

**Steering Group of the MENA-OECD
Initiative on Governance and Investment
for Development**

**Strategic orientations of the
MENA-OECD Initiative for
2016 and beyond**

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MENA-OECD INITIATIVE

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Summary

The MENA-OECD Initiative on Governance and Investment for Development (the Initiative) Steering Group is invited to discuss the Strategic Note for the extension of the Initiative for 2016-2020 (MENA IV), following the support of the OECD member countries to the extension of the Initiative in July 2015. The note outlines the proposals for the Initiative's governance structure, the policy areas of intervention, the support to the national and regional dialogue and the working methods under the new mandate.

Since its launch in 2005 at the request of the MENA economies, the Initiative has fostered co-operation between the MENA region and the OECD by delivering policy advice and developing capacities at the regional and national levels. The Initiative seeks to address the needs of the MENA region and development priorities, while taking into account its diversity. For ten years, the Initiative has built on OECD methods of policy dialogue and peer learning and has leveraged OECD practices, tools and internationally recognised standards.

For the new mandate 2016-2020, the Initiative, while strengthening its current activities, aims at continuing addressing emerging challenges of the region, echoing its transition context and the global development priorities.

The Note will be revised following the discussions and comments received during the MENA-OECD Initiative Steering Group Meeting on 9 November 2015 in Rabat, Morocco. It will constitute the basis for the elaboration of the Ministerial declaration that will be presented at the Initiative's Ministerial conference in 2016.

I. BACKGROUND

Co-operation between the Middle East and North Africa region (MENA)¹ and the OECD benefits from a decade-long relationship aimed at promoting inclusive economic development and good governance. The strong cultural, social, economic and historical ties shared by MENA and OECD countries make co-operation with the region one of the Organisation priorities.

Together with MENA economies, the OECD works to harness the region's key attributes: a privileged geographic location; young and increasingly educated populations; and comparative advantages in sectors such as renewable energies, manufacturing and services including logistics and tourism. At the same time, the region is experiencing ongoing conflicts, socio-political volatility, and increasing migration while MENA partners and the OECD strive to address challenges such as high unemployment and underemployment; unequal opportunities for youth, women and graduates; undiversified economies and underdeveloped private sectors as well as persisting obstacles for more open, inclusive and accountable policy making. Those attributes and challenges underscore the need for wide-ranging reforms to increase businesses and citizens' confidence, promote inclusive economic growth and foster job creation.

The MENA-OECD Initiative on Governance and Investment for Development, initiated and led by MENA economies since 2005, seeks to strengthen the region's economic and governance foundations to provide a basis for development and help MENA economies design and implement policy reforms. This regional effort was set up to promote broad reforms to enhance the investment climate, modernise public governance structures and operations, and strengthen regional and international partnerships with a view to promoting economic development, job creation and human and social development in the MENA region.

With the momentum of civil uprisings calling for more transparency, accountability, citizen participation and economic opportunities starting in late 2010, the Initiative reinforced and aligned its activities initiated during MENA I (2005-2007) and MENA II (2007-2010) to reflect the explicit call of MENA economies for assistance in their transition process. Since its launch, **the Initiative has proven able to adapt to changing circumstances and respond to emerging priorities of MENA economies.**

Hence, under MENA III (2011-2015), the **Initiative continued to be based on the principles of partnership, shared ownership, and the reciprocal commitment of MENA and OECD countries.** Ministers and top government officials adopted a declaration on priority issues to improve governance and investment policies in the region during the Marrakech Ministerial conference in 2009. These priorities were adapted in light of the 2011 up rise in the context of a wide process of consultation conducted by the OECD Secretariat in collaboration with regional stake-holders.

While reinforcing its current activities, the Initiative will continue during MENA IV (2016-2020) addressing emerging challenges of the region, echoing its transition context and the global development priorities. In particular, the Initiative intends to strengthen its focus on inclusiveness, better address employment challenges, enhance local development and cooperation with independent institutions as to foster regional and global integration of the MENA economies. Reflecting this, the name would be changed to the **MENA-OECD Initiative on Governance and Competitiveness for Development.**

¹ Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Tunisia, United Arab Emirates and Yemen.

