BAU Journal - Creative Sustainable Development

Volume 2 | Issue 1
ISSN: 2664-9446

Article 8

November 2020

ECONOMIC GROWTH AND INCLUSIVE GROWTH: A COMPARATIVE ANALYSIS IN THE ESCWA REGION

Malak Mohammad Ghandour
Ph.D. Candidate, Faculty of Business Administration, Beirut Arab University, Beirut, Lebanon, mmg334@student.bau.edu.lb

GDP/Capita, IDI, ESCWA, Inclusive growth, Economic Growth

ECONOMIC GROWTH AND INCLUSIVE GROWTH: A COMPARATIVE ANALYSIS IN THE ESCWA REGION

Abstract

Despite the fact that the Economic and Social Commission in Western Asia (ESCWA) have experienced substantial economic growth, no one can guarantee that this is sufficient enough to reduce chronic unemployment, combat economic insecurity, alleviate poverty or reduce people's frustrations in regards to the increase in income and wealth inequality which has infiltrated many Arab countries. In fact, not all forms of growth are considered effective in promoting structural and social changes as well as enhancing people's standards of living. Consequently, the increasing concerns in regards to rapid and sustained economic growth has led world economies to discover alternative means to achieve this. As a consequence inclusive economic growth emerged and took hold as a new concept for the fulfillment of sustainable economic development. This paper formulates a new index known as the Inclusive Development Index (IDI) which is used to measure inclusive economic growth in 18 Arab countries within Western Asia for a duration of 17 years by using twelve indicators. It also compares IDI score rankings to GDP/capita score rankings, as well as compares the IDI results of the ESCWA countries to the world's most inclusive economies. The results show that some economies have higher GDP/capital rank but have lower IDI rank, indicating that their growth has not translated well into social inclusion. Other economies are ranked lower in GDP/capita but have a higher IDI rank, these economies have done particularly well at making their growth processes more sustainable and inclusive. This paper also discovered that ESCWA's inclusive growth fell below the world's most inclusive economies such as Norway, Sweden, Denmark, Island, and so forth. In this regard, the governments and policymakers of various countries within the ESCWA region must renew their efforts in making their economic growth more inclusive and ensuring equitable distribution of income to all population strata.

Keywords

GDP/Capita, IDI, ESCWA, Inclusive growth, Economic Growth

1. INTRODUCTION

Since the early 1990s, most developing countries have been able to achieve higher rates of economic growth. However, it is generally believed that economic growth is considered to be geographically uneven and economic inequality has in fact grown in many countries (DFID, 2017). Therefore, the social benefits and the opportunities resulting from economic growth are not considered to be distributed equally and were often biased towards already affluent cities and individuals.

Despite the remarkable progress that some of the ESCWA countries have made in the last decade, the region still lacks an overarching strategy to track the pace of economic growth and more precisely the pattern of the distribution of that growth. For instance, the majority of countries within the ESCWA lack the pursuit of inclusive economic growth in the region.

While many of these countries achieved high levels of economic growth and therefore high levels of income per capita, they have performed rather poorly in regards to inequality, unemployment, pro-poor growth, access to health, access to education and so forth. The contemporary emphasis on inclusive growth among economists and scholars is based on the realization that economic growth alone is not sufficient enough to meet equitable development needs and it does not address issues related to unemployment and inequality.

According to the latest three World Economic Forum (WEF) reports on inclusive growth, GDP which is measured as the sum of all goods and services that a specific country produces is an insufficient measure of national economic performance. In January 2018, WEF proposed the Inclusive Development Index (IDI), which is a new more comprehensive economic index form which aims to measure development and national economic performance.

The objective of this paper is to track the evolvement of inclusive growth in ESCWA countries within the duration between 2000-2016 and compare economic performance with the evolvement of the traditional measure of economic growth in these countries. This study is an initial attempt at utilizing the methodology endorsed by the WEF to calculate the IDI of 18 Arab countries within the West Asian region and to compare it with the GDP per capita in these countries. The comparative analysis approach of this paper covers the following sample of countries: Bahrain, Egypt, Iraq, Saudi Arabia, Qatar, Syria, Lebanon, Tunisia, Morocco, Kuwait, UAE, Palestine, Sudan, Oman, Libya, Yemen, Jordan, and Mauritania.

This paper at hand consists of five sections: The first section is the introduction which presents the research background, the importance of the study and the aim of this paper. The second section presents the literature review of the subject matter, the third sections delves deeper into the methodology used and the fourth section provides a set of results. Moreover, the IDI scores in the sample countries within the duration between 2000-2016 period are calculated and these countries are ranked across IDI and GDP per capita. Countries with superior and inferior inclusive growth performance and those maintaining the same performance are analyzed. The results also provide a comparative analysis of the IDI performance of the ESCWA region with the world's most inclusive economies. The final section draws a conclusion pertaining to the findings discussed in this paper.

