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Final Report

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Acronyms

BCDS	Business Climate Development Strategy
BIT	Bilateral investment treaty
CRM	Customer relationship management
FDI	Foreign direct investment
GCC	Member states of Gulf Cooperation Council (all countries on the Arabian Peninsula except Yemen)
LFA	Logical framework analysis
LLC	Limited liability company
MENA	Middle East and North Africa
NGO	Non-government organisation
SME	Small and medium sized enterprises
OECD	Organisation for Economic Co-operation and Development
ToR	Terms of Reference
Sida	Swedish international development cooperation agency
WG	Working group

Executive Summary

In 2004 the OECD Council approved the MENA-OECD Initiative on governance and investment, a long-term programme of cooperation between the OECD and the countries in the MENA region. The purpose is twofold: to increase the effectiveness and efficiency of public institutions work and to stimulate investment, in particular foreign direct investment, in the region.

The Initiative is implemented in three phases, and the second phase is coming to an end in 2011. Sweden, through Sida, supported both pillars during the second phase but will not continue to support the governance pillar after 2011. The ability of the Investment Programme to contribute to the fulfilment of Sweden's overall development cooperation objective of poverty reduction and to gender equality is important for Sida.

This evaluation provides Sida, OECD, and stakeholders in the region with information on the results of the Investment Programme. The evaluation concentrated on Morocco, Tunisia, Egypt and Jordan, which are four of the countries that have received most attention by the Programme. It assesses the Programme against the criteria *effectiveness*, *relevance* and *efficiency* (cost-effectiveness). It is based on reports and studies initiated by the Programme, interviews in the four countries, carried out in June and July 2011, and on statistics on economic activities. The impact of the programme will primarily be at the national level. The character of the Programme makes it difficult to attribute positive changes in investments, employment, economic growth and poverty alleviation *directly* to the Programme but it is possible to assess the relevance, and through reports and interviews, confirm activities and obtain indications of likely outcomes and impact.

Responsible for the implementation are the Steering Committee and a number of Working Groups, co-chaired by one MENA country and one OECD country. The Programme is supported by a Secretariat at the OECD head office in Paris. The work is mainly carried out through workshops and other meetings organised by the working groups but the task forces and networks as well as the regional centres on certain themes play important roles in preparing and organising events. The MENA countries active in the Programme have programme coordinators who are the main link between the respective government or administration and the Programme.

The working method chosen – largely a dialogue on policy and practical issues at various levels – differs from conventional development project and is seen as the typical way OECD works, i.e. through discussion and consensus. The OECD-MENA Investment Programme is an interesting example, not only of a dialogue but also of an approach that has deliberately avoided more conventional development instruments like training and long-term advisors, and found concrete methods to continue the dialogue through conferences, high-level meetings, studies (e.g. the BCDS) and study centres.

The choice of issues and activities in the Programme is an indication of what is considered by the Steering Group and the OECD Secretariat to be necessary in order to initiate a particular reform or improve its chances for success. No other programme or project in the region with related objectives provides a similar opportunity for contacts, networking, exchange of ideas and experiences, access to best practices etc. In this way the Programme seems to have created a space for cooperation that complements and enhances other similar support programmes.
In terms of concrete activities in the form of events and studies – the outputs – the Programme has largely reached its goals. Among important results are the political support through high-

level meetings in the region and the far-reaching business environment strategy studies, so far completed in Morocco and Egypt and under preparation in Tunisia and Jordan.

Based on evidence from the interviews the evaluation confirms the general *relevance* of the MENA-OECD Initiative with its two pillars – governance and investment facilitation – as ways to address the immediate reform needs in the MENA countries' administration and business climate. It also seems relevant for improving possibilities for women entrepreneurship. However, the evaluation has some doubt about the Programme's relevance to *directly* address the long-term development challenges. There may be so many intervening factors or alternative explanations to any observed reduction in poverty levels that to detect influences from the Programme would be mere guesswork.

Regarding *efficiency,* most of the interviewees are satisfied with the conferences and workshops but improvements should be made regarding discussions during the events about applicability of experiences from other countries to individual MENA countries. The practice of sharing costs with host countries when events take place in the MENA region is deemed efficient by the evaluation both because local knowledge about arrangements are utilised and because direct involvement and increased ownership improves the implementation.

The overall conclusions concerning the *effectiveness* of the Programme – i.e. whether it has achieved its objectives or not – are similar to the conclusions concerning relevance: it has carried out its planned activities in a way that most of our sources consider beneficial for bringing about reforms that stimulate investments and thereby economic growth; but it has not been possible to detect any tangible influence on poverty reduction or increased employment opportunities from the Programme.

The evaluation *recommends* Sida to continue the support to the Programme and that the Programme should maintain its method of working. There are a number of more detailed recommendations to the Steering Group, the Secretariat and to the Working Groups and Task Forces, suggesting e.g. improved information about the Programme's character and its possible relationship to other initiatives promoting economic growth and poverty alleviation, new ways to promote useful knowledge and local experiences combined with more attention to differences in application to different national environments, and enhanced efforts to promote women entrepreneurship.

1 Introduction and background to the evaluation

In 2004 the OECD Council approved the MENA-OECD Initiative on governance and investment, a long-term programme of cooperation between the OECD and the countries in the MENA region. The explicit purpose is twofold: to increase the effectiveness and efficiency of public institutions work and to stimulate investment, in particular foreign direct investment, in the region.

Less concrete objectives, but apparently no less important, are to bring about social and economic development in the MENA countries as well as create closer ties between the OECD countries and the MENA region.

The Initiative is implemented in three phases: 2005-2007, 2008-2010 and 2011-2015. Sweden, through the Swedish International Development Agency (Sida), supported both pillars during the second phase but will not continue to support the governance pillar after 2011.

The recently adopted Swedish strategy for the MENA region 2010-1014 emphasises support to economic development and to regional harmonisation and the Investment pillar seems to fit well with those areas. The second phase of the Initiative, from 2008 to 2010, was supported by a grant of SEK 9,000,000 for the MENA-OECD Governance Pillar and a grant of SEK 14,500,000 for the MENA-OECD Investment Pillar.

The ability of the Investment Programme to contribute to the fulfilment of Sweden's overall development cooperation objective of poverty reduction and to gender equality is important for Sida, although the Swedish contribution is not earmarked towards these goals.

1.1 The evaluation and the structure of the report

This evaluation will provide Sida and OECD with information on the results of the Investment Programme within the Initiative. Special attention will be placed on the results of activities aimed at fostering regional policy dialogue and exchange of good practice between MENA and OECD countries, regional integration, regional convergence with international standards of national norms, policies, strategies, institutions and administrative practices in MENA countries.

An evaluation of the Swedish support to the Governance pillar was carried out at the beginning of 2011[1]. So far Sida is the only donor that has evaluated the Initiative and Sida hopes that the two evaluations will be useful also for other donors and for all stakeholders connected to the programme.

The present evaluation concentrated on Morocco, Tunisia, Egypt and Jordan, which are four of the countries that have received most attention by the Programme. The Terms of Reference indicate that the primary source should be interviews with key informants. This was also the only feasible source of information in view of the limited time available. In addition, we have nevertheless looked at various statistical indicators from public sources.

This report first describes the evaluation approach and the methodology and discusses some of the limitations with the evaluation. In chapter 2 the Programme itself is described bearing in mind that it is well presented in various publications and on the Internet the presentation is kept short. More emphasis in this chapter is on the intervention logic, i.e. the idea or the theory about how this particular programme will achieve its objectives. The following two chapters present and discusses the findings country by country; chapter 3 is based the interviews and comprises

[1] Evaluation of the OECD/MENA Governance Programme 2008-2010. SIPU International, Stockholm, 2011

the most important information for the evaluation; chapter 4 is based on statistical data and provides the general 'environment' for the Programme and what we may call circumstantial evidence for possible impact. In the last two chapters we try to generalise the findings and draw conclusions about the relevance, effectiveness and efficiency of the Programme as well as its likely impact. Finally, we give some recommendations aimed at Sida, at other donors, and at the OECD Secretariat and the Steering Group.

1.2 Approach, sources and methodology

The MENA-OECD Initiative includes 18 countries in the region but most of the activities are aimed at a smaller number of countries. In order to make the evaluation more feasible the ToR for the evaluation indicates that it should concentrate on four countries: Morocco, Tunisia, Egypt and Jordan.

The ToR say that it will more specifically 'focus on the outputs, outcomes and impacts - - - that have been achieved through the activities undertaken by the Investment Programme'. In the evaluation this has been understood to mean changes in institutions and procedures on the national level. It will primarily assess the Programme against the criteria *effectiveness*, *relevance* and *efficiency* (cost-effectiveness).

The question of *relevance* is twofold. It is partly discussed and answered in relation to the broader programme objectives, but it also relates to the instruments chosen to achieve those objectives (e.g. firm political support, regional cooperation, and awareness raising). Assessments in relation to the actual specific impact on gender issues, on employment of young people and on people living in poverty are to a large extent based on opinions expressed in interviews by key informants.

The *relevance* issue has a time factor to be considered since the relevance of different measures may vary over time: e.g. making various actors aware of problems may belong to one period of time while analysing potential remedies may belong to another.

The *efficiency* of the programme has been difficult to establish both because the objectives are not easily measured and connected to precise use of resources, and because it is linked to national undertakings that are financed from domestic sources. For example: much of the costs for the meetings are borne by the host country and not visible in the financial reports of the Programme, and any tangible impact on national reforms depends on work being done within the national administrations. Thus the dominant part of the cost aimed at bringing about reforms is not taken by the programme but by the national government budgets. An additional complicating factor is that the two pillars are interrelated and the success of the Investment Programme is partly related to the effectiveness of the Initiative's Governance pillar.
The main methodological problem in the evaluation is *attribution*, i.e. the possibility to link the activities of the Investment Programme to outcomes and likely impact. Again, the evaluation has largely relied on opinions expressed in the interviews on this issue.
The recent political events in the region, particularly in Tunisia, Egypt, Syria and Yemen, have indeed influenced the possibilities to detect changes relevant to the programme and they further increase the problem of attribution. Some reforms may have been discontinued and other accelerated.

The ToR indicate that the evaluation will cover only the period with Swedish support, i.e. the three years 2008-2010. Although the evaluation will concentrate on the period indicated it will be impossible to precisely limit the data collection and the analysis to those three years. Several factors contribute to this. One is the fact that outcomes and impact are fairly difficult to measure due to the imprecise objectives and that attribution of any perceived outcome to specific actions within the programme will be a matter of judgement rather than a tangible cause-effect relationship.

Another factor is that the Investment Programme started three years before the Swedish support commenced and the Programme's way of working remained largely the same (although the first three years was very much a start-up period) and again attribution may be a problem.

A third factor is that the Swedish contribution is not earmarked for certain activities (in line with the dominant Sida opinion that ear-marking hampers the implementing agencies' work and should be avoided) but is added to the funds from other donors. There are, thus, no Sida specific activities or goals that should be looked upon by the evaluation.

A disadvantage from the Swedish point of view is, of course, that the evaluation will not be able to tell what the Swedish money has done. The obvious advantage is that the evaluation can look at the Programme in a comprehensive way, which is methodologically more sound and probably also more interesting for all stakeholders.

Although the evaluation's scope is fairly narrow according to the ToR the wider objectives related to the overall objectives for Swedish development cooperation, particularly poverty reduction and gender equality, had to be considered in the evaluation. For the former issue the desired impact from the programme is reduced unemployment, especially among young people. At the outset no concrete, directly programme activities related to these desired outcomes, but later were special efforts dedicated to facilitate women's entrepreneurship.

1.2.1 Sources

The evaluation has used three types of direct *sources*:

1. Reports produced as a result of the Programme's activities (output) and Annual Reports etc, which summarises activities and results.
2. Interviews with people with knowledge about the work of the programme as well as people involved with investment related policy work and people from the private sector, i.e. those who are supposed to be the target of the various efforts of the programme.
3. Independent statistics such as flows of FDI and indicators of economic activities.

The interviews are the main source on which to base conclusions about the programme. The interviewees largely comprise three categories:

- people involved with the implementation of the Programme, e.g. the working groups, national contact persons and the OECD Secretariat;
- government officials targeted by the Programme; and
- private sector people

To offset the bias that may result from interviewing people who have been engaged in the programme the evaluation tried to seek out people who, without being directly involved know about possible outcome and impact of the various activities, most likely academic researchers and analysts at policy making and policy implementing institutions like central banks or other financing institutions.

Official statistics have been used as indirect indicators of change for the relevant countries, e.g. flows of FDI, employment rates, number of new enterprises etc. However, such data has been used with caution since many other factors influence change and the Investment Programme may be of relatively little importance. Often there is also a considerable time lag between policy reform measures and the resulting change in e.g. flow of FDI.

1.2.2 The country visits

The field visit to Morocco, which took place on 27 June - 1 July 2011, allowed a wider spectrum of meetings (and hence diversified opinions about the activities and impact of the Programme). Here public and private sectors and representatives of the civil society were interviewed.[2]

The visit to Tunisia took place on 20 - 24 June 2011 and a variety of organisations were interviewed. These were mainly public sector departments and institutions, representatives of the civil society (women's organisations) and other donors resident in Tunis. Attempts were made to meet the representatives of the private sector organisations, but unfortunately with the current political situation, none was ready to meet and discuss the Programme initiatives and activities.[3]

The visit to Jordan took place on June 20-24, 2011. Seventeen meetings were held in Jordan with representatives of relevant government agencies, academic institutions, legal firms, business associations, diplomatic (Embassy of Sweden in Jordan), international organisations, business firm NGOs, and a group of entrepreneurs (Please see Annex ##).

The visit to Egypt took place on July 2-8, 2011. Fifteen meetings held in Egypt were with individuals representing relevant government agencies (Ministry of Investment and General Authority for Investment and Free Zones – the main OECD's partner in Egypt), academic institutions (American University of Cairo and the German University in Cairo), law firm specializing in international trade and fair competition, business associations (German Chamber of Commerce in Cairo and the Egyptian Business Association), diplomatic (Embassy of Sweden in Egypt), business development firms (Citadel Capital) and NGOs (Nehdet el Mahroussa Foundation).

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[2] The list of persons met during the field visits attached as Annex 2.

[3] The list of persons met during the field visits attached as Annex 2.

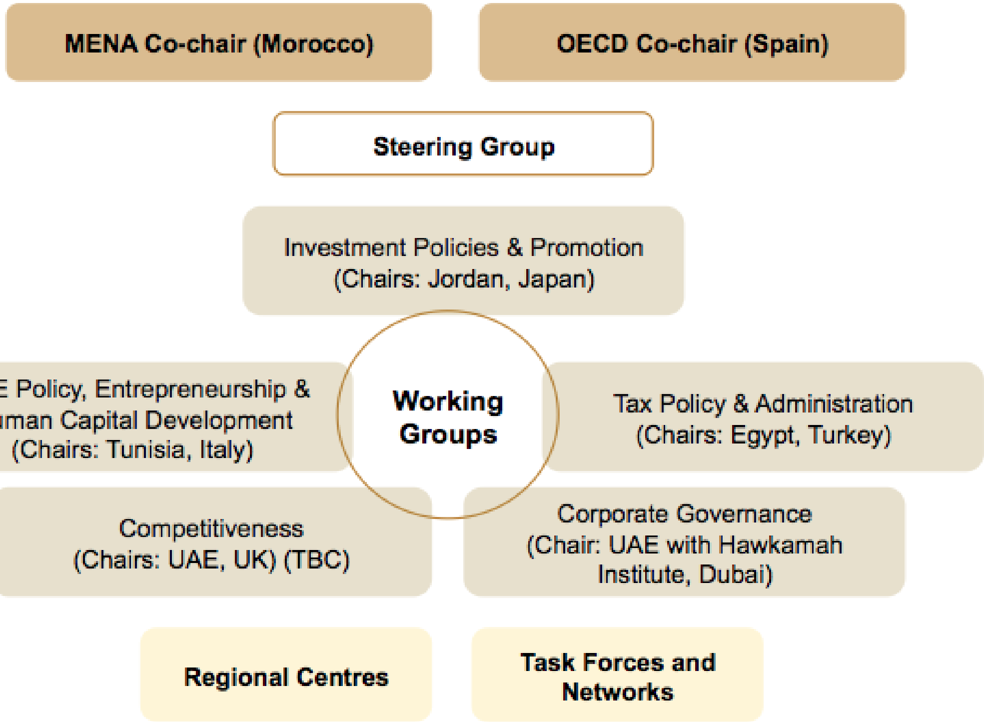
2 The Programme and the intervention logic

2.1 Implementation and organisation of the Programme

The two parts ('pillars') of the Initiative – governance and investment – are interrelated, for example in the way that effective governance is assumed to lay a foundation for viable investments and that features like transparency and the fight against corruption in connection to economic investment are considered to be characteristics of good governance as well.

The main responsibility for the implementation of activities lies with a Steering Committee and a number of Working Groups, co-chaired by one MENA country and one OECD country. Each pillar is supported by its own Secretariat at the OECD head office in Paris.

The current organisation of the Investment Programme/Pillar is illustrated like this[4]:



The work is mainly carried out through the working groups but the task forces and networks, as well as the regional centres, also play important roles in preparing and organising events. In the MENA countries active in the Programme there is a programme coordinator who is the main link between the respective government or administration and the Programme.

The two pillars are implemented separately but share some common implementation and organisational features. The method chosen is to work through dialogue, discussion and consensus. This differs from conventional development projects in that timing and ways for implementation are largely left to the participating countries and that the donors impose no conditions for their contributions. The way to implement the initiative is seen as the typical way OECD works in its internal cooperation between the member states.
The evaluation of the governance pillar mentioned above characterises the programme like this:

> "The Governance Programme has a different logic and modus operandi than an ordinary development project. While aiming at improved governance in the MENA countries, a primary objective in itself has been to increase regional policy dialogue among Arab countries and with the international community. Rather

[4]The organisation chart is from the brochure "MENA-OECD Investment Programme" published in 2010 by the OECD Secretariat.

> than being designed to achieve specific development objectives, the activities are similar to OECD's standard activities for member states but adjusted to the MENA region. This means that the concept of the Programme is signified by its open hand character with a strong element of voluntarism where participating countries choose their level of involvement themselves. The Programme is designed to be driven by Arab countries, an element that significantly influences its character: while each country participates and take measures to the extent they wish, they are not criticised for not having participated or taken any measures.
>
> Similarly, when countries are interested, peer reviews can be carried out and monitoring information collected and made public. The interest of participating countries forms the basis for the programme, including the concept of good governance used. Being dependent on donor funding, however, there is a tendency that the Secretariat describes the Programme in terms normally used by donors in their more results oriented approaches. This creates a tension between the description of the programme in official documents and reports and the reality on the ground. The opportunities for a results orientation for OECD as organiser of meetings and publisher of reports have not been used."[5]

The Investment Programme seems to work in a similar way. However, a major difference is that here is an additional group of actors, viz. the private sector, both abroad and in each country. An advantage may be that many of the measures discussed or agreed upon are seen in this area as technical rather than political issues and they may therefore be easier to promote and get operational.

While the general objectives of the investment pillar of the Initiative are very broad – "to mobilise investment - foreign, regional and domestic - as a driving force for growth, employment and prosperity throughout the MENA region" – the log frame analysis developed by the OECD Secretariat and the activities listed in the annual reports indicate that the intended concrete achievements are more in the form of creating a stable and favourable legal and normative framework for attracting investors. The instruments to do this are to obtain high level political support, create laws and regulations regarding investments and private sector development in general, and increase awareness of obstacles like corruption to a sound environment for enterprises.
This is essentially a three step approach where the concrete activities (or output) of the Programme – workshops, business climate studies etc – is assumed to lead to national policies and their implementation (outcome) and eventually to higher economic growth, increased employment and poverty reduction (impact).