II. THE INITIATIVE'S OPERATIONS AND IMPACT UNDER MENA III (2011-2015)

The Initiative has **generated impact through its working methods, focusing on regional policy dialogue, specific national support and exchange of experiences, as well as through content in the thematic areas covered.** The substantive work is guided by the Organisation's internationally recognised legal instruments, standards and tools. The Initiative's activities are carried out through policy assessments, advice and dialogue, peer reviews, data and evidence collection, and capacity building. Activities gather experts from the region and OECD Members. This approach is well appreciated and the regional dimension is considered as unique and complementary with activities by other international organisations. The Initiative pioneered sensitive areas of work, for instance by increasing the participation of non-government representatives (civil society and private sector) and by addressing themes that were not on the front burner (e.g. civic engagement, business integrity, local development, role of independent institutions, gender equality).

The impact of the Initiative's work is strengthened through the exchange of experiences and peer learning. The consultative nature of the Initiative was strengthened to further support an open and unconditional exchange of policy dialogue at regional level with civil society and the private sector. The regional working groups and fora, as well as the work at the national level, involve government representatives and non-government stakeholders. Including different stakeholders allows for a wide and informed exchange of information and generates policy debates. The utility of this approach is evident from the great participation of stakeholders i.e. representatives from business, NGOs and academia, who consider the working groups and fora as suitable platforms for peer learning and collaboration.

To enhance the Organisation's relevance and impact, **the Initiative has strengthened synergies with national, regional and international partners.** The Initiative has notably developed activities with the League of Arab States (LAS), the Union for the Mediterranean, UNDP, the European Union, the Open Government Partnership (OGP), the Arab Administrative Development Organization (ARADO), the World Bank, the African Development Bank, the Center of Arab Women for Training and Research (CAWTAR) and the Governance Institutes Forum For Training (GIFT-MENA), among others, as well as other international and regional financial institutions, such as the Arab Fund for Economic and Social Development (AFESD), the Arab Monetary Fund, the Union of Arab Banks, the Federation of Arab Stock Exchanges and the Union of Arab Securities Authorities.

During its third mandate (2011-2015), **the MENA-OECD Investment Programme has further helped governments identify and implement reforms to mobilise private investment and has encouraged the development of a vibrant private sector that is conducive of inclusive growth.** It organised 28 regional working group meetings or fora for more than 1400 participants, conducted 80 national seminars and capacity-building workshops benefitting almost 2400 policy-makers and delivered 11 regional training courses comprising 200 attendees in co-operation with the International Monetary Fund (IMF)-Middle East Center for Economics and Finance. Numerous were the contributions to, and participation in, regional and national events. The Programme has co-organised high-level regional conferences with important partners, such as UNDP, the Deauville Partnership presidencies, and the LAS. Two conferences organised with the LAS attracted over 100 high-level participants. The Programme produced 31 publications (of which 9 are forthcoming in 2015) and wrote numerous background policy papers, mainly for the regional policy dialogues.

In the same period, **the MENA-OECD Governance Programme has helped governments identify and implement public governance reforms in view of unlocking social and economic development and**

growing expectations among citizens to benefit from public services, inclusive policy making and transparency. The MENA-OECD Governance Programme has organised or extensively contributed to 92 activities of the regional working groups or fora, including 13 regional training activities carried out by the MENA-OECD Governance Programme Training Centre of Caserta with more than 1500 participants. In addition, 86 activities were organised in the framework of specific economy projects for over 2600 policy and decision-makers. The MENA-OECD Governance Programme produced 36 publications of which five are forthcoming in 2015.

The Initiative leveraged the participation of six MENA countries² that participate regularly in the work of 11 OECD committees. **The increasing engagement of MENA economies with the various OECD committees highlights the value added both Members and governments in the region attribute to the regular exchanges.** MENA economies involved in OECD committees have achieved official Participant status notably following full-fledged policy reviews carried out under the direction of these committees. Close ties through the committees have resulted in regular reporting exercises on the part of MENA economies and the participation of OECD peers in analytical reviews, the elaboration of policy recommendations and capacity building programmes conducted by the Initiative.

