



TRANSFORMING ARAB ECONOMIES: TRAVELING THE KNOWLEDGE AND INNOVATION ROAD

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ISESCO Headquarters
Rabat

Conference Report

Recent events in the Arab world have shown the vital importance for countries to engage in continuous, broad-based, and inclusive development. To cope with daunting challenges, particularly the need to create millions of good jobs, the countries of the Arab world should resolutely embrace an economic growth model based on knowledge and innovation, following a global move toward the “knowledge economy.” A recent CMI-led report: *Transforming Arab Economies: Traveling the Knowledge and Innovation Road* (World Bank, 2013), developed with the World Bank, EIB and ISESCO, places a knowledge- and innovation-driven model at the heart of new development strategies in the region. Given the diversity of the Arab world, the study does not provide a cookie-cutter approach but rather offers examples from within the region, as well as from countries from Finland to Korea that have put in place effective strategies to maximize the use of knowledge, innovation, and technology.

The launch of this report took place at a high-level conference at the ISESCO HQ Rabat on June 4-5, 2013, and addressed the challenges and opportunities faced by the Arab countries in developing and implementing strategies based on knowledge and innovation to spur growth and employment. It highlighted examples of successful national and local knowledge-economy initiatives in the Arab region, while also showcasing relevant examples from the rest of the world.

The conference, which was organized with strong support from Dr. Altwaijri, Director General, ISESCO and his team, brought together some 150 participants from government, including several Ministers: H.E. Mr. Nizar Baraka, Minister of Economy and Finance, Morocco; H.E. Dr. Ahmed Ould Bahya, Minister of State and National Education, Higher Education and Scientific Research, Mauritania; H.E. Mr. Ali Al Adeeb, Minister of Higher Education and Scientific Research, Iraq; and H.E. Nabil Mohamed Ahmed Lahgui, Minister of Higher Education and Research, Djibouti, as well as representatives from the private sector, and civil society from across the Arab world—Algeria, Djibouti, Egypt, Iraq, Libya, Lebanon, Jordan, Mauritania, Morocco, Oman, Saudi Arabia, Tunisia, UAE, and from France and Pakistan. The conference also included staff and presentations from various regional and international organizations (also those based in Rabat): the African Development Bank, British Council, EIB, EU, FAO, FEMISE, GIZ, IEMED (Spain), IMF, IOM, ISESCO, Islamic Development Bank, UNDP (who shared the Arab Knowledge

Report), UNIDO, World Bank, as well as the private sector: CISCO, Kafalat (Lebanon), International University of Rabat, and members of the diplomatic corps resident in Morocco.

Opening Session

Dr. Abdulaziz Othman Altwaijri, Director General, ISESCO welcomed participants to the conference and expressed the urgent need for countries in the Arab world to embark on an effective transition towards a knowledge- and innovation-based economy. The imperative of making such a move comes from the current global economic situation characterized by a succession of crises (financial, food, fuel), weak governance, and significant differences in the capacity of countries to respond to such crises. The report comes at an opportune time and provides policy guidance on how countries can pave the way towards this transition, which goes beyond exploiting traditional factors of production to seeing how knowledge, innovation and technology can help countries boost growth and create the needed jobs.

H.E. Mr. Nizar Baraka, Minister of Economy and Finance, Government of Morocco highlighted the efforts being made in various sectors by the Moroccan government to build a new development model based on knowledge and innovation. He stressed the need to reconsider the current economic models in the Arab region, and called for the adoption of “balanced governance” based on coordination between different government ministries, as well as with the private sector and civil society.

The report was then introduced by Inger Andersson, Vice President, Middle East and North Africa, World Bank (by video). She highlighted the importance of the report and its role in helping to meet the economic challenges in the Arab countries, and stressed the importance of exchanging experience and knowledge on national practices and initiatives that are taking place, which is critical to developing a vibrant network of regional practitioners.

Mr. Mats Karlsson, Director, Center for Mediterranean Integration then underlined some of the key elements of the report. He highlighted that the report does not offer a “one size fits all” recipe; rather that successful economic transformation in the Arab region depends on activating growth models based on knowledge and innovation, as well as making progress on sectoral and spatial diversification.

