

## **G8 PLAN OF SUPPORT FOR REFORM**

*We welcome the desire and commitment to continue reform and modernization expressed by leaders in the region. Through consultation and dialogue with leaders and peoples in the region, and in response to reform priorities identified by the region, including by the Arab League, we have developed an initial plan of support for reform. The initiatives herein offer a broad range of opportunities from which governments, business, and civil society in the region can draw support as they choose. This will be a dynamic process based on mutual respect. It builds on our already strong bilateral and collective engagement with the region and is intended to expand and evolve over time. Today, in the spirit of partnership and in support of reform efforts in the region, we commit to:*

### **1.1 Establish together with our partners a Forum for the Future to:**

- Provide a ministerial framework for our on-going dialogue and engagement on political, economic, and social reform in a spirit of mutual respect;
- Bring together in one forum foreign, economic and other ministers of the G-8 and the region on a regular basis;
- Serve as a collaborative vehicle for expanding our engagement in support of the region's reform efforts, in particular toward the enhancement of democracy and civic participation, rule of law, human rights and open market economy;
- Be accompanied by parallel business-to-business and civil society-to-civil society dialogues, whose participants will provide input on reforms and work with the Forum's member governments on implementation;
- Encourage cultural exchange and cooperation.

*The inaugural meeting of the Forum for the Future will be held in the fall of 2004.*

### **1.2 Launch a microfinance initiative** to expand sustainable microfinance in the region and increase financing opportunities for the region's small entrepreneurs, especially women, including by:

- Establishing a Microfinance Consultative Group, managed by the World Bank's Consultative Group to Assist the Poor (CGAP), that would include G-8, regional, and other donors and partners, who would meet regularly to review microfinance progress, coordinate efforts, set benchmarks, help governments in the region establish a policy environment conducive to sustainable microfinance institutions, and exchange best practices;
- Working with CGAP to establish in the region a Best Practices Training Center, which will concentrate on improving the policy and regulatory framework, disseminating best practice materials, building management capacity, and training a new generation of professional microfinance managers. The Center would draw from the Microfinance Consultative Group's experience and guidelines;
- Launching pilot programs in the region to help small entrepreneurs open or expand their businesses and create new jobs; the microfinance institutions would

- use the best practices center's training opportunities to train local managers, staff, and, if needed, government officials in “best practices;”
- In conjunction with the countries of the region, pledging to help over two million potential entrepreneurs to pull themselves out of poverty through microfinance loans over five years.

*Jordan has offered to host the Best Practices Microfinance Training Center, and Yemen has offered to host the first microfinance pilot program.*

**1.3 Enhance support for efforts in the region, including through the appropriate multilateral institutions, to impart literacy skills to an additional 20 million people by 2015** with the aim of assisting governments in the region to achieve their objective of halving the illiteracy rate over the next decade (a target consistent with a goal of the January 2004 Beirut Conference on Education for All) including by:

- Training teachers in techniques, including on-line learning, that enhance the acquisition of literacy skills among school-aged children, especially girls, and of functional literacy skills among adults;
- Working to train, including through appropriate multilateral institutions, 100,000 teachers by 2009, with a particular focus on high-quality literacy skills;
- Providing teacher training through existing institutions and employing guidelines established in the “Education for All” program administered by UNESCO;
- Setting up and maintaining a regional network for sharing experience and best practices;
- Expanding and improving education opportunities for girls and women, including by providing assistance to help local communities have access to learning centers and schools;
- Supporting community-based, demand-led adult literacy programs and programs outside the formal education system that couple literacy courses with lessons on health, nutrition, and entrepreneurial skills.

