Fact Sheet: G-8 Action on the Deauville Partnership with Arab Countries in Transition

A year after the historic events across the Middle East and North Africa began to unfold, the aspirations of people of the region for freedom, human rights, democracy, job opportunities, empowerment and dignity are undiminished. At the Camp David Summit, G-8 Leaders recognized the important progress that has been achieved in a number of countries undergoing transition and committed to maintaining their support for these transitions in four key priority areas: stabilization, job creation, participation/governance, and integration.

Stabilization

In response to transition countries’ request for support in promoting economic stabilization necessary to pursue reform, G-8 members will take the following actions:

- Assist transition countries in the region to stabilize their economies and pursue country-owned plans, by supporting external financing through the International Monetary Fund and bilateral assistance, as appropriate, to promote an economic environment conducive to strong, sound and sustainable economic growth.

- Encourage direct assistance through the World Bank, African Development Bank, European Investment Bank and other international financial institutions, and provide bilateral assistance, for country-owned reform plans that promote growth and opportunity through a combination of loans, grants, budget support, and technical assistance.

- Launch a new Capital Markets Access Initiative to provide credit enhancements, bilaterally where such instruments exist and in conjunction with multilateral institutions, to help transition countries regain access to international capital markets to spur growth and jobs.

Job Creation

In response to transition countries’ request for support in promoting job creation and allowing their economies to benefit all citizens, G-8 members endorse the following actions:

- Lead the effort to complete the change of the charter of the European Bank for Reconstruction and Development (EBRD) to activate the “special fund” for investment in this region. This will enable the EBRD to invest up to $1.3 billion this year, and, with full ratification of the charter amendment, up to $4 billion over the next three years. This
investment will bring the EBRD’s expertise in transition economies to the countries committed to economic transformation, supporting broad based private sector development, including the financing of small and medium sized enterprises (SMEs) and the creation of much-needed jobs.

- Create a new Transition Fund to complement other bilateral and multilateral initiatives in providing grants, technical assistance, and exchanging best practices that help countries strengthen institutions critical to economic development and implement country-owned reforms. Contributing G-8 members will work with regional partners, the World Bank, and regional institutions such as the Islamic Development Bank to set up the fund with an initial capitalization of $250 million.

- Provide a new generation of young, hard-working and determined men and women with the skills they need to get good jobs in a competitive economy by supporting increased vocational education through new schools, exchanges, and training programs.

- Provide support to unlock the potential of a vibrant SME sector that employs millions of people and capitalizes on the spirit of entrepreneurship in the region through bilateral and multilateral assistance that strengthens the policy, legal and regulatory environments, improves access to finance and builds enterprise skills to allow SMEs to take advantage of local and international market opportunities to hire more employees and become more productive and competitive.

**Participation/Governance**

In response to transition countries’ request for support with reforms that promote transparency, accountability, and good governance, G-8 members will take the following actions:

- Facilitate the recovery of stolen assets through an Asset Recovery Action Plan, which facilitates cooperation and capacity building measures to identify and recover the proceeds of corruption stowed abroad. G-8 and other members of the Partnership will convene the Arab Forum on Asset Recovery in September 2012 in conjunction with the Stolen Asset Recovery Initiative of the World Bank Group and United Nations Office on Drugs and Crime.

- Assist each transition country with progress toward membership in the Open Government Partnership (OGP). Jordan joined the OGP in 2012 and will launch its national action plan in 2013; Tunisia plans to join the OGP in 2012 and Libya, Morocco and Egypt plan to initiate steps toward eligibility this summer.

- Welcome Egypt, Libya, Morocco, Jordan and Tunisia’s commitment to the U.N. Convention Against Corruption including the participatory and transparent review of their implementation. Support non-G-8 Partnership countries in their preparation to join and participate in the Arab Anti-Corruption and Integrity Network and United Nations Development Program’s Anti-Corruption Initiative for the Arab Countries.
• Create a Financial Sector Advisory Corps consisting of volunteer experts from the public and private sectors to provide technical assistance to help transition countries develop financial sectors that are strong, stable, transparent, and accessible. The G-8 will provide training for public employees in transition countries through the implementation of training programs and technical assistance.

• Launch a Partnership exchange program to pair legislators, judges, regional and municipal leaders and labor unions with G-8 counterparts to build institutional capacity, promote knowledge sharing, and strengthen accountability and good-governance practices in transition countries.

Integration

In response to transition countries’ interest in opening up their economies to increased trade and investment with the G-8 and each other, G-8 members will take the following actions:

• Launch bilateral and regional trade initiatives to expand market access, lower barriers to trade, and promote increased trade between transition countries and the G-8. These initiatives include the United States’ Middle East and North Africa Trade and Investment Partnership (MENA TIP); the European Unions’ on-going trade and investment partnership with the Southern Mediterranean, in particular the Deep and Comprehensive Free Trade Agreements (DCFTAs) to be launched, if feasible, later this year; Canada’s completed FTA with Jordan and ongoing FTA negotiations with Morocco; the Russia-Arab Cooperation Forum and bilateral Intergovernmental Commissions; and Japan’s investment agreements with appropriate Partnership countries and the Japan-Arab Economic Forum.

• Develop initiatives, with the international and regional financial institutions as appropriate, to support trade facilitation.

• Endorse the launch of the Arab Financing Facility for Infrastructure including targeted investments in Egypt, Jordan, Libya, Morocco and Tunisia, and also recognize the importance of investment in information technology and both “hard” and “soft” infrastructure to enhance connectivity in the region.

• Welcome the Statement on Open International Investment, endorsed by all members of the Partnership, and encourage further strengthening of investment frameworks and agreement on a common set of investment principles, building on the efforts in the MENA-Organisation for Economic Co-operation and Development Investment program.

• Encourage Jordan’s initiative to join the WTO Government Procurement Agreement, which saves money and increases accountability through rules to enforce openness, transparency and non-discrimination in public procurement.
• Encourage efforts taken by Jordan and Tunisia to adhere to the OECD Declaration on International Investment and Multilateral Enterprises, and support the adoption by other Partnership countries.

• Facilitate closer commercial ties with critical sectors to transition countries. The G-8 will co-sponsor investor conferences focused information and communications technology, renewable energy, agriculture and food, infrastructure, transportation and tourism in the region with Partnership countries.

• Provide technical assistance to support structural reforms in the Partnership countries to boost competition and strengthen investment regimes.

Additional Background

The Deauville Partnership with Arab Countries in Transition is an international effort launched by the G-8 at Deauville in 2011 to support countries in the Arab world engaged in transitions toward “free, democratic and tolerant societies.” The Partnership includes Canada, Egypt, the European Union, France, Germany, Italy, Japan, Jordan, Libya, Kuwait, Morocco, Qatar, Russia, Saudi Arabia, Tunisia, Turkey, the United Arab Emirates, the United Kingdom and the United States.

It also includes international financial institutions and organizations committed to supporting reform in Egypt, Jordan, Libya, Morocco and Tunisia. The African Development Bank is the rotating chairman of the IFI platform that includes: the African Development Bank, the Arab Fund for Economic and Social Development, the Arab Monetary Fund, the European Investment Bank, the European Bank for Reconstruction and Development, the International Finance Corporation, the International Monetary Fund, the Islamic Development Bank, the OPEC Fund for International Development, and the World Bank. There are several other organizations that have been supportive of the Deauville Partnership, including, the Arab League, the Organization for Economic Cooperation and Development and the United Nations organizations.

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