Steering Group Meeting

“A Regional Agenda for Inclusive Growth, Employment and Trust”
MENA-OECD Initiative on Governance and Investment for Development
5 February 2015 ♦ OECD, Paris, France

Conclusions

The meeting of the Steering Group of the MENA-OECD Initiative was held in Paris on 5 February 2015. It was very well attended with more than 130 participants from 14 MENA economies and 17 OECD Member countries, as well as representatives from multilateral and international organisations, civil society and business sector.

After the welcoming remarks from Mr William Danvers, OECD Deputy Secretary, the meeting was opened by the four co-chairs of the Initiative:

- H.E. Mr Mohammed Moubdi, Minister delegate to the Head of Government in charge of Civil Service and Modernisation of the Administration, Morocco, Chair of the MENA-OECD Governance Programme,
- H.E. Mr Driss El Azami El Idrissi, Minister Delegate to the Minister of Economy and Finance for the Budget, Morocco, chair of the MENA-OECD Investment Programme,
- H.E. Mr Ricardo Diez-Hochleitner, Ambassador, Permanent Representative of Spain to the OECD, co-chair of the MENA-OECD Governance Programme,
- H.E. Ms Annika Markovic, Ambassador, Permanent Representative of Sweden to the OECD, co-chair of the MENA-OECD Investment Programme.

The co-chairs stressed the critical moment of the meeting, as the Initiative is celebrating its 10-year anniversary and is preparing for its fourth mandate, starting in 2016.

Regional partners, including notably the Islamic Development Bank, the Union for the Mediterranean, the League of Arab States, the Arab Administrative Development Organisation (ARADO), the Hawkamah Institute and participants in the first session:

- Underlined the impact of a decade of regional policy dialogue and advice in the MENA region to promote socio-economic opportunities; highlighted the distinctive character of this “pioneering” Initiative which fosters dialogue amongst stakeholders – building on OECD and other international and regional tools and instruments; and congratulated its achievement in establishing itself as a recognised trustworthy forum which reinforces the impact of MENA countries’ contribution to global policy debates.

- Recognised the need for a regional agenda and co-ordinated responses; underlined that in a context of political and economic challenges, stronger regional integration is of even greater importance; welcomed the Initiative’s efforts to set common public governance standards and to improve and harmonise business and investment frameworks to foster integration, and called upon the OECD to play a greater role in facilitating the exchange of experiences in the conduct of policy reforms and of good practices among countries of the MENA region. This can be complemented by
sub-regional and sub-national work. It was acknowledged that home-grown reforms for inclusive growth and private sector development should be supported by co-ordinated responses, such as for example the Deauville Partnership and its International Financial Institutions co-ordination platform.

- **Called for the Governance and Investment Programmes to further complementarities and adjust to emerging priorities** in line with the global agenda and megatrends, including issues to be addressed by the post-2015 development agenda and the next OECD Ministerial Conference such as the improvement of the investment climate, the links between investment and trade, entrepreneurship, and connection to global economies. New issues falling under the two Programmes notably include public governance frameworks based on transparency, openness and accountability, including through open government and rule of law principles, engagement with independent institutions and institutional capacities at local and central level to implement public sector reforms, investment integration and tools to support investment infrastructure, including through Islamic finance, digital economy and cohesion, climate change, governance of SOEs and support to family-owned businesses, gender equality and women’s empowerment.

- In addition, called for the Initiative to adopt a sufficiently flexible approach and structure in order to be able to easily address new policy issues which warrant particular attention in the future such as for instance labour reform, skills development or other emerging priorities for the economies in the region.

- **Welcomed the outcomes of the interactive debate during the Idea Factory on “inclusive policies for young men and women in the MENA region”,** held on 4 February 2015 and underlined the need to foster youth inclusion throughout the work of the MENA-OECD initiative with strong attention to be paid to gender policies for the youth and women’s empowerment at large.

- **Welcomed the efforts to extend the Initiative into a fourth mandate** starting in 2016; called upon all to engage in consultations and reflections to define the priorities of the upcoming mandate (based on a Secretariat questionnaire to main stakeholders and consultations with relevant OECD Committees). The new mandate should be approved by the OECD External Relations Committee and endorsed by a 2015 MENA-OECD Ministerial Conference.

