



THINKING MENA FUTURES: THE NEXT FIVE YEARS AND BEYOND



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MEI’s Strategic Foresight Initiative examines key drivers and dynamics at work in the region, thinks strategically, creatively and rigorously about various scenarios, risks and opportunities, and uses methodologically sound approaches to help decision-makers chart a course forward.



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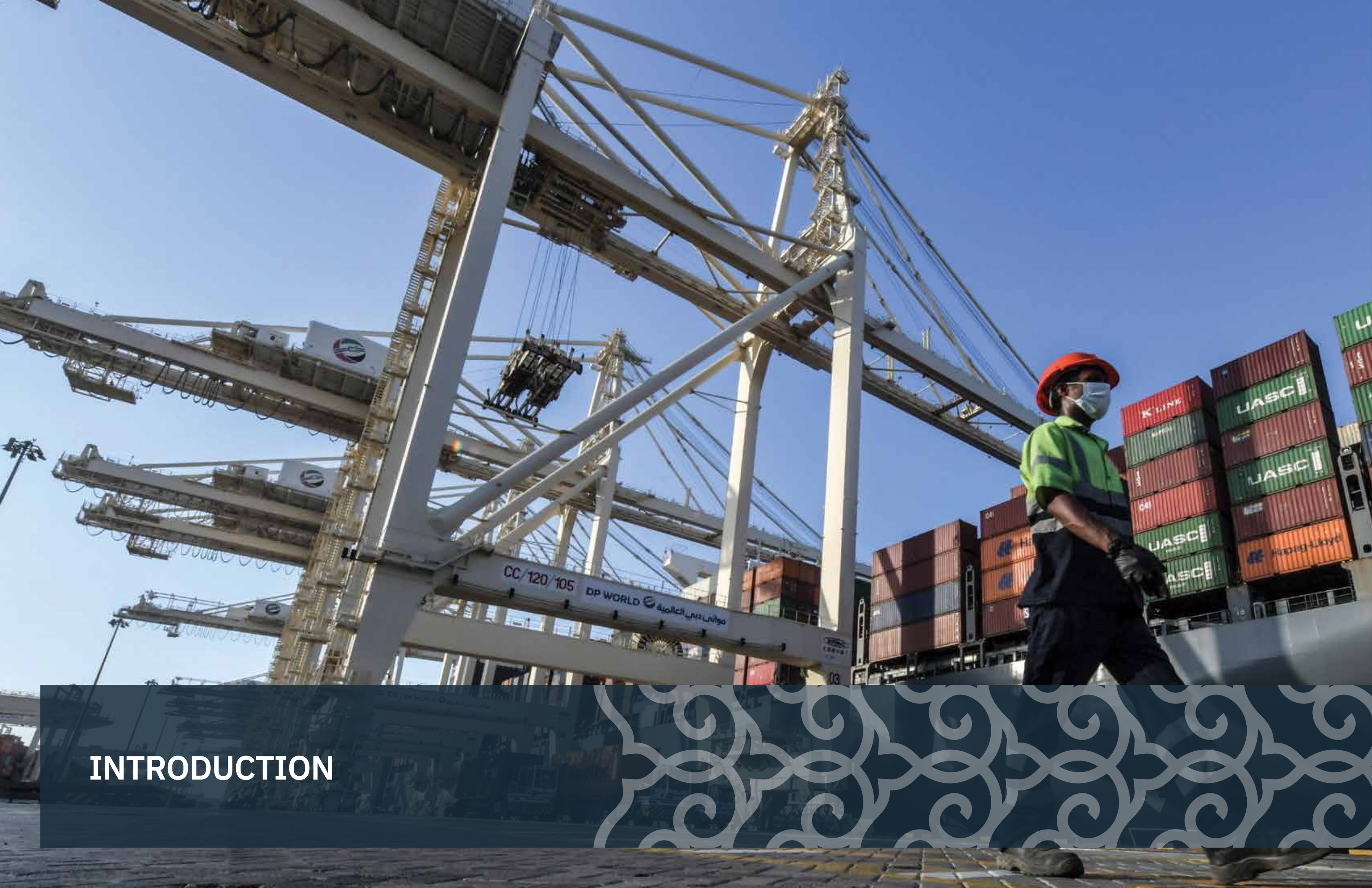
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INTRODUCTION

SETTING THE STAGE: THE FUTURES OF THE MIDDLE EAST AND NORTH AFRICA

Steven Kenney

The Middle East and North Africa (MENA), for a variety of reasons, are unrivaled in their need for bold, creative thinking about their future.

By any measure, the MENA region faces great challenges as we stand in 2021 and look ahead to the next decade and beyond. Forces of history and of nature bear heavily on the prospects for tomorrow. Conflicts persist with roots that are decades and even centuries deep. Less than 5% of the land is arable in two-thirds of the countries of the region. The legacies of foreign intervention, authoritarian rule, and social inequality are profound, making their corrosive consequences difficult to overcome. In September 2020, Steven Cook dourly proclaimed that “it is entirely reasonable to feel hopeless about the Middle East.”

That assertion certainly is rebuttable. But even if one subscribed to Cook’s view, that is precisely why creative thinking about the future of the region — why *strategic foresight* — is essential.

In a recent interview, Kevin Kelly, founder of *Wired* magazine, made the case for strategic foresight in his characteristically incisive way. “It is extremely difficult,” he said, “to create a desirable future without first envisioning it. To imagine is really the first step in creating anything. Therefore an essential chore for making a future we want to live in, is to imagine what it is like and how we get there. That plausible path is a form of optimism. This optimistic previsualization is a necessary component of change.”

As we consider the next five years for the Middle East, and even beyond, this way of looking at the challenges — and the opportunities — has never been more vital. Momentous forces of change are at work in the region, and globally in ways that will impact it. America’s

engagement is diminishing, and the nature of that engagement is changing, at the same time that China’s grows. The COVID-19 pandemic shined a bright light on citizens’ demands for more and better from their governments. Urbanization will continue to accelerate, as will connectivity (of devices, economies, innovators, and more). Artificial intelligence and robotics will transform business and work, wiping away great numbers of jobs and creating even greater numbers of new ones. The carbon-based industrial revolution will be more and more displaced by sustainable forms of energy.

The disruptions that these trends and others will set in motion hold the prospect of making life worse for the people and governments of MENA. But they have a greater chance of coalescing into what we would call *preferred futures*. That is, if we do one thing: take the care and time to imagine what these preferred futures might look like.

The “s” in *futures* is deliberate and meaningful. As David Bengston puts it, “A core principle for thinking about the future is that it is plural.” Despite our normal pattern of speaking and thinking, there is no such thing as “the” future. Which among innumerable possible futures actually emerge, for the Middle East, for anywhere and anything, is a function of what leaders do today. One of the greatest misapprehensions about strategic foresight is that it is about far distant time horizons. It isn’t. Thinking about 2030, or 2040, or beyond, is a means to an end. The end is helping leaders make decisions and take actions today that increase the likelihood of preferred futures of any time horizon, short or long.

Pointing to Kevin Kelly’s emphasis on the optimistically imaginative bent that foresight should take is deliberate as well. Considering alternative futures is a safe space for thinking beyond incremental change to true transformation. MENA leaders must be bold in what they consider if they want bold improvements in the region’s stability, quality of life, economic growth, and sustainability. Far from an exercise in Pollyanna-ism, this is a necessity. They will not and cannot get to those places if they don’t envision what those places look like.



“

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A recent study analyzed 83 scenarios of a “post-COVID-crisis world” developed between March and June 2020. A sobering 60% of them imagined “recovery” rooted in traditional models of economic growth and only modest change in societies globally. More than a third of the scenarios described a “more or less identical return to the pre-COVID-19 world.” This despite how the pandemic, for all its very real tragic consequences in the Middle East and throughout the world, has also opened up possibilities of radical positive change. We can’t afford to “play it safe” in the futures we imagine for post-COVID life. Nor can we when it comes to the overall futures of the MENA region. It can be fundamentally different, if leaders put equal amounts of imagination and rigor into thinking about how.

Last year, we launched MEI’s Strategic Foresight Initiative program. With an appropriate nod to the Eisenhower matrix, we see our work as both important *and* urgent. Leaders throughout MENA have an obligation, now and every day, to envision what futures they want to create for their governments, businesses, and social sectors. Our aim is to aid them in understanding the implications tomorrow of the forces of change the region is contending with today. When they “stand in the future” and look back, they will be better prepared to make the decisions that can transform the societies they serve.

The essays that follow in this volume are some of the futures of the MENA region, as envisioned by thoughtful innovators working today to realize them. They set an example for the foresight that the region needs and, we hope, will inspire others to add their imagination and join in that work.

Steven Kenney is the director of the Strategic Foresight Initiative at the Middle East Institute. He is also the founder and principal of Foresight Vector LLC.

THE FUTURE OF REGIONAL AND INTERNATIONAL DYNAMICS IN THE MIDDLE EAST

Ross Harrison



Amid the troubling imagery of a Taliban victory in Afghanistan, teetering governments in Lebanon and Iraq, and ongoing civil wars in Syria, Yemen, and Libya, it is hard to defend the view that the future of the Middle East will be better than the present. Pessimism about the region's future has become accepted as a truism among those of us who observe and analyze this troubled part of the world.

But pessimistic projections that the region will remain mired in its current state of turmoil cloud our ability to properly analyze the future as much as, or even more than, naïve and gratuitous optimism. American baseball star Yogi Berra summed it up when he said, “It’s tough to make predictions, especially about the future.” When tempted to accept either wildly optimistic or excessively pessimistic views of the future of the Middle East, we should bear this quote in mind.

But being humble about our ability to ponder the future of the Middle East shouldn’t blind us to some of trendlines that give us a glimpse of what the future might hold. The region is currently undergoing some transformations that are likely to leave an indelible imprint on it going forward.

While unexpected jolts can always render any trend ephemeral, there is one ineluctable trend underway that is likely to endure and be a feature in the medium and long term. The Middle East is undergoing a profound transformation from a region shaped by outside powers to one taking shape according to its own internal political logic. The European colonial powers in the late 19th and early 20th centuries divided up the region according to their own agendas and exigencies. And later during the Cold War the United States and Soviet Union imposed their rivalry onto a Middle East just emerging from the yoke of European colonialism.

But today, as bloody and unstable as the Middle East is, the catalysts for change aren’t external powers, but rather the local civil wars in Syria, Yemen, and Libya and the regional rivalry between Iran, Saudi Arabia, Turkey, and Israel. While this shift of the Middle East being more sensitive to regional and local drivers than global dynamics has been ongoing for several decades, the civil wars and state failures in the region have created a tipping point in this regard that is likely irreversible.

The civil wars have become engines of this enduring transformation in several ways. First, while the civil wars were spawned by local grievances against autocratic leaders, looking at them from the regional level we see these conflicts collectively represent a struggle for what the basis of political identity, community, and governance will be in the Middle East.



How will the state fare as an organizing principal for the region and as a receptacle for the political, social, and economic ambitions of a young and increasingly restive population? What role will regional institutions like the Gulf Cooperation Council and Arab League play in the Middle East in the future? And what will the role of non-state actors be? The outcome of the civil wars in Syria, Libya, and Yemen will help determine the answers to these questions.

Second, the civil wars have created a large, hollowed-out political vacuum across the Middle East, which has drawn in the regional powerhouses of Iran, Saudi Arabia, the UAE, Turkey, and Israel. Because of this, there is a tendency to see the civil wars in Yemen, Syria, and Libya as proxy battles. While this dynamic is an important feature of the civil wars, a preoccupation with the proxy involvement obscures the bigger picture of how these country-level civil wars have

spawned a broader regional civil war involving Iran, Saudi Arabia, Turkey, and Israel. It is a battle, not for territory, but rather for regional influence and power. In other words, while the major regional powers are pulling the strings in the country-level civil wars, they have also become victims of a regional civil war, which is being waged over the future of the Middle East.

What we can't posit with any degree of confidence is which country, if any, will rise above the others in this regional rivalry. This will depend on several factors. One is the state of leadership in each of these countries. How long will President Recep Tayyip Erdogan dominate the political landscape in Turkey? Who will succeed Iranian Supreme Leader Ayatollah Ali Khamenei? What path will Saudi Arabia take under the strong but oft erratic leadership of Mohammed bin Salman?

“ *The Middle East is undergoing a profound transformation from a region shaped by outside powers to one taking shape according to its own internal political logic.* ”

And what will the composition of the governing coalition in Israel look like? Also, how will the leaderships in these countries respond to the cascading pressures of COVID, climate change, economic dislocation, and empowered youth populations?

There is an overriding fear that Iran's growing regional footprint presages it becoming the dominant player in the Middle East. While this is one possible scenario, we should temper a rush to judgement with an understanding that Iran's current regional influence is largely a function of its ability to project power into failing states. Should the civil wars wind down, and resistance in Iraq and Lebanon to Iran's heavy hand increase, Tehran's capacity to project power could become significantly attenuated. The wildcard will be whether Iran can transition to a new set of capabilities that allows it to thrive in a more normalized region. This sets up a strategic paradox for the Islamic Republic, the outcome of which we cannot predict. While Iran (like all regional powers) can only thrive long term in a more normalized region, its shorter-term fortunes may depend on its ability to act as a spoiler, perpetuating the current status quo of regional instability.

Another hedge against a dominant-Iran scenario is that the Middle East doesn't have the characteristics of a hegemonic system, but will more likely evolve into a region defined by balance-of-power politics. The current civil wars and state weakness may mask this reality, but a strong Turkey and perhaps even a revitalized Arab world could eventually contain any Iranian expansionist ambitions. Unlike in East Asia, where China dominates, there is no such counterpart in the Middle East. While Iran may appear to be a dominant power in a collapsed regional system, this could prove ephemeral should the civil wars wind down.

What trends can we see affecting the global powers in the Middle East? While during previous eras, it was the international players that were the disrupters on the local scene, now the roles have reversed somewhat, with the Middle East acting as a disruptor of the international political order. In other words, what starts in the Middle East doesn't stay there; rather it globalizes. Over the past decade, refugee flows, the specter of terrorism, disruptions to oil supplies, and energy price gyrations, have roiled the international system, shaping the political

discourse in Europe and the United States. This is likely to intensify with the collapse of the Afghan government, the resurgence of the Taliban, and the possible boon this could provide to al-Qaeda and even ISIS.

In the future the global powers will likely continue using the Middle East as an arena of great power competition. But the past patterns of global powers shaping the region in their own image, such as during the Great Game of the 19th century, the Cold War of the 20th century, and the Pax Americana of the 21st century, are unlikely to be repeated. In order for the global powers to serve their own interests and to mitigate the disruptive effects of the Middle East on the international political order, relationships with regional actors will likely be based more on partnerships than the principal-client relationships of the past. For sure, the global powers boast military and economic superiority over the region. But for the security and economic interests of the global powers to be served, they will need to take account of the strategies and plans of the major regional players.

More specifically, for the United States the current strategic paradox is likely to endure into the future. At a time when the case is being made that Washington has few vital interests in the Middle East to defend, the region has the greatest potential to disrupt the international political order. How the United States manages this paradox will determine how it fares in the region generally, and in its competition in the Middle East with Russia and China more specifically.

We don't know the specifics of what the future will bring for the Middle East or the role the global powers will play in this critical region. But the fact that the Middle East is being transformed from within, with great powers being able to influence, but not shape the region, suggests an ineluctable trend. The specific shape of the region is hard to envisage and impossible to predict but like at the end of the bloody Thirty Years' War in Europe in the 17th century, we can be reasonably certain that the turmoil of today will create a lasting legacy for the future, and that it will be mostly the regional powers that will determine that future, with the global powers as supporting actors.

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THE US AND THE MIDDLE EAST: SHAPING THE FUTURE

Gerald M. Feierstein



The world is changing and priorities are changing with it. The 2020 global pandemic has reshaped our evaluation of risks and rewards. The capacity of governments to manage crises and safeguard the well-being of populations has become the new metric by which citizens measure their success. The potential for global phenomena outside the management capacity of any governing institution to produce political and economic upheaval has become a reality.

Regardless of the future trajectory of COVID-19, whether it evolves into an ever more threatening pandemic or becomes a flu-like seasonal epidemic with marginal risk ameliorated with a vaccination, its rapid spread last year has raised popular awareness that global pandemics and public health emergencies are likely to be a permanent feature of our changing world. Similarly, global experiences with extreme weather phenomena, from unprecedented heat waves, to flooding, drought, and wildfires, have brought home the reality that climate change is no longer an over-the-horizon threat but a clear and present danger to populations now. A recently released report by the U.N. Intergovernmental Panel on Climate Change has reinforced the warning that climate impacts from human activity, if unaddressed urgently, will generate catastrophic effects before 2040.

The Middle East and North Africa (MENA) are not immune from any of these developing phenomena and, in some instances, they are at greater risk than other regions to their effects. The impact of drought and water scarcity, punishing temperatures, and rising sea levels will all stress regional governments and societies while conflicts, low levels of intra-regional cooperation, weak governing institutions, and dysfunctional societies inhibit effective response. Moreover, international measures to address global challenges, especially efforts to move away from fossil fuels and toward renewable energy sources, will challenge the ability of regional governments to adjust their strategies and put in place the policies needed to protect their societies and their populations while exacerbating regional tensions.

Regardless of these new forces, U.S. interests in promoting security and stability in a region that has critical energy resources and sits at the crossroads of international trade and commerce will remain unchanged. Addressing population challenges, the youth bulge, and refugee and migration pressures from natural or man-made crises will require measures to promote sustainable economic growth and enhanced educational and health capacities. For U.S. policy-makers, then, the challenge of advancing U.S. interests in an increasingly fraught environment will be more difficult. But the U.S. will also bring assets to the table that could potentially enhance its role in the region and strengthen its position as the preeminent outside power.

In light of the shifting threat analysis, the U.S. should take a number of steps over the coming years to strengthen its position as the region's leading international partner and in order to reduce the threat of regional catastrophe:

1. Continue to shift the emphasis of U.S. engagement away from defense and security and more toward diplomatic efforts to resolve regional conflicts and promote regional cooperation. Emphasize initiatives to safeguard populations and provide economic security to minimize internal displacement, refugees, and migration.
2. Engage with regional parties directly to develop regional approaches to address rising challenges. In line with regional structures in other parts of the world, for instance the Pan American Health Organization or the Indus Waters Treaty, the U.S. should encourage building and strengthening similar MENA regional initiatives, especially to address broad challenges like public health and climate change that no state on its own can resolve.
3. Promote engagement by regional civil society organizations and educational institutions to enter cooperative arrangements supportive of governmental programs to address growing challenges.
4. Focus development assistance programs in the region on building institutional capacity and helping to achieve resilient societies that can cope with internal challenges arising from global threats. Ensure that societies develop the social and economic mechanisms needed to reduce migration pressures.
5. Participate in funding cooperative R&D initiatives to help regional partners develop the technologies needed to address growing challenges. Explore mechanisms to promote sharing of technologies and best practices internationally.
6. Encourage the U.S. private sector to partner with regional counterparts to invest in resilient enterprises, particularly in such areas as food security and public health.