In regards to the comparative analysis of the IDI performance, it was discovered within the course of this paper that some economies have a higher rank of GDP per capita but have lower rank of IDI. This indicates that their economic growth has not translated well into inclusive development. In contrast, other economies ranked lower in GDP per capita but have a higher rank of IDI. These economies have done particularly well at making their growth processes more sustainable and inclusive which reflects a policy making approach designed to promote inclusive growth and broaden socio-economic progress. This paper also finds that ESCWA countries inclusive growth performance fell short and lies below the world's most inclusive Economies in 2016.

2. LITERATURE REVIEW

Inclusive growth is considered to be a relatively new concept which been increasingly voiced by many scholars, academics, international institutions, economists, and policymakers worldwide (Ngepah, 2017). One of the most challenging policies to previously face the myriad of world economies is how to achieve sustained economic growth. Various approaches and techniques on measuring sustainable economic development were established; some coined as broad-based growth, pro-poor growth, and shared growth. These all embrace the concept of inclusive growth and paved the way for sustained growth into the entire economy. The usage of the term "inclusive" was initially conceived in an essay written by Kakwani and Pernia (Kakwani & Pernia, 2000), which was traced back to the turn of the century (Ranieri & Ramos, 2013). (ALI & son, 2007) consider growth as inclusive on the condition that it increases social opportunity function which in turn depends on economic and social opportunities available to the population and on how those opportunities are shared among the population (Ganelli, 2020).

There is no exact definition for inclusive growth but most scholars agree that that inclusive growth goes beyond per capita income and ensures that economic growth sustains equal social and economic opportunities for all (GSDRC, 2015). Inclusive growth is not only focused on a rapid pace of economic growth which is necessary to alleviate poverty, but is also based on the distribution pattern of growth which is considered to be sustainable and equitable in the long run.

Inclusive growth fosters significant benefits to all groups, ensures access to education and health, reduces income and gender inequality, and reduces the gap between the rich and poor, grants greater space for governance, ensures rapid and sustained poverty reduction, and finally sustains equitable growth and supports poor and marginalized groups. It is considered to be shared and consist of a broad-based growth process which provides equal access to social and economic opportunities and a pathway to sustainable development across the world (Ganelli, 2020).

There are various approaches and methodologies which are used to measure inclusive growth, however, the WEF approach released in 2018, is considered to be the most up to date and comprehensive measure. It utilizes 12 indicators which are overarching to cover the social, economic, and environmental faces of inclusive growth. WEF is considered to be a reliable source to tackle practical economic issues using innovative measures that allow the calculation and display of challenging concepts. The WEF approach measures inclusive growth, in comparison to other measurements of inclusive growth, it is considered to be the most complete and comprehensive. In addition, WEF reflects clear explanations of the methodology used, which allows the replication of their results in different countries and over different periods.

3. METHODOLOGY

The IDI emerged based on the understanding that most citizens consider the economic progress of their countries as reflective in their standards of living, and not on the amount of goods and services produced in the economy (WEF, The Inclusive Growth and Development Report 2017, 2017).

The IDI index is calculated by taking the average of three pillars: Growth and Development; Inclusion; and Intergenerational Equity and Sustainability). The three pillars consist of 12 indicators (see Fig.1). Similarly, each area is calculated by taking the average of the indicators which lie therein. The pillar of growth and development includes GDP per capita, productivity, employment, and healthy life expectancy indicators. The second pillar of inclusion consists of income Gini, wealth Gini, median income, and poverty rate indicators. Regarding the third pillar, which is Intergenerational Equity and Sustainability, it is primarily composed of public debt, carbon intensity of GDP, adjusted net savings, and dependency ratio indicators. Due to lack of data, child mortality rate is taken as a proxy to poverty rate.

In order to calculate the aggregation of the scores (of the different indicators) these indicators are converted into a scale ranging from 1-7. The researcher intends to assign equal weights to all of the above indicators because they are of equal value according to IDI. To ease the operation of transformation, WEF proposes to use linear min-max transformation formulas, which keeps the order and the relative distance between country scores.

For a category i composed of k indicators, there is: $category_i = \frac{\sum_{k=1}^{k} indicator_k}{k}$

Formally, the equation is:

(6* (country score-sample minimum)/ (sample maximum- sample minimum))+ 1

The simple minimum and the simple maximum are the lowest and highest country scores of the sample respectively.

