

MENA MDTF PCM MINUTES AND DECISIONS

LONDON, UNITED KINGDOM, AUGUST 31, 2017

World Bank (chair)
UK – DFID (host)
Norway
Denmark
Finland

PCM OVERVIEW

PCM details

The MENA MDTF's seventh Program Council Meeting (PCM) was held in London on 31 August 2017 – with thanks to DFID for kindly hosting the meeting

The meeting was chaired by Richard Abdulnour, Special Assistant to the Vice President for MENA and Program Manager of the MDTF (World Bank)

Participating MENA MDTF donors included Denmark (via video link), Finland, Norway, and the UK

The main decisions at the PCM and next steps for the MDTF are summarized in the next two pages

PCM Attendees

DENMARK

- Simon Wandel-Petersen, Department for MENA, Ministry of Foreign Affairs

FINLAND

- Tiina Kajakoski, Program Officer for North Africa, Ministry of Foreign Affairs

NORWAY

- Constantin Nicolaysen Karame Desk Officer for Tunisia

UNITED KINGDOM

- Will White, Private Sector Development Adviser, North Africa Joint Unit
- Alan Whitworth, Senior Regional Economic Adviser, DFID MENA Department
- Simon Winter, Deputy Programme Manager, North Africa Joint Unit

WORLD BANK

- Richard Abdulnour, Program Manager, MENA MDTF
- Thomas Djurhuus, Lead Partnership Specialist, MNA
- Agnes Said, Consultant, MENA MDTF

KEY DECISIONS MADE AT PCM

1. The PCM agreed that the New MENA MDTF solidly underpin the World Bank's strategy and its four pillars

- a. The new regional strategy was presented at the PCM. It promotes peace and stability as a prerequisite to sustainable development, by addressing (i) exclusion and (ii) regional fragmentation as the underlying causes of instability and conflict, and by mitigating the urgent consequences of (iii) conflict and (iv) forced displacement. This strategy translates into the "four Rs" pillars (→)
- b. Finland confirmed that this is very well aligned with their own strategy and expressed interest in the Bank's portfolio in Egypt → A strong momentum for reform is underway in Egypt, and can be further supported by the MDTF
- c. The UK enquired about lessons learned from regional projects → clear comparative advantage of the MDTF, both for knowledge-sharing, and to promote regional integration
- d. The UK also expressed interest in hearing what other instruments there are for the MENA region → the MDTF is unique in its ability to cover a spectrum of upstream analytical work, at a cross-border and regional scale. The team nevertheless constantly seeks complementary financing to maximize the leverage of the MDTF.

(i) Exclusion

Renewing the social contract towards more inclusive growth

- Under the old, largely public-funded social contracts, large groups were excluded from jobs and growth: youth, women, and lagging regions. Educated, unemployed youth in particular have been at the center of social unrest, civil strife, and risk of radicalization.
- This pillar includes activities that can foster a stronger private sector that creates jobs and opportunities, modernizing public services, and greater citizen trust and engagement. It largely builds on the Bank's core portfolio since 2011, yet with a stronger focus on women empowerment, youth education and employment, development of lagging regions, and mobilizing private financing to reduce the pressure on public resources.

(ii) Fragmentation

Regional Cooperation as a foundation for resilience

- MENA ranks among the world's least integrated regions, with a propensity for tension and conflict rather than cooperation, yet needs it the most: it could promote trust, open space for productive trade, and build sustainability by increasing interdependence
- Current focus is on Pan-Arab Energy Trade, Regional Water security, and Education for Competitiveness. These three programs are implemented by working with regional partners both at a political level (League of Arab States) and a technical level (FAO, IAEA).

(iii) Conflict

Recovery and Reconstruction – build back better

- Given the scale of destruction, need to adopt a 'dynamic' approach that brings in external partners, and leverages large scale financing, beyond security concerns and humanitarian response. The Bank recognized that it needed to find new ways of working in-conflict (e.g. in liberated areas of Iraq or deescalation zones in Yemen) rather than wait for conflict to end.
- This pillar includes immediate social assistance, restoring basic services, enhancing livelihoods, and fostering social cohesion – preserving the foundations of a future, better state.

