

GCC Regional Summary

Population and Urbanization. The Gulf Cooperation Council (GCC) countries have a population of over 39 million, of whom 67 per cent live in Saudi Arabia. With 80 per cent of the population living in urban areas, it is one of the most urbanized regions in the world.

Nearly 40 per cent of the region's population is foreign born, most of whom are migrant labourers from Asia. Total population growth in the GCC countries has been declining and is expected fall to an annual growth rate of 1 to 1.5 per cent by 2030.

GCC countries, with the exception of Qatar, have adopted growth management spatial development strategies. The plans share a focus on shifting growth to planned secondary cities located along transportation corridors served by public transit, developing affordable housing, and promoting environmental sustainability. Certain country strategies emphasize particular aspects, such as land reclamation in Bahrain.

Economic Role of Cities. The national income of GCC countries overwhelmingly relies on oil and gas revenues: Qatar (45 per cent), Oman (66 per cent), UAE (74 per cent), Bahrain (76 per cent), Saudi Arabia (82 per cent) and Kuwait (95 per cent). As a result of oil revenue, they have some of the highest GDPs per capita in the world. Oil revenues range from 10 and 13 per cent of GDP in the UAE and Bahrain, respectively, to 40 to 50 per cent in Kuwait, Oman, Qatar and Saudi Arabia.

Projected declines in oil supply will significantly limit governments' ability to maintain current subsidies in water, energy, food and housing. All GCC countries are therefore trying to diversify their economies and become more integrated into the world economy through the development of knowledge-based activities and tourism. To attract investment, countries have opened their economies, provided support for potential investors, increased infrastructure investments and improved e-government and e-commerce.

Expatriate males comprise a significant portion of the labour force employed in the private sector, reaching 94 to 96 per cent in Qatar and the UAE, while the public sector is the main employer of their nationals, including 77 per cent in Kuwait.

Youth unemployment is a major challenge to governments as they try to address the mismatch between a high demand for low-paid foreign workers and an absence of well-paid jobs that can be filled by their own nationals. Many GCC countries are making visas more restrictive, setting caps on foreign labour participation, and creating institutions to help build the capacity of citizens. The distribution of wealth is unequal in all GCC countries, with concentrations of poverty among both expatriate migrants and urban migrants from internal desert locations.

Urban Development and Housing. The discovery of oil in the 1960s transformed the mud-walled towns in the Gulf into international cities with Western-style urban grids, extensive highway networks and peripheral suburbs with modern villas. Wealthy nationals and expatriates tend to live in the cosmopolitan city centres and suburban compounds, while low-paid expatriate workers, rural migrants and refugees live in the remains of historic settlements, in temporary housing on construction sites and in informal settlements. As part of its *Jeddah without Slums*

programme, Jeddah plans to redevelop older areas in the city centre and reduce the total number of residents living in informal areas to 300,000.

The constitutions of GCC countries require governments to provide homes, land or zero-interest home construction loans to their citizens, a benefit limited in some countries to men or citizens earning less than set income levels. Rising populations, escalating land costs due to speculation and a growing preference for villas instead of flats are making it harder for the government to provide loans to meet housing demand among low- and middle-income households. For instance, the wait list for government housing is 15 years in Kuwait and the Saudi government has recently frozen land grants in spite of a large backlog including as many as 200,000 applications in Jeddah.

The sharp market correction of real estate prices in 2008 demonstrated the degree to which property development had become speculative, particularly in Bahrain, Dubai and Qatar.

Housing finance in the Gulf countries is limited by the *Shari'a's* prescriptions on interest-charging banking services. Housing finance through Islamic banks remains limited and is accessible mainly by the wealthy. As housing developers typically raise their own financing, there is a chronic undersupply of affordable housing. Saudi Arabia, which has the least developed housing finance market in the region, enacted its first mortgage law in 2008. Affordable housing programmes tend to be poorly capitalized and, given the lack of fines and fees, many borrowers defer or default on their payments.

