

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

***Scaling up engagement up regional and national actions to strengthen
confidence in institutions and enhance growth***

3 December 2013, Rabat, Morocco

**- *Conclusions of the meeting
and future activities of the MENA-OECD Investment Programme* -**



*Photo of participants at the Steering Group Meeting of the MENA-OECD Initiative
3 December 2013, Rabat, Morocco*

The Steering Group meeting, held on 3 December 2013 in Rabat (Morocco) under the auspices of the Moroccan Foreign Ministry, were opened by H.E. Mohammed Louafa, Moroccan Minister delegate to the Head of Government in charge of General Affairs and Governance, H.E. Mohammed Moubdii, Moroccan Minister delegate to the Head of Government in charge of Civil Service and Modernisation of the Administration, H.E. Ricardo Diez-Hochleitner, Ambassador, Permanent Representative of Spain to the OECD, Ms. Marie-Claire Swärd Capra, *Chargée d'affaires a.i.*, Ambassador, Delegation of Sweden to the OECD, Mr. Marcos BONTURI, Director for Global Relations and Mr. Rolf ALTER, Director, Public Governance and Territorial Development Directorate.

The meeting benefitted from a broad attendance (over 90 participants from 13 MENA economies and 13 OECD members) which contributed to high quality inputs into the discussions.

During the session on the MENA-OECD Investment Programme, beneficiaries and donors recognised the uniqueness and relevance of the Programme. They validated achievements, supported on-going activities and made proposals on future actions:

- underlining the importance of the Programme's four work-streams and the need to deliver concrete outputs in 2014 on investment policy, SME and entrepreneurship development, business integrity and women integration in the economy;
- emphasising the desire to continue the Programme's work beyond the current mandate suggesting that the Programme's 4th mandate (i.e. after 2015) continues to deliver on the four current work-streams as well as on possible additional areas.

The conclusions of the meeting, as well as the potential activities of the Programme beyond 2015, follow.

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

The meeting of the Steering Group of the MENA-OECD Initiative was held in Rabat on 3 December 2013 under the auspices of the Ministry of Foreign Affairs and Co-operation of Morocco. It was opened by the four co-chairs of the Initiative who called on the MENA-OECD Initiative to continue its support to the region in this transition period.

The meeting was honoured by the presence of H.E. Minister Mohammed Louafa, Minister delegate to the Head of Government in charge of General Affairs and Governance, Kingdom of Morocco, chair of the MENA-OECD Investment Programme, and H.E. Mr. Mohammed Moubdii, Minister delegate to the Head of Government in charge of Civil Service and Modernisation of the Administration, Kingdom of Morocco, Chair of the MENA-OECD Governance Programme.

The meeting also welcomed H.E. Mr. Ricardo Diez-Hochleitner, Ambassador, Permanent Representative of Spain to the OECD, as OECD co-chair of the MENA-OECD Governance Programme, along with Ms. Marie-Claire Swärd Capra, *Chargée d'affaires a.i.*, Ambassador, Delegation of Sweden to the OECD, co-chair of the MENA-OECD Investment Programme.

The meeting was very well attended, bringing together more than 90 participants from 13 MENA and 13 OECD countries, as well as representatives from the European Union, the African Development Bank (ADB), Islamic Development Bank (IsDB), the International Financial Corporation (IFC), the League of Arab States (LAS) and the United Nations Industrial Development Organisation (UNIDO).

Joint Session:

Participants:

- Recognised the efforts of governmental and non-governmental actors towards an improved economic, social and political environment, and in times of economic and political challenges faced by the region, noted the call for scaling up regional and national actions to strengthen confidence in institutions and further enhance growth.
- Acknowledged the work conducted by the MENA-OECD Initiative during its third mandate (2010-2014) and welcomed preparation for the next phase of the Initiative beyond 2015.
- Highlighted the added value of the regional policy dialogue for the exchange of good practices and the technical work and evaluation of progress in national policy reforms.
- Welcomed the continued inclusion of civil society and the private sector in the consultations and dialogue with a view to receive guidance from regional partners on priorities for the Initiative.