Furthermore, **the Initiative paved the way for stronger involvement and special partnerships of several MENA economies with the OECD, culminating notably with Morocco, in the context of the launch of a Country Programme.** The two-year Country Programme, which attests the readiness to enhance cooperation ties, will give Morocco access to key information and recommendations to bolster its reform agenda in order to support strong, inclusive and sustainable growth. The Programme will be carried out by the OECD and funded by Morocco and will consist of policy reviews, adherence to OECD legal instruments and reinforced participation to OECD bodies. It is built around three policy areas: economic growth and competitiveness, social inclusion and public governance. In addition, to share and strengthen OECD expertise, **the Initiative has also welcomed several secondments from governments in the region** (e.g. Saudi Arabia, the United Arab Emirates, Tunisia and Egypt) in support of regional and national activities.

Moreover, **the Initiative has collaborated extensively with the Deauville Partnership and the co-ordination platform of the MENA Transition Fund.** The Initiative has notably assisted the Arab countries in transition (ACTs) in the identification of their key challenges and supported the design of national and regional action plans, such as the **Compact on Economic Governance** (May 2015), that provides a framework of key policy objectives to promote good governance and an improved investment and business climate to which ACTs commit themselves. The Initiative has also lent support in the organisation of policy debates at which progress was monitored. Furthermore, the Initiative was instrumental in OECD's inclusion into the IFI Coordination Platform, through which it participates in donors and IFI's alignment in the MENA Transition Fund. It also implements projects addressing policy challenges: Empowerment of women parliamentarians in Morocco, Jordan and Egypt; Performance of legal institutions in Egypt and Yemen; Competitiveness and investment in Jordan; Enhancing the investment climate in Egypt; and Elaboration of a SME development strategy in Libya. The Initiative also contributes to other OECD led MENA Transition Fund projects.³

² The six countries are Egypt, Jordan, Morocco, Saudi Arabia, Tunisia and United Arab Emirates.

³ MENA Transition Fund projects with OECD involvement are: Enhancing the Investment Climate in Egypt; Towards inclusive and open governments: Promoting women's participation in parliaments and policy-making; Northern Africa: Improving Connectivity in the Maghreb with application to Morocco; Strengthening the Rule of Law: Effective and transparent delivery of justice and rule-making in Egypt; Competitiveness and Investment in Jordan; Elaboration of a SME Development Strategy in Libya; Setting-up an Investment Authority in Tunisia; Enhancing Domestic Resource Mobilisation through Effective Tax System Design and Improved Transparency and International Cooperation in

III. PROPOSED STRATEGIC ORIENTATIONS AND IMPLEMENTATION OF MENA IV

The consultative process, launched at the Initiative's 2015 joint Steering Group meeting "A Regional Agenda for Inclusive Growth, Employment and Trust", suggested that the Initiative should continue to strengthen the implementation of OECD standards in different governance and competitiveness areas in the MENA economies that build on MENA III, while adjusting to the region's socio-economic developments in addressing specific and emerging thematic areas of intervention and implementation methods. To reflect these priorities, the name would be changed to the **MENA-OECD Initiative on Governance and Competitiveness for Development**.

The proposed focus for MENA IV will incorporate the lessons learned and the success elements built over the last decade. It will also include the need to strengthen the synergies between the Initiative's existing activities, to make the Initiative more visible with the broader public, to secure more stable funding, to ensure a more extensive presence on the ground, and finally to place a greater emphasis on the monitoring and evaluation of outcomes.

A. Governance of the Initiative and its Networks

The Initiative's execution is overseen by a governance arrangement based on the principles of mutual benefit, partnership, shared ownership and the reciprocal commitment of MENA economies and OECD Members. The governance structure is based on Ministerial Conferences, a Steering Group, and thematic Working Groups and fora, has proven effective, allowing for the identification of participants' policy priorities, responding to policy concerns in an effective manner and ensuring adaptation to evolving needs of the region. The governance structure helps preserving a high level of work commitment and encourages work proposals from both MENA and OECD countries. This structure also creates a very dynamic work environment of mutual trust and support that enhances the outcomes of the policy dialogue.

