



The MENA-OECD Competitiveness Programme



THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

The OECD is a unique forum where the governments of 35 democracies work together to address the economic, social and environmental challenges of globalisation. The OECD is at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as inclusive growth, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.





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The MENA-OECD Competitiveness Programme

The MENA-OECD Competitiveness Programme is a strategic partnership between Middle East and North African (MENA) and OECD economies to share knowledge, expertise and good practices. It aims to contribute to the development of inclusive, sustainable and competitive economies across the region. The Programme fosters co-ordination between the different stakeholders committed to improving the living standards of MENA citizens: national and local governments, international and regional organisations, civil society and private sector representatives.

The MENA-OECD Competitiveness Programme

The Programme supports reforms to mobilise investment, private sector development and entrepreneurship as driving forces for inclusive growth and employment in the MENA region, building also on the need to mainstream the region's increasingly well trained youth and women.

Launched in 2005 at the request of the MENA governments, the Programme addresses regional and national challenges through innovative policy dialogue, peer learning and capacity building. It has grown to become a dynamic initiative that continuously adapts its focus to the changing realities of the region.

The economic and political transformations affecting MENA countries have highlighted the need to take a holistic, inclusive and co-ordinated approach to addressing the region's challenges. As highlighted in the **2016 Tunis Ministerial Declaration**, validating its fourth mandate for 2016-20, the MENA-OECD Competitiveness Programme helps generate concrete and sustainable results for a more prosperous MENA region by building consensus, acting as a link between key stakeholders and providing working-level technical assistance. For its fourth mandate (2016-20), a key focus of the Programme is supporting MENA economies in achieving the Sustainable Development Goals (SDGs) by contributing to the development of a global partnership for sustainable development (SDG 17), supporting gender equality (SDG 5), advancing industry, innovation and

infrastructure (SDG 9) and promoting peaceful and inclusive societies (SDG 16).

The Programme covers Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates and Yemen.

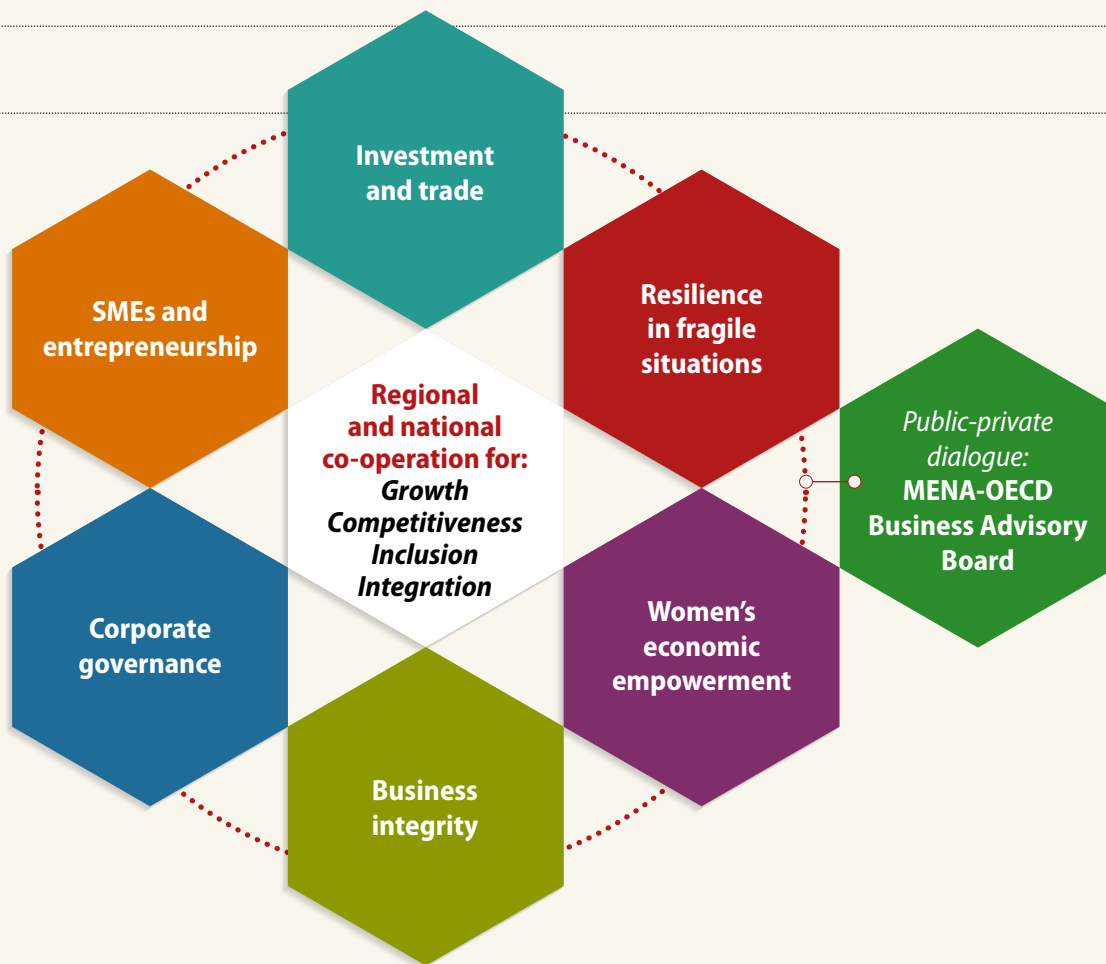
To compete in the global economy, MENA economies need to raise their productivity and accelerate economic diversification. Boosting investment and trade, and fostering a non-constrained and vibrant private sector are priorities. Creating more and better jobs, including for youth and women, will contribute to building the foundations of an inclusive and stable future for all.



Focus areas

Co-chairs:
Tunisia and Turkey

Governance:
**Ministerial Conferences,
Steering Groups and
Advisory Boards**





The MENA region: did you know?

- **With one of the youngest populations in the world, the MENA region can unleash a strong growth potential** by increasing economic opportunities for its youth and reducing youth unemployment, currently the highest in the world at 29%.
- **Informality is estimated to be over 33% of the region's GDP.** Helping informal firms to formalise their business could significantly increase public revenues in the region.
- **Between 8% and 10% of the world's naval trade passes through the Suez Canal.** Located in the centre of the main trade routes of the world, the region can use this potential to boost its development and integration in Global Value Chains. The region has the capacity to increase its participation in international trade from its current level (0.35% of the world's trade) to a level in line with its economic weight (3.7% of the world's GDP).



Between 8% and 10% of the world's naval trade passes through the Suez Canal.

The MENA region: did you know?

- **Over 32% of the world's oil production comes from the MENA region.** To guarantee its future prosperity, countries in the region are investing part of these valuable resources in efforts to diversify their economies and to adopt green and sustainable energies.
- **Enrolment in tertiary education has seen impressive progress with over a 190% increase in the number of university students since 2000.** The region's young and well-educated population is a solid base for future and strong economic development.
- **Less than one enterprise per 1,000 working age people is created every year, compared to around five in OECD countries.** Yet MENA citizens consider entrepreneurship to be a good career choice, and their entrepreneurial intentions are ranked among the highest in the world, with Egypt ranked first. This is why SME and entrepreneurship policies are playing an increasingly central role in the competitiveness and development agendas of MENA countries.
- **Labour market participation of women in MENA is the lowest in the world at only 22%** compared to 52% in OECD countries. If labour market participation of women would equalise with that of men, the region's GDP could increase by more than 10% over the next decade.
- **Lebanon and Jordan are the first and second largest refugee-hosting countries in the world compared to their size and population.** With almost two million new refugees officially hosted, these countries devote considerable resources to provide a safe settlement for those escaping the destruction of war.
- **The MENA region enjoys comparative advantages in certain sectors such as tourism.** It welcomes over 70 million tourists a year, but by innovating the travel market, this number could grow to over 195 million by 2030.