“*The capacity of governments to manage crises and safeguard the well-being of populations has become the new metric by which citizens measure their success.*”

The MENA region, like much of the world, is entering a period that will test its capacity to adjust to rapid change stressing traditional political, economic, and social structures. Compounding the threat to the region, many of the states have been weakened by years or decades of internal strife, inadequate institutional capacity, unresponsive political and economic systems, and regional conflict. The U.S., which enjoys strong partnerships with the majority of states in the region, can play the leading role in assisting its partners to build the strong, resilient, and effective national and regional mechanisms that will be needed to overcome rising challenges.

Conversely, collective failure to take adequate steps over the coming years will have global implications transcending the region itself. Public health collapse, conflicts engendered or exacerbated by environmental impacts, and political and economic failures will reverberate around the world. The U.S. must prioritize these issues as it builds its regional policies for the coming decades.

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A HISTORY OF ARAB FORESIGHT: LESSONS LEARNED

Florence Gaub



Although foresight on the Middle East and North Africa (MENA) is having a heyday today, this was not always the case. A survey shows that in the early 2000s, a mere 14 foresight studies on the region came out — more than half of which were undertaken in the United States, and a quarter in Europe. Just two were done by authors from the region itself — both of which focused on environmental issues only.¹

The remaining studies looked overwhelmingly at political and security issues: From the prospects for insurgency in Iraq to the Israeli-Palestinian conflict, Middle Eastern foresight remained narrow in focus, origin, or time horizon.

There were quite a few reasons for this: For the outsiders conducting foresight on the region, disruption was the predominant area of concern, reducing the time horizon as much as the scope of exploration. These events — the wars of 1967 and 1973, the Lebanese civil war, the war between Iran and Iraq, the *Intifada* of 1987, not to mention the 39 successful coups² that took down governments — not only throttled foresight, they also bolstered the notion that the future is inherently unknowable, and one's agency over it limited. Within the region, foresight was outshined by the much more popular planning, backed by both Marx's and Rostow's then-popular thesis that all states follow the same pattern of development. (More on how planning is different from foresight later).

With the Arab Spring, a new era in regional foresight began. In the decade since, more than 40 foresight products on the region have been published, with about half of them having 2030 as a horizon, and the remainder 2050.³ There are broadly two reasons for this.

Firstly, the Arab Spring unveiled a new agent hitherto ignored: Popular movements, rather than governments or military forces, had created change. This meant that anyone wishing to understand what this agent would do next had to understand its characteristics: its demographic and educational composition, its employment status, its values, its grievances, its way to communicate. Trend analysis was (and is) the only tool to do this: The rapid increase of the region's youth population, flanked by an increase in connectivity, food price dependence, and an imperceptible change in values had all preceded the Arab Spring — but in the absence of trend monitoring, they went unnoticed.

Secondly, the change drove home the point of the possibility of change previously accepted to be impossible. Overnight, the future became a possibility space to be shaped and formed by all agents involved rather than a linear trajectory states were on. In the immediate aftermath of the Arab Spring, this opened

1. Mostafa K. Tolba, Najib W. Saab, "Arab Environment: Future Challenges," Arab Forum for Environment and Development, 2008; Ahmad Sadiddin, "The Foreseen Impact of the Recent Policy Reforms and Other Scenarios on Water Use in Syrian Arab Republic: the Case of Al-Khabour Basin," Food and Agriculture Organization of the United Nations, 2009. Jerome C. Glenn, "Three alternative Middle East peace scenarios," in Jerome C. Glenn and Theodore J. Gordon (eds.), "State of the Future," American Council for the United Nations University, Washington, DC, 2004; Alan Schwartz, "Scenarios for the Insurgency in Iraq," United States Institute of Peace, 2006.
2. Between 1945 and 2015.
3. Edgar Göll, "The Future. Foresight Studies on the Middle East and North Africa," in Eduard Soler (ed.), *Re-conceptualizing Orders in the MENA Region: The Analytical Framework of the MENARA Project*, Methodology and concept papers No. 1, November 2016, pp. 88–100. Erika Holmquist and John Rydqvist, "The Future of Regional Security in the Middle East – Four Scenarios," April 2016.



“The task of Middle Eastern foresight is not just to warn or, worse, fall into doomsday predictions. It is to point decision-makers to where the priority and possibility for action is — and primarily, action for the better.

the future as a marketplace for competing ideas: From Muslim Brotherhood futures of a state in line with Islamic principles to a somewhat ill-defined democracy, from the Islamic State’s apocalyptic future to a plethora of future visions (Saudi Arabia’s, the UAE’s, Qatar’s Vision 2030, Egypt’s Map of the Future, Kuwait’s New Kuwait 2035), the change of 2011 turned the future into a competition.

But at the same time, it also opened a space for foresight: a methodology exploring trends and playing with ideas to test which futures are possible, desirable, or to be avoided. Quite quickly, a lot of these products fell into a classical foresight trap: endemic pessimism. A large-scale survey funded by the EU found profound regional pessimism about its future. Other pools found that almost half of young Arabs wish to leave their region in the absence of an attractive future.

While this sounds shocking, it is a normal phenomenon in foresight: Human beings have an ingrained tendency to be pessimistic, even when they live in peaceful and prosperous conditions. Somewhat absurdly, they can be simultaneously optimistic about their personal future while being pessimistic about their country’s.⁴ In the region’s case, ongoing conflict and turmoil biases the brain in a two ways toward the negative: The status quo bias makes us believe the future will be pretty much like today, and the conjunction fallacy makes us biased toward elements that we have more information on. In other words, the more you know about the negative elements of a certain future, the more our mind focuses on it (which is why visualizations and the Law of Attraction are actually not just quackery). There are three problems with endemic pessimism when looking at the future: Firstly, we become blind to surprise because we zero in on what we know. Secondly, we miss opportunities, possibilities to improve the future. And thirdly, over-pessimism stifles action because it produces the Cassandra effect: Overwhelmingly negative messages leads to ignoring them, a curious human reflex.

But the task of Middle Eastern foresight is not just to warn or, worse, fall into doomsday predictions. It is to point decision-makers to where the priority and possibility for action is — and primarily, action for the better. To improve the effectiveness of foresight on the region, here are a few lessons learned:

- Plans and visions are not foresight. Both are linear, deterministic, state-centric, and normative, whereas the future is none of these. They have their place, but they need to be preceded or flanked by foresight, which can test-drive them into the future, identify obstacles or errors in causal reasoning, unveil assumptions, and set them within the larger strategic context. Strategy is neither foresight, plan, nor vision: It is what will operationalize them.

- Foresight needs to question established beliefs. For instance, a survey conducted by the EU Institute for Security Studies and the Italian Ministry for Foreign Affairs found that more than half of young Arabs felt that life was the outcome of their own action — contradicting conventional notions of fatalism about people in the region. To be better prepared for surprise, one needs to look for it — or look at established ideas in a new way.
- Foresight needs to look at the hidden, rather than the obvious changes: Over the course of a decade, regional awareness moved from half of the population responding “never heard of climate change” to half saying “it is a very serious problem.”⁵ Values changed, too: From obedience to authority to gender equality or the role of Islam in politics, polls reflect a subtle shift in social norms. The job of foresight is to find these imperceptible changes and monitor them to see toward what they evolve.
- Foresight needs to review itself: 60% of foresight is accurate, a number that can be improved through constant review of past assumptions.⁶
- Foresight needs to be humble: While it is the only tool available to explore uncertainty, it is far from perfect. The greatest unknown in foresight is always the human being: Both people and decision-makers impact the future the most, but why and when they act is not always easy to know.
- Foresight needs to be done by many: Just as the future generally, foresight belongs to everybody. It should always be conducted in a group which should be as diverse as possible: ages, origins, backgrounds, orientations, and values.

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4. Tali Sharot, *The Optimism Bias: A Tour of the Irrationally Positive Brain* (Vintage: New York, 2011).

5. Gallup, “Awareness of Climate Change and Threat Vary by Region,” 2009, <https://news.gallup.com/poll/124652/awareness-climate-change-threat-vary-region.aspx>. Arab Forum for Environment and Development, “Arab environment: future challenges”, 2008, p. 128.

6. Philip Tetlock, *Expert Political Judgment: How Good Is It? How Can We Know?* (Princeton University Press: Princeton 2006).



ECONOMIC TRANSFORMATIONS

THE POLITICAL ECONOMY OF REFORM IN POST-COVID MENA

Ferid Belhaj and Roberta Gatti

Everybody wants development, nobody wants to change.

This adage, variants of which have been attributed to many authors, is certainly true for the Middle East and North Africa (MENA).

The MENA region is a study in contrasts. Girls outperform boys in school, yet the MENA region has one of the lowest employment rates for women in the world. Over the past two decades, MENA has had 10 times more protests (incidents of peaceful social unrest) than the rest of the world, yet its economic structures don't budge. In MENA, technology usage rates are comparable to those in developed regions — but almost only for social media. E-governance lags and digital payments are virtually nonexistent. On the same peninsula in MENA, one of the richest countries in the world coexists with one of the world's worst humanitarian crises. Despite its common culture, language traditions, and, to a large extent, history, MENA is one of the least integrated regions in the world.

Underlying these contrasts is stubborn low growth across the region. Even before the pandemic, in MENA economies, including the high-income ones, GDP per capita grew more slowly than the already low median rate in countries in comparable income groups in the rest of the world.

“Stubborn” is the key word here. MENA economies chugged along in earlier decades, seemingly unaffected by the global mega-trends that have revolutionized the way people work and live and oblivious to the region's youth protesting in the streets and squares to demand “bread and dignity.” If anything, rather than seizing the upside of what has become known as the Arab Spring, Libya, Syria, and Yemen spiraled down into conflict and such countries as Egypt, Jordan, and Tunisia ended up accumulating public debt to worrisome levels without a corresponding boost in growth.

The low-productivity, low-growth equilibrium that permeates MENA is difficult to undo because its economic and social features reinforce each other through a social contract that has traditionally played into the hands of the governing elites. Those elites had an incentive to keep the economic pie smaller, because the reforms needed to allow the pie to grow would threaten their status and privileges.

This low equilibrium is both costly and unfair. The region would have at least a 20% higher GDP per capita had all countries grown over the past two decades at even the modest median rate of their corresponding income groups. This lack of dynamism is reflected in inequality of opportunities. In MENA, geography is destiny: Regional disparity contributes to a 63% larger share of inequality in MENA than elsewhere in the world. In other words, where people are born — not their skill or their effort — is the overriding determinant of their life outcomes. In part, this is the consequence of outdated and in many cases backward education systems, which use outdated curriculums that increasingly fail to prepare students for changing job markets. In addition, MENA economies don't create enough jobs for their young people and the jobs created are insufficiently productive, which leaves the region with an unfinished economic transformation.

What can jumpstart the change that is so sorely needed?

Historically, crises have brought reform the world over. For example, a recent review of 49 countries shows that more than two-thirds of them embarked on a path toward universal health care only after a crisis such as a war, a coup, or a severe economic downturn. In Morocco, for example, the pandemic seems to have prompted an acceleration toward universal health coverage, including consolidation of fragmented health insurance schemes and the extension of financial coverage to 11 million more people.

But even if the pandemic can trigger a health care reform in a MENA country, many are skeptical that the COVID-19 crisis can spark a wider economic transformation in the region. Yet, new technologies and long-term demographic trends already are making the region's social contract untenable. For example, increasing concerns about climate change have driven global innovation favoring renewable energy. And countries in MENA have begun to recognize that excluding women from economic activities is increasingly unaffordable, especially Saudi Arabia, whose long-term reliance on fossil fuels makes it particularly vulnerable. Starting 2015, in an impressive set of reforms to eliminate constraints on women's participation to economic life, the Kingdom of Saudi Arabia married good economics with a significant push toward modernization. As a result, female labor force participation in Saudi Arabia rose from 19% in 2016 to more than 33% at the end of 2020. Egypt has also moved to allow

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Big-ticket item reforms that support a more dynamic economy ... are a must for MENA.



women more equal employment opportunities by rescinding rules that constrain women in the job market and countering a concerning revival of conservative discourse.

Big-ticket item reforms that support a more dynamic economy — including levelling the playing field between public and private firms, modernizing social protection systems, and transforming the role of the government from actor on the marquee to steward of the economy — are a must for MENA. But they haven't happened so far for reasons that are rooted in both privilege for the governing elites and public distrust of government.

So, while keeping an eye on the big prize, it's important to think strategically and take reforms in smaller bites that elites will perceive as less threatening — for example by sustaining the new segments of the market that are growing thanks to new technologies and in which privileged actors have not yet encroached. In the digital space, transformation doesn't necessarily come at the expense of incumbents. But even in the digital realm, the region needs institutional reforms to ensure that telecom companies, which build and maintain networks and offer data services to people, are regulated with an even hand. Establishing independent

competition authorities is essential to ensure competitive neutrality. This is starting to happen in Morocco and also in Saudi Arabia, where the General Authority for Competition (GAC) was installed as an independent authority in 2019 by a new Competition Law. The GAC has recently dealt with competition cases in the strategic pharmaceutical and health care industries.

Each country will have to find its own path to galvanize support for a complex package of reforms. No matter the strategy, one set of reforms is truly no-regret: moving towards more transparent governance, fair and modern judicial systems, and a relationship with citizens that relies on full information and data openness, not only to help people and institutions navigate the COVID-19 pandemic, but also to rebuild trust between citizens and governments. Countries should embark on these reforms immediately. It will be a long and bumpy ride, but they might be the most cost-effective of all.

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ARAB STATES' RISKY MEDIUM-TERM BETS

Ishac Diwan

Not unlike during the lost decade of the 1980s, all Arab states are, to various degrees, in some form of deep crisis: weakened by fiscal deficits, losing their capacity to deliver services, unable to tax fragile economies, and facing the threat of social unrest. COVID-19 has revealed most of these weaknesses further.

In the midst of multiple challenges, states could react, in theory, in three, non-mutually exclusive ways:

1. Reduce fiscal deficits: Implement austerity (and if not, go toward a financial crisis in the short/medium term);
2. Engage in structural reforms to boost growth: For example, open up private sector competition (if not, collect lower tax revenue in the medium/long run); or
3. Satisfy social grievances with political, economic, or social concessions (if not, increase repression).

Ideally, the three constraints would be tackled simultaneously, and progressively, in ways that generate a virtuous circle that can improve state effectiveness and social services, lead to more freedoms, and make the private sector more dynamic.

But unfortunately, negative loops also threaten to create vicious circles of decay and chaos in countries that are unable to start rebuilding social trust effectively in ways that foster collective action. Indeed, for autocratic governments under pressure, these choices can be seen to present a hard trilemma. An effort to improve on any one dimension is a risky bet: At best, it may allow for marginal gains that create policy space for other reforms to follow, but it can equally end up deteriorating the other dimensions, and locking the state in a trap of further decay.

- Reducing the deficit rapidly to avoid a debt problem can reduce growth, increase unemployment, and make structural adjustment more difficult than in a growing economy. It can also inflame the street, pushing regimes to respond to protests by increasing repression, rather than opening up.
- Engaging in structural reforms requires more competitive pressures and fairer access to finance, which will both be opposed by reform-losers (unions, state-owned enterprises, local monopolists), thus increasing political instability, and creating additional fiscal pressures (through creative destruction, or costs to compensate losers).
- Finally, a political opening threatens the interests of the existing political and economic elites. It also comes with its own challenges, leading first to a period of instability, where political forces fight to fill the political void, rather than coalesce to deliver improved economic policies.

There are some uncanny similarities between the current situation and that of the 1980s: Then and now, economic growth is low and public debts are high, following a decade of fiscal deficits. Growth is anemic — on average, close to zero for the region and over the whole decade of the 2010s. Already eight countries have external debt to GDP over 75%, which puts them at high risk of losing market access. As was the case then, regional geopolitics generates instability. In the meanwhile, the “street” is increasingly calling for regime change, not just reforms, and in several countries, the military is now on the frontline, searching for ways to rule without governing.

A rebound is also harder now than in the 1980s. The oil price declines (with regional revenues falling from \$1 trillion to \$400 billion annually), coming after a long oil boom, are unlikely to recover. There has been further de-industrialization (e.g., Algeria, Lebanon, Egypt, Iraq). Export growth is harder in a slow-growing global economy. Tourism, an important sector in many countries, is not resilient to security and health shocks. And remittances, which remain a lifeline for millions around the region, are on the decline as the Gulf Cooperation Council seeks to replace migrants with nationals.

At the same time, the main sources of external financing are becoming more sensitive to economic performance: Bilateral creditors are more budget-constrained at a time



when geopolitical rents are eroding. Indeed, some countries that were too large to fail are becoming too large to bail. And a good portion of external debt is now owed to financial markets, with which cooperative solutions cannot be negotiated easily. Finally, in some countries, the domestic banking sector is vulnerable (especially in Egypt and Tunisia), raising the risk of immiserizing triple financial crises (external, fiscal, and banking), as in Lebanon.

In the 1980s, the trilemma was resolved by focusing largely on type 1 policies, and not on types 2 and 3. Adjusting countries got generous external support not conditional on political progress, and structural conditionality, which was imposed, was largely not heeded. They ended up stabilizing gradually, but gave rise to an unbalanced form of crony capitalism, which combined with a sharp rollback of the state, ultimately led to the Arab Spring uprisings of 2011.

Today, while none of the structural problems of the past that gave rise to social contestation have been resolved, states are confronting the challenges they face by placing their bets differently than in the 1980s, and with a lot more variation. Three categories of bets, all risky, have been placed, the resolution of which will determine where these countries end up in the medium term, say in five years:

- **Back to the 1980s:** Egypt’s current adjustment stance resembles what it did in the 1980s: a gradual fiscal adjustment, with little progress on structural change, and a reversal on political opening. Jordan and Morocco too are mostly focusing on type 1 policies, but are doing more than Egypt on 2 and 3. In all these countries, lack of progress on type 2 policies risks threatening macro and social sustainability.
- **Economic voluntarists:** Saudi Arabia is focusing on types 1 and 2 policies — in essence, cutting consumption while at the same time increasing investment. This is in effect a dual bet, modeled

after the recipe of the Asian miracle: that the public sector can create a private one; and that “amusement rights” will compensate the youth for less consumption and more work.