Ministerial conferences

Political engagement and commitment are expressed by Ministers and top government officials at periodic Ministerial conferences, which **allow for the identification of multi-annual strategic orientations and policy priorities at the highest level** and the adoption of Ministerial declarations. The last Ministerial conference was held in November 2009 in Marrakech, Morocco. It is planned to hold another Ministerial conference in the next 6 months, which will lead to the adoption of a new declaration. The latter will give directions for future activities.

Steering Group

The Initiative is governed by a Steering Group which meets in principle once a year **to review progress made, discuss the work programme and provide guidance for future work**. The Steering Group is open to the participation of all MENA economies and OECD Members, as well as relevant international and regional organisations. It meets in plenary session but also in thematic separate sessions to allow for targeted discussions on governance and competitiveness issues and is also instrumental in preparing for ministerial meetings. The Steering Group is led by the co-chairs of the Governance Programme and the Competitiveness Programme. The co-chairs ensure ownership and involvement from both the OECD and MENA sides. More precisely their role is to lead strategic discussions in the Steering Group, contribute to

Tunisia; Operationalising Public Private Partnerships in Tunisia; and Reinforcing the rule of law – Developing the capacities of the Judiciary in Yemen.

the formulation of agendas and strategic documents, report to committees, and represent the Initiative, as appropriate.

Advisory Board

In furtherance notably of the increasing inclusion of MENA economies into the OECD's committees work and in order to promote stronger synergies between the Initiative and those activities, the Initiative proposes to establish a MENA-OECD Advisory Board (the "Board"). **The Board would provide regular guidance and prepare discussions for the Steering Group in order to ensure the continuity of strategic priorities.** The Board would be composed of the co-Chairs of the Initiative, the Chair of the OECD External Relations Committee, and other interested and relevant parties.

Regional thematic working groups and Networks

Regional thematic working groups (also called fora or networks), are co-chaired by a MENA economy and an OECD Member and bring together representatives from both groups (see list in table 1). They connect regional priorities with OECD committees to provide a common setting to address the substantive work of the Initiative. The next Ministerial meeting will be the occasion to revise and endorse, if necessary, a new structure for the regional thematic working groups and Networks.

The institutional structure of the MENA-OECD Initiative Working Groups and Networks, November 2015

Governance Programme	Competitiveness Programme
Working Group on Integrity and Civil Service (Chair: Morocco; co-chairs: Spain, Turkey)	Working Group on Investment Policies and Promotion (Co - Chair: Japan, Jordan)
Working Group on Open and Innovative Government (former WG on E government and administrative simplification) (Chair: Dubai, co-chairs: South Korea, Italy)	Working Group on SME Policy, Entrepreneurship and Human Capital (Co-chairs: Italy, Tunisia)
Senior Budget Officials network (MENA SBO, former Working Group on the governance of public finance) (Chair: Qatar, co-chair: Germany)	Working Group on Corporate Governance (Chair: UAE – Hawkamah Institute, Dubai)
	Task Force on Corporate Governance of State-Owned Enterprises
Working Group on Regulatory policy and public private partnerships (Chair: Tunisia; co-chairs: France, Italy)	Working Group on Investment Security in the Mediterranean (ISMED) (Co-chair: France, Iraq)
MENA-OECD Gender Focus Group "Women in Government Platform" (Chair: Cawtar)	Business Integrity network
Focus Group on Territorial Development and Green Growth (Local government) (Chair: Morocco)	Business Women Forum (Co-chairs: Egypt, Sweden)
Network of Public Procurement practitioners (Chair: Tunisia and Morocco,; co-chair: South Korea, Italy)	Task Force on Renewable energies and Infrastructure (Co-chairs: Canada, Oman)

Co-ordination at the national level

Co-ordination with the Initiative at the national level, as well as with its Steering Group and the Working Groups and Networks, is facilitated by local focal points that ensure the participation of all relevant stakeholders to the regional and national activities of the Initiative and the effective dissemination of the Initiative's work and policy recommendations to relevant parties.

Implementation of the programme of work

The programme of work is carried out by the Secretariat in consultations with the co-chairs of the Steering Group and the regional thematic working groups. Together with the region's economies, the Secretariat leads the policy analysis, supports the organisation of policy dialogues and conducts peer reviews and capacity-building activities. MENA economies benefit from these activities, which are also enriched by the involvement of experts and peers from both the MENA economies and OECD Members.

