

Deauville Partnership Meeting in Washington D.C.

Deauville Partnership with Arab Countries in Transition Finance Ministers' Meeting in Washington, 9 October 2014

Chair Statement

On 9 October 2014 Finance Ministers and International Financial Institutions (IFIs) of the Deauville Partnership (DP) with Arab Countries in Transition (ACTs) met in Washington D.C. to re-affirm their commitment to support Egypt, Jordan, Libya, Morocco, Tunisia and Yemen in their comprehensive reform agenda that will further foster sustainable and inclusive growth and job creation in the region.

Ministers agreed that the finance track of the DP has proven to be an effective platform for coordination and policy exchange. It is their clear intention to preserve and enhance this valuable function of the DP, realise its full potential and drive forward a robust agenda for 2015. In general, Ministers agreed that enhancing economic stability, fostering sustainable and inclusive growth, creating jobs, increasing economic opportunities for youth and women, promoting micro, small and medium enterprises (MSMEs), strengthening investment and industrial cooperation, and implementing strong economic governance are necessary to tackle ongoing challenges such as unemployment, labour force inactivity and socioeconomic imbalances.

Ministers also acknowledged the valuable support IFIs have provided to the ACTs and thanked the European Bank for Reconstruction and Development (EBRD) for serving as the secretariat of the IFI coordination platform in 2014.

Ministers recognised that conditions in ACTs have changed since the inception of the DP, and that ongoing conflicts in the wider region could negatively impact social and economic development in ACTs. In addition, Ministers acknowledged the significant economic pressures facing a number of countries in the region, including weak confidence, socio-political tensions and structural imbalances. Against this setting, Ministers emphasised the importance of economic stabilisation and welcomed the economic reforms, including on energy subsidies and social safety nets, undertaken by some countries. Important steps have been taken towards macroeconomic stabilisation, including budget support provided by bilateral donors and multilateral institutions. Ministers underscored the need to intensify the implementation of structural reforms across a wide range of areas, as well as the need for continued efforts towards macroeconomic stability – taking into consideration the challenging political and economic environment.

Ministers acknowledged the valuable work achieved under previous presidencies. Ministers welcomed four priorities set out under the German Presidency to foster sustainable and inclusive growth and job creation in the region:

1. Acknowledge the importance of sound public finances and structural reforms, needed to support sustainable and inclusive growth. The DP with the support of the IFIs should build on the priorities identified by ACTs, therefore Ministers encouraged ACTs to identify and define their own reform priorities and IFIs to provide technical assistance to support these reforms as necessary.
2. Promote an efficient division of labour among partners by recognizing the benefits of donor coordination. To this end, donor activities should be coordinated on the ground managed by the recipient country and linked to ACTs' reform plans. Ministers acknowledged that the IFI coordination platform (IFI CP) has strengthened collaboration and operational efficiency between multilateral institutions. Ministers thanked the IFI CP for the status report and welcomed the intention to publish a flagship report, highlighting the main results of country assessments on the status of local money and capital markets development in Egypt, Jordan, Morocco and Tunisia. They also acknowledged the report on the implementation of the Small Business Act for Europe in the Mediterranean Middle East and North Africa 2014. Ministers discussed and acknowledged the importance of aid transparency – bilateral and multilateral – to ACTs and asked Senior Officials to assess these issues and to report back in 2015.
3. Support financial inclusion, financial literacy and responsible finance. Access to responsible financial services, including microfinance and start-up financing, can help the unserved segments of the population and MSMEs in particular to create and bolster savings, access credit and insurance as well as transfer money more cheaply and safely. In this respect, Ministers welcomed the valuable work of the G20 Global Partnership for Financial Inclusion (GPII) and its implementing partners, notably the Alliance for Financial Inclusion (AFI) and asked that this work also be incorporated in the Deauville Finance agenda as appropriate. Furthermore, developing local financial markets is a key condition to support the development of businesses in the region and improve the resilience of the economy and financial systems. Ministers asked Senior Officials and IFIs to identify specific opportunities to build on this work to improve financial inclusion in the region and report back in 2015.
4. Continue to enhance MENA Transition Fund's (TF) efficiency and impact. The TF has been a key achievement of the DP. It includes most influential external and regional partners to enable economic reforms. Ministers thanked Canada and Egypt for the co-chairmanship of the TF Steering Committee in 2014. Ministers reaffirmed their commitment to the \$250m capitalisation target of the TF and recognised the importance of enhancing the TF's financial base, including through new donors. Ministers asked Senior Officials to build on the significant work that has been undertaken in 2014 with respect to the focus on TF's objectives, results, monitoring and evaluation and to report back in 2015.

Ministers welcomed priorities set out under the German Presidency and looked forward to concrete proposals from the IFIs and other partners, on how to take forward actions in these areas for discussion at their next meeting in 2015.