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Summary of the ECA's activities in North Africa (March 2016 – September 2017)

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I. Introduction

1. The Sub-regional Office for North Africa of the United Nations Economic Commission for Africa (ECA) was mandated by the Intergovernmental Committee of Experts to focus its programs and actions on the pursuit of the two following goals: a) building the capacity of member States in the North Africa sub-region to produce and disseminate quality and timely data so as to foster evidence-based planning, policy-making and enhanced national and sub-regional management; b) building the capacity of member States in the North Africa sub-region to address economic, social and environmental issues at the regional and sub-regional level, and to improve cooperation and dialogue between member States.
2. This report provides an account of activities carried out by the Sub-regional Office for North Africa between March 2016 and September 2017.
3. Activities were conducted in close collaboration with member States, ECA divisions, other sub-regional offices, Regional Economic Communities (RECs) including the Arab Maghreb Union (UMA), organizations of the United Nations system and other partners.

II. Major outcomes of the work program during the period under review

4. Activities in the Office's work program were conducted with the goal of producing results in line with the priorities defined in the 2016-2017 strategic framework. Recommendations from previous meetings of the Intergovernmental Committee of Experts (ICE), as well as input from member States, the UMA and other partners also helped define the Office's scope of action during the period under review. Moreover, activities were consistent with the ECA's strategic and programmatic guidelines approved by the Conference of Ministers in March 2013.

A. Major outcome 1: Building the capacity of member States in the North Africa sub-region to produce and disseminate quality and timely data in order to foster evidence-based planning, policy-making and enhanced national and sub-national management

5. Through its activities, the Office helped build the capacity of member States in the fields of trade, investment, sustainable development, collecting and disseminating statistical data and organizing the Africa Think Tank Conference. Moreover, the mechanism to produce country profiles, which are identified as key documents in the new ECA orientations, was fine-tuned; 3 country profiles were produced.

1. Contributions to capacity building in member States

a) Support to national statistical offices

6. The Office and the African Centre for Statistics provided support to the Tunisian national statistical office, the *Institut national de statistique* (INS), for the introduction of mobile technology to collect and disseminate data, as part of a cooperation program. The INS had started to collect data using Android tablets to facilitate the monthly calculation of the price index. With the ECA's support, the INS launched a mobile

application to disseminate data from the 2014 census. This project helped Tunisia improve its global ranking in the Open Data Index (14th out of 125 countries in 2015). Technical measures were also implemented in preparation for the launch of the first employment survey using mobile technology in Tunisia.

7. The second phase of this cooperation project was launched by the ECA during a workshop organized by the African Centre for Statistics on 7 to 9 March 2017 in Yaoundé (Cameroon). On this occasion, Egypt was selected to be backed by this initiative, and a capacity-building program was approved in favor of the Egyptian national statistical office, the Central Agency for Public Mobilization and Statistics (CAPMAS). With this support, CAPMAS was able to start collecting and disseminating data through mobile technology to calculate the price index.

8. Furthermore, the Office and the African Centre for Statistics, in cooperation with the Kingdom of Morocco's national statistical office, (*Haut-Commissariat au plan*), helped Mauritania's national statistical office (*Office national de la statistique*, ONS) launch a new national account system (NAS 2008). With this support, a project to introduce a new base year was set in motion, in line with the recommendations of the national account system (2008 NAS). The ECA thus helped to effectively begin the introduction of the 2008 NAS in Mauritania by introducing a new base year and methods to make GDP measures more comprehensive. Additionally, the ECA provided national accountants with tools and advice on the activities to be conducted and the timing to be followed. It also helped build the capacity of national accountants at the ONS, in particular regarding the new features and opportunities of the 2008 NAS. Moreover, a timing chart to be scrupulously followed was agreed upon with the ONS. The first results were expected over the third quarter of 2017. It was also agreed to continue technical assistance in Mauritania directly through the Sub-regional Office for North Africa, with support from the African Centre for Statistics and the Moroccan *Haut-commissariat au plan*, in view of encouraging South-South cooperation. Furthermore, the ONS expressed its need for continued ECA technical assistance to help modernize the national statistical system.

b) International symposium on trade, investment and sustainable development

9. In partnership with the WTO chair of the School of Legal, Economic and Social Sciences of Mohammed V University in Rabat Souissi, and the *Laboratoire d'économie appliquée au développement* (LÉAD) of the University of Toulon (France), the ECA office organized the tenth edition of the International Colloquium of Rabat, under the theme "Trade, Investment and sustainable development" on 27-29 October 2016.

10. This event was an opportunity for academic researchers, development experts and private sector players to discuss essential topics for the development of the sub-region, such as: climate change and the mobility of people and goods, energy and environment, trade in environmental goods and services, innovation, public policy and sustainable economic development, optimal economic management of natural resources and governance, the green economy as a new source of growth for Mediterranean countries, trade openness and growth, the financial system, and economic growth and human capital.

c) Africa Think Tank Conference

11. In line with the ECA's mandate, the Office helped organize the third Africa Think Tank Conference, which took place on 2-4 May 2016 in Marrakech (Morocco), in partnership with OCP Policy Center (Morocco) and the TTCSP Program of the University of Pennsylvania (USA). The Office was involved in selecting the themes, setting the agenda, and identifying and convening panelists and participants.