When a higher score of an indicator displays a worse outcome, the transformation formula takes the following form:

(-6* (country score-sample minimum)/ (sample maximum- sample minimum))+7

Therefore, it still ensures that the scale ranging from 1 to 7 corresponds to the worst and the best possible outcomes respectively. The data has been derived from the ESCWA, IMF, World Bank World Development Indicators, The Global Burden of Disease Database, Credit Suisse, and the Global Wealth Report. The study was conducted within the period 2000-2016. 2016 was considered to be the "cut-off year" due to lack of availability of data beyond 2016 especially in the ESCWA countries. Consequently missing data was dealt with through data interpolation. If one of the indicators in each area was missing, then the area is calculated by taking the average of only the three available indicators. However, if two indicators were missing then neither the area nor the IDI can be calculated.

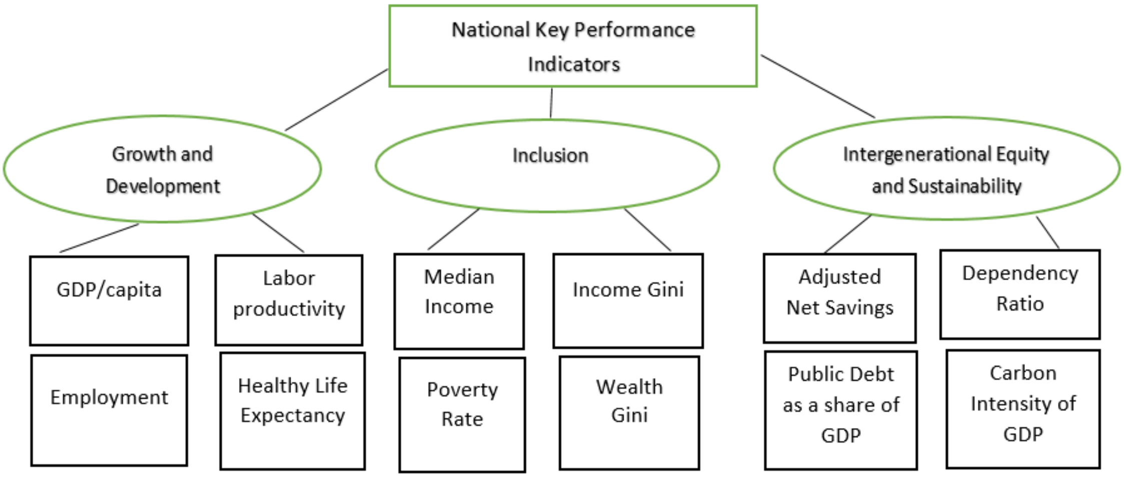

Fig.1: The three Pillars or Areas and their 12 indicators
Source: Researcher Illustrations

4. FINDINGS

This section is divided into four subsections. In the first subsection, the IDI results, rank of countries, and its comparison to the rank of GDP per capita are presented. The second subsection shows ESCWA countries analysis with respect to deterioration or improvement through time. The third subsection analyses the best and worst performing countries as well as countries that have maintained their ranking over the time period. The last subsection compares the IDI performance of the ESCWA region to the world most inclusive economies.

4.1. IDI Results

The Inclusive Development Index (IDI) scores reveal the extent to which the ESCWA countries are shifting their economic growth towards inclusive growth. It shows how countries perform or what they achieve based on the 12 indicators of economic development and sustainability. Countries under the Gulf Cooperation Council (GCC) held the leading position compared to other countries in the ESCWA region from 2000 to 2016. As observed, UAE and Qatar ranked first for 2000 and 2016 respectively. UAE had scored the highest for four years (2000, 2001, 2003, and 2005).

Qatar topped the list in year 2002, and the years from 2006 to 2016. Table 1 and 2 also reveal the top and the bottom ranked countries of the ESCWA region. In 2000, UAE was followed by Kuwait, Qatar, Oman, Bahrain, and Saudi Arabia. In 2016, Qatar was followed by UAE, Kuwait, Oman , Saudi Arabia, and Bahrain. Consequently, Qatar had achieved a remarkable level of progress in their ranking position from third in 2000 to the first in 2016. In 2016, Saudi Arabia held a higher position in the rank compared to 2000. Lebanon had witnessed a downturn rank from seventh in 2012 to tenth in 2016.

The countries under examination can be ranked from the best to worst in regards to promoting inclusive growth. GCC countries perform comparatively well considering they are oil-rich countries. However, their extent of inclusive growth differs and varies widely from country to another. In other words, their success stories in terms of inclusive growth progress are not interchangeable, and each country has different strategies and development policies. In contrast, countries with the worst position fell short in many areas, but these areas are various and not the same for all countries.