*Algeria and Afghanistan have offered to sponsor the literacy initiative.*

**1.4 Enhance support for business, entrepreneurship, and vocational training programs** to help young people, especially women, expand their employment opportunities, including by:

- Carrying out programs, in alliance with business partners in our countries and in the region, to provide 250,000 young people with hands-on entrepreneurial training;
- Sponsoring or supporting seminars for outstanding executives, especially women, to enhance their skills through short-term business programs and more focused, industry-specific sessions;
- Carrying out or sponsoring corporate apprenticeship programs, in cooperation with local businesses and chambers of commerce, to increase internship opportunities for the region's young men and women;

- Encouraging exchanges of engineers and support for vocational training initiatives.

*Bahrain and Morocco have offered to sponsor the entrepreneurship and vocational training initiative.*

**1.5 Establish with willing partners in the region a Democracy Assistance Dialogue that will, under the auspices of the Forum for the Future, bring together in a collaborative and transparent environment willing governments, civil society groups and other organizations from G-8, EU and others, and countries in the region to:**

- Coordinate and share information and lessons learned on democracy programs in the region, taking into account the importance of local ownership and each country's particular circumstances;
- Work to enhance existing democracy programs or initiate new programs;
- Provide opportunities for participants to develop joint activities, including twinning projects;
- Promote and strengthen democratic institutions and processes, as well as capacity-building;
- Foster exchanges with civil society groups and other organizations working on programs in the region.

*Turkey, Yemen, and Italy will co-sponsor the Democracy Assistance Dialogue and host the first meeting later in 2004.*

**1.6 Establish a Broader Middle East and North Africa Private Enterprise Development Facility at the International Finance Corporation (IFC) to assist the region's efforts to improve the business and investment climate and increase the financing options for the region's small and medium-sized businesses (SMEs), including by:**

- Combining and expanding in terms of funding and geographic reach the IFC's two regional facilities to create a new USD\$100 million facility that will cover the entire region, funded by contributions from G-8 countries, countries within the region, and other donors. Our Finance Ministers will convene a meeting to this end with interested countries;
- Leveraging existing expertise, experience, and financial resources of the IFC;
- Providing technical assistance to interested countries working on improving their business and investment climate;
- Encouraging the IFC to increase the focus of its regional investment portfolio on SMEs;
- Providing an appropriate mix of technical assistance and financial instruments.

**1.7 Establish a regional "Network of Funds" that would bring together representatives from development institutions based in the region and from international financial institutions for the purposes of:**

- Coordinating better existing programs and resources;
- Supporting through technical assistance regional efforts to build institutional capacity and improve the investment climate;
- Exploring the voluntary pooling of new and existing resources to target financing to SMEs and large cross-border projects.

**1.8 Establish with partners in the region a Task Force on Investment**, comprised of business leaders from the G-8 and the region, including from the Arab Business Council, to assist the region's efforts to improve the investment climate, including by:

- Identifying impediments to investment;
- Recommending concrete proposals for change, and quantifying where possible likely benefits;
- Working with countries in the region interested in pursuing reforms and supporting their reform efforts;
- Reviewing and reporting on progress of reform in the region.

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*In addition to the foregoing initiatives, we will seek opportunities to increase coordination of our respective ongoing activities that are available to support reform in the region. We commit to intensify and in partnership and dialogue with governments, business, and civil society, expand these already strong individual and collective engagements. These activities respond to reform priorities identified by the region, including by the Arab League Summit Tunis Declaration, the Alexandria Library Statement, the Sana'a Declaration, and the Arab Business Council Declaration.*

**Deepening Democracy and Broadening Participation in Political and Public Life**

**Tunis Declaration:** *“ We...assert our firm determination... to pursue reform and modernization in our countries and keep pace with rapid global change by fostering democratic practice; by broadening participation in political and public life; by strengthening the role of all components of civil society, including NGOs; by envisioning the society of tomorrow; by expanding women's participation in political, economic, social, cultural, and educational fields; by enhancing their rights and status in society; and by pursuing the promotion of family and the protection of Arab youth .”*

**Alexandria Library Statement:** *“ Democracy is a system in which freedom is both fundamental and paramount. As such it yields true sovereignty for the people who govern themselves by means of political pluralism, ensuring regular transition of governing authority. It is a system that is founded upon a total respect for the rights of the people to freedom of thought, organization and expression.”*