12. This conference on "Building a sustainable and secure future for people and institutions of Africa" was attended by over 120 experts from 85 African and international think tanks. The key recommendation of the conference was to introduce a funding mechanism for African think tanks to help African governments in their decision-making and to provide decision-makers with independent, sound and reliable research.

2. Country profiles produced and underway

13. The justification for country profiles lies in the mission and the new program of the institution, in particular creating and adding value to sub-regional data centers, and the need for coherent and harmonized data and information used in the ECA's flagship publications and reports, including the Economic Report on Africa. The concept and methodological framework of country profiles was presented at the ECA Conference of Ministers of Economy and Planning in March 2014 in Abuja. In accordance with the mission and the ECA's new orientations, the purpose of country profiles is to i) allow the ECA to conduct and disseminate analyses by country and by region; ii) to issue recommendations for economic transformation by promoting sustainable growth and social development; iii) to enhance regional integration, development planning and economic governance; iv) to analyze potential risks and how to mitigate them.

14. The country profile production process underpins constant data collection and harmonization, the aggregation of indicators for regional economic communities and trend analysis, in order to make timely forecasts. Country profile production will certainly have a ripple effect on member States' capacity to produce and disseminate statistics and economic policy analyses. It will also facilitate evidence-based planning and policy-making, thus supporting development priorities in the sub-region.

15. Between March 2016 and September 2017, country profiles on Algeria (1), Mauritania (1), and Tunisia (1) were produced. They addressed the following themes: streamlining public finances without undermining economic growth (Algeria), using renewable energy to reduce the access to energy gap (Mauritania) and reviving the tourism industry (Tunisia). Concerning the 2017 country profiles, the themes to be featured will be selected at a later time.

16. In addition to an overview of the economic and social situation, the profiles analyzed policies pursued and the economic and social challenges to be overcome (streamlining public finances, curbing inflation, diversifying the economy and combating poverty). The thematic sections include recommendations that take into account each country's specificities. In the short term, the thematic analyses shed light on the country's vision and the measures it implemented. They thus constitute a useful tool to share experiences and information about public policy.

3. Industrial policy territorialization and inclusive development in North Africa

17. Following an expert meeting in November 2016 in Tunis, attended by experts from North African ministries of industry and local governments and other institutions in charge of the territorial planning of public policy, the Office approved and finalized the study report on "Territorialization of industrial policy and inclusive growth in North Africa". The report identified important issues, obstacles and necessary institutional reforms in relation to the territorialization of industrial policy and inclusive development.

18. At the expert meeting, recommendations were formulated for three countries whose industrial policy was the subject of an in-depth study: Algeria, Morocco and Tunisia. Recommendations focused primarily on industrial policy governance in favor of more inclusive growth, in particular by shifting from the top-down approach that prevails in these countries, albeit at varying degrees, to a bottom-up approach taking into account the specificities of territories and includes them in the development of public policies, not just their implementation.

B. Major outcome 2: Building the capacity of member States in the North Africa sub-region to address economic, social and environmental issues at the regional and sub-regional level, in cooperation with the Arab Maghreb Union and enhanced sub-regional cooperation and dialogue between member States

19. The partnership with the UMA was further strengthened, along with the partnership between the UMA and other regional organizations. During the period under review, partner organizations have contributed to a number of achievements. The partnership was furthered in two ways: bilaterally between the UMA and the Office and multilaterally by bringing into play the Sub-Regional Coordination Mechanism.

1. The bilateral dimension

20. The General Secretariat of the UMA and the Sub-regional Office for North Africa met in December 2016 to i) review joint activities during the 2014-2016 time period and ii) examine future opportunities for collaboration. The review confirmed the relevance of the proposed strategic areas of collaboration in light of recent developments within both institutions as well as in the region and in the various member States. A review of the outcomes of two years of cooperation was conducted.

21. In the reporting period spanning from March 2016 to September 2017, the capacity of the UMA's General Secretariat and institutional framework was built by: i) holding an expert meeting with the purpose of discussing the findings of a study on industrialization through trade in North Africa in the context of a Continental Free Trade Area (CFTA) and mega-regional trade agreements; ii) providing support to the Union of Maghreb Entrepreneurs (*Union maghrébine des entrepreneurs*, UME) to organize national and regional round tables to raise awareness in the private sector about the challenges and opportunities of climate change; iii) beginning the preparation of a sub-regional report on SDGs.

a) Industrialization through trade in North Africa in the context of the Continental Free Trade Area (CFTA) and mega trade agreements

22. In March 2016, the Sub-regional Office for North Africa held an expert group meeting on "Industrialization through trade in North Africa in the context of the Continental Free Trade Area and mega-trade agreements". The topic was chosen to further the discussion on diversification in favor of structural transformation of the region's economies. Through a theoretical and empirical analysis of recent developments in industrialization processes and attempts in the region, a strong case was built in favor of promoting trade between member countries, as an appropriate framework for structural change.