B. Focus policy areas: Governance and competitiveness for inclusive growth

The Initiative aims at addressing fundamental policy concerns of the region as well as the emerging challenges, echoing its transition context and the global development priorities. While strengthening its current activities, the Initiative will highlight the critical role of governance frameworks and private sector development to enhance public participation, competitiveness and reinforce regional economic integration, with a view of contributing to the challenges of inclusive growth in the region. In addition, the Initiative intends to further focus on inclusiveness by better addressing employment challenges, enhancing local development, and fostering regional and global integration of the MENA economies. The Initiative priorities will comprise strategies to ensure that economic outcomes are more equally distributed among all groups in society.

Leveraging the progress made in the MENA economies in certain sensitive areas, synergies could be strengthened between the two Programmes, their work streams and regional networks, with a view to enhance the complementarity of the different policy areas addressed by the Initiative.

In the future, the Initiative should continue to adapt to emerging priorities in line with new regional or global trends, including for instance post-2015 development agenda to tackle inequality, as concerns are mounting about the impact of greater inequality on growth, social cohesion and political stability. The Initiative's governance and working methods flexibility is an invaluable asset which allows for such adjustments.

MENA-OECD Governance Programme

The Initiative has developed content in key OECD policy areas identified as strategic by governments as well as other stakeholders from the region under the third mandate.

The **Governance Programme**, a strategic partnership between MENA and Members to share knowledge and expertise with a view to disseminating standards and principles of good governance and providing implementation assistance, focused on:

- **Promoting open, inclusive and transparent governance** to build trust in government and foster inclusive economic development. The network associated to this work is: Working Group II on open and innovative policy making.
- **Promoting the participation of women in public life** through the **MENA-OECD Women in Government Platform** and the production of comparative analytical reports and an increasing

focus on translating Recommendations into implementation assistance. The network associated to this work is the Focus Group Gender (MENA-OECD Women in Government Platform).

- **Fostering more efficient government institutions and processes** to deliver better public services by advising on ways to improve the government machinery. The networks associated to this work are the Working Group III on MENA Senior Budget Officials, Working Group IV on Regulatory Reform.
- **Reinforcing integrity and fighting corruption** to build trust in public institutions. With MENA and OECD practitioners from governments, parliaments, independent institutions, supreme audit institutions, academia and civil society, the OECD fosters dialogue on policy tools and strategies for building coherent integrity frameworks. The networks associated to this work are: Working Group I on Integrity and Civil Service, MENA-OECD Public Procurement Network.
- **Strengthening the rule of law** to increase regulatory transparency and efficiency for citizens and the private sector and to promote efficiency and public trust. The network associated to this work is the Working Group IV on Regulatory Reform.
- **Strengthening local development and capacities of public institutions at local level** to increase economic development, better public service delivery and citizen's participation. The network associated to this work is the Focus Group on Local Government.
- **Building capacities and providing implementation support** to foster the sustainability and long-term impact of reform efforts. In addition to the implementation assistance provided through various forms (e.g. train-the-trainers programmes, consultation meetings, capacity building) on the national level, the **MENA-OECD Governance Programme's Training Centre of Caserta** has become a hub of sharing knowledge and building capacities among policy practitioners at regional level.

At a time when MENA countries are facing political and economic challenges, the MENA-OECD Governance Programme will further deepen its engagement based on the unique approach of combining policy assessment, regional policy dialogue and peer learning, and implementation assistance. In line with the strategic priorities of MENA economies and the demand of delegates to the Steering Group Meeting on 5 February 2015 in Paris, it is suggested that the MENA-OECD Governance Programme will focus on key priority areas for building effective public governance frameworks for inclusive growth and trust. In doing so, the MENA-OECD Governance Programme will bring MENA economies closer to OECD guidelines and instruments.⁴

Based on the dual approach of combining regional policy dialogue and national projects, the Programme will continue to assist MENA economies in building open, inclusive, transparent and accountable