Following the joint session, participants split into break-out sessions to discuss activities of the MENA-OECD Governance Programme and of the MENA-OECD Investment Programme respectively and engaged in first exchanges on priorities for the new mandate. The conclusions of the respective sessions, below, were presented by the co-chairs of each Programme during the joint conclusions:

**MENA-OECD Governance Programme**

**Participants:**

- Congratulated the MENA-OECD Governance Programme for its efforts to respond to current governance challenges in the MENA region in delivering on the Conclusions of the Steering Group Meeting on 3 December 2013 in Rabat.

- Emphasised that building effective governance frameworks based on openness, transparency and accountability are of fundamental importance to create an environment conducive for inclusive economic growth and to rebuild trust in public institutions which is urgently needed to tackle high rates of unemployment in the region.

**Implementing the Conclusions of the 2013 Steering Group Meeting:**
Welcomed the joint efforts of MENA countries and the Governance Programme to implement good governance principles and practices, in particular:

> In including **a focus on youth** throughout the Programme’s working groups and networks for regional policy dialogue covering key areas of public governance.

> In reinforcing **open government practices at the local level** to build local institutions that are responsive to citizens’ needs and deliver better public services.

> In **building solid integrity foundations** and implementing policies and mechanisms that help fighting corruption and promoting clean government.

> Deepening the engagement with **independent institutions** that play a vital role in promoting transparency and holding government accountable, such as Ombudsman offices, anti-corruption agencies, Court of Accounts and the Parliament.

> In **building capacities** and elaborating practical guides to support moving from policies to implementation with a real impact on the life of citizens, in particular through the **MENA-OECD Governance Programme Training Centre of Caserta**.

Recalled the importance of building institutions based on transparency and openness and welcomed the efforts to design and implement **open government principles**. Participants congratulated Tunisia for joining the Open Government Partnership, and Jordan and Morocco for their commitment to move forward with the implementation of open government reforms. On this note, participants congratulated the countries for establishing joint Steering Committees institutionalising the involvement of civil society.

Congratulated the deeper engagement with the **Deauville Partnership** to foster effective and transparent justice institutions in Yemen and Egypt to promote **rule of law**.

Underlined the importance of fostering **gender equality** for inclusive participation in political and economic life. Participants welcomed the regional comparative report *Women in Public Life – Gender, Life and Public Policy in the Middle East and North Africa* which provides recommendations to enhance women’s economic and political participation through legal, institutional and policy reforms. Congratulated the **MENA-OECD Gender Focus Group “Women in Government Platform”** for its key role in directing the regional report and welcomed its current programme of work.

Welcomed the dual approach of combining **regional policy dialogue** and the Programme’s country projects to support **national reform priorities** and the efforts that have been undertaken in the areas of integrity, open government and public procurement.

Congratulated the **greater involvement of civil society** in policy-making and emphasised that further institutionalisation should follow clear mechanisms to build trust and ensure an effective involvement of citizens in the policy-making cycle.

**Unique working-methods of the Programme:**

Emphasised that a decade of regional and national policy analysis and dialogue has established the Governance Programme as a **unique actor** for promoting the modernisation and harmonisation of governance standards in the region. The Programme has been successful in bringing MENA countries closer to OECD principles and supporting the implementation of national reform efforts in line with international best practices. The **partnership** and integration of the MENA-OECD Governance Programme in the work of the **OECD Committees** – including the Public Governance Committee, the
Regulatory Policy Committee and the Regional Development Policy Committee – is continuously reinforcing policy advice and dialogue based on current debates in OECD countries.

- Recalled that regional policy dialogue provides a unique forum to discuss and share best practices and called for greater involvement of all MENA and OECD countries. Participants invited the Working Groups to produce regional comparative reports to promote national reform agendas based on comparative data, analysis and tailored recommendations.
- Encouraged the OECD and governments to leverage regional reports to develop public governance indicators that allow evaluating, monitoring and comparing results over time.
- Welcomed the OECD peer reviews conducted in Morocco, Tunisia and Yemen in the field of open government, integrity and justice institutions and encouraged the OECD and government in the region to further make extensive use of peer review mechanisms as standard working methods of the MENA-OECD Governance Programme.
- Emphasised the value added of peer dialogue for collecting data and providing policy analysis to design and implement evidence-based policies in the MENA region.
- Welcomed the call of the Reflection Group Meeting for strengthening the systematic engagement of civil society with the MENA-OECD Governance Programme and supported the establishment of a Civil Society Advisory Council. The Advisory Council will promote the regular involvement of civil society in the activities and priorities of the Programme and strengthen their engagement with MENA economies.