(iv) Forced Displacement

Resilience to IDP/Refugee shocks

- MENA now hosts the largest number of displaced people in the World, with huge regional and global spillovers – addressing this is a global public good.
- This pillar includes supporting host governments and communities, helping IDPs and refugees build assets, and work with international partners on the ground. The Region created a new Global Concessional Financing Facility to leverage concessional financing for operations in host countries that help both host communities and refugees (\$1B leveraged to date)

KEY DECISIONS MADE AT PCM

2. The PCM concurred with the addition of an ad hoc stream for funding

- a. Donors agreed that more ad-hoc financing will be easier now that the MDTF has its core of work and experience and the team has a good idea of what is needed and what is coming, also good to push in the areas where not much work has been done
- b. Donors nevertheless advised caution against fragmentation and for a clear governance of the process → the safeguards would be the same as the CfP process, and this would be made explicit in the revised OP

3. The PCM concurred with improved RE support

- a. The donors have always been interested in having more RE activities

4. The PCM concurred with and provided guidance to improve the reporting to donors

- a. This would include removing the interim report and instead having quarterly newsletters. The reporting would be shorter and crisper.
- b. Donors agreed that more frequent reporting would be good, and newsletters could be disseminated to country teams, The reporting would also be structured in a way to showcase results in areas of interest of donors (e.g. North Africa, reconstruction in Iraq/Yemen, or regional integration). The team will make sure to communicate regularly with donors to anticipate any specific expectations
- c. Donors also advised to be careful with too frequent reporting so that the teams don't spend more time reporting than working on the project - the demands are met with the annual report, the newsletters should show more trends and not activity updates

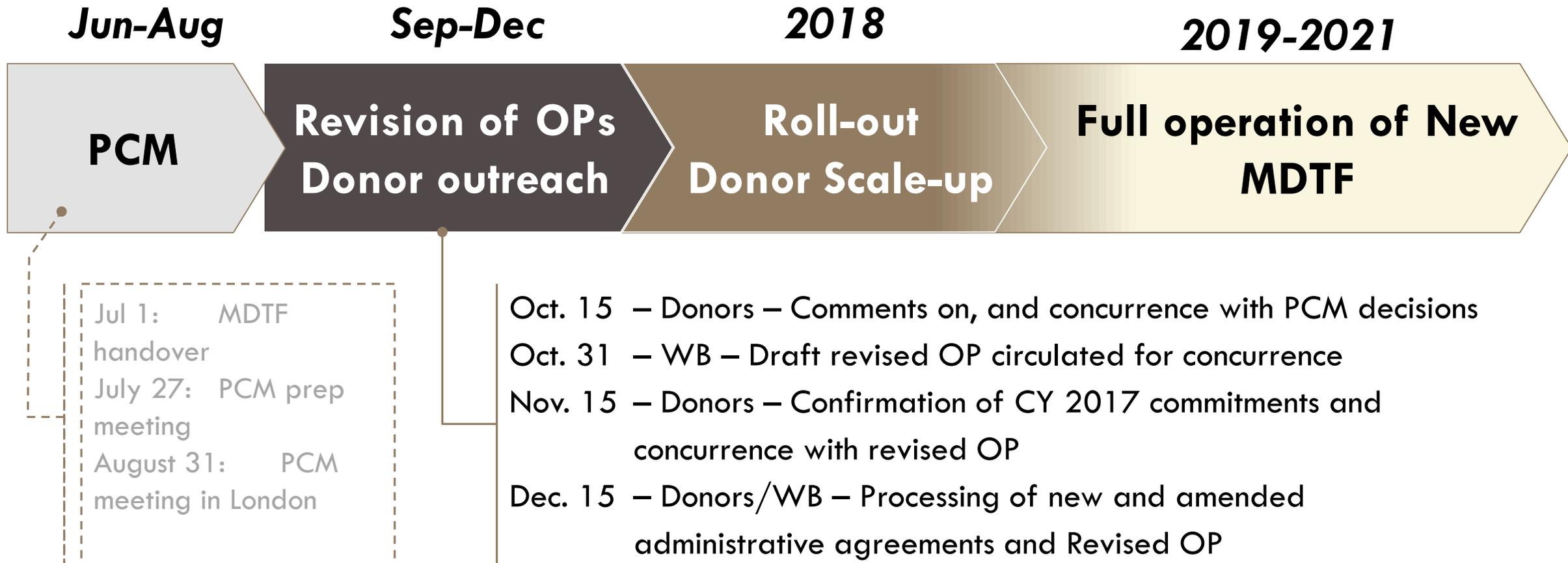
5. The PCM agreed to proceed with the revision of the Operating Principles

