CARNEGIE ENDOWMENT
FOR INTERNATIONAL PEACE

Transcript

AWAKENING ARAB INNOVATION

WEDNESDAY, JANUARY 25, 2012
WASHINGTON, D.C.

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Transcript by Federal News Service
Washington, D.C.

MARWAN MUASHER: Good morning, everyone in Washington, and good afternoon in Beirut. Rami, Ibrahim, it's good to see you.

MR. : Good to see you, Marwan.

MR. : (Inaudible).

[00:00:21]

MR. MUASHER: We're discussing today a topic which is both needed, ignored and dear to my heart, which is awakening Arab innovation. We've seen – today, in fact, is the first anniversary of the June – June? – January – (chuckles) – 25th revolution in Egypt. So we're sort of one year on. A lot of changes have taken place in the Arab world, and a lot of changes are yet to take place in the Arab world as well.

I think the romantic notion that the uprisings were going to lead to democracy overnight are over by now. I think – you know, I remain extremely optimistic at the – about the future, but realistic as well, that there are – there is still a lot of work to be done to lay the ground for a pluralistic society in the Arab world that can really move the region, both politically and economically, and put it on a track that would lead to sustainable development.

This – today, this – the topic deals directly with this, because innovation is going to be a key factor in whether the region indeed is going to move on a pluralistic track, and on a track that would provide jobs to people in a region that badly needs the creation of jobs and badly needs a more creative approach to development than what has been the case so far.

With us today are two real experts, to talk actually about this. Ibrahim, are you going to talk as well?

IBRAHIM SAIF: No, no, I'm not. I'm just moderating it here.

MR. MUASHER: No? Well, do you have a – you might – you might – we might draw on you, because that makes three experts from the region.

[00:02:28]

I'm very glad that we have with us Inger Andersen from the World Bank. Inger is a dear colleague; I've worked with her closely when we were at the Bank together. She is a real expert on the region. She is currently the vice president of the MENA region, the Middle East and North Africa at the World Bank, where she is responsible for the Bank's strategy and operations throughout the region. She held a number of positions in the Bank before, including vice president of sustainable development, but she spent a long time in MENA and knows the region extremely well.

Rami, of course, is director of the Issam Fares Institute for Public Policy at the American University of Beirut. He's also editor at large of the Beirut-based Daily Star

newspaper. But beyond his official titles, he's also a real expert on the region; has been writing, commenting, observing the region for a very long time. And most importantly, he is also a graduate of Syracuse, who is doing better than my alma mater in basketball this year, Rami, so congratulations.

RAMI KHOURI: I'm – (inaudible) – thank you. (Chuckles.)

MR. MUASHER: With that – (chuckles) – with that, I will turn it over to Inger.

INGER ANDERSEN: Thank you very much, Marwan. To be called a real expert by you is something of an honor and something of an exaggeration. So thank you. I think we are in presence of a real expert here with you. And I'm very, very grateful to both Rami as well as to you, that we could do this today, on this special day – because it is a special day, a day that marks one year in, following the Egyptian revolution.

And as we all, watching the news today, people in Tahrir Square celebrating, wondering, and with exuberance and with concern about what the future will lead to – and yet a desire and a determination that it will be good. And I believe very much, as Marwan said, that we have to look with degree of great optimism and caution at the same time. This region is turning around, and it's for us to help it in manners that it chooses to draw on us.

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So today we are talking about innovation and what we – what needs to happen and what – how Arab innovation can be re-awakened – because let's not forget that, if we go back in history, of course this is a region where many, many things in fact – (chuckles) – were invented and were innovated. So there is a lot there that – to build on.

But there are some very fundamental issues that I wanted to highlight. I mean, obviously what we saw in 2011 with the MENA region demonstrating that, without a doubt, this is a region that can make these fundamental step changes – and fundamental political step changes that we have seen in country after country after country, with a determination and a courage of people second to none.

So the Arab exceptionalism is obviously thrown out of the window. That's old hat. But the question now is whether this change in governance will be enough for the Arab countries to succeed. The question is whether the next revolution – what is that going to be? And the question is, are the people beginning a dialogue and a discourse on that, so that we can find this long-term, sustainable governance and sustainable growth? These are the questions. And so we really believe that the region is ready for this next step. I think that the young people are ready for embracing some changes in their education system and in the system at large. And so the question is, what do we do to support that?

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We say that, now that we've seen what the Arab region has produced in the last year, this whole – another shift that needs to happen deals with a culture of technological and economic innovation – because by capitalizing on this current wave of change that we have

seen, and these political and economic freedoms that have been unleashed in the Arab Spring, the region really can and must commit itself to promoting a culture of technological and economic innovation to achieve this growth that the region desperately needs, to generate these 40 million jobs that it needs over the next 10 years.

These are huge numbers. But our conjecture, and my personal conjecture – (chuckles) – is very much that this cannot be achieved without some fundamental shifts. Now, we – we've – we need to set in place, and encourage the countries to have, transparent economic governance. It's clear; how else will we be able to generate the kind of growth that is needed? But that kind of economic governance can then build the trust of people in both the public and the private sectors, something that has been lacking.

We need to think about more quality education that can promote critical thinking; that can promote teamwork; that can promote thinking outside the box; that will – the obligation to challenge; that these are the kind of things that we know will lead to innovation and entrepreneurship – and then, of course, a better legal environment for the private sector to flourish. So all of this sort of mix is important.

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So what, then, do we see as a link between the growth and the governance dimension? Because it could often be argued that, well, you can have growth without the kind of fundamentals on the governance side. We have examples of this somewhere. And I say: not in the Arab world, not at this time, not after the Arab Spring. The people are not going to be put back in a box. And so safeguarding the issues around those freedoms – on voice, accountability, better governance, dignity, respect, a government that is elected by the people – these are elements that are now out there and will be fundamental to building growth.

And so it's a – first of all – (chuckles) – I think it's about keeping this spirit of these values alive to ensure that they will not evaporate – because what we've seen here is really unprecedented. There is no textbook for what has happened. We've not seen this elsewhere in – anywhere else in the world. We can try to draw comparison to Eastern Europe, to Indonesia, to – yes, there are always lines that we can draw. But yet it is completely unique, and something to hold, I believe.

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And so it would be very hard, in my view, to build macrostability and financial and economic growth in the absence of these newfound rights and freedoms that people are demanding – because people wouldn't accept it. They just wouldn't accept it, and therefore FDI will not happen. So – but macro matters, obviously. So sound economic policy will also matter. But so does the politics, and the political base that – upon which these innovative societies can be built.

Now on the macro side, what we've seen is a slow economic growth. We've seen unemployment. We've seen lowering of foreign direct investment. We've seen – we're concerned around remittances. We're concerned about the eurozone crisis. We are

concerned about drops off in tourism. We are concerned about less – lower – or the impact of trade in Europe and such. All of this we are watching, obviously, and many of these are not made in the Arab world.

But nevertheless, nevertheless, the region holds the ingenuity and the capacity for moving forward this new paradigm – a new paradigm of thinking, not just short-term fix the macro – short term, yep, fix the macro – but hold onto these freedoms that have been developed. Do not let those go. Hold both, because you can't fix one without the other. That was old; this is new; this is post-Arab Spring.

