



UNITED NATIONS DEVELOPMENT PROGRAMME
ARAB FUND FOR ECONOMIC AND SOCIAL DEVELOPMENT

ARAB HUMAN DEVELOPMENT REPORT 2003

Building a Knowledge Society

AHDR 2002 challenged the Arab world to overcome three cardinal obstacles to human development posed by widening gaps in freedom, women's empowerment and knowledge across the region.

Looking at international, regional and local developments affecting Arab countries since that first report was issued confirms that those challenges remain critically pertinent and may have become even graver, especially in the area of freedom.

Nowhere is this more apparent than in the status of Arab knowledge at the beginning of the 21st century, the theme of this second report. Despite the presence of significant human capital in the region, AHDR 2003 concludes that disabling constraints hamper the acquisition, diffusion and production of knowledge in Arab societies. This human capital, under more promising conditions, could offer a substantial base for an Arab knowledge renaissance.

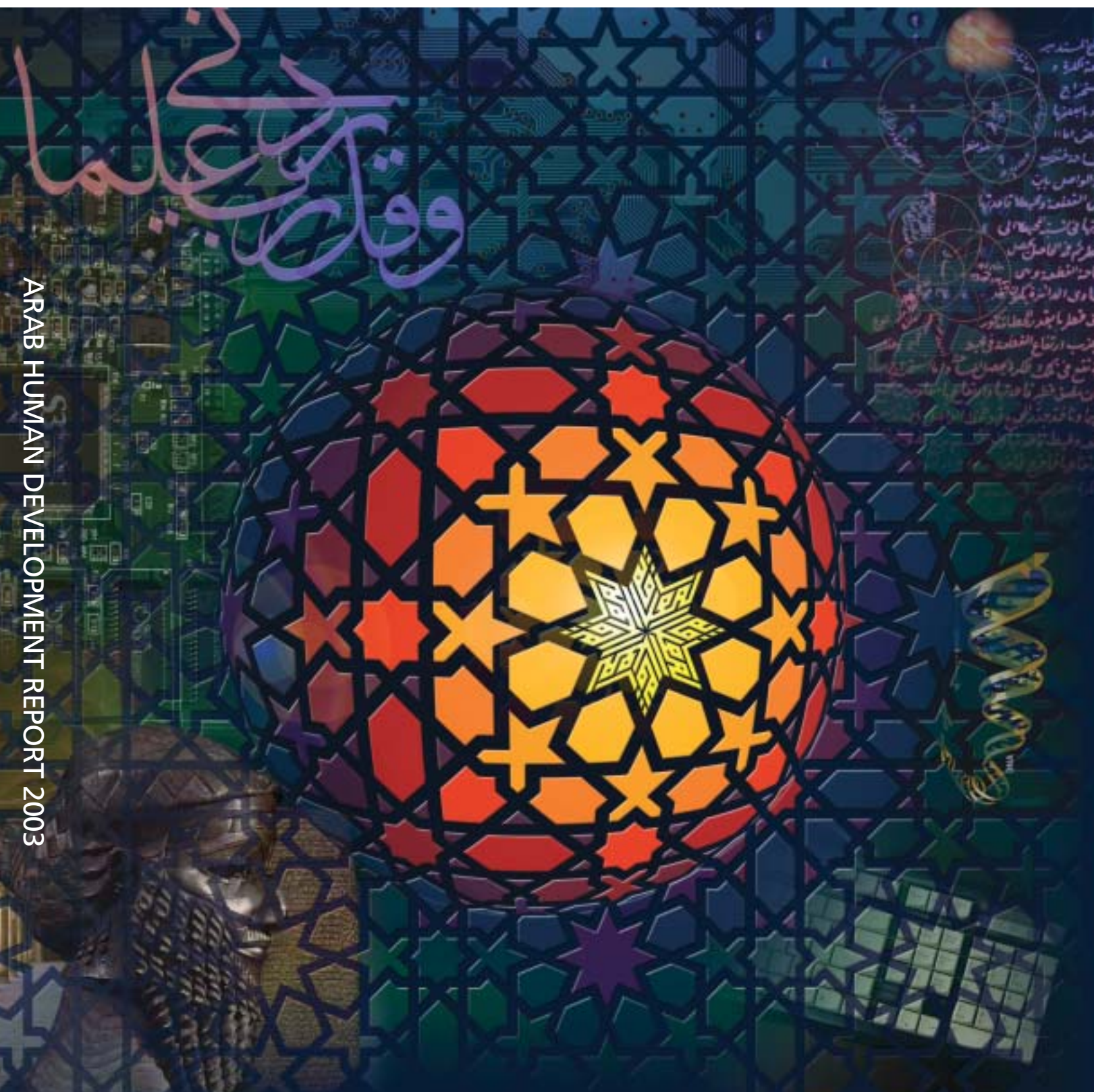
The Report affirms that knowledge can help the region to expand the scope of human freedoms, enhance the capacity to guarantee those freedoms through good governance and achieve the higher moral human goals of justice and human dignity. It also underlines the importance of knowledge to Arab countries as a powerful driver of economic growth through higher productivity.

