

Roadmap to 'Rebuild Iran!'

Javad Kashefi, Ph.D

Mehrdad Hoghooghi, Ph.D. Candidacy, Masters, and Prof. Certification



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fallen heroes!

These Works are Dedicated to the People of Iran and Pahlavi Dynasty

Roadmap to ‘Rebuild Iran!’

This roadmap aims to ‘Rebuild Iran!’ as a robust nation with a diverse economy for its betterment in every facet of what a ‘first-world nation’ deserves.

The two papers presented, “Rebuilding Iran’s Economy” on September 16, 2023, at USC and “Restructuring Central Bank of Iran” on October 15, 2023, are the building blocks of rebuilding Iran! In the first 100 days, a 3-year plan and a longer-term plan of 5 or more years.

To this end, the Kharazmi Group intends to inspire optimism and motivation by amplifying the hopes of the Iranian people while acknowledging their concerns realistically to illuminate strategies for the first 100 days, 1-3 years, and longer-term plans. We do this with utmost care of (at least) ‘not harming’¹ if unsure of the recommended solutions. This is a deliberated commitment to resist ‘*opinions*’ prescribing a solution – rather than experiences and scientific consideration. Therefore, for every recommendation, there would be a wealth of relevant experiences supporting them – especially as considered and tailored for the particularities of Iran and Iranians in a ‘*post-Islamic Republic*’ regime.

A well-thought-through roadmap to ‘Rebuild Iran!’ and a robust economic plan would substantially contribute to long-term stability, growth, and improved living standards for all Iranian people, uplifting the region’s shared interests.

In this context, our most credible challenge would be objectively planning for the most like scenarios, supported by experience and scientific methods of proving/disproving the initial hypothesis. Thus, relevant scenario planning and risk identification/mitigation must be constructed as soon as possible.

Below are some strategies and considerations that are part of the Kharazmi Group proposals:

- i. **Establishing Equity/Equality Principles** as the ‘*key drivers*’ for every consideration. This means different actions for different considerations or solutions. However, elevating the role of women and minorities would be the cornerstone of every decision. Empowering women and establishing ‘*idea meritocracy*’ will be the north star guiding us in this virtuous journey. As will ‘*accountability*’ for everyone involved at every level – empowerment without checks and balances would not be sufficient to guarantee a culture of learning. This is as much for the ‘*empowered*’, as it is for those ‘*empowering*’.
- ii. **Diversification of Industries:** Promoting the development of a broader range of industries beyond oil and gas. These would be grounded on sound and proven fundamentals, increasing Iran’s viability and sustainability on the world stage. This principle should include investing in science and technology (R&D), renewable energy, agriculture, manufacturing, healthcare, arts, tourism, and services sectors – to highlight a few.

The recent discovery of lithium could significantly impact various industries and contribute to economic diversification. Lithium is a versatile and valuable element with a wide range of applications, and its discovery can benefit the following industries and economic diversification in the following ways:

- a. **Battery Technology:** Lithium is a key component in the manufacturing of rechargeable batteries, particularly in lithium-ion batteries. These batteries are used in various applications, including electric vehicles, consumer electronics, and renewable energy storage. The

¹ This is taken from the principles from the medical industry; similar to the hypocritic oath.

discovery of new lithium deposits can help to reduce the cost and increase the availability of batteries, thus promoting the growth of these industries.

