

Draft

PROPOSED WORK PROGRAMME

**- SECOND PHASE OF THE MENA-OECD INVESTMENT
PROGRAMME: 2006-2007 -**

This proposal of a work programme for 2006-2007 is presented for discussion at the Steering Group meeting, 18 May 2006 in Cairo.

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MENA– OECD INVESTMENT PROGRAMME

1. In 2006-2007, the MENA-OECD Investment Programme will focus on the implementation of regional action plans developed in the first phase as well as support implementation of the targets defined within the National Investment Reform Agendas.

Implementation of National Investment Reform Agendas

2. Throughout 2005, a number of countries participating in the Programme developed **National Investment Reform Agendas (NIRAs)**. These Investment Reform Agendas include concrete investment policy reform measures aimed at improving the countries' investment environment. They define reform targets in the policy areas covered by the Programme. MENA Countries have started a peer dialogue on their NIRAs during the two Steering Group meetings held in April and October 2005 in Paris and Istanbul and during the Ministerial meeting held February 2006 in Jordan.

3. The second phase of the Programme will start with the implementation of the agreed NIRAs and mobilise support for implementation by bilateral and multilateral development agencies. On a practical level this process will entail evaluation meetings on the implementation of NIRAs. The meetings will follow a similar pattern (see example for Egypt attached) in that they will provide a forum for policy evaluation on 4 key reform items. Participants to these meetings will include a broad range of actors from the local Ministries and Agencies and experts from other MENA and OECD countries. Experts from MENA countries and the OECD will prepare notes on the issues and lead the discussions with a view to develop a set of recommendations on how to implement concrete reform steps on the issue discussed. Following these recommendations experts will continue to provide expertise on the issues identified. A press conference will conclude the meeting giving visibility to the reforms achieved already and steps to be undertaken in the future.

4. The meeting cycle will begin with missions and Investment Reform Workshops in Egypt (17 May), Morocco (23-25 May), Oman (6 June) and Jordan (18-19 June) before the summer break.

5. Confirmed NIRAs have been prepared with the following countries as a result of missions conducted to these countries and presentations of their reform efforts in meetings of the Working Groups, Steering Group and at the Ministerial meeting: Bahrain, Egypt, Jordan, Lebanon, Palestinian National Authority, Morocco, Oman, and Yemen. Efforts will continue to have these action plans prioritised, sub-items elaborated and clear time targets defined.

6. For additional countries draft NIRAs have been prepared following country missions: Lebanon, UAE, Syria, Tunisia, KSA, Libya and Algeria. These texts are under review by the countries concerned.

Regional Actions

7. The second area of activities – the regional element of the Programme - aims at working with MENA countries on the implementation of Recommendations developed in the first phase and the principles included in the Ministerial Declaration from 14 February 2006.

8. On a practical level this requires the organisation of regional task force meetings where countries can address common problems, share experience, strengthen efforts towards capacity building and develop recommendations for good practices. However, their activities are depending on the availability of resources. All meetings will be result-oriented, i.e. aimed at having an impact on policy development and capacity building within the region. Countries participating in the Programme are encouraged to host these meetings.

MENA– OECD INVESTMENT PROGRAMME

List of Suggested Task Force Meetings/Workshop in 2006-2007

- First meeting of the MENA-OECD Enterprise Financing Network (3rd May, conducted by the MENA Investment Center)
- Task Force on Business Integrity (4/5 July 2006, MENA Investment Center)
- Task Force on Investment Treaties (autumn 2006, Alexandria)
- Task Forces together with the Governance Pillar of the Initiative:
 - Task Force on Privatisation and Public-Private- Partnership for infrastructure financing (8 November, Istanbul back-to-back with Global Forum on Investment)
 - Task Force on peer evaluation on steps undertaken for the removal of administrative obstacles to foreign and domestic investment
- Task Force on Policy considerations behind FDI screening procedures and remaining restrictions to FDI
- Task Force on policy advocacy functions of IPAs
- Task Force on organisation of efficient one-stop shops in IPAs
- Workshop in structure and regulation of securities market (16 September - back-to-back with Private Equity 2006 MENA)
- Workshop on development and integration of capital markets in MENA countries (Saudi Arabia)
- Workshop on specialized SME financing instruments/institutions
- Task Force on Women’s Entrepreneurship in the Middle East and North Africa
- Task Force on Investment Incentives
- Task Force on Investment Statistics
- Meetings of the five Working Groups to be conducted towards the end of 2006/beginning 2007
- Ministerial Meeting to take place in Egypt first half of 2007

Enhanced private sector activities

9. In the first year the private sector related activities of the Programme concentrated on the co-operation with the G8 BMENA Investment Task Force, the Arab Business Council, BIAC and TOBB. The **MENA-OECD Business Network** was set up and a Business Day organised back-to-back with the Ministerial meeting. The Business Day featured the inauguration of an ‘Investor of the Year Award’, highlighting MENA investors which created significant employment or innovative products.

