Regional Agenda

World Economic Forum on the Middle East and North Africa
Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation

Dead Sea, Jordan 21-23 May 2015
Preface

Four years ago, the Arab Spring brought a new sense of optimism to the Middle East and North Africa (MENA). The region is still undergoing political, economic and social transformations, but one clear message emerged at the World Economic Forum on the Middle East and North Africa: despite regional turmoil, MENA needs to continue pushing reforms and initiatives to boost productivity, create jobs and deepen economic integration.

At this decisive time for the region and the new strategic context, more than 1,000 leaders from government, business and civil society, from 58 countries, gathered in Jordan for the meeting, with the full support and presence of Their Majesties King Abdullah II and Queen Rania Al Abdullah. This year’s event marks the Forum’s ninth meeting in Jordan and the 16th meeting in the region, and participants included six heads of state or government and over 80 public figures.

Given MENA’s double challenge of security and macroeconomic uncertainty, the meeting convened under the theme, Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation. Participants discussed economic and geopolitical challenges, from the crises in Iraq, Syria, Libya and Yemen, to the threat of ISIS — and the work towards building a new comprehensive and forward-looking vision for the region.

Reflecting the Forum’s status as an international institution for public-private cooperation, the meeting also integrated the ongoing, impact-oriented initiatives, such as the New Vision for Arab Employment, Arab Economies in Transition and the Global Strategic Infrastructure Initiative. The countering of violent extremism and the plight of refugees and internally displaced people in several countries of the region were also an integral part of the agenda, explored at several working groups and sessions as well as the closing plenary.

The dynamic discussions and dialogues focused in particular on the advancement of youth, which was considered critical for the long-term success of efforts to counter marginalization and radicalization.

Another key focus was the policy reform momentum in many countries, including Jordan, Egypt, Tunisia and Morocco, along with the attendant infrastructure, energy and investment partnerships with the Gulf Cooperation Council countries and international financial institutions. Participants examined how these national developments can jump-start growth and foster job creation and entrepreneurship, and the role of the private sector.

To help understand these trends and linkages, the programme in Jordan was based specifically on a transformation map for the region, built around four pillars: Industry and Competitiveness; Employment and Entrepreneurship; Governance and Institutions; and Geo-economics and Geopolitics.

The meeting’s five Co-Chairs reflected the best of leadership from different sectors gathered in Jordan and highlighted the importance of enlarging the dialogue across stakeholder groups, sharing their insights and perspectives with participants on topics that ranged from governance to urbanization and technology.

The World Economic Forum is grateful to its members and communities for their commitment to and dynamic participation in the World Economic Forum on the Middle East and North Africa. We look forward very much to welcoming you to our next gathering in the region in spring 2016.

Miroslav Dusek
Senior Director
Head of Middle East and North Africa
World Economic Forum
Co-Chairs

Omar K. Alghanim
Chief Executive Officer
Alghanim Industries
Kuwait

Gordon Brown
Chair
World Economic Forum Global Strategic Infrastructure Initiative
UN Special Envoy for Global Education
Prime Minister of the United Kingdom (2007-2010)

Suma Chakrabarti
President
European Bank for Reconstruction and Development (EBRD)
London

Bodour Al Qasimi
Chairperson
Sharjah Investment and Development Authority (Shurooq)
United Arab Emirates

John Rice
Vice-Chairman
GE
Hong Kong SAR

The Meeting in Numbers

1,000+
Participants

30+
Official sessions

80
Government figures

50
Global Shapers

58
Countries

200
Reporting press

600
Business leaders

Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation
Dead Sea Highlights

Social entrepreneurs honoured in Jordan

Three outstanding social entrepreneurs from the Middle East and North Africa region have been recognized by the Schwab Foundation as winners of the 2015 Social Entrepreneur of the Year Award for their work in health, education, employment, gender and finance. The honourees are Amina Slaoui (Groupe AMN), for her work on integrating disabled people into Moroccan society; Maysoon Odeh Gangat (NISAA Radio Broadcasting Company), for producing the first Palestinian women’s radio station; and Pierre Issa (Arc en Ciel), for providing social and financial services to vulnerable and marginalized communities in Lebanon.

Since its inception, the Schwab Foundation for Social Entrepreneurship has been identifying the world’s leading social entrepreneurs and engaging this community of 320 award winners in advancing social innovation in collaboration with corporate, governmental and academic stakeholders. Schwab Foundation Social Entrepreneurs are fully integrated into the corporate, governmental and academic stakeholders. Schwab winners in advancing social innovation in collaboration with entrepreneurs and engaging this community of 320 award winners in advancing social innovation.