**Sana'a Declaration:** *“Democratic systems protect the rights and interests of everybody without discrimination, especially the rights and interests of disadvantaged and vulnerable groups... The basics of democratic systems are reflected in periodically elected legislatures, representing the citizens in a fair way and ensuring their full participation, in executive bodies that are responsible and committed to principles of good governance and in an independent judiciary...”*

**Arab Business Council Declaration:** *“ . . . Improving the standards of living in the Arab world necessitates focusing on . . . Respecting the rule of law and enhancing*

*transparency . . . reducing red-tape and corruption . . . Promoting adequate institutional and legal mechanisms . . . Developing the Arab judicial system . . . [and] Activating the role of women and youth in society.”*

**2.1 Supporting efforts to ensure free and transparent elections** by cooperating with willing countries, including by assisting independent election commissions, and voter registration programs and supporting civic awareness programs, with a particular emphasis on women voters.

Representative G-8 activities include:

- Canada is supporting preparations, including voter registration, for free and transparent elections in Afghanistan.
- The European Union is supporting the preparation of Palestinian elections by providing international elections experts and financial assistance to the independent Palestinian Central Election Commission.
- France is providing support for parliamentary elections in Yemen in order to assist the authorities in strengthening the democratisation process in the country.
- Italy provides technical assistance to, and support of, electoral processes in Afghanistan and Yemen.

**2.2 Supporting and encouraging parliamentary exchanges and training** to build the capacity of the region's parliaments and consultative bodies, particularly with regard to drafting legislation, implementing legislative and legal reforms, and representing constituents.

Representative G-8 activities include:

- The United Kingdom has a three-year project in Bahrain to improve the capacity of parliament, including a youth parliament.

**2.3 Supporting regional efforts to expand women's participation in political, economic, social, cultural, and educational fields and by enhancing their rights and status in society** including by supporting training for women interested in running for elective office or establishing or operating an NGO; and bringing together women in leadership positions from

G-8 countries and the region, including in workshops. Representative G-8 activities include:

- Canada supports Egyptian organizations working on issues of basic education and employment to include focus on the fuller participation of girls and women.
- France supports the development of women's rights in Morocco, Algeria, Tunisia, Jordan, Palestinian Territories and Lebanon in cooperation with UN Development Fund for Women (UNIFEM), in order to strengthen efforts to develop their participation in society and to make them aware of their rights.
- Germany is supporting partners in Jordan, Morocco, and Yemen in promoting gender equality, including through increasing women's access to professional opportunities and participation in public life.

- Japan is providing support to empower women in Jordan, Egypt, and the Palestinian Territories in order to enhance their leadership role in the society.
- The United States is funding regional women's campaign schools in North Africa, the Levant, and the Gulf that provide political skills training and assist women who wish to enter into electoral politics.

**2.4 Assisting the region in pursuing judicial reforms and in ensuring an independent judiciary**, including by: supporting judicial exchanges and workshops as well as training for judges, attorneys, and law students; providing technical assistance for judicial administration and legal code reforms; and the establishment of grassroots legal aid centers. Representative G-8 activities include:

- The European Union is supporting the establishment of a Palestinian Constitutional Court and a National Legal Training Institute, thereby contributing to judicial reform.
- France is developing a specific co-operation program in Syria in order to respond to the demand of the authorities to reform the administrative and judicial systems.
- Italy supports in Afghanistan reconstruction of the judicial system, a survey on the state of law, establishment of itinerant courts, and training of judges and lawyers.
- The United Kingdom is strengthening the capacity of Jordanian national institutions, including the judiciary, to tackle family violence, child abuse, and sexual assault through a rights-based approach.

