

## **MENA-OECD Investment Programme**

### **Background Note**

#### **MENA-OECD Working Group 2: SME Policy, Entrepreneurship and Human Capital Development**

## BACKGROUND

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The MENA-OECD Investment Programme is one of two pillars of the OECD's Initiative on Governance and Investment for Development in the MENA region, launched in 2005 at the demand of participating countries.<sup>1</sup> The key objective of the Investment Programme is to mobilise private investment – foreign, regional and domestic – as a driving force for economic growth and employment throughout the region. The Programme offers a forum for results-oriented policy dialogue bringing together MENA and OECD practitioners. The Investment Programme supports reform efforts of MENA governments to enhance the climate for investment and private sector development, especially for SMEs.

Participants to the MENA-OECD Investment Programme expressed in various meetings their interest in actively supporting initiatives aimed at improving the business environment and building capacities for entrepreneurship and SME development.

On the occasion of the first Ministerial meeting of the Investment Programme held in Jordan in February 2006, Ministers from both MENA and OECD member countries agreed in their official Declaration to,

*“Develop effective frameworks and policies for entrepreneurship, including the promotion of women’s entrepreneurship, and for a thriving small and medium-sized enterprise (SME) sector that contributes to job creation, economic growth and social cohesion.”*

Again, on the occasion of the second Ministerial meeting held in Egypt in November 2007, MENA-OECD Ministers in their final Declaration stressed,

*“...the importance of promoting positive interactions between foreign investment and local enterprise development through measures such as development of skills, local entrepreneurship, industrial clusters and SME access to finance.”*

Furthermore, in Cairo the Ministers expressed, *“support for the Declaration on ‘Fostering Women’s entrepreneurship in the MENA region’ presented by the Women Business Leaders Forum and call for its implementation in order to enhance women’s participation in MENA economies.”*

Building upon the OECD model of peer review, policy experts have been working closely together to design innovative solutions to address these regional goals. Regional dialogue is structured around five comprehensive investment reform areas which have been identified by MENA countries. Each reform area is implemented by a Regional Working Group, led by a MENA country and co-chaired by a member country of the OECD.

On the occasion of the High-Level Strategy Meeting of the MENA-OECD Investment Programme held on 6 October 2008, MENA Ministers and members of the Steering Group mandated the creation of a unique Working Group devoted to policy issues related to SME growth, and entrepreneurship and human capital development.

It is particularly relevant in the current global economic environment where SMEs are regarded as the backbone of our economies, as a means to generate growth, innovate and create employment.

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<sup>1</sup> The countries and territories currently participating include: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the Palestinian Authority, Qatar, Saudi Arabia, Syria, Tunisia, UAE and Yemen. ([www.oecd.org/mena/investment](http://www.oecd.org/mena/investment))

## ORGANISATION

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The Working Group is chaired by one MENA country and co-chaired by one OECD member country. All member countries and partner organizations are encouraged to nominate a delegate to follow the working group.

The OECD Secretariat works in cooperation with the Chairs to manage the planning, organisation, work programme of working groups.

## PARTICIPANTS

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**Policy-makers** from the key institutions in charge of enterprise policy, such as the Ministry of Industry and Economy, SME Development Agencies, and Investment Promotion Agencies. The participation of relevant policy-makers from the Ministry of Finance, Trade, Labour and Education, development banks, government economic research centres, etc. are also encouraged.

The **private enterprise** and **financial sector** is a primarily beneficiary of the initiative. This would include, but not be limited to, EFN ©, Business and Industry Advisory Committee to the OECD (BIAC), Arab Business Council, Union of Arab Banks, Arab Financial Forum, Arab Monetary Fund, Council of Arab Economic Unity, European Investment Bank, Islamic Development Bank, and regional and national Chambers of Commerce and patronal associations.

**International organisations** and the **donor community** such as the World Bank, UN agencies, the European Commission and the Arab League are invited to participate and to share their existing initiatives in this area.

**International and local experts** to share good practices and regional experiences from both the OECD and MENA regions.

## WORK PROGRAMME

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The overall aim of the Working Group is to establish a common framework for policy dialogue and peer review related to improving the business environment, sharing of good practices, and building capacities for entrepreneurship, and SME development and growth.

The proposed work programme activities are as follows:

- **Activity 1:** Promoting High Growth Enterprises
- **Activity 2:** Improving Access to Finance for SMEs
- **Activity 3:** Business Law In support of Enterprise development
- **Activity 4:** Fostering entrepreneurship and bridging the skills gap through human capital development

## ACTIVITIES

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- *Fostering Entrepreneurship Through Proactive Policies*, Manama, Bahrain, 18-19 November 2008 in cooperation with the MENA Centre for Investment
- *Financing Growth in the MENA Region*, Barcelona, Spain, 19 May 2009 in cooperation with the European Institute of the Mediterranean