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Jobless youth at top of RBC agenda

The World Economic Forum’s Regional Business Council (RBC) for the Middle East and North Africa, meeting in a series of private sessions, launched a new phase of its New Vision for Arab Employment Initiative. The initiative aims to invest in the continuous learning and training of the region’s youth, through collaborations between business, educational institutions, civil society and governments to foster job-readiness and close the growing skills gap.

Nine founding partners from across the region, including Abdul Latif Jameel, Alghanim Industries, Consolidated Contractors Company (CCC), Crescent Enterprises, Crescent Petroleum, Jumeirah Group, Olayan Financing Company, MPS Healthcare and Zain Group, have committed to scaling their corporate initiatives or creating wholly new initiatives, aimed at closing the skills gap in the region. Collectively, these initiatives will offer skilling opportunities to 49,000 people. These commitments meet nearly 50% of the RBC’s target of skilling 100,000 young people by 2017.

At the same time, the RBC launched a Call to Action to other business leaders, governments and organizations to join this collaborative effort to maximize impact. The New Vision for Arab Employment Initiative is one of several regional projects within the Forum’s broader Global Challenge initiative on Employment, Skills and Human Capital, which produces analysis and fosters continuous learning and training of the region’s youth, through collaborations between business, educational institutions, civil society and governments to foster job-readiness and close the growing skills gap.

New initiative to support Syria’s refugee children

Since the start of the Syrian civil war in 2011, hundreds of thousands of refugees – many of them children – have fled to neighbouring Jordan seeking shelter, water and food. To help meet the humanitarian needs of these refugees, Table For Two, a non-profit committed to simultaneously tackling malnutrition and obesity, launched a fundraising drive to support the World Food Programme’s school meals initiative for 16,000 Syrian children in the Al Zaatri and Azraq refugee camps in Jordan. The initiative has already received $150,000 initial funding from the Tamer Group and is looking to build other partnerships throughout the region.

Table For Two works by providing meals on “both sides of the table” – people in partnering restaurants and corporate dining halls pay for healthy meals which, in turn, fund nutritious school meals for communities in need. The programme is designed to increase school enrolment and attendance by providing children in these schools with nutritious, high-energy foods. School meals play a key role in improving the quality of education and providing children with lifelong skills.

Table For Two was launched in 2007 by the World Economic Forum’s Young Global Leaders community. To date, it has served over 58 million meals worldwide by partnering with over 600 corporations, universities, restaurants and organizations implementing the programme in their establishments and products. It also draws support from Forum Partners and Members. More information at www.tablefor2.org

Platform for addressing violent extremism

In private meetings and a plenary session (pictured above) at the World Economic Forum on the Middle East and North Africa (MENA), the World Economic Forum conducted a special programme on Addressing Violent Extremism. These discussions are part of several dialogues around the world on this issue, which participants stressed is not only a problem for the MENA region but is also a global challenge.

The stakeholder approach is essential. “There is an increasing demand for joint responses,” Espen Barth Eide, Managing Director and Member of the Managing Board, World Economic Forum, said. “We believe this is something that has to be dealt with not just by governments but also by businesses and NGOs alike.”

The difficulty is that action to counter violent extremism is needed immediately, while long-term solutions are also required. “A military victory will not be sufficient,” said Sadiq Muhammad Al Muliaq, Deputy Prime Minister of Iraq. “We also need to have one clear strategy to develop conducive political and economic environments. Our concern is for the period post-ISIS. If we procrastinate, we will contribute to social tensions that will lead to internal conflict.”

The discussions on addressing violent extremism, which will be on the agenda of the UN General Assembly in the autumn, will focus on identifying the causes of radicalization in each country that is a source of recruits to violent extremist groups. “The emphasis should be to diagnose specifically what the drivers are and then integrate our efforts,” said Sarah Sewall, US Undersecretary of State for Civilian Security, Democracy, and Human Rights.

More about the World Economic Forum on the Middle East and North Africa: www.weforum.org/MENA
Transforming Industry and Competitiveness

Multistakeholder approach can overcome risks

Despite geopolitical turmoil and perceived economic risks, countries in the region have to improve productivity, enhance the investment climate and take steps to create jobs, particularly for youth. Solutions should involve public-private cooperation, the use of technology to enhance inclusion and cost-effectiveness, and efforts to promote regional economic integration.

At the World Economic Forum on the Middle East and North Africa (MENA), the business, government and civil society leaders meeting at the Dead Sea had one clear message: despite geopolitical risks and concerns, the region should be alive with reforms and initiatives to boost productivity, create jobs and deepen economic integration. Each country needs to set out a roadmap for action to strengthen competitiveness and to counter violent extremism. These plans – whether for energy security, closing the infrastructure gap, embedding technology in industry or improving healthcare – must include all stakeholders to succeed.

