

Activities

2021-2022

Report



MENA-OECD Competitiveness Programme

Activities Report

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Table of contents

The Middle East and North Africa region at a glance	5
MENA-OECD Competitiveness Programme	11
Activities and results in targeted policy areas	15
Looking forward: lessons learned and future areas of work	39

The Middle East and North Africa region at a glance

The Middle East and North Africa (MENA) region is characterised by diverse political and socio-economic profiles across economies that face interlinked challenges. Two thirds of its economies are net oil exporters. The region is home to a growing, young (50% under the age of 24), increasingly urban and educated (enrolment in tertiary education above the world average) population. These strengths, coupled with increasing female labour force participation and private sector development with the prospect of more diversification, constitute avenues for growth in the region.

The overall economic performance of MENA economies has been significantly impacted by the COVID-19 pandemic and Russia's aggression against Ukraine. In fact, as MENA economies were beginning to show signs of recovery from the pandemic, Russia's aggression against Ukraine has posed an additional set of challenges and threats that exacerbate structural problems in the region. The region's economies suffered a drop in GDP of 3.3% in 2020, with -4.4% for oil exporters and -0.8% for importers. They experienced a rebound with 5.8% growth in 2021, driven by oil exporters at 6.8%, while oil importers grew 3.1%, below their 2000-18 average of 3.9% per year. These dynamics, combined with the significant fiscal efforts implemented, increased budget deficits. Despite an original forecasts of a further 5.0% GDP growth for 2022, 11 MENA economies may not recover to pre-pandemic levels by the end of the year (World Bank, 2022^[1]) (IMF, 2022^[2]). The crisis also severely affected trade and investment. The MENA region suffered a 40% year-on-year downturn in trade in 2020, the sharpest in the world (UNCTAD, 2020^[3]) with slower recovery compared to other regions and exports far behind past trends (OECD, 2022^[4]). FDI inflows fell by around 27% (OECD, 2021^[5]) and continued to drop by 5% in 2021 in North Africa (UNCTAD, 2022^[6]). MENA SMEs, representing 96% of registered companies and 50% of employment, faced considerable constraints to their business operations caused by lockdown restrictions and disruptions in value chains (AFD, 2022^[7]), as well as revenue and liquidity issues (ILO, 2020^[8]).

Healthcare systems especially in the Maghreb and Mashreq regions, have been subject to unprecedented pressure due to the Covid-19 Pandemic, and emergency socioeconomic responses have required sustained fiscal and monetary efforts to relieve households and firms. With cumulative cases at the regional level surpassing 19 million as of April 2022 (MEED, 2022^[9]), mortality remains relatively low and the region accounts for 2% of global deaths (JHU, 2022^[10]). Vaccine rollout has been instrumental to limit the impact of new waves of the pandemic, relieve healthcare systems and reopen the economies, but it remains disparate across MENA, with high rates in the Gulf – over 99% in the UAE – and important lags elsewhere – under 50% in Egypt, Jordan or Lebanon as of July 2022 (Our World in Data, 2022^[11]).

Table 1. Macroeconomic snapshot of the MENA region

		2000-18 (average)	2019	2020	2021	2022e
Real GDP growth (annual)	MENA	4.3	1.7	-3.3	5.8	5.0
	MENA oil exporters	4.4	1.1	-4.4	6.8	5.4
	MENA oil importers	3.9	3.3	-0.8	3.1	4.0
Fiscal balance (% GDP)	MENA	1.6	-3.0	-7.9	-3.0	1.4
	MENA oil exporters	3.5	-2.1	-8.1	-2.3	2.8
	MENA oil importers	-6.4	-6.8	-7.4	-7.0	-6.7

Note: MENA economies include Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Palestinian Authority, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen

Oil exporters include Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and Yemen

Oil importers include Djibouti, Egypt, Jordan, Lebanon, Mauritania, Morocco, Palestinian Authority, Somalia, Sudan, Syria and Tunisia

Source: IMF Regional Economic Outlook April 2022: Divergent Recoveries in Turbulent Times (IMF, 2022^[2])

Certain social challenges that impede inclusive development persist in virtually every economy in the region, as informal employment represents 68% of total employment in MENA (OECD, 2022^[12]). Challenges to formalising employment include complex administrative procedures, high labour taxes, and access to quality infrastructure, credit and technologies. Women also face tougher access to economic opportunities and political participation. While gender gaps in education are rapidly closing, the average female labour force participation rate stood at just 19% in 2021, the lowest in the world. Although countries have been adopting important reforms to advance their gender equality agenda, discriminatory legal frameworks and social norms not conforming to constitutional guarantees on gender equality and international standards still hold women back from equal participation in areas that are relevant for development and growth. Young people in the MENA region are also particularly exposed to socioeconomic challenges: at 27%, the MENA youth unemployment rate is among the highest in the world. This is notably due to the lack of opportunities for youth participation, with wide gaps in youth representation in parliaments across the region and higher minimal age requirements to participate in elections. Yet, governments have made some important efforts to mainstream youth in policy making and service delivery: 12 MENA economies have adopted a national youth strategy or are in the process of developing one¹ (OECD, 2021^[13]).

Table 2. Selected development indicators

	Population, millions, 2021	Literacy of 15+, % (year)	Unemployment, % of labour force, 2021	Human Development Index, 2020 (rank)
Algeria	44.6	82 (2018)	12.7	0.748 (91)
Bahrain	1.7	97 (2018)	1.9	0.852 (42)
Djibouti	1.0	N/A	28.4	0.524 (166)
Egypt	104.3	71 (2017)	9.3	0.707 (116)
Iraq	41.2	86 (2017)	14.2	0.674 (123)
Jordan	10.3	98 (2018)	19.3	0.729 (102)
Kuwait	4.3	96 (2020)	3.7	0.806 (64)
Lebanon	6.8	95 (2018)	14.5	0.744 (92)
Libya	7.0	91 (2016)	19.6	0.724 (105)
Mauritania	4.8	53 (2017)	11.5	0.546 (157)
Morocco	37.3	74 (2018)	11.5	0.686 (121)
Oman	5.2	96 (2018)	3.1	0.813 (60)
Palestinian Authority	4.9	98 (2020)	24.9	0.708 (115)
Qatar	2.9	93 (2017)	0.3	0.848 (45)
Saudi Arabia	35.3	98 (2020)	7.4	0.854 (40)
Syria	18.3	86 (2016)	10.6	0.567 (151)
Tunisia	11.9	79 (2014)	16.8	0.740 (95)
United Arab Emirates	10.0	96 (2019)	3.4	0.890 (31)
Yemen	30.5	70 (2016)	13.6	0.470 (179)

Source: World Bank Open Data for population, literacy (except for Libya, Syria and Yemen: countrymeters.info) and unemployment, UNDP Human Development Data Center for HDI

The region remains subject to varying levels of political instability and social unrest as well as conflict. During the reporting period, several economies witnessed new or sustained social mobilisation. While each movement is anchored in its specific national context, common denominators have been observed

¹ Kuwait, Jordan, Palestinian Authority, and United Arab Emirates (adopted); Morocco (in the process of adopting); Algeria, Bahrain, Egypt, Mauritania, Oman, Saudi Arabia, and Tunisia (developing).

regionally, such as demands to curb corruption, support job creation and inclusive development, reform public service provision systems and increase transparency of governments.

Protracted conflicts continue to have devastating effects on human development. In Yemen, estimates suggest that 15.6 million people have been pushed into extreme poverty between 2015 and 2021 (UNDP, 2021^[14]). Neighbouring countries remain vulnerable to spillover effects: for example, the Syrian conflict has caused 5.6 million refugees, including 0.8 million in Lebanon and 0.7 million in Jordan (UNHCR, 2022^[15]). With the onset of Russia's aggression against Ukraine, additional disruptions are likely to hit MENA economies. While 20% of the MENA population already suffers from acute food insecurity, a 90% increase in global wheat prices, due to supply disruptions and shortages, is likely to further exacerbate food shortages, potentially triggering social unrest (OECD, 2022^[16]).

The MENA region continues to face important challenges in the area of public governance, including underperforming public administrations with inefficient governments, poor quality policies and services, and fragile integrity and rule of law (Table 3). Despite reform initiatives to bring services closer to citizens (e.g. decentralisation reforms in Jordan, Tunisia and Morocco), dissatisfaction remains and high levels of corruption are still pervasive. Syria, Yemen, Libya, Iraq and Lebanon suffer from particularly negative perceptions of corruption. Dissatisfaction with the use of public resources and a slow pace of change have contributed to protests across the region. Governments' inability to deliver on the needs and expectations of their citizens is illustrated by low levels of citizens' overall satisfaction with government performance, leading over 50% of citizens to think that "the economy is weak under a democratic system" and that their countries need "a leader who can bend the rules" (Arab Barometer, 2022^[17]).

Table 3. Key governance indicators across MENA, 2022

Ranges from approximately -2.5 (weak) to 2.5 (strong) governance performance

	Voice and Accountability Index (2021)	Government Effectiveness Index (2021)	Regulatory Quality Index (2021)	Rule of law Index (2021)	Control of Corruption Index (2021)	Average across all indicators
Algeria	-1.01	-0.62	-1.17	-0.82	-0.61	-0.85
Bahrain	-1.50	0.72	0.85	0.47	0.17	0.14
Djibouti	-1.30	-0.80	-0.87	-1.01	-0.78	-0.95
Egypt	-1.51	-0.43	-0.51	-0.24	-0.68	-0.67
Iraq	-0.96	-1.29	-1.11	-1.73	-1.25	-1.27
Jordan	-0.80	0.23	0.15	0.21	0.05	-0.03
Kuwait	-0.70	-0.04	0.17	0.26	-0.03	-0.07
Lebanon	-0.63	-1.29	-0.88	-1.07	-1.23	-1.02
Libya	-1.46	-1.72	-1.95	-1.78	-1.57	-1.70
Mauritania	-0.76	-0.73	-1.06	-0.67	-0.82	-0.81
Morocco	-0.61	-0.07	-0.12	-0.25	-0.43	-0.30
Oman	-1.19	-0.12	0.33	0.41	0.09	-0.10
Palestinian Authority	-1.11	-0.77	-0.02	-0.50	-0.74	-0.63
Qatar	-1.17	1.11	0.86	0.93	0.81	0.51
Saudi Arabia	-1.60	0.50	0.34	0.23	0.31	-0.04
Syria	-1.92	-1.74	-1.63	-2.07	-1.78	-1.83
Tunisia	0.19	-0.17	-0.39	0.10	-0.23	-0.10
United Arab Emirates	-1.19	1.40	1.01	0.83	1.18	0.65
Yemen	-1.68	-2.30	-2.01	-1.80	-1.65	-1.89
Average in MENA across all economies	-1.10	-0.43	-0.42	-0.45	-0.49	-0.58

Source: (World Bank, 2022^[18])

The risks posed by climate change across the MENA region are growing at an alarming rate, and they will inevitably affect the capacity of the region to achieve inclusive development. In addition to the region's relatively arid climate, political mismanagement and protracted conflict have put significant stress on the region's resources and biodiversity, and have aggravated water scarcity, land depletion and degradation, and pollution. Twelve out of the 17 most water stressed economies are in the MENA region (OECD, 2022^[12]). Exceedingly high temperatures will reduce habitable and fertile areas, casting serious concerns on the sustainability of the agricultural sectors and increasing security threats, notably due to weather-linked migration and the risk for resource-related conflicts (OECD, 2021^[19]). Oil exporting countries are also increasingly concerned with the environmental and fiscal sustainability of their hydrocarbon-based economies. Saudi Arabia and the UAE notably, have been deploying efforts to reduce hydrocarbon reliance and diversify their economies, by encouraging entrepreneurship in non-oil sectors and developing tourism and trade hubs. Meanwhile, the sharp increase in oil prices in 2022, after a drop in 2021, are likely to benefit the fiscal balances of MENA oil exporters while hurting importers, increasing heterogeneity among MENA economies (OECD, 2022^[16]).