⁴ Such as the Recommendation of the Council on Digital Government Strategies, the draft Recommendation of the Council on Gender Equality in Public Life, the Recommendation of the Council on Improving Ethical Conduct in the Public Service Including Principles for Managing Ethics in the Public Service, the Recommendation of the Council on OECD Guidelines for Managing Conflict of Interest in the Public Service and the Recommendation of the Council on Principles for Transparency and Integrity in Lobbying, the Recommendation of the Council on Budgetary Governance, the Recommendation of the Council on Principles for Public Governance of Public-Private Partnerships, the Recommendation of the Council on Public Procurement, the Recommendation of the Council on Regulatory Policy and Governance, the Recommendation of the Council on Effective Public Investment Across Levels of Government, and the Recommendation of the Council of the Governance of Critical Risks.

institutions and solid frameworks for integrity. It will provide support for MENA economies with the aspiration to adhere to the Open Government Partnership, provide recommendations for the elaboration of action plans and conduct comprehensive policy reviews and assessments to identify potential bottlenecks and promising reform avenues for open government and fighting corruption involving key actors such as parliament, independent institutions and civil society. In addition, assessment and implementation activities will promote international standards to reinforce the rule of law and build institutional capacities. The Programme will improve access to and efficiency of legal services delivery for a sound regulatory environment and legal security for citizens and businesses.

The Programme will continue to support MENA economies in designing and implementing reform to modernise public procurement systems, major public procurements, such as PPPs, water governance, risk-management, public financial management institution and processes and other elements of the machinery of government to increase the quality and accessibility of public services. It will further promote regional dialogue through the solid institutional frameworks of existing networks and leverage good practices and lessons learned through peer dialogue and implementation assistance in dedicated country projects.

Building on the successful work to mainstream gender and promote gender equality policies, the Programme will empower women to fully participate in public life and strengthen legal frameworks and public institutions for promoting gender equality in line with the Draft Recommendation of the Council on Gender Equality in Public Life. The work on gender would be complemented by a stronger focus on empowering youth participation and inclusion through open government principles and sound public governance. Following a first Idea Factory on inclusive policies for youth in the MENA region in 2015, other innovative discussion formats, such as Discovery Labs or Discussion Cafés could be organised to promote a more regular dialogue among key stakeholders.

Against the background of the trend towards decentralisation in many MENA economies, the Programme will strengthen capacities for local and regional governance and raise awareness for the importance of local development.

MENA-OECD Competitiveness Programme

The OECD contribution to the economic reform agenda of MENA economies has considerably expanded during the decade long implementation of the MENA-OECD Investment Programme. **Today, there is a better understanding of the variety of policies and approaches which are conducive to inclusive growth and stronger integration in the global economy.**

The traditional building blocks of the programme: investment policies and promotion, entrepreneurship, business integrity, corporate governance and women's economic empowerment have and will continue to provide timely policy recommendations and to strengthen the implementation of OECD instruments and standards such as the updated Policy Framework for Investment, the Principles of Corporate Governance, and the anti-bribery standards.

These policy areas are to be complemented with other economic issues of critical importance such as **broader business climate issues, as well as skills development, infrastructure, domestic resources mobilisation or trade and participation in global value chains.** In this context, the traditional denomination of the Programme "Investment" is restrictive and does not reflect the complexity of the policy issues addressed by the Programme. The proposed new denomination of the **MENA-OECD Competitiveness Programme** provides a more inclusive denomination which better reflects the spirit of the Programme and the demand of MENA economies

The **Competitiveness Programme** will continue focussing on:

- **Stimulating investment and improving investment security** to restore investors' confidence and improve the business climate to attract productive and infrastructure investments. The Networks associated with this objective are: The Working Group on **Investment Policies and Promotion**, the Working Group on **Investment Security in the Mediterranean (ISMED)**, and the Task Force on **Renewable energies**.
- **Promoting entrepreneurship and SME development** to diversify sources of growth and employment, particularly through new entrepreneurs, enterprise growth, access to finance, business development services and fostering economic formality. The Network associated with this objective is the Working Group on **SME Policy, Entrepreneurship and Human Capital**. The activities of the OECD-MENA Women Business Forum are also mainstreamed into this Working Group.
- **Levelling the playing field for business** by promoting better corporate governance, enhanced business integrity and responsible business conduct through building awareness, defining and implementing frameworks and supporting compliance with international integrity standards and anti-corruption practices. The Networks associated with this objective are: the **Working Group on Corporate Governance, the SOEs Network**, and the **Business Integrity network**.
- **Accelerating women's economic integration** by advising on ways to improve access to support measures such as finance or business development services and opportunities to reduce legal, social and cultural barriers. The Network associated with this objective is the **OECD-MENA Women Business Forum**.

