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Model Arab League

BACKGROUND GUIDE

Council of Arab Economic Affairs Ministers

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National
Council
on US-
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Relations



Original draft by Maddison Cooper, Chair of the Council of Arab Economic Affairs Ministers at the 2015 National University Model Arab League, with contributions from the dedicated staff and volunteers at the National Council on U.S.-Arab Relations

Honorable Delegates,

It is my great pleasure to welcome you to the 2014-2015 National University Model Arab League Conference! My name is Maddison Cooper and I will be serving as your Chair for the Council of Arab Economic Affairs Ministers. I am a senior at Mercer University in Georgia pursuing a major in International Affairs and an individualized minor in Regional Studies. This is my fourth year participating in the Model Arab League Program and I am so grateful for the experiences it has provided me and the knowledge that I have gained. The program has afforded me multiple opportunities including traveling to Saudi Arabia as part of a joint Fellowship program between the National Council on US Arab Relations and the Saudi Arabian Government. I encourage all of you to take advantage of all the great opportunities that the National Council can provide including these fellowships, internships, and much more!

As ministers of the Economic Affairs committee, you will be tasked with formulating and establishing sustainable practices to address economic security not only as individual member states but the Arab region as a whole. It is the goal of this committee to address the topics raised below in order to determine the best possible solutions and cooperative initiatives that all member states can work together to achieve and implement. Thus it is essential for ministers of each country to carefully research the topic on the regional level as well as individual countries in order to foster solutions in respect to countries needs and similarities. It is my hope that each of you will arrive well prepared and ready to debate so that we will make the best use of the small amount of time that we are allotted. I look forward to working with all of you and wish you the best of luck!

Sincerely,

Maddison Cooper

Chair, Council of Arab Economic Affairs

Topic 1: Formulating strategies to attract foreign direct investment to the Arab world, and exploring how such investment could be utilized to enhance both domestic economies and regional cooperation

I. Introduction to the Topic

A. General Background

Foreign Direct Investment (FDI) is made by a company or entity based in one country, into a company or entity based in another country. Foreign direct investments differ substantially from indirect investments such as portfolio flows, wherein overseas institutions invest in equities listed on a nation's stock exchange. Entities making direct investments typically have a significant degree of influence and control over the company into which the investment is made. Open, stable economies with skilled workforces and good growth prospects tend to attract larger amounts of foreign direct investment than closed, highly regulated economies.¹

Nearly all nations seek FDI in some way, and developing nations in particular rely on FDI from wealthier countries to grow their economies. It is important to note, however, that while governments have a role in attracting FDI, the financial exchange is essentially between private businesses. This is complicated somewhat by state ownership of businesses and industries, but delegates should consider this when discussing strategies for FDI inflows to the region. Governments are generally not seeking to attract FDI investments for themselves, per se, but for the businesses and industries located in their respective countries.

The latter part of the topic is also essential – the topic is not just a call for blanket increases in FDI, but it also seeks strategies that make the most positive impact in terms of economic growth and cohesion between League members. Critics of FDI about “potential monopolization of the domestic market, and more generally about the impact of FDI on the government's ability to manage the economy,” particularly when binding multilateral agreements are involved.² Any strategies devised by the delegates should consider these criticisms, mitigating the negative effects and capitalizing on the positive aspects of FDI.

B. History of the Topic in the Arab World

Historically, foreign direct investment opportunities have originated from Western Europe and North America; 59% of FDI in the Middle East originated from these regions between 2003 and 2011. Due to political and economic uncertainty in these areas, however, the size of the investment has dropped significantly.³ Egypt, for example, has seen a decrease of FDI from \$9.66 billion in 2012 to a mere \$2.93 billion in 2013, which resulted in a reduction of jobs

¹ "Foreign Direct Investment (FDI) Definition | Investopedia." Investopedia. N.p., 2014. Web. 23 Aug. 2014. <http://www.investopedia.com/terms/f/fdi.asp>

² "Trade and Foreign Direct Investment." World Trade Organization. WTO News, 9 October 1996. Web. 23 September 2014. http://www.wto.org/english/news_e/pres96_e/pr057_e.htm

³ Wright, Gilly. "Middle East FDI: Infrastructure Boom." Global Finance Magazine. 1 April 2014. Web. 10 September 2014

created by FDI for that year by 65.45%. On the other hand, Syria has lost 92.86% of FDI due to civil unrest and political instability.⁴