- **Political reformists:** Tunisia has moved on type 3 policy, in an attempt to build a competitive political system that can absorb grievances and lead over time to better policies of types 1 and 2. But so far, fragile political coalitions have found it very hard to take decisive actions that address the fiscal and structural challenges. Will the financial risks ahead shake up the political system into action? In Sudan, a deal between the army and protesters also led to progress on 3. International support is now easing 1, but here too, there is a strong opposition to 2 (including from the protesters). Iraq is trying to move on a similar track, but with little progress to date.

Other countries have not yet placed their bets, unable to muster the stamina needed to move away from a collapsing status quo. Syria, Yemen, Libya, and Palestine are stuck in a violence and poverty trap. Fragile regimes with foreign currency reserves left are doing little and spending fast what is left — this is the case of Lebanon and Algeria.

The hope is that this list will shrink rather than expand. But in most of the region, the bets have been placed. All that we can say is that five years on, the region will be dominated by divergence: Some states will emerge stronger, and some much weaker; some may end up more democratic, and some more autocratic; but only those that will manage to improve state capacity in ways to command more trust among their citizens will be able to pave a road toward longer-term progress.

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BUILDING FORWARD BETTER IN THE MIDDLE EAST AND NORTH AFRICA: A MEDIUM-TERM PERSPECTIVE

Jihad Azour

The strong and coordinated policy actions to save lives and support the recovery in Middle East and North Africa (MENA) region will hopefully put the health crisis behind us in a few years.

Meanwhile, this crisis has posed major challenges to the region's economies that have embarked on a long and divergent path to recovery and highlighted the limitations of the current growth model. But it also provides a rare opportunity in the quest to move to a new development model to enhance growth and accelerate the transition toward a more sustainable and inclusive path. Will policymakers use this transitional moment to tackle the region's deep-seated vulnerabilities, address transformational challenges, and leverage accelerating global trends? This will help define the trajectory for the next five years in the MENA region.

A few risks have emerged from the crisis as the region's pre-existing vulnerabilities are being exacerbated by the pandemic:

- **Public financing pressures.** The crisis has led to a widening of deficits in MENA countries, which together with the economic contraction, has inflicted a sizable increase in debt and financing needs. About one-half of MENA countries are expected to have their debt levels above 70% of GDP over the medium term. Public gross financing needs will remain elevated, likely exceeding \$900 billion in 2021–22, compared to less than \$600 billion during 2018–19. Countries that rely on external financing could be more susceptible to global financial volatilities, and those heavily financed by domestic banks could risk crowding out private sector credit, hindering growth prospects.

- **Economic scarring.** The region's large exposure to the battered services sector (particularly tourism), limited ability to work remotely, and weaker corporate balance sheets will have lingering adverse effects on job growth, especially in lower-income countries. Lack of diversification and a dynamic private sector in many countries make job creation even more challenging. Consequently, economic scarring is a significant risk. According to the IMF's April 2021 projections, medium-term real output in the MENA region is expected to remain about 5 percentage points below the pre-crisis trend.
- **Rising inequality.** The crisis has worsened youth unemployment and female labor force participation across the region, while weaknesses in social protection systems and high levels of informality have added to the risk of rising inequality. In past crises, informality had a cushioning effect by allowing workers to transition to informal employment rather than becoming unemployed. That cushioning effect, however, was largely absent during the current crisis, as many sectors with high levels of informality, particularly non-tradable services, were severely affected by lockdown measures.

On the positive side, many countries have demonstrated their ability to swiftly adopt strong and innovative policy measures in response to the crisis. A good example is to deploy digital solutions to enhance the efficiency of social protection systems and expand their coverage, including to reach informal workers (e.g., Egypt, Morocco, and the UAE). Such adaptability and innovation will be critical in the coming years to leverage accelerating trends in digitalization and efforts to build a greener global economy. These trends will provide opportunities for new investment and creation of high-quality jobs in emerging sectors.

While strategies for advancement may differ between countries and situations in the region, MENA economies need to focus on the following priority areas, with sequencing tailored to country-specific conditions:

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[This crisis] also provides a rare opportunity in the quest to move to a new development model.



- **Addressing macro-financial vulnerabilities** will require growth-friendly medium-term fiscal adjustment plans in effect now. Measures to improve spending efficiency and broaden the tax base will help channel additional resources to invest in the future and strengthen the social compact. Debt management strategies should proactively mitigate financing risks, taking advantage of current favorable conditions, while seeking to further strengthen financial sector and expand domestic capital markets.
- **Rethink the role of the state and foster a dynamic private sector.** State interventions during the pandemic have helped mitigate the health and social impact of the crisis. The public sector's role in these areas needs reinforcing. In parallel, an overhaul of state-owned enterprises, together with competition, regulatory, and labor reforms, will be critical to allowing the resource reallocation needed to bolster a more dynamic private sector and diversified economies. These efforts should also be supported by reforms to improve governance in the region.
- **Enhance social protection and invest in youth and women.** Further efforts can build on the progress made during the crisis to strengthen well-targeted social safety nets, including to

protect informal workers. Financial innovation and digitalization offer new possibilities to accelerate formalization and inclusion. Facilitating access of women and youth to formal employment and investing in education will help tap into the region's most important asset: a large, young, and tech-savvy population.

- **Leverage emerging global trends and benefit from regional coordination.** Adapting to climate change creates an opportunity for green investments and job creation. Accelerating digitalization could open another source of growth, especially for countries with more technologically advanced populations. A key factor of success will be regional cooperation to create a larger market and to set common standards. The Saudi Green Initiative is an important first step, and more is needed to build a consensus around a road map to a digital and greener future.

With shared commitment to this reform agenda among MENA countries and concrete measures starting now, we will look back to 2021 as the moment when economic transformation truly took hold and a brighter future was forged.

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BREAKING THE MOLD: CAN THE MENA REGION BE A LEADER IN INCLUSIVE CAPITAL?

Regie Mauricio and Dina H. Sherif

In 2009, Yahoo acquired Maktoob, an Arabic-language online services company, for \$175 million. For the entrepreneurship and innovation ecosystem in the Middle East and North Africa (MENA) region at the time, this was a big deal. It ultimately became the deal that ended up seeding Souq, an Arabic-language e-commerce platform, which Amazon acquired for \$650 million in 2017.

Souq's success has provided countless entrepreneurs a selling platform and inspired a spectrum of e-commerce competitors in the MENA region, such as Noon.com and Mumzworld. We share this story because Maktoob's exit, which took place more than a decade ago, sparked a "Cambrian moment" of entrepreneurship and innovation that has continued to create value for people across the region today.

Another prime example of this is Careem, the MENA region's leading ride-hailing platform headquartered in Dubai. Since its founding in 2012, its former employees have founded over 84 companies, almost half of which were created after Careem's \$3.1 billion exit in 2019. Most of these companies operate in MENA, though a growing contingent also works in Pakistan, Germany, and the U.S. As with Maktoob, the overnight infusion of capital is already accelerating the region's entrepreneurship and innovation ecosystem. In fact, one of Careem's former employees founded the region's latest unicorn: Swvl, a ride-hailing company currently valued at \$1.5 billion.

Moving on to Egypt, a consortium of investors acquired Fawry, an Egypt-based e-payment and financial services platform, for \$100 million in 2015. The company is now the country's first fintech company to be valued at \$1 billion. In 2020, Mohamed Okasha, Fawry's co-founder and former managing director, stepped down from his role and used the exit to found Disruptech, a \$20 million fintech-focused fund in Egypt. The fund invested in three companies within its first month of establishment and is currently completing its seventh investment.

Some refer to these networks of ex-employees turned founders and investors as a "mafia" because they resemble an archetype: the "PayPal Mafia." eBay acquired PayPal in 2002, and the exit made a handful of people very wealthy. The group of ex-PayPal employees has become infamous for giving rise to billionaires like Peter Thiel, Elon Musk, and Max Levchin. The PayPal Mafia has become a core part of the Silicon Valley ecosystem. Its founders started new industries, created startup culture, and continue to fund some of the most profitable businesses in tech.

Halfway across the world, ex-unicorn employees are also defining the startup ecosystem in MENA. The question for us in the region is: how can we make sure we move beyond a "mafia," which lends itself to exclusivity, to something that is truly inclusive?

When exits become working capital for new innovation

When eBay acquired PayPal in 2002 for \$1.5 billion, hundreds of the company's employees became overnight millionaires. Ex-PayPal employees went on to found YouTube, Yelp, and LinkedIn as well as some of Silicon Valley's most successful venture capital (VC) funds, including The Founders Fund, Clarium Capital, and Sequoia Capital.

Similarly, Yahoo's acquisition of Maktoob in 2009 seeded the initial \$5–6 million investment in Souq. As this new company grew into the preeminent e-commerce platform in the region, the merchants on Souq increased their sales from a few dozen products a week to turnover topping millions of dollars a year. Souq's down-market impact will only continue to grow after its \$650 million acquisition by Amazon, which aims to expand the retailer's reach to merchants and customers across the region.

Careem's \$3.1 billion exit also created immense wealth for the company's founders and employees. At the time of acquisition, all of the platform's 4,000 employees held shares in the company. Overnight, Uber's buyout made 200 employees UAE dirham millionaires and 75 USD millionaires. The sudden infusion of capital seeded the founding of 84 startups and a VC fund.

The virtuous cycle continues with Careem's ex-employees. For example, Mostafa Kandil, Careem's ex-market launcher, went on to found Swvl, which recently closed

a \$1.5 billion merger with special purpose acquisition company Queen's Gambit Growth Capital and is poised to start listing on the U.S. NASDAQ in Q4 2021.

Maktoob, Souq, and Careem's exits have built a base infrastructure for the MENA entrepreneurship ecosystem to grow for decades to come. Newer unicorns like Swvl have been able to find funding and scale faster because of the networks built by these earlier deals — a value cycle that only continues to grow.





When capital stays exclusive

Although PayPal employees went their separate ways professionally in the years following the acquisition, this group of colleagues continued to be one another's thought partners, guinea pigs, first investors, and peer mentors. The PayPal Mafia continued to exchange ideas and work together. Their partnerships are now at the core of many of Silicon Valley's great success stories. For example, David Sacks, ex-COO of PayPal, made it a habit of investing in his former colleagues. He was one of the earliest investors in Elon Musk's SpaceX and The Boring Company, and held shares in Max Levchin's Affirm and Peter Thiel's Palantir. This group of innovators shared the ideas and capital that made them some of the most successful entrepreneurs in Silicon Valley. This group, however, has remained exclusive at a time when inclusivity is needed most.

Ex-Careem employees also continue to be one another's best asset. They are one another's best resource for workshopping ideas, recruiting talent, and raising capital. Mohamed Aboulnaga, ex-regional director of Careem Egypt, took 10 ex-Careem team members with him when founding Halan, a ride-hailing app. Moreover, many of Careem's initial investors are intent on continuing to back Careem alumni.

Ecosystems mature as successful entrepreneurs continue to share ideas and innovate. The companies mentioned above have all built communities of support that have seeded ecosystems where they reside. In a COVID-19 world, the question remains — can we build ecosystems that are more resilient and that make systems that work for everyone and not just the few who had the privilege of being a part of a unicorn?

Marks of success and cautionary tales

The PayPal Mafia, although successful, serves as a cautionary tale for the MENA region as we begin to see similar trends emerge. The group has been criticized as an exclusive boy's club.

Though still in its early days, the communities emerging from companies like Souq and Careem are more inclusive than PayPal's. Women hold influential positions in the region's unicorns, and contemporary unicorns are much more concerned with the societal impact that their companies are having. Tackling issues of social and economic inequality is unavoidable for a company operating in the Arab region. Employees who have graduated from some of these leading companies in the region are founding businesses in affordable education, accessible health care, social commerce, and financial inclusion. These new innovations have the potential to contribute to more inclusive prosperity in the region.

The Middle East can become a leader in building out more inclusive entrepreneurship and innovation ecosystems through the following:

1. New entrepreneurship pipelines

Unicorns should play a key role in creating the pipeline for entrepreneurs of all backgrounds to succeed. As ex-employees often become founders, enacting proactive hiring policies that source a diverse talent pool can mint a new generation of entrepreneurs that hail from a diversity of backgrounds that are rooted in solving the problems of communities often unrepresented by startup culture.

2. Sharing knowledge

Successful entrepreneurship communities should not keep their expertise and experience locked up in their networks. In particular, they should extend their reach beyond urban centers and enable scalable problem-solving throughout the region. They can create programs to build capacity and generate thought-leadership to advocate for supporting a more inclusive ecosystem of entrepreneurs.



3. Inclusive capital

Investors should commit to funding companies outside of a handful of serial founders. These funds should source founders of all genders, races, and urban/rural backgrounds to spark entrepreneurship communities throughout the region and not just in a few mega-city epicenters. Exits can seed ecosystems, and risk capital can make sure that these exits do not make capital exclusive, but inclusive.

MENA has an opportunity. The region can seize the Cambrian moment that it is in to create an inclusive environment that accelerates value creation for all or begin locking up the doors and keeping its wealth in the hands of a few.

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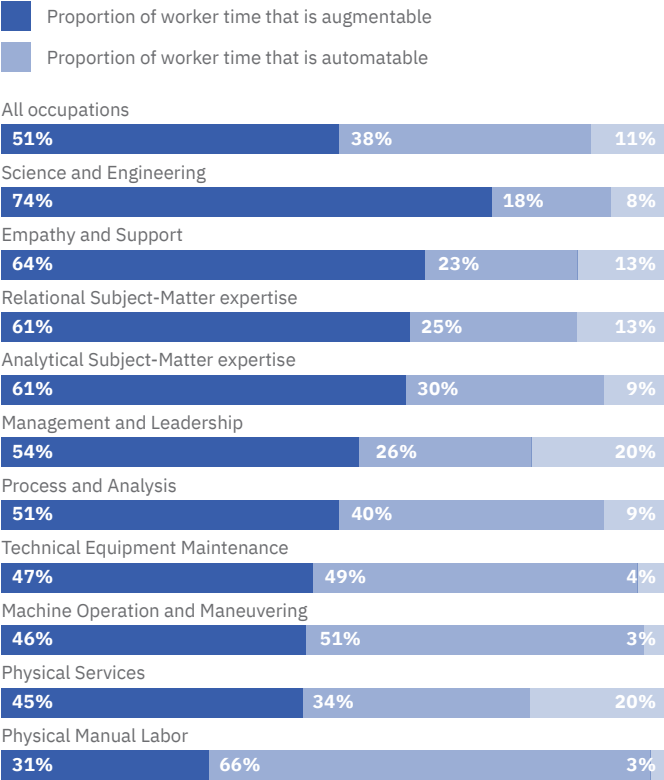
TECHNOLOGY AND YOUTH DRIVE THE FUTURE OF WORK IN MENA

Omar Christidis

Globally, the demand for manual, physical, and basic cognitive skills is declining.

In their stead, digital literacy and competency are becoming requisites for a growing portion of the workforce, and the need for higher-level cognitive skills is on the rise: According to a World Economic Forum survey of employers, skills related to analytical and critical thinking, active learning, complex problem solving, and creativity will see the highest growth by 2025.

Percentage of worker time potentially augmented/automated by intelligent technologies



NOTE: simple average across occupations
SOURCE: Accenture analysis of national labor force data



Two statistics clearly highlight both sides of this equation: By 2025 industrial robots are expected to replace as many as 2 million workers, while the need for advanced IT and programming skills could grow by as much as 90% between 2016 and 2030.

The priorities and values of today’s youth are also transforming the shape of the workforce of the future. Good work-life balance is a priority for a majority of young workers, even preceding career progression; flexibility — i.e. remote work and flexible hours — and a sense of meaning derived from work rank highly as well. Consequently, the gig-economy is on the rise: 2019 forecasts projected that global gig-economy transactions would grow by 17% each year until 2023.

The state of play in MENA

The size of the workforce in MENA is on course to swell by 127 million in the next 10 years, as the employable portion of the youth is expected to grow significantly. As such, the region’s governments are hard-pressed to create enough jobs for the influx of this “youth bulge.”

Furthermore, there is an acute digital skills gap — digital talent only accounted for a meager 1.7% of the workforce in 2017. As shown by three reports compiled by Arabnet, skills around hardware and IT, development/coding, product design, and data and analytics were some of the least available, according to surveyed entrepreneurs in Kuwait, Saudi Arabia, and Lebanon.

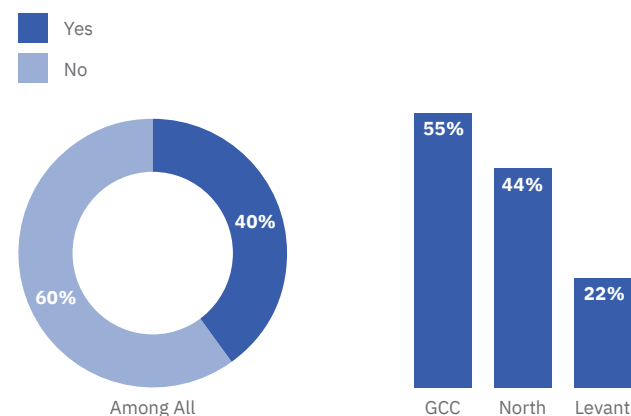
Skills availability by market

	Hardware and IT	Development /Coding	Product design	Data and analytics
Saudi Arabia	20%	11%	7%	2%
Kuwait	26%	15%	17%	4%
Lebanon	32%	39%	3%	4%

“The priorities and values of today’s youth are also transforming the shape of the workforce of the future.”

	Entrepreneurship as a good career choice (% of adult population)	High status to successful entrepreneurs (% of adult population)	Media attention for entrepreneurship (% of adult population)
Egypt	83.4*	87.1	62.1
Iran	52.4	80.5	57.9
Jordan	73.5	82.3	74.7
Morocco	79.3	58.7	60.7
Qatar	71.2	80.4	66.7
Saudi Arabia	81.3	78.7	75.9
Tunisia	71.1	72.1	48.3
UAE	75.1	82.3	83.8
Average (MENA)	73.4	77.8	66.3

Do you intend to start your own business within the next five years?



However, the young population in MENA is also an opportunity: As tech-native individuals, youths could prove easier to educate, upskill, train, and integrate into a digital economy.

This is also reflected in the healthy appetite for entrepreneurship among Arab youths. 2015/16 data revealed that, on average, almost three-quarters of people see entrepreneurship as a good career choice, with the results spread relatively evenly among the studied countries.

However, opportunity is not uniform across the region, with a marked disparity in young Arabs' propensity to start businesses falling along sub-regional lines: In a 2020 survey, 55% of youths in the Gulf Cooperation Council (GCC) said that they intended to start their own business in the next five years, followed by 44% in North Africa, while the proportion dropped sharply to 22% in the Levant.