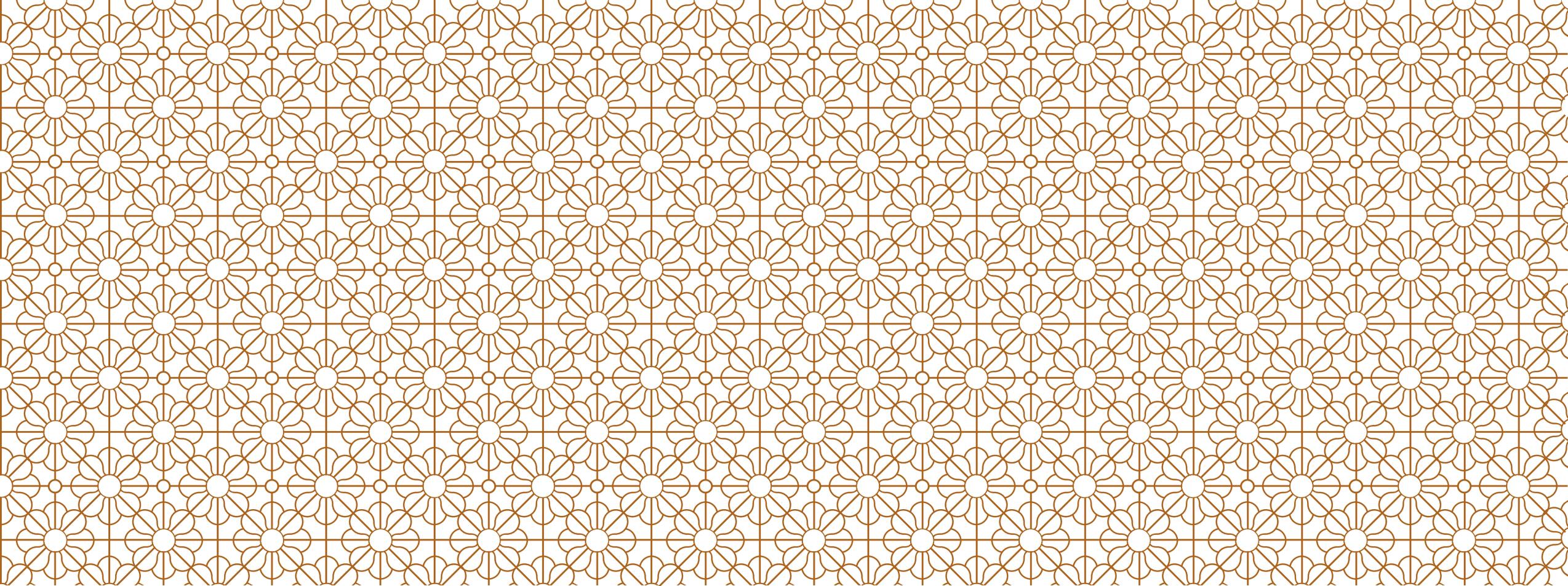
- a. The donors agreed to revise the OP to include the above changes
- b. The donors also agreed to include Algeria and Libya

