mauritania (value -10,2 from target), Djibouti (-8,0), Saudi Arabia (-3,8), Tunisia (-3,6), Qatar (-3,3), Sudan (-3,1), Bahrain (-2,9), Morocco (-2,1), Algeria (-1,7), Jordan (-0,9)[11].

Target 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.

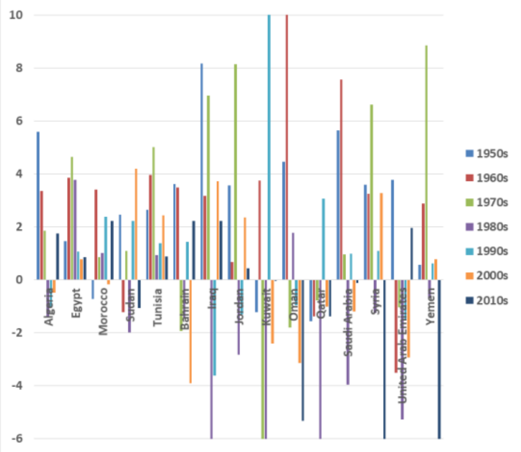


Fig 3. Growth rates of labor productivity in the Arab countries

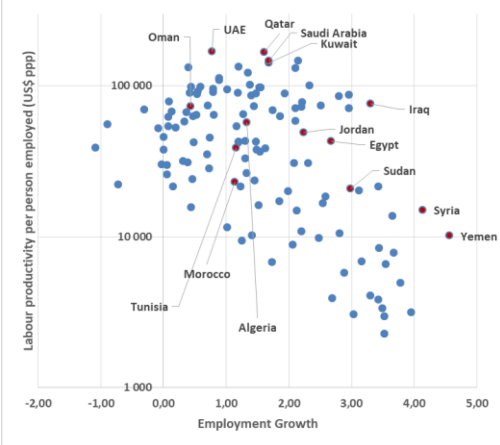


Figure 4. Labour productivity 2017

The proposed indicator in this case is the annual growth rate of GDP per employed person (labor productivity, Tier 1). ECOSOC observes also its decline for a world average of 2,9% (2000-2008) to 1,9% (2009-2016), and that this has adverse effects on living standards and real wages. This decrease[12] has been observed recently in most Arab countries (figure 3), more dramatically than world average (except for Morocco, Bahrain, Iraq and UAE). This is

[9] With their classification as tier 1, 2 or 3 depending on difficulty of compilation.
[10] Where rich countries are expected to grow less) and expressed relative to the US growth performance. GDP is the sum of gross value added by all resident producers in the economy, plus any product taxes and minus any subsidies not included in the value of the products. ***Source***: World Bank (2017a). Years: 2015
[11] It is worth noting that SDSN assumes as missing the data for Egypt, Lebanon and Syria.
[12] Such data are compiled in https://www.conference-board.org/.

while earlier decades have experienced comparatively higher but not significantly growth rates. Yemen and Syria experienced even a sharp decrease because of their wars (<-9% yearly).

However, this indicator has to be taken with care as it depends on the type of production concerned (resource extraction or others), on the international context (world economic crisis, oil prices, etc.) and on internal factors (rural-urban migration, development of manufacturing or services). Gulf countries experience the highest world labor productivities, while most of the others lie much below. SDSN does not consider labor productivity for its SGD indicator.