Car manufacture
accounts for 13%
of Morocco's
exports

- **MENA's productive model is becoming more diversified, integrated and technology-intensive.** For example, Morocco's main export is now manufactured cars (13% of its total exports). This represents a turnover for the country of EUR 6.5 billion and authorities aim at reaching EUR 10 billion on car exports by 2020.

Over 32% of the world's oil
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190% increase
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Labour market
participation of women in
MENA is 22%, the lowest in
the world



Regional policy dialogue



Women's economic empowerment



Empowering women increases productivity and reduces poverty, helping to create more resilient and inclusive societies.

OBJECTIVES

- Support the establishment of non-discriminatory legal and institutional frameworks to increase women's economic empowerment in line with the Sustainable Development Goals.
- Align MENA's policies with international standards and best practices regarding women's rights and support measures.
- Raise awareness of the gender dimension of policy reforms, including by mainstreaming gender sensitive considerations in all policy areas of the Competitiveness Programme.
- Further link workstreams on women's economic and political empowerment through enhanced collaboration with the MENA-OECD Governance Programme.

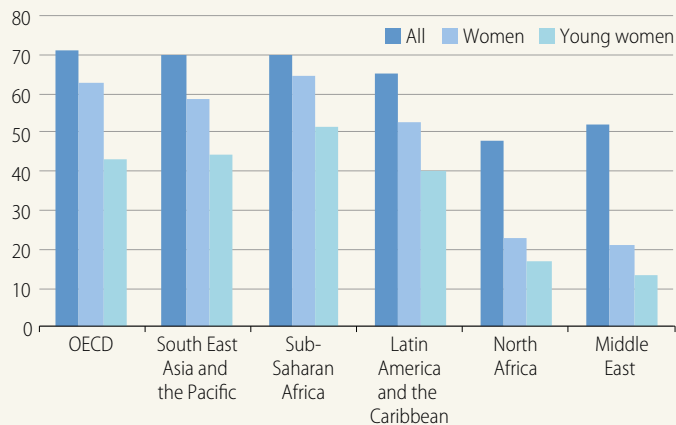
ACHIEVEMENTS

- The MENA-OECD Women's Economic Empowerment Forum (WEEF) has received strong political endorsement at ministerial level to implement its mandate.
- The OECD report *Women's Economic Empowerment in Selected MENA Countries: The Impact of Legal Frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia* (2017) documents important impediments

to women's empowerment stemming from legal discrimination. Some of its recommendations based on regional good practices and reforms have already been implemented by countries.

- Creation of an online **MENA-OECD Directory of Initiatives Supporting Women's Economic Empowerment** to provide information on institutions that support women's employment and entrepreneurship.

Women's labour force participation rates are low in the MENA region
Labour force participation, % of active population, 2015 or latest available year



Source: ILOSTAT Key Indicators of the Labour Market

ACTIVITIES

● **Regional dialogue: MENA-OECD Women's Economic Empowerment Forum (WEEF)** (co-chaired by Egypt and Sweden)

– Building on the vast experience of the MENA Initiative in promoting women's entrepreneurship, the WEEF widens the scope of work to encompass new policy areas, such as employment and informality. It includes a broadened audience from governments and links women's economic and political empowerment.

– The WEEF enhances collaboration with international organisations actively supporting gender equality, including the Union for the Mediterranean, UN Women, the League of Arab States and the Center of Arab Women for Training and Research (CAWTAR).

– The WEEF contributes to evidence-based policy making by developing an ambitious research agenda.

● **National activities:**

– Key findings and policy recommendations of the OECD publication **Women's Economic Empowerment in Selected MENA Countries** are being discussed during national consultations among representatives from government, business and civil society with a view to identifying areas for further policy reform.

www.oecd.org/mena/competitiveness/women-empowerment.htm



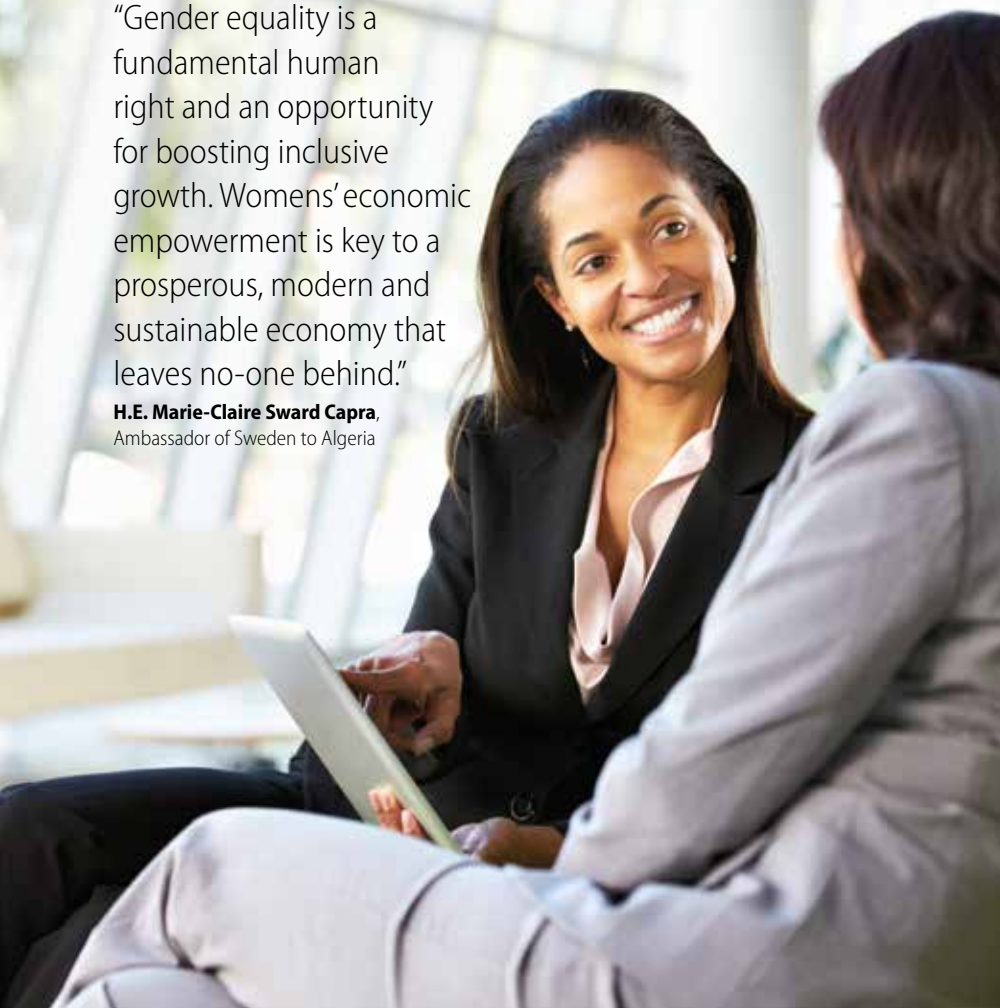
WEEF Co-chairs **H.E. Marie-Claire Swärd Capra**, **H.E. Dr Sahar Nasr** and **Ms Gabriela Ramos** at the launch of the WEEF in Cairo in October 2017.