23. The meeting included five thematic sessions: i) mega-agreements and the continental dynamic; ii) lessons learned from international experiences; iii) pro-industrialization trade policy; iv) industrial policy; and v) the role of regional integration. The invited experts and government representatives provided high-quality input and a wealth of policy suggestions.

24. The study presented at this expert meeting indicates that trade policy can stimulate higher value-added production. Regional trade agreements can constitute a key instrument to expand North Africa's participation in global trade. Africa's positive growth prospects, linked to urbanization and the rapid growth of the middle class, could make regional trade agreements a significant opportunity for North African countries and boost exports in manufactured goods.

25. Following the discussion, recommendations were formulated regarding i) the international context and the continental dynamic; ii) lessons learned from international experiences with industrial policy; iii) pro-industrialization trade policies; iv) industrial policy implementation; and v) the role of regional integration in bolstering industrialization.

b) Support for the Union of Maghreb Entrepreneurs (UME)

26. The Sub-regional Office for North Africa provided support to the UME (*Union Maghrébine des Entrepreneurs*) to organize four national round tables (Tunisia, Algeria, Mauritania and Morocco) and a regional round table (Brussels) for the sub-region's entrepreneurs to better take into account the challenges and opportunities presented by climate change and the trends and opportunities of climate finance, particularly in the context of the implementation of nationally determined contributions.

27. The recommendations of national round tables were discussed at the regional event and led to the adoption by the UME of a declaration titled "The private sector's contribution to climate action", which was presented and officially signed by four entrepreneur organizations at COP22, during a press conference in November 2016. This declaration, which reflects the commitment of Maghreb businesses to national mitigation and adaptation efforts in the face of climate change, calls for stepping up public-private partnerships, and draws attention to capacity building needs for technology transfer and financing.

c) Preparations launched for the sub-regional report on SDGs

28. The sub-regional Office for North Africa and the General Secretariat of the UMA have launched the preparation process of the first report on the implementation of the Sustainable Development Goals (SDGs) in the Maghreb countries (Algeria, Mauritania, Morocco and Tunisia). The report will take stock of progress, challenges and best practices, at both country and regional level. It will analyze the role of regional cooperation in SDG implementation and will formulate recommendations for future regional and sustainable development policies.

29. The report on SDG implementation will address five strategic issues for regional integration: food security, the industrial transition, the energy transition, desertification and climate change, and youth employment. The report will be presented and discussed at a sub-regional dialogue meeting in February 2018, and will constitute a contribution to the 2018 Africa Regional Forum on Sustainable Development.

d) Identifying areas of collaboration with the UMA

30. A collaboration meeting was held in Rabat in December 2016 between the Sub-regional Office for North Africa and the General Secretariat of the UMA, in which strategic areas for future collaboration between the two institutions were confirmed. Participants agreed upon the importance of the program adopted to promote regional integration in the Maghreb, and to seek closer collaboration between the two institutions. The examined areas for collaboration, on which there will be joint follow-up, pertain to:

- Further investigating the issue of regional value chains;
- Preparing a study on the electronic exchange of customs documents;
- Assessing the potential effects of the continental free-trade area;
- Better understanding logistics platforms and their role in promoting trade;
- Training for trade negotiation techniques;
- Examining the role of sub-regional institutions in SDG monitoring.

31. In this context, the Sub-regional Office for North Africa started a new project to further investigate the issue of regional value chains in the Maghreb. After resources were mobilized, the project was launched early 2017. It will build on the Office's previous activities on this topic, in particular the findings of preliminary studies.

2. The multilateral dimension: the Sub-regional Coordination Mechanism for North Africa

32. The 3rd annual consultative meeting of the Sub-regional Coordination Mechanism (SRCM-North Africa) was held in December 2016 by the Sub-regional Office for North Africa. The purpose of the Coordination Mechanism is to promote consultation and collaboration among international and regional institutions whose mandate includes supporting the UMA and North African countries in their development efforts. The Coordination Mechanism aims to promote synergies and to increase the effectiveness of operations by regularly sharing information, jointly capitalizing on achievements and experiences and by implementing joint projects or

programs to support the UMA and other players in the integration process in North Africa.

33. The consultative meeting addressed the following issues: i) improving the relevance and effectiveness of support to the various partners, through better alignment with UMA priorities and accordingly targeting common action areas; and ii) strengthening cooperation among organizations of the United Nations system operating at the sub-regional level, by strengthening the consultation, coordination and promotion framework for common or joint initiatives that support regional programs.

34. The meeting provided an opportunity to discuss the UMA's new orientations following the change of leadership and recent developments in the international and regional situation. Moreover, priority areas of cooperation were identified for the 2017-2018 period, in light of sociopolitical shifts in North Africa and in the context of SDG implementation at the sub-regional level. Lastly, parties identified the ways and means of strengthening coordination and creating synergies between partners' activities in the sub-region.

35. The priorities of the General Secretariat of the UMA for the coming months and years were thus identified with regard to the following themes:

- Trade, industry, market access and economic integration;
- Agriculture, food security and rural development;
- Environment, population and urbanization;
- Human resource development, jobs and public health;
- Infrastructure, water, energy, transport and ICT development;
- Building institutional capacity.