9. Oil importing countries have put their focus on supporting social inclusion and developing the private sector. With the support of the international community, Tunisia and Morocco are both implementing social and financial inclusion programmes for job protection and creation. Furthermore, economies across the region (i.e. Algeria, Oman, UAE) have implemented reforms to enhance the business climate by notably facilitating foreign investments, strengthening corporate governance policies (i.e. Tunisia) and modernising anti-corruption frameworks (i.e. Algeria, Morocco, Lebanon). While these developments are noteworthy, further reform efforts are largely needed in several policy streams. The region remains one of the least integrated worldwide and its participation in global value chains is limited to a small number of sectors (OECD, 2022^[20]). Regional institutions have limited capacity and have not yet managed to efficiently promote regional cooperation, integration and policy making. On the environmental front, reform commitments to greening economies and mitigating the impact of climate change are needed in oil importing and exporting countries alike.

10. The structural weaknesses underlined by the crisis and the resulting challenges have reshaped the policy agendas of the region and highlighted the need to strengthen socio-economic inclusion and resilience. After several countries implemented relief packages to support households and firms during the pandemic, the feasibility of recovery roadmaps were further affected by Russia's aggression against Ukraine, as more short-term emergency measures need to be implemented to limit food insecurity and unemployment, while structural policy reforms tend to be further postponed.

11. During the reporting period, the MENA-OECD Initiative on Governance and Competitiveness for Development has continued to promote and support national reform agendas through analysis, policy exchange and capacity building. The Initiative has provided fundamental support to structural reforms and to bring the region closer to international standards in the areas of transparency, good governance, gender equality, social inclusion, youth empowerment, regional integration (Box 1) and public-private dialogue, women's economic empowerment, trade and investment, SMEs development, business integrity and economic resilience. The Initiative operates through a dual track approach of regionally coordinated work and reform support at national level. The activities notably contribute to enhancing regional dialogue and encouraging the sharing of best practices based on OECD norms within the MENA region and between MENA economies and OECD countries.

12. The Initiative has also encouraged and supported MENA efforts to seize the opportunities of a post-COVID-19 world to facilitate an inclusive and sustainable recovery (Box 1). Altogether, these dynamics underline the relevance of the MENA-OECD Initiative in a particularly challenging period. Policy dialogue, peer learning activities and analytical outputs have been instrumental in supporting MENA partners in this challenging context. These activities will remain of paramount importance as governments in the region address socio-economic disruption in the path to recovery. This was acknowledged by MENA and OECD governments in the MENA-OECD Ministerial Declaration adopted during the MENA-OECD

Ministerial Conference in April 2021. This document presents the progress achieved within the two pillars of the Initiative (i.e. Governance Programme and Competitiveness Programme) over the past 15 months and outlines future priorities.

Box 1. Visions for Recovery and Supporting Regional Integration

The “Visions for Recovery” is being developed as part of the “COVID-19 Response and Recovery in the MENA region” project, financed by Italy’s Ministry of Foreign Affairs and International Cooperation. This report aims to assess MENA governments’ strategic commitments and capacities to implement governance reforms. It will take stock of the most recent developments in public management and governance reforms in the region, and analyse good practices, key success factors and most frequent challenges to improve MENA societies and economies’ capacities to ensure a sustainable and inclusive recovery and growth. Based on lessons learned from OECD and MENA countries, it will explore how governance tools can help governments in MENA achieve 4 main objectives: (1) recovering and growing sustainably; (2) spending public resources efficiently; (3) delivering effectively; and (4) promoting open societies. Considerations of gender, as well as youth, will also be streamlined across the report.

The report will also contribute to the activities of the MENA-OECD Governance Programme, notably in providing strategic guidance for the implementation of its mandate for 2021-2025.

The MENA-OECD Competitiveness Programme’s report on “Navigating beyond Covid-19, Recovery in the MENA region” examines patterns and challenges of integration in the Euro-Mediterranean region. It sets the scene with updated data about the political, economic, social and environmental situation of the MENA region, and explored policy considerations along six dimensions: economic development and employment; higher education and research; social affairs; water, environment and the blue economy; transport and urban development; energy and climate action.

Looking forward the MENA-OECD Competitiveness Programme will also undertake analysis on “The geography of supply chains, COVID-19, global shocks, and the MENA region”, which aims to discuss the impact of the COVID-19 crisis on global value chains (GVCs) in the MENA region, and considers whether and how possible post-pandemic developments in the geography of GVCs can present opportunities for industrial diversification and growth for MENA, including by capitalising on the use of digital technologies and the green transition.

The 2021 MENA-OECD Ministerial Conference (Box 2) provided stewardship and reaffirmed the importance of the MENA-OECD Initiative as a vehicle and platform to support policy reform, reinterring key priority areas for work in a fifth mandate 2021-2025. In addition, the Friends of MENA held a meeting in May 2022 to reflect on the development of the new OECD strategic agenda with Africa and to prepare for the upcoming MENA-OECD Initiative Steering Group Meeting.

The Initiative also supported the engagement of MENA economies in the OECD Ministerial Council Meeting, organised in June 2022. The Moroccan and Egyptian delegations were invited to contribute to the discussions on promoting policies to support youth and the green transition; lessons learnt from the pandemic to inform future prevention and preparedness policies, and to enhance linkages between trade and environmental sustainability.

Box 2. The MENA-OECD Ministerial and Fora

The 2021 Ministerial Conference gathered over 200 high-level participants from 38 economies (24 OECD Member states and 14 MENA economies), including 15 Ministers. The Conference featured unprecedented participation, with keynote speeches from the Italian Minister of Foreign Affairs and International Cooperation and the EU Commissioner for Neighbourhood and Enlargement, and Ministerial participation from most MENA economies, together with ministers and high officials from OECD countries.

The MENA-OECD Governance Forum and the MENA-OECD Government-Business Summit that preceded the Ministerial Conference gathered over 800 delegates, including Ministers, Ambassadors as well as representatives from civil society, business associations and, regional and international organisations, contributing to an inclusive and vivid discussion. The Governance Forum focused on three key strategic actions for governments and public administrations in the MENA region to adopt for a successful recovery for all, including the most vulnerable, by engaging better, deciding better and spending better. The Government-Business Summit provided a multi-stakeholder platform, proposing measures to design a new economic model focused on economic integration, green and digital transitions as well as youth economic empowerment and moving away from informality to bolster social resilience.

Priorities for the 2021-2025 mandate: outcomes of the Ministerial Conference

The Ministerial discussions focused on a vision towards recovery, addressing structural challenges and strengthening the resilience of economies and societies in MENA. There was strong consensus that the main pillars of the recovery are people-centred policies and a renewed growth model for the region to attract quality investments.

Participants shared key messages, which will inspire the strategic orientations of the Initiative to support multilaterally and bilaterally the efforts to promote strong and inclusive recovery, as included in the MENA-OECD Declaration.

- a. Placing regional economic integration at the core of the post-COVID-19 economic growth model to enable a sound business and investment climate, as well as enhance connectivity and global value chain participation of MENA economies.
- b. Promoting efficient and responsive governments and public administrations by focusing on engaging better, deciding better and spending better will ensure a stronger and more resilient recovery.
- c. Unlocking the potential of people across the region, notably women and youth, by promoting and facilitating their participation in public and economic spheres.
- d. Supporting private sector development, especially SMEs and entrepreneurship, in order to create quality jobs of tomorrow, with particular focus on the integration of informal activities into the formal economy.
- e. Enhancing transparency, integrity and accountability through more open governments, stronger rule of law and bolder anti-corruption efforts to rebuild trust in public and private institutions and successfully translate recovery plans into results.
- f. Integrating the greening of the economy into the reform agenda.
- g. Investing in public sector innovation and digitalisation to boost preparedness to shocks, resilience and inclusive growth.
- h. As protracted conflicts, continue to have a devastating impact on societies across the region, with spill-over effects on their neighbours and deep developmental setbacks, it is important to involve conflict affected and fragile economies into the MENA-OECD regional process.

MENA-OECD Competitiveness Programme

The MENA-OECD Competitiveness Programme is one of the two pillars of the MENA-OECD Initiative on Governance and Competitiveness for Development. The Programme's objective is to contribute to inclusive, sustainable and competitive economies across the region. It supports reforms to mobilise investment, private sector development and entrepreneurship as driving forces for inclusive growth and employment, with a special focus on economic integration of the region's increasingly well-trained youth and women. Throughout the MENA region, the Programme focuses on supporting countries with the following policy objectives:

- i. Stimulating investment through an improved investment climate and enhanced regional and global trade integration;
- ii. Advancing women's participation in all levels of the economy and society;
- iii. Promoting start-ups and SME development as an engine for decent job creation and inclusive and sustainable growth;
- iv. Enhancing public-private dialogue on competitiveness policies between governments, the private sector and civil society;
- v. Enhancing integrity in business and reducing corruption;
- vi. Engaging the public and private sectors to support building economic resilience in fragile contexts.

The Programme's activities and regional events are closely linked to relevant OECD Committees and promote progressively bringing the MENA region closer to OECD standards and good practices. It benefits from close collaboration with OECD directorates to ensure substantive coordination and leveraging their expertise in the regional Programme's activities. The continued leadership of Co-Chairs, one from the MENA region and one from the OECD - currently Tunisia and the European Union- facilitates mutual ownership, partnership and the reciprocal commitment of MENA economies and OECD Members. The Programme implements its regional approach by providing a platform for open policy dialogue, rigorous policy analysis and targeted technical policy advice and recommendations through a number of regional working groups and policy networks:

- i. MENA-OECD Working Group on Investment and Trade (WG1) which is aligned with the work conducted by the OECD Investment Committee, OECD Working Party on Responsible Business Conduct and OECD Working Group on International Investment Statistics.
- ii. MENA-OECD Working Group on SME Policy & Entrepreneurship (WG2), aligned with the work undertaken within the OECD Working Party on SMEs and Entrepreneurship (WPSMEE) and OECD Committee on Industry, Innovation and Entrepreneurship (CIIE).
- iii. MENA-OECD Business Integrity Network (MOBIN), aligned with the work conducted in the framework of the OECD Working Group on Bribery in International Business Transactions.
- iv. MENA-OECD Women's Economic Empowerment Forum (WEEF), aligned to the OECD Gender Initiative.
- v. Economic Resilience Task Force (ERTF), aligned with the work conducted in the framework of the Development Assistance Committee (DAC) and in particular the International Network on Conflict and Fragility (INCAF).
- vi. MENA-OECD Business Advisory Board (BAB) aligned with BIAC's approach and depending on the focus with relevant OECD work, notability related to the green transition and digitalisation.

- vii. The Programme also implements region-wide projects, such as the EU-OECD Programme on Promoting Investment in the Mediterranean (Box 3).