The outcome and impact in this programme can be achieved only at the national level. The regional dimension is important mainly to increase harmonisation, to inspire and stimulate national efforts, and to mobilise political support. Although the Programme is hinged on the regional dimension, and this is consequently crucial for its success, it is still a means to an end.

More concretely the programme works through mechanisms for learning, exchange of ideas and influence in the direction of transparency and integrity for government agencies and private enterprises. One may call this a variation on a development cooperation dialogue – but without the conditions usually expressed through the dialogue.

Obviously the linkage between the activities where interest and political commitments are created or mobilised and knowledge about reform measures are spread is easier to attain than the positive effects on economic growth since so many other factors influence the economy.

[5] Op. cit., page 11

To complicate matters one may say that there is an intermediate level in the form of the actual investments made and the established new enterprises, which are the vehicles to growth and employment.

The poverty reduction aspect seems never to be explicitly stated in the programme document but it is important for Sweden and presumably also for the other donors. Here lies an additional intervening factor, namely income distribution, and that is not part on the Initiative, neither for the governance pillar, nor for the investment pillar. In the four countries included in this evaluation a considerable share of investments are in agriculture, manufacturing and services, which is more likely to generate employment compared to the investments in the oil industry, which often aims at automatising production processes.

2.2 Reporting and logical framework analysis (LFA)

The documentation provided to Sida from the Programme was the Programme Proposal, and Annual Reports together with Financial Reports as required. In addition a report covering the whole three-year period was delivered to Sida at the beginning of 2011. The narrative reports were delivered on time and in the format required.

Substantial efforts have been devoted by the Secretariat to reporting and to developing and systematising the Programme, and Sida is largely satisfied with the reporting. The programme proposal and the reporting have partly been done along the lines of a Logical Framework presentation. This is a substantial contribution to the understanding of the Programme, which as noted above is fairly vague and imprecise regarding long-term goals. It rather gives direction and in Log Frame terms they would be development objectives.

However, in a logical framework analysis a number of assumptions have to be made regarding conditions for the approach to work as intended and, connected to this, what is within and what is outside the scope of an intervention. This clarifies causes and effects from a programme's activities and general approach in order to motivate its intervention theory and chosen kind of concrete interventions. The facts that such assumptions are absent or implicit as well as a firm definition of the scope of the approach are the main weaknesses in the intervention logic of the Programme.

There are, in fact, two weak links in the implicit chain of cause and effect: one is between the activities of the Programme and the aimed-for reforms; the other between the reforms and the subsequent economic development and – even weaker – the ensuing improved conditions of the poor.

One may state that these weaknesses are indirectly acknowledged in the annual reports where achievements are listed in the log frame matrix as "Selected impacts". The problem is of course that a causal link cannot be established between the outputs of the Programme and most of the listed impacts. The Secretariat admits this and argues with some justification that these lists are illustrations of possible impacts and that those "selected impacts" rather provides the targets or areas for the Programme's activities. Nevertheless, we find this part of the Annual Reports somewhat confusing and propose that the practice should be changed.

What would have been interesting and what we suggest for the future is that the Secretariat discusses in the Annual Reports in what way the activities reflect particular needs and how they may have influenced specific reforms.

3 Findings by country

The findings and opinions presented in this chapter are mainly based on interviews in the four countries.[6] These are not attributed to individual interviews for the usual reasons in investigations of this kind but when a majority or substantial number of interviewees in a country have given similar statements this has been taken as a fact (with due consideration for different perspectives related to organisation etc). The suggestions about changes in the Programme are from interviewees, not the evaluation; the conclusions and recommendations by the evaluation team are in chapters 5 and 6 below.

3.1 Morocco

3.1.1 Country participation in Programme activities/events[7]

Representatives from Morocco participated in the following events:

- *Inter-ministerial meeting* in Cairo on 27-28 November 2007
- *Inter-ministerial Conference* in Marrakech on 23 November 2009

Working Groups:

- WG1 (Investment Policy): events on 23 March 2009; 15-16 February 2010; and 15-16 December 2010
- WG2 (SME Policy): events on 19 May 2009; 26 October 2009; 29-30 March 2010; and 22-23 February 2011
- WG3 (Tax Policy): no participation noted from Morocco.
- WG4 (Financial Sector): event on 31 March 2010.
- WG5 (Corporate Governance): event on 23-24 June 2010.
- *Steering Committee*: meeting on 3 May 2010.

Private Sector Initiatives

- MENA Responsible Business Conduct Forum: no participation noted from Morocco.
- MENA-OECD Business Council: event on 1 October 2009.
- MENA-OECD Women's Business Forum: event on 4 May 2010.

The number of total participants and those of repetitive participants per type of event are shown below:

Type of events	Number of events with participation from Morocco	Total number of participants	Number of repetitive participations
Working Groups (WG)	9	43	3
WG1 meetings	3	7	1
WG2 meetings	4	33	2
WG3 meetings	0	0	0
WG4 meetings	1	1	0
WG5 meetings	1	3	0
Steering Committee meetings	1	9	0
Private sector initiatives	2	8	0
MENA Responsible Business Conduct Forum	0	0	0
MENA-OECD Business Council	1	1	0
OECD-MENA Women's Business Forum	1	7	0

[6] A list of persons met in connection to the evaluation is in Annex 2.
[7] Source: published meeting reports on MENA-OECD Investment Programme website: http://www.oecd.org/pages/0,3417,en_34645207_34645590_1_1_1_1_1,00.html

Furthermore, Ministers and high-level government Moroccan officials have attended Ministerial meetings of the Programme and adopted declarations on how to improve investment and business climate reform policies in the region.

3.1.2 Evaluation criteria

i) Relevance

Morocco is the current co-chair (jointly with Spain) for the Steering Group of the MENA-OECD Investment Programme. It will remain in this function for the next phase of the Programme.

Moroccan officials, as their Tunisian counterparts, seem to appreciate the OECD as a non-political actor working with good practice and willing to share experiences. They, furthermore, appreciate the fact that the Programme offers a platform for a voluntary dialogue on topics that participating countries wish to discuss or invite OECD to review.

Reforms initiated by Morocco during the period 2008 – 2010 cannot be directly related to the activities of the Programme. However, the range of topics that are considered by the Working Groups and the Private Sector Initiatives are relevant in the Moroccan case. This is certainly not a coincidence since the organisation of the Programme activities includes MENA countries representatives which have a large influence on the topics addressed, and in particular, Morocco as the co- chair of the Steering Committee.

In addition interviewees believed that the Programme has an indirect influence on reform by influencing conceptual frameworks, improved general knowledge and access to relevant information and experiences. Improved economic development is relevant for poor people living in MENA countries, even if there are no particular activities under the Programme targeting poor people.

Gender issues are addressed through a separate Private Sector Initiative (The OECD-MENA Women's Business Forum; and interviewees were of the opinion it is believed that they are mainstreamed into the different activities of the Programme.

ii) Effectiveness

One of the main tangible results of the Programme in Morocco was the work done on the Business Climate Development Strategy (BCDS). Apart from the obvious benefits that it brings to the policy making process in the country, it had allowed, and perhaps for the first time, assessment of cross-cutting issues[8] that no other development plan had fully covered in the past. This is considered by many stakeholders in the country as a real and practical value-added result of the Programme.

On the other hand, the work of the BCDS has brought together the main stakeholders in the country (public and private sectors, and very few representatives of the civil society), along with representatives of the main donors organisations[9]. The national coordinator was the Ministry of Economic and General Affairs, the Government department dealing also with other related projects financed by the World Bank, the European Commission, USAID and others. These administrative arrangements succeeded in producing the BCDS report. During the second phase

[8] The policy dimensions addressed in the BCDS are: investment policy and promotion; privatisation policy and public private partnerships ; tax policy; trade policy and facilitation ; policies for better business regulation ; SME policy and promotion; anti-corruption ; corporate governance ; business law and commercial and conflict resolution ; infrastructure ; human capital development policy ; and, access to finance.

[9] Were involved/consulted: 11 ministries, 17 public sector institutions, 10 private sector organisation, 1 civil society representative, and 9 international organisations, apart from the OECD secretariat

of implementing the recommended action plans, the same or alternative arrangements will be required in order to establish and operate an efficient monitoring and evaluation structure. The practical suggestions of the OECD Secretariat will be welcomed in this sense.

Stakeholders confirmed that the Programme has brought the country closer to OECD. This is of major importance in Morocco when taking into account the country's interest in gaining an observer status in ordinary OECD committees and using OECD best practice as a general point of reference.

The involvement of other donor organisations in Programme activities, along the topics addressed under the different themes present the opportunity of a more effective overall "Aid strategy" to the MENA countries, and in particular Morocco. The active involvement of the National Coordinator, the Ministry of Economic and General Affairs, with other related donors' projects ensure that this donors' coordination is facilitated.

iii) Efficiency

As for Tunisia, the Investment Programme has been able to create synergies in Morocco with the Governance pillar. A suggestion was made by Moroccan stakeholders to increase such synergies between the two pillars and propose common events allowing the two sets of stakeholders to network at the national and regional levels.

Regarding the participation of Moroccan delegates in events organised by the Programme, as it is also the case for the Tunisian delegates, it is noticeable that very few participants are involved in a multitude of Programme events, even under a particular theme.

This is believed to decrease the efficiency of the capacity building and transfer of knowledge objectives intended through these events. Furthermore, it was noticed during the field visits that the usual preparation of an internal "mission report" is required from public sector officials attending such events, but is seldom circulated within their departments or to other concerned departments and stakeholders. It is understood that the decision to nominate delegates to meetings is the responsibility of the Moroccan authorities and this should stay as such. However interviewees suggested that the OECD Secretariat agrees with the national authorities a system to monitor the rate of participation of the same officials in the events in order to increase the efficiency of the capacity building aspect of the Programme.

3.1.3 Results and Impact

The Programme has some practical results identified in Morocco. Apart from building up a close relationship with the OECD Secretariat, these include:

Business Climate Development Strategy (BCDS)

The Programme supported Morocco in defining comprehensive a Business Climate Development Strategy (BCDS). The BCDS evaluates progress in policy reforms and provides recommendations on how to move forward.

The BCDS for Morocco was published on 3 June 2011. "Its findings indicate that the country is progressively aligning with OECD best practices in several areas. The country has made major strides in the areas of trade, investment and privatisation policy, and has also made progress in the promotion of SMEs, building successful public-private partnerships, and in the launching of several major infrastructure projects. However, Morocco still needs to communicate a more positive image to investors regarding its business climate, reinforce anti-corruption measures, reduce obstacles to land titling and ownership, continue to improve its infrastructure in order to increase territorial linkages, support employment-generating activities and develop managerial skills. Simplifying administrative procedures and improving institutional co-ordination are also areas for improvement. BCDS Morocco offers specific recommendations on how the policy, institutional and legal framework can be improved to enhance the business climate"[10].

This review is the first phase of the Business Climate Development Strategy. In Morocco, the in-country comprehensive business climate assessment and priority definitions using a common set of indicators was done across 12 policy dimensions. The BCDS assessment, which is considered by interviewees to be useful to support regional comparison and peer dialogue on a regional basis, was carried out in collaboration with the Moroccan Government and with the contribution of the private sector. Its methodology is considered likely to support consensus building among stakeholders in order to highlight the value of the potential of the private sector as a catalyst for economic growth, development and employment generation in the country.

Moroccan stakeholders were found eager to start implementing the second and third phase of the BCDS project (the "Road Map"[11] linked to each policy dimension). A five-stage evaluation grid was developed for each dimension allowing a quick analysis of the progress done in implementing the recommendations for each dimension.

Bilateral Investment Treaties
Morocco has concluded 61 bilateral investment treaties (BIT) protecting investors after establishment, 25 of them with countries that adhere to the OECD Declaration on International Investment and Multinational Enterprises.

The BITs signed by Morocco contain a broad definition of investment and grant investors national treatment, the most-favoured-nation clause, and fair and equitable treatment. They also guarantee full currency convertibility for capital transactions, free transfer of profits, and free repatriation of invested capital. Morocco is a member of the International Centre for Settlement of Investment Disputes (ICSID) and is party to the 1958 Convention on the Recognition and Enforcement of Foreign Arbitral Awards.[12]

The country is interested in considering the use of a new model for BITs in order to find coherence among the different BITs.

Investment Policy Review (IPR)
The IPR legislation in Morocco was revised to harmonise it with international standards.

Development of National Corporate Governance Codes
On 17 March 2008, Morocco launched its Code for Good Corporate Governance, which was drafted by a national taskforce, with the input of the OECD and modelled after the OECD Corporate Governance Principles. Furthermore, on 19 December 2008, the Moroccan Governance Code for SMEs was also launched.

[10] http://www.oecd.org/document/29/0,3746,en_2649_40340912_48093341_1_1_1_1,00.html
[11] The BCDS project has 3 phases: (i) Analysis and evaluation of the business climate, (ii) definition of priority dimensions for reforms and associated projects, and, (iii) support for the implementation of reforms.
[12] Source: OECD Investment Policy Reviews Morocco 2010

3.2 Tunisia

3.2.1 Country participation in Programme activities/events[13]

An analysis of the participants' lists of the different events organised under the Programme reveals that Tunisian representatives were present at most of the events, with the exception of Working Group 5 (Corporate governance) and the MENA Responsible Business Conduct Forum.

The following indicates the events in which Tunisian representatives participated:

- *Inter-ministerial meeting* in Cairo on 27-28 November 2007
- *Inter-ministerial Conference* in Marrakech on 23 November 2009

Working Groups:

- WG1 (Investment Policy): events on 23 March 2009; 15-16 February 2010; and 15-16 December 2010
- WG2 (SME Policy): events on 18-19 November 2008, 18-19 May 2009, 26 October 2009; 29-30 March 2010; and 22-23 February 2011
- WG3 (Tax Policy): event on 1-2 June 2010.
- WG4 (Financial Sector): event on 31 March 2010.
- WG5 (Corporate Governance): no participation noted from Tunisia.
- Steering Committee: meeting on 3 May 2010.

Private Sector Initiatives:

- MENA Responsible Business Conduct Forum: no participation noted from Tunisia.
- MENA-OECD Business Council: event on 1 October 2009.
- MENA-OECD Women's Business Forum: events on 29 March 2010[14] and 4 May 2010.

The number of total participants and those of repetitive participants per type of event are shown below:

Type of events	Number of events with participation from Tunisia	Total number of participants	Number of repetitive participations
Working Groups (WG)	8	28	2
WG1 meetings	3	8	1
WG2 meetings	4*	13	1
WG3 meetings	1	2	0
WG4 meetings	1	5	0
WG5 meetings	0	0	0
Steering Committee meetings	1	4	0
Private sector initiatives	2	6	0
MENA Responsible Business Conduct Forum	0	0	0
MENA-OECD Business Council	1	2	0
OECD-MENA Women's Business Forum	1**	4	0

* This number excludes the first meeting on November 2008.
** This number excludes the meeting on March 2010.

Moreover, Tunisia participated at the high-level meeting organised in Paris on 6 October 2008 and at the different meetings of the Programme Steering Committee, and adopted declarations on how to improve investment and business climate reform policies in the region.

It organised a seminar on "the competitiveness strategy and the development of the private sector in Tunisia" on 10-11 April 2008. The particular themes discussed included: FDIs in Tunisia

[13] Source: published meeting reports on MENA-OECD Investment Programme website "http://www.oecd.org/pages/0,3417,en_34645207_34645590_1_1_1_1_1,00.html"
[14] Meeting on Supporting the Integration of Women in MENA Economies held in Tunis

and the new measures to improve the business climate; the evaluation of the effectiveness of fiscal policies; entrepreneurship and mechanisms of financing enterprises; and corporate governance.

3.2.2 Evaluation criteria

i) Relevance

Tunisian officials seem to appreciate the OECD as a non-political actor working with good practice and sharing experiences. They furthermore appreciate the fact that the Programme offered some assistance with training, study tours, technical seminars and reviews/analyses when requested to do so.

The possibilities to use another method of operation than the results oriented framework usually used for donor funded "projects" seem to rally Tunisian support. The underlying rationale for the Investment Programme, which should support the MENA countries in making best practice choices - in line with OECD countries practices - in their respective reform work is well accepted.

The open-hand approach: the invitation to come and talk, to share experiences and to listen to other experiences in a context where no one will be criticised, where no conditionality is applied and where no one will hold the participating countries accountable for what they do or not was praised by many in the country.

The Programme is believed to have been compatible with the Government development plans (see Box 1 above), and hence relevant to the needs and priorities of the intended beneficiaries, i.e. the existing and potential investment "community" of the country.
By supporting the development of investments in Tunisia, the Programme is contributing to the creation of new jobs in the country and consequently to the improvement of the living conditions in the country.

With its dedicated private sector initiative on setting up the OECD-MENA Women's Business Forum, the Programme has introduced as part of its main activities the concept of "Women in Business" as a separate economic entity that starts to be well recognised in the MENA region, and requires support. The Tunisian women organisations that were interviewed look forward to further activities through the established Forum.

The Programme offered both MENA and OECD countries the possibilities to exchange information, good practices, lessons learned, etc. and to establish networks. It has also included the main donor organisations active in the region to share experiences and hopefully coordinate better their programmes in the different MENA countries. In Tunisia, the main donor organisations that participate in the local activities included the World Bank, the European Commission, the African Development Bank and the Agence Française de Développement.

The Programme however did not produce significant results regarding networking of organisations that deal with the issues covered by the Programme such as investment promotion agencies/bodies similar organisations/bodies in MENA and OEDC countries. This is the main issue that was raised by many Tunisian stakeholders. And it was suggested that the 3rd phase of the Programme to look deeply into that matter and initiate appropriate activities favouring this desired objective.

The Programme has provided the favourable environment for Tunisia to start preparing the ground for joining the Declaration on International Investment and Multinational Enterprises and later on for analysing and developing its own Business Climate Development Strategy. These are seen to bring needed guidance and Government in planning and implementing its development plans, and benchmarking its situation with others in the region and beyond it.

ii) Effectiveness

Through its undertaken activities the Programme is believed by most of the interviewed persons to have improved the coordination among concerned public sector departments for policy making in Tunisia. Unfortunately, the noticeable absence of the Tunisian private sector organisations in the meetings initiated by the Programme reflects the fact that the private sector is in need for reorganising its structures, its representations and for integrating the policy-making spheres in the country. In this sense, no representative of the UTICA (Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat) was available to discuss the Programme activities and results. It is however believed that with the on-going reforms initiated in the country, UTICA or equivalent organisations will be reorganised or established in the coming years.

The Programme benefits from the support of Government high officials. Even after the recent political changes, it is noticeable that the Minister of Planning and International Development is maintained in his post and is continuing along with his key aides an active cooperation (regarding, among others, cooperation with international donor organisations regarding investment reforms) initiated under the previous regime. In this sense, it is believed that the Programme has contributed to the political awareness and national consensus regarding priority areas for reform at the national level.

During the period of the 2nd phase of the Programme, a large volume of legislative decisions were taken by the Tunisian authorities (see Appendix 2). It is not clear what direct influence the Programme had on such developments, if any. However, the mere existence of such a programme would appear to offer supportive grounds for decision-makers to proceed with their reform strategies.

The Programme activities have initiated a number of "tasks" that are still under implementation in Tunisia. These include: the preparatory work to join the Declaration on International Investment and Multinational Enterprises, the working reports prepared for an eventual Business Climate Development Strategy for the country, the preparation for setting up the MENA Centre for Competitiveness in Tunis, the development of new Bilateral Investment Treaties model, etc.