“We will solve the problems of our region only when we build on its strengths,” said His Majesty Abdullah II Ibn Al Hussein, King of the Hashemite Kingdom of Jordan, in his opening address. “We cannot be sidetracked by regional turmoil.” Hisham El-Khazindar, Co-Founder and Managing Director, Qalaa Holdings, Egypt, said in a session on energy security: “Change and reform happen when there are real pressures and challenges.”

Defining the region by its problems rather than by solutions misses its great potential, King Abdullah said. “It’s time for a new push to relaunch growth and investment while deepening reforms and inclusiveness.” At the meeting, Jordan demonstrated the political will to do just that. It unveiled $6.9 billion worth of projects in energy (including renewables), water, transport, ICT, infrastructure, urban development and tourism. It also kicked off its Jordan Relaunched campaign to revitalize its economy and attract investments. The government announced investment opportunities worth $20 billion aimed at creating 180,000 jobs. It also set up a National Competitiveness Council.

Action to make industry more productive and efficient and to enhance competitiveness is possible across many sectors. On energy, Ibrahim Saif, Jordan’s Minister of Energy and Mineral Resources, said: “The name of the game is sustainability and gain security of supply.” The drop in oil prices and commodity costs gives governments of non-oil-exporting economies in the region an opportunity to redirect energy subsidies to other needs such as infrastructure investment, where MENA countries lag behind other parts of the world.

Spending on healthcare should also increase. In a session on the issue, business and civil society leaders warned that countries in the region risked creating a two-tier system, where quality services and treatments are available only to the wealthy. “We really need to rethink and reshuffle our healthcare systems to offer equitable access to quality care for everybody,” said HRH Princess Dina Mired, Director-General, King Hussein Cancer Foundation, Jordan. “Healthcare should be seen as a fundamental right.”

In that session, participants concluded that public-private cooperation was necessary to achieve the best solutions, especially with government budgets tight and private-sector capital abundant. This was a paradigm for transformation proposed across almost all the sessions on competitiveness agenda challenges, from education to countering violent extremism.

Public-private cooperation offers multiple benefits. In developing infrastructure, for example, “a complete public-private partnership is not just about money,” Hani Mulki, Chief Commissioner, Aqaba Special Economic Zone Authority (ASEZA), Jordan, told participants. “It includes technology, transparency and proper and timely implementation of projects.” John Rice, Vice-Chairman, GE, Hong Kong SAR, and Co-Chair of the meeting, said: “Without public-private job creation, there is no path to sustainable, inclusive growth.”

A second common appeal at the meeting was the need to use technology to ensure that solutions are cost-effective and inclusive. In financial services, for example, mobile telephony and the internet have become essential tools for driving inclusion and empowering the “unbanked” to become productive entrepreneurs. “A country that is not connected and does not provide opportunities for its people and industries to participate will be left behind,” cautioned Steven Boutelle, Vice-President, Cisco Consulting Services; Jordan Country Sponsor, Cisco Systems, USA. Venture investor Dave McClure, Founding Partner, 500 Startups, USA, agreed: “In the next five years, 30%-50% of your entire customer base will go online. If you are not ready to go online, you are going to get disrupted.”

Even in the energy sector, the region’s oil-producing and non-oil-producing countries have to be ready for major disruptions. “Centralized mainframes gave way to distributed computing,”
Closing the infrastructure gap

Compared to other areas of the world, the Middle East and North Africa (MENA) is falling behind in infrastructure development. According to the World Bank, MENA countries spend just 5% of their total GDP on infrastructure, compared with 15% for China and 10% for the world on average. In private meetings and in a plenary session, participants considered ways to address this gap.

“There is a huge opportunity not just because of high youth unemployment and the need for facilities but because interest rates have been low and there is a surplus in savings,” Gordon Brown, Co-Chair of the meeting, said in the plenary. “So even with low oil prices and banks in a difficult position to lend because of new regulations, it is possible to make progress.” Brown chairs the World Economic Forum Global Strategic Infrastructure Initiative, which aims to close the infrastructure deficit by facilitating collaboration among governments, multilateral development banks, investors, and engineering and construction companies.

The benefits of building infrastructure – from schools to airports – are clear: economies in the region will boost productivity and competitiveness and drive growth. Majid Jafar, Chief Executive Officer, Crescent Petroleum, in a session on infrastructure, referred to a World Bank report showing that every $1 billion invested in infrastructure can generate, on average, 110,000 jobs in the region’s oil-importing economies, 26,000 jobs in the Gulf Cooperation Council (GCC) nations, and 49,000 in oil-exporting developing countries.

The region requires $108 billion a year in infrastructure investment, which would create 2.5 million jobs.

Jafar said: “The World Bank report estimates that infrastructure investment across the world gives you returns of between 5% and 25%, all of which are better than most alternatives that are facing governments today.”

The political and social disorder in the region and volatility in the global economy are making investors concerned about risks. “The main investor in infrastructure is the public sector, but it cannot do it alone,” said Hani Mulki, Chief Commissioner of the Aqaba Special Economic Zone Authority (ASEZA) in Jordan.