The Gulf Cooperation Council countries are collectively the largest recipients (and suppliers) of FDI in the region. Recent trends suggest that FDI inflows to the UAE and Kuwait are on the rise. FDI in Saudi Arabia has dropped by about one fourth, though it is still the largest recipient of FDI in the Arab world.⁵ Despite the decline, FDI to GCC countries remain at the same level as in 2012 (\$26 billion).⁶ According to a survey by Ernst & Young, 75% of respondents said that the GCC is the most attractive investment location in the region.⁷

Another example for consideration is Iraq. Iraq has attracted the greatest increase in FDI since 2012, rising from \$960 million in 2012 to \$14.96 billion in 2013. This change strongly reflects the FDI increase in Kurdistan, which amounted to \$5.5 billion⁸. While the numbers for 2014 are not yet available, effects of conflict in Iraq over the past year will likely be the determining factor in the FDI levels there.

An important piece in the recent history of FDI in the Arab world is the 2007-2008 financial crisis. During the global economic downturn, oil-exporting countries fared better in general, buoyed by high oil prices.⁹ However, non-oil exporting countries found themselves with massive balance of payments deficits as more of their economies rely heavily on remittances, FDI and tourism. When FDI dried up, all countries struggled, particularly the non-oil exporting countries.

C. Finding a Solution to the Problem: Past, Present, and Future

In considering economic reform, delegates should address the avenues and policies that could attract investment inflow to Arab states that are mutually beneficial. The region's political environment must be considered in the development of potential investment practices and policies.

Attracting FDI can be a challenge to many countries, although it can be accomplished in many ways. Education is crucial when thinking of FDI in the long run, because an educated workforce is essential for many firms and corporations considering investing abroad. Since investors prefer a high-income population, economic growth is essential in increasing the total number of projects produced by FDI. Corruption and restrictive business regulations can hinder a country's

⁴ Perumal, Santhosh V. "Qatar FDI Falls 29% in 2012." Gulf Times. 23 May 2013. Web. 25 September 2014. <http://www.gulf-times.com/business/191/details/353733/qatar-%E2%80%98fdi-outflow-falls-29%25-in-2012%E2%80%99>

⁵ John, Isaac. "GCC Ends Three-year FDI Dip with \$26.4b Inflow in 2012." Khaleej Times. N.p., 27 Aug. 2013. Web. 10 Sept. 2014.

⁶ "UAE Foreign Direct Investment Increases by 25% to \$9.6b." Newsletter. Gulfnews, 27 June 2013. Web. 23 Sept. 2014. <<http://gulfnews.com/business/economy/uae-foreign-direct-investment-increases-by-25-to-9-6b-1.1202794>>

⁷ "2012 Middle East Attractiveness Survey-FDI Dynamic and Emerging." EY. Ernst & Young, n.d. Web. 16 Sept. 2014. <<http://www.ey.com/GL/en/Issues/Business-environment/2012-Middle-East-attractiveness-survey-FDI-dynamic-and-emerging>>.

⁸ Pironti, Alexandra Di Stefano. "Foreign Investment in Kurdistan at \$5.5 billion; UAE Among Top investors." Rudaw. 22 January 2014. Web. 24 September 2014. <http://rudaw.net/english/business/22012014>

⁹ Ahmed, Masood. "Global Financial Crisis Highlights GCC's Policy Challenges." International Monetary Fund. March 2010. Web. 24 September 2014. <https://www.imf.org/external/np/vc/2010/033010.htm>

ability to attract FDI, as well as high trade barriers and corporate taxes. A high current account deficit may hinder a countries ability to obtain FDI. Other approached can involve manipulation of currency valuation, which in some cases may increase FDI inflows.¹⁰

Of particular interest to the council may be intra-regional FDI flows. Intra-regional FDI is characterized by countries within the area investing in neighbors. The bulk of intra-regional FDI over the past 10 years remains amongst the GCC “trio” (Saudi Arabia, Qatar, and the UAE), with the majority of FDI in the region (62%) going to GCC members. Egypt led the way for FDI among non-GCC members, accumulating about 16% of FDI value in the region.¹¹ This type of FDI satisfies both stipulations of the topic – enhanced domestic economies and regional cooperation.