Apart from the above tangible outcomes, it is difficult to directly link the Programme with impacts on specific populations, particularly youth and women. However, some of the expected benefits of the Programme, namely increasing investment projects in the country (especially with the productive sectors) and hence providing opportunities for job creation in the country can be considered as presumably having been supported by the Programme. At the same time, the support to women organisations and their networking with similar NGOs in the region, and the sharing of good practices for the upgrading of the status of women in the business environment in Tunisia could contribute to the objectives of empowering more women in the country.

iii) Efficiency

As it is well understood, the OECD is not a funding agency and does not provide funds for events/activities undertaken in-country. National financial resources are normally used for funding events hosted in Tunisia. Furthermore, interviewees confirmed that Tunisia is requesting the donor community to fund part of the total costs for some main activities, such as the BCDS assessment exercise.

Tunisia has limited funds available to respond to all the financial requirements for the implementation of activities that the Programme proposes. In the case of the BCDS assessment, the Government decided to delay this activity due to lack of funding.

In this sense, the Programme is seen by people interviewed as not being very efficient. The suggestion here is for the Programme to initiate actions leading to assist Tunisia in finding the required funds (perhaps from other donor organisations). If not, the Programme is seen as if it is presenting a good opportunity to satisfy its objectives but at the same time not supporting the country in taking full advantage of it.

In Tunisia, the Investment Programme has been able to create synergies with the Governance pillar. A suggestion was made to increase such synergies between the two pillars and propose common events allowing the two sets of stakeholders to network at the national and regional levels.

3.2.3 Results and Impact

The Programme has identified some practical results in Tunisia. Apart from building up a close relationship with the OECD Secretariat, these include:

Good cooperation with the OECD secretariat
The initiative has provided the ground for a good cooperation between the country and the OECD secretariat, through a framework of dialogue, of consultation, of discussion and of learning. Tunisia is committed to continue its participation at the different meetings organised by the Programme: steering committee, Working Groups, inter-ministerial meetings, etc.

Coordination among MENA countries
It is a framework that also offers the opportunity for representatives of investment organisations in the MENA region to communicate, coordinate and exchange lessons learned. However, the problems and priorities of the different MENA countries are subjects of the structure of their economies; they vary from diversified economies found in Tunisia, Morocco, Jordan, Lebanon, Egypt, etc. and oil-related economies such as in the Gulf countries, Libya and Algeria, hence the need, expressed in interviews, to better target the initiatives under the Programme.

Business Climate Development Strategy (BCDS)[15]
Tunisian authorities were interested at the beginning in formulating their Business Climate Development Strategy along the model discussed with the OECD secretariat. Seven policy dimensions (priority themes[16]) were identified in 2008; a coordination committee (the Tunisian National Economic Team comprising 40 participants from 8 ministries, governmental agencies and private sector associations) was put in place, a launching seminar was organised in February

[15] The Business Climate Development Strategy (BCDS) is a tool developed by the OECD to improve business climates in non-OECD economies is conducted through a common and comprehensive framework for policy evaluation, priority definition, capacity building support, and reform implementation. This is a hands-on approach to provide a country-specific support in reform prioritisation and implementation. It is an integrated approach drawing upon OECD tools and guidelines, such as the *Policy Framework for Investment, the Investment Reform Index, and the Guidelines for Multinational Enterprises*. It aims to support individual countries in improving their business climate by providing a horizontal evaluation of their investment-related policy reforms, support in reform priority definition, and assistance in the implementation of selected priority reforms. The BCDS is a collaborative process that involves governments, private sector representatives, and other stakeholders.

[16] The retained policy dimensions were: Investment policies and investment promotion ; Financial policies and administration ; Corporate governance ; Infrastructure development ; Human capital and employment strategies ; Entrepreneurship and financing of enterprises ; and Information Technology and Communication.

2009, and a number of preliminary reports on several thematic topics were produced by the different internal working groups to kick off the BCDS self-evaluation process for Tunisia.

However, as advised by a public official, no decision to contribute was made by government and the local financial contribution to the overall cost of the exercise (20% of total costs, i.e. about Euro 140,000) was not made available. Thus it was not possible to go ahead with the BCDS. The authorities preferred to prepare the ground for the country to sign and join another OECD initiative "the Declaration on International Investment and Multinational Enterprises". The first results of the ongoing preparatory activities for the Declaration are due in October 2011.

Nevertheless, the concept to develop a BCDS for Tunisia was not completely discounted. The opinion was expressed that the new government, expected to take office during the 4th quarter of 2011, might reconsider to continue the preparatory work in this direction.

Investment Policy Review (IPR)
The IPR of Tunisia is likely to be delayed due to current political situation.

MENA Centre for Competitiveness ("Competitiveness Observatory") in Tunis.
The Centre is a joint initiative of the Tunisian Institute for Competitiveness and Quantitative Economics (ITCEQ) and the MENA-OECD Investment Programme. "It proposes to address competitiveness from a regional perspective, taking into account the specificities of MENA countries. It aims to become a regional hub for dialogue and exchange for MENA policy makers in defining and implementing targeted reforms to boost the competitiveness of their economies. It will leverage the expertise of selected heads of National Competitiveness Councils from MENA economies as well as high-level representatives of regional and international partner organisations."

The 1st meeting for the consultative council[17] for the Centre took placed in Tunis on 31 March 2010. No final decisions were reached among the participants. Nowadays, it seems that the establishment of this new Regional Centre faces a number of problems: organisational, logistic, status, and financial means. However, the Tunisian authorities are still interested in establishing this centre. The new government will probably have to decide how to proceed with this initiative.

Bilateral Investment Treaties
Tunisia has been following the global trend with an increasing number of BITs concluded. In 2006, the country had signed 20 BITs with OECD countries and 7 with MENA countries. As decided at the December 2010 WG1 meeting, Tunisia is interested in considering the use of a new model for BITs in order to find coherence among the different BITs.
Working Group 2 activities
Tunisia is the co-chair of this working group is interested and the concerned public officials committed the interests in pursuing the work of this WG.

3.3 Egypt

3.3.1 Country participation in Programme activities/events

Based on the records of the OECD-MENA Investment Program 2008-2010, the Egyptian representatives participated in the following regional events:

[17] Representatives of National Competitiveness Councils from 11 MENA countries and partnering international organisations attended the meeting.

Ministerial Conferences, steering group meetings and high-level meetings:
- 2009 MENA-OECD Ministerial Conference
- MENA-OECD Investment Program Steering Group Meeting in Paris on 24 March 2009
- MENA-OECD Steering Group Meeting on 11 October 2009 (no place stated)
- MENA-OECD Initiative Steering Group Meeting in Paris on 3 May 2010

Working Group Meetings
- WG1 (Investment Policy): events on 28-29 October 2008; 23 March 2009; 15-16 February 2010; 15-16 December 2010
- WG2 (SME Policy): events on 18-19 November 2008; 18-19 May 2009; 26 October 2009; 29 March 2010
- WG3 (Tax Policy): events on 28-29 January 2009; 1-2 June 2010
- WG4 (Financial Sector): no participation reported from Egypt
- WG5 (Corporate Governance): events on 30 October 2008; 10 November 2008; 9-10 November 2009; 23-24 June 2010

Private Sector Initiatives
- MENA-OECD Investment Program: Founding Meetings of the Advisory Board to the MENA Center for Competitiveness: event on 31 March 2010
- OECD-MENA Women's Business Forum Meeting: event on 29 March 2010
- MENA-OECD Conference on Gender Equity in Government and Business: event on 4 May 2010
- OECD-MENA Women's Business Forum: Conference on Enhancing the Business Enabling Environment for Women in Arab Economies: event on 24 November 2010
- Preparatory Meeting of the MENA-OECD Business Council: event on 1 October 2009
- MENA 100 Conference and the MENA-OECD Business Council Meeting: event on 28-29 April 2009
- Regional Workshop on "Strengthening Integrity in the Private Sector in Arab Countries": event on 16-17 March 2010
- Business Climate Development Strategy for Egypt – Phase II: event on 8-10 March 2010
- Workshop on Iraq National Investment Reform: event on 22-24 January 2008
- International Investment Workshop: Enabling and Sustaining Private Foreign Investment in Iraq: event on 6-8 July 2009
- Training Workshop on Investor-State Dispute Settlement and the Development of a Model Investment Treaty: event on 26-28 October 2009
- Training Workshop on One Stop Shop Services for Investors in the MENA Region: event on 10-12 March 2010

The table below indicates the events participated by Egyptian representatives and number of total participants

Type of Events	Number of events with participation from Egypt	Total number of participants
Working Groups (WG)	14	44
WG1 Meetings	4	8
WG2 Meetings	4	12
WG3 Meetings	2	3
WG4 Meetings	0	0
WG5 Meetings	4	21
Steering Committee Meetings	3	14
Private Sector Initiatives	9	53
MENA Responsible Business Conduct Forum	0	0
MENA-OECD Business Council	2	14
OECD-MENA Women's Business Forum	2	6

3.3.2 Evaluation criteria

i) Relevance

The majority of interviewed stakeholders in Egypt agreed that the MENA-OECD Investment Program was very relevant to the Egyptian context and addressed some key policy problems and priorities of the country. The main challenges Egypt faced were establishing an attractive investment and effective tax policies and building a healthy business climate that supports entrepreneurs and SMEs, enhancing corporate governance, and more importantly creating employment opportunities. Although major economic policy reforms in Egypt started in 2004, the OECD has played a major role in providing the know-how and involving global experts to assist Egyptians implement the best practices in business and investment since the program was initiated in 2005. The study “Egypt: Business Climate Development Strategy”, conducted by the OECD in 2010, was well received by all stakeholders for its relevance to the Egyptian context. The study was based on extensive research and thus was widely recognised as a very relevant and timely piece of work.

The intervention of the OECD and their presence in Egypt are highly welcomed and supported by the government and non-government entities. Moreover, respondents agreed that OECD provided excellent analysis and in-depth reports about the business environment in Egypt and came up with recommendations on how to improve it. Themes and topics suggested and debated during the Program’s meetings dealt with actual problems or needs with great degree of relevance and significance to Egypt in particular and to the region in general. Overall, Egyptians support the Investment Programme and want it to continue especially in the current environment.

The extent to which the program activities were fully relevant to existing challenges and needs in Egypt is influenced by the regional approach which emphasises broad and common areas of concern. Egyptians recognise some of their problems are different from those of the GCC countries, for instance. At the same time, they seem to appreciate the opportunity to interact with their counterparts in other Arab countries and build networks that can create mutually beneficial results. Making the regional approach work may require a better clarification and reiteration by the OECD to its regional partners concerning the program’s approach and strategy. The Program management should communicate clearly the rationale and intended purpose beyond the regional approach envisioned by the OECD. This will help in narrowing the gap between the program’s intentions and participants’ expectations on one hand and in urging the participants from different countries to take a more active role in fitting the broad concepts and frameworks presented at the regional level into their local contexts and adjust them accordingly on the other.

However, this does not mean that there are not some pitfalls in the way the OECD presented and communicated the program to the various Egyptian stakeholders. Some interviewed participants indicated that there is significant confusion and lack of clarity in the extension and dimensions of the MENA-OECD Investment Program. There are no coherent guidelines that specify the objectives, limits and dimensions of the Programme communicated to all participants before and during their participation. On most occasions, this ambiguity fuels the confusion of participants and often disappoints their great expectations from the program. This is partly due to the fact that no specific distinction is made between the regional and national programs when setting the agenda of the Investment Programme. Many participants from Egypt stated that they were invited to events that they did not think were relevant to the contextual needs of Egypt.

ii) Effectiveness

Egyptian stakeholders expressed positive assessments regarding the effectiveness of the Investment Programme program activities in raising awareness and creating a regional and national dialogue of important issues such as social corporate responsibility, corporate governance, public-private partnerships, entrepreneurship, business sector development, and SMEs. One of the most admired features of the program is its ability to attract large number of regional participants and the networking and exchange opportunities that ensue. The events allowed the exposure of Egyptian business people to international best practices and the opportunity to communicate directly with their government counterparts. Some other initiatives like signing agreements for corporate social responsibility or creating public-private partnerships were held around the MENA-OECD program meetings.

Interviewees provided some insights on what would have been essential to enhance the program's overall effectiveness. First, communicating clearly the expected outcomes of the program and how participants ought to translate the learned lessons into actions in their respective governments. This will help close the gap in expectations between the OECD planners and MENA participants. Second, Egyptian participants and other stakeholders should be encouraged to engage more in setting the agendas of planned programs and contributing to the materials presented at the event to which they are invited. Third, knowledge management tools can be integrated as part of the program to ensure a lasting and far-reaching impact. The region's organisations have a chronic weakness in institutionalising and integrating knowledge in reform process. The region also lacks the tradition and capacity of research and evaluation. OECD has considerable expertise in this area and can help develop this capacity during the conferences. This can be also improved by assigning committed focal points in each country to take the full responsibility of engaging all stakeholders in the planning as well as in ensuring implementation. Another mentioned success factor is the appointment of a senior official from the region in the management of the Programme, who is stationed in the region and works directly for the OECD Investment Programme.

Effectiveness is also affected by the extent to which knowledge exchanged during the meetings is properly documented and managed. The lack of effective institutionalisation and documentation of knowledge and follow-up on progress appeared to be a major concern to many participants. Some felt that they did not receive the expected documentation after a meeting or a workshop. This can be attributed to the failure of their employers to require their delegates to document the discussed materials and bring them back to their organisations or to misunderstandings about follow-up measures after an event.

Participants expressed their interest in attending OECD sessions in its headquarters and believed that would significantly improve the understanding of how OECD functions.

iii) Efficiency

The shortage of funds to support participants has constantly been an issue with the MENA-OECD Investment Program in Egypt. The interviewed participants indicated that the budget allocated to the program was not sufficient to cover the costs incurred from the participation of non-government participants such as entrepreneurs, academic, and NGOs. This discouraged some key stakeholders from participating again subsequent events.

On other hand, the program managed to organise well-attended and well-run events in spite of its small budget OECD's brand was a factor that attracted sponsors from the region and abroad and also encouraged participants from various government and private sector entities to attend the organised events. Sometimes, up to 800 attendants showed up for the events and workshops mostly funded by other sources. In this way one may state that the Programme managed to do more with small resources.

In the past, the programme focused mainly on organising conferences, public forums and workshops which were instrumental in the early stages of the Investment Programme. There is a sense among stakeholders that other instruments besides conferences in the future should be considered to better use resources and create impact. Suggested activities include special training and skill development workshops, visits to the OECD headquarters, internships, country-focused studies, and partnerships with regional or national organisations to provide capacity building in certain topics that were highlighted in the meetings.

3.2.3 Results and Impact

The MENA-OECD Investment Program helped in achieving many results. A major achievement was the study entitled: "Egypt: Business Climate Development Strategy" conducted in 2010 that had considerable impact on framing and analysing the problems related to Egyptian investment climate and the possible ways to address them.

Impact was also observed in creating a momentum for reform and building several institutions and initiatives in Egypt. These include:

- The establishment of the Tax Centre in Egypt. Other similar institutions were established in other countries such as Hawkamah Institute for Corporate Governance in the UAE. These were initiated by the MENA-OECD programme and they can serve as effective instruments to push reform forward and create sustainable impact in the region.
- The Investment Policy Review was instituted recently by the Egyptian Ministry of Investment and the General Authority for Investment and Free Zones. This was performed with assistance from the OECD.
- The development of CRM system and Investment Promotion Agency (IPA) in Ministry of Investment with the help of the OECD.
- Reducing the capital requirements for establishing LLCs and small businesses.
- Building several partnerships and initiatives to promote during the Investment Programme conferences.
- Dissemination of the OECD's corporate governance guidelines where some firms in Egypt started using them.
- Various promising initiatives have been taken to promote and support SMEs and improve their access to finance including the establishment of a national directory of all available credit agencies and credit guarantee companies managed by the Small and Medium Enterprises Unit at the GAFI. The Unit is also coordinating with private equity funds and business development services firms specialised in assisting SMEs and young entrepreneurs.

3.4 Jordan

3.4.1 Country participation in Programme activities/events

According to the records of the OECD-MENA Program 2008-2010, the Jordanian representatives participated in the following events:

Ministerial Conferences, steering group meetings and high-level meetings:

- 2009 MENA-OECD Ministerial Conference
- MENA-OECD Investment Program Steering Group meeting in Paris on 24 March 2009
- MENA-OECD Steering Group Meeting on 11 October 2009 (no place stated)
- MENA-OECD Initiative Steering Group Meeting in Paris on 3 May 2010

Working Group Meetings

- WG1 (Investment Policy): events on 28-29 October 2008;23 March 2009; 15-16 February 2010; 15-16 December 2010
- WG2 (SME Policy): events on 18-19 November 2008;18-19 May 2009;26 October 2009;29 March 2010
- WG3 (Tax Policy): events on 28-29 January 2009; 1-2 June 2010
- WG4 (Financial Sector): no participation reported from Jordan
- WG5 (Corporate Governance): 30 October 2008;9-10 November 2009; 23-24 June 2010; 01 November 2001

Private Sector Initiatives

- MENA-OECD Investment Program: Founding Meetings of the Advisory Board to the MENA Center for Competitiveness: event on 31 March 2010
- OECD-MENA Women's Business Forum Meeting: event on 29 March 2010
- MENA-OECD Conference on Gender Equity in Government and Business: event on 4 May 2010
- OECD-MENA Women's Business Forum: Conference on Enhancing the Business Enabling Environment for Women in Arab Economies: event on 24 November 2010
- MENA 100 Conference and the MENA-OECD Business Council Meeting: event on 28-29 April 2009
- Regional Workshop on "Strengthening Integrity in the Private Sector in Arab Countries": event on 16-17 March 2010
- Workshop on Iraq National Investment Reform: event on 22-24 January 2008
- Investment Promotion and Media Training Program: event on 26-29 January 2009
- Workshop on Opportunities for Infrastructure Financing in Iraq: event on 21 November 2009
- Workshop on Strengthening Integrity in the Private Sector in Iraq: Public Procurement: event on 18 March 2008
- 4th Meeting on the Working Group: Reinforcing Infrastructure Development in Iraq: event on 26-28 March 2011
- 1st Meeting of the Working Group on Investment Zones in Iraq: event on 29-30 March 2011

The table below indicates the events participated by Jordanian representatives and number of total participants

Type of Events	Number of events with participation from Jordan	Total number of particip
Working Groups (WG)	14	31
WG1 Meetings	4	14
WG2 Meetings	4	7
WG3 Meetings	2	3
WG4 Meetings	0	0
WG5 Meetings	4	7
Steering Committee Meetings	2	8
Private Sector Initiatives	9	39
MENA Responsible Business Conduct Forum	0	0
MENA-OECD Business Council	1	3
OECD-MENA Women's Business Forum	2	5

3.4.2 Evaluation criteria

i) Relevance

With regards to the relevance of the program activities, participants in the workshops and conferences the OECD organised were highly satisfied with the choice of the topics and themes around which many events were organised. The same attitude applies to the range of experiences and knowledge sources OECD brought to the table. Attending these events helped the stakeholders get a good exposure to many issues related to the promotion of investment, creation of SMEs, and enforcement of copy rights that Jordanian decision makers lacked background about. Also, it saved them plenty of time since the knowledge these workshops provided participants with advanced their understanding and fosters their competency about the topics being discussed. The overall experience of participants with the content of the events was favourable. Therefore, most of the themes and topics were relevant to the challenges MENA countries were facing and workshops and conferences helped in raising awareness and starting a regional collective consciousness.