Following the joint session, participants engaged in two different break-out sessions to discuss the current and future activities of the MENA-OECD Governance Programme on the one hand and of the MENA-OECD Investment Programme on the other. The conclusions of the respective sessions, below, were presented at the end of the day by the co-chairs of each Programme during a concluding joint session:

MENA-OECD Governance Programme:

Participants:

- Welcomed the effective contribution of the **MENA-OECD Governance Programme** to respond to the current governance challenges in the MENA region, where governments are under pressure to make progress to put in place more effective, transparent, and accountable institutions. In addition, they underlined the importance of citizen centred policies to rebuild **trust in government**.
- In this regard, participants stressed that introduction of good governance principles and practices in the current context of the MENA region, is determined by the implementation of the following actions:
 - **A focus on youth**, as its exclusion and marginalisation from the policy making process can be a constraint to social development. Integrating youth in the public processes remains therefore one of the principal challenges to overcome;
 - **A focus on the territorial dimension of public policies**, and in particular on the development of better strategies and tools to promote **local development**;
 - **A focus on the accountability and transparency of institutions**, as a necessary condition to ensure effective responses to social demands; in this regard the participants called for reinforced collaboration with Parliaments and independent governance bodies and institutions.
 - **A focus on effective implementation of policies**, mobilising the necessary tools to ensure the impact of governmental actions, including evaluation capacities, communication instruments, training and capacity building tools.
- Reminded that policy dialogue helps to take measures with **concrete impact** on the quality of services and public policies, and therefore in the life of citizens. They called for the implementation of **national projects** in the framework of the MENA-OECD Governance Programme, and welcomed the implementation of comprehensive governance programmes in collaboration with the Tunisian and Palestinian governments. Participants called also for using peer review mechanisms and exploiting the full potential of the **Deauville Partnership Transition Fund** in the area of **Public Governance**.
- For improved efficiency, the participants underlined the importance of capacity-building activities, such as those organised by the **MENA-OECD Governance Programme's Training Centre of Caserta** in collaboration with the National School of Administration of Italy. Moreover, they proposed to develop systematic and close collaboration with the GIFT-MENA network.
- Welcomed the progress achieved by the **MENA-OECD Open Government Project** to bring MENA countries closer to the Open Government Partnership (OGP), and congratulated:
 - **Tunisia** for achieving the necessary reforms to qualify as eligible to adhere OGP;
 - **Morocco** for their efforts to translate the provisions of its new Constitution into policies and practices; participants also encouraged the Moroccan government to take the necessary measures for an immediate accession to the OGP;
 - **Libya** for making good governance a priority in its state building process;