36. For each theme, a number of concrete activities were proposed in response to the UMA's needs to promote actual integration in the Maghreb. In this regard, the UMA committed to prepare a priority matrix, which will then be shared with the SRCM member organizations.

37. Furthermore, the meeting called all partner institutions to step up advocacy to ensure that their respective budget cycles include as many UMA projects as possible. In areas where possibilities for joint action have been identified, joint projects may be defined in sector meetings, to be held by each of the relevant thematic groups, on the initiative of the UMA General Secretariat and co-coordinating institutions. Moreover, it is expected that in case of project funding deficits, the UMA will make specific funding requests to other partners.

III. Advisory support, special initiatives and interactions with headquarter divisions and other partners

A. Advisory support

1. Technical support for statistical data

38. In the context of country profile preparation and improvement and the resulting data collection, technical missions were performed in Tunisia and Mauritania to help improve their national statistical system.

39. The Sub-regional Office for North Africa and the African Centre for Statistics (ECA) provided support to the Tunisian national statistical office (*Institut National de Statistique*, INS) in preparation for the launch of the first study on jobs using mobile technology in Tunisia. Similarly, the Egyptian Central Agency for Public Mobilization and Statistics (CAPMAS) was provided technical support to allow for data collection and dissemination through Android tablets to calculate the price index.

40. Furthermore, the Office and the African Centre for Statistics, in cooperation with the Kingdom of Morocco's national statistical office (*Haut-Commissariat au Plan*, HCP), assisted Mauritania's national statistical office (*Office National de la Statistique*) in launching a new national accounting system including the informal sector in national accounts and beginning work to introduce a new base year for the national account system (NAS base 2008).

2. Support to the Land Policy Initiative

41. Following the study on the economic, social and environmental profitability of strategic investments in combating desertification conducted during the previous period, in December 2016 the Office chaired a workshop to approve the study on best practices to combat desertification in the Maghreb, hosted by the UMA and the African Development Bank. This activity took place in the broader context of the implementation of the Sub-Regional Action Programme on Combating Desertification (SRAP/CD 2011-2012) for which the Office supported UMA.

42. In this study, an advocacy document was drawn up, based on better understanding of the economic, social and environmental impacts of investments to combat desertification, to convince decision-makers and development partners to invest in this area and to secure support for the implementation of the UMA-led SRAP/CD.

43. Similarly, the Office supported the Land Policy Initiative and the UMA to host a consultative conference on land governance in the Maghreb. This initiative will lead to a report on priority challenges, experiences and lessons learned in dealing with land issues in UMA member States, and will identify the assistance needs of UMA member States as well as the UMA General Secretariat. Moreover, a consensus was reached on the key components of a regional project to exchange experiences and to cooperate on land governance in the Maghreb.

3. Support to the Algerian Business Leaders' Forum

44. Given that Algeria aspires to significantly boost trade with the rest of the African continent, the Business Leaders' Forum (*Forum des chefs d'entreprise*, FCE) requested the Office to conduct a study aimed at identifying favorable conditions for the diversification of Algerian exports, in particular to Africa.

45. The study provided an overview of the country's macroeconomic performance and foreign trade, its regulatory framework, and the public policies pursued to boost exports. It looked into the reasons why the country failed to diversify its exports, by testing a few hypotheses through an empirical survey of business leaders. The study led to a number of public policy recommendations on export diversification and boosting trade toward the African continent.

B. Special initiatives and interactions with headquarter divisions and other partners

46. The preparation of the 2017 edition of the Economic Report on Africa, which this year focuses on "Urbanization and Industrialization" required two data collection missions, one in Morocco and another in Sudan, which yielded detailed data on the industrial sectors that stimulated urbanization. In particular, the automotive sector in Tangier, in northern Morocco, and the cement sector in Atbara, in central Sudan, have played that role. Following those missions, the Sub-regional Office for North Africa conducted two national case studies on the basis of the collected data, and helped design and review the final report.

47. Additionally, the Office launched and presented several publications over the period under review. Among the publications presented were the 2016 Economic Report on Africa (presented in Algeria and Morocco, in May and June 2016 respectively), the report on the African Social Development Index (ASDI) in North Africa (Tunisia, September 2016), the 2017 Economic Report on Africa and the Mauritania Country Profile, presented to the Mauritanian Ministry of Economy and Finance (Mauritania, April 2017).

48. Several flagship reports (2016 and 2017 Economic Report on Africa, the Country Profiles of Algeria, Egypt, Morocco, Mauritania, Sudan, and Tunisia) were also distributed by the Office's experts as they met with the ECA's partners, for instance at the Conference of Finance Ministers (Ethiopia: March 2016 and Senegal: March 2017), the Africa Regional Forum on Sustainable Development (Egypt: May 2016), the Third Africa Think Tank Conference (Morocco: May 2016), the workshop presenting the Report on the African Social Development Index in North Africa (Tunisia: September 2016), COP22 (Morocco: November 2016), the workshop presenting the preparation process of the first report on the follow-up of Sustainable Development Goals (Mauritania: April 2017), the World Statistics Congress (Morocco, July 2017).