However, the applicability of some lessons learned from the OECD experiences within the context of Jordan proves challenging. Some participants found it difficult to articulate workable and implementable action plans that fit the Jordanian context. Interviews with various stakeholders in Jordan indicated that the OECD initiatives provided a general conceptual basis for fostering investment and encouraging the inflow of FDIs, but they thought the focus should have been on the domestic needs of Jordan and the specific requirements to address them. The OECD tends to focus on the whole region rather than identifying what each country's specific needs are and then work towards solving them. Looking at the region as one unit of analysis has its own limits since each MENA country or group of countries (for example, GCC versus the North African countries) has certain needs, which differ, considerably from other countries. For example, Jordanians believe they need more help in developing specific sectors related to their competitive advantage such as ICT, pharmaceuticals, tourism, architectural engineering, solar energy.

But from a regional perspective, the institutional, human, and regulatory requirements for a better investment climate are almost the same regardless of the type of industry a country is trying to develop. Another is the tendency for each country to look inward and focus on its local interests in a region where there is much competition and less coordination.

The compatibility of some of the ideas the OECD raises for implementation in Jordan is a contested matter. Some of the reform ideas are based on the experiences of western developed countries; a journey that started over two centuries ago. Some interviewees alluded to difficulty in adopting and implementing some ideas due to the gaps in resources, values, and mindsets associated with different developmental stages between OECD countries promoting change and the MENA countries struggling to not only to implement but to absorb and fathom its historical and intellectual foundations. Another related view expressed by a few is that some of the policy prescriptions offered by OECD experts often lack contextual evidence-based research that can inform policy makers about the most appropriate type, scope and sequence of reform. For this reason, Jordanians are keen on seeing a similar study conducted in Jordan as the "Business Climate Development Strategy" studies conducted in Egypt and Morocco. Another issue that complicates the achievements in the investment domain is the tendency of countries in the region to be selective in the choices of reform and to separate the economic policy form the broader requirement for governance reform. A better link between the MENA-OECD Investment Program and the Governance Program can provide a holistic and balanced approach.

ii) Effectiveness

The OECD managed, according to the interviews, to successfully strengthen the understanding and practice of several components of investment policy such as entrepreneurship and development of SMEs. These were among the main objectives of the program. For instance, capital requirements for LLCs have been lowered from 30,000 Jordanian Dinars (JD) to 1000 to almost zero. This led to an increase in and access of small businesses to the formal economy.

Another improvement is the emergence of an industrial advocacy movement called ”Our Voice Project” where NGOs such as the Young Entrepreneurs Association and other business associations lobbied to change and streamline bureaucratic processes. For instance, there is what is called “Silence is Consent”, meaning that if government did not respond to any request from a business in 30 days, it becomes approval (consent). It must be mentioned here that it is difficult to establish a direct causal relationship between the MENA-OECD Program and these changes. It can be safe, however, to argue that the events by the OECD and other international organisations as well as local initiatives helped in creating momentum for reform and enable non-government actors like advocacy groups business associations and entrepreneurs to seize the general mood and exercise more pressure on government administration.
Overall, the specific workshops helped create a new attitude among many Jordanian entrepreneurs and SMEs away from waiting for the government to provide them with job opportunities. Workshops concerning these issues that were held in Jordan seemed to be more effective in bringing change; a finding that indicates that a country tends to get and do more when the event is hosted in its territory. Hosting a regional event seems to empower pressure groups and garner more commitment from political leadership for the particular reform area being addressed in the event. This suggests that a link between the hosting country’s most pressing needs/priorities and the event’s theme/focus should be established. Another complementary but critical element of promoting SMEs and entrepreneurship is providing business skills training and development assistance (financial management, marketing, business plans) in addition to raising awareness and guaranteeing finances.

Interviewees provided other general assessments of the overall effectiveness of the way the program was managed. Most of these opinions relate to the balance between regional and national approaches to (1) identification of national gaps and priorities as well as comparative advantages of each country, (2) the communication and follow-up strategy, (3) the extent to which knowledge and learning is institutionalised and integrated in national contexts, and (4) the adaptive sequencing of activities with emerging challenges and needs.

iii) Efficiency

The MENA-OECD Investment Program involves significant financial resources provided by numerous funding institutions including host governments, EU and Swedish government. These funds are meant to cover the costs associated with meeting the objectives of the Program in all its pillars. Efficiency is a significant element that will determine the overall success and return of the Investment Program.

Two major issues have been identified from the numerous interviews held with key Jordanian government and non-government participants in many events organised by the MENA-OECD IP. The first has to do with the preparation stage of the program’s events and the choice of invited speakers. The second concerns the logistics and support offered to participants.

Evaluation results indicate that preparation for forums and meetings can be further enhanced. This can be achieved by engaging local stakeholders in setting the meeting agenda and call for research papers to be circulated in advance and presented in the forums. This will increase the depth and relevance of discussion and ensure that participants are familiar with the chosen themes and come prepared and committed to make the necessary contribution. Moreover, the interviewed stakeholders indicated that there was poor knowledge management and follow-up as results and recommendations generated from the meetings were either not circulated or provided very late. This partially is due to the lack of full time focal point staff in the region responsible for follow-up and coordination.

Furthermore, interviewees commented on the issue regarding the imbalance in terms of representation of all stakeholders in some organised events. Given the limited resources, the costs of travel and accommodation of some key stakeholders such as representatives of NGOs, academia, and small businesses government were not covered by their respective employers. They claimed that some groups are like governments and international organisations (who cover the expenses of their staff) are more represented than others.

3.4.3 Results and Impact

MENA-OECD Investment Program seems to have made considerable impact on the discourse of Jordanian business climate in spite of some of the challenges mentioned above. The credible knowledge and integrity of OECD makes it distinguished from other international organisations that operate in the region. Although copying other countries' experiences and trying to implement them within a developing country context as Jordan is difficult, Jordanian stakeholders showed great appreciation of efforts being exerted by the IP to create a space for policy dialogue across sectors and countries and for sharing knowledge on common pressing issues facing the region. In particular, the impact of OECD has been stronger in area of informative dialogues between the government and private sector and in how government policies can alleviate the difficulties that investors face in Jordan. By bringing together influential business leaders and government bureaucrats, OECD events allowed for open, informal and cooperative dialogues that paved the way for further interaction between the government and the private sector and how they can both work to create greater value. One notable sign of progress is that Jordan is now in the process of "adhering to OECD standards" which will assist the government of Jordan to obtain and sustain higher standards for business climate and integration in the global economy.

In spite of these achievements, the evaluation provided insights on the difficulty of instigating broad and sustainable change. One of the main challenges that were identified from interviews is complexity of understanding and changing the mindsets and institutions in a more sustainable manner in the face of continuous government reshuffle and policy inconsistencies. Although the Investment Programme sought to promote sound investment policies for many years in Jordan, it is still weak in implementing certain institutional pre-requisites such as copyrights and bankruptcy law.

As chapter 4 illustrates, Jordan has yet to make significant and sustainable progress in its investment and development record. With few exceptions, the trend is either stagnant or declining as some investments were lost in the last few years. Despite the introduction of the one stop shop and other facilities for business creation, the bureaucratic burden, lack of finance and business development skills, and government changing or fragmented priorities represent relentless challenges. There is no major change in terms of the inflow of FDIs to Jordan in the last few years and the advent of the financial crisis made it more difficult for Jordan to attract or develop new businesses. The only notable growth was in the real estate and construction sector that created short-lived employment opportunities. In the area of SMEs support, few successful initiatives emerged like the King Abdullah Fund for Development and Oasis 500. Their impact is restricted by limited capacities and resources. These efforts can create more impact if accompanied by encouraging banks to give loans with low interest rate and fewer guarantees as collateral. Most of the banks in Jordan still prefer to deal with big businesses.

Another factor for effective implementation of the Investment Programme is addressing the different, and sometimes conflicting, expectations of OECD and Jordan. Interviews show that both parties have gaps of communication and misunderstanding of what is expected from each another and this makes the direct impact of the program on Jordan hard to measure.

4 Development of Programme related indicators

This chapter summarises information about the governance, demographic, macro-economic, business climate and the inclusion of women in entrepreneurship activities in Egypt, Jordan, Morocco and Tunisia. Here we look at the extent to which these countries acquire the regulatory, institutional and human capacities that can successfully attract FDIs, create efficient SMEs and contribute to poverty reduction and empowering women's entrepreneurial engagements to allow them to play crucial roles in their societies. It is obvious, however, that the financial crisis 2008-9 and the Arab Spring have been substantially instrumental in hindering the economic growth of these countries, at least in the short run. Hence, the assessment of the economic and social indicators of these countries should take into consideration the role of these two unexpected and unprecedented events.

In terms of *relevance,* and to some extent also *effectiveness,* the indicators regarding economic performance and investment climate seem to show that reform initiatives have a positive effect and that the Investment Programme is implemented in an environment that is likely to make use of its various efforts. Section 4.2 and 4.3 provide a brief account of reform processes in which the Programme works. We have no firm evidence that the Programme has directly influenced these but it is not unreasonable to believe that it is able to enhance and speed up reforms by spreading experiences and lessons learned more efficiently among decision-makers in the region than would otherwise have been the case.

Section 4.4 shows how high population growth and unemployment are severe challenges in the four countries but it also shows that it is possible to attack the problems and that the economic reforms are likely to improve the situation. Likewise, section 4.6 puts the Investment Programme's efforts regarding women's entrepreneurship in perspective and helps to confirm its relevance.

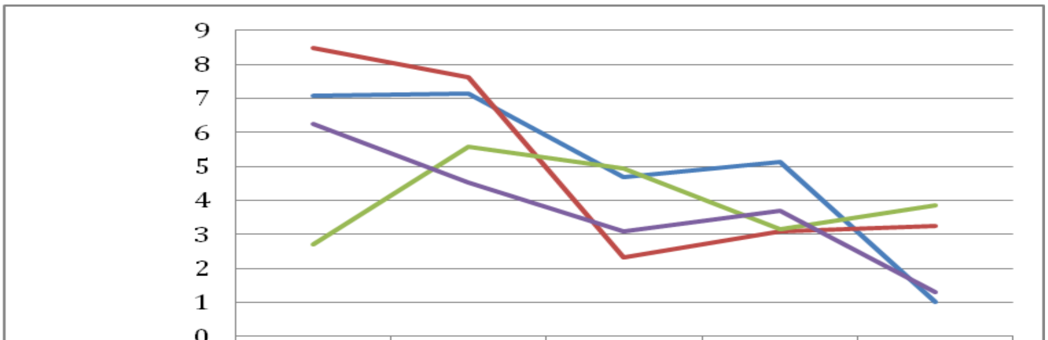
4.1 Economic performance

Since 1970s, the economic performance of Egypt, Jordan, Morocco and Tunisia was directly affected by two major factors: (1) the fluctuation of international prices of natural resources these countries used to export (namely phosphates and agricultural products), and (2) the rainfall which determined the outcome of a seasonal year. These two factors decided the magnitude of revenues these countries accumulated and, hence, the deficit or surplus of their budgets. Yet, these countries' embarking on economic liberalisation and attraction of FDIs has created a diverse business climate that shifted away from heavy investment on agriculture and focused more on industry and services.

The positive economic performance these countries witnessed in the early 2000s was hampered and sharply affected by the negative repercussions of the international financial crisis. Moreover, the security consequences of the Arab Spring that all these countries have been going through since the beginning of the year have slowed down production and economic activities in the short run.

Egypt's GDP started to show significant positive indications since 2004 when the Prime Minister Ahmed Nazif took office and implemented liberal economic reforms. His government considerably enhanced the flow of FDIs into Egypt by facilitating the Egyptian business environment and reducing taxes and administrative processes involved in opening a business. The international financial crisis that hit the economies of the developed world indirectly slowed down the Egyptian economy. As fig. 1 shows, in 2007 the Egyptian economy reaches a GDP growth of 7.08, which would fall all the way to 4.67 in 2009. This increased government expenditure to 34 percent as of total GDP. Yet, Egypt's GDP would collapse to 1 per cent in 2011 as consequence of the Egyptian Arab Spring and removal of Husni Mubarak's regime.

Figure 1 GDP Constant Prices (as % of change)

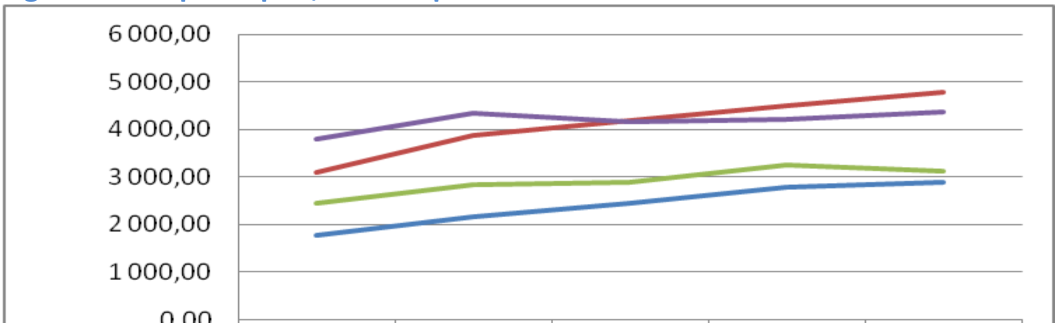


	2007	2008	2009	2010	2011
Egypt	7,088	7,156	4,674	5,147	1
Jordan	8,487	7,609	2,325	3,093	3,25
Morocco	2,706	5,587	4,949	3,15	3,856
Tunisia	6,259	4,521	3,097	3,693	1,289

Source: International Monetary Fund (2011)

Similarly, Jordan and Tunisia suffered the impact of the financial crisis on their economies. Apparently, Morocco and Jordan were not as severely affected by the Arab Spring and political unrest as Egypt and Tunisia which witnessed complete collapse and changes to their previous regimes. The severe fluctuations in the current GDP levels did not directly affect the GDP per capita, which kept its slight increasing rates. As fig. 2 shows, the four countries showed an increase in the GDP per capita from 2007 till 2011.

Figure 2 GDP per capita, current prices



	2007	2008	2009	2010	2011
Egypt	1 771,00	2 160,04	2 455,83	2 788,83	2 892,41
Jordan	3 104,21	3 881,37	4 199,50	4 499,79	4 788,27
Morocco	2 439,07	2 850,80	2 899,46	3 248,95	3 116,88
Tunisia	3 806,61	4 345,89	4 170,93	4 200,47	4 375,86

Source: International Monetary Fund (2011)

Jordan achieved the highest increase among the other three countries since it rose from $3,104 to $4,788 with an average of $1,688 in the last five years. Egypt follows with an average of $1,121 increase from 2007 and Morocco and Tunisia with a smaller increase of $677 and $569 respectively.

4.2 Business climate and ease of doing business

Around ten years ago, the MENA region was notorious for the complexity of procedures that one had to undergo before they could start their businesses. The increasingly globalising and competitive world, and the pressuring economic difficulties, obliged these countries to take new measures to adapt to the new global business environment.

Figure 3 Easiness of starting business:

Country	Year	Starting a Business		
		Procedures (number)	Time (days)	Cost (% of income per capita)
Egypt	2007	10	19	68.8
Egypt	2008	7	9	28.6
Egypt	2009	6	7	18.3
Egypt	2010	6	7	16.1
Egypt	2011	6	7	6.3
Jordan	2007	10	16	73.0
Jordan	2008	9	14	66.2
Jordan	2009	9	14	60.4
Jordan	2010	8	13	49.5
Jordan	2011	8	13	44.6
Morocco	2007	6	12	12.7
Morocco	2008	6	12	20.6
Morocco	2009	6	12	20.0
Morocco	2010	6	12	16.1
Morocco	2011	6	12	15.8
Tunisia	2007	10	11	9.3
Tunisia	2008	10	11	8.3
Tunisia	2009	10	11	7.9
Tunisia	2010	10	11	5.7
Tunisia	2011	10	11	5.0

Source: World Bank Doing Business Report (2011)

Since 2004, *Egypt* has impressively embarked on a continuous pattern of reforming its regulatory and entrepreneurial environments. The Ministry of Finance had an SME Unit that focused on simplifying the administrative burden that new investors had to go through. Egypt established a coherent institutional framework that would ensure the easiness and comfort of investors while they try to do business in the country. One of its major achievements was the launch of a series of "one stop shops" for doing business. They substantially decreased the time, the number of procedures and places one had to visit in order to process the paper work required for starting a business. As fig. 3 demonstrates, in 2007 it used to take 19 days and 10 procedures to go through all the required steps before being able to get the permission to operate a business. In 2011, the numbers dropped to only 7 days and a total of 6 procedures, which makes Egypt the easiest and fastest place to start a business now compared to the other three countries. Although Egypt took bold initiatives to reform its taxation system and regulation, it still has not succeeded in that since taxation is still considered to constitute a significant barrier in front of investors and entrepreneurs (fig. 4).

Figure 4 Time required preparing and paying taxes in hours.

Time required to prepare and pay taxes in hours				
	2007	2008	2009	2010
Tunisia	268	228	228	144
Jordan	101	101	101	101
Egypt, Arab Rep.	711	711	480	433
Morocco	358	358	358	358

Source: World Bank Doing Business Report (2011)

When he came to power in 1999, King Abdullah II of *Jordan* initiated a number of regulatory reforms and started the liberalisation of the Jordanian economy to attract foreign direct investment. Free Trade Agreements were signed with the United States and Turkey in the hope of opening the Jordanian market to foreign ones and driving more competition and productivity. Jordan established the Ministry of Public Sector Development to streamline and facilitate administrative processes although its role was not extended to cover the administrative paperwork involved in starting new businesses. In 2004, the idea of the one stop shop was introduced in Jordan to allow potential investors to get all the paperwork they would need to do through seven ministries in one place. However, the Jordanian one stop shop is perceived as inefficient and procedures still take time to process. The Global Competitiveness Reports of 2007 till 2011 indicated that the most problematic factor that hindered investors to conduct business in Jordan were both tax regulations and high tax rates and bureaucratic obstacles and inefficiencies.

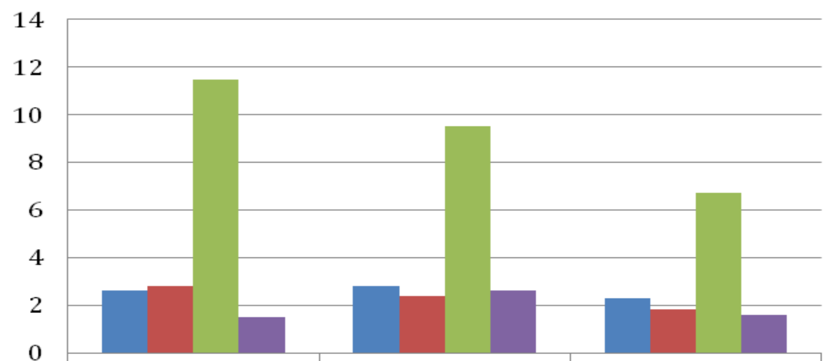
As in Jordan, since late 1980s *Morocco* embarked on economic liberalisation and privatisation of its owned enterprises. Moreover, it signed to Free Trade Agreements with the European Union and the United States to facilitate the exchange of goods and services and expand the economic horizons of the country. In fact, In Morocco, SMEs constitute the kernel of the domestic economy as they comprise around 95 percent of the total enterprises and employ 50 percent of the workforce. Yet, complex tax regulations and inefficient government bureaucracy were indicated by the Global Competitiveness Reports of 2007 till 2011 as hindrances and major obstacles for people who want to start a business in the country.

Since 1995, *Tunisia* established strong economic ties with the European Union, which allowed it to become one of its major trade partners. In 2004, a Free Trade Agreement was signed with Turkey and another one in 2008 with Europe, which further strengthened the bilateral relations between the two countries. These FTAs basically demonstrate to what extent Tunisia opened its economy and encouraged the flow of FDIs into the country. Furthermore, Tunisia embarked on a wave of privatisation that resulted in privatising over 200 state owned companies and stimulated investment in the private sector. Also, Tunisia passed many laws and set up ministerial committees to facilitate administrative processes required for setting a business in Tunisia, for example, one-stop shops were established in various regions and on-line applications were made available for potential investors. However, from 2007 till 2011 no significant difference was witnessed in the time it takes to start a business.