II. Questions to Consider in Your Research

- Has the Arab Awakening changed your country’s levels of foreign direct investment?
- What plans and policies does your country have in place to promote economic growth and diversification?
- Is my country the origin of FDI to other Arab states?
- Does my country receive FDI? From what country/countries?

III. Questions a Resolution Might Answer

- What can the League do to achieve macroeconomic stability?
- How can direct foreign investment be increased throughout the region?
- How can the region attract investment, despite factors that may deter investors?
- How can the League protect economic markets, while promoting regional Growth?
- How can the League take advantage of the benefits of FDI while mitigating the negative effects laid out by its critics?

IV. Resources to Review

- <http://www.ey.com/GL/en/Newsroom/News-releases/FDI-flows-to-the-Middle-East-shift-from-developed-markets-to-intra-regional-investments>
- <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD>
- <http://unctad.org/en/pages/Statistics.aspx>

¹⁰ Goldberg, Linda S. “Exchange Rates and Foreign Direct Investment.” Princeton Encyclopedia of the World Economy. Princeton University Press. Web. 24 Sept 2014.

<http://ftp.ny.frb.org/research/economists/goldberg/ERandFDIArticleGoldberg.pdf>

¹¹ Ibid.

Topic 2: Addressing increases in regional socio-economic disparities with a focus on expanding middle-income opportunities in member states

I. Introduction to the Topic

A. General Background

The topic refers to socio-economic disparities, or in other words, the gap between rich and poor, within member states. What is clear in the post-Arab Spring world is that such disparities are dangerous to the ruling government, when the “balance of social justice is dysfunctional.”¹² The council is asked to “address” these issues, wording that implies action but does not require an overall solution to such a tall order.

The topic also mentions the term “middle-income” which essentially refers to the middle class. Defining what income qualifies an individual or family as middle-income is by no means universal, even in countries with a significant and established middle class.¹³ The council has certain latitude in this regard. However, delegates should consider what it means to be ‘middle-income’ in their own country, and look closely at the macroeconomic factors which their council might influence to increase it.

B. History of the Topic in the Arab World

There has been much discussion about the Arab middle class in recent years, particularly since the uprisings of 2011 and beyond. Whether analysts and pundits are correct in their assumptions regarding the composition, size, and growth/decline of Arab middle classes, it is clear that “the middle class is an important category of interest not only because they are the main drivers of economic activity and, thus, vital to the economic development of any country, but also because they are an interest group which influences political and social life.”¹⁴

The region, in general, has not developed a traditional middle class like many developed countries, largely due to the same historical challenges that have hindered the overall economic development of Arab nations.¹⁵ Delegates must also consider the vast economic disparities amongst their respective member states. High income countries like Kuwait, the UAE and Qatar have amassed wealth from hydrocarbon exports and their citizens may be considered the closest in the region to a middle class. However, these countries tend to have capital-intensive industries

¹² Khashoggi, Jamal. “Rich Arabs, Poor Arabs and the Ever-Widening Gap.” Al Arabiyya. 15 April 2014. Web. 24 September 2014. <http://english.alarabiya.net/en/views/news/middle-east/2014/04/15/Rich-Arabs-poor-Arabs-and-the-ever-widening-gap.html>

¹³ Reddy, Sudeep. “How do you Define the Middle Class? People who Make what I Do.” Wall Street Journal. 13 Sept 2013. Web. 24 Sept 2014. <http://blogs.wsj.com/economics/2013/09/13/how-do-you-define-middle-class-people-who-make-what-i-do/>

¹⁴ Al Dardari, Abdallah and Naren Prasad. “The Arab middle class: Key to successful transition.” UN-ESCWA Chief Economist. 2 April 2014. Web. 24 September 2014. <http://unescwachiefeconomist.blogspot.com/2014/04/the-arab-middle-class-key-to-successful.html>

¹⁵ Khashan, Hilal. “The Arab World’s Travails: History’s Burden.” Middle East Quarterly. March 1998. Web. 24 Sept 2014. <http://www.meforum.org/385/the-arab-worlds-travails-historys-burden>

that require relatively few workers, generous government subsidies that are unsustainable indefinitely, and massive reliance on foreign workers at all levels of their economies.¹⁶ Low and middle income countries like Egypt, Morocco and Jordan are struggling to develop their economies in the face of both the lack of investment and available capital, and ongoing political instability and conflict.¹⁷