SCAN TO READ
THE REPORTS

“Gender equality is a fundamental human right and an opportunity for boosting inclusive growth. Womens’ economic empowerment is key to a prosperous, modern and sustainable economy that leaves no-one behind.”

H.E. Marie-Claire Sward Capra,
Ambassador of Sweden to Algeria



KEY FACTS

- In half of the MENA countries, women outnumber men in tertiary education, and more women graduate in science, technology, engineering and mathematics than in many OECD countries.
- Only 5% of MENA firms have a female top manager as compared to a global average of 19%.
- The MENA region faces both the highest overall unemployment levels and the widest gender gap worldwide. Women’s unemployment stands at 19% compared to an average of 6% in OECD countries.
- The review of family laws to further empower women is at the core of current debates in MENA countries.

Related SDG Goals





Investment and trade



Boosting investment and trade is crucial for increasing economic growth and job creation in the region.

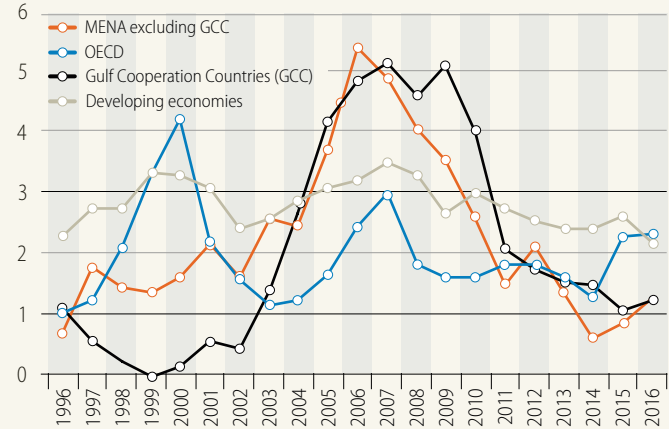
OBJECTIVE

- Encourage sound investment and trade policies.
- Facilitate trade, investment and integration into regional and global value chains.
- Promote quality investment and an open, transparent and predictable environment for investors.
- Build capacity to use OECD tools and develop trade and investment statistics to better orient policies.

ACHIEVEMENTS

- Adherence of Egypt, Jordan, Morocco and Tunisia to the **OECD Declaration on International Investment and Multinational Enterprises** and participation in the **OECD Investment Committee**.
- Integration of MENA countries into OECD statistical databases and benchmarking tools.
- National legal and institutional reforms supported and monitored through advice on investment law revision and implementation.
- Peer learning on institutional reforms of investment promotion agencies.

FDI inflows to the MENA region dropped by 50% between 2008 and 2014 but increased in 2016 (% of GDP)



Source: UNCTAD latest data and OECD staff calculations.

- Improved regional co-ordination by providing a platform for regular policy dialogue on reforms with peers and the private sector.
- Enhanced co-operation with regional organisations (Union for the Mediterranean, Agadir Technical Unit, Arab League) and multilateral initiatives (G20, Deauville Partnership) on investment and trade issues.

ACTIVITIES

- **Regional dialogue: Working Group on Investment and Trade** (co-chaired by Japan and Jordan).
 - Facilitates dialogue among policy makers on trade and investment interconnections and discusses ways to maximise benefits for MENA economies.
 - Reviews statistical trends and reforms, develops policy coherence, works to improve co-operation and facilitation, helps develop regional and global value chain integration, and promotes quality and responsible investment.
- **OECD-EU Regional Programme on Promoting Investment in the Mediterranean** (2016-20, covering nine MENA economies)
 - **Objective:** To support governments in attracting quality investment for job creation, local development, economic diversification and stability.
 - **Approach:** Assessment and monitoring, peer learning, policy dialogue, capacity building and public-private dialogue.
 - **Issues covered** (demand-driven approach): legal and institutional investment reforms, investment restrictions, incentives, agreements and disputes, regional attractiveness, business linkages, responsible business conduct, statistics and monitoring.

- **Country-specific projects: Supporting reforms to improve the investment climate.**

- Project on improving the investment climate in **Iraq** (2013-16)
- MENA Transition Fund Project on Competitiveness and Investment in **Jordan** (2014-17)
- MENA Transition Fund Project on Enhancing the Investment Climate in **Egypt** (2015-19).

www.oecd.org/mena/competitiveness/investment-and-trade.htm

KEY FACTS

- In recent years, many MENA countries have undertaken sweeping legislative and institutional reforms to better promote investment and exports and facilitate trade and investment liberalisation.
- Inter-regional trade represents only 10% of total trade in MENA compared to 65% in the EU or 25% among ASEAN countries.
- Foreign Direct Investment (FDI) inflows decreased by 50% between 2008 and 2015, albeit with significant differences across countries.

Related SDG Goals





SMEs and entrepreneurship



More effective SME policies lead to more and better jobs, higher productivity, and greater innovation by introducing new ideas, products, services and business models.

OBJECTIVES

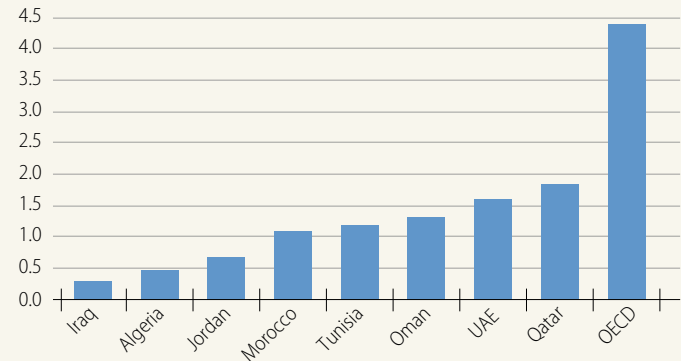
- Identify and support reforms for more effective SME policies.
- Contribute to improving business environments for SMEs and entrepreneurs.
- Facilitate the exchange of experience in key SME areas such as access to finance, access to public procurement and business development services.
- Make entrepreneurship an important tool for inclusive growth in the MENA region.
- Provide targeted policy responses to the large variety of SMEs in the region (family owned, informal, micro enterprises, mid-size enterprises) to promote growth and decent jobs.

ACHIEVEMENTS

- Helped MENA partners to identify key actions to improve SME policies through the various editions of the SME Policy Index (2008, 2014 and 2018).
- Helped Libya develop SME policies for jobs and reconstruction in a very challenging environment.

Rates of firm creation in the MENA region lag behind global averages

New businesses per 1,000 working-age people 2002-14



Source: World Bank (2015), Entrepreneurship Survey

- Brought together government, private sector and other actors to improve SME policy effectiveness in Jordan through greater collaboration and dialogue.
- Shared international good practices on SME and competitiveness policies with over 400 government and private sector representatives from the region through twelve workshops organised with the IMF since 2012.
- Continued supporting multilateral efforts such as the Deauville Partnership for Arab Countries in Transition and the Union for the Mediterranean.



