

Regional Peace, Security and Development

UN Regional Coordination Group

**Activating the Arab Economies towards
Employment, Productivity and Sustainable
Development**

**Presentation
by
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Main Agents of Sustainable Development

- **Private Sector**

- *Enterprises*
- *Chambers of commerce, Industry & Agriculture*
- *Professional business associations*
- *Trade Unions & Agricultural Unions*

- **Educational Sector**

- *Secondary Schools*
- *Vocational training Schools*
- *University, Research Centers & Laboratories*

- **Local bodies**

- *Municipalities*
- *Mohafazat*
- *Awkaf*

Missing Responsibilities of Agents

1. Private Sector

- Maximization of profits not to be the exclusive objective of Private sector activities
- Respect for environment & just price paid for access to natural resources
- Contribution to R & D in various productive sectors, productivity and quality of goods & services produced
- Contribution to raising the level of human resources by continuous training
- Acceptance of competitive environment
- Social responsibilities and in particular creation of adequate number of employment opportunities

Missing Responsibilities of Agents

2. Educational Sector

- Main responsibility is not education *per se* secluded from local environment & economic & social issues
- But training students in order for them to find decent working opportunities locally and minimizing the loss of human resources (brain drain or unemployment)
- Universities should contribute actively to built R & D facilities, Research centers & Laboratories in cooperation with the state, the local bodies & the local & international Private sector

Missing Responsibilities of Agents

3. Local bodies

- Local bodies (elected representatives or administrative machinery) should be a focal point for development and should develop a comprehensive vision about stimulating growth & preserving environment at the local level
- Local bodies should work with private sector enterprises and professional bodies and with Educational institutions to develop this vision
- They should enjoy a much higher level of human & financial resources

Missing links between the main Agents

Private Sector, the State & Local bodies

- **No common vision on main development issues, at national and local levels, such as:**
 - *Fighting unemployment*
 - *Preserving natural resources*
 - *Increasing the level of productivity of the economy*
 - *Stopping migration from rural areas to large towns*
 - *Preventing brain-drain*
- **No tools to create permanent links and distribute responsibilities at implementation level**
 - *Taxation system is not adequate to promote the responsibility of the Private sector*
 - *Relations between the State and Business associations are not geared towards development issues but focus exclusively on State protection and incentives to Private sector*
 - *Banking systems still function on a traditional basis*

Missing links between the main Agents

The State & Local bodies

- No fiscal decentralization that would allow regions and municipalities to raise more resources at the local level and to be better equipped
- Spending through local bodies can be better controlled than spending through the State
- No vision of local development issues and ways to tackle problems
- No permanent contacts with local private sector and educational institutions to solve local problems

