

MENA-OECD BUSINESS ADVISORY BOARD

17 June 2019, Tunis
Government-Business Summit Conclusions

Public-Private Alliances for Inclusive Growth

The **second regional conference of the MENA-OECD Business Advisory Board (BAB)** took place in Tunis on June 17, 2019, hosted by the Tunisian Confederation of Industry, Trade and Handicrafts (**UTICA**) –co-chair of the initiative together with the Confederation of Employers and Industries of Spain (**CEOE**).

The meeting gathered **120 participants** from the public and private sector coming representing **17 MENA economies** (Algeria, Bahrain, Egypt, Iraq, Jordan, Lebanon, Libya, Mauritania, Morocco, Palestine, and Tunisia) and **OECD countries** (Canada, Germany, Italy, Spain, Sweden and Turkey). Regional and international institutions, as well as academic and civil society organisations also took part (ANIMA, Businessmed, CIPE, ECES, EMNES, European Investment Bank).

Participants addressed three thematic priorities in depth: gender equality, business integrity and SMEs internationalisation. The **Government-Business Summit** enabled a lively public-private dialogue at the highest level from across the region on two key topics: engaging the private sector in economic reform and delivering inclusive growth.

The Summit demonstrated that the network has been consolidated since the launch of the BAB in September 2018. **Consensus** has also been achieved on its core principle: **the private sector has to be involved in economic policy making**.



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Government Business Summit

Promoting gender balance, business integrity and the internationalisation of SMEs



In order to bridge the gender gap in MENA, it is necessary to move beyond individual efforts and rather look for synergies and collective interventions

- At 21%, Women's employment rate in the MENA region remains the lowest in the world, and access to managerial level positions for women is very limited. Working women tend to be concentrated in fewer professions than men, are under-represented in high-level managerial positions and occupy lower paying jobs.
- The private sector is implementing innovative initiatives to promote gender balance. Mentoring programmes support women accessing management positions while transforming their companies' culture. Breaking taboos on professions that traditionally exclude women opens up entire sectors for women's employment. Strong policy advocacy on these initiatives can create new opportunities for women and boost women's entrepreneurship.
- Legal reforms are still needed to remove barriers holding women's full economic potential. Programmes need to address the needs of all entrepreneurs, including the obstacles that hinder women and youth alike.



Fighting corruption requires addressing both the supply and demand sides of the problem and structural reforms for good governance

- Corruption stands among the top three constraints faced by companies in the region, together with political instability and unfair competition. Such perceptions discourage investment, hamper SMEs development and reduce the competitiveness of MENA economies.
- Given the scale and complexity of corruption, co-ordination between the public and private sectors is required, particularly in the prevention of corruption offences.
- In the MENA region, the private sector has started to take determined action to combat bribery and adopt preventive integrity measures, including through self-regulation initiatives (e.g. collective actions) and the creation of public-private dialogue platforms to eradicate corruption.



With free trade under question, SMEs need support for accessing international markets through GVCs and tailored programmes

- Market openness and integration are the stepping-stones allowing firms to undertake international business, which can increase firms' productivity and promote technology transfer. However, the MENA region's share of global trade is still small – in 2017, MENA accounted for 4.8% compared to Asia's share of 34%.
- The private sector, including business associations and large firms are supporting SMEs access to international markets. Business associations can develop market intelligence to identify business opportunities, as well as provide information related to international trade procedures.
- Tailored programmes for SMEs supporting their inclusion in global value chains (GVCs) are key to achieving tangible results on the ground. Branding programmes at the national level can also support firms transcend their borders.

Key messages from the Government-Business Summit

1. A new economic model based on solid public-private partnerships is needed

- Some governments in the region are making strides to support economic growth through structural economic reforms, but this should be done in co-operation with the private sector.
- “The public sector needs to fish in the private sector’s pond”. The private sector knows the problems and can help the public sector find the solutions. Governments should listen and build on this wealth of experience and knowledge.

2. MENA economies could increase their competitiveness through State-Owned Enterprises reform, the reduction of non-tariff barriers and the adoption of frameworks that promote a responsible business conduct

- MENA economies should be open to imports as well as exports as a factor for increased competitiveness.
- Reforms should aim first to improve the business climate for companies to invest and grow at home. Only then can companies go abroad, and only then will foreign investors be attracted.

3. The main obstacle is not with diagnostics, or even legal reforms, but with implementation

- Governments in the MENA region have undertaken significant reforms in the past years, but they need to continue doing so. “Incomplete reforms could be more damaging than no reforms”.
- With a long list of reforms to undertake, it is necessary to identify “drivers of change” – policies that have high-impact potential and can trigger further transformations.

4. People need to be at the heart of economic policies and be the main target for development

- The social economy holds much potential to integrate the most vulnerable and to make responsible business profitable.
- Informality is a critical issue for the region, but high tax rates and bureaucratic hurdles stand in the way of many wishing to formalise their activities.

5. Youth is an asset, not a burden

- Entrepreneurship can deliver part of the solution in terms of enabling young people to create their own opportunities and create jobs for others, but young entrepreneurs need channels to voice their needs.
- The new generation of entrepreneurs are socially aware and committed to contributing to society through their businesses.



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Next steps

The OECD can continue to help bridge the gap between the public and private sector, and it is fundamental to channel the efforts towards concrete results. The BAB should adopt clear objectives and a mechanism that can allow monitoring progress regularly.

In terms of next steps, the MENA-OECD Business Advisory Board will:

- Develop a **joint vision and recommendations from the private sector** to be delivered to governments in the region **at the 2020 MENA-OECD Ministerial Conference**. In order to do so, the OECD will steer a process of consultation with the members of the Business Advisory Board to agree on the key topics and recommendations. These recommendations will be taken into account for the renewal of the MENA-OECD Competitiveness Programme mandate beyond 2020.
- The **MENA-OECD Youth Business Associations platform** will work with governments and businesses alike. The platform will promote specific initiatives to remove barriers and support unleash the potential of youth in the region.
- The BAB will actively participate in the regional activities of the MENA-OECD Competitiveness Programme, especially in the upcoming meeting of the **Working Group on Investment and Trade**, which will gather in Morocco in November 2019. This meeting will be a benchmark for gathering the vision of the BAB on investment and trade priorities in the region.
- The OECD will support the BAB by developing **analytical work** in the areas identified by BAB members. The areas addressed in Tunisia – gender balance, integrity and the internationalisation of SMEs – will be further developed in order to share experiences between countries in the region.



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Learn more about our work on Public Private Dialogue in the MENA region:

<http://oe.cd/BAB>