49. Furthermore, Morocco was selected to become a pilot country for the implementation of a new "development account" project on urbanization, coordinated by the Urbanization Section at the ECA headquarters. The purpose of the project is to build member States' capacity to develop and implement strategies and policies in favor of sustainable cities in Africa. In this context, the Office supported a mission to present the project in January 2017, to meet national authorities and involve them in the implementation of this initiative. In particular, this project seeks to conduct a number of case studies, including one on Morocco, analyzing how urbanization and city

matters were linked to the design and implementation of projects for the major structural transformation of the Moroccan economy over the past years. The case of Morocco seems to be of interest given the wealth and complexity of its experience in this field; it would be useful to highlight key success factors in its urban transition and to identify relevant feedback for the rest of the continent to draw on.

50. The ECA initiated a development account project with Egypt; its main purpose is to build the capacity of national institutions in charge of planning and statistics to collect, compile and produce essential data for the development planning process. This process hinges on credible accountability frameworks with specific milestones and targets to be frequently monitored, measured and followed up. The project builds on ECA experience, with support from member States and Pan-African institutions for the design and structuring of development planning. This field of action remains a priority for specialized regional consultative services and constitutes useful support for capacity building in member States.

51. In the context of an Islamic Development Bank workshop on the World Trade Organization (WTO) in the post-Nairobi era and the opportunities for regional trade integration among Arab countries, the Office was requested to present in October 2016 in Tunis the key findings and recommendations of the report on the promotion of regional value chains in North Africa and the sub-region's state of integration. On this occasion, the Bureau also presented recent developments in the UMA's regional integration process, its involvement in Continental Free Trade Area (CFTA) negotiations and its newly founded statistics unit which works to coordinate and harmonize statistical development in the sub-region.

52. In November 2016, the Office provided support to the Office of the Executive Secretary and the African Climate Policy Centre (ACPC) to set up and run a 1,000-square meter Africa pavilion, jointly steered by the ECA, the African Development Bank (AfDB), the African Union and the New Partnership for Africa's Development (NEPAD) at the twenty-second Conference of Parties on climate change (COP22). Africa was at the heart of numerous debates and initiatives during this conference, which brought together some 22,000 participants and 1,500 journalists.

IV. Strategic partnerships

53. In addition to the Office's partnership with UMA through multiannual work programs, and its partnerships with other United Nations organizations that support economic and social development and regional integration in North Africa through the Sub-Regional Coordination Mechanism and by contributing to the work of United Nations country teams, the Office developed other strategic partnerships for the implementation of specific projects. Such partnerships as part of the collaboration between the regional commission of the United Nations, the Economic Commission for Europe and the Economic and Social Commission for Western Asia (ESCWA).

A. Partnership with the United Nations

54. During the reporting period, the Office continued to participate in the work of the United Nations system, in particular by contributing to the design of the United Nations Development Assistance Framework (UNDAF-Morocco 2017-2021) and assisting various thematic commissions created in accordance with country-defined priorities.

55. In addition, the Sub-Regional Coordination Mechanism (SRCM-North Africa), which met in December 2016, remains a key partnership framework involving several multilateral cooperation agencies including the ILO, FAO, WHO, UNESCO, HCR, UNICEF, AIDMO, IDB, ICDT and ISESCO in supporting the Arab Maghreb Union (UMA).

56. The Office is also regularly represented in the communication group. It has taken part in joint activities (theme days, press briefings, etc.). Moreover, regular cooperation was established with several United Nations Information Centres (UNICs) in North Africa, in particular in Morocco. Through this cooperation, the Office's reports and press releases were re-circulated through the UNIC websites in Algeria, Egypt, Morocco and Tunisia, and articles were published on the ECA's activities in the UN-Rabat newsletter.

B. Partnership with ESCWA

57. The Office continued to collaborate with the Economic and Social Commission for West Asia (ESCWA), with which a study was conducted on "Customs tariffs reform in the context of South-South trade integration: the Tunisian experience with its Arab and African partners"¹. This study simulated the quantitative impact of several trade liberalization scenarios on the Tunisian economy. It analyzed scenarios in which Arab integration was strengthened by a shift from a free-trade area to a customs union and by the creation of an African continental free-trade area.

58. Findings point to three major conclusions. The first is that while the Arab Customs Union could generate significant profits for the Tunisian economy, provided that specific provisions are put in place, it will not offset the losses that the country could suffer by compromising the free-trade agreement with the EU. The second conclusion is that the creation of the African Continental Free Trade Area will only yield the expected profits in the long term, when Tunisia can deploy efficient logistics

¹ "La réforme du tarif douanier dans le contexte d'intégrations commerciales Sud-Sud : l'expérience tunisienne avec ses partenaires arabes et africains"

and a structure of production that is relatively adapted to the needs of the African market. The third conclusion has to do with the negative effects of the new tariff structure introduced in 2016 on public finances and the competitiveness of some Tunisian industries.

59. The Office participated with ESCWA in the Arab Sustainable Development Week hosted by the Arab League in Cairo in May 2017. This international meeting provided an opportunity to discuss experiences and best practices in sustainable development.