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And so we need to find a way of – how do we help build – how do the countries build, these resilient society changes with all these various values? How can we get the investment climate up and running? And so the sort of things that countries wanting to move forward – of course transparency, accountability, voice, demand side of governance, provision of services, rule of law, equality of institutions – these are central now. These are central, not just for the economic growth but also for that very knowledge economy and for the next generation.

So on the knowledge economy, just a couple of words. I think that what we've seen in the region has been that the private sector has been vastly underdeveloped – underdeveloped and developed into a – what is often referred to as crony capitalism: huge barriers of entry of the entrepreneur who would risk his or her capital. So that's certainly something that needs to be addressed.

We also need to get – shift the culture from one where young people don't aspire to land a government job, but where young people aspire to create a business, get a loan, start their own thing – maybe fail, then start again. And failure is part of success, part of establishing the companies and the innovation that needs to – needs to be driven – needs to drive the kind of growth and the job building. Interestingly, today in the MENA region – across the region, 25 percent of the – of the people employed are in the public sector. That's 10 percent in Indonesia. So there is clearly something that needs to be addressed, but this can't be done overnight.

We've seen way too few start-ups. When we list start-ups in MENA, comparing to track with any other region, it's way too low. We've seen way too old companies – i.e., companies – it's the old state companies that stay generation after generation; too few new companies turning over. We are also seeing way too many patents – too few patents being registered, et cetera. So the innovation is not there.

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So taxes, regulations, these barriers of entry, unequal application of regulations – this has been the system of the past. And these are the kind of things that need to be addressed, and addressed urgently. And women – half the population is female; and if the women are not participating in the economy, well, that's half the population – or at least a good slice of the population's economic potential not harnessed. And as I said recently, women do hold

up half the sky. And, you know, if we don't allow and facilitate that women can enter the labor force, clearly that's not just bad for those women; it's also bad for the economy.

So what will it take to get this link – this innovation and growth? Well, there's a huge issue that needs to be addressed on trying to set in place innovation ecosystems. How can we improve the business climate such that the MENA economies now will have – will be geared towards, allow regulatory systems, allow and facilitate start-ups rather than hinder them? So there's a huge aspect on the regulatory area.

But the education story is one that probably is the most profound. Recently I hosted a live webchat with open (ph). It was sort of a little bit of an experiment inspired by the – by the social media revolutions that we've seen across the region. And what – and it must be a younger strata that was on this live chat; it was – (chuckles) – hundreds and hundreds of people. But it was all education, education, education.

These youngsters know that the value of their certificates may not be equal to that of a certificate from outside the region. These youngsters know that the skills they have may not actually be marketable in the global economy. They want and they crave a different type of education. They want an education where they will be these creative thinkers, where they – we will harness, not rote learners, but team builders, creators, challengers, innovators. This is very clear.

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But there are also other must-have ingredients that need to be discussed. How much are we linking with the diaspora? Many of the diaspora fled because of political reasons. But now that has turned over, and all of this diaspora are highly successful across the world. There's something to be tapped into in that energy field.

What kind of incubator support can we provide – can countries provide for new businesses? What kind of tax breaks? What kind of innovation financing can be pulled out, either on the private or the public side? What kind of seed finance, venture capital – how can we get all of this to work together? And above all, how can we make sure that taking risks and failure is part of growth, so that it's not seen as something shameful? That's what will create these growth, and that's – this growth, and that's what – where innovation comes in.

So on the education side, then, which is the key, I say that the Arab region's education system is not necessarily getting a passing grade. There is – there is a – despite quantitative and qualitative improvements which we are tracking – improved and gender balance and such – education has failed at two levels: one, to connect the young people to the labor market; and two, graduates graduate with expectations of jobs that – with skills that they actually can't be used in the labor market. So this is an issue.

Now there is a need for an overall educational overhaul, a system that can compete. There's no reason why the Arab region should not be able to create, finance, support a system of education that can compete with the best of them – OECD, whatever – and track

in terms of math, science and language acquisition. There's no reason for this. And so there's clearly something to be done.

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But we also say, what – (chuckles) – what gets measured is what will be done. And in the Arab region, there has been a reluctance to get into public ranking of schools and test scores, either domestically, regionally, let alone globally. We've begun a discussion together with the Arab ministers of education precisely on this, knowing that we've seen that transformation in other regions the moment you begin to actually publish and rank schools. Parents all of a sudden have an – have an insight, and they begin to put pressure on teachers, on their elected officials, et cetera.

And then we need to address exclusions – address exclusions based on ethnicity, gender, et cetera – to make sure that we can blow open the schools, the opportunities, to ensure that there is much better participation. Personal ties also matter. Today we have a piece of information, a little snippet – 87 percent, a recent high in Lebanon – recent highs in Lebanon, found their jobs through personal contacts. So if you are from a hinterland in Tunisia, will you get that nice job? Not necessarily. So blowing open that and shining a light and having more transparent processes in place in the labor market is very important.

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So what are we doing at the World Bank, then? It's early days – (chuckles) – because we are just seeing all these governments getting formed. And as you know, Morocco, Tunisia, Jordan, Bahrain, Egypt – it's all happening as we speak. Yemen, Syria – we will see, but we hope that we will see changes there too. So, in sense of what we try to do – very early on last year, we were able to support Tunisia with what we call budget supporters. This – it's sort of putting money directly into the budget against certain parameters that you would expect the government to do. And normally these are in the fiscal area, the macro area, et cetera.

But this is not old times. This is a different time. So what were the kind of issues that were put into that budget support piece? It was a total of $1.3 billion. We came with 500; other came with others. Well, the issues that – the triggers, as we call it, that were put in was: one, revision of the freedom of information law; two, a law on access to information legislation; three, removal of the Internet's – Internet access controls; four, a public procurement law for transparency; five, streamlining government processes; six, beneficiary scorecards of – for ministries that are service, delivery-oriented, water, education, health, et cetera.

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This is difficult stuff. But we say that it's part of these kind of things that can help make this transformational shift. We must deal with the macro. We must also deal in the governance space. It's a new space for us. And so we are learning as well. But I think – and I'll – I could give you other examples, but I'm short of time, so I won't. The point here is that there's much to do. And if we're willing to – we, also, at the bank, are willing to think

outside that box, I think we can be of much better assistance to help with this awakening of Arab innovation. Thank you. (Applause.)

MR. MUASHER: Inger, thank you very much for this talk. You gave us a lot of food for thought. I have already a lot of questions, and I'm sure the audience will too. I also think it's a sign of the times that the World Bank also is joining in the hope that there will be changes in Syria. I didn't see the Bank sticking its neck out before on this. (Chuckles.)

But let's turn it over to, literally, the view from the region, as we look at our screen and hear from Rami.

MR. KHOURI: Thank you, Marwan. Thank you, Inger, for being here with us, and Carnegie here in Washington for hosting this, and for everybody who's here in Beirut and in Washington. I want to make just a couple of quick comments that touch on the broader context, perhaps, here in the Arab world and in the Middle East, and how we should approach – so just how we should approach studying, or looking at, or dealing with, engaging, promoting the whole youth dimension of our societies.

