



**Better Policies for  
Inclusive growth  
and Economic  
Integration in the  
MENA Region**  
Ministerial Conference  
3-4 October 2016 – Tunis, Tunisia

**Outcomes of the  
MENA-OECD 2016  
Ministerial  
Conference**

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## The OECD and the MENA region

For more than ten years, the OECD and the governments of Middle East and North Africa (MENA) region have co-operated in the framework of the **MENA-OECD Initiative on Governance and Competitiveness for Development**. This Initiative promotes policy dialogue to enhance the business climate, competitiveness and investment, modernise public governance, promote integrity, and transparency, as well as foster inclusive economic growth, job creation and human and social development.

### The MENA-OECD Ministerial Conference: Highlights

The MENA-OECD Ministerial Conference and Forum were held in Tunis on 3-4 October 2016, in the presence of the the Tunisian Head of Government, Youssef Chahed and the OECD Secretary-General Angel Gurría. It marked the handover of the **MENA-OECD Initiative chairmanship from Morocco to Tunisia** and endorsed the new **mandate of the MENA-OECD Initiative on Governance and Competitiveness for Development for 2016-2020**.



The launch of Better Policies for Inclusive Growth and Economic Integration in the MENA region, prepared by the OECD, was well received. Based on the key recommendations of the report, discussions in Tunis focused on how to revitalise economic growth, promote economic openness and diversification, advance institutional reform, support open government reforms, foster greater public engagement of youth and women, strengthen the rule of law and fight corruption.

Despite important reforms in the region, political instability and security threats have considerably slowed down economic prospects. Reforms have not succeeded in tackling deeper structural challenges, such as corruption, unemployment, uneven development and unequal opportunities, especially for disadvantaged regions, women and youth. Therefore, appropriate policy responses are needed to regain stability, foster economic integration at all levels (local, regional and global) and lay the foundations for more open economies and a more inclusive development model. The Ministerial Declaration of Tunis, adopted on 4 October,



provides strategic responses in this regard. It reflects a common understanding of economic and governance challenges, and sets guiding principles and mutual commitments for collaboration between MENA and OECD countries for the next mandate of the MENA-OECD Initiative (2016-2020). The overall strategic goal is to build trust and provide stability in support of inclusive, sustainable and competitive economies.

### *Strong mobilisation from MENA and OECD countries*

The Ministerial Conference and Forum was attended by **500 participants**, including **36 official delegations**, as well as representatives from **civil society, the private sector, trade unions**, international organisations and financial institutions. **14 MENA countries** were represented at ministerial and high official level and **22 OECD member countries** attended at minister, state secretary and ambassador level. High-level delegations included ministers of international co-operation, investment, economy and public governance.



### *Active participation of civil society and the private sector*



A key feature of the Conference was the numerous representation and active engagement of the civil society and the private sector from both MENA and OECD countries. The session on “**Creating opportunities for youth**” with the participation of the **OECD Secretary-General and Nobel Prize awarded Tunisian National Dialogue Quartet** set the tone of the Conference underscoring the importance of **social dialogue** as a precondition for the success of governance and competitiveness reforms.

The Forum provided opportunities to debate how to implement open government commitments, deliver better public services, build resilience and involve the private sector in policy advocacy and implementation. The MENA-OECD Governance Programme Youth Initiative and the MENA-OECD Business Advisory Board of the Competitiveness Programme were launched. A more systematic and structured dialogue with trade unions, voiced by the presence of the TUAC General Secretary and its Arab counterpart, was also welcomed to facilitate consensus and create shared ownership of policy reforms.

The co-chairmanship is an opportunity for Tunisia to play a leading role in the regional dialogue and to benefit from closer bilateral ties with the Organisation.

The OECD has strongly supported the democratic transformation of Tunisia since its very beginning and believes in its guiding role in taking forward wide reforms towards inclusive growth and economic integration.



## The MENA-OECD Ministerial Conference: Strategic orientations



The Forum and the Conference allowed for strategic discussions on the challenges of the region and how the OECD can better contribute to build effective responses through the MENA-OECD Initiative on Governance and Competitiveness, under the chairmanship of Tunisia (Minister of Public Service and Governance, Mr. Abid Briki, and Minister of Development, Investment and International Cooperation, Mr. Fadhel Abdelkefi), Spain (Ambassador Mr. José Ignacio Wert, Permanent Representative of Spain to the OECD) and Sweden

(Ambassador Ms. Annika Markovic, Permanent Representative of Sweden to the OECD and UNESCO). These events continued to strengthen the OECD's inclusive global policy network and reinforced its role in sharing OECD's standards and best practices in its fields of expertise, while addressing new challenges as they arise.