4.3 FDI inflows to Egypt, Jordan, Morocco and Tunisia

The four countries opened their economies to international markets and privatised significant state owned companies, which enhanced their production and efficiency on the one hand, and attracted foreign investors and revenue on the other. As fig. 5 demonstrates, compared to the other three countries, Egypt was the main destination of FDIs in 2007as its economy was injected with $11.5 billion, which made up 8.87 per cent of its GDP (fig. 6). Compared to the other three countries,

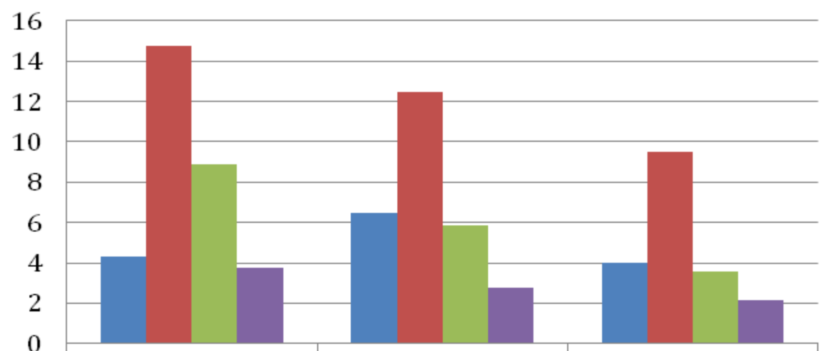
Figure 5 FDI net inflows in $ billions



	2007	2008	2009
Jordan	2,6	2,8	2,3
Morocco	2,8	2,4	1,8
Egypt, Arab Rep.	11,5	9,5	6,7
Tunisia	1,5	2,6	1,6

Source: World Bank Data Bank (2011)

Figure 6 FDI inflows as % of GDP



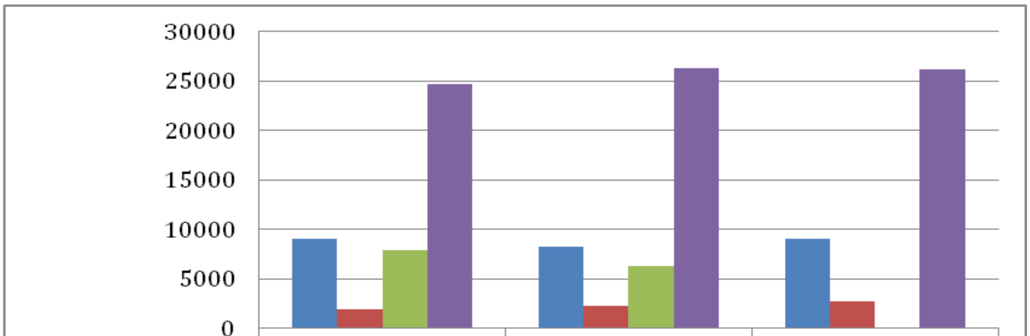
	2007	2008	2009
Tunisia	4,300694678	6,459804317	4,032901877
Jordan	14,75985616	12,45431853	9,491702346
Egypt, Arab Rep.	8,873950444	5,830761501	3,562176916
Morocco	3,730931145	2,774759237	2,156312204

Source: World Bank Data Bank (2011)

Egypt achieved a remarkable success in attracting FDIs. Between 2007 and 2008, its inward FDI grew fifty-fold, yet the challenging international financial market dropped the flow to $6.7 billion and 3.56 per cent of the GDP in 2009. This unprecedented success in attracting these FDIs and revenues is mainly due to the drastic institutional and regulatory reforms that Egypt underwent.

Jordan managed to make an average of $2 billion from the inflow of FDIs between 2007 and 2008, which represented an average of 11 per cent of its GDP. Morocco and *Tunisia* also enjoyed a relatively significant flow of FDIs, but the inadequacy of the regulatory and institutional frameworks of these countries, and the high levels of corruption and government ineffectiveness made it difficult for them to achieve higher results in this respect. Moreover, the financial crisis made the inflow of the FDIs gradually decrease in all the four countries.

Figure 7 New businesses registered



	2007	2008	2009
Tunisia	9034	8214	9079
Jordan	1979	2315	2737
Egypt, Arab Rep.	7941	6291	
Morocco	24676	26280	26166

Source: World Bank Data Bank (2011)

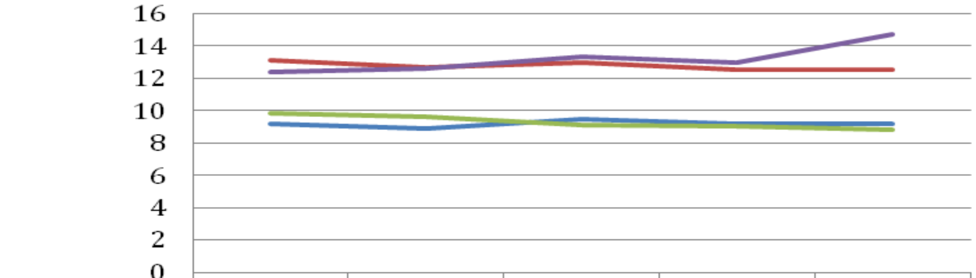
In terms of the new number of business registered from 2007, fig. 7 demonstrates that ***Morocco*** topped the other 3 countries since 24 676 new businesses were opened and registered in 2007 alone.

4.4 Demographic indicators: Population growth, unemployment, poverty and human development index

In the context of MENA countries in general, rapid population growth, which has been unparalleled with economic growth, poses several challenges for policy makers.

The economies of Egypt, Jordan, Morocco and Tunisia went through turbulent economic conditions which exacerbated their unemployment records. During the late 1990s, unemployment rates reached 9.6 per cent in Egypt, both Jordan and Tunisia 15.5 per cent and Morocco scored the highest unemployment rate of 18 per cent. This was due to various reasons, mainly the concentration of these countries' economy on agricultural activities that were hampered by the seasonal rainfalls or what was termed the "curse of natural resources". From 2007 to 2011, unemployment rates fluctuated in the four countries due to various macroeconomic and microeconomic reforms that these countries adopted.

Figure 8 Unemployment as % of total labour force



	2007	2008	2009	2010	2011
Egypt	9,205	8,907	9,449	9,2	9,15
Jordan	13,1	12,65	12,938	12,5	12,5
Morocco	9,8	9,6	9,1	9	8,85
Tunisia	12,4	12,6	13,3	13	14,7

Source: International Labour Organization (2011)

In *Jordan*, unemployment continues to be one of the main challenges that faces the government and is considered one of its urgent priorities in the short and long run. In 2007 the unemployment rate reached 13.1 per cent making it the highest level compared to the other three countries. However, it took a descending path to reach 12.5 per cent in 2011. This is due to the government embarking on liberalisation of its economy and privatisation of state owned companies. Also Jordan supported SMEs creation and attraction of FDIs that created a competitive environment in the country. Similarly, unemployment in *Morocco* dropped from 13.1 and 9.8 per cent in 2007 to 12.5 and 8.85 per cent in 2011.

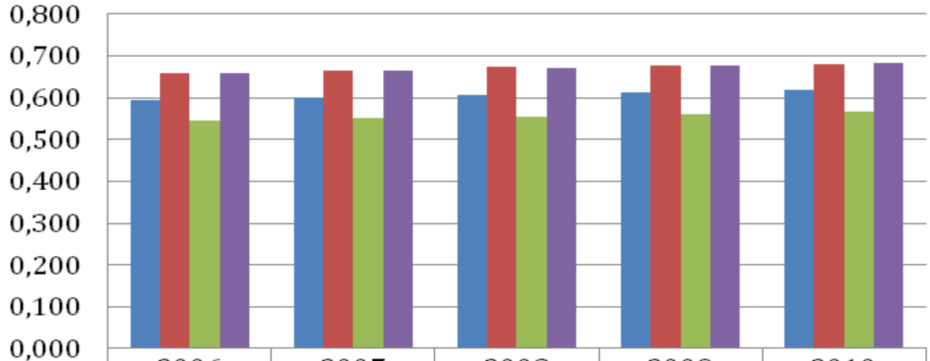
The attraction of FDIs in Morocco and the creation of small businesses helped drop the rates of unemployment and helped the country deal with the pressures posed by the financial crisis. In *Egypt*, however, unemployment actually went up from 9.20 in 2007 to 9.44 per cent in 2009 before it went back to 9.15 per cent in 2011 notably due to the implications of the financial crisis on the economy of the country. Unemployment in *Tunisia* took an ascending pattern, especially among university graduates, which was one of the reasons behind the riots of Tunisian youth that ultimately lead to the advent of the Arab Spring. In 2007 the unemployment rate was 12.4 per cent and climbed to reach 14.7 per cent in 2011. Creation of sound economic systems and the strengthening of institutional and legal frameworks that encourage investment and entrepreneurship are two imperative factors that may stabilise the rising unemployment and create an atmosphere of hope among the unemployed youth.

Access to *poverty* data is very hard in the Arab world since there are very few sources that provide quantifiable measures of poverty in the region. Yet, according to statistics from UNESCO, in 2004, 40 per cent of Egyptians were poor. In Jordan, in 2006 it was recorded that poverty covered 11 per cent of the population, in 2000 Morocco had 40 per cent of its population living in poverty. In the same year, 24 per cent of Tunisians were reported as poor.

The Human development index (HDI) is a better measure the socio-economic comfort of citizens in these countries. Most countries in the developed world score high to very high in human development index that ranges from 0.750 and over. In the Arab region the average HDI score improved from the low 0.398 in 1980 to 0.590. From 2006 to 2010, Egypt scored an average of

0.60 in this index scoring a significant rise of 1.5 per cent annually. Moreover, this ranks the country above the regional average and that allowed it to be ranked 101 out of 169. Jordan and Tunisia both achieved a significant rise in HDI from 0.658 in 2006 to 0.682 and 0.683, which ranked them 82 and 81 out of 169 respectively. Morocco, however, seems to have underperformed in the HDI compared to the other three countries. Since 2006 its average has been between 0.544 and 0.567, which puts bellow the regional average on the one hand and ranking it 114 out of 169.

Figure 9 Human Development Index



	2006	2007	2008	2009	2010
Egypt	0,594	0,601	0,608	0,614	0,620
Jordan	0,658	0,665	0,673	0,677	0,681
Morocco	0,544	0,551	0,556	0,562	0,567
Tunisia	0,658	0,665	0,671	0,677	0,683

Source: World Bank Data Bank (2011)

4.5 Governance and corruption challenges

A growing body of literature has proved that good governance and the presence of efficient regulatory frameworks serve as prerequisites for attracting and encouraging foreign investors, and, hence, stimulate economic growth.

Figure 10 Governance indicators in the four countries

Governance Indicator	Year	Egypt (0-100)	Jordan (0-100)	Morocco (0-100)	Tunisia (0-100)
Voice and Accountability	2009	15.2	24.6	26.5	11.4
	2008	14.9	27.4	26.4	13.5
	2007	13.5	28.4	26	12
	1998	23.6	38	42.8	26
Political Stability	2009	24.5	36.3	30.2	53.3
	2008	27.8	34	29.7	51.7
	2007	24.5	35.1	30.8	53.4
	1998	28.8	40.4	50	54.8
Government Effectiveness	2009	44.3	63.3	51.4	65.2
	2008	41.5	64.7	51.7	66.2
	2007	39.6	62.3	51.2	69.1
	1998	30.1	57.3	54.9	67
Rule of Law	2009	54.7	62.3	50.5	60.8
	2008	53.6	65.6	49.3	58.9
	2007	49	64.3	51.4	59
	1998	51.9	63.3	59	54.3
Control of Corruption	2009	41	64.3	51.4	57.6
	2008	29	69.6	47.3	57
	2007	30	66.7	50.7	58
	1998	41.7	59.2	63.6	62.6

Source: World Bank governance indicators (2011)

As fig. 10 indicates, in Egypt, Jordan, Morocco and Tunisia, governance deficit seems to have taken an ascending pattern. From 1998 till 2009, indicators for voice and accountability significantly decreased in the four countries. In Egypt for example, it dropped from 23.6 to 15.2 percent and in Morocco from 42.8 to 26.5 percent. Likewise, figures that represented political stability, the rule of law and control of corruption all witnessed major declines. These results demonstrate that governance deficits increased rather decreased in the last decade, and this certainly served as a discouraging factor to attract foreign investors.

Figure 11 Corruption Index (0-10)

	2007	2008	2009	2010
Egypt	2.9	2.8	2.8	3.1
Morocco	3.5	3.5	3.3	3.4
Jordan	4.7	5.1	5	4.7
Tunisia	4.2	4.4	4.2	4.3

Source: Transparency International (2011)

Lack of democracy, persistence of government inefficiency and absence of regulatory frameworks inevitably resulted in the spread and persistence of corruption. As fig. 11 shows, Egypt, compared to other three countries, achieved the lowest score in transparency international corruption index in 2007(2.9/10) and improved in a very marginal level in 2011 to reach 31. Jordan, Morocco and Tunisia's performance in this index had been stable and did not show any improvement.

In fact, corruption has been one of the main factors that discourages domestic and international investors to invest in the MENA countries. In the case of Egypt, Global Competitiveness Report in

2011 identified corruption and inefficient government bureaucracy as the major problematic issues that faced most investors in the country. Likewise, in Morocco, corruption was identified as main problem for investors by the Global Competitiveness Report in the 2007 till 2011 reports.

4.6 Gender Quality and Women Entrepreneurship

The issue of gender inequality in the MENA region has been long discussed, and its negative ramifications on the overall well-being of society proved in many research studies and reports.

4.6.1 Women's education and economic growth

Before embarking on women's enterprepreneurial activities in these four countries, it may be useful to indicate the level of their access to different levels of education. Investing in education has proved to strongly correlate with economic development and poverty reduction.

Generally speaking, MENA countries achieved considerable success in cutting down the illiteracy rates among women. According to UNESCO's statistics, the illiteracy rate among women over the age of fifteen in the MENA region was around 64.9 per cent in 1990 which made the region one with the lowest literacy rates in the world. This figure was cut to 40.2 per cent in 2000 and pushed most Arab states to further enforce women's access to all levels of education and to decrease the gap between males and females. Studies found that economic reasons discouraged females to enroll at schools and also early marriages used to constitute barries towards their pursuit of educaiton and professional development.

Figure 9 Ratios of females to males in:

Country	Educational level, %	2003	2004	2005	2006	2007	2008
Jordan	Primary and sec. education	101.6	101.3	101.5	102.7	102.8	102.2
Jordan	Tertiary enrolment	112.3	112.5	107.8	113.4	111.4	111.3
Tunisia	Primary and sec. education	101.9	-------	103.3	103.5	-------	103.3
Tunisia	Tertiary enrolment	127.4	135.4	139.2	140.7	149.9	148.8
Morocco	Primary and sec. education	87.1	87.4	87.4	---	88.1	----
Morocco	Tertiary enrolment	79.9	82.5	80.6	80.8	89.3	88.7
Egypt	Primary enrolment	95.2	96.2	94.1	94.4	95.1	-----
Egypt	Secondary enrolment	93.7	94.1	-----	-------	--------	------

Source: World Bank Data

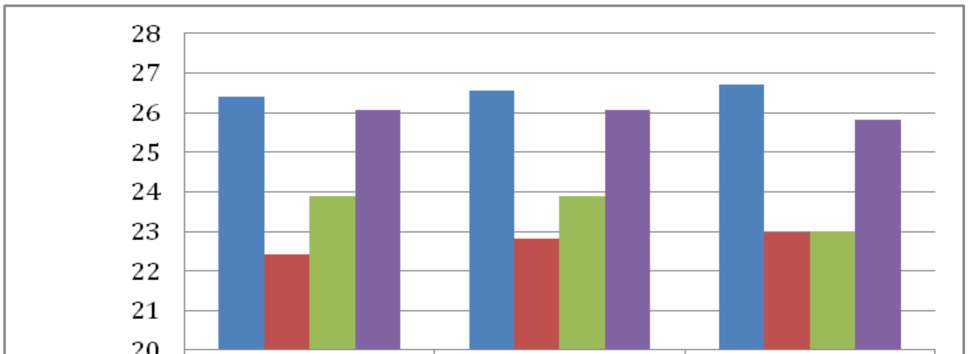
As fig. 9 demonstrates, females' ratio to males' enrolment in primary, secondary and tertiary education show good reasons for optimism. In both *Jordan* and *Tunisia*, the female's ratio exceeded that of the males in the six years for which data is available and in all the different levels of education. However, an important segment of males go abroad to pursue higher education and that might affect the higher percentages of women's access to tertiary education in these countries. In *Egypt*, an average ratio of 95 per cent of males to males enrolled in tertiary education from 2003 to 2008; whereas in *Morocco* an average to 90 per cent of females enrolled in different educational levels during the same period.

These figures confirm that women now have equal opportunities to men in access to education especially at university levels, and gender gaps on primary, secondary and even tertiary education have completely disappeared in these four countries. Yet, there are two concerns regarding women's education in particular and the programs in general. According to recent Human Development Reports (2005, 2007), the quality and content of educational programs tend to be of low quality and do not contribute directly to the development of Arab societies.

Also women tend to specialise more in disciplines like literature and social sciences rather than engineering and business which make their opportunities for access to job market strictly limited.

Despite the fact that women's access to education grew significantly in the past few years, their contribution and participation in the labour market is still substantially low and marginal. In Egypt for example (fig. 10), women's contribution to the labour force did not exceed 23.9 per cent and decline to 23 per cent in 2009. In Jordan, Morocco and Tunisia the figure fluctuates around 22 to 23 per cent. Again, these are the lowest figures in any region in the world.

Figure 10 Women as % of labour force



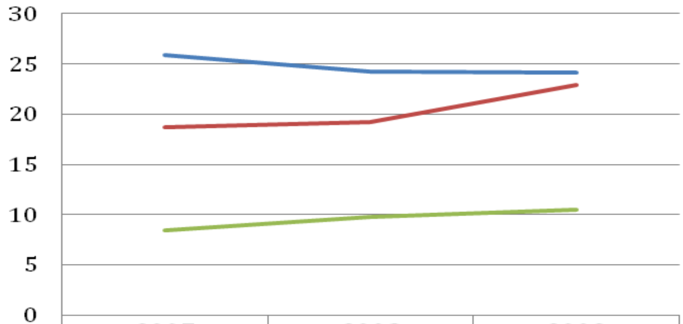
	2007	2008	2009
Tunisia	26,4	26,56	26,72
Jordan	22,41	22,83	22,98
Egypt,	23,89	23,89	23
Morocco	26,06	26,07	25,83

Nevertheless, women's percentage of the labour force in these four countries constitutes the highest levels compared to other countries the Arab world such as Saudi Arabia where it is around 11 per cent, Qatar 13 per cent and Oman around 14 per cent. Since Egypt and Morocco's economies rely significantly on agriculture as a source of economic growth and income, the majority of female employees are recruited in that sector. From 2004 to 2008 (figure 17) Egypt employed 46.5 per cent of its female employees in agriculture related activities and Morocco employed more than 60 per cent of its female work force in agriculture.

Around 16 per cent of employed women who were employed outside of the agricultural field worked in the industrial market. Usually those are either college-educated or performed manual activities that did not necessitate any prior educational background mainly in small factories.