C. Finding a Solution to the Problem: Past, Present, and Future

There are many ways to improve middle income opportunities. This includes devising policies to help promote social mobility and enable greater long term economic security. There is a wide range of instruments which may be employed, the primary of which are investments in education at the primary, secondary, and collegiate level. The state may strengthen quality educational institutions through recruiting quality instructors, offering a range of fields, and encouraging affordability.¹⁸ Other strategies could include diminishing gender inequality or encouraging the formation and establishment of labor unions that can negotiate better work conditions, raise wages, reduce corruption, etc.¹⁹

The council is encouraged to look at other regions and their respective regional organizations to determine appropriate and successful responses that build the economies of lesser economically developed member states. It is very important to focus on methods that can close the income gap across the region by growing the workforce of member states through economic policies and reforms. While all economic growth is good, keep in mind that certain actions can benefit specific groups while not benefiting the middle-income class.²⁰

II. Questions to Consider in Your Research

- To what extent does a middle class exist in your country?
- Has the middle-class grown proportionally with the country's economic success?
- What plans and policies does your country have in place to promote a reduction in socio-economic disparities?
- What potential areas of growth does your country have?

¹⁶Al-Abdali, Ahmad . "Gulf Reliance on Migrant Workers Under Scrutiny." Al Monitor. 5 May 2014. Web. 25 September 2014. <http://www.al-monitor.com/pulse/business/2014/05/gulf-states-migrant-workers-scrutiny.html>

¹⁷ Abuqudari, Areej. "Iraq Crisis Worsens Jordan Economic Woes." Al Jazeera. 25 August 2014. Web. 25 September 2014. <http://www.aljazeera.com/news/middleeast/2014/08/iraq-jordan-economy-trade-2014821114022366752.html>

¹⁸ "Business Not as Usual - Finance & Development, March 2013." *Business Not as Usual - Finance & Development, March 2013*. N.p., n.d. Web. 28 Aug. 2014 <http://www.imf.org/external/pubs/ft/fandd/2013/03/point.htm>

¹⁹ De la Torre, Augusto, and Rigolini Jamele. *The Rise of the Middle Class*. The World Bank. 2013. Web. 25 September 2014. <http://www.worldbank.org/content/dam/Worldbank/document/MIC-Forum-Rise-of-the-Middle-Class-SM13.pdf>

²⁰ Kharas, Homi. *The Emerging Middle Class in Developing Countries*. The Brookings Institute. June 2011. Web. 25 September 2014. <http://siteresources.worldbank.org/EXTABCDE/Resources/7455676-1292528456380/7626791-1303141641402/7878676-1306699356046/Parallel-Sesssion-6-Homi-Kharas.pdf>

III. Questions a Resolution Might Answer

- What can the League do to achieve a larger middle-income class?
- How can the region distribute socio-economic opportunities better?
- What kind of reforms can be made to support the middle class? (i.e. education, training, etc.)

IV. Resources to Review

- <https://www.imf.org/external/pubs/ft/fandd/2013/03/point.htm>
- <http://www.reuters.com/middle-class-infographic>
- <http://www.bbc.com/news/business-22956470>

Topic 3: Adapting current education systems to the needs of the labor market in order to abate youth unemployment

I. Introduction to the Topic

A. General Background

The focus of Topic 3 is relatively straightforward – use education to improve economies for the benefit of the region’s youth. Although the topic has a clear “social affairs” slant, the Economic Affairs Ministers are asked to address the issue from their unique perspective as fiscal and economic policymakers.

Education systems vary widely across the region, beginning at the primary level and continuing through secondary institutions, as do the labor markets in each country. A commonality throughout the Arab world, however, is high youth unemployment and underemployment. The International Labor Organization estimates that the global unemployment rate for youth was 12.6% in 2013, or about 73 million of the world’s citizens aged 15-24.²¹ The Middle East has youth unemployment of over 29%, with a more acute problem for women whose youth unemployment rate reached 42% in the same region. More alarming is the fact that youth unemployment remains the highest in the Middle East and North African region of the world.²²

B. History of the Topic in the Arab World

Educational systems in the Middle East have been heavily focused on religious ideals and practices for much of the region’s history. However, industry has changed and companies in the modern age require technical skill sets rather than the traditionally rich intellectual education of the past.²³

This disconnect has led to youth lacking the skills for specific industries, employer dissatisfaction with education levels of workers, and disillusionment by the young workers. As a result, the MENA region has the highest youth unemployment rate in the world. Simply encouraging more education cannot address the issue; in 2013, 30% of Tunisia’s university graduates faced unemployment.²⁴ There is a wide disconnect between the types of jobs available and the types of skills being obtained by young people; the education system could work to equip students with the skills necessary for the reality of their economy.