**2.5 Supporting the region's efforts to reinforce the freedom of expression, thought and belief, and to encourage an independent media**, including by: sponsoring exchanges, training, and scholarships for journalists. Representative G-8 activities include:

- France is helping to modernise the national radio in Lebanon through training and scholarships for journalists and to create a specific academic program in the Egyptian university to train young journalists.
- The United Kingdom is supporting a three-year media training project with BBC World Service Trust in Syria, Lebanon, Egypt, and Morocco.

**2.6 Encouraging the region's efforts to foster the democratic process, promote good governance, transparency and anti-corruption efforts**, including by: encouraging adoption and implementation of the United Nations Convention against Corruption; technical assistance for the reform and modernization of public financial management and procurement practices and for efforts to combat money laundering and terrorist finance. Representative G-8 activities include:

- Italy supports electronic government, including the development of e-procurement and e-accounting systems in public administration in Jordan and Tunisia.

- Germany is supporting partners in Yemen and Mauritania in reforming and modernizing public financial management systems including through capacity-building of national, regional, and local government and parliamentary bodies.
- Japan is providing assistance through UNDP for the capacity-building of the administration of the Palestinian Authority, including its Prime Minister's Office.
- The United Kingdom is supporting a major program of public administration and civil service reform for the Palestinian Authority, which aims to restructure and streamline the Palestinian Authority to meet the needs of a modern democratic state.

**2.7 Supporting efforts to strengthen the role of all components of civil society, including NGOs** in the region's reform processes, including by: providing assistance to strengthen the participation of all segments of society, supporting the efforts of institutions to strengthen the foundations of citizenship; encouraging exchanges among civil society organizations, including labor unions and collaborating on cultural projects and programs.

Representative G-8 activities include:

- The European Union supports the Arab Women Organization and the Jordanian Women's Union.
- France is financing social development funds in Morocco, Tunisia, and the Palestinian Territories, specifically designed to help NGOs, associations, and communities, to develop small social development projects that respond directly to the basic needs of the population and enhance their capacities to play a leading role in the development of the country at local level.

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### **Building a Knowledge Society to Combat Illiteracy and Advance Educational and Technological Systems**

**Tunis Declaration:** *“We also assert our firm determination...to...intensify efforts aimed at the development and progress of educational systems, at disseminating knowledge and encouraging its acquisition, and at combating illiteracy in order to ensure a better tomorrow for future generations of Arab youth.”*

**Alexandria Library Statement:** *“Participants recommend . . . eradicating illiteracy - especially among women - within a ten-year period... acquiring, spreading, and producing knowledge... to achieve (the building of) a society of knowledge... revitalize civil and governmental translation institutions on two fronts: translations from Arabic to all recognized languages and from all languages to Arabic... modernize the information technology infrastructure in the Arab world.”*

**Sana'a Declaration:** *“The practice of democracy and human rights and enhancing their understanding require overcoming potential threats to the form and substance of democracy, including... inadequate education.”*

**Arab Business Council Declaration:** *“Governments need to take additional measures to improve the efficiency and quality of the education offered in their educational institutions... better align the knowledge and skill outputs of their educational systems*

*with the changing and evolving needs of the global economy... Expand the capacity for knowledge acquisition by greater investment in IT infrastructure... ”*

**3.1 Assisting countries interested in improving and reforming their education systems**, including by: supporting efforts to improve the quality of education, fostering community participation in education, increasing the planning capacity of education ministries, facilitating community partnerships; and supporting construction and rehabilitation of schools. Representative G-8 activities include:

- Canada supports the education reform strategy of the Jordanian Ministry of Education to re-engineer primary and secondary education to meet the needs of the knowledge economy.
- Germany is assisting partners in Egypt, Jordan, Yemen, and the Palestinian Territories in improving national basic education systems, including through the enlargement of existing and the construction of new elementary schools.
- Italy supports a development programme for promotion of Education for All, and training graduates in Afghanistan and Libya.
- Japan is providing support to construct 30 primary and secondary schools in Yemen, which will benefit about 18,000 children.
- The United Kingdom has provided long-term support to the Egyptian Government to help them re-orientate their nation-wide adult literacy program toward a demand-driven community-based approach.
- The United States is sponsoring “partnership schools” to enhance the quality of primary and secondary education, and conducting teacher training and providing classroom materials for early childhood education in Morocco, Tunisia, Oman, and Qatar.

