

# MENA-OECD ECONOMIC RESILIENCE TASK FORCE

## RESILIENCE IN FRAGILE SITUATIONS

The creation of the Economic Resilience Task Force was endorsed by MENA and OECD ministers at the [Ministerial Conference held in Tunis in October 2016](#), and falls under the MENA-OECD Competitiveness Programme's mandate for the period 2016-2020. The Task Force is co-chaired by the Ministry of Economy and Trade of Lebanon, the German Federal Ministry for Economic Co-operation and Development (BMZ), and the Islamic Development Bank.

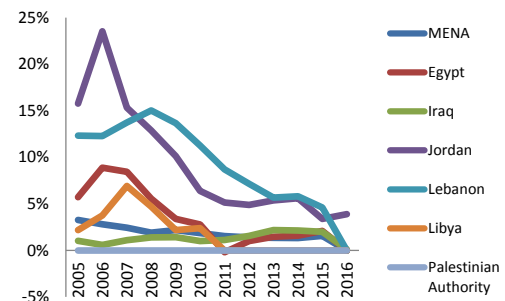
The MENA-OECD Economic Resilience Task Force was launched on July 28, 2017, in Beirut. The event was co-organised by the OECD and the Ministry of Economy and Trade of Lebanon, with the participation of the other two co-chairs: Germany and the Islamic Development Bank. The launch was attended by over 60 participants including public and private sector representatives from Egypt, Germany, Iraq, Jordan, Lebanon, Libya, Norway, the Palestinian Authority, Spain, Switzerland, Turkey, and the United Arab Emirates. International organisations present included the Arab Trade Union Confederation (ATUC), the EU, ILO, the Islamic Development Bank, and UNESCWA.



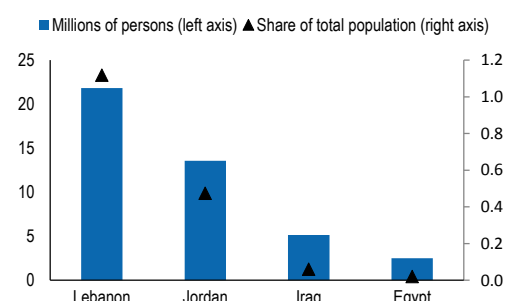
### Key messages

- Building resilient economies will require linking short term responses with structural reforms.** Participants agreed that economic challenges in MENA countries affected by conflict and fragility are due both to ongoing political instability and insecurity, as well as to pre-existing structural economic challenges. Unequal distribution of wealth, high population growth, skills mismatch, and high unemployment, are some of these structural factors. An under-developed private sector, coupled with a dominating public sector that is unable to generate the necessary jobs and growth remains a critical issue in the region. It is therefore necessary to combine support to address immediate needs with reforms for long term development.
- Attracting sustainable investment is essential to create economic opportunities but requires tailored policies.** FDI to Egypt, Jordan, Iraq, Lebanon, Libya and the Palestinian Authority is heavily concentrated in sectors that contribute less to long-term economic development and on few countries of origin. There are some exceptions: Jordan has managed to develop a strong renewables sector, Egypt's greenfield investments are more diversified, and both countries have recently

FDI trends (% GDP)



Stock of Syrian refugees, May 2016



established PPP frameworks. Governments can attract FDI by guaranteeing sound legal and institutional frameworks, developing tailored investment policies, and using risk mitigation mechanisms.

- **SMEs can drive job creation, but they face bureaucratic administrations and many pre-existing obstacles.** Many reforms are needed, including the development of coherent national SME policies, administrative streamlining, increased access to finance, measures for formalisation, better data sharing for job matching among others. Putting women at the centre of the agenda remains critical, particularly when such large numbers of refugees are women and when the obstacles they face for economic livelihoods are so dire. Bringing more women into the public and private sector remains a general objective for societies and governments, while more specific measures tailored to female refugees are needed.
- **The political economy of reforms is highly complex and requires strong commitment from governments.** Host governments raised questions as to whether they can provide refugees access to their labour markets, health care or housing when their nationals struggle. However, it is important to fight misconceptions with facts, and to move towards a narrative of opportunities. The Jordan Compact is a clear example in this regard, which seeks a paradigm shift trying to make an opportunity out of the crisis.
- **Developing a resilience framework can support successful implementation.** Coordination mechanisms are essential to break the silos mentality and avoid duplication, but they need to be agile and action oriented. The OECD has developed a [Resilience Systems Analysis](#) to enable stakeholders develop a shared vision of what needs to be done. Public policies for reform need to involve all stakeholders at different levels: national, local, and individual. This includes not only governments and international organisations, but also business associations and civil society.

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## Next steps

- Continue the **analytical work** based on two background notes, one focused on policies to help attract sustainable FDI (“What are the FDI trends in fragile and conflict affected economies in the Middle East and North Africa and what risk mitigation tools can lead to increased and more resilient flows?”) and the other on policies to support SMEs in contexts of fragility (“SME and entrepreneurship measures and their role in mitigating the impact of the Syria refugee crisis in neighbouring countries”).
- Develop **national technical assistance** initiatives will be discussed with the different governments to be implemented over the next years. Ongoing initiatives and proposals include technical assistance initiatives to:
  - Support local institutions develop SME policies in **Libya**
  - Implement SME policies and contribute to the implementation of the Compact in **Jordan**
  - Provide technical assistance for the development of the Special Economic Zone in **Egypt**
  - Support to the Process of Economic Transformation in **Iraq**
  - Implement the Resilience System Analysis with the **Palestinian Authority**
- Organise and participate in **expert meetings and policy forums** to advance the agenda for economic resilience and private sector development, such as the expert’s meeting on “Creating Jobs and Economic Opportunities / Access to Employment and Livelihood Activities for Refugees and in Host Communities” organised by the German Federal Government and the United Nations Development Programme (UNDP) on 2-3 November 2017.
- The **2018 Annual Meeting of the MENA-OECD Task Force** will be held in November 2018.

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Learn more about our work on Resilience in the MENA region:

[www.oecd.org/mena/competitiveness/resilience-fragile-situations.htm](http://www.oecd.org/mena/competitiveness/resilience-fragile-situations.htm)

