2014:11 Sida Decentralised Evaluation

Ali Dastgeer

# Mid Term Review of the MENA-OECD Investment Programme 2011-2015

Final Report

Sida

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**Final Report**
**February 2014**

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**Sida Decentralised Evaluation 2014:11**
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Commissioned by the Embassy of Sweden in Cairo



**Date of final report:** February 2014

**Published** by Citat 2014

**Art. no.** Sida61713en

urn:nbn:se:sida-61713en

This publication can be downloaded from: http://www.sida.se/publications

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# Preface

The Mid-Term Review of the OECD-MENA Investment Programme 2011-2015 was contracted by Sida during 2013 to assist it, as the lead donor, to follow up the re-shaping of the support under the Programme. Its other purpose is to provide objective comments to both Sida and OECD on the results of the Investment Programme so far. The Embassy of Sweden in Cairo commissioned the review as the support to OECD is part of its Regional Programme for the Middle East and North Africa.

The Swedish Institute for Public Administration (SIPU) was contracted to carry out the MTR. Project manager, Christian Carlbaum, was responsible for managing the review process from inception to finalisation. Quality assurance was provided by Camilla Fawzi El-Solh. SIPU would like to extend its thanks to Sida and OECD for the support provided during the MTR. It is particularly grateful to Margaret Davidson-Abdelli, Counsellor for Regional Development Cooperation/Economic Development at Sida and to Alexander Böhmer, Nicola Ehlermann-Cache, Marie-Estelle Rey, Juliane Stolle and Parmjeet Bouffay at the OECD for facilitating the field visits and organisation with meetings both in OECD Headquarters in Paris and the countries visited (Egypt, Jordan, Libya, Morocco and Tunisia).

# Executive Summary

The MENA-OECD Investment Programme was launched in 2005 at the request of the Middle East and North African (MENA) governments to support policy reform for growth and employment. It promotes reforms to enhance the investment climate, modernise the business environment, and strengthen regional and international partnerships, with a view of promoting regional integration, economic development and job creation in the MENA region.

Following the decision of its Steering Group in November 2012, the MENA-OECD Investment Programme reoriented its work formally to concentrate on three main issues (or work streams): 1) fostering more inclusive growth and job creation through sound investment and SME policies, 2) encouraging clean business with a focus on business integrity, corporate governance and responsible business conduct, and 3) promoting women's economic integration. Activities themselves are undertaken through a network of regional and international partners.

Sweden has been supporting the programme since its second phase that ran from 2008 to 2010. The current third phase supported by a Swedish grant of SEK 45.2 million runs from 2011 to 2015. This Mid-Term Review (MTR) of the third phase of the Programme was conducted in the latter half of 2013. It is focussed on the findings from consultations with OECD in Paris and discussions with stakeholders in the five transition countries i.e. Egypt, Libya, Morocco, Tunisia and Jordan. These five countries are also the ones, out of the eighteen MENA countries, with which the Investment Programme has had the most engagement since 2011 especially when it comes to country-specific activities.

The Programme possesses a number of strengths. At the regional level, it has encouraged the sharing of experiences and best practices, and networking both amongst MENA countries and between the region and OECD member countries. Every year, a number of roundtables, working group and task force meetings, seminars and workshops are held on issues related to investment and SME development, business integrity and women entrepreneurship which foster this dialogue. The MENA countries also appreciate the experience that experts from developed countries share at these venues. The Programme has put sensitive issues on the table and provoked discussion on them, in a region where such issues have rarely been discussed openly. The various events of the Programme have also developed spaces for MENA civil society and private sector to engage with their governments.

The Programme's manner of undertaking reviews: those on business climate, investment policy, business integrity scanning, or of applying tools: on the SME policy index, investment policy framework or FDI index is a very participatory and consultative one, actively involving the country and its government. The process not only builds capacity and understanding, it creates ownership of the often uncomfortable findings. The Programme has contributed, in varying degrees, to the development of strategies in four of the countries (Morocco, Tunisia, Egypt and Jordan). In the fifth, Libya, it has just started country-level engagement to work on the development of the SME strategy.

The topics that the Programme focuses on are of high relevance to the region. A shift towards other topics should be done bearing in mind the effect that will have on the existing agenda and whether expertise for that exists in-house. OECD occupies a unique place when it comes to policy advice and strategy development expertise. In midstream work, the Programme will be competing with other implementing agencies and is vulnerable to losing its distinctive position as it broadens its agenda.
The information contained in the Business Climate Development Strategies, guidelines on corporate governance and on multinational enterprises is very much appreciated. Also appreciated have been the trainings in the IMF Centre in Kuwait on SMEs, business integrity and competitiveness. In the holding of events, the Programme endeavours to ensure participating countries or individuals financially contribute to the extent that is reasonable, enabling Swedish funds to go further.

At the same time, the in-country presence of the Programme is quite limited, mostly focussed on the achievement of a concrete output. A number of observations can be made in this regard: OECD and the Programme are not well known beyond the immediate rather small circle of people or institutions the Programme engages with. Even amongst them, individuals engaged in one work stream are not familiar with what other work streams are doing. Some individuals in that circle have only taken part in one or two seminars organised by the Programme. Limited duration of stay within individual countries means that the Programme is limited in being able to undertake formal and informal networking with organisations having an investment-related mandate. This includes donors, other international and national organisations working on similar issues, and government institutions beyond the focal ones.

The Programme is unable to demonstrate what has been the outcome of its work - whether it has been significant or otherwise. Participants state that events and publications are useful but to what extent they have been used is not known. The Programme does not follow or report on the effects of its work on strategies or laws, or changed practices of working. With the final publication of a report, follow-up on whether the recommendations have been adopted is not systematically pursued. This should change with the Programme’s re-orientation to work on more issues midstream. This is also important to show the donor that value is being obtained for the funding that it provides.

Recommendations include for the OECD-MENA Investment Initiative Steering Group to be more proactive in assisting the Programme to attract more donors.

The Investment Programme is recommended to be more strategic in its acceptance of additional projects from other donors and when undertaking work which could be classified as more mid-stream. To strengthen both its visibility and networks in MENA countries, staff is recommended to dedicate additional days during country visits for engagement with relevant stakeholders. More publications in Arabic and identification of focal points in selected countries would increase efficiency and effectiveness.

The Programme is strongly recommended to give greater attention to following up and reporting of outcomes which are emerging and to which its activities contribute. In this regard, the Programme's staff needs to undergo training in the logical framework approach/results based reporting and alongside the training or subsequent to it, the logical framework matrix of the Programme should be revamped. Opportunities to enhance collaboration with international implementing agencies can also be better exploited.

As the main donor of the Programme and as one of the largest donors in the MENA region, Sida is well placed to assist the Programme to attract pooled funding for core activities from other donors. Sida is thus recommended to initiate efforts with OECD to organise events for the donor community to brief it on the programme and its objectives.

# 1 Introduction

The MENA-OECD Investment Programme was launched in 2005 at the request of the Middle East and North African (MENA) governments to support policy reform for growth and employment. It promotes reforms to enhance the investment climate, modernise the business environment, and strengthen regional and international partnerships, with a view of promoting regional integration, economic development and job creation in the MENA region. It is implemented by the Organization of Economic Cooperation and Development (OECD), which is an international economic organisation, founded in 1961 to stimulate economic progress and world trade. Currently, OECD has 34 member countries.

The Investment Programme is part of the larger MENA-OECD Initiative on Governance and Investment. This Initiative has been implemented in three phases: 2005-2007, 2008-2010 and currently 2011-2015. Sweden, through the Swedish International Development Agency (Sida), supported both the governance and investment pillars during the second phase. That second phase of the Initiative, which ran from 2008 to 2010, was supported by a grant of SEK 9 million for the MENA-OECD Governance Pillar and a grant of SEK 14.5 million for the MENA-OECD Investment Pillar. During the third phase running from 2011 to 2015, Sida is only supporting the Investment Pillar with a grant of SEK 45.2 million.

Eighteen economies in the region participate in the Programme.[1] At the regional level, the Programme works through various fora - the Steering Group, working groups, task forces, networks - and offers workshops and trainings.[2] Through these, it brings together representatives of the 18 MENA governments and OECD member countries to exchange good practices in a wide range of policy areas. At the national level, the Programme provides a platform for dialogue between government, civil society, the business community and academia to collectively identify priority investment reforms and support their implementation. The Programme has also produced a number of research studies and publications, the topics of which are decided in consultation with its stakeholders from the region.

1 The 18 are Algeria, Bahrain, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Tunisia, United Arab Emirates, Yemen.

2 There are several such initiatives and more details can be found on them on http://www.oecd.org/mena/investment

The current third phase of the Programme i.e. from 2011 to 2015 is being implemented against a background where enormous social, political and economic changes are occurring in the region. As many old regimes were replaced and others are being pressured to be more democratic, accountable and concerned for the economic and social well-being of their citizens, the business climate is coming under greater scrutiny. There is greater demand for investment to be used as a tool not just for increasing production, but to create employment opportunities. Transparency and anti-corruption practices are being emphasized more. With the changes in government, previous policies and institutions are being re-examined and in many cases have been found to be out-dated, discriminatory or simply non-existent. Until recently, the global financial crisis worsened matters with banks hesitant to lend and demand for exports from the region reducing.

The third phase of the Programme coincides with the launch of the Deauville Partnership in May 2011, by the G8 with Arab countries in transition i.e. Egypt, Jordan, Libya, Morocco, Tunisia and Yemen in response to the changes underway. This Partnership brings together the G8 members, MENA partner countries, international financial institutions and the OECD. It aims to provide these 6 countries with support to improve governance and sustainable, inclusive economic growth.

Following the decision of its Steering Group in November 2012, the MENA-OECD Investment Programme reoriented its work formally to concentrate on three main issues (or work streams): 1) fostering more inclusive growth and job creation through sound investment and SME policies, 2) encouraging clean business with a focus on business integrity, corporate governance and responsible business conduct, and 3) promoting women’s economic integration. Activities themselves are undertaken through a network of regional and international partners.

# 2 Methodology

The scope of work of the Mid-Term Review was limited to focus on the transition countries. Thus while, particularly at the regional level, OECD-MENA Investment Programme works with the other countries, those are not part of this Review except where region-wide activities are discussed. Substantial work, e.g. has been done in Iraq over the last years. Also the Review is chiefly focused on the period 2011-2015, though the reader should appreciate that many of the activities undertaken or outputs produced are a result of substantial work having been undertaken by the Programme before 2011. This is often the difficulty in evaluating programmes which run continuously over several phases. As is occurring in this case, the effects of previous phases may only become visible in the current phase or later, and the same can be said for the outputs being produced since 2011 until now. The effects of these outputs will probably materialise years later.

The MTR included a review of documentation, and visits to the OECD headquarters in Paris -both at the start and towards the end of the review, meetings with the Sida Counsellor in charge of the Programme based in Cairo and field visits to five transition countries: Libya, Morocco, Tunisia, Jordan and Egypt. A wide variety of stakeholders were interviewed during these visits and they are listed in Annex 2.

The specific findings of each country visit are given in Annexes 4 to 8. The general body of the report contains the broader findings and recommendations applicable to the region. The following should be noted:

1. The MTR is based on the findings in the five transition countries mentioned above. The list of countries to be visited was finalized after consultations with Sida and OECD. As there was no engagement with stakeholders from the other MENA countries, some of the findings may not hold for them. However, the five countries (and Iraq) are the ones with which the Investment Programme has had the most engagement since 2011 especially when it comes to country-specific activities.

2. As mentioned above, the fact that the Programme has been operational in the region since 2005 means that a number of outputs and outcomes are the results of the cumulative support the Programme has provided since then. It is sometimes difficult to isolate the effects of the Programme solely arising from the efforts since 2011. Also, a number of outcomes due to work undertaken between 2011-2015 may come to fruition only towards the end of or after 2015 and thus can only be captured a number of years from now.

3. The stakeholders met during the field visits were identified in consultation with the Programme and were all those with whom the Programme has had some sort of engagement, whether that be cursory (e.g. the stakeholder's participation in a single seminar) or more intensive and longer-term. The MTR is not able to gauge what is the

level of understanding and opinions regarding OECD and the Investment Programme within the five countries beyond the bodies met. Those may include associations or civil society organisations which may work on similar issues. They also include public sector agencies such as, the ministries of trade or tax authorities, which the Programme may not have engaged with between 2011 and 2013.

Since 2011, the OECD-MENA Investment Programme has also started undertaking activities under the EU-funded Investment Security in the Mediterranean Region (ISMED) Support Programme and the Transition Fund under the Deauville Partnership. While these are not funded by Sweden, they are additional projects that the Programme has been able to secure because of, amongst other reasons, its experience and presence in the region and thanks to Swedish support. Where appropriate, the bearing these projects have, on the core activities the OECD-MENA Investment Programme is undertaking, will be examined.

This report, as stipulated by Sida, is of twenty pages. It focuses on findings, conclusions and recommendations. It does not repeat listing of the activities that the OECD-MENA Investment Programme has undertaken. Details of those can be found on the OECD-MENA Investment Programme website http://www.oecd.org/mena/investment, and in its reports specifically 'Annual Report for the Swedish International Development Cooperation Agency (Sida). Reporting Period: 1 January 2011-April 2013' and the recent 'Activities and Results: The MENA-OECD Investment Programme since November 2012' presented at the Steering Group meeting in December 2013.

# 3 Findings

## 3.1 RELEVANCE

### 3.1.1 Adaptation to New Realities

The Programme has re-oriented itself following the changes in the region as a result of the Arab Spring. The region has and continues to see turmoil, and political and social instability. The six transition countries are characterised by significant unemployment, especially amongst the youth and while growth and foreign direct investment are slowly rebounding, they are doing so unevenly across the countries and have not yet regained the levels attained before the Arab Spring. Following high-level consultations in 2011, a number of changes were made to the Investment Programme work streams as follows:

- Focus on tax as a work stream was dropped
- Promoting women in the economy became a work stream in itself.
- Promotion of investment and SME development was no longer considered an end in itself, but rather a means to foster job creation and inclusive growth.
- The work stream on corporate governance was broadened to include business integrity issues and responsible business conduct.