- b. **Electric Vehicles (EVs):** The industry heavily relies on lithium-ion batteries. Increased access to lithium resources can drive down the cost of EV batteries, making electric vehicles more affordable and encouraging their adoption. This can reduce greenhouse gas emissions and enhance the sustainability of transportation.
- c. **Renewable Energy:** Lithium batteries play a crucial role in energy storage for renewable sources like wind and solar power. A more abundant supply of lithium can facilitate the growth of these industries and improve the stability and reliability of renewable energy systems.
- d. **Consumer Electronics:** Lithium batteries are used in smartphones, laptops, and other consumer electronics. A stable and affordable lithium supply can lead to innovations and cost reductions in these products, benefiting consumers and the technology sector.
- e. **Aerospace and Defense:** Lithium is used in various applications in the aerospace and defense industries, including in the development of lightweight materials and high-performance batteries for aircraft and spacecraft.
- f. **Medical Devices:** Lithium batteries are also utilized in medical devices like pacemakers and defibrillators, ensuring the reliability of critical healthcare equipment.
- g. **Energy Storage:** Lithium batteries are vital for large-scale energy storage systems, which are essential for grid stability and energy management. This can be particularly important as the world shifts towards cleaner and more decentralized energy systems.
- h. **Economic Diversification:** The discovery of lithium resources can diversify a region's economy by creating jobs and supporting a range of industries. It can also reduce a region's reliance on a single industry, making the economy more resilient to fluctuations.

It's important to note that while the discovery of lithium is promising, its extraction and processing should be done with consideration for environmental and social impacts. Sustainable practices and responsible mining are critical to ensure that the economic benefits of lithium production do not come at the expense of the environment and local communities. Additionally, advancements in lithium recycling and more efficient battery technologies can further enhance the sustainability of these industries.

- iii. **Investment in Critical Infrastructure:** Revitalizing and creating infrastructure across transportation, information and communication technology, food and agriculture, energy, water and wastewater, financial services, manufacturing, and logistics. Modern infrastructure would require attracting foreign investment to stimulate economic activities to improve overall connectivity within the country and globally.
- iv. **Promotion of Small and Medium Enterprises (SME):** Support and empower SMEs by providing easier access to financing, know-how to offer business development services, and establishing sensible and streamlined regulations. SMEs are often key drivers of innovation, job creation, and economic diversification.
- v. **Research & Innovation** (a culture of 'learning'): Foster creativity and innovation by investing in applied research and development (R&D) by creating an environment to foster entrepreneurship. Encouraging collaboration between universities, research institutions, and businesses to generate monetization opportunities for new ideas and technologies. Stewarding processes that enable the Iranians to effectively tackle the problems/opportunities that are not yet known – solving the critical 'situations-of-the-future'.

- vi. **Training & Workforce Development:** Focus on education and skill development programs that align with the needs of a diverse economy. A skilled workforce can attract international businesses and support the growth of various industries.
- vii. **Transition to Renewable Energy:** Invest in renewable energy sources such as solar, wind, and hydropower to reduce reliance on fossil fuels. It benefits the environment and opens new economic opportunities in the energy sector.
- viii. **Trade and International Partnerships:** Political stability is the key step to rebuilding the confidence of the international business community. Re-establishing the rule-of-law and transparency is the next element to rebuilding trust – internally and internationally. Strengthening diplomatic and business relationships with other countries would support reviving international trade which can open Iran to new markets and spark foreign direct investment (FDI).
- ix. **Sustainable Agriculture:** Modernize and promote sustainable agricultural practices to ensure food security and to create export opportunities for agricultural products.
- x. **Tourism Development:** Promote Iran's rich cultural heritage and natural attractions to boost tourism in a safe and secure setting. This can generate substantial revenue, create jobs, and promote cultural exchange.
- xi. **Governance – Regulatory, Financial, and Legal Reforms:** Transparent and sensible business regulations create transparency and improve business efficiency and international harmonization with best practices. Transparent rules are the best harbingers of 'rule of law' and can attract domestic and foreign investors. Financial reforms further assure financial systems' efficiency and transparency.
- xii. **Social Safety Networks:** Implement social safety net programs to protect vulnerable populations during turbulent periods.
- xiii. **Public-Private-Partnerships (PPP, or P3):** Foster collaboration between the government/Public and business/Private sector to spark innovation and manage risks to drive development programs and other initiatives. This mandates strong governance and contractual clarity (rule of law).
- xiv. **Environmental Sustainability:** Incorporate sustainability mandates into economic planning to ensure long-term vibrance, viability, and resilience.

Increasing the probability of success for these proposals will depend on careful planning, practical implementation, and ongoing assessment and adjustment – built on our experts' large body of knowledge. It's essential to involve various stakeholders, including government entities, businesses, academia, and civil society, to ensure a holistic approach to rebuilding Iran's economy.