Its closing section puts forward a strategic vision for creating knowledge societies in the Arab world built on five pillars:

1. Guaranteeing the key freedoms of opinion, speech and assembly through good governance bounded by the law.
2. Disseminating high quality education for all.
3. Embedding and ingraining science, and building and broadening the capacity for research and development across society.
4. Shifting rapidly towards knowledge-based production in Arab socioeconomic structures.
5. Developing an authentic, broadminded and enlightened Arab knowledge model.

AHDR 2003 makes it clear that, in the Arab civilisation, the pursuit of knowledge is prompted by religion, culture, history and the human will to achieve success. Obstructions to this quest are the defective structures created by human beings – social, economic and, above all, political. Arabs must remove or reform these structures in order to take the place they deserve in the world of knowledge at the beginning of the knowledge millennium.

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THE ARAB HUMAN DEVELOPMENT REPORT 2003

Building a knowledge society



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FOR ARAB STATES

ARAB FUND FOR ECONOMIC AND
SOCIAL DEVELOPMENT

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Foreword by the Administrator, UNDP

Last year's inaugural Arab Human Development Report was by any standard a phenomenon. As the more than one million copies downloaded off the Internet so far testifies, its groundbreaking analysis of the region's development challenges catalysed an unprecedented wave of debate and discussion in both Arab countries and the wider world. Even that understates its true impact: measured by the fierce arguments it continues to provoke from coffee houses to television talk-shows to parliaments and beyond it is clear why *Time* magazine cited it as the most important publication of 2002. The reason for this impact is simple but important. As a pioneering and provocative study produced by a team of Arab scholars, policy analysts and practitioners at a time of enormous economic, social and political ferment its central messages -- that reform is necessary and if it is to be successful and sustainable then change has to come from within -- carried unique authority. The United Nations Development Programme is proud to have sponsored it.

In the twelve months since that report came out, several Arab countries have taken significant steps toward grappling with the challenges it set out. At the same time, however, two other events -- the intensification of conflict in the occupied Palestinian territories and the invasion of Iraq by coalition forces -- have complicated matters. The first Arab Human Development Report carried broad support across normal political divides by highlighting the three deficits afflicting the Arab world -- freedom, women's rights and knowledge -- and stressing the importance of democracy as part of the solution to bridging them. However, reaction to both the events in Iraq and the Occupied Territories shows, once again, how divided the international community is on the "how" of such reforms. For

much of the Arab world -- and, indeed, global public opinion -- military action was not the best way to promote democratic change. Hence the strong reassertion in this report of a key tenet of its predecessor: lasting reform in the Arab world must come from within.

This year, the authors go on to consider in detail how such domestically driven reform might take place with regard to one of the three cardinal challenges -- the knowledge deficit. Reflecting their sensitivity to recent events, however, the report first opens with a frank --and for a UN document untypically angry -- acknowledgment of the additional challenges to sustainable reform in the region they believe have been created. The reasons for this are twofold: first, the frustration of the authors at the sense that their internal path for democratic reform in the region has, to a considerable extent, been derailed by the events they describe; second, because of the very special status of this report -- its power comes from the fact that it is not written by normal, internal UN authors, but is the product of leading Arab intellectuals and policy analysts writing primarily for an Arab audience. Its UN sponsorship gives them a platform and recognition for their work which they would not otherwise have but, at the same time, its integrity rests in the fact that these are their views rather than parsed and cautious opinions of international civil servants. As such, we commend them to you as the authentic cry of both anger and hope of a region grappling with change.

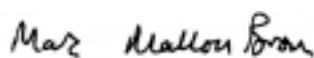
In making the core argument that the Arab world must turn outwards and immerse itself in the global knowledge stream, however, the authors make clear they remain firmly committed to engagement. But, they ask, if the outside world seems to dominate militarily, what does that mean for culture and knowledge?