I think we need to do everything that Inger said. All of the policy prescriptions are absolutely correct. But we have to go much beyond that. Because almost everything that Inger said has been said before, in recent years, except for the Arab uprising situation now.

So my question is, how can we get beyond the inability of every single major actor in the Middle East – private sector, civil society, educators, international organizations, the U.N., foreign donors? Every single actor in every single Arab country for the last two generations has tried to deal with these issues – innovation, transparency, good governance, accountability, participation – has tried and failed, consistently failed, across the region, to the point where on December 18th of 2010, Mohamed Bouazizi set himself on fire and unleashed this extraordinary movement that has – and I see it as a single movement, not in organizational terms, but in aspirational terms, in terms of people's grievances and in terms of their aspirations, their sense of their rights. We have a single movement sweeping across the Arab world.

And this process that has been unleashed, this force that has been unleashed, I think, forces us to think much more radically in analyzing, what are the problems in our countries, what are the opportunities that we face today because of the Arab uprisings, and what are the actual policy prescriptions that we should address to be able to achieve the goals that Inger talked about, which again, I say, I agree with completely – educational reform, innovation and private sector investment, et cetera, et cetera.

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To do that, I think we need a really radical rethinking of how we, first of all, analyze our region. And if we're looking at youth and innovation, I would suggest there are seven lenses that we have to look at simultaneously.

First, young people themselves. We have to study the world of young people, with young people, to understand better how they see themselves in their societies. We actually just finished a two-year project – the Issam Fares Institute working with the UNICEF regional office in Amman, with about 60 scholars all around the region – we just finished a two-year study on youth in the Arab world, which actually has just been put on the website.

It's called "Generation on the Move". This is a summary of it, and it's available on the UNICEF website and on the Issam Fares Institute, AUB website. And the longer, 250-page study will be on the web soon in Arabic and English. And this is in Arabic and English. So we've spent two years with scholars and with young people, trying to understand the worldviews of young people.

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And we found some extraordinary things, which, I think, many people knew who worked with young people, who really penetrated the world of young people and understood both their grievances and their aspirations – and their ability to contribute to society. So it's no surprise, it's no surprise, that young people led the single greatest mass movement of popular revolt, rebirth, and reconfiguration – and now, two days ago, the parliament in Egypt – relegitimization of Arab political power structures.

This was a youth-led movement. But it was not a youth movement, because all sectors of society joined together. So studying the youth – the youth part of our population more seriously, I think, is the first step.

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The second one is to look at political systems and political power structures, and these are changing. And we absolutely must be sure that these changes are real changes – that changes in how power is exercised, how decisions are made, how powerful people or decision-makers are held accountable – that those changes actually are acceptable to the population in the countries where these things happen – the political power structures.

The third thing is culture and religion. Culture and religion, and other social forces, play an extraordinary role in this moment of Arab transition. Because the old political structures have failed; for the most part, they have failed. At best, they provide mediocrity that reaches a small majority of people in terms of education and fresh water. I mean, you go to any Arab country and there's water problems. You go to any Arab country and there's mediocrity in education. And you have 30-40 percent of young people who want to emigrant.

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So mass mediocrity cuts across the entire region. And in this moment of transition, when people can't fall back on democratic systems, can't fall back on an efficient state, can't fall back on a thriving private sector, they fall back on their culture and their religion. And it's absolutely normal. There's nothing abnormal about this. But we need to understand the

role of religion and cultural values, and traditional values, more clearly as drivers of political change and transitions.

The fourth – (off mic) – to look at is the private sector. The private sector has an enormous role to play, and in the long run will probably play almost as big a role as the public sector in many countries. But we need to address the private sector in a much more vigorous way and to create linkages between the private sector and the youth sector across society in a much more forceful and realistic way than has been the case to date.

And it's got to be beyond the traditional way of the governments are – (off mic). They're making adjustment programs; there's belt tightening going on; and therefore the private sector has to step in with foreign direct investment to create the jobs. We've heard this for 30 years, and it hasn't worked. It just doesn't work. The private sector cannot do this in the way that people have been talking about for 30, 40 years. So we need to have, again, a really new look at the private sector and how it can do this.

The fourth thing is the public sector, the government sector itself, which remains, in many places, the biggest employer, and a radical rethink of the role and the capabilities and the efficiencies of the public sector. And the sixth area is civil society. The role of civil society has been the area where we've heard the most comments.

And we've had hundreds of millions of dollars put into civil society from foreign donors, from international agencies, from – even from the private sectors in the Arab world. Hundreds of millions of dollars have been put into civil society, with infinitesimal impact – very, very small impact. And I say that as a member of civil society. We've had very small impact. We have not been able to make changes that go to scale across entire countries.

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So we need to understand why that's the case. And in the changing political environment, what is it about civil society that can be done – that needs to be done to actually unleash that power and that creativity and that innovation that is there with young people?

And the seventh and last sector is the global engagement. We are seeing in Egypt, very clearly, there is a lot of hesitation among many Egyptians to deal with foreign money or foreign donors or foreign assistance. And this is an issue that we have to address very carefully.

And I think the foreign donors and the foreign policy purveyors – the U.N. and UNDP, and the multilateral donors and national, bilateral donors and civil society – all the international groups that come into the Arab world with suggestions, policy prescriptions, aid money or technical training assistance – all of which we should welcome, because only through a partnership can we really get these big changes done.

But again, the history of foreign engagement has been a colossal and chronic failure across almost all the sectors where the international community has tried to engage deeply in Arab society, except at some very technical levels – child immunization, expanding primary

health care systems, rebuilding roads. Things like that – those are kind of mechanical processes.

And in some areas where international intervention did work very well – and if you explore why and you look deeper into it; why did it work well? It's because the international party, whoever it may be – a government, the U.N., an NGO – the international party worked with the government and with people at the grassroots level in Arab societies. When you get that tripartite cooperation, then things really get done and things change.

[31:09]

So I think all the global actors have to be – reassess – have to reassess themselves in how they look at our countries, our societies. And in this moment of change, what is their role? A couple of other quick points: Youth are the best barometer – one of the results that came out of this study that we did is that youth is absolutely the best barometer of a society, at least in the Arab world.

And we now have massive polling data from many different groups – Gallup, Zogby, Pew – all kinds of pollsters in the West, as well as people in the Arab countries – and all kinds of groups in the Arab world have been doing polling, including the Jordan Strategic Studies Center at the University of Jordan, people in Egypt. And there's been massive polling done across the region that tells us very clearly: Young people's grievances correspond almost perfectly to the grievances of adults.

So we shouldn't make the mistake of saying, well, these young people are angry because they don't have jobs. That's the wrong attitude to take. The right attitude says that these young people are angry, and they express their anger more openly than older people, because they're young people and young people do that. They're more open. They're more worried about their future. They're less hesitant to challenge authority. They express themselves. If they're angry, if they're afraid, if they're vulnerable, they say so. If they feel offended, if they feel degraded, dehumanized, they'll make their feelings known.

So it's critical to understand that engaging with young people – understanding how young people feel and express themselves – is important, I believe, because it gives us the three dimensions that are critical for any kind of ability to do what Inger was saying – not to lose the opportunity of this historic, this unprecedented moment, to bring about changes that are actually meaningful and lasting – and, most of all, legitimate in the eyes of their own people.