Box.3 The EU-OECD Programme on Promoting Investment in the Mediterranean

Phase II of the EU-OECD Programme on Investment in the Mediterranean aims to support investment climate reforms to advance sustainable growth and decent job creation in the Southern Mediterranean. The Programme's implementation covers a period of four years, from 2020-2024. Working together with governments and other partners in Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, the Palestinian Authority, and Tunisia, the Programme:

- Provides targeted policy advice and capacity building on investment policy design and implementation
- Facilitates public-private dialogues on investment climate reforms in priority sectors
- Supports monitoring and evaluation of reforms to gauge success

The Programme builds on the first EU-OECD Programme on Promoting Investment in the Mediterranean. It draws on OECD's technical expertise and international tools and standards developed by OECD investment experts and the regional network and knowledge of the MENA-OECD Competitiveness Programme. Implemented jointly by the Middle East and Africa Division of the Global Relations and Co-operation Directorate and the Investment Division of the OECD Directorate of Financial and Enterprise Affairs, the Programme also benefits from cooperation with ILO and ITC.

In addition to the regional dimension, the Programme has significantly strengthened its work at the country level and pursued the effective implementation of country-specific programmes and projects during the reporting period, namely:

- i. The Egypt Country Programme (ECP) aims to contribute to the design and implementation of structural reforms to address Egypt's main economic challenges and support the country in moving towards closer alignment with OECD standards and serve as guidance for the implementation of Egypt's Vision 2030. The Country Programme is structured around five pillars: Inclusive and sustainable economic growth; Innovation and digital transformation; Governance and anti-corruption; Statistics; and Sustainable development. As such, it covers a larger range of policy areas than those covered by the MENA-OECD Competitiveness Programme and is structured around 35 projects. The work conducted within the ECP will benefit from the expertise of the MENA-OECD Competitiveness Programme in relation to SMEs and the formalisation of small businesses; women's economic empowerment and a review of gender statistics; the development of the Suez canal economic zone; and business integrity.
- ii. The Morocco Country Programme (MCP), has been part of a longstanding partnership between Morocco and the OECD since 2005 and aims to promote better social and economic development policies by leveraging OECD's methodology, tools and best practices. This advanced form of co-operation benefits from a two phased programme; the first, implemented between 2015 and 2018 and a second phase covering 2020 to 2024. The MCP covers a wide range of policy areas structured around four pillars, namely: public governance, integrity, and the fight against corruption; economic growth and investment; women's economic empowerment and education; territorial development. It will leverage the expertise of the MENA-OECD Competitiveness Programme in relation to business integrity, women economic empowerment, and investment policies (including on Foreign Direct Investment and Global Value Chains).

- iii. The Siemens Integrity Initiative to support Fair Market Conditions for Competitiveness and Business Integrity notably in Algeria and Saudi Arabia aims to support reforms in the areas of anti-corruption and fair competition through the promotion of international standards and the adoption of a multi-stakeholder approach. Creating a Collective Action community, this dialogue platform facilitates the development of coalitions against corruption to strengthen business integrity in strategic economic sectors particularly exposed to corruption risks. Furthermore, the OECD will provide targeted and actionable policy recommendations to policymakers to enhance the institutional framework and to strengthen capacities of enforcement agencies. This work will provide valuable inputs to the MENA-OECD Competitiveness Programme, especially the Business Integrity Network.
- iv. The EU-OECD Project on Promoting Public-Private Dialogue in Libya and the EU-OECD Project on Promoting Economic Resilience in Yemen provide an opportunity to adapt OECD tools and good practices in a context of much-needed economic resilience, in partnership with international partners. In Libya, an active economic and social dialogue between Libya's public and private actors contributes to the adoption of the necessary economic transformation policies that can lead to post-conflict recovery and the diversification of Libya's economy. For Yemen, strengthening socio-economic resilience to create conditions for viable economic growth and private sector development translates into targeted policy actions and building the capacities of central economic institutions, enhancing data collection and analysis as well as improving donor coordination. The results and knowledge gained make an important contribution to the MENA-OECD Competitiveness Programme, especially the Resilience Task Force.

The OECD External Relations Committee (ERC) has played a key role in providing strategic guidance and orientation to the MENA-OECD Competitiveness Programme to ensure that the OECD's expertise is leveraged in the most relevant manner in support of the objectives of the OECD Global Relations Strategy, including through the implementation of regional and country's specific activities. During the reporting period, the Global Relations and Co-operation Directorate provided timely and updated information on the Programme of Work.

Furthermore, in support of the implementation of the OECD Global Relations Strategy, the ERC approved the establishment of the OECD Istanbul Centre (Box 4). This Centre supports all OECD regional programmes including the MENA-OECD Competitiveness in deepening cooperation with partner countries. Through technical policy analysis, policy dialogue, capacity building activities, the Centre promotes regional collaboration in line with OECD standards, instruments and good practices.

Box 4. The OECD Istanbul Centre

The OECD aspires to collaboration with all those countries interested in sharing knowledge and expertise, promoting reform, and contributing and adhering to OECD standards. The Organisation aims to make its standards and best practices serve as a reference for policy on a global scale, to foster economic growth and well-being, and level the global playing field. This involves cooperation with partner countries for the dissemination and implementation of OECD tools - a cooperation that, in turn, can lead to further development and improvement of the tools through greater participation of partners in the standard-setting process of the Organisation.

The OECD Istanbul Centre is meant to play a critical role to support this cooperation, by strengthening horizontal collaboration and synergies between different regions of the world. In the aftermath of the Covid-19 pandemic, the OECD is committed to support a sustainable and inclusive recovery in its member countries and at the global level in emerging and developing countries.

The economic impact of the war in Ukraine worldwide, and especially in Eurasia, South East Europe and MENA also requires adequate policy responses, which the OECD can facilitate. With its Global Relations Strategy, the OECD intends to foster international co-operation in particular in policy areas that are critical for economic and social resilience. To that aim, the Istanbul Centre will promote long-term thinking with partners, to develop common approaches for responding to pressing challenges and provide effective policy responses and capacity building. In light of this, and taking into account the priorities of the Regional Programmes, the programme of work of the Centre will focus on the following policy areas: → Climate change → Gender equality → Business climate → Private sector development and informality → Connectivity → Digital economy

The Centre is hosting several regional activities of the MENA-OECD Competitiveness Programme, including the MENA-OECD Business Advisory Board (BAB) that was held in June 2022.

The Programme has actively engaged and cooperated with multilateral international and regional development partners in the implementation of regional and country specific activities leading to structured cooperation mechanisms and agreements (see Annex A for more information). This regular coordination and collaboration aims to enhance synergies in influencing policy reforms in MENA economies and ensure context-specific complementarities in the implementation of activities and policy recommendations to targeted countries. This effort has further emphasized the convening role of the MENA-OECD Competitiveness Programme and its positioning as a platform for multi-stakeholder dialogue and coordination. As such, and in conjunction to this coordination with development partners, the Programme has also ensured where relevant the systemic engagement of others stakeholders such as private sector, civil society and academia representatives.

The general context of the Covid-19 pandemic had implications on the global and regional economic and social realities. As such, the MENA-OECD Competitiveness Programme priorities and programme of work were affected by this crisis including during the period 2021-2022. In fact, the Programme rapidly provided analysis on the implications of the Covid-19 crisis on MENA economies and supported in identifying adequate policy responses. The global travel restrictions and other containment measures had also important consequences on the implementation of the Programmes activities, which relied more heavily on virtual consultations and meetings.

Activities and results in targeted policy areas

A. Women's Economic Empowerment

Empowering women economically— i.e. providing them with the capacity to participate in, contribute to and benefit from sustainable growth processes - increases productivity and reduces poverty, helping to create more resilient and inclusive societies. MENA countries have stepped up their reform and policy efforts, resulting in narrowed gender gaps in education. However, across the MENA region, legal frameworks, social norms, and discriminatory practices continue to constrain women's access to economic opportunities, resulting in the lowest female labour force participation rate in the world, - with a regional average of 20% compared to 50% globally in 2019 (World Bank, 2022).

The Programme supports MENA economies reform efforts, in view of the adoption of legal and policy reforms in favour of women's participation in the economy, in line with OECD standards and instruments (**OECD Recommendation of the Council on Gender Equality in Education, Employment 2013**).

The **MENA-OECD Competitiveness Programme** addresses these challenges through **policy dialogues** to promote peer learning and sharing of good practices at the regional level and **targeted policy advice** at the national level to:



Approach

The gender activities support MENA countries at both the regional and national levels, seeking to address the needs and development priorities of the MENA region, while taking into account its diversity:

- The **Women's Economic Empowerment Forum (WEEF)** launched in 2017 and co-chaired by Sweden and Egypt is a **regional platform for policy dialogue** playing a critical role in supporting policy discussions and setting priorities on reforms targeting women's access to economic opportunities across the MENA region.

- **Country specific projects and contributions** have been conducted under this workstream namely in the framework of the Morocco and Egypt Country Programmes.

Activities 2021-22

Regional Activities

The WEEF's programme of work focused on digitalisation with the launch of a series of regional dialogues on "Women's Economic Empowerment and Digitalisation in MENA Economies": Following each dialogue, a policy note has been published. In 2021-2022, the following 3 dialogues were organised:

- **"Gender-sensitive education and skills development policies in the MENA region: Developing girls' digital skills in the post-COVID-19 world"**, 5 July 2021 (virtual). The event gathered over 200 participants from 13 MENA and 26 OECD countries. Participants discussed the gender differences in the PISA results for the MENA region, which showed that while girls in MENA economies outperform boys in two essential digital skills, they remain underrepresented in STEM careers. Building on these data, conversations developed around specific initiatives to develop girls' digital skills, such as "She is for a digital future" launched by the Egyptian Ministry of Planning and Economic Development in cooperation with the UNDP to train women from universities and the government sector on digital and computer skills.
- **"How to foster women's entrepreneurship in the MENA digital sector? Barriers and success factors"** co-organised with UNIDO, 18 November 2021 (virtual). The meeting presented the findings of the UNIDO's study on "Women entrepreneurs' access and use of information and communication technologies in the manufacturing sector". These findings were complemented by discussions in the second session that presented recommendations and initiatives to foster women's entrepreneurship in the digital sector.
- As part of the 66th UN Commission on the Status of Women (CSW), the **third dialogue** co-organised with Morocco on March 2022, dealt with **"Making digital a catalyst for women's employment in the MENA region"**. High-level speakers included the Minister of Planning and Economic Development of Egypt, and the Ministers of Women's affairs of France and Morocco. The participants discussed adequate use of new technologies to promote women's access to employment and develop gender-friendly work environments.

Country Specific Activities

The **Egypt and Morocco Country Programmes** included gender-specific components. These national programmes complement the regional work on gender and provided in-depth policy advice and recommendations guiding the design and implementation of strategies, action plans and reforms to support women's economic empowerment. In both Morocco and Egypt, the Programme supported improvement of gender statistics and data which are key to inform policies to increase women's participation in the labour market and access to economic opportunities. Specific activities for 2021-2022 included:

1. **Consultations** with Morocco's Women's Directorate of the Ministry of Solidarity, Social Insertion and the Family, the civil society, the private sector, and various public institutions in charge of women's economic empowerment in Morocco
 2. Monitoring process for Morocco's compliance with the **OECD Recommendation on Gender Quality in Education, Employment and Entrepreneurship**
 3. Providing specific support to Morocco in the monitoring process **with the Convention of the Elimination of Discrimination Against Women (CEDAW) Shadow Report 2022 submitted by the CEDAW Committee**
 4. **Consultations** with the Moroccan Bureau of Statistics on gender data.
 5. **Capacity-building workshops** on collecting, using, and disseminating gender data.
 6. The preparation of a **concept note** submitted to the Egyptian authorities to support women's economic empowerment
-

in Egypt.