**3.2 Building on the rich cultural heritage of the region, increase availability of and access to textbooks and regional and world literature**, including by: supporting local capacity in textbook publishing and translation; training teachers in new methods; and supporting the re-issuing of the region's classic texts. Representative G-8 activities include:

- Japan is supporting school textbook publishing in Yemen, through providing printing equipment which has capacity to print 10 million textbooks a year.
- The United States is funding the translation of eighty children's book titles and accompanying teachers' manuals for school libraries in Jordan, Bahrain, and Lebanon, as well as American book translation programs in Egypt and Jordan.

**3.3 Assisting the region in enhancing its digital knowledge** including by public-private partnerships to provide or expand computer access, supporting the introduction of innovative teaching methods to classrooms, integrating computer-based technology into curricula, and supporting “e-government” initiatives. Representative G-8 activities include:

- Canada supports the efforts of the Jordanian Ministry of Education to introduce and integrate information and communication technology into the national education system.

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### **Accelerating Economic Development, Creating Jobs, Empowering the Private Sector, and Expanding Economic Opportunities**

**Tunis Summit Declaration:** *“We also assert our firm determination...To endeavor to pursue the upgrading of Arab economies...in such a way as to strengthen the competitiveness of the Arab economy and empower it to establish a solidarity-based partnership with the various global economic blocs.”*

**Alexandria Library Statement:** *“In a young and rising Arab world, employment of youth, quality of education, social services and programs supporting SMEs should be basic elements of the concept of reform...Develop SME and micro credit programs to deal with unemployment giving females the full opportunity to access financing... Modernize Arab financial sectors generally, and banking sectors specifically, encouraging the establishment of large banking entities and modernization of Arab capital markets... Resolve problems that hinder investment and remove obstacles to Arab and foreign investment... enable Arab countries to effectively join the World Trade Organization [and] positively integrate in the global economy by increasing exports of goods and services...”*

**Sana'a Declaration:** *“The private sector is a vital partner in strengthening the foundations of democracy and human rights; it has a responsibility to work with governments and civil society to enhance progress.”*

**Arab Business Council Declaration:** *“In order for entrepreneurship to thrive, policy makers need to create environments that allow market forces to freely interplay, foster stability, and a high degree of predictability in order to enable investors to make long-term decisions... [including by] Enhancing accountability and securing full protection of property rights... Removing restrictions on foreign investment... Attaining a higher degree of global economic integration through trade liberalization schemes, both in goods and services [and] adopting trade policies that are based on internationally-agreed rules and practices...”*

**4.1 Supporting vocational training** programs to expand job opportunities for the region's youth, including by: sponsoring continuing education programs and training for workshops instructors and master craftsmen. Representative G-8 activities include:

- Canada supports the development of centers in the Palestinian Territories providing a range of technical and vocational training opportunities for Palestinian women to improve their economic situation.
- The European Union supports the Euro-Med Youth Program, which has funded more than 600 projects and enabled 14,000 young people and youth leaders to participate in international youth mobility activities in the region.
- Germany is assisting partners in Algeria, Egypt, Iran, Lebanon, Morocco, Tunisia, Yemen, and the Palestinian Territories in developing new job-oriented approaches for apprenticeship training to enable the region's youth to acquire better qualifications for wage-based or self-employed activities.

- Japan is providing technical assistance for an automobile maintenance project in Saudi Arabia contributing to building capacity for 600 workers.
- The United States is supporting nine Junior Achievement student chapters, directing the business internship program for Arab women, and administering seminars for executives and mid-level managers in Bahrain, Egypt, Oman, Lebanon, UAE, Qatar, Saudi Arabia, Kuwait, and Morocco.