[33:22]

Because changes that are produced by autocratic governments or wealthy Western donors are not going to be seen to be either legitimate or lasting. And this is the case that we've seen. If we want changes to be lasting and legitimate, they've got to be done with total approval, and being created by the people in these societies.

And the young people are the best place to get the three things that we need to do this – to hear the nature of their grievances, to hear the – them articulate their rights and

their aspirations – not just what they're angry about, but what do they want? What do they expect? What do they feel is their right, their right as citizens? And this is the critical new element. We have Arab citizens today. We didn't have Arab citizens before December 18th, 2010.

[34:14]

We had Arab nationals. We had people with Arab passports. We have Arab citizens today – young men and women, and older men and women, who feel that they have rights in their own societies. And they will work to get those rights, and they want those rights enshrined in constitutional changes. They don't want speeches by the great leader. They don't want promises. They want constitutionally defined and guaranteed and implemented rights and citizens.

And the third thing is that they tell – young people clarify for us, very clearly, what should be done to bring this about, to bring about these changes? So I would say one of the things that we should consider very seriously is, can we build into every activity that we do – whether we are at Carnegie Center in Lebanon, Issam Fares Institute at AUB, the government of Lebanon or Jordan or Egypt, USAID, World Bank, UNDP, the government of Norway – whoever it may be – can we all build into every activity we do, a measure that measures the impact and inclusion of youth in this process?

We have to look at youth inclusion like we looked at environmental protection in the '70s and '80s and '90s. Every project now, around the world almost, has to have an environmental impact statement. I think we need to have a youth inclusion and impact statement for every single activity taken by a government, by an NGO, by a private company, by a foreign donor, to structurally build into everything we do those missing elements that weren't there in the last 40 years.

Second point: What do youths really need? What we learned from this research and from others we've done for years past – they need space and they need respect. That's all they want. They want space – in other words, they want space in society to live their lives. They're willing to play by the rules. They're not going to have green hair and go roller-skating naked, or wearing a bikini, in the streets like they do in some other countries – but they want the space to live their lives as young people. They want that space in their family, in their neighborhood, in their school, in their job, and in their public space.

What youth did in the last, I would say, 10 years, with the advent of the Internet – they created those spaces virtually, because they could not have those spaces in their own lives. Whether it was simply to talk to somebody they wanted to talk to, to read something, to listen to certain music, to talk – to discuss – (inaudible) – issue – what they're doing is not necessarily revolutionary. They just want to do normal – what normal kids want to do, which is to live a normal life.

[37:07]

If society doesn't give them that space, they went out and created it – virtually, in the mosque, in the mall, in the schoolyard, out in some desert training camp. And this is going

back –what happened in December 2010 was not a surprise at all, where most people, especially in much of the global media, they're saying we were surprised. We were surprised.

But nobody should have been surprised, because young people were not passively acquiescing in an order that was both demeaning to them as human beings and dangerous to them as citizens who were more and more unable to get not only jobs, but in some cases, clean water for their children, let alone other needs of life. So there was no surprise about the –

MR. MUASHER: Rami, two minutes.

[37:59]

MR. KHOURI: – the activism of young people that was expressed either in Islamist movements, or in emigration. In some cases here – (audio break) – criminal activities, but in most cases young people were neither – were not criminals, or joined religious groups or emigrated. They simply carved out those spaces for themselves in society. So the young people need to have that space and that respect, that they are citizens of these countries, that they can be heard, that they can contribute.

And therefore, we need to radically, I think, look at the attitudes and the power relationships and the rights agendas of both adults and young people in the Arab world – to reassess all that very vigorously; to come up with a better roadmap to – (audio break) – process of real change that would allow this extraordinary force, the single most powerful force in the modern history of the Arab world – these people that overthrew or are in the process of overthrowing five or six governments, and strong, determined, powerful, tough governments – and they overturned them, and others are being challenged; how to channel that force into the kinds of changes we want in society – to deal with innovation, with growth, with equity? And the critical points that these young people are making are not only about rights, but about social equity. And we need to hear those messages very carefully.

And finally, I would say, that this is a great moment. It's an unprecedented moment. And it needs – it's unprecedented and it needs unprecedented responses from us as – (inaudible) – as well as from the people in our society.

[00:40:01]

And I think more and more of us in the region are understanding that. We're still grappling with how to do this, and these were some of the issues that we're dealing with here in the region, in civil society and in research and in public life. And we're trying to figure out how do we do this, because if we don't respond well to this process of change, the next wave of change is going to be much more critical to deal with, because you've been dealing now with a generation of vulnerable and angry citizens. If things don't improve quickly, especially with the economic stresses we're feeling locally and globally, you're going to be dealing with a new cohort of absolutely desperate several hundred million Arabs who simply do not have the means to keep their families alive, in many cases, and will reach a level of desperation which will unleash much more damaging forces. And we don't – we don't want that to happen.

So I'll stop there and hopefully we can in our discussion come up with constructive suggestions about how to move forward.

MR. MUASHER: Thank you. (Applause.) Thank you very much, Rami. And I'm glad you highlighted the issue of the youth in Arab countries which, again, while they constitute 70 percent of the population of the Arab world under 30 years of age, they are still ignored in the decision-making processes, both with old regimes and with the new emerging ones, in my view.

I want to pick up on this and approach the issue of innovation as it relates to the quality of education in the Arab world. When we talk about education in the Arab world, you know, in the past, much of the talk has either been on the quantity of education, as Inger said, putting people to school, building schools, even introducing computers to schools, closing the gender gap – all of which are very important issues – or we talk about a quality of education that has to do with a narrowly defined quality, having to do with technical sort of subjects in math, in sciences.

[00:42:29]

But rarely does the quality of education in the Arab world talk about the value system and what – and the content of the educational systems that are in these – in this region. It is as, I think, has been stated many times before, it is unrealistic, even romantic to expect that the process of change which has started in the Arab world is somehow going to lead in any short period of time to democratic cultures, to people who appreciate diversity, to people who have tolerance for other points of view, people who view truths as relative rather than – rather than absolute.

It's totally unrealistic to expect that to happen overnight, and yet we still have an educational system in the Arab world which largely not only does not teach these values, but actually suppresses them anytime students show a tendency to criticize or look critically at what they are being offered. And so we've started, at Carnegie, an initiative called education for citizenship, which actually does not look at all the other aspects that I talked about in terms of linking people with the job market. Even that I think we have not been successful at doing.

[00:44:01]

Still, the unemployment rate in the Arab world – still, after all the billions of dollars spent on education both through domestic and foreign sources, is double the world's average. So obviously we're not doing it right, whatever we're doing, even on the quality of education.

And so we're not looking at just the link with the job market, we're looking at the link with citizenship. Do we teach people to be citizens, knowing the rights of citizenship and their obligations or not? And when we talk about education for citizenship, we don't only mean civic education. We don't only mean, you know, teaching people about their

government, about their constitutions, about their systems of government. We're talking about teaching them about citizen – about education through citizenship.