KEY DECISIONS MADE AT PCM

- 6. The PCM concurred with the extension of the closing date of the MDTF to 2021**
- 7. The PCM asked that the MDTF results framework be also revised to better reflect the new strategy**
 - a. UK indicated that it is remarkable that the MDTF hit all its initial targets – not something it should shy away from
 - b. Finland suggested to have another Mid-term Review (MTR) or something similar with regard to the new strategy → this could take place in early 2018, once the new MDTF is up and running
- 8. Multiple donors gave their in-principle agreement to new commitments, as long as there is “quorum”**
 - a. The UK’s North Africa unit confirmed it could commit £1 million in calendar year 2017. UK MENA is mostly doing bilateral work and not regional and could at this moment not commit any funding – though it did not previously know about the existence of the MENA MDTF and future funding might be possible
 - b. Norway put forward a commitment of NOK10 million in 2017 – provided they are not the only donor – though talks are underway with the wider MENA department and future funding might be possible.
 - c. Finland expressed its wish to continue being part of the MDTF, but unsure whether any commitments can be made this year
 - d. Denmark could at the moment not commit any new funding as all its funds have been committed
 - e. → Commitments would be confirmed by the end of October, so they could be processed before the end of the year
- 9. The PCM concurred with the proposed expansion of the donor base**
 - a. Donors agreed that the MDTF would benefit from a “bigger tent”, both in increasing the MDTF’s leverage and its alignment with donor strategies in MENA
 - b. The team will continue reaching out to Sweden/SIDA, Netherlands, France, Switzerland, Spain, Japan, and international foundations

NEXT STEPS





ANNEX: PCM PRESENTATION

MENA MDTF PCM
London, UK
August 31, 2017

THANK YOU FOR JOINING US TODAY!

PCM Agenda

Current status of the MENA MDTF

Quick presentation of the MDTF for new members, followed by a summary of the attached interim report and key achievements

Propositions for a New MDTF

Critical review of the MDTF to date and recommendations to more actively support the regional strategy and catalyze its implementation

Key asks and next steps

Main high-level decisions for which donor alignment is sought and subsequent next steps

QUICK OVERVIEW: WHY, WHAT AND HOW?

Created in 2012 with the objective to **provide catalytic donor support** to countries in the region that were undergoing **historic transition** and reform

- The MDTF is a **programmatic trust fund managed by the World Bank**
- It's supported by **four donors** (Denmark, Finland, Norway, and UK/DFID)
- It was designed to **support the region's strategy** focusing on four pillars – *Jobs, Economic and Social Inclusion, Governance, and private-sector led Sustainable Growth*
- It covers **all countries** in North Africa and the Middle-East (including Djibouti and Yemen, excluding Gulf countries - but including Yemen)
- It finances a **broad spectrum of analytical work**, i.e. ¹technical assistance for project preparation, ²strategic advisory, ³capacity building and ⁴knowledge sharing
- Activities are either **regional or country-focused**, and are implemented either by World Bank teams (**Bank-executed**) or by recipient country teams (**recipient-executed**)

The MENA MDTF was designed to be transformational and flexible, building on the widespread optimism that pervaded the region following the events of 2011

WHAT CHANGED IN 2015?

It was modified in 2015 following a midterm review to improve its relevance, coordination, and communication

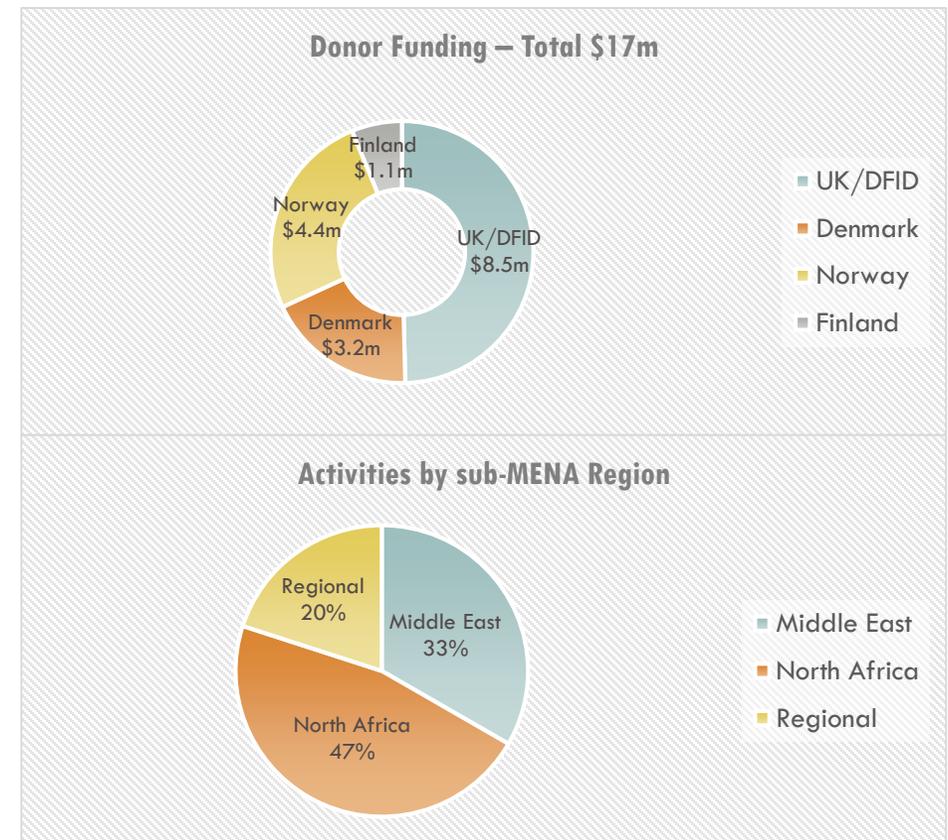
- The Operating Principles were *to be* modified to **reflect shifts in the region and consequently in the Bank's strategy (more on this later)**, and allow more implementation flexibility
- **Communications were improved**, including a new website and the Annual Report
- Renewed focus on coordination, with partners working on related activities in the region, as well as leveraging other sources of funding – **maximizing impact by targeting gaps**