7. **Consultations with Egyptian authorities and stakeholders** active in promoting women's economic empowerment.

Contributions to multilateral initiatives and activities

The Programme also joined multilateral efforts in raising awareness on women's economic empowerment in the MENA region by participating in several policy dialogue including:

1. UN Women's dialogue on "Women's Economic Empowerment in the Palestinian Authority", March 2022 (virtual)
 2. EU-League of Arab States' dialogue on "Women's economic empowerment and climate change", April 2022 (virtual)
 3. UfM's Regional Dialogue on "Women's Empowerment", May 2022 (virtual), in which the OECD contributed to the UfM Declaration on Women in the Society
 4. European Institute of the Mediterranean- Euromed Young Researchers Forum technical event on "Youth & Women's inclusion in the labour market: challenges and opportunities for the Mediterranean region" in Rabat in June 2022
 5. UfM-UNIDO's Women Business Forum on "Gender-Smart Financing to Unlock Women's Entrepreneurial Potential in the Middle East and North Africa region" in Barcelona in July 2022
 6. Egypt - International Cooperation Forum meeting on "Women's empowerment and Climate Change", in Cairo in September 2022
 7. UfM Ministerial Conference on Women in the Society in Madrid in October 2022
-

Results and achievements

The recent series of dialogues led by the WEEF contributed to discussions and raised awareness on barriers for women's digital inclusion in MENA:

- The discussions and data disseminated by the WEEF highlighted the gaps and barriers for women's digital inclusion as well as the low female enrolment in STEM studies and careers, and the lack of digital skills and access to digital tools for rural and low-skilled women entrepreneurs in MENA. Furthermore, presentations also underlined traditional barriers faced by women entrepreneurs, such as the lack of access to finance, which also extends to the digital sector and affects all women entrepreneurs.
- Discussions also called attention to the policy actions required to make digital a vehicle for women's economic empowerment rather than a tool that reinforces inequality gaps. Indeed, men's greater access to technologies puts women at risk of being left even further behind economically and social. This combined with the risks of job loss due to automation, and the potential negative impact of legal loopholes in teleworking troubles gender experts and advocates.

The WEEF contributed to provide concrete recommendations and best practices to inform policies supporting women's digital inclusion:

- The discussions on developing girls' digital skills identified the need to move from education to labour policies to create real opportunities for women's integration in the digital labour market in MENA. Protecting women's job and income prospects will require upgrading their skills, so that they can take advantage of the new and changing opportunities created by the ongoing digital revolution.
- Other policy recommendations to promote of women's digital entrepreneurship focused on integrating an intersectional approach to support both highly and lower skilled women, leveraging technology to address traditional gendered barriers to women's economic participation and reinforcing linkages between digital skills and entrepreneurship.

The regional and country-level activities raised awareness on OECD standards and tools to promote Women's Economic Empowerment in the MENA region:

- During the first dialogue on gender-sensitive education and skills development for women, the OECD presented the Programme for International Student Assessment (PISA) results in the MENA region and subsequently proposed policy recommendations to minimise gendered gaps in education.
- The OECD presented data on women's labour force participation in the MENA region during the dialogue on women's entrepreneurship.
- In the framework of Morocco's Country Programme, the OECD continued to support Morocco's commitment towards women's economic empowerment through the compliance monitoring process of the OECD Recommendation on Gender Quality in Education, Employment and Entrepreneurship.
- The OECD has been actively supporting the consolidation of Moroccan statistical capacities and exchange of good practices between OECD experts, international organisation, others National Statistical Offices and Moroccan counterparts.
- The OECD defined concrete activities to support women's economic empowerment in Egypt, including a review of gender-based statistics in the framework of the Egypt Country Programme.

Partnerships and multilateral collaboration have been strengthened to ensure mutual learning:

- The joint dialogue with UNIDO was guided by previous consultations on WEEF work programme on digitalisation and women entrepreneurship.
- The OECD promoted collaboration with UN Women through their participation in consultations in the framework of the Egypt Country Programme and the Morocco Country Programme.
- The Programme continued to collaborate with UfM on promoting women's economic empowerment through participating in their events and providing inputs to the UfM's Declaration on Women in the Society.

The regional dialogues on women's economic empowerment advocated for gender considerations to be incorporated in post-pandemic economic recovery policies:

- The regional dialogues successfully took advantage of the context provided by the post-pandemic period to showcase synergies between mainstreaming gender in digital policies and economic recovery in the region. In particular, the data disseminated during the discussion highlighted how ICT and digital tools provided new avenues to increase women's access to economic opportunities in the MENA region. Key outcome of the discussions suggests that women's share of professional and technical professionals is expected to double by 2030 thanks to the digitalisation of MENA economies. Therefore, taking advantage of this momentum by implementing policy changes and investments to reduce barriers to women's digital inclusion and entrepreneurship could boost women's contribution to the economic recovery.

MENA economies adopted new policies supporting women's economic empowerment:

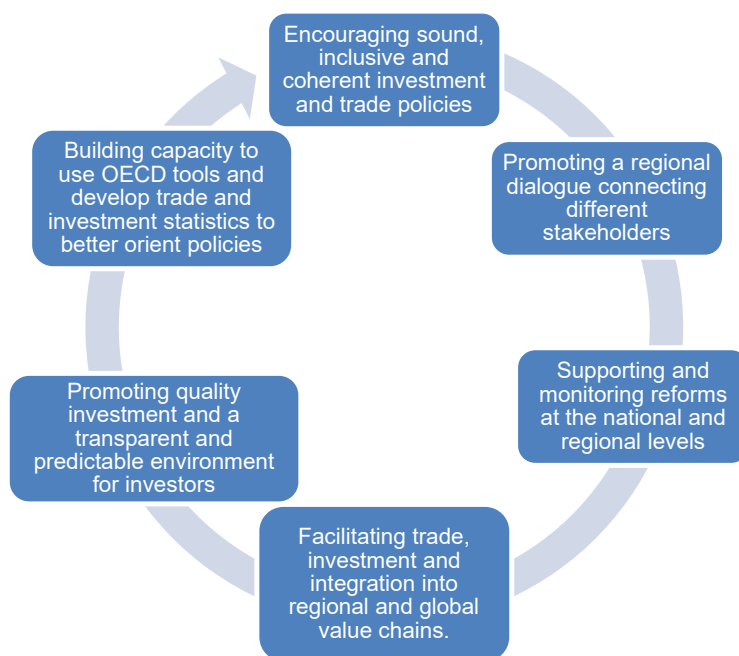
- Following the OECD Recommendation on Gender Equality in Education, Employment and Entrepreneurship², Morocco included specific actions in its New Model of Development to further develop family-friendly policies and strengthen access to pre-school establishment and childcare facilities.

² OECD (2017), 2013 OECD Recommendation of the Council on Gender Equality in Education, Employment and Entrepreneurship, OECD Publishing, Paris, <https://doi.org/10.1787/9789264279391-en>.

B. Investment and trade

Enhancing trade and investment is important for many MENA economies aiming to strengthen their position as a gateway to African, European, and Asian markets. While the region's governments have advanced ambitious reforms to improve the **investment climate and attract Foreign Direct Investment (FDI)**, structural challenges in connectivity, or lack of private competitiveness, as well as inadequate trade policies continue to constrain investment and further participation in global value chains. The COVID-19 pandemic further aggravated already low FDI inflows to the region and reduced exports to their lowest in more than a decade. Further reforms are now required to attract more FDI and ensure that investment contributes to the post pandemic economic recovery by bringing new economic and job creation opportunities in the region.

The Programme supports MENA economies' reform efforts, redefining trade, and investment strategies, enhancing policy coherence and harmonisation, and promoting better integration at all levels to support inclusive growth and regional integration. The OECD supports current efforts to develop sound trade and investment policies in the MENA region, through regional **policy dialogue**, building on **OECD's analytical work** with a focus on:



Approach

The **MENA Working Group on Investment and Trade (WGTI)**, chaired by Japan and Jordan, provided an important contribution to **promote policy dialogue and analysis on trade and investment** interconnections in MENA economies. Building on relevant OECD policy and statistical tools, the WGTI has provided policy orientations to maximise synergies between trade and investment, and recommendations to strengthen reform implementation and evaluation.

Regional analysis and a regional project focusing on sectoral, and country specific actions were implemented in 2021-2022 under this area of work.

Regional Activities

The joint UfM-OECD publication “Navigating beyond COVID-19: Recovery in the MENA region”, published in July 2022 through regional analysis, focused on assessing the impact of the disruptions in value chains caused by the pandemic.

The annual meeting of the MENA-OECD Working Group on Investment and Trade took place on 3 November 2022 in Istanbul, co-organised by the OECD Istanbul Centre and hosted by the Chamber of Commerce of Istanbul. Participants included senior policy makers from MENA and OECD economies, the European Commission (DG Near and DG Trade), and representatives from the private sector from MENA and Asia regions.

Under the theme “Promoting Sustainable Economic Development through Investment and Trade” and guided by the Working Group co-chairs, the meeting focused on further enhancing international and regional collaboration to build more resilient economies in times of uncertainty through improved investment and trade integration. In this context, the Working Group discussed common challenges arising from current regional and global shocks affecting the region’s capacity to attract investment and disrupting its supply chains, as well as the linked opportunities towards reconfiguring its investment strategies and integration in GVCs. Other relevant issues that were addressed included the region’s service sector potential as a source of increased quality trade and investment.

During the discussion, participants called for enhanced cooperation and policy action. A particular emphasis was placed on working together to enhance trust on the different countries’ institutions and work together towards the harmonisation of regulations on trade and investment facilitation. Furthermore, participants asked for the development of more comprehensive specific tools and the development of data on investment and trade, regarding quality of investment and indicators on sustainable economy. For this, participants also requested leveraging OECD expertise, instruments, and tools, to deliver improved capacity-building on targeted areas within trade and investment, namely automation and digital tools, new generation agreements, greening, and SME environment.

Country Specific Activities

The **EU-OECD Programme on Investment in the Mediterranean** supports investment climate reforms to advance sustainable growth and decent job creation in the region. Working together with governments and the private sector in Algeria, Egypt, Jordan, Lebanon, Libya, Morocco, the Palestinian Authority, and Tunisia.

Under this Programme, the OECD organised policy dialogues, guided by issues paper, to discuss challenges and reform priorities to promote investment in targeted sectors of MENA economies, namely in:

1. **Morocco’s agrifood sector**, July 2021
2. **Egypt’s infrastructure sector**, held in Cairo, November 2021
3. **Tunisia’s pharmaceutical sector**, held in Tunis, April 2022
4. **Jordan’s ICT sector**, held in Amman, June 2022 (back-to-back with the launch of Jordan’s FDI Qualities Review)
5. **Palestinian Authority’s SME access to finance**, held in Ramallah on 8-9 November 2022

In addition, a **capacity-building session** was organised on International Investment Agreements, held in Algiers in June 2022. The training addressed key aspects of international investment agreements such as substantive protection clauses, investor-state dispute provisions and procedures, and were complemented by practical negotiation simulation exercises. Participants also benefited from a peer learning exercise and learnt about Egypt’s new investment treaty model with the intervention of a senior investment treaty negotiator in the Egyptian government.

An **FDI qualities review** was conducted in June 2022. The report examines how FDI can help Jordan meet Sustainable Development Goals in areas of productivity and innovation, job quality and skills, gender equality and decarbonisation was conducted in June 2022. As a follow-up to the FDI Qualities Review, a detailed proposal for further policy support to Jordan’s investment policy reform efforts was shared with the Ministry of Investment.