Target 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

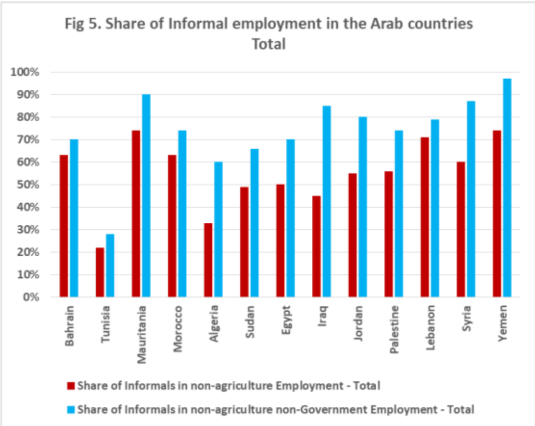


Fig 5. Share of Informal employment in the Arab countries Total

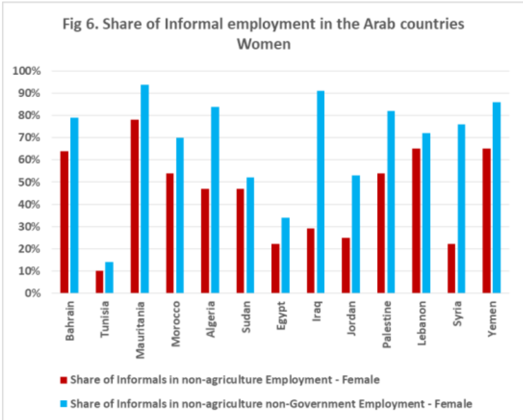


Fig 6. Share of Informal employment in the Arab countries Women

For this target, the IAEG-SDGs recognizes that the decent jobs aspect is the most important, as it proposed as only indicator the proportion of informal employment in non-agriculture employment, by sex (Tier II). This is not the case for ECOSOC report, which analyzes unemployment rates. SDSN includes only an indicator on the bancarization of the population, which can also be used for target 8.10 (see below).

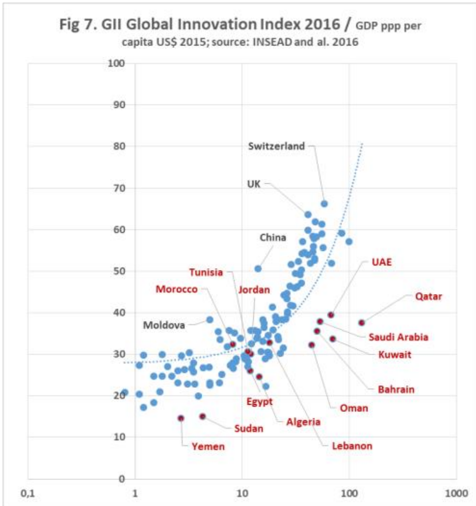


Fig 7. GII Global Innovation Index 2016 / GDP ppp per capita US$ 2015; source: INSEAD and al. 2016

A recent Arab Watch Report[13] had shown that total non-agricultural informal employment is widespread in the Arab countries (except Tunisia); and its share is well above 60% if government employment is also excluded (figure 5). Women are less subject to non-agricultural informal employment (figure 6) as a large part of them works in the government sector.

Innovation is also a major key issue for this target, tackled also in Goal 9. Special efforts are made to measure and compare innovation worldwide, in particular through the Global Innovation Index[14] (figure 7). For the Arab countries, the ESCWA had

[13] See Samir AITA: *Informal Labor: Facts and Rights*; Arab Watch Report, ANND, 2017.

[14] https://www.globalinnovationindex.org/

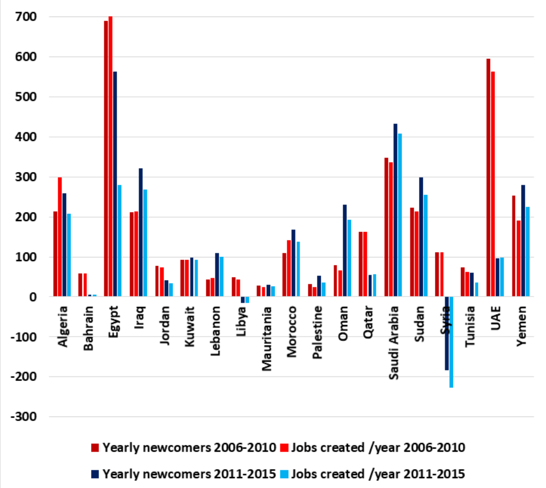
taken the lead for promoting and fostering innovation policies, including for SMEs[15].