WHERE ARE WE TODAY?

The MENA MDTF has been, and still is a very active and useful instrument

- The MDTF was extended multiple times, and is currently **scheduled to close in August 2018**
- Rounds of funding have reached a **total funding of \$17m**, most of which has been committed:
 - Over **8 Calls for Proposals**, \$15.6m has been awarded to **45 grants**, of which 33 have closed, and 12 are on-going, with **80% disbursed**, and **all targets exceeded**
 - The **9th Call for Proposals** has just concluded and finances an additional **8 grants for a total of \$2.1m**
- It has **financed** approximately:
 - 3/4 RE vs 1/4 BE
 - 20% Regional, 30% Mashreq and Yemen, and almost 1/2 North Africa (biggest recipient was Tunisia)



SOME NUMBERS

	Results Chain	Indicators	Baseline 2012	July 2017	Target 2015	Source
OUTPUTS	Strengthened project preparation, technical assistance, seed funding, policy analysis, dialogue and knowledge sharing through World Bank MENA Trust Fund 80%	Cumulative number of high quality <u>analytical products</u> produced with resources from MDTF (policy notes, survey work, evaluations, reports) that demonstrate the good use of analysis with clear recommendations, with potential policy implications , targeted at policymakers or for project preparation	0	144	20	MDTF progress reports with random sample quality assured by DFID advisers
		Cumulative number of high quality <u>technical assistance activities</u> (project design, capacity building, guidelines) carried out through MDTF that provide clear and practical recommendations for practical and policy implementation , with positive client feedback	0	109	20	MDTF progress reports with random sample quality assured by DFID advisers
		Cumulative number of high quality <u>dialogue and knowledge</u> and knowledge sharing events (S-S exchange, conferences, focus group/Community of Practice general meetings, etc.) leading to clear policy conclusions in focus areas, using resources from the MDTF	0	204	22	MDTF progress reports with random sample quality assured by DFID advisers
	Direct support provided to beneficiaries through World Bank MENA Trust Fund 20%	Cumulative number of people trained directly through MDTF (and % of which women) e.g. through targeted workshops, training-oriented S-S exchange, certification programs, innovative learning programs, etc	0	17 931 (40%)	500 (175)	MDTF progress Reports
		Cumulative number of businesses provided with support directly through MDTF	0	824	300	MDTF progress Reports
		Cumulative number of results stories produced which demonstrate the catalytic effect of the MDTF (particularly on women and youth)	0	6	6	MDTF progress Reports

