



# MASOOD AHMED

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## Mohamed KABBAJ

I would like to give the floor to Ahmed Masood, a well-known person in the region who was in charge of the Department of the Middle East and North Africa in the IMF. Now he is President of the Center for Global Development.

## Ahmed MASOOD

Uri has given you a good picture of the central issue of the region, which is how to create jobs for a young population. I would like to focus my remarks on a subgroup of countries, that is the oil exporting countries who are all trying to diversify their economies to try to provide jobs for nationals. They are also trying to diversify their economies to become less dependent on oil because now they see that oil is not going to provide the same income as in the past.

Just to give you a couple of facts. In most of the oil-exporting countries in the region – let us look at the GCC countries, Qatar and the other five countries of the GCC – the nationals work mainly in government, in the public sector; in Qatar, for example, 85% of nationals work in the public sector. In other countries, it is a bit less; on average 70% of nationals work in the public sector. In the past, this has been a good way to employ a lot of young people coming out of universities and schools. However, going forward GCC governments are not going to have the resources to be able to employ all the nationals in the public sector, so they have to be employed increasingly in the private sector.

How do you create a private sector that is going to be able to employ nationals? The good news is that all the countries now have plans and visions of creating non-oil economies. There is a Qatar Vision 2030; there is a Saudi Development Plan; there are plans in every other country. Broadly speaking, these plans cover the same sorts of areas; they want to develop logistics, services, manufacturing, tourism; sectors that will add value and provide jobs outside of the petroleum business. The challenge now is how to make sure that these plans turn into reality, so that in 10 or 15 years' time, the economies are more diversified and private sector jobs are being created for nationals.

Can this be done? The history, of experience from countries around the world that have come from a commodity-dependent base, is that it is not easy to diversify away from commodities. Malaysia is a good success story in some ways and there are one or two other success stories but it is a hard process.

Why is it so hard? I think for two reasons. One is that it is hard to create the strategic sectors, the clusters of industries that will provide the impetus for future growth. And even if one can identify some sectors, the bigger problem is often to change the mindset of the private sector. Today, many of the private firms in oil exporting countries find it profitable to be in the non-tradeables sector where they produce goods and services for the public sector or are protected from competition. Going forward, they will need to switch to becoming competitive, internationally comparable producers, who can stand on their own two feet and add value to the economy rather than simply be providers of services in a somewhat protected environment.

The second big reason, which is why I am so happy that this session is called 'Diversification, employment and education', is because to enable the nationals to work in the private sector, you must focus on the incentives they have and the skills that they have. Dealing with the incentives first, today the conditions of work in the public sector in



many oil-exporting countries are better than those people might find in the private sector. Over time, you must level the playing field, so that people are as interested in going into the private sector as they are in looking for a job in the public service.

Beyond incentives, we need to ask if we are giving our young children in the school system the skills that they need to be productive and competitive in the private sector. If you ask employers for the main reason that makes it hard to bring more nationals into their private-sector companies, one of the key constraints they identify is an inadequate match between the skills they need and the skills with which the students come to them. Reworking the education system, which means looking at the fundamentals of what we teach, how we teach, and how we teach them to learn, rather than how we just give them information to remember, is a fundamental change in the educational philosophy that in many countries will require us go through a major root and branch reform of the education systems.

I should say to you that, while this is important for the oil-exporting countries, the same argument of looking at the education system and asking whether it gives the young people the skills that they need for tomorrow's workforce applies also to the oil-importing countries in the region and to many countries outside the region.. There are employers in Europe and the United States who also struggling with not being able to get youngsters with the right skills set because the skills that we need for the employment of tomorrow are going to be radically different from the skills that we need today. The nature of employment and the nature of work are being transformed through the digital economy, the technological revolution, and that requires our youngsters to have a whole different skill set and aptitudes going forward. For me, the big challenge going forward is to think about the diversification, growth employment and education agenda as an integrated agenda. You are not going to achieve success on either employment or diversification unless you also address the fundamental issue of how you develop the skills of your workforce for tomorrow. Thank you.

**Mohammed KABBAJ**

Thank you, Ahmed.