Contributions to multilateral initiatives and activities

Contribution to multilateral initiatives mentioned in Section 1 (i.e., participation in the EU Regional Trade and Investment Initiative in the Euro-Mediterranean area, the 4th UfM Trade and Investment Forum, and the joint CMI-OECD event on the post-Covid 19 recovery in Southern Mediterranean countries, considering the changes in the global economy).

Results and achievements

In 2021-22, the policy dialogues facilitated by the OECD convened key decision-makers identifying reform priorities and outcome-oriented actions to improve the investment climate in targeted MENA economies and in key sectors for the post-pandemic economic recovery:

- For instance, in Tunisia, the discussions on pharmaceuticals converged with the country's efforts to become a hub to manufacture COVID-19 vaccines. The Minister of Economy acknowledged the importance of pharmaceuticals for Tunisia's economy, particularly in terms of job creation, and emphasised the Ministry's willingness to create an adequate system to promote the development of this sector.
- In Jordan, the public-private dialogue resulted in a commitment from the Minister of Digital Economy and Entrepreneurship to respond to the proposals that emerged from the discussion and subsequently meet with the private sector again to follow-up on them. Such results are expected to be replicated in other economies as the Programme activities continue to be implemented.
- In Morocco, the Programme promotes investment reforms in the agri-food sector, which are critical to offset the consequences from Russia's aggression on Ukraine on wheat prices and shortages at the domestic and regional levels.

The Programme's activities contributed to open new spaces for national dialogues by bringing together communities of practice to identify reform priorities in the MENA region:

- In Jordan, Morocco, Egypt and Tunisia, the level of engagement during the public-private consultations illustrated the relevance of providing new spaces for dialogues to promote business climate reforms.
- For example, in Tunisia, the OECD contributed to resume a public-private dialogue process to build on previous recommendations that were not implemented. It successfully provided a new approach which differentiates actionable quick wins from longer-term reforms to improve the investment climate in the pharmaceutical sector.
- In Jordan, the Minister of Digital Economy and Entrepreneurship raised that the public-private dialogue was important and much needed, and he committed to respond to the proposals that emerged from the discussion and subsequently meet with the private sector again to follow-up on them. This event also received wide media coverage in Jordanian newspapers.
- **The Programme leveraged its expertise in other areas to inform the work under the EU-OECD Investment Programme:**
 - The Programme organised a public-private dialogue on improving access to finance for SMEs in the Palestinian Authority for the EU-OECD Programme on Investment in the Mediterranean on 8-9 November 2022 in Ramallah.
 - The EU-OECD Investment project in the Mediterranean also benefited from the Programme's expertise on PPDs as an effective tool to build reforms, which also includes the experience of the Business Advisory Board.
- **The Programme provided concrete policy recommendations in support of Jordan's efforts in revising its investment law:**
 - During the launch of the FDI qualities report, the discussions with key Jordanian stakeholders specifically focused on how OECD's recommendations could be included in the law and support this reform momentum.

- Building on this work, the OECD has been providing inputs to the draft investment law to incorporate OECD recommendations and ensure its contribution to Jordan's sustainable development objectives. The most recent version reflects some of the changes suggested by the OECD such as a general principle of non-discrimination between domestic and foreign investors, as well as a guarantee of transparency and equitable treatment.
- **Contribution to inform and build the capacity of Algerian civil servants to develop new investment agreements:**
- Programme activities contributed to build the capacity of senior civil servants in Algeria to negotiate and conclude investment agreements in an informed manner considering the most recent practices and global policy developments. The activity specifically responded to Algeria's request to gain better insights on the content of the provisions of the so-called second-generation treaties that have a greater emphasis on sustainable development goals. At the end of the seminar, the Algerian authorities expressed their full satisfaction and keen interest in continuing cooperation with the OECD to support the government's reform momentum.

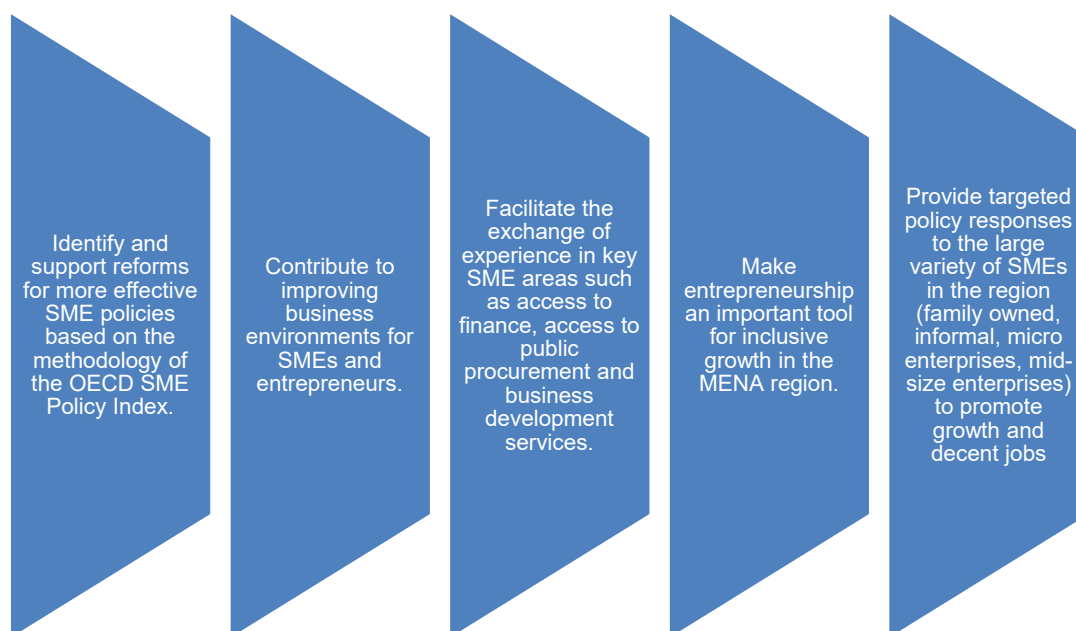
Strengthening multilateral cooperation and coordination with international and regional development partners was systematically included in activities implemented under this work areas:

- Under the EU Regional Trade and Investment Initiative in the Euro-Mediterranean area, the OECD and ILO collaborated on linking investment and trade policies to support sustainable growth and job creation in MENA economies. In this context, the OECD was invited to participate in ILO's Mainstreaming Employment into Trade and Investment in the Southern Neighbourhood's Policy Working Group in Jordan in June 2022 to present findings drawing from experiences with the EU-OECD Programme on Investment in the Mediterranean.
- The Programme strengthened its collaboration with several multilateral organisations and donors to ensure synergies between the respective projects implemented in the MENA economies to promote investment and trade. For instance, the OECD is in close contact with the EBRD in the Palestinian Authority and Egypt, as well as IFC and GIZ in Tunisia.
- The OECD continued to develop analysis and research in the framework of its partnership with the UfM with the publication on Navigating beyond COVID-19 which provides policy considerations to support trade in MENA economies in the post-pandemic period.

C. SMEs and entrepreneurship

Micro, small and medium-sized enterprises (SMEs) and self-employed people are major economic and social agents, contributing to important shares of employment, production, innovation, and value creation. SMEs and self-employed people represent most business units in the MENA region, yet they account for lower shares of formal private sector employment (about 30%) compared to OECD countries (about 60%). When both formal and informal employment are considered, the share in MENA raises to 70%. The COVID-19 crisis has made it even more pressing to support SMEs and the self-employed, as the disruptions to activity and the uncertain recovery have put those actors under immense pressure. Surveys indicate that large shares of small businesses have faced significant declines or suspension of revenue, hence creating liquidity problems and potential solvency and employment loss issues. Furthermore, informal workers, youth and women business owners have been hit particularly hard. The crisis has also offered opportunities to innovate, as for example, several small businesses have adopted digital solutions and innovative ways to cope with the negative effects.

Through **capacity building activities**, **regional dialogues** and **country-specific projects**, the Programme aims to:



Approach

The **MENA-OECD Working Group on SME Policy & Entrepreneurship (WG2)**, co-chaired by Tunisia and Italy, is the Programme's vehicle to foster regional dialogue and peer learning among MENA economies and OECD countries, regional organisations, and representatives of the private sector. It supports the identification of good policy practices and reforms at the regional level based on the methodology of the OECD SME Policy Index.

The Programme has delivered training course as well to **SME practitioners** in the MENA to enhance their capacity to design and implement SME policies and increase engagement of the private sector.

The Programme contributed to **specific projects** that resulted in setting up more robust policies for SME promotion, which were practically inexistent before its inception including specific measures on access to finance, entrepreneurship, regulatory improvements, and public procurement.

Activities 2021-22

Regional Activities

- In November 2021, the OECD in collaboration with the Middle East Centre for Economics and Finance (CEF) of the International Monetary Fund organised a **one-week training on “Policies for SMEs and access to finance in the MENA region”**. The four-day training provided the 35 participants with an overview of best policy practices, as well as supporting coordination and monitoring and evaluation mechanisms for SME development. It also focused on ways to address challenges for SMEs such as informality, lack of digitalisation, access to finance and barriers to entrepreneurship for women. In addition to engaging in substantive discussions, participants had the opportunity to work on practical cases studies and benefited from peer learning with the presentation on Türkiye’s SME policy experience from the Turkish SME Development Organisation.
- In July 2022, the OECD published a **report on “Navigating beyond COVID-19: Recovery in the MENA region” that included policy consideration for SMEs**. The publication includes an updated analysis and framework to assess the impact of COVID-19 on SMEs in the MENA region, and policy considerations to ensure inclusion of SMEs in post-pandemic economic recovery. These recommendations focus on reducing structural constraints on private sector operations, creating incentives to formalise the informal sector, support broader adoption of digital tools and capacity building initiatives for entrepreneurs.

Results and achievements

The activities carried out this year contributed to the objective of **increasing knowledge and use of good international practices and policy tools to support SMEs, and the engagement of the private sector**, through:

Regional capacity-building contributed to improve MENA policy-makers capacity to design frameworks and policies for SMEs development:

- Through increasing knowledge and peer learning, the yearly training for SMEs practitioners contributed to equip participants with further knowledge and capacity to create sound policies that support SMEs development. Participants’ exposure to these trainings supported their ability to implement specific changes in national SME institutional set-ups, and in regulatory and legal frameworks for access to finance, to create adequate conditions for SMEs development in the MENA region.

Building on inputs from the WGSE, the analytical work on SMEs policy provided concrete policy options to ensure MENA SMEs inclusion in the post-pandemic economic recovery:

- The 2022 publication on “Navigating beyond COVID-19: Recovery in the MENA region” provided an updated assessment of the impact of the COVID-19 on informal workers and SMEs that faced significant disruptions in their business operations leading to closure and reductions in employment. Its policy considerations are aligned with the WGSE recommendations of 2020 on supporting SMEs’ post-pandemic economic recovery, through reducing structural constraints on private sector operations, creating incentives to formalise the informal sector, support broader adoption of digital tools and capacity building initiatives for entrepreneurs.