These re-alignments to the realities in the region have been considered as appropriate by stakeholders even though amongst the countries, it has been observed that the order of importance may vary: business integrity is higher on the national agenda currently in Tunisia, while attracting investment and undertaking reforms in that regard are important for Jordan and Egypt. Also, while the work streams may have a bearing on youth issues, youth itself does not have a distinctive focus.

Within the work streams themselves, the menu of issues that the Programme focuses on is of relevance to the countries. For example, activities related to fostering women's economic integration have recently focussed upon looking at ways to improve women entrepreneurs' access to financing and an assessment of business development services available for women entrepreneurs in the region. In the business integrity work stream, dialogues have been organised to highlight the importance of anti-bribery legislation and improving compliance of private companies.

This is not to say that other issues are also not of importance. Depending upon who one talks to, fostering of inter-regional trade or vocational and technical trainings are equally or more significant. However, the Programme should not attempt to do everything and so far has done well to focus on a few issues rather than a wider range given its modest resources and manpower. The pressures on it will remain though. In its drive to attract more resources, the Programme will be tempted to prioritise some issues and deprioritise others. While this is merely a suggestion, not a recommendation, one agenda it could attempt to pursue is convince donors to pool funding and collectively support its existing work, within which much still needs to be done. This is not easy, as donors often have their own priorities and pressures from their home countries. Making the situation more complex is that the individual countries from the region have different and/or changing priorities too. On a case-by-case basis, the Programme will have to decide whether potential funding for new projects is within its strategic interests and within its area of expertise, and whether new projects will have to be focussed upon at the expense of existing work.

### 3.1.2 Focus on Countries in Transition

The changes in the region have also compelled the Programme to focus geographically on the countries most in transition such as Libya, Morocco, Tunisia, Egypt, Jordan, Yemen and Iraq. This has been aided by initiatives such as the Deauville Partnership's Transition Fund which provides grants for technical assistance to aid reforms and support growth in the above mentioned countries (excluding Iraq).

The Investment Programme has played a crucial role in the Deauville Partnership process, because of its presence in the region and thanks to the support of Sida. It is active on two issues, investment and SMEs, and followed the same substantive and consultative process. In preparation for a conference the Programme organised in Cairo in May 2012, it took the lead in the development of the Cairo Action Plan for Improving Investment Frameworks in the Deauville Partnership Countries. The Cairo Action Plan identifies medium and long-term measures to revive investment for growth and job creation in transition countries. This was adopted by the countries' representatives. Follow-up workshops and consultations, at the national level, to further elaborate the plan, have been held in four of the countries. Then, the UK G8 presidency has tasked the OECD to elaborate national action plans in coordination with the governments. Countries' representatives presented their investment climate reform priorities during the G8-Deauville Partnership Investment Conference in London in September 2013.

The Programme was also requested by the Deauville Partnership members to assist countries in the elaboration of country-specific near-term SME action plans in close co-operation with the governments of the six countries, international financial institutions (IFIs) and the MENA-OECD Governance Programme. Two national workshops were so far held to monitor the implementation of these action plans, using a tracking tool; further meetings are scheduled to review progress made by countries.
In addition, the Programme has, because of its presence in the region, attracted new projects such as the EU funded ISMED and additional funding from Sweden for a project focussed on women. This recognition and reach also means that OECD itself and other organisations can channel actions they want to undertake with or in the region through the Investment Programme.

As mentioned above, to support the countries in transition to formulate policies and programmes and implement reforms, the Deauville Partnership set up the MENA Transition Fund. The OECD applied to this Fund for supporting the new Government of Libya to develop its SME strategy and implement components of it. The proposal was approved in mid-May 2013 for an amount of USD 2.6 million. This is the only Transition Fund-funded project in Libya and here, OECD is partnering with the Islamic Development Bank. Libya's overreliance on its oil industry meant that small and medium enterprises were not encouraged to flourish. High unemployment especially amongst its burgeoning youth population, few employment opportunities and a disproportionately high number of public sector employees and social welfare payments now demand that Libya focuses on developing other areas of its economy. The SME sector has enormous potential for growth in the country and that is why this OECD intervention is timely.

In working with the different countries, the Investment Programme has realised that country to country challenges and priorities in the MENA region vary so it needs a country-specific approach and this it is pursuing to a considerable extent already. In Libya, there is a lack of institutions; in Morocco they are well established with good technical capacity. In Egypt and Morocco, the emphasis is on SME development and employment generation. This is the case in Jordan also but where investment reforms are being undertaken at a significant scale. In Tunisia, pursuit of corruption cases particularly against the old regime is currently an important issue.

More broadly, across the Middle East and North Africa, while there are issues that are of interest to the whole region, there are also issues which are of particular importance to certain countries. It has been proposed by some stakeholders that where a smaller group of countries expresses a need for support on a particular issue, the OECD-MENA Investment Programme should respond accordingly. Already, the Programme is demonstrating this, through its work with six MENA countries under the Deauville Partnership. Proponents point out that countries like Morocco, Tunisia and Jordan have different issues and economic structures, are at different stages of development and have a different industrial base than, for example, the Gulf states or Libya. The broader argument is that the Investment Programme should not only focus on issues to tackle region-wise and by each country, but group-wise too. A region-wise approach helps in generating dialogue, learning and sharing good practices. A group-wise approach could deepen better adoption of such practices and improve integration amongst clusters of countries.

### 3.1.3 Moving to Mid-Stream

OECD is known for its expertise in supporting policy formulation and strategy development. It has a well-regarded and enviable position in that regard – considered an institution that is objective and without any personal agenda. The Investment Programme is increasingly broadening it mandate to include more midstream work and embarking on projects like ISMED or those under the Transition Fund which may make it vulnerable to losing that position. In midstream (and downstream) work, the Programme will face competition for funds from other international agencies and large consultancy firms.

It is understandable that OECD wants to venture more into mid-stream work. Countries in the region which are recipients of its advice state that that should not be the end of the collaboration on any issue - they need support in the implementation of the recommendations that the work with the OECD-MENA Investment Programme generates. They further state they have limited experience and capacity to implement such recommendations. OECD too, to remain relevant as an organisation in a global context where non-OECD countries and regions are acquiring economic and political clout, seeks to engage more deeply with such countries and regions. In this it does face challenges. It has limited experience, for example, of implementation especially in a conflict-affected country like Libya.

The OECD-MENA Investment Programme should engage in mid-stream work, but choose such work strategically. An example is the ISMED project funded by the EU. It has opened up opportunities to work with financial institutions and the creation of an ISMED Working Group in November 2013 drawing in OECD and MENA countries and investment and financial institutions. Strategically, later, this may lead to reinforcing the work it is undertaking in the other work streams and vice versa.

It is appreciated that the Investment Programme is voluntarily funded and depends upon contributions from donor agencies. However, it should strive to establish guidelines for itself as to what work it will accept and what will further its objectives strategically, building on its core expertise, tools and methodology. This may require for OECD to reflect on how it can link up with organisations better qualified to undertake implementation than it is, rather being the sole provider of short-term technical assistance. In short, what OECD currently does few others can do. However, what it intends to do by broadening its scope of work and taking on more projects, many other actors can do and probably better. It has been often observed elsewhere that when organisations trying to do all manner of things, they lose their focus and their niche.

### 3.1.4 Environment and Climate Friendly Issues

As part of the TOR, the MTR was asked to comment on the degree to which environmental concerns are mainstreamed within the Programme. Environment has not been a core focus of the activities of the Programme, however there are several aspects of its work into which environmental concerns are integrated.

The OECD Guidelines for Multinational Enterprises, which the Programme assists in promoting in the region are the main reference point for the OECD concerning standards developed for responsible conduct of investors. One chapter is specifically dedicated to enterprises' environmental performance. It encourages multinational enterprises to raise their environmental performance by improving internal environmental management practices and seeking continuous environmental improvements. The Investment Policy Reviews conducted prior to a country's adherence to the Declaration on International Investment and Multinational Enterprises have an increased focus on green growth. Since 2011, two countries i.e. Tunisia and Jordan have adhered to the Declaration and their reviews both contain a full chapter on the investment framework in support of green growth.

The OECD has developed the OECD Principles for Private Sector Participation in Infrastructure in order to support governments in successfully implementing vital infrastructure projects (water , sanitation , transport, etc.) in cooperation with the private sector. These principles emphasise the need for a consideration of environmental factors in the development of such projects and it is expected that projects under ISMED will follow these guidelines.

More recently, in 2013, the Programme with Sida and EU funding has produced a report on policies to support private investment in renewable energies in region. The report contains an assessment of existing policy frameworks in the region and examples of good practice from OECD member countries. The MENA-OECD Task Force on Energy and Infrastructure guided the work and development of recommendations in the report. This Task Force seeks to represent the private sector's point and providing the sort of guidance on policy instruments, as the report does, can help MENA governments to attract private investors.

## 3.2 EFFICIENCY

### 3.2.1 In-country Presence

The OECD, unlike some other development institutions, does not have an in-country presence in the region. It does recruit experts for specific activities but for a limited duration. The absence of a permanent presence of the Investment Programme limits its efficiency and effectiveness and therefore impact. OECD states that setting up country offices is not feasible. First are the cost implications - the Programme does not have the resources for such a long-term undertaking. Second are security considerations. The OECD has opened up offices in a very few selected non-OECD countries such as China and is contemplating, forthcoming, setting up an office in Indonesia. However, these were exceptional cases and subject to acceptance from the OECD Council.

The field visits of short duration from Paris mean that it takes much longer for a project to complete from conception to final output, the number of stakeholders that the project engages with is limited and it is challenging for the Programme to quickly adapt to the changing political events and subsequent changes in national strategy. This also tends to reduce collaboration with other organisations, and limits the opportunities to build on formal and informal networking – essential for conducting business in this region.

In Libya, the security situation has deteriorated in the last few months. The Programme was able to undertake a visit there in September 2013 to initiate work on the SME Development Strategy project funded by the Transition Fund. By December 2013, the Programme was unable to enter the country. In such a situation, an in-country presence would be too risky but the Programme has done well to continue engagement with Libya Enterprise - the key Libyan partner by meeting its representatives in Tunis. However, at the same time, in Libya, the technical capacity is extremely low within government, there is lack of institutions and thinking on how to move forward is constantly changing or being updated. The Investment Programme is embarking on a process there which may appear to be slightly ambitious for the environment that Libya finds itself in.

Thus while a permanent in-country presence is not the preferred modality of collaboration with the region, the Investment Programme needs more intensive engagement in some form or other.

### 3.2.2 Synergies of Investment Programme with Governance Pillar

The collaboration between the Initiative's Investment and Governance Programme can be described as satisfactory. They are not both in the same directorate: the Investment Programme is under the Global Relations Secretariat while the Governance Pillar falls under the Public Governance and Territorial Development Directorate - specifically the Division of Governance Reviews and Partnerships.

Both Programmes are governed by the Steering Group of the Initiative; they organise the annual meetings of the Steering Group and jointly report to the External Relations Committee which meets bi-monthly. They have also coordinated closely on the development of the Action Plans under the Deauville Partnership for the transition countries and in that regard have undertaken joint missions to Morocco, Tunisia and Jordan. They have also worked closely together on issues of mutual interest which include:

- Public policy towards gender issues and economic rights of women
- Regulatory reform and administrative simplification
- Public-private partnership and procurement
- Business integrity (including integrity of the public sector)

### 3.2.3 Leveraging OECD Expertise

Being housed in OECD, the Programme has the ability to draw upon the skills, resources and tools that the organisation possesses. This has the potential to further increase.

The Programme has aided the introduction of OECD policy instruments such as the Declaration on International Investment and Multinational Enterprises, Policy Framework for Investment, Principles of Corporate Governance, Principles of Governance of State-Owned Enterprises and the Convention on Combating Bribery.

The relocation of the Investment Programme into the Global Relations Secretariat (GRS) is an indication of the organisation's ambitions to engage more strongly with non-OECD countries. As the OECD strives to reposition itself to remain relevant to a changing world which has seen the economic emergence of countries (such as the BRICS) and regions (such as MENA and South East Asia), the placement of the Investment Programme within the GRS assigns it more prominence and a greater cross-cutting role, with ability to engage with a broader number of directorates within the organisation. OECD desires to see the MENA region more involved in its committees and adopting the standards espoused by it.

Till now, within the house, the Programme has engaged largely with the following:

- Centre for Entrepreneurship, SMEs and Local Development: With this OECD centre, joint workshops have been held. The report 'Young Enterprises in MENA' was presented to the Centre's group, the Working Party of SMEs and

Entrepreneurship for comments and information-sharing. Both the Programme and the Centre also held a joint workshop on SME financing during one of the Working Party's meetings to which SME financing policy makers from MENA were invited to participate.

The Centre has also been consulted by the Programme on the SME Policy Index and other matters, and the Centre has provided its expertise when requested. This has included reviewing of the SME Action Plans developed under the Deauville Partnership by the transition countries.

- The Environment Directorate contributed to the report 'Renewable Energies in the Middle East and North Africa' with an introduction to a green investment policy framework and how it could be adapted to the region. The Directorate also commented on the draft of the report itself.

- With the Investment Division under the Directorate for Financial and Enterprise Affairs (DAF), the Programme has cooperated well. Since the start of the third phase of the Initiative, the Investment Division has secured the Programme's assistance in the Investment Policy Reviews (IPRs) for Tunisia and Jordan, and in the adherence process. The Programme aided the introduction of the Guidelines for Multination Enterprises in the region and establishment of the National Contact Points. Forthcoming plans include working with the Investment Division on the implementation of key recommendations of the IPR of Jordan and closer involvement of the OECD Investment Committee into the Programme's work.

Experts from the Corporate Governance Division and Anti Corruption Division are shared with the Programme. The Programme has until now had no engagement with the Development Co-operation Directorate (DCD) which supports the work of the Development Assistance Committee (DAC). A forthcoming event planned by DCD to engage DAC members with funding agencies from the Gulf is shortly to be organised and the Programme has been invited to it to explain what it does in MENA. However, the outputs of the OECD-MENA Investment Programme have until now not fed into the work of DAC and neither has the Programme attempted to draw expertise from the Directorate to aid it in making its reporting more results-focussed.