The problem can also be seen as the simple fact of too few jobs in the public and private sectors to accommodate the huge numbers of young people entering the job market. Many have pointed

²¹ Barnes, Hannah. "Young and Jobless Forever?" BBC News. N.p., 13 Oct. 2013. Web. 20 Aug. 2014. <http://www.bbc.com/news/business-24708170>

²² Coleman, Isobel. "Youth Unemployment in the Middle East and North Africa." Council on Foreign Relations. Council on Foreign Relations, 13 June 2013. Web. 28 Aug. 2014.

²³ "Middle East and North Africa: Set for a Shift in Economic Policy." International Monetary Fund. November 2010. Web. 3 October 2014. <https://www.imf.org/external/np/vc/2010/113010.htm>

²⁴ Bohlander, Margaret. "The Youth Unemployment Crisis in Tunisia." CIPE Development. 18 November 2013. Web. 3 October 2014. <http://www.cipe.org/blog/2013/11/18/the-youth-unemployment-crisis-in-tunisia/#.VC7pQPldVK0>

to the fact that there is no industry to capitalize on youth employment or that the economy is not structured to support the surge of youth population; addressing this missing link is vital to this topic.²⁵ Population growth and shrinking child mortality rates have resulted in a youth bulge. Thirty percent of the Middle East's population is between the ages of 15-29.²⁶ Adjusting education and industry to provide positions for this unprecedented population of youth is a unique modern challenge.

Additionally, it is important to recognize differences in educational access between socio-economic classes and genders. Unemployment is compounded by gender discrimination. The economic system's status quo is already complex, but adding the dimension of tradition and shifting economic norms to equality is a barrier to young women successfully entering the work force. In Jordan, for example, female unemployment stands at 46%, compared with 23% for men.²⁷ Despite high literacy rates and consistently equal, if not superior, academic performance of women, the gender parity in Jordanian schools has not transferred to parity in employment.

C. Finding a Solution to the Problem: Past, Present, and Future

It is important to determine a regional approach that maintains individual national sovereignty while decreasing regional youth unemployment. Delegates might consult the World Bank's investigation into the prospect of educational reform for these same issues, but maintain a League-wide response that acts for all members' best interests by considering the specific industries within each country. A solution to better utilize the labor force in member countries is vital, as is an understanding of the shifts in education and industry. A strategic approach with foundational understanding is pivotal to success in this topic; the MENA region spent about 5% of its GDP on education between the years 1980 and 2000, higher than any other developing region, yet it continues to lag in translating this higher education into higher employment.²⁸ This is not just about investing but how to invest.

Adjusting curricula to private-sector needs and offering more youth-oriented training programs and apprenticeships targeted for specific regions might better tailor youths' skills to the specific demands of industries. Such programs have proven widely successful with addressing the needs of industries for relevant skills and finding employment for unemployed youths. For example, Education for Employment's program placed 85% of its graduates in jobs in Jordan, and 86% in

²⁵ Constant, Samantha and Sayre, Edward. "The Whole World is Watching: Why the Middle East's Youth Bulge is Key to the Region's Economic and Political Stability." 21 February 2011. Web. 3 October 2014. <http://www.nationaljournal.com/magazine/why-the-middle-east-s-youth-bulge-is-key-to-the-region-s-stability-20110221>

²⁶ "Middle East Youth." The Brookings Institute. Web. 26 September 2014. <http://www.brookings.edu/research/topics/middle-east-youth>

²⁷ Jaber, Mayyada Abu. "Lifting the Barriers for Economic Progress of Women in Jordan." The Brookings Institute. 15 September 2014. Web. 26 September 2014. <http://www.brookings.edu/blogs/education-plus-development/posts/2014/09/15-economic-progress-women-jordan-jaber>

²⁸ "MENA Tops Global Education Spend." 28 January 2013. Web. 3 October 3, 2014. http://www.tradearabia.com/news/EDU_229718.html

Morocco.²⁹ The private sector can be a partner to develop programs that aid youth in obtaining precise training for specific regions and job opportunities.