How do they participate actively in a process that prepares them well for a democratic culture? Do they have student council? Do they vote? Do they join environment groups? Do they do the kind of activities that prepare them well for the future, but at the same time that teaches them that not everything that is given to them should be accepted at face value? How else can you innovate? How else can you create people that are creative thinkers, if these skills are not instilled in people at a very young age?

And yet, the sad part in the Arab world is that both secular and religious parties and forces have no interest in such an educational system, because both are today, you know, giving students a very narrowly-defined system of values, truths that are absolute, and they have no interest, whether they are secular or religious, in anyone challenging or attempting to re-interpret what is being given as truth by these systems.

[00:46:13]

And this is where really the challenge lies. Even if the World Bank comes in and is interested in giving money to governments, governments will not sort of channel that money towards such systems, and so the billions of dollars continue to be spent on such things as putting computers in schools, but with the same content – no teacher training, no changes to the school culture, no changes to the curricula in a way that enforces these issues.

And even on the technical scores, if you look at all the international test scores that are administered in the Arab world, most of the Arab world, most countries – maybe with the exception of one or two in a place here and there in math or physics – but most of the Arab world are still way below the world's average. So if people – you know, if governments are saying that they are really spending money on education, surely the results are yet to be seen.

What we have – what we are attempting to do is – actually, we are doing, is we have built a network of Arab reformers because we firmly believe this should be done through Arabs and not through people from the outside – Arab reformers working on education in different Arab countries. We have a network that is presently surveying reform efforts – education reform efforts in the Arab world and show where they are lacking when it comes to this link with citizenship.

As a prelude to – as a prelude to suggesting changes that, of course, we're not going to be able to implement the changes; we can suggest areas that need to be looked at and gaps that need to be covered if indeed educational systems are to change – this is – I understand I a long-term project, and the results will not be seen soon. But I also claim that the Arab uprisings is a long-term project as well. And if people are attempting to look at results by judging what is happening on a day-to-day basis, we are all going to get a lot of heartburn.

[00:48:37]

We're not going to see sort of a linear, smooth process evolving in the Arab world, save maybe in very, very few countries. Maybe Tunisia has the best example to offer. But in many – in most Arab countries we're not going to see such a smooth process. And if we are to lay the ground for a pluralistic Arab society, then I think there are no shortcuts and their education is going to be one of the key areas that one has to look at if indeed, as I said, we are to encourage innovation.

With 40 million jobs needed to be created, as Inger said, in the next 10 years, these jobs are not going to be created if we follow the traditional path of job creation in the Arab world. If we don't look at productivity, no foreign investment figures, no government policy is going to be able to create such a number of jobs without due attention to productivity, therefore to innovation, and therefore to educational systems.

Where do we get the resources from? I mean, the international community today is not in any position to give the money – to give the region any of the needed resources. The United States has its own problems; Europe and the European Union has its own problems. Perhaps the only sort of source of money is through the World Bank or the IMF. But even the money in the region, which resides with Gulf states, that reside in a region – or in regimes that don't necessarily want this reform process, let alone an educational reform process.

And so governments will, in my view, have to reallocate existing resources, including on education, move away from the traditional areas of spending on education, and allocate some of this money to where the problem – where the problem, in my view, really lies. You teach people how to think and then you leave them alone, rather than teaching them what to think.

OK. With that, let me open it up for questions to any of the participants, please. Let's take maybe three or four questions at a time. Please identify yourself and please ask a question.

MR. SAIF: Marwan?

MR. MUASHER: Yes, Ibrahim, you wanted to say something?

[00:51:30]

MR. SAIF: We'll be having questions also from Beirut?

MR. MUASHER: Of course. Why don't I – why don't we alternate; I take a question from here and you take a question from Beirut?

MR. SAIF: OK. I'll let you know if there are any questions in – on our side.

Yeah, go ahead, Marwan.

MR. MUASHER: Well, I'll take the first batch from here and then we'll turn it over to you. Lina, you had a question in the back.

Q: Thank you. Rami, this a question to you. This is Lina Khatib. Hi. I know you're a big fan of all things media, and I wanted you to tell me what you think about the potential to link young people's already developing skills in using the social media, particularly, and how this can be harnessed into entrepreneurship and other avenues for youth innovation and the economic sphere.

[00:52:24]

MR. MUASHER: OK.

MR. KHOURI: OK.

MR. MUASHER: Wait, wait, Rami. We're going to take more questions. Said, in the back there.

Q: Thank you. My name is Said Arikat. My question to Rami: Will the collapse of authoritarian regimes impact the educational system in the Arab world negatively or positively?

MR. MUASHER: OK. One more, please.

Q: My name is Hattie Babbitt and I have another education question. I was just involved in conversations about Mexico, a region I know much better, and education. And one of the big questions is: Why does – why do Mexican students not take advantage of the university systems in the United States, their next-door neighbors? One of the panelists said, look, when I got my Ph.D., there were about 50 of us getting our Ph.D.'s at some – at Berkeley – I can't remember what – a California university.

And 35 of them were from China, another half-dozen from Taiwan, there were a few Americans and there were two Mexicans – one in economics and one in political science, that is to say, professions where you observe, not do. And the question to – I guess, to Marwan, because he brought up the education issues, is there a short-term answer to this very long-term Arab Spring process of education outside the Arab world for Arab students?

[00:53:57]

MR. MUASHER: OK. Ibrahim, do you have any questions from Beirut?

MR. SAIF: I personally have a question, but I can –do you have one-- or something?

Q: Well, do they want to go first, and then you ask the next round?

MR. SAIF: Do you want us to wait until the next round or to –

MR. MUASHER: It's up to you.

MR. SAIF: -- allow questions now?

MR MUASHER: It's up to you. Well, go ahead, give us a question from Beirut. Let's mix it up.

MR. SAIF: OK, here. – please go.

[00:54:22]

Q: OK, sure. I'm a – I mean a couple questions around – I mean, one around the role of public and private education, but I'll defer that to later if it's not answered. But I wanted to specifically ask about some of these – the funding and the resource limitations, and what some of you think about the role for social innovation and social entrepreneurship.

Entrepreneurship is always spoken about in terms of job creation, but I have this core fear of creating millions of new jobs that generate as many problems, as much waste – waste as much electricity, water, produce as much solid waste, et cetera, while creating jobs and also not addressing some of the other problems.

And there's some interesting elements around excessive privatization of some core public services that I think kind of neglecting the important role of social entrepreneurship and social innovation might be quite detrimental. But it often doesn't come up much in conversations. So I was just wondering if there are thoughts on that.

[00:55:24]

MR SAIF: OK.

MR. MUASHER: OK. Can we start with you, Rami, and then we'll move to Inger from here.

MR. KHOURI: (Inaudible.)

MR. MUASHER: Yeah.

MR. KHOURI: Please. Thank you very much for the questions. Lina, they – the use of social media in the Arab world in the last year and month has been quite phenomenal, but it has not come in a vacuum, because my impression is that the real story is not the use of social media, but the – in other words, not the use of digital social media like computers and cell phones and Facebook and that, but human-to-human social media.

It was those networks of people communicating together on the street, in the mosque, in the Tahrir Square, in the university squares and all – and the people who face-to-face mobilized these mass groups of people who challenged and overthrew some of their governments. So I think we have to look at those two things together.