Target 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

The IAEG-SDGs has selected two indicators for this target: 8.4.1 material footprint per capita and per GDP and domestic material consumption per capita and GDP (both classified tier II), used also for Goal 12. This is without tackling the key environmental aspect of this target. Furthermore, SDSN does not monitor this dimension. Although the Arab countries were recognized as having the highest energy intensity[16] of GDP in the world, contributing to almost one third of world's total CO2 emissions[17]. Thus, the monitoring of this target is key for measuring achievements in SDG goal 8 in the Arab countries.

Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

Fig 8. Yearly newcomers and jobs created in the Arab countries



Here again, two indicators were selected by the IAEG-SDGs: 8.5.1 Average hourly earnings of female and male employees, by occupation, age and persons with disabilities (tier II) and 8.5.2 Unemployment rate, by sex, age and persons with disabilities (tier I). SDSN tackles this target with a measure of unemployment.

In the Arab countries, data are available for average hourly earnings. The same applies for unemployment, but this measure is arguable especially in the context of the Arab countries, which experience strong variations of the labor force, despite the low economic participation and high unemployment for youth, women and persons with disabilities. There is then a need to develop monitoring and analysis on average wage, and to follow more precise indicators for employment, such as economic participation, ratio of newly created jobs to yearly newcomers (fig 8)[18].

Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

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[15] See Samir AITA: *The Innovation Landscape in the Arab Countries*: A Critical Analysis; ESCWA report E/ESCWA/TDD/2017/Technical Paper.1, May 19, 2017.

[16] Amount of energy necessary to produce one unit of GDP. See BP Energy Outlook 2035, www.bp.com/energyoutlook.

[17] Gail Tverberg: *Thoughts on why energy use and CO2 emissions are rising as fast as GDP*, November 30, 2011, http://ourfiniteworld.com/2011/11/30/thoughts-on-why-energy-use-and-co2-emissions-are-rising-as-fast-as-gdp/, and Samir AITA: *The EU and Energy in the Arab countries*; in *Where the Grass is Less Green*; CEE Bankwatch; April 2016.

[18] Samir AITA: *Informal Labor: Facts and Rights, 2017, op.cit.*

IAEG-SDGs has selected one indicator for this target: 8.6.1 Proportion of youth (aged 15-24 years) not in education, employment or training (NEET, Tier1). SDSN does not consider this dimension.

Little efforts had been made to collect, analyze and monitor this easily accessible indicator, which is complementary to the statistical concept of "economic participation". This is while some studies[19] had shown that NEET rates are high in the Arab countries comparatively to world average and that it mostly affect females (35% for Egypt, 17% for males and 54% for females). There is then a need to develop monitoring and analyses on this indicator.

Target 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

IAEG-SDGs and SDSN adopted one indicator: 8.7.1 Proportion and number of children aged 5-17 years engaged in child labour, by sex and age. SDSN considers this indicator, but limited to age 5-14 years, as reported by UNICEF and in international statistics.

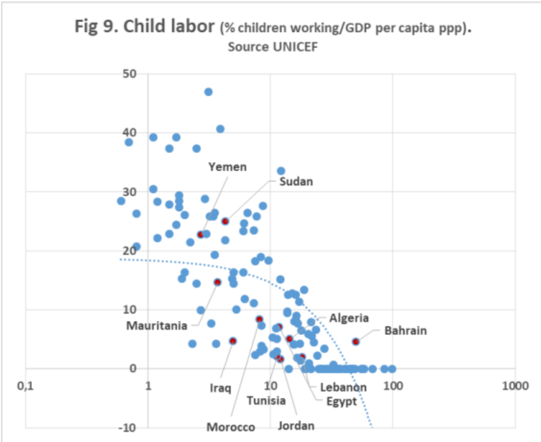

Fig 9. Child labor (% children working/GDP per capita ppp). Source UNICEF

The Arab countries still experience child labor, despite the ratification of the corresponding ILO convention. Yemen, Sudan and Bahrain are still well above world trends. Also data are absent on some Gulf countries. In addition, recruitment and use of child soldiers have been reported in Syria, Iraq and Yemen.

Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

IAEG-SDGs adopted two indicators for this target: 8.8.1 Frequency rates of fatal and non-fatal occupational injuries, by sex and migrant status and 8.8.2 Increase in national compliance of labour rights (freedom of association and collective bargaining) based on International Labour Organization (ILO) textual sources and national legislation, by sex and migrant status (both tier 1). SDSN does not consider them.

A large share of migrant workers in the work force characterizes many Arab countries. This is particularly the case of Gulf countries, where working migrants can constitute multiples of working nationals. But it is also the case of other countries receiving asylum migrants (Palestinian, Syrian, Sudanese, etc.) seeking work for decent life. An important part of the migrant workers is informal workers, as they don't have access to the right of work, and to labour right. The recent Arab Watch Report[20] has shown that 73% of migrant workers in Bahrain are informal (84% for women), with no access to social security. This is despite the fact that Bahrain was best among Gulf countries to abide by ILO conventions. It also showed

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[19] Seee ETF: *Young People Not in Employment, Education and Training (NEET), An Overview in ETF Partner Countries*; August 2015.

[20] [20] Samir AITA: *Informal Labor: Facts and Rights, 2017, op.cit*.

that 96% of Palestinians, 99% of Syrians and 90% of other migrant workers (mostly home workers) are in informal employment.

Target 8.9 By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products

The two selected indicators for this target were: 8.9.1 Tourism direct GDP as a proportion of total GDP and in growth rate and 8.9.2 Number of jobs in tourism industries as a proportion of total jobs and growth rate of jobs, by sex, with no reporting by SDSN.

Both indicators are important for Arab countries, especially Morocco, Tunisia, Egypt, Lebanon and Saudi Arabia. The Arab tourism industry has significantly suffered recently from terrorist attacks.

8.10 Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

Two indicators for this target: 8.10.1 Number of commercial bank branches and automated teller machines (ATMs) per 100,000 adults and 8.10.2 Proportion of adults (15 years and older) with an account at a bank or other financial institution or with a mobile-money-service provider. In 2016, SDSN chose to consider the first indicator, comparing numbers of automated teller machines. Another indicator is selected in 2017: the percentage of adults (>15 years) with an account at a bank.

For both indicators, the Arab countries lie most below world average trends.

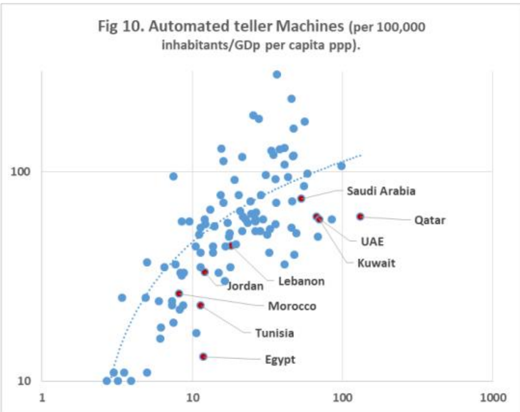


Fig 10. Automated teller Machines (per 100,000 inhabitants/GDp per capita ppp).