Immersion, yes, but swamped or drowned, no, is their message in providing a comprehensive assessment of the state of knowledge in Arab societies today, the impediments to its acquisition and diffusion, and the prospects of making learning and research a dynamic driver of social and economic innovation in the future.

The Report argues that the potential for developing the knowledge capabilities of Arab countries is enormous – not only because of their untapped human capital, but also because of their rich cultural, linguistic and intellectual heritage. It acknowledges that overhauling the region's antiquated and under-resourced education systems will not be easy, but insists that it is critical if knowledge and economic output are to feed off each other, creating a virtuous cycle conducive to human development. However, the authors also underline once again that if these objectives are to be met, Arabs need to drive the process themselves: promoting local innovation as a necessary complement to harnessing knowledge and technology from abroad. The

stark choice facing Arab countries is: constructively engage with the new world or be left behind. For those who fear that their culture may be compromised by outside influences, this message of openness may be as controversial as the original report.

AHDR 2003 is merely the second step in a long journey. Over the next two years, further reports will follow on freedom and women's empowerment, the other two main challenges facing the region. I hope and believe this latest issue will attract as much attention and provoke as much debate as its predecessor. Even if many of the views taken in this report do not necessarily reflect UNDP or United Nations policy, we are pleased to be associated with a process that is helping stimulate a dynamic new policy discourse across the Arab region and the wider world. I would also particularly like to thank Rima Khalaf-Hunaidi, my colleague and Assistant Administrator, who as Bureau Director for the Arab States has been the driving inspiration behind this important project.



Mark Malloch Brown.
Administrator, UNDP

UNDP is the UN's global development network. It advocates for change and connects countries to knowledge, experience and resources to help people build a better life.

Foreword by the Regional Director, UNDP Regional Bureau for Arab States

Our first Report in this series, published in July 2002, looked closely at Arab human development at the beginning of the new millennium. It probed its present state, diagnosed its most disabling flaws, and advanced concrete proposals for achieving levels of development commensurate with the potential of the Arab region and the aspirations of new generations of Arabs. The Report concluded that promoting human development in the Arab world rests on three great tasks: building, using and liberating the capabilities of the Arab people by advancing knowledge, freedom and women's empowerment.

Public, media and policy attention to the first Report has been gratifyingly wide and vigorous, prompting a keen debate, both in the region and abroad, on the central dilemmas of Arab human development. Such attention was not confined to public discussion circles. Some Arab governments and institutions took up the Report in their proceedings, criticising some findings and assenting to others.

Subsequently, and in line with the recommendations of the first Report, several Arab countries crossed new thresholds, particularly in terms of empowering women and enhancing their political participation. This second Report has recorded such accomplishments. It also documents failures and underscores new challenges. The region has recently encountered grave threats, and the dignity and rights of Arabs, especially the right to self-determination, have been grossly violated. Soon after the first Report was completed, Israel re-occupied the Palestinian Territories. Barely one year later, Iraq fell under Anglo-American invasion and occupation. In these circumstances, the challenge of building Arab human development has undoubtedly become more perilous, certainly more arduous and possibly more tenuous.

At this precarious juncture, some observers questioned the wisdom of issuing further Reports, while others worried that special interest groups might exploit their outspoken approach, to the detriment of Arabs. Indeed, the authors are well aware that their work might be misused or misinterpreted to serve the purposes of parties - outside as well as inside - the Arab world whose interests run counter to an Arab awakening.

The majority, however, argued forcefully that to leave the initiative to others would be the more ominous choice. Self-reform stemming from open, scrupulous and balanced self-criticism is the right, if not the only alternative to plans that are apparently being drawn up outside the Arab world for restructuring the area and for reshaping the Arab identity. Turning a blind eye to the weaknesses and shortfalls of the region, instead of decisively identifying and overcoming them, can only increase its vulnerability and leave it more exposed.

It is in this spirit that the second Report is now issued. Its goal is to activate a dialogue among Arabs on ways to change the course of Arab history and afford the Arab people the decent lives to which they aspire and to which they are entitled. Written into every line is the unwavering conviction that reform efforts, which genuinely serve the region's interests, must be initiated and launched from within.

The theme chosen this year is the building of an Arab knowledge society, not only because knowledge is the first of the three core components of the original strategy, but also because it is the most instrumental. Knowledge increasingly defines the line between wealth and poverty, between capability and powerlessness and between human fulfillment and frustration. A country able to mobilize and diffuse knowledge can rapidly raise its

level of development, help all its citizens to grow and flourish and take its proper place on the 21st century global stage.

