



## MENA-OECD Government-Business Summit

### Ensuring a resilient and inclusive post-COVID-19 recovery

The **MENA-OECD Government-Business Summit “Designing a Roadmap to Recovery”** took place virtually on March 30-31, 2021 in the context of the 2021 MENA-OECD Ministerial Week. The Summit was co-hosted by the OECD, the Tunisian Confederation of Industry, Trade and Handicrafts (UTICA) and the Confederation of Employers and Industries of Spain (CEOE), as co-chairs of the MENA-OECD Business Advisory Board.

The Summit mobilised **over 200 participants from 16 MENA and 22 OECD economies - with 35 top decision-makers** - representing governments, business associations, trade unions and civil society, as well as regional and international institutions.

Drawing on consensus around the need for **the private sector to be part of policymaking**, the Summit further reinforced the urgency of inclusive decision-making for a sustainable recovery from the COVID-19 pandemic.

Through a dynamic and inclusive dialogue, MENA and OECD government and private sector representatives came up with ways to design a post-COVID-19 economic model focused on **regional integration, green and digital transitions as well as youth and women empowerment**. This entails fostering **sound business climate and corporate governance**, and enhancing **connectivity and value chain participation** to attract **quality investment** and support **private sector development** - especially SMEs and entrepreneurship. In addition, **economic and social resilience** will draw upon **competitive economies** delivering **decent jobs** and supporting the integration of informal activities into the **formal economy**.

Participants recalled that policy reforms to achieve these goals require a **multi-stakeholder approach**. In particular, **public-private dialogue** is critical to the process of economic and social transformation in the region. The path to recovery should also be tailored to specific country circumstances, especially in **fragile and conflict settings**, which has spillover effects across the region.

The Summit launched the publication **“Middle East and North Africa Investment Policy Perspectives”**. This report takes stock of ten years of investment policy experiences in the region, drawing out common challenges. It offers advice on reform priorities with four objectives: (i) improve the clarity, consistency and transparency of investment rules and procedures, (ii) advance reforms to boost



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competition and private sector development, (iii) better target investment policy to further serve sustainable development goals, (iv) strengthen good governance to deliver better investment policy. The second phase of the “EU-OECD Programme on Investment in the Mediterranean” is currently supporting the implementation of these recommendations through policy advice, public-private dialogue as well as monitoring and evaluation mechanisms.

### Key messages: Economic integration at the core of recovery and growth



**Sound business and investment climate policies are needed to compete in the global market and attract quality FDI.**

- ✓ Foreign and domestic investments are crucial for private sector development, contributing to economic and social well-being. Investment levels in MENA have declined sharply in 2020 due to the COVID-19 pandemic, affecting sectors crucial to MENA economies, such as tourism, energy and manufacturing.
- ✓ MENA governments need to remove legal and administrative restrictions, to enhance regional economic integration. This will create growth opportunities in a virtuous circle where public and private investments support regional integration, in turn attracting more investment.
- ✓ The green and digital transitions are central to boost resilience, growth, competitiveness and productivity but require well-planned and coordinated investment with a focus on quality. Enhancing corporate governance practices and integrating ESG-compliant investment standards can support green supply chains, strengthen linkages with local SMEs and MNEs, attracting high-quality FDI.



**Mr. Hichem Elloumi**

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**Mr. Fathallah Sijilmassi**

*Former Secretary General for the  
Union for the Mediterranean*



**There is a renewed opportunity for export-led growth, increased connectivity and value chain integration.**

- ✓ Enhancing connectivity and value chain participation is important for many economies in the MENA region aiming to strengthen their position as a gateway to African, European and Asian markets.
- ✓ The pandemic also made policymakers aware of the importance of enhancing Euro-Mediterranean integration. One potential opportunity is the further development of global value chains following the comparative advantage of economies in the two shores. The value chains are North-South in the region but there is lot of room for further deepening the process of industrial diversification of MENA countries to enter in higher value chains.
- ✓ Broader multilateral agreements and greater regional integration with neighbouring regions have the potential to open up trade and business opportunities for all in the priority economic sectors of agriculture, manufacturing and services.