“We need to first invest in people, then in infrastructure.” Bodour Al Qasimi, Chairperson, Sharjah Investment and Development Authority (Shurooq), United Arab Emirates; Co-Chair of the meeting

Yet public-private cooperation is essential, given tight public budgets and risk perceptions. Brown said: “Public sector guarantees may be more important than public sector money in the long run. MENA countries cannot let infrastructure development stall because of concerns about instability, Jafar argued. “The investments will lead to stability,” he said.

Cross-border projects will deepen regional integration and contribute to peace, Mulki advised. “This will create an interdependent region. That should reduce risk. It would help minimize disparities in income. It would combat terrorism and extremism and at the same time provide for transparency.”

Thierry Déau, Chief Executive Officer of Meridiam Infrastructure in France, called for MENA investors to lead the way. “You can mobilize long-term capital if you have the right project partnerships. There is a lot of capital in this region and it needs to commit to this region to give comfort to capital from outside.”

He concluded: “If you bring together MIGA [the World Bank’s Multilateral Investment Guarantee Agency] with a Saudi sovereign wealth fund to finance a project to build telecoms infrastructure in Palestine, you are going to get it done – no problem!”

said K. R. Sridhar, Chief Executive Officer, Bloom Energy, USA. “Centralized landlines gave way to a distributed infrastructure. This will happen to energy whether we like it or not.”

Finally, participants also appealed for greater efforts to broaden and deepen regional integration. Sectors such as tourism require a regional cooperative effort to reap the benefits of the worldwide growth in travel. Again, public-private cooperation can mitigate the risks and turn cowardly capital brave. The MENA business community has to show confidence in their own region, participants agreed.

“We’ve been living in an unstable environment for a long time,” said Mohamed Alabbar, Chairman, Emaar Properties, United Arab Emirates. “We understand it and know how to work in it. But the numbers have to make sense.” He said that the rates of return on his company’s investments in Jordan are higher than those it gets in Europe or the US. At the meeting, Israeli and Palestinian business leaders recommitted to their mission to shape civil society-led initiatives to resolve the Israeli-Palestinian conflict under the framework of the Breaking the Impasse initiative, which is supported by the World Economic Forum.

“Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation”

“Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation”

Murat Sönmez, Chief Business Officer, Member of the Managing Board, World Economic Forum; Han Mi, Chief Commissioner, Aqaba Special Economic Zone Authority (ASEZA), Jordan; Gordon Brown, Chair, World Economic Forum Global Strategic Infrastructure Initiative, UK Special Envoy for Global Education, Prime Minister of the United Kingdom (2007-2010); John Rice, Vice-Chairman, GE, Hong Kong SAR; Majid Jafar, Chief Executive Officer, Crescent Petroleum, United Arab Emirates; Thierry Déau, Chief Executive Officer, Meridiam Infrastructure, France

“Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation”

“Creating a Regional Framework for Prosperity and Peace through Public-Private Cooperation”

Sajjad Mohamed, Chief Executive Officer, Crescent Petroleum; Thierry Déau, Chief Executive Officer, Meridiam Infrastructure, France; Christian Thondici, Co-Chair of the meeting
Partnering with Start-Ups session

Sebastian Kurz, Minister for Europe, Integration and Foreign Affairs of Austria

Mahmoud Abbas, President of the Palestinian National Authority; Chairman of the Palestinian Liberation Organization Executive Committee

His Majesty Abdullah II bin Al Hussein, King of the Hashemite Kingdom of Jordan; Klaus Schwab, Founder and Executive Chairman, World Economic Forum

Fahd Al Rasheed, Group Chief Executive Officer and Managing Director, King Abdullah Economic City, Saudi Arabia

Philipp Rösler, Member of the Managing Board, World Economic Forum; Abdelfattah Said Hussein Alsisi, President of Egypt

Vasily Nebenzya, Deputy Minister of Foreign Affairs of the Russian Federation

Ibrahim Saif, Minister of Energy and Mineral Resources of the Hashemite Kingdom of Jordan

Shimon Peres, President of Israel (2007-2014)

The Challenge: Renewing Energy

Opening Address
Transforming Employment and Entrepreneurship

Tapping into the region’s greatest wealth - youth

High youth unemployment levels continue to plague the Arab world, but a new initiative to equip 100,000 young people with skills for jobs by 2017, and renewed efforts to address the gender gap, could turn a challenge into an opportunity.

Tackling youth unemployment was high on the agenda and one of the key components of the meeting in Jordan for participants from all sectors of society. With the unemployment rate among 15 to 24-year-olds now at 28%, and expected to grow to 29% by 2018, participants from government, business and civil society called for immediate action.