The Programme leveraged its expertise on SMEs policies to mainstream this topic in other areas of the MENA-OECD Competitiveness Programme:

- The Programme's expertise on SMEs will inform the upcoming public-private dialogue on improving access to finance for SMEs in the Palestinian Authority for the EU-OECD Programme on Investment in the Mediterranean planned on 8-9 November 2022.
- During the series of regional dialogues organised by the WEEF on women in digital, the discussions highlighted specific barriers for women's owned SMEs in the MENA and provided cases studies and example of actionable actions to reduce these constraints.
- The 2022 Annual Meeting of the BAB highlighted the central role of SMEs in fostering private sector resilience and increasing economies' ability to face future economic shocks. The public-private dialogue methodology that is being developed provides an important reference. Participants discussed key policy priorities to promote MENA SMEs' financial inclusion as well as supporting their green and digital transitions, transforming crises into business opportunities.

The Programme pursued multilateral cooperation to promote better SME policies that address informality in the MENA region:

- The OECD and UNDP, together with the ILO have joined forces to launch a process of regional policy dialogue on transition to the formal sector in MENA economies. Informality is pervasive in MENA economies and has exposed businesses and workers in large proportions to the economic shocks caused by COVID-19 and the war in Ukraine. In partnership with governments and representatives from employers and workers as well as civil society, this collaboration among the three organisations intended to federate efforts for facilitating policy-oriented discussion around informal businesses and informal jobs in the MENA region.
- The joint ILO-OECD-UNDP Workshop "Addressing Informality in the MENA Region in Times of Shocks" was held on Monday 28 November 2022, at the OECD Istanbul Centre. A report on the conclusions of the event is in preparation, with a view of launching a joint publication at the end of February 2023.

D. Business Integrity

Although several MENA economies have recently adopted broad anti-corruption strategies and laws, corruption is still perceived as very high and acts as a key obstacle to economic growth, business development, undermining citizens' trust in government and political stability. Integrity is central to the development of competitive and open economies in which growth and opportunities are sustainably and equitably distributed. The MENA-OECD Competitiveness Programme works to foster transparent public-private dialogue and improve business integrity across the MENA region, in line with OECD standards and instruments, notably the **OECD Convention on Combating Bribery of Foreign Public Officials**.

The Programme has taken a stance in tackling corruption in the region with **dedicated policy dialogue and capacity-building activities building on OECD standards, good practices, and legal instruments** to support the regional and national efforts towards a transparent level playing field for businesses and citizens. In particular, the Programme aims to:



Approach

The **MENA-OECD Business Integrity Network (MOBIN)**, co-chaired by the Chair of the OECD Working Group on Bribery and Morocco is the Programme regional platform that promotes business integrity in the region. It brings together regional businesses and public anti-corruption officials to build awareness about the need to fight corruption and develop a culture of business integrity.

Regional and country specific activities are implemented in this policy area in view of providing context related policy recommendations on anti-corruption and business integrity measures, in line with OECD standards and norms on anti-corruption. This work is conducted in alignment with the OECD Anti-corruption global strategy and outreach work. In addition, the work under this stream is coordinated with other development partners and national business organisations

Activities 2021-22

Regional Activities

A regional training on “**Boosting corruption detection in the MENA region**” was co-organised with the IMF Middle East Centre virtually for 40 law enforcement experts on February 2022. The objective of this training was to enhance knowledge and facilitate the exchange of practical experiences and good practices among officials from public bodies that play a role in the detection and reporting of corruption in the MENA region. Participants had the opportunity to engage in practical case studies to complement substantive discussions on the main sources of detection of corruption, with a focus on the role public bodies, anti-money laundering mechanisms and whistle-blowers. They also benefited from peer learning with the presentations from the Palestinian Anti-Corruption Commission, and the Central Bank of Kuwait experiences in business integrity.

MENA anti-corruption officials and practitioners were invited to participate in global events organised by the OECD in that field, including:

- The Global Dialogue of the OECD Working Group on Bribery in International Business Transactions (7 December 2022, Paris, OECD)
- The Business Integrity Roundtable on “Engaging African SMEs in Corruption Prevention” in partnership with the African Development Bank (5 December 2022 – Virtual)
- The Business Integrity Roundtable on Incentivising and Assessing Corporate Anti-Corruption Compliance (30 September 2022 – Virtual)

Country Specific Activities

In the framework of the **OECD Fair Market Conditions for Competitiveness project in Algeria and Saudi Arabia, (Siemen’s project)**, the OECD organised several events to raise awareness on OECD standards and best practices in the areas of business integrity and collective action, and to enhance concrete policy actions and coordination:

- A multistakeholder launch in presence of key anti-corruption stakeholders from Algeria and Saudi Arabia to raise awareness and initiate Collective Action efforts (November 2021 – Virtual)
- A Virtual launch of the Project in Algeria (January 2022) in presence of the Algerian anti-corruption officials and representatives from the private sector
- A First anti-corruption collective action roundtable organised in Algiers (March 2022) to initiate discussions on Collective Action initiatives, and take stock of priorities and challenges to promote business integrity in key economic sectors
- A Workshop in Algeria for policymakers and public officials held in the national school of Magistrates (Ecole Supérieure de la Magistrature), to promote international standards and best practices, and enhance capacities and equip officials with expertise and tools required for policy implementation (Algiers, June 2022).
- A Training for professional students in the Ecole Supérieure de la Magistrature to raise awareness of international norms and standards (Algiers, June 2022).

In addition, the OECD drafted an initial mapping of anti-corruption risks on three identified sectors (investment, trade and tax policies).

As part of the Morocco **Country Programme**, the anti-corruption component aimed to support Morocco’s adherence to the **OECD Anti-Bribery Convention** continued to raise awareness on key provisions of this tool through **exploratory interviews** with relevant policymakers and representatives of the private sector and civil society, held in Rabat, May 2022. The OECD drafted a report to analyze the Moroccan current anti-corruption legal framework and identify gaps and possible reforms to align with international standards.

The inception period for the **OECD-GIZ project on Fighting corruption and promoting business integrity in the electricity sector in Iraq** started in December 2021 with the objective of assessing business integrity needs to develop effective support

and targeted activities, through:

1. **Consultations** with representatives of the public and private sectors, as well as the civil society.
2. Study on the business integrity landscape in the electricity sector in Iraq
3. **Multi-stakeholder dialogue with public officials and businesses involved in the electricity sector** in September 2022 (kick-off event)

Based on the findings of the inception report, the OECD organised a first capacity building for 15 Iraqi anti-corruption officials, in presence of international peers, which provided a platform to discuss the anti-corruption and business integrity challenges specific to the electricity sector in Iraq, raise the capacity of anti-corruption authorities, and raise awareness of OECD standards, tools, and best practices in the areas of anti-corruption and business integrity among professionals (OECD Istanbul Center, December 2022).

In the context of the current EU-OECD Project "Promoting Economic Resilience in Yemen", the OECD engaged with key anti-corruption stakeholders and conduct capacity-building activities to develop higher awareness, better skills, and capacity to fight corruption and promote business integrity.

Contributions to multilateral initiatives and activities

The Programme ensured regular coordination with development partners in its country specific activities such as UNODC, UNDP and the World Bank, as well as the Basel Institute for Governance.

Results and achievements

Over the last year, the activities successfully raised awareness and **promoted anti-corruption and integrity standards and best practices** through capacity-building at the regional level, and country-specific activities. Key achievements include:

At the regional and national level, the activities contributed to equip business integrity practitioners with the necessary background to implement anti-corruption measures (detection and investigation of corruption):

- The regional training on corruption detection enhanced knowledge and facilitated the exchange of practical experiences and good practices among officials from public bodies that play a role in the detection and reporting of corruption. Participants had the opportunity to engage in practical case studies to complement substantive discussions on the main sources of detection of corruption, with a focus on the roles of public bodies, anti-money laundering mechanisms and whistle-blowers. Furthermore, the regional peer learning approach contributes to reinforce regional integration and cooperation on tackling corruption cases.
- The capacity-building activity and training in Algeria contributed to equip officials with further expertise on the requirements and challenges of managing assets generated by corruption, institutional and normative frameworks to protect whistle-blowers, investigation techniques considering information relating to banking and tax secrecy, and independence and cooperation mechanisms for investigation authorities.

Stakeholders from both the public and private sectors and civil society gained insight into OECD standards, notably the OECD Convention on Combating Bribery of Foreign Public Officials, and good practices in the areas of business integrity and anti-corruption including Collective Action:

- The reviews and consultations carried out in Morocco contributed to assess progress towards alignment with the OECD Anti-Bribery Convention, which supports levelling the playing field for international business by fighting to eliminate bribery of foreign public officials from competition for contracts and investment.
- In Algeria, the project raised awareness of policymakers, businesses, and civil society on the benefits of Collective Action and how OECD standards can support creating fair market conditions. This project builds on recent reforms undertaken in Algeria, including the law adopted by the Parliament on 27 March 2022 to create a new anti-corruption authority, the elaboration of a national anti-corruption strategy and the creation of a national integrity network to include civil societies in anti-corruption policy formulation.

The Programme continued to strengthen its collaboration with business organisations in the region and other multilateral actors engaged in the field of business integrity:

- In Morocco, consultations were held with the main business association the General Confederation of Moroccan Enterprises (CGEM) about priorities and needs in anti-corruption reforms.
- In Algeria, the Confederation of Algerian private companies (CAPC) were actively engaged in the collective action roundtable on anti-corruption organised by the OECD.
- In Iraq, the work of the OECD aligns with initiatives and efforts conducted by other development partners in the anti-corruption area, such as UNDP and the World Bank.
- In Saudi Arabia, consultations have been conducted with the UNODC to join forces on promoting public private dialogue on anti-corruption under the Siemens Integrity Initiative.

E. Economic resilience

Conflict and socio-political frictions can lead to significant human, social and economic costs, creating adverse regional and international effects that disrupt stability and economic activity. The scale and nature of conflicts in MENA economies during the past decade makes resilience a regional priority. Promoting resilience requires addressing short-term issues while providing long-term solutions that can minimise the impact of future shocks.

The Programme contributes to promoting economic resilience in MENA economies through capacity-building for policymakers with **specific country-projects** and fostering **regional and national dialogues** on adapting policies to contexts of fragility to support resilient economies and sustainable growth. The action specifically focuses on:



Approach

The **MENA-OECD Economic Resilience Task Force (ERTF)**, chaired by Germany and Lebanon, is the Programme platform that gathers economies from the region to address the economic challenges of conflict and fragility to sustain growth. It has been a space for dialogue on the fragility-related policy discussions and had a critical role in advancing work on investment in fragile contexts.

The OECD engaged with several partners in protracted crises, including Libya and Yemen, to provide targeted policy advice on economic resilience.