II. Questions to Consider in Your Research

- To what extent has your country been affected economically by the rise in youth unemployment?
- What plans and policies does your country have in place to promote economic growth and lowering unemployment?
- What type of educational system is in place to support the decrease of youth unemployment?

III. Questions a Resolution Might Answer

- What can the League do to abate youth unemployment?
- How can direct employment be increased throughout the region? How can the region attract investment, despite potential deterrents?
- How can the League preserve individual educational systems, while devising a League wide enhancement program?

IV. Resources to Review

<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/0,,contentMDK:21617643~pagePK:146736~piPK:226340~theSitePK:256299,00.html>

http://www.cipe.org/blog/2013/11/18/the-youth-unemployment-crisis-in-tunisia/#.U_4EdPldXuI

<http://www.almoultaqa.com/defaulten.aspx>

<http://www.middleeasteye.net/news/imf-chief-jarring-unemployment-arab-countries-threatens-development-1275787857>

<http://skollworldforum.org/2013/04/09/addressing-the-youth-unemployment-crisis-in-the-middle-east/>

²⁹ “Youth Unemployment in the MENA Region.” International Monetary Fund. Web. June 2012.
<https://www.imf.org/external/np/vc/2012/061312.htm>

Topic 4: Considering the impact of conflict on member state economies with a view towards revitalizing the infrastructure of affected areas

I. Introduction to the Topic

A. General Background

The Middle East and North African regional economies have suffered severely from ongoing conflicts. Political instability inherently harms economic growth by reducing investor confidence and by extension, reducing local and foreign investment as well as destroying or damaging infrastructure, such as roads, power grids, dams, and airports and seaports. However, it has been historically evidenced worldwide that peace and economic relationships are commonly found to be mutually beneficial and supportive.

The topic does not ask the Economics Affairs Ministers to address all the economic woes associated with conflict, but instead focused on one area which might be addressed collectively: infrastructure. The effects of conflict and war on infrastructure can take many years to mitigate and return the country to pre-conflict conditions – how can the League work together to ensure that the rebuild infrastructure is rebuilt both rapidly and efficiently, creating the best outcomes for regional cooperation and economic growth?

B. History of the Topic in the Arab World

Many recent conflicts can be traced to the beginning of the ‘Arab Awakening’ that began in December 2010 and has affected the entire region. Governmental changes and reforms were instituted in Tunisia, Egypt, and Yemen, while fighting erupted in states like Syria and Libya.³⁰ Each of these countries still face serious challenges. Syria, particularly, remains in the midst of conflict that has led the League’s institution of membership suspension, sanctions, and the initial deployment and recalling of an observer mission, while the new Libyan government has been undermined by clashes between the numerous, competing militia groups and political alliances.³¹

The continued conflicts in the region have been very costly to the member states of the League and its neighbors. According to a study conducted by Syrian researcher Walid Jadaa, over \$36.5 billion worth of property and goods have been destroyed during the course of the Syrian civil war.³² Other reports suggest that the total loss for Egypt, Tunisia, Libya, Syria, Jordan, Lebanon and Bahrain’s is estimated to be around \$800 billion.³³ The damage to infrastructure harms the

³⁰ Blight, Garry, Sheila Pulham, and Paul Torpey. "Arab Spring: An Interactive Timeline of Middle East Protests." *The Guardian*. Guardian News and Media, 05 Jan. 2012. Web. 29 Aug. 2014.

<http://www.theguardian.com/world/interactive/2011/mar/22/middle-east-protest-interactive-timeline>.
³¹ Naar, Ismaeel. "Timeline: Arab Spring Interactive". *Al Jazeera*. N.p., 17 Dec. 2013. Web. 27 Aug. 2014.
<http://www.aljazeera.com/indepth/interactive/2013/12/timeline-arab-spring-20131217114018534352.html>.

³² Al-Omari, Moaaz. "The Syrian Crisis Has Cost \$36.5 Billion And Counting." *Al-Monitor*. Al-Monitor, 4 Sept. 12. Web. 04 September 2014.

³³ Calamur, Krishnadev. "What Did The Arab Spring Cost? One Estimate Says \$800 Billion." *National Public Radio*. NPR, 12 Oct. 2013. Web. 12 Sept. 2014.

short and long term economic prospects of a country and limits the ability for the country to expand and grow its economy.