- the **Palestinian Authority**, for its commitment to focus on open government reforms;
- **Jordan** that as the first MENA country to join the OGP is continuing its path towards more transparent and participative policymaking.
- **Yemen** which is continuing its process of national dialogue based on the principles of democratic governance and ensuring the rule of law.
- Stressed the importance of effective implementation in 2014 of the undertaken public policy and legislative reforms, and in particular emphasised the importance of defining national **Open Government Action Plans** to be drafted in consultation and collaboration with **civil society**.
- Welcomed the proposals put forward by the **Informal Reflection Group** and agreed on operational steps to implement them:
 - Confirmed the relevance of the themes covered by the existing Working Groups of the Programme, and invited them to reinforce its links with Parliaments, independent bodies and institutions, oversight and consultative bodies, including Ombudsman and Economic and Social Councils, which are crucial to improve democratic governance.
 - Invited the Secretariat and Working groups to develop during 2014 specific approaches on **youth and governance**, while ensuring the development of consultation and participation, also at the local level;
 - Invited the Secretariat to produce case studies on **local governance and development**, in order to understand policy challenges and provide operational solutions and tools.
 - Underlined the necessity to develop tools to evaluate the progress of reforms and measuring the performance of governments. For this purpose, they invited the Working Groups to produce **regional comparative reports**, such as the OECD reports presented during this meeting, on Gender, Regulatory Reform, and Public Procurement. The participants also proposed to develop similar reports on areas related to E-government and Innovation, Public Financial Management, or any other relevant policy issue covered by the MENA-OECD Working Groups.
 - Encouraged the OECD and the governments of the region to develop **indicators that allow evaluating, monitoring and comparing results**, based on the methodology of the OECD **Government at a Glance** to help share experiences.
 - Participants emphasised the principles of participation, appropriation and inclusion in the governance structure of the MENA-OECD Governance Programme, and invited the OECD Secretariat to launch consultations with the concerned actors to discuss the **distribution of chairs and co-chairs posts of the Working Groups and Programme** in order to further increase and enlarge ownership, commitment and involvement.
- Welcomed the financial contributions of France, Germany, Italy, South Korea, Norway, Qatar, Spain, Turkey, the United Arab Emirates, the United Kingdom and the United States to the Programme and encouraged other donors to join. Participants acknowledged that several MENA and OECD countries have provided valuable in-kind support by hosting regional meetings of the Programme.

- Invited countries in the region to further strengthen the partnership with international organisations and donors to contribute to the deepening of the regional work and country projects of this programme.

MENA-OECD Investment Programme:

Participants:

- Highlighted the continued relevance of the MENA-OECD Investment Programme, and in particular confirmed the need to continue focusing on the issues addressed by the Programme, appreciated the way these issues are addressed and welcomed the participatory dimension of the Programme.
- Discussed the main **challenges and opportunities** for investment, economic growth and job creation in the MENA region and their **impact** on the MENA-OECD Investment Programme.
- Noted that **evaluations** of the MENA-OECD Investment Programme are on-going and highlighted the Programme's contributions to the regional reforms process, networking and dialogue between the public and private sector, leading towards stronger regional ownership and enhanced co-ordination with national and international actors.
- Supported the need to continue focusing on the four working themes as agreed upon in the last Steering Group meeting in November 2012, namely:
 - **Stimulating investment for job creation:** welcomed the current emphasis the Programme is putting on investment risk mitigation measures and confidence building through: the ISMED (Investment Security in the Mediterranean) support programme, the support to regional investment integration (co-operation with the League of Arab States in promoting the amendment to the LAS Investment Agreement), and the country-specific work on investment attraction and protection (Jordan's adherence to the OECD Declaration on International Investment, Business Climate Review of Egypt, support to the review of the investment legal and institutional regimes in Tunisia and Jordan, and on-going and new phase of the Iraq project (infrastructure financing and investment zones)). Encouraged to continue working on these issues and highlighted the need to support countries in the implementation of their national legislation and international obligations related to investment, including capacity building for investment agreements negotiations.
 - **Promoting entrepreneurship and SME development:** welcomed the comprehensive assessment of SME policies in the region (the SME Policy Index) and its preliminary results which highlight progress in supporting SME development in participating countries since the first evaluation (2008). Recommended to continue working on policies to materialise the job creation potential of SMEs and entrepreneurship, including by promoting high-growth enterprises and with a view to identify good practices in support of enterprise development. Emphasised the importance of innovation in SME development, noted the need to also support policies for micro-enterprises and auto-entrepreneurship, mentioned possible work on enabling frameworks for business angels, industrial promotion, ownership transfers in enterprises, and company creation in less developed areas.