C. Partnerships with universities, research centers and think tanks

60. The purpose of such partnerships is to further cooperation and exchanges between ECA, universities and research centers, and to undertake concerted action to define frameworks for future joint initiatives and actions that are useful to all parties. For ECA, such partnerships are aimed at developing close collaboration with these institutions, in order to strengthen ECA's role in responding to the socioeconomic development needs of member States in the North Africa sub-region by fostering the creation, collection, dissemination and sharing of knowledge and experiences that support development policy decision-making. For the institutions, partnerships are intended to establish and develop exchanges with ECA as a think tank in the North Africa sub-region, so as to adapt their trainings to market needs, and also to benefit from ECA's relations with similar institutions in Africa to seek cooperation and organize joint and exchange-driven scientific activities.

61. In 2016, the Sub-regional Office for North Africa signed several agreements with institutions, universities and research centers:

a) Collaboration project with the Organisation for Economic Co-operation and Development (OECD) on structural transformation in three countries (Egypt, Morocco and Tunisia), with a component on evaluating industrial policy and another component on governance reform. A project document is being finalized in preparation for a fundraising operation.

b) Finalizing a collaboration project with the Institut d'études avancées d'Aix-Marseille (IMéRA) of the University of Aix-Marseille and the Aix-Marseille School of Economics on "Governance, political transition and structural transformation in North Africa". This project began in 2017; a team of researchers was formed and two workshops were planned for September and December 2017. In addition, the Office signed a partnership agreement with IMéRA, providing a framework for future cooperation between the two institutions on development economics research.

c) The Office concluded a partnership agreement with the economics laboratory of the University of Orléans so as to mobilize visiting researchers and stimulate applied research in development economics in the Office.

d) Agreements on hosting visiting students and researchers were signed with universities and research centers such as Senghor University in Alexandria (Egypt), Mohammed V University in Rabat Souissi and Cadi Ayyad University in Marrakech (Morocco).

62. In this context, the Office actively participated in a number of scientific meetings and contributed to scientific research and publications during the reporting period.

- Contributed to a collective work on *Équilibres externes, compétitivité et processus de transformation structurelle de l'économie marocaine*², published in collaboration with the OCP Policy Center and Mohammed V University - Rabat, by taking part in the scientific board and by contributing a scientific research article on *L'effet différencié des IDE et des institutions sur la croissance*³, 2016.
- Presented a communication on *Political Credibility and Economic Reforms* in April 2016 at the University of Orléans (France), as well as in June 2017 at the meeting of the Econometric Society Africa in Algiers.
- Contributed to the collective work *Mainstreaming Unpaid Work* with a chapter titled *Time poverty: A contributor to Women's Poverty? Analysis of the Time-use Data in Africa*, Oxford University Press, 2017.
- Co-organized the tenth International Colloquium of Rabat under the theme "Trade, Investment and Sustainable Development", in partnership with the WTO Chair of Mohammed V University in Rabat and the *Laboratoire d'Économie Appliquée au Développement* (LÉAD - University of Toulon). On this occasion, participants analyzed the stakes of multilateral negotiations in relation to climate change and sustainable development.
- Presented in June 2017 a communication on *Democratization, transparency and economic reforms* at the 2017 meeting in Algiers of the International Econometric Society, Africa, which was attended by leading scientists, including a Nobel Prize economist.

63. The Office began new discussions with other North African universities and research centers, with a view to conclude similar agreements and diversify its research partnership portfolio in the sub-region.

64. In December 2016, the Office also took part in a forum hosted by the Royal Institute for Strategic Studies (IRES) of Morocco on "*L'Afrique des possibles : les défis de l'émergence*"⁴ (Pierre Jacquemot). In this forum, the Office discussed ECA tools to evaluate development and structural transformation in Africa, in particular country profiles and regional profiles.

65. In December 2016, the Office engaged in a debate on export diversification, at a side event of the African Investment and Business Forum in Algiers. The Office discussed the findings of a study conducted at the request of the Business Leaders' Forum (FCE) on expanding Algerian exports to African countries.

² External balances, competitiveness and structural transformation processes in the Moroccan economy

³ The differentiated effect of FDI and institutions on growth

⁴ Africa's possibilities: the challenges of emergence

V. Status of implementation of recommendations of the thirty-first ICE

66. Implementing the recommendations of the thirty-first ICE to the ECA was an integral part of the 2016-2017 work program. Several of these recommendations are addressed in Part II of this report. However, as specifically requested by member States, the most significant achievements per field are listed below:

A. Recommendations on industrialization through trade

a) Continue initiatives to build the capacity of countries, in particular economic players, and RECs to access the continental market, in order to reap the full benefits of the future Continental Free Trade Area (CFTA) by diversifying their economies.