Keynote Speech: Innovation, Entrepreneurship, and Renewal of the Arab World

After the ceremonial launch of the report in English, French and Arabic with H.E. Mr. Nizar Baraka, Dr. Altwaijri, Mr. Mats Karlsson, and Mr. Guido Prud’homme (EIB), a key note speech was delivered by Dr. Nasser Saidi, President of Nasser Saidi and Associates, and Former Minister of Economy and Trade and Minister of Industry, Lebanon. Dr. Saidi began by talking about the “Arab firestorm” (rather than the oft-cited Arab Spring) and the need to deal with the politics and governance changes that are taking place in the region. Countries are facing various vulnerabilities (youth bulge and the need to create jobs, poverty and inequality need for increased participation of women in the work force, imperative of diversifying economies away from traditional oil and gas, and the issue of reorientation of subsidies). In order to move forward, countries should take any short cuts (as for example, free zones, SEZs, clusters that can help also to attract FDI); focus on the private sector with emphasis on access to finance; need for leadership and vision (“you cannot lead what you don’t understand”) and translate the vision into

government action, as has been done by Sheikh Mohammad of Dubai; integrate more into global supply chains, and especially make links to China. There is need to extend regional integration by bringing in the Gulf countries that are already making such links. The role of the media is key and should be engaged in the awareness raising process. Finally, he underlined that this is an important report—a flagship publication of the World Bank. One way to carry it forward is through a measurable index of the KE with sub-indices which could be updated annually by countries of the region so that it can serve as a motivator for neighbors and competitors in the Arab world.

Session 1: Transforming Arab Economies: Traveling the Knowledge and Innovation Road

During the first session, chaired by Dr. Ghaith Fariz, Director of the UNDP Arab Knowledge Report, the team (Drs. Anuja Utz and Jean-Eric Aubert, CMI) shared the main findings and recommendations of this work, which is organized around three questions: Why should countries embark on a knowledge- and innovation-driven development strategy? What should the move entail? How should the reforms be implemented?

The presentation was followed by comments from Dr. Rachid Benmokhtar, President of the Moroccan National Observatory of Human Development and member of the Moroccan Academy of Science and Technology, and Dr. Mukhtar Ahmed, the Executive Director of the Pakistan’s Higher Education Commission, who both congratulated the team on producing a valuable report. Dr. Benmokhtar spoke about the need to boost capacities of governments in the region to be able to embark on cross-sectoral strategies that can enable the creation of much needed jobs. Governments need to be bold, respond to the new changes, and think out of the box. Political choices are important and need to be made fast as there is no time to lose. Dr. Mukhtar Ahmed commented that rather than embarking on a business-as-usual mode, governments must be proactive to respond to change. There is a need to undertake both top-down and bottom-up reforms for the move to the knowledge economy. He exhorted countries to work together on this road to ensure prosperity and survival of the peoples of the region. During the discussion that followed, participants highlighted the importance of encouraging entrepreneurship, democratizing education, focusing on providing quality education, working more at the regional level, and involving Parliaments and the media in the overall move to developing “knowledge societies” across the Arab world.

Session 2: Country Experiences on the Knowledge Economy

During this session, chaired by Dr. Altwaijri, Ministers from Djibouti, Iraq, Mauritania and Morocco provided concrete examples of the work that is being done in their countries in the areas of higher education and science and research. H.E. Nabil Lahgui, Minister of Higher Education and Research of Djibouti presented the Djiboutian vision towards the KE. He stressed on the importance of good governance, including the development of the infrastructure needed to attract investment and regional integration, notably for small open economies. H.E. Mr. Ali Al Adeeb, the Iraqi Minister of Higher Education and Scientific Research, pointed to the necessity of updating the information with value added and also underlined the importance of higher education and technology in the road towards KE.

H.E. Dr. Ahmed Ould Bahya, Minister of State and National Education, Higher Education and Scientific Research, Mauritania provided information on his country's efforts in boosting education and science. In his speech, Mr. Mohamed Chafiki, Director of Studies and Financial Forecasting at the Moroccan Ministry of Economy and Finance (on behalf of the Moroccan Minister), called for greater cooperation, and a common vision to increase competition and openness in MENA.

Session 3: Country Experiences on the Knowledge Economy: Private Sector Perspective

In opening this session, Prof. Abdelkader Djeflat pointed out several occasions where the role of the private sector in the KE has been raised: in the CMI report where one of the main messages is to develop a fair and competitive sector; in the keynote speech of Dr. Nasser Saidi when he exhorted the reorientation of subsidies towards more productive areas; and from the floor where participants saw no way out unless private sector initiatives are freed from the current constraints.