KEY FACTS

- SMEs represent the vast majority of private firms in the MENA region (between 95-99%), yet they account for lower shares of total private employment (about 30%) compared to OECD (around 50%) and emerging countries (66%).
- The main hurdles for SMEs, according to the Enterprise Surveys of the World Bank, are political instability (top obstacle in Lebanon, Tunisia, Egypt, Palestinian Authority and Yemen), corruption (top concern in Morocco), access to finance (top barrier in Jordan), and unreliable electricity (top hurdle in Djibouti).

Related SDG Goals



ACTIVITIES

- **Regional dialogue: Working Group on SME and Entrepreneurship Policy** (co-chaired by Tunisia and Italy)
 - Engages partners in regional dialogue and a peer review of issues regarding SME growth, development and entrepreneurship promotion.
- **Regional project: Training courses for SME practitioners**
 - Organises capacity-building workshops in partnership with the IMF Middle East Centre for Economics and Finance (CEF) to share and discuss instruments, methodologies and good practices on SME policies.
- **Country-specific projects:**
 - SME Development Strategy for **Libya**: prepares the ground for private sector development in a post-conflict situation by supporting the development and implementation of a SME Action Plan.
 - SME Policy effectiveness in **Jordan**: supports the implementation of the SME Strategy for 2016-20 by improving policy co-ordination, the collection of SME data and monitoring and evaluation of SME policies.

www.oecd.org/mena/competitiveness/smes-and-entrepreneurship.htm



SCAN TO READ THE REPORT



Corporate governance



Good corporate governance is an essential building block for countries to boost competitiveness, attract capital, develop the private sector and promote investment.

OBJECTIVES

- Increase the participation of women in corporate leadership in MENA countries.
- Promote a level playing field for private business and state-owned enterprises (SOEs).
- Fight against corruption and cronyism, creating an environment of trust, transparency and accountability.
- Expand relevant OECD tools to MENA countries to support policy evaluation and orientations.
- Promote capital market development for private sector growth.

ACHIEVEMENTS

- Dissemination of the latest available information on prevailing corporate standards and practices.
- Development of corporate governance guidelines, codes and regulations across the region based on the **G20/OECD Principles of Corporate Governance** and the **OECD Guidelines on Corporate Governance of State-Owned Enterprises**.

- Strengthened capacity of local institutions and regional organisations to drive change on the ground.

ACTIVITIES

- **Regional dialogue: Working Group on Corporate Governance** (co-chaired by the United Arab Emirates and Portugal)
 - Mobilises knowledge sharing of good practices globally.
 - Identifies priorities and builds institutional capacity to promote private enterprises as engines of inclusive and sustainable development.
 - Provides policy advice, underpinned by comparative and analytical work, with a view to support reforms at national and regional level.
 - Thematic priorities are:
 - promotion of capital market development for private sector growth
 - transparency and disclosure
 - gender balance in corporate leadership and board diversity
 - improvement of the corporate governance of SOEs.

- **Regional partnerships:** Strengthening the implementation of sound corporate governance frameworks in MENA.
 - The **MENA-OECD Working Group on Corporate Governance** also works with decision makers to establish policy frameworks for sound corporate governance in the region. To leverage reforms, the OECD engages closely with regional partners including the Hawkamah Institute for Corporate Governance, Arab Federation of Exchanges, Union of Arab Securities and Arab Monetary Fund.

www.oecd.org/mena/competitiveness/mena-corporate-governance.htm



MENA-OECD Working Group on Corporate Governance in Rabat, Morocco, December 2017.

KEY FACTS

- Total market capitalisation in MENA represents 1.77% of global market capitalisation, while its GDP represents 3.1% of global GDP. Currently, the region's market size does not reflect its potential.
- Corporate governance initiatives have enjoyed significant support from MENA governments in recent years. Today, almost every country in the MENA region has a corporate governance code.
- Firm ownership is highly concentrated in the region. Particularly, state-owned enterprises (SOEs) play a key role in the economy so that, if left unreformed, they will remain a burden to public finances and a source of endemic corruption.

Related SDG Goals





Business integrity



Integrity is central to the development of competitive and open economies in which growth and opportunities are sustainably and equitably distributed.

OBJECTIVES

- Raise awareness and enhance the understanding of public officials of the detrimental impact of corruption on the business climate and attracting foreign investment.
- Support the convergence of MENA regulatory frameworks and businesses with internationally recognised integrity norms, standards and best practices.
- Build a culture of responsibility and accountability among SOEs to prevent corruption.
- Provide an effective platform for peer learning, sharing tools and best practices, both of government actions and on voluntary corporate compliance.
- Support government actions to promote clean business, such as 1) defining standards and imposing sanctions through legislation, enforcement and prosecution, and 2) raising awareness and incentivising companies to comply.

ACHIEVEMENTS

- Launch of a multi-stakeholder regional dialogue on business integrity in co-operation with other international organisations.
- Establishment of a network of business representatives and associations to enhance integrity for business development in the MENA region.
- Training seminars and roundtables on strengthening integrity in the private sector (Morocco, Egypt).
- Increased public and the private sector awareness of the international community's recognition of country actions and developments in the fight against corruption.

ACTIVITIES

- **Regional dialogue: MENA-OECD Business Integrity Network**
 - Brings together representatives from the private sector with public officials to exchange experiences, best practices and solutions to combat bribery and corruption, foster integrity and level the playing field for businesses.
 - Raises awareness of international co-operation for law enforcement by inviting representatives from the MENA region to the **OECD Global Network of Law Enforcement Practitioners against Transactional Bribery**.

– Ensures that public and private sector representatives from the region participate in the annual **OECD Anti-Corruption and Integrity Forum**, a unique international platform for policy dialogue on ways to fight corruption and enhance integrity.

● **Regional training: Strengthening Integrity in the public and private sector**

– Organises capacity-building workshops in partnership with the **IMF Middle East Centre for Economics and Finance (CEF)** in Kuwait to share and discuss instruments, methodologies and good practices in support of business integrity.

● **Country-specific project: Enhancing business integrity in Morocco**

– Assists the government, business partners and civil society in Morocco to enable change by promoting business integrity in selected sectors, building policy and institutional frameworks for promoting integrity, introducing anti-corruption measures in procurement, and facilitating business-led collective action against corruption.

www.oecd.org/mena/competitiveness/business-integrity.htm



KEY FACTS

- Several countries of the region have recently adopted broad anticorruption strategies and laws to fight corruption. Yet, corruption ranks among the top three most significant constraints faced by companies in the region.
- MENA economies have not made much progress in fighting corruption according to Transparency International. In the 2016 Corruption Perceptions Index, Arab countries registered a sharp drop, and four of the 10 lowest-ranked countries were from the MENA region.

Related SDG Goals





Economic resilience in fragile situations



Conflict and socio-political frictions can lead to enormous human, social and economic costs and create negative regional and international effects that disturb stability and economic activity.