Three Phases to ‘Rebuild Iran!’

Creating a roadmap with distinct phases for rebuilding Iran's economy is a strategic approach. It allows for focused implementation over specific timeframes and can help manage expectations while allowing flexibility in response to changing circumstances. Here's a general breakdown of what each phase might entail:

1. IMMEDIATE: 100-Day Plan

During this initial phase, the focus should be on the continuity of social services to address the nation's most basic needs: food, security, and essential services. These actions will be detailed in a report adapted to the likely situational conditions after the regime changes.

All foreseeable conditions must undergo scenario planning and relevant mitigation(s) for each condition tailored to Iran. We would have vetted all academic or theoretical condition-response matchings to fit the nature and location of that scenario. This MUST be coupled with quick reactionary solutions for all other anticipatable risks; this will be trickier, but we have several solutions.

Once again, we would resist etching these plans in stone to fix tactical scenarios by remote control from far away – teams with proper skills and experiences would be on the ground (leveraging our local patriots) to tackle such issues in real time and with local expertise. In this critical transition period, there is no opportunity to be sluggish or risk wasting precious time.

Simultaneously, the team would adapt the plans already developed for the following to be applied to the actual conditions of Iran at that transition phase, for instance:

- i. **Economic Relief:** Implement short-term measures to address urgent economic challenges, such as meeting the population's basic needs in concert with international humanitarian bodies.
- ii. **Engagement with Stakeholders:** Begin consultations with various stakeholders, including businesses, experts, and civil society, to gather insights and refine the proposed roadmap. This is already in progress and will be prioritized for execution as soon as 'T-Zero' occurs.
- iii. Reassessing needs and prioritizing anticipated remediations as they relate to T-Zero:100-days.

2. INTERIM: 3-Year Plan

This phase involves more comprehensive actions to refine the plans for sustainable economic diversification and growth. All these have an internal facet (within Iran, as well as an outward/international set of engagements):

- i. **Avoiding Past Mistakes:** As we ponder the future of Iran, we are compelled to glance at the rear-view mirror, NOT to repeat the ills of the past. After all, many of those mistakes are what exposed us to the vulnerabilities that led us down the spiraling events of 1979. The need for zero-tolerance for corruption and the nation's well-being, first and foremost, above all considerations, will be another cornerstone of all future solutions. There will be other similar principles to our commandments to 'Rebuild Iran!'.
- ii. **Policy Reassessment:** Review existing policies and regulations to identify immediate economic growth and diversification barriers. Start addressing any low-hanging fruit that can lead to quick wins.
Resource Assessment: Allocate resources, SME, and social safety nets to all short-term needs while quantifying the resource gaps (if any) for the longer-term aspirations.
- iii. **Review and Refinement of LRP** (long-range plans) driven by strengths, priorities, opportunities, and threats. This would inform sectoral development, whereby sectors with higher potential for growth and diversification would be considered a priority.
- iv. **Education & Workforce Development:** Tailoring education and skill development programs to create a skilled workforce supporting the desired economic landscape, per the LRP.
- v. **Infrastructure Development:** Begin to advertise the opportunities for the more significant infrastructure initiatives that contribute to the well-being of Iran in the long term. These include project definitions, RFI/RFP, pre-qualification processes, preliminary designs, initial budget estimations, etc. Plus, the actual implementation of urgent projects for stop-gap measures. These priorities would be aligned with the most compelling and proven guidelines for the environment, social, and governance (ESG) to increase their lifecycles and future-proof them as much as practicable.
- vi. **International Engagement:** Strengthen international partnerships and trade relationships to attract foreign investment, promote exports, and increase the flow of capital.
- vii. **Regulatory Reforms:** Implement regulatory reforms to improve the ease of doing business, remove opportunities for abuse and fraud, and enhance transparency. The checks and balances established in this phase would have long-lasting benefits and consequences.
- viii. **Rollout of the Fundamentals** (legislation, policies, regulations, and enforcements) to cultivate, capture, register, and protect our Intellectual Property Rights (IPR) in line with international best practices. These policies must also address our expectations for anything implemented for Iranian use/consumption. IPR declarations would be required for any national systems considered for implementation - not only for initial- but for lifecycle use and ownership.
- ix. **National Reconciliation of Top Priorities** to 'Rebuild Iran!' to remove the risk of optionalism or fragmentation. As a rebirthed nation, we must ensure everyone is clear on the national priorities, share the longer-term vision for our nation –their role(s) in that future, and how we collectively would be rewarded throughout this illustrious journey. Most importantly, we would not repeat being deceived by others, as we were over four decades ago. In other words, lead, follow, or get the ...

