



Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Indicators:

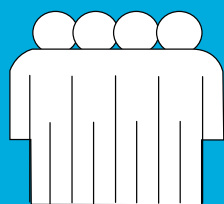
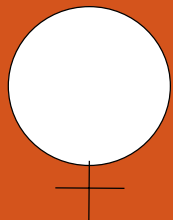
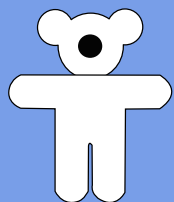
1. The proportion of people whose income is less than one dollar a day
2. Poverty gap average
3. The share of the poorest 5% of the population in national consumption

**Goal 1
Eradicate Extreme
Poverty & Hunger**

Target 2: Achieve full and productive employment and decent work for all, including women and young people

Indicators:

1. Average GDP growth for every working person
2. Average economic activity for the overall population
3. Proportion of workers living on less than one dollar a day
4. Ratio of self-employed people and breadwinners to the overall work force



Target 3: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Indicators:

1. Proportion of underweight children (under 5 years old)
2. Proportion of people who do not receive the minimum daily calorie requirements



Combating poverty, particularly extreme poverty and hunger, constitutes the pivotal and joint goal of the Millennium Declaration and related goals. It is not by coincidence that the eradication of poverty is the subject of the first goal, due to its importance and to the fact that its achievement is linked to the achievement of most of the other goals.

The first goal focuses on the eradication of extreme poverty and hunger, since the forms of poverty strongly present in the less developed countries represent the minimum standard beyond which everyone agrees there is a violation of the human right of survival, growth, and a decent life. Therefore, regardless of the different definitions of poverty and ways to measure it, they all have this minimum standard.

Hence, extreme poverty globally describes the state of people whose income is less than one dollar a day (according to purchase power parity). It is a global measure for extreme poverty used for international comparisons along with two other indicators: the first regarding the average poverty gap (an indicator linked to the calculation of the poverty threshold), and the second regarding social inequality (one fifth of the population from the overall national consumption). Moreover, hunger indicators were specified (proportion of underweight children under 5 years of age and proportion of people who do not receive the minimum daily calorie requirements).

Many countries considered these indicators to be inadequate or insufficient, particularly those countries with middle or high development levels. Moreover, some international organizations and experts considered that the approach of a poor income based on the international poverty threshold and hunger is only a partial one. This has led to the addition of a third target with indicators in the latest suggested amendment to the MDGs. The new target covers the issue of work and unemployment (with four indicators) for its value itself as well as for its value in eradicating poverty through finding productive work opportunities. Such addition is perfect for countries with middle and high development levels, where work and unemployment represent a national priority despite the relative decrease in the extreme poverty levels in some of these countries.



In short, the first goal includes the following aspects:

1. Poor income in its direct sense
2. Inequality or disparity in income distribution
3. Unemployment and work conditions according to the concept of decent work
4. Hunger, expressed by food indicators

Although the current report will cover the four aforementioned aspects, it will offer only a brief outlook on the food-linked aspect since it cannot be applied in Bahrain as a poverty indicator. The recommendation is to look into child nutrition and food in goals 4 and 6. Moreover, this report will briefly include two new aspects: (a) the access to public services – namely safe water and sanitation (mentioned in goal 7) and (b) housing conditions (mentioned in goal 7). These two aspects will be looked into closely in the upcoming MDG+ Report, which will take into account the national, not the international, conditions in which these goals are to be achieved.

What Has Been Achieved Concerning Goal 1

Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

As aforementioned, this target covers two dimensions: (a) first is absolute income poverty (people living below the poverty line and the average poverty gap) and (b) second is income inequality (the share of the bottom fifth of national consumption). Each dimension will be addressed respectively.