This uneven distribution parallels substantial differences in the economic conditions and outlook of MENA countries. With oil wealth and stable political climates, GCC countries have been investing heavily in upgrading their ICT infrastructure through comprehensive national transformation strategies that prioritize digitalization and disruptive technologies.

For instance, Saudi Arabia established the Saudi Data and AI Authority by royal decree in 2019, bestowing it with a mandate to create a data-driven and AI-supported government and economy. The kingdom has also announced NEOM, a planned \$500 billion city powered entirely by renewable energy, artificial intelligence, and robotics, and expected to create over 250,000 jobs. For its part, the UAE established the world's first Ministry of Artificial Intelligence in 2017, coinciding with its 2031 AI Strategy, a comprehensive government plan designed to ingrain AI technologies in the society. The disparity between economic opportunities, resources, and outlook across the region needs to be considered when thinking of the future of employment in the region.

Looking ahead

Minding the skills gap

To drive employment, policy makers in MENA need to address the skills gap — which can be achieved through upskilling/reskilling the current workforce and by better aligning educational programs with employer needs. Estimates suggest that successful upskilling/reskilling of the workforce could boost global productivity by 3% come 2030, growing global GDP by at least \$6.5 trillion and adding 5.3 million jobs worldwide.

Such programs are already underway. In Saudi Arabia, a collaboration between General Assembly and the MiSK Foundation has helped train close to 2,000 young Saudis in new tech and digital skills. In the UAE, the government, supported by Udacity, has undertaken an initiative to train 1 million young Arabs in computer programming.

Investing in youth education for employment programs can also reduce the mismatch between graduates and the job market and shrink the skills gap. Engaging private sector employers to provide input and help design curricula and customize training results can have a massive impact on employment: For example, Lebanon-based coding bootcamp SE Factory offers recruitment services and achieves a 90% employment success rate.

Leveraging local strengths; unlocking regional opportunities

Strategies for workforce development should play to the strengths (and take into account the challenges) of each



individual country within this larger context. For example, countries in the Levant, with smaller markets and fewer resources, could focus on “back office” value propositions: developing outsourcing industries and centers of excellence in certain digital competencies. These “back office” hubs can efficiently serve commercial hubs in the GCC, where the markets are significantly larger but talent is much more expensive.

Updating labor and business laws

Governments should modernize labor laws and regulations to cater to the shifting attitudes and changing makeup of the workforce — including regulating/protecting freelancers and gig-economy workers. At the same time, to foster startups and SMEs (and the jobs they bring), policy makers should roll out regulations to improve the ease of doing business —

including more streamlined laws for setting up businesses, resolving insolvency, enabling venture capital and investment vehicles, and protecting intellectual property.

Governments should also harmonize regulations to allow companies to scale rapidly across the region. In doing so, they will enable the growth of regional champions, especially in fast-moving technology sectors, and the creation of high-value tech jobs. Otherwise building and growing a billion-dollar tech enterprise will entail setting up a new company in every MENA market, a daunting task that would make regional players uncompetitive on a global scale.

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THE DIGITALIZATION OF ECONOMIES AND THE FUTURE OF WORK: A REGIONAL OUTLOOK

Sherif Kamel

The world will remember 2020 as the year that witnessed an unprecedented acceleration in digital transformation caused by the disruption of COVID-19. The pandemic affected millions of lives and livelihoods in the developed world and emerging economies, including the Middle East and North Africa (MENA) region. However, it also presented ample opportunities for economies to reimagine how the future will look while adapting to emerging innovative technologies and their economic implications.

MENA countries have an opportune moment to leverage the power and reach of digitalization and positively impact their economic development while expanding access to basic needs, including several sustainable development goals such as efficient government services, financial inclusion, and job creation. Digital transformation can make a significant difference in MENA. However, it should be supported by digital infrastructure, skilled human capital, and the proper legal, regulatory, investment, governance, educational, security, and other enabling environments.

Digital transformation is a journey, and although there has been varying progress across different MENA countries, there is still a lot that needs to be done so that economies and societies benefit from it. Digitalization goes way beyond the deployment and access to a state-of-the-art digital infrastructure. For MENA to maximize its prospects from digital transformation, each country needs to continuously invest in the following:

1. Technology infrastructure — the heart and soul of the network economy — by providing affordable, universal access and localized content coupled with accelerating the adoption level and preparedness in society to integrate digital economy platforms such as artificial intelligence, cloud computing, big data analytics, and the Internet of Things;
2. Human capital — the most valuable asset of the economy — should be digitally-ready with the upskilling and reskilling of capacities through lifelong learning and vocational training to help navigate the challenges of the 21st century such as digitalization and the impact on the future of work, efficiency and productivity of individuals, private and public enterprises, and the government; and
3. Governance — the checks and balances mechanism — with its multifaceted benefits, including a legal and regulatory environment that can help build trust, create transparency, and enable inclusivity.

In the digital economy, economic diversification is fueled by investing in entrepreneurship, innovation, creativity, and the evolution of a tech startup culture that can promote the digitalization of various economic sectors. On this note, MENA is home to a fast-growing entrepreneurial ecosystem. It has increasingly been attracting local and international investors supporting primarily innovative and tech-enabled startups contributing to the acceleration of digital transformation. However, the impact of tech-enabled startups on creating job opportunities and reducing youth unemployment remains

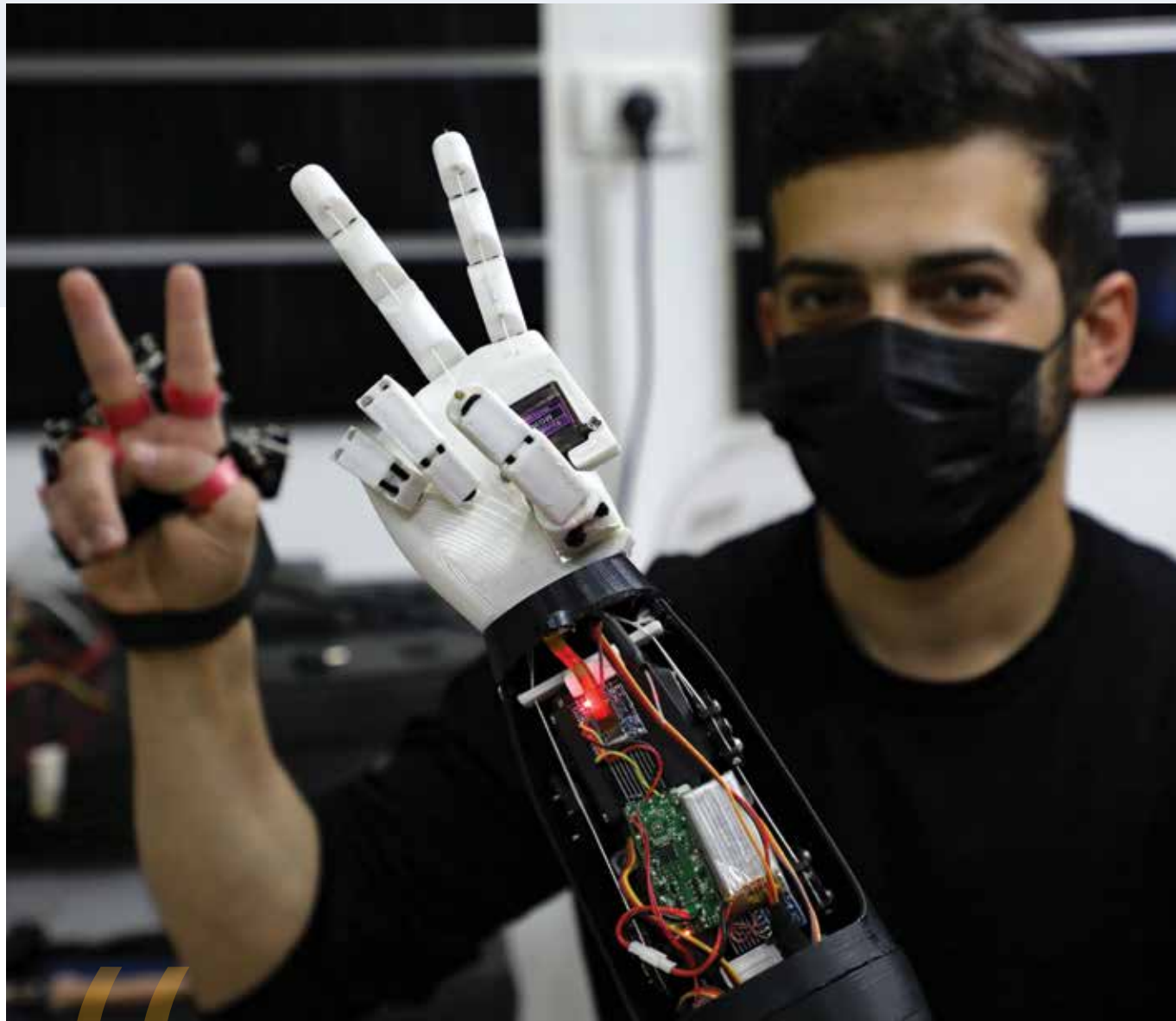


modest. Scaling up the existing efforts could be achieved by establishing university-based incubators and accelerators across MENA coupled with establishing tech hubs comprised of universities, enterprises, and research centers to promote science, technology, and innovation and collaboration among them.

Digital transformation can transform small and medium-sized enterprises (SMEs), which represent most enterprises in MENA, and help them transition into the digital economy. However, today, most SMEs do not take advantage of the digital environment. For example, e-commerce surged in recent years and accelerated due to the pandemic because of the changing market dynamics and consumer behavior; however, the volume of transactions compared to the prospects in MENA remains modest, requiring scaling up

the digitalization in SMEs. Besides, the better the capacity for digitalization, the more improved social and economic resilience. In general, it is expected that MENA economies will be affected by digitalization, each depending on the readiness of society and adaptation to a more tech-driven and digitally-enabled environment.

However, despite the opportunities for economic growth and productivity that digitalization offers, the unprecedented rate of change and innovation is creating high levels of uncertainty. The magnitude varies from positive implications on different economic sectors to negative repercussions on employment, especially given the various changes related to the future of work. Therefore, the outcome of digitalization will be shaped by the policies and decisions made by MENA governments.



Technological innovation has the potential to transform businesses regardless of industry or size.

Financial inclusion can have a far-reaching impact on individuals and enterprises, offering opportunities for the unbanked segments of society to narrow the digital divide and help SMEs move from the informal sector into the mainstream economy, allowing them to improve their capacity to compete and grow. Digitalization helps enterprises expand their trade volume in physical goods and digital services, meet continuously changing consumer expectations, and compete in a growing electronic commerce environment. In agriculture, digitalization can help improve productivity and efficiency by connecting to new markets, improving logistics to rationalize resources, and providing access to global value chains. Artificial intelligence can help cultivate more land, while precision agriculture can enhance exportable products and conform to international regulations. Cellular agriculture can achieve a green and sustainable economy while contributing to food security and encouraging localized

production. In manufacturing, digitalization can help embrace the value-chain mindset, including forming industrial clusters with enterprises whose businesses complement each other. With the increasing interdependency of value chains, MENA countries need to play a more effective role, especially with the growing importance of localization and onshoring. Innovation-based manufacturing remains unexplored and introducing advanced digital production technologies and innovations such as blockchain, robotics, and 3D printing could help transform manufacturing, improve quality, accelerate innovation, increase efficiency, and create new industries.

Technological innovation has the potential to transform businesses regardless of industry or size. It can also contribute to economic growth, job creation, and human capital development, while reducing poverty and inequality by availing opportunities for a diversified and inclusive workforce, including women and youth. Therefore, as the pace of change accelerates, policymakers and enterprise owners must constantly innovate and adapt to remain relevant, competitive, and agile in a rapidly changing economic environment. To conclude, several MENA economies have shown some reasonable progress in the digitalization journey over the last few decades, but most are lagging. Such progress includes (a) some relatively advanced adoption by segments of the society on an individual basis; (b) a growing and promising although yet modest adoption by tech-enabled startups; (c) early-stage adoption of electronic government services; and (d) an insignificant ICT adoption level by private sector enterprises.

MENA countries should enable a conducive environment and its associated policies for a future more likely to be driven by a digital ecosystem. This includes:

1. Developing a multi-sector strategy addressing the digitalization of public services to improve efficiency, break the silos, reduce bureaucracy, combat corruption and red tape, improve

governance, and ensure that the actions and legislation implemented help avoid exacerbating existing divides and become an equalizer not just of digital access but more importantly digital equity;

2. Formulating an enabling legal environment with proper impact analysis tools that strikes the balance between fostering innovation to allow for business expansion and creating proper safeguards to protect the interests of individuals and enterprises.
3. Constantly improving the digital infrastructure;
4. Adopting a policy framework for research and development focused on the business opportunities enabled through digital transformation; and
5. Expanding the entrepreneurial ecosystem to create new engines and drivers of growth, job creation, and improved living standards as well as investing in tech-enabled startups that support digitalization in economic sectors and industries.

While digital technologies provide new conveniences to many enterprises, there are growing concerns about the negative impacts of digital solutions and the implications of the rise of the gig economy given the size of the informal and self-employed segment, whose services are generally performed offline. These gig workers will be able to source their business online, given the growing entrepreneurial space. In the future, with further dissemination of digital infrastructure and connectivity, coupled with an increasing level of ICT adoption, the potential impact of digitalization on MENA economies could be significant and a game-changer.

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THE FUTURE OF FINTECH IN THE MIDDLE EAST: TRENDS THAT ARE HERE TO STAY

Nir Netzer

Ten years ago, could you ever imagine that one day you could trade fractions of stocks and virtual currencies while sitting at a bus stop, all from your cellphone? Have you ever wondered what the future of finance will look like five years from today? Imagine going to the grocery store for a seamless shopping experience: You walk in, grab a carton of milk, and walk right out while cameras recognize the items in your basket and your face to enable a secured payment. The financial world has made tremendous advances in the last 10 years due to the arrival of FinTech, and the sector is only getting bigger.

The FinTech sector in the Middle East is growing rapidly with a compounded annual growth rate (CAGR) of 30%. By 2022, it's predicted that 800+ FinTech companies from sub-segments including payments, open banking, RegTech and compliance, smart lending, InsurTech, blockchain, and cybersecurity solutions for the financial industry (such as anti-money-laundering, anti-fraud, identity theft, identity management, and others) will raise over \$2 billion in venture capital funding. Since 2017, when only 30 regional FinTechs raised less than

\$80 million, the Middle East has seen significant growth as a FinTech hub both for investors and tech-savvy innovators. As almost half of the 400 million people in the region are under the age of 25 years, we believe the push for digital-first solutions across sectors like payments, banking, and lending will continue to surge. In this article, we want to highlight the FinTech verticals that show the most promise for rapid development in the next five years.

Digital currency

According to the Bank for International Settlements, 80% of central banks are engaging with central bank digital currency (CBDC) work in some way, with 50% already in the experimental or pilot phase.

In the Middle East, countries such as Israel, the UAE, and Saudi Arabia have displayed public interest in this trend. By creating a CBDC as a new means of payment, they can keep up with an expanding digital economy while maintaining regulatory control.

The meteoric rise of Bitcoin through this spring — from \$7,000 in April 2020 to \$63,000 in April 2021 — has highlighted the increased interest and institutional adoption of major cryptocurrencies. FinTech players such as social trading platform eToro and global cryptocurrency exchange Binance of course excel in this area, but central banks have also been catching on.

According to the Central Bank of Israel (CBoI), the benefits of adopting a digital version of the shekel, the local currency, include reducing the use of cash in the “shadow economy,” creating a more efficient and cheaper cross-border payment infrastructure, and ensuring a backup for the payment system in case of a sudden breakdown. The CBoI established a panel led by its deputy governor to study the feasibility of a CBDC and issued a public call for responses through July. Their desire to collaborate with the professional community supports the idea of a CBDC serving the general public. In addition, the timeliness of the request emphasizes the magnitude of the rapid developments in payments and the digital economy.

Meanwhile, in February 2021, the central banks of the UAE and China joined the second phase of a joint CBDC project initiated by the Hong Kong Monetary Authority along with the Bank of Thailand. The project, known as the “Multiple CBDC



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The Middle East has seen significant growth as a FinTech hub both for investors and tech-savvy innovators.

Bridge,” serves as a prototype to assess the feasibility of cross-border fund transfers, international trade settlement, and capital market transactions.

Banking as a Service

While the race for a useful digital currency managed by central banks continues, businesses outside of the financial industry are also looking to capitalize on digital trends. Embedded finance, sometimes referred to as Banking as a Service (BaaS), allows businesses outside of the financial industry to offer additional value to their customers through digital banking services. According to research by FinTech TV, the embedded finance sector is expected to grow up to 10 times by 2025, from a current valuation of \$22.5 billion to over \$250 billion. Using embedded finance, a company that does not possess a banking license can integrate products such as checking accounts, consumer micro-loans, and identity verification solutions directly into their business while leaning on the regulatory permissions of another financial institution.

Companies are already taking advantage of BaaS platforms to establish deeper connections with their users and build brand loyalty. One example is white-labeled debit cards, which increase the number of touch-points between a consumer and their favorite brand while providing greater insights into the consumer's spending habits. Before the explosion of FinTech in the Middle East, seeking regulatory approvals and building the proper IT infrastructure to offer financial services was extremely costly and timely. Now, and at an increasing rate, businesses are leveraging their existing relationships with customers to offer these services at a fraction of the cost.

While embedded finance and other FinTech trends continue to grow, it is important to mention that traditional banks are here to stay. Embedded finance relies on the existing infrastructure of banks' licenses. In addition, these banks benefit from embedded finance due to the aggregated data they collect, which makes lending and insurance-writing more efficient. While they will not be completely displaced, we expect to see a rise of mobile-first approaches in banking apps as well as decentralized finance. This demand for mobile solutions is driven by the low financial inclusion rates across the region.

For example, 43% of the adult population in the Arab world do not have access to bank accounts.

Challenges to growth

Despite all the advancements, the FinTech ecosystem in the Middle East still faces obstacles limiting its growth. While the ecosystem is developing rapidly in terms of tech-focused solutions, it needs additional financing from overseas to boost its impact. In addition, while many banks in the Middle East are engaging with FinTechs in exploratory projects and intense discussions, so far there have been few strategic partnerships.

In a Deloitte study of the relationship between digital leaders and FinTechs in the Middle East, only 5% of banks partnered to win while 15% partnered to differentiate. This means that banks in the Middle East are engaging with FinTechs in exploratory projects and intense discussions, but limited strategic partnerships. Whereas more banks want to offer FinTech features that enhance the customer experience and set them apart from competition, fewer banks are willing to invest in an ecosystem of partnerships built around the value propositions offered by these FinTechs and remain reluctant to integrate them into their organization's strategy. For example, instead of proactively navigating upcoming regulatory changes, banks might prefer to opt for a “wait and see” approach.

To enable the Middle East FinTech ecosystem to reach its full potential, we need to see an increased integration of FinTechs into banking strategies. Financial institutions can meet customer expectations for digital-first solutions by creating long-standing partnerships with FinTechs and jointly defining value propositions that have a tangible impact on customer experience. In addition, governments and regulators need to pursue regulatory harmonization on the national level, with the goal of building harmonized regulation across several Middle East countries. By doing so, financial institutions will feel more comfortable onboarding FinTechs and FinTechs will have more room to grow so that we, as end clients, can enjoy a seamless and much safer shopping experience on all levels.

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TELECOMMUNICATIONS TRENDS IN THE MIDDLE EAST

Kamal Shehadi

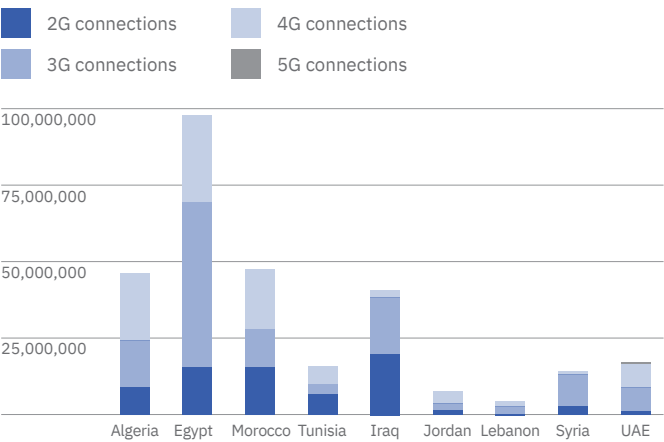
The Middle East¹ has been part of, and benefited from, the telecommunications revolution of the last 25 years. Since 2000, most countries in the region — except for Lebanon, Syria, and a few others whose reforms were cosmetic — liberalized their telecom industries and set them on a sustainable, dynamic growth path. While some states have maintained significant stakes in telecom, they also introduced competition (albeit to varying degrees) in the market, established effective regulatory authorities, and shifted the investment to the private sector.

Mobile telecommunications is the fastest spreading technology in recorded history and the Middle East is no exception to that. In 25 years, it has reached 400 million people (unique mobile users) and about 280 million of them became mobile internet users. During the same period, 360,000 jobs were created in the region by the mobile ecosystem and over 640,000 indirect jobs.²

There are several trends that have shaped the telecom industry in the Middle East over the last few years. The COVID pandemic of the past 18 months has not made a dent in telecom revenues (a dip of less than 1%), but it demonstrated the strength and resilience of the telecom networks as they withstood the sudden surge in usage.

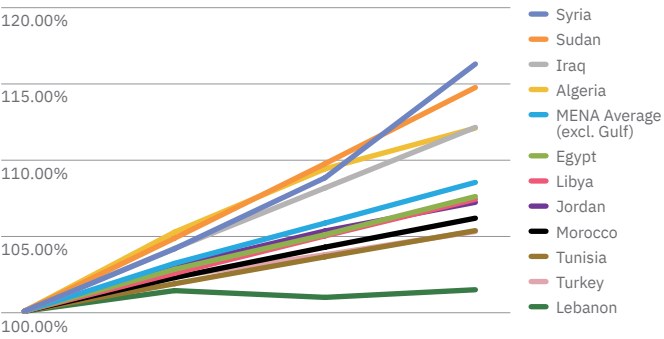
The first and most noticeable trend is that the race for faster, more reliable technology has continued and the gap between technology leaders and late adopters has increased. The Gulf countries — the UAE, Saudi Arabia, and Qatar — have been the leaders in rolling out 5G technology and offering it commercially. Just a few years earlier, they took the lead in deploying 4G networks. The rollout of 4G technology continues apace in the Levant and North Africa and 5G remains an aspiration to achieve in the next few years.

Number of Connections by Technology



The second trend is the increase in connectivity to unserved (not covered by telecom networks) or underserved areas (covered by telecom networks but technology or capacity constraints or demand side constraints). Telecom operators continue to expand coverage and the cost of connectivity is making telecom services more accessible.

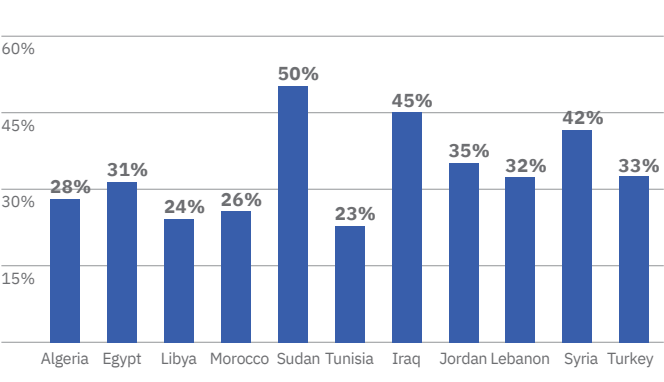
Unique Mobile Subscribers; 2018=100%



However, the Levant, North Africa, and Iran suffer from a large number of people who are not connected — 140 million unconnected to any mobile service and 350 million unconnected to mobile internet.³ Tens of millions of people will need to overcome illiteracy and/or the cost barrier in order to bridge this divide.

The third trend is the rapid rise of the Gulf operators, namely Etisalat, Saudi Telecom Company (STC), Zain, and Ooredoo (Qatar). Etisalat's footprint covers 16 markets, Ooredoo covers 10, and Zain covers 8. In three years, STC and Etisalat's market cap grew by 47% and 45%, respectively. Zain Group followed with a 34.5% growth.⁴ These four operators have also grown in terms of subscribers and revenues, all the while maintaining high levels of profitability.

% of Population Without Mobile Subscription; 2021



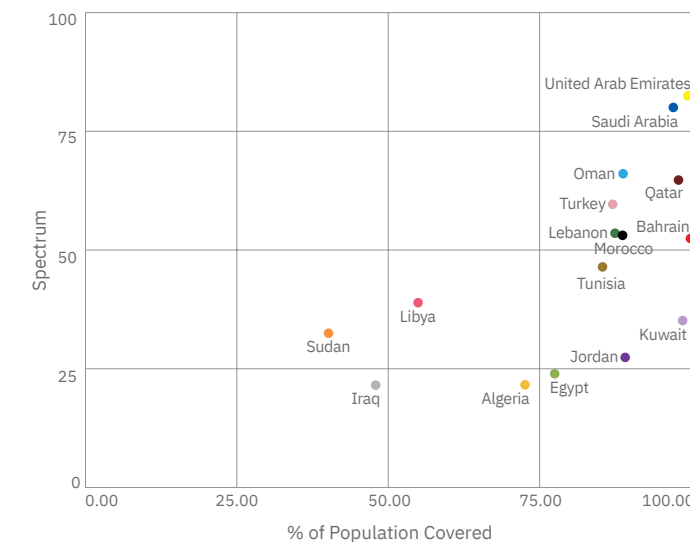
The fourth trend is the emergence of new regulatory challenges: data privacy and cybersecurity. The access of telecom providers, as well as social media platforms and many other businesses, to more and more of the users' private data has made these issues urgent. The adoption of the EU's General Data Protection Regulation (GDPR) prodded countries in the region to realize the importance of data protection. Some have introduced legislation with a view to promote data protection while encouraging the growth of the digital economy. Others have dealt with it through a top-down approach that is primarily focused on enhancing state control, which could set back the country's hope of a rapid digital transformation of government institutions and businesses.



“The race for faster, more reliable technology has continued and the gap between technology leaders and late adopters has increased.

The fifth trend has been the release of more spectrum for telecom services in the last few years. By making more spectrum available and assigning it by any other means than auctions meant to maximize government revenues, regulators lower the cost of mobile broadband services. In a competitive market, this results in increased coverage and lower prices for consumers. The UAE and Saudi Arabia have been the most effective at allocating spectrum to mobile operators. In 2020, at the beginning of the pandemic, Saudi Arabia made additional spectrum available to mobile operators at no charge. This helped them rapidly meet the surge in demand for mobile broadband services.

Spectrum and Population Coverage



Spectrum score represents available spectrum per operator

1. The state of telecommunications and digitization in the region differs markedly between the Gulf countries on one hand, North Africa, and the Levant. Where that distinction is relevant, I will refer to each region. Otherwise, I will refer to the “Middle East” and use the same definition as GSMA, which includes Iran, Turkey, and Israel.
2. Source: GSMA Intelligence, GSMA Mobile Economy Report 2021, and GSMA The Mobile Economy Middle East and North Africa 2020.
3. The estimate of the unconnected population is the author’s. The number of unconnected to mobile internet is from GSMA.
4. Market capitalization numbers are from Bloomberg and as of September 9, 2021.

Trends in telecommunications in the region are headed in the right direction. Yet not enough is being done to bring mobile services and mobile broadband to more people. Universal service funds in most countries have been accumulating funds collected from operators, funds which should have been used to improve coverage in areas where it is not commercially viable. Most governments have not allocated enough resources, or failed to coordinate policies, to digitize government services. While both the UAE and Saudi Arabia have made it a priority to have an ecosystem that attracts digital businesses and enables them to scale rapidly, most other governments have done little on that front.

There is, however, a very promising phenomenon in the region. There are communities of entrepreneurs in the technology space building viable, growing businesses, and they are supported by a wide network of investors. These entrepreneurs and investors are not restricted by borders or stale bureaucracies. They are changing the region one digit at a time.

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An aerial photograph of a vast solar farm. The foreground and middle ground are filled with thousands of rows of solar collectors, which appear as a grid of white and brown rectangles. In the background, there is an industrial facility with several large cylindrical storage tanks and complex piping. The sun is shining brightly from the upper right, creating a strong glare and casting long shadows across the solar panels. The horizon shows a flat, arid landscape under a clear sky.

ENVIRONMENTAL CHANGE AND ADAPTATION

THE MIDDLE EAST AND THE GLOBAL ENERGY TRANSITION

Karen E. Young



The Middle East is at the center of our global energy transition and we can expect the next five to ten years to be a period of difficult transformation, but also unique opportunity for oil and gas producers.

The goal of the transition is to attempt to limit the increase of the global average temperature to below 2°C and achieve a net-zero emissions energy system by 2050. The early stage of the transition in the next five years presents a chance for the Middle East to be a bridge in terms of new technology, cleaner hydrocarbon production, and innovative change in the delivery of electricity from renewables. There is also the advantage of strong medium-term oil demand that investors are not running to meet, as capital expenditure in upstream oil and gas plummets in 2021, expected to reach less than half of its 2014 peak of \$752 billion. For now, it's "Drill, baby, drill," but in five to ten years, the mantra may be "Sell, baby, sell," (or "We wish we had sold,") as national oil companies (NOCs) seek to streamline their portfolios and

offload some of their assets to distribute risk. Distributing risk among partners will bring some privatization to traditional oil and gas operations but will also pull producers closer to their customers (predominantly in Asia), both politically and economically.

While state-owned oil and gas businesses will reap the rewards of higher prices now, there are few expectations of major policy innovation across the Middle East, in terms of reduced domestic energy consumption and limits to extractive industries. Government targets of renewable energy production for electricity are ambitious in a few places (e.g., Djibouti aims for 100% renewables by 2035), but execution has been limited; the Middle East generates less than 2% of its electricity needs from renewable sources (excluding hydropower) and many governments heavily subsidize the cost of power (whether or not they are hydrocarbon producers). Morocco stands out as a leader in using 35% renewable energy for its domestic energy mix; but this comes as a result of years of investment and collaboration with European Union efforts to incubate the sector. For MENA oil and gas producers, the shifts now and for the next five years are likely to concentrate on: monetization of existing resources, changing products to meet consumer preferences (whether making liquefied natural gas [LNG] or oil "cleaner" in its extraction, or investing in non-carbon energy carriers like green hydrogen along with improving expertise in petrochemical production), and concentrating on market share and customer relationships.

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For now, it's 'Drill, baby, drill,' but in five to ten years, the mantra may be 'Sell, baby, sell.'

While competition for export markets will reconfigure geopolitical ties abroad, at home the Middle East will be ground zero of 21st century domestic contestations over state utility service delivery and the ability to demonstrate competence in natural resource revenue distribution. A lot can go wrong, but it will be in the interest of the United States and the key consumers of Middle East energy products in Asia and across emerging markets to invest not just in state efforts to master the production of renewable energy sources like solar and green hydrogen, but to encourage the decentralized potential of renewables in distributed solar power and independent power producers that can operate across national and even regional grid systems.

If this is indeed the next and last oil boom, there will be a period of re-fitting within the region's NOCs to transform their businesses to include interim fuels like LNG, and to double down on petrochemical production, while also making advances into new energy products like solar and green hydrogen for electricity generation and non-carbon energy carriers. And across the Middle East, the dominance of NOCs will see some regional behemoths with significant advantage in access to capital, either through debt or asset sales and new investment partnerships. This interim period will also see some consistent demand for oil products, particularly in aviation and maritime transport fuels, and in heavy industries for the production of cement, aluminum, and steel, for example.

However, for those countries now just beginning to consider shifting domestic electricity generation from oil and gas-fired plants to renewables, there will be a considerable lag in access to the financing to build new plants and the process of updating grid systems and delivery of new power production. Here the United States, international financial institutions, and those Western and wealthy states driving the policy consensus toward a net-zero emissions energy system have an obligation to facilitate capital flows for the construction of renewable power infrastructure.

As a region, the Middle East will retain its share of hydrocarbon production in a market that may see reduced production in many other geographies, because of diminished investment in exploration and production, and because of a dynamic policy landscape that discourages new oil and gas extraction. With the blessing of low-cost production and generally lower CO2 emissions associated with oil production, some Gulf producers (notably Saudi Arabia, the UAE, and Kuwait) will be able to leverage their capacity with shifting consumer preferences



in cleaner sourcing. In the gas market, the same consumer preference is already shaping a market for low-carbon LNG, and gas has more runway to grow as a share in the global energy consumption mix through 2040. There will be new inequities both among oil and gas producers in the Middle East, and between those exporters and their importer neighbors in the region. We can expect new trade flows and new kinds of product demand, as demand for gasoline for internal combustion engines may decrease in the West; demand for liquified petroleum gas, naphtha, and ethane are likely to grow; and as the petrochemical industry will see continued expansion, especially in emerging markets.

In new opportunities, some oil and gas producers in the Middle East will lead innovation in technology to enhance hydrocarbon extraction, making it cleaner to produce. "Designer hydrocarbons" will help meet emissions targets and stand out to consumers, along with providing efficiencies for producers and their revenue streams. For example, in Oman, the Miraah project uses solar power to generate steam for advanced oil recovery. And there are projects in Saudi Arabia advancing carbon-capture techniques to convert CO2 emissions into feedstock for petrochemicals. But the ability to buy and use new technology is not the same as mastering it for export and dominance across the regional market. Here there is tremendous opportunity for investment and competition to meet the region's economic growth challenges.

Karen E. Young is a senior fellow and founding director of the Program on Economics and Energy at the Middle East Institute.

A WINDOW OF OPPORTUNITY TO AVOID DEVASTATING CLIMATE OUTCOMES IN MENA

Ayat Soliman

The latest study released by the Intergovernmental Panel on Climate Change — a body of scientists assembled by the United Nations — delivered a sobering message: The devastating impacts of climate change are now unavoidable.

Across the globe, the consequences have manifested alarmingly: blistering heat waves in North America, devastating floods in Central Europe, and wildfires raging in Turkey and Greece. In the Middle East and North Africa (MENA), temperatures are expected to be up to 8°C warmer in parts of Algeria, Saudi Arabia, and Iraq. In most cities, this is equivalent to four months of extreme heat. Mediterranean coasts, such as those of Tunisia, Morocco, Algeria, and Egypt, will receive 10–20% less rain in a 2°C world and sea levels will rise on average 0.36 meters. In a region where land degradation is already a severe issue, the Maghreb is the second-fastest-eroding region in the world, topped only by South Asia.

These climatic changes lead to irreversible impacts: Crop yields are expected to decline by 30% with 1.5–2°C warming, freshwater resources will drop by 30–70% by 2025 (which could impact as much as 14% of GDP), and disruptions in the delivery of essential services such as power, water and sanitation, transport, and telecoms will be more frequent as occurrences of natural disasters increase. The region is also home to some of the world's fastest-growing emitters and is characterized by high hydrocarbon reliance. Fossil fuels continue to dominate the region's energy consumption with its share of oil production projected to increase by 44% in 2030 due to population growth and economic expansion.

A green, resilient, inclusive approach to development can usher in a new model of growth, creating jobs while delivering the benefits of resilience, decarbonization,

cleaner air and water, healthier oceans, and more sustainable food and agricultural systems. If done right, this approach to development can help propel a smooth transition toward economic diversification. The region, while harnessing transformations across key areas, can unlock gains and mitigate devastating climate outcomes. Four transformation areas are underpinned by the World Bank's new Climate Change Action Plan, which aims to identify and prioritize climate action, as well as deliver financing to help countries reduce emissions and strengthen adaptation.

Resilient food systems, natural capital, and water security

Transitioning toward low-carbon agricultural production practices and sustainable agricultural value chains will be essential to build climate-resilient food systems, reduce greenhouse gas (GHG) emissions, and stave off a food security crisis. Countries in the region have a long history of innovation in agriculture and are well-positioned to leapfrog through digital technology, developing innovative models to leverage private investment and entrepreneurship. For instance, Morocco is making farming more rewarding and strengthening sustainable agriculture by mainstreaming climate-smart agriculture, targeting youth and women, and attracting private investment by lifting regulatory and financing barriers to stimulate job growth.

Enhancing climate-smart water resource management through policy reforms and investments in efficient demand and supply allocation systems can increase countries' adaptive capacity to cope with increasing water scarcity in the region. Jordan's water sector, for example, is coping with additional demand and costs brought on by the pandemic, while reducing unsustainable use of withdrawals. Exploring ways to enhance efficiency in water provision will be key for financial sustainability and building climate resilience.

Through integrated landscape management, harnessing the blue economy, and investments in nature-based solutions, mitigation and adaptation measures will yield benefits, in addition to preserving biodiversity and ecosystems. In Yemen, national and local agencies, with support from the World Bank, enhanced their capacity and awareness to respond to climate variability, helping equip local communities through conservation and use of agro-biodiversity.

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For the MENA region, strengthening climate resilience and moving toward a low-carbon growth trajectory is an imperative.



Leveraging job multipliers of low-carbon transition

Transitioning to low-carbon energy systems can create jobs. Analysis shows that every dollar spent on carbon-neutral or carbon-sink activities generates more than a dollar's worth of economic activity, with estimated multipliers of 2 to 7 times larger on green initiatives. Some sectors and geographies, however, will be more vulnerable and may result in job losses and displacement. Reskilling and upskilling of workers can help reduce layoffs and mitigate disruptions, and social protection systems should be shaped to buffer income loss and protect the most vulnerable groups during the transition period.

Adopting and implementing new strategies and policies for industrial decarbonization, green competitiveness, and a circular carbon economy will be essential for countries to achieve energy efficiency targets. Exploring innovative financing models and encouraging public-private partnerships can support deployment and generation of renewable energy capacity. Egypt's Benban Solar Park is expected to grow in capacity to 1,650 MW and serve more than 350,000 residents, becoming the world's largest. Transitioning toward low-carbon transport solutions such as public transit and e-mobility will be key in reducing emissions from the transport sector and can help curb air pollution.

Climate-smart cities and resilient coastal economies

The MENA region is highly urbanized and cities represent some of the largest share of GHG emissions. Cities are also at the epicenter of various stresses and climate shocks. Climate-informed urban planning through compact, transit-oriented development, urban greening initiatives, and a focus on green buildings will help cities face climate change impacts and decarbonize urban sectors. In Casablanca, progress is underway in building two new tramway lines that will include a regional roads program with a focus on connecting schools, hospitals, and other critical infrastructure in remote areas. Building capacity at the municipal level in major cities through municipal performance or local government programs will help build resilience to climate shocks and ensure that public

services continue. For instance, solid waste management services in the Gaza Strip were improved through the provision of more efficient, environmentally, and socially sound waste management systems. Building resilient coastal economies by investing in blue economy, climate-smart infrastructure, and integrated coastal zone management will be critical in protecting livelihoods.

Establishing a strong ground for sustainable climate financing

Designing economic and fiscal strategies and instruments can manage governments' exposure to climate risks. Sustainable financing through a whole-of-government approach to economic diversification and fiscal sustainability that aligns public expenditures with green and climate-smart investments can fill critical financing gaps. Sustainable climate and green financing will require increased financial and institutional strength to raise funds from capital markets. Egypt has already successfully issued a sovereign green bond valued at \$750 million, where proceeds are tied to sustainable impact, signaling a strong appetite from investors for these types of green assets and can provide an opportunity for sustainable financing. Financial regulators and central banks will need to develop and adopt sustainable finance metrics, definitions, standards, and methodologies, as well as foster transparency within financial systems through stronger disclosure and reporting instruments.

For the MENA region, strengthening climate resilience and moving toward a low-carbon growth trajectory is an imperative. Shifting gears to meet climate change goals will not only help avert the worst impacts of the climate crisis but can also help ensure, through climate-smart investments, that countries reap triple dividends: more jobs, greater sustainability, and stronger inclusion. To respond at this critical inflection point presents a great opportunity to provide a greener and more resilient future for generations to come.

Ayat Soliman is the regional director for the World Bank Group's Sustainable Development Department for the MENA region.

EXTREME HEAT: THE URGENT CLIMATE IMPACT

Mohammed Mahmoud



The most immediate threat posed by climate change to the Middle East, one that will be at the forefront of climate adaptation efforts within the next five years, is extreme heat. Average global temperatures have been projected to increase up to 1.5°C by 2030.

In areas where a hotter climate is the norm, the actual increase in daily temperatures and the frequency of

above-average temperature days could be higher. In extreme heat-prone regions like the Middle East, this could push daily temperature maximums well into the 50–60°C range. For coastal communities in the Middle East, these excessive temperatures alone are problematic, but when coupled with humidity and sea level rise, the cumulative effect can be devastating to infrastructure and human populations.

Public health, safety, and development

Extreme heat has direct implications for three important aspects of society that are relevant in the context of the Middle East: public health, safety, and development.

- **Public health: Minimizing occurrence of heat illness**
The increased frequency of days with peak extreme temperatures (greater than 40°C) poses a direct public health risk to populations experiencing this level of heat. Prolonged exposure to these extreme temperatures carries

the risk of heatstroke for those that need to work under these conditions. However, there is still risk of heat-related illness even when not directly exposed to extreme heat. Heat exhaustion can still occur when human body temperature is not properly regulated due to insufficient cooling under sustained high temperatures. This means that populations experiencing this level of heat need to have adequate cooling environments even while indoors. Even with the presence of cooling mechanisms such as air conditioning and fan units, heat exhaustion can still occur if the cooling method does not fully reduce ambient internal temperatures or is limited or prevented from being able to do so (such as by power interruptions). This need for continuous cooling during peak temperature periods places extraordinary demands on power generation in the region.

- **Safety: Maintaining integrity of infrastructure**
With sustained exposure to heat (and humidity for coastal communities in the Middle East) comes an accelerated degradation of infrastructure, particularly infrastructure that is in routine use, such as roads, bridges, buildings, and other physical assets exposed to the elements (e.g. power and water treatment plants). Almost all types of infrastructure that is in place for regular utilization and operation must have a standard schedule of maintenance and repair that is appropriate for that type of infrastructure. With sustained exposure to extreme heat these physical assets will require new and updated protocols on maintenance and replacement to sustain the lifespan of these assets and reduce the likelihood of failure. In addition, external physical assets may now require enclosures with cooling mechanisms to maintain their structural integrity and limit their exposure to extreme heat.

- **Development: Supporting population and economic growth**
The primary resource that supports residential and industrial development, and subsequent economic and population growth, is water. Climate change has already stressed water resources in the region by propagating hot and dry conditions. Communities in the Middle East that cannot rely on precipitation and surface water supplies for their development are in dire circumstances. Extreme heat has the potential to shift the water cycle such that both surface water supplies (driven by precipitation) and regional oceanic water bodies (that are utilized for desalination) experience higher levels of evaporation. To continue meeting the growing demands of economic and human development, alternative strategies to secure water will become more palatable and necessary. Water conservation applications (in agriculture and municipal/industrial use) and water augmentation initiatives (e.g. water reuse and cloud seeding) are additional tools that can be levied against potential water shortages.



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For the Middle East, addressing these immediate impacts of extreme heat requires a robust climate adaptation response.

Climate change adaptation

For the Middle East, addressing these immediate impacts of extreme heat requires a robust climate adaptation response in all sectors of administration and operations (e.g. government, utilities, and public services). But for that to happen, all the various sectors of governance will need to conduct climate vulnerability assessments prior to developing climate adaptation strategies, to evaluate how specific climate change implications affect their business. Doing so requires these sectors to comprehensively mainstream climate adaptation into their operations. This objective should be the focus and intended outcome of the Middle East in the next five years.

Mainstreaming climate adaptation

Mainstreaming climate adaptation into local governance is an achievable outcome in the near term for sectors in the Middle East to maintain climate resilience in a future dominated by climate change. But the process of mainstreaming climate adaptation into local governments, utilities, and public services begins with some key steps that also navigate several challenging obstacles:

1. Learning from other climate adaptation efforts

Many organizations have already established their own climate adaptation programs. Initiating a mainstreaming process from scratch does not mean having to do so uninformed. Plenty of learning resources exist, especially from U.S.-based institutions, regarding establishing climate adaptation programs for different sectors in the Middle East.

2. Motivating climate action by making a business case for climate adaptation

Enhancing climate resiliency requires time and resources, but doing so can also save them in the long run. Validating the expenditures on climate adaptation can be better realized when linked to costs and benefits. Demonstrating tradeoffs in cost with the potential social, environmental, and financial benefits gained can create a more compelling argument for implementing and sustaining climate adaptation programs.

3. Identifying climate champions

Mainstreaming climate adaptation for any sector is difficult without internal leaders to champion the

effort and integrate it into the business function of an organization. Climate champions do not have to be representatives of an organization's executive leadership (though that may be extremely helpful), but they can also come from other levels within the organization. Rather, climate champions are motivated individuals who see the value of climate adaptation and can sustain and strengthen mainstreaming initiatives.

4. Developing a climate adaptation communication plan

A climate adaptation communication plan serves a couple of purposes and audiences. Internally, it can convey to an organization's leadership the justification, purpose, and intended outcomes for incorporating climate adaptation into the organization's business processes. Externally, the communication plan serves to educate the public, help foster further engagement, and create incentives for other sectors to mainstream climate adaptation as part of their business.

5. Prioritizing adaptation strategies

Incorporating climate adaptation into an organization's business plan does not always need to be a difficult process with a lengthy planning timeframe. Some climate adaptation strategies can be implemented expeditiously when they have been identified as easy to implement and demonstrate a no-regrets quality to them. Such strategies usually require little to no investment and take advantage of processes already in place to maximize climate resilience, providing a benefit even if the climate implication the strategy is meant to address does not come to pass as anticipated. In fact, organizations may be surprised to find out that some of their other planning programs that are already in place are actually climate adaptation strategies. Recognizing adaptation efforts that have already been implemented may also provide added motivation for an organization to push forward new adaptation strategies.

Mohammed Mahmoud is the director of the Climate and Water Program and a senior fellow at the Middle East Institute.

A VIABLE FUTURE FOR CITIES IN THE MIDDLE EAST

Mona Fawaz



Projecting the Middle East into the future, climate change tops the challenges facing the region. With rising temperatures, higher sea levels, desertification, and the increasing frequency of extreme weather events, climate impacts are widely felt in everyday lives. To be sure, conditions vary given geographic diversity, but while heat stresses may be more extreme in the Arab Gulf, food and water security undermine long-term livability throughout the Middle East.

Almost two-thirds of the population of the Middle East lives in cities, well above the global total of just over half. This rate is expected to increase further, making the region among the most urbanized in the world. Population increases will undoubtedly heighten the challenges of urban livability for cities where most dwellers struggle to secure basic amenities and often rely on ad-hoc, heavily polluting solutions for their energy. Conversely, the concentration of population in urban areas could provide a significant opportunity to change how things are done. Indeed, as the weight of cities expands, so can their positive influence.

Environmental scientists now widely attribute the dramatic global warming to carbon emissions induced by human activities, making climate impacts less of an unfortunate destiny than the impact of social practices. Much of these emissions come from cities. The trends are particularly alarming in the Middle East, where carbon emissions have continued to grow over the past three decades. This does not need to be the case. If properly empowered as units of governance, cities have unique opportunities to reduce their negative impacts and address the climate challenges. They have, to guide them, the accumulated experiences of numerous cities across the globe that have begun to take action and adopt green and viable pathways. To give one example, high urban densities facilitate reliance on shared transportation systems and encourage transport-oriented development that enhances long-term sustainability. While several cities in the Middle East have experimented



with public transport, none provides a reliable public mobility system. Dense urban quarters also provide good opportunities for greater energy efficiency.

A prerequisite for cities to play a favorable role is a transformation of the structures of urban governance. Today, almost all city authorities in the Middle East are subjected to multiple levels of controls and oversight that prevent them from realizing their political and economic potential. Despite numerous commitments to decentralization, power is rarely devolved from heavily centralized states. Furthermore, the absence of minimal levels of democratic representation generates severe rifts between local authorities and the populations they claim to serve. As a result, rather than empowering a better response to the challenges of climate change, cities in the Middle East are enduring the outcomes and exacerbating the trends.

Today, all cities in the Middle East lack the necessary social and physical infrastructures to mitigate the impacts of climate challenges. This is alarming. There is ample evidence that cities with deficient social and physical infrastructure and dysfunctional governance systems are more severely impacted by climate change.¹ Worse, given the region's beguiling inequalities, such impacts will predictably be unevenly distributed, reinforcing vulnerabilities for those already suffering from a manufactured precarity associated with disenfranchised economic or social statuses.² This includes the unusually high number of refugees, migrant workers, and women-headed households, all of whom are known to live in precarious conditions. It is predictable that if so-called "acts of nature" unfold, the homes of

1. See Jacobs, F. (2019). Black feminism and radical planning: New directions for disaster planning research. *Planning Theory*, 18(1), 24–39.
2. The recent COVID crisis provides an excellent opportunity to observe the differential impacts of the health crisis on various population groups within the same country.
3. Although more directly an "act of human failure," the August 2020 Beirut Port blast displays all the elements of this form of post-disaster recovery where low-income communities are hit considerably harder.



such vulnerable households will be less prepared, lives will be unnecessarily lost, and the elements that sustain precarious livelihoods more easily devastated. Needless to say, the aftermath will likely reproduce the same inequities, as relief strategies will tend to ignore the needs of these same populations whose lives are considered unworthy. The pattern is all too well known and has been closely documented within and outside the region, in the aftermath of all types of disasters, whether climate-related or not.³

It would be unrealistic to assume that new urban development or so-called "smart city" technologies can address the climate challenge. Newly designed model cities that have been widely advertised in the region present at best a diversion from addressing the actual problems. Technology can undoubtedly provide options, yet it is dangerous to reduce needed responses from deep-seated problems to easy fixes. A heavy reliance on advanced technologies is also likely to reinforce inequalities. Pathways can only be forged with adequate institutional frameworks and the will to reconsider lifestyle choices. As such, cities in the region need to urgently reevaluate their priorities, re-examine their social and physical infrastructures, and assess their ecological conditions. For this to happen, it is imperative to revisit the structure of their governance. As long as city authorities are disempowered, subdued by a dysfunctional political system, and subjected to debilitating oversight, they will be unable to respond to these challenges.

In the end, the climate question, like any other challenge facing our cities today, is only secondarily technical. Only through better governance and more inclusion can we create the kind of ecologically viable cities that many citizens of the region already aspire to but lack the institutional channels to attain. Urbanization presents an opportunity only if city authorities are empowered to seize it.

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HEALTH AND PUBLIC WELLBEING

HOW CAN THE MIDDLE EAST BETTER PREPARE FOR THE PANDEMICS OF THE FUTURE?

Amira Roess

Several countries in the Middle East had devised preparedness plans in response to recent respiratory epidemics, and COVID-19 has tested them. For example, Egypt's plan was greatly modified in response to the H1N1 epidemic, first recognized in 2009, and Saudi Arabia's in response to the MERS coronavirus, first recognized in 2012.

At this point, most countries in the region have preparedness plans that outline how a pandemic response should be initiated and implemented. However, the implementation protocols remain grossly underdeveloped and under-resourced; this will likely be the focus of Ministries of Health for at least the next decade.

Effective preparedness plans depend on both surveillance, namely timely reporting of emerging diseases at the local, national, and international levels, and the establishment of feasible, specific action plans that detail what to do when a report is confirmed. Surveillance requires systems that routinely collect information at the local level about the health status of the population and then quickly compile case reports of possible pandemic threats from multiple sources. In the case of a novel virus, it is important that significant and unexpected increases in symptoms are readily identified. Ideally, a sample of health care institutions from all areas of a country would report weekly statistics on key symptoms to designated organizations that continuously analyze and monitor data. In some high-resourced areas similar systems are in place, but it

is difficult to maintain them without adequate resources and long-term commitments. Surveillance requires a trained, dedicated workforce. In reality the public health workforce is grossly under-resourced and in many settings individuals constantly task shift and surveillance activities are deprioritized as other requests emerge. This is the case in both high- and low-income settings.

Technology can provide a cost-effective and efficient tool to enhance public health systems, but only if it is thoughtfully integrated. In fact, there are many examples of technology being abandoned because there was no long-term investment plan. Purchasing state-of-the-art radiology equipment without planning for workforce development or maintenance results in equipment simply collecting dust. Rapid technological advancements in public health can accelerate the recognition of epidemics. The earlier an epidemic threat is recognized, the sooner public health actions can be implemented to stop disease spread, morbidity, and mortality. For example, advancements in genomic surveillance led to the early recognition that SARS-CoV-2, the virus that causes COVID-19, was a novel virus that had not infected humans previously. This was done in a matter of days, not weeks or months as was the case previously. Because the virus emerged and infected humans in a relatively well-resourced part of China, the technology was readily available. COVID-19 highlighted how technology can lead to rapid development of testing systems and vaccines. Genomic surveillance and rapid diagnostic capabilities have been established throughout many countries in the Middle East. However, the effectiveness of these investments is hampered by issues with the workforce, the long-term investment and strategy, and limited supply chains (of reagents for example).

Communication and computing advancements can lead to rapid dissemination of health messages and identification of possibly infected individuals. The use of mobile phones has long been touted as revolutionary in its promise to change emergency response and health care delivery, among other areas. However, without a grounding in the realities of the community, and investments in implementation, including communication and social marketing, the results are often poor. COVID-19 has produced numerous examples of



The COVID-19 pandemic highlighted the global economic toll of emerging highly infectious pathogens, yet it still has not resulted in long-lasting and meaningful investments in public health systems.

technology that did little to change the trajectory of local epidemics, such as Bluetooth-enabled contact tracing apps. Rapid communication between individuals and the public health system is crucial to limiting the impact of epidemics.

Communication at higher levels, between local and central health offices, is a critical next step to ensure timely and effective reporting of surveillance results and back-reporting of public health actions. In the cases of COVID-19, MERS-CoV, and H1N1, the international community was alerted about their emergence and thus resource-limited settings began to look for cases after the virus had already spread. Typically, when cases of a novel disease threat emerge, it is only after a critical number have been infected that officials realize that there could be an epidemic. In resource-constrained areas this can take a considerable amount of time and by the time the emergence of a novel disease is documented, it will likely be of epidemic proportions. In the case of MERS, several small outbreaks were detected over a few months before it was recognized that this was a novel virus. Fortunately, that virus is nowhere near as transmissible as COVID-19 and the initial cases were in locations in the Middle East that could mount a well-resourced response.

The COVID-19 pandemic highlighted the global economic toll of emerging highly infectious pathogens, yet it still has not resulted in long-lasting and meaningful investments in public health systems. In many countries the response has been characterized by frequent knee-jerk reversals of decisions and haphazard and poorly enforced nonpharmaceutical interventions (NPIs). For example, movement restrictions and stay-at-home orders were plagued by miscommunication. Often times they were suspended in response to religious observances, holidays, or other dates of importance, in contrast to public health recommendations. While cultural sensitivity is extremely important, the long-term human health and economic tolls of this haphazard approach to implementing NPIs will have enduring repercussions.

One of the critical paradigms of public health is that when the system works, it is quiet — there are no outbreaks, no surges in mortality. As a result, decision-makers scale down their public health investments. This reality must be carefully

guarded against. Over the next five years, investments should prioritize the public health system workforce at all levels and strategic technological enhancements. Without thoughtful, long-term investment in public health preparedness, the mistakes of the past will be repeated. Workers will leave the public health system for private or foreign settings, laboratories will go under-utilized, and machines will collect dust as reagents and parts become undersupplied.

Despite the massive economic toll COVID-19 has taken regionally and globally, there is little indication of long-term investments in surveillance, which is the foundation of any effective public health system. Given the current state of public health investments, unfortunately it is unlikely that any meaningful progress will be made on that front over the next five years.

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CONNECTING THE DOTS: HOW THE MIDDLE EAST CAN MAKE THE TRANSFORMATIONAL PIVOT TO THE NEW REALITY

Nabil Habayeb

The pandemic has shaken up economic systems and brought forth unprecedented challenges, as we are all aware. However, I also believe that the “new reality” we are confronted with today is actually one that presents us with an opportunity: to prepare for a future we can own by connecting the dots between critical sectors.

The new reality in essence is about three fundamental areas we can proactively impact. One, health care management; two, a focus on the energy transition; and three, the connectivity of people and goods. These three critical building blocks are deeply interlocked, with each playing a decisive role in how our future will be shaped. The way we bring together new paradigms in these sectors across the Middle East will help us to thrive in the new reality.

Reinventing health

One thing we have learned from the pandemic is that health care systems need to be agile and flexible enough not just to meet the requirements we see in front of us today, but also for unexpected periods of increased capacity and need. Hospitals must be prepared for contingencies; health care professionals must be ready to learn new, digital skills to increase efficiency; and every health care environment must look at continuous improvement.

Today in the Middle East, countries such as the UAE and Saudi Arabia have set good examples of how to manage the pandemic with the hands-on involvement of top leadership ensuring that research is prioritized, frontline professionals are equipped, and advanced technology is mobilized when crisis hits.

We have seen these countries establish clear protocols for testing, treatment, and recovery at dedicated COVID-19 hospitals or at innovative facilities such as our CT-in-a-Box. We have watched government directives shift in real time based on the situation on the ground. We have seen a fast and thorough implementation of vaccinations. All of these examples show a focus on flexibility and resiliency that must be the hallmark of health care systems in the future.

This does not only apply to unexpected or emergency situations like COVID. Looking to the next five to ten years, we are pleased to bear witness to and support the efforts of regional governments to address the rising incidence of lifestyle diseases through preventive care and lifestyle changes. We continue to see significant investment in health care infrastructure — set to reach \$89 billion by next year in the Gulf Cooperation Council countries. And GE will continue to be a dedicated partner as medical professional training and technology innovation programs are shored up across the region.

Together, these areas of focus will allow the region’s health care systems to work toward earlier diagnoses and better treatment outcomes, while being flexible and resilient enough to withstand emergency needs.

The energy trilemma

Hospitals and health care infrastructure rely on power and energy infrastructure to function, so the future of energy is the next critical aspect we must consider when contemplating a prosperous future for the Middle East.

As the region focuses on decisive climate change action, the energy sector’s priority will be to address what I call the “energy trilemma.” This reflects to how we manage environmental sustainability, while balancing needs in two areas: energy affordability and energy security/reliability. We will see an increased focus on decarbonization, but this does not have to be at odds with the legacy of the region’s strong oil and gas industry.

Although oil and gas revenues will continue to feed into regional economies, in the next five to ten years, we will see

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The new reality in essence is about three fundamental areas we can proactively impact. One, health care management; two, a focus on the energy transition; and three, the connectivity of people and goods.

a more diversified energy mix. Many governments are making commitments to cleaner generation while at the same time finding ways to meet increased supply. This calls for integrating advanced technology across a mix of sources, and ensuring digital solutions and an integrated grid are present. This includes deploying technology including wind turbines such as the Cypress platform that can work at the lower wind speeds that are prevalent across the Middle East. Also important will be the H-Class gas turbine, a world-record holder in efficiency that can also help to maintain a reliable energy supply.

Innovation — as always — will be key. This will see an increased shift toward next-generation energy: both green and blue hydrogen, carbon capture, utilization, and storage (CCUS) technology, nuclear technology, and hybrids, such as the world’s first battery-gas turbine hybrid system.

Efficiency in connectivity

Finally, we turn to connectivity. Many cities in the region had evolved as hubs before the pandemic impacted the global aviation sector. I predict that these hubs will emerge stronger from the crisis due to the proactive approach taken by the region’s carriers and regulators. By connecting people around the world through a robust aviation sector, we can continue to make the Middle East a pivotal region for the future.

Moving forward, two key aspects will be decisive in shaping the aviation sector. One, which is connected to the energy

transition, is a focus on fuel efficiency and cutting environmental emissions. GE has recently announced the RISE program, which aims to cut carbon dioxide emissions by 20% through our partnership with CFM.

Second, parallel to both the health care and energy sectors, the aviation sector must tap into advanced data analytics to provide insights and opportunities for innovation. For example, our digital business has developed the flight data application FlightPulse, which integrates airline-specific fleet data with pilot historical trend data to help improve fuel efficiency and risk management.

Connect the dots

Flexibility. Resilience. Digitization. Efficiency. Innovation. Across these three core economic sectors, the opportunities to be future-ready exist already — and all three sectors need to leverage similar tools to prepare and improve. We are fortunate. There is clear direction from the leadership in this region. There is technology at hand. Now, nothing must stop us from making the transformational pivot.

Let us connect the dots. Take decisive measures. And implement them.

Nabil Habayeb is senior vice president of GE and president & CEO of GE International Markets.



A REVOLUTION IN EDUCATION: WHAT LIES AHEAD FOR MENA

Marcello Bonatto

The internet is reshaping the way we learn. Before the COVID-19 crisis, the idea of online learning was already in the air and taking hold fast. The last decade has seen the rise of Massive Online Open Courses (MOOCs), the creation of online marketplaces for education, and new alternatives to college like coding bootcamps. But the pandemic rocked the foundations of the learning industry and the next 10 years promise to deliver a revolution in education.

What lies ahead for the Middle East and North Africa (MENA) is the opportunity to rise to the frontier of the digital economy. This leap forward will require a concerted effort to make long-needed changes to educational systems, create a friendlier environment for new businesses, particularly in education technology (EdTech), and invest heavily in large-scale broadband internet infrastructure.

The current state of education in the region is a dismal sign that learning systems are failing, making the path forward difficult. According to UNICEF, before the pandemic one in every five children was not in school. The closing of schools as a result of COVID-19 safety precautions worsened the situation, as 100 million students between the age of five and 17 are estimated to have stopped attending classes. Additionally, armed conflicts in Syria, Iraq, and Yemen have left over 14 million students without any education.

This combination of a global pandemic, war, and poor-quality education is particularly concerning for a region that has historically performed at the bottom of international assessments of learning outcomes, such as the Progress in International Reading Literacy Study (PIRLS) and Trends in International Mathematics and Science Study (TIMSS).

While there is little doubt that part of the push for better learning demands investing in early years and early grades, the immediate priority for MENA should be the transformation of post-secondary education. Youth unemployment rates in the region have been the highest in the world for over two decades, reaching 30% in 2017. This has been partly because of the mismatch between skills and labor market requirements in the region, where 60% of CEOs believe education systems are failing at providing students with the right skills for employment.

A paradigm shift for post-secondary education

2020 was the year of the unmasking of higher education globally. During the pandemic, universities struggled to adapt quickly, shifting programs online without rethinking the pedagogy and learner experience for a new format, while continuing to charge students the same tuition as before.

What higher education institutions were slow to understand is that the world today is very different than the one the university was designed to serve more than a century ago. Education as we know it was born with the First Industrial Revolution, when the goal was to train a disciplined workforce for the new factories. But with the age of the internet came a new kind of student, one that takes more ownership over her own learning. Twenty-first century educators should no longer be concerned with control and authority, but rather critical thinking, project-based learning, and creativity. The so-called Generation Z, born after 1996, expects more from education than rote learning. They have a strong preference for self-learning and are more career-oriented and entrepreneurial.

A 2021 survey conducted by my non-profit organization, Re:Coded, with 60 young adults across six countries¹ in the Middle East confirms that students in the region demand more from the education they receive. Around 55% stated that they were dissatisfied or very dissatisfied with their university experience and virtually everyone said they believe it had not prepared them for the demands of the modern workplace.



1. Egypt, Iraq, Saudi Arabia, Syria, Yemen, and Turkey.



“*Twenty-first century educators should no longer be concerned with control and authority, but rather critical thinking, project-based learning, and creativity.*”

What will the future of education look like?

The future of education will be defined by content, technology, and the internet. In a hyper-competitive and fast-evolving work environment, everyone will become working learners, “always flexing between working and learning,” as author Michelle Weise explains in her 2021 book *Long-Life Learning: Preparing for Jobs that Don’t Even Exist Yet*. In practice, this means education systems will have to adapt to offer more flexible upskilling and reskilling pathways to students and workers alike.

Instead of consuming education in bundles in higher education institutions, students will increasingly seek to acquire or improve market-driven skills in a shorter time and for less money. The internet has enabled marketplaces for the smallest niches, where learn-as-you-go models allow education to take place everywhere, anytime, and be hyperspecialized. For example, coding bootcamps like Lambda School and cohort-based courses like AltMBA run completely online for classes of up to 150 students and teach ready-to-use skills in software development and marketing, respectively, for a fraction of the time and price of a college degree.

This does not mean that university diplomas will become worthless. Employers around the world, but particularly in the MENA region, still value the reputation of a higher education institution. However, universities will have to adapt to provide a better quality of education and retain students.

Despite the challenges the region faces, there are promising signs that education systems are starting to react to changes brought about by COVID-19. In March 2020, the Ministry of Education in Jordan acted quickly to launch an e-learning platform and two TV channels in partnership with EdTech companies Abwaab, Mawdoo3, and Jo Academy. In the UAE, the Ministry of Education, in cooperation with the Hamdan Bin Mohammed Smart University, created a free course to upskill teachers in just 24 hours to deliver education online, with more than 42,000 people completing the training in the first few weeks.

To sustain and scale these small gains, however, countries will need to invest in infrastructure and undertake more significant changes in education systems. Today, there are nearly 280 million people in the region (45% of the population) connected to mobile internet. For countries

like Sudan and Yemen, internet penetration is lower than 30%. Internet connectivity also remains a challenge in rural and conflict-hit areas, as well as in urban areas during economic crisis, such as the recent power shortages in Lebanon. Broadband internet will be an indispensable commodity for education in the next five years and collapsing infrastructure will significantly stop the region from making progress in teaching and learning.

With education systems, the path is two-fold: reform outdated national curricula and reskill the teaching workforce. The range of courses on offer today still reflects the market demand for traditional preferences and theoretical approaches. At Re:Coded, we teach current and former university students in four countries in the Middle East who demonstrate little to no practical coding skills before joining our programs. But more importantly, curricula also need to be updated to reflect future needs. For example, the next iteration of learning systems might be powered by blockchain technology. Blockchain can help reduce cases of fraud in education, offer new paths to accreditation, and create better learning platforms. However, universities in MENA rarely teach it.

Finally, teachers should be retrained to provide a learning experience that is less dependent on repetition and memorization, and more focused on problem-solving, critical thinking, and collaboration. It is important to recognize that teachers in MENA and across the world have done a phenomenal job during the pandemic to keep students learning online. However, the next phase of education will require a shift from the teacher as the “sage on the stage” to the “guide on the side” to the “meddler in the middle,” as explained by educationalist Erica McWilliam. The teaching professional must learn alongside students and constantly improve her teaching based on data and feedback from her pupils.

Plato was correct: Necessity is the mother of invention. The COVID crisis has already pushed governments and businesses to make long-awaited improvements to education in the Middle East and beyond. This get-up-and-go effect will not last for long. But there is still time for countries in the region to reshape education in the next five years and join the revolution.

Marcello Bonatto is the co-founder of Re:Coded, a nonprofit training youth in the Middle East to start careers in technology.

THE IMPACT OF WAR ON THE PEOPLE OF THE MIDDLE EAST

Mohammad Abo-Hilal



“The best thing in war is its end.” The sad fact in the Middle East is that this end has not yet come — and there is no clear end on the horizon.

War affects all aspects of people’s lives. It affects their daily life, their ability to secure their basic needs, and their ability to find suitable employment according to their skills and knowledge. War destroys social and family links, and ruptures the connections between different subgroups that form the fabric of society. However, the most serious danger war poses is that it changes people’s perspectives about life: A man

who was affected by war views the world in a negative light and doubts the possibility of justice in it. The meaning of life seems void and values and ethics become blurred.

For people in the Middle East, war is the norm. No one in the region has witnessed a life without war. Maybe it is the curse of the Middle East’s geopolitical importance. Yet, there is still always something new. Years ago, there were somewhat clear lines between which parties were involved in a war or conflict, and people tended to have a clear vision around which group they belonged to, who their opponent was, and where the neutral zone lay. More recently, however, we no longer even have that simple privilege of clear vision. The maps of “friends and enemies” are so chaotic that people are not able to even take stands on issues, and when they do, they find themselves against those who were, just a short time ago, considered friends.

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Middle Eastern people now have new types of psychological trauma that not only persist in their memories, but are also recorded by continuously advancing technological media.



The explosion of communications and social media is another factor compounding the impact of war. The perpetrators are not ashamed of recording their crimes, which can easily go viral around the world. Sometimes you can even see the crimes live! This is an unprecedented development in human life. It is changing our view about the world, humanity, and even the definition of simple terms like “trauma.” Middle Eastern people now have new types of psychological trauma that not only persist in their memories, but are also recorded by continuously advancing technological media

So the question is: What must and can we do to lessen the effects of the war, if not stop it?

There is always room for interventions to help individuals and communities suffering from war. I can briefly summarize my suggestions in a few points:

1. We need to really empower the people of the Middle East to be able to understand their situation and create solutions that are not only relevant, effective, and sustainable, but also respect their cultures and subcultures. Empowerment should start with giving them the right to see things through their perspectives, without imposing imported solutions, terms of reference, concepts, and definitions from outside. The people of the Middle East have a history of thousands of years of civilization, and they certainly have the potential to find solutions that suit them.
2. We need to give them the right to study their situation in an objective way to understand the dynamics and to redefine the meaning of “justice,” “freedom,” “terrorism,” “politics,” and other key terms. This will potentially give them new opportunities to deal with the impact of war on their societies.

3. The international community and countries hosting refugees should reconsider the impact of the presence of refugees in new communities. They need to build on their potential and strengths to create a positive impact on the hosting communities, the refugees themselves, and on their original countries. These communities are all interconnected social systems and any change in one will impact others.
4. International communities need to support efforts to solve the root causes and deal with the critical factors that can predispose, induce, and perpetuate social problems. What is needed is to finish crises, not just manage them.

Of course the above-mentioned suggestions will face challenges in application: the international community’s divisions, the involvement of big countries in supporting some oppressive and corrupt governments that induce revolutions and fuel wars, and the double standards on the international level. On top of that, there is the difference in values that is being denied by promoting “humanitarian values,” which are not neutral values. They are being imposed as if they are “general human values.” All of these are factors contributing to the war and its social and human consequences in the Middle East, and there are and will be barriers in the way of efforts to change the reality and situation of Middle Eastern people. But we still need to try! And I hope that this piece, from a refugee who has had a unique experience and has played sometimes conflicting roles during the last 10 years, might contribute to these efforts.

Mohammad Abo-Hilal, MD, is a clinical psychiatrist and the founder of Syria Bright Future, an NGO that helps Syrian refugees, particularly children, dealing with trauma.



**GOVERNANCE, CITIZENSHIP,
AND INCLUSION**

ADDRESSING THE REFUGEE CRISIS

Filippo Grandi

The last year and a half has been tough on the world. The COVID-19 pandemic affected all aspects of life. We have done what we can to keep the disease at bay, and respected each other by following hygiene and physical distancing rules. Yet for much of the world's poor — including the 82.4 million displaced people globally — the lockdowns were catastrophic, plunging millions into poverty, risking eviction and forced into overcrowded shelters.

If you are living hand-to-mouth, only able to buy food and pay rent based on what you have earned that day, staying at home is impossible. And for refugees and other forcibly displaced persons fleeing persecution and conflict, keeping safe at home is not even an option. Of these displaced, some 12 million internally displaced persons (IDPs) and over 3 million refugees and asylum seekers, in addition to some 365,000 stateless persons, are living in the Middle East. In addition, next door in Turkey, over 3.6 million refugees from Syria, Iraq, and other nationalities make up the largest refugee population hosted by any one country in the world. They have been dealt the misfortune to be caught up in large-scale conflict, often treated merely as pawns in domestic, regional, and global quests for control.

The thousands of staff of UNHCR, the U.N. Refugee Agency, who work in the Middle East see the human consequences every day, of people killed and injured or forced to flee, often leaving behind family, friends, livelihoods, property, and everything familiar.

The situation in Syria remains the world's single largest displacement crisis, with around 6 million refugees globally and over 6 million people displaced within Syria. After more than 10 years of shifting conflict lines, foreign interventions, and economic collapse, the country remains in ruins. Countless people are left with no choice but to seek shelter in bombed out remnants of buildings, exposed to the elements, living in sometimes medieval conditions — in what was once a middle-income country. Some 13.4 million people are currently in need of humanitarian assistance in Syria, almost half of whom are children. According to the World Food Programme, food prices are now 33 times higher than the pre-war average and around 90% of the population is estimated to live in poverty.

I know there are a lot of politics that need to be solved before donors will move on the large-scale reconstruction of Syria that is desperately needed, but being able to do more inside the country to prevent further humanitarian suffering is critical. Is the installation of doors and windows in a school to keep out the cold a humanitarian or a development intervention? Is the provision of a generator for a hospital that keeps the incubators for premature babies running a humanitarian gesture or a development investment?



Countries near to Syria — Turkey, Lebanon, Jordan, Iraq, and Egypt — have borne the greatest burden. For more than a decade they have taken in and sheltered millions of Syrians at great political, economic, and, in some cases, social cost. The Kingdom of Jordan has been a gracious host of Palestinian, Iraqi, and now Syrian refugees for decades. Turkey, the country hosting the most refugees in the world, continues to allow Syrians to access their social services. Iraq and Egypt should also be commended for their reception of Syrians.

One of the most concerning situations anywhere in the world is that of Lebanon, where one in five people is a refugee. COVID-19 has compounded suffering in a country already in deep crisis. The stoic Lebanese people are suffering, and some unscrupulous politicians have sought to deflect responsibility for their own political failings by blaming others, including refugees. Meanwhile Syrian refugees in Lebanon have fallen into the abyss, with some 90% living in extreme poverty, up from 55% just two years ago.

So what can be done to address the refugee crisis?

First, inclusion of refugees in the host country — until repatriation or another durable solution is found — is critical. This means access to schools, health care, and other social services that are critical to more than mere survival. These services must in turn be appropriately resourced by the international community and international financial institutions (IFIs). Turkish, Jordanian, Iraqi, Lebanese, and Egyptian host community parents should not suddenly see their children's class size doubling. Rather they should be benefiting from more schools, classrooms, and teachers (and similarly clinics, doctors, and nurses in the health system) to help their own and to accommodate refugee children. They must see a "refugee dividend" through investments that are made in their communities and that are left behind once refugees return home.



This is not new for the region, which has been at the forefront of inclusive ways of responding to displacement. The London Conference of 2016, where global leaders and the humanitarian community came together to pledge support for Syrians and the affected region, helped to lay the foundations for such a response, as well as the affirmation of the Global Compact on Refugees by the U.N. General Assembly in 2018.

Refugee inclusion is, however, doubly urgent in response to the COVID-19 pandemic. We have seen governments do the right thing in terms of including refugees in vaccination campaigns (where vaccines are available). What is equally critical now is to help refugees and their hosts stave off the socio-economic impact of COVID and the resulting pandemic of poverty. As governments, along with donors and IFIs, design relief packages, our appeal is that they include refugees in their calculations and in these social programs.

Second, more must be done in countries of origin to remove the obstacles to return. We know that most refugees around the world want to return home. This is no different in the Middle East. UNHCR regularly conducts refugee intention surveys, which provide us with information to inform our programming. Some 70% of Syrian refugees in the region tell us that they want to return home, just not immediately. So we are working to remove the obstacles that they say are preventing them from going home. For some, the main concerns are accessing the documentation that is essential in proving who they are or that shows ownership of housing, land, and property. Others are unsure as to whether they will face legal or political problems upon return or are simply worried they might be conscripted. For others still, it is safe shelter, schools, and the possibility of a job. In this regard, I appeal to the international community to do more to support these humanitarian endeavors inside Syria so that Syrians can indeed live a dignified life.



What is needed more than anything is for states and leaders to step up to their responsibilities.



Third, it is clear that some refugees will not and cannot go home. They have particular needs and vulnerabilities that must be addressed through third country solutions. Concretely, this means increasing the number of refugees resettled to safe third countries. I therefore welcome the U.S. administration's commitment to rebuild and increase America's resettlement program. Resettlement of the most vulnerable saves lives and changes them for the better.

There are other options that must also be made available to allow for the legal movement of some refugees to a place where they will be safe and have the chance to make the most of their potential. These include scholarships, guest worker visas, or family reunification programs. All of these help the refugees themselves, but also their new host country because refugees also bring skills and a drive and determination to succeed. In this regard, we are working not only with governments, but also universities and the private sector to try to expand the number of places available for refugees.

But third country solutions will only remain possible for what remains a very small number of people, especially in a context like the Syrian refugee crisis. This is why what is needed more than anything is for states and leaders to step up to their responsibilities; to cast aside their narrow political interests; and instead work to make peace. For it is only through a peaceful resolution to conflict that displacement itself will be resolved, allowing millions to return home and to begin to rebuild their lives in safety and dignity.

Filippo Grandi is the United Nations High Commissioner for Refugees.

THE PRIMACY OF THE G WORD: GOVERNANCE, NOT ONLY GROWTH

Noha El-Mikawy

As noted in U.N. General Assembly Resolution 66/290 of 2012, “Human security is an approach to assist Member States in identifying and addressing widespread and cross-cutting challenges to the survival, livelihood and dignity of their people.” It is a people-centered concept that calls for responses that strengthen protection and empowerment for all, emphasizing freedom from want, from fear, and from indignity.

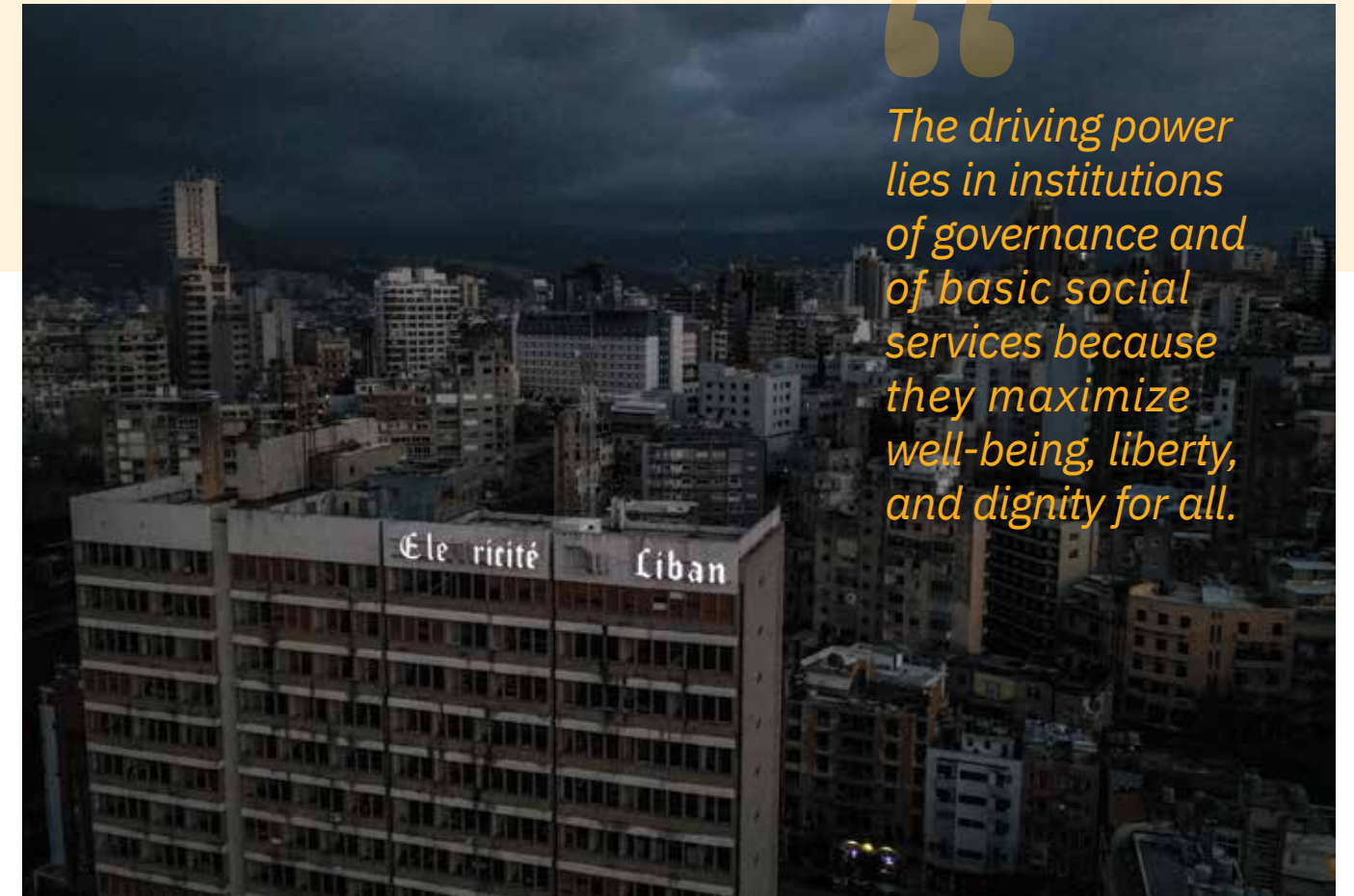
This concept of security has gotten both critique and praise. It was criticized for encompassing everything and nothing, and for opening the door for foreign intervention and the violation of state sovereignty. It was praised for accommodating all universally acknowledged — though not universally upheld — human rights. It was also praised for promoting the integration of the development, peace, and security paradigms.

Five years from now, the Middle East will continue to see the integration of development, peace, and security troubled and truncated. Security will continue to override other considerations as long as the conflictive fronts in the region remain conflicts to be “managed” not “resolved” through just and enforceable solutions — solutions that would be made sustainable through people’s trust.

No one should deny the primacy of security concerns in the Middle East given the number of conflicts, of displaced people and refugees, and of implicated regional and international powers. What should inform future strategies and action plans, however, is the equal importance of maximization of well-being, liberty, and dignity for all. These are not add-ons to the security agenda, nor are they of a second order of importance compared to stability. They are fundamentals for trust and — ultimately — stability in the region.

The shift toward more focus on those fundamentals will be hindered in the next five years by a growth-centered international consensus and a persistent governance decline in most national institutions.

The global forecast is increased poverty due to economic ills that were accentuated during — not produced by — the COVID lockdowns. The global forecast also sees increased precarity of work and widening inequality as economies struggle to absorb high rates of private and public debt and fast shifts toward digitalization. The Middle East will be no exception on account of poverty, precarity, and inequality. In recognition of this dire situation, international financial institutions (IFIs) and regional inter-governmental development banks have adopted growth-centered strategies to help the economies of the Middle East create jobs. Most of those strategies take the approach



“The driving power lies in institutions of governance and of basic social services because they maximize well-being, liberty, and dignity for all.”

of supporting private sector development and look for quick-win solutions to help finance cash transfer programs to the poor.

The new IMF leadership is to be praised for centering poverty and inequality in IMF rhetoric. And yet, growth-led strategies do miss governance, defined as expansion of civic space for enhanced citizen participation, alongside institutional strengthening of public services and rule of law. Economic improvements alone will not stabilize the Middle East. Let us not forget that Tunisia was a star performing country in the U.N. global report of 2010 when it erupted in revolution, sparking waves of uprisings across the region. Weak institutions and weak participation are bound to leave the march toward economic prosperity vulnerable to exclusion, capture, corruption, and ultimately inequality. This trend has been captured well by the Mo Ibrahim Governance Index of 2020 (for the African continent, including Arab North African countries). The report shows improved scores on economic opportunity coinciding with consistent decline in security, rule of law, participation, rights, and inclusion over the past decade.

This neglect of institutional strengthening of the infrastructure of basic services as well as of institutions of participation, both national and local, has not been lost on Arab citizens. The latest Arab Barometer of 2020

shows that economic frustration is increasing and trust in government and in formal channels of political participation is declining, especially among Arab youth. Evaluation of government performance in the Arab Barometer shows clear dissatisfaction with all sectors. It is quite striking that 90% of respondents to the survey give their governments high marks on security, while only 30% of respondents say governments perform well in other sectors.

What is needed in the next five years is a re-focus of strategies of engagement with the Middle East. Securitizing the relationship to the Middle East is putting the cart before the horse. The driving power lies in institutions of governance and of basic social services because they maximize well-being, liberty, and dignity for all. And that is no invitation for invasion in the name of grand nation-building projects, the failure of which has been proven time and time again. It is a word of reason for IFIs and all development agencies to reset priorities to emphasize competence of institutions and citizen inclusion in governance. Otherwise, those who put security concerns first will end up having to pull the cart themselves because there will be no horses to join in the journey or trust its worthiness.

Noha El-Mikawy is the Ford Foundation’s director for the Middle East and North Africa.

WOMEN ARE THE ARAB REGION'S BEST HOPE

Lina AbiRafeh



The Arab region's diverse collection of 22 countries has one thing in common: Women continue to experience a backlash against their own long-overdue rights and fundamental freedoms. A combination of patriarchal structures, prolonged insecurities, and protracted crises means that this region ranks the lowest in the world in terms of women's rights, with a gender gap that needs 153 years to close. No Arab country is even among the top 100 on this list.

Even without the COVID-19 pandemic, instability and insecurity are the norm across the region — from humanitarian crises in Syria, Palestine, Yemen, and Iraq to economic collapse in Lebanon. These shocks continue to be felt throughout the region, destroying already-scant systems of social protection and women's services and support. In times of insecurity, pre-existing vulnerabilities are magnified, and women's rights are the first to be stripped and the hardest to revive.

Most Arab countries have signed and ratified universal conventions supporting human rights (with reservations), but these have not brought meaningful change for women. Inequality remains the greatest impediment to regional progress. Progress or regress in any of these areas has an impact on all aspects of women's lives. Insecurities don't stay neatly confined within their borders. Instead, they intersect rather messily. Unless we address inequalities everywhere, we will achieve equality nowhere.

Meaning: There is a lot of work to do.

What will the region's family and gender norms look like in five years?

Things are changing in some countries, but progress and regress go hand in hand.

“In times of insecurity, pre-existing vulnerabilities are magnified, and women's rights are the first to be stripped and the hardest to revive.”

Women in Arab countries are an underutilized economic force, with the lowest female employment rate in the world. When employed, women are more often relegated to traditionally feminized work, in addition to their disproportionate share of unpaid care.

In the near future, more women will enter the workforce — by choice or by necessity. However, men's perceptions of working women will not evolve as quickly, despite women's increased economic independence. Women may still be relegated to overly feminized sectors, and equal pay is a long way off. Family tensions are likely to increase as a result of new-found freedoms, and women's rights activists predict a greater backlash, and a rise in divorce rates.

The region must focus on increasing women's employment in the formal labor market while also recognizing and reducing women's unpaid care burden. The region must invest in women's health, particularly in ensuring that women have access to the full range of sexual and reproductive health services, with full autonomy over their own bodies.

Arab women are significantly behind in terms of women's participation and representation in politics. Even when women are present in politics, they are still kept from exerting power to influence change. This lack of political participation is largely due to cultural barriers, limited access to economic and financial resources, and the absence of female role models in political and public life.

Certain conditions need to be met before women are able to participate equally in all aspects of personal, public, and political life. Without massive legislative reform, nothing will be achieved. But policies on paper do not necessarily translate into practice. There continue to be discriminatory laws that hold women back — personal status codes that dictates what women can and cannot do with their bodies and their lives. Women must be present and active at all levels of leadership and decision-making. We need women in parliament — feminist women who will act in favor of women's interests.

Sexual violence and harmful practices, like honor killing, female genital mutilation, and child marriage, also continue to be prevalent and show no signs of abating. As the region continues to face insecurities, these forms of violence will only increase. Rights, freedoms, and

opportunities cannot be named and claimed as long as women are unsafe in public and private space.

The education system must be updated and aligned with internationally-recognized good practice. Education for girls at all levels need to be guaranteed and normalized. Concepts of rights, respect, equality, dignity, and consent must be taught in schools. Girl child marriage must be banned, along with all other harmful practices to which girls are subjected. Understandings of bodily integrity and autonomy are fundamental if violence against women is going to end. Because without women's safety in public and private space, all the other rights are rendered meaningless.

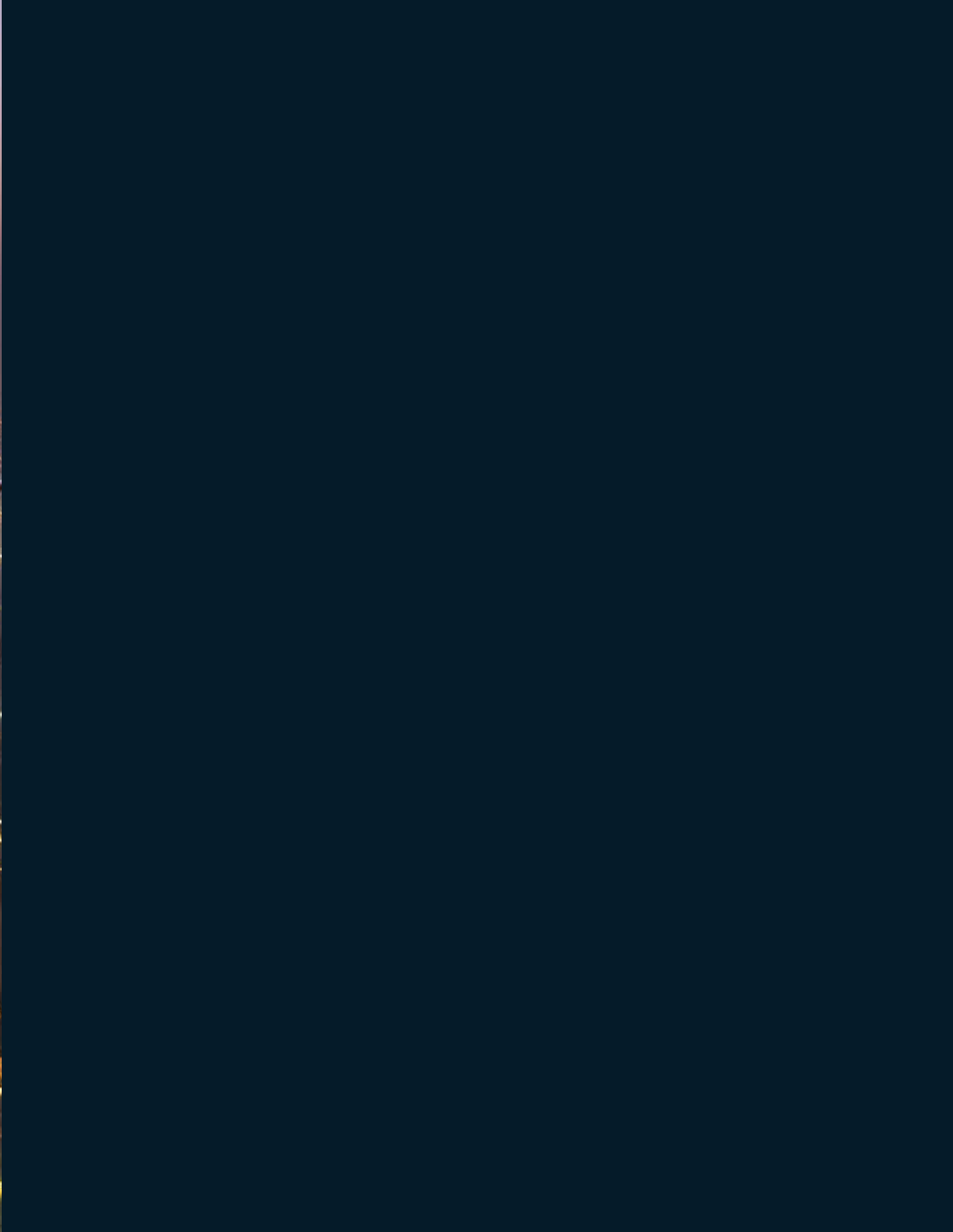
And yet, there is a new generation of feminist women who are leading the charge for change. In many Arab countries, strong pushes for gender equality will be met with conservative backlashes, with imprisonment of activists likely to continue. At the same time, young activists wield the power of social media and refuse to stay silent. The world is watching.

There is a rift between this new generation and the previous one in terms of redefining roles, relationships, rights — and the meaning of family. It is impossible to generalize across the Arab region, given the great diversities between and within countries, but change will continue to happen, albeit slowly. Somalia cannot be compared with Syria, Libya cannot be compared with Lebanon.

One thing is clear: *We will not see a radically different Arab region in five years. Will there be sexual and reproductive health and rights for all? Will there be freedom to love whomever we choose? Will there finally be full and meaningful equality for women?* I would like to be optimistic, and yet the challenges are great.

To ensure meaningful progress in the Arab region, we must all focus on fully funding frontline women's groups and providing them with the tools and resources they need to do the work they have always been doing. The region must move toward feminist leadership at all levels as it is time to challenge and change existing power structures if we want the region to succeed. There's evidence for this: When women lead, we all benefit. It is the only hope the Arab region has.

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