OBJECTIVES

- Raise awareness about how conflict and fragility are closely related to economic performance.
- Deliver detailed analyses of how fragility can create a vicious macroeconomic cycle by stifling foreign direct investment, trade and economic growth, thereby weakening an already volatile context and generating even greater fragility.
- Provide insights into the multiple ways that fragility negatively impacts livelihoods, ranging from unemployment to displacement and beyond.
- Support affected countries in addressing pressing challenges and preparing the ground for economic recovery.
- Promote policy dialogue at the national and international level, and contribute to co-ordination among key stakeholders.
- Promote sound legal investment frameworks and promotion tools adapted to fragile contexts to mitigate risks and attract the private sector.

ACHIEVEMENTS

- Launch of the **Economic Resilience Task Force** in July 2017 in Beirut.
- Increased co-operation with the United Nations, notably with UNDP, UNESCWA and ILO.
- Enriched policy debates in the midst of the refugee crisis in the Middle East through the contribution of proposed structural policies and economic reforms to build resilience and find sustainable policy solutions.
- Stocktaking of SME and entrepreneurship measures and their role in mitigating the impact of the Syria refugee crisis in neighbouring countries, and background analysis on FDI trends and policies in fragile and conflict-affected economies.



SCAN TO READ
THE REPORT

ACTIVITIES

● Regional dialogue:

- The **Economic Resilience Task Force** (co-chaired by Lebanon, Germany and the Islamic Development Bank) aligns the work of the MENA-OECD Competitiveness Programme to the needs of countries most affected by conflict and fragility in the region.

● Country-specific projects:

- **Iraq**: Support for economic policy issues including investment policies and promotion, infrastructure development and public procurement.
- **Libya**: Support for the development and implementation of policies and actions to enhance SMEs and entrepreneurship.
- **Jordan**: Support for the implementation of the Jordan Compact and for investment and SMEs policies.
- **Palestinian Authority**: Support for investment and SMEs policies. Discussion on a Resilience System Analysis in co-operation with UNDP.

www.oecd.org/mena/competitiveness/resilience-fragile-situations.htm



KEY FACTS

- MENA countries that have been in conflict for the past five years have lost an average of 2.25% of GDP per year.
- The direct effects of war account for a 14% drop in per capita GDP in Syria and 16% in Iraq. Libya's GDP is estimated to have declined by 10% in 2015 and per capita income has been cut by a third. In Yemen, the number of poor people increased by 80% after the war.

Related SDG Goals



Private sector mobilisation and social dialogue



Partnering with the private sector and civil society in a structured, systematic and transparent way is key to supporting reform efforts aimed at improving the business environment and fostering job creation and development.

OBJECTIVES

- Mobilise the **MENA-OECD Business Advisory Board (BAB)** to strengthen the Programme's relations with labour and private sector organisations and facilitate their contribution to policy dialogue.
- Strengthen the capacity of business and industry associations to develop their policy-advocacy role in order to point out relevant issues and voice their messages in a coherent and structured way.
- Build institutional frameworks that ensure the participation and contribution of the private sector and other stakeholders in decision-making processes in order to achieve better policy outcomes.
- Address the specific needs of female entrepreneurs and support the role of women in business activities.

ACTIVITIES

- Creation of the **MENA-OECD Business Advisory Board (BAB)**, a unique platform for private sector policy dialogue and exchange throughout the MENA region.
- Organisation of high-profile meetings between business and governments.
- Integration of private sector concerns in each working group of the MENA-OECD Competitiveness Programme.
- Capacity building to improve the policy advocacy role of private sector organisations, also through high-level advice from leading businesses representation, such as the **OECD Business and Industry Advisory Council (BIAC)**.
- Mapping exercise to identify strategic private sector organisations in the region to foster networking opportunities.
- Assessment of the status of private sector representation and public-private dialogue (PPD) mechanisms in the MENA region.
- Analysis to better understand the current status of private sector representation and PPD mechanisms in the region.

COLLABORATING WITH UNIONS AND FOSTERING SOCIAL DIALOGUE

The Programme promotes a systematic and structured dialogue with trade unions through the Arab Trade Unions Confederation and the **Trade Union Advisory Committee** to the OECD (TUAC). TUAC is involved in all relevant activities of the Programme and is regularly consulted in the development of the Programme's analytical work.

www.oecd.org/mena/competitiveness/private-public-dialogue.htm



KEY FACTS

- There is a varying level of organisation of the private sector in MENA economies, but it remains fractured in most countries.
- MENA struggles to effectively promote entrepreneurship: less than one enterprise per 1000 working age people is created every year, compared to around five in OECD countries.
- For the private sector in the MENA region, political instability, corruption and infrastructure availability represent the most important challenges. Finding adequate policy responses to these issues requires fine-grained co-ordination and dialogue between the private and the public sectors.

Related SDG Goals

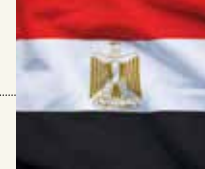


3 Country-specific activities

In addition to its activities at the regional level which draw upon multilateral networks, the MENA-OECD Competitiveness Programme also leads country-specific projects. These projects are based both on national demand and donor support. The MENA Transition Fund projects under the Deauville Partnership are an integral part of the Programme. Although the Programme is currently most active in Egypt, Jordan, Morocco, Tunisia, Libya and Iraq, all MENA countries are invited to benefit from OECD support.

EGYPT

KEY AREAS OF CO-OPERATION



WOMEN'S ECONOMIC EMPOWERMENT

The OECD publication *Women's Economic Empowerment in Selected MENA Countries: The Impact of Legal Frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia* (2017) shows that even though Egypt has made advancements on gender equality and women's empowerment, there are still opportunities for improvement. Egypt took a pro-active approach when it declared 2017 the Year of Egyptian Women and launched the 2030 National Woman's Strategy. Also, as co-chair of the MENA-OECD Women's Economic Empowerment Forum, Egypt has been actively pushing for change. The OECD will continue its dialogue with Egypt on how to best join forces to stimulate policy and legislative change.

INVESTMENT POLICIES

FDI flows to Egypt started to increase in 2016 after sharp decline. This trend occurred in parallel with a series of reforms, including two subsequent revisions of the Investment Law in 2015 and 2017. As an adherent to the **OECD Declaration on International Investment**, Egypt is currently undergoing a second OECD investment policy review under the **MENA Transition Fund Project on Enhancing the Investment Climate in Egypt**. The project, implemented jointly with the World Bank, seeks

to support Egypt in implementing comprehensive investment policy reforms, streamlining regulations and procedures for potential investors, and building the capacities of institutions in charge of investment policy, promotion and services. It also comprises capacity building on FDI statistics and investment disputes. Additionally, Egypt is one of the primary beneficiaries of the **EU-OECD Programme on Promoting Investment in the Mediterranean** and participates in all its regional activities, including support to establish a National Contact Point to implement **OECD Guidelines for Multinational Enterprises**.

SME AND ENTREPRENEURSHIP POLICIES

Egypt is undergoing important economic transformations, not least in the area of SME and entrepreneurship policy. Addressing policy overlaps between various actors and filling policy gaps are top in the agenda of the country. Egypt's participation in the current interim assessment of the **SME Policy Index** is proving to be important in designing a more strategic and comprehensive development agenda.