Missing links between the main Agents

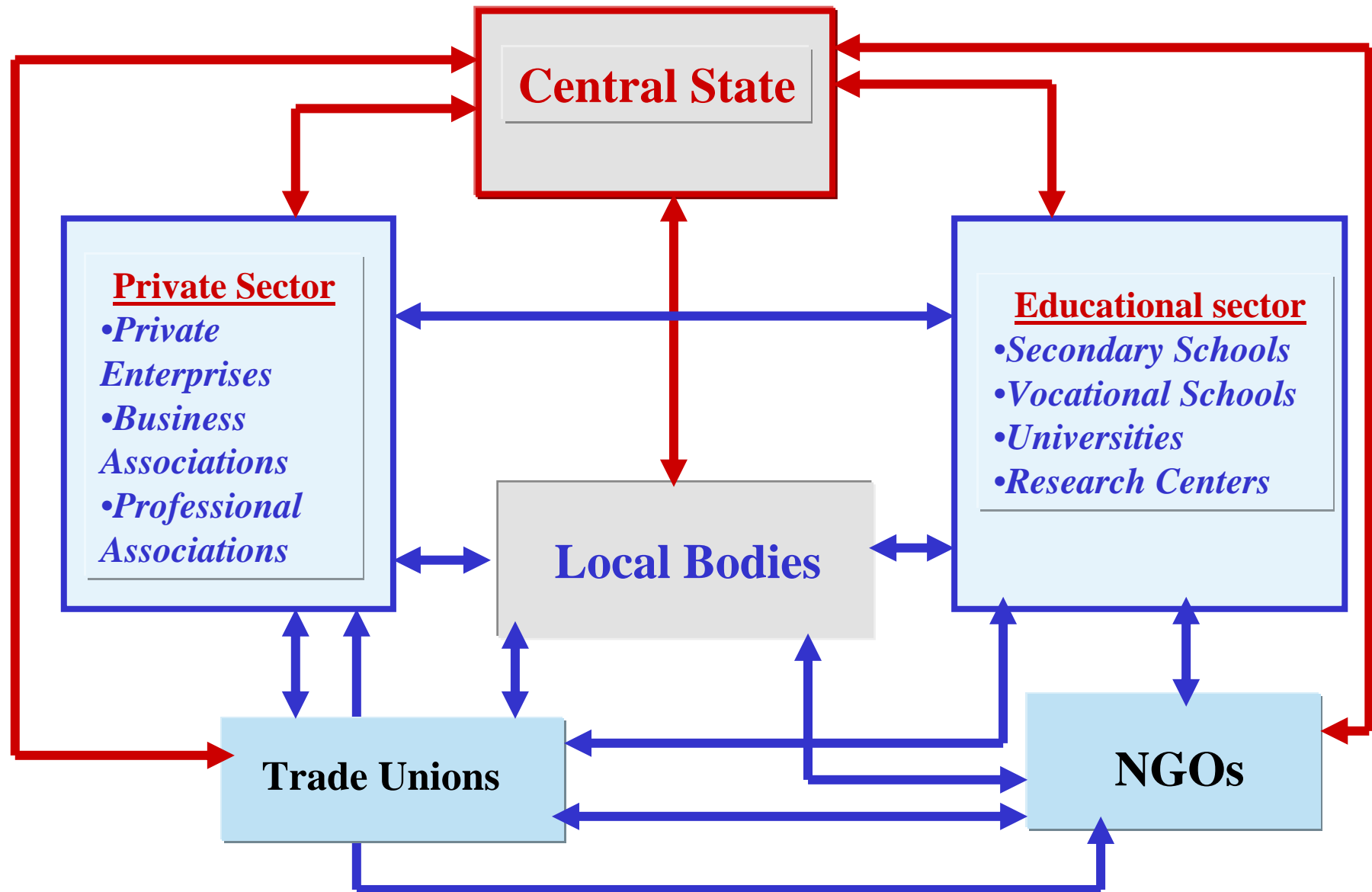
The Educational Sector and Private sector

- No conscience of the key role the Sector has to play to secure development
- No contacts with Business associations to determine the future HR needs of the Private sector in different kind of education and adapt programs to the needs
- No efforts to promote R & D and Laboratories research facilities for the State, the Local bodies and the Private Sector (domestic or international) in coordination with State and the other agents of development

Main tools to create development links between main Agents

- **State/Local bodies :**
 - Fiscal decentralization
 - Contractual framework for State Subsidies
- **Local bodies/Private sector**
 - Contractual framework stating:
 - *local incentives (or subsidies) to be given to create more employment opportunities*
 - *Principles to preserve environment*
 - *Cost of access to natural resources and anti-pollution taxes*
- **Educational sector/Private sector/State & Local bodies**
 - Contractual framework to promote:
 - *R & D, Laboratories & research facilities*
 - *Plan development of HR and productivity of the various sectors*
 - *Organize continuous training of manpower*
 - *Identify responsibilities of each Agent in promoting employment, best practices, productivity, R & D*

The Web of Development Change



SD in the Arab region

From vicious to virtuous circle

Vicious circle

- *Lack of entrepreneurial dynamism*
- *Lack of employment opportunities*
- *Brain drain*
- *Low productivity*
- *Trade and Public finance deficit*
- *Lack of financial resources*
- *Increase in poverty and unemployment*
- *Increase in environment degradation*
- *Increased brain drain and lower productivity*
- *Increased lack of entrepreneurial dynamism*
- *Lower available financial resources for SD*

Virtuous circle

- *Domestic and external resources mobilized for SD*
 - *Stimulating innovation and R & D*
 - *Capacity building for actors and stakeholders of SD*
 - *External Debt swap into actions for innovation and R & D*
 - *Adapting taxation system to SD*
- *Increased employment opportunities for skilled workers and University graduates*
- *Improved management of the economy*
- *Increased productivity*
- *New financial resources for SD*

SD in the Arab region

Breaking the vicious circle