67. At the last meeting of the Sub-Regional Coordination Mechanism (SRCM), on 5 April 2016 in Rabat, the General Secretariat of the UMA and the Sub-regional Office for North Africa commended the outcomes of the expert meeting held in Rabat in March 2016 examining the effects of continental integration on North African economies. The ECA and the UMA also expressed their wish to further explore this issue. During the meeting, the Islamic Centre for Development of Trade (ICDT), an active member of the SRCM, informed the participating organizations that an in-depth study on the continental project was being finalized. In order to coordinate and streamline efforts, it was agreed that the findings of the ICDT study, once published, would be used to respond to recommendation a.

b) Help countries raise public and private players' awareness of the importance of the CFTA.

68. The sub-regional Office for North Africa has constantly sought to organize activities to raise awareness and inform about CFTA processes and to conduct in-depth studies on expected outcomes. The work described above will evaluate the impacts of the CFTA on the countries in the sub-region. In addition to this, in collaboration with the African Trade Policy Centre and the Economic and Social Commission for West Asia, the Office conducted an assessment of the expected impacts of integrating the Tunisian economy into the continental project. Results are being finalized and will be published shortly.

B. Recommendations on country profiles and the regional profile

a) As far as possible, continue to use indicators on crosscutting issues such as governance, sustainable development, gender, and climate change in country profiles.

69. In accordance with this recommendation, in 2017 the thematic section of the Mauritania country profile focused on reducing the gap in access to energy through renewable energy in the context of climate change.

b) Address the issue of the efficiency of tax systems and sustainable financing of government budgets (in particular transforming the funding model in natural resource-dependent economies) in country profiles and the regional profile.

70. The main recommendation of the Algeria country profile of 2017 relates to setting up an executive unit to carry the main reforms forward. The country profile also recommends not to slow down growth by cutting public investment, but rather to streamline public spending, in particular subsidies which are a heavy burden on government budget.

C. Recommendations on regional agendas and other special initiatives in North Africa

a) Reflect on tools to use to better define and monitor development policies, in particular SDGs.

71. In preparation for the 2017 High-level Political Forum (HLPF) on Sustainable Development, in May 2017 the ECA organized the Africa Regional Forum on sustainable development under the theme: "Ensuring inclusive and sustainable growth and prosperity for all". The main goal of this forum was to conduct regional monitoring and review and to facilitate learning, to exchange experiences and lessons learned as implementation of the 2030 and 2063 Agendas accelerates. Through its focus on sustainable development indicators and goals of the first 10-year implementation plan of the 2063 Agenda, the Forum provided a unique opportunity to:

- Conduct regional monitoring and review, discuss progress made and address challenges and opportunities related to the implementation of the two agendas;
- Provide a platform for peer learning and to share experiences, best practices and lessons learned to accelerate the implementation of both Agendas;
- Discuss and approve African priorities and recommendations in the form of key messages and as the region's collective contribution to the 2017 session of the HLPF on Sustainable Development.

b) Encourage better sharing of country experiences and expertise in terms of economic models, thereby pooling the acquired experience and expertise.

72. The Office organized an expert group meeting in November 2016 in Tunis, attended by experts from North African ministries of industry, local governments and other institutions in charge of the territorial planning of public policies, to present and approve the study report on "Territorialization of industrial policy and inclusive growth". The report identified the issues at stake, obstacles and institutional reforms needed for the territorialization of industrial policy and inclusive development. This expert meeting provided a unique opportunity to exchange and pool experiences on this matter. It led to recommendations for three countries whose industrial policy was studied in detail: Algeria, Morocco and Tunisia. Such recommendations essentially dealt with industrial policy governance for more inclusive growth, in particular by shifting from a top-down approach, which prevails in these countries albeit at varying degrees, to a bottom-up approach taking into account the specificities of territories and includes them in the development of public policies, not just their implementation.

73. In addition, the Office finalized a comprehensive knowledge management infrastructure that promotes knowledge - and experience-sharing. Knowledge management facilities are now available to ECA experts and their external partners. They include a platform for discussion between communities of practice, an e-library providing access to all the Office's publications, and a collaborative work system. The purpose of these facilities is to open up the process of collecting, producing and disseminating the knowledge of the Sub-regional Office for North Africa. They make it possible to connect with relevant people in a timely fashion in the course of this process, to reduce costs and to enhance coordination.

c) Provide to member States appropriate tools that facilitate the computing of development indicators (in particular those developed by the United Nations) so that countries may integrate them into development policy monitoring tools, especially concerning sustainable development.

74. The report on regional and international agendas and other special initiatives is an important tool to inform countries about such initiatives, and the ECA's role and activities in this process.

75. The Sub-regional Office for North Africa and the General Secretariat of the UMA have begun the first report on the implementation of Sustainable Development Goals (SDGs) in Maghreb countries (Algeria, Mauritania, Morocco and Tunisia). The report will take stock of progress, challenges and best practices, at both country and regional level. It will analyze the role of regional cooperation in SDG implementation and formulate recommendations for future regional and sustainable development policies.

76. The report on SDG implementation will address five strategic issues for regional integration: food security, the industrial transition, the energy transition, desertification and climate change, and youth employment. The report will be presented and discussed at a sub-regional dialogue meeting in February 2018, and will constitute a contribution to the 2018 Africa Regional Forum on Sustainable Development.