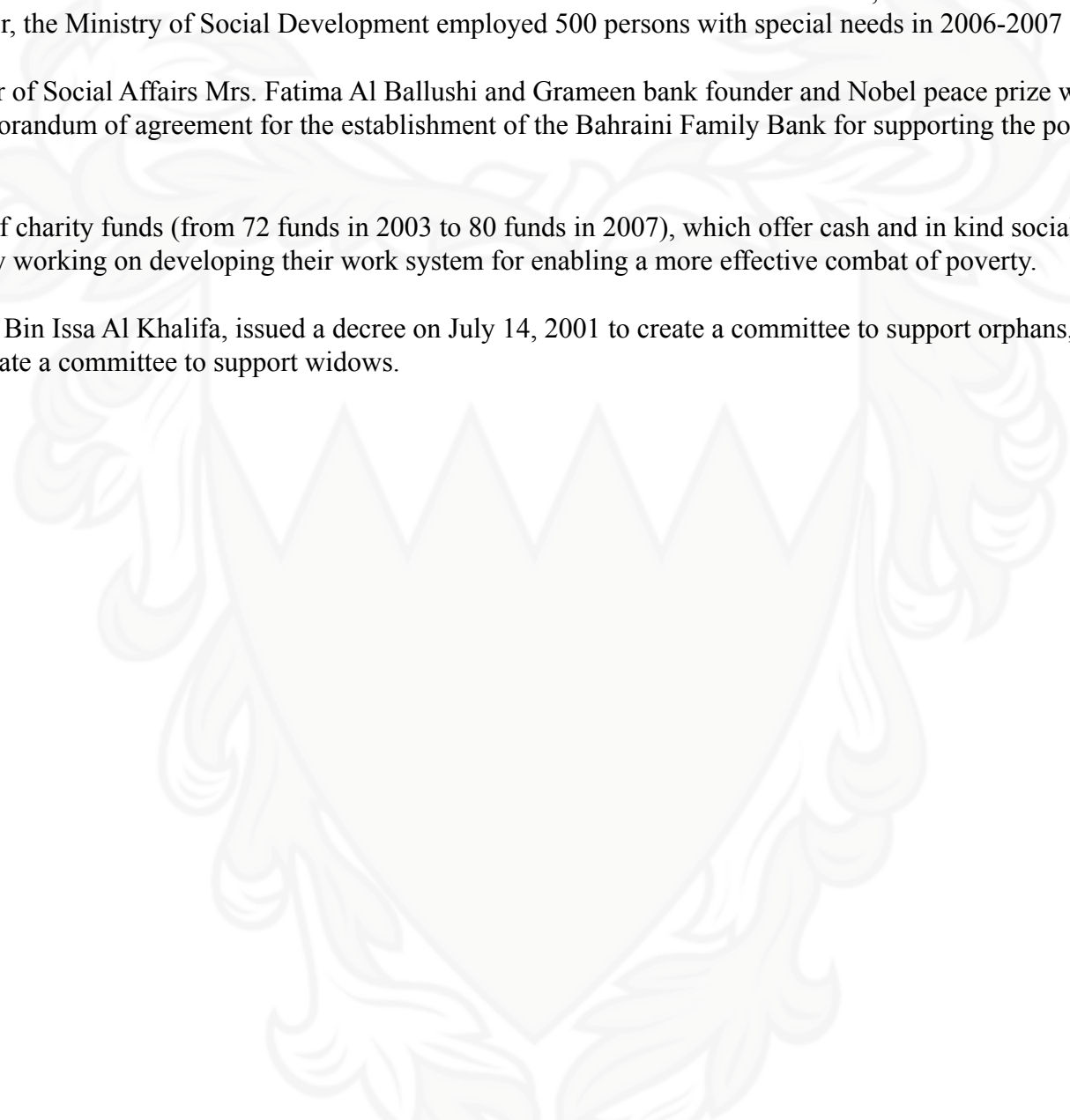
These indicators are interrelated and are analyzed based on the same data sources, Household Surveys, which indicate that in regards to the first dimension, the global indicator for extreme poverty, \$1 dollar a day, does not apply within the national context, given that 0% of the population live on that amount. Whereas, the concept of relative poverty is closer to the national context, as highlighted in the finding of the 2003 MDG Report.