As stated above, given that OECD possesses high-level and well-regarded expertise in a broad range of investment-related issues, there is scope for greater engagement with the various directorates and divisions in-house. There are however two issues to bear in mind: the first is that directorates are generally driven by the demands of their committees which comprise representatives of member countries. The members look at OECD to primarily provide policy advice for their economies rather than for it to divert its attention to other countries. Secondly, directorates undertake activities according to their Programme of Work and Budget (PWB), a programme prepared biannually. Activities not falling within the PWB are secondary to any directorate's work plan. Thus collaboration of the Investment Programme with other units/directorates needs strategic planning.

### 3.2.4 Involvement of Target Countries in Planning and Needs Assessment

The manner in which the Investment Programme engages with MENA countries is highly consultative and participatory. This is one of the greatest strengths of the Programme. The Initiative's Steering Group, which comprises MENA and OECD representatives, provides overall guidance and reviews the Programme's performance on an annual basis. Then through the various working groups, which approve the annual workplans, and through the task forces which provide more concrete support in the implementation of activities, the Programme ensures that the needs and demands of the MENA countries are reflected. This enhances ownership of the Programme and voluntary commitments of stakeholders from the region.

The Business Climate Reviews of Morocco and Egypt and the Small Business Act Assessments (or the SME Policy Index) involve government in an active manner. In the case of the SME Policy Index, reviews are separately undertaken by the government and independent experts and the results reconciled by the Programme through debate and discussion. The engagement of the countries in this manner ensures that critical findings are more palatable and accepted.

### 3.2.5 Visibility of the Investment Programme and Swedish Support

Beyond the actors that the Programme directly engages with, there is little understanding of what OECD-MENA Initiative or the Investment Programme are attempting to achieve. Even amongst them, stakeholders engaged in only one work stream have little idea of work being done in other work streams.

This should not necessarily be viewed as an issue. Those, e.g., who are engaged in anti-corruption issues, may have little interest in what efforts are being made for the development of SMEs in the country. However, there are work streams which have overlapping objectives: women entrepreneurship and SME development, investment and business integrity. On a broader level, it is important for OECD to convey that it is not a donor agency - this is a perception of many who think it will fund projects which their organisations are interested in. This will help manage expectations. Greater publicity of its expertise and areas of focus will aid its corporate identity and also attract those other civil society organisations, research institutions or the private sector to its work which hitherto did not know it operates in their countries, or if it did, then on what issues. This will help broaden and strengthen its in-country networks, which as we shall discuss later, are currently relatively small.

Awareness that Sweden funds the Investment Programme varies but is quite low. At the OECD, the support provided by Sweden is highly recognised and regularly acknowledged in the External Relation Committee or in the Council. Some staff of the OECD-MENA Programme do make attempts to explain the Programme and its sources of funding at the opening of events during country visits, but this is not practiced across the board. Moving this forward**,** OECD-MENA Programme needs to develop and implement a communication and visibility plan. Morocco, for example, benefits from the assistance of the main international organisations (World Bank, USAID, EU, UN institutions etc) in investment-related issues. It is important to communicate on and differentiate the Programme from amongst other existing projects, especially since most of these organisations are clearly advantaged by having local representation in Morocco.

### 3.2.6 Cost-Sharing in Events

The Investment Programme encourages participants, and host organisations and countries to financially contribute to the holding of events or development of publications as much as is reasonable. The Programme does not financially support representatives from OECD Member states or participants from the Cooperation Council for the Arab States of the Gulf (GCC), namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. Attendance of Government representatives is funded in part or in full if they are originating from (UN eligible/developing) countries. However, in order to enable a wider attendance, the Programme seeks to encourage government beneficiaries to fund part of their participation.

Regarding private sector attendees, most attend seminars and workshops at their own cost. Under certain circumstances, partial funding is granted if non-government representatives from eligible countries provide an intellectual service during the meeting, for example an expert presentation. In such cases the OECD Secretariat determines, on a case-by-case basis, whether the person's contribution to the Programme's work is valuable e.g. they have a recognised expertise, are members in a wider national or international network through which knowledge can be diffused or no country representative would otherwise be involved.  If representatives are from the list of eligible countries, the Programme pays for the missions of speakers however the payment of daily fees is a rare exception. No payments are made to local representatives – be they from the public or the private sector – when involved in local fact-finding missions, filling of questionnaires or contributing to surveys. In the case of data collection, local consultants may be hired though they would be involved in a project over a longer period and Terms of References drafted by the OECD Secretariat would clearly define their tasks and deliverables.

This approach to cost-sharing and to seeking local contributions to the Programme's work promotes efficiency of use of Sida resources, attendance by those who are genuinely active or interested in the subject as well as the development of local ownership and expertise.

### 3.2.7 Coordination with Other Implementing Agencies

The Programme has pursued coordination with other implementing agencies in the region. This though has been uneven and the degree of engagement differs from one donor and one country to the next.

Examples include the work with the European Training Foundation on the SME Policy Index (though it should be noted that this the Programme was contractually obliged to do), and with the Islamic Development Bank  on the SME Development Strategy in Libya under the Transition Fund where IDB is responsible for implementation of component 5 i.e. access to finance. The Deauville Partnership is proving to a be a tool for better coordination and working partnerships between the OECD-MENA Investment Programme and other implementing agencies.

UNDP has been undertaking considerable work in the region on anti-corruption and business integrity issues but coordination with it has been stronger in some countries such as Morocco, and less in others such as Egypt. On business integrity and anti-corruption issues, OECD is one of many international agencies working with the Tunisian government. Other major players include the World Bank and South Korea (on procurement) and UNDP on developing a strategy and the European Union. There is collaboration with some of these agencies but not with others. Collaboration has just begun with the League of Arab States (LAS), which the Programme is supporting in building awareness on the new Investment Agreement Amendment in view of its expected ratification by LAS members. This it is doing through support in the development of a brochure and planned workshops.

This inconsistency, stakeholders hold, is reflective of the fact that donor coordination depends significantly on the personalities involved and the commonality of agendas. That the Programme does not have in-country presence, which thus reduces formal and informal networking opportunities, does not help matters. Despite this, there is scope for coordination with other international agencies working in the region to be enhanced.

## 3.3 EFFECTIVENESS

### 3.3.1 Regional Dialogue

The aspect that the Programme is most appreciated for is its ability to encourage sharing of experiences and best practice, fostering of dialogue and networking of different stakeholders of the MENA countries. The Programme reflects the overall OECD mandate to engage with government representatives with a view to fostering a better business climate to attract investment and support the development of a stronger and vibrant private sector. This overall objective thus also calls for the involvement and the organisation of a dialogue with the private sector. Participants of the events organised or facilitated by the OECD-MENA Investment Programme state that there are limited opportunities to have this regional exchange in other projects as most economic development programmes are country-specific. Government officials coming together in the regional working groups see this as a good opportunity to meet with their peers and exchange good practice on different policy areas in a structured way. The Initiative’s Steering Group is also an opportunity to collectively discuss on-going activities and validate future actions.

MENA countries appreciate the opportunity to engage with professionals that the OECD-MENA Investment Programme draws upon and who have the experience of working in developed countries. Government institutions in Morocco particularly appreciate this aspect of the Programme’s work. There for example, the workshop on demutualisation was well-received by the Casablanca Stock Exchange which has embarked on demutualising the exchange. The workshop enabled the Stock Exchange and other participants to learn of the experiences of NASDAQ OMX for example, and also provided exposure to Moroccan government officials on this issue. Since then, guidelines are being drafted and a demutualisation law is in process. Civil society organisations such as Association des femmes chefs d’entreprises (AFEM) in Morocco and Institut Arabe des Chefs d'Entreprises in Tunis, for example, appreciate the visibility, exposure and networking they are able to achieve because of attendance at the Investment Programme's events.

### 3.3.2 Capacity Development

There are number of topics which the Investment Programme was the first to broach. Business integrity, corporate governance, responsible business conduct, need for improving of investment regimes and policies for SMEs, and the problems that women entrepreneurs face, for example, are provocative issues for some countries, yet the Programme has handled introducing them into the arena of public debate well. In many of these issues, OECD possesses special competency e.g. on investment issues and is undertaking something which has not been attempted before e.g. in Libya with reference to the work on the SME Policy Index. While UN and other agencies have done much work on the social empowerment of women in countries like Jordan, stakeholders state that OECD is the only international organisation engaging in female economic empowerment issues.

The trainings conducted at the IMF Centre in Kuwait have been very much appreciated by all participants met. Trainings have so far been held on SMEs, business integrity, and competiveness over two years running now. Participants termed the trainings as practical and informative. However, their view is also that the participants are sometimes incorrectly identified by some countries – either they do not work on that particular subject back home or they do not have any knowledge about the subject matter or both.

There should be a continued emphasis on producing Arabic versions of the Programme's publications and reports, and uploading them on to OECD's website. Some policy-makers in the region have limited comprehension of written English and this limits their ability to engage with the Programme effectively.

### 3.3.3 Promotion of Public-Private Sector Dialogue

One of the greatest strengths of the Programme is its ability to bring the private and public sectors together around one table. Many stakeholders state that often the workshops and seminars that the Programme organises are the limited opportunities for the private sector and civil society to engage with their national governments**.** Not many other forums exist at the national levels for this sort of dialogue in economic development related issues. The Investment Programme strives to ensure the active engagement of federations of entrepreneurs, CSOs, women-related associations and other private sector stakeholders. Annexes 4 to 8 further expand on this, country by country.

### 3.3.4 Systematic Tools and Processes

The Programme has introduced a number of fresh tools and processes in the region. The SME Policy Index is a tool developed by the OECD in co-operation with the European Commission (EC), the European Bank for Reconstruction and Development (EBRD) and the European Training Foundation (ETF). It provides a framework to assess national SME policies, identifies strong and weak points in policy design and implementation, and provides a list of priority actions for reform in each country. While the assessment of SME policies has been undertaken by OECD in the MENA region in 2009, the process is being repeated in 2013-14. The SME Policy Index measures progress in the implementation of SME policies, as well as the level of convergence of the SME policy conducted by each surveyed country to the policy standards and good practices promoted by the OECD and the EU. Therefore it benchmarks policies among the countries covered by the study, as well as against best practices. It is a one-year process which comprises assessments by the national authorities and local consultants, combined with OECD analytical expertise.

The Foreign Direct Investment (FDI) Restrictiveness Index which seeks to gauge the restrictiveness of a country's FDI rules is used in the Investment Policy Review of the countries that adhered to the OECD Declaration on International Investment and Multinational Enterprises (Egypt, Jordan, Morocco and Tunisia).

The Business Climate Development Strategies (BCDSs) have been well appreciated. BCDSs were produced for both Morocco and Egypt where business climate policies are assessed against best practices. In both cases, government has described their development as a very thorough exercise, stating that such an effort was not undertaken before. In Morocco, in 2009, the creation the Business Climate National Committee (CNEA), a public-private organ headed by the Chief of Government, with the mission of monitoring, accelerating and promoting all business-friendly reforms was being established concurrent to the development of the BCDS. The CNEA's agenda was aided by some of the outputs of the Moroccan Business Climate Development Strategy.

In Egypt, the Business Climate Review (BCR) 2013 – an update of the BCDS of 2009-2010 - is nearing finalisation on the draft and has been composed with the active involvement of the government. A wide range of stakeholders, including from the private sector, are involved in the update which is scheduled for publication early 2014. The process is a very consultative one taking close to one and half years. Generally, the various reports and publications produced by OECD-MENA Investment Programme are stated to be useful, detailed and actionable.

In Morocco the BCDS was launched in June 2011. These reviews are collaborative effort involving OECD, the concerned government, private sector representatives and other stakeholders. The actual evaluation for the Moroccan BCDS actually took place in Phase II of the programme, while the publication was launched beginning of Phase III.

#### 3.3.5 Breadth of In-country Engagement

Generally, the number of stakeholders the OECD-MENA Investment Programme engages with in a country is limited. There are a maximum of 10-12 people in the larger countries who strongly engage with the Programme; in the smaller ones there are fewer. There are even much less who are aware of what other components they are not involved in, are doing. While it is accepted that if a focal point is designated by a national government or partner ministry, it will at most be one or two key people. There is a need to widen (a) the appreciation of the Investment Programme within the key government institutions and (b) allow the opportunity for other civil society organisations, women's groups, entrepreneurs networks to take advantage of what the Programme has to offer. Expanding the reach of the Programme will widen its appeal and understanding, and partly compensate for not having a permanent in-country presence. In addition, staff turnover plagues a number of public institutions in the MENA countries. Thus if capacity building of government institutions is an output expected of the project, the Programme needs to widen the number of players it engages with within those organisations - while respecting the institution's own approach to dealing with the Programme. As examples, in Egypt it appears that engagement with the Chambers of Commerce and Industry and with public-sector SME agencies such as General Authority For Investment and Free Zones (GAFI)'s Centre for Entrepreneurship and SME Development could be strengthened.

### 3.3.6 Emerging Results and Outcomes

The OECD Declaration and Decisions on International Investment and Multinational Enterprises is a policy commitment by adhering governments to provide an open and transparent environment for international investment and to encourage the positive contribution multinational enterprises can make to economic and social progress. Egypt and Morocco adhered to it in 2007 and 2009 respectively. During the current phase of the OECD-MENA Investment Programme, Tunisia adhered in 2012 and Jordan adhered in late 2013. The OECD-MENA Investment Programme facilitated both countries in the process, and in the Investment Policy Reviews which preceded adherence.

As mentioned earlier in this report, the Business Climate Development Strategy was produced in 2009-2010 in Egypt and revised since to re-assess two important dimensions: investment policy and promotion and Public-Private Partnerships (PPPs). The revision of these chapters has been supported by EU funding.

The SME Policy Index being carried out in 9 countries benchmarks SME policies in different areas across countries and in comparison with EU good practices (the Small Business Act for Europe). It also measures progress achieved with regards to a similar exercise conducted in 2007-2008.

The above outputs, other publications, workshops & seminars, and information sharing on best practice have led to a number of outcomes. Most of these the MTR has been able to capture, and they are described below.