Table 1: IDI Scores and Rank (2000)

Source: Researcher Calculations

Country	IDI Scores	Rank
Palestine	N/A	0
UAE	6.484499717	1
Kuwait	6.052467609	2
Qatar	5.940119252	3
Oman	5.217278759	4
Bahrain	4.89069802	5
Saudi Arabia	4.580469885	6
Lebanon	4.527030342	7
Libya	4.455161958	8
Tunisia	4.015284097	9
Morocco	3.755140177	10
Jordan	3.725451576	11
Syria	3.591165441	12
Egypt,	3.312832484	13
Iraq	3.113779334	14
Yemen	2.79466083	15
Sudan	2.420516137	16
Mauritania	2.161496462	17

Table 2: IDI Scores and Rank (2016)

Source: Researcher Calculations

Country	IDI Scores	Rank
Palestine	N/A	0
Qatar	6.279277667	1
UAE	5.929848971	2
Kuwait	5.44232145	3
Oman	4.802924842	4
Saudi Arabia	4.639833927	5
Bahrain	4.429654969	6
Libya	4.175262555	7
Tunisia	3.93653752	8
Morocco	3.629006267	9
Lebanon	3.620555069	10
Jordan	3.579389155	11
Iraq	3.302438508	12
Syria	3.046723605	13
Egypt	2.912200147	14
Yemen	2.803564259	15
Mauritania	2.465546623	16
Sudan	2.307320657	17

4.1.1. Comparative analysis of IDI and GDP/capita ranking

The table below (Table 3) displays the different rankings of IDI and GDP/capita for ESCWA countries within the period 2000-2016. The three colors in Table 3 display the countries of the same, lower, or higher rank of IDI and GDP/capita for 2000 and 2016. Palestine and Syria are not included in the analysis due to data unavailability. In this case, N/A stands for “not available”

Countries that are in a higher position within the rank are those that have the highest GDP/Capita and highest IDI compared to other countries in the ESCWA region. Furthermore, it is worthy to note that although some Arab economies have achieved impressive growth levels (higher rank on GDP/capita), yet the extent of growth related to inclusiveness is disappointing (lower rank on IDI). In similar a regard one finds that other countries have ranked lower on GDP/capita, but their growth inclusiveness is high (higher rank on the IDI). Alternatively, other economies have the same level and rank of GDP/capita and IDI. The results reveal that in 2000, Bahrain, Qatar, Libya, Iraq, and Mauritania had a higher GDP per capita rank but a lower IDI rank. Kuwait, Oman, Lebanon, Tunisia, Morocco, and Sudan are higher in rank per IDI, however in GDP/ capita they rank lower. In relative terms, the former countries display low levels of inclusive growth, which means that their economic growth is not translated well into social inclusion and often biased toward already affluent cities. The latter reflects high levels of inclusive growth, which demonstrate that their economic growth is embracing and practicing social inclusion. Saudi Arabia, Egypt, Yemen, Jordan, and UAE are in the same ranking position in regards to both IDI and GDP/capita. If we delve deeper into the time frame between 2000-2016, it is apparent that in 2016, Bahrain, Iraq, Lebanon, Egypt, and Sudan, had a higher GDP/Capita ranking position but a lower IDI rank. Oman, Libya, Morocco, Tunisia, and Yemen had a lower GDP/Capita rank but a higher IDI rank. Saudi Arabia, Jordan, UAE, Mauritania, Qatar, and Kuwait had the same ranking position. Consequently, as observed, many countries have succeeded with time and altered their economic growth to cater to inclusive growth like Qatar. However, many have not succeeded and have cultivated relatively worse results related to their growth inclusiveness compared to past years like Lebanon. Moreover, others kept the same pace of growth inclusiveness like Saudi Arabia and UAE.

Table 3: Comparison between GDP per Capita and IDI ranks. Source: Researcher calculations

Country	IDI scores 2000	IDI Rank 2000	GDP/capita Rank 2000	IDI scores 2016	IDI Rank 2016	GDP/capita Rank 2016
Palestine	N/A	0	12	N/A	0	14
UAE	6.484499717	1	1	5.929848971	2	2
Kuwait	6.052467609	2	3	5.44232145	3	3
Qatar	5.940119252	3	2	6.279277667	1	1
Oman	5.217278759	4	5	4.802924842	4	6
Bahrain	4.89069802	5	4	4.429654969	6	4
Saudi Arabia	4.580469885	6	6	4.639833927	5	5
Lebanon	4.527030342	7	8	3.620555069	10	7
Libya	4.455161958	8	7	4.175262555	7	9
Tunisia	4.015284097	9	10	3.93653752	8	10
Morocco	3.755140177	10	14	3.629006267	9	12
Jordan	3.725451576	11	11	3.579389155	11	11
Syria	3.591165441	12	0	3.046723605	13	0
Egypt	3.312832484	13	13	2.912200147	14	13
Iraq	3.113779334	14	9	3.302438508	12	8
Yemen	2.79466083	15	15	2.803564259	15	17
Sudan	2.420516137	16	17	2.307320657	17	5
Mauritania	2.161496462	17	16	2.465546623	16	16