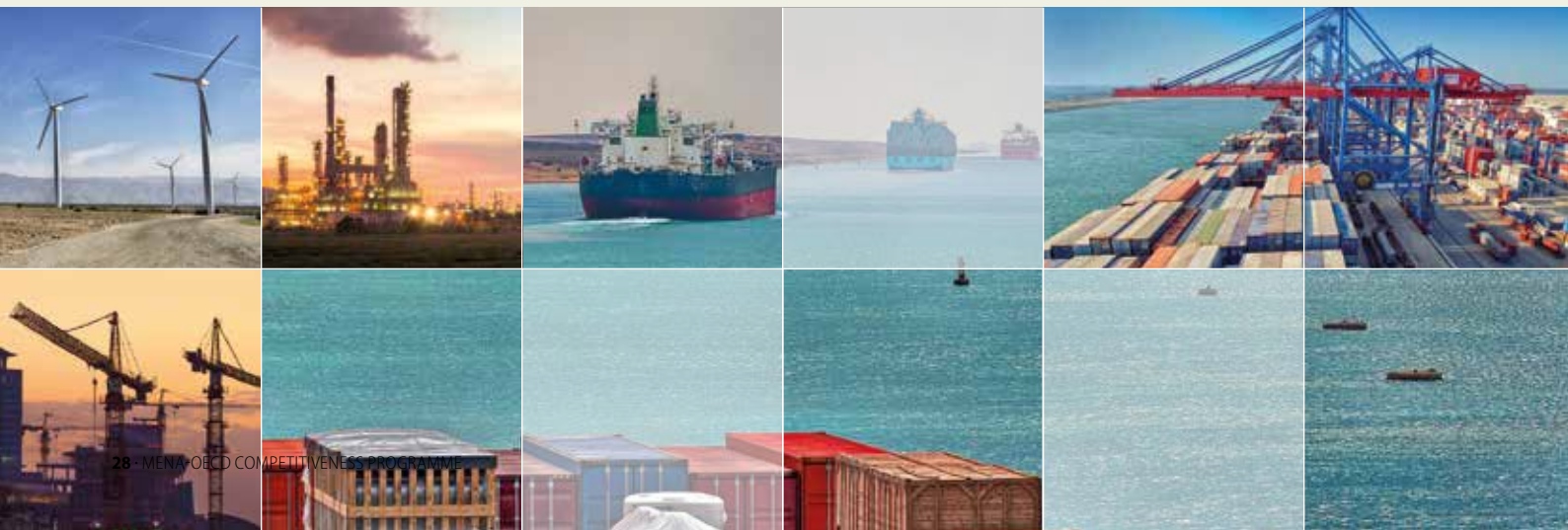


SCZONE PROJECT

SUPPORTING THE DEVELOPMENT OF THE SUEZ CANAL SPECIAL ECONOMIC ZONE

From January to November 2017, the OECD supported the Government of Egypt, with financial assistance from the European Union, by providing an operational diagnostic of the newly created Suez Canal Special Economic Zone (SCZone). Among the so-called “mega-development projects” launched in 2014/2015, the SCZone stands as the Egyptian Government’s latest effort to generate export-oriented activities and job creation in the areas adjacent to the newly-expanded Suez Canal. Under the co-ordination and lead of the MENA-OECD Competitiveness Programme, different OECD teams provided tailor-made policy advice in areas identified as critical for a dynamic and sustainable economic zone:

- regulatory policy and governance
- investment policy and promotion
- procurement, integrity and transparency
- infrastructure governance
- infrastructure financing
- connectivity and integration into the wider economy.



JORDAN

KEY AREAS OF CO-OPERATION



WOMEN'S ECONOMIC EMPOWERMENT

Jordan wishes to continue furthering women's economic empowerment, including through regulatory reform, and by addressing deeply rooted social considerations to remediate the persistently low labour force participation rates of women. The OECD **Women's Economic Empowerment in Selected MENA Countries: The Impact of Legal Frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia** (2017) highlights the need to address insufficient gender data as well as to introduce legal amendments. The OECD will support Jordan in this undertaking and secure its active participation in the **MENA-OECD Women's Economic Empowerment Forum** (WEEF).

INVESTMENT POLICIES

Challenged by a difficult regional context, Jordan is actively committed to improving the business and investment environment by turning "the Syrian refugee crisis into a development opportunity that attracts new investments" (2016 Jordan Compact). From 2014-17, Jordan worked with the OECD through The **MENA Transition Fund Jordan Competitiveness and Investment Project** to implement investment policy reforms and build capacities among investment policy stakeholders. Jordan remains an active partner of the OECD on investment issues as co-chair of the **MENA-**

OECD Working Group on Investment and Trade, adherent to the **OECD Declaration on International Investment** and primary beneficiary of the **EU-OECD Programme on Promoting Investment in the Mediterranean**. The country is also a key actor of the **MENA-OECD Economic Resilience Task Force**.

SME AND ENTREPRENEURSHIP POLICIES

Jordan is facing a challenging situation given the current context of instability in its neighbouring area. Disruptions to markets and trade routes, and the important pressure created by large refugee influxes call for strengthened policies, including those

related to private sector development. Jordan and the OECD are implementing a **MENA Transition Fund Project** to improve SME policy effectiveness. It consists of enhancing institutional co-ordination and public private dialogue, improving SME statistics, and better measuring policy impact through monitoring and evaluation. Jordan also takes part in the interim assessment of the **SME Policy Index** (the OECD-EU regional assessment of SME and entrepreneurship policies in the Mediterranean Middle East and North Africa). The results of this exercise will point to specific areas and policy options for improvement.





MENA TRANSITION FUND PROJECT

SME POLICY EFFECTIVENESS IN JORDAN

The project is implemented by the OECD and Jordan Enterprise Development Corporation (JEDCO) to improve the governance mechanisms of SME policy. It consists of three pillars:

- Improving co-ordination among the multiple actors supporting enterprise development, from high-level government officials to technical staff in public agencies and non-governmental business development service providers. This also comprises strengthening the communication between the private and public sectors.

- Strengthening the collection, analysis and dissemination of SME statistics for evidence-based policy making.
- Putting in place appropriate mechanisms to monitor and evaluate SME policy effectiveness to ensure that actions lead to results.

The project runs from 2016-19 and is framed by the National SME Strategy of Jordan.

MENA TRANSITION FUND PROJECT

JORDAN COMPETITIVENESS AND INVESTMENT

The **Jordan Competitiveness and Investment Project** (2014-17), jointly implemented by the OECD and the World Bank, helped the Jordanian government implement investment legal reforms, in particular the 2014 Investment Law, and build the capacities of institutions responsible for investment policy, promotion and services, in view of attracting higher quality domestic and foreign direct investment to generate growth and jobs. In co-operation with the Jordan Investment Commission (JIC), the OECD conducted a series of capacity-building workshops and delivered policy advice and recommendations on national and international investment legal frameworks, with a focus on investment protection, restrictions to FDI and international investment treaties.

An OECD report entitled ***Enhancing the Legal Framework for Sustainable Investment: Lessons from Jordan*** will be published to present the policy recommendations developed throughout the project for strengthening investment

rules and regulations, at national and international levels, and showcase the project's tangible outcomes for improving the investment climate.

Under the project, the OECD also conducted an assessment of the enabling conditions for investment in the renewable energy sector and published its recommendations in the OECD Report ***Clean Energy Investment Policy Review of Jordan*** (2016).