- **Fostering women’s economic integration:** Noted that women are a driving force for economic development, but that their contribution to growth is not fully seized in the region where many well-educated women face employment and entrepreneurship challenges. Welcomed the launch of *“Supporting women as economic actors during the transition period”* in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia, which seeks to ensure equal economic opportunities for men and women through the revision of legal and institutional frameworks. Welcomed the conclusions of the OECD-MENA Women’s Business Forum meeting which took place on 2 December in Rabat, Morocco, and the specific recommendations in support of developing better data collection and gender disaggregated statistics on employment and entrepreneurship, as well as, enhanced access to finance and business development services.
- **Levelling the playing field through business integrity, corporate governance and responsible business conduct:** encouraged the Programme to further and even accelerate work on business integrity that benefits from high public attention through national and regional dialogue, trainings and reviews of best practices; encouraged further support on corporate governance in state-owned enterprises and capital markets, and technical assistance, trainings and advisory services in support of better business practices and corporate social responsibility. Emphasised the need to build awareness and capacities at the governmental and enterprises level.
- Noted the Programme’s strength of involving both public and private sector representatives and insisted on the need to continue bringing together non-government stakeholders to further the public-private dialogue.
- Welcomed the Programme’s involvement in the development of Actions Plans for reforms on investment and SME policies in the framework of the **Deauville Partnership** process. Noted the launch of projects financed by the Transition Fund, such as the SME development strategy for Libya.
- Supported the proposals to develop **new themes and methodologies** in the coming years related to:
 - Regional trade and economic integration.
 - Economic inclusiveness.
 - Promoting innovation, productivity and competitiveness at the sectoral and horizontal levels, with the launch of a new Working Group on Competitiveness.
 - Regional and country-level benchmarking and monitoring.
- Acknowledged enhanced **partnerships** with local public and private institutions and with international organisations such as the League of Arab States (on-going project on the amendment of the 1980 Agreement for the Investment of Arab Capital in Arab States), IMF/Kuwait Centre (training activities for MENA officials on topics such as SME policies, integrity and competitiveness), the European Commission, UNDP, UfM, EIB, MIGA, the World Bank and UNIDO.

- Acknowledged that several MENA and OECD countries have provided significant in-kind support in hosting meetings and workshops. Welcomed the voluntary **contributions** of Sweden, the United States, the European Commission, the Czech Republic, France, Japan, Spain, Turkey, the United Kingdom, the Transition Fund of the Deauville Partnership and Siemens and encouraged other donors to join in order to respond to the demand for further support for the next phase of the Programme.

III. Suggested activities of the MENA-OECD Investment Programme beyond 2015:

Under the four work streams of the MENA-OECD Investment Programme:

1. Investment Policy and Promotion:

- *Stimulate investment:*
 - *Analysis:* pursue the analysis of **FDI trends** and the **assessment of investment policies**, with a focus on legal and institutional frameworks, barriers to investment and investment agreements, with a view to identify priority reforms (Working Group on Investment Policy and Promotion and Deauville Partnership Action Plans).
 - *Regional activities:*
 - ✓ Support to the implementation of the amended **Arab League investment agreement**;
 - ✓ Strengthen **investment regional integration** (through trade agreements (GAFTA, AMU and DCFTAs) and capacity-building activities on investment agreements negotiations).
 - *Country-specific activities:*
 - ✓ Identification of key **business climate reforms**;
 - ✓ At the request of the countries, support in **prioritisation and implementation of reforms**.
- *Improve investment security (ISMED):*
 - Pursue advisory activities on the improvement of **legal frameworks for specific infrastructure projects** (analysis, evaluation and missions), including in the countries not targeted in the initial phase of the ISMED support programme.
 - Continue dissemination of information to potential investors on the **risk mitigation instruments** (regular analysis, data collection, larger targeting).

2. Promoting SMEs and entrepreneurship development:

- Continue and step up targeted efforts for the promotion of employment and economic development through SMEs and entrepreneurship:
 - **Policy dialogue** (Working Group on SMEs);
 - **Research** and analysis;
 - Initiatives to strengthen **institutional development and co-ordination** for better policy design and delivery.