Activities 2021-22

Country Specific Activities

The **EU-OECD Project on Promoting Public-Private Dialogue (PPD) in Libya** took initial steps in 2021-2022 to prepare sectoral and local public-private dialogues, which began in Benghazi, Libya in September 2022. The activities implemented specifically focused on informing stakeholders, selecting the sectors, and building institutional capacities, and consisted of:

1. **Consultations** with high-level members of the Libyan Government, Libyan business organisations and businesses representatives, in Tunis, November 2021
2. **The Project Kick-off event, was held** in Tunis March 2022
3. A **methodological note** on Libya's PPD platform reflecting international-best practices and specific feedback received through extensive

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- consultations with Libyan and international stakeholders.
4. **An analysis** of five economic sectors (banking, information and communication technology, infrastructure, transport and logistics, agribusiness).
 5. A **capacity building training on public-private dialogues** for “PPD champions” from the public and private sector, at the MENA-OECD Governance Training Centre in Caserta, July 2022
 6. The EU-OECD Project organised **policy dialogues** to enable public officials and private sector stakeholders to identify challenges and priority reforms for five economic sectors targeted by the Project, which include the following:
 - a. 15 sessions of **public-private dialogue** including separate public and private sector consultations in Benghazi, Libya, September-October 2022.
 - b. 15 sessions of **public-private dialogue** including separate public and private sector consultations in Sabha, Libya, November-December 2022.
 7. A **peer-learning workshop** for representatives of the banking sector in Libya and with the Union of Arab Banks on improving Libya’s performance on anti-money laundering policies, improving access to credit for SMEs, and restoring internal and external trust and reputation to the Libyan banking sector, in Amman, Jordan, October 2022.
- The **EU-OECD project “Promoting Economic Resilience in Yemen”**, launched in September 2020, aims to strengthen the socio-economic resilience of Yemen to create viable conditions for economic growth and private sector development and to support donor coordination. The inception period delivered findings that set the base for the implementation of the project, according to the needs for support identified through:
- a. A round of **technical consultations** that took place during Q3 and Q4 2021 with international development partners, Yemeni public and private sector and Yemeni civil society.
 - b. An **in-depth needs assessment** across over 11 policy areas presented in the inception report.
8. The implementation started after the first **Steering Committee** meeting in January 2022 in Amman, and **6 virtual kick-off workshops** on tax policy, financial resilience and inclusion, monetary policy, statistical policy, private sector development and anti-corruption/AML, in March 2022 (except for the anti-corruption and AML workshop, held in June 2022). It was followed by other coordination meetings:
 - a. A **seminar** on donor coordination and the financing strategy with DCD, Amman, June 2022
 - b. A **consultative workshop** on public-private dialogue for private sector development, Istanbul, July 2022
 9. Several **capacity-building activities** were organised with other directorates, including:
 - a. **Training** on Advanced Data planning Tool (ADAPT) in Amman, June 2022
 - b. **Seminar** on financial policy and implementation tools in partnership in Amman, July 2022
 - c. **Seminar** on improving the regulation of product (non-financial) market activities with emphasis on network industries in partnership with, Amman, July 2022
 - d. Workshop on “**Public Advocacy for private sector development**” with Yemeni public and private sectors, back-to-back with the MENA-OECD Business Advisory Board annual conference in Istanbul in July 2022.
 - e. Seminar on restoring Trust and Capacities in the Yemeni Banking Sector, October 2022
 - f. Seminar on strengthening financial intermediation capacities of money exchangers, December 2022
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Contributions to multilateral initiatives and activities

Regular coordination with development partners in the framework of country specific activities and actions aligned with United Nations led processes.

Results and achievements

The activities implemented over the last year contributed to the Programme objective of increasing stakeholders’ ability to engage in promoting economic resilience. More specifically, the coordination efforts with Yemeni and Libyan stakeholders contributed to increase their engagement in the initiative and facilitated their integration to the capacity building activities. On the other hand, the consultations with donors and analytical work on Yemen’s aid financing were a first step to improve policy coherence in support to economic resilience.

The consultations and outreach process with Yemeni and Libyan stakeholders contributed to increase their engagement and support for the projects:

- In the context of the EU-OECD Project on Promoting Public-Private Dialogue (PPD) in Libya, numerous consultations carried out with public sector officials including the Ministry of State for Economic Affairs and the Prime Minister’s office, as well as with private sector representatives successfully raised awareness about the project which acquired broad support for this initiative.

- For the EU-OECD project “Promoting Economic Resilience in Yemen”, the numerous consultations successfully mobilised relevant Yemeni stakeholders from public institutions, private sector, as well as civil society representatives to identify needs, ensure ownership and acquire broad support for the project. For instance, Yemen’s Ministry of Planning and International Cooperation provided large support to the OECD and gave a strong impetus to the project by reaching out to relevant institutions and disseminating information.

Building on OECD expertise, country-specific projects contributed to equip stakeholders with the necessary background to design informed economic frameworks and policies in the financial area, data collection and industry regulations; and to promote public-private dialogues:

- The first training activities and workshops carried out during the reporting period contributed to equip over 130 key stakeholders from different Yemeni economic institutions with the necessary background to:
 - Design adequate financial and monetary policy frameworks.
 - Strengthen network industry regulations.
 - Implement and monitor sound fiscal policy (GST).
 - Build data collection systems to better inform policymaking based on OECD standards and tools.
 - Enhance engagement between the private and public sector through public advocacy.
- The PPD training provided targeted Libyan “national champions” with the necessary skills to support a series of public-private dialogues that will take place across 4 Libyan cities in 2022-23. Furthermore, the training contributed to positively change participants’ perceptions on the applicability of public-private dialogues in the Libyan context.

The policy dialogues facilitated by the OECD in Libya enabled decision-makers to identify reform priorities to improve the regulatory framework and business environment of five key sectors with high potential for economic diversification and private sector development:

- In Benghazi, participants discussed priorities for developing the five sectors including facilitating transactions and credit to SMEs given the split of the Central Bank of Libya between Benghazi and Tripoli, ensuring competition and private sector provision of ICT services and infrastructure, fostering private-public partnerships in the infrastructure sector, and regulating water consumption and facilitating access to quality inputs for the agribusiness sector.
- In Sebha, participants discussed challenges of developing the private sector in Southern Libya given its important agriculture sector, difficulties obtaining and retaining labour, and the city’s status as a transportation and trade hub to Northern Libya.

The country specific activities systematically aligned with other multilateral initiatives carried to support economic resilience in Yemen and Libya:

- OECD’s engagement in consultations with multilateral and bilateral donors contributed to create consensus on the need for achieving more consistent aid delivery to Yemen. The donor community mobilised during consultations and workshops provided large support for this initiative. More specifically, most of the stakeholders agreed on the relevance of OECD’s work to build a shared strategic narrative for donor interventions in Yemen, and mapping financing initiatives to streamline support to Yemen.
- The donor coordination and financing strategy component of the Yemen project is supporting the wider coordination of donor support being organised by the United Nations Resident Coordinator

Office (UNRCO). Indeed, this has helped set up the Yemen Partners Group, co-chaired by the UN RCO and the World Bank. The donor coordination process promoted the Development Assistance Committee (DAC) Recommendation on the Humanitarian-Development-Peace Nexus adopted in 2019, which guides this component of the project by calling for cost-effective coordination and evidence-based financing strategies across humanitarian, development, and peace stakeholders.

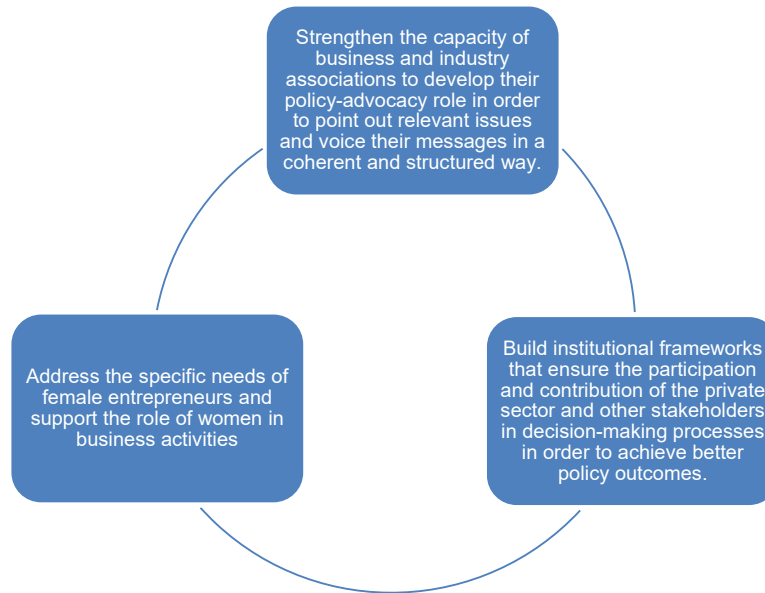
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- The activities in Yemen were implemented in coordination with the IMF and World Bank as part of the Technical Assistance/ Capacity Development Group (TA/CDG), which maps out all the capacity development activities that target key economic institutions in Yemen. The technical components of these activities are also aligned to ensure synergy and avoid duplication, for instance with OSESGY, especially on their efforts for an economic track.
- **The two projects place specific emphasis on ownership, dissemination, and sustainability of impact.**
 - To ensure that the knowledge produced (trainings, materials, etc.) i) benefits all relevant stakeholders and ii) remains accessible, the OECD has launched a Knowledge Platform for each project: <https://www.ppd-libya.org/> and <https://resilience-yemen.org/>.
 - These online hubs provide updates on the ongoing activities and allow users to remain informed of the upcoming events in both Arabic and English. The platforms also feature a forum for select members to discuss thematic topics as well as interact with OECD experts on technical issues related to the project. Furthermore, it also serves as an e-learning platform allowing users to follow the same training material that was presented at the workshops.
 - At the conclusion of the projects, the platforms will be handed over to the relevant public authorities.
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F. Private sector mobilisation and public-private dialogue (PPD)

Partnering with the private sector and civil society in a structured, systematic, and transparent way is key to supporting reform efforts aimed at improving the business environment and fostering job creation amongst other policy goals. The COVID-19 pandemic has heavily exposed the MENA business community to the economic repercussions of the containment measures to limit the spread of the virus. Throughout the region, measures of confinement and social distancing have resulted in temporary business closure. In 2022, the war in Ukraine has further disrupted global supply chains, making it more difficult for companies to receive input material to sustain their production. This results in significant challenges for MENA businesses as well as cash flow stress and liquidity shortages. Given the high level of structural unemployment in the region, especially among young people, and the high share of informality, the private sector has a critical role to play to contribute to the region's sustainable economic development and social inclusion.

Public-Private Dialogue (PPD) provides a structured consultation between private and public decision-makers.

The work organised under this policy areas combines regional policy dialogues and context specific policy recommendations to promote PPDs to achieve the following objectives:



Approach

The **MENA-OECD Business Advisory Board (BAB)** is a dedicated regional platform for public-private dialogue on policy solutions to immediate and long-term challenges throughout MENA. Open to private sector organisations from the members of the MENA-OECD Competitiveness Programme and OECD countries, it is a unique network of business associations creating opportunities for networking, sharing knowledge and good practices across MENA and OECD countries. The BAB relies on **tools and analysis developed by the OECD** including mappings to identify strategic private sector organisations, and assessments of the status of private sector representation and PPD mechanisms in the MENA region.

Activities 2021-22

Regional Activities

The **MENA-OECD Business Advisory Board (BAB)** held its **annual meeting** at the OECD Istanbul Centre on 29-30 June 2022 “From Recovery to Economic Resilience: Strategies for the Private Sector”. It was jointly organised with the Co-Chairs, the Tunisian Confederation of Industry, Trade and Handicrafts (UTICA) and the Confederation of Employers and Industries of Spain (CEOE). The meeting gathered 80 participants, including policy makers, private sector and civil society representatives, international as well as regional organisations, experts and scholars from 9 MENA economies and 6 OECD countries. A large delegation from Yemen also benefited from the peer learning. Participants discussed the role of the digital and green transitions in sustaining economic resilience in MENA, as well as innovative solutions to foster trade and investment in MENA and to encourage job creation and entrepreneurship.

The **BAB Board** - composed of leaders of business associations from MENA and OECD countries - was consulted from February to June, to identify key policy areas to explore at the Annual Meeting and provide strategic guidance. Board members also met in person in Istanbul on 28 June 2022, to strengthen their engagement with the BAB, reflect on the Competitiveness Programme and identify priorities for future work.

