



## Knowledge Economy for Growth and Employment in the Arab World

*We know that the source of wealth is something specifically human: knowledge.  
If we apply it to tasks we already know how to do, we call it “productivity.”  
If we apply it to tasks that are new and different, we call it “innovation.”  
Only knowledge allows us to achieve those two goals.*

*Source: Peter Drucker, Managing for the Future, 1992*

### **Report on Transforming Arab Economies: Traveling the Knowledge and Innovation Road**

**Knowledge has always been central to development, and it remains so today.** Thanks to the development of the Internet and a variety of new information and communication technologies (ICT), knowledge is now becoming global and accessible. Along with this dramatic technological change has come a globalization of economies, with intensified competition and the emergence of more sophisticated value chains in production processes. Across the globe, farsighted leaders are searching for new ideas and strategies to deal with the new global challenges. With the advent of the Arab Spring, the countries of the MENA region are also revisiting their growth and development strategies. The CMI’s program on the knowledge economy aims to address this important agenda for the Arab world.

**To cope with the daunting challenges they face, particularly the huge need to create jobs and to develop more productive economies, many Arab countries would do well to consider a new economic model, that of the knowledge- and innovation-driven economy.** Indeed, over the past decade, some Arab countries have taken positive steps to spur growth and improve their global competitiveness by cultivating and using knowledge. This is the theme of *Transforming Arab Economies: Traveling the Knowledge and Innovation Road*, a report that has been prepared by the MNCMI, in collaboration with the World Bank’s MENA region, WBI, as well as with the European Investment Bank (EIB), and the Islamic Educational, Scientific and Cultural Organization (ISESCO).

**Traveling the road to the knowledge economy can help to ensure a sustainable growth trajectory, but it is not an easy road, nor is it a short-term process.** Choosing it means expanding and deepening reforms in key policy areas to develop more entrepreneurial economies, fomenting more innovative industries, preparing a cadre of better educated and more highly skilled people, and nurturing societies that are more open and competitive. Implantation of the new model must be adapted to each country’s specificities and capabilities and inspired by a pragmatic approach that gathers low-hanging fruit—relatively easy opportunities to create new wealth and jobs—in order to build trust and confidence in the needed reforms. Deeper integration within the Arab world and within the Mediterranean space is an important component of the transition to the new model.

**The report: *Transforming Arab Economies: Traveling the Knowledge and Innovation Road* has been prepared in close consultation with policy makers and representatives of the private sector and civil society in the Arab world. Some milestones include:**

- The **first consultative regional workshop that took place at the CMI in November 2011** and brought together high-level participants from government, the private sector, and civil society from Egypt, Lebanon, Jordan, Morocco, and Tunisia to share experiences on knowledge economy strategies and

related policies on education, innovation, and ICTs. Participants included staff from the World Bank, EIB, ISESCO, Islamic Development Bank, the European Bank for Reconstruction and Development (EBRD), UNDP.

- In June 2012, the CMI organized a **second workshop with ISESCO in Rabat**. It was opened by H.E. Minister Nizar Baraka and discussed the draft findings with experts and representatives from Algeria, Egypt, Lebanon, Jordan, Morocco, and Tunisia, as well as from the EIB, the EBRD, Institut de la Méditerranée, the Korea Development Institute, and the World Bank.
- The work was presented at a regional workshop on innovation in **Algiers in September 2012** and at a conference on the knowledge economy for the countries of the Gulf Cooperation Council in **Doha in October 2012**.
- It was the focus of a **Knowledge Economy Rencontre Valmer event at the CMI in October 2012** that included high-level participants from the southern rim of the Mediterranean, as well as another **second Rencontre Valmer event in December 2012**, built on the Golden Growth report by ECA Chief Economist, Indermit Gill, where the KE work was highlighted.
- We shared the findings of our work with graduate students from the **Aix Marseille School of Economics** as part of a CMI course on 'Economic Integration for Employment,' February 2013.
- It went through a decision meeting at the Bank as a result of which an **Overview has been developed**. It is being translated into French and Arabic and will be published (in partnership with EIB and ISESCO).
- It will be **disseminated at a planned high level conference with ISESCO in Rabat on June 4-5, 2013**, together with the Bank's MENA region, the EIB, and other partners.

**While developing this in-depth report, the team has also sought to respond to country demand and is working on ways to operationalize the approach laid out in the report in Egypt, Morocco and Tunisia**, also in collaboration with CMI's Oversight Committee members. It has developed a draft strategy note and background report for Morocco that will be discussed at a workshop in April 2013 in Rabat, as well as at a Tunisia country consultation in April 2013. The government of Egypt has also recently expressed interest in a consultative workshop with stakeholders from government, private sector and civil society.

**In keeping with the CMI's *raison d'être* as a knowledge platform for dialogue and discussion, the program is continuing to engage with partners—World Bank, EIB, ISESCO, and EBRD—to advance the knowledge and innovation agenda within the Euro-Mediterranean space.** We are:

- Building a community of practice of interested stakeholders and change agents, especially through the high level conference, June 4-5, in Rabat. In addition, we have developed a dedicated KE page on the CMI website ([www.cmimarseille.org/ke](http://www.cmimarseille.org/ke)).
- Working with ISESCO, with whom we have developed a three-year framework of cooperation on the knowledge economy. We are continuing to strengthen links with the EIB on the area of innovation systems.
- Reaching out to the EC, and have presented our work at the 17<sup>th</sup> Meeting of the Euro-Mediterranean Monitoring Committee (MoCo), November 19-20, 2012 in Malta and at a EU-Med conference on innovation and technology on Feb 18-19, 2013 in Tunis.