### *The way forward*

The **Ministerial Declaration of Tunis** gives specific orientations of the **two pillars** of the MENA-OECD Initiative, the **Governance** and **Competitiveness** Programmes, which have been approved during the Ministerial Conference. These orientations are detailed in the second part of the Declaration (see annex) and summarised below:

#### 1. Key orientations of the MENA-OECD Governance Programme, under the chairmanship of Tunisia and Spain, include:

- New programmes on **Gender Equality in Public Life** and the **Regional Youth Project**
- Greater focus on **open government reforms** and engagement of **media, independent institutions and parliament** in regional dialogue and country-specific activities
- The revised **Regional Charter for Regulatory Quality** and a **Working Group on Regulatory Reform and Rule of Law**
- New approaches to support countries in building governance frameworks in **fragile contexts**.
- **Supporting effective implementation** of policies and reforms and continued training of Arab public officials in the Programme's **Centre of Caserta**.
- **Reinforced cooperation with GCC countries**

#### 2. Key orientations of the MENA-OECD Competitiveness Programme, under the chairmanship of Tunisia and Sweden<sup>1</sup>, include:

- Focus on the nexus between **Investment and Trade**, in line with G20 work, and a new **EU-OECD Programme on Promoting Investment in the Mediterranean**.
- Greater focus on **SMEs** as job creators for women and youth.
- Enhanced work on **Corporate Governance** to level the playing field for business and fight corruption.
- A new **Women's Economic Empowerment Forum** to unlock economic opportunities for women.
- The new **MENA-OECD Business Advisory Board** to build coalitions.
- A new **Task Force on Economic Resilience** to support MENA countries absorb the impact of conflicts

<sup>1</sup> Since the 2 December 2016, Turkey is the co-chair of the MENA Competitiveness Programme

## Endorsed Documents

### Tunis Declaration - MENA-OECD Ministerial Conference on Governance and Competitiveness - Tunis, 4 October 2016

**WE**, governments of the Middle East and North Africa (MENA) and OECD member countries, participating in the MENA-OECD Ministerial Conference on Governance and Competitiveness in Tunis on 4 October 2016:<sup>2</sup>

#### **CONSIDERING** that:

- Since the last MENA-OECD Ministerial Conference in Marrakech in November 2009, the MENA region has experienced political, social and economic changes of historical importance. Citizens from the MENA region have called for better economic opportunities and more accountable institutions. Some countries have started ambitious reforms, voted new constitutions, and established new social contracts inspired by the aspiration to build fairer societies and an efficient and sustainable economic model. Other countries of the region are experiencing significant and protracted crises related to conflict and fragility and deteriorating economic development.
- In a context of weak global growth and regional instability, the MENA region is facing economic, social, political, humanitarian and security **challenges** that need to be addressed through mutual values of collaboration, economic integration and collective commitment for shared prosperity, as laid out in the Sustainable Development Goals (SDGs).
- The need to regain stability and lay the foundations for more open economies and more inclusive development models calls for **concerted action** to exploit the immense potential of the region and ensure its fruitful integration into the global economy. Economic policies pursuing growth also need to lead to **inclusion** and social equity, ensuring prosperity for all.
- Introducing higher levels of efficiency and **productivity** is essential to promote growth. To this end countries have to work with determination in a number of policy areas from a whole-of-government perspective. MENA governments must implement ambitious reforms to improve the business environment and enhance international trade and investment, as well as their positive impact for economies and societies.
- The active participation of **women** in public life and their economic empowerment is critical for the future of the MENA region. The significant achievements in education have not been translated into economic participation of women comparable to other regions of the world. This is a considerable burden for the potential of the region. Unlocking the women's capacities to contribute to political and economic life is therefore a key priority for the MENA-OECD Initiative.
- **Youth** represents one of the biggest assets in the MENA region. At the same time offering decent jobs and a bright future is a considerable policy challenge. Better policies are needed to improve their livelihoods, foster their participation in the policy-making process, and ensure that economic opportunities and employment are accessible for all.

