

OECD-MENA Investment Steering Group

Amman, 30 June-1 July 2004

Conclusions

The conclusions below have been discussed and endorsed at the Amman preparatory meeting of the OECD-MENA Investment Steering Group. They also include: (i) the terms of reference for the five Working Groups, and (ii) the Preliminary Action Plan. The conclusions reflect high expectations from countries in the MENA region, viewing the OECD as the provider of know-how and the facilitator for their ongoing reform efforts. The implementation of the Action Plan and time-bound targets for the first year of the programme, drawn from the WG recommendations, will depend on the political support and the availability of financial resources to be extended by MENA and OECD countries.

Overview

1. The Steering Group members were briefed on the rationale, process, and evolution of the OECD-MENA Investment Programme. It was recalled that participants at the exploratory meeting on "Mobilising Investment for Development in the MENA region", held on 11-12 February 2004 in Istanbul, called for the establishment of an OECD-MENA Investment Steering Group to develop and steer a result-oriented investment action programme to upgrade investment policy standards and capacities in the MENA region. The OECD was invited, alongside its key partners, to act as a catalyst to provide impetus and support to the investment-related policy reforms, share its expertise and experience, ensure a truly multi-stakeholder dialogue and track progress with internationally-recognised benchmarks.

2. The preparatory Steering Group meeting, hosted by the Government of Jordan, agreed to a number of practical steps to create an action-oriented and time-bound process for developing and implementing investment-related reforms at country level and fostering closer regional co-operation among MENA countries. The Group members renewed their desire and commitment to continue reform and modernisation in the region. There was broad agreement that these reforms need to go beyond disconnected policy measures and the signing of declarations to much deeper domestic policy actions. Improving the investment climate was identified as a critical factor in this context.

3. The Steering Group members emphasised that the process should be practical and geared towards achieving measurable and effective results. It was also indicated that the biggest challenge for MENA countries was not in identifying what needs to be done but rather in establishing the process of change, maintaining, supporting and tracking the progress of implementation, as well as providing capacity building assistance. It was agreed that the OECD and its partners, with their long experience of tackling policy change and policy development as well as tested methodologies, tools and processes can contribute to the achievement of these goals.

Main Elements of the Work Programme

4. The members of the Steering Group have decided to establish the following five Working Groups, based on the key investment-related areas of co-operation for improving the investment climate and maximising the benefits of investment as identified at the Istanbul exploratory meeting:

- WG1: Transparent and open investment policies
- WG2: Encouraging Investment Promotion Agencies to act as driving forces for economic reform
- WG3: Providing a tax framework for investment

WG4: Promoting investment strategies in support of diversification

WG5: Improving corporate governance

5. The Steering Group members concurred that these WGs would together constitute the core tool of the programme. It was proposed to incorporate several additional areas of interest to MENA countries into the existing WGs: financial sector development/banking; trade; SME development; intellectual property rights protection; FDI statistics, and privatisation. Other WGs may be added in future if so decided by the Steering Group. The Steering Group also agreed to play a key role in encouraging the development of integrated reform programmes and using the coherence of these programmes within the group activities.

6. In the light of general guidance from the Steering Group, it was agreed that each WG would discuss and determine its mandate, main elements of the proposed work, working methods, deliverables/timetables, and resource/funding requirements. The WGs would pay particular attention in their first meeting to policy areas of highest priority in countries, which can be acted upon quickly between July 2004 and June 2005. There was a call to clarify what is expected of the co-ordinating MENA countries, OECD Member countries and the other organizations involved. It was agreed that the WGs would be co-ordinated by MENA countries in partnership with the OECD and other key participants. Generally speaking, co-ordination would involve (i) convening, organising and hosting WG meetings; (ii) ensuring communication and knowledge-sharing among WG members and with the Steering Group; (iii) ensuring timely completion of tasks and deliverables of the WG; and (iv) mobilising financial, political and human resources for the activities of the WG.

Composition of the Steering Group

7. It was agreed that the Steering Group would consist of the Working Group co-ordinators and other senior representatives/officials in charge of investment policy-making and implementation from participating MENA and OECD governments. The UNDP and the World Bank Group are recognised as key partners in the Steering Group. Also taking part in the Steering Group are other contributing regional and international organisations, including the UNIDO, The Arab League, The Arab Association of Investment Promotion Agencies, The Islamic Development Bank and the Inter-Arab Investment Guarantee Corporation; private sector representatives, including the Arab Business Council, the Business and Industry Committee to the OECD and the Arab Union of Banks; and civil society organisations such as Transparency International. Government investment officials participating from each MENA country will also serve as the head of their own country economic teams for the implementation and monitoring of the OECD-MENA Investment Programme.

8. The Steering Group would be co-chaired by one representative from MENA countries and another from OECD. The Steering Group agreed to select its co-chairs on the basis of nomination and consensus from among its members. It was suggested that chairs could rotate among interested countries at the conclusion of each phase (usually one year). There was agreement that the Action Programme for the next three years would be developed using recommendations from the WGs. The actual meetings could be supplemented by electronic correspondence where possible to reduce the logistical burden on host countries and move swiftly on issues that require urgent action. The Steering Group decisions would be taken by consensus.

Tasks of the Steering Group

9. It was agreed that the Steering Group would:

- Develop the general orientations of the strategic action programme on the basis of the WG submissions;
- Ensure coherence, coordinate the time and venue of the WG meetings, and monitor WG actions;
- Make sure that each country will develop its own investment reform agenda and review progress in implementing it;
- Mobilise political, financial and human resources for the development and implementation of the programme, and strive to increase its visibility in the media and in society as a whole;
- Achieve synergies with current regional and multilateral efforts including the G-8 Plan of Support for Reform;
- Address any other matters relevant to the implementation of the programme; and
- Meet at ministerial level, when appropriate.