Dr. Noureddine Mouaddib, President of the International University of Rabat (IUR), Morocco underlined that countries need a sound education strategy for innovation. There is a need to cultivate a new type of mindset to encourage innovation and entrepreneurship among young people. IUR tries to do this by twinning and having close cooperation with foreign entities with world renown capacity: from CNRS in France to Georgia Tech in the USA; by having certified programs aligned with top syllabi in the world; by having close partnerships with the private sector, where IUR has been able to attract businesses and subsidiaries in the surrounding parks; by establishing a consortium of international centers for training and research; and by attracting the best talent from the diaspora by paying internationally competitive salaries.

Dr. Khater Abi Habib, Director, Kafalat, Lebanon, presented the experience of the fund he has initiated to help venture capitalists and business angels get access to finance. Kafalat is designed to assist SMEs in accessing commercial bank funding by providing loan guarantees. It targets innovative start-ups from all sectors; an innovative form of financing is *crowd-funding*, which is based on the idea that the decision of a large group may be sounder than that of an individual. In this respect Kafalat contributes to build a private atmosphere for innovation and entrepreneurship.

Dr. May El Batran, Board Member, Egyptian Junior Business Association, introduced the audience to electronic gaming, which is part of technology in the education sector to help youngsters develop an ethic and culture of entrepreneurship. Drawing from ancient practices in the time of Herodotus, the Egyptian business association is helping to build capabilities of young people to enter the professional world by allowing them to build trust, self-confidence, leadership skills, and social networks which are so essential to entrepreneurship and creativity.

Dr. Simon Bell, Manager, Finance and Private Sector Development for the MENA region, World Bank stressed the need to focus on the financing innovation at the "bottom of the pyramid" that would hold great potential for countries such as Egypt, Morocco and Lebanon to have more inclusive growth. Participation of the private sector is key throughout this process. He talked about creating an innovation ecosystem where "gazelles" can grow rapidly and where risk taking will become acceptable in different

cultures of the Arab world. Sectors as tourism also present high potential for the region. Governments play a key role but it is not sufficient: all key players must act simultaneously swiftly and efficiently.

Day 2:

Session 4: Moving Forward: Shaping National Strategies

This session, chaired by Mr. Mohamed Chafiki, focused on how to move forward at the national level on the road to the knowledge- and innovation-based economy. Participants discussed issues related to building vision and implementing reforms for the new development strategy. A major issue is to overcome obstacles created by institutions that do not feel enough pressure to reform or change. In this context, participants proposed undertaking some form of institutional audits, possibly using a variant of the “Doing Business” approach.

During this session, several panelists provided their perspectives. **Mr. Nael Al-Mulki**, the Director of Business Development at El Hassan Science City of Jordan, emphasized on the role of youth since they represent the future of all Arab countries. **Mr. Mokhtar Guerfi**, the Director of Research at the Algerian Ministry of Higher Education, emphasized the importance of education reforms. **Ms. Soumaya Iraqui**, Director for R&D, Innovation and Advanced Technologies at the Moroccan Ministry of Industry, Trade and New Technologies presented the Maroc Innovation Strategy which calls on ambitious program to support KE. **Mr. Samir El Aichaoui**, Director General of Moroccan Center for Innovation presented the Center’s Strategy that aims at developing and managing talent as well as financing innovation. **Mr. Jean-Francois Dauphin**, Division Chief of the French-Speaking Maghreb Countries and Mission Chief for Morocco at the International Monetary Fund underlined the structural challenges in the economies of the regions and that major financial reforms are essential to develop an innovation and knowledge-based economies. **Mr. Guy Clause**, Director and Special Advisor to the Director-General of the Projects Directorate at EIB indicated that the region has a lot to achieve to attain the “moving target” of a development model based on research and development and innovation. He added that there is a need to focus on applied R&D and also adapting the processes related to innovation. **Prof. Jean-Louis Reiffers**, President of the Scientific Council of FEMISE, emphasized the necessity to establish a new “social contract” for any policy designed towards innovation and knowledge economy.