The deepening threats of radicalization and violent extremism make finding an effective response to the youth unemployment challenge even more imperative. “It is no secret that unemployment affects security,” said Ghada Waly, Minister of Social Solidarity of Egypt.

With young people constituting two-thirds of the Arab population, participants called on governments and businesses to tap into this wealth, instead of seeing it wasted. “Youth is the biggest challenge and the biggest opportunity in the region,” said Fadi Ghandour, Founder and Vice-chairman of Aramex International, who chaired a session on youth.

In this context of growing risk and uncertainty, participants called for a three-pronged approach to reduce unemployment: schools and universities should teach critical thinking; women should be encouraged to join the workforce; and governments should ease regulations for start-ups and small to medium-sized enterprises (SMEs).

The educational system in most Arab countries is not producing graduates who can problem-solve, analyse and innovate. Schools and universities are producing people who go on to work in the public sector, which, in many cases, employs 50%-80% of the workforce.

Omar Alghanim, Chief Executive Officer, Alghanim Industries, Kuwait, and Co-Chair of the meeting, said: “In our region, we are so caught up with getting the degree but are not teaching youth how to think.” He added that teachers and the quality of teaching played a key role. “We have a lot of desks, a lot of school buildings and a lot of teachers, but we do not have a way to assess the quality of the teaching provided,” he said.

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Closing the gender gap in MENA is one of the region’s big challenges. Three out of four women are not working and women’s labour force participation is still only at 18%, even though more than 50% of university graduates are women. Yet study after study has shown that women’s inclusion in the workforce results in a marked boost to the national economy.

“In Egypt, if you can create gender parity, you will have $34 billion in additional revenues a year,” said Ronald Bruder, Founder and Chair of Education for Employment, speaking at a session on jobs.

At 44%, female youth unemployment is almost double that of their male counterparts in the region. Contributing to this disparity are cultural and social norms that discourage women from working. Bodour Al Qasimi, Chairperson, Sharjah Investment and Development Authority (Shurooq), and Co-Chair of the meeting, said: “We need to change perceived gender roles in our society.” She underlined the role of families, saying: “We need to have more legislation that supports women, such as maternity leave and shared parental responsibility.”

Participants noted that there are real differences across the region and among industries in women’s labour participation. For instance, women are well-represented in industries such as media and advertising, while engineering and finance remain male-dominated due to a lack of availability of skills among women. Developing women’s technical skills sets would help to address this.

Ghada Waly, Minister of Social Solidarity of Egypt, said that encouraging women to use technology enhances their chances of finding employment and also gives them the opportunity to work from home, if they prefer.

Participants agreed that having the right policies in place would not only encourage women to participate in the workforce but also would help to shift mindsets among men. Changing the workplace culture and having the right facilities in the workplace would also be beneficial. At a session on gender parity, speakers proposed initiatives such as providing separate women’s bathrooms and nurseries, flexible working hours, longer maternity leave and part-time contracts and being able to work from home. They also called for the right values to be instilled in middle managers – most of whom are men – to create better career opportunities for women.

A number of governments and industries have already developed successful initiatives. In the United Arab Emirates, for example, a law has been passed that compels listed companies to have at least one woman on their boards. In Saudi Arabia, the government has decreed that companies which have more than 50 women on their workforce should provide a crèche.

Attesting to these changes was the fact that two of the three winners of the Schwab Foundation 2015 Social Entrepreneur of the Year Award, honoured at the meeting, were women who were recognized for their outstanding work in health, education, and gender.

To find out what the Forum is doing to help achieve gender parity, go to: www.weforum.org/women-leaders-and-gender-parity
Compounding the problem of youth unemployment is the fact that young women are not joining the workforce (see side panel on gender parity). Female youth unemployment, at 44%, is almost double that of male unemployment in the region, although more than half of university graduates are women.

What is preventing women from joining the workforce? Speakers at a session on gender parity agreed that a prevailing culture that does not encourage women to work and the absence of supportive laws and infrastructure are holding back progress.

A number of business leaders acknowledged, in the session Partnering with Start-ups, that they eye start-ups with an equal measure of fear and hostility. The region seems to shy away from start-ups as they are deemed “too risky”, said Hani Ashkar, PwC, Senior Partner, Middle East, UAE. Dave McClure, Founder, 500 Startups, USA proposed a more pragmatic approach. “Instead of going to war with start-ups, work with them and figure out how you can invest in them, and maybe later, acquire them,” he said.

Participants urged both the public and private sector to provide the enabling environments to help start-ups get solidly anchored. “We need to create laws that make it easier for banks to fund SMEs,” Alghanim said.

Recognizing that longer-term reform by the public sector must be complemented by the active collaboration of the private sector, the World Economic Forum’s Regional Business Council (RBC) for MENA launched at the meeting a new phase of its New Vision for Arab Employment Initiative.