As far as women's unemployment is concerned, Jordan seems to have the highest unemployment rates within the female labour force since 15.9 percent of females were unemployed in 2007, but that number slightly decreased over 2008 and 2009 to reach 24.1 per cent (fig. 11). This can be explained by the government's efforts to enhance opportunities for women and facilitation of their access to the labour market.
In Morocco and Egypt; however, women's unemployment took an increasing pattern: from 8.4 per cent to 10.45, and from 18.7 to almost 25 percent respectively between 2007 and 2009. In fact, unemployment among men in these three countries made it harder for women to find jobs in a market that is dominated by and prioritises men. Hence, it is crucial to motivate and assist women to invest in their own projects and facilitate the steps required to establish a small business that will improve their financial status and also contribute to the overall economic growth of their countries.

Figure 11 Female unemployment as % of female labour force



	2007	2008	2009
Jordan	25,85	24,29	24,1
Egypt, Arab Rep.	18,73	19,23	22,92
Morocco	8,43	9,78	10,45

4.6.2 Challenges facing female entrepreneurs in the four countries

There is little in-depth research conducted in the region to identify the precise challenges that hinder women's entrepreneurial aspirations, but there are some studies by OECD reports and other independent organisations, e.g. International Finance Corporation, which has published a series of Gender and Entrepreneurship Country Briefs. Generally speaking, there are four main sources of challenge that were commonly identified in these studies:

Inadequate finances

For all the four countries, the major obstacle that limited, and sometimes blocked, women's entrepreneurial objectives was access to credit. In Egypt, women faced discriminatory treatment from banks that actually preferred to finance men's businesses. ICA confirmed that only 5 percent of women successfully secured funds from banks compared to 17 percent of their male counterparts. Moreover, females' loans rejection rates were much higher than those of men. Also, women tend to approach microfinance institutions in Egypt rather than trying to get loans directly from banks that impose numerous challenging conditions that discouraged women from applying for them.

In Jordan, businesswomen declared that their male counterparts got preferential treatment from banks that preferred to lend to men rather than women entrepreneurs. Moreover, given the very small magnitude and scope of their businesses, 91 percent of Jordanian women considered microfinance institutions as their sole source of borrowing unlike men who had the capacity to reach and borrow from bigger banking institutions. Also, they found interest rates very high and discouraging to take loans that were mostly declined. Hence, the majority of those women surveyed (34.4 percent) did not rely on any external resources to fund their projects. Also, 81 percent of women entrepreneurs considered the very high cost of electricity, water and other facilities as strong hindrances for their businesses.

In Morocco, 50 percent of women-owned businesses were self-funded in 2005- 2007 as access to bank loans is extremely difficult and challenging. Banks require securities and credit guarantees that are hard to provide by women who are still in the process of establishing their businesses. Banks in Morocco tend to prefer to deal with larger businesses and families, which challenge the efforts of women who intend to start their businesses. However, recently few NGOs and donor organisation like UNIFEM, GTZ and the EU provide substantial financial assistance to women, especially in rural areas, to start their businesses and also provide short training sessions to introduce them to entrepreneurial concepts and best practices.

In Tunisia, access to finance was also a major obstacle as in the other three countries. 36 per cent of women indicated that interest rates were too high and discouraging to apply for loans and 50.8 % stated that they did not rely on bank loans or credits. Most of them (25.9 percent) financed their businesses through company earnings and only 23 percent got their finances through a business or commercial bank. Yet, women wish they could have more chances to have access to bank loans that could finance their businesses in their early stages till they make enough profit to fully pay them back.

Unsupportive culture

In Egypt, Jordan, Morocco and Tunisia, cultural barriers have been commonly identified as challenging as access to finances. The MENA region is traditionally known for the dominance of men in all aspects of society especially in business related fields. Hence, women find it challenging to have equal opportunities in the working environment after they got better education and exposure to society. Moreover, being women in the MENA region, they are required to give extra attention and care for their families, and, hence, balancing between taking care of their businesses and family at home proved to be another blocking factor. In Jordan, 50.7 percent of women entrepreneurs admitted that they found it very hard to balance between their business and family life because they were women and their husbands had more expectation from them regarding their households.

Moreover, being businesswomen in the region may have higher initial costs compared to men, e.g. because of the need to sometimes engage agents to get their businesses started and also through the operational stages. Also, the studies mentioned above report that 46.6 percent of Jordanian businesswomen declared that having to pay bribes was one of the major issues they faced as women in the business climate in Jordan. Likewise, Tunisian women entrepreneurs indicated that having to give bribes and balancing between their family and business lives were major challenges for them as women running their own businesses.

Absence of systems, laws and regulations

Although the governments of Egypt, Jordan, Morocco and Tunisia, headed mainly by international NGOs, took bold steps to foster women's entrepreneurial activities, and included women as a target group to foster economic development, domestic laws and regulations still constitute barriers in front of women's entrepreneurial objectives. In Egypt and Jordan, women declared that regulatory and administrative barriers were strong prohibitive factors for their SMEs and high taxes and corruption are issues that needed to be addressed and solved by their local governments. The absence of firm laws that can limit the spread of corruption made it difficult for these entrepreneur women to operate their businesses in an efficient and transparent business-enabling environment.

Lack of knowledge and training

One major obstacle in front of women who intended to embark on entrepreneurial activities was the lack of knowledge about the basics of starting a business. As indicated earlier, since most women are not prepared through their education to be involved in the business environment, they face various obstacles when they want to get their businesses started. This problem is common and strongly prevalent in these four countries as indicated by women entrepreneurs in various occasions. In Tunisia, the study conducted by Centre of Arab Women for Training and Research found that 46 percent of Tunisian women gave access to training high priority especially technical assistance and learning about basic management and business skills to prepare them to effectively and efficiently run their businesses. Similarly, in Jordan, 73.2 percent pointed out that they thought it was very important to learn management and technology skills. Other OECD reports also referred to this issue of building entrepreneurial skills for women and giving them more exposure to theoretical foundations of entrepreneurship and doing business prior to starting one.

5 Conclusions

The MENA-OECD Investment Programme has established itself as an actor in the region and is seen as important in all the four countries the evaluation team visited. It obviously plays a role in the reform processes in the respective country. The people interviewed are largely in agreement about this but there were also a number of critical views and suggestions for improvement. The objections are related to two main issues: one is the differing views of and expectations from the Programme; the other is how well the Programme's generalised approach fits with the specific needs in each country or groups of countries, e.g. the GCC countries as opposed to other MENA countries.

The Programme apparently functions to some extent as a catalyst for economic reforms and also as an active source of information.

This chapter looks at the three evaluation criteria indicated in the ToR and presents conclusions regarding what seems to be the Programme's achievements and shortcomings. We also discuss the advantages and limitations of the Programme's approach and ways of implementation.

5.1 Relevance

Based on evidence from the interviews there is little doubt regarding the general relevance of the MENA-OECD Initiative with its two pillars – governance and investment facilitation – as means to address the immediate reform needs in the MENA countries' administration and business climate. It also seems relevant for improving the possibilities for women entrepreneurship.

However, we are in more doubt concerning the Programme's relevance in addressing the long-term development challenges. It has been difficult to trace any connection between the Programme's achievements and reforms that are connected to poverty reduction or even employment figures. In order to make this link probable one has to accept a number of assumptions, which are not explicit in the current presentation of the intervention logic of the Programme. That is not to say that a connection is impossible but there may be so many intervening factors or alternative explanations to any observed reduction in poverty levels that influences from the Programme would be mere guesswork.

Instead of asking for a firm conclusion about the Programme's relevance to poverty reduction one may use an alternative way of reasoning and discuss necessary or sufficient conditions for desirable changes. The evaluation has not followed that path explicitly but has looked at overall indicators in chapter 4 that indirectly may provide an answer. Here we can see that the relevance of the Programme is confirmed, also in the sense that it seems to be part of on-going positive changes that it is able to enhance.

The challenges facing female-led businesses in the region, as discussed in chapter 4, confirm the relevance to include a special focus on women entrepreneurs in the programme.

In the interviews questions have been raised about the applicability and consequently also the relevance of Programme's various activities to an individual country's needs. The four countries included in the evaluation are at different stages in their economic and administrative development and the needs vary, but judging from the interest in participation and the majority of the interviews the Programme seems largely relevant for all of the four countries.

5.2 Efficiency

As pointed out in the methodology chapter above the question of overall efficiency or cost-effectiveness is difficult to answer regarding both impact and outcome levels. Also, regarding outputs, there is no easy way of assessing costs to activities but some indirect relations can be discussed.

Most of the interviewees were generally satisfied with the conferences and workshops but improvements could be made regarding discussions during the events about applicability of experiences from other countries to individual MENA countries, of documentation from conferences and of the follow-up and feed-back after individual events. In that way the combined resources in terms of money and participants' time that are spent on, or rather invested in, an event would be used more efficiently.

Some participants feel that various events have not met their expectations given the time and funding invested. An explanation may be that the purpose of the programme had not been properly communicated and the more generalised presentations and discussions at some of the conferences were not felt to be useful for individual countries. Also in some cases the 'wrong' participants may have been selected. This makes an event less cost-effective.

Another criticism was that participation has been spread too widely and thereby the continuation of learning was disrupted. Although there may be some truth in this, there may be an advantage to have a new mixture of participants for each event in order to expose as many potential policy and decision makers as possible to new knowledge and to share experiences. Behind this view may be a lack of clear principles for selection of participants and how newcomers and 'old-timers' should be mixed.

The contributions to the Programme have been uneven over time and consequently the activities and the staffing of the Programme have varied. The Secretariat's view is that early (and if possible multi-year) donor commitments and disbursements would facilitate planning and most probably the efficiency of the Programme since e.g. staff turnover may slow down the implementation.

The practice of sharing costs with host countries when events take place in the MENA region is most likely efficient both because local knowledge about arrangements are utilised and because direct involvement and increased ownership improves the implementation.

The largest expenditure item during the period studied is personnel at the OECD Secretariat, which took 60% of the total programme costs while the item "External experts" was 11%, "Missions (staff and invitees)" 9% and "Meetings" 4%. Given the fact that the Programme works mainly through sharing knowledge and experience one may have expected that the cost for experts would have been relatively higher but the distribution may reflect the fact that the OECD staff are not only managing the Programme but are themselves experts on relevant issues. The relatively low cost for meetings is obviously related to the fact that host countries take a large part of the cost for these. Time has not permitted a detailed scrutiny of staff costs in relation to he tasks performed. There may be potential efficiency gains here but to detect these, if they exist, would require a separate study.

5.3 Effectiveness

The overall conclusions concerning the effectiveness of the Programme – i.e. whether it has achieved its objectives or not – can be stated largely in the same way as the conclusions about relevance: it has carried out its planned activities in a way that most of our sources consider beneficial for bringing about reforms that stimulate investments and thereby economic growth; but it has not been possible to detect any tangible influence on poverty reduction or increased employment opportunities from the Programme.

Neither has it been possible to detect any direct influence of the Programme on women as entrepreneurs, but some interviews mention the need and the potential strategic effects from having a special focus on women in the Programme.

The two 'pillars' of the MENA-OECD Initiative on Governance and Investment for Development are closely related to each other in order to achieve the common objective of poverty reduction in a wide sense.

An important, but less explicit objective of the Initiative, is to bring the OECD and MENA countries closer together . Judging from the interviews this has been achieved to some extent and is seen as a very positive outcome from the Programme.

As pointed out in chapter 2 the general approach of the Programme makes it difficult to establish clear cause-and-effect relationships between outputs and outcomes, but we believe it likely that the effects are positive and in the direction intended. We base this conclusion on both the verdicts given by the interviewees in the four countries and on the degree of involvement and ownership that is part of the Programme's way of working.

The high level commitments to the objectives of the Programme as well as the implementation structure with the Steering Committee and Working Groups co-chaired by both MENA countries and OECD countries seems an effective strategy.

As indicated in the Tri-annual Report to Sida there have been some changes in the implementation structure, e.g. in the composition the Working Groups and their areas of responsibility and the establishment of a new Task Force. Judging from information obtained we see this as a proper reaction to needs that have emerged along the way and as a sign that the programme is managed in a flexible and responsive manner.

The working method chosen – in principle a dialogue at various levels – differs from conventional development projects and is seen as the typical way OECD works, i.e. through discussion and consensus.

The policy dialogue has gained popularity during recent years as a means for donors to influence development partners regarding strategic measures and reforms. However, the methods for executing this vary and are often quite vague. Also, it is extremely difficult to trace the impact of the dialogue.[18]
The OECD-MENA is an interesting example, not only of a dialogue but of an approach that has deliberately avoided more conventional development instruments like training and long-term advisors and found concrete methods to continue the dialogue through conferences, high-level meetings, studies (e.g. the BCDS) and study centres.

The choice of activities in the Programme and of issues for the Working Groups and the Network is an indication of what is considered by the Steering Group and the OECD Secretariat to be necessary in order to initiate a particular reform or improve its chances for success.

[18] It is a paradox that this has happened while at the same time demands for concrete results from development cooperation have been increasingly strong.

Apparently, and according to the information obtained by the team, no other programme or project in the region and with related objectives provides a similar opportunity for contacts, networking, exchange of ideas and experiences, access to best practices etc. In this way the Programme most probably provides a space for cooperation that complements and enhances other similar support programmes.

One may also state that the MENA-OECD Programme tries to both maintain and boost trends that are already under way in these four countries and wants to counter the adverse economic effects.

The character, and the direction of the reforms rather than the Programme's activities in themselves, will eventually provide an answer, albeit an indirect one to the question if overall goals have been achieved.

The regional dimension is considered essential for the approach by the Programme and is based on an assumption that the countries in the region exhibit relatively similar characteristics. This is only partly true since they differ heavily in the ways the economies are structured, in the level of living, and how they are governed. This has caused doubts from some of the interviewees about the effectiveness of the regional programme. As we understand the approach the intention was never to propose similar solutions to all countries but rather use the regional approach to offer possibilities to detect similarities as well as differences in order to see more clearly one's own country's needs and potentials while at the same time show solutions that have worked elsewhere and that could provide inspiration. The regional approach also provides opportunities for networking so that 'subgroups' of countries, which really have similar characteristics in one or more ways, can interact. In these ways the regional approach is, in our opinion, a good and effective strategy.

6 Recommendations

To Sida (and other donors)

1. Sida should continue to support the MENA-OECD Investment Programme during the third phase.
2. The financial support should be done in a way that makes it as easy as possible for the Programme to plan future activities smoothly.
3. Sida should ask for better integration between the Investment and the Governance Programmes in terms of issues, sequencing and adaption to local circumstances.

To the Steering Committee and the OECD Secretariat

1. The Logical Framework should be amended to include assumptions and efforts should be made to better clarify how the Programme may influence national reforms aiming at poverty reduction.
2. The listing of "selected impacts" in the Log Frame format should critically revised and care should be taken to clarify relationship – if any – to the Investment Programme.
3. The purpose and the particular way of working programmes that has been established by the Programme compared to other, more 'conventional', development should be communicated better to avoid misunderstandings and false expectations.
4. The Programme should largely maintain its way of working and implementation as it seems to complement other development programmes.
5. Although an essential feature in the Programme is that it avoids setting conditions, criteria should be established when a particular event or undertaking should be abandoned, e.g. due to delays or lack of commitment by stakeholders.
6. In order to improve the understanding of the Programme's particular function and ways of working the Secretariat should seek more actively information about other donor supported projects and programmes in the region and in individual countries and promote discussions on how those relate to the MENA-OECD Programme and how they may enhance and complement each other

To Working Groups and Task Forces

a. Gender aspects of the Programme and women entrepreneurship should be further enhanced in order to tap the potential for more effective use of human resources and promote poverty reduction.
b. Events should be prepared in closer collaboration with intended participants/direct beneficiaries in order to improve outcomes and make local adoption of external cases and generalised experience easier.
c. Documentation should always be produced during or very close to the end of an event to ensure that experiences are retained and promote best possible outcomes. New ways to promote sharing and promoting knowledge and local experiences relevant to reforms should be considered, e.g. by engaging and training 'change agents' and creating a database and/or dedicated website.

d. The selection of participants in events can either stimulate continuation by having the same persons going to several meetings or stimulate the spreading of knowledge by having many different persons participating in events. Although participant selection is normally a national matter selection criteria should be suggested by the Working Groups for each particular event in order to balance these two effects.

e. When external experts, who are not familiar with the region and the major targeted countries, speak at events special efforts should be taken (e.g. through "bridging sessions" or "mediators") to discuss ways to apply such external experiences or examples to MENA countries.

f. To improve the overall effectiveness, the Programme should communicate clearly the expected outcomes of the Programme and how participants ought to translate the learned lessons into action in their respective governments. Participants and other stakeholders should be encouraged to engage more in setting the agendas of planned programs and contributing to the materials presented at the event to which they are invited.

g. Knowledge management can be integrated as part of the Programme to ensure a lasting and far-reaching impact. The region lacks the tradition and capacity of research and evaluation. OECD has considerable expertise in this area and can help develop this capacity during the conferences.

ANNEX 1: Terms of Reference

Evaluation of the MENA-OECD Investment Programme 2008-2010

Background
The MENA-OECD Initiative on Governance and Investment for Development ("the Initiative") is a regional effort, initiated in 2005 at the request of countries from the Middle East and North Africa (MENA) within the Organisation for Economic Co-operation and Development (OECD). It promotes broad reforms to enhance the investment climate, modernise governance structures and operations, strengthen regional and international partnerships, and promote sustainable economic growth throughout the MENA region. The Initiative facilitates policy dialogue and sharing of experience on public governance and investment policies among policy makers from MENA countries and their OECD counterparts.

The 18 **countries** participating in the MENA-OECD Initiative are: Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian National Authority, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, and Yemen. Oil-producing countries are not covered by development funds and participate in the Initiative on self-funding basis.

The Initiative consists of **two pillars**:

- The Governance Pillar works towards increasing the efficiency, accountability and transparency of the public sector as a pre-condition for a stronger, fairer and cleaner economy.
- The Investment Pillar aims at improving the business climate and focuses on establishing a favorable environment for investment — foreign, regional and domestic — as a driving force for economic growth and employment in the MENA region.

The assessment of the achievements of the Governance and Investment pillars of the MENA-OECD Initiative ("the Initiative") will be carried out in two different evaluations, one for each pillar.

The second phase of the Initiative, from 2008-2010, was supported by a grant from the Swedish International Development Agency (SIDA) of SEK 9.000.000 for 3 years (2008-8/2010) for the MENA-OECD Governance Pillar and of SEK 14.500.000 for the MENA-OECD Investment Pillar.

The activities carried out within this second phase by the Investment Pillar will be the object of this evaluation (the Services), which are limited to results of the Investment Programme focusing on its regional outputs impacting on country-specific reforms.

Objective of the evaluation
The evaluation shall provide SIDA and OECD with information on the results of the Investment Programme within the Initiative. To that effect, it shall focus on the outputs, outcomes and impacts (in terms of increased efficiency, accountability and transparency of the public/private interfaces supporting a dynamic business environment) that have been achieved through the activities undertaken by the Investment Programme. In that regard, special attention will be placed on the results of activities aimed at fostering regional policy dialogue and exchange of good practice between MENA and OECD countries, regional integration, regional convergence with international standards of national norms, policies, strategies, institutions and administrative practices in MENA countries. The evaluation shall examine this based on the mandate of the OECD Council. The evaluation shall consider the grant agreement between the OECD and SIDA, including its annexes:

- The three OECD Council Documents on the Extension of the MENA Initiative on Governance and Investment for Development – MENA II 2008-10 {main document: C(2007)25/REV2}; summary: (2007)25/ANN/REV1; and budget document, C(2007)25/ADD1};
- The Results-Oriented Logical Frameworks of the MENA-OECD Governance and Investment Programmes for its second phase;

and the OECD Council document C(2006)168/FINAL on Regional Approaches providing benchmarks for the implementation of regional approaches like the MENA-OECD Initiative on Governance and Investment (the document will be made available for the Consultant for easy reference).