4.2. ESCWA Countries' Analysis

In an attempt to investigate and examine which areas have experienced an improvement or deterioration through the period between 2000-2016, each country will be analyzed separately. As such, explanations will be provided for all countries across the three pillars of inclusive growth.

The performance of ESCWA countries are not homogenous by any means. Mauritania, Iraq, Qatar, and Saudi Arabia have witnessed an improvement in regards to inclusive growth in 2016 compared to 2000. Egypt, Bahrain, and Tunisia have achieved the highest IDI score in 2003 but experiences a reduction in inclusive growth in 2016. The same applies to Jordan, Lebanon, Libya, UAE, Oman, and Syria whom all have witnessed a decrease of inclusive growth in 2016. In a similar vein, Morocco and Sudan have kept the same pace of inclusive growth through the 2000-2016 period.

It is important to note that performance also varies across pillars. Qatar is the only country that showed an improvement (in the time frame between 2000-2006) in regards to the three inclusive growth pillars. However, Sudan, Morocco, Saudi Arabia, and Tunisia have achieved a rebound at the "growth and development" pillar. Moreover, the "inclusion" pillar witnessed significant improvement in Mauritania, Yemen, Morocco, UAE, Saudi Arabia, Syria, and Tunisia. Bahrain, Sudan, and Libya have witnessed improvement in the sustainability and intergenerational equity Pillar.

With respect to the deterioration of inclusive growth practices in 2016, Kuwait and Oman witnessed a decline in the three pillars mentioned above. However, Syria, UAE, Yemen, Mauritania, and Iraq have faced a downturn in pillars 1 and 3. Saudi Arabia, Morocco, Egypt, and Jordan revealed a decline in pillar 3 only. Similarly, Sudan's deterioration was mainly within the scope of pillar 2, while Lebanon witnessed a decrease in pillars 2 and 3. Yemen experienced very low level of inclusive growth in 17 years, and Sudan scored the lowest across all pillars over the 17-year period.

4.3. ESCWA Trend Performance

In this section, the author tries to draw a clear conclusion pertaining to the results mentioned previously and to develop a comprehensive understanding of how some of the ESCWA countries have achieved inclusive growth, as well as why some countries' inclusive growth has deteriorated over time. Such questions call for the need for further analysis. As such, this paper analyzes three countries in detail: Lebanon, Saudi Arabia, and Qatar. These countries represent three cases of the worst, the same, and the best performance respectively. In other words, these cases depict a lower rank of inclusive growth through time (worst), unchanged rank of inclusive growth through time (same), and higher rank of inclusive growth through time (best).

4.3.1 Lebanon:

Lebanon's IDI scores are 4.527 in 2000 and 3.620 in 2016 respectively, ranking it 7th in 2000 and 10th in 2016 among the other ESCWA countries. As observed, Lebanon's inclusive growth between 2000 to 2016 has slightly diminished. The decline was mainly experienced within the "inclusion" and "sustainability" pillar. The changes have taken place specifically in a slight decline of median income. It was noted that there was a rise in wealth inequality for 2016 compared to 2010, and a large increase in public debt and age dependency ratio. Moreover, there was a slight decrease in employment of 2016 compared to 2015 with a little improvement in carbon intensity emissions. Thus, the fundamental reasons for the stunted growth calls for a deep analysis in the political, social and economic situation of the country.

In fact, Lebanon has witnessed various challenges, stemming from external and internal dynamics. Internal issues are related mainly to political turbulence accompanied with flagrant corruption (Lebanon scores badly on corruption indices and on government effectiveness), nepotism and sectarianism, in addition to low economic growth rates, high unemployment, and increase in poverty rate (Khan, 2018). Moreover, external dynamics are related to the unprecedented influx of the Syrian refugees to Lebanon (Khan, 2018).

In regards to the external factors, unsurprisingly, prior to Syrian crisis, Lebanon's economic growth was around 10%; however, since the crisis the growth has deteriorated to 1.5% with fiscal deficits at seven to ten percent. Lebanon's economic destiny is no longer in its hands. The influx of Syrian refugees has reshaped its economic prospects, due to the pressure exerted on its infrastructure, labor market, as well as basic services such as the education and health sector. This in turn has made it impossible for Lebanon to accommodate the increase in the size population in the midst of already poor basic services and infrastructure.