OECD-MENA Investment Programme's work has contributed to varying degrees to the development of strategies. The outputs of the Programme e.g. the Business Climate Development Strategies (or Reviews) in Morocco and Egypt, the work on anti-corruption in Tunisia and Jordan, on adherence to the Investment Declaration etc. have fed into national strategies and policies. For example, in Morocco, the BCDS results came timely and were used to inform the monthly meetings of the Business Climate National Committee (Comité national de l'environnement des affaires – CNEA) – an inter-agency committee formed during the time the BCDS process was conducted (2007-10). This Committee defines business climate reform priorities and measures their implementation. Again in Morocco, although it is difficult to measure the impact of trainings and seminars, some of them are already prompting new reforms and projects to improve business integrity and ethics awareness. For instance, the General Confederation of Enterprises of Morocco (CGEM) is in the process of developing a toolkit targeting enterprises to raise their awareness of transparency and ethics issues. OECD presented similar tools in a training in a seminar in October 2012, contributing (not on its own however) fresh ideas.

Tunisia states that it was the Investment Programme's efforts which led Tunisia to adhere to the OECD Declaration on International Investment and Multinational Enterprises in 2012. In Jordan, from the OECD-supported roundtable held in early 2013, recommendations and conclusions fed into the National Anti-Corruption Strategy 2013-2017 and also into the draft law being proposed by the Commission to the Jordanian government to amend the existing Anti Corruption Commission Law (of 2006). In Egypt, the General Authority for Investment (GAFI) states that the Business Climate Review helps push the reform agenda and contributes to it through the proposed recommendations in the report. Following the Investment Policy Reviews of Tunisia and Jordan, both countries worked on the revision of their investment legal framework and the restructuring of the institutional framework for investment promotion, along the lines of the recommendations of the Investment Policy Reviews. Subsequently, the OECD offered technical assistance to follow up and advise on these processes (an on-going project in Tunisia funded by the Deauville Partnership Transition Fund and implemented by the Investment Division and a project under discussion in Jordan in co-ordination with the IFC and potential EC funding).

The corporate governance guidelines introduced by OECD, the investment policy review and the guidelines of multinational enterprises are considered useful by the region. According to the Moroccan government, assistance of experts from OECD and IFC (mandated by the OECD) benefited the drafting of the various codes and their submission to a process of international consultation. Following the issue of the Moroccan Code of Good Practices in Corporate Governance in 2008 - a general code encompassing international and more specifically OECD Principles for Corporate Governance, three specific guidelines, covering all range of enterprises in Morocco, were produced. They have been introduced in Morocco by CGEM to its members. Other countries desire to pursue the same exercise. One result of these initiatives in Morocco has been that the Moroccan Institute of Directors, in order to help train board members on their duties and responsibilities and implement the Code of Good Practices in Corporate Governance, has now allotted 50% of the places for training to women.

### 3.3.7 Impact on Jobs and Employment

The Programme cannot be expected to be held to account for changes in the lives of ordinary citizens and for general economic development of the countries it operates in. These longer-term impacts are the result of many factors: political stability, resources of individual countries to implement reforms, natural calamities, the global economic environment, technical capacity of the government institutions handling investment matters, donor assistance, educational and technical levels of the working population and so on. The Programme is just one contribution amongst many in each of its target countries working towards economic growth and employment. Also, it operates upstream and midstream: its work involves promotion of best practices, promoting investor-friendly policies and laws, studies and publications etc. and while that is work is important, for its effects to cascade down to the ordinary man and woman on the street will take time and certainly will not be witnessed within the lifetime of the current phase which ends 2015.

## 3.4 REPORTING AND PLANNING

### 3.4.1 Results-Focussed Reporting

The various progress reports produced by the OECD-MENA Investment Programme are reader unfriendly. Being quite detailed, they focus heavily on activities while delving little into what the overall outcomes are. Repeatedly, outputs are confused with outcomes; the preparation of action plans, mission reports, publications and working papers, and their dissemination and the organising of meetings are described as outcomes while they are merely activities or outputs. Outcomes are a higher level of achievement where based on the increased capacity built or knowledge gained by the attendees of meetings or readers of reports, changes occurred in policies, laws or attitudes. Here again though, caution should be exercised. Where a reform-minded government had already decided to alter its laws and thus sought the Programme's assistance in the drafting of new legislation, this would be considered an output of the Programme. However, where the Programme encouraged a hesitant government to make legislative changes through peer dialogue, capacity building and exposure to other countries' experiences – that would be considered an outcome.

The Programme has difficulty demonstrating what contribution its activities made to the economic climate in the country. Part of this is related to the difficulty in linking many of the outputs (e.g. regional dialogue and peer review) with direct impact. As stated above, the Programme should not be held accountable for increase in employment or more access to capital by SMEs. The level at which the Programme works, it can only *contribute* to policies, strategies, laws and reforms in that direction. However, as the Programme does not document what changes it aided at the national level, it has difficulties to (a) demonstrate to its donors that it is contributing to outcomes, and (b) inform others how they can take processes, it initiated or contributed to, further. As an example, it is not documented anywhere that the Investment Programme's efforts in Morocco contributed to a diagnostic study being funded by UNIFEM. This led to better representation of women on company boards and training of them, inclusion of gender issues in the finance bill and government funding the spread of the incubators beyond the main cities. The Programme should be encouraged, in the future, to not only monitor the actions taken at country level – possibly as follow-up to its own actions and work, but also to pay greater attention to effectively describing these follow-up actions in its reports and on the web.

It is worth emphasising that often a series of the Investment Programme's efforts contribute to an outcome but again, in reporting, the Programme does not illustrate this. As an example, in the intended demutualisation of the Casablanca Stock Exchange mentioned earlier in this report, the Programme has contributed to this process not just through the one workshop mentioned, but also through the exchanges undertaken in the Working Group for Corporate Governance and the roundtables and meetings held of the Taskforce of MENA Stock Exchanges for Corporate Governance in which Morocco has also participated.

The Programme has not till now sought the help of the monitoring and evaluation unit within the Development Cooperation Directorate - this unit has a mandate to promote results-focussed reporting within OECD, but limited resources probably imply that its work is more geared to the countries and aid agencies which constitute the Development Assistance Committee (DAC). Recently another initiative on knowledge sharing as started within the organisation. The initiative is still in its early stages but opportunities may develop for the Programme to work with it to improve its reporting.

### 3.4.2 Application of Logical Framework

The understanding of the logical framework analysis tool needs to improve. It is not currently satisfactorily designed nor properly used for reporting purposes. It could be better used as a planning and monitoring tool if it conformed to the standard logic and hierarchy as used by Sida and other international organisations which have adopted it. It does not follow the classic 4 x 4 (4 rows and 4 columns) matrix style followed by other donors and is confusing to read.

# 4 Conclusions

The Mid-Term Review has found that the OECD-MENA Investment Programme has made significant achievements but also has to address some challenges as identified. Adoption of the recommendations listed later in this report will improve the relevance, efficiency and effectiveness of its interventions, thus leading to a more pronounced impact.

The Programme possesses a number of strengths. At the regional level, it has encouraged the sharing of experiences and best practices, and networking both amongst MENA countries and between the region and OECD member countries. Every year, a number of roundtables, working group and task force meetings, seminars and workshops are held on issues related to investment and SME development, business integrity and women entrepreneurship which foster this dialogue. The MENA countries also appreciate the experience that experts from developed countries share at these venues. The Programme has put sensitive issues on the table and provoked discussion on them, in a region where such issues have never been discussed openly. The various events of the Programme have also developed spaces for MENA civil society and private sector to engage with their governments.

The Programme's manner of undertaking reviews: those on business climate, investment policy, business integrity scanning, or of applying tools: on the SME policy index, investment policy framework or FDI index is a very participatory and consultative one, actively involving the country and its government. The process not only builds capacity and understanding, it creates ownership of the often uncomfortable findings. The Programme has contributed, in varying degrees, to the development of strategies in four of the countries (Morocco, Tunisia, Egypt and Jordan). In the fifth, Libya, it has just started country-level engagement to work on the development of the SME strategy.

The topics that the Programme focuses on are of high relevance to the region. A shift towards other topics should be done bearing in mind the effect that will have on the existing agenda and whether expertise for that exists in-house. The Programme's shift from upstream to midstream work should be undertaken strategically. OECD occupies a unique place when it comes to policy advice and strategy development expertise. In midstream work, the Programme will be competing with other implementing agencies and is vulnerable to losing its distinctive position as it broadens its agenda.

The information contained in the Business Climate Development Strategies, guidelines on corporate governance and on multinational enterprises is very much appreciated. Also appreciated have been the trainings in the IMF Centre in Kuwait on SMEs, business integrity and competitiveness. In the holding of events, the Programme endeavours to ensure participating countries or individuals financially contribute to the extent that is reasonable, enabling Swedish funds to go further.

At the same time, the in-country presence of the Programme is quite limited, mostly focussed on the achievement of a concrete output. A number of observations can be made in this regard: OECD and the Programme are not well-known beyond the immediate rather small circle of people or institutions the Programme engages with. Even amongst them, individuals engaged in one work stream are not familiar with what other work streams are doing. Some individuals in that circle have only taken part in one or two seminars organised by the Programme. Limited duration of stay within individual countries means that the Programme is limited in being able to undertake formal and informal networking with organisations having an investment-related mandate. This includes donors, other international and national organisations working on similar issues, and government institutions beyond the focal ones.

The Programme is unable to demonstrate what has been the outcome of its work - whether it has been significant or otherwise. Participants state that events and publications are useful but to what extent they have been used is not known. The Programme does not follow or report on the effects of its work on strategies or laws, or changed practices of working. With the final publication of a report, follow-up on whether the recommendations have been adopted is not systematically pursued. This should change with the Programme's re-orientation to work on more issues midstream. This is also important to show the donor that value is being obtained for the funding that it provides.

# 5 Recommendations

Based on the findings and conclusions of this Mid-Term Review, the following recommendations are made:

**OECD-MENA Investment Initiative Steering Group:**

1. The Steering Group's donor representatives need to be engaged more to attract donor funding for the Programme. This includes reinforcing efforts to ensure their attendance.

2. Initiating dialogue with donor agencies from the Gulf to explore their interest in providing funding for the work streams.

**OECD-MENA Investment Programme:**

1. Additional projects in the transition countries or in other countries should not be pursued merely for the acquisition of funds. While broadening its portfolio, the Programme needs to be strategic in terms of what it wants to achieve when doing this.

2. Similarly the extent to which it intends to move beyond upstream work, to e.g. trainings and provision of technical assistance should ensure that it suits both the Programme's strategic interests and provides value-for-money for the recipient.

3. Country visits should be supplemented in duration with a couple of additional days that senior Programme staff can use to:

    a. network with other international implementing agencies and the donor community in-country and update them on its activities within the country,

    b. develop new partnerships with civil society organisations, other government agencies (beyond those the Programme already works with) and the private sector,

    c. implement actions to promote the visibility of the overall OECD-MENA Investment Programme and Swedish funding of it.

4. Country-level Business Climate Reviews are long-term commitments and so should be undertaken with the understanding that they will be updated every 3 years or so (depending upon need) to maintain their relevance. It would be important to update these reviews periodically to provide the MENA partners with an objective benchmark which they can internalise within their own administration over time.

5. Resources should be devoted to reproducing publications and reports in Arabic and promoting them on the OECD website to ensure greater access to their contents by non-English speaking policy makers and civil society representatives in the MENA region.

6. Focal points in selected countries should be appointed which to some extent alleviate the disadvantages of not having in-country presence (subject to the decision of the governmental counterpart and budget availability).

7. Budgetary allocations need to be made and expertise contracted in to document the outcomes emerging because of the work of the OECD-MENA Investment Programme. This exercise of drawing the links between the Programme activities and outcomes (changes in working practices, laws, structures) in the countries and documenting significant change stories should be undertaken on an annual basis to feed into the annual reporting for Sida. It should also be narrated in reports compiled for the Steering Group and other relevant stakeholders.

8. Working groups meetings should include sessions to deliberate upon the outcomes and impact that activities are having. This will aid the work of the Programme to become more results-focussed.

9. To improve the effectiveness of the trainings held in Kuwait, the terms of reference submitted to countries, seeking applicants for enrolment in the training courses, need to be fine-tuned. Candidates' qualifications can be described in further detail and their selection based on the submission of a CV or participation in a questionnaire evaluating their initial understanding of the subjects to be treated during a forthcoming training.

10. Paris-based staff should undergo training in the logical framework approach and alongside the training or subsequent to it, the logical framework matrix of the Programme should be revamped to

    a. Clearly identify what are the activities, outputs, outcomes and impacts

    b. What are the targets the Programme expects to achieve by the project end i.e. 2015 – this may be difficult to do for those outcomes that are qualitative in nature. It will be virtually impossible to do this at the impact level so indicators there i.e. regarding the creation of more jobs, more investment, more women in the workforce, improvements in rankings in doing business indices etc should be phrased in more general terms.

    c. Identify the sources of verification, including both routine data collection and surveys, which capture changes in attitude and behaviour towards pro-investment policies.

    d. Identify the risks and assumptions which are being made. This is particularly important given the volatile environment the Programme operates in, in some countries.

    e. The risk mitigation measures should be a separately developed tool.

11. The Mid-Term Review finds that there exist opportunities to enhance collaboration with international implementing agencies within target countries and this needs to be pursued more systematically.

12. The Programme should attempt to provide better exposure of the work it carries out to the Development Assistance Committee (DAC). This will enhance visibility of the Programme's work and could allow the development of synergies with actions by other implementing agencies.

**Sida**

1. As the main donor of the Programme and as one of the largest donors in the MENA region, Sida is well-placed to assist the Programme to attract pooled funding for core activities from other donors. Sida should initiate efforts with OECD to organise events for the donor community to brief it on the programme and its objectives.

2. In general, and in view of making collaboration between major international organisations a success, Sida should encourage donors to determine a common and detailed framework outlining the roles, responsibilities and complementary areas of intervention. The donors and the respective organisations may come together on a regular basis (e.g. annual) with a view to discussing past and future activities.