In regards to the second dimension, inequality (third indicator: the share of the bottom fifth of national consumption), data has not been updated since the 2003 MDG Report, but will be included in the next report on MDG Plus, which will analyze the level of income disparity and inequality by assessing the share of the bottom fifth, or tenth, in national consumption.

The following measures and achievements were made regarding Goal 1 during the period ranging between the publication of the first report in 2003 and the current report:

(1) was adopted half of the value of intermediate income - median-to identify indicators of this concept, as is the case in the OCED

- 1- Signature of an agreement between the Ministry of Social Development and the World Bank for assessing and development the social security net work in Bahrain. The relevant study was launched in 2006.
- 2- Increase of governmental allocations for social assistance and increase of the minimum amount of allocations
- 3- Reduction of water and electricity fees for poor families (around 9020 families)
- 4- Allocation of 30% of the shares of Seef Real Estate Company to needy families (10,655 families)
- 5- Approval of the government on the national strategy for developing needy families
- 6- The national plan for developing and supporting productive families that includes the establishment of product marketing centers and offering an encouragement prize in the name of Sheikha Sabika daughter of Ibrahim Al Khalifa starting 2007.
- 7- Allocation of a 2-million-dinar budget in 2004 for the house rehabilitation and reconstruction program: 100 housing units were reconstructed, in addition to the planning for building 500 housing units each year in 2005 and 2006 with credits amounting to 20 million dinars.
- 8- Execution of the national employment project in 2006 and 2007, from which 22,100 employees benefited, in addition to the training of 5425 citizens.
- 9- The government of Bahrain specified the minimum wage in the public sector at 200 dinars per month, and the minimum retirement pension at 180 dinars per month. The national employment project called the private sector to set the minimum wage to 200 dinars per month also, in addition to cash rewards to trainees searching for jobs during their training.
- 10- Issuing of the insurance law against unemployment on 22 October 2006, with a 1% cut from the salaries of employees in the public and private sectors. This insurance includes unemployment benefits to unemployed men and women (not less than 150 dinars per month for university graduates and 120 dinars for non-university graduates). Such measures contribute greatly to limit poverty.
- 11- Continuing the subsidy policy for the prices of goods and increase the proportion of governmental subsidies to 22%.

- 
- 12- Supporting people with special needs, with decision No. 3-1807 issued by the Council of Ministers on 12 September 2004 that allocated 50 dinars per month per individual. There were around 4988 beneficiaries from this decision until December 2007, out of the 5500 individuals with special needs in Bahrain. Moreover, the Ministry of Social Development employed 500 persons with special needs in 2006-2007 (7).
 - 13- On 7 March 2007, Minister of Social Affairs Mrs. Fatima Al Ballushi and Grameen bank founder and Nobel peace prize winner Professor Mohammad Younes signed a memorandum of agreement for the establishment of the Bahraini Family Bank for supporting the poor in Bahrain with capital of 15 million dinars.
 - 14- Widen the scope of work of charity funds (from 72 funds in 2003 to 80 funds in 2007), which offer cash and in kind social assistance to weak categories. They are currently working on developing their work system for enabling a more effective combat of poverty.
 - 15- His Majesty, King Hamad Bin Issa Al Khalifa, issued a decree on July 14, 2001 to create a committee to support orphans, followed by a decree on November 4th, 2001 to create a committee to support widows.

(7) Statement of Minister of Social Affairs Fatima Al Ballushi, Gulf News Newspaper, Issue 13,10856, December 2007

Target 2: Achieve full and productive employment and decent work for all, including women and young people

This new target includes three aspects as follows:

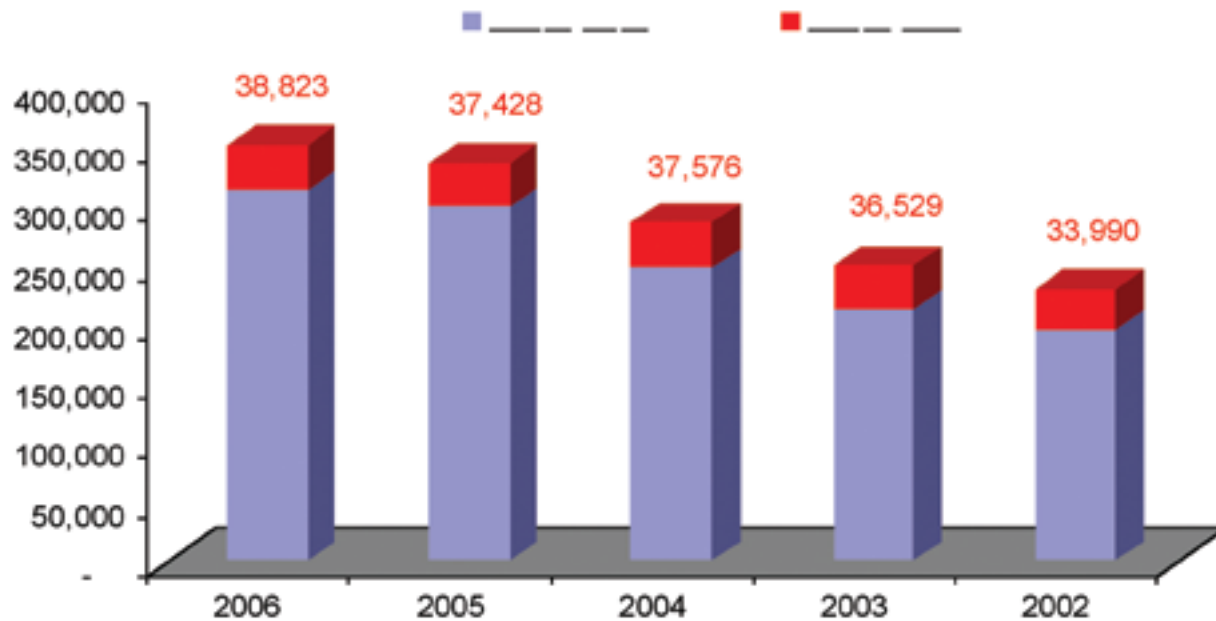
- First: Achieve full and productive employment, i.e. maximum economic activity and unemployment rates close to zero. This might seem too theoretical, but work in this sense remains one of the main foundations for human development and eradicating poverty. This implies the assessment of economic performance and growth based on the available job opportunities.
- Second: Respect the principle of decent work requirements that has constantly been defended by the International Labor Organization (ILO) and that includes: obtaining adequate remuneration for the efforts made, providing workers with social and medical coverage, providing healthy and adequate working conditions, as well as the right of workers to syndicate memberships and equitable negotiations with employer.
- Third: The new target's inclusion of women and young people on the labor market, which is an indicator of fairness and effectiveness, the sustainable character of poor-friendly economic performance, and development.

The team was unable to determine the suggested indicators for this new target in this report, and will be able to do so in the coming phase when the necessary data will become available. This report merely states the most important changes and indicators related to work and unemployment that are linked to this target. (8)

1. Employment

There was a 53.1% increase in the number of workers during 2002-2006. While the number of Bahraini workers registered a 13.4% growth during this period, there was a 77.9% increase in the number of incoming foreign workers until it reached 71.5% in 2006 compared with 61.5% in 2002. On the other hand, the number of foreign workers compared to the overall number of workers decreased to 28.5% against 38.5% in 2002. Therefore, it appears that the Bahraini economy was able to create 121,983 jobs during 2002-2006, i.e. around 53% of the overall employment in 2002. It registered a growth of around 18.3%, 4.6%, 17.9%, and 14.4% in 2006, 2005, and 2004 respectively.