Session 5: Moving Forward: Fostering Regional Integration Processes

The role of international cooperation for stimulating change was discussed in the fifth session of the conference, which was chaired by Prof. Thomas Andersson, Senior Advisor for the Omani Government. A call for action with concrete projects was put forth by a number of speakers. In his presentation, the representative from the **African Development Bank** highlighted the role of private equity banks to foster regional integration. **Mr. Mourad Ezzine**, the Education Sector Manager at the World Bank for the MENA region, presented the benefits of greater integration, such as in the field of education with qualification and skills certification, as provided by the University Governance corecard for higher education developed by the World Bank. Such tools are important as they help to facilitate the

identification of the region's best practices. He also cited that succeeding in KE also depends on the reforms to be undertaken in vocational education. **Mr. Abdelwahed Ghorbel**, Director of Borj Cedria Technopark in Tunisia, mentioned the importance of promoting entrepreneurial spirit to stimulate national economy and especially to encourage diversification. This needs a appropriate legal framework and the removal of regulatory barriers. **Mr. Osman Ahmed**, the Senior Manager of Policy and Strategy for Economic Development at King Abdullah University of Science and Technology, Saudi Arabia touched on the economic diversification as a major development goal for the region that can be reached through adopting the triple helix model by linking university and government with industry. **Mr. Javier Albarracín**, Director of Socioeconomic Development at the Institut Europeu de la Mediterrània (IEMed) stressed the different possible ways of regional integration that can be developed on the macro, micro and meso levels. **Dr. Maha Merezak**, Program Specialist at Directorate of Science at ISESCO, presented the role of ISESCO in fostering regional integration, notably via ISESCO program. Mr. Andersson concluded on the need to move towards concrete programs that enlarge current cooperation and integration trends in the Arab world.

Closing and Next Steps

The conference concluded with the "Rabat Declaration" which, among other things, reaffirmed the interest of organizations and representatives of the relevant States on the idea of organizing a State Summit for leaders from the Arab world in the coming 2 years that would lead to the development of common knowledge- and innovation-driven agenda for the region. ((Rabat Declaration, in English, French and Arabic: <http://cmimarseille.org/ke/events/rabat-declaration.html>)

Annex 1: Outreach

The launch of the report was supported by a well-organized media effort, including on social media. The social media coverage reached over **700,000** followers on Facebook and the impressions from Twitter exceeded **1.3 million**. The report launch got a very good coverage both in national and regional media (Ashark Al Awsat, Al Ahram, l'Economiste maghrebin...). On the day of the official launch, the opening session was broadcast live on Al Jazeera and reports were broadcast on Saudia TV, Al Hurra TV and Kuwait TV, which are viewed by millions of viewers across the Middle East and beyond. Media outlets also reported on the event, including Morocco's news agency (MAP), both through its TV outlet and the press, and Algeria's press agency and APA press. Morocco's national TV broadcast a 2 minute report on the June 4 opening on its main news report (9 PM) and national radio reported the launch of the reports on their hourly news: on Atlantic Radio, Medi 1, Radio nationale (SNRT), Aswat, and Luxe radio.

Links to this work are provided below.

REPORT:

Condensed version (English): http://cmimarseille.org/_src/OVERVIEW-GB_BanqueMondiale_v14_Final.pdf

Condensed version (French): http://cmimarseille.org/_src/OVERVIEW-FR_BanqueMondiale_V10_Final.pdf

Condensed version (Arabic): <http://cmimarseille.org/ke/events/ke-rabat.html>

Main Report (English): <https://www.yousendit.com/download/UVJoK2VpOC9Qb0xOUjhUQw>

MEDIA COVERAGE

KE page, CMI website: <http://cmimarseille.org/ke/events/ke-rabat.html>

Flickr (photos): <http://www.flickr.com/photos/cmimarseille/sets/72157633927803806/>

Press release, World Bank site:

- in Arabic: <http://www.albankaldawli.org/ar/news/press-release/2013/06/04/transforming-arab-economies-towards-knowledge-innovation-driven-development-strategies>
- in English: <http://www.worldbank.org/en/news/press-release/2013/06/04/transforming-arab-economies-towards-knowledge-innovation-driven-development-strategies>
- in French: <http://www.banquemondiale.org/fr/news/press-release/2013/06/04/transforming-arab-economies-towards-knowledge-innovation-driven-development-strategies>

Rabat Declaration (in Arabic, English, French): <http://cmimarseille.org/ke/events/rabat-declaration.html>

World Bank MENA Facebook page: <https://www.facebook.com/WorldBankMiddleEastNorthAfrica>

ARTICLES IN THE FRENCH SPEAKING MEDIA

Algerie Press agency: <http://www.aps.dz/Conference-sur-l-economie-de-la,106185.html>

Aujourd'hui le Maroc: <http://www.aujourd'hui.ma/maroc-actualite/focus/la-banque-mondiale-conseille-la-connaissance-103374.html>

