

May 18-20, 2007

## WORLD ECONOMIC FORUM MIDDLE EAST

### “PUTTING DIVERSITY TO WORK”

#### DEBRIEF NOTE

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***"As regional players we have a role to play in that we lead from within." H.H. Sheikh Salman Bin Hamad Al Khalifa, Crown Prince and Commander-in-Chief of the Bahrain Defence Force***

***"The private sector in Saudi Arabia is quite active and there are a number of government initiatives to increase that. I am optimistic about the role of the private sector and their contribution to sustainable growth." Lubna Olayan, Chief Executive Officer, Olayan Financing Company***

***"I see this as one of most exciting periods the region is going through. The region has its challenges but at the same time there's been a lot of good things that we've experienced - the role of women, in economic reforms and more importantly with youth there is a sense of hope." Khaldoon Al Mubarak, Chief Executive Officer and Managing Director, Mubadala Development Company, United Arab Emirates***

***"The region as a whole is going through a very concerted effort to diversify away from oil and there are a lot of investments in making an economy that is sustainable. We are opening up and we are pushing forward with reforms and by making the economy transparent and competitive, we can more effectively compete." H.E. Sheikh Mohammed Bin Essa Al Khalifa, Chief Executive, Bahrain Economic Development Board, Bahrain; Young Global Leader***

APCO Worldwide's team attended the World Economic Forum (WEF) on the Middle East that was hosted in Amman, Jordan on May 18-19, 2007. This document describes the overall atmosphere at the Summit, denoting key issues and new business and social priorities that were identified and discussed by the participants and could be of relevance to your operations in the region.

## **Overview:**

The region's leaders demonstrated a deepened realisation that *youth* is their key to a sustainable model for future growth and regional prosperity. Recognising the region's increasing gap in gender equality, and menacing unemployment growth amongst its youth puts to test political and business leaders' ability to capture and nurture growth for the region and their people.

The WEF's core concept for this year was 'Putting Diversity to Work' and there were three key thematic pillars: Industries of the Future, Peace Stability and International Relations, and Society and Change.

The following issues were discussed at greater length and were identified as key priorities for regional growth and development: education, technology and research & development (R&D), environment, and economic diversification and energy.

## Putting Diversity to Work:

The World Economic Forum this year addressed some of the main findings of the 2007 Arab World Competitiveness report:

- A need for profound change in mindsets in order to realise the region's potential, increase growth and achieve inclusion in the global markets.
- **Entrepreneurship** is one of the key elements for growth and success in the region, but cannot be advanced without freedom of thought, expression and critical thinking as premise values.
- The need for a thorough **reform in education** that in turn will bear impact on participatory governance and entrepreneurship.
- The rankings of the report highlight the **diversity of Arab economies** and the divergent performance in terms of national competitiveness. Although most countries have achieved significant progress with respect to their own past, many challenges still need to be addressed. The most important weaknesses are found in areas of:
  - education
  - low efficiency of inter-regional trade
  - labour markets
  - weak innovation and R&D investment
  - high unemployment amongst youth
  - large gap in gender equality

Therefore, the World Economic Forum on the Middle East this year, successfully placed at the top of the agenda the concept of *diversity* – across three pillars of initiatives:

- **Industries of the Future:** looking at how the region can alleviate its dependency on the oil and gas sector; how to structure its education to initiate and excel in R&D to provide jobs for the future; how to leverage the impact of China's booming economy and the opportunities that lie ahead working together with India and Pakistan.
- **Peace, Stability and International Relations:** how to eradicate causes of terrorism, internal infighting, address the situation in Iraq, find a solution for Israeli-Palestinian conflict; how to ensure stability and prosperity for the longer term.
- **Society and Change:** tackle the growing rate of unemployed youth that have limited opportunities in the region, address the problem of offering a fertile ground of recruitment by terrorist groups; recognise the value of narrowing the gender gap at social, political and economic levels to optimise the region's potential.

## Highlights:

Whilst the Middle East is still involved in conflict and war, at the same time it is going through a business-led transformation. There is optimism that this transformation is gaining pace and momentum which will lead to:

- **A deeper recognition that education is a tool to safeguard prosperity, stability and growth.** Part of this new emphasis on Arab capacity building was manifested at the meeting by the announcement by His Highness, Sheikh Mohammed bin Rashid Al Maktoum, vice president and prime minister of the United Arab Emirates and ruler of Dubai that he will create a US\$10 billion fund to promote human development, investing in education and the development of knowledge in the region. At the close of the meeting, Bassem Awadallah, vice-chairman of the King Abdullah II Fund for Development, announced the creation of an award for the region's youth, co-sponsored with the Fiorina Foundation.
- **A radical overhaul of education** - a refreshed education model will inevitably bring about the need for a refreshed approach to governance in politics and in business as it will empower young Arabs. It must instil a sense of meritocracy and citizenship which will enable the region to compete in the global marketplace.
- **Leap frog the West and establish best practices through a clearly articulated set of values** – a code of conduct that places business and citizenship at the heart of governance initiatives in private and public partnership and is developed by the Arab countries, set in context of the Arab culture and vision for the future.
- **Deep dive focus on R&D** – In order to diversify the region's dependency on oil and gas there is a need to deploy investment in technology and education as benchmarks for successful investment opportunities. The international community needs to collaborate with the Middle East and the respective governments to formulate policies to ensure success and prosperity.
- **Managing risk** - The Middle East is often seen as a focal point of geopolitical risks; in particular, those that relate to water supply, energy security and climate change. The region is interconnected by networks of investment, religious ties and affiliations, and a robust physical infrastructure of pipelines and energy sources. As a result, many of the solutions stem from the region itself. Solutions can only be found if the region works in partnership with its neighbours to build capacity, manage and control risks.
- **Israel and Palestine conflict resolution** - The private sector in both societies is an important stakeholder in the wider context of the Israeli-Palestinian conflict, enjoying leverage and credibility among the respective

communities. This new group will energise the two vital economic players toward an agenda that promotes reason and dialogue to help advance reconstruction and economic revitalization of the region's economies. At the initiative of the WEF, an Israeli-Palestinian Business Council was launched at the meeting. The Business Council will constitute a platform to enable the two business communities to work together, under the umbrella of the Forum, to devise a strategy for more cooperation and bilateral intervention on the issues affecting the respective agenda of the two people on both the social and economic fronts.

### Looking ahead:

- The regional business leaders present at the forum were optimistic to set forth goals for growth and stability, committing to shape a more dynamic employment market based on educated youth and talent and diversifying their economies through research-based innovation. Education, investment in innovation and R&D will be at the forefront of policy-making and will define the region's initiatives in private public partnerships.
- The region will endeavour to work with its neighbours in order to ensure its place in the global marketplace and anticipate trends in emerging markets of China, India, Pakistan, Africa and Europe.
- Inter-Arab countries trade will be set against best practice of trading blocks such as the European Union and the ASEAN countries.
- Leadership on stability and conflict resolution can only be driven from within, with Arab leaders taking responsibility for their people, removing terrorist hubs, and promoting a dialogue with Israel and the international community.
- Water will remain a key priority on the regional agenda – as a valuable resource at risk – calling for government and business to work in partnership for technology based solutions.