



MENA INITIATIVE ON GOVERNANCE AND INVESTMENT FOR DEVELOPMENT

The Initiative on Governance and Investment for Development is a regional effort, initiated and led by countries in the Middle East and North Africa (MENA). It promotes broad reforms to enhance the investment climate, modernise governance structures and operations, strengthen regional and international partnerships, and promote sustainable economic growth throughout the MENA region. The Initiative strengthens countries' capacity to design and implement policy reforms. It facilitates policy dialogue and sharing of experience on public governance and investment policies among policy makers from MENA countries and their OECD counterparts.

The Initiative consists of two programmes:

- **Good Governance for Development** – aimed at modernising public governance structures and processes.
- **Investment Programme** – aimed at improving investment climate and policies.

Main features of the Initiative

- It is a regional effort, initiated and led by MENA countries.
- It is a results-based policy dialogue involving officials from MENA countries and their OECD counterparts in a unique structure of Working Groups chaired by a MENA country and co-chaired by an OECD country (or countries).
- It is inclusive – the governance programme is supported by a partnership between the OECD and the UNDP, and both programmes are being taken forward in close co-operation with the World Bank, Arab League, European Union and other international and regional organisations.
- The private sector and civil society are also key partners. The Arab Business Council, which forms the core of the G-8/MENA Private Sector Investment Task Force, is working closely with the Initiative. The Business and Industry Advisory Committee to the OECD (BIAC) contributes to the Investment Programme in particular. Civil society organisations participate in both programmes.
- It builds upon and leverages existing reform efforts in MENA countries and reinforces the impact of bilateral and multilateral assistance programmes.
- It creates regional networks and enables MENA countries to have access to the policy networks of OECD countries.

Good Governance for Development

This programme was formally launched at a Ministerial conference hosted by the Prime Minister of Jordan under the patronage of King Abdullah II at the Dead Sea in February 2005. Prime Ministers and ministers from 18 Arab countries endorsed a declaration setting out the objectives and plans for implementation of the programme. The OECD Secretary-General and representatives from many OECD countries, including ministers, deputy ministers and senior officials, attended the launching conference and expressed their support for the programme, as did the Secretary-General of the Arab League, Assistant Director of UNDP, and officials from the European Union. There are six Working Groups, each chaired by a MENA country, with an OECD country as co-chair:

- Civil service and integrity (chair: Morocco, co-chair: Spain, Turkey);
- E-government and administrative simplification (chair: Dubai [United Arab Emirates]; co-chairs: Italy, Korea);
- Governance of public finance (budget) (chair: Egypt; co-chairs: Netherlands, United States);
- Public services delivery, PPP and regulatory reform (chair: Tunisia; co-chair: United Kingdom, Italy and Canada);
- Role of the judiciary and enforcement (chair: Jordan; co-chairs: United States, France);
- Civil society and media (chair: Lebanon; co-chair: European Union).

All Working Group chairs and co-chairs participated in the first Steering Group meeting in April 2005, hosted by Mr. Miguel Angel Moratinos, Minister for Foreign Affairs and Co-operation of Spain. The meeting agreed on the focus, working methods and organisational structure of the programme and elected Egypt and Jordan as Steering Group chairs and Japan as co-chair. The meeting also agreed that the next milestone will be the development of Strategic Action Plans by spring 2006 which will be endorsed at the next Ministerial meeting.

The first round of six working group meetings in the stocktaking phase of this programme was finalised with a meeting on Civil Society and Media hosted by the minister for administrative development, Jean Aghassabian of Lebanon in Beirut, the meeting on the Judiciary and Enforcement hosted by the Jordanian Minister of Justice Dr. Abed Al Shakhanbeh and the meeting on Governance of Public Finance, hosted by Mr. Boutros-Ghali, Minister of Finance of Egypt, in Cairo in October. The next round of Working Group meetings which has been scheduled for December 2005 – February 2006, will develop national action plans.

Investment Programme

The Investment Programme has been developed with MENA country Ministries and investment authorities under the leadership of a Steering Group chaired by Jordan and co-chaired by United Kingdom. The key objective of the Investment Programme is to mobilise private investment — foreign, regional and domestic — as a driving force for economic growth and employment throughout the MENA region. There are five Working Groups focusing on:

- Transparent and open investment policies (chair: Jordan; co-chair: Japan);
- Encouraging Investment Promotion Agencies and business associations to act as driving forces for economic reform (chair: Dubai; co-chair: Switzerland);
- Providing a tax framework for investment and assessing incentives (chairs: Bahrain and Egypt; co-chair: Turkey);
- Promoting policies for financial sector and enterprise development in support of economic/investment diversification (chair: Saudi Arabia; co-chair: United Kingdom);
- Improving corporate governance (chair: Lebanon).