RESULTS OF THE 9TH CALL FOR PROPOSALS

	Activity	Amount
REGIONAL	MENA Regional Youth Platform	\$250,000
NORTH AFRICA	Support to Deepening Decentralization and Improving Inclusion in Tunisia	\$300,000
	Understanding Child and Adolescent Skills Development in Tunisia	\$250,000
	Women Economic Empowerment – EmpowerHer Maghreb	\$300,000
	TA for the design of an Incremental Home Improvement program in Djibouti	\$150,000
MIDDLE-EAST	Women and Jobs for an Inclusive Labor Market in KRG: A Pilot Program	\$300,000
	Developing Innovative Practices for Improving Social Cohesion between Lebanese and Syrian Refugees Living in Host Communities	\$250,000
	Catalyzing the Private Sector Role in the Recovery and Reconstruction of Yemen	\$300,000
	Total: 8	\$2,100,000

Renewing the social contract
inc. Youth, Women

Resilience

Reconstruction and Recovery

6 YEARS ON: STILL ONE STEP BEHIND?

The MDTF has been successful, and adaptable, but **has yet to fully embrace the new regional reality and strategy**

- As the transitions in the region turned out to be much more painful and violent than expected, with resurging conflict and massive forced displacement, the World Bank recognized that **it could no longer work around or despite conflict**
- It developed and adopted a new strategy in 2015, whereby it **promotes peace and stability as a prerequisite to sustainable development**, by addressing ¹*exclusion* and ²*regional fragmentation* as the underlying causes of instability and conflict, and by mitigating the urgent consequences of ³*conflict* and ⁴*forced displacement* (see table on the right)
- The MDTF was modified in 2015 to reflect this major shift in our engagement, yet **its implementation remains one step behind**: around 90% of activities remain focused on economic and social inclusion – pushing painful reforms in still fragile “transition” countries. Whereas there are still very few activities supporting reconstruction, resilience, or regional cooperation

Four pillars of the Regional Strategy

Exclusion

Renewing the social contract

- Under the old, largely public-funded social contracts, large groups were excluded from jobs and growth: youth, women, and lagging regions
- This includes a stronger private sector that creates jobs and opportunities, modernizing public services, and greater citizen trust and engagement

Fragmentation

Regional Cooperation

- MENA ranks among the world's least integrated regions, with a propensity for tension and conflict rather than cooperation, yet needs it the most: it could promote trust, open space for productive trade, and build sustainability by increasing interdependence
- Current focus is on trade, energy, water, and education, working with regional partners

Conflict

Recovery and Reconstruction – build back better

- Given the scale of destruction, need to adopt a ‘dynamic’ approach that brings in external partners, and leverages large scale financing, beyond humanitarian response
- Includes immediate social assistance, restoring basic services, enhancing livelihoods, and fostering social cohesion – preserving the foundations of a future, better state