3. Where appropriate, Sida can influence (through allocations in the grant agreement amongst other means) projects or institutions it funds or intends to fund in the region to collaborate with the OECD-MENA Investment Programme for the achievement of those outputs which are common to both.

# Annex 1 - Terms of Reference

**Mid Term Review of the MENA-OECD Investment Programme 2011-2015**

**Background**

The MENA-OECD Initiative on Governance and Investment for Development 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, modernize 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.

Sida has carried out an evaluation of the support during 2011 titled "Evaluation of the MENA-OECD Investment Programme 2008 – 2010". The evaluators stated following:

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.

The Evaluator also suggested:

*To the Steering Committee and the OECD Secretariat*

4. 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.
5. The listing of "selected impacts" in the Log Frame format should be critically revised and care should be taken to clarify relationship – if any – to the Investment Programme.
6. 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.
7. The Programme should largely maintain its way of working and implementation as it seems to complement other development programmes.
8. 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.
9. In order to improve the understanding of the Programme's particular function and ways of working the Secretariat should more actively seek 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*

10. 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.
11. 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.
12. The selection of participants in events can either stimulate continuation by having the same persons going to several meetings or stimulate 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.
13. 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.
14. To improve the overall effectiveness, the program should communicate clearly the expected outcomes of the program 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.

15. Knowledge management can be integrated as part of the program 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.
16. 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.

OECD adaptated the recommendations, done by the evaluators and by the Swedish Development Cooperation Agency, into the project proposal presented to Sida under phase III of the investment programme.

Due to the new realities in the region, and due to the fact that Swedish funding has been changed in accordance to the new Swedish Cooperation Development strategy, OECD further developed the Investment Programme to be in line with the new situation in the region. The MENA-OECD Investment Programme under phase III focuses on three main areas:

1) **Investment and SME policies for jobs:** Consultations with countries in the region have all conveyed a clear message: the Programme should focus more on supporting policies for creating jobs. To respond to this demand, the Programme proposes to focus on investment policies to support both national and international enterprises, SME policies and access to finance, skills development for entrepreneurs and competition policies to support both entrepreneurs and consumers.
2) **Promoting business integrity:** Corruption involving private companies and trading in influence with public officials was one of the key issues which triggered unrest in the MENA region. Policies to support business integrity will become a higher priority for the Programme's work, covering competition policy, anti-corruption, corporate governance and responsible business conduct. The Programme will enhance work on competition policy, anti-bribery, corporate governance and responsible business conduct using tested OECD instruments and leveraging existing networks in the MENA region.
3) **Fostering women in the economy:** Further integrating women in the economy represents an underexploited opportunity to better address unemployment and increase the welfare of people in the region. The OECD-MENA Women's Business Forum (WBF) will continue to provide an open regional network leveraging the expertise of its participants through regional conferences, capacity-building workshops and policy analysis to achieve concrete improvements to the business environment for women entrepreneurs.

*The proposal for funding of the third phase of the MENA-OECD Investment Programme presents business climate reform policies to be addressed in the existing regional networks of the Programme, and on a country-specific level with an emphasis on the four G8 Deauville Partnership countries which are engaged in the most ambitious transition and reform processes: Egypt, Tunisia, Morocco and Jordan.*

**SYNERGIES WITH NEW SIDA STRATEGY FOR THE MENA REGION AND OVERALL DEVELOPMENT OBJECTIVES**

The MENA-OECD Investment Programme is in line with the SIDA Strategy for development cooperation with the Middle East and North Africa September 2010-December 2015. In particular, the MENA-OECD Investment Programme responds to the sectoral focus on "regional economic integration" identified in the SIDA Strategy, but parts of the Programme also respond to the sectorial focus on "democratic governance and human rights". Both SIDA and the Programme work towards promoting regional trade and investment integration and co-operation through:

- Harmonising and modernising business-related institutional and regulatory frameworks;
- Promoting dialogue and exchange within the region and with other countries and regions on economic reform priorities to foster private sector development and regional economic integration;
- Providing policy advice and capacity building; and
- Strengthening co-operation with regional institutions and building regional networks.

In order to enhance the relationship between Sweden and the MENA region, the Swedish government is invited to take part in the regional dialogue facilitated by the Programme (participation in meetings, co-chairing of working groups). In addition, the Swedish business sector can strengthen its involvement with development co-operation initiatives by participating in the MENA-OECD Responsible Business Conduct Forum, the Task Force on Renewable Energy and the Business Integrity Network.

**1) Specific points of value-added of the MENA-OECD Investment Programme**
The MENA-OECD Investment Programme delivers value-added in that:

- The MENA-OECD Investment Programme is aiming at responding to the *demand of beneficiary countries*: It was established at the request of the 18 participating countries. The Programme is *owned by the region*: Ministerial declarations, providing *strategic orientation* to the Programme, are adopted by consensus. Action plans are discussed with stakeholders in Steering Groups and thematic Working Groups meetings. The OECD operates as partner, secretariat, and policy advisor, platform for dialogue and vehicle for reform implementation. At the same time, OECD members are also formulating their own priorities for the cooperation with the MENA region - for example on issues related to gender - which the Programme is taking into account.
- The Programme promotes *dialogue and exchange between* developed and emerging economies. The regional networks, such as the thematic Working Groups, are co-chaired by MENA and OECD countries and experts from both regions are addressing the meetings.
- The Programme facilitates *regional dialogue and peer learning* on investment policy issues: the Programme's activities traditionally is open to all participating countries, although the focus of country specific work has been shifted to

the MENA transition countries; several regional centres, networks and fora are created and managed by the Programme.

- The Programme promotes *regional cooperation* building on a well-established and extensive *network* of regional and international partners.
- The Programme supports identification and implementation of national and regional business climate reforms: *targeted capacity-building initiatives* help in assessing the business climate and in designing, implementing and monitoring needed investment policy reforms.
- The Programme *leverages OECD tools and expertise* on investment climate issues based on good practices from OECD member countries developed by committees which are – most importantly - adapted to the MENA region. The Programme also assists countries in adhering to OECD policy instruments and bodies if this is appropriate.
- The Programme provides targeted *country-specific assistance and capacity-building* for national government officials and authorities.

**2) Output – an established forum for regional dialogue and targeted national assistance**
On a *regional* level, the MENA-OECD Investment Programme facilitates regional dialogue on business and investment reforms within its thematic Working Groups.

At the *national* level, the Programme provides targeted assistance to support the implementation of national business climate reforms taking into account the new political dynamics, namely in the MENA transition countries.

**3) Support to major SIDA development objectives: poverty reduction, environment, gender and anti-corruption**
The mandate for the third phase of the Programme was defined by ministers from the MENA region in the 2009 Marrakech Ministerial Declaration as, inter alia, "recognising the fundamental role of the private sector to achieve sustainable growth … and broader poverty reduction objectives as laid out in the Millennium Development Goals" (2009 Marrakech Ministerial Declaration, http://www.oecd.org/dataoecd/22/15/44143537.pdf ).

The Programme supports poverty reduction through growth and employment creation in several ways. The work of the MENA-OECD Investment Programme promotes foreign, regional and domestic investment in the MENA region and encourages a more vibrant and competitive SME sector. The aim is to expand the scope of the private sector contributing to growth and employment. By creating inclusive employment opportunities, the Programme contributes to sustainable growth, which will lead to poverty reduction and political and socio-economic stability. Moreover, the image of the MENA region as a favourable investment destination is enhanced externally, and public awareness for investment policy issues is raised internally.

The OECD-MENA Women's Business Forum was created to foster *women's entrepreneurship and employment* in the MENA region. It takes stock of policies, institutions and programmes supporting women's enterprise in all MENA countries and promotes specific activities to enhance the business-enabling environment for women.

The Programme also addresses the issue of corporate social responsibility, *business integrity and anti-corruption*. It raises awareness and supports convergence of the regulatory integrity environment with international anti-corruption standards. To that aim, it promotes the OECD Guidelines for Multinational Enterprises as well as the OECD Anti-Bribery Convention in the MENA region. A Working Group is dedicated to improving corporate governance and technical assistance is provided to countries in the drafting and implementation of corporate governance codes. The Programme cooperates with the Arab Anti-Corruption and Integrity Network (ACINET).

**New approach for the Programme in 2011-2015**

MENA III will support inclusive growth through better public governance and a strengthened private sector. At the MENA-OECD Ministerial Conference on 23 November 2009 in Marrakech, Morocco, Ministers and heads of delegations from 16 MENA and 22 OECD countries adopted the Marrakech Declaration on Governance and Investment. This Declaration underlines the importance of establishing good public governance and an attractive business climate for achieving higher levels of economic development and growth in the MENA region, while suggesting concrete actions on how to achieve this.

Building on previous results and lessons learnt during the first two phases, Ministers decided on the strategic objectives of the Initiative. As expressed in the Ministerial Declaration, the MENA-OECD Initiative will work to:

- support social and economic development to generate employment and raise living standards based on a stronger, cleaner and fairer growth;
- encourage enhanced transparency in government procedures, laws and regulations that are decisive for a vibrant business environment, and promote the fight against corruption in all its forms;
- support the rule of law, ensuring legal security for citizens and business, including the protection of private property and contract enforcement through effective and unbiased access to justice, as well as through an independent, unbiased, competent and effective prosecution service and judiciary, including civil administrative and commercial courts;
- underline the importance of policy action to increase the contribution of women to economic development and to help them benefit from the outcomes of economic growth;
- develop human capital in all areas of economic and social activities;
- foster free trade and investment flows, which are crucial to innovation, infrastructure development and employment generation;
- establish strong corporate governance frameworks and responsible business conduct to avoid future crises and strive to implement the highest in-

ternational standards of corporate governance, in particular in the banking and financial sector, as well as in public and private enterprises;

- foster efficient, fair and transparent tax systems as a sustainable source of public revenues, ensure that the tax system encourages SME creation, growth and tax compliance, and respect international standards on tax transparency and the exchange of information for tax purposes;
- promote greater access to finance, particularly by micro- and SMEs, through increasing transparency of information, ensuring an appropriate legislative framework for secured transactions and collateral, and diversifying sources of finance;

The Programme's work programme was adapted to the new realities by the first Steering Group meeting organised since the beginning of the Arab Spring, which took place on 22 November 2012 in Paris, France. The meeting underlined the need to support the new majorities and all MENA countries to foster good governance and investment for more employment and better institutions through policy reforms that build on consultations and open dialogue with civil society and the private sector.

**Anchoring the Initiative in a Framework of Regional Institutions and Networks**
The Programme works to co-operate with existing regional institutions as well as to support MENA countries' efforts to establish new networks and regional centres. These initiatives help strengthen the regional policy dialogue and intra-regional co-operation, facilitate knowledge dissemination and support the creation of regional training and expertise centres, all of which are key areas to long-term capacity building in the region.

***The MENA-OECD programme office, Amman/Jordan***
Rregional experts works for the Programme based in Amman in order to anchor the project more deeply in relevant public and private regional networks. Amman is a hub for private investment networking and international community activity related to the Mashrek. The Jordan Investment Board (JIB) has agreed to provide the two regional experts with office space and related services.

***MENA Investment Centre in Manama, Bahrain***
The MENA Centre for Investment was founded in February 2006 in Manama, Bahrain to support regional ownership of MENA countries participating in the MENA-OECD Investment Programme and provide support capacity for the implementation of reforms. The Centre has conducted a large number of policy workshops and training events, most of them conducted in cooperation with the Programme. Partner organisations such as UNIDO, UNDP or UNCTAD also use the Centre for policy and training events.

One example of a capacity development exercise conducted by the Centre and the Programme is the MENA 100 Business Plan Competition described above. Besides active participation in the planning and selection process of the competition, the Centre also hosted key events such as the presentation of winners in November 2009 and June 2012 in Manama. The Centre is funded and staffed by the Bahraini government through the Economic Development Board.

**Joint IMF-Kuwait Training Center, Kuwait City**
The Programme is conducting three annual training weeks in the joint IMF-Kuwait Training Center. The three trainings are intensive coaching and capacity support opportunities. Since 2012 three separate training events are conducted on competitiveness policies, SME policies and integrity policies.

**Mid-term review**
The assessment of the achievements of the Investment pillar of the MENA-OECD Initiative will be carried out as a mid-term review to support Sida as the donor to follow up the re-shaping of the support under the programme. The mid-term review will also give OECD the possibility to receive objective comments on this complex project.
The mid-term review shall cover the period from January 2011 to March 2013. It 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. It is recognized that the impact of activities often depends partly on decisions by sovereign States to implement suggested policy reforms, and also that debate and acceptance of the need for major reform may take place gradually over several years. The mid-term review shall examine outputs, outcomes and impacts based on the mandate of the OECD Council. The mid-term review 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 III 2010-15 (ERC(2010)8)
• The Results-Oriented Logical Frameworks of the MENA-OECD Governance and Investment Programmes for its second phase
• The OECD Council document 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) and the mid-term review conducted by the ERC in April 2013.

The mid-term review shall primarily focus on questions related to:
*Effectiveness* – Have the activities undertaken by the Programme improved and has the Programme managed to re-shape its work programme following the changes in the region, the recommendations of the evaluation report from phase II of the Investment programme and the country focus recommended by the evaluator and the donor which was adopted by OECD. What is the knowledge about policy making in the region in the new transition environment? 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 supported 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 pov-

erty? 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?

- Follow-up, planning and reporting to donor: has OECD carried out internal follow-up on the ongoing support, how have they been presented, are target countries involved in planning and needs assessment? How and in which way is OECD reporting the Swedish support within and outside OECD?
- Paris Declaration and beyond: OECD is one of the creator of the new development cooperation platform. In which way can we draw knowledge on how to integrate economic development programmes into the Aid-Effectiveness work and reporting?

*Reporting and Planning,* - OECD has developed a result based matrix to simplify the follow up of the support. OECD is producing several studies which are presented under the programme. How have these been presented, is the planning and involvement from experts and institutions in the MENA region structured, can more be done to follow the Paris Declaration on ownership?