Figure 1: Overall Employment Growth during 2002-2006

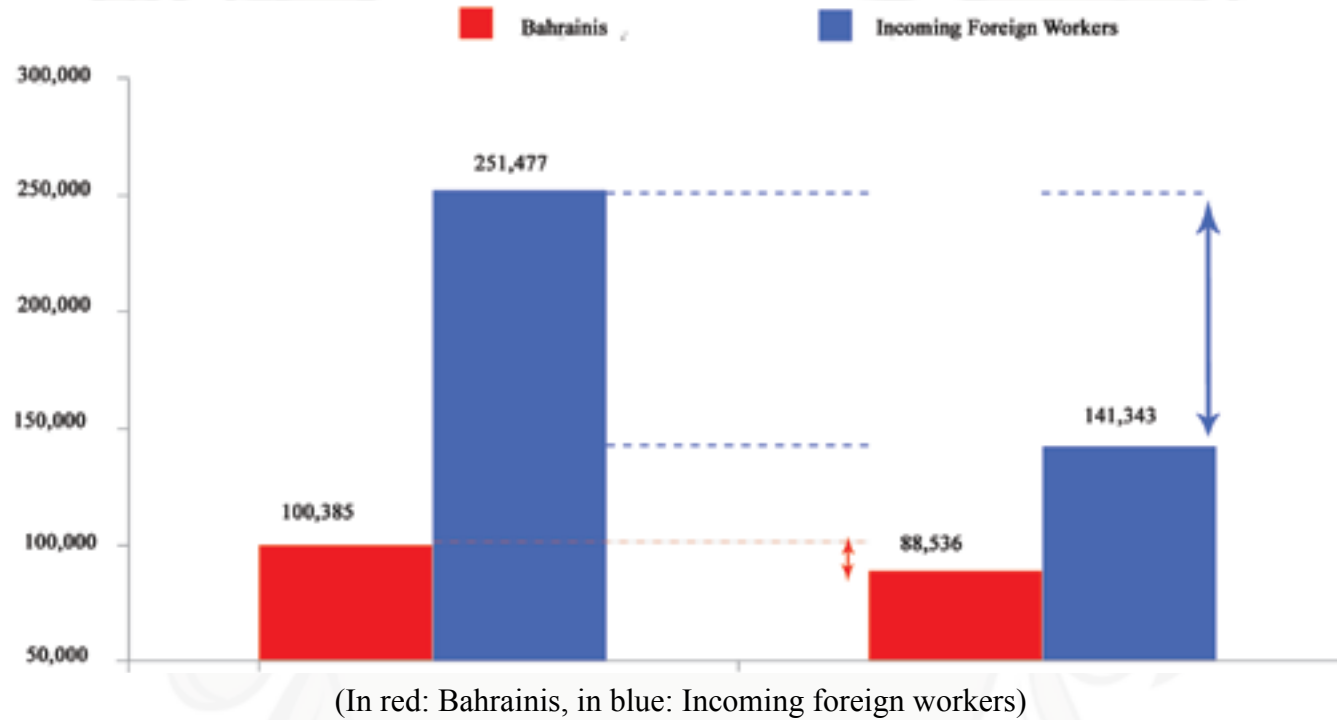


1. Unemployment

According to official statistics, the general unemployment rate reached 5.5% in 2001, and 12.7% among citizens (10% for males, 20.5% for females). As for the unemployment rate of foreign workers, it reached 0.46% (0.35% for males, 0.9% for females).

It was decided to establish the innovative Employment Insurance Fund for the support, training, and rehabilitation of job seekers, thus offering additional protection and relative stability to workers. If the insurance law against unemployment issued by royal decree on 22 November 2006 is applied, it will be the first of its kind in the region. Minister of Labor and Head of the Board of Directors of the General Organization for Social Insurance Majeed Al Alawi assured that the 18% increase of contributions was made with the approval of the Council of Ministers on 8 April 2007, indicating that the Pension Fund Commission – and then the General Organization for Social Insurance – will increase contributions to 21% after two years. Therefore, insurance contributions against old age, disability and death under the Social Insurance Law issued as per decree No. 24 of 1976 will be increased from 12% to 15%, so that the total contributions, including the insurance against work injuries, will be of 18% regarding the contributions currently applied by the Pension Fund Commission. Contributions will be raised to 21% two years from the effective date of application of this increase. It is noteworthy that the contributions increase will be assumed by citizens and national companies: 1% will be deducted for insurance against unemployment from salaries. Thus, the total deducted proportion from salaries will be 7%.