- x. **Identifying, Qualifying, and Empowering 'Initiative Czars'** for priority programs. These leaders would have the monumental responsibility and accountability to leading by example and delivering their mandates with the most compelling results. This would be driven strictly based on meritocracy and be sponsored by a National Governing Body (NGB) to be established. Progress would be reviewed and measured with full transparency and accountability at the highest levels of the NGB.
- xi. Lastly, to establish a foundation for the '**National Happiness Index (NHI)**'. This principle is innate in Achaemenid-era Persia, from Cyrus the Great to the citations in the American Constitution, to the nation of Bhutan, and the recent considerations by the Ruler of Dubai. This concept is directly linked to humanity's most inalienable rights to freedom and liberty. We would measure how well we have executed our vital missions in terms of how these initiatives contribute to increasing the '**Gross Happiness Index (GHI)**' of Iran, year-over-year. More on this in our detailed plans.

3. LONGER-TERM: 5-Year Plan

In this phase, the goal is to commit to the programs with a longer horizon for implementation, realize the tangible impact of the initiatives already underway to 'Rebuild Iran!', and achieve sustainable economic diversification in line with the aspirations for the planned trajectory.

- i. **Introduction of the National Priorities & Plans (NPP)** to intercept the next-generation industrial revolution (4th, or 5th Industry) and to get ahead of the curve. This plan would tackle many problems/opportunities we do not yet know/realize.
- ii. **National Technology Hubs in Economic and Banking Districts:** The establishment of National Technology Hubs in 8 Economic and Banking Districts, as is elaborated below and discussed in Restructuring Iran's Banking System, is a visionary initiative aimed at stimulating economic growth, fostering innovation, and creating job opportunities across each district and the country. This strategic plan involves the creation of specialized technology hubs in each of the eight economic and banking districts. These hubs will serve as catalysts for economic development, leveraging each district's unique strengths and resources while promoting collaboration and innovation on a national scale.
- iii. **Economic Resilience:** Monitor progress and fine-tune strategies to ensure the economy adapts regularly to be resilient in the face of external shocks and market fluctuations.
- iv. **Culture of Innovation:** Enable and empower creativity at every level. The innovations that enhance the national objectives must be supported for growth through incubation (if needed) and be monetized through startups and technology accelerator initiatives that would be viable and in demand in the free market economy – and can be exported or integrated into more extensive solutions.
- v. **Evaluation & Adaptation of LRP:** Regularly assess the effectiveness of the National LRP in response to local/international changes – whether through course corrections or recharting a new course altogether. Lessons learned in each cycle must be integrated to reduce or remove the risk of recharting frequently.
- vi. **Frequent and Effective Communication** with the public about progress and challenges will be crucial to maintaining support and momentum for the rebuilding efforts. Additionally, a collaborative approach that involves government agencies, private sector partners, academics, and civil society organizations will ensure a holistic and well-informed strategy. This is not to be confused with 'designing by committee'; however, the public must be kept aware of the status and issues and the progress gained.