VI. Challenges, lessons learned and prospects

77. Countries in the North Africa sub-region are increasingly seeking new trade agreements at the continental level. Some countries in the sub-region have taken steps towards other regional economic communities. In this situation, now more than ever, the future of the UMA is in question. Furthermore, its member countries are faced with a number of economic, political and social challenges.

A. The Arab Maghreb Union (UMA)

78. Trade agreements have been quickly evolving in the North Africa sub-region. Morocco has officially applied to join the Economic Community of West African States (ECOWAS) at its fifty-first Summit in June 2017; for Morocco, this could open up an area of over 300 million people. Similarly, Mauritania recently signed an association agreement with ECOWAS. Tunisia is getting ready to join Africa's largest trading block, the Common Market for Eastern and Southern Africa (COMESA). Tunisian authorities expect negotiations to close in October 2017 for the country to officially enter a market of 475 million people. As for Algeria, it has also begun negotiations to join COMESA.

79. Such agreements undeniably open up ample opportunities for these countries, but it is clear that these agreements will take over from the A. These recent developments truly question member States' willingness to seek a favorable solution to the challenges of this regional economic community.

B. Political and social conditions in the region

80. The region continues to face many political, economic and social challenges. The majority of countries in the region still experience political instability. The political and social events that began in 2011 have ushered in a period of uncertainty in Libya, Tunisia and Egypt. While the security situation is still fragile in Egypt and Tunisia, these two countries have undertaken political reforms that restored political stability. Libya is still in the midst of political turmoil, which has serious security consequences and considerably restricts development prospects. Morocco, Algeria and Sudan have kept away from major political upheavals. However, all countries in the region should strengthen good governance, in particular economic governance, which will ultimately reduce the political instability that truly hinders the region's development.

81. In human terms, all countries are stepping up efforts to invest in human capital. This has contributed to a substantial reduction of poverty, increased school enrolment, a marked reduction of maternal and infant mortality, expanded access to drinking water and energy, etc. However, while poverty has diminished overall, the decline differs from country to country.

82. In economic terms, the challenges of the sub-region remain jobs, economic diversification and public governance. Unemployment is an endemic problem in these countries; it exceeds 10% in most of them. The youth are the hardest hit, with over 25% unemployment in most countries.

83. In most countries in the sub-region, the government's budget depends on a limited number of sectors and volatile resources. Progress has been made to better manage public finances and to diversify resources, especially tax revenues, but much remains to be done. Tax revenues represent about 19% of GDP in most countries.

84. The sub-region's economies are insufficiently diversified, particularly in terms of exports. Growth rests on primary sectors or natural resources. The exports of Algeria, Sudan, Mauritania and, to a lesser extent, Egypt, are extremely concentrated on low added value products. In contrast, Morocco and Tunisia successfully diversified their exports. Capital goods make up over 16% of exports in both countries, and consumer goods represent over 32%.

85. One of the major challenges in the sub-region is undoubtedly public governance. In particular, the business climate is one of the priorities of the sub-region's governments, so as to enhance public governance and stimulate the development of the private sector. Only Morocco and Tunisia are ranked in the top 100.

86. Another challenge in the sub-region is countries appropriating development agendas so that development efforts continue in the long term. Taking ownership of SDGs and integrating them into national development policies is crucial. This entails that national statistics systems adjust to the requirements of SDG implementation, monitoring and evaluation. This is a considerable work in progress and the ECA has committed to support member States in the endeavor.

C. Pursuit of the ECA reform process

87. ECA's internal restructuring process was launched in September 2012 and has entered a mature stage. The process started by formulating various strategies for the ECA to reach its goals. The first years of implementation indicate that even though prospects are improving, many challenges still lie ahead. These include reforming the way the institution operates to align with its new strategic orientations and to improve the work of the organization as a whole.

88. As part of this endeavor to continuously improve the efficiency of the institution's work, in September 2016, the Office participated in a participatory joint programming workshop, organized by the Strategic Planning and Operational Quality Division (ECA). The participatory joint planning process was initiated by the ECA so as to foster an integrated and consistent approach to planning and budgeting across the Commission. This exercise led to a proposed program budget for 2018-2019 and a 2017 work plan. The Commission worked to ensure that the entire organization, namely sub-regional offices interacting with headquarter divisions, take ownership of the budget and work plan.

89. In October 2016, the institution organized a workshop in Dakar to find a functional definition of structural transformation, which could be used across the organization, so as to clarify and improve synergies and the impact of the ECA's work, and to help sub-regional offices better measure and evaluate member States' progress toward effective social and economic change.

90. Furthermore, the ECA's Strategic Planning and Operational Quality Division launched the finalization and approval process for the new project and program management procedure framework during a workshop held in April 2017. All the institution's divisions, including sub-regional offices, took part in the meeting. Beyond its operational aspect, this new framework is not just a project management mode, but more generally a preferred manner of initiating, conducting and evaluating ECA activities as a whole.

91. During the period under review, the Office received several positive reactions from its partners. Its efforts were also acknowledged and appreciated by United Nation country teams, who have pointed out its experts' dynamic participation and its continuous advocacy to ensure that the regional dimension remains factored in the United Nations' action in North Africa.