10. In the second phase of the Programme, the private sector relationship will be further strengthened with the establishment of the **MENA-OECD Enterprise Financing Network**. This Network has been launched on 3rd May 2006 in Bahrain bringing together key representatives of the private equity industry, business incubators, research institutions and government regulators to discuss regulatory measures to support entrepreneurs in the region through innovative financing arrangements. This event was organized jointly by the MENA-OECD Investment Programme and the newly established MENA Investment Center,

MENA– OECD INVESTMENT PROGRAMME

a contribution of the Kingdom of Bahrain to the MENA-OECD Investment Programme. The MENA-OECD Enterprise Financing Network aims to improve the regulatory conditions for financing entrepreneurship using the MENA-OECD Investment Programme as a forum for exchange of good practice between MENA and OECD business and government representatives.

MENA Investment Policy Briefs

11. During the second phase of the Programme transfer of concrete know-how on investment policy design to MENA countries, drawing on what has proven to be successful in the region and elsewhere in OECD countries, is one of the main objectives of the MENA-OECD Investment Programme. The MENA Investment Policy Briefs are supposed to serve this purpose. They are supposed to answer the question: what are the policies and institutions which need to be put in place for installing a modern and effective investment environment? For this purpose the MENA Investment Policy Briefs are supposed to provide:

- A compilation of state of the art know-how on a specific investment policy issue pertinent for the MENA region as a whole, on a sub-regional or country specific level;
- In-depth background know-how for items on the agenda of the National Investment Reform Agenda Workshops to be conducted in the second phase of the Programme;
- A reference framework for policy discussions on the occasion of Task Force and Working Group meetings.

12. A first edition of the MENA Investment Policy Brief has been tabled on the occasion of the first meeting of the MENA-OECD Enterprise Financing Network meeting on 3rd May in Bahrain. It is focusing on “Venture Capital Development in MENA Countries – Taking Advantage of the Current Opportunity” highlighting measures to attract and foster the private equity and the venture capital industry in the region.

Partnership for Investment

13. The Programme has strengthened its co-operation with other multilateral and bilateral initiatives working on the improvement of the investment environment in the MENA region. Following a meeting of multilateral and bilateral donors after the February 2006 Ministerial meeting in Jordan, UNIDO has become a major partner for the MENA-OECD Enterprise Financing Network and on work related to the investment promotion including SME financing. Co-operation with the World Bank on a flagship publication and with IFC PEP MENA on corporate governance activities are ongoing and will be strengthened. Further possible co-operation with the EU Commission’s Action Plans developed under the Neighborhood Policy and with regional and country-specific programmes of USAID and the EIB are being currently explored. The Gulf Cooperation Council and the Islamic Development Bank stated their willingness and interest in co-operating on concrete projects.

MENA– OECD INVESTMENT PROGRAMME

Figure 1. Main activities and outputs of the MENA-OECD Investment Programme

	First Phase – Year 1	Second Phase – Year 2
Regional Level	<p>Main activities and outputs:</p> <ul style="list-style-type: none"> 2 rounds of 5 Working Group Meetings (January/February and September 2005) 2 Steering Group Meetings (April and October 2005) 7 Task Force Meetings 1 Ministerial meeting, Business Forum, Ministerial Declaration, Recommendations, Business Statement February 2006 13 Stocktaking Reports Key regional players and stakeholders aware of the Programme 	<p>Main activities and outputs:</p> <ul style="list-style-type: none"> 2 Steering Group meetings (May 2006 in Cairo and October 2006) One round of meetings for the 5 Working Groups (November/December 2006) Increased emphasis on Task Force Meetings
National Level	<p>Main activities and outputs:</p> <ul style="list-style-type: none"> Development of National Investment Reform Agendas adopted by participating MENA countries 	<p>Main activities and outputs:</p> <ul style="list-style-type: none"> Workshops on the implementation of National Reform Agendas, held in countries that defined their reform targets in Phase I. Elaboration of reform targets for other MENA countries Adaptation of National Reform Agendas to reflect new developments Workshops on country-specific reform challenges

ANNEX 1: National Reform Agenda Workshop – Example of Egypt

MEETING ITINERARY

Chairpersons of the meeting:

H.E. Mahmoud Mohieldin, Minister of Investment, Egypt

Mr. Richard Hecklinger, Deputy Secretary General, OECD

Dr. Zyad Bahaa El Din, Chairman of the General Authority for Investment and Free Zones