The Report examines the status of Arab knowledge today in terms of demand, production and dissemination, and concludes that all three are ineffectual notwithstanding the abundance of Arab human capital. It contrasts this state with the origins and outcomes of the region's rich, enquiring and pluralistic cultural and intellectual heritage, confirming that the latter provide robust foundations on which to build a knowledge society. It however observes that the positive models found in Arab culture lack effective economic social, and political equivalents. The missing links are either buried in dust or smothered by ideologies, societal structures and values that inhibit critical thinking, cut Arabs off from their knowledge-rich heritage and block the free flow of ideas and learning.

There is therefore a pressing need for deep-seated reform in the organisational, social and political context of knowledge. The Report identifies several key priorities for change. An important set of findings is that, in creating an Arab knowledge society, the reform of governance would represent a turning point, the renewal of education and the Arabic language a rallying point and the pursuit of cultural interaction an international meeting point.

The Report proposes a strategic vision that could support a creative Arab renaissance buttressed by five essential pillars:

- Providing and guaranteeing the key freedoms of opinion, expression and association through good governance.
- Broadening quality education and making it available to all.

- Embedding science in Arab society, broadening the capacity for research and development and joining the information revolution decisively.

- Shifting rapidly towards knowledge-based and higher value-added production.

- Developing an enlightened Arab knowledge model that encourages cognitive learning, critical thinking, problem solving and creativity while promoting the Arabic language, cultural diversity and openness to other cultures.

Undoubtedly, certain arguments in the Report might seem controversial and may be appreciated only after a conscientious reappraisal. Yet the Report claims neither infallibility nor a monopoly of the truth. Its authors will be satisfied if it prompts open dialogue, constructive criticism, disagreement supported by evidence and consent strengthened by proof. Such responses would expedite the quest for common goals and the Arab journey to knowledge and freedom.

AHDR 2003 represents a substantial intellectual endeavour in the region to which many people have contributed. I am deeply thankful to all who participated in its preparation, review and editing. I am especially grateful to the core team, particularly the lead author, Dr. Nader Fergany, for his resourceful involvement at all stages. My sincere thanks also go to the Advisory Board without whose counsel this Report would not have been possible. Finally, I am indebted to Mark Malloch Brown, Administrator of UNDP, for his continued brave support to this series, and to our co-sponsors, the Arab Fund for Economic and Social Development, for their sustained collaboration.



Rima Khalaf Hunaidi

Assistant Secretary General and Assistant Administrator, Regional Director,
Regional Bureau for Arab States, United Nations Development Programme

Foreword by the Director General and Chairman The Arab Fund for Economic and Social Development

I have the pleasure to collaborate once again with UNDP in co-sponsoring this second Arab Human Development Report, which is part of an annual series that aims to sustain a discussion of specific development challenges facing Arab countries individually and as a group.

Undoubtedly, the first Arab Human Development Report (2002) was an exceptional effort in all respects. Its distinctive analysis of the current state of human development in the Arab world, the obstacles to its achievement and the opportunities for transcending those challenges attracted great interest and generated an extensive debate and discussion. It was the first Arab report to attempt a comprehensive understanding of the Arabs today, as seen through the eyes of Arab scholars, and to explore what Arab societies themselves can do to promote their advancement. Its significant conclusions received wide media and policy attention in the Arab world and in international circles, prompting a spirited debate among Arab intellectuals and development specialists. The Report brought about a lively and vigorous discussion. Its points of view, whether endorsed or criticised, were seen as bold initiatives for much-needed reform in the Arab sphere, and a manifestation of the Arabs' ability to exercise constructive self-criticism.

The first Report stressed that human development centres on the comprehensive and integrated development of societal institutions and people who are indeed the real wealth of nations. It also emphasised that human development involves enhancing people's options for achieving those human goals that support a dignified life, both in the material and moral sense. It further underlined the importance of

freedom in the concept of human development, stressing the instrumental role of political, economic and social freedoms.

The authors of AHDR 2003 have chosen for their theme one of the three main challenges identified by the first Report, the knowledge gap in the Arab world, because of its organic relationship with human development, its pivotal role in promoting it and its significance as one of the essential pursuits of humanity. They underline the large deficiency in knowledge capacity in the Arab countries, both in the acquisition and production of knowledge, and point out that only by overcoming this shortcoming in all societal activities can Arab countries succeed and prosper in the modern age.