Figure 2: Increase of Incoming Foreign Workers V/S Increase of Bahraini Workers during 2002-2006



1. Wages and Salaries

Official national statistics confirm that the average monthly salary in the public sector has increased to BD 700 Dinars in 2006, in comparison to BD 597 in 2002. While the average increase for Bahrainis is approximately 17.5% in 2006, it increased by 13.3% for expatriates during the same period. As for the salaries and wages of Bahraini females to Bahraini males, the average reached 91.4% for the period 2002-2006.

Figure 3: Increase of Incoming Foreign Workers V/S Increase of Bahraini Workers during 2002-2006

	2002	2003	2004	2005	2006
The total workforce in the public sector	33.990	36.529	37.576	37.428	38.823
Male	20.480	21.622	21.861	21.495	22.160
Female	13.510	14.907	15.715	15.933	16.663
Overall total workforce in the Kingdom	14.8%	14.6%	13.2%	11.1%	11.0%
Bahraini	30.742	33.034	33.754	33.691	34.771
Male	18.225	19.248	19.207	18.887	19.431
Female	13.517	13.786	14.547	14.804	15.340
Overall total workforce in the public sector	90.4%	90.4%	89.8%	90.0%	89.6%
Non-Bahraini	3.248	3.495	3.822	3.737	4.052
Male	2.255	2.374	2.654	2.608	2.729
Female	993	1.121	1.168	1.129	1.323
Overall total workforce in the public sector	9.6%	9.6%	10.2%	10.0%	10.4%

.Source: Economic Indicators Report, Central Bank of Bahrain, December 2006

The Kingdom of Bahrain has taken important steps in addressing the issue of labour reform, which is essential to the process of developing valuable human resources and making Bahrainis more attractive candidates in the labour market. Labour reform also entails addressing matters related to wage and salary increases, as well improving the performance of national organizations. Since September 2004, following a national workshop on the current situation and the future vision of the labour market, the Crown Prince of the Kingdom of Bahrain and Deputy Supreme Commander of the Bahrain Defence Force His Highness Sheikh Salman Bin Hamad Al Khalifa, has taken great initiative in addressing this issue. Representing the leaderships' faith in the importance of national partnership in overcoming the Kingdom's challenges, it was announced that the main goals of labour reform are: encouraging the private sector to be an engine for economic growth in Bahrain and making Bahrainis the top choice for employment in the private sector. The process of labour reform has begun, guided by the following policies:

1. Implementing a system for expatriate fees and creating an expatriate quota in different economic sectors.
2. Support essential training programmes to rehabilitate Bahrainis for work. And, increase incentives for Bahrainis to work in the private sector.
3. Increase the flexibility of expatriates to change jobs by allowing visa holders to change employers.
4. Increase labour standards for all workers by adopting and implementing systems that adhere to international labour standards.
5. The application of clear and dependable work policies that relate to job termination and the creation of arbitration committees specialized in employment and work matters.

The Labour Market Regulatory Authority was established as a financially and administratively independent body. His Highness, the King, issued a law regarding the Labour Market Regulatory Authority on May 31, 2006, stating that the Labour Market Regulatory Authority has all the authority over tasks related to regulating the labour market in the Kingdom and issuing visas and registrations for expatriates. The government also gave its support to the Labour Fund, established under decree number 57 in the year 2006, in undertaking the task of implementing reforms in areas related to training, human development, labour market, and economic systems, which form the basis of a strong, successful Bahraini society.

Target 3: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

The living and income standards in the Kingdom of Bahrain are not indicative of this target and its indicators, since the nutrition-related studies show that there are virtually no statistical cases of people who do not receive the minimum daily calorie requirements. Regarding underweight children, the nutritional condition of children will be dealt with in the fourth goal, due to its connection with their health status more than with poverty.