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<sup>2</sup> Algeria, Austria, Bahrain, Belgium, Canada, Czech Republic, Denmark, Egypt, France, Germany, Hungary, Iraq, Ireland, Italy, Japan, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Netherlands, Palestinian Authority, Poland, Portugal, Saudi Arabia, Slovenia, Spain, Sweden, Switzerland, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States of America, Yemen, and the European Union.

- Open, inclusive, innovative and resilient public sectors are crucial to create **public value** and deliver inclusive growth policies that benefit all segments of society. Effective and accountable government institutions and processes, as well as **integrity, transparency** and effective **anti-corruption** policies are critical to increase the quality and accessibility of **public services** which is fundamental to achieve opportunities for citizens and business, thus reaching prosperity for all and building trust in government.
- The reform agenda should include a **territorial dimension** to ensure that economic and institutional development reaches all regions and local communities. Effective decentralization can increase social and economic inclusion and good governance. Territorial policies are needed to reduce regional economic disparities and promote local development, which in turns is a key driver of national competitiveness. Increasing local, regional and global integration will require improving inter-connectivity, investing in infrastructure, and reducing barriers across the regions.
- The **private sector** is underdeveloped in the MENA region, and has not reached all its potential. The private sector can be a powerful factor of stabilisation and development and its role needs to be enhanced in the MENA region to provide jobs, foster economic diversification, address the urgent needs of infrastructure development and achieve more resilient, inclusive, green and sustainable economies.
- Ongoing conflicts in Syria, Iraq, Libya and Yemen among others are not only harming the local population but also have a negative impact across the region, and require adequate policy responses on a multilateral basis. The **refugee crisis** emphasised the links between OECD and MENA economies even further and hence calls for a co-ordinated response. Insecurity and **fragility** call for a strong economic and social agenda that provides access to jobs and public services, building blocks for stability.
- Affirming the importance of close **collaboration** with other international and regional organisations and financial institutions, as well as strong donors' coordination to address daunting needs, including reconstruction of conflict-affected states, and scarcity of resources.
- Appreciating the vision set out in the proposed OECD Action Plan on Sustainable Development Goals, and the role that the OECD can play in providing high quality and coherent public policy advice grounded in evidence; we encourage the MENA-OECD Initiative to support the implementation of the Sustainable Development Goals in the region.

**DECLARE** that:

- The MENA-OECD Initiative on Governance and Competitiveness for Development is a valued vehicle for advancing a reform agenda in the region building on international standards and best practices.
- The achievements of more than 10 years of deep co-operation allow to set up an ambitious programme of work, to which the MENA countries will adhere and contribute to shape, to meet the higher quality standards in policy making in view of promoting inclusive growth and economic integration.

**COMMIT** to pursue and strengthen the MENA-OECD Initiative:

- Reaffirming the principles of the Initiative based on partnership, ownership, joint chairmanship, peer learning, demand-driven consultative and participatory processes, and reciprocal commitment.
- Mandating the Steering Group and the Advisory Board of the Initiative to provide strategic guidance and evaluate the progress of the Initiative to reach its objectives.
- Reaffirming the importance of competitiveness and public governance as key levers for socio-economic development in the region, welcoming the achievements of both pillars of the Initiative and call for their co-ordinated and coherent continuation during the new mandate.
- Welcoming in particular the Deauville Compact on Economic Governance, agreed under the G7/Deauville Presidency of Germany, providing a framework for key policy objectives to promote good governance and sound business climate.
- Underlining the importance of promoting closer intraregional cooperation.
- Underlining the importance and reaffirming the continuous support of the MENA Transition Fund of the G7 Deauville Partnership, in particular with regard to its regional projects promoting inclusive economic governance, competitiveness and integration.
- Acknowledging the Action Plan for Financial Inclusion adopted at the G7 Deauville Partnership Conference on Responsible Financial Inclusion for Social Inclusion and Stability
- Underlining the need to foster alliances between state, private sector and civil society actors in order to promote economic governance and competitiveness leading to job creation.
- Underlining the importance of enhanced dialogue and continuous exchange with Civil Society in MENA countries.
- Recognising the importance of the participation of civil society and private sector in the MENA-OECD dialogue, welcoming the contribution of the MENA-OECD Civil Society Advisory Board and the MENA-OECD Business Advisory Board to the implementation of the programme of work.
- Recognising the relevance of OECD instruments to provide guidance and inspiration to governments across the world, inviting the MENA countries to adhere to those that correspond to their priorities and areas of work, and welcoming the significant increase of adherences.
- Underlining the importance of the link between the MENA-OECD working groups and networks and the OECD committees and welcoming the participation of several MENA countries in these committees as invitees, participants and associates.
- Welcoming the participation of MENA countries in other OECD initiatives such as the Programme for International Student Assessment (PISA) and Base erosion and profit shifting (BEPS), ensuring common strategic vision, and inviting the OECD Secretariat to inform the Steering Group of the MENA-OECD Initiative about the progress of these programmes and their contribution to the competitiveness and governance agendas.
- Welcoming the Country Programme of Morocco and inviting Morocco to share its experience with other countries through the MENA-OECD Initiative.
- Calling on all OECD and MENA countries to contribute to the effective implementation of the Paris Agreement on Climate Change, and welcoming the holding of the upcoming United Nations Framework Convention on Climate Change (COP 22) in Marrakech in November 2016.