Lebanon's public debt was around 7 billion dollars in 1993, after 25 years the Lebanese public debt had grown to a staggering 84 billion dollars in the first quarter of 2019 (Sabat, 2018). Debt to GDP ratio has plummeted from 130% to 150 % in 2018. The International Monetary Fund (IMF) has noted that Lebanon's Debt to GDP ratio would grow to 180 % by 2023. Alas, the Lebanese authorities lack a suitable vision or prudent economic policy to curb the public debt. Therefore, in years to come the results are forecasted to be catastrophic.

In addition, unemployment grew to a staggering 30 % in 2018, with an average of 9 % from 1990 to 2010 as per the International Labor Organization (ILO) to around 20 % post 2011. This decline in employment was apparent especially among the youth. Poverty in Lebanon has increased more than two thirds since 2011.

Lebanon's expenditure on social safety nets is rigid and subdued, which is regarded as an obstacle to achieve and implement inclusive growth policies. Moreover, social security in the country is frail and limited into certain areas since it is known for its inefficient administration as well as the elevated informality rate in the Labor market (WB, 2018) . According to the World Bank (2018), around 50 % of the work force in Lebanon partake in informal jobs such as those without social security for instance; in addition, 43% of the Syrian refugees also partake in informal jobs. As a result, a great portion of workers have no access to social security.

The health care sector in Lebanon is considered to be particularly weak since 38 % of Lebanese citizens don't benefit from health insurance. Additionally, Lebanon lacks the procedures and adequacy in social security plans required to support the elderly, thus ILO (2014) (ILO, 2014) estimates that more than 80% of elderly people who are 65 years and above have no health care or insurance of any sort. Moreover, Lebanon is legally bound to multilateral environmental agreements (MEAs) for environmental protection and till now effectively complying with practical air quality objectives remains weak (UNDP, 2016).

The main problem associated with the Lebanese government is that they do not implement any means or policies to alter the social and economic structure within the country. One hand, the government is not working hard to narrow the gap between rich and poor people or ensure an equitable distribution to basic services such as health and education. On the other hand, there is an inadequate level of job creation, no reformation in regards to the education sector, low governance and low contribution to the private sector.

4.3.2 Saudi Arabia:

The Kingdom of Saudi Arabia IDI scored 4.58 in 2000 and 4.63 in 2016, placing it 6th in 2000 and 5th in 2016 in the IDI of ESCWA ranking. Saudi Arabia has experienced progress in inclusive growth within the period between 2000-2016. The country has witnessed a substantial advancement in growth and inclusion pillars, with a little downturn in the sustainability pillar. Moreover, the country has relatively progressed towards productivity, GDP/capita, employment, median income, poverty rate, stable income inequality, and remarkable improvement in wealth equality between 2012 and 2016. In this regard, the sustainability pillar showed a decline in age dependency ratio and public debt in 2016 compared to 2000. However, the country showed a remarkable increase in a 5-year trend from 2012 to 2016 of the public debt in the country. Deterioration in adjusted net savings with a stable level in CO_2 emissions took place.

Although Saudi Arabia is known for its massive income inequality compared to other Arab countries, the Kingdom launched a report in 2018 based on the intention of achieving the 17 SDGs as well as a vision for 2030 to pursue a transformation plan for structural reforms projects. Saudi Arabia ranked 15th in the world's largest economy. Over the last five decades, the country has achieved substantial economic progress especially in regards to socio-economic development. Therefore, the bottom line is that the Saudi population has wide access to basic services, as well as a means to sustain these groups by providing monthly payments for utility bills and food. Additionally, the government spends billions of dollars per year to ensure that all Saudi citizens have free access to basic services such as education and health. In 2005 and 2006, King Abdullah took the incentive to alleviate poverty by implementing a national poverty strategy.

For the government the focus was to enhance the socioeconomic situation of the poor by increasing social security expenditure, development in the rural areas, and unemployment grants to individuals for a maximum of one year. These reforms were applied and activated in 2011 just after the country's uprising (The Arab spring). The Kingdom of Saudi Arabia has played a crucial role in doubling the number of Saudi citizens within the private sector from 2011 to 2014. Consequently, the unemployment rate in the country has declined to 11.2 % in 2016 after it was 11.4% in 2015. Despite the employment generation (increase in employment) in the private sector, the country's dependency ratio remains high. The human development index for Saudi Arabia was 0.837 in 2014, and the country ranked 39 worldwide, this suggests good access to both the education and health sector. Marginalized groups in the Kingdom live in particularly poor rural, peripheral areas and consequently remain excluded from development. Saudi Arabia's debt has been declined heavily in the last few years, however, it increased from 15% of GDP in 2015 to 31% of GDP in 2016. Both environmental concerns and investment in renewable energy has recently been a point of focus for the Saudi Arabian government which has received significant media coverage. State oil giant Saudi Aramco, and the new King Abdullah City for Atomic and Renewable Energy (KACARE), (which were launched in 2010) are considered to be the top proponents in the field. Expenditure on education has increased sharply in parallel with the oil boom and vice versa. In 2015, expenditure on education received the largest share of the national budget at around 25 % of the government total spending, while in 2016, the decrease in income generated as a result of the oil sector led to a decrease in the investment of education sector to increase just 23 %.