The aim is to invest in the continuous learning, training and job-readiness of the region’s youth, through collaborations between businesses, educational institutions, civil society and governments, to help education systems keep up with the needs of the labour market.

“Massive unemployment coupled with talent gaps is a pattern that is particularly acute in this region,” said Saadia Zahidi, Head of the Employment, Skills and Human Capital Global Challenge Initiative at the World Economic Forum. “The pilot initiative tackles today’s challenges while anticipating future trends and solutions, and aims to be a model to be used across the region.”

Nine founding partners from across MENA have committed to scaling their corporate initiatives or creating wholly new initiatives aimed at closing the skills gap. Collectively, these initiatives will offer skilling opportunities to 49,000 people. These commitments meet nearly 50% of the RBC’s target of skilling 100,000 young people by 2017.

It is clear that through public-private cooperation, the region can create the right environment to maximize success and reduce failure.
Abdullah Ensour, Prime Minister of Jordan; Klaus Schwab, Founder and Executive Chairman at the World Economic Forum

Dave McClure, Founder, 500 Startups, USA

Amre Moussa, Secretary-General of the League of Arab States (2001-2011)

H.R.H. Carolina de Borbon Parma, Head and Representative for Partnerships in Switzerland, United Nations Relief and Works Agency for Palestine Refugees (UNRWA), Geneva

Abdelilah Benkirane, Chief of Government of Morocco

Fadi Ghandour, Founder and Vice-Chairman, Aramex International, Jordan

Ayman Al Safadi, Chief Executive Officer, Path Arabia, United Arab Emirates

Rowsch N. Shaways, Deputy Prime Minister of Iraq

The Challenge: Circular Economy
Transforming Governance and Institutions

Reforms that are building a more competitive future

Although political instability has slowed in many countries of the region, the outlook is more positive. Countries have been working to strengthen existing governance frameworks and there is great momentum for economic, political and social reform to deliver on development and prosperity.

The biggest threat to world stability – after interstate conflict and extreme weather events – is failure of national governance, followed by state collapse or crisis, according to the World Economic Forum’s Global Risks 2015 report. As state structures are challenged by conflict, the risk of the failure can grow, particularly in areas where current boundaries have been blurred and when a country cannot provide security and basic services to its citizens.

Given the lack of a stronger response from both the public and private sectors, the risk is the unravelling of hard-earned gains in economic and political stability, and the further erosion of trust in leadership. This is not only weakening governance but also undermining the ability to act decisively on issues such as conflict resolution. Failure to collaborate and implement common solutions in these areas could significantly undermine future growth and stability.

“The failure of governance and state power is leading to the fragmentation of nation states at unprecedented speed and complexity,” said Mina Al-Oraibi, Assistant Editor-

Managing the cities of tomorrow

The Middle East and North Africa region is undergoing an urbanization trend in which large numbers of people are moving to cities. Metropolitan areas have been the primary focus of this growth, with the urban share of total population growing from 48% in 1980 to 75% by 2015. According to UN Habitat, by 2030 several countries will be more than 90% urban: Bahrain (95.8%), Kuwait (98.4%), Lebanon (93.9%), Libya (92%), Oman (95.2%), Qatar (95.9%), Saudi Arabia (92.6%) and the United Arab Emirates (93.3%).

The cause is rooted both in climate change, where changing temperatures and desertification are leading many to abandon agriculture as a means of making a living, and demographic shifts, which are resulting in growing migration from the countryside in the search for better employment and education opportunities.

As cities grow, however, so do the problems. These include serious strains on transport and infrastructure, housing, ITC and basic services such as water, electricity, sanitation and healthcare. Densely populated areas also create an enabling environment for social instability.

With limited resources and stretched municipal budgets, national and local governments need to find creative ways and new opportunities to meet growing demand. The goal is to help these cities to move towards a smarter, more sustainable future through new models of urban development and innovation. This has the potential to fundamentally transform the way citizens consume urban services, the ways these services will be delivered and, ultimately, how the cities will be managed and governed.

Public-private partnerships will be essential for developing the cities of tomorrow and addressing growing infrastructure and energy needs. Such partnerships can be effective in improving city budgeting, planning and maintenance. One example is a partnership between the Egyptian government and the private sector to build a wastewater treatment facility to improve sanitation services as well as accommodate projected population growth in New Cairo, a satellite town of greater Cairo that aims to alleviate overcrowding in the city centre. New Cairo’s current population of 550,000 is expected to increase to about 3 million by 2029.

Other cities, such as Jordan’s capital Amman, are looking to become an incubator of new technologies and a hub for entrepreneurs, aiming to enhance the city’s liveability, efficiency and productivity. This can be achieved through smart and sustainable solutions as well as good governance and reforms to simplify doing business, protect investors and support growth. Cities have always been the engines of productivity and will be essential to the future growth and competitiveness of nations and regions.