The evaluation shall primarily focus on questions related to:

- *Effectiveness* – Have the activities undertaken by the Programme improved knowledge about policy making in the region? Have the activities generated further political awareness and expert consensus on the priority areas for reform at the regional level?
- In particular, have these activities led to effects in terms of policy, normative, institutional or similar changes in the target countries? Have such changes subsequently been effectively implemented? To what extent has the project led to tangible results for the intended beneficiary populations, particularly youth and women?

If such changes are not apparent what could be an explanation for their absence?

- *Relevance* – Have the changes that have taken place been relevant to the needs and priorities of the intended beneficiaries, and to the conditions of people living in poverty? Have gender considerations been included in the design of the project? Also, have the activities undertaken provided the donor community with relevant information to comply with the principles of the Paris Declaration on Aid Effectiveness (such as an expert consensus on priority areas for policy reform)? Have any efforts been done on investment issues related to environment and climate friendly investment issues?
- *Could any conclusions been drawn on a link between trade agreements and investment for long term sustainability?*
- *Efficiency* – Could the same results have been achieved with fewer resources? Has the Investment Programme been able to create synergies with the Governance pillar?

Scope of the evaluation
The evaluation shall cover the period from January 2008 to December 2010.

Methodology of the evaluation
The primary source of information for the evaluation shall be interviews with public officials and stakeholders in the countries where the Programme has been implemented. Information contained in the Programme's documentation and annual reports will be an important source of background information, which will help the consultants elaborate questions and identify interviewees.

Documentation for the evaluation
The evaluation will be based on the results of the activities of the Investment pillar of the Initiative as identified through desk work, field studies, and interviews with relevant stakeholders in the target countries. OECD can assist in the setting up of contacts with relevant stakeholders.

Time schedule
The final report shall be completed by the end of June 2011.

Implementation
The Consultant shall proceed with the evaluation that will consist in the following:

1. <u>Preparation of a brief inception report (maximum 60 hours in total)</u>
   On the basis of written documentation from the Programme combined with interviews (possibly over the phone, but it is also possible to make a visit to Paris) with stakeholders in Paris and Stockholm, the inception report should:
   - Formulate, in accordance with the above focus and on the basis of the Initiative's logical framework, the main questions/problems, which will be studied at field level.
   - Make a preliminary selection of countries and interviewees for field studies.

- Provide a proposed outline of the final evaluation report.

The inception report should be submitted to SIDA and OECD for comments and questions.

2. <u>Field visits (maximum 240 hours in total)</u>
   The Consultant should undertake field visits to at least four of the countries where the Programme has been implemented (excluding, for this purpose, countries which are not on the DAC-list of recipients of development assistance). For the performance of field studies, the team members may work separately.

3. <u>Submission of the interim report (maximum 40 hours in total)</u>
   The objective of the interim report is to provide preliminary results and ensure that the evaluation is carried out in accordance with expectations. Subsequent to the submission of the interim report, Sida and OECD should be given the opportunity to provide comments and suggestions as to the focus of the evaluation and additional material to consider.

4. <u>Submission of the final evaluation report (maximum 60 hours in total; May 2011)</u>
   Apart from reporting on the findings of the evaluation, the consultants will be asked to provide recommendations for how the Programme's effectiveness can be enhanced.

Reports
All reports shall be finalised by the Consultant in English. The report shall be written in accordance to SIDA's "Format for SIDA Evaluation Report", Appendix E. to the invitation to tender. Also, for concepts and definitions of key evaluation terms, please refer to DAC Evaluation Quality Standards, Appendix C

ANNEX 2: Persons met during field visits

Country : TUNISIA	
Organisation	**Persons met**
Ministry of Planning and International Cooperation *(Ministère de la Planification et de la Coopération Internationale)*	**Mr. Abdelmajid Mbarek** *Director, General Directorate of Foreign Investment*
Ministry of Finance *(Ministère des Finances - Direction Générale des études et législation fiscales - Prospectives et communication fiscale*	**Mr. Ali l-Mekki** *Head of Unit*
	Ms. Samia Tayari *Advisor of Public Services*
	Mr. Saber Nuisri *Head of Section*
Ministry of Industry and Technology *(Ministère de l'Industrie et de la Technologie)*	**Mr. Sadok Dhaou Bejja** *General Director of SME Promotion*
Foreign Investment Promotion Agency *(Agence de Promotion de l'Investissement Extérieur)*	**Mr. Amor Sassi** *Director of General Promotion*
	Mr. Zied Lahbib *Head of Section*
Agency for the Promotion of industry and Innovation *(Agence de Promotion de l'Industrie et de l'Innovation)*	**Mr. Ferid Tounsi** *Director General*
	Mr. Noureddine Taktak *Assistant Director General*
Tunisian Institute of Competitiveness and Quantitative Studies *(Institut Tunisien de la Compétitivité et des Etudes Quantitatives)*	**Mr. Salem Miladi** *General Director*
	Mr. H'mida Khilifi *Director of National Competitiveness Observatory*
Financing Bank for Small and Medium Enterprises *(Banque de Financement des Petites et Moyennes Entrepr*	**Mr. Khalil Ammar** *Chairman General Director*
	Mr. Marouane Ouederni *Assistant General Director*
	Mr. Hamdi Ksiaa *Head of Section*
Tunisian Guarantee Company *(Société Tunisienne de Garantie)*	**Mr. Abdelhakim Hamdi** *Chairman General Director*
Arab Council of Business Women	**Ms. Leila Khaiat** First Vice President
Delegation of European Union to Tunisia	**Mr. Francis Lemoine** Officer in Charge of Macro-economic and Public Fina Programmes

Country : MOROCCO	
Organisation	**Persons met**
Ministry of Economic and General Affaires *(Ministère des Affaires Economiques et Générales)*	**Ms. Amina Benjelloun** *Director, Economic Promotion Pole Promotion, Advis the Prime Minister*
	Mr. Said Tazi *Advisor to the Prime Minister*
	Mr. Brahim Qermane *Advisor to the Prime Minister*
Ministry of Modernisation of Public Sectors *(Ministère de Modernisation des Secteurs Publics)*	**Mr. Ahmed Laamoumri** *Director of the Modernisation of the Administration*
Ministry of Foreign Trade *(Ministère du commerce extérieur)*	**Ms. Zahra Maafiri** *Director, Foreign Trade Policy*
National Council of Foreign Trade *(Conseil National du Commerce Exterieur)*	**Mr. Mohammad Benayad** *Secretary General*
National Agency for the Promotion of Small and Medium Enterprise *(Agence Nationale pour la Promotion de la Petite et Moyer Entreprise)*	**Mr. Ali Berrada-Gouzi** *In charge of Management Control*
Central Authority for Corruption Prevention *(Instance ce de prévention de la corruption)*	**Mr. Abdesselam Aboudrar** *Chairman*
	Ms. Fatima-Zahra Guedira *Head of International Cooperation Entity*
	Mr. Ahmed Yassine Foukara *Head of Strategy and Studies Pole*
Central Guarantee Fund *(Caisse Centrale de Garantie)*	**Mr. Hicham Zanati Serghini** *Secretary General*
	Mr. Mustapha El Hatimi *Director, Engagements of entreprises*
	Mr. Taoufiq Lahrach *Financial and Legal Director*
Regional Investment Centre of Rabat-Sale- Zemmour- Za *(Centre d'Investissement Régional de Rabat-Sale- Zemmou Zaer)*	**Ms. Inane Benyaich** *Director*
	Ms. Imane Masmoudi *Responsible of Coordination and Cooperation*
Regional Investment Centre of Casablanca *(Centre d'Investissement Régional de Casablanca)*	**Mr. Hamid Ben Elafdil** *Director*
	Mr. Redouan Assakhen *Head of Department, Creation of Entreprise*
High Institute of Administration *(Institut Supérieur de l'Administration)*	**Mr. Abdelahad Fassi-Fehri** *Director of Studies and Cooperation*
Federation of Chambers of Commerce, Industry and Serv in Morocco *(Fédération des Chambres Marocaines de Commerce, d'Industrie et de Services)*	**Mr. Khalil Ibn Yaich** *Head of Department*
	Ms. Imane El Ghazi *Studies Administrator*
General Confederation of Enterprises of Morocco *(Confédération Générale des Entreprises du Maroc)*	**Mr.Mounir Ferram** *Delegated Director*
Association of Women Heads of Enterprises in Morocco *Association des femmes chefs d'entreprise du Maroc*	**Ms. Soraya Badraoui Drissi** *President*
Moroccan Association for the Promotion of Women Enterprises *(Association Marocaine pour la Promotion de l'Entreprise Féminine)*	**Ms. Fatima Joumal** *President*

Country : JORDAN	
Organisation	**Persons met**
Ministry of Planning and International Cooperation	**H.E. Mr. Jafar Abed Hassan** *Minister*
	Mr. Mhkhallad Omari *Director of Policies and Studies Department*
Jordan Investment Board (JIB)	**H.E. Mr. Samer Asfour** *Chief Executive Officer*
	Mr. Elias Farraj *Deputy CEO*
	Dr. Bashar Al-Zu'bi *Senior Advisor to the CEO and UNIDO Project Focal Po*
Jordan Enterprise Development Corporation (JEDCO)	**Ms. Hana Uraidi** *Director of Cross Cutting Support*
Embassy of Sweden in Jordan	**H.E. Ms. Charlotta Sparre** *Ambassador of Sweden in Jordan*
	Ms. Annika Johansson *Counceller for Regional Water Cooperation*
Envision Consulting Group for Economic and Administrat Studies	**H.E. DR. Samer Asfour** *Former CEO of JIB and CEO of Envision Consulting*
Al Urdonia Center for Innovation & Business Inncubators Affliate of JETCO	**Ms. Reham Gharbiyeh** *CEO*
Business School, BMU Lebanese French University in Erb Kurdistan	**Dr. Riad Khouri** *Economist, Dean, and regular participant in MENA-O Program activities*
Young Entrepreneurship Association (YEA), Jordan	**Khalid Al Kurdi** *YEA President, and CEO of Structure Consulting*
USAID – Jordan Economic Development Program (SABEC	**Mr. Laith Al-Qasem** *Director*
Arabian Business Consultant for Development	**Ms. Muna Hamdan** *Director of Research and Analysis*
	Mr. Mohamad Masadeh *Director of Arabian Business Consultant for Developm*
Rwafed for Business Development	**Ms. Lina Hundaileh** *President and Founding member of Young Entreprene Assocation, Jordan*
Arab International Women Forum	**Ms. Raghda Kurdi** *Jordan Representative, General Manager of Pharma*

Country: EGYPT	
Organisation	**Persons met**
Ministry of Investment	**Ms. Mona A. Zobaa** *Undersecretary and Head of Investment Policy Dep.*
	Dr. El Sayed Torky *Advisor to the Minister's Office for Corporate Social Responsibility and MENA-OECD focal point in Egypt*
	Dr. Ahmed Kamaly *Egyptian National Contact Point Director* *Head of the Department of Economics, the American University in Cairo*
General Authority for Investment and Free Zones (GAFI)	**Ms. Neveen El Shafei** *Vice Chairman*
	Dr. Mohamed Amr Eleish

	Undersecreatry for Policy Advacy Sector
	Ms. Reem Elsaady *Executive Director, Small and Medium Enterprise Unit*
	Dr. Hadia Hamdy Abdel Aziz *Consultant, Entreprenurship and Innovation*
	Mr. Moataz Mohamed Ahmed *International Investment Agreement Officer*
Egyptian Businessmen's Association	**Dr. Mohamed Youssef** *Secretaty General*
	Ms. Shaima Said *International Relations Manager*
German Chamber of commerce	**Mr. Rainer Herret** *Executive Director*
German University in Cairo	**Dr. Noha El-Bassiouny** *Lecturer, Founder of Ethics-Based Marketing Project,* *Founder of Balanced Leader Project* *Faculty of Management Technology*
	Prof. Dr. Ralf Klischewski *Dean, Faculty of Management Technology*
Nahdet El Mahrousa Organization **For young Egyptian professionals**	**Mr. Loay El Shawarby** *Chairman of the Board* *Attorney at Law, Zaki Hashem & Partner*
Citadel Capital	**Mr. Amr M. El-Kadi** *Head of Investor Relations & Risk Management*

Annex 3: Written sources

OECD-MENA – Documents

- Brochure – MENA-OECD Investment Programme (undated, 18 pages)
- PowerPoint presentation "Unrest in the Middle East and North Africa: Root Causes..." – Preliminary findings of the Assessment of the MENA region for Sida (2 Feb 2011, 64 slides)
- Evaluation of the OECD/MENA Governance Programme 2008-2010, SIPU International (undated [probably early 2011], 63 pages)
- Why governance and investment matter for development. OECD Observer (short article) November 2009
- About the MENA-OECD Governance Initiative - From OECD Website. (9 May, 2010 - 3 pages)
- Marrakech Declaration on Governance and Investment. On the occasion of the OECD-MENA Ministerial Conference, November 2009
- Outcomes of the MENA-OECD Ministerial Conference and Governance and Business Forums 22-23 November 2009 - Marrakech, Morocco
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- Maroc – Stratégie de développement du climat des affaires. OCDE 2011.
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Women entrepreneurship

- Seminar program – Women in Private Equity: New Frontiers in the MENA Region – Seminar 23 May 2011 in Paris (Spring 2011?, 5 pages)
- Presentation A4 brochure – The OECD-MENA Women's Business Forum (undated; late 2010?, 5 pages)
- Paper – Inventory of Policies, Institutions and Programmes Supporting Women's Enterprises in the Middle East and North Africa: Overview (Fall 2010, 11 pages)
- Report for meeting – Draft Report on Women's Access to Finance in the MENA Region. OECD Workshop on policies for SME and entrepreneurship finance, 20 April 2011, Paris. Working party on SMEs and entrepreneurship.
  (April 2011, 31 pages)
- Action Plan for Fostering Women's Entrepreneurship and Employment in the MENA Region. November 2009

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- Annual Report for Sida, Reporting period 1 Jan 2010 to 31 Dec 2010 (no date; Main text 22 pages
- Annual Report for Sida, Reporting period 1 Jan 2009 to 31 Dec 2009 (no date; Main text 25 pages
- Annual Report for Sida, Reporting period 1 Jan 2008 to 31 Dec 2008 (no date; Main text 20 pages
- Above report, Annex III The logical Framework Analysis (22 pages)
- Report to Sida, Reporting period 1 Jan 2008 to 31 Dec 2010 - Tri-annual report (no date, 97 pages)
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- Regional Approaches - The Example of the MENA-OECD Initiative. External Relations Committee 30 June 2009. ERC/RD(2009) 1
- Briefing Note: Evaluation of the MENA-OECD Investment Programme by Sida. June 2011. 4 pages.
- Extension of the MENA-OECD Initiative on Governance and Investment for Development – MENA III (2011-2015). ERC 29 June 2010. Room Document 1. 38 pages.
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- PowerPoint presentation: Transition in the MENA region: Context, Economic Impact and Future Orientations for the MENA-OECD Investment Programme. MENA-OECD
- High Level Consultation 16 May 2011. 35 pages. (Largely same as "Unrest in the Middle East..." section *Misc* above)

Sida documents

- Samarbetsstrategi (Regional Cooperation Strategy) för Mellanöstern och Nordafrika sep 2010 – dec 2015 (sep 2010, 15 pages; in Swedish)
- Assessment Memo – "In-depth Preparation Memo - MENA-OECD Investment Programme II 2008-2010" (13 June 2008, 21 pages)
- Protokoll KOMIN 2008-05-29 (3 pages; in Swedish)
- Decision on contribution: MENA-OECD Investment Programme II, (2008-06-27, 2 pages)
- Disbursement overview (Utbetalningar), period: 090101-110330 (11-03-30, 1 page)
- Agreement between Sweden and OECD on ... (3 Sep 2008, 8 pages)

Enclosures to Draft Agreement with Sida:
Extension of the ... on Governance and Investment, New work proposal template 2008-2010 – Encl 1 [A summary note on part I and plans for part II] (5 April 2007, 36 pages)
Extension of the ... on Governance and Investment, Annex – Encl 2 [Report on part I on the programme (6 April 2007, 36 pages)

Extension of the ... on Governance and Investment, Note by the Secretary-General – Encl 3 [A summary note on part I and plans for part II] (5 April 2007, 36 pages)
Proposal to Sida for support to the OECD-MENA IP – Encl 4 (undated [2007?], 45 pages
Outcomes of the MENA-OECD Ministerial Conference and Governance and Business Forums 22-23 Nov 2009 in Marrakech (undated, 28 pages)

Annex 4: Investment climate in Morocco and Tunisia

An attempt to tap the investment climates more in detail was made regarding Morocco and Tunisia. (Due to limiting factors for the field visits this was not possible for Egypt and Jordan.

A 4.1 Morocco

The Moroccan authorities have made great efforts over the last decade to put in place an institutional, legal, economic and financial arsenal that is up to the task of creating a favourable investment climate, promoting an open and transparent investment regime and a responsible business conduct.

At the same time, Morocco has launched a number of sectoral development plans in the last few years. These include: Plan Azur - 2010 Vision (tourism), Green Morocco plan (agriculture), Emergence plan (industry), fisheries development plan, digital Morocco 2013 plan, Energy plan, etc. These plans are generally monitored by the Government and the private sector organisations.

The country actively encourages foreign investment and has sought to facilitate it through macro- economic policies, trade liberalization, and structural reforms. The U.S. Free Trade Agreement (FTA) and the Association Agreement with the EU (Morocco has signed a special Declaration for the Advanced Status with the EU) have led Morocco to reduce its tariffs on imports from the U.S. and EU. Morocco has also signed a quadrilateral FTA with Tunisia, Egypt and Jordan, and a bilateral FTA with Turkey. Additionally, it is seeking trade and investment accords with other African, Asian and Latin American countries.[19]

To facilitate foreign investment, the Government has created 16 Regional Investment Centres (CRI) across the country to minimize and accelerate administrative procedures, and promote investment opportunities in their regions. The most prominent among these are the CRI of Casablanca and the CRI of Rabat-Sale- Zemmour- Zaer. The CRIs provide assistance to new company creations and to investment projects.

In spite of all these efforts notably the country did not manage to improve its classification these last two years in Doing Business, maintaining the 114th worldwide rank out of 183 countries (see Box 4 below). Stakeholders, while severely criticising the methods that the World Bank uses when compiling its indicators (they claim that it is strictly based on the perceptions of some individuals in the Casablanca region), have confirmed that Morocco is introducing a number of reforms in order to improve its ranking.

Box 4 - Morocco Selected Year Index Ranking	2011 World Bank Doing Business 114 out of 183
2009 World Bank Governance Indicator, Voice & Accounta	2010 World Bank Doing Business 114 out of 183
26.5%	2011 MCC Gov Effectiveness 68th Percentile
2009 World Bank Governance Indicator, Political Stability:	2011 MCC Rule of Law 58th Percentile
30.2%	2011 MCC Control of Corruption 65th Percentile
2009 World Bank Governance Indicator, Government	2011 MCC Fiscal Policy 74th Percentile
Effectiveness: 51.4%	2011 MCC Trade Policy 56th Percentile
2009 World Bank Governance Indicator, Rule of Law: 50.5	2011 MCC Regulatory Quality 74th Percentile
2009 World Bank Governance Indicator, Control of Corrup	2011 MCC Business Start Up 79th Percentile
51.4%	2011 MCC Land Rights Access 68th Percentile
2010 TI Corruption Index 85 out of 178	2011 MCC Natural Resource Mgmt 20th Percentile

Morocco has endorsed the Ministerial Declaration on Governance and Investment for

[19] Source: 2011 Investment Climate Statement, Bureau of Economic, Energy and Business Affairs, U.S. State Department

Development, a Declaration on Fostering Responsible Business Conduct in the MENA Region, and an Action Plan on Fostering Women's Entrepreneurship and Employment in the MENA Region. Furthermore, Morocco adhered in 2009 to the OECD Declaration on International Investment and Multinational Enterprises, which comprises Guidelines for Multinational Enterprise.