One is the courage to mobilize politically and challenge the existing power structure. Second is to harness the technology of digital social media to support that first process. In

Syria today you see this extraordinary network of digital media that gets the story and the images and the news out of Syria. And this just gives us an idea of how creative and courageous people can be when they want to be.

[00:57:02]

The other point I would make, which came out of the study that we did regionally with UNICEF on the – on Arab youth: We did some research at AUB; Jad Melki did a study in three Arab countries of young people and their use of digital media, and particularly the Internet. And one of the main conclusions was, which supports what we know from other studies, is that young people mostly use digital media for entertainment. It's the main – (inaudible) – it's not news, it's not political mobilization or expression, it's entertainment. And that will probably remain the case.

So I think we need to see the spike in social – digital social media used in the last 13 months as being a direct response to the nature of the political mobilization and then the repression that has taken place in many Arab countries, and not to take it out of – out of that context.

Said's question about the education systems – I think most sectors in the Arab countries that are experiencing rapid, and sometimes chaotic change, combined with the fears of investors, which is normal because money doesn't like to go to places where there's people running around in the street – those changes that we saw in Tunis and Egypt and Libya and other countries will see will, in the short run, cause a deterioration in almost every sector of society – jobs, tourism, trade, educational quality, whatever.

[00:58:33]

But I think the medium- and long-term transition will depend on the quality of the governance systems that people put in place. If you get governance systems that have acceptable measures of participation and accountability, with a sufficient dose of social justice that people feel that they've actually made a transition to something better, then I think the quality will increase, because it's only the combination of citizen participation with the accountability of power that will cause the mass demands of citizens to force their governments, their private sectors or educational systems, to do a better job. But that process is going to – is going to take some time.

[00:59:18]

MS. ANDERSEN: Thank you. Oh, a very good question. On the first one, just very briefly, I think that with the social media, it's definitely done all the things that Rami said. It's also – it's allowed for networks and circles to exchange information and knowledge that networks and circles that could never exchange before. So organization and experiences were transferred, as we know, from Tunisia to Egypt, from Egypt to Yemen – people learning about how they wish to – how they could better organize themselves against repressive regimes.

And they were taking lessons on how they could better interact with media. Did you notice, in the beginning, in Tunisia, all the signs were in French and Arabic? And soon, we saw they popped up in English. I wonder why? I mean, people want – people learned to use that space, and it became more and more sophisticated, which was useful for their success and the outcomes that we saw.

In fact, recently our chief economist, Caroline Freund, published a little blog that is called "What is MENA searching for?" And it's interesting because what she's done is, she's looked at what were the – in Google, the search – so what did people in MENA search for in 2009? What did they search for in 2010? What did they search for in 2011?

[1:00:46]

It's a little blog, so it's very easy to – it's on her website. But it's interesting because in 2009, people were searching for games and for images and stuff like that. In '10 and '11, they are searching for Facebook. Everybody's searching for things on – you know, so it bears out that people were using it for one thing at one time, and for something else now, which is revealing in and of itself – how people are using these social media.

I think, on the education issue, now that the people – the young people, particularly – are feeling a degree of empowerment which is very healthy, are feeling that there's something coming to them that they need to demand and keep that pressure up – I think there will also be a demand for greater educational quality. I just don't think that – and I come from a different background, where we were taught – I mean, that obligation to challenge was something that was built into us, you know?

[1:01:48]

This is what we had to do. Teamwork was very important, working and thinking outside the box. And I think that it is no longer what you know, because what you know you can find on Wikipedia. (Chuckles.) It's not what you have in your head. It's how you connect the dots. And I think the young people in the Arab world, they get this. They get this very well. Their systems are failing them. And so the question is, as Marwan was saying, how to make that shift.

On the issue of – on social entrepreneurship and innovation, very, very good question. Because clearly, you know, a polluting way to development is not the way to go, and then having to pay the clean-up costs later. At the same time, there are choices that societies, and highly urbanized societies such as the Arab world, have to face. High density in an urban setting, which is what we have in this region, is something that will create a greater footprint and otherwise.

And so what kinds of systems are we going to have to place – put in place in high-density societies for reducing our environmental footprint? And here, the whole issue that we haven't discussed today around decentralization – decentralization and downward – governance decentralization to local communities, local governments. In other countries, you have a local water board. That's part of your citizenship story. You get elected to run the little utility, or the little municipal whatever.

So as long as this is planned in the capital to the faraway reaches of Egypt, it's going to be centralized and with a heavier footprint. If one begins to think about decentralization – not only for, obviously, the environmental footprint, but also for the citizenship creation that this will do in terms of local governance, lots can happen. And that's also where social entrepreneurship will sprout.

[1:03:51]

MR. MUASHER: Very quick comment on education in Mexico. I mean, frankly, I don't know that there are shortcuts. I don't think – I don't there are many shortcuts. It is good and needed to have people go outside and be exposed to other, you know, cultures and other values. But once they come back, if they don't find a receptive environment through which these values can be discussed, they often are accused of being, you know, sort of corrupted by Western values or what have you.

So they need that environment, also, that is receptive to other points of view. We were in Saudi Arabia two, three weeks ago. They have 100,000 Saudis being now educated outside Saudi Arabia. I'm sure they will create a wave when they came back, but it could also, you know, be a wave in either of two directions.

I mean, I'm not sure that they are – they have a critical mass that would affect things, sort of, to evolve – I mean, to affect that education system in Saudi Arabia – or whether they will be frustrated and accused of, as I said, being Westernized and out of touch with Saudi society. The two processes have to go together.

Let's take from this side. Please?

[1:05:22]

Q: Good morning. My name is Maher Kayou (sp). I was just wondering, both Mr. Khouri and Marwan, you mentioned two things about education, citizenship, but also the idea that it's not Arab nationals anymore, it's Arab citizens. And I'm wondering – just, it intrigued me because here in the U.S., I feel like we a lot of inculcating of pride about being American, and taught the Pledge of Allegiance and practices of that sort. And it's considered a good thing, or a patriotic thing, for children.

I'm wondering, how do you see this, kind of, playing out over the next couple generations in these various Arab Awakening countries, without it being perceived as nationalistic tendencies and more as an ownership of the culture within that particular country?

MR. MUASHER: OK. In the back over there?

Q: Charles Weiss, Georgetown University. I was first scientific adviser to the World Bank. I wanted to ask the panelists what they – whether, in thinking about innovation, they have thoughts on the kinds of technical institutions that are needed to backstop innovation, and more broadly, whether there is – whether thought is being given to

what kind of an economy the Arab countries are likely to have in 10, 15 years – and hence, what kind of research institutes, what kind of technical service institutes they need to start building now, while they're, of course, redoing their education system and the other very desirable things that the panelists have been talking about?

MR. MUASHER: Can we take a couple of questions from the room? Yes, please?

[1:07:11]

Q: Yes. Both Mr. Rami and Inger talked about the Arab uprising. But we have seen – we are seeing the uprisings in the Arab republics, and not in Arab monarchies. (Inaudible.) Are the needs of the youth in the Arab republics more urgent, crucial than the Arab monarchies in terms of employment – (inaudible)?

