

# **MARRAKECH DECLARATION ON GOVERNANCE AND INVESTMENT**

**Adopted in the context of the Ministerial Conference held in Marrakech, Kingdom of Morocco, on 23 November 2009:**

**I. WE**, governments of the Middle East and North African (MENA) countries and OECD member countries participating in the MENA-OECD Ministerial Conference held in Marrakech, Kingdom of Morocco, on 23 November 2009:

1. **RECOGNISING** that the global financial and economic crisis has demonstrated that multilaterally coordinated responses to episodes of global turmoil and common strategies are necessary to ensure economic recovery and long term sustainable growth;
2. **REAFFIRMING** our commitment to build a more inclusive global economy that takes into consideration the variety of national conditions and levels of development, and that integrates these different factors into the global decision-making processes;
3. **RECOGNISING** that a clear political will and effective governments that ensure compliance with sound regulatory frameworks and high quality of public services are fundamental to economic recovery and long-term growth;
4. **RECOGNISING** the fundamental role of the private sector to achieve sustainable growth, employment, and generate a tax base that supports the financing of education, healthcare, infrastructure and broader poverty reduction objectives as laid out in the Millennium Development Goals;
5. **AFFIRMING** the importance of close coordination with other international initiatives supporting private and public sector development, governance and investment climate improvements in MENA countries;
6. **UNDERLINING** that the MENA-OECD Initiative is a multilateral partnership which has demonstrated its effectiveness in supporting national reforms through regional policy dialogue and the formulation of action-oriented policy recommendations; acknowledging that the resource contribution by countries made the implementation of the Initiative possible;
7. **NOTING** that MENA countries have achieved progress in attracting local, regional and foreign investment and foster regional integration and competitiveness, despite the impact of the global crisis; and the process of readjustment and modernisation of public governance institutions has been reinforced;
8. **LOOKING** forward continuing the activities of the MENA-OECD Initiative for the next years on the basis of past experiences and orientations identified in this Declaration.

**II. DECLARE**

1. Our intention to pursue the process of investment and governance policy dialogue between MENA and OECD economies, aiming to achieve higher levels of economic development in the Arab region and the OECD area based on sustainable economic growth;
2. Our firm engagement to work towards improving policies in the areas of governance, including the public sector and the judiciary, and business climate in order to build more robust economies that respond to the needs and demands of the young and dynamic MENA societies.

**III.** In view of the above we commit to pursue the MENA-OECD Initiative in the MENA region, guided by the following policy considerations; **we:**

1. Reaffirm our strong commitment to private initiative to generate employment and raise living standards based on a **stronger, cleaner and fairer growth**;
2. Emphasise the importance of the **rule of law**, 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;
3. Reiterate the need to foster **free trade and investment flows**, which are crucial to innovation, infrastructure development and employment generation;
4. Emphasise the importance of **fostering integrity and transparency** in the public sector to better serve citizens and businesses, by defining a level playing field and fostering trust in government; this is a common challenge for which multilateral action and peer advice are necessary tools;
5. Encourage **enhanced transparency** in government procedures, laws and regulations as decisive for a vibrant business environment and re-confirm our commitment to fight corruption in all its forms;
6. Reaffirm our commitment to involve **citizens and civil society** in policy-making and to use consultation mechanisms prior to decision-making as an effective means to ensure better public services and successful policy implementation; note in this context the importance of independent business associations;
7. 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;
8. Emphasise the need to promote preservation and sustainable management of natural resources as a basis for **green sustainable growth** that will further support job creation and better public services;
9. Note the need to develop **human capital**, in all areas of economic and social activities;
10. Emphasise the importance of **strong corporate governance frameworks** and **responsible business conduct** to avoid future crises; strive to implement the highest international standards of corporate governance in particular in banking and financial sectors as well as in public and private enterprises; reaffirm our attachment to internationally-acknowledged principles of corporate social responsibility;
11. Underline the importance of an efficient, **fair and transparent tax system** as a sustainable source of public revenues; ensure that the tax system is encouraging to SME creation, growth and tax compliance; respect international standards on tax transparency and exchange of information for tax purposes;
12. Promote greater **access to finance** particularly of micro, small and medium enterprises by increasing transparency of information; ensuring an appropriate legislative framework for secured transactions and collateral; diversifying the sources of finance, i.e., strengthening the banking sector and supporting continuous and sustainable development of stock and bond markets, to finance the growth of innovative entrepreneurs, including women entrepreneurs.

