

MENA-OECD ECONOMIC RESILIENCE TASK FORCE

2018 Annual Meeting

The MENA-OECD Economic Resilience Task Force – co-chaired by Lebanon, Germany and the Islamic Development Bank (IsDB) – met on 4-5 December 2018 for its second annual regional meeting. The event, hosted by the IsDB at its headquarters in Jeddah, gathered over 60 participants from MENA (Jordan, Libya, Lebanon, Saudi Arabia, Tunisia and the Palestinian Authority) and OECD members (Germany, the Netherlands and Sweden). International and regional organisations also participated (World Bank, UNDP, ILO, SESRIC, Saudi Fund and AGFUND), as well as representatives from the private sector, civil society and academia.

The meeting focused on key topics to promote economic resilience in fragile MENA settings including the need to establish new [social contracts](#), empower women economically, engage with [private sector organisations](#), and leverage external sources of finance, including [FDI](#). Two country cases were analysed in depth: [Lebanon and Libya](#).



Key messages

- **Promoting economic resilience requires innovative approaches.** The importance of promoting economic resilience is now well accepted, understood as the capacity of an economy to react to shocks based on key strengths such as sound macro-economic policies, diversification and private sector-led economies. There is also consensus on the need to align short-term actions with long-term goals. However, policies and interventions in fragile settings cannot be developed “business as usual” – as highlighted by the IsDB’s President in his opening remarks. In this context, Sustainable Development Goal 16 provides a unifying umbrella under which stakeholders’ can align their efforts.

Fragility is multidimensional, and while risks cannot be avoided, they can be carefully managed. Governments should be flexible and agile in implementing projects. Donors and multilateral institutions should work through local systems and align with national strategies instead of creating parallel operations. Discussions paid particular attention to the challenges faced by refugees and displaced people, especially in connection to the war in Syria. Water scarcity in Iraq was also signalled as a major threat that, while sometimes overlooked, is contributing to the displacement of local communities.

- **Extensive social dialogue should be supported to reach new social contracts.** Social dialogue processes are essential in scenarios of conflict (Libya, Iraq), as well as in countries under pressure to meet their development objectives, such as those going through transitions or affected by neighbouring conflicts (Tunisia, Lebanon).

The first step is raising awareness and developing a culture of dialogue and collaboration by building the capacities of the different stakeholders and institutions to constructively take part in processes and make implementable proposals. External partners can also help to create spaces for dialogue at national, regional and local levels, which is critical for societies in the MENA region in establishing new relationships between states and citizens, and among different groups.

In Tunisia, the “Social Dialogue - Alliance for Employment” supported an extensive multi-stakeholder negotiation process which has led to the creation of the National Council for Social Dialogue with 105 members from government officials, labour unions and employers’ organisations as a formal institution to foster constructive solutions between employees and companies. In Libya, the Peaceful Change Initiative focuses on building partnerships in municipalities to address local issues through social dialogue and mediation.

- **Women’s economic empowerment is central to achieving economic resilience.** Integrating women in the economy is intrinsic to the concept of resilience. On one hand, women are a source of skills and knowledge that if properly tapped can greatly contribute to economic growth. On the other, empowering women economically has positive effects on the individual and the household.



Women play a critical role in fragile and conflict-affected situations since they may be the only “bread-winner” left in an extended or displaced family. Women can find themselves working conditions with little labour protection, or unable to find work, increasing deprivation in their family. The psychological impact of displacement and conflict can further constrain women’s participation in the economy.

One of the lessons learned is that projects in fragile settings aiming to empower women economically must have a holistic approach, looking at the diverse challenges faced by women. For instance, the IsDB is developing projects that look at the household level beyond the specific barriers to women’s access to finance. The ILO combines interventions that address individual needs of women – through cash-for-work programmes or home-based employment – with others that strengthen communities to empower – such as through cooperatives or trade unions.