**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.

**Time schedule**
The final report shall be completed by the end of June 2013.

**Implementation**
The Consultant shall proceed with the mid-term review that will consist in the following:
1. Preparation of a brief inception report (maximum 60 hours in total)
- 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. Field visits (maximum 240 hours in total)
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. Submission of the interim report (maximum 40 hours in total)
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. Submission of the final evaluation report (maximum 60 hours in total; June 2013)
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 - List of Persons Interviewed

**Government of Sweden**
Anders Ahnlid, Ambassador, Permanent Representative, Delegation of Sweden to the OECD and Co-Chair of the MENA-OECD Investment Programme
Margaret Davidson-Abdelli, Counsellor for Regional Development Cooperation/Economic Development (Sida)
Marie-Claire Swärd Capra, Chargée d'affaires a.i., Ambassador, Delegation of Sweden to the OECD

**Government of Spain**
Ricardo Díez-Hochleitner, Ambassador, Permanent Representative, Delegation of Spain to the OECD – Co-chair of the MENA-OECD Governance Programme
Alfredo Bonet, Head Economic and Commercial Counsellor, Delegation of Spain to the OECD

**Organisation for Economic Co-operation and Development**
***Sherpa Office***
Andreas Schaal, Head of Office ad interim, Sherpa Office, General Secretariat
Nejla Saula, Legal Adviser, Sherpa Office, General Secretariat

***Global Relations Secretariat – Private Sector Development Division***
Antonio Fanelli, Deputy Head of Private Sector Development Division
Alexander Böhmer, Acting Head, Southeast Asia Programme
Nicola Ehlermann-Cache, Acting Head, MENA-OECD Investment Programme
Marie-Estelle Rey, Deputy Acting Head, MENA-OECD Investment Programme
Carl Dawson, Policy Analyst, MENA-OECD Investment Programme
Anders Jönsson, Policy Analyst, MENA-OECD Investment Programme
Véronique Zovaro, Policy Analyst, MENA-OECD Investment Programme
Jorge Gálvez Méndez, Economist / Policy Analyst, MENA-OECD Investment Programme
Fares Al Hussami, Junior Economist / Policy Analyst, MENA-OECD Investment Programme
Maha El Masri, Consultant, MENA-OECD Investment Programme
Rayann Koudaih, Consultant, MENA-OECD Investment Programme
Yvonne Giesing, Consultant, MENA-OECD Investment Programme
Abdelrahman Sherif, Consultant, MENA-OECD Investment Programme

***Other OECD Divisions***
Carlos Conde, Head of MENA-OECD Governance Programme, Public Governance and Territorial Development Directorate
Allessandro Bellatone, Deputy Head, MENA-OECD Governance Programme, Public Governance and Territorial Development Directorate

Alissa Amico, Policy Analyst, Corporate Affairs, Directorate for Financial and Enterprise Affairs
Robert Ley, former Counsellor, Directorate for Financial and Enterprise Affairs
Jonathan Potter, Acting Head, Centre for Entrepreneurship, SMEs and Local Development
Michael Stirnweiss, Policy Analyst - DAC Global Relations, Development Co-operation Directorate
Martina Kampmann, Senior Counsellor, Knowledge Sharing Alliance
Géraldine Ang, Policy Analyst - Green Investment, Directorate for Financial and Enterprise Affairs, Environment Directorate

**Government of Libya**
Mustafa Mohammed Abufunas, Minister of Economy
Abdulatif Altounsi, Deputy Minister of Planning
Issa Tuwerji, Head of Libya 2030 Vision Committee
Abdelnasr N. Aboukzeh, Director General, Libya Enterprise
Ahmed Safar, Policy and Strategy Advisor, Libya Enterprise
Abulghasem Mrabet, Strategic Partner Manager

**DFID Libya**
Katy Lawrence, Private Sector Development Consultant

**European Union Delegation, Libya**
Patrick McClay, Advisor Economic Private Sector and Trade Development

**Islamic Development Bank Group**
Mohamed Maher Mannai, Head, Islamic Financial Institution
Talal Karim Althefery, Programme Lead, Advisory Services

**World Bank, Morocco**
Philippe de Meneval, Senior Private Sector Development Specialist, Middle East & North Africa Vice-Presidency

**Bourse de Casablanca, Morocco**
Karim Hajji, Directeur Général

**Women's Business Forum, Morocco**
Soraya Badraoui, Directeur Général, Top Class Expresso

**Agence Nationale pour la Promotion de la Petite et Moyenne Entreprise, Morocco**
Houria Nadifi, Chef de Division, Coopération, Etudes & Chargée de l'approache Genre

**Moroccan Investment Development Agency**
Jihane Markouch, International Relations Officer
Ali El Yaacoubi, Head of Market Research Department
Ali Zaki, Business Development Associate

**L'Instance Centrale de Prévention de la Corruption (ICPC), Morocco**
My Abdellatif Mouatadid, Director Pôle Support
Fatima-Zahra Guedira, Head of International Cooperation Entity

**Confédération Générale des Entreprises du Maroc (CGEM), Morocco**
Mr. Zakaria Fahim, Président de la Commission Éthique et bonne gouvernance
Bouchra Ghiati, Vice-Présidente de la Commission Éthique et bonne gouvernance

**Ministère des Affaires Générales et de la Gouvernance, Morocco**
Dr Aziz Ajiblou, Secretaire Général
Skalli Md Hatim, Technical Advisor to the Chief of Government
Sara Boukhobza, Advisor to the Chief of Government In charge of Business Climate
Rabii El Ouafoudi, Adviser
Siham Omrana, Head of the Division for Corporate Promotion, Investment & Business Climate

**Center of Arab Women for Training and Research (CAWTAR)**
Soukeina Bouraoui, Executive Director

**Institut Arabe des Chefs d'Entreprises, Tunisia**
Majdi Hassen, Conseiller Exécutif

**Agence de promotion de l'industrie et de l'innovation (API), Tunisia**
Noureddine Taktak, Directeur Général
Rachid Sghaier, Central Director

**Union of Arab Banks**
Dina Kaddouh, Director Regional Office for Maghreb Countries

**Ministère de la Gouvernance et de la lutte contre la corruption, Tunisia**
Mohamed Tarek Bahri, Directeur General

**National Anti-Corruption Authority, Tunisia**
Samir Annabi, Chairman

**Ministry of Development and International Cooperation, Tunisia**
Mohamed Karim Jamoussi, Chief of Staff
Abdelmajid Mbarek, Director Foreign Investment Department

**Univeristé de Carthage, Tunisia**
Neila Chaabane Hamouda, Docteur en droit public

**African Development Bank**
Florian Theus, Human and Social Development Department

**Anti Corruption Commission, Jordan**
Ramzi Nuzha, Board Member

**Ministry of Industry and Trade, Jordan**

Maha Ali, Secretary General
Bassem Qardan, Advisor to Minister

**Jordan Investment Board**
Bashar Al-Zu'bi, Senior Advisor to the CEO

**Schema, Jordan**
Maali Qasem Khader, CEO and Founder

**Electricity Regulatory Commission, Jordan**
Thabet Al-Taher, Chief Commissioner/CEO
Wijdan AlRabadi, Commissioner

**Jordan Enterprise Development Cooperation**
Hana Uraidi, Director – Cross Cutting Support Directorate

**Jordan Forum for Business and Professional Women**
Eman Al Damen, 2nd Vice President

**European Union Delegation, Jordan**
Omar Abu-Eid, Programme Manager – Environment, Energy and Water

**League of Arab States**
Rahima El Fiki, Political and Economic Researcher

**General Authority for Investment and Free Zones, Egypt**
Mona A. Zobaa, First Undersecretary, Head of Investment Policy Department
Haidy Yehia, Economic Researcher, Policy Advocacy Sector
Fatma Safwat Abdelaziz, Economic Researcher, Policy Advocacy Sector, Vice Chairman Office
Ahmed Kamaly, Director of Egyptian National Contact Point

**Ministry of Investment, Egypt**
Sherif Oteifa, Advisor

**Business Women of Egypt 21**
Yomna El Sheridy, President

**Egyptian Junior Business Association**
Ghada Darwish, Vice President

**Egyptian Financial Supervisory Authority**
Sherif S. Samy, Chairman
Mohamed Shousha, International Relations Manager

**Orascom Development Holdings**
Said Hanafi, Head of Legal Department

**River Transport Authority, Ministry of Transport, Egypt**

Abdel-Kader M. Darwish, Chairman
Soheir Hamdy, Chairman Adviser

**TCBTRANS, Egypt**
Abdel Kader Fathy Lashine, Chairman

**Egyptian National Competitiveness Council**
Amina Ghanem, Executive Director
Manal Hassan, Director Fundraising and Advocacy

**The Egyptian Exchange**
Shahira Abdel Shahid, Advisor to the Chairman

**European Union Delegation, Egypt**
Riikka Torppa, Attaché, Programme Manager, Trade, Economy and Budget Support

**Egyptian Woman Foundation for Law and Peace**
Nariman Abdel Kader, President

# Annex 3 - List of Key Documents Consulted

*Agreement between Sida and OECD on Support for the MENA-OECD Investment Programme (2011-2015) with Annexes*

OECD External Relations Committee. 2013. *MENA-OECD Initiative on Governance and Investment for Development. Mid-term Review of Phase III of the Initiative (2011-2015).*

OECD. 2013. *Annual Report for the Swedish International Development Cooperation Agency (Sida). Reporting period: 1 January 2011 to April 2013.*

OECD.2012. *Draft Conclusions. MENA-OECD Initiative on Governance and Investment for Development Steering Group meeting, 22 November 2012.*

OECD. 2013. *Draft Conclusions and key presentations. MENA-OECD Initiative on Governance and Investment for Development Steering Group meeting, 3 December 2013.*

# Annex 4 – Country Specific Findings – Libya

Dates of country visit: 8 – 12 September 2013

***Background:***
The MTR accompanied a team from the OECD-MENA Investment Programme to Libya in the 2nd week of September 2013. This is the 2nd time that the Investment Programme has visited Libya after an initial scoping mission in July this year. From amongst the Libyan government, Libya Enterprise (LE) has been identified as the key Programme partner. Libya Enterprise is a new organisation, working under the Libyan Ministry of Economy and its purpose is to promote enterprise development in the country.

The development of an SME strategy for the country has been identified as a priority and for it funding has been obtained for a 3 year period from the Transition Fund. The strategy development is logically sequenced and consists of

Component 1: diagnostic phase
Component 2: development of the actual SME development strategy
Component 3: development of a legal framework for enterprise development including possibly a separate SME law;
Component 4: provision of implementation assistance
Component 5: improvement of access to finance for SMEs and start-ups

***Strengths:***
a) The identification of an SME development strategy to be focussed upon was done in a very consultative manner. During the initial scoping mission earlier in 2013, the OECD-MENA Investment Programme met with key government institutions such as the ministries of finance, planning and economy, the Central Bank, donors involved in the SME sector in the country such as the World Bank and DfID and the private sector/business associations. Since June till these series of workshops in September, discussion was ongoing with Libya Enterprise. In the proposal, the Programme also selected the Islamic Development Bank as a partner to implement Component 5 related to Access to Finance. SME development seems highly appropriate to focus upon given the country lacks any strategy in this regard despite the large number of small and medium enterprise in both the formal and informal sector.

b) During the September visits, the Investment Programme continued to engage with the key stakeholders. The government institutions named above, donors and the private sector have been brought together in the form of a Steering Committee for the project. In addition, the Investment Programme has also started dialogue with the European Union Delegation in Tripoli as the latter is about to substantially fund a project on SME promotion in the country. This process of consultation has meant that the Investment Programme has prevented overlap with other donor projects.

c) At present, the highest levels of government have exhibited interest in the project. The deputy ministers of finance, planning and economy attended the initial Project Steering Committee meeting held on 9 September 2013. In addition, a meeting was held with the Minister of Economy – the second such meeting to update him on progress and gauge his views of SME developments in the country. The project is also engaging with the authors of Vision 2030 – a government effort to produce a long-term development vision for the country so that alignment of the Vision with the project can be created.

d) OECD possesses special competency on investment issues and is undertaking something which has not been attempted in Libya before. During the workshops, it introduced tools such as the SME Policy Index and a methodology to ascertain sector competitiveness. These are tools which could benefit decision makers in understanding the SME landscape in Libya and making informed choices regarding policy formulation and identification of economic sectors the country should focus on.

e) OECD is well-regarded by Libyan authorities who expect it to share best practices from elsewhere. It is considered an impartial institution without any hidden agenda.

