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As a response to the historical changes underway in the Middle East and North African countries (MENA), the Deauville Partnership launched at the G8 Summit in May 2011, provided the concerned countries with a framework for partnership based on (i) a political process to support the democratic transition; and (ii) an economic framework for transparent, accountable government as well as sustainable and inclusive growth.

The transition provides the region with unique opportunities but also entails serious economic challenges. These countries are facing growing social and financial strains. Meanwhile, risk perceptions and global financial conditions are complicating access to external finance. Therefore appropriate domestic policies and international support will be critical to building confidence and enabling the countries to over-come these challenges. International support should include not only development aid but also enhanced access to developed country markets for MENA country products and labor; this will be critical to avoiding aid dependency, building human capital, and increasing the role of the private sector. In such an environment, the sustainability and impact of IFI support will be maximized.

We strongly endorse the economic framework of the Deauville Partnership, which is tailored to support each country's economic program in the following areas: 1) governance, transparency and accountability of economic activities, 2) social and economic inclusion, 3) economic modernization and job creation, 4) private sector led economic growth, and 5) regional and global integration.

We also welcome its emphasis on the need for programs of action to be home-grown and driven by plans elaborated by the Partnership Countries themselves (currently Egypt, Jordan, Morocco and Tunisia). We believe the enlargement of the Deauville Partnership with the inclusion of countries and a broader range of IFIs active in the region is critical for its effectiveness and beneficial impact.

In this context, and working within our individual governance frameworks, we are already enhancing and front-loading our support to the Partnership Countries in a consultative and coordinated manner; and stand prepared to do so for other countries as they request it within the Partnership. As illustrated by the Progress Report on the Joint International Financial Institutions (IFIs) Response, the Deauville Partnership has facilitated short-term responses and has strengthened collaboration among IFIs in the region. For instance, the World Bank, the Islamic Development Bank (IsDB), the International Finance Corporation (IFC) and other partners are establishing an Arab Financing Facility for Infrastructure (AFFI). The Cross-Border Trade Facilitation and Infrastructure program involving the World Bank, the IsDB, the Arab Fund for Economic and Social Development (AFESD), the African Development Bank (AfDB), the European Investment Bank (EIB), the Agence Française de Développement (AFD) and the Arab Trade Financing Program (ATFP) is advancing. The OPEC Fund for International Development (OFID) has also shown interest in these initiatives. Furthermore, the Joint Approach of IFIs for Private Sector Development in North Africa, presented under signature of the five participating IFIs to the Deauville Summit<sup>1</sup>, is being made operational and is open to interested multilateral partners. We are also seeking to enhance the role of non-debt financing mechanisms such as equity financing and support to foreign direct investment, in order to avert potential debt sustainability concerns in the future.

<sup>1</sup> AfDB, EBRD, EIB, IFC, and IsDB have presented this report under separate cover to the Deauville Partnership. IFC has also collaborated with MIGA and the World Bank in its contribution to that report.



The International Monetary Fund IMF has been assisting the countries in assessing the macroeconomic impact of recent developments and how best to preserve economic and financial stability and promote inclusive growth. Going forward, it stands ready to respond to requests for financial support to facilitate the external financing needs of the transition and to enhance its technical assistance to the region. The Arab Monetary Fund (AMF) is also ready to provide financing to the countries in the region to help them meet their balance of payments needs.

The European Bank for Reconstruction and Development (EBRD) has made significant progress in the institutional steps required to allow it to start operations in the Eastern and Southern Mediterranean region. On July 27<sup>th</sup>, 2011 EBRD's Board of Directors made a formal recommendation to the Board of Governors that the geographical scope of its operations should be extended. In preparation of its potential future engagement, the EBRD is preparing to sign a Memorandum of Understanding with the AfDB and with the IsDB, and to broaden its cooperation with the EIB, setting out the framework and modalities for close cooperation in the region.

In order to move the Partnership forward, and further amplify our impact on the ground, we commit to enshrine our action in the three following principles: inclusiveness, ownership and coordination. Moreover, we propose to go further in coordinating our action, with a view to leveraging our collective resources available in support of the Partnership Countries. For that purpose, we have agreed to establish a dedicated Deauville Partnership coordination platform. This Platform will serve to (i) facilitate information sharing and mutual understanding, (ii) coordinate monitoring and reporting on the implementation of the Deauville Partnership, and (iii) identify opportunities for collaboration on financing, technical assistance, and policy and analytical work.

The aspirations of the people of the region deserve the international community's wholehearted support. While they will shape their own destinies they can benefit from international expertise, funding and advice. Together, we stand ready to support them in their endeavors.

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