Forced Displacement

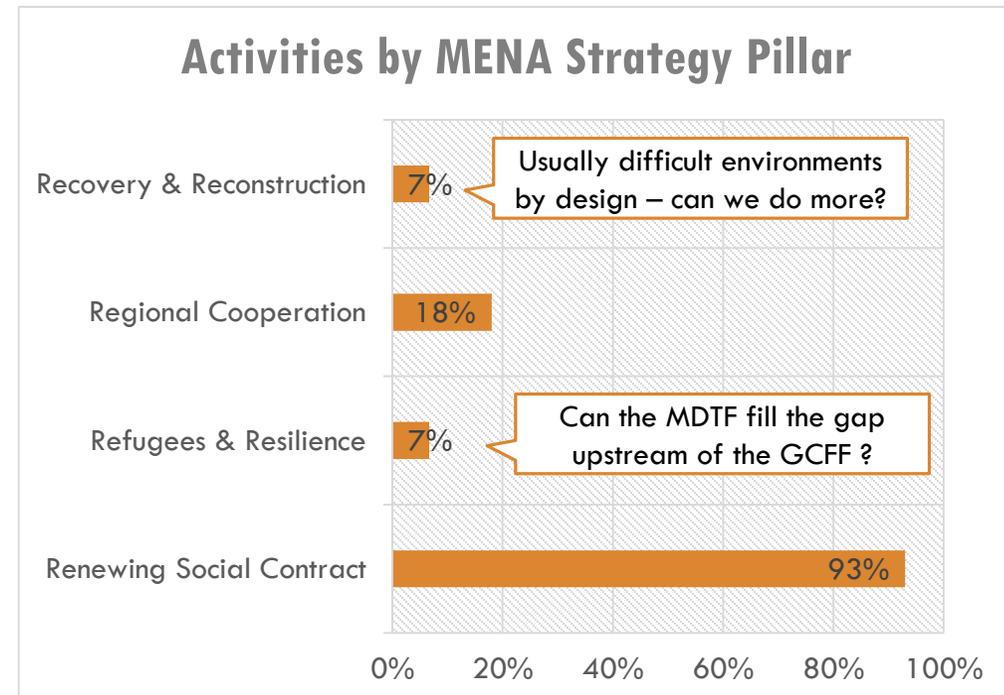
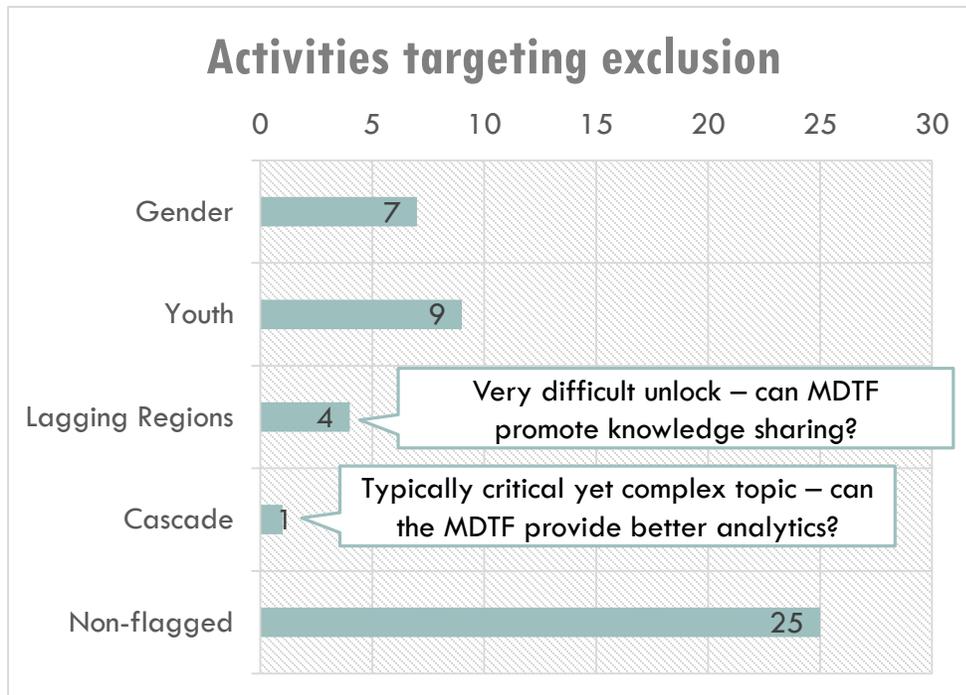
Resilience to IDP/Refugee shocks

- MENA now hosts the largest number of displaced people in the World, with huge regional and global spillovers – addressing this is a global public good
- Includes supporting host governments and communities, helping IDPs and refugees build assets, and work with international partners on the ground

6 YEARS ON: STILL ONE STEP BEHIND?

The MDTF has been successful, and adaptable, but **has yet to fully embrace the new regional reality and strategy**

Four pillars of the Regional Strategy



A GOOD INSTRUMENT: CAN WE STILL DO BETTER?