***Challenges:***
a) Libya still continues to face political turmoil. It is probable that the incumbent government not survive as disagreements between the coalition partners grow and the Islamist coalition partner threatens a vote of no confidence. In that context, the government is in a hurry to show the country that it is taking steps regarding economic development, and waiting several years to see the effects of the development of a SME policy is too long, even though many quarters realise the importance of rigorous and careful planning. Thus, the Investment Programme will have to demonstrate some quick-wins in the short term, and initiatives such as the development of 'one-stop' shops for entrepreneurs to obtain all the required licenses and approvals need to be assessed and worked on if the Investment Programme wants to continue to enjoy the engagement of key high-level stakeholders in government.

b) The government urgently wants to establish local funds in the 5 regions of Libya. These funds will provide enterprise development services, loans or even grants. Lending by them is expected to be based on products used in Islamic banking as per a decree issued by the government. Their mandate is unclear, however it is stated that LYR 1 billion is being allocated to them. This could be another relatively quick-win for the Investment Programme – to assist the government in creating appropriate institutions with accompanying guidelines, for both coordination of the various funds and their implementation.

c) The country suffers from a lack of institutions relevant to enterprise development. The technical capacity is extremely low within government, and thinking on how to move forward is constantly changing or being updated. The Investment Programme is embarking on a process, on SME strategy development, which appears to be slightly ambitious for the environment that Libya finds itself in.

d) Related to the above and that initiatives are springing up all the time – such as talk of regional enterprise funds (the mandates of which are not clear), it seems that the Investment Programme needs longer incountry presence to be constantly abreast of developments and to maintain the support from key stakeholders. The Investment Programme is considering country visits every few months and deployment of consultants who will be present in the country for considerably long periods. However, it should consider whether that is adequate. OECD does not have any field offices in the MENA region and does not operate in such a manner. However, Libya is a unique situation with low technical capacity, frequent turnover of key government stakeholders, lack of institutions and constant rethinking of how it should proceed on SME development. (Since this remark was written, the security situation in Libya has worsened to an extent that OECD security does not allow its experts to enter the country.)

e) In Libya Enterprise, the Investment Programme has identified a suitable agency the mandate of which is suited to the project being undertaken. Having suffered change in leadership frequently over the last year, the organisation now has a number of professionals who easily understand what the Investment Programme is promoting. However, the organisation is new and it will be a challenge for the Programme how to maintain the good relations it has developed with Libya Enterprise and how to continue the smooth implementation of the project, considering other donors are also starting to engage Libya Enterprise in their projects and so its attention will be divided. Also, if capacity building of Libya Enterprise is an output expected of the project, the Programme needs to widen the number of players it engages with within that organisation. This also calls for a well-thought of risk mitigation strategy to be in place. (Since this field report was written, the Investment Programme has held further meetings with Libya Enterprise involving more of LE's staff. At the same time though, there are institutional changes taking place and the results of those on LE and its mandate are not clear.)

f) OECD's expertise is largely in policy dialogue and formulation. In this project though, it is expected to provide assistance in implementation of the strategy i.e. Component 4 mentioned above in areas such as developing the institutional frameworks for incubators. OECD, urged on by its management is increasingly broadening it mandate to include more midstream work. However, OECD has limited experience of this especially in a post-conflict country like Libya. This may call for OECD to reflect on how it can link up with organisations better qualified to undertake implementation than it is, rather than providing short-term technical assistance on its own.

g) Given that currently the OECD will continue to undertake country visits every few months, it and Libya Enterprise need to have a communication strategy whereby key stakeholders will continue to be updated on progress being made on the SME development strategy. Also, Libya Enterprise needs to urge the various organisations which will be involved in the formulation of the strategy or other exercises such as the sector competitiveness study to appoint one focal point who will act as the main intermediary for the project through whom all information/requests will be channelled and who will identify the appropriate person to represent the organisation at particular events. This will assist in continuity and strengthen the championing of the project within that organisation.

h) During the workshops, the Investment Programme presented analysis of the SME sector in the country. The analysis was well-articulated. However, the Programme should be mindful of the fact that official figures, especially in a country like Libya, are quite flawed due to several reasons: low technical capacity and resources of data recording and collecting agencies, outdated data, weak methodology and definitions. The Programme should thus be cautious when using such data as it may lead to wrong conclusions being reached.

# Annex 5 – Country Specific Findings – Morocco

Dates of country visit: 30 September – 4 October 2013

***Background and Country Context:***
During the last decade, Morocco has been engaged in an active strategy to position the country as an attractive place to invest in. Several regulatory and administrative reforms have thus been implemented to enhance the country's business climate and its openness to international investors.

During 2009, Morocco became the co-chair of the MENA-OECD Initiative and adhered to the OECD Declaration on International Investment and Multinational Enterprises. This coincided with the creation by decree of the Business Climate National Committee (CNEA), a public-private organ headed by the Chief of Government, with the mission of monitoring, accelerating and promoting all business-friendly reforms. And as both CNEA and the Initiative follow-up are ensured by the Ministry of General Affairs and Governance, the first action plans of the CNEA were partly supplied by some of the outputs of the Moroccan Business Climate Development Strategy (BCDS), an output of activities undertaken with the MENA-OECD Investment Programme.

The Arab Spring in the MENA region and the launch of the Deauville Partnership in 2011 to support transition countries have given a new momentum to the MENA-OECD Initiative. OECD has attempted to meet the challenge and build on the Deauville Partnership platform to extend the activities of the Initiative and duplicate some successful projects in other countries of the region.

***Major achievements:***
Thanks to the Initiative, a series of achievements can be listed, mainly in terms of expertise and sharing of and training in best practices, leading to the elaboration of specific studies and guidelines. However the Initiative could increase its influence and efficiency through some slight adjustments.

**Strengthening corporate governance has benefited from a special interest since the launch of the Initiative, and is still ongoing.**

1. Morocco expressed a strong interest in coding best practices of corporate governance. In this context, a national public-private commission was formed in February 2007 to lead the development of national codes of good practices of corporate governance, based on the Guiding Principles of the OECD, through a broad national consultative process. According to the Moroccan government, this Commission benefited greatly from the assistance of experts from OECD and IFC

(mandated by the OECD) as part of the drafting of the various codes and their submission to a process of international consultation. Following the issue of the Moroccan Code of Good practices in Corporate Governance in 2008 - a general code encompassing international and more specifically OECD Principles for corporate governance, three specific guidelines, covering all range of enterprises in Morocco, were produced: one for SMEs in December 2008, one for the financial sector in April 2010 and the last one for state-owned enterprises (SOEs) and public companies in March 2012. The launch of these guidelines was undertaken by the Ministry of General Affairs and the General Confederation of Enterprises of Morocco (CGEM), and the guidelines were distributed to their target groups.

2. Studies show the low proportion of women on boards in Morocco. Thus, the Moroccan Institute of Directors, created in 2008, in order to help train board members on their duties and responsibilities and implement the Code of Good Practices in Corporate Governance, has now allotted 50% of the places of training to women.

**The Initiative provides a valuable forum for both MENA countries to engage with OECD members and for private sector and civil society to engage with the Moroccan government.**

3. The Investment Programme works strongly with key investment related institutions such as the Ministry of General Affairs and Governance, CGEM (Confédération générale des entreprises du Maroc) which is the largest association of entrepreneurs in Morocco, AFEM which is the Association of Moroccan Women Entrepreneurs, the Moroccan Investment Development Agency and the National Agency for the Promotion of Small and Medium Enterprises.

4. In Morocco, the gender-focused work of the Initiative has offered a platform for businesswomen to raise their voice and take part in policy making and debates. Moroccan members of the Women's Business Forum (WBF) have been very active in its work with the Initiative. **AFEM - Association of Women Entrepreneurs of Morocco** - which is the premier association of Moroccan businesswomen has enhanced its visibility and networking in OECD countries and in the region because of its participation in the Women's Business Forum. The WBF also shared its female enterprise incubator model and mentoring of budding businesswomen with other countries and at the same time has learnt from them on spreading the models beyond the main commercial cities and on how to finance them. AFEM subsequently produced guidelines on female enterprise incubators. OECD's efforts led to a diagnostic study being funded by UNIFEM. This led to better representation of women on company boards and training of them (as mentioned above), inclusion of gender issues in the finance bill, and government funding the spread of the incubators in and around Morocco.

5. The **Moroccan Investment Development Agency (AMDI)** hosts the National Contact Point (NCP) to disseminate and implement the Guidelines for Multinational Enterprises. For dissemination it has developed and shared a communication strategy. AMDI states that it has benefitted from its engagement with the

Programme learning about investment issues in various sectors and countries.

6. The **Stock Exchange of Casablanca**, currently owned by its member companies, is planning to demutualise. This will open up the stock exchange to other companies and reduce conflict of interest. In this regard, it organised a workshop with the support of the OECD-MENA Investment Programme in December 2012. The workshop enabled the Stock Exchange and other participants to learn of the experiences of NASDAQ OMX for example, and experiences of demutualisation, and also provided exposure to Moroccan government officials on this issue. Since then, guidelines are being drafted and a demutualisation law is in process. The Programme has contributed to this process not just through the one workshop mentioned above, but also through the exchanges undertaken in the Working Group for Corporate Governance and the roundtables and meetings held of the Taskforce of MENA Stock Exchanges for Corporate Governance in which Morocco has also participated.

**Although it is difficult to measure the impact of trainings and seminars, some of them are already inspiring new reforms and projects to improve business integrity and ethics awareness.**

For instance, CGEM is in the process of developing a toolkit targeting enterprises to raise their awareness of transparency and ethics issues. OECD presented similar tools in a training in a seminar in October 2012, contributing in a way (not on its own however) to bring new ideas.

***Challenges:***

**Although most interviewees consider the Business Climate Development Strategy (BCDS) a useful report that gives a thorough and macro overview of Morocco's business environment, it seems the drafting time of the document was too long, thus findings in the final publication on some issues were out-dated.**

7. Parts of the Business Climate Development Strategy are now obsolete given that 4 years have passed since the data in it was collected and analysed. Even when it was published in June 2011, by then Morocco's Investment Development Agency was functioning and so statements in the BCDS regarding the lack of Moroccan strategies for investment were outdated.

8. Reports such as the Moroccan Business Climate Development Strategy need to be updated regularly if the Investment Programme intends to embark on such work. This also entails that the volume of information collected and reported upon needs to be reduced so that the document is available quicker, is more concise and hence able to be studied more easily and is more up-to-date and relevant. It may be more efficient and effective to concentrate on some of the pillars treated in the report and produce a dedicated report that would be a study and roadmap for future actions for both OECD and the government.

The Moroccan Investment Development Agency (AMDI) is expected to promote investment within the country. It also functions as the National Contact Point (NCP) for the Guidelines for Multinational Enterprises. In the latter role, it is expected to receive and mediate on complaints from civil society organisations and unions. Therein lies a conflict of interest. **The Agency feels thus not be the best suited to be entrusted with the role of NCP.** (Since this issue was raised, it has been discussed between AMDI, OECD experts and representatives of OECD NCPs, including NCPs hosted in investment promotion agencies. Pros and cons were highlighted and Morocco decided to host the NCP in AMDI among other options. A capacity-building mission by two colleagues from the Investment Division was also undertaken.)

Being probably the country amongst the five in transition with the most reformed regulatory environment and effective institutions, **Morocco probably views the various working groups and seminars as opportunities to learn more from the developed OECD countries rather than from countries in the region**. At the same time, the regional interaction is important because there are many investment opportunities that could be exploited because of the proximity of countries to one another – one opportunity being intra-regional trade which has the potential to be enhanced.

A number of bodies request the Programme for funding of specific activities. For example, the Moroccan SME Agency asked for support from the Programme for the establishment of an SME Observatory, a project on sole entrepreneurs and a third of incubators for women-run enterprises. While it is proceeding to create an Observatory with Moroccan partners such as the National Reserve Bank of Morocco and has obtained funding from the German agency GIZ for the project on sole entrepreneurs, it is still awaiting support for the incubators project. Having hoped that OECD and/or the Deauville Partnership would be able to help, it states it has realised that the Deauville Partnership is not as efficient in support as the SME Agency initially thought. The Moroccan Investment Development Agency is awaiting support to conduct sectoral studies which it considers would be useful. The above instances demonstrate that OECD should pay particular attention to clarify its role: **OECD is not a funding organization but an institution that aims to share best expertise and knowledge and that builds a bridge between OECD and non-OECD countries.**

**The Initiative lacks in terms of communication and visibility.** Morocco benefits from the assistance of the main international organizations (World Bank, USAID, EU, UN institutions etc) in investment-related issues. Thus, it is essential to communicate on and differentiate the Initiative from among other existing projects, especially since most of these organizations are clearly advantaged by having local representation in Morocco. Many interviewees are not aware of the whole range of actions covered by the Initiative. Actors who are involved in only one work-stream are generally not aware of the Investment Programme as a whole or what is happening in other work-streams. Also, some beneficiaries find it difficult to trace back the work they are doing now e.g. disseminating corporate governance guidelines, to the initial steps which were undertaken with OECD support several years earlier.

***Other findings:***

- OECD is appreciated for the opportunity of sharing expertise that it offers. Its conferences, it is stated, are based on studies and analytical work preceding them.

- With the Investment Programme, Morocco developed the SME Action Plan in 2012. The SME agency's role was to share the draft Action Plan and obtain feedback. OECD on its part, shared other countries' experiences on similar plans.

- The trainings on competitiveness and business integrity organised at the IMF Centre in Kuwait have been very much appreciated.

- Donor and pillar coordination has been sound, though there is always room for strengthening it. OECD has worked with donors such as the Islamic Development Bank on the SME Action Plan and with the UNDP on anti-corruption and business integrity issues. Both Investment and Governance pillars have worked together in Morocco on anti-corruption and business integrity issues, as well as the economic empowerment of women.

- In September this year, a Governance Directorate was established in the Ministry of General Affairs and Governance. The Ministry looks forward to support from the Investment Programme for the Directorate in developing a framework whereby the governance strategies and policies of different sectors can be made more coherent and monitorable. In this regard, it needs capacity building to undertake such monitoring.

# Annex 6 – Country Specific Findings – Tunisia

Dates of country visit: 7 – 9 October 2013

***Highlights:***

- *Anti-corruption is currently an important issue in the country. The Governance and Investment Pillars are collaborating on this issue in Tunisia. The Initiative also works strongly with UNDP which is playing a considerable role in anti-corruption issues in the country.*
- *Pan-Arab centres such as the Union of Central Banks, CAWTAR and the Institut Arabe des Chefs d'Entreprises are strong partners of the Programme.*
- *Tunisia states that it was the Investment Programme's efforts which led Tunisia to adhere to the OECD Declaration on International Investment and Multinational Enterprises. It adhered but still has to appoint a National Contact Point (NCP).*

***Business Integrity:***

On business integrity and anti-corruption issues, OECD is one of many international agencies working with the Tunisian government. Other major players include the World Bank and South Korea (on procurement) and UNDP on developing a strategy and the European Union. There is collaboration with some of these efforts but not with others.

The OECD together with both pillars of the OECD-MENA initiative has assisted the Ministry of Governance and Anti-Corruption in undertaking a scanning exercise (the Integrity Scan): From July to December 2012, the Tunisian government undertook a self-assessment of 13 integrity-related areas based on the OECD Toolkit for Integrity. From January to April 2013, an analysis of the information was provided and development of a first draft of the integrity scan was performed by a multi-disciplinary team from the OECD. At the end of this, a public consultation on the draft integrity scan with civil society organisations in Tunis was undertaken. In May 2013, the final version of the integrity scan was published.

UNDP, which is playing a considerable role in this area in Tunisia, is assisting the government in developing a vision and a strategy. This strategy identifies 4 main areas to work on a) institutional reform, b) development and strengthening of an institution on good governance, c) development of civil society role in this area and d) transformation of the prevailing culture regarding corruption issues. In this subject, there has been considerable collaboration between UNDP and the Initiative.