IV. MENA and OECD countries express their gratitude to the Arab Republic of Egypt for its successful chairmanship of the Initiative, and welcome the handover of this chairmanship to the Kingdom of Morocco; they invite the Steering Groups to elaborate future work based on the analysis of past achievements, the strategic orientations of this Declaration and the Annex “Overview of the MENA-OECD Initiative”, calling on donors and contributors for continuing financial support, and agreeing on the following:

### **Orientations for the implementation of the MENA-OECD Initiative**

#### **A. Governance Programme**

In view of the above and recalling the Dead Sea Declaration WE **resolve** to:

1. Mandate the Programme to pursue and expand its activities in support of **Public Governance Reform**, including:
  - a. The use of the **Joint Learning Studies** mechanisms as an effective tool for policy reform through peer advice;
  - b. The reinforcement of the **regional centers** of training and expertise as a mechanism to promote capacity building and regional integration;
  - c. The use of **policy dialogue** as a mechanism for regional collaboration and support to national reforms;
  - d. The use of **e-learning tools and programmes**;
  - e. The coordination with **specialized regional networks**, including but not limited to the Arab Anti-Corruption and Integrity Network (ACINET).
2. Endorse the **Regional Charter for Quality in Regulation** in view of contributing to an enabling regulatory environment promoting sustainable economic growth in MENA Countries. Ministers look forward to joint activities to support implementation and a future report on achievements in this domain;
3. Mandate the Programme to further promote the use of **electronic government** solutions and reforms as an effective tool for transparency, efficiency, effectiveness, and transformation of public sectors and their service provisions in the interest of both citizens and businesses;
4. Mandate the Programme to implement the strategy for women’s involvement in public governance drafted by the **Gender Focus Group** and invite this group to pursue its activities;
5. Mandate the Programme to explore to set up a new **Focus Group on Public Governance for Green Sustainable Growth and Regional Development**;
6. Welcome the publication of the **Progress Report on Public Governance Reform in Arab Countries** and invite the Initiative’s Working Groups and the OECD Secretariat to pursue their continuous action in data collection and assessment;
7. Welcome the reinforcement of the Good Governance for Development support to the implementation of the **Palestinian National Plan**;

8. Welcome and support the Italian proposal to improve the dissemination of best methodologies, knowledge and practices on **public sector innovation**, through an international initiative aimed at delivering high quality **e-learning activities** to build regional and local capacities.
9. Welcome the implementation of a **Peer Review on Electronic Government in Egypt**, with the support of the Italian Government.
10. Underline that citizen participation and inclusion of civil society organisations constitute a strategic option to overcoming public governance challenges.

## **B. Investment Programme**

In view of the above and recalling the Declarations issued during the last Ministerial meetings in Jordan (2006) and Egypt (2007), WE:

1. Mandate the Programme to continue work in the existing regional process, including the **Working Groups and Task Forces** set up by the Programme and their agreed deliverables;
2. Mandate the Programme to conduct **Regional Peer Learning** exercises using the Business Climate Development Strategy assessment frameworks;
3. Reinforce the need to use the **Regional Centers** of the Investment Programme for awareness raising and training as a mechanism to promote capacity building;
4. Explore areas of cooperation and mutual reinforcement with the **Arab Anti-Corruption and Integrity Network (ACINET)** with a view to contributing to a stronger, cleaner and fairer investment environment;
5. Mandate the Programme to implement the work programme of the newly launched **MENA-OECD Business Council**;
6. Mandate the Programme to pursue the **BCDS assessments** with a number of additional countries and to promote further MENA countries' adherence to the Declaration on International Investment and Multinational Enterprises;
7. Support actions to be conducted by the **Women Entrepreneurship Network** launched in 2007;
8. Mandate the Programme to explore setting up a new **Working Group on Competitiveness**;
9. Support the proposed actions to be conducted by the **Responsible Business Conduct Forum** and work on fostering integrity in the conduct of business;
10. Mandate the Programme to pursue analysis of ways to **Strengthen Regional Investment Frameworks** including screening the effectiveness of regional investment protection instruments with a view to promoting intra-regional investment flows;
11. Mandate the Programme to explore possible concerted regional actions towards promotion of **green growth**;
12. Mandate the Programme to support the development of **micro, small and medium enterprises** and their access to financial markets, by leveraging existing initiatives of participating countries and making use of all existing financing options, including Islamic finance.

## **Annex to the 2009 Declaration of the MENA-OECD Ministerial**

### **- Overview of the MENA-OECD Initiative -**

1. Since its launch in 2005, the MENA-OECD Initiative on Governance and Investment for Development (“the Initiative”) has been helping MENA countries to improve investment and governance. Ownership and oversight are shared with the countries of the region through Steering Groups jointly chaired by an OECD and a MENA country and Working Groups responsible for the delivery of substantive work.

2. The MENA-OECD Initiative on Governance and Investment for Development aims at improving public governance and investment with a view to promoting economic development, job creation and human and social development. The Initiative supports ongoing reform processes in the region, creates regional networks for policy dialogue, enhances capacity for policy implementation and monitors progress. The Initiative is designed to help create the conditions for sustained economic growth and investment in the region, improve employment, create opportunities for private initiative, promote efficient, transparent and accountable public sectors and foster regional co-operation.

3. The main objectives are:

1. Deepening regional policy dialogue and capacity building;
2. Fostering peer-advice and partnership for reform at the national level;
3. Monitoring and measuring progress;
4. Developing partnerships with regional institutions and international organizations.

4. Non-prescriptive peer reviews are built into the Initiative’s tools such as the Joint Learning Study and the Business Climate Development Strategy (BCDS). In both cases, the strong participation of MENA countries in producing the results are a powerful mechanism to encourage follow up action on reform. In addition, the Joint Learning Studies promote South-South co-operation by systematically including peers from other countries of the region. Both the Joint Learning Studies and BCDS can contribute to the programmes of work of development agencies and financial multilateral institutions, as they provide for a set of policy recommendations that are based on a process of consultation and dialogue.

5. The Initiative has currently set up 14 regional networks, including:

- Two Steering Groups;
- Eight Expert Working Groups;
- A Task Force on Corporate Governance of Banks; MENA-OECD Enterprise Financing Network; the Responsible Business Conduct Forum; the Women Business Network and the Gender Focus Group.

6. The networks of the Initiative are composed of policy-makers from the region and OECD member government representatives. In addition, the private sector is involved in all meetings of the Investment Pillar and civil society attends meetings of the Governance Pillar. In many cases there has been

a longstanding country representation at all meetings of the Initiative. In some cases, representation has changed due to rotation in ministries of MENA partners or competence reallocations.

7. The MENA-OECD Initiative has contributed to the establishment of the Arab Anti-Corruption & Integrity Network (ACINET), which will help Arab countries, in conjunction with the MENA-OECD Initiative, to engage in policy dialogue, capacity development, and knowledge networking on matters of transparency, accountability, integrity and the implementation of the UN Convention against Corruption, the OECD Convention on Bribery of Foreign Public Officials in International Business Transactions, and other applicable international and regional instruments;

8. All MENA countries engaged in the Initiative have nominated, by Ministerial appointment, a special representative of their countries in the Steering Groups. In addition, many participating countries have nominated a country team comprised of officials of relevant Ministries/agencies. These National Co-ordination Committees ensure inter-ministerial coordination on the national level and promote a whole-of-government approach.