- Encouraging the OECD to work with regional and international partners to strengthen economic resilience and stability in the MENA region and to assist MENA countries, notably Jordan and Lebanon, in devising public policies to deal with the recent unprecedented refugee crises and in building resilient institutions through sustained reform.

## ANNEXES: ORIENTATIONS FOR THE IMPLEMENTATION OF THE MENA-OECD INITIATIVE

### Annex 1: MENA-OECD Competitiveness Programme

We recognise the need for an holistic approach to competitiveness, promoting economic integration at the regional and global levels, diversification through SME development and FDI growth, participation into global and regional value chains, trade and investment openness and facilitation, better connection between the local economic structure and global economy, effective economic empowerment of women and youth, and levelling the playing field through corporate governance and business integrity.

**We mandate** the MENA-OECD Competitiveness Programme to pursue the process of policy dialogue through its well established structure of working groups and networks, introducing some adjustments to ensure the achievement of the strategic objectives of the Initiative:

- The Working Group on Investment will be transformed into the Working Group on **Investment and Trade**. The aim is to foster the policy dialogue around the trade and investment nexus to enhance policy coherence and harmonisation, and expand relevant OECD tools to MENA countries to support policy evaluation and orientations, including the OECD Policy Framework for Investment, the Benchmark Definition of FDI and the Trade in Value-Added (TiVA) initiative.
- The Working Group on Small and Medium Enterprises (SMEs) and Entrepreneurship and the Working Group on Corporate Governance will maintain their structure while adapting their scope and objectives to the priorities. In particular, the role of **SMEs** in inclusion, diversification and job creation for women and youth should be emphasised, the SME Policy Index recommendations should be implemented, regularly updated, monitored and extended to Gulf Cooperation Council (GCC) countries. The role of **corporate governance** to boost competitiveness, attract capital, develop the private sector and promote investment should also be acknowledged responding to the calls of stakeholders and citizens for equal opportunities and fight against corruption and cronyism and building on the G20/OECD Principles on Corporate Governance and the OECD Guidelines on Corporate Governance of State-owned Enterprises.
- A new Platform on Public Private Dialogue, entitled the **MENA-OECD Business Advisory Board**, will inform and advise the activities of the Working Groups. The aim is to build effective and transparent “reform coalitions” which can contribute to building capacity, strengthening the advocacy role of private sector organisations. To facilitate a greater consensus on long-term national development strategies and create shared ownership of policy reforms at all stages of the policy cycle, the Programme will promote a more systematic and structured dialogue with **trade unions**, including MENA country labour unions, the Arab Trade Unions Confederation and the Trade Union Advisory Committee to the OECD (TUAC).
- The MENA-OECD Business Advisory Board will provide support and contribute to networks of the Programme. The **MENA-OECD Business Integrity Network** should continue working as a regional platform to promote policy dialogue in support of a stronger, cleaner and fairer business climate, seeking to support the wider exchange of experiences, best practices and solutions available to combat bribery and corruption and build up compliance approaches for business, primarily with and through the business community.
- Building on the **OECD-MENA Women’s Business Forum**, women’s participation in the Business Advisory Board will enhance understanding of their policy considerations and needs. Also, in view of further supporting policy reforms to unlock economic opportunities

for women in the region as well as expand data collection, the new **Women's Economic Empowerment Forum** will bring together an enlarged constituency including representatives of various government agencies.