***Women in Business:***
The OECD Investment Programme has worked with the Pan-Arab NGO called Centre of Arab Women for Training and Research (CAWTAR) which is headquartered in Tunis and is extremely active. Together they have worked on a directory of initiatives supporting women entrepreneurs in the MENA region. This will feed into identifying core weaknesses in the support of women entrepreneurs in 17 countries. Work on this is carrying on. This is complemented by the work OECD has done with the Union of Arab Banks, the Maghreb regional office of which is also based in Tunis. Together, they have been doing work on access to finance for women entrepreneurs – assessing, through a survey, what the practices of this are amongst banks in the MENA region. Findings of the survey were presented in December 2013.

***IMF Trainings, Kuwait***
The trainings at the IMF-Middle East Centre for Economics and Finance (CEF), in Kuwait have been very much appreciated by the participants from Tunisia, Morocco and Libya but they have also been dismayed by the quality of participants from some countries. The view of some is that the participants are incorrectly identified by a few countries – either they do not work on that particular subject back home or they do not have any knowledge about the subject matter or both. The discussions during the trainings get dumbed down as attempts are made to get the laggards to keep pace with those with more advanced knowledge on the subject and who are keen to leave with greater awareness on the topic.

***Clustered vs. regional approach:***
While there are issues that are of interest to the whole MENA region, there are also issues which are of particular importance and need to be addressed in particular countries. It has been proposed that where a smaller group of countries express a need for support in a particular issue, the OECD-MENA Investment Programme should respond accordingly. Already, the Programme is demonstrating this, through its work with six MENA countries under the Deauville Partnership. Proponents point out that countries like Morocco, Tunisia and Jordan have different issues and economic structures, are at different stages of development and have a different industrial base than, for example, Libya or the Gulf states. The broader argument is that the Investment Programme should not only focus on issues to tackle region-wise and by each country, but group-wise too. A region-wise approach helps in generating dialogue. learning and sharing good practices. A group-wise approach could deepen better adoption of such practices and improve integration amongst clusters of countries.

***Other issues:***
**Use of BCDSs:** The Tunisian authorities would be interested in a seminar being held on how Egypt and Morocco made use of their Business Climate Development Strategies which were developed with the support of the Investment Programme.

**Transfer of Investment Programme to a regional body:** The evaluation has also been enquiring whether, if the Initiative were to be transferred to within the region, are there any institutions which could adopt it. Respondents have been quick to urge that OECD continue to operate the Initiative. OECD is a respected institution and brings with it, experience and tools gathered and applied globally. An initiative operating under a MENA-based institution would not carry the same amount of region-wide acceptance that it currently does now, nor do any institutions in existence in the region have the technical capacity to manage such a programme. Further, no regional institution has the multi-disciplinary breadth that OECD possesses.

Organisations such as Association des femmes chefs d'entreprises (AFEM) in Morocco and Institut Arabe des Chefs d'Entreprises in Tunis appreciate the **visibility, exposure and networking they are able to achieve** because of attendance at the Investment Programme's events.

Tunisia seeks better exposure to the **best practices of the functioning of National Contact Points** (NCPs). NCPs are set up to further the effectiveness of the OECD Guidelines for Multinational Enterprises – they undertake promotional activities, handle enquiries and contribute to the resolution of issues relating to the implementation of the Guidelines in specific instances.

Some respondents met, as in Morocco, continue to **request for financial and technical support**. The Union of Arab Banks has developed a concept note to train women and strengthen their business skills, and seeks OECD assistance in this. As stressed in the MTR team's field report on Morocco, OECD should continue to refrain from entering this level of implementation and leave it to agencies more experienced in these matters such as UNDP or consultancy outfits funded by other donors.

# Annex 7 – Country Specific Findings – Jordan

Dates of country visit: 5 -7 November 2013

***Highlights:***

- *Jordan has just adhered to the OECD Declaration on International Investment and Multinational Enterprises.*
- *The problems the country is facing are very visible: high youth employment and despair amongst them, rising prices, and the influx of refugees which has significantly increased the population and put a strain on services and resources.*
- *Of the countries covered under this MTR, Jordan has not seen the degree of engagement of the Programme that the other countries have (barring Libya). In fact, in the pillars of business integrity and women in business, interventions appear scanty.*
- *The country has drafted a new investment law attempting to merge the various functions of different government institutions regarding investment and harmonise the various existing investment regulations. The law awaits parliamentary approval.*
- *The country visits are increasingly revealing that beyond the main parties they deal with, OECD and the Investment Programme and their mandates are not well known, even amongst relevant institutions and authorities.*
- *Similarly, parties only engaged in one stream (e.g. business integrity) are unaware of what other streams are doing.*

***OECD Declaration on International Investment and Multinational Enterprises:***

- Jordan requested to adhere to the Declaration in 2006. In March 2009, the OECD Council agreed to invite Jordan, subject to a full review of its investment policies by the Investment Committee, to adhere to the OECD Declaration and to participate in related work of the Investment Committee and its Working Party. A national committee was formed to follow the next steps in the procedure for Jordan's adherence to the OECD Declaration, and to gather the information that was needed to complete the background report describing Jordan's investment policy framework; the Investment Policy Review (IPR). The committee composed of 17 members who represent government and non-government institutions (private sector, civil society and international organisations).
- As part of adherence, Jordan will now have to a) disclose restrictive practices in relation to foreign investment and b) establish a National Contact Point (NCP). The Jordan Investment Board (JIB), it has been decided, will function

as the Secretariat of the NCP which is expected to include government, the Chambers of Commerce and Industry, civil society and the private sector.

- According to the Jordan Investment Board, while the government realised the importance of regulatory reforms, the support provided by OECD was important.

***New Investment Law***

- Under the enacted administrative restricting law and the draft investment law awaiting approval by parliament, the departments and commissions concerned with investment such as the Jordan Investment Board, the Development Zones Commission and the export promotion function of JEDCO (Jordan Enterprise Development Corporation) are to be unified under one entity to, it is hoped, facilitate procedures for investors.
- The new investment law shall replace existing laws for development zones, export promotion and free zones.

***Business Integrity***

Country-focussed work on Business Integrity and with the Anti-Corruption Commission has been quite limited. One event - National Round Table Promoting Business Integrity in Jordan: Role of the Public and the Private Sector - was held in February 2013 with the support of OECD. Recommendations emerging from that have fed into the National Anti-Corruption Strategy 2013-2017 and also into the draft law being proposed by the Commission to the Jordanian government to amend the existing Anti Corruption Commission Law (of 2006). The draft law proposes amendments in areas including bribery, influence and conflict of interest.

Building on the February 2013 National Roundtable, the Anti-Corruption Commission has been talking to the private sector regarding the adoption of a code of conduct and has also organised a follow-up event. However the Commission states that while it would welcome further OECD-MENA Investment Programme Support, it does not know whether any is forthcoming. Regarding the proposed code of conduct, the Commission foresees companies voluntary adopting it initially, and then it being made mandatory later on.

***Women in Business***

- Jordan is one of the 6 countries which will be part of the OECD-MENA Investment Programme study to examine the impact of legal frameworks on women's economic activity and to identify measures to promote women's economic integration. The study involves six countries including Jordan: Algeria, Egypt, Jordan, Libya, Morocco, and Tunisia. This study was recently launched in an event early this month in Cairo. The final report for this is due in June/July 2014.
- In parallel, an access to finance for women entrepreneurs study is nearing completion. Questionnaires for this were dispatched to banks in the country but there was a low response rate (as elsewhere in the region) which improved with follow-up. While JEDCO was involved in data collection, it does not know what the outcome of the survey is supposed to be though it does state that the survey was the first of its kind in the country.

- In terms of women's economic empowerment, stakeholders state that OECD is the only organisation engaging in this topic.

***Other Issues:***
The **Ministry of Industry and Trade appreciates** the support provided by the Programme but urges more assistance in terms of implementation e.g. streamlining procedures in facilitating investors, attracting local investment, implementing the new investment law, review and finalisation of licensing manual.

Under the **ISMED (Investment Security in the MEDiterranean)** Programme implemented by the OECD-MENA Investment Programme and financed by the EU, the Programme has started working with the Electricity Regulatory Commission (ERC) and the Ministry of Environment. With regards to ERC, OECD will provide technical assistance to it to improve the codes relating to renewable energy. Under the support to the Ministry, recommendations for promoting green energy will be formulated.

# Annex 8 – Country Specific Findings – Egypt

Dates of country visit: 10 - 14 November 2013

***Highlights:***

- *The turmoil in the country has affected the effectiveness of the OECD-MENA Investment Programme. Many issues which the Programme or OECD focuses on – such as business integrity, demutualisation of the stock exchange, the Guidelines for Multinational Enterprises, are not of immediate priority for the current government.*
- *OECD-MENA Investment Programme has only recently started its engagement with the League of Arab States which is headquartered in Cairo. The League needs significant support and capacity building if it to emerge as a credible player in investment issues.*
- *Only a small group of people in the entire country are familiar with what the OECD-MENA Investment Programme does or aims to do. Even fewer have a complete picture of its different work streams. Stakeholders engaged in one work stream are unfamiliar with what the other two work streams are doing.*
- *The events of the last two years have reduced the opportunities of the private sector such as women entrepreneurs' networks to engage with government.*
- *The demand for an in-country permanent presence of OECD is quite prominent in Egypt.*
- *The Programme is said to be responsive to the demands/needs of the country.*
- *The various reports and publications produced by OECD-MENA Investment Programme are stated to be useful, detailed and actionable.*
- *It appears that engagement of the Chambers of Commerce and Industry and of public-sector SME agencies such as General Authority For Investment and Free Zones (GAFI)'s Centre for Entrepreneurship and SME Development which is called Bedaya, could be strengthened.*

***League of Arab States (LAS)***

- On Sida's suggestion and with its support, the Investment Programme started collaboration with the Arab League in April 2013.
- The Arab League has an ambitious agenda – a Pan Arab Free Trade Agreement, a custom's union, regional integration etc. Much work needs to be done if these are going to come to fruition.
- The LAS has undertaken amendments to the 1980's Investment Treaty. As part of the ratification process of the amended Investment Treaty, a technical conference is foreseen to be organised followed by a high-level conference for decision-makers. The latter is expected in the third quarter of 2014.

- Two staff members of the League attended the IMF trainings in Kuwait on competitiveness. The trainings have been highly appreciated.
- The Arab League has no concentrated focus on some of the pillars of the Investment Programme e.g. on SMEs, women entrepreneurship or business integrity.
- The Investment Programme has fielded a junior consultant to work with the Arab League for 2 days a week. He has helped in the translation of the amended Investment Treaty into English, a comparative table of the old and new treaty and the development of an information pamphlet on the amended Treaty. Alongside that, the consultant has produced a 20-page commentary on the amended treaty for the consumption of relevant parties.

***Investment***

- The original Business Climate Development Strategy (BCDS) of 2009 is undergoing an update with funding from the European Union. The revised document, termed as the Business Climate Review (BCR) will see an updating of two chapters: on Investment Promotion and Promotion (IPP) and the Public Private Partnership (PPP). The report is nearing finalisation on the draft and has been composed with the active involvement of the government. A wide range of stakeholders, including from the private sector, are involved in the update.
- It is expected that the BCR will be launched in Egypt early next year and the whole initiative is very much appreciated. It has been stated that the manner of engagement has been very good, degree of analysis has been very thorough and the recommendations in the BCDS and BCR are concrete and implementable.
- The General Authority for Investment (GAFI) states that the report helps pushing the reform agenda and contributes to it through the proposed recommendations in the report.
- It is felt that such a business climate study needs to be updated at least every three years to remain valid and useful.
- The manner in which the dissemination of the BCR will be conducted will have significant impact on its utility. A mapping of stakeholders in this regard needs to be undertaken. The report or its various chapters could be launched in locally-led policy forums. The Chambers of Commerce, alongside other relevant institutions for example, needs to be involved. The Chambers has different sub-chambers (according to topic) that could be engaged in the discussion of different chapters depending upon their areas of focus.

***Corporate Governance:***

- The demutalisation of the stock exchange no longer remains a priority for the government. The stock exchange has been involved in several regional events organised by the Programme on corporate governance and demutualisation and is contributing to a paper to be presented soon in Muscat.

***SME Development / SME Policy Index***

- No-one was met on this topic in Egypt (except the European Union - the funding body for the SME Policy Assessment (SPA) that the Programme is partially responsible for implementing in 2012-2014). The relevant persons working on the SPA were in Spain attending a workshop/meeting.

***National Contact Point***

- The Egyptian NCP was the first in MENA. It was formed after adherence to the Declaration in 2007.
- The NCP exists in name only now. The political upheavals in the country and the non-seriousness with which the NCP has been viewed has meant that no meetings of the advisory committee have been held in the last three years. Since the beginning, the private sector, labour unions, consumer protection groups and environment-related CSOs have not attended the bi-annual meetings. Only the government stakeholders: the ministries of finance, trade & industry, international cooperation, public administration have attended the three meetings so far held of the committee.
- The National Contact point, in the beginning, made efforts to promote itself. It developed brochures as part of its efforts at raising awareness of its role.
- The NCP has not been involved in any conflict mediation issues.
- Today, the NCP suffers from a lack of attention from the Ministry of Investment and the General Authority of Investment, and has funding problems.

***Additional Projects***

- Under the Investment Security in the Mediterranean (ISMED) project, which is not funded under Swedish development cooperation but by the European Union, the OECD-MENA Investment Programme is pursuing a project with the River Transport Authority (RTA). Under this, Terms of Reference for a feasibility study is being prepared by a local consultant. Alongwith that, the consultant will undertake a documentation review, a review of the legal aspects and preparation of contract documents. The study will look at the feasibility of the involvement of the private sector in the development and management of ports on the River Nile. However, the River Transport Authority states that it did not request the support from the Programme – rather it was offered. The RTA is unclear about what OECD or the Programme do.

***Other issues***

- The use of local consultants versed in the language and the culture of the specific country, and with contacts with relevant stakeholders should not be under-estimated. OECD-MENA Investment Programme has inducted a number of team members who are familiar with or from the region and this trend should continue.

# Mid Term Review of the MENA-OECD Investment Programme 2011-2015

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