More information on the future of cities at: www.weforum.org/content/global-agenda-council-future-cities-2014-2016-0
in-Chief, Asharq Al-Awsat
Newspaper, United Kingdom;
Young Global Leader; Global
Agenda Council on the Middle
East and North Africa. “When a
state is unable to provide basic
needs – whether security, basic
healthcare or primary education –
to its people, non-state actors
will fill the vacuum.”

Nowhere is this more visible
than in Iraq and Syria, where
ISIS and other extremist
groups have claimed control
of large swaths of territory,
terrorizing local populations
and destroying institutions and
political rivals along the way.
A breakdown in the rule of law
and governance in Yemen and
Libya has also brought both
countries to near collapse.

Espen Barth Eide, Managing
Director and Member of the
Managing Board, World
Economic Forum, said that the
crises in the region are a
result of the “collapse of old
systems that were not able to
deliver” results to people. This,
he said, is what ultimately led
to protests and the overthrow
of leaders in Egypt, Tunisia and
elsewhere.

The well-functioning of
institutions is critical to ensure
inclusive and sustainable
growth, but corruption, political
deadlock and weak legal
systems, among other failures
of governance, have prevented
governments from putting in
place policies to mitigate risks
and build a resilient society. So
what can the MENA countries
do to avoid repeating the
mistakes of the past? Reforms
in a number of countries are
solidifying good governance
and providing the necessary
framework for the rule of law.

In Tunisia, where the Arab
Spring began, democracy
and pluralism are taking root.
Since the revolution, Tunisians
have had elections, in which
the previous regime handed
power over to the opposition
without civil discord or war,
and a new constitution, rooted
in the rule of law, has been
drafted. The country’s current
national unity government
includes secularists and
Islamists.

Neighbouring Morocco
remained relatively untouched
by the violence and chaos that
ensued in 2011, thanks to the
reforms, particularly regarding
political reconciliation,
introduced by King Mohamed
VI years earlier. “When you
want to achieve reform there
is no guarantee you will
achieve everything,” said
Abdelilah Benkirane, Chief
of Government of Morocco,
but he added that a lot has been
done, including amending
the constitution to rectify the
human rights situation and
election issues. “We proved to
the people that government is
willing to take in the interests
of all groups.”

In the meeting’s host country,
Abdullah Ensour, Prime Minister
of the Hashemite Kingdom
of Jordan, cited government
reforms on decentralization
and election laws. “We will be
introducing a new election law
that will enhance democracy,
to give people a bigger margin
to express their voice,” he said.

Whether through the ballot
box, or through the ability to
provide services, governments
of relatively stable countries in
the region have understood
the importance of delivering
to their people. This is not to
say that those countries are
not in need of further reforms
or improvement, but they
provide a benchmark for which
a semblance of stability can be
attained. Cementing laws into
a fair constitution and making
sure that they are adhered to
are fundamental to tackling the
phenomenon of failed or failing
states in the Middle East.

In the meeting’s closing
plenary, Klaus Schwab,
Executive Chairman of the
World Economic Forum, urged
good governance, not only
for countries in the region
but also for all stakeholders:
“There is a lack of confidence
in the political and business
communities because we do
not always practise the best
governance. If next year you
can say that in my organization
I have applied the best
governance rules, then we will
make real progress.”
Transforming Geo-economics and Geopolitics

Working together for peace and prosperity

Since the Arab Spring of 2011, a number of deepening political, economic and societal transformations have threatened to throw the region into chaos. Addressing issues such as the political and socio-economic conditions of Arab citizens and the growing refugee crisis will stem the rising tide of radicalization and violent extremism.

The political, economic and security crises in Iraq, Libya, Syria and Yemen are part of a strategic competition that is playing out in the region and could lead to major changes in the Arab world. Today, ISIS (the extremist group also known as Daesh) is the biggest security threat in the MENA region.

According to Anir Moussa, Secretary-General of the League of Arab States (2001-2011), the chaos in the Middle East and North Africa has not happened by chance. “I believe that bad governance led in part to what we see today in the region. Daesh is but a result of wrong policies by the previous government in Iraq,” he said.

Saleh Muhammed Al Mutlaq, Deputy Prime Minister of Iraq, told a session on The Geostrategic Outlook that a political solution was as important as a strong military response to ensure a more stable future. “Fighting ISIS cannot be only a military battle. We need a political solution that goes hand in hand with it so citizens feel they have hope in our country’s future.”

Nasser Sami Judeh, Deputy Prime Minister and Minister of Foreign Affairs of the Hashemite Kingdom of Jordan, acknowledged the need to tackle regional issues. “To have a discussion about regional concerns, many of the differences in the region have to be resolved,” he said.