A **Toolkit on Public-Private Dialogue (PPD)** in the MENA region was developed and discussed with key partners from the public and private sectors in MENA. The objective of the toolkit is to highlight how private sector involvement can help achieve more efficient policy making, working towards resolving disputes and reconciling views of different stakeholders on policy issues. Participants in the peer review session provided valuable comments and input that will further enrich the toolkit. (Mid-2022).

Country specific activities

During the reporting period, the Programme contributed to promote **public-private dialogues** in the framework of country specific projects, namely:

- a. The private sector development component for the **EU-OECD project “Promoting Economic Resilience in Yemen** which seek to equip private sector stakeholders with public advocacy skills.
- b. The **EU-OECD Project on Promoting Public-Private Dialogue in Libya** which supports the establishment of a national PPD platform in Libya.

Pillar II of the **EU-OECD Programme on Investment in the Mediterranean** which promotes public private dialogues in targeted sectors in Morocco, Tunisia, Jordan, Egypt, and the Palestinian Authority.

Contributions to multilateral initiatives and activities

Regular coordination with development partners and business associations in the framework of the activities of this component.

Results and achievements

The organisation of the BAB annual meeting built concrete steps towards the achievement of the Programme’s objective of **strengthening dialogue between governments, private sector, and trade unions in the MENA region**, specifically by its:

Contribution to an improved understanding of current private sector challenges in the MENA region:

- The annual meeting of the BAB facilitated dialogue between governments and the private sector, a prerequisite for the design of inclusive policies in MENA. It also served to promote the role of structured public-private dialogues to build effective economic reforms.
- By understanding private sector’s concerns, involving its stakeholders in constructive dialogues with governments and providing them with community and analytical support it contributed to identify solution-oriented and forward-looking policies and initiatives.

The BAB disseminated best practices to support policy responses to private sector challenges in the MENA region:

- The BAB's analytical work through reports and case studies allows in-depth comprehension of common challenges and helps governments in better understanding which initiatives work best under given circumstances. Such shared knowledge is extremely valuable and once a framework is established, it can assist many economies, in the region and beyond.
- The BAB also supported the development of lessons learned to inform policies for competitiveness. Integrating challenges and lessons learned from the recent crises can also help governments and business understand and implement policies that increase resilience during periods of economic or political instability. Dissemination of good practices to support policy responses to private sector challenges:

The BAB contributed to foster discussions with business associations on digital and green strategies for private sector development, including SMEs:

- The discussion suggested that the design and implementation of national roadmaps for the green transition can signal the commitment of government to achieve “net zero” emissions. The involvement of business associations in the preparation of these roadmaps can support governments in the implementation but also in identifying the main barriers to, and drivers of, the green transition for companies..
- The participants also raised the need to identify targeted infrastructure investments to support digital business, and to advocate for better fiscal and financial schemes for firms that invest in creating employment opportunities in the digital sector. This would help to alleviate brain drain, accelerate digital transformation, and reduce youth unemployment.
- The meeting also highlighted the central role of SMEs in fostering private sector resilience and increasing economies' ability to face future economic shocks. Participants discussed key policy priorities to promote MENA SMEs' financial inclusion as well as supporting their green and digital transitions, transforming crises into business opportunities.

The BAB strengthened its cooperation with multilateral development partners and international, regional, and national business organisations:

- As co-chairs and members of the board, the Confederation of Industry, Trade and Handicrafts (UTICA) and the Confederation of Employers and Industries of Spain (CEOE) were closely involved in the preparation of the 2022 Annual Meeting, contributing to increase the Programme's knowledge of challenges of private sector development in MENA economies and reinforcing the relationships with private sector representatives from both MENA and OECD Countries.
- The 2 meetings of the BAB Board gathered representatives from business associations from 5 MENA economies, 4 OECD countries and 1 regional organisation – namely Egypt, Lebanon, Palestinian Authority, Jordan, Tunisia, the United States, Denmark, Germany, Spain and Businessmed – facilitating peer learning and exchanges of best practices while reinforcing the OECD's engagement with both regional and national business organisations.

Country Programmes

The Country Programme is an innovative OECD tool that enables selected partner economies to leverage OECD expertise and best practices, strengthen institutions, build capacity for successful policy reforms, and align themselves to OECD standards. This year, the OECD continued to extend its privilege partnerships with Egypt and Morocco through the signature of a **new Country Programme with Egypt** and the implementation of **Phase II of Morocco's Country Programme**. As the Programmes' co-

ordinator, the OECD Global Relations and Cooperation Directorate works closely with government representatives and relevant focal points to ensure the timely implementation of activities and oversees the strategic orientation of these relationships.

Morocco Country Programme

- For almost 20 years, the OECD has been supporting Morocco's commitment towards achieving better social and economic development policies through leveraging OECD's methodology, tools, and best practices. This longstanding partnership has led Morocco to become the first country in the MENA region to benefit from such an advanced form of co-operation. The OECD implemented the first phase of the Country Programme between 2015 and 2018. Following the positive evaluation of the first phase, the OECD External Relations Committee welcomed Morocco's request to engage in a second phase.
- The design of the second phase was the result of a broad process of consultation that continued during the first year of Covid-19 pandemic to adapt scope and objectives in support to the country's response and recovery strategy. The Programme builds on four pillars: public governance, integrity, and the fight against corruption; economic growth and investment; women's economic empowerment and education; territorial development. It envisages an increased level of participation in five OECD bodies and possible adherence to 19 OECD legal instruments, amongst which the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (the Anti-Bribery Convention). Morocco is also committed to ratify the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting.
- The implementation of the second phase started in 2021. Morocco is currently undergoing three policy reviews under the Programme: a public governance review, including on integrity, which is a condition for adherence to the Anti-Bribery Convention, an investment policy review, and a national urban policy review. A gender perspective is mainstreamed in all the projects implemented under the current Programme and is a specific deliverable of the project aimed to improve the participation of women in the economy.
- The implementation of three additional projects under the current Country Programme will start in the fall:
 1. The economic survey of Morocco, which will focus on policies that can improve the long-term performance of the economy with a view to help the government adopt and implements sound reforms.
 2. Foreign Direct Investment (FDI) and global value chains (GVCs), which will include a component on FDI statistics and another one on employment and GVCs.
 3. Public investment will contribute to improving the socio-economic performance of public investment by creating conditions conducive to strong, sustainable, inclusive, and job-creating economic growth.

Egypt Country Programme

In October 2021, the OECD's and Egypt signed a Memorandum of Understanding (MoU) to start a three-year OECD-Egypt Country Programme. The activities started in October 2022 due to delays in funding disbursement. Building on OECD expertise, the Programme will combine policy reviews and capacity-building activities to provide guidance for the successful design and implementation of structural reforms to address Egypt's main economic challenges. Egypt's adherence to (additional) OECD legal instruments and Egypt's participation in OECD committees are important aspects of the Programme. The programme includes 35 projects under five pillars, in line with the priorities of Egypt's revised sustainable development strategy *Egypt Vision 2030*:

- **Inclusive and sustainable economic growth:** This pillar aims to support Egypt in addressing bottlenecks to productivity growth, supporting the improvement of the business climate, promoting competition in the economy, and developing financial markets, to nurture a more competitive and inclusive economy.
- **Innovation and digital transformation:** This pillar aim to support the development of Egypt's digital economy including in education policy and human capital development, to promote innovation, improve the quality of life of Egyptian citizens and raise standards of living and work opportunities.
- **Governance and anti-corruption:** This pillar aim to strengthen governance frameworks that promote levelling the playing field for the private sector, business integrity, and support equal access to justice and gender equality through good public governance practices.
- **Statistics:** This pillar aims to improve statistical methods and the overall governance of statistics systems in Egypt, which is essential to gather comprehensive evidence, including on the state of the economy, the population, the territory, and the environment.
- **Sustainable development:** This pillar aims to support Egypt in strengthening the frameworks governing the implementation of the Social, Economic and Environmental dimensions of Vision 2030 to promote green growth, quality infrastructure investments, and territorial development.
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Looking forward: lessons learned and future areas of work

The Programme has also mainstreamed a culture of stocktaking on successes and weaknesses. The following areas for improvement and next steps have been identified at the policy focus and Programme's working group levels:

- i. The Programme needs to review its objectives, to facilitate the implementation of its regional priorities. The transformation of the working groups and policy networks into more streamlined communities of practice, meeting more regularly and focusing on a group of key actors will be an important step in that regard. The mainstreaming of horizontal policy issues, such as gender and youth as well as measures to promote green transformation will also be part of this endeavour.
- ii. For the WEEF: the priority will be to continue to build the network of national focal points to reinforce the influence of the board; extending the focus to financial inclusion and access to finance for women entrepreneurs, while including environmental considerations; and increasing the participation of men in the WEEF, as to ensure that this work is not seen as an issue concerning only women.
- iii. For the WG1: the focus will be on ensuring that MENA policies reflect the co-dependency of investment and trade, acknowledging their role in enhancing the integration of the region in global and regional value chains. The linkages need to be better understood, following the region's efforts to further diversify the economy and ensure its competitiveness and resilience in a scenario of harsh global competition. Furthermore, WG1 emphasizes the importance of investment and trade in preventing and addressing the effects of shocks in production and supply chains, as well as better preparing the region for the challenges linked to and actions to limit climate change.
- iv. For the WG2: In addition to increasing the capacities of SME development, MENA practitioners need to address the region's regulatory and procedural gaps with regards to SME promotion. In addition, WG 2 is addressing the social and labour effects of high levels of informality in the region, as well as solutions to promote the formalisation of business and workers. While this work acknowledges that the prevalence of informality across countries correlates with key development outcomes, WG 2 will address informality as a phenomenon, and not a problem in itself. Moreover, WG 2 will continue integrating the voices of women, youth and private sector organisations in its strategic discussions.
- v. For the MOBIN, increasing business integrity by promoting public-private partnerships and collective action remains a priority for the region. Extensive work has been conducted in that area with key economies of the region which will inform the regional work and upcoming dialogues. While the annual meeting will be held in 2023, anti-corruption experts from MENA economies were invited last year to participate in OECD Global Fora such as the 2022

Business Integrity Roundtable on Incentivising and Assessing Corporate Anti-Corruption Compliance. Participation in these events contributes to increasing exposure of the MENA economies to the OECD Anti-Bribery Convention standards and promoting dialogue and exchange of experiences between MENA experts and practitioners from other regions of the world.

- vi. For the ERTF: due to the complexity and variety of topics that affect economic resilience and fragility, more effort needs to be invested in developing a conceptual framework for economic resilience in fragile contexts. The Task Force will prioritise a context-based approach, relying on focused meetings through specific working groups, supported by analytical material that examines the impeding economic priorities in fragile countries and how to ensure recovery, leading towards lasting economic resilience. Such inputs are necessary to rationalise the extensive information collected in the annual consultations, as these will allow deepening understanding of the complex issues and offer tailor-made solutions.
- vii. For the BAB: a focus will be to deepen the analysis and promote public-private dialogue. In the context of the COVID-19 recovery and Russia's aggression against Ukraine, the BAB will dedicate more attention to priority areas such as green and digital business transformations, to support the capacity of policymakers and the private sector to face future economic shocks. The BAB should also strengthen the role of its Advisory Board, leading to the creation of an active network of MENA and OECD business association focal points, while increasing cooperation with BIAC and TUAC.
- viii. The Working Group on Corporate Governance: As both co-chairs have left their positions, the activities during the past year have been temporarily suspended. Further reflection is needed on next steps. In the meantime, it is planned to organise a consultation on the revision of the G20-OECD Principles of Corporate Governance, which will include MENA economies.