To further private sector development and continue to improve the overall business climate, the 2015 Steering Group meeting highlighted the need to develop new policy areas complementing the Programme's on-going work. **Improving the region's competitiveness and supporting infrastructure development policies are two emerging thematic areas** that would complement the Programme's four existing pillars:

1. Competitiveness policies: Building on the recommendations of a consultative process launched in 2014, the Programme could support the region in strengthening institutions and policies to enhance regional, national and sub-national competitiveness. This could involve developing a methodology on "Policies for Competitiveness", including assessing the most pressing reforms and co-operation in policy areas of regional interest (e.g. lowering trade and investment barriers, improving intraregional infrastructure, promoting a greater and better participation in regional and global value chains, enhancing the competitiveness of key economic activities/sectors through specific tools such as access to finance, human capital development, special economic zones, enterprise growth, etc.). Regional discussions and assessments could help develop a comprehensive report and/or handbooks to advise policy makers on the implementation of reforms. These exercises would involve the participation of governments, private sector and competitiveness councils or advocacy groups and will also build on, and bring experience from, the other Working Groups.

2. Policies for infrastructure development: Infrastructure is an important element of the business environment, and a major generator of direct and indirect employment. In the MENA region, investment and rehabilitation needs in basic infrastructure are important. Faced with budget constraints and limited resources available for financing infrastructure, governments are turning to the private sector to deliver such infrastructure. The Programme may seek to assist governments of the region in developing coherent frameworks and policies for infrastructure development, including:

- **Better policies for infrastructure development (including via PPPs).** The Programme would seek to assist governments in establishing national integrated frameworks for infrastructure

development, including through a sector approach to infrastructure planning and the choice of optimal delivery modes. The end goal is to achieve “value for money” in infrastructure investments – ensuring that projects are delivered and operated efficiently over their lifetime by making effective use of private sector participation when feasible and appropriate, based on OECD legal instruments and expertise in this field. This work would build on a new framework for the governance and delivery of infrastructure developed by OECD.

- **Better financial capacities for infrastructure investment (including via participatory finance).** The Programme would seek to assist economies in enhancing financial capacities both through domestic capital markets and internationally. The challenge of limited financial resources and appetite for infrastructure investment can be confounded by developing innovative mechanisms to bridge the infrastructure financing gap, including *via* bond markets and Islamic or participatory finance.

Several other policy areas may be included into the Initiative as they warrant particular attention and policy support in the future. Areas of interest identified notably relate to education and labour market reforms, skills development and further and better inclusion of the youth, in particular young women, more efficient resource mobilisation and fiscal systems. The use of OECD statistical tools, in particular in the areas of trade, investment and SMEs, should also be encouraged to facilitate policy assessment and monitoring.

C. **Implementation of activities: methods, cooperation, monitoring, and funding**

Methods to support effective implementation

The Initiative is intended **to continue to use policy assessments, advice and dialogue, peer reviews, data and evidence collection as well as capacity building to support policy reforms in the region.** In addition, the Initiative will continue to connect policy experts from the region and the OECD, to integrate national and regional approaches, and further promote an inclusive approach, systematically involving key stakeholders from government, parliament, civil society, academia and the private sector. On this note, existing institutional arrangements, such as the Civil Society Advisory Board or the Business Council, which implements the Task Force on Renewable Energies and Infrastructure or the OECD-MENA Women’s Business Forum, would be strengthened to ensure active and regular participation. Importantly, the Initiative will also build on the existing OECD methodology to develop mechanisms, including indicators and monitoring tools, **to assess impact and measure progress in reform implementation at regional and national levels.**

The work of the **thematic working groups and regional networks will continue to provide a sustainable institutional structure for exchanging information, data and recent economic and policy trends** between policy practitioners from MENA economies and OECD Members, international experts, civil society and the private sector. The inclusive approach promoted by these networks allows for an open dialogue between key stakeholders both on a national and international level and mutual learning experiences for translating economy specific policy recommendations into effective reforms. The national policy work enriches reflections and dialogue as well as development of best practices in the context of the regional fora. Therefore, it complements the regional work and leads to in-depth and complementary policy advice and recommendations which guide the design and implementation of strategies, action plans and reforms.