Another driver of regional instability is the refugee crisis (see side panel). The number of refugees and internally displaced people (IDPs) in Libya has risen from 100,000 to 400,000 since mid-2014. In Iraq, more than 100,000 Christian families have been displaced.

The greatest challenge is the 10 million Syrians who have fled their homes since March 2011. According to the UNHCR, the number of Syrian refugees rose from 200,000 in mid-2012 to 1 million in 2013 and 2 million in 2014.

To date, 3.9 million Syrian refugees have fled to neighbouring countries, while an estimated 6.5 million are internally displaced within Syria. About 5,000 additional Syrian refugees are created every day. The most affected countries are Lebanon with 1.2 million registered refugees, Turkey with 1.7 million and Jordan with 1.4 million, almost half of whom are not registered.

At a session on the refugee crisis, Imad Najib Fakhoury, Minister of Planning and International Cooperation of the Hashemite Kingdom of Jordan, said his country has opened its borders to refugees but the burden has become too much for the country to handle on its own. “We have over 1.4 million Syrians and this is creating challenges,” he said, noting that such an increase in the population is putting a huge strain on social services and resources in a country with limited resources to begin with.

Ali Omar Sindi, Minister of Planning of the Kurdistan Regional Government, said: “We have seen our population increase by 28%. This is an extra burden on a region that already has its own issues and instability. We are managing the emergency, but we need to talk about resilience.”

Gordon Brown, Chair, World Economic Forum Global Strategic Infrastructure Initiative and Co-Chair of the meeting, underlined the problem in a session on the issue. He warned of a “lost generation”, noting the vulnerability of 2 million refugees from Syria who lack shelter, healthcare, food and education. “This problem is huge, it’s not temporary and will last for years,” he said, adding that the average period of a refugee out of one’s country is 10 years.

Brown stressed the need to provide education for all Syrian refugees.

Antonio Guterres, UN High Commissioner for Refugees called on the world to do more. “The international community is not coming together sufficiently to support the humanitarian needs of the Syrians and Iraqis.” Host nations also appealed to the international community to help them deal with the world’s largest humanitarian crisis. “We need a Marshall Plan to provide support,” Fakhoury said, referring to the US initiative to rebuild European economies after the end of the Second World War.

While appeals for humanitarian assistance are often directed toward government, companies and civil society also have a role to play. “The private sector is underutilized in humanitarian responses. We could bring solutions,” said Elaine Weidman-Grunewald, Vice-President of Sustainability and Corporate Responsibility at Ericsson.

“We need education systems to teach how to think and to solve innovative problems”

Omar K. Alghanim

Chair Executive Officer, Alghanim Industries, Kuwait; Co-Chair of the meeting
a greater focus on its young people. President Abdelfattah Said Hussein Alisi, President of Egypt, said, "Enhancing the role of youth can no longer be considered a luxury. It has become an imperative. Their energy should be channelled in the right direction to drive production and realize the desired progress and development." This will require public-private cooperation, he said. "The challenge posed by the issue of investing in youth is not just an item on the agendas of governments but a key issue that should constitute an area of cooperation and integration of efforts between the government and business sectors."

At the opening plenary, H.M. King Abdullah II Ibn Al Hussein of Jordan painted a brighter picture and said countries should not be sidetracked by regional turmoil. "It is time for a new push, engaging all sectors to create inclusive growth," he said. "Our goal is to relaunch growth and investment while deepening reform and inclusion." He urged participants to similarly grasp the opportunity to build a positive vision for the future. "To define our region by problems and not solutions is to miss a huge potential. New approaches and innovative products and services offer unprecedented scope to those who look ahead."

One major outcome of the meeting was a commitment by participants in private meetings and a plenary session in the Forum’s special programme on Addressing Violent Extremism to advance multistakeholder momentum, including business and civil society, on this pressing issue. The ongoing discussions of this challenge, which will be on the agenda of the UN General Assembly in New York in the autumn, will focus on identifying the causes of radicalization in each country that is a source of recruits to violent extremist groups.

"The emphasis should be to diagnose specifically what the drivers are and then integrate our efforts," said Sarah Sewall, US Undersecretary of State for Civilian Security, Democracy, and Human Rights.

While security is an urgent challenge, it should not overshadow the cultural, social, economic, psychological and political factors that have spurred this phenomenon. Ayad Allawi, Vice-President of Iraq, called for clear strategies to counter the immediate threat of ISIS and to prevent radicalization of citizens, particularly young people.

Inclusion is key, Atifete Jahjaga, President of the Republic of Kosovo, told participants. "Terrorism and extremism are countered by engaging all the layers of our societies. No one should be kept aside. Exclusion is the breeding ground of extremism," she said.

As human capital is any region’s greatest asset, transforming MENA will require...
Acknowledgements

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For more information, email: africa@weforum.org

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