SCAN TO READ THE REPORT



MOROCCO

KEY AREAS OF CO-OPERATION



WOMEN'S ECONOMIC EMPOWERMENT

Morocco is committed to enhancing gender equality and women's empowerment. In line with the recommendations of the OECD publication **Women's Economic Empowerment in Selected MENA Countries: The Impact of Legal Frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia** (2017). Morocco agrees that further institutional, legislative and regulatory reforms are needed to ensure women's empowerment in all regions. Better understanding the interplay between the social context and the legal framework, especially at sub-national level, is essential. There is also a need to identify and collect best practices with the view of ensuring the transfer of knowledge and promoting women's agency in different regions, with a special focus on rural women. The OECD will continue supporting Morocco in its undertakings.

INVESTMENT POLICIES

Morocco has engaged in legal and institutional investment reforms by establishing a new Agency for the promotion of investment and exports and pursuing the on-going revision of the Investment Charter. Morocco has adhered to the **OECD Declaration on International Investment** and is actively promoting responsible business conduct following the OECD Guidelines on Multinational Enterprises. As a primary beneficiary of the **EU-OECD Programme on Promoting Investment in the Mediterranean**, Morocco is very engaged in all the regional activities organised since its inception in 2016.

SME AND ENTREPRENEURSHIP POLICIES

Morocco is a regional leader on SME and entrepreneurship policies, as shown in the different editions of the regional assessment of the SME Policy Index. The Kingdom continues to introduce important reforms such as the recent "auto-entrepreneur" status, which aims to foster entrepreneurship and innovation. The ongoing interim assessment of the **SME Policy Index** will help to identify these and other good practices to showcase at the regional and international level, and will identify areas where Morocco could step up efforts.





THE MOROCCO COUNTRY PROGRAMME

A SOLID PARTNERSHIP WITH THE OECD

For more than ten years, the OECD has maintained fruitful relations with the Kingdom of Morocco. The vital role played by Morocco as co-Chair of the **MENA-OECD Initiative for Governance and Investment** between 2009 and 2016, its adherence to a number of OECD instruments and its participation in various OECD bodies all testify to this close collaboration.

Morocco is one of the first countries, and the only country from the MENA region, to benefit from an OECD Country Programme. This specific programme of collaboration was signed in June 2015. It comprises 17 projects funded by Morocco and built around three strategic areas: competitiveness and economic growth, public governance and social inclusion. Through peer reviews (for example on foreign direct investment statistics, tourism clusters development or the performance of the education system), capacity-building activities and inclusion in the OECD's statistical tools (such as Revenue Statistics and Trade in Value Added), the Country Programme helped push competitiveness and inclusive growth forward in Morocco.



Abdel-Ilah Benkiran, former Head of Government of Morocco, and **Angel Gurría**, OECD Secretary-General, signed the launch of the Programme on 15 June 2015.

PROJECT

ENHANCING BUSINESS INTEGRITY IN MOROCCO

Fighting corruption is a key political priority and prerequisite for business development in Morocco. The government together with business associations have pledged their commitment to fighting corruption and implementing their obligations under the United Nations Convention against Corruption (UNCAC).

The project on enhancing business integrity in Morocco, funded by the Siemens Integrity Initiative (SII), supports Morocco's national anti-corruption strategy.

It aims to raise awareness of international principles and best practices in combating corruption with a view to encouraging legal amendments and the effective implementation of anti-corruption provisions. The project fosters public-private dialogue to facilitate business-led collective action against corruption in sectors key to enhancing the country's competitiveness.

TUNISIA

KEY AREAS OF CO-OPERATION



WOMEN'S ECONOMIC EMPOWERMENT

Tunisia is one of the most advanced countries in the region in the areas of gender equality and women's empowerment, as evidenced in the OECD publication ***Women's Economic Empowerment in Selected MENA Countries: The Impact of Legal Frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia*** (2017). In light notably of the publication's findings, Tunisia has introduced legislative amendments and is advancing in the modernisation of the Tunisian Personal Status Code and laws governing inheritance. The OECD will continue working with stakeholders to support reforms to institutional and legal frameworks that increase women's economic empowerment in line with international best practices regarding women's rights and support measures as well as with the Sustainable Development Goals.

INVESTMENT POLICIES

Tunisia adopted a new Investment Law in 2016 that improves legal predictability for investors and has reshaped its institutional investment promotion framework. Implementation is now a key priority to recapture investment. The OECD is strongly supporting investment policy reforms in the country notably through economic assessment and advice; participation in capacity-building activities of the **EU-OECD Programme on Promoting Investment in the Mediterranean** (2016-20) which have focused for Tunisia on regulatory reforms, FDI restrictions and statistics. Tunisia participates in the OECD Investment Committee as an adherent to the **OECD Declaration on International Investment and Multinational Enterprises**.

SME AND ENTREPRENEURSHIP POLICIES

Tunisia has been making notable efforts to improve SME policies. For example, several measures have been enacted to strengthen access to finance and guarantee mechanisms for SMEs. However, most of the legal reforms are still pending approval (e.g. a Start-up Act, a draft law on credit bureaus, etc.). The country needs to continue and deepen reforms and policies for private sector development, including the promotion of entrepreneurship and SMEs. The forthcoming interim assessment of the ***SME Policy Index for the Mediterranean Middle East and North Africa*** will help to define a concrete roadmap for future reforms.





TUNISIAN CO-CHAIRMANSHIP

A STRATEGIC LEADING ROLE FOR THE OECD AND THE REGION

Tunisia is currently the co-chair of the **MENA-OECD Initiative on Governance and Competitiveness for Development**, and the Tunisian Minister of Development, Investment and International Co-operation co-chairs the **Competitiveness Programme**. The co-chairmanship is an opportunity for Tunisia to play a leading and guiding role in the Programme's regional dialogue and to benefit from closer ties with the OECD.

The handover of the chairmanship from Morocco to Tunisia took place during the MENA-OECD Ministerial Conference in October 2016 in Tunis. It was a moment of strategic discussions between MENA economies and OECD countries, reflecting a common understanding of economic and governance challenges and setting guiding principles and mutual commitments for collaboration between MENA and OECD countries for the next mandate of the Programme (2016-20).



2016 Ministerial meeting in Tunis.

ASSESSMENT

THE OECD ECONOMIC SURVEY OF TUNISIA

Tunisia has been included in the **OECD Economic Outlook** since 2016 when a Tunisia desk was created in the OECD Economics Department. Since this time, the desk has provided three economic projections along with notes analysing recent developments and risks. The desk analyses the country's macroeconomic situation as well as its structural policies.

Recently, the desk has conducted the first **Economic Survey of Tunisia** for 2018. In addition to an assessment of the macroeconomic situation, the survey presents two

in-depth analyses on reviving investment and reducing inequalities through quality job creation. Additionally, Tunisia will be included in the **Going for Growth** exercise, where structural policy priorities will be identified to provide policy makers with a set of concrete recommendations on reform areas identified as priorities for strong and inclusive growth. Product Market Regulation indicators have already been calculated and presented in the survey.