Economic Equity Through Economic & Banking Districts: Kharazmi Group has proposed establishing eight (8) economic and banking districts, as illustrated in Table 1. We suggest reading the two abovementioned papers for more discussion on this topic..

| Table 1 Economic and Banking Districts | | | | | |
|---|------------|-------------------|---------------------------|------------|-------------------|
| District-1 | GDP | Population | District-2 | GDP | Population |
| West Azerbaijan | 2.0 | 3.6 | Kermanshah | 1.5 | 2 |
| East Azerbaijan | 3.5 | 4.1 | Kurdistan | 0.9 | 1.7 |
| Ardabil | 1.0 | 1.3 | Hamadan | 1.2 | 1.8 |
| Gilan | 2.2 | 2.6 | Zanjan | 1 | 1.1 |
| GDP Contribution | 8.7 | 11.6 | GDP Contribution | 4.6 | 6.6 |
| District-3 | GDP | Population | District-4 | GDP | Population |
| Qazvin | 1.5 | 1.4 | Mazandaran | 3.3 | 3.5 |
| Markazi | 1.9 | 1.5 | Tehran | 22.1 | 14.4 |
| Lorestan | 1.1 | 1.8 | Qom | 1 | 1.4 |
| Alborz | 2.8 | 3 | Semnan | 0.9 | 0.8 |
| GDP Contribution | 7.3 | 7.7 | GDP Contribution | 27.3 | 20.1 |
| District-5 | GDP | Population | District-6 | GDP | Population |
| Golestan | 1.2 | 2.0 | Esfahan | 5.5 | 5.5 |
| North Khorasan | 0.5 | 0.9 | Yazd | 1.8 | 1.3 |
| Razavi Khorasan | 4.9 | 7.2 | Chaharmahal and Bakhtiari | 0.9 | 1 |
| South Khorasan | 0.5 | 0.9 | Kohkiluyeh-Buyer Ahmad | 2.2 | 0.8 |
| GDP Contribution | 7.1 | 11.0 | GDP Contribution | 10.4 | 8.6 |
| District-7 | GDP | Population | District-8 | GDP | Population |
| Illam | 1.2 | 0.6 | Hormozgan | 2 | 2.1 |
| Khuzestan | 14.8 | 5.1 | Kerman | 3.1 | 3.5 |
| Bushehr | 6 | 1.3 | Sistan-Baluchistan | 1.4 | 3.3 |
| Fars | 4.7 | 5.2 | Transregional | 1.6 | 0.5 |
| GDP Contribution | 26.7 | 12.2 | GDP Contribution | 8.1 | 9.4 |

Establishing districts based on a combination of Gross Domestic Product (GDP) and population is a common practice in many countries to ensure that resources are distributed fairly and that regions with varying economic conditions receive appropriate attention and support from the government. The use of GDP and GDP per capita in this context has several merits:

- a. **Economic Prosperity Assessment:** GDP per capita is a monetary measure of economic prosperity on a per-person basis. It helps assess the standard of living and wealth distribution within a district. A higher GDP per capita generally indicates a higher level of economic well-being for the residents of that district.
- b. **Resource Allocation:** Districts with higher GDP per capita often generate more tax revenues and economic activity. Therefore, they may require different levels of government services and infrastructure development compared to districts with lower GDP per capita. Allocating resources based on economic indicators ensures that districts receive the necessary investments to maintain and improve their economic conditions.
- c. **Policy Evaluation:** By analyzing GDP, and GDP per capita, data at the district level, policymakers can assess the effectiveness of their economic policies. If certain districts consistently lag in terms of economic growth (as indicated by low GDP per capita), it can signal a need for policy adjustments, or targeted interventions.
- d. **Equity & Inequities:** Using these economic metrics helps identify disparities in wealth and income across districts. Policymakers can then implement policies to reduce economic inequities and promote a more equitable distribution of resources and opportunities.

As shown in Table 2, Districts 4, 6, and 7 have notably higher GDP per capita values than the rest of the districts. This indicates that these districts are more economically prosperous or have experienced significant economic growth per person compared to the others.

| | GDP Per Capita | | GDP Per Capita |
|-------------|----------------|------------|----------------|
| District -1 | 0.750 | District-2 | 0.697 |
| District-3 | 0.948 | District-4 | 1.358 |
| District-5 | 0.644 | District-6 | 1.209 |
| District-7 | 2.189 | District-8 | 0.862 |

Table 2: **GDP per Capita per District/Zone**

However, it's important to note that the reasons for these variations can be complex and multifaceted. Various factors, including government policies, infrastructure, education, industry composition, availability of natural resources, inherent risks/liabilities, and historical development patterns influence economic performance. The central government's economic policies have played a significant role in these disparities, but other local and regional factors or long-range national priorities can also be significant contributors.