Environment and Transportation. Revenues from oil have allowed GCC governments to subsidize the cost of water, electricity, oil, gas and food for decades, resulting in some of the highest per capita rates of water and energy consumption and waste generation in the world. Electricity costs on average USD 0.12 per kWh to produce in the Gulf, but is sold for USD 0.04 per kWh.

With oil production peaking and predicted to become depleted in ten to 40 years, depending on the country, GCC governments are now investing heavily in alternative solutions, such as renewable and nuclear energy, wastewater reclamation, and waste recycling. Given the political difficulty of implementing tariff and management policy reforms, the focus has been on technological and efficiency improvements.

With its arid climate and rapidly-growing population, the Gulf is one of the world's most water-scarce regions. Despite the high cost of desalination, water tariffs in the GCC are among the lowest in the world, and it was free for many years in Doha. As governments re-evaluate water resource management, they are focusing on three main strategies: increasing the capacity of desalination plants; reforming tariffs and educating consumers and reducing domestic agriculture and promoting wastewater reuse.

The most prevalent method of waste disposal is in sanitary landfills, which have become overwhelmed by the increasing volumes of waste. Composting and recycling is limited by the lack of a domestic reuse market. The UAE is implementing multiple initiatives to reduce waste generation, including a phasing out of plastic shopping bags by 2012, the launch of a construction and demolition waste recycling plant in Abu Dhabi and the development of a waste-to-energy incineration plant in Dubai.

The Gulf has heavily invested in extensive road networks, with high-capacity highways and arterials encircling neighbourhoods and cities. The low cost of fuel in the GCC has been an incentive to motorization, which is now on par with that of high-income countries and has led to severe congestion in city centres. Uniquely among Arab countries facing similar challenges, the

GCC is implementing ambitious urban transportation master plans to reduce congestion and improve public transit and pedestrian networks and the general quality of urban life.

Urban Governance Systems. All aspects of government in the GCCs are highly centralized, including planning and urban administration. Ministries develop national, regional and local urban policies, while municipal authorities implement local plans. Despite efforts to delegate more powers to municipalities, the Saudi Arabian government retains significant control over local governance, including the right to dissolve government, remove members of local councils and set local tax rates.

Larger cities in the kingdom have greater autonomy; Medina's Urban Observatory has received wide recognition throughout the Arab world and was awarded the *Habitat Scroll of Honour* award in 2009. In the smaller emirates, the national planning agency prepares national, metropolitan and local level plans.

GCC cities rely on central government transfers to pay for both capital investments and operating costs. The lack of accountability for their development decisions often results in wasteful land consumption patterns and an increasing reliance on private cars for transport.

While attitudes towards women are more conservative in the GCC than in the Mashreq and Maghreb, and their labour force participation rates far behind that of men, the number of women with a higher education degree working as civil servants and gaining senior positions in government is quickly rising.

Migration and Remittances The GCC is the major recipient of migrants in the region. In 2010, the foreign-born percentage of the population was 87 in Qatar, 70 in the UAE, 69 in Kuwait, 39 in Bahrain and 28 in Oman. About one-quarter of the 15 million migrant workers in the GCC are Arabs, with the balance including a mix of well-paid expatriates from developed countries and low-paid sponsored workers from South and Southeast Asia. The Saudi border is a major transit point for refugees from the Horn of Africa.

The Gulf has become one of the top remitting regions in the world, with 2009 remittances equaling 7 per cent of GDP in Bahrain, Kuwait and Saudi Arabia and 11 per cent in Oman. Most low-paid migrant workers come to the GCC through the sponsorship (*kafala*) system, and immigration and sponsorship laws give sponsoring employers broad powers over workers. Poor living conditions, economic exploitation and the lack of public oversight has drawn international criticism and growing internal opposition within GCC governments. A common government response to criticism over worker living conditions has been to rehouse workers in new "labour towns" that meet and exceed international standards but still segregate them from the local population.