THE OECD'S WORK WITH LIBYA

STRENGTHENING THE PRIVATE SECTOR OF A CONFLICT-AFFECTED COUNTRY



In 2013, under the **Deauville Partnership MENA Transition Fund**, the OECD launched the **SME Development Strategy for Libya Project**. The project was presented in the context of ongoing regional upheavals and growing tensions in Libya that have resulted in a new conflict that is still ongoing. The country's private sector has been affected in many ways: there is no transparent regulatory structure; rule of law is weak or absent; basic infrastructure such as water and electricity is damaged; public services are poor or negligible; and there are high costs caused by insecurity and uncertainty. Acknowledging the difficulties faced in the country and recognising the important role Libya's private sector can play in reconstructing and promoting the cohesion of Libya, the project has accelerated its efforts to adapt its operating model to a constantly changing and challenging reality. Since the project started, the project has reinforced ownership by local stakeholders and deepened its own co-operation with other international and regional actors active in Libya, joining forces to achieve the same objective: promoting the social and economic recovery of the country.

The project's activities are implemented with the support of Libya Enterprise, the OECD's counterpart in the country. The project includes five components:

- A SME Diagnostic Study resulting in the publication of the OECD report ***SMEs in Libya's Reconstruction: Preparing for a Post-Conflict Economy*** (2016).
- **A Short-term Action Plan for SME development in Libya** (launched in 2017), which provides a two-year roadmap for the main Libyan institutions supporting SMEs and entrepreneurship in the country.
- Review of the draft **SME law** proposal developed by Libya Enterprise and support to the legislative process.
- Assistance in the implementation of the Short-term Action Plan through capacity-building activities.
- Assessment and assistance for the establishment of an SME funding mechanism.

The project's efforts have focused on developing an SME plan for the country and strengthening the overall legal and institutional framework for promoting entrepreneurship and high-potential SMEs in Libya. The OECD is now supporting the initial stages of the implementation of the Short-term Action Plan, particularly for the first quarterly monitoring meeting and progress report.



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THE OECD IRAQ PROJECT WORKING IN A FRAGILE CONTEXT

Since 2007, the **OECD Iraq Project** has assisted the Government in a wide range of economic policy reforms, including infrastructure finance, economic zones and public procurement. In a subsequent phase (2014-16), funded by the Swedish International Development Cooperation Agency (Sida), the project focused on improving the investment and business climate in Iraq.

Iraq needs investment to cover reconstruction needs, reduce its dependency on oil and gas, and build a diversified and more resilient economy. While the country continues to suffer from protracted internal violence, it has gone largely unnoticed that the government has made significant progress in institutional and legal reforms in the areas of investment policy and promotion.

The OECD Iraq Project has actively supported these initiatives, engaging a wide range of stakeholders, advising them on policy, making recommendations and providing capacity-building activities.

Some of the tangible outcomes of the project include:

- The amendment of the 2006 Investment Law to integrate OECD recommendations, as well as capacity building on legal issues (e.g. arbitration law and bilateral investment agreements).
- Training of over 60 investment promotion staff in developing and presenting marketing material, handling investor inquiries and preparing investment files to market investment opportunities.
- Creation of a unique and independent platform for stakeholders from government, business associations and the private sector to engage in dialogue among themselves, but also with peers and OECD stakeholders through the regional expert networks of the MENA-OECD Competitiveness Programme.

The OECD Iraq Project had to react and adapt to the realities of working in a fragile and conflict-affected environment. The various responses put into place to allow the project to work in such an environment are documented in the report **Promoting Investment in a Fragile Context: the OECD Iraq Project** (2016).

More than ever, Iraq needs continued support to implement economic reforms for reconstruction and stability, building on OECD experience and expertise in policy measures to boost private investment, support SME development, reform state-owned enterprises and stimulate business integrity.



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The Programme's international and regional partners

INTERNATIONAL PARTNERS

- European Commission (EC)
- International Monetary Fund (IMF)
- International Labour Organisation (ILO)
- United Nations, including UNDP, UNESCWA, UN Women and UNCITRAL
- Development banks (World Bank Group, EBRD, EIB)
- Bilateral co-operation (e.g. USAID, AfD)
- Business and Industry Advisory Committee (BIAC) and Trade Union Advisory Committee (TUAC) to the OECD

REGIONAL PARTNERS

- Arab Anti-Corruption and Integrity Network
- African Development Bank
- Arab Business Council
- Agadir Technical Unit
- Arab Monetary Fund
- Arab Trade Union Confederation
- Arab Women's Association
- Islamic Development Bank
- Gulf Cooperation Council
- League of Arab States
- Union for the Mediterranean
- Union of Arab Banks



The Union for the Mediterranean (UfM) and the OECD signed a Memorandum of Understanding (MoU) on 30 January 2018 in order to intensify co-operation to advance inclusive and sustainable growth in the Southern Mediterranean region. Youth employability, local economic and employment development, public-private dialogue, women's empowerment, urban development and transport as well as green growth and economic resilience building are amongst the priority areas targeted.

The MoU was signed by Mrs Gabriela Ramos, OECD Chief of Staff and Sherpa to the G20 and Ms Laurence Pais, Deputy Secretary-General of the UfM at the OECD's Paris headquarters.

Selected Publications

OECD (forthcoming), *Private Sector Representation and Public-Private Dialogue Mechanisms in MENA*, Paris.

OECD (forthcoming) *Enhancing the Legal Framework for Sustainable Investment: Lessons from Jordan*, Paris.

OECD (forthcoming) *SME and Entrepreneurship Development in the Mediterranean Middle East and North Africa: Interim Assessment Based on the Policy Principles of the Small Business Act for Europe*, Paris.

OECD (2017), *Women's Economic Empowerment in Selected MENA Countries: The Impact of the Legal Frameworks in Algeria, Egypt, Jordan, Libya, Morocco and Tunisia* (English, French and Arabic), Paris.

OECD (2016), *SMEs in Libya's Reconstruction: Preparing for a Post-Conflict Economy* (English and French), Paris.

OECD (2016), *Promoting Investment in a Fragile Context: The OECD Iraq Project* (English and Arabic), Paris.

OECD (2014), *Corporate Governance Enforcement in the Middle East and North Africa: Evidence and Priorities*, Paris.

OECD (2014), *SME Policy Index: The Mediterranean Middle East and North Africa 2014: Implementation of the Small Business Act for Europe* (English and French), Paris.

OECD (2014), *Women in Business 2014: Accelerating Women's Entrepreneurship in the Middle East and North Africa Region* (English and French), Paris.

OECD (2013), *State-Owned Enterprises in the Middle East and North Africa: Engines of Development and Competitiveness?* (English and Arabic), Paris.

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Selected OECD instruments, tools and statistics

Legal Instruments

- Declaration on International Investment and Multinational Enterprises
- G20/OECD Principles of Corporate Governance
- Guidelines on Corporate Governance of State-Owned Enterprises
- Convention on Combating Bribery of Foreign Public Officials in International Business Transactions

Analytical Tools

- Policy Framework for Investment
- FDI Regulatory Restrictiveness Index
- SME Policy Index

Statistics

- Service Trade Restrictiveness Index
- Benchmark Definition of Foreign Direct Investment
- Entrepreneurship Indicators Programme
- Scoreboard on Financing SMEs and Entrepreneurs
- Trade in Value Added

Donors 2010-2018

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Middle East
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