**4.2 Supporting development of small and medium-sized enterprises**, including through: assistance programs, targeted loan programs, and technical assistance to improve the policy and regulatory framework. Representative G-8 activities include:

- Germany is supporting Algeria, Egypt, Lebanon, Morocco, Tunisia, Yemen and the Palestinian Territories in enhancing the competitiveness of small and medium sized enterprises, including through loan programs, training and the improvement of regulatory frameworks.
- The European Union supports a social fund for development in Egypt, assisting 25,000 new enterprises creating 95,000 jobs and helping 2,100 individuals with micro-credits for income generating activities.
- Italy supports financing for Small and Medium Enterprises in the Palestinian Territories, Egypt, Algeria, Iran, Jordan, Tunisia, and Pakistan.

**4.3 Facilitating remittance flows from communities overseas** to help families and small entrepreneurs, including by: encouraging the reduction of the cost of remittance transfers, and the creation of local development funds for productive investments; improving access by remittance recipients to financial services; and enhancing coordination. Representative G-8 activities include:

- Italy supports remittances transfer facilitation in Morocco.

**4.4 Supporting efforts in the region to create fair, secure, and well-functioning property rights systems**, including by: technical assistance for policy and regulatory reform and the improvement of property registries. Representative G-8 activities include:

- Italy supports projects for social and economic reform with the involvement of local authorities in the Palestinian Territories.

**4.5 Promoting financial excellence** and supporting efforts in the region to integrate its financial sector into the global financial system, including by: providing technical assistance to modernize financial services, and to introduce and expand market-oriented financial instruments; working with financial authorities to support good economic governance, including anticorruption and anti-money laundering efforts. Representative G-8 Activities include:

- The United Kingdom is strengthening economic and financial management in Yemen by helping the Ministry of Finance implement a new budget formulation, execution, and monitoring system.

- The United States, through the Partnership for Financial Excellence, is training bank supervisors, placing resident advisors, and supporting private-sector volunteers providing technical assistance to commercial banks, central banks, and capital markets in Morocco, Jordan and Egypt; regional activities are open to all cooperating countries in the region.

**4.6 Assisting regional efforts to remove barriers to investment**, increase investment, and stimulate economic reforms, including by: providing technical assistance to improve investment climates; offering training for officials on investor rights; facilitating investment opportunities, including through investment treaties; and supporting work under the new OECD/UNDP Middle East-North Africa Initiative on investment. Representative G-8 Activities include:

- In the context of the Barcelona process, the European Union supports the establishment of a Euro-Mediterranean Free Trade Agreement with a view to fostering regional economic integration, enhanced trade flows and increased investments towards and within the region.
- Canada supports Tunisia and Algeria in their efforts to advance strategic regulatory reforms and to promote private sector and investment infrastructure as they develop open economies.

**4.7 Supporting the region's efforts to achieve economic integration, promote intra-regional trade, and expand trade opportunities in global markets**, including by: providing technical assistance for accession to the WTO; supporting intraregional trade agreements; sponsoring regional programs on trade facilitation; and facilitating development of local chambers of commerce. Representative G-8 Activities include:

- France, together with the European Commission, supports the Euro-Mediterranean Action Plan on Trade and Investment Facilitation established in March 2002 that aims to modernize customs, promote foreign investments, assist applicants in the WTO accession process, and support a regional free trade agreement before 2010.
- Germany is supporting partners in Algeria, Lebanon, Jordan, Morocco, Tunisia, and the Palestinian Territories in implementing free trade agreements, facilitating WTO accession or supporting local chambers of commerce.
- Japan is assisting the Foreign Trade Training Center in Egypt, which has been established to provide trade-related capacity building of business people.
- The United States is providing technical assistance to: reach the goal of a Middle East Free Trade Area by 2013; support the accession of Algeria, Saudi Arabia, and Yemen to the WTO; aid seven countries in complying with Trade and Investment Framework Agreement; and enable Jordan, Morocco, and Bahrain to take advantage of their free trade agreements with the United States.