Dima Bladna: http://www.dimabladna.ma/index.php?option=com_flexicontent&view=items&id=7050

Maghreb Emergent: <http://www.maghrebemergent.com/actualite/breves/fil-maghreb/item/24561-maroc-conference-sur-l-economie-de-la-connaissance-dans-la-region-mena-prochainement-a-rabat.html>

Medias 24: <http://www.medias24.com/1689Pour-la-Banque-mondiale-la-region-Mena-doit-miser-sur-l-economie-de-la-connaissance.html>

Les Eco: <http://www.leseco.ma/eco-evenement/12467-l-economie-du-savoir-un-enjeu-vital>

L'Economiste maghrebin: <http://www.leconomistemaghrebin.com/2013/06/05/nouveau-rapport-de-la-bm-l-innovation-condition-sine-qua-non-pour-transformer-les-economies-arabes/>

L'Economiste: <http://www.leconomiste.com/article/907527-un-diagnostic-de-la-banque-mondiale-les-plaies-conomiques-du-monde-arabe>

Web Manager center:

<http://www.webmanagercenter.com/magazine/economie/2013/06/12/136027/banque-mondiale-economies-arabes-l-approche-culturelle-axee-developpement-c-est-pour-quand>

Express FM:

<http://www.radioexpressfm.com/ar/lire/%D8%AA%D8%BA%D9%8A%D9%8A%D8%B1-%D8%A7%D9%84%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF-%D8%A7%D9%84%D8%B9%D8%B1%D8%A8%D9%8A-%D9%86%D8%AD%D9%88-%D8%A7%D9%84%D9%85%D8%B9%D8%B1%D9%81%D8%A9-%D9%88%D8%A7%D8%B3%D8%AA%D8%B1%D8%A7%D8%AA%D9%8A%D8%AC%D9%8A%D8%A7%D8%AA-%D8%A7%D9%84%D8%AA%D9%86%D9%85%D9%8A%D8%A9-%D8%A7%D9%84%D9%85%D8%B3%D8%AA%D9%86%D8%AF%D8%A9-%D8%A5%D9%84%D9%89-%D8%A7%D9%84%D8%A7%D8%A8%D8%AA%D9%83%D8%A7%D8%B1>

El Moudjahid: <http://www.elmoudjahid.com/fr/actualites/41549/?comopen>

Centre des jeunes entrepreneurs: <http://www.cje.tn/?p=1545>

ARTICLES IN THE ARABIC SPEAKING MEDIA

APA Press: <http://apapress.com/fr/lors-de-la-seance-douverture-de-la-conference-internationale-sur-la-transformation-des-economies-arabes.html>

Ashark Al Awsat: <http://aawsat.com/details.asp?section=6&issueno=12605&article=730850&feature=>

El Fagr: <http://new.elfagr.org/Detail.aspx?secid=6&nwsId=355444&vid=2>

Ar-Raya: <http://www.raya.com/news/pages/23c09458-1e68-4f8b-a4fe-d8c23f0673fa>

Ar-Ra'ay: <http://www.alrai.com/article/589323.html>

Al Ahram:

<http://gate.ahram.org.eg/NewsContent/14/57/355675/%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF-%D9%88%D8%A8%D9%88%D8%B1%D8%B5%D8%A9/%D8%A3%D8%AE%D8%A8%D8%A7%D8%B1-%D9%88%D8%AA%D9%82%D8%A7%D8%B1%D9%8A%D8%B1/-%D8%A5%D8%B7%D9%84%D8%A7%D9%82-%D8%A7%D8%B3%D8%AA%D8%B1%D8%A7%D8%AA%D9%8A%D8%AC%D9%8A%D8%A7%D8%AA-%D8%AC%D8%AF%D9%8A%D8%AF%D8%A9-%D9%84%D9%84%D8%AA%D9%86%D9%85%D9%8A%D8%A9-%D9%81%D9%8A-%D8%A7%D9%84%D8%B9%D8%A7%D9%84%D9%85-%D8%A7%D9%84%D8%B9%D8%B1%D8%A8%D9%8A-.aspx>

Al Iqtissadia: <http://www.albayan.ae/economy/local-market/2013-06-09-1.1900043>

Al Khaleej: <http://www.alkhaleej.ae/portal/b0c02af4-2710-4936-87b0-3d395e2ab300.aspx>

Al Yawm Assabi'i: <http://www1.youm7.com/News.asp?NewsID=1088451&SecID=24&IssueID=0>