- **The private sector is an important partner in processes to promote economic resilience.** Local firms in the MENA region face many challenges when doing business, including instability, corruption, unreliable electricity supply, barriers to trade, scarcity of appropriately trained workers and a disconnect between firms and formal financing channels. These challenges are exacerbated in fragile and conflict-affected contexts, and not all firms manage to operate in such difficult conditions. As a result, these economies are often dominated by long-established families or government-controlled. Furthermore, there tends to be a lack of trust between

the government and businesses, coupled with limited government capacity.

In this context, business associations can play an important role in developing a new economic vision for the country and can contribute positively to policy-making processes. However, business associations are not always sufficiently representative or effective in economies where the private sector is dominated by monopolistic companies or state-owned enterprises. Efforts should be made to strengthen business associations, making them more inclusive and enabling them to fulfil their missions of conducting government-business relations and providing services to their members – including tailored solutions for SMEs.

- **New technologies can change the dynamics in fragile contexts.** ICT tools, social media and access to the Internet can be leveraged in fragile settings to spread awareness, increase access to data and information, provide training, and enable people to work from home or remote areas.

In Yemen, the ILO successfully trained women health professionals using mobile messaging applications, which have in turn become professional support networks. In Libya, Expertise France uses social media to promote a more positive image of entrepreneurship in a country where the public sector dominates.

Next steps for the MENA-OECD Economic Resilience Task Force

The MENA-OECD Economic Resilience Task Force aims to support governments in MENA economies affected by conflict and fragility to implement these policy messages. The work of the Task Force will combine activities at the regional level – including analytical work and high-level policy dialogue events –, with technical assistance support to governments at the national level.

Concrete plans for 2019 include:

Area of work	Activities
Legal investment framework	<u>Provide technical assistance to governments</u> in fragile MENA countries. The OECD works closely with governments in the region to improve investment legal frameworks, and is tailoring these efforts to fragile settings. Planned activities at the national level also include the GIZ-OECD Iraq investment and integrity initiative, as well as the review of Lebanon's investment law.
Investment promotion policies	<u>Provide technical assistance to Investment Promotion Agencies (IPAs)</u> in fragile MENA countries. The OECD has vast experience supporting Investment Promotion Agencies in the region, including extensive work in Iraq with National Investment Commission. The OECD will continue to support IPAs in fragile MENA countries to adapt their investment promotion strategies to their context.
Risk mitigation	<u>Deepen understanding about available tools and innovative mechanisms to back investment projects</u> in fragile MENA economies. Risk mitigation could be the focus topic for the 2019 annual regional meeting of the Economic Resilience Task Force.
Responsible business conduct	<u>Raise awareness on OECD instruments developed to provide guidelines for encouraging responsible business conduct</u> in fragile environments, including the OECD Guidelines for Multinational Enterprises (MNEs) and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas.
Quality of infrastructure	<u>Increase knowledge on policies that promote infrastructure investment</u> . A regional conference on quality infrastructure will be held in Cairo in March 2019. Special attention will be given to fragile countries.
Women economic empowerment	<u>Produce case studies on women entrepreneurs in fragile MENA countries and refugee communities</u> , beginning with a case study on women refugees in Jordan and potentially continuing to analyse the legal framework for women refugees and migrants.
SMEs and entrepreneurship	<u>Develop the business environment and regulations to enable SMEs to flourish</u> . Implement the Short-term Action Plan for SME development in Libya, developed in the context of the project titled "SME Development Strategy for Libya".
Social contract	<u>Support social dialogue processes</u> in fragile MENA countries. Provide assistance to Lebanon's Economic and Social Council in promoting national dialogue, collaborating with other initiatives in the region such as Tunisia. Explore avenues to collaborate in other countries.

Contact:

Mr. Carlos CONDE

Head of Division
Middle East and Africa Division
Global Relations Secretariat – OECD
Carlos.CONDE@oecd.org

Ms. Pilar SANCHEZ-BELLA

Policy Analyst Middle East and Africa Division Global Relations Secretariat – OECD
Pilar.SANCHEZ-BELLA@oecd.org

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

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

And the work on risk and resilience:

<http://www.oecd.org/dac/conflict-fragility-resilience/risk-resilience/>