**Mr. Faredoon Hartoqua**

*Secretary-General, Jordan  
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## Key messages: A post-COVID competitive and inclusive economy delivering decent jobs



### Promoting youth economic empowerment is critical for stimulating inclusive growth and social development.

- ✓ Approximately 100 million youths (15-24 years old) live in the region, representing a number of opportunities but also challenges. Despite greater access to education, 23% of them are unemployed, up to 42% for young women. The COVID-19 pandemic has reinforced structural obstacles preventing many youth from successfully integrating the labour market.
- ✓ MENA governments need to incorporate quality jobs for young people as a key objective for overall economic reform programmes and in particular labour policies. Stimulating job creation for young people entails creating incentives for employers to hire youth, while providing an adequate safety net for youth who are out of work.
- ✓ Developing tailor-made tools for young entrepreneurs and improving access to finance, with a special focus on young women, would improve youth integration into the formal economy. Addressing additional financing constraints and legal impediments to business ownership by women would help young women-led firms advance along the continuum of business development from survival-focused to growth-focused.
- ✓ Addressing the skills mismatch and fostering skills development should draw on effective partnerships between the private sector, government and local education institutions. Provision of market-relevant education, Vocational Education and Training (VET) and apprenticeships would allow young women and men to develop the knowledge and skills they need to embrace or create job opportunities.



### MENA economies have the opportunity to move away from informality and bolster social resilience by promoting formal employment and businesses.

- ✓ Informal employment is widespread in the MENA region, representing approximately 68% of total employment, up to 80% of youth employment. Although the informal economy offers opportunities of livelihood when rates of formal job creation are low, it exposes businesses and workers to a high degree of vulnerability and poverty risk, especially during the COVID-19 crisis. Moreover, informality narrows tax bases and lowers tax collection.
- ✓ MENA governments need to design a package of incentives, including fiscal solutions, to help informal workers and businesses move into the formal sector, while creating quality jobs in the formal private sector. Specific interventions should target the most vulnerable informal workers and entrepreneurs, such as women, youth and migrants.
- ✓ Providing skills training that match the private sector's needs, promote circular economy SMEs and entrepreneurship as well as digital innovation can play an important role in the transition to formal employment and entrepreneurship.



**Ms. Marta Blanco**

*President, CEOE International, Spain, Co-Chair of the MENA-OECD Business Advisory Board*



**H.E. Ms Rania AL-MASHAT,**  
*Minister of International Cooperation, Egypt*



**Dr. Mary KAWAR**

*Former Jordanian Minister of International Co-operation, former ILO Director*

## Next steps

The **new mandate of the MENA-OECD Initiative for 2021-2025** comes at a pivotal time. MENA governments need to sustain crisis mitigation efforts and to look ahead and build an action plan for recovery, involving the private sector in policy-making. The MENA-OECD Competitiveness Programme provides a bridge between the public and private sector, supporting the design and implementation of economic and societal reforms across the MENA region. Based on well tested OECD methods and tools, including policy analysis and advice based on OECD standards and practices, monitoring mechanisms to assess results, the Programme will support effective reforms.

The 2021-2025 Competitiveness Programme will cover two strategic priorities: (1) **competitiveness, economic integration and private sector development**; and (2) **decent jobs, economic empowerment and inclusion**.

The Programme's renewed framework will be based on:

- Creating **strategic platforms for policy dialogue** to promote effective institutional and regulatory reforms through the organisation of annual high-level regional policy dialogue.
- Building **effective coalitions for reform** combining public-private dialogue and social dialogue to facilitate greater consensus on long-term national recovery and development strategies.
- Transforming the delivery method of its well-established working groups into "**communities of practice**", to foster exchange of good practices, knowledge transfer and peer learning.
- Accommodating **sub-regional and country-level approaches**.

The Programme will promote a comprehensive strategy to enhance competitiveness and private sector development by:

- Boosting **women's access to economic opportunities** by addressing women's participation in the labour market and efficient governance of the collection, analysis and dissemination of gender data and statistics, while continuing battling legal discrimination.
- Promoting an ambitious **trade and investment** reform agenda by focusing on new dynamics of **global value chains and regional economic integration**, structured around thematic priorities focusing on reorganisation of supply chains, and **connectivity**.
- Reinforcing the **role of SMEs** in inclusion, diversification and job creation with increasing use of digital technologies to overcome informality.
- Promoting a **stronger and fairer business climate**, fostering **corporate governance** to support private sector development, and **business integrity** to combat bribery and corruption.
- Enriching the existing areas with a **transversal approach to digitalisation and environmental** considerations.



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**H.E. Ms. Xiana Margarida MÉNDEZ BÉRTOLO**

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