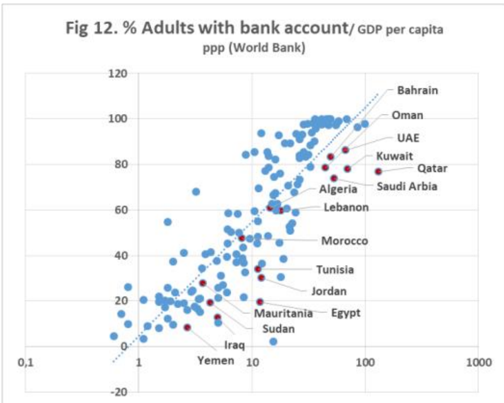


Fig 12. % Adults with bank account/ GDP per capita ppp (World Bank)

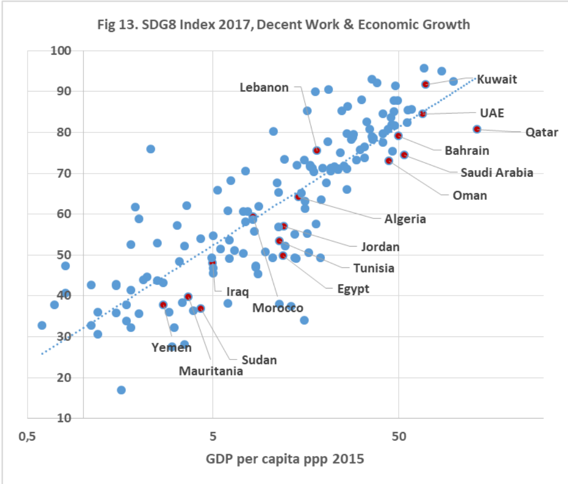
Target 8.a Increase Aid for Trade support for developing countries, in particular least developed countries, including through the Enhanced Integrated Framework for Trade-related Technical Assistance to Least Developed Countries

Target 8.b By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization

For the two additional targets, IAEG-SDGs selected the following indicators: 8.a.1 Aid for Trade commitments and disbursements (tier I) and 8.b.1 Total government spending in social protection and employment programmes as a proportion of the national budgets and GDP (tier III). No reporting is made by SDSN.

SDG8 global Index

From the 4 indicators it has selected for SDG8, SDSN has driven an index and ranking comparing countries in the world. The results for 2017 show as in figure 13.



Arab countries appear grouped into 3 categories according to their wealth. The low-income Arab countries are well below world trends. Those with medium-income look arguable. Tunisia, which has the lowest informal employment rate, has much lower index than Lebanon that has a large informal sector. This is while growth in both countries is similar. The index values for high-income Gulf countries are also arguable as they are characterized by large informal employment, non-respect of migrant workers rights, and dependency on oil revenues.

Recommendations

Owing to the above analyses, Arab CSO's can not consider the SDG index of SDSN as a way to monitor progress on SDG8 in the Arab countries. However, most of the IAEG-SDGs selected indicators for the individual targets of SDG8 are tier I, easily collectable from available statistics and surveys. This policy brief recommends then that:

- Target 8.1: Arab CSO's need to monitor global and non-oil per capita GDP in order to asses progress.
- Target 8.2: Arab COS's need to monitor global and non-oil GDP per capita, and analyse it in terms of growth of labor force and employment (total and especially decent).
- Target 8.3: Arab CSO's need to monitor informal employment, especially in non-agricultural and non-governmental sectors, by sex as well as progress of innovation, especially for SMEs.
- Target 8.4: Arab CSO's need to monitor energy intensity in the Arab countries, as well as pollution emissions.
- Target 8.5: Arab CSO's need to monitor average wages, economic participation, unemployment and the ratio of newly created jobs to yearly newcomers, especially for young people, women and persons with disabilities.
- Target 8.6: Arab CSO's need to monitor and analyze the NEET rate by sex.
- Target 8.7: Arab CSO's need to monitor child labor as well as recruitment and use of child soldiers.
- Target 8.8: Arab CSO's need to monitor occupational injuries, as well as the informal employment, by sex and migrant status.
- Target 8.9: Arab CSO's need to monitor data on share of tourism in GDP and employment.
- Target 8.10: Arab CSO's need to monitor data the access of the population to bank accounts (including mobile) and financial and insurance services.

The effort to build a monitoring mechanism within CSO's on these 10 targets, and government policy towards them, is worth doing, as it concerns core aspects of the development paradigm in the Arab countries.