

**Statement by Mr. Badr Jafar, *President*, Crescent Petroleum and CEO,
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**ECOSOC Exclusive Event, “Breaking new ground: Partnerships for
more and better jobs for young people”, 27 February 2012**

Dignitaries, Ladies and Gentlemen,

I speak to you today during what is an unprecedented period of change in the Arab World.

It is a struggle for social justice, openness, and fair and transparent governance, to be sure. But even more than that, it is a reaction against the ever-widening deficit in economic opportunity for tens of millions of young people - what has been referred to as a “demographic time-bomb”, on the verge of exploding within our Region.

The facts do not lie. The Middle East and North Africa, or MENA Region, has the highest youth unemployment in the World, currently recorded at over 25%, with pockets of youth unemployment reaching up to 60% in places like Egypt and Tunisia. Female youth unemployment is even higher, exceeding 39% in the Middle East. National unemployment in some Gulf countries could more than triple to over 30%, if no interventions to the current model are taken.

Approximately one-third of the Region’s total population is currently below the age of 15, and 65% are under the age of 30, and so tens of millions of young people will enter the Region’s work force over the next ten years, needing to find jobs either at home, or through regional labour mobility.

The stark statistic is that 100 million jobs need to be created in the Arab World in the next two decades alone - more than was created in the whole of the last century.

And if that weren’t enough, the persistent failure of the educational systems in the Arab world to provide the necessary skills to our youth in order to compete in an evolving job market that is in a continuous state of evolution and flux, has compounded the problem.

Education in the Region tends to be based on rote learning of standard texts, instead of fostering creativity and innovation, and also a focus on University degrees often in subjects not demanded by the job market, instead of vocational training, compounds this problem.

Unfortunately, many of the underlying causes of the unrest in what has been called the “*Arab Spring*”, are likely to get worse in the short term. Foreign investment, for the most part, is drying up. Tourism – especially in countries whose economies are extremely dependent on it – will take years to return to pre-2010 levels. And 5 million jobs must be created in the MENA Region every year just to avoid unemployment from rising.

Yet by contrast, expectations among the people who toppled these regimes remain extremely high. These are *unrealistic* expectations – that somehow as a regime falls, jobs and affordable housing will miraculously rise from the ashes of the toppled government.

We must find an answer to this soon, or risk long-term violent torment in our Region.

To the extent that an answer exists, it must involve the Private Sector. The business sector – together with government and civil society in public-private partnerships - has a vital role to play in delivering innovative solutions to the growing youth unemployment problem.

Small and Medium Enterprises play a central role across the entire MENA, and the expansion of this sector is a key engine of future economic growth and employment. Every prosperous society in modern human history has had a vibrant SME sector. SMEs account for a high proportion of employment in most countries, averaging 70-75 percent in Europe and North America, for example, but only 33 percent in the MENA.

Encouraging and supporting young people in their efforts to start up small and microenterprises is therefore vital, and it is therefore essential that we urgently tackle the many obstacles that budding entrepreneurs face, such as excessively bureaucratic company registration, lack of access to financing and inadequate bankruptcy protection.

The imperative to transform entrepreneurship in the Region is derived from the employment problem, but goes further than that – it helps to drive the maturity of the economies in the MENA region. Fostering entrepreneurship in young people is critical to economic development – and for tackling youth unemployment.

So what is it that companies can do? Clearly, businesses can support youth employment and enterprise development through their core business activities, within the workplace, in the marketplace and throughout supply chains.

Community activities that leverage companies' core skills, experience and expertise can also make a significant and sustainable positive impact. Businesses can take proactive action in all three critical areas of education, employment and entrepreneurship.

Immediate "make work" infrastructure projects are desperately needed to employ large numbers of workers, such as construction of highways and bridges, and large rural or agricultural projects.

According to a World Bank report of January this year, every 1 billion US\$ invested in infrastructure in the MENA Region in the short-run has the potential of generating on average, around 110,000 infrastructure-related jobs in the oil-importing countries, 26,000 jobs in the GCC economies and 49,000 jobs in the developing oil-exporting countries.

The same report concludes that in order to sustain growth rates achieved in recent

years and boost economic competitiveness, the MENA Region needs to invest between 75-100 billion US\$ in infrastructure annually. This investment could therefore generate over 11 million infrastructure related jobs within the Region.

I'm speaking to you today not as President of Crescent Petroleum, but as co-initiator of the Pearl Initiative. The Pearl Initiative was launched here at the UN in New York at the end of 2010, in collaboration with the United Nations Office for Partnerships. It is a GCC-based, private sector-led, not-for-profit organization set up to foster a culture of transparency, accountability, good corporate governance and best business practices in the Arab world.

It is a growing regional network of business leaders committed to driving joint action and sharing knowledge and experience, in order to create a culture of greater transparency and accountability.

Our partners cooperate with us on various issues of common interest, in such important areas as ethical labour practices, human rights, supply chain practices, and workplace issues, as well as corporate governance, anti-corruption and reporting practices- in order to work towards what is our shared goal: to enhance the capabilities of the Private Sector to develop and implement new ideas and better business practices in the Arab World.

In particular, the Pearl Initiative is working with the ILO and the UN to put together a framework for action going forward that will leverage the strengths of our organisations in helping to address the challenges of employment, youth skills and entrepreneurship in the Region. Through advocacy, a call to action to the wider business community, raising awareness, policy debate, exchange of good practices and the sharing of experiences, we are confident that our efforts will bear fruit.

It is a challenging task, and we are committed to succeed.

Conclusion:

Ladies, Gentlemen, Delegates...

We face a crisis in the Arab world, fed by instability, extremism, and the inevitable disillusionment that comes when the expectations from the downfall of corrupt regimes are not fulfilled overnight. Without taking concerted action to create jobs for the tens of millions of Arab youth, we risk decades of violence, unrest, and the inevitable rise of extremist groups seeking to capitalise on the prevailing moods.

Yet as is often noted, from crisis comes opportunity. And what we have here is an opportunity to re-build the Arab World in teaching our next generations that where corruption, greed, opacity and injustice once were, transparency, social justice and responsibility can thrive.

Demonstrations and civil conflict attract the world's media attention today, but we must not forget that the chants in Tahrir Square were for "bread and dignity". One cannot separate political rights from economic rights; there is an urgent need to

take real steps to address chronic job shortages and lack of short-term liquidity in post-revolution economies.

The immediate short and long-term economic priorities of the Middle East and North Africa lie in the 3Es – transforming education, employment and entrepreneurship. This will not only lead to greater economic prosperity in the region, but will allow the emerging markets of the region to mature and become competitive globally. These immense challenges cannot be confronted without the Private Sector, and the companies of the Region must lead by example, engaging with governments and educational institutions to ensure that training and education meets the need of the job markets.

At the Pearl Initiative, we are providing a platform for the coordination of these efforts, in the hope that in the not too distant future, the Arab world will be able to regain its former glory as a region of great opportunity and innovation.