9. The MENA-OECD Initiative *generates impact* through a comprehensive approach that involves regional dialogue, peer review, definition of reform priorities and assistance in implementation:

- Regional networking, policy dialogue and capacity building
  - Identification of national and regional priorities;
  - Organisation of regional capacity-building activities to promote policy dialogue and knowledge sharing;
  - Creation of regional networks and training centers.
- Peer support for national reforms
  - Elaboration and implementation of national action plans with time-bound targets;
  - Elaboration of joint learning studies and business climate strategies to assess policies and provide advice for successful reforms.
- National analysis and implementation support
  - Stocktaking of the state of governance and investment policy in MENA countries;
  - Collection of comparative data to benchmark reform progress;
  - Targeted capacity-development interventions.

10. Ministers and high-level government officials have attended Ministerial meetings of the Initiative and adopted declarations on how to improve investment and governance policies in the region. For instance, the last Ministerial meeting of the Initiative hosted by the Egyptian Prime Minister in November 2007 in Cairo, Egypt, produced Ministerial Declarations and Conclusions on regional priority issues in the areas of investment and governance. MENA countries have also taken on important institutional responsibilities by chairing Working Groups and the Steering Groups of the Initiative at the level of minister, state-secretary or director. Minister level Chairs of the Initiative have also addressed meetings of the Council and the ERC.

11. The performance of the Initiative is assessed on two dimensions: the evaluation and benchmarking of the Initiative's progress and the progress achieved on reform in MENA countries.

12. A "Results Oriented Logical Framework" has been developed and is used for assessing the progress made by the Initiative's Working Group meetings. This tool has been refined to differentiate among outcomes, outputs, impact, risks, reach, partners and alternative strategies. Feedback by partner countries is being sought on a systematic basis.

13. The country-focused BCDS and the Joint Learning Studies underscore the Initiative's stronger focus on the evaluation of national reform progress. For example, the BCDS currently being conducted in two countries is evaluating progress in policy reforms and providing recommendations on how to move forward. Similarly, Joint Learning Studies in a number of countries have provided insight on progress made in the area of public governance reform.

14. Cooperation takes place with a number of partner organisations. The BCDS exercise is conducted in partnership with the World Bank and in the case of Egypt co-financed by the EU Commission. The EU Commission also financed a regional assessment under the MEDA European Enterprise Charter. The Initiative concluded a Memorandum of Understanding with UNIDO at the last Ministerial meeting for work on MENA projects. The Islamic Development Bank is co-sponsoring a business promotion related activity of the Initiative conducted out of the Bahrain MENA Investment Center. IFC's PEP MENA programme, the World Bank, the EU Commission, the MEPI Commercial Law Initiative, UNDP POGAR and EIB have been members of the Steering Groups of the Initiative. UNDP country offices have also been involved in different activities related to governance and UNDP is a key partner in the Iraq project. UNDP POGAR has a strategic relationship with the Initiative in the implementation of the Good Governance for Development in Arab Countries Initiative that focuses on the judiciary component of the Initiative. The Initiative is currently considering ways of partnering with the newly created Union for the Mediterranean (UfM).

15. The MENA Initiative is fully funded by voluntary contributions. Financial and institutional support of OECD member countries through voluntary contributions and co-chairmanship is fully integrated in the programme cycle (planning and assessment). The Results Oriented Logical Framework and the Strategic Environmental Assessment have been developed on this basis.

16. The Initiative has initiated and supported a number of Regional Centers in the MENA region. These Centers on Public Governance, Investment and Corporate Governance act as a regional hub for workshops, training events and conferences supporting the Initiative, but also other regional projects conducted by partner organisations:

- MENA Investment Centre, Manama, Bahrain;
- Tax and Financial Management Training Centre, Cairo, Egypt;
- Centre for Public Policy Evaluation, Rabat, Morocco;
- Centre for Competitiveness, Tunis, Tunisia;
- Centre for Expertise on Regulatory Quality in Tunis, Tunisia;
- Hawkamah, Dubai, United Arab Emirates.