4.3.3 Qatar:

Qatar tops the IDI scores through 11 consecutive years from 2006 to 2016. The country scored 5.94 and 6.27 in 2000 and 2016 respectively. The country observed a dramatic improvement in inclusive growth progress and inclusion pillars with little improvement in intergenerational equity and sustainability pillar. In the exemplary case of Qatar, they managed to enhance their citizens' life expectancy, reduced wealth inequality, exerted efforts to increase environmental protection by decreasing emission of carbon, and boosted the domestic savings to ensure the economy's sustainability and allowed wealth to increase. Qatar is regarded as one of the most competitive and stable economies in the world and is also ranked as the world's richest economy according to its GDP/capita (Al-Jaida, 2019). Despite the trade embargo on Qatar which was introduced by Saudi Arabia, Bahrain, Egypt, and UAE; the country kept its progress towards achieving positive outcomes in growth, as well as maintain its 2nd position as the region's most competitive market (WEF, 2018). Qatar remained the same regarding the ranks of GDP/ capita and inclusive growth over time. In fact, since 1971, Qatar's authorities have realized the importance of social progress, economic development, and environmental change in playing a fundamental role in their economic growth in order to ensure a promising future. Furthermore, since 2000, a set of development indicators had shown remarkable progress for Qatar (Harrigan, 2012). These achievements have been accompanied by set of policy frameworks, regulations and institutional improvements to achieve socio-economic prosperity and certain targets for sustainable growth. With the invasion of the Millennium Development Goals (MDGs) era, Qatar has witnessed a remarkable enhancement in the fields of social safety nets such as living standards for people, education, and health.

Qatar has a universal enrollment system which includes boys and girls in primary and secondary education (Harrigan, 2012). Unemployment in Qatar is low, however, unemployment is more prevalent among youth compared to other countries in the Arab world (Edward Sayre, 2015). Strong economic growth is reflected in Qatar's extremely low unemployment rate of less than 1 % (HUKOMMI, 2018)(Qatar government, 2018). The countries diversification economy has led to produce more job opportunities among all sectors and population groups.

According to the state of Qatar paper, the second national development strategy for the country (2017-2022), is anticipated to prioritize eight economic development aspects, mainly in the field of international technical cooperation, public safety and security, culture and sports, environment sustainability, healthcare, education, social protection, and economic diversification (UN, 2017). Consequently, Qatar's rank has improved (position 32) in the 2015 Human Development Report.

The Qatari government ensures that all of its population has access to basic services, safety and social security, as well as standards of living. As a result, it has overcome both poverty and hunger. The child mortality rate dropped dramatically because of the "Healthy Child Clinic" which has been established in most of healthcare centers (UN, 2017). The aforementioned clinic consists of various vaccination campaigns against epidemic and infectious diseases for all children and health education and awareness raising programs (UN, 2017). The expansion and diversification of nature reserves in the country had a positive effect on biodiversity loss and consequently resulted in a decrease in environmental damage.

4.4. ESCWA Countries Vs World Most Inclusive Economies IDI

The averages between (in 2016) the IDI scores of the top 10 ranked most inclusive economies in the ESCWA region and the average IDI scores of the top 10 world's most inclusive economies were compared. According to the WEF, it was observed that the ESCWA countries average IDI score of 4.68 falls below their peer of developed countries of 5.76 (WEF, 2018). The gaps between both averages is 1.08, (5.76-4.68), which is the distance that the IDI for ESCWA need to match and be equal to the IDI of the top 10 world's most inclusive economies. This indicates that the inclusive growth of the Arab World still needs improvement in order to follow the world's most inclusive economies. Despite the recent structural recovery in many countries within the Arab world, the wake of so many burning conflicts and challenges in the region are inevitable realities that hinder their way towards more inclusiveness. These conflicts are unlikely to be resolved in the near future. The question is: how might Arab countries untangle the knot of conflicts, wars, greediness, geopolitical tensions and so on, which are considered to be a significant threat for surging more inclusive growth to the ESCWA region.