- A new **Task Force on Economic Resilience** in Fragile Situations will address in an effective and systematic manner critical issues linked to the impact of ongoing conflicts in the MENA region. In particular, it will address the development of policies that can better support private sector development. The tangible results of the OECD Iraq project on improving the investment climate in a context of fragility and the on-going project on SME development in Libya are paving the road for consistent actions.
- The new **EU-OECD Programme on Promoting Investment in the Mediterranean**, launched during the Ministerial Conference, will support investment reforms to attract quality investment for job creation, territorial development, economic diversification and stability. Country-specific projects, including the ones funded by the MENA Transition Fund, will continue and benefit from the Programme's policy dialogue and work methods.
- The **OECD work methods, tools and standards** guide and support the activities of the MENA-OECD Competitiveness Programme, in particular peer learning and exchange of good practices and internationally recognised legal and statistical instruments, as well as capacity building for implementing reforms and monitoring their results.

## Annex 2: MENA-OECD Governance Programme

We recognise the need for a holistic approach to strengthening public governance frameworks that are capable of creating public value and delivering inclusive growth, build trust in government and deliver quality public services to all segments of society. Over the last ten years, the Programme has achieved impact by promoting open, inclusive and transparent government with a focus on increasing the participation of citizens and businesses, women and youth in public life, promoting an efficient and accountable machinery of government by fostering whole of government approach that aligns vision, incentives and delivery mechanisms across the policy-making cycle, strengthening coordination and delivery capacity across the different levels of government in the context of decentralisation reform in some MENA economies and fostering public sector integrity and fighting corruption and reinforcing the rule of law. We resolve to strengthen leadership of the Centres of Government, upgrading public financial management, public sector innovation, modernise the governance of digitalisation, water, infrastructure, regulation and public procurement systems, internal control and risk-management at both local and central level and provide support to ongoing local governance and decentralisation reforms.

**We mandate** the MENA-OECD Governance Programme to deepen policy dialogue and provide strategic advice and implementation support through its well established structure of regional working groups and networks as well as country-specific projects. The following innovations are suggested to ensure that the Programme's support will achieve sustainable impact in line with the demand of MENA economies:

- A **Youth Initiative** (Youth Day) will be launched to highlight and share good practices of joint-up approaches by public officials and youth to address the priority challenges faced by the young generation.
- The Programme will **reinforce its cooperation with GCC countries** and continue to strengthen its partnership with the UAE in the framework of the UAE Government Summit.
- The Working Group IV on Public Service Delivery, Public Private Partnerships and Regulatory Reform will be transformed into the **Working Group on Regulatory Reform and the Rule of Law** to reflect the importance of a holistic approach to strengthening the rule of law including legislative frameworks and institutions. The **Regional Charter for Regulatory Quality**, endorsed during the Ministerial Conference of the MENA-OECD Initiative on 23 November 2009 in Marrakesh, has been updated and endorsed to account for the latest innovations in improving regulatory governance.
- The Programme will develop approaches to support MENA economies in building governance frameworks at national and regional level that can operate in a **fragile and/or conflict-affected state context** and address the current **refugee crisis**.
- The Programme will promote a comprehensive strategy for MENA economies to build public sector integrity with a whole-of-government and whole-of-society approach, including **coherent and comprehensive integrity systems and culture of integrity** as well as an **effective accountability mechanism** through public participation in the policy-making process, internal control and regulatory oversight.
- The critical role played by **independent institutions and parliaments** to provide access to information, increase transparency and accountability as part of MENA economies' national open government agendas will be acknowledged by including them and media more systematically in the regional dialogue and country-specific activities;

With a view to the tools and methods deployed by the Programme, we welcome:

- The increasing engagement of MENA economies in the Public Governance Committee (PGC), Regulatory Policy Committee (RPC) and Regional Policy Development Committee (RDPC) which has resulted in regular reporting exercises on the part of MENA economies and the participation of OECD peers in analytical reviews and the design and implementation of MENA economies' reform agendas.
- The impact OECD tools and methods have generated in collecting evidence and providing strategic policy advice and implementation support and invite the OECD to continue producing regional comparative reports, including the MENA-OECD Civil Society Advisory Board and providing training through the MENA-OECD Governance Programme Training Centre of Caserta.<sup>3</sup>
- The Programme's efforts to "go national" to enhance the usefulness and relevance of OECD recommendations in support of policy design and implementation at the national level, and grounding the exchange of good practices in the regional policy dialogue of various networks of the MENA-OECD Governance Programme and the related OECD Committees.

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<sup>3</sup> Operated by Italy's National School of Administration.