Future priorities: Building effective public governance frameworks for inclusive growth and trust

- Called upon the MENA-OECD Governance Programme to deepen its engagement at a time when MENA countries face various political and economic challenges and emphasised the unique contribution the Programme makes to promote effective public policies to address these challenges.
- Encouraged the MENA-OECD Governance Programme to explore options for setting up a regional network on the performance of justice institutions.
- Recalled that the MENA-OECD Governance Programme plays an important role in implementing the global agenda for development as the post-2015 development agenda.
- Underlined that effective governance frameworks are crucial for the success of the development agenda and for promoting sustainable and inclusive economic development.
- Emphasised that governments cannot be the only actors to address these challenges and called upon all to deepen the engagement with citizens, civil society and the business sector to jointly design and implement public policies and public services. Innovative approaches based on new technologies, transparency and openness are the working methods of governments of the future.
- Congratulated the Programme for addressing the key priorities of the region and emphasised that it should deepen its work in the following areas:
  > Promoting open, inclusive and transparent government;
  > Strengthening rule of law;
  > Reinforcing Integrity and fighting corruption to rebuild trust in public institutions;
  > Fostering more efficient government institutions and processes;
> Including a wide variety of government institutions to promote good governance;
> Strengthening women’s empowerment in public life;
> Promoting a youth lens in public governance;
> Strengthening capacities for local governance.

- Welcomed the financial contributions of Germany, Italy, Qatar, Spain, Turkey, the United Arab Emirates, Abu Dhabi, the United Kingdom and the United States to the Programme. Participants acknowledged that several MENA and OECD countries have provided valuable in-kind support by hosting regional meetings of the Programme. Participants encouraged other donors to join in order to respond to the demand for further support for the next phase of the Programme.

- Noted the engagement of the Union of the Mediterranean and its offer to cooperate and contribute to the MENA-OECD Initiative.

MENA-OECD Investment Programme

Participants discussed major achievements and future prospects of the Programme, based on OECD’s expertise.

The way forward: a streamlined strategy addressing national priorities, anchored into a regional and global agenda

Following presentations by OECD experts (including from the Economic, Trade, Tax and Global Relations departments), participants recognised that:

- Current reforms should tackle the key economic priorities of the region: inclusive growth, economic diversification and sophistication, job creation, improved business and investment climate.

- Higher levels of regional integration on both investment and trade sides are needed. Participants welcomed the co-operation initiated with the Arab League and called for its expansion.

- Noted the relevance and timeliness of the discussions on global value chains (GVCs) – a dominant feature of world trade, and welcomed inclusion of more MENA economies in the OECD/WTO TiVA (Trade and Value added) database, designed to better inform policy makers on new insights of commercial relations.

- Welcomed the presentation of the OECD Base erosion and Profit shifting (BEPS) project and the proposal to include more MENA economies with a view to enhancing domestic resources mobilisation through effective tax systems and transparency.

Participants acknowledged the value-added of the work carried out by the Programme and recommended to continue and strengthen its activities within its four existing pillars:

- **Stimulating investment and improving investment security** to restore investors’ confidence and improve the business climate to attract productive and infrastructure investments, including through the ISMED working group.

- **Promoting entrepreneurship and SME development** in diversifying growth and employment factors through new entrepreneurs, MSMEs development, access to finance, business services and formalisation.
• **Levelling the playing field for business** by supporting an institutional environment that frames business decisions and incentivises voluntary business actions to replace controls and prohibitions.

• **Accelerating women’s economic integration** by improving support measures to women entrepreneurs and reduced legal, social and cultural barriers.