Timelines

10. The Steering Group members agreed that the OECD-MENA Investment Programme should be put in place for an initial period of at least three years (July 2004 to June 2007). However, subject to progress made, the outcome of an external assessment, and the willingness of MENA and OECD countries, the programme could be extended in 2007 with a new mandate.

11. In principle, the programme would be developed and implemented in three phases, with the possibility of revisions in each phase on the recommendation of the WGs where necessary:

Phase I - Stock-taking and development of national action plans (July 2004 to June 2005)

- This is a preparatory phase to take stock of existing national, regional and international efforts in priority areas and to lay out the key national investment reform agenda elements.
- There will be country missions to MENA countries for discussions with country economic teams representing different ministries and stakeholders for fact-finding, policy development, reform implementation, dissemination and monitoring. Country team members from each participating country will be asked to organise such missions to their capital, to meet with relevant governmental departments, private-sector representatives, think tanks and NGOs involved in relevant investment matters. These missions will also help team building in countries, identify issues for policy action and explore how OECD and other development partners could support these efforts. OECD countries would also receive MENA teams, where necessary, to ensure a mutual learning process.
- Country economic teams will define the policies and measures to be implemented.
- During this phase there would be at least two meetings of each WG and continuous electronic group discussion among WG members. A high-level Steering Group meeting is envisaged in September 2005 to review progress and provide further guidance.

Phase II – Support to implementation (July 2005 to June 2006)

- This second phase consists of identifying the needs of participating countries and providing support in implementing their investment-related reform actions in the five policy areas.

Phase III – Capacity building and monitoring (July 2006 to June 2007)

- This phase is intended to assist in monitoring progress and in enhancing capacities for further actions.
- The monitoring process provides an opportunity for the international community to assist MENA countries in: (i) identifying issues and promoting awareness and consensus on these issues; (ii) setting realistic targets and priorities for reform; (iii) devising solutions and mapping out action plans to achieve these reforms. It also provides a means of identifying areas where external technical assistance is required. Just as importantly, an independent body's monitoring of the reform process enhances the credibility, for the outside world as well as for the local population, of a country's commitment to reform, and is an effective vehicle to advertise the progress achieved to the world at large. Last but not least, the monitoring process also serves as a catalyst to facilitate the dialogue between local authorities and the private sector, especially potential local and foreign investors, between different MENA countries, and even between different agencies within the same government, often contributing to a better mutual understanding of the issues and of the obstacles to their solutions.
- At the end of this phase, an independent external evaluation of the results achieved will be undertaken, together with an assessment of whether the OECD-MENA Investment Programme should be renewed.

Resource requirements and funding

12. The Steering Group members have agreed that the WGs should provide an indication of the resource requirements for their work programme, on the basis of a format to be provided by the OECD support team, and how funding could be raised to ensure a three-year sustained programme.

Decisions taken

13. The Steering Group members have:

- Thanked the Government of Jordan (in particular the Jordan Board of Investment) for hosting the Group's meeting in Amman;
- Adopted the foregoing terms of reference and proposals (unless they notify the OECD Secretariat otherwise by 15 July 2004);
- Asked the OECD to create a support team to effectively service the Group and its WGs in a sustained and coordinated manner;
- Agreed to appoint Mrs. Reem Badran, the Chief Executive Officer, Jordan Investment Board, as the co-chair of the Steering Group on the MENA side for one year from July 2004, and asked the OECD to designate the co-chair on its side;
- Called on other MENA countries which were not able to participate in the Amman meeting to join the next Steering Group meeting and its WGs;
- Agreed to establish country economic teams in every participating MENA country with the aim of developing and implementing a national policy reform agenda in each, and participating actively in the work of each WG;
- Endorsed WG recommendations that the following MENA countries to be designated as co-ordinators, with the possibility of other MENA countries also participating as possible coordinators in the future:

WG1: Jordan and Lebanon
WG2: Egypt, Dubai, and Syria
WG3: Morocco and Bahrain
WG4: Saudi Arabia, Bahrain (and Algeria subject to confirmation)
WG5: Lebanon

- Called on OECD member countries and multilateral organisations to designate the members of the Steering Group and experts to each WG as supporting partners;
- Agreed that the Group co-chairs would closely coordinate with the Public Governance component of the OECD-MENA Initiative on Governance and Investment for Development;
- Concurred with the preliminary action plan (appended to these Conclusions), developed on the basis of recommendations from each WG, for implementation between July 2004 and June 2005;
- Called on OECD member countries, relatively high-income countries of the region and other regional/multilateral donors to consider providing financial support to the development, implementation and monitoring of the Programme. Other countries participating in the programme, but unable to provide funding, have been invited to provide in-kind support such as hosting events, funding missions, seconding staff, sponsoring MENA participants and capacity building activities;
- Asked the OECD support team to provide a report to the Steering Group by 30 October 2004 about the resource situation including on the needs of each WGs, the status of any funding commitments/promises from OECD Members, MENA countries and other partners; and
- Agreed to consider a high-level one-day Steering Group meeting with broader participation from MENA countries in September 2004.

Members of the Steering Group

Membership of the Steering Group is open to all MENA governments committed to this process. The following is a preliminary list based on the participation in Istanbul and Amman meetings; it will be finalised after each country/organisation formally confirms their designations to the Steering Group:

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