Addressing economic disparities between districts often requires a comprehensive approach considering national, regional, and national factors, including policy adjustments, targeted investments, and efforts to promote economic growth in less prosperous areas.

The Role of Banking System in the Eight Economic and Banking Districts.

With the creation of the district's central bank and local banks in each province, banks could pursue a dual mission to support regional prosperity and economic growth. This would allow the banks to serve local businesses and society and could uplift the district's GDP and banking revenues.

Following this strategy, banks and local businesses would become engines of prosperity by playing various roles in support of economic growth.

National Technology Hubs (incubator or accelerator) in Eight Economic and Banking Districts in Iran

The establishment of National Technology Hubs (incubators or accelerators) in eight Economic and Banking Districts, as has been elaborated in the papers "Rebuild Iran's Economy¹" and "Restructuring Iran's Banking System²," is a visionary initiative aimed at stimulating economic growth, fostering innovation, and creating job opportunities across each district and the country. This strategic plan involves the creation of specialized technology hubs in each of the eight economic and banking districts. These hubs will serve as catalysts for economic development, leveraging each district's unique strengths and resources while promoting collaboration and innovation on a national scale.

Objectives of Creating the National Technology Hubs:

Infrastructure Development: Establish dedicated technology hubs in each district with modern infrastructure and facilities.

Ensure access to high-speed internet, reliable power supply, and other essential utilities.

Promote Regional Specialization: Encourage each economic and banking district to specialize in industries or sectors with a competitive advantage.

Foster Innovation and Research: Create a conducive environment for research, development, and innovation by providing state-of-the-art facilities and resources.

Job Creation: Generate high-quality employment opportunities by attracting technology-driven companies and startups.

Investment Attraction: Attract domestic and international investments to fuel economic growth.

Skill Development: Promote skill development and education to ensure a highly skilled workforce.

Sustainable Development: Encourage sustainable practices and environmentally friendly technologies.

Collaboration: Facilitate collaboration among businesses, universities, research institutions, and government agencies.

District Assessment: Conduct a comprehensive assessment of each economic and banking district to identify their unique strengths, weaknesses, and opportunities.

Determine the key sectors and industries where each district can excel.

Financial Support: Allocate funds to kickstart the development of these hubs.

Provide tax incentives and financial incentives to attract private sector investments.

Research and Innovation Centers: Establish research and innovation centers within each hub to support R&D activities. Collaborate with universities and research institutions to drive innovation.

Incubators and Accelerators: Set up incubators and accelerators to nurture startups and entrepreneurs. Provide mentorship, funding, and networking opportunities.

Skill Development: Partner with educational institutions to offer specialized training programs in emerging technologies. Promote apprenticeship programs to bridge the skills gap.

Regulatory Support: Streamline regulations and licensing processes to encourage business growth. Ensure intellectual property protection and data security.

Sustainability Initiatives: Promote sustainable practices, green technologies, and environmentally friendly initiatives within each hub.

Collaboration Platforms: Create online and physical platforms for networking, knowledge sharing, and collaboration among businesses, academia, and government agencies.

Monitoring and Evaluation: Implement a robust monitoring and evaluation system to assess the impact of the technology hubs on economic growth, job creation, and innovation.

Conclusion

The creation of National Technology Hubs in Economic and Banking Districts is a forward-looking strategy that aims to harness the unique strengths of each district to drive economic growth, innovation, and job creation. By fostering collaboration and providing the necessary resources and support, these hubs will position the nation as a global leader in technology and innovation, leading to a brighter future for all Iranian people.

1. See Kharazmi Group- Rebuild Iran's Economy, Dr. Javad kashefi and Dr. Guita Sharifi
2. See Kharazmi Group- Restructuring Banking System, Dr. javad Kashefi.