Suggestions were furthermore made to reinforce the activities of the Programme and address specific needs, including improving the integration of the following topics:

• Infrastructure investment and tools to enhance public-private partnerships and financial capacity;

• Supporting investment treaties, harmonisation of FDI statistics and developing a reporting system in support of enhanced investor confidence;

• Islamic finance tools and complementarities with conventional finance;

• Banking sector’s support to private sector development, including through confidence building;

• Competitiveness (subsequent to initial activities carried out by the Programme);

• Creation of a level playing field between SOEs and private sector firms; attraction of institutional portfolio investment to MENA stock exchanges; training-of-trainers and women directors;

• Vocational training to ensure that the educated meet the private sector’s qualification needs;

• Role of franchising and outsourcing to support to private sector development;

• Further strengthen support to women as economic actors.

**Distinctive and beneficial working methods and requisite for enhanced tools:**

Participants commended the Programme distinctive working methods:

• Leveraging the OECD expertise, regional and national policy dialogue, and peer learning mechanisms, building on internationally recognised instruments, standards and methodologies developed over the years by the OECD.

• Policy dialogue, organised by themes, is a unique opportunity for stakeholders to engage in an open exchange, not linked to any conditionality or financial transfers. It allows to:
  > Exchange information on data, policy and economic trends;
  > Support identification of priority reforms and their implementation;
  > Exchange good practices and make use of peer reviews;
  > Engage a wide range of stakeholders, including of civil society and the private sector, to discuss with government representatives and experts;
  > Foster co-ordination and leverage complementarities with international and regional organisations active in the covered thematic areas.

• Clear ownership and engagement from the region, though there was a call for stronger participation in data collection and funding.

Participants furthermore suggested that:

• Mechanisms for regular and systematic consultations with the private sector at the national and regional levels be fostered to develop and enhance the policy advocacy role of business associations.
- Efficient **monitoring** tools to measure progress of reforms at the national and regional levels, but also to improve the Programme’s impact assessment, be developed.

- The Programme and economies increase **visibility on successful reforms** and henceforth develop tools to communicate on reform achievements to the wider international community to redress misperceptions and address sensitivities related to security threat and high corruption.

- The Programme ensures **sustainability** of its activities, in particular through a stronger follow-up and development of training-of-trainers tools for its capacity-building activities.

**Fostering co-ordination and donors’ support**

Participants acknowledged enhanced **partnerships** with local public and private institutions and with international and regional organisations, such as the League of Arab States (on-going co-operation to support regional investment integration), the IMF/Kuwait Centre (training activities for MENA officials on topics such as SME policies, integrity and competitiveness), the European Commission (ISMED Support Programme and joint policy assessment through the SME Policy Index). Participants encouraged the Programme to enhance this co-operation through stronger and sustainable co-ordination platforms, enlarge its network of regional partners, organise joint events and improve capacity-building synergies.

Participants recognised that several MENA and OECD countries have provided significant in-kind support in hosting meetings and workshops, welcomed the voluntary **contributions** of the European Commission, France, Japan, Sweden, the United States, the Transition Fund of the Deauville Partnership and Siemens to the MENA-OECD Investment Programme, and encouraged other donors to join in order to respond to the demand for further support for the next mandate of the Programme.
<table>
<thead>
<tr>
<th>Milestone</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steering Group meeting of the MENA-OECD Initiative on Governance and Investment for Development</td>
<td>5 February</td>
</tr>
<tr>
<td>In the context of the regular programme of the Initiative, consultations will be held with main stakeholders</td>
<td>March - May</td>
</tr>
<tr>
<td>Consultations with relevant OECD Committees</td>
<td><strong>Investment Committee</strong>, 16-20 March (19 March Advisory Group on Investment and Development); <strong>Regulatory Policy Committee</strong> (15-16 April); <strong>Public Governance Committee</strong> (week of 20 April); <strong>Regional Development Policy Committee</strong> (week 27 April)</td>
</tr>
<tr>
<td>OECD Ministerial Council Meeting and OECD Forum</td>
<td>Week of 1 June</td>
</tr>
<tr>
<td>External Relations Committee meeting to approve the new mandate to the OECD Secretariat for the implementation of the MENA-OECD Initiative</td>
<td>June – TBC</td>
</tr>
<tr>
<td>Steering Group meeting of the MENA-OECD Initiative on Governance and Investment for Development</td>
<td>September – TBC</td>
</tr>
<tr>
<td>MENA-OECD Ministerial Conference</td>
<td>October – TBC</td>
</tr>
</tbody>
</table>