The second Report identifies several measures for overcoming the underlying obstructions to knowledge and for employing Arab human capabilities effectively in establishing the knowledge society. The knowledge system is an expansive and complex one. It entails transforming knowledge wealth into knowledge capital in order to generate new knowledge in the physical and social sciences, humanities, arts and popular culture. The Report also monitors developments in human development in Arab countries since 2002 and shows that, at the regional and international levels, the Arab world has been experiencing significant challenges and events which will greatly reflect on the evolution of human development. The Report underlines recent developments in the occupied Palestinian Territories and Iraq in particular, and underscores that building intrinsic Arab capabilities is the only sound course for coping with such momentous challenges.

The Report addresses a large number of

interrelated issues in some depth. Some of these pertain to education, the media, the infrastructure of communication and information networks, the production and measurement of knowledge and the organisational context for its acquisition in Arab countries. The societal and political context impacting on knowledge and the reciprocal links between the knowledge society and economic and societal structures are also discussed.

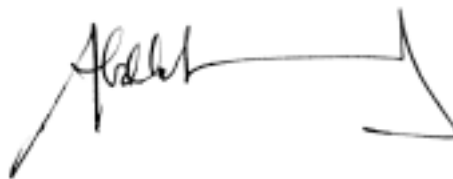
The Report points out that deficient knowledge capabilities represent a formidable impediment for Arab countries in their attempts to face the challenges of the 21st century. These countries cannot make any tangible progress in the long term without acquiring the knowledge and the technological capacities that are indispensable for prosperity in the new millennium. Indeed, the absence of such prerequisites could well invite unforeseen disasters. Ingraining and embedding knowledge in Arab societies is the crux of any attempt to resolve the human development crisis in the region. Knowledge is one of the key instruments of human development, be it in instituting good governance, guaranteeing health, producing the ingredients of material and moral welfare, or promoting economic growth. As such, knowledge is a vital factor of modern production and an essential determinant of productivity and competitive capacity.

The Report presents a vision for instituting human development and unleashing societal creativity; a vision that aims at reforming the societal context of knowledge

acquisition and consolidating the knowledge acquisition system in order to move the region towards a knowledge-based society. It argues that Arab countries have tremendous potential for developing their knowledge capacity in view of their – still unutilised – human capital, and their cultural and linguistic heritage. Its vision for liberating this human capital and instituting a human renaissance across the Arab world rests on five crucial pillars elaborated in its concluding chapter.

In co-sponsoring this Report, the Arab Fund for Economic and Social Development and UNDP seek to promote a debate on key questions of knowledge, to help diagnose some of the major challenges facing the Arab states in this area, and to put forward suggestions on ways to achieve an Arab renaissance and consolidate the acquisition and employment of knowledge across the Arab world. It is hoped that Arab countries will pay close attention to the methods for improving and accelerating the diffusion, production and application of knowledge in all economic, social and political fields; and for raising the level of Arab human development. We are confident that Arab countries have all the means required to achieve this end.

In closing, I wish to extend my sincere thanks to all those who have contributed to, and taken part in the preparation of this Report, and to our partner, UNDP, for commissioning it and overseeing its publication in this distinguished form.



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AFTA	Arab Free Trade Area
AHDI	Arab Human Development Index
AHDR	Arab Human Development Report
ASEAN	Association of South East Asian Nations
CNN	Cable News Network
DMC	Dubai Media City
ESCWA	Economic and Social Commission for Western Asia
EU	European Union
FDI	foreign direct investment
GCC	Gulf Cooperation Council
GDP	gross domestic product
GNP	gross national product
HDI	human development index
HDR	Human Development Report
IBHR	International Bill of Human Rights
ICT	information and communication technology
IDF	Israeli Defense Forces
IPRs	intellectual property rights
MBC	Major Broadcasting Cable Network
MEDA	Euro-Mediterranean Partnership (financial instrument)
MNC	multinational corporation
MYS	mean years of schooling
NAFTA	North American Free Trade Agreement
NGO	non-governmental organisation
PPP	purchasing power parity
PRCS	Palestinian Red Crescent Society
QAMYS	quality adjusted mean years of schooling
R&D	research and technological development
RBAS	Regional Bureau for Arab States
TAI	technology achievement index
TIMSS	Trends in International Mathematics and Science Study
TRIPS	Agreement on Trade-related Aspects of Intellectual Property Rights
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
VAT	value added tax
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

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