As a result of a National Investment Reform Agenda (NIRA) produced with the Programme, Morocco established an independent investment promotion agency (the Agency for Investment Development), reviewed its investment promotion system, drafted a corporate governance code, and issued a regulatory framework for its venture capital industry.

Morocco is showing the first signs of recovery at the financial crisis of 2009. In 2009, Morocco gave consideration to revising its current investment laws, and has proceeded with the simplification of its administrative processes. Its FDI inflows grew by 94% in 2010. Box 4 below shows the trends in FDIs from 2005 till 2009.

Box 4 - Foreign Direct Investment in Morocco

FDIs in Morocco have been fluctuating in volumes and percentage of GDP between 2000 and 2009 as shown below.

Foreign Direct Investment in Morocco (Millions of USD)

Year	Total FDI	% of GDP	Year	Total FDI	% of GDP
2000	245.8	0.8	2005	3,007.6	5.1
2001	2,732.2	8.0	2006	2,962.5	4.5
2002	534.2	1.3	2007	4,629.2	6.2
2003	2,430.2	4.9	2008	3,608.1	4.1
2004	1,070.5	1.9	2009	2659.9	2.75

Source: 2011 Investment Climate Statement, Bureau of Economic, Energy and Business Affairs, U.S. State Departme

European FDIs are the most noticeable but are declining since 2005 (91% in 2005, 87.3% in 2006, 75.5% in 2007, 69.3% in 2008 and 65.5% in 2009). France and Spain leading in investments in Morocco with about 70% of the FDI stocks. FDIs from Arab Gulf countries have on the other steadily increased from 4.9% in 2005 to 20.9% in 2009).

Foreign Direct Investment Inflows by Country of Origin (Millions of USD)

Country	2005	2006	2007	2008	2009
France	2234.6	982.5	1740.7	1360.7	928.2
Spain	162.4	817.2	744.9	337.6	208.12
Germany	96.3	106.8	200.8	169.3	98.05
UK	50.9	105.8	314.2	156.7	128.28
United States	25.5	98.1	188.2	108.1	79.06
Netherlands	29.3	25.8	61.5	24.3	31.29
Benelux	48.0	296.0	160.7	133.9	122.93
Saudi Arabia	40.8	37.5	77.6	65.9	32.95
Switzerland	85.4	102.9	161.6	214.3	145.46
UAE	81.9	87.9	464.6	608.5	149.22
Kuwait	25.1	115.0	192.1	14.9	373.98
Italy	23.6	38.0	105.4	99.0	73.83
Portugal	6.8	5.7	6.8	5.8	6.58
Others	97.0	143.0	210.0	309.1	281.97
Total	3007.6	2962.2	4629.1	3608.1	2659.92

Source: 2011 Investment Climate Statement, Bureau of Economic, Energy and Business Affairs, U.S. State Departme

Tourism has attracted the largest percentage of FDIs during the period 2005-2009 with 22.9% of the total volume, closely followed by the real estate sector (21.2%). Manufacturing industry comes in the third place with 13.4% and banking fourth (9%). On the other hand, the sectors that have attracted the least volume of FDIs were fishing and agriculture (both about 0.1%). In terms of FDI stocks, telecommunications and manufacturing industry dominated at the end of 2007 (27% and 20% respectively of the end-2007 FDI stock).

Foreign direct Investment Inflows by Sector (Millions of USD)

Sector	2005	2006	2007	2008	2009
Industry	308.0	1019.6	404.2	230.2	294.5
Tourism	346.9	889.6	1,515.0	732.2	380.86
Real Estate	272.8	467.8	925.7	1180.9	725.1
Banking	5.0	166.3	222.4	639.9	489.86
Insurance	128.9	166.2	2.6	25.9	33.82
Commerce	49.7	118.9	41.9	23.2	19.15
Holding	23.6	16.8	103.4	285.1	24.14
Energy and Mining	42.5	11.4	343.7	202.4	10.48
Transport	36.2	6.4	333.8	22.7	51.39
Public Works	18.0	3.9	64.9	32.6	14.46
Telecommunications	1,725.2	3.1	376.5	29.7	369.83
Agriculture	0.1	2.8	4.0	3.5	1.98
Fishing	0.1	0.0	0.5	2.8	0.1
Other Services	47.0	76.8	275.1	192.7	88.27
Other	3.5	12.8	15.6	4.4	6.79
Total	3007.6	2962.5	4629.1	3608.2	2659.92

Source: 2011 Investment Climate Statement, Bureau of Economic, Energy and Business Affairs, U.S. State Departme

Morocco has instituted in 2009 the Investment Development Agency (AMDI) as the national body in charge of the development and promotion of investment in Morocco. Its mission is to establish a welcoming structure and provide guidance for investors. AMDI's responsibilities, and its close co-operation with the private sector, ensure that the criteria of accessibility, visibility, transparency and accountability are offered to investors in the country. AMDI is in charge of collecting and analysing FDI statistics in co-operation with the Office des changes, producing investment performance indicators and publishing the resulting analyses.

Morocco provides a range of investment incentives, including a corporate tax holiday during the first five years of business and a 17.5 percent rate thereafter. In the case of "off shoring" facilities, the Government has offered telecommunications costs set at 35 percent below the market price and training grants of up to USD 7,000 for each Moroccan employee during the first three years of employment. A new version of the investment incentive regime is currently undergoing a governmental review.

Morocco is planning a comprehensive VAT reform as well as a personal income tax reform and the extension of its tax treaties network[20]. The Programme will support this process with expertise and targeted interventions using the Cairo and Ankara tax training centres.

[20] A report on "Mobilisation Domestic Resources and Tax Expenditure Reporting: The case of Morocco" has been issued for the Ministerial Conference in November 2009

Morocco has a wide body of laws and regulations to combat corruption, but it remains a problem, in part due to the low salaries in the public sector. In order to fight corruption, Morocco has ratified the United Nations Convention against Corruption (UNCAC), has amended its laws concerning corruption and set up an independent institution (Central Authority for Corruption Prevention - CECP) to promote integrity and fight corruption. In 2010, an anti-corruption hotline was introduced under the auspices of the Moroccan business federation, CGEM. Furthermore, in the new proposed Constitutional Amendments voted by a public referendum in June 2011, the CECP is given more executive powers to fight corruption in the country.

The related Moroccan new legislation published the "Bulletin Officiel" during the period 2008-2011 is shown in Appendix 3[21]. It includes a series of laws or amendments needed to improve the investment climate. Progress has been made on the transparency front and in business access to information, as well as in reducing the time and cost of administrative procedures. These reforms confirm the will of the Moroccan decision-makers to upgrade and modernise the legislative framework in the country.

A 4.2 Tunisia

The popular uprising in Tunisia ("Jasmine Revolution") began in January 2011 when Tunisia's economy was relatively strong. In 2010, real growth increased to 3.8%, the fiscal deficit was at 1.3% of GDP and public debt decreased to 40% of GDP. However, the revolution and the neighbouring Libyan crisis have had a negative impact on the short-term economic outlook, particularly in the area of tourism and foreign direct investment. Tunisia's GDP, previously expected to rise, is now projected to slow down, notably increasing the rate of unemployment. Despite these short-term challenges, Tunisia's economic outlook remains positive. The pace of growth is expected to increase in the next two years as the European Union – Tunisia's main trading partner – recovers from the 2008 financial crisis. Additional factors contributing to growth should include the recovery of exports, the contribution of major public investments and the interim government's package of reforms.[22]

Tunisia has been always interested in cooperating and discussing economic reforms and the development of the business climate with its foreign partners. Several initiatives were followed over the years in this sense with the World Bank, the European Commission, the African Development Bank and others.

In its successive 5-year plans, Tunisia has pursued a strategy for the improvement of the business climate in the country, but the agenda of reforms remains incomplete. The objectives and strategy of the 11th development plan (2007-2011) are shown inbox 1 below.

Box 1 – Tunisia's 11th Development Plan (2007-2011) – Objectives and strategy
The 11th development plan (2007-2011) forecasts an annual growth rate of 6.1 % against 4.6% during the previous 10th plan and a global investment amount of 80.796 billion dinars against 55 billion dinars during the past five years. It intends as well to raise the income per capita, to reduce the unemployment rate by one point and to modernise the education and training systems. The first stage of this 11th plan will consist in creating maximum jobs. Tunisia must create each year, during the next five years, 87,000 jobs compared with 80,000 at present; such jobs are expected to reduce the rate of unemployment from 14.2% to 13.1%.

[21] Morocco now publishes all laws and regulations on an online journal, with a sophisticated search mechanism allowing users direct access to specific laws.
[22] World Bank Tunisia Country Brief 2011.

The growth rate of the GDP must also be raised, which would, among other things, raise the income per capita, by the year 2011, to 5635 dinars.

In order to fulfil these objectives, decision-makers rely on the performance of three sectors: private investments, direct foreign investments and consumption.
Private investments must increase during this period by an average 7.5% per year. The point is to raise the contribution of the private investments to the GDP from 12.8 % at present to 16% in 2011 and its contribution to global investments to 63.5% within the end of the plan.

As regards direct foreign investments, their amount should increase from 4.945 billion dinars during the 10th plan to 7.775 billion dinars during the 11th plan. By sector, that of services will contribute to growth at the high rate of 67.2% of the GDP compared with 62% during the 10th plan, ahead of telecommunications (+17.5 %), manufacturing industries (9 to 14 %). But the contribution of farming is expected to decline from 8.9% during the 10th plan to 6.3 % during the 11th. As to foreign trade, it is expected to positively contribute to the rise of the GDP through an average increase of 6.6% per year of exports and of 5.6% of imports between 2007 and 2011.

An appropriate business climate remains one of the main determining factors for investment. Tunisian reforms in this sense concerned these last year's principally the installation of a more competitive environment with a progressive opening of the economy. Administrative and fiscal simplification, establishment and strengthening of the Council of Competition, facilitation and instigation to investments and to the creation of enterprises, improvement of the information on the business opportunities (putting online the Register of Trade) were the main axles of reforms to improve the business climate, along with structural reforms and a larger opening of economy.

These efforts notably allowed the country to distinctly improve its classification these last two years, attaining the 55th worldwide rank (on 183 countries), that is the 5th African rank, in Doing Business on 2011, compared with the 73rd worldwide rank in 2009 (see Box 2 below). Tunisia is also classified as the 32nd worldwide rank and the 1st rank of Africa in the 2009/2010 report on Competitiveness in Africa (Davos). However, it is to be noted that all countries that try to attract investments are introducing reforms. The international classification is therefore relative, and reforms will have to be followed to support the competitiveness of Tunisia in a more and more globalized economy.

Box 2 - Tunisia Selected Year Index Ranking
2009 World Bank Governance Indicator, Voice & Accountability: 11.4%
2009 World Bank Governance Indicator, Political Stability: 53.3%
2009 World Bank Governance Indicator, Government Effectiveness: 65.2%
2009 World Bank Governance Indicator, Rule of Law: 60.8%
2009 World Bank Governance Indicator, Control of Corruption: 57.6%
2010 TI Corruption Index 59 out of 178
2011 World Bank Doing Business 55 out of 183
2010 World Bank Doing Business 58 out of 183
2011 MCC Government Effectiveness: 100%
2011 MCC Rule of Law: 84%
2011 MCC Control of Corruption: 84%
2011 MCC Fiscal Policy: 48%
2011 MCC Trade Policy: 7%
2011 MCC Regulatory Quality: 81%
2011 MCC Business Start Up: 93%
2011 MCC Land Rights Access: 64%
2011 MCC Natural Resource Management: 32%

In order to make the business climate in the country more attractive for investment, several strategies are pursued. These include: to improve/simplify administrative processes/services for enterprises; to facilitate entrepreneurship by simplifying the business closure procedures; to make the competitiveness more dynamic; to improve the institutional framework for arbitration.

At the same time, Tunisia favours cross-border partnerships and the transfer of technology and know-how. The country favours the internationalization of the Tunisian firms, partnerships in trade and in international franchising; and facilitates the access to foreign expertise.

The objectives of simplification of the incitation system and the modernisation of the fiscal system are thought to be reached through: the revision of the Investment Code in the country and introducing improvements on the current systems for financing SMEs, innovative enterprises and service firms (Liberate the potential of the of capital investment activities; support the sector operators, normalise the micro-finance sector in the country).

The related Tunisian new legislation published the “Journal Officiel” during the period 2008-2011 is shown in Appendix 2[23]. It concerns a long list of “investment-related” laws, decrees and ministerial decisions, along with others regarding corruption, business climate, women and SMEs. These reforms confirm the will of the Tunisian decision-makers to upgrade and modernise the legislative framework in the country.

Additional incentives are available to promote investment in designated regional investment zones in economically depressed areas of the country, and throughout the country in the following sectors: health, education, training, transportation, environmental protection, waste treatment, and research and development in technological fields.

Tunisia is working on the assessment and simplification of its system of tax incentives. It received in support to this process some expertise from OECD and participated in selected tax training sessions using the Cairo and Ankara centres. Annual foreign direct investment flows in Tunisia increased steadily, averaging 2.2% of GDP in 1996–2000, 2.6% in 2002–2005 and 5% in 2006–2008.

The Tunisian Government actively encourages and places a priority on attracting foreign direct investment (FDI) in key industry sectors[24]. The Government encourages export-oriented FDI and screens any potential FDI to minimize the impact of the investment on domestic competitors and employment.

Over 2,966 foreign or joint capital companies are operational in Tunisia and employ 303,142 people. Foreign investments generate about one-third of exports and one-fifth of total employment. In recent years, however, FDI in real estate, infrastructure, and the energy sector has been a significant source of growth.

Foreign investment in Tunisia is regulated by Investment Code Law No. 93-120, dating from December 1993, which was last amended on January 26, 2009. The Tunisian Investment Code and its subsequent amendments provide a broad range of incentives for foreign investors, which include tax relief on reinvested revenues and profits, limitations on the value-added tax on many imported capital goods, and optional depreciation schedules for production equipment. It covers investment in all major sectors of economic activity except mining, energy, the financial sector and domestic trade.

In spite of the current consequences of the “Jasmine Revolution” that took place in Tunisia earlier this year, it can be noticed that the country continues to attract FDIs, although at a lower rate than in the past few years. The situation of the foreign investments during the first 5 months of 2011 could be appreciated as presented in Box 3.

[23] Tunisia now publishes all laws and regulations in several languages on an online journal, with a sophisticated search mechanism allowing users direct access to specific laws.
[24] Such as call centers, electronics, aerospace and aeronautics, automotive parts and textile manufacturing

Box 3 Foreign investment in Tunisia during the first 5 months of 2011

Foreign investments reached during the first 5 months of 2011 579.8 MTD against 763.9 MTD during the same period in 2010, with a decrease of 24.1%. These investments were in the form o FDIs (552.3 MTD) and portfolio investments (27.5 MTD) against respectively 732.2 and 31.7 MTD during the first 5 months of 2010.

The analysis of the flow of FDIs shows that they are concentrated on the energy (340 MTD) and manufacturing sectors (132.7 MTD).

The sectoral distribution indicates that the noted reductions touched mainly the tourism, manufacturing industries and energy sectors with 94.7%, 25.6% and 19% respectively.

A further analysis of the distribution within the sector of manufacturing industries reveals a strong concentration with the mechanical, electrical and electronics sub-sectors that come first with 42 implemented projects and a total investment of 40.8 MTD along with the creation of 1630 new jobs. They are followed by the textiles and apparel sub-sectors (37 new projects and 2055 new jobs created). On the other hand, the sub-sectors of chemical industries and plastics industries registered an increase in the flow of FDIs of 76.7% and 40.2% in comparison with the same period of 2010.

France remains the first foreign investor in terms of the number of projects, of the invested amounts and of created new jobs with 57 projects, 80.9 MTD and 1597 new jobs created.

Italy comes second with 32 new projects and an amount of 26 MTD invested. It is noted that the Italian projects create on average more new jobs (total 1474), but this represented a reduction o 4% compared to the same period in 2010.

The third country from which FDIs are coming is Germany, with 11 implemented projects, 12 MTD and the creation of 858 new jobs.

Finally, the first 5 months of 2011 were marked by:
The start of production activities at 66 new enterprises having foreign capital participation.
The implementation of 86 extensions of the operations of foreign enterprises already implanted in Tunisia.
The creation of 5099 new jobs, including 4566 in the manufacturing industries.

Flow of Foreign Investments (during the first 5 months of the years 2010-2011) in million of TD

	May-10	**May-11**	**% change**
FDI	732.2	552.2	-24.6
Portfolio	31.7	27.6	-12.9
Total	763.9	579.8	-24.1

Source: Tunisian Foreign Investment Promotion Agency

Sectoral distribution of FDI (during the first 5 months of the years 2010-2011) in million of TD

	May-10	May-11	% change
Industry	178.5	132.7	-25.6
Tourism and Real estate	56.7	3.0	-94.7
Services	77.0	76.5	-0.7
Energy	420.0	340.0	-19.0

Source: Tunisian Foreign Investment Promotion Agency

Investment Intentions of Projects with Foreign or Mixed Capital (declared the first 5 months of the years 2010-2011)

	Number of declared projects			Declared Investments in 1000 TD			Declared new jobs created		
	Industry	Services	Total	Industry	Services	Total	Industry	Services	Total
Mixed 2010	170	228	398	243,300	54,400	297,700	5,315	1,894	7,209
Mixed 2011	124	196	320	358,900	40,800	399,700	6,211	1,533	7,744
% change	-27.1	-14.0	-19.6	47.5	-25.0	34.3	16.9	-19.1	7.4
Foreign 2010	180	390	570	172,000	20,000	192,000	7,024	2,396	9,420
Foreign 2011	151	378	529	168,500	21,700	190,200	9,474	2,064	11,538
% change	-16.1	-3.1	-7.2	-2.0	8.5	-0.9	34.9	-13.9	22.5
Total 2010	350	618	968	415,300	74,400	489,700	12,339	4,290	16,629
Total 2011	275	574	849	527,400	62,500	589,900	15,685	3,597	19,282
% change	-21.4	-7.1	-12.3	27.0	-16.0	20.5	27.1	-16.2	16.0

Source: Tunisian Foreign Investment Promotion Agency

Several persons interviewed in Tunis confirmed that the country is currently facing an « economic slow-down », pending the reorganisation of its political environment. The general consensus is that time will be needed, but even is the “collateral damages” that the country will have to suffer, the “results of the Revolution will produce a better nation ready to strongly engage in regional and world economies”.

EVALUATION OF THE MENA-OECD INVESTMENT PROGRAMME 2008–2010

The MENA-OECD Initiative on governance and investment is a programme of cooperation between OECD and countries in the MENA region. This evaluation provides Sida, OECD, and stakeholders in the region with results of the Investment Programme from Morocco, Tunisia, Egypt and Jordan, countries that have received most attention by the Programme. The working method – a dialogue on policy and practical issues – has successfully used conferences, high-level meetings and studies to pursue the programme. The evaluation confirms the relevance and effectiveness of the programme in addressing the immediate reform needs in the MENA countries and for improving possibilities for women entrepreneurship. Regarding concrete activities the programme has largely reached its goals. However, it has not been possible to detect any tangible influence on poverty reduction or increased employment opportunities from the Programme.

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