During two rounds of Working Group meetings in January/February and September 2005 participating MENA countries agreed on a set of key recommendations for improving the domestic investment environment. The Working Groups received stocktaking reports and the conclusions of Expert Meetings on economic diversification, financial markets development, fostering of business integrity, core provisions of investment treaties, improvement of FDI statistics, women entrepreneurship, tax and non-tax incentives and corporate governance of non-listed companies. The second round of output areas for 2006 were determined which focus on specific follow up items implementing the recommendations agreed upon.

MENA countries have also elaborated National Investment Reform Agendas under the Programme. These Reform Agendas include concrete investment policy reform measures aiming at improving the country's investment environment. They define reform targets in each of the policy areas covered by the Programme. Countries have started a peer dialogue on their National Reform Agendas during the two Steering Group meeting held in April and October in Paris and Istanbul.

A MENA Investment Ministerial Meeting will be hosted by Jordan in February 2006. The meeting is expected to adopt a Declaration on principles and good practices for attracting investment to the MENA region. Ministers will also endorse an ambitious programme for regional dialogue and capacity-building developed by the five Working Groups at their September meetings. Finally they will note the National Investment Reform Agendas presented by MENA countries and encourage their implementation. This will conclude the first phase of the Programme. The Ministerial Meeting will be preceded by a Business Forum.

A high degree of ownership and commitment by the MENA countries is essential for the success of the Initiative. The continued participation of OECD countries, including G8 countries, and of key international organisations is critical. Taking the process forward and implementing recommendations and reforms requires financial, technical, and political support of all partners. The MENA Initiative will contribute to regional development aimed, first and foremost, at improving the living standards of people in the region and promoting a closer partnership between the region and the international community.

Recent and forthcoming meetings

Good Governance for Development

- 6-7 February 2005, Ministerial Meeting to launch the Programme on Good Governance for Development, Dead Sea, Jordan
- 27-28 April 2005, Meeting of Working Group Chairs and Co-chairs, Madrid, Spain
- June/October 2005, six Governance Working Group meetings, including:
 - 28-29 June, WG4: Public services delivery, PPP and Regulatory Reform, Tunisia
 - 18-19 July, WG1: Civil Service and Integrity, Morocco
 - 12-13 Sept., WG2: E-government and Administrative Simplification, Dubai (UAE)
 - 28-29 September, WG5: Role of the judiciary and enforcement, Amman
 - 29-30 September, WG6: Civil Society and media, Beirut
 - 1-3 October, WG3: Governance of Public Finance, Egypt
- 28 September 2005, Special Session of the OECD Working Party on Regulatory Management and Reform in the framework of the GfD Initiative
- November/December: Country Stocktaking and Action Plan Development Missions scheduled to Tunisia, Morocco, Jordan, Lebanon, UAE, Egypt, Bahrain, Syria, Oman, Algeria and Yemen (jointly with UNDP).
- Winter 2005/6, six Governance Working Group meetings
- May 2006, Governance for Development Steering Group meeting at Ministerial level, Egypt

Investment Programme

- 26-27 January 2005, Bahrain, WG3 on providing a tax framework for investment and assessing incentives
- 1-2 February 2005, Dubai, WG1 on transparent and open investment policies
- 2-3 February 2005, Dubai, WG2 on encouraging investment promotion agencies and business association as driving forces for economic reform
- 7-8 February 2005, Jeddah, Saudi Arabia, WG4 on promoting policies for financial sector and enterprise development in support of economic/investment diversification
- 14 February 2005, Amman, Jordan, WG5 on improving corporate governance
- 4 April 2005, MENA-OECD Investment Steering Group, Paris, France
- Mai-July 2005: 7 Task Force meetings to address specific issues
- September 2005: Meetings of the 5 Working Groups, including:
 - 6-7 September, WG 3, Providing a Tax Framework for Investment and Assessing Incentives, Egypt
 - 12-13 September, WG 1, Open and Transparent Investment Policies, Bahrain
 - 13-14 September, WG 2, Encouraging Investment Promotion Agencies and Business Associations to Act as Driving Forces to Economic Reform, Bahrain
 - 14-15 Sept. 2005, WG5, Advancing the Corporate Governance Agenda, Morocco
 - 17-18 September, WG 4, Promoting Employment and Economic Diversification through for Financial Sector and Enterprise Development, Saudi Arabia
- 3 October, MENA-OECD Investment Steering Group meeting, Istanbul
- 19 January, Preparatory Steering Group meeting, Jordan
- February 2006 (**to be confirmed**), MENA-OECD Business Forum, Jordan
- February 2006 (**to be confirmed**), MENA Investment Ministerial Meeting, Jordan
- April, 2006, MENA-OECD Investment Steering Group meeting

Contact persons

Good Governance for Development

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Investment Programme

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