9:30-10:00	Opening session
	<p>Opening remarks by:</p> <ul style="list-style-type: none"> • H.E. Mahmoud Mohieldin, Minister of Investment, Egypt • Mr. Richard Hecklinger, Deputy Secretary General, OECD • Dr. Zyad Bahaa El Din, Chairman of GAFI
10:00 - 11:30	SESSION I: Investment Session
	<p><i>This session will review Egypt’s progress in establishing a one stop shop at the General Authority for Investment and Free Zones (GAFI). It will focus on remaining issues facing GAFI in streamlining the relevant legislation and improving the image of Egypt as an attractive investment location.</i></p> <p>Presentation of the OSS of GAFI: current achievements & future plans</p> <ul style="list-style-type: none"> • Dr. Zyad Bahaa El Din, Chairman of GAFI (15 minutes) <p>Evaluation of the Egyptian experience: existing problems and proposed solutions</p> <ul style="list-style-type: none"> • Mr. Antonio Fanelli, South East Europe Investment Compact, OECD (15 minutes) • Mr. Khalid Janahi, Bahrain, Economic Development Board (15 mins) <p>Private sector experience</p> <ul style="list-style-type: none"> • One of the foreign investors in Egypt (15 minutes) <p>Open debate (30 minutes)</p>
11:30 – 11:45	Coffee pause
11:45 – 13:15	SESSION II: Taxation Session

MENA– OECD INVESTMENT PROGRAMME

	<p><i>Following the issuance of a new tax law in Egypt in June 2005, this workshop will focus on the efforts to modernise the Egyptian tax environment and the introduction of new measures related to property and value added taxes being considered by the Egyptian government.</i></p> <p><i>New tax law: recent developments and next steps</i></p> <ul style="list-style-type: none"> • Mr. Ashraf Al Arabi, Senior Advisor to the Minister of Finance for Tax Policies (15 minutes) <p><i>Evaluation of the Egyptian experience: pros & cons of existing situation</i></p> <ul style="list-style-type: none"> • Ms. Susan Himes, Tax Policy Consultant (15 minutes) • Ms. Terence Murdoch, Manager, BearingPoint (15 mins) • Mr. Mark Gellerson, Ms. Amal Mowafy, USAID (15 mins) <p><i>Private sector experience</i> One of the foreign investors in Egypt (15 minutes)</p> <p><i>Open debate</i> (30 minutes)</p>
13:15 – 14:45	<i>Lunch</i>
14:45 – 16:15	SESSION III: Privatisation Session
	<p><i>The following session will evaluate Egypt’s progress in privatising State-Owned Enterprises and in particular those in the banking sector. It will discuss the ongoing efforts to decrease public sector involvement in joint venture banks and the government’s plans relating to the ongoing sale of the Bank of Alexandria.</i></p> <p><i>Presentation of Egypt’s future privatisation programme</i></p> <ul style="list-style-type: none"> • Senior level speaker from the ministry of investment or from banking sector (15 mins) <p><i>Evaluation of the Egyptian experience: pros and cons of existing situation</i></p> <ul style="list-style-type: none"> • Mr. Rainer Geiger, Deputy-Director, DAF/OECD, Head of MENA-OECD Investment Programme (15 minutes) • Dr. Fouad Shaker, Secretary General, Arab Union of Banks (15 mins) <p><i>Private sector experience</i></p> <ul style="list-style-type: none"> • Mr. Guy Poupet, Managing Director, NSGB (15 minutes) <p><i>Open debate</i> (30 minutes)</p>
16:15 – 16:30	<i>Coffee pause</i>
16:30 – 18:00	SESSION IV: Financial Markets Session

MENA– OECD INVESTMENT PROGRAMME

	<p><i>This session will focus on the recent developments in Egyptian capital markets, and in particular on mechanisms to improve capital market mechanisms, including measures such as Primary Dealers System for Treasury Bonds, Margin Trading and Short Selling, and introduction of financial derivatives. The plan to introduce an Egyptian Financial Services Center within a one stop shop framework will also to be discussed.</i></p> <p><i>Presentation on capital market developments and new financial tools</i></p> <ul style="list-style-type: none"> • Dr. Hani Sarie El Din, Chairman, Capital Market Authority (15 mins) <p><i>Evaluation of the Egyptian experience: pros & cons of existing situation</i></p> <ul style="list-style-type: none"> • Mr. Yosuke Kawakami, Senior Financial Sector Expert, OECD (15 mins) • Representative, USAID <p><i>Private sector experience</i> Representative, American Chamber of Commerce (15 minutes)</p> <p><i>Open debate</i> (30 minutes)</p>
18:00 - