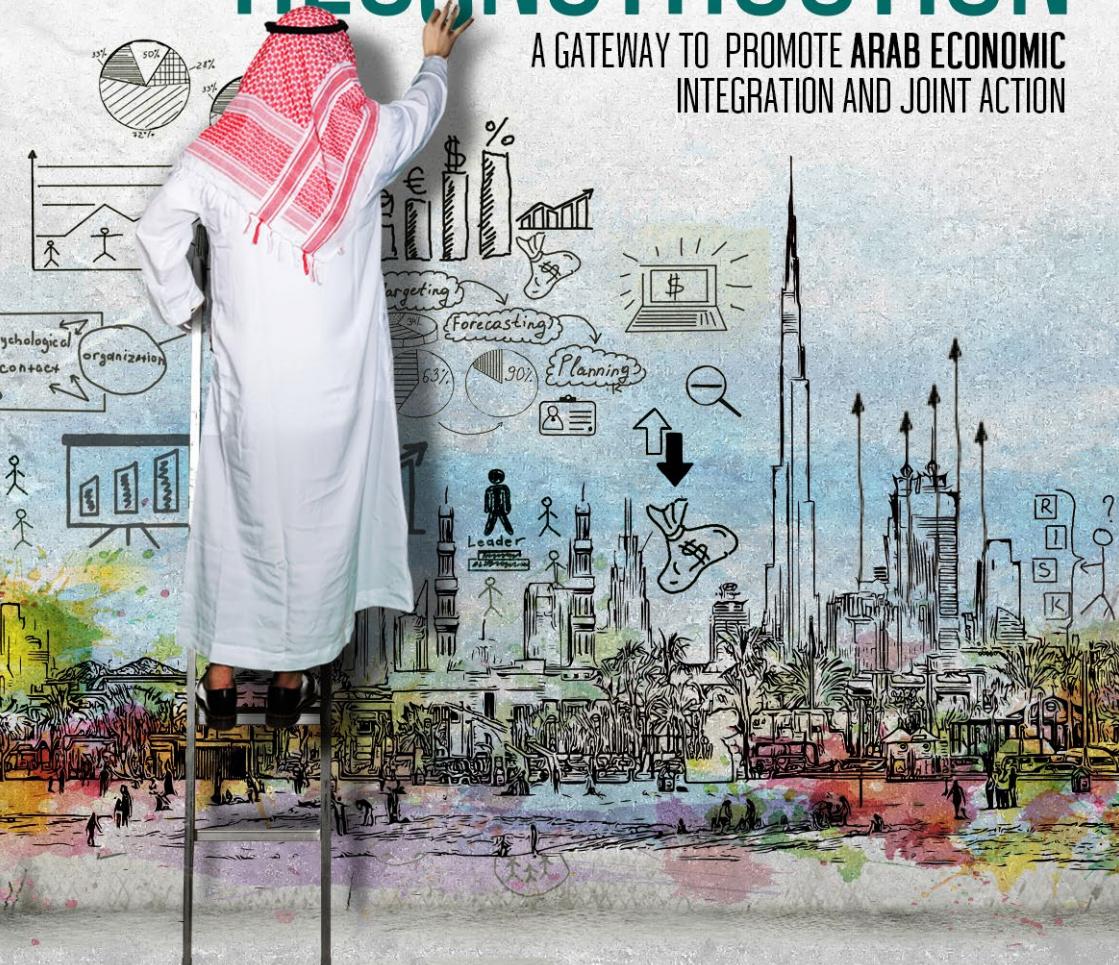




مجلس  
الوحدة الاقتصادية العربية  
Council of Arab Economic Unity

# RECONSTRUCTION

A GATEWAY TO PROMOTE ARAB ECONOMIC  
INTEGRATION AND JOINT ACTION



PROFESSOR DR. ALI M. AL-KHOURI

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Book title: Reconstruction - A Gateway to Promote  
Arab Economic Integration and Joint Action.

Author: Professor Dr. Ali M. Al-Khoury

Printed in Cairo, Egypt.

**ISBN: 978-9948-34-294-6**

Second Edition - 2020

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**Ambassador Mohammed  
Mohammed Al-Rabea**

Secretary General for the  
Council of Arab Economic  
Unity League of Arab States

## **FOREWORD BY THE SECRETARY GENERAL OF THE COUNCIL OF ARAB ECONOMIC UNITY**

Our Arab sphere has been afflicted with turmoil due to numerous factors stemming from civil wars and region-wide volatility, alongside economic and demographic deterioration among Arab states. Over the past five years, the direct costs of such turmoil has exceeded trillions of US dollars, as well as humanitarian tragedies affecting over 16 million people.

Historically, nations have suffered comparable devastating events and faced even profounder ruin. Yet they rose from the ashes and rebuilt their cities, power and civilisation, subsequently having the capacity to attend to the welfare and happiness of their people and becoming role models

for other nations. In this regard, Japan's experience is unique; during World War Two, the country was devastated by nuclear attacks, complete destruction and was seriously weakened.

Nevertheless, it took no more than 15 years to rise again and lead the developed countries in terms of industrialisation, education and societal welfare. Japan became a leading example for human development and the rebuilding of a nation from debris. Western Europe offers another example. Following WWII, certain countries were decimated in unprecedented ways, particularly Germany, where some cities were levelled to the ground. Regardless, a decade was sufficient for Germany to emerge as an unparalleled economic and industrial power, becoming—alongside its allies—one of the most advanced countries internationally.

Therefore, the Arab world only requires sincere determination for its reconstruction, deriving lessons from similar examples to undergo a new and comprehensive renaissance, restoring its place among the nations. It is time to acknowledge the debt the world owes to the Arab nation that provided one of the first human civilisations.

Until very recently, our civilisations in Baghdad, Cairo and Andalusia stood testimony to the enlightenment that established the foundations upon which Europe would develop and prosper. Arab states' rebuilding and reconstruction of has witnessed deterioration in recent years regarding infrastructure, general systems and institutions that are necessary to empower the states' strength, sustainability and capabilities.

Irrespective of the statistics and forecasts declaring the need for more than a trillion US dollars for the Arab world's reconstruction, we at the Council of Arab Economic Unity believe that through Arab economic integration, alongside achieving the principles of Arab Economic Unity through partnership between the public and private sectors and international organisations, it will be simpler to succeed.

This is success not just in rebuilding cities but rebuilding the human. This study is mindful of this position, having been prepared with consideration of humanitarian and societal effects; reconstruction and rebuilding are not restricted to paving streets and roads or building cities and bridges, rather the processes involve accommodating all of the country and peoples' development, boosting stability and happiness, as well as civil progress and the flourishing of civilisation.

Our belief is that joint Arab action will provide fundamental guarantees that will encourage international parties and investors to play an integral role in reconstruction, thus benefitting themselves from the considerable investment opportunities. Such an effect will not be limited to this region, rather it will also facilitate global economic recovery as a consequence of the demands on products necessary for reconstruction and the anticipated long-term operational contracts.

While providing motivation for all parties involved, the focus will be on realising closer Arab integration, alongside promoting political and economic resolve to attain objectives relatively rapidly. The effects will be fruitful and beneficial for all, not just the affected countries, because safety and security in the region will drive Arabs towards greater productivity and impressive achievements. Our faith in Allah is great.

Our faith in our nation is tremendous. We hope that this study will serve the Arab nations' public interest, having highlighted the importance of inter-Arab cooperation, as well as indicating the priorities and significant areas of effort necessary for reconstruction programmes and projects and the areas for inclusive development.



## INTRODUCTION

Undoubtedly, the contemporary Arab world is not in its best condition, having been at a nadir both in our present time and prior to the outbreak of the events known as the 'Arab Spring', which broke out in 2011 and brought revolutions and instability to various Arab countries.

These events endure in numerous countries where the unrest began, with their effects continuing to affect the Arab region to varying degrees. Countries unaffected by these revolutions have found it difficult to transcend such effects.

Observers of the changes stemming from these revolutions and unrest will keenly recognise their detrimental effects. Specifically, these negative impacts were felt in those countries where the Arab Spring began and, to a lesser extent, in neighbouring states. This has left a heavy and significant burden hampering progress and development.

It would be no exaggeration to state that this unrest prevented history from progressing at the close of the first decade of the 21st Century. Such events in the directly-affected countries resulted in ongoing civil wars, security turmoil and foreign intervention and returned the nations to a pre-modern era, placing tremendous pressure on neighbouring countries and those outside of the Arab region, who received millions of Arab refugees as a result of this crisis.

This situation has imposed a binding reality on Arab leaders, governments, politicians and economists who are compelled to work on resolving these problems and their causes, thus halting the security breakdown and losses in lives and materials. This will enable countries to enter the post-stabilisation phase and begin their reconstruction.

What was an option yesterday, has become indispensable today: the need for reconstruction will increase the willingness among policy and decision makers to take bold decisions. They will be pushed towards implementing policies and procedures with the capacity to radically overhaul the contemporary Arab situation, deepening change and establishing viability among the Arab peoples to shoulder the reconstruction costs and breakout of the bottleneck.

The aim will be to provide a better present situation and bright competitive future, enabling the coming generation to benefit from these plans and programmes. This painful chapter in Arab history—filled with substantial loss of lives and resources—should be closed, with tomorrow considered with far brighter and improved expectations.

Thus, regardless of the myriad obstacles and gloomy picture of the Arab's present malaise, positivity must be adhered to as well as faith in the infinite cosmic laws; the greatest of challenges have often driven humanity to development following meticulous inquiry and insightful learning of lessons, thus averting the repetition of previous errors while enhancing future prospects.

Moreover, regardless of the devastating outcomes and outrageous bills that countries and humanity have paid, alongside consequences of suffering on a global scale, we believe that a stage has been entered where the compass may be orientated towards the Arab region's development and reconstruction in an integrated manner.

This necessitates cooperation and unified action between the Arab countries within the fields of planning and execution, as a means of reaching role integration and achievement objectives.

Without this, the Arab region's reality and future will remain hostage to attempts and strokes of luck.

# OBJECTIVE OF THE STUDY

---

The study will highlight the effects on Arab countries stemming from the revolutions and unrest from the economic and cultural perspective, without delving in-depth into the political, administrational and security aspects. The latter will be considered only to the extent they are related to the reconstruction efforts, to provide a clear overview regarding the Arab present and its prospects.

Subsequently, analysis will be provided of how a vision may be formulated that is strengthened by what Arab countries presently have available with regard to inclusive development, reconstruction methods and prior preparation. A particular focus will be situated on those Arab countries affected by the wave of unrest beginning in 2011, thus exemplifying the significance and necessity of planning in a manner more reflective of reality as opposed to irrational optimism.

This research recommends adopting innovative technology as a method for attaining the reconstruction aims, drawing on the current technological boom of the fourth industrial revolution. Accordingly, this entails employing mechanisms and tools of information technology in constructing and supporting sustainable economies—referred to presently as digital economies—and appraising their effects on reconstruction programmes as a means of ensuring the projects' performance efficiency.

Furthermore, the study calls for adopting Arab economic solutions from a comprehensive Arab perspective, underpinned by cooperation and joint Arab action. Arab economic integration is now imperative, which has not been effectively utilised previously as it should have been. This also explains the current Arab economic and social stature's weakening and decline.

Additionally, the research concludes that Arab economic integration projects' declining capacity to reach their aims may be attributed to the incapacity of many Arab countries and their diminishing economic capacity to fulfil their peoples' aspirations, which was one cause for their rising up against the political regimes. This provided the opportunity for extremists to fuel hatred and mobilise angry groups to keep turmoil ignited.

Within this context, the study presents certain original ways and means of maximising human capacities, enabling Arab integration to become a leading priority for Arab states, peoples and governments.

# CHAPTER ONE

The Arab reality and the importance of adopting radical change strategies





## 1.1 Overview of Arab Economic Integration projects

In this chapter, the Arab economic reality over the period preceding the Arab Spring will be appraised.

This will enable us to subsequently explain and comprehend the changes affecting this economy following the events over the sequence of their historical context.

### **1.1.1 Arab joint action and its success**

From the outset of the 1950's until 2009, the Arab states signed over 30 treaties and agreements.<sup>1</sup> Despite the results of these agreements falling short of Arab ambitions, several achievements were secured, most notably the "Greater Arab Free Trade Area Agreement - GAFTA"<sup>2</sup>; this resulted in inter-Arab trade expanding from USD 38 billion in 2004 to USD 120 billion by 2014, representing 11% of the total cross-border trade.<sup>3</sup>

Notably, the inter-trade volume between 2015 and 2016 declined to USD 103 billion, necessitating greater attention to be paid to understanding this decrease and working to rectify it and re-establish growth.

The Arab Monetary Fund's 2017 annual report observed that the total investment volume as a percentage of GDP in Arab countries attained an annual growth rate of 17% between 2005 and 2010, which was followed by a negative wave of decline in the wake of the Arab Spring. Nevertheless, Arab countries needed a two-fold increase in investment volume to fulfil their social and economic requirements.

The last two notes indicate the state of decline in investments and inter-trade that emerged in the Arab Spring's aftermath, alongside the consequent economic, commercial and developmental failures.

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<sup>1</sup>Most of the agreements revolved around key topics including: inter-Arab trade, organizing customs transactions, movement of goods and of individuals, organization of joint Arab investments and strategic agreements that included a joint Arab economic strategy adopted in 1980 at the League of Arab States summit of Amman. This was preceded with an agreement to form the Council of Arab Economic Unity.

<sup>2</sup>GAFTA: an economic alliance between Arab countries for economic integration and low-tariff trade. Came into force on 1st of January 2005.

<sup>3</sup>E-Commerce and its role in boosting inter-Arab trade, Dr. Ali Khouri, Council of Arab Economic Unity, 2017

	The relative significance of terms				Annual growth rate at current market prices		
	2005	2010	2015	2016	2005-10	2014-15	2015-16
Total consumption	59.6	72.5	72.5	73.3	13.0	0.5	13.0
Households consumption	43.7	51.6	51.6	53.0	13.4	1.5	-1.1
Government consumption	15.9	15.5	20.6	20.3	11.7	-1.9	-6.2
<b>Total investment</b>	<b>22.3</b>	<b>27.5</b>	<b>28.5</b>	<b>28.3</b>	<b>17.1</b>	<b>-0.1</b>	<b>-4.5</b>
Resources Gap	18.1	10.8	-0.9	-1.6	---	---	---
Exports of Goods & Services	54.0	49.9	42.0	39.5	10.5	-26.9	-9.4
Imports of Goods & Services	35.9	39.1	42.9	41.1	14.5	-5.9	-7.9
GDP	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>12.2</b>	<b>-11.1</b>	<b>-3.7</b>

Table (1): **Gross Domestic Product by Expenditure (2005 – 2016).**

Source: Joint Arab Economic Report.

### 1.1.2 Arab Economic Integration projects

The pervasive risks and obstacles faced by Arab countries that have stemmed from development bottlenecks have compelled the pursuit of a cohesive entity's integration and development, so as to achieve the requisite conditions for recovery and immunity.

Evidently, the most significant components enhancing such integration's success factors are unique to the Arab countries, the foremost being the common linguistic and religious backgrounds, shared culture and history, in addition to geographical proximity. The relevant aim in this regard is cross-cutting integration and efficacious collaboration, as a means of transcending the development obstacles, while ensuring the Arab nation's self-protection.

Cross-cutting integration refers to integration that fulfils the inclusive development requirements, distinguishing it from mere economic integration. This adds social and national dimensions to the economic dimension, therefore catalysing creativity in its inclusive sense, which is to say its symbolic creativity—of knowledge and values—as well as physical creativity in terms of the economy and urban areas.

This entails, for example, the establishment of industrial and agricultural integration, alongside the construction of new cities, energy plants and other infrastructure. Overall, the importance of a joint Arab action strategy lies in its objective which, at its maximum aspiration, seeks to uphold national security in its varying dimensions, as well as the achievement of Arab economic unity for balanced inclusive development and national self-reliance.

In 1953, the Arab countries reached the first of two trade agreements under the League of Arab States, which concerned trade facilitation and the organisation of transit trade. The second agreement focused on payment of trade transactions and capital mobility.

Subsequently, in 1957 the Arab countries signed the economic unity agreement, which permitted freedom of movement for individuals and capital, exchange of goods, the right of residence, work, employment and economic activities, consensus on transport, transit and the use of civil airports and ports and of intellectual property ownership.

Furthermore, the agreement coordinated economic and foreign trade policies in order to ingrain the Council of Arab Economic Unity countries' harmonised positions in terms of regional political and security challenges, as well as international economic developments. The signatory countries' agreements aimed at achieving the economic objectives via the conclusion of trade agreements and conducting of multilateral economic exchanges from a common coordination concept.<sup>4</sup>

Following the economic unity agreement's signing and as a consequence of obstacles faced in terms of its implementation, alongside gaps in the production structures and Arab consumption patterns, in 1980 the Arab countries renewed their commitment to augment the paths to Arab economic integration through signing the Charter of National Economic Action. This charter emphasised the significance of adhering to principles aimed at boosting national economic integration and collective self-reliance.

Additionally, the charter advocated for introducing Arab economic citizenship, diminishing Arab countries' development and income gap, guaranteeing comprehensive freedom of movement for Arab labourers and their rights to education and training, facilitated competency mobilisation within the Arab world while benefitting from skilled resources external to it, as well as promoting investment in Arab economic power to serve Arab national issues.

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<sup>4</sup>Arab Integration A 21st Century Development Imperative, ESCWA report: <https://www.unescwa.org/sites/www.unescwa.org/files/publications/files/arab-integration-21st-century-development-imperative-english.pdf>

Concurrently, Arab countries signed an Arab economic action strategy aiming to mitigate challenges stemming from fragmentation, fall back, colonialism and intellectual invasion. The consensus was that such challenges may only be successfully resolved through harmonised work towards development and liberalisation aims.<sup>5</sup> Accordingly, the devised strategy focused on several points including:

1. The liberation of Arabs and their creative capacities;
2. Maintenance of national security in all its dimensions;
3. Economic integration along the path towards Arab economic unity;
4. Acceleration of inclusive and balanced development;
5. Achievement of the greatest degree of national self-reliance;
6. Contribution to the establishment of a new international economic order that would protect the Arab market's interests and realise development of Arab productive capacities.

In 1981, the Arab countries signed an agreement for facilitating and developing trade exchange; this provided the first contractual framework aimed at implementing the major principles established in the Strategy for Joint Arab Economic Action documents and the Charter of National Economic Action.

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<sup>5</sup>Reference 3.

Nevertheless, the agreement did not cover the procedures pertaining to free trade, nor the mechanisms complimenting the compensation process enabling equitable distribution of gains resulting from inter-Arab trade. Therefore, the agreement ultimately did not become operational.

Subsequently, the signing of an analogous agreement to guarantee the free movement of labour among Arab countries occurred, although its implementation and detailed activities remained limited in terms of attaining the Arab economic integration's objectives as embodied in the economic unity agreement, Charter of National Economic Action and Strategy of Joint Arab Action.

Significantly, the majority of Arab countries concentrated their exertion on facilitating capital and goods' movement, establishing internal regulatory provisions for Arab capital investments, guaranteeing against confiscation, forced confinement and other compensation procedures, as well as insurance provision for invested funds.

Furthermore, the agreement provided guarantees for dispute resolution and established the Arab Investments Court in 1986. This resulted in a significant development emerging in 1987, with the conclusion of the Amman Arab Convention on Commercial Arbitration.

Afterwards, the Greater Arab Free Trade Area (GAFTA) was created in 1997, entering into force in 2005. Regardless of the project's relative success during its initial five years, the path towards joint Arab action remained limited in terms of results and incapable of realising the hopes of

Arabs; people understood that Arab cooperation continued to languish below that which it could have achieved.<sup>6</sup>

Field research undertaken in 2013 by the Arab Center for Research and Policy Studies showed that 65% of respondents from various Arab countries expressed pessimistic sentiments, criticising and being dissatisfied with the level of Arab economic integration.<sup>7</sup>

In summary, the devised roadmap for inclusive economic integration was underpinned by the following key milestones:

1. Establishment of a Free Trade Area wherein elimination of custom and non-custom obstacles is achieved. This phase is ongoing as it is yet to be satisfactorily completed;
2. Establishment of a Customs Union, introducing a common tariff or agreed-upon tariff for imports originating from outside the Union. This phase has not been reached yet, regardless of bilateral attempts to execute it in relation to numerous goods, particularly between the Gulf Cooperation Council (GCC) countries;
3. The common market phase to free the movement of capital and labour between the common market countries. This phase has not yet been initiated;
4. The economic unity phase aimed at unifying financial and monetary policies, as well as issuance of a single currency. This phase has not yet begun.

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<sup>6</sup>Previous reference.

<sup>7</sup>Previous reference.

Having considered these four key milestones, the Arab world remains focused on the first two phases and has not progressed to embark on the third and fourth phases, which are more reflective of the genuine goal desired.

## SUMMARY

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1. Despite the dearth of in-depth studies reviewing and analysing the extent to which agreements have successfully attained their objectives or failed to meet them, it may be stated that generally, they have enabled progression in Inter-Arab economic relations' development. This is on the basis of inter-trade growth having expanded over 300% between 2004 and 2010, while investment rates have seen GDP double over the same period, with an annual growth rate of 17%.

Accordingly, the mean size and balance of investments doubled, although this conclusion does not absolve the significance of identifying clear mechanisms for incorporation into each agreement. This would enable measurable targets to be set and evaluation entities to relay assessments and evaluation reports pertaining to the expected interest of the agreements and strategies.

2. Assuming continuation of the same upward pace in terms of the Arab agreements' effects, it will never be sufficient to attain the Arab common market's goals nor the desired economic development, because its effects will be restricted solely to superficial augmentations rather than being deeply ingrained. Moreover, it does not imply a comprehensive change for achieving inclusive development goals across the Arab region.
3. Overall, the downturn was apparent over the last seven years in terms of joint Arab economic action, essentially following the wave of unrest resulting from the Arab Spring.



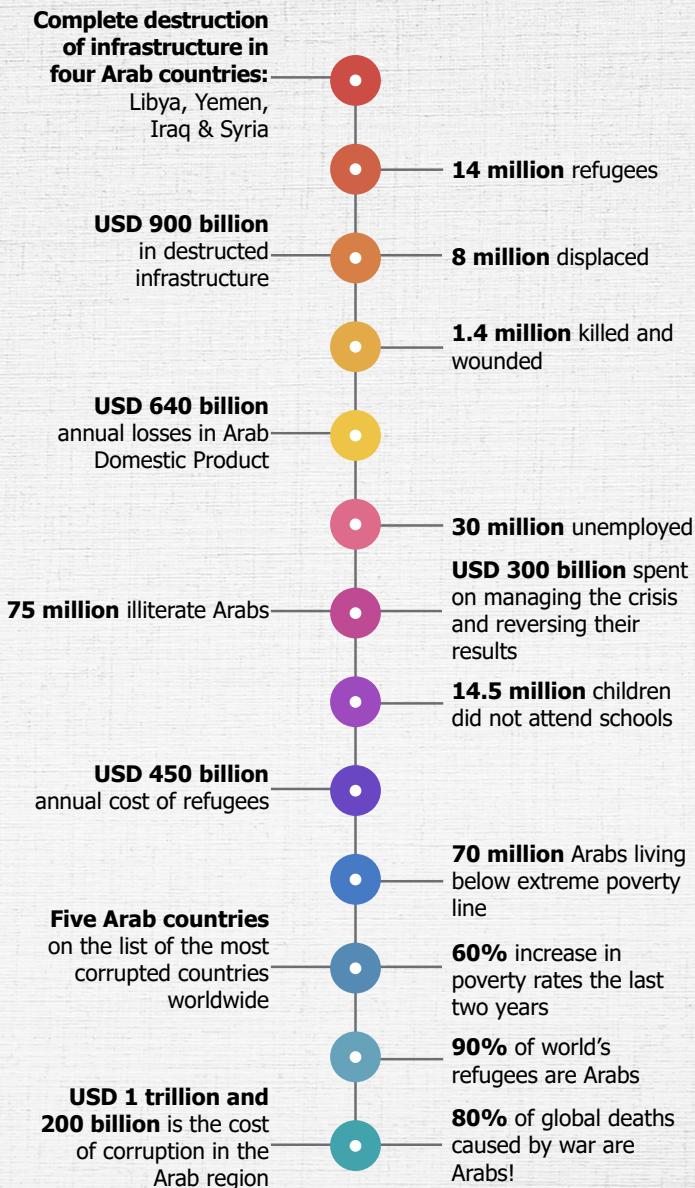
## 1.2 The effect of the Arab Spring on Arab countries

### 1.2.1 Direct impacts on the countries affected by the unrest

It is apparent that the Arab Spring events' results, particularly from an economic perspective, resulted in serious losses and will require years of hard work—decades at a minimum—to overcome the detrimental effects and rebuild the countries directly affected by the unrest.

The Arab Strategy Forum published figures in a 2017 report concerning the cost of the Arab Spring,<sup>8</sup> which are presented in Figure (1).

<sup>8</sup>Outlook for conflicts and hotspots in MENA, Arab Strategy Forum - 2017



**FIGURE 1**

**Implications and costs of the Arab Spring**

These figures summarise the findings in United Nations' (UN) and the League of Arab States' international reports, as well as those of other international organisations. They are sufficient to comprehend the magnitude of incurred losses, with estimates conveyed at the level of trillions rather than billions.

Moreover, such statistics reflect the situation at the time of writing this study, implying an ongoing increase and amplification of the losses to an extent that we are uncertain when will it stop, or when the trend will reverse and building, reconstruction and stability will begin.

Furthermore, international statistics reports indicate a general economic decline encompassing the entire Arab region during the years following the Arab Spring—with effects still present—although certain countries have managed an incremental recovery.

### **1.2.2 Indirect results on neighbouring countries**

Evidently, neighbouring countries<sup>9</sup> have had their share of detrimental and indirect consequences from armed conflicts and wars in Arab countries; as mentioned above, there have been hundreds of thousands of refugees.

For example, refugees in Lebanon alone reached over one million people, equivalent to approximately 17% of Lebanon's population. Syrian refugee numbers in Jordan have reached more than 600,000, equivalent to 7% of Jordan's population. Turkey welcomed more than three million refugees in 2016 alone.

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<sup>9</sup>Countries next to the States suffering from the Arab Spring

Meanwhile, the number of immigrants reaching the European continent from 2011 until the end of 2017 was over 4 million, with over two thirds being Arabs, especially Syrians, with this figure excluding illegal immigration.<sup>10</sup>

Such an unprecedented influx of refugees resulted in economic challenges that compounded existing problems in the countries concerned, contributing to an undermining of resources. These further pressures added to challenges across the food, real estate, infrastructure, education, health and other sectors.

The refugee inflow contributed to a weakening of security in the recipient countries, because illegal behaviour and patterns have emerged among certain refugees. This has involved them being exploited by local people, forced into unethical acts or influenced towards extremist activities, with some being recruited to radical groups and conducting terrorist attacks inside these countries. Over the past few years, numerous terrorist bombings have been carried out on the European continent.

The refugee inflow has also affected the local unemployment rates among the labour sector in the welcoming countries, with the local population seeing their incomes decline as a consequence of refugees accepting unbinding contracts by business owners and low wage rates.

Resultantly, local businesses have been detrimentally affected through the prioritisation of refugees, who are often exploited for illegal and inhumane pursuits. Such challenges have intensified within Arab nations, causing

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<sup>10</sup>Eurostat – the statistical office of the European Union

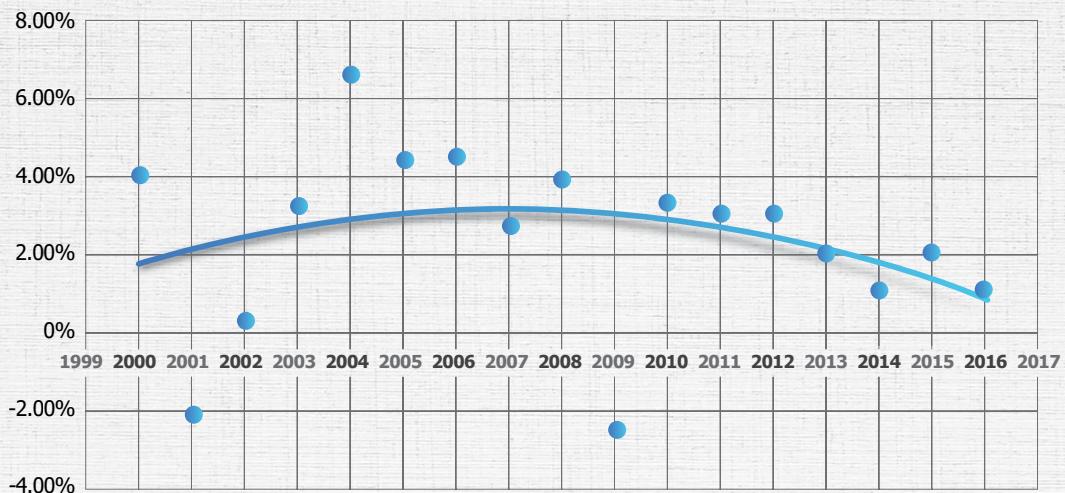
a slowdown in these countries' productive growth by an average of 1.9%. This has produced a form of pressure on government institutions in terms of providing young refugees with employment opportunities alongside their citizens.

Exemplifying this is the fact that Jordan's growth rate declined by 2%-2.6% from 2011-2016. An International Labor Organization report has highlighted the enormous influx of Syrian refugees into Lebanon, with an approximate total of 1.5 million refugees according to official estimates in 2016. This has negatively affected the socio-economic situation and has exacerbated the difficulties posed to the labour market. Indeed, Lebanon's official number of unemployed has reached almost 20%, resulting in an expanded unregulated economy.<sup>11</sup>

Published data on the UN portal evidences the declining annual growth rates across all Arab countries, as presented in Figure (2); this marks a downward trend beginning in 2008 as a result of the Global Financial Crisis.

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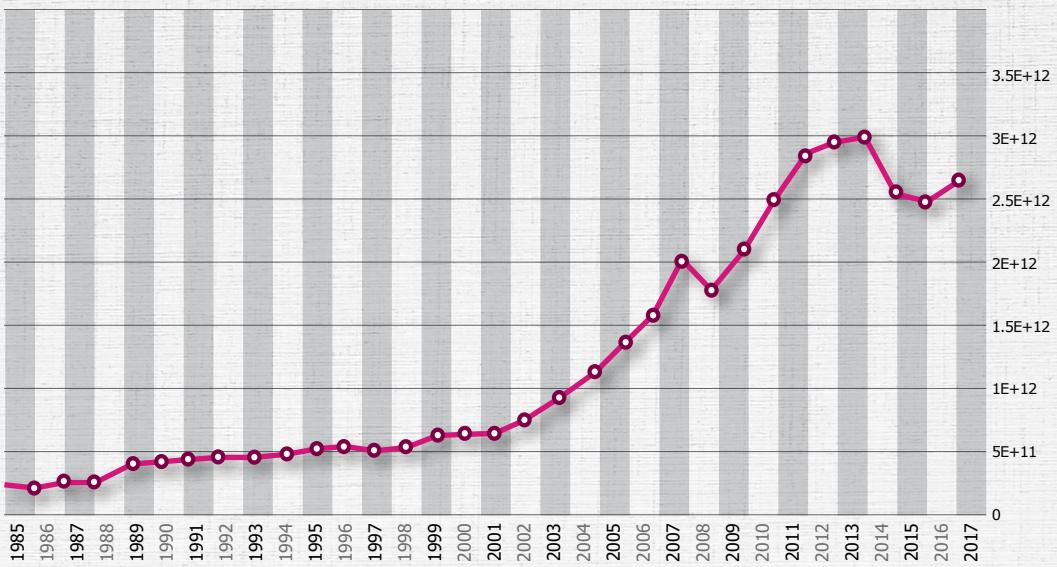
<sup>11</sup>International Labor Organization in Lebanon, [https://www.ilo.org/beirut/countries/lebanon/WCMS\\_561694/lang--ar/index.htm](https://www.ilo.org/beirut/countries/lebanon/WCMS_561694/lang--ar/index.htm)



**FIGURE 2**  
**Ratio of annual growth of GDP per person in  
North Africa and West Asia**  
Source: United Nations Statistics<sup>12</sup>

Whereas the global economy started recovering at the beginning of 2010, annual growth rates continued declining among Arab countries and witnessed a sharp decline beginning in 2012, coinciding with the aftermath of the Arab Spring. Benchmarking these observations with Arab countries' macroeconomic indicators, a decline in the local GDP is identifiable, shrinking to approximately USD 400 billion over three consecutive years, as presented in figure (3).

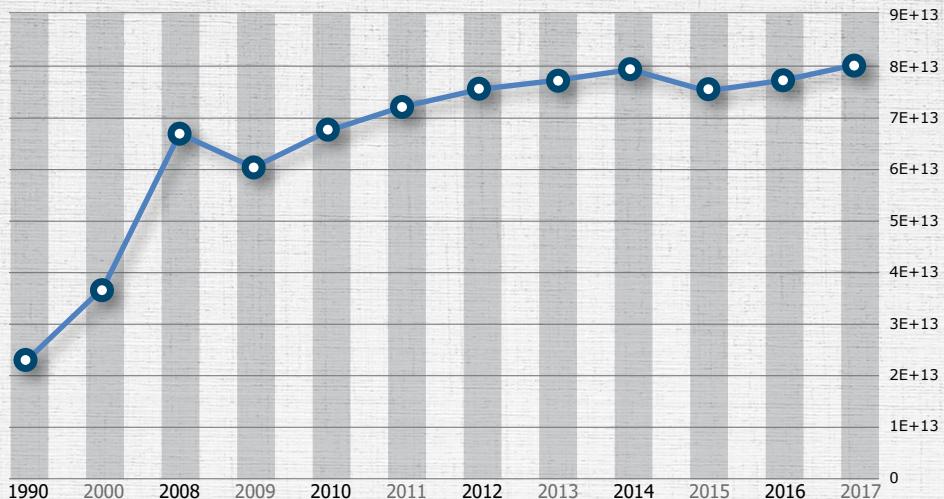
<sup>12</sup>United Nations statistics, <https://unstats.un.org/sdgs/indicators/database>



**FIGURE 3**  
**Historical overview of GDP for Arab countries (in US Dollars).**  
 Source: World Bank national accounts data and  
 OECD National Accounts data files<sup>13</sup>

Meanwhile global GDP across the same period enjoyed an annual increase, as figure (4) presents. Ultimately, this confirms that the Arab countries entered an economic situation that ran counter to the global trend, which was an unprecedented phenomenon in modern history.

<sup>13</sup>World Bank national accounts data, and OECD National Accounts data files



**FIGURE 4**  
**Historical overview of global GDP (in US Dollars).**  
Source: World Bank<sup>14</sup>

It is possible to compare the trade balance of non-oil Arab countries with China's trade balance, with the latter showing a successful trade balance for a productive and economically significant country which is nevertheless affected by the global economy's peaks and troughs.

Indeed, 2011 saw a collapse in trade and marked decline in exports against imports, with this remaining negative even after signs of improvement over the previous two years.

Mindful of the optimal situation being that the trade balance becomes positive, this means an increase in exports against imports. Such a situation only appears attainable if the Arab common market's activation is possible.

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<sup>14</sup>World Bank

Alongside the above circumstances and through comparing the Arab economy with the Chinese economy over the last sixteen years—which is to say since the beginning of the 21st Century—we discover that the mean Arab annual growth rates hovers around 2%, whereas China's mean annual growth rate over the same period is approximately 9%.

This provides a thorough impression concerning the difficulties posed to Arab countries generally, even prior to the wave of security and civil unrest emerging since 2011 and the accumulating negative effects that followed as figure (5) shows.<sup>15</sup>



**FIGURE 5**

### Overview of growth and decline rates in China's trade balance compared to non-oil Arab countries.

Source: World Bank

<sup>15</sup>World Bank statistics, <https://data.worldbank.org/>

It should be noted here what we have explained in our previous study on inter-Arab trade, published in 2017 through the Council of Arab Economic Unity.<sup>16</sup> This showed that inter-Arab trade growth rates following the GAFTA agreement's implementation and until the end of 2008—which is to say prior to the economic meltdown—were characterised by a mean annual growth rate of approximately 25%. See figure (6).



FIGURE 6 <sup>17</sup>

**Ratio of Inter-Arab trade.** Source: Arab Monetary Fund

<sup>16</sup>Reference 2

<sup>17</sup>Joint Arab Economic Report 2017, <https://www.amf.org.ae/en/jointrep>

Having recovered from the financial crisis' effects, the Arab Spring unrest began and this ratio decline to below 5%, followed by entrance over the last two years into a period of negative declining rate.

This is a reversed reaction against the success that may have been attainable. Assuming that a consistent annual growth rate of 25% could have endured, Arab trade would now be valued at around USD 450 billion following an exponential growth rate assumption, or approximately USD 250 billion assuming a linear growth rate, in contrast with the present USD 103 billion. This tremendous loss is one of the Arab Spring's bills.

Essentially, based on this evidence the Arab world is left with just a single rational way forward and no alternatives for rapidly altering this reality, which entails two interconnected tasks; one will not succeed in absence of the other:

1. The need for a radical change in the current Arab economic approach, one that permits annual growth rates of approximately nine percent or greater over a period of more than a decade, enabling the Arab economy to absorb and accommodate the state of severe decline that it is currently undergoing.
2. The need to adopt a comprehensive plan for reconstruction, accommodating countries and communities suffering direct or indirect effects of the Arab Spring events.

It is crucial to comprehend the nature of the Arab economic, geographical and historical market and volume of inter-Arab interdependence. At times there seems to be instances of dissonance between particular Arab political components, contravening the fact of us being a cohesive economic bloc.

This is similar to a train with some railcars at the front and others further back, with the train unable to move effectively unless all of its railcars are moving forwards.

The argument being conveyed here is that every individual solution for a country or group of countries will be unyielding and only a partial solution, as evidenced by what has been attempted over the previous 40 years through regional and individual state efforts; these did not attain the political, social or economic results aimed for, regardless of whether such initiatives appeared to attain a certain level of success.

European countries realised that unless they united economically, their ability to effectively achieve global economic success would be undermined. Resultantly, they took the strategic decision to absorb the detrimental effects that hit particular European countries that were severely exposed in the wake of the 2008 financial crisis.

For example, Greece received three European rescue packages in 2010, 2012 and 2015 in the form of financial support and soft loans, accompanied by further financial and economic reform measures. Despite the resultant

financial burden on the rescuing countries' budgets—those countries seeing less-impacts from the crisis—they were driven by their belief in the railcar theory.<sup>18</sup> They had no solutions other than to prop up and support.

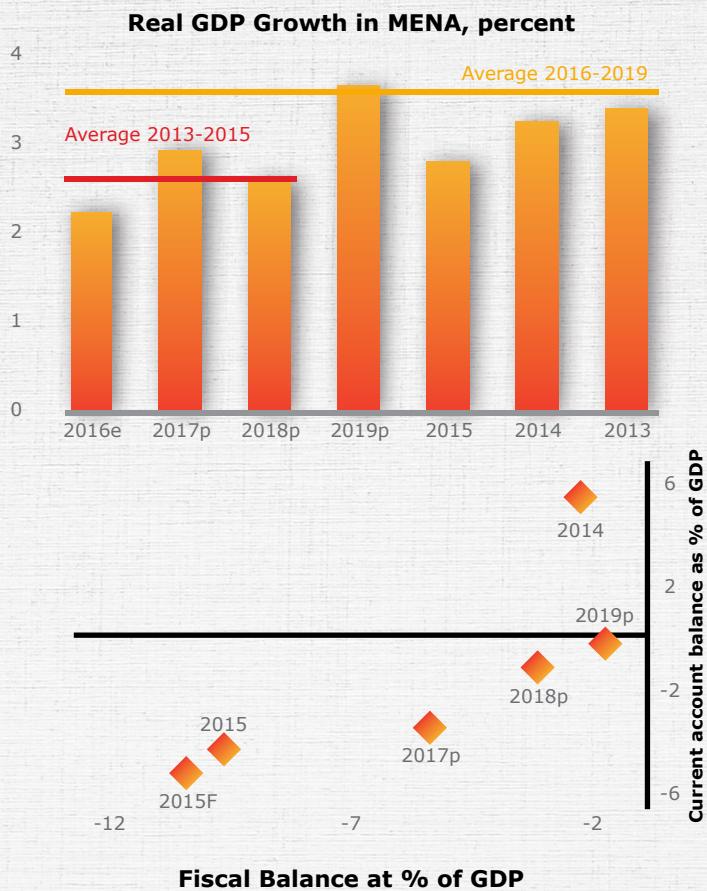
Ultimately, Arabs must acknowledge this and work on absorbing negative economic conditions, as they implement the planned shift towards an integrated Arab economy aimed at attaining an annual global growth rate of 9% or greater.

### 1.2.3 Effect of unrest on the Arab World

International statistics and projections have evidenced that those Arab countries suffering from detrimental post-revolution conditions are now making gradual improvement, although this will be slow. Figure (7) provides the World Bank forecasts.

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<sup>18</sup>The railcar economic theory means that a bloc of neighboring and allied countries have an interconnected economic structure that runs as a train where the railcars are the countries. The breakdown of a country; a railcar in this example; will disrupt the movement of the train until the railcar moves again. The train's speed will be affected by the slow movement or difficulty of the damaged railcar.



**FIGURE 7**  
**Macroeconomic outlook for real GDP and the balance of payments to GDP ratio in the Middle East and North Africa.** Source: World Bank<sup>19</sup>

<sup>19</sup>The Economics of Post-Conflict Reconstruction in MENA, MENA Economic Monitor, World Bank: <https://openknowledge.worldbank.org/bitstream/handle/10986/26305/9781464810855.pdf>

The World Bank report<sup>20</sup> indicates that following the Arab Spring unrest and declining oil prices, Middle East and North Africa (MENA) region economic activity remained suboptimal between 2013 and 2015.

The report anticipates that the situation will improve slightly, with growth surging higher than 3 percent over the forecast period. Nevertheless, this remains below the full potential.

The prospects of peace across the Arab world, particularly in Syria, Yemen and Libya, remain fundamental to resuming growth over the forthcoming decade. Even so, fulfilling this potential depends on an effectively-managed process, post-conflict reconstruction activity, the rebuilding of war-shattered economies and the reintegration of entire Arab peoples.

Furthermore, the World Bank warns that a poorly managed process risks the recurrence of conflict, ongoing stagnation and suffering, in addition to perpetual fragility. On this basis, Arab countries must adopt new and unconventional economic concepts, because this is critical for the future flourishing of MENA economies and is not limited to war-torn countries.

#### **1.2.4 Arab economy situation based on the global competitiveness report**

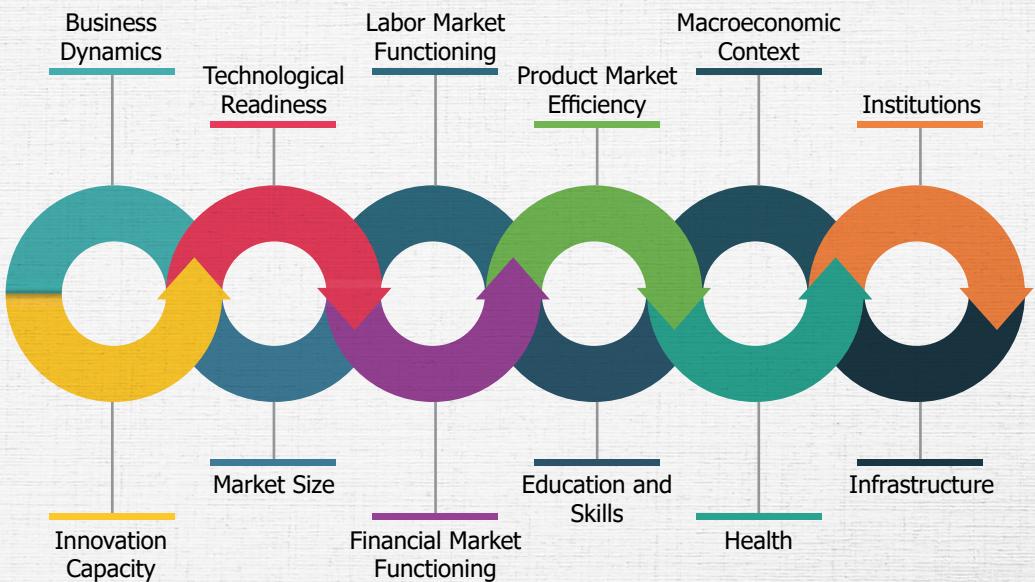
A number of prominent international institutions, for example the World Bank, the United Nations and the World Economic Forum, issue annual competitiveness reports drawing on available data.

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<sup>20</sup>Previous reference (19)

The World Economic Forum's Global Competitiveness Report will be reviewed here, being widely held as one of the foremost global references in the competitiveness field, thus providing an appropriate economic reference for the nature of this study.

The report establishes 12 pillars for measuring international competitiveness, which are in turn organised into sub-indices. The report presents crucial data for each country and its rank per sub-index, with their ranks then determined accordingly for each pillar. Subsequently, countries' overall ranks are calculated as a renewed annual competitive framework.<sup>21</sup> See figure (8).



**FIGURE 8**  
**The 12 pillars of global competitiveness  
of the World Economic Forum.**

<sup>21</sup>World Economic Forum reports: <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%20%932018.pdf> noting that data for some Arab countries were not available in the report.

Drawing on the report data, we analysed and prepared a summary of the Arab countries' global rankings, presented in figure (9), which highlights the twelve-pillar average for these countries during and post-Arab Spring.

The analysis was restricted to data for 15 Arab countries out of 22 in total, given that the original report did not include the other seven countries.<sup>22</sup>



**FIGURE 9**  
**Comparison of competitive ranks of Arab countries between 2010-2011, 2014-2015 and 2017-2018<sup>23</sup>**

<sup>22</sup>The countries that their data will be reviewed and our analysis are based on are Algeria, Bahrain, Egypt, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Tunisia, United Arab Emirates and Yemen.

<sup>23</sup>The report did not provide data for some Arab countries. For example, Sudan did not have any data. Syria did not have data for the years 2014-205 and no data were available for Syria and Libya for the years 2017-2018.

The findings indicate that the Arab countries overall and during the peak years of the Arab Spring's negative effect had lost 11 positions in the international ranking.

Furthermore, the Arab Spring-afflicted Arab countries already had a low average from the outset and had declined by 19 positions in the global competitiveness ranking over the same period. Essentially, the deterioration almost doubled on the Arab general average.

As a means of comprehending the international competitiveness ranking system, it is distinguished into three main components: 'competitive countries'; 'medium or non-competitive', as well as 'serious development required', enabling comparison among approximately 138 countries.

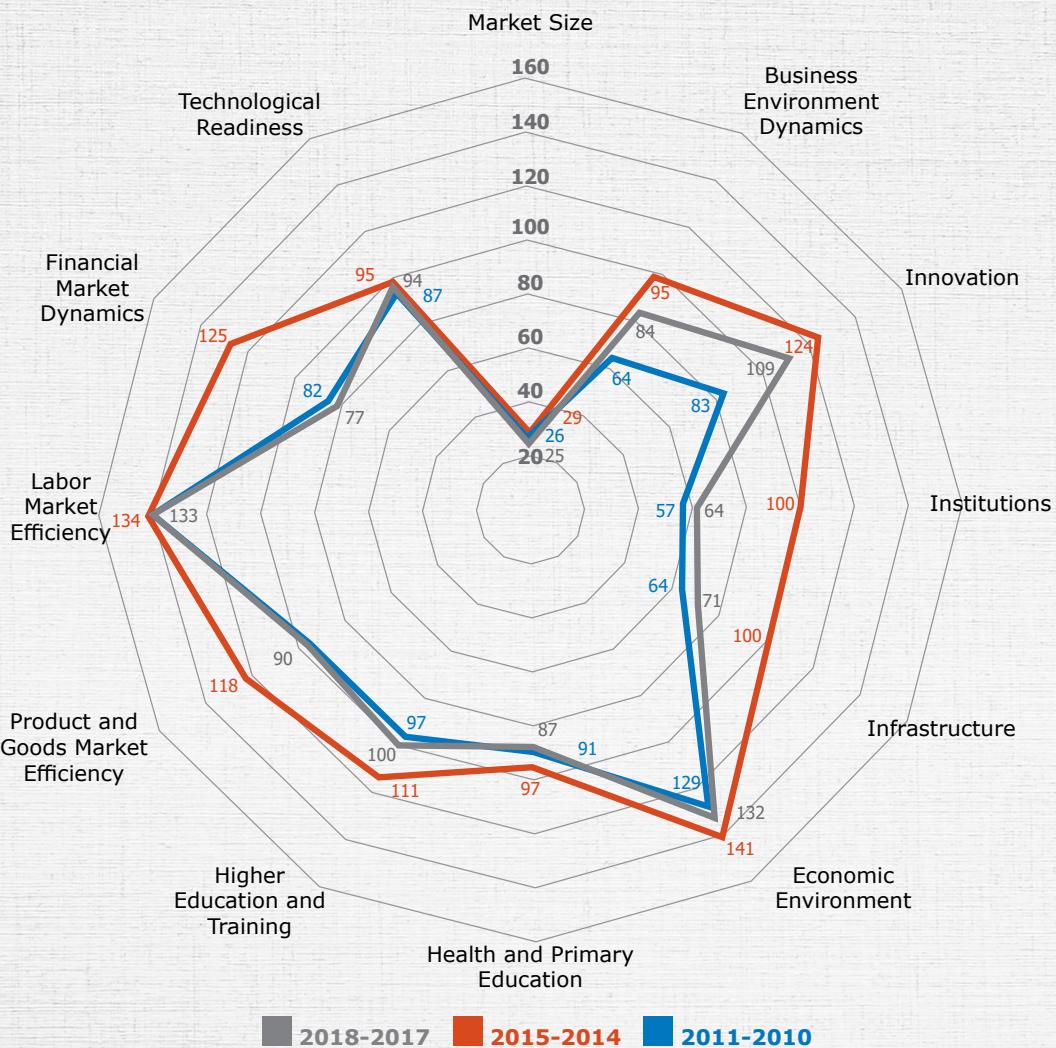
By dividing them into three equal parts, it may be stated that the positions up to 46 may fall into the first category, while positions up to 92 fall into the second category. The countries in the following position are those that require serious and substantial development.

Through adopting this simplified approach, it is apparent that Arab countries' overall average situates them within the second and third categories, namely the group of 'middle or non-competitive countries' and 'countries that need serious development respectively.'

Clearly, this is unsatisfactory. Notably, four Arab countries were situated in advanced positions in the 'competitive countries' group: the UAE; Qatar; Saudi Arabia, as well as Bahrain, which were ranked 17th, 25th, 30th and 44th, respectively.

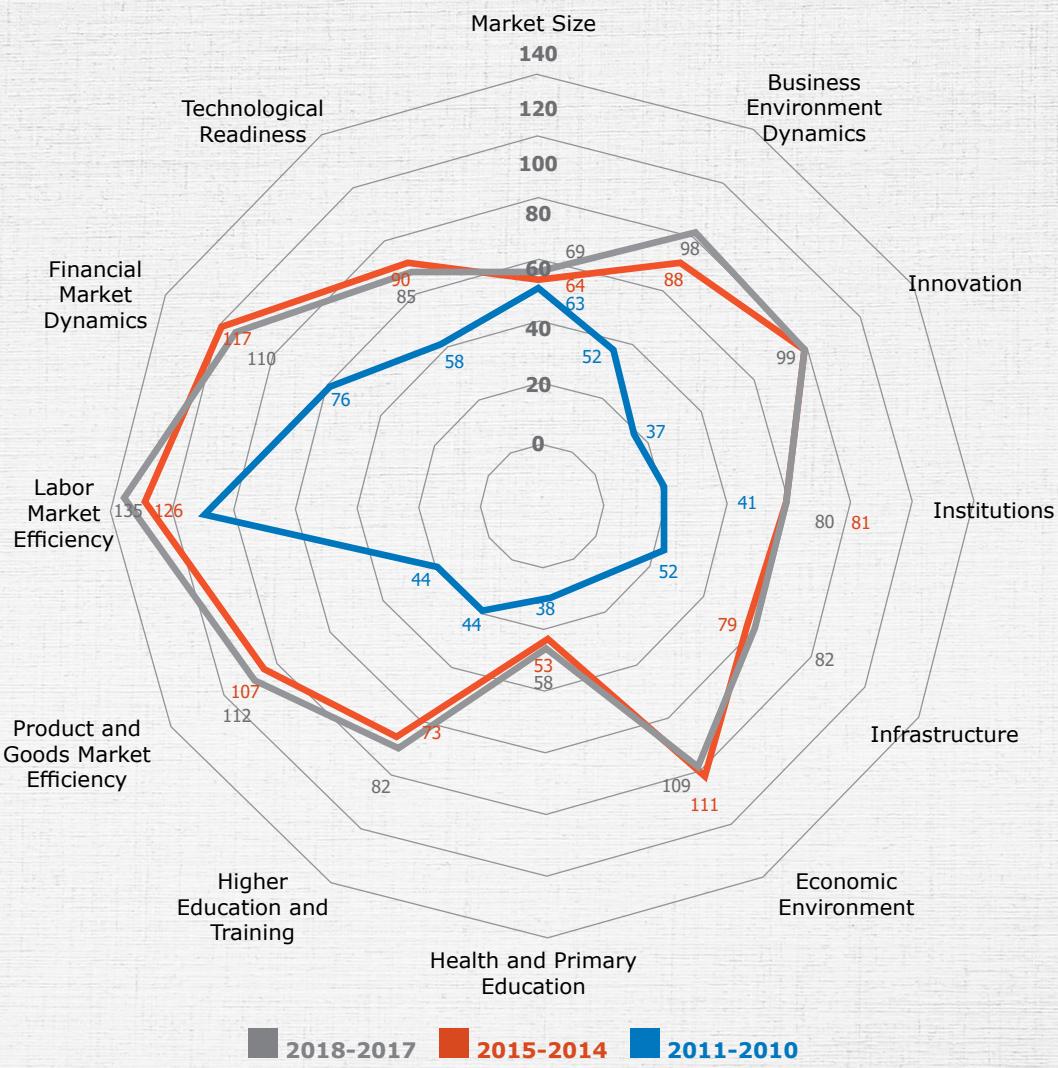
When these four countries are removed from the calculation and we introduce the countries without data, for example Sudan, Iraq, Somalia, Djibouti and Syria, this will result in a significant shift in the mean to a far lower rankings, especially in the years following the unrest.

As a means of concluding the status of countries for which data was unavailable or which passed through more turbulent stages, we analysed the competitive ranking data for Egypt and Tunisia, because among all of the Arab Spring countries witnessing unrest these two saw the least detrimental effects. Figures (10) and (11) illustrate the comparison results.



**FIGURE 10**

**Competitive rank for the Arab republic of Egypt according to World Economic Forum data for specific years.**



**FIGURE 11**

**Competitive rank for Tunisia according to World Economic Forum data for specific years**

Evaluating these results as a comparison of the two countries' competitive rankings, both witnessed decline over the Arab Spring period. Even with conservative recovery signs emerging in Egypt, Tunisia continues in its state of decline, although it has not declined further.

Generally, Arab countries face challenging economic conditions, with such conditions likely to endure unless an innovative economic model is adopted for stimulating growth and improving people's livelihoods.

Drawing conclusions from all of the data reviewed in this chapter, all of the reports from various sources indicate the following consistent facts:

1. Arab countries' economic, social and competitiveness conditions have deteriorated as a consequence of the turmoil afflicting a number of Arab countries. Conditions that were originally not especially positive had declined further;
2. This effect has extended to all Arab countries, although the severity of these effects has depended on geographical proximity and inter-effects;
3. Certain Arab countries' debilitating economic effects are not limited to local conditions, as they will affect the remaining Arab countries;
4. The general ranking of the Arab economy is situated in a very regressive position internationally, which is unsuitable for it, its civilisation, as well as its potential and viable economic capacity;

5. Despite signs of recovery emerging in certain Arab countries, this recovery and the restructuring of the economies that were directly and indirectly affected by the Arab Spring must be promoted as part of a comprehensive Arab economic vision;
6. Concerning geographical, demographic, historical and cultural factors, the Arab economic and trade opportunities to transition to robust economic conditions are subject to the Arab region's ownership of a cohesive economic vision for a unified Arab market, which is yet to shift from the theoretical world into the real, practical world.

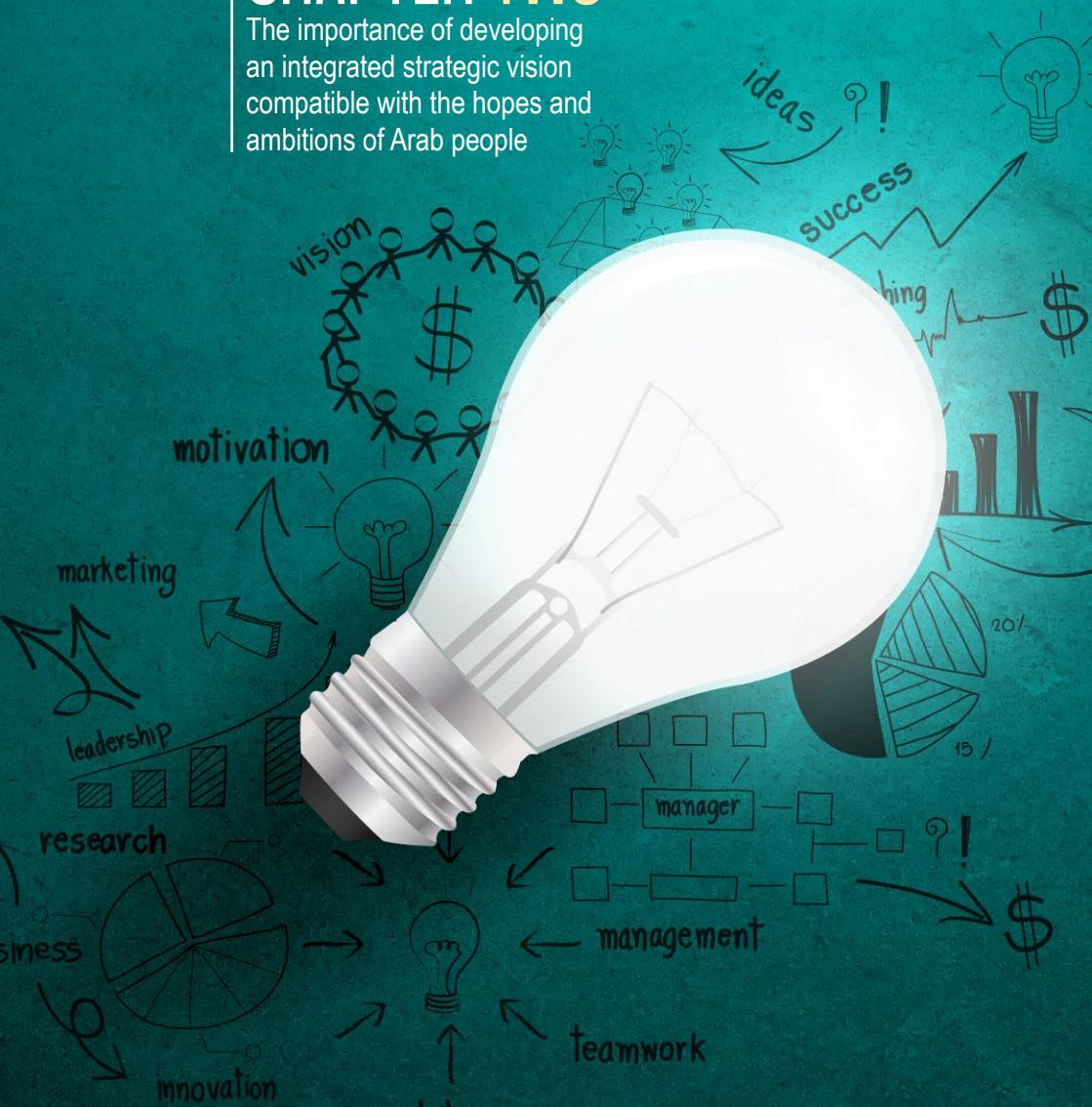
Based on these above points, it is significant that the general position on the Arab reconstruction project is inclusive, strategic and realistic.

Accordingly, the two subsequent chapters analyse the principal dynamics which underpin the various areas of a reconstruction strategy's integrated vision, in order to accord with the Arab people's hopes and aspirations.

The main areas revolve around three topics: 1) the human being; 2) the infrastructure, formulating the necessary foundation for any inclusive development process, as well as 3) the minimum services necessary for ensuring long-term sustainability of any successful strategy aimed at the Arab people's prosperity, satisfaction and happiness.

# CHAPTER TWO

The importance of developing  
an integrated strategic vision  
compatible with the hopes and  
ambitions of Arab people



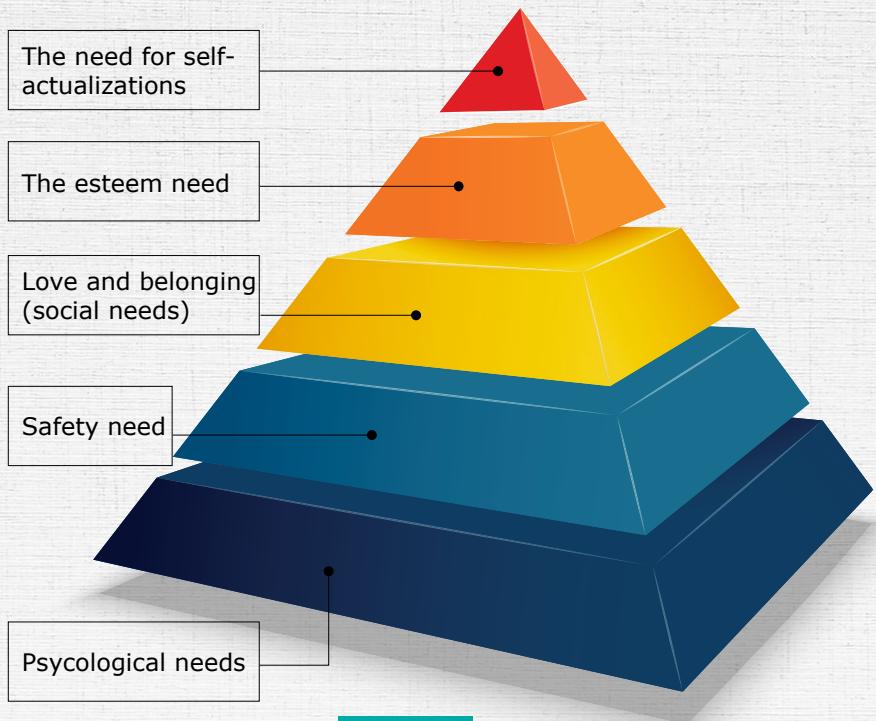


## 2.1 Basic general objectives that meet natural human needs

Planners must situate the psychological motivations concept at the heart of the planning process. This is due to it providing the engine of human behaviour, while it may also cause frustrations resulting in one's resort to defensive means in order to protect one's self and fulfil one's needs in accordance with their importance and priority.

Maslow's hierarchy of needs<sup>24</sup> represents a realistic theory of humans' natural, psychological, physiological and social needs through which one can measure one's ambitions. The hierarchy emphasises the significance of interlinking all reconstruction designs with one's needs, working to achieve these needs in accordance with the hierarchy of priorities. See Figure (12).

<sup>24</sup>A Theory of Human Motivation, York University, Canada: <http://psychclassics.yorku.ca/Maslow/motivation.htm>



**FIGURE 12**  
**Maslow's Hierarchy of Needs**

Here we can highlight seven main areas of human needs, which we consider to be directly linked to the sustainable development goals and that must be evaluated during reconstruction projects: security and stability; securing food; securing water; securing environmental and health; securing the labour market and jobs; securing human and community rights and participation, in addition to overall society's happiness and wellbeing.

### **2.1.1 Security and stability needs**

Undoubtedly, humans' security stability is a principal need, pertaining to the requirement for a feeling of personal, family, employment and surrounding environment security.

Therefore, it is the first and foremost basic foundation to account for as part of the reconstruction process. Economic development is also connected to security, stability and the rule of law, thus necessitating an integrated security system's development as a means of protecting individuals and institutions and dealing with developments and challenges.

This is a significant requirement that enables the attraction of capital and boosting of confidence among investors and financial institutions.

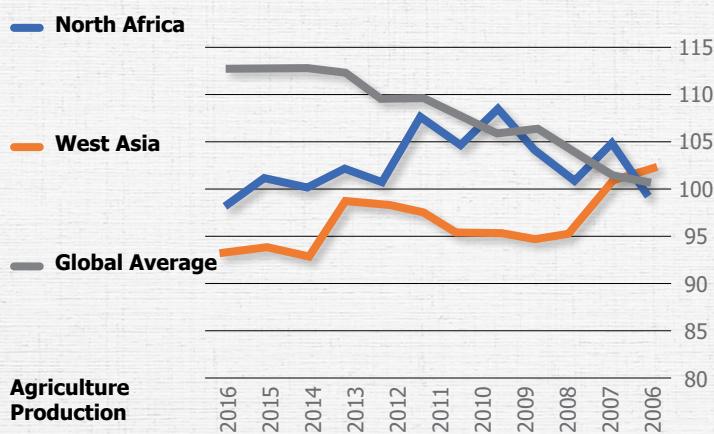
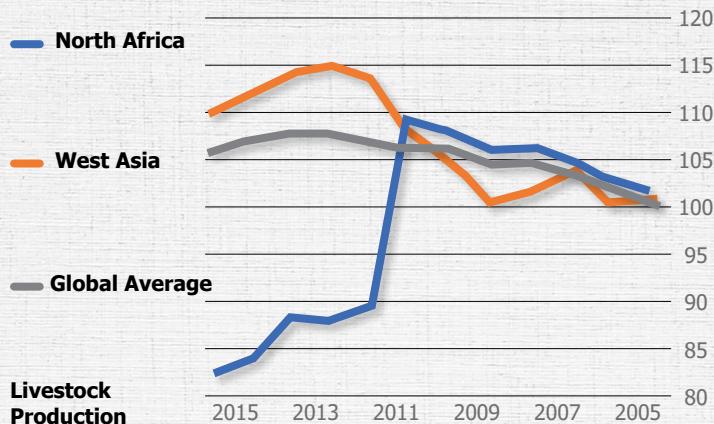
Furthermore, it permits the creation of an overall context conducive to companies and institutions undertaking activities relating to reconstruction, without which this process would be unable to advance.

### **2.1.2 Securing food needs**

Securing food needs is as crucial as ensuring security and stability; the human biological requirement of remaining alive is entirely dependent on the continuing availability of food and water. Therefore, reconstruction plans must consider Arab countries' capacity for providing food in a manner that ensures the integration of healthy diversity into the current and expanding future population.

The most noticeable Arab economic shortcomings have long been linked to the strategic food gap, investments in which continue to increase at a pace closer to or below the pace of population growth; this is insufficient to close the gap. Consequently, reconstruction plans must appraise this gap from the outset, because it is a challenge necessitating resolution.

A review of the United Nations' Food and Agriculture Organization's data and statistics indicates how this gap has been increasing due to overall economic and production decline over the last five years. See Figure (13).



**FIGURE 13**

**Agriculture and livestock production in the Arab countries compared with global production.** Source: Food and Agriculture Organization of the United Nations<sup>25</sup>

<sup>25</sup>Food and Agriculture Organization statistics: [www.fao.org/faostat/en/#data/Qlv](http://www.fao.org/faostat/en/#data/Qlv)

In pure economic investment language, this weakness may be deemed an urgent and available investment opportunity, while also being a safe area for sustainable and successful economic development. This is particularly the case given that the global index over the equivalent period is characterised by growth in contrast with its trend in the Arab world.

The Arab world comprises a tremendous area of land and water, as well as possessing abundant food resources through which it may secure its food needs. Nevertheless, compared to what is achievable, Arab food production remains below the global average. Moreover, it is characterised by a decreasing curve following the Arab Spring, as presented in Figure (13).

### 2.1.3 Securing water needs

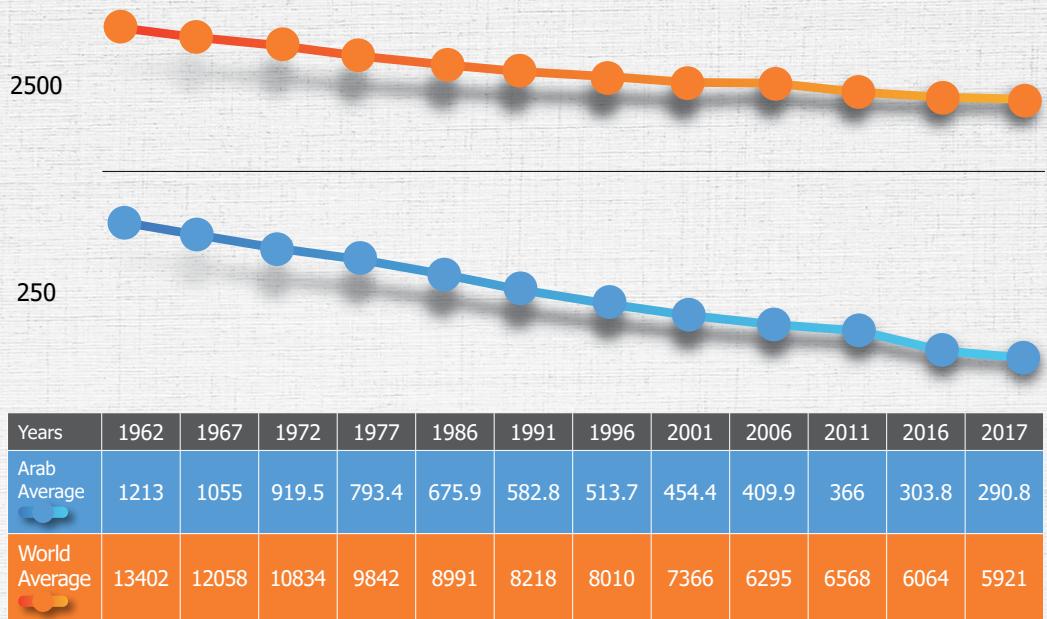
Water is as equally important to food needs as a basic requirement for human existence and living creatures generally,<sup>26</sup> while being a foremost input for numerous industries and for energy generation. With freshwater levels declining globally, the Arab world is one of the world's poorest regions for freshwater resources.<sup>27</sup>

Figure (14) presents the decline in the Arab per capita share of the global average for water, from 10% in 1962 to 5% in 2017; there are general initiatives and strategies for water security in certain Arab countries, yet a total absence in others.

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<sup>26</sup>Only 3% of water resources on Earth is non-saline, and two thirds of this water is trapped in the mountains and glaciers. Also, the human being can only reach around 0.08% of water in the world. In general, the world suffers from ratio decline of water availability of cubic meters per capita due to the global population growth in addition to drought and desertification and drop in rainfall rates due to increase of Earth's temperature and activities that may be opposite to human interest. Therefore, there is a global trend to manage water and use it sustainably in serving human, social and economic activities.

<sup>27</sup>According to international statistics, the world average per capita from freshwater in 1962 reached 13402 cubic meters of water per citizen, and the Arab average per capita in the same year was 1213 cubic meters of water, which means that since that period, the Arab average per capita from water is less than 10% of the global share. According to statistics in 2017, the global per capita has declined to 5921 cubic meters of fresh water to fall to 44% of its first value. The Arab per capita from water has decreased in the year 2017 to 291 cubic meters of water, which represents 5 per cent of the world's per capita today. This shows that we in the Arab world are facing a serious crisis whose size is increasing over time. The issue of "providing water" should be placed at the top of any economic plan for reconstruction as well as its real importance for the Arab world and calls for special studies to tackle this great challenge.



**FIGURE 14**

**Share of Arab individual from the world average of water.**  
Source: Food and Agriculture Organization of the United Nations.

Notably, the Arab world's large population growth rates are not matched by the development plans for the main resources that such increasing growth necessitates.

Therefore, the Arab world's future is threatened, potentially foreshadowing a larger crisis that could potentially result in political, security and economy crises if this strategic issue remains neglected.

The Arab region is primarily located within the planet's harsh desert belt, whereas the rivers flowing through Arab countries often have their sources external to the Arab region.

Certain neighbouring countries such as Ethiopia, Turkey and Iran have recently constructed dams and engineering facilities that will affect the water volumes flowing into Arab countries.

Ultimately, this requires a comprehensive review and development of strategic plans to ensure that the necessary water is provided to meet the needs of existence, as well as to guarantee the Arab region's sustainable development to a degree sufficient to raise these ratios to near acceptable global ratios.

#### **2.1.4 Securing environmental and health needs**

Securing environmental and health needs closely follows the needs for general security, in addition to food and water security, given that humans require services that keep them alive and in a sound mental and psychological status, similar to their water, food and security needs.

International statistics evidence that environmental health risks cause approximately 12.6 million deaths annually, linked to steady environmental regression as a consequence of climate change and urban expansion alongside diminished quality of natural resources.

Observing the Arab Spring's aftermath effects in the affected countries, such as famine, diseases and toxic waste, such health and environment dimensions have increasing importance in terms of the quality of living among civil communities, their available natural resources, as well as a direct connection to economic recovery.

This obliges the inclusion of re-reading the health map within the context of reconstruction initiatives, with the development of appropriate plans for limiting environmental pollution and managing waste and chemicals.

Many researchers hold that there is a genuine opportunity on an international level to redesign cities, villages and roads, enforcing strict legislation that will allow ecosystems across the Arab world to recover, while protecting populations from the harms of environmental pollution.<sup>28</sup>

Moreover, scientific analyses have established that the expenditure involved in ecosystems' appropriate design has ensured the lowering of congestion, pollution levels and bills tens of times lower in contrast with late or subsequent remedies.

Therefore, economic development plans should offer the advantage of sustainability and adherence to relevant and specified international standards within this area.

### **2.1.5 Securing the needs for the labour market and jobs**

Returning to the hierarchy of natural human needs, it is apparent that the need to secure jobs immediately follows the physiological and security requirements; this is one of the most crucial signs of stability and for instilling broader societal confidence.

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<sup>28</sup>Laws, regulations and plans for environmental action in Libya, Third Arab conference on environmental management: <http://unpan1.un.org/intradoc/groups/public/documents/arado/unpan020859.pdf>

All relevant international reports have reaffirmed the need for governments to fulfil the goals of job creation and social integration, positioning them as a foremost priority for sustainability and considering them to be the engine for economic growth and social inclusion.

Sustainable economic growth necessitates that countries create the conditions conducive for their people to secure good jobs that strengthen the economy, without disrupting the economic cycle or contributing to environmental damage.

Furthermore, it stipulates that every working-age adult irrespective of their gender should be afforded the opportunity to work under dignified and appropriate conditions in accordance with the nature of Arab culture and societies. International statistics indicate that the number of unemployed in 2017 surpassed 192 million people.<sup>29</sup>

Among these, Arab countries registered the highest unemployment rates, with a 30% youth unemployment rate;<sup>30</sup> three-fold higher than the global average.

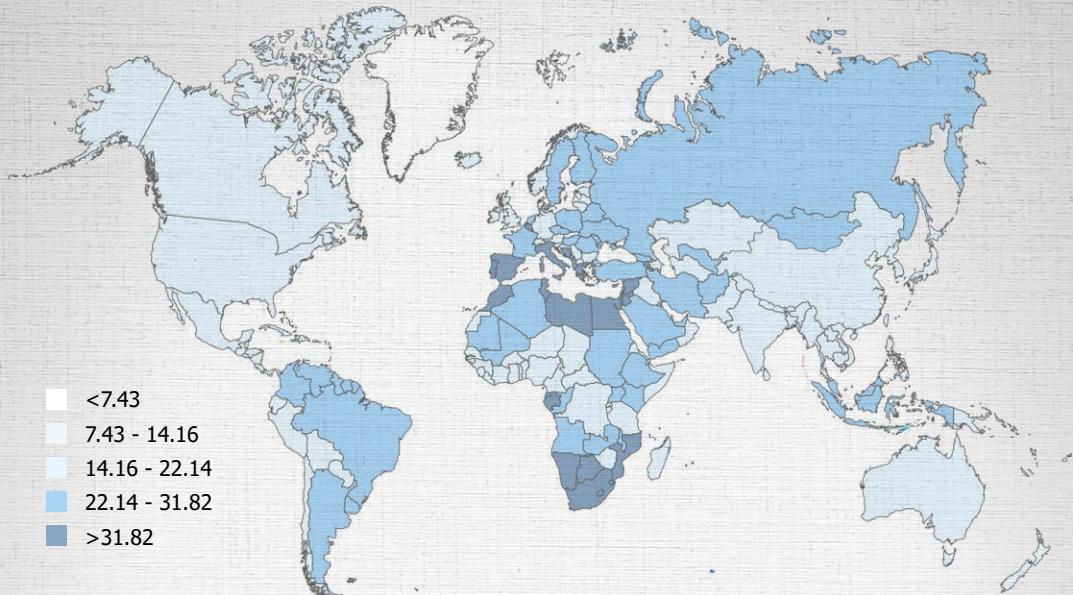
A 2017 study published by the Union of Arab Banks posited unemployment as one of the profoundest challenges posed to Arab economies. The number of unemployed stands at approximately 22 million out of a total workforce of around 120 million, with at least 3 million workers added annually.<sup>31</sup>

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<sup>29</sup>Global Employment Social Outlook: Trends for 2018. International Labor Organization

<sup>30</sup>15-24 years' age group

<sup>31</sup>Unemployment in the Arab world, Union of Arab Banks (report available in Arabic only): <http://www.uabonline.org/ar/research/economic/1575160415761591157516041577160116101575/7689/1>



**FIGURE 15**

**International unemployment ratio in youth between 15-24 from labor force.** Source: World Bank and International Labor Organization

Moreover, the research observed that given that 60% of Arab citizens are below the age of 25, this will potentially result in the volume of Arab countries' unemployed standing at around 80 million by 2025, thus necessitating the injection of considerable investments to increase the economic growth ratio, so as to create a minimum of five million jobs annually - see Figure (15).<sup>32</sup>

International Labor Organization reports have indicated that Arab countries will uphold their status as the location of the highest youth unemployment rates globally.<sup>33</sup>

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<sup>32</sup>World Bank statistics: <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

<sup>33</sup>World Employment and Social Outlook – Trends 2017: [https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS\\_541128/lang--en/index.htm](https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_541128/lang--en/index.htm)

Drawing on such data, it is evident that the ongoing dearth in appropriate employment prospects, investment and consumption could result in a country's diminished economic efficacy and breakdown in the societal fabric, thus undermining stability.

This should compel governments to strategically manage this challenge, involving and empowering the private sector and investment climate to produce, develop and create new employment opportunities.

The Arab countries obliged to reconstruct their production and employment infrastructure should double their efforts to expand employment prospects through coordination with other Arab countries, attracting production-intensive investment, expanding education and training programmes, in addition to nurturing small and medium enterprises.

#### **2.1.6 Securing human and community rights and participation**

Irrespective of the rational consensus regarding the absurdity of the Arab Spring events afflicted upon the Arab world, given the overwhelming cost and destruction of lives and materials, the causes must not be overlooked.

Therefore, reconstruction projects should be responsive to the humanitarian and social needs associated with the human compulsion for constructive and effective participation.

This may be accomplished through strengthening legal sovereignty at both the national and international levels, guaranteeing equal opportunities for all individuals to access justice, substantially limiting the illicit influx of funds and illegal arms, promoting stolen assets' recovery and return and combatting organised crime, corruption and bribery in all of their forms.

This societal and supervisory role may be enhanced via the implementation of policies that enable government entities to be effective, transparent and accountable at all levels, thus being mindful of ensuring an end to public dissatisfaction and the causes of unrest through the following steps:

1. Facilitating peoples' access to transparent and efficient government services that need to be available at any time of day, providing service users with outcomes and solutions with thorough transparency and integrity;
2. Enhancing citizens' participation in the development and decision-making processes of government services;
3. Strengthening the role of municipalities and local administrations so as to ensure that decisions are taken in a meaningful manner, as well as being responsive to community needs at all levels;
4. Ensuring peoples' information access and the safeguarding of fundamental freedoms in accordance with national legislation and international conventions;

5. Promoting non-discriminatory laws and policies to attain sustainable development;
6. Fighting administrative corruption in all its manifestations and enhancing the requirement for integrity and accountability;
7. Paying attention to people's complaints, particularly when levelled against government agencies and public officials' performance; various reports have stressed their role in exacerbating negative perceptions about Arab countries and compounding public dissatisfaction.

#### **2.1.7 Happiness and the welfare of the society**

This requirement lies at the top of the pyramid of motivations hierarchy, thus inevitably it will not be attainable unless all of the major needs explained above are fulfilled, for example secure work, improving livelihoods and enhancing community participation, all of which affect people's satisfaction, happiness and wellbeing. The need for community well-being is a principal tenet of the 2030 Global Sustainable Development Agenda, which aims to achieve balanced economic, scientific and technological growth alongside societal and human development.

Additionally, there is expanding adoption of the global 'social capital' indicators as a crucial determinant founded on confidence intervals and social cohesion, as a means of stipulating countries' level of social development.<sup>34</sup>

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<sup>34</sup>World Happiness Report: <https://worldhappiness.report/ed/2018/>

This must be amalgamated with all other reconstruction and building activities, situating people as a central pillar of the devised policies and plans, strengthening the social fabric and positioning happiness as a serious measure reflective of the public interest. This is particularly the case with various government programs in their different forms, which aim to fulfil peoples' hopes and wellbeing.

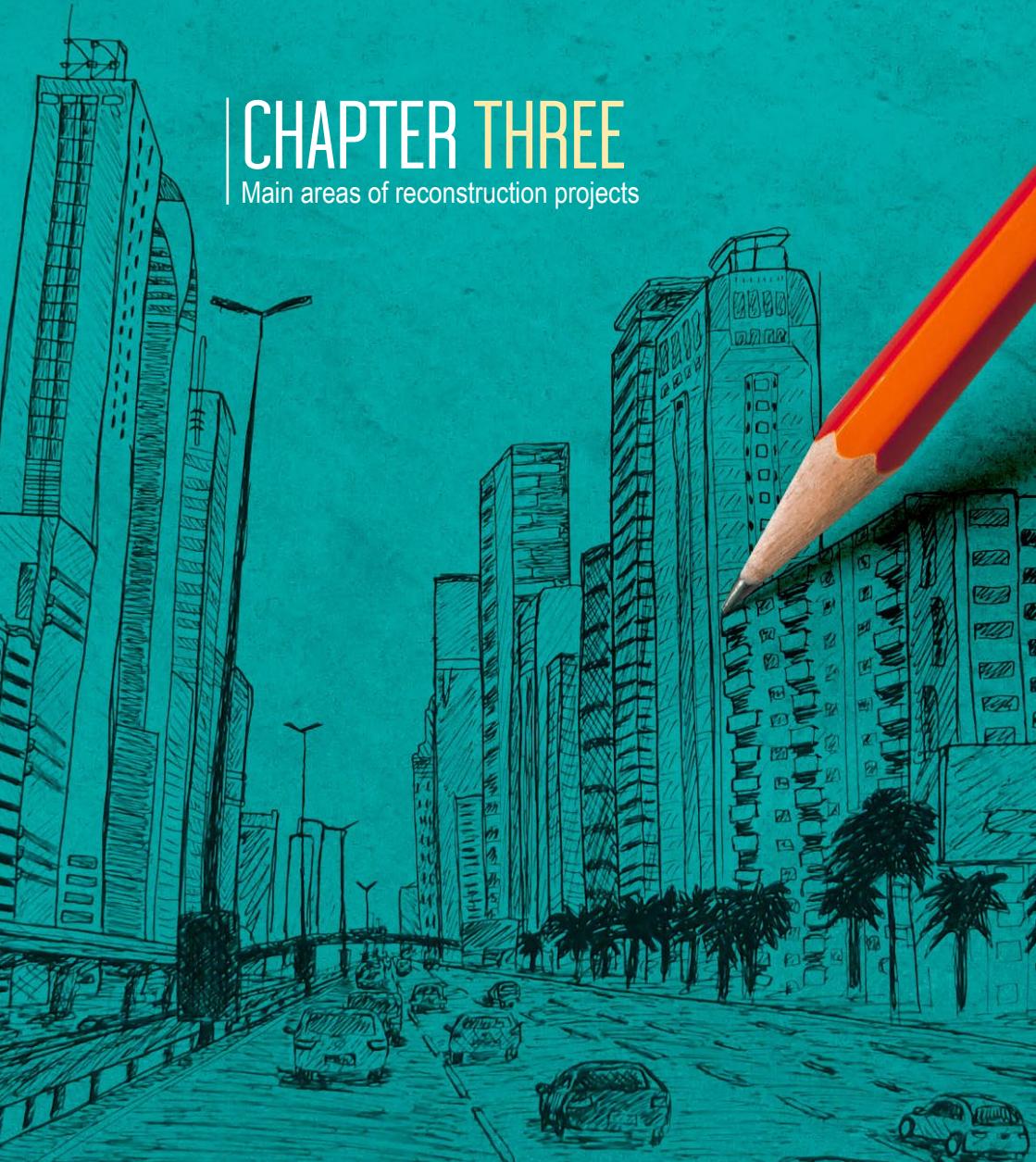
It is significant to highlight several fundamental dynamics relating to social and cultural dimensions that are able to promote a more robust Arab citizenry, enabling them to assume their responsibilities.

Certain happiness dynamics originate from the cultural, religious, sport and artistic requirements that differ across different societies, according to their particular perceptions of these requirements and how they may be met.

Quality and style of life are variables affecting individuals' participation in the attainment of their countries' strategic nationwide plans and policies, necessitating them to take individual responsibility and consolidate their homeland's accomplishments. All of these elements are related to Arab countries' security, safety and stability.

# CHAPTER THREE

Main areas of reconstruction projects



Having appraised the most important human needs of Arab citizens during the previous chapter—particularly those needs that were directly and indirectly affected by the Arab Spring events—the general situation will now be re-examined. This permits clarification of the main areas of projects that may be presented to fulfil these requirements in a practical and direct manner.

Accordingly, these solutions have been divided into four areas: the necessary infrastructure for human societies; services; digital participation, in addition to government agencies' role - see Figure 16.



### Infrastructure (services)

- ▶ Education services
- ▶ Healthcare services
  - ▶ Cultural services
- ▶ Sports, recreational and art services



### Infrastructure necessary human societies

- ▶ Pillar of security and stability
- ▶ Energy supplies in all its forms
- ▶ Usable water resources/supplies
  - ▶ Agriculture and expansion
  - ▶ Territorial development
    - ▶ Transportation and communications network



### Infrastructure for government entities

- ▶ Digital transformation
- ▶ Laws and legislations



### Infrastructure for digital participation

- ▶ Internet and communication network
- ▶ Technology (innovation) incubators

**FIGURE 16**

**The main areas proposed for reconstruction projects in Arab countries.**

## **3.1 Necessary infrastructure for human societies**

### **3.1.1 Pillars of security and stability**

This aim's attainment should be deemed a priority given the character of the issue under investigation.

I will not digress by explaining this, because it would go beyond the scope of direct economics. Nevertheless, it must be mentioned here due to it feeding the vicious circles producing economic and social instability.

Security is a fundamental factor and cornerstone for ongoing societal growth and development, alongside advancement in numerous fields. Development projects' success will only be possible when rigid security and reassurance of the safety of individuals, wealth and investments is guaranteed.

A significant and necessary component is the consolidation of Arab countries efforts to enhance joint security cooperation to counter crime and extremism in its myriad forms. Furthermore, it is important to engage in concerted efforts at various levels to ensure the security and prosperity of all people in the Arab region.

### **3.1.2 Providing energy supply in all its forms**

Energy is a principal driver behind all aspects of modern day life, a key requirement underlying all that has been mentioned in the previous chapter and a necessary component for initiating the projects presented in this study.

Indeed, the Arab region is one of the richest globally in terms of energy resources, for example non-renewable fossil fuels such as oil, gas and coal, alongside renewable energy resources such as wind and sun. The Arab region is specifically blessed with ample sunlight, having sun-rich and sun-drenched vast expanses.

Energy projects are defined by their conventional attractiveness to investors, particularly given the availability of giant transnational companies specialising in these areas. Furthermore, it is a project with some of the greatest viability in terms of international financing and domestic investment.

It is our belief that the establishment of Arab energy giants to General Electric and Siemens is particularly vital. The Arab Petroleum Investments Corporation (APICORP) estimates that the power generation sector is the largest (approximately USD 207 billion), accounting for almost one third of planned energy investment volume in the MENA region over the next five years.

Such investments will amount to USD 622 billion, standing to play a pivotal role in fulfilling the region's growing

demand for energy resources, estimated to be 8 percent annually over the medium term.

Additionally, the Arab world's electric grid projects are essential given the region's geographical location and situation; this makes for a time difference of four hours between the Mashriq and the Maghreb (Eastern and western parts respectively).

Thus, the peak hours are shifted and distributed economically in a manner allowing the mutual selling of electric energy via different Arab countries' interconnected grids. This emphasises the significance of securing returns on such an investment type.

A foremost means of delivering energy during the forthcoming phase lies in a greater role for society, through encouraging Arab citizens' installation of solar power systems for homes, villages and remote areas.

This is particularly necessary in areas affected by acts of violence and vandalism that are in dire need for energy supplies. Moreover, it offers a practical solution for reaching those areas that are distant from existing networks, therefore warranting economic capabilities in terms of irrigation, agriculture, housing and industry.

Wealthy European countries that enjoy abundant energy are spearheading the promotion of society's role in terms of contributing to clean energy's generation. Through sets of laws, such countries have promoted their citizens' transition towards clean energy sources.

Exemplifying this is Germany's approach, with the country providing financing programmes for its people to install solar power units, as well as buying back surplus and redirecting it into the domestic grid. Ultimately, this is a model that we should enthusiastically seek to replicate.

### 3.1.3 Providing usable water supplies

The majority of Arab countries are afflicted with severe scarcity in freshwater, usable and renewable water, whether from rivers or rains. As explained previously, the Arab region has the lowest ratio of freshwater per capita compared with global averages, a situation also supported by the World Bank's statistics.

The leading country is Iceland in Northern Europe, annually receiving 520 thousand cubic metres of renewable freshwater per capita. Canada ranks seventh, with the equivalent of 80 thousand cubic metres.

Kuwait is lowest among countries, with the annual amount of freshwater received per capita being 0%; the country is fully dependent on desalination of seawater. This is followed by Bahrain's 3 cubic metres, the UAE's 17 cubic metres and Egypt's 20 cubic metres (even with the presence of the Nile) per capita per year.<sup>35</sup>

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<sup>35</sup>Renewable internal freshwater resources per capita (cubic meters), world bank, <https://data.worldbank.org/indicator/ER.H2OINTR.PC>

<b>Countries (highest) fresh-water per capita per year</b>		<b>Countries (lowest) fresh-water per capita per year</b>	
<b>Iceland</b>	519,265.00	<b>Kuwait</b>	Zero
<b>Guyana</b>	315,701.00	<b>Bahrain</b>	3
<b>Suriname</b>	178,935.00	<b>UAE</b>	16
<b>Papua New Guinea</b>	100,796.00	<b>Egypt</b>	20
<b>Bhutan</b>	108,476.00	<b>Qatar</b>	23
<b>Gabon</b>	87,058.00	<b>Maldives</b>	69
<b>Canada</b>	80,423.00	<b>Saudi Arabia</b>	78
<b>Norway</b>	74,359.00	<b>Yemen</b>	81
<b>Guinea</b>	20,267.00	<b>Jordan</b>	76

**Table (2): Highest and lowest countries in freshwater per capita (cubic meter)**

Therefore, Arab countries should be attentive to the following facts and figures as important inputs in their plans and strategies:

1. Arab countries' annual population increase is highest, exceeding 2%;
2. The need to secure water and food for Arab countries' populations will expose the Arab countries' per capita resources to further decline;
3. The most important rivers for the Arab region originate from outside Arab countries. On this basis, a considerable threat is posed in the form of a swift decline in water supply to the Arab region's rivers. This is particularly the case in Egypt, Iraq and Syria, given that the Nile, Tigris and Euphrates originate from Ethiopia, Turkey and Iran, with these countries having constructed dams to control water.

Regardless of the alarming data outlined above, Arab countries have a combined coastline that is one of the world's largest, beginning with the Arabian Gulf and taking in the Red Sea, the Indian Ocean, the Mediterranean Sea and the Atlantic Ocean.

All of these provide renewable sources of water. As highlighted previously, Arab countries have infinite capabilities and opportunities for producing energy from renewable sources, for instance solar energy, as a consequence of their geographical location.

Accordingly, large-scale desalination products should be launched powered by solar energy, enabling abundant and renewable energy resources to be used for producing freshwater.



The key conclusion is that the most significant alternative available for Arab countries is the construction of sufficient energy infrastructure to undertake water desalination; this further confirms the significance of establishing Arab companies in the energy and desalination fields. With the contemporary cost of desalinating one cubic metre of water being estimated at USD 0.35,<sup>36</sup> then ongoing advancements in solar technology and the diminishing of its associated costs should lead to a reduced price of 10 cents within 5 years, if such projects are planned effectively.

<sup>36</sup>The Role of Desalination in an Increasingly Water-Scarce World, World Bank: <https://idadesal.org/wp-content/uploads/2019/04/World-Bank-Report-2019.pdf>

### **3.1.4 Supporting agriculture and expansion of cultivated lands**

The Arab world is suffering from insufficient arable land, alongside the challenge posed by water shortages. Assuming irrigation water's availability, Arab desert lands will still require engineering and chemical treatments as a means of preparing them for agriculture.

Ultimately, Arab countries face a double and ever-burgeoning problem annually as a consequence of annual population rate increases. In light of the Arab consensus regarding how external competitive forces can target and weaken the Arab world through undermining food and water security, these are grave strategic problems. This is largely due to food being a foremost priority in terms of humans' survival need.

Nevertheless, countering this threat is not impossible, especially given the prospect of designing integrated treatments and solutions. Here are a number of general perceptions:

1. All Arab regional agreements enabling agricultural lands to be benefitted from must be activated;
2. Integration of power generation systems and water desalination at a reasonable cost is an inevitable process in order to enable cultivated land areas' development;

3. It is imperative to plan agricultural development in parallel with an interconnected transport network, water development, agricultural land, urban areas, productivity and labour market development, thus showing all solutions' interdependence;
4. Expansion in the implementation of agricultural mechanisation and technology is required, as well as acknowledgement of its role in maximising the return on agricultural investment. This is particularly given that Arab agricultural components typically require the processing of lands and pumping of water, which are expensive processes compared to rainfed agriculture.

Irrespective of the entailed expenditure, expanding on these aspects is necessary at the same time as limiting costs via integrated industrial system ownership. Ultimately, this offers a viable investment project in relation to Arab integration, alongside ratification of the plans to establish industrial companies in this area;

5. Technology's role should be enhanced as well as the adoption of components emerging during the fourth industrial revolution (for example genetics, robots, and drones that will reduce reliance on human and manual labour), which will maximise returns from agricultural lands. This is particularly the case given that globally we are progressing towards maximisation of

this return, drawing on the science of genetic engineering and soil treatment through nanotechnology;<sup>37</sup>

6. Arab consensus regarding agricultural and food compatibility and integration is required, with benefits derived from rainy countries such as Sudan and Morocco which have readily available lands for agriculture served by irrigation water;
7. Investment and establishment of Arab federal companies in the agricultural field should be pursued, following the undertaking of research by these companies to identify the best means of providing desalinated water from the sea and delivering it to agricultural areas. Such water should be allocated on the basis of partnerships between governments, the private sector and local communities.

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<sup>37</sup>Nano is a unit of measurement equal to one millionth of a millimeter and one billionth of a meter, which is one tenth of the thickness of a human head's hair. It means full and precision control of the production of a substance known as molecular manufacturing. Nanotechnology has become widely used in fertilizers and water purifications and in enhancing the capacities of the food industry from production to packaging to transport and consumption. It also has the ability to rapidly detect disease, molecular treatment of diseases and treatment of plant capacity to absorb nutrients among others. The applications of nanotechnology in precision agricultural aims at increasing crop yield. Nanobiosensors can be productively used in sensing a broad array of agriculture like in fertilizers, herbicide, pesticide, insecticide, moisture and soil pH, monitoring agricultural pollutants and assessment of impact on living matter and health and detecting diseases. This technology contributes to food security and safety and reducing the cost of agricultural production, agricultural waste and environmental pollution.



Given continuing population expansion and the imperative of providing food resources regardless of water scarcity and insufficient agricultural land, solutions are still possible. This could be through doubling-down on the implementation of Arab agreements pertaining to the exploitation of wasted agricultural capacities, with an example being the Republic of Sudan. Moreover, treated water may be harnessed and enhanced through modern technology's implementation, facilitating cost reductions and maximising cultivated land yields to double production.

### 3.1.5 Urban development

Urban development is absolutely fundamental to reconstruction, because numerous cities have been destroyed and millions of Arab residents have suffered displacement; they must be provided with suitable and adequate housing enabling their return to their countries of origin.

Further, it is logical that with steady population increases, horizontal geographical expansion is an available solution and modern requirement for the Arab world's populated cities and villages.

As reconstruction prospects are available for re-planning and rebuilding, significant advantages are apparent in implementing the most cutting-edge and optimal specifications and engineering standards during the planning of cities, urban areas and villages. This allows reconstruction projects that are in accordance with the specifications of modern and smart cities.<sup>38</sup>

In many Arab countries, the real estate market is characterised by spontaneous popularity; it is currently in demand and attracts investment due to the strong and swift financial returns available. Various observers perceive it as a locomotive perpetuating numerous other economic sectors, for instance industry, banking and finance.

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<sup>38</sup>ISO standards represent the international consensus on best practice in a wide range of areas that contribute to making a city function better and fulfil the United Nations Sustainable Development Goals. These include overarching frameworks that city leaders and planners can use to define their objectives and priorities for making their cities more sustainable, as well as specific guidelines for things like energy management systems, road safety, intelligent transport, responsible water consumption, health and well-being, cyber security, connectivity and more. <https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100423.pdf>

Additionally, such investment provides the engine and financier of other infrastructure sectors that provide services such as electricity, water, roads and the Internet.

Economic advancement requires meticulous planning, enabling all sectors to derive benefit from each other and avert bottlenecks that could increase prices and cost among certain major sectors. Such cost increases could potentially stem from undesirable imports, compelling governments to provide a dynamic investment map that may be regularly updated through utilising big data<sup>39</sup> that identifies supply and demand, production volume and availability, or deficits and associated costs.

Such an investment map may offer an encouraging guide for investors to invest in safe and profitable investments, as opposed to risk being exacerbated through assumptions typically made by investors who lack sufficient factual data and knowledge pertaining to market size.

This emphasises the significance of possessing accurate analytical data, which is attainable from governments and allows the monitoring of markets. Moreover, there is a need to make materials and companies available that facilitates the carrying out of building and reconstruction projects. This is also an area where potentially innovative and technological solutions could be identified.

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<sup>39</sup>Big data: A large, fast-flowing, diverse and complex data sets that require advanced processing methods and analytical capabilities to use in decision-making.



Technology's role in urban development is not restricted to planning and information, given that robotics and 3D printing's emergence can strengthen urban capacity through offering unprecedented capabilities. For instance, Dubai has announced that by 2025, one-third of its buildings will be constructed using 3D printing, enabling labour to be reduced by 70% and costs to be cut by 90%.<sup>40</sup> Overall, technology will provide multiple means and expansive options to engage in rapid construction projects, necessitating the qualification of staff, companies, workers and engineers in relation to innovative technologies, thus enabling timelines and costs to be reduced.

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<sup>40</sup>World Economic Forum: <https://www.weforum.org/agenda/2018/05/25-of-dubai-s-buildings-will-be-3d-printed-by-2025/>

### **3.1.6 Transport and Communications networks**

Transport and communication networks are designed to facilitate movement of peoples and materials, which is a basic economic necessity. Expansion of such networks equates to an economic breakthrough within a country.

Therefore, the more of these networks that are interconnected within their geographical range, the greater the economy grows and the more its capabilities expand.

The Egyptian example is notable with respect to the previous four years, with the design and paving of new highways being placed as a foremost priority alongside rehabilitation of certain other roads, at a total length of 11,000 km.

More than two thirds of roads were renovated, totalling over one third of the length of roads available in 2011. The Egyptian government initiated more than 49 road projects, 12 railway projects, 13 subway projects, 17 sea and river port development projects, in addition to the development and construction of new airports. Regardless of this significant volume of road and transport achievements, it is apparent that the majority of them—exclusive of the sea and airports—have responded to Egypt's domestic demand, rather than serving as road and railway network extensions easing access to neighbouring countries.

Thus, we can return to the security and safety component being essential for the launch of inter-Arab road transport enhancement projects, necessitating a major strategic project to be undertaken for road network interconnectivity, particularly with the railway network. One of the European Union's foremost economic advantages is that the majority of its countries are connected to a rail network.

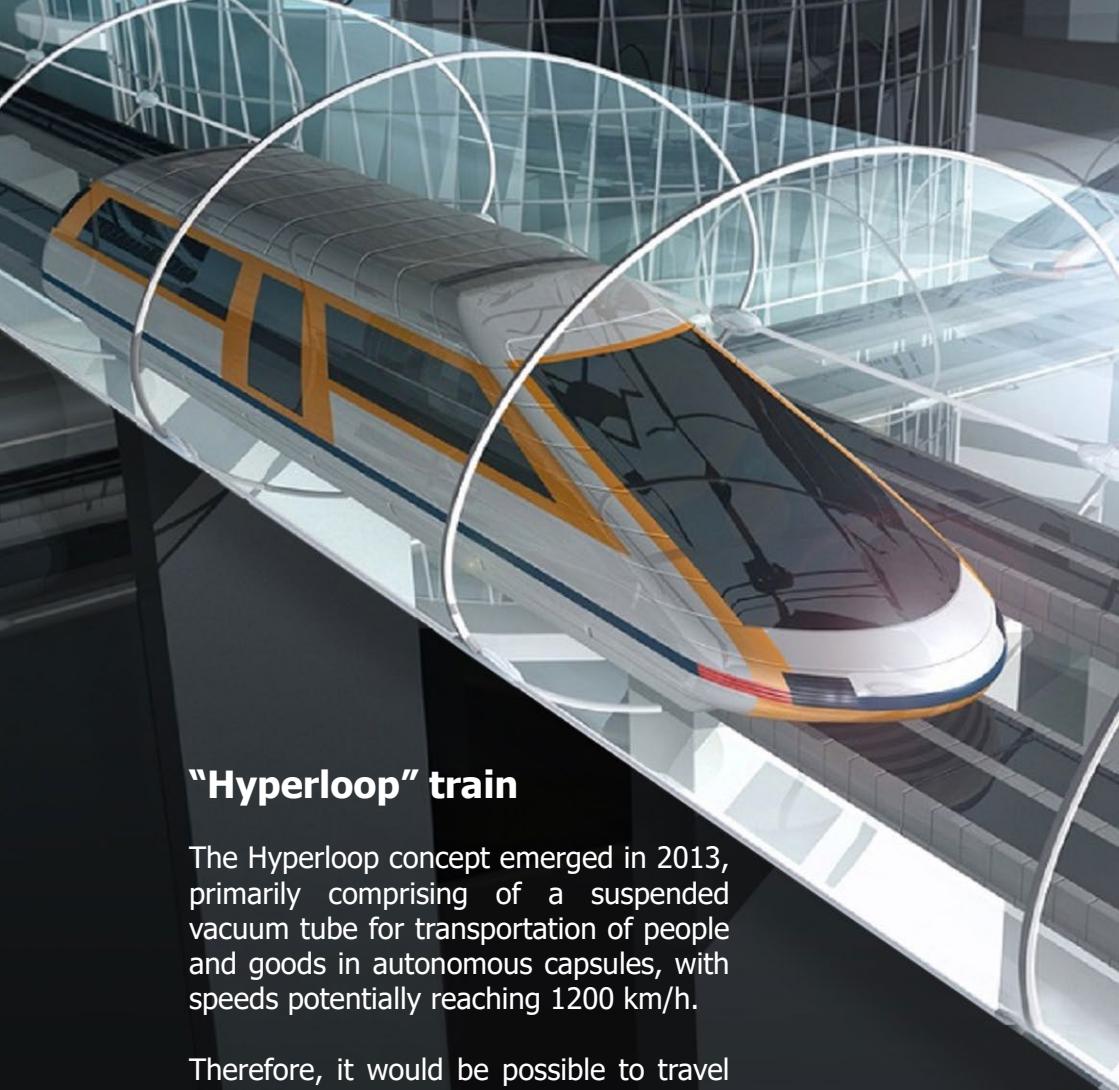
This has even included the extension of a rail tunnel to link the UK with France, emphasising the significance of this transport mode. Furthermore, the US railroad network provides one of the most significant pillars of American unity, being a manifestation of interconnected states, a display of integration and a principal facilitator of the movement of people and goods. India offers a further example. Numerous researches and investigations have highlighted the significance of rail networks' role.

Reviewing the strategic projects connecting Arab countries, we discover that the GCC railway project to link all six GCC countries and the Maghreb (Tunisia, Algeria and Morocco) is one promising development. With a substantial railway network in Egypt, it is worthwhile reviving the notion of the old railway project and reactivating it to provide a vital, human and commercial connection between the Arab countries.



It is likely that Arab countries have plans and comprehensive knowledge of their transport requirements, which have been prioritised and hindered depending on available funding. Given the requirement to avoid further burden on the Arab Treasury, we suggest the potential of financing via partnerships with the private sector. Participation of Arab and international financing funds is also recommended, given that such projects necessitate large capital and relatively slow returns in contrast with other industries and services.

Road transport revenues are both guaranteed and sustainable, thus potentially encouraging long-term funding commitments and collection of user fees. Moreover, adoption of conventional models such as retail space rentals, alongside non-traditional models such as the development of digital applications targeting users, will provide a strategic infrastructure that delivers long-term profitability for investors.



## "Hyperloop" train

The Hyperloop concept emerged in 2013, primarily comprising of a suspended vacuum tube for transportation of people and goods in autonomous capsules, with speeds potentially reaching 1200 km/h.

Therefore, it would be possible to travel from New York to Beijing in 2 hours rather than an average 13-hour flight. Dubai, in the United Arab Emirates (UAE), has expressed interest in pursuing this innovative technology, engaging in research and experimental development to interconnect UAE's cities and regional Arab capitals, while investigating various options for project implementation.



## 3.2 Infrastructure for main services

### 3.2.1 Education

The root of developed countries' success in reaching advanced stages of prosperity and growth across an array of economic, social, scientific, cultural and other fields lies in the philosophy adhered to by such countries, which promotes their adoption of nation-building and human-centred strategies.

Foremost among such strategies is education, so as to build a knowledge-based society, which provides a foundation for the nation's progression and development. To guarantee their growth and prosperity, Arab countries as a collective must concentrate on human development in their strategic plans, with humans offering the basis of the strategic project.

This does not concern the renovation of educational facilities or classrooms, rather it is requisite to revolutionise education systems as a means of enhancing education's status and quality in a way that corresponds with all of the Fourth Industrial Revolution's aspects.

This could be in utilising its capabilities, or how the education process may bridge technology with jobs, knowledge and skillsets, specifically for future employment. Therefore, we can ask the following questions:

1. How do educational outcomes contribute to community development and overall development requirements?
2. How does the education process focus its objectives on unleashing self-innovation and understanding as opposed to rote-learning and indoctrination?
3. How does the education process employ technology?
4. How do education curricula relate to labour market requirements?
5. How can we confirm the capability of curricula to develop students' competencies and their technical, cultural and social skills?
6. How does the learning process motivate teamwork? How can the spirit of patriotism and noble values be nourished?

7. How does the educational process contribute to rejecting extremism and violence, enabling students to establish their intellectual and mental immunity to defend themselves and their homelands?

These questions were posed by an Egyptian planner and responded to via an integrated strategy for the development of Egypt's education system. Ultimately, these are questions that all Arab countries' strategic education plans must answer.

Education reform's cost is foremost among the challenges posed to Arab leaders, particularly in countries seeking to initiate reconstruction initiatives, which necessitates creative thinking to identify solutions.

Furthermore, new roles for both government and private sectors may be investigated to support the education process, specifically in the context of requiring geographic expansion and increasing the classroom number and capacity to accommodate the annual expansion in student numbers.

In the Egyptian example, certain large factories built technical and technology schools as part of their facilities, in exchange for the government providing such institutions with tax deductible incentives and further advantages as socially responsible institutions.



Modern communications, computers, networks, multimedia and Internet gateways must be utilised as a means of transitioning to e-learning, enabling the management, control, measurement and evaluation of learners' performance in a more efficient and effective manner. The UAE has launched the largest e-learning platform in the Arab world, known as 'Madrasa', which aims to enhance the region's quality of education and to bridge the Arab world's knowledge gap. Madrasa provides 5,000 free Arabized videos covering general science, maths, physics, chemistry and biology to students from kindergarten to grade 12, alongside exercises to develop their scientific capabilities. Resultantly, online Arabic language educational resources have been freely provided to more than 50 million Arab students globally.

### 3.2.2 Healthcare

The healthcare sector's inefficiency in any country would constrain economic development initiatives, given that low healthcare levels undermines people's health and the services provided to them. Subsequently, their performance, abilities and productivity levels suffer at work.



Perhaps one of the most significant causes of peoples' dissatisfaction lies in the failure to deliver decent healthcare services, the dearth of necessary treatment and overall perceptions of the healthcare and medical sector's efficiency and quality.

Besides details of healthcare service delivery systems, it is important to note here that comprehensive plans for enhancing and facilitating access to healthcare services should be supported through strengthening cooperation with the private sector, particularly given that healthcare services are among the most demanding human and societal costs.

Therefore, countries are typically burdened with a considerable proportion of such costs. Contemporary country classifications consider indicators of country competitiveness in the field of healthcare services according to health service expenditure per capita or GDP, or mean child mortality rates.

Moreover, it is requisite to provide accredited healthcare insurance networks in accordance with the standard of services classified and subject to laws and strict control via government health control entities, thus protecting the country's healthcare assets from misconduct and directing towards the provision of healthcare services to all individuals.



The healthcare sector must be prioritised during reconstruction programmes in support of economic development; if it is neglected, forthcoming economic burdens may afflict the country and inevitably hinder economic and social development strategies' fulfilment.

### 3.2.3 Cultural services

Cultural needs are an aspect of people's self-conception and self-perception within identity's overall composition, with its significance lying in the formulation of public opinion and fundamental societal values that enable governments to accomplish their plans for a culturally-inclusive environment and desirable advancement behaviours.

The cultural aspect is a key pillar underpinning security and stability. Absent of government-driven activities to increase critical reasoning, understanding and the sense of belonging, an opportunity for counter-cultures may arise that finds dissatisfied groups igniting and replicating the scenarios emerging over the past years of the Arab Spring.



Having entered the reconstruction phase, the emergence of a hostile culture may return all reconstruction efforts back to square one. Society, the state and the government should move towards greater harmony as a means of attaining cultural inclusiveness that supports the needs of people across diverse cultures, while also valuing their unique contributions.

However, the Arab youth is currently being subjected to mainstream foreign interference resulting in radical political and cultural violence, with alien ideologies imposed that are shifting the value system to one that cultivates brutality, outrage and dissatisfaction versus chivalry, respect and humanity.

This is observable including in video games which have subject matter pervaded with considerable violence, contributing to the growing inclination of youths to self-harm, alongside their greater propensity towards suicide and tendency to commit crimes.

Within such a context, the region is swept by calls to consider countries' ownership of culture ministries and authorities as disgraceful, with such authorities being portrayed as an act of dictatorship and with government censorship imposed.

Based on our analysis of the previous eight years' events, we posit that this is a trick aimed at stripping Arab countries of their intellectual and cultural defence tools,

laying the ground for concerted media attacks directed by the groups who promoted the Arab Spring unrest, thus shifting calls for reform to chaos and violence.

This has occurred and continues to happen in certain Arab countries. This necessitates arming Arab cultural action systems with anti-destructive ideologies, analogous to arming militaries with anti-aircraft weapons.

Given that human nature continuously seeks the nurturing of intellect, cultural and artistic needs, it appears paradoxical that reform calls aiming for the banning of the state and its agencies' interference in the cultural component is considered to be an organised approach aimed at destruction as opposed to construction.

This necessitates the promotion and instilment of Arab values centred on faith, constitutionalism and evocation of history. This approach enables dealing and reasoning pertaining to all matters of life, paving the way for reasoning and a set of values shaping and forming the belief system.

Transformation during the digital age has compounded the difficulties faced by respective culture and information ministries and authorities, because they are no longer able to adopt the long-standing conventional methods applied during the sixties and seventies in the contemporary era of the Fourth Industrial Revolution.

One of the principal reasons underlying the process of foreign penetration into our youths' hearts and minds is the failure of such institutions to acknowledge that the world has changed. Transformation ensued with the advent of the internet and satellite TV in the early nineties, which disconnected new generations from official newspapers and channels.

These generations are receiving and being fed information and values via unofficial internet sites and networks, resulting in their shunning of the nation's interests.

Accordingly, the most significant cultural plans envisaged for the forthcoming phase entail throwing off caution and entering the digital arena, thus constructing a positive culture of dialogue underpinned by reasoning, law, moral values and knowledge regarding the roles and responsibilities for building the future.

#### **3.2.4 Sports, recreation and art services**

While discussing an inclusive planning process for the largest reconstruction project in modern Arab history, recreational and entertainment aspects should not be overlooked. These should be available and accessible to all societal sectors.

Practicing sports and recreational activities is a human right, while being a major reason for happiness, the boosting of morale and belonging, all of which are fundamental to social stability.

Despite some of these activities potentially being financed through the private sector due to their profitability, the state's role remains fundamental, whether through allocating land during the urban redevelopment phase or determining the activity type.

Some activities will be unprofitable or have limited profitability, which the state should continue supporting, for example public playgrounds and gardens, as well as the preservation and re-provisioning of traditional arts to perpetuate cultural and national identity.



Artistic and cultural activities' management is one of the state's functions. It must be planned, controlled and organised, not in the manner that some try to promote them in the form of random consequences and urban development effects. Experience indicates that such calls ultimately result in encouraging the state's destruction as opposed to strengthening it.



### 3.3 Digital participation infrastructure

#### 3.3.1 Providing communications and internet networks

Communication and internet networks provide the backbone of work to build and develop contemporary economies—referred to as digital economies—given their significant reliance upon the adoption of innovative technological methods.

The digital economy provides the genuine operational medium in today's world with regards to the various aspects of domestic and international economic activities.

Consequently, it is crucial that reconstruction plans include the incorporation and deepening of high-speed Internet connections, both wired and particularly mobile fibre and wireless Internet.

Although the Arab world's Internet access penetration has reached 67% of the population, the high-speed broadband Internet access rate does not exceed 6%, contrasting with 35% in the EU and approximately 14% as the global average. Resultantly, there is a need to review Arab countries' high-speed and high-quality communications infrastructure and to include areas that have not yet been reached.<sup>41</sup>

Evidently, the ratio of modern mobile communication devices is marginally higher than being 'a device for every Arab citizen', closely reflecting the global and European rates. Nevertheless, these ratios vary within the Arab world, showing a fivefold difference between the maximum and the minimum, thus giving inadequate geographical coverage across the region.

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<sup>41</sup>World Bank statistics: <https://data.worldbank.org/indicator/IT.NET.BBND.P2?end=2017&locations=1A-1W-EU&start=2005>

Based on the indicator of secure internet services per one million people, the Arab ratio indicates there are 127 servers per one million people compared with 19,000 servers per one million people in the EU.<sup>42</sup>

Therefore, no further elaboration is necessary to highlight the decline in infrastructure systems and Arab data centres that has culminated in complete hosting dependency on foreign western sites.<sup>43</sup>

This closely reflects the status of e-commerce in Arab countries, which have been primarily built on foreign-based platforms. This has directly affected the Arab world's digital and informational security system, which is currently accessible and managed via foreign platforms hosting the Arab sites.

Therefore, this should be foremost on the agenda in terms of progress and development, especially in light of international statistics and expectations that by 2021, e-commerce will represent around one-third of global trade. The ratio of Arab e-commerce to total foreign trade is estimated at approximately 1.1%, compared with approximately 5% globally.

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<sup>42</sup>Secure internet servers in the Arab world compared to global average, World Bank: <https://data.worldbank.org/indicator/IT.NET.SECR.P6?locations=1W-EU-1A-AE>

<sup>43</sup>The Arab World Online 2017, Mohammed bin Rashid School of Government: <https://www.mbrsg.ae/getattachment/d01358ac-8557-4954-b27f-95ddc5caef5f/The-Arab-World-Online-2017>

Accordingly, inclusive development should be pursued in a manner that derives benefit from current Internet developments. The initial step is to fortify a stable, rapid and reliable infrastructure.<sup>44</sup>

Significantly, global financial institutions, including within the Arab world, have implemented working systems via electronic networks as a means of registering financial transactions with the beneficiaries. Regardless, a considerable volume of financial transactions in the Arab world are completed away from banks and official accounts.

As a means of estimating the problem's magnitude in certain Arab countries via statistics, shadow economies cannot be subject to taxation and are unable to be monitored; revenue derived from the shadow economy does not pass through financial institutions and in Egypt's case has ultimately surpassed 60% of the macro economy's size;<sup>45</sup> this is a greater proportion of the entire state's official economy.

This will result in grave damage to Arab countries' economies and undermine the social fabric, hampering Arab governments' ability to provide the necessary services and support to development plans, alongside further political damage as a consequence of tax fraud, loss of equality and general sense of justice.

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<sup>44</sup>Reference 2.

<sup>45</sup>Akhbar El-youm newspaper (Arabic): <https://akhbarelyom.com/news/news-details/2673570/1>

To attain financial inclusion,<sup>46</sup> business and commercial activities must be registered and connected to official bank accounts, reaffirming the requirement to expand comprehensive Internet networks' deployment at reasonable speeds, as well as increasing awareness supported by legal obligations.

Subsequently, banks and investors will be encouraged to finance network expansions in cooperation with telecommunications and Internet service providers, thus enhancing the Arab world's Internet infrastructure, particularly infrastructure expansion and digital financial inclusion revenue which has doubled national income.

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<sup>46</sup>Financial inclusion: see also section 4.2 – Technology and economic development



The expansion of Internet, railway and transport networks enhanced by Free Trade Agreements are among the foremost enablers in terms of creating a joint Arab (digital) market, in addition to generating jobs for the youth and opening new production and service markets across the Arab region.

### **3.3.2 Building technology incubators**

The Internet and modern telecommunication networks' importance as a major enabler and a common denominator of numerous other infrastructure services has been previously established.

To create and deliver these user capabilities, ancillary services must be accessible, for example companies, institutions and individuals who are able to develop technology-based products and services. Such companies specialise in designing and constructing data centres, software and application development, as well as securing networks and digital workplaces.

This may be referred to as a technology incubation process, through which a country becomes a large technology incubator once key components are available for formulating this integrated environment. Among these components, the most significant are as follows:

1. Human expertise: One of the education process' basic products, alongside the acquired experiences and knowledge;
2. Technology companies' availability in a diverse manner that fulfils the market needs and requirements (software development and manufacturing, technology projects' implementation, manufacturing of components

necessary for the digital industry such as computers, telecommunication services, consulting, training institutions, as well as dealers and franchisees of major international companies);

3. The consumer market's availability for technology products, alongside its integration with the country's requirements and directions (for example in banks, financial institutions, all types of insurance, education and e-learning and electronic stores);
4. Expansion of the government's digital services;
5. Provision of financial and other incentives for encouraging large international companies to open their headquarters and branches in the country, enabling improved availability of technology environment components in the country;
6. Adoption of the smart villages concept, for instance technology conglomerate areas such as Silicon Valley;
7. Achievement of integration between Arab smart villages, thus complimenting expertise and enabling supportive cooperation between them, resulting in the creation of big union companies;

8. Licensing and promoting the establishment of micro-enterprises that lack headquarters, typically propelled and guided by programmers whether as an individual or through cooperation between small programmer collectives;
9. Provision of smart statistical services and periodic reports on market dynamics by the country, as a means of encouraging investors with a diversity of commercial licenses and quality of the work that they wish to specialise in.

A 2013 World Economic Forum report<sup>47</sup> highlighted five common economic effects of ICT on economic returns:

1. Direct job creation: In the USA, for every high-tech industry job, on average five additional jobs are created in other sectors;
2. Contribution to GDP growth: A 10% increase in broadband penetration is linked to a 1.4% GDP growth increase in emerging markets. In certain economies, the Internet accounts for 3.4% of overall GDP. The majority of this effect is derived from e-commerce, presently exceeding 4% of market share and gradually expanding;

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<sup>47</sup>Five ways technology can help the economy, World Economic Forum: <https://www.weforum.org/agenda/2013/04/five-ways-technology-can-help-the-economy>

3. Emergence of new services and industries:  
For example, Facebook apps alone created over 182,000 jobs in 2011; the Facebook app economy's aggregate value exceeded USD 12 billion, with this number reaching USD 40 billion in 2017;<sup>48</sup>
4. Workforce transformation: New 'microwork' platforms, developed by companies such as oDesk, Amazon and Samasource, have helped with dividing tasks into small components that may then be outsourced to contract workers. Microwork platforms enable entrepreneurs to significantly cut costs and gain access to qualified workers;
5. Business innovation: The Internet provides businesses with innovative ways of engaging with customers and competing for market share. Companies' adopted ICT tools assist with streamlining business processes and improving efficiency.

Aerial view of the Congress Center of Davos where the World Economic Forum annual meeting is held (Copyright by World Economic Forum, photo by Andy Mettler)

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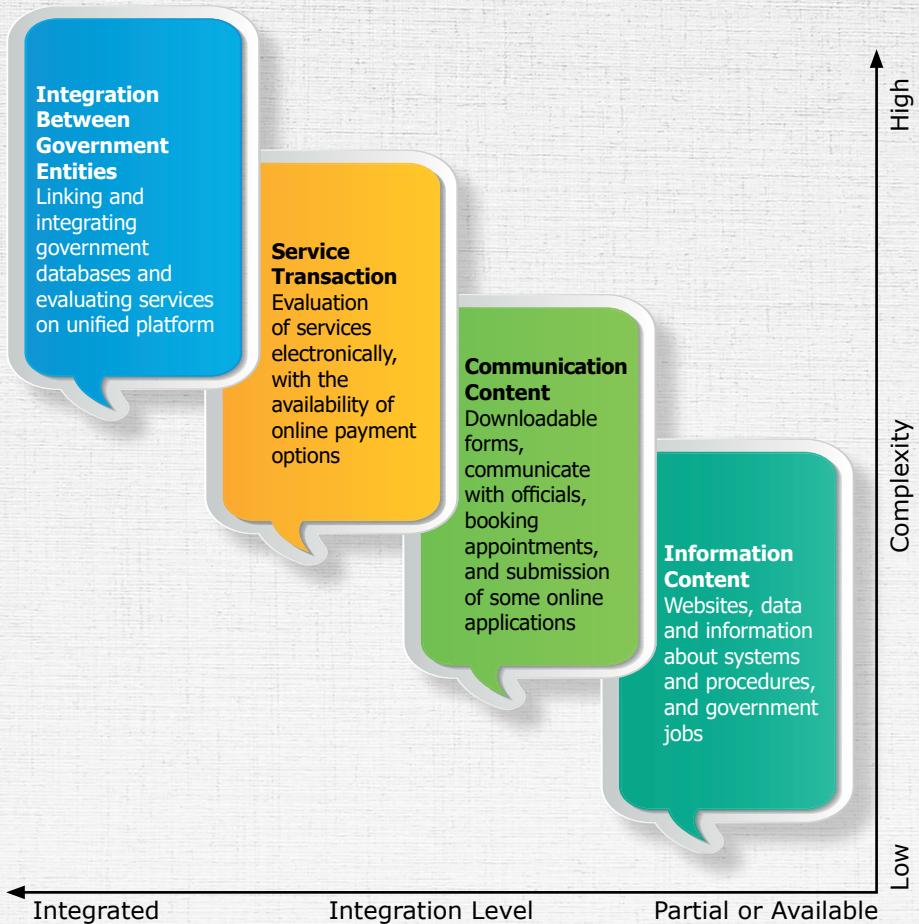
<sup>48</sup>Facebook Revenue: <https://www.businessofapps.com/data/facebook-statistics/#3>



## 3.4 Government infrastructure

### 3.4.1 Government digital transformation

Significantly, government entities interconnect in order to share data, thus enabling government digital activities and other smart cities, as well as fulfilling economic requirements. Figure 17 shows the digital government systems' evolution.



**FIGURE 17**  
**Stages of evolution of digital government systems**

International reports show that Arab countries remain in the initial three stages of digital transformation, regardless of certain effective models in particular countries having achieved an advanced stage.

This has resulted in enhanced transparency and electronic participation of their populations, while eliminating time and distance boundaries. Countries and institutions require information to enable their interconnection of different entities, as a means of supporting decision-making process and to know when, how and where their services should be channelled and to enhance the quality of data.<sup>49</sup>

Contemporarily, Information is a foremost pillar in terms of countries' development, establishment of institutions and accumulating rich knowledge, especially due to the growing volume and number of electronic transactions and improving quality of devices connecting to electronic networks.

The subsequent stage is expected to be characterised by a significant leap in data volume and information generated by electronic device users, specifically with self-driven electric vehicles' emergence, alongside the spread of monitoring devices and cameras in streets, public places and buildings.

Therefore, it is necessary for countries to expedite their digital transformation programmes and to enact laws regulating data, its encryption, archiving and distribution, while ensuring the requisite transparency of such procedures.

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<sup>49</sup>Connectivity through digital ID keys (for individuals and organizations) is one of the best ways to link data and information. These projects are interconnected and as a result, and when matured, countries and communities can harvest the best results of investing in databases.



## VILLANOVA UNIVERSITY

US-based Villanova University carried out a study highlighting that organisations such as the US military may utilise big data to save money associated with operating expenditure. Once smarter infrastructure is in place and inter-organisation IT products compatibility increases, analysts suggest that almost USD 500 billion in potential savings could be made.<sup>50</sup>

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<sup>50</sup>How the Government Uses Big Data to Save People Money and Improve Efficiency, Villanova University, USA: [https://www.villanovau.com/resources/bi/government-uses-big-data-save-money/#.W-\\_ugzZPY](https://www.villanovau.com/resources/bi/government-uses-big-data-save-money/#.W-_ugzZPY)

Significantly, certain successful Arab examples may be fruitful to draw on such as the UAE's continued improvement of its World Economic Forum global competitiveness ranking, alongside the UN classification for e-Governments.

Smart government services must be a component of reconstruction projects, thus compelling governments to reorientate their efforts towards service provision that facilitates entities' implementation of these initiatives and projects, in partnership with the private sector.

### **3.4.2 Laws and legislations**

Arab countries achieved independence from the colonial powers between the 1920s and 1970s, with the formulation of constitutions and laws occurring during different stages of their history.

Some are modern, whereas others are two centuries old, with certain laws and constitutions written during the era of colonisation, while certain laws have been modernised. This has resulted in incompatibility and dissimilarity between Arab countries.

Such legislation's inadequacy in fulfilling Arab societal needs raises questions, especially in the Arab Spring countries, because this legislation was unable to convince the broader population of its efficacy and effectiveness in responding to their societal needs and their country and peoples' aims.

Accordingly, reconstruction projects' planning should not be restricted to considering their execution but also how they reach the legislative process; leaving legislation to operate and evolve at the same previously slow pace would risk impeding other reconstruction efforts' reaching maturity.

It is certain that laws and legislations' modernisation and development is a slow process, given that they pass through successive series of evaluation and approval from centres of development studies to legislative bodies, for example parliaments, until their adoption at the highest level of the country's leadership and enter into force.

Consequently, the stages of preparation have the greatest significance for two reasons:

1. The amendments and responses of the approval, review and accreditation entities is time consuming, resulting in lost effort, time and significant expenditure;
2. The possibility of enacting laws that do not fulfil modern requirements due to insufficient understanding and unpredictability pertaining to the evolving requirements of particular activities. Such requirements are linked to numerous aspects of the digital economy, electronic identity verification methods,

contemporary management systems, alongside other requirements that continue to evolve. Major change periods potentially require temporary or swift laws to attract investors, provide currencies, facilitate loans and so forth. Therefore, rapid preparation and accreditation is required.

Consequently, Arab countries must develop the capacity to prepare legislation that is responsive to local needs, then apply best global practices. It is crucial that this is undertaken as a form of joint Arab cooperation, thus enabling benefit to be derived from Arab entities and unions, particularly the Arab Parliaments, to improve technical mobilisation during legislation preparation and proposal.

Moreover, the preparation of preliminary regulatory frameworks as opposed to suspending such work is required, to prepare for laws and legislations' enactment in a manner reflective of high-performing western models.



## RESEARCH AND DEVELOPMENT

From the perspective of the world's current great powers, we discover that alongside civil, legal and technical expertise, there are numerous research centres and strategic studies (NGOs), referred to as think tanks or centres for generating knowledge and ideas. Usually, these institutions draft laws and legislation, offering constructive criticism highlighting flaws and weaknesses, thus being a cognitive resource that is beneficial for providing legislative infrastructure advantageous to the community and responsive to their hopes and aspirations. Consequently, there is a requirement to rejuvenate Arab region-based research centres' work, in order to facilitate community members' participation in resolving local social, economic and technical issues, while instilling a research culture beneficial to the nations.

# CHAPTER FOUR

Framework of the proposed  
solutions and the roles of  
governments and Arab institutions





#### 4.1 Sustainable solutions versus temporary solutions and reliefs

Economic and construction solutions must be viable and contribute to the economic development cycle, despite certain initiatives appearing to be unproductive and unable to generate revenue—for example with government road networks—assuming that they are unequipped with service stations and road tolls.

Such infrastructural investments aim at opening up areas for human and goods movement, thus facilitating sustainable development. However, this will not provide a sufficient solution if isolated from comprehensive integrated solutions, as highlighted in chapter two, which were underpinned by human and economic needs' integration from a holistic perspective.

Accordingly, carefully crafted feasibility studies are necessary, beginning with the prioritisation of projects with significant returns. Such projects—identified and initiated from the outset—will provide the foundation of actuary and capital turnover; consecutive projects will be financed continuously, thus according with the sustainable financing concept.

Significantly, the concepts of sustainable economic solutions and sustainable economic development should be amalgamated, with the intention of harmonising and matching with the UN's 17 sustainable development goals.<sup>51</sup>

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<sup>51</sup>Sustainable Development Goals, United Nations: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

#### 4.2

## Technology and economic development

Technology and economic growth are interconnected, making it essential for economies to continue deepening the scale and extent of technology advancement's adoption. Significant problems globally in transitioning to digital economy concepts, for example, are related to:

1. The requirement to have correct, accurate and integrated databases, connecting information between various government and financial institutions. Connections with financial institutions should be compliant with information security, privacy and governance standards. This mandates that digital transformation stakeholders focus on the significance of a comprehensive national vision of these concepts, comprehensively applying them throughout the country;

2. Digital participation, for example financial inclusion, concerning the degree of popularity of shifting to official financial systems. Financial inclusion is digital when such systems are operational on connected devices. The World Bank has defined financial inclusion as a situation where "individuals and businesses have access to useful and affordable financial products and services that meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way".<sup>52</sup>

Facilitating financial services provision for businesses will simplify the establishment and expansion of their trade through supporting various investment sectors.

Furthermore, financial inclusion is situated as a priority globally for policymakers, regulatory authorities and development agencies. Additionally, financial inclusion has been ascertained as an enabler for seven of the 17 Sustainable Development Goals.

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<sup>52</sup>Financial Inclusion, World Bank: <https://www.worldbank.org/en/topic/financialinclusion/overview>



#### 4.3 The role of the League of Arab States and its institutions

This study has presented solutions relating to Arab countries' economic development in the wake of the devastation of the Arab spring events—solutions that should be more straightforward to implement and execute.

Such solutions may be far more efficacious and successful if implemented on the basis of a thorough and all-encompassing Arab perspective, underpinned by cooperation and joint Arab action as opposed to unilateral economic initiatives and solutions.

Furthermore, it is recommended that an integrated Arab project supported by the League of Arab States is pursued, via its institutions and specialised councils, to aim for the reconstruction and re-invigoration of Arab economic, political and human capacities.

This would be in accordance with the Arab League's foundational strategic objectives. It would enable the Arab League to realise its vision of supporting national strategies and projects founded on unity of purpose and destiny. Additionally, Arab countries' capacity, security and normalcy should be restored, which is a task for every country's government and people. Nevertheless, all Arab countries must participate and be concerned to attain this goal, because from an Arab strategic perspective security should be indivisible.

Although this research has focused on reconstruction, our position considers that such reconstruction should be an aspect of a wide-ranging economic and social strategy encompassing every Arab country, rather than being restricted to specific countries. This reflects the communicating vessels theory. Solutions directed and prioritised for those countries suffering from security and social instability will be of advantage to stable countries and vice versa, with Arab geographical, linguistic and cultural connections also influencing each other.

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<sup>53</sup>The League of Arab States announced a “Joint Arab Strategic Vision for Digital Economy” in a conference held in the United Arab Emirates between 16-17 December 2018, in the presence of representatives of the Arab States. This “Joint Arab Vision” is prepared by Harvard University, Cairo University and international organizations including the UN, the World Bank, The European Union in addition to international committee comprising of more than 70 international experts. The vision aims at boosting inter-Arab cooperation as well as political, social and economic stability in the Arab countries. A number of initiatives and development projects are expected to be produced along with digital transformation opportunities. According to preliminary assessments, the digital economy can contribute to more than USD 3 trillion in the Arab GDP compared to the current digital economy contribution of only 4% in the Arab economies versus 22% globally: <https://www.arab-digital-economy.org>

On this basis, the theory of the solution's universality is reinforced, rather than promoting fragmentation. Accordingly, our key recommendation here is to launch a major reconstruction project, reflecting a form of implementation programme originating from a joint strategic plan that accords with the Arab Strategic Plan for Economic Development.

The digital economy should be one of the principal focus areas being prepared and promoted by the Arab League.<sup>53</sup> Implementation mechanisms must correspond with the challenges', particularly given that preliminary estimates suggest that the reconstruction plan for deteriorating Arab regions, whether they were affected as a result of revolutions, unrest or other turmoil, will require financing and funding to a minimum of USD 1 trillion, while any implementation plan may require over 10 years.

Given the volume of necessary funds and long time period, a sustainable project management mindset and actuarial self-financing concepts must be considered; prior to elaborating, it is necessary to identify stakeholders and their anticipated roles.

#### **4.3.1 Mechanisms of execution and roles**

This study's vision is to initiate a major and much-anticipated Arab reconstruction project. Notable to mention here is history's most successful structural adjustment programme, the Marshall plan. This was a European Recovery Programme for reconstructing Europe

following the culmination of the Second World War, with a particular focus on the countries severely ravaged by the conflict, for example Germany, France, Italy and Austria.

The Marshall Plan was enacted in April 1948. Following its passing by the US Congress, the Organisation for European Economic Cooperation (OEEC) was established for supervising the distribution of aid to Western Europe.

The plan aimed at the reconstruction of devastated areas, elimination of trade barriers, industrial modernisation, enhancing prosperity in Europe more broadly and hindering Communism's spread. Originally, the OEEC had 18 participants who benefitted from USD 13 billion in aid, food, machinery and other products.

By 1952, as the funding ended, each participant state's economy had surpassed pre-war levels; for all Marshall Plan recipients, 1951 output was a minimum of 35% higher than in 1938.<sup>54</sup> In 1961, the OEEC was superseded by the Organisation for Economic Co-operation and Development (OECD), consisting of the OEEC founder countries plus the USA and Canada. As time has progressed the list of member countries has expanded, currently standing at 35 countries.<sup>55</sup>

The Marshall Plan was one of the preliminary elements of European integration, given its erasure of trade barriers and the establishment of institutions to coordinate economics at a continental level. Fundamentally, it stimulated Western Europe's total political reconstruction.<sup>56</sup>

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<sup>54</sup> Michael J. Hogan The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947–

1952, 1987, Cambridge University, ISBN 0-521-37840-0 pp. 34–35.

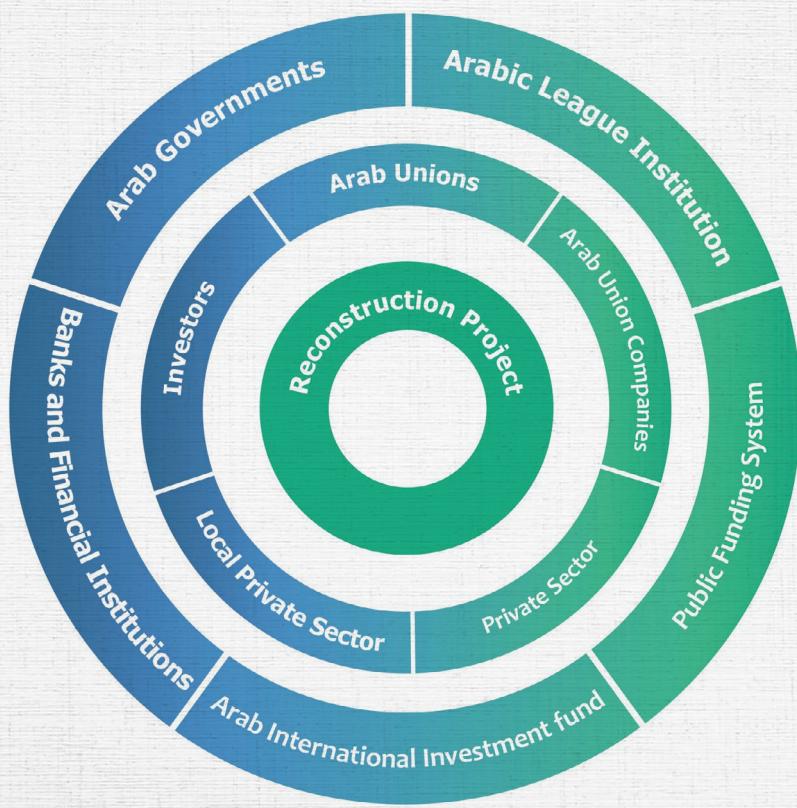
<sup>55</sup> Organisation for European Economic Co-operation: <https://www.oecd.org/general/organisationforeuropeaneconomicco-operation.htm>

<sup>56</sup> Milward (1984) p. 466

4.4

## Proposed execution model for reconstruction projects in the Arab world

Figure (18) highlights various affected and interrelated stakeholders' roles in the implementation of the reconstruction projects proposed for launch under the League of Arab States umbrella.



**FIGURE 18**  
Proposed application model for reconstruction projects

Our key recommendation is that each development programme should be managed by the entity with the greatest experience in the field and in funding entities, irrespective of whether the programme is entirely localised or overlaps several countries.

Arab League institutions are able to manage a range of programmes, with programme management perpetuating the principal governance procedures, major approvals, arbitration and supervision. However, project management ultimately remains the responsibility of the countries where the programmes or projects are being executed.

Furthermore, the balance of attribution must be considered, thus enabling the private and public sectors to play their necessary roles. Multinational companies may add value through providing technological capabilities that are unavailable locally.

Via these projects, this specific method may provide millions of employment positions, thus being a vital solution to Arab countries' unemployment challenge and for those countries suffering from turmoil.

The outer circle depicted in Figure (18) represents those entities possessing the greatest control and financing authority—the public funding systems—which stress capital turnover during the years of reconstruction, therefore enabling the first projects' returns to be recouped to provide funding to following projects.

This idea assists with identifying the first projects at the reconstruction plan's outset that are of a rapidly moving and material return type, thus enabling the capital to continue rotating.

The central circle represents the execution entities, with significance here of the unions and companies present that are operating under the Council of Arab Economic Unity. These are licensed in accordance with the Arab Economic Unity Agreement and they operate as multinational companies.

This must be the concern when advocating such kinds of companies to increase their visibility in Arab countries, specifically that they remain subject to supervision and Arab union standards. Projects may be implemented drawing on various models and in partnership with the private sector, thus allowing the financing of infrastructure projects away from governmental budgets.

Additionally, projects may be financed via funding institutions and paid back from generated revenues.

#### 4.5

#### **The role of local Arab governments**

The most critical role that local Arab governments play is the provision of security, stability and the fostering of peace within a country's borders. They further emphasise their ability to deter any external threats, because investors are disincentivised by risks emerging in unsafe and unstable environments.

Governments and legislators must update and alter the legislative, legal and bureaucratic environment to offer robust investment incentives to attract capital, in addition to motivating the private sector and funding entities to involve themselves in reconstruction projects that require investment amounting to hundreds of billions of US Dollars, as several studies have clarified.

Without such a mandatory foundation, the financial, investment and private sectors will be averse to risking heavy investment without guaranteed stability and the capacity to recover their capital and attain their desired profits.

Undoubtedly, local governments' roles during these projects are often essential and decisive, because they are the parties that initially identify necessary projects in a manner reflecting any national strategy development and related programmes, while also holding the requisite information, research and feasibility estimates.

Furthermore, Local governments should identify the most appropriate model for project implementation, having considered, for example, whether these projects are to be executed by the government or through the private sector, what funding resources are proposed, as well as identifying what the expected returns and growth rates will be.

Governments require advisory services as a means of expediting the preparation and assurance of feasibility studies' quality and accuracy. This will require supporting

these services through an Arab Fund or the Arab League, thus enabling Arab countries to more effectively utilise these services via long-term binding contractual guarantees, which are also binding on consultancy firms and centres for strategic studies.

The fact that all Arab countries have consultancy firms, academic institutions and research centres must be consolidated or incorporated into a systematic framework, thus guaranteeing that the studies are swiftly and efficiently produced, audited and reviewed, which minimises the risks posed to investors and financiers.

Furthermore, it is evident that government roles are extremely significant, based on their legal power to allocate, grant and sell lands, as well as their execution of projects of a strategic nature that are unable to be contracted to non-government entities.

#### **4.6 The role of the League of Arab States' organisations (general fund).**

Establishment of an Arab entity under a clear title, with the objective of reconstructing and achieving sustainable development, will prove beneficial and effective. This will particularly be the case if the entity's board comprises of representatives from Arab funds, Arab banks and investment portfolios, African funds and others.

Subsequently, the board will be responsible for the capital contribution, with its aim being to begin with a substantial financial amount (currently estimated at USD 30 - 50 billion) to finance projects within 10 years, being mindful of multiple capital turnover and self-financing.

Initially, the finances will not be released upfront, rather they will be injected gradually during the fund's first five years of operation. The proposal is that the fund operates low-interest loans, thus it will inevitably select high-return projects or projects undertaken by local governments.

Additionally, response mechanisms and participation will be diversified on an equivalent basis as the major funds, for example the World Bank. The Board of Directors may be joined by Arab league council representatives. The Board decides its work system in order to ensure expeditious completion. This new entity's potential roles include:

1. Management of the project and programme funds in a manner that ensures consistency with the overall plan and realisation of their objectives;
2. Acting as the general coordinator and programme manager. A project may comprise of a set of interrelated and consequential projects;
3. Acting as the general controller and consultant;
4. Communication with funds and donors external to the public fund;
5. Coordination of Arab countries.

## **4.7 Banks and Arab and international financing houses**

Arab and international banks as well as financing houses will provide development projects with their fuel. Accordingly, it is pivotal that such resources are attracted and the availability of reliable, comprehensive and government-guaranteed studies is guaranteed.

Such funds are continuously interested in ensuring the capacity to recover over the course of their work. Banks and financial institutions are potentially more appropriate parties for working on an array of diversified projects, primarily infrastructure projects for which the associated revenue is typically delayed and construction costs are often high, thus making investors reluctant to participate.

Moreover, such funds are experts in diversifying their investments and loans, affecting the priority and timing of certain projects. Resultantly, we anticipate that the application of financial sustainability schemes will oblige us to present project-based revenues, especially high-revenue projects that guarantee new projects' funding.

Usually, funding operations overlap with the financing contribution concept, because certain funds, banks and governments are able to establish alliances to finance large-scale projects that are unfeasible for a single entity to undertake. This emphasises the Arab League-based body's crucial and strategic role in terms of supervising such Arab projects, as a means of coordinating and formulating alliances.

#### 4.8

## Consultancy firms, research and Academic centres

The role of consultancy firms, research and academic centres is of foremost significance in the mechanism proposed by this study, because they work alongside intersecting roles, especially regarding the concerned country as we referred to previously.

Here we are not concerned solely with consultancy firms but also with universities, institutes, as well as governmental and political parties' centres and newspapers, which serve as hubs for collating ideas and proposals as a component of their work.

This category also includes local and international entities. Such centres are required to consider several important commitments, including the general plan and Arab strategies, for instance the Arab Free Trade Agreement and the Sustainable Development Goals, alongside the Arab Joint Strategic Vision for Digital Economy launched by the League of Arab States in 2018.<sup>57</sup>

This approach is necessary to integrate with the concerned country's broader national strategy, guaranteeing positive integration, a boost to the anticipated returns from these projects and the evading of isolation, repetition and harmful competition.

Moreover, they can periodically evaluate and measure the implementation results, submitting them to the supervisory and regulatory authorities—whether in the concerned

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<sup>57</sup>Reference 53.

Arab countries or entity at the Arab League or funds—adopting a transparency framework and commitment to corporate governance and integrity. Such a role is fundamental for ensuring the continued sustainability of actuarial financing, as well as for enhancing confidence in the general Arab economy.

#### **4.9 The role of private sector and investors**

The private sector and investors play a tremendous role because they are the parties injecting more money compared to governments bodies and other supporting financing funds.

At such a historical juncture, unique investment opportunities arise in correlation with economic blocs and alliances' establishment, as a consequence of the large volume of business within the market.

Consequently, the initiation of a major Arab reconstruction project and announcement of hundreds of large-scale projects provides an historic opportunity for the investment sector and businessmen. On this basis, an emphasis should be placed on every incentivising variable enticing the private sector and investors to confidently enter into the reconstruction project.

The Arab private sector may work intimately with the national public sector via myriad trade alliances, as well as collaborating with foreign sector actors according to the

project's requirements, while adopting flexible business models for the conclusion of major partnerships.

Furthermore, as a means of increasing this sector's requisite attractiveness, the Arab countries should review their bureaucracy and legislations, constituting the most conventional barrier that detrimentally affects private sector. Additionally, they are required for the development and enhancement of the private sector's role in the Arab region.

Numerous examples could be given that will not be expanded on here, because they are already familiar to Arab countries, governments and legislatures. Ordinarily, this hinders the activation of such incentives, thus diminishing Arab countries' rankings even further in terms of global competitiveness indices, as well as facilitating the ease of doing business and the private sector's role.

However, there are successful examples, for example the UAE, which ranks 11th on the World Bank's 2018 Ease of Doing Business rankings; this marks a phenomenal 10-point jump from 2017's 21<sup>st</sup> position.

Such success and knowledge are transferrable, thus benefitting other Arab countries and facilitating private sector engagement. The private sector requires security, safety and justice in terms of trade opportunities and competitiveness, attractive and fair labour laws for optimal business environments, alongside the requisite infrastructure's availability to allow business to be conducted, whether in terms of transport, communications and free transfer of funds.

#### 4.10

## The role of civil and not-for-profit organisations

Internationally, civil society organisations and community associations enjoy intimate relationships with public institutions, because they complement and frequently supplement government roles, thus enabling greater levels of coalescence in planning and participation in strategic decisions to be attained. In the USA, this sector is considered to be crucial as a form of public institution that regulates the requirements for labour, professions and specialities, while also spearheading public opinion's formation.

Exemplifying this, engineering societies, as professional organisations for engineers of various disciplines, act as legislators and policymakers in relation to the technical and regulatory laws required for practices to become valuable and integrated with the community, while simultaneously benefitting professionals.

Think tanks and centres of knowledge production deliver research and studies that are deemed as crucial strategic references, producing abundant intellect, knowledge and proposals for decision makers. Such institutions typically propose projects with corresponding laws and legislations.

Moreover, they provide constructive criticism that exposes weaknesses and vulnerabilities. Such a knowledge source is positive and beneficial, in that it may be adopted for providing policies infrastructure that guides laws and regulations, providing advantages to society more broadly and being responsive to its expectations and aspirations.

Therefore, it is significant to emphasise that such institutions' legal compliance in the countries which they operate in and where they work in synergy with local authorities, is a contractual term. They are regularly accused of exercising both executive and legislative power in an authoritarian manner when they amalgamate their support and advisory roles, as well as being 'political wolves in citizen sheep's clothing' thus placing their legitimacy under scrutiny.

This has contributed to their inactivity throughout the years, producing a knowledge gap in Arab societies. This sector is available in Arab countries, although not to the extent of US-based civil society and associations.

Nevertheless, it remains a crucial source for proposals, ideas and constructive technical reports, with relevance to legislation, projects or contributions to the provision of oversight services, while also participating in government evaluations of the effects of implementing projects and laws and publishing of strategic studies.

## 4.11 Summary of the general framework for the proposed open recommendations

Figure (19) summarises the general framework for the study's proposed work methodology. Furthermore, it highlights the role interrelationships and divisions.

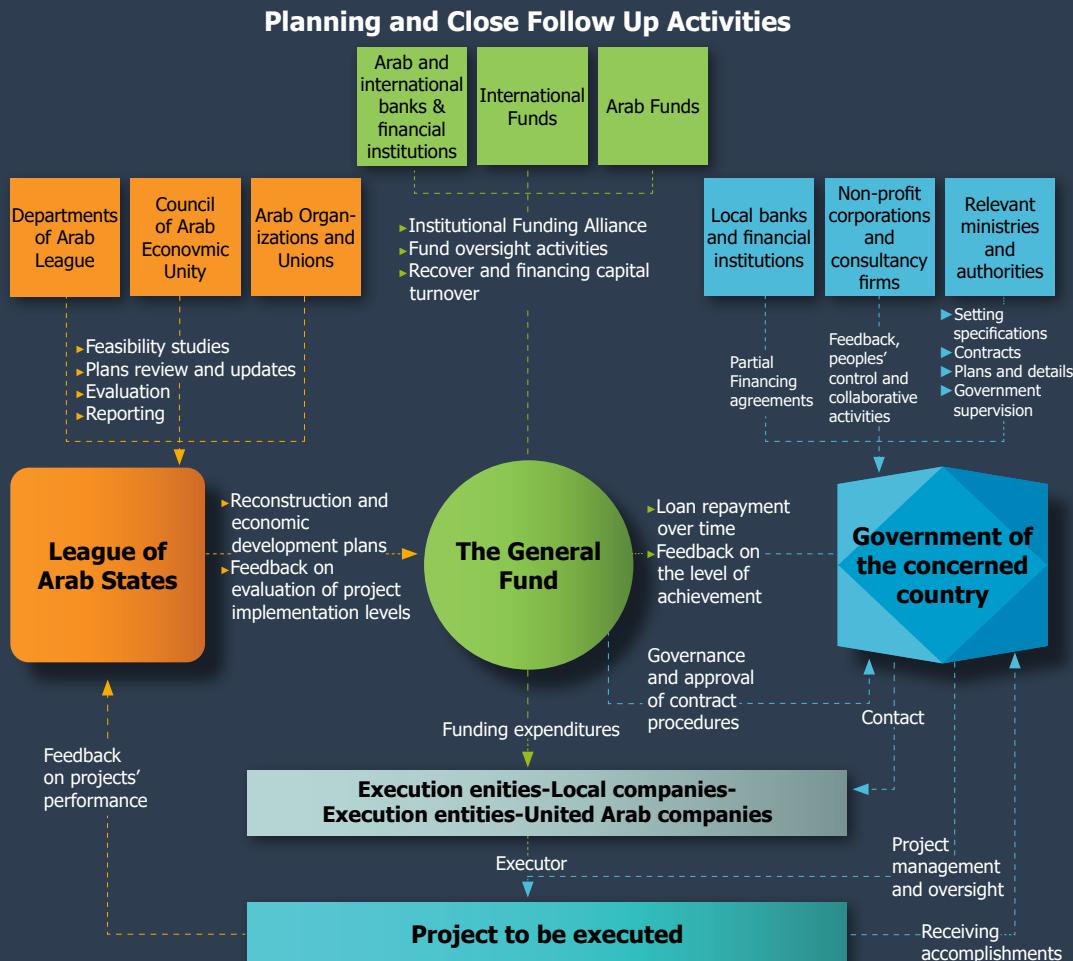


FIGURE 19

General framework for the proposed work methodology based on the study's recommendations

# KEY RECOMMENDATIONS

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- It is crucial to include reconstruction plans in parallel with an Arab economic strategic vision's implementation, marked by pervasive acceptance and adoption by Arab governments. This will establish a platform for joint Arab-economic action and collaboration.
- Encourage Arab investors to establish large and esteemed Arab companies across varied economic, architectural, engineering and agricultural fields, which have the capacity to compete globally against prominent multinational companies also operating within such fields. Laws, legislations and requisite research are key to these companies' establishment. Therefore, we call on the Council of Arab Economic Unity to manage and coordinate this initiative, collaborating with Arab governments and specialised Ministerial Councils.
- Activation of an Arab implementation mechanism for promoting and operating reconstruction projects comparable to the Marshall Plan, which entailed a unified mechanism for managing reconstruction projects in Europe following World War II. Subsequently, this progressed into the OECD. Therefore, an opportunity is apparent for establishing a similar operating model and operational mechanism capable of implementing the strategy, or at the minimum pushing certain key initiatives towards execution.

- The launch of Arab and popular initiatives in numerous Arab countries for technology education and the training of youth in cutting-edge technologies, promoting the formation of specialists. Accordingly, the aim of manufacturing native technology as opposed to importing it should be achievable. Furthermore, e-learning methods may be adopted here and provided free or at a low cost for Arab youth.
- Enhance communication among Arab League institutions, particularly within the digital economy field at top Arab universities, as a means of promoting cohesion between scientific research, academic education and the Arab market's requirement for new technology professions.
- Call on Arab government authorities to enhance their electronic services and advanced technologies, as a means of maintaining pace with the Fourth Industrial Revolution and to attain swifter, more precise, efficient and cost-effective services, therefore attaining greater satisfaction and contentment among the Arab public to whom these services are being delivered.
- Invite the specialised Councils of the Arab League concerned with economic and social affairs to work towards implementing the most effective Arab initiatives, alongside expertise and knowledge transfer, time saving, effort and expenses, while also ensuring the utmost harmony, coherence and similarities in terms of laws and legislations.

- Call on the Arab Federation for Digital Economy to establish a specialised advisory Council of consultants, experts and executives to investigate Arab laws in the fields of electronic transactions, digital economy and the combating of cybercrime. Following this, proposals should be submitted for draft laws to Arab leaders via relevant ministerial conferences, who should be constantly updated in accordance with international developments.
- Implement innovative technology across numerous reconstruction areas, particularly in terms of the swiftness, efficacy and performance that are necessary for completing reconstruction projects. This is precisely the role that cutting-edge technology can play: it encapsulates all areas, including but not limited to agriculture, industry, residential development, construction, roads, communications and so forth.
- Devise a framework for tech entrepreneurship in the Arab world, while financing and bridging it across varied public and private sectors to attain higher and faster returns on investment, in direct correlation with the requirements of the Fourth Industrial Revolution and new economies. Methods of resolving data overload should also be devised.

# ABOUT THIS STUDY

This study provides statistics and a summary of studies relating to the events occurring in several Arab countries since 2011, alongside their effect on the general Arab economy. This research seeks to investigate the possibilities of economic integration among Arab countries, alongside their revitalisation. The author begins by reviewing developments on the European continent, specifically in Western Europe, considering the regions revival in the aftermath of World War II. Successful examples emerge pertaining to all sectors that contributed to European countries' reconstruction. The author concludes by providing prominent recommendations, alongside an invitation to all stakeholders in the Arab world to contribute towards achieving sustainable development.

The research is characterised by a positive outlook that will provide its Arab reader with realistic prospects that it is attainable. They will have the ability to look at things with greater optimism and ambition, in light of what is occurring during the age of the Fourth Industrial Revolution. The study delivers a rational call to rebuild the Arab world and, more significantly, to rejuvenate the Arab human and strengthen their abilities to take on the roles they deserve across all walks of life.

## **Mourad Wahba**

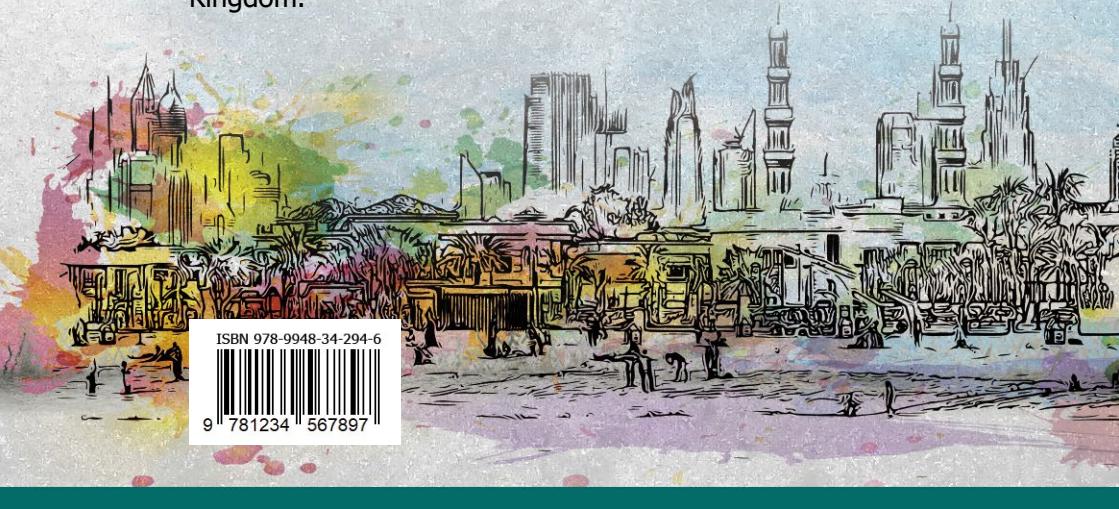
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He has published more than 140 publications in the development of the public sector and digital transformation. Considered a 'think and do tank', he was ranked 23rd in the world's 100 most influential in digital government, and the only Arab figure to appear in the list that was published by "Apolitical" in 2018.

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ISBN 978-9948-34-294-6



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