These damages range from historical sites to the power sector; one of the world's oldest souks was destroyed in Damascus, and the energy infrastructure has been deeply impacted. Power stations have been forced to shutdown and Syrian oil production has dropped from 400,000 barrels/day in 2008 to 25,000 barrels/day in 2014.³⁴ This has cost the economy valuable exports to help even the balance of payments. Additionally, transportation infrastructure has been compromised, roads and rail that are pivotal in transporting goods for both export and domestic consumption. The rise of ISIS, in addition to the recent airstrikes launched against Syria, suggests that this infrastructure will only worsen, which signals additional losses to the country both in the short and long run. The educational system in Syria has also been severely affected since 2011, with many children leaving school as their families flee as well as schools being damaged, destroyed, or currently used for shelter.³⁵

Other countries have been affected by Syria's instability as well. Since the Arab spring, over 9 million Syrians (one third the 2011 population) have been driven out of their homes, with many fleeing to Jordan, or observer state Turkey.³⁶ Jordan has provided shelter for over 600,000 refugees, with the daily count rising despite the fact that Jordan has reached its financial and infrastructural capacity in accommodating refugees. The MENA region as a whole was never known for its complex infrastructure, with the exception of a few countries. Studies suggest that the region will need \$100 billion a year for the next 20 years to fulfill the regions infrastructural needs.³⁷ This is due to past underinvestment and to provide a young and rapid growing population with the infrastructure necessary.

C. Finding a Solution to the Problem: Past, Present, and Future

Conflict within a country inherently reduces the willingness of investors to provide funds and expertise for creating or expanding businesses and industries. Conflict also damages infrastructure critical to promoting economic growth. In the wake of conflicts the most important goal is the restoration of services critical to growth (water, electricity, roads) and reconstruction of homes, schools and businesses. Delegates might consider ways in which the League of Arab

³⁴ "Syria." *Countries: Syria* (2014): n. pag. *EIA*. U.S Energy Information Administration, 18 Feb. 2014. Web. 30 Sept. 2014. <http://www.eia.gov/countries/analysisbriefs/Syria/syria.pdf>.

³⁵ Mouzahem, Haytham. "Syrian Education a Casualty of War - Al-Monitor: The Pulse of the Middle East." *Al-Monitor*. Trans. Tyler Huffman. Lebanon Pulse, 7 Jan. 2014. Web. 30 Sept. 2014. <<http://www.al-monitor.com/pulse/originals/2014/01/education-syria-decline-war.html>>.

³⁶ "Syria Regional Refugee Response." UNHCR. 2 October 2014. Web. 3 October 2014. <http://data.unhcr.org/syrianrefugees/regional.php>

³⁷ "Assessing the PPP Market in the Middle East and North Africa Region Post-Arab Spring." *PPIAF*. Public-Private Infrastructure Advisory Facility, 18 Feb. 2014. Web. 30 Sept. 2014. <http://www.ppiaf.org/node/845>.

States can facilitate positive progress towards these goals. A reconstruction & economic development fund could be necessary for these countries to recover into the future.

It is crucial that solutions focus local energy towards productive economic reforms which address infrastructure and workforce issues. Approaches may model other effective initiatives like the Community Stabilization Program in Iraq, which trains workers and provides jobs, in addition to developing businesses and community infrastructure; the program helped employ over 1,800 people.³⁸

II. Questions to Consider in Your Research

- To what extent has your country been affected economically by the recent conflicts in the Arab world?
- Has the Arab Awakening changed your country's infrastructure or ability to enact that infrastructure?
- What plans and policies does your country have in regards to infrastructure building in a post conflict environment?
- Is your country able to provide resources to supporting others' infrastructure building?

III. Questions a Resolution Might Answer

- What can the League do to promote infrastructure advancement?
- How can regional infrastructure be supported and improved?
- How can the League produce infrastructure that reduces regional unemployment?

IV. Resources to Review

<http://www.theguardian.com/world/interactive/2011/mar/22/middle-east-protest-interactive-timeline>

<http://elibrary.worldbank.org/doi/book/10.1596/978-0-8213-9665-0>

<http://data.worldbank.org/topic/infrastructure>

³⁸ "Community Stabilization Program in Iraq." *International Relief & Development*. IRD, n.d. Web. 30 Sept. 2014. <http://www.ird.org/our-work/programs/community-stabilization-program-csp>.