MR. SAIF: Thank you. Marwan, I have this quick question to Inger about – I haven't heard much about the time frame or the list of priorities that you are talking about, in terms of what could be done in the long term, what could be done in the immediate, short term in response to what is happening in the region? We know that the economy is slowing down in the region – Egypt, Tunisia, Morocco, you name it.

So there is a need to talk about what could be done in the short term. And then, probably, we can move to talk about what are the conditions that also we can contribute, in the short term, to lead us to this innovation or a more knowledge-based economy? Because again, this is something that has been discussed in the region for the last 10-15 years. We've talked about the knowledge economy while the economy, in reality, was going in an entirely different direction.

And one observation on the resources, Marwan – I don't think that the region, in general, is in shortage of resources, as much as how we can realign and redistribute these resources if we created the right environment. Thank you.

MR. MUASHER: Can we start with you, Inger this time, and then move to Rami?

MS. ANDERSEN: Sure. On the issue of the technical institutions that are, sort of, looking into the deeper future rather than the – we also have the short-term question, but I'll start with this one first. Clearly, there are many, many aspects. And it's not just at the deep research area. It's at the other end of the spectrum. It's also at the vocational school area.

[1:09:28]

The point is that there are needs here today, where young people may not be considered successes if they go to vocational school, for example, in some parts of the societies. Well, that's just plain wrong, because we don't just need a society of lawyers and doctors and whatever. We need the whole gamut. And so I do think that yes, there are clearly areas, also, on the research, where again, whether it be in a more technical or in a more economic, where there's a much deeper need for inquiry and thought and investment.

But frankly, I wouldn't want to just focus on the research side, because I think it's a broad overhaul that is needed. And then the question is what comes first and what comes second? I would say that, first and foremost, because this is a long process – and as Rami rightly says, this has been discussed and discussed and discussed. But there wasn't the degree of open, vibrant dialogue around it. It was more behind closed doors. Now there is an open, vibrant possibility – an open, vibrant dialogue and a possibility to move it further.

[1:10:43]

So first and foremost, there is a determined – a very important area that we need to deal with, which is making sure that education is everybody's business. It's the parents' business. It's the community's business. It's the local government's business. It's a service delivered to the citizens. It is not just the education ministry's business.

So I think that there is a need to have a broader, much broader national dialogue on education in many of these countries. And the work that Carnegie is doing will precisely help inform that dialogue of, what kind of society do we want to build.

Then there is the shining a light. This is, sort of, where organizations like ours can come in and say, OK, if we are going to engage in the education system, let's begin to publish some of these things. Let's begin – because as you rightly say, putting up a schoolhouse is not going to make the change. It's actually what happens in the schoolhouse – the values and the systems. So let's begin to tackle this.

Now, we can only – we, obviously, do not get into the business of syllabus and such, because that's very much a national function of the national – the culture and so on, how people want to do it. But we can help, in terms of showing what has worked elsewhere and how we feel that lessons can be transferred from elsewhere, particularly in the shining a light on – excuse me – on performance.

And so it comes to teachers' training. It comes to the way the bureaucracies could be very stiff. It comes to the way in which innovation may be limited or hindered. And it comes to the way in which exams – what it is they are testing for. So these are the kind of things that one needs to look at, and I think that's where the Bank can also engage over and above just the sheer infrastructure investments.

[1:12:49]

Now, with respect to the issue of the where are the more urgent needs, in the republics or the monarchies, I think that we are hearing vibrant dialogue in all the countries in the Arab world. And what we are seeing, certainly, is also a desire amongst the people in the monarchies for change, and some movements towards that. And I think the young people, whether it be in the monarchies or in the republics, are exchanging and are listening to one another, and certainly would want to see change happen.

With respect to resources, the resources coming from external are a drop in the bucket compared to the national resources – not just the financial resources, but the wealth

of the human capital. So it is about how priorities are set for expenditures. It is about, again, ensuring that there is greater transparency in budget processes.

It is about ensuring that – look at some of these countries such as Korea, South Korea, or Singapore. What did they do to help make those transformations? They made some very determined efforts to fix infrastructure and to fix education. And these were – and they were determined, and there was no political messing with it. This is it; we're going to go for it – and so a conversation, a national dialogue around, where are our priorities, because we can't fund it all.

[1:14:33]

But maybe we need to put – make sure that we have the kind of infrastructure so markets can work and people can move up and down and information can flow. And then we need to make sure that we have the kind of education system that we want. And don't pretend we are islands. Countries are interconnected, and so learning from each other is healthy. Exchange is good. And the answers are not only within the national borders, not even within one region. [1:15:02]

MR. MUASHER: Rami.

MR. KHOURI: Thank you Marwan. On the question of Arab citizens and the issue of patriotism and nationalism, I think one of the really difficult realities of the Arab world is that these transformations that are taking place – these uprisings, overthrowing regimes, creating new systems of transition – are compressing into sometimes one year. I mean, if you look at Tunisia, we've compressed into one year processes that – in some, say, Western countries – took 150 to 200 years.

And that means, simultaneously, what some of these countries are experiencing in the Arab world is, first of all, the last battle of decolonization, to be really sovereign; national self-determination; creating democratic systems; dealing with social and economic challenges to re-invigorate economic growth; at the same time injecting an element of social equity and social justice; and finally, compressing into a peaceful process the kinds of civil wars that other countries have had in their histories, where they defined the values – the demographic, ethnic, social, ideological balances within their countries.

[01:16:30]

All those things are happening simultaneously at the same time now. It's just a – enormous amount of change has taken place. And it's a huge burden on the average citizen. And we've seen now citizenship start to happen, in the sense – I use the word "the Arab citizen" as being born, in the sense that people are acting in a way that they feel they have rights, and they feel they have the power to implement those rights – that they can bring about change, as they have already – and they can bring about more change through democratic and legal means now.

But what we don't have is a clear sense of identity in most of these countries, because people have not had the freedom to express themselves. And therefore you get

multiple identities, which we saw in our study of Arab youth, where there's a chapter on identity and values, where young people juggle multiple identities – religion, ethnicity, nationalism, statehood, pan-Arab, pan-Islamic, tribal, ideological – and you get all these identities often in the same person. And they juggle them, and they live comfortably with these multiple identities.

What we've never had is a process of self-determination in which the identity of the state is firmly established, and therefore people can live as citizens. And then if – whatever their religion or their cultural identity or ethnic identity is not a big issue, because they're guaranteed the overall rights of citizenship in a clearly defined and stable state that is seen to be legitimate in the eyes of its own people. None of that has happened in the Arab world in a significant way.

And as this process unfolds, I believe we will find the continued assertion of subnational values – like religious identity; tribal identity in places like Yemen, Libya; and ethnic identity – when you look at the Druze, or Armenians, or Berbers or different subnational identities – Circassians and Armenians and all these other ones – until you get the really stable state. So we should see this as a process that'll take some years.

[01:18:37]

On the issue of Arab monarchies, I – my sense is that there are two kinds of monarchies. You have the wealthy monarchies and you have the poor monarchies. The wealthy monarchies, in the Gulf mostly, don't have the same kind of stresses, at least to the same extent as the rest of the Arab world. The data that's available from polling all over the region shows clearly that there's a huge difference in the discontent of young people in the rich oil states as opposed to the rest of the Arab world. So there's two completely different Arab worlds.