5. CONCLUSION

IDI as an alternative measure of GDP proves that the global economy is not what it seems. IDI might provide an accurate measure of growth as well as assess the condition of our economies and therefore measure inclusive growth within a specific country. The two complex notions of economic growth and inclusive growth are seemingly interchangeable, yet they are quite distinct. Although the term inclusive growth is a contemporary phenomenon, it quickly gained traction and became a fundamental issue for policymakers even in developed economies.

What differentiates inclusive growth from economic growth is that the former is a win-win scenario and it grants a more prosperous economy accompanied with a more equitable society. Inclusive growth tackles problems of unemployment, poverty, and inequality, while these problems do not exist in an economic growth agenda. Shared growth, pro-poor growth, equitable growth, and overarching growth are different calls for inclusive growth. As its various names indicate; inclusive growth endeavors to economically surround every single person in a society, and therefore ensures equitable access to social opportunities for all population.

The International Monetary Fund believes that communities grow and flourish when social opportunities are available for everyone. A means to deal with growing unemployment is by creating jobs, to deal with inequality is by enhancing social justice and to deal with poverty would be to promote rapid and sustained growth, i.e., inclusive growth. Inclusive growth must not be a mere slogan for change but an implementation of a set of actions in the development agenda. This agenda must call for policies and procedures to pursue more growth inclusiveness and ultimately drive sustainable development.

Inclusive growth would shed light on the drawbacks of the traditional measures of economic growth. Additionally, it would contribute in an indispensable method to unleash the economic potential of the poor, combat inequality and develop more jobs in the Arab world. Under these circumstances, the ESCWA countries have no choice but to embrace inclusive growth with its wide prospects and overarching growth strategies that deliver equal social opportunities as well as ensure a healthy and decent life for all population groups.

Finally, to ensure that inclusive growth is achieved, countries in the pan Arab region must adopt prudent and sensible strategies aimed at promoting shared prosperity and providing broad-based opportunities for all. Although there is the existence of several persistent challenges in the ESCWA region (that would vigorously and continuously hamper the implementation of inclusive growth) the field still provides promising prospects that one day they will be able to regulate their economic growth to become more inclusive. In the wake of so many challenges that threaten the potential growth toward inclusivity in the region, the question of how would these countries adopt certain policies and procedures for sustainable growth and subsequently promote it (inclusive growth) is another challenge added to the list.

REFERENCES

- Ali, I., & son, H. H. (2007, JULY). Defining and Measuring Inclusive Growth: Application to the Philippine. *Asian Development Bank*.
- Al-Jaida, Y. M. (2019). A positive outlook for economic growth in Qatar. *The European Financial Review*.
- DFID. (2017). *Economic Development Strategy: prosperity, poverty, and meeting global challenges*. UK: The Department for International Development.
- Donner, E. (2018). *Saudi Arabia Country Report.* BTI.
- Edward Sayre, N. A. (2015). The Determinants of Youth Unemployment in Qatar. *Topics in Middle Eastern and African Economies*, 1.
- Ganelli, V. A. (2020, July). Determinants of Inclusive Growth in ASEAN. *IMF*, p. 11.
- GSDRC. (2015). Inclusive Growth.
- Harrigan, I. I. (2012). Qatar's economy: Past, present and future. QSCIENCE.
- Hukommi. (2018). Employment and Workplace.
- ILO. (2013). *Assessment of the impact of Syrian refugees in Lebanon and their employment profile.* International Labor Organization.
- ILO. (2014). *Social protection for older persons:.* International Labor Organization.
- Kakwani, N., & Pernia, E. (2000, January). What is Pro-poor Growth? *Asian development review*.
- Khan, S. (2018). Lebanon's economy continues to struggle despite international support. *The Arab Weekly*.
- Ngepah, N. (2017). A review of theories and evidence of inclusive growth: an economic perspective for Africa. *Current Opinion in Environmental Sustainability*, *24*, 52-57.
- Ranieri, R., & Ramos, R. (2013, March). Inclusive Growth: Building up a Concept. *UNDP - International Policy Centre for Inclusive Growth*.
- Sabat, G. (2018). Public Debt in Lebanon.
- UN. (2017). Qatar: Taking Action for Sustainable Development.
- UNDP. (2016). *Road Transport and Oil Pollution, case of Lebanon.* IPT energy center.
- WB. (2018). Labor Market in Lebanon. *The World Bank*.
- WEF. (2017). *The Inclusive Growth and Development Report 2017.* World Economic Forum.
- WEF. (2018). *The Inclusive Growth and Development Report 2018.* World Economic Forum.