The work of the **thematic working groups and regional networks** will contribute also to **the increasing necessity to support of a better integration of the MENA economies both regionally and globally.** At the same time, the Programme intends to pay **increased attention to sub-regional policy priorities** to enhance its impact. Furthermore, the interaction between the policy work at regional and sub-regional

levels and the work which responds to national requests should be also enhanced. This shall notably be achieved thanks to greater involvement of OECD Committee experts in the regional and national policy debates and reviews.

The Initiative will **continue providing capacity-building through regional training courses** delivered in collaboration with the MENA-OECD Governance Programme Training Centre of Caserta and the IMF-Middle East Center for Economics and Finance in Kuwait, and possibly other venues and opportunities to develop further trainings as well as capacity-building activities. This is following a number of policy discussion and assessments captured in specific reviews and studies, in which representatives from the region called for further support and assistance in the implementation of their reform agenda.

Co-operation, coordination, and dissemination

The impact of the Initiative could be further strengthened through a **stronger co-ordination with donors, international and regional organisations** (such as the League of Arab States and the Gulf Cooperation Council), as well as local partners, and the identification of synergies and complementarities. The contribution of the OECD to the MENA Transition Fund Co-ordination Platform is an example to build on. Recent donors meetings organised by the Investment Programme have illustrated the appreciation of all involved and are a further example to develop.

The Initiative needs also **to strengthen dissemination mechanisms** with a focus on sharing the results of OECD assessments, analyses and recommendations and implementation assistance among the widest possible audience of decision-makers and other stakeholders. Partnering with local civil society organisations can support a wide dissemination of recommendations. This would involve for example further dissemination of information and papers in Arabic, the reach-out to a wider audience and better use of social media.

Therefore, the Initiative would **include non-governmental organisations and media more systematically in the regional and national activities** to raise awareness of its activities and promote accountability mechanisms. In turn, the Initiative will continuously act as a broker and facilitator for regular dialogue among government, civil society and the private sector to build trustful partnerships. Through a stronger collaboration with parliament and other key players, such as control bodies and independent institutions, the Initiative would take into account their crucial role in building solid frameworks for governance and competitiveness in MENA economies. The Initiative also intends to increase private sector participation to build capacity, including in support of furthering public private dialogue pertaining to the business climate which in turn will enhance the country's competitiveness.

The Initiative will **keep abreast of national and regional developments**, as well as main donor policies and strategies. Commitments of the MENA economies in the area of governance and competitiveness under international and bilateral agreements would also be taken into account and the Initiative's activities would intend to be compatible with these commitments.

Monitoring and evaluation

The monitoring and evaluation of the Initiative's activities in MENA IV will be further improved through the systematic reporting of results in an evaluation tool, structured around activities, outputs and outcomes. The evaluation tool will be informed by the monitoring mechanisms put in place by the different networks and fora. This will include a request for formal feedback from participants following each event and a survey administered to the competent authorities in each MENA economy every second year. **Progress achieved in the implementation of the Initiative's activities will be reported to the Steering Group and donors on a regular basis.**

Funding

The Initiative is almost entirely funded by voluntary contributions. These funds allow, under each pillar of the Initiative, to carry out regional activities as well as national projects, responding to specific local and donor demands. **Stronger donors' involvement would ensure the widening of the Initiative's scope and a more effective implementation.** Some MENA economies support also the Initiative through financial contribution and in-kind contributions, notably by delegating representatives to conferences and meetings or by hosting regional or national events.

To enable the Secretariat to deliver on defined output results effectively, participants at the February 2015 Steering Group meeting, the May 2015 consultations with the donor community and the Sida mid-term review, stressed the **need for a stable financial environment.** Secured financial support to a strategic multi-year engagement would be important to ensure full and timely delivery of all project components.