But then when you get to places like Jordan, Morocco, you get – Bahrain – you get a different perception, where there are almost identical grievances expressed by young people and adults. The difference is that there's a bit more legitimacy to the ruling systems, and the monarchs – because they are monarchs, possibly – tend to be a little bit more sensitive to their people's sentiments, and seem to be trying to explore ways to bring about peaceful change – without huge success, but also without massive street demonstrations to overthrow them. Bahrain is a different situation, but if you look at Jordan and Morocco.

[01:19:46]

So I think there are qualitative differences between the different monarchies. But across the region, even in the wealthy monarchies, you're finding petitions, different expressions of citizens who want to have more citizenship rights – but expressed in a far softer way by fewer numbers of people.

MR. MUASHER: OK, we have, I think, one more round of questions. We have 10 minutes, so let's take some in the back. Yes, OK, over there.

Q: Ayman Adhair, Global IMC. My question is to do with the infrastructure for the education system. If we have schools in the Middle East that works three shifts – three shifts every day – every classroom has a hundred student(s) in them – how are we expected to teach them citizenship and innovation? So we need to look at priorities in terms of infrastructure supporting the education process, number one.

Number two, the teacher is a cornerstone in this process. So how can we prepare the teacher to play a major role in the forming the education process, and deliver the right values that we've been talking about? Third comments is the role of technology – ICT proven to be a key enabler as well as driver for transformation. So has the World Bank considered e-learning as a way to overcome some of these challenges?

The last comment is outsourcing. Yes, we have – 70 percent of our population are under 30 years old. They are the fuel for the outsourcing business. African countries are now considered outsourcing destination. So is there any initiative in the Middle East that takes seriously outsourcing – with all the spectrums of outsourcing as a way to short-term job creation? Because it is what we're really looking for. Thank you.

MR. MUASHER: Thank you. Yes.

[01:21:43]

Q: Peter Schoettle from Brookings. Can you give us some insights, to what extent do the economic reformers in these countries in this region – whether think tanks or academic or whatever – do they have a model that they think is appropriate for them to learn from? I mean, the U.S. economy has some problems. Do they look to China; do they look to Korea, South Korea; or some other model that they think would be the most applicable model to follow?

MR. MUASHER: Couple of questions from Beirut. Ibrahim?

MR. SAIF: Well, we have one question, Marwan. Please, go ahead. Yeah.

Q: Thank you. I'm – (inaudible) – my age is 32 years now, and the last 12 years I was hearing three magic words: economic growth, private sector, entrepreneurship. My question, when we – when – who – or to what extent – what do we mean by economic growth? Because the region before the Arab uprisings– Arab Spring was growing. But what kind of growth is what is important for me. What kind of growth for the MENA region? (Inaudible) – based economic growth?

What kind of private sector? We have private sector. And all the available data and information show that private sector was part of the dictatorship in most of – in Tunisia – (inaudible) – in Egypt, in Syria. We know this. So private sector exists in the Arab world, in – (inaudible) – in Lebanon. OK? But what kind of – (off mic) – in the words of – (off mic) – the streets and – (off mic) – Tahrir and in Tunisia – (inaudible). It's not easy to be an entrepreneur in the – in the streets of Beirut.

[01:23:49]

So for me, I think – what I think international development actors that need to do – they need to re-assess their development paradigm during the last 10 year in the MENA, because part of the Arab Spring –

MR. MUASHER: I think it's clear, because we really don't have much time. So let me turn it to Rami –

Q: I – what do you think – my question is, what do you think international development actors should do in light of the Arab Spring? This is first. And second, when we talk about the drive for development, to what extent the – (inaudible) – fragmentation and the priorities for development intervention has been impacting the development in the MENA region?

MR. SAIF: Thank you.

MR. MUASHER: Rami, two minutes. (Laughter.) I don't think he can hear me. Rami?

[01:24:49]

MR. KHOURI: Yes? Yeah, yes?

MS. ANDERSEN: Two minutes. (Laughter.)

MR. MUASHER: You have two minutes.

MR. KHOURI: OK. I – and I – so then let Ibrahim Saif – (laughter) – I just will turn over to him for this economic stuff. But I would just add one point, I think. One of the themes that is running through our conversation and our discussions and questions, I think, is a radical need to rethink many of the assumptions and many of the procedures of the past. And I think this is really one of the main lessons that I take away from this gathering.

And I think all of us who work in these institutions – research and studies and development – I think have an obligation to lead that process and to push against the people who have power – which is governments, and in many cases donors and the wealthy private sector. But also we now have new players. The religious leaders of our countries have to be on the board. And young people have to be in this process. So we can no longer do this with international player – donors and governments and the governments and civil society anymore.

MR. MUASHER: Inger?

MS. ANDERSEN: Yeah, I'll try to just very quickly wrap together the last couple of questions. You know, our last speaker highlighted the frustrations of, you know, what the private sector had done, and how it had operated prior to the Arab Spring – obviously controlled by few families; licenses, businesses, regulatory framework being pushed in favor

of certain influential people; and it not being an open economy – this is true. And, yes, looking at numbers, we saw very nice numbers of growth. And one could say, you know, what was that all about? This is also true. But it was not an inclusive – it was not a transparent and it was not an accountable system.

[01:26:55]

So then we have to be careful that we don't throw out the private sector baby with the crony capitalism bathwater, because that could be a very, very bad situation, going back to state control or something else, because we also know that those systems haven't worked. So blow open the system. Make sure that there is a fair chance. Ensure that there's transparent governance, that the regulatory and legal framework works.

But also ensure that we encourage that innovation and that entrepreneurship, precisely so that we can have the kind of model – to answer the question from Brookings – the kind of economic model – and I don't – (chuckles) – have time to go into that – that will allow for these things to take off in a more transparent way. There is a lot that can be done by the regulatory framework – a lot. And so there's – and it – as I said, it's in the legal, in the economic, in the regulatory institutional spaces. And people will hold governments accountable now, especially if they have the information. And so that's also where I think we, as actors that are playing together in this, can help: ensuring that information is available, and widely so. Now I'll stop there.

MR. MUASHER: Thank you very much. I'll just respond very quickly to the – to the education-for-citizenship question. I frankly don't buy the argument that this is a serial process – that you need to put everybody through school first, before you start worrying about what to teach them. That defeats the purpose. I mean, the objective is not to just crunch numbers of people, but rather to result in better societies.

If you want to create jobs, if you want to create a different culture that would accelerate job creation and sustainable development, then you have to re-allocate your resources. You look at the resources you have. If you're spending a third of your budget on the military, maybe it's time to do it differently. But to just say that we cannot afford to look at this before we, you know, worry about just putting them through school, I think is the wrong approach.

[01:29:08]

Thank you so much. Let me thank Inger and Rami for a very stimulating discussion. As you can see, you know, we started with innovation; but somehow any discussion about the Arab Spring – (laughter) – goes into citizenship, into governments, into – (chuckles) – that is normal. And we will have many, many more of these discussions. Thank you very much for coming. (Applause.)

MS. ANDERSEN: Thank you.

(END)