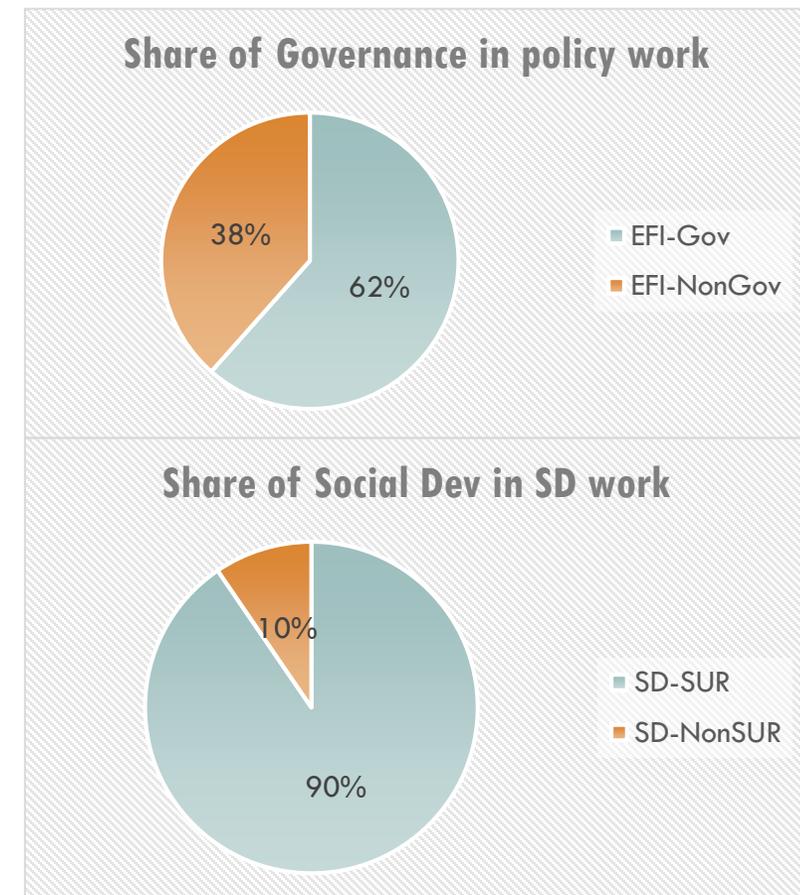
The MDTF has been nimble and flexible, but **has not been agile enough to respond to constantly shifting circumstances**

The MDTF is now at a critical juncture where it is needed more than ever to provide extensive and catalytic support to countries bearing significant pressure from conflict and forced displacement while undergoing radical transformations. **Yet it operates in a very standard, business-as-usual approach:**

- **Calls for Proposals are far and few between** compared to the needs and the pace of change in the region. They tend to favor teams that are familiar with the MDTF (e.g governance and social development), leaving unsupported gaps
- **RE activities are rare**, and difficult for teams to attain for lack of client commitment, lack of time, or lack of resources – despite huge implicit needs

The MDTF is also hard to read, despite recent improvements:

- Standard M&E fails to capture key contributions to country engagements
- The current results framework is out of date and not aligned with the strategy
- The biannual reporting process is lengthy, and not always efficient at deriving broad narratives



NEW MDTF: GETTING AHEAD OF THE CURVE

Being strategic in how we implement the regional strategy

- Improve the way we support the strategy – identify and address critical weak spots or urgent needs, and refrain from more of the same (comfort zone)
- No holds barred: expand more forcefully into all pillars of the strategy (e.g. upstream of GCFF, supporting conflict SWAT teams, developing cascade/lagging regions analytics)

More flexible sourcing of activities

- Re-think how to make Call for Proposals better timed, and more useful to teams
- Open the door for ad hoc proposals and assess possible activities on the spot
- Keep open door to direct teams to and leverage other sources of financing

Enhanced Support for RE activities

While countries suffer from weak capacity, RE activities provide them with the opportunity of ownership in the process

- Allow for more flexibility, better leverage, and more time for RE activities
- Act as a broker or clearinghouse for RE needs and potential activities, helping connect teams with funding/knowledge
- Work with Program Leaders and PMs to identify strategic engagement areas, hidden demand, and programmatic needs

NEW MDTF: GETTING AHEAD OF THE CURVE

Agile communication and reporting

- A simplified reporting schedule: Quarterly Newsletter instead of Interim Report. Carry out periodic interviews with Task Teams to extract outcomes and best practices, highlight in Newsletter.
- Develop a shorter, crisper and more digestible Annual Report: short executive summary to donors, one page financial update and Results Framework, consistent outline, not more than xx pages.
- Revise and simplify the results framework to align with MENA strategy and allow for clearer narratives. Update targets accordingly

Expand the donor base

- Confirm commitment levels of current donors
- Reach out to potential new donors (Sweden/SIDA, Netherlands, France/AFD, Switzerland, Spain, Japan)
- Based on decisions above, agree in principle on potential extension of closing date of the MDTF (e.g. new 3-5 year period)