- **Themes/actions:**

- SMEs as sources of **innovation, productivity growth and competitiveness** : business linkages, technology transfers, industrial clusters and techno-parks, export promotion
- SMEs as sources of **jobs** and inclusive economic growth: fostering economic formality, entrepreneurship in less developed areas, administrative simplification for enterprise creation and growth
- Support evidence-based policy making through:
 - ✓ Improving collection, harmonisation and dissemination of **data on SMEs** and entrepreneurship;
 - ✓ Promoting **monitoring and evaluation** of policies and programmes to assess their impact and effectiveness.

3. Women integration in the economy:

- Reinforce data collection and information sharing:
 - Further extend the electronic platforms of the Initiative by expanding the range of information available, including creating a possible clearinghouse for studies on women's entrepreneurship.
 - Support national statistical offices to develop the necessary datasets to underpin evidence-based policy making to advance women's economic integration.
- Strengthen women entrepreneurs' access to bank and non-bank financing and business development support services:
 - Create a practical guide for women entrepreneurs to more effectively access bank and non-bank finance.
 - Develop a "bank ready" toolkit for women entrepreneurs to successfully pitch business and credit proposals to financial organisations.
 - Enhance awareness of the range of financing solutions for women business owners based on international best practices and trends in SME finance.
 - Produce a guide overviewing the range of business development support services and incubators available across the MENA region.
- Support women's economic and legal rights during the transition period: support the implementation of legal provisions aimed at strengthening the participation of women in the labour market and as entrepreneurs.
- Enhance the visibility of best practices and issue recommendations to stakeholders: facilitate dialogue at national, regional and international forums and raise awareness of key issues through publications and other platforms.

4. Integrity, corporate governance and responsible business conduct (RBC):

- *Activities and political dialogue:*
 - *Business integrity:* regional review on best practices, evaluation of measures, and recommendations to government, enterprises and associations.
 - *Corporate governance:*
 - ✓ Continue the research and exchange of best practices on SOEs.
 - ✓ Create a Working Group on Capital Markets.
 - ✓ Research and raising awareness on the role of institutional investors in the promotion of good governance best practices.
 - *RBC:*
 - ✓ Participation to the OECD Investment Committee (for the adherents to the Declaration on International Investment and MNEs).
 - ✓ Research work for a publication on RBC in the MENA region.
- *Capacity building:*
 - Country-specific review of the business integrity legal and institutional framework.
 - Trainings for practitioners on selected issues such as responsibility of legal persons for corruption; channels to report bribe solicitation and whistle-blowers protection; compliance programmes for companies; and integrity pacts.
 - Capacity building for regulators to establish and enforce effective CG frameworks.
 - Country-specific activities such as training of board members, capacity-building workshops for stock exchanges and securities regulators and assistance in drafting or reviewing regulations and corporate governance codes.
 - Advisory services to MENA National Contact Points (Egypt, Jordan, Morocco, Tunisia) for the promotion of the OECD Guidelines for Multinational Enterprises.

Proposed new themes and activities beyond 2015 :

New themes:

- *Trade and economic integration:*
 - Research and analyse the role of global value chains in fostering MENA countries exports.
 - Highlight the benefit of global-local innovation connectivity and identify adequate policy measures.
 - Build the capacity of Export Promotion Agencies (facilitate trade for SMEs, develop agencies' overall strategies, and support the design of one-stop shops).
 - Support regional trade integration initiatives (GAFTA and Agadir agreement) with a particular focus on trade facilitation, trade in services and non-tariff barriers.

- *Socio-economic inequality:*
 - Exchange of best practices in social programmes to promote equal opportunities.
 - Analysis and sharing of best practices on economic informality.
 - Support policies aiming at promoting the upgrading of skills through business trainings and business-university exchange programmes.

New activities and methodology:

- *Launch a Working Group on fostering competitiveness for inclusive growth to:*
 - Improve country and regional competitiveness through analysis of current economic performance
 - Identify policy barriers to competitiveness and design appropriate policy instruments to address them
- *Regional and country level monitoring*
 - Identify policy areas which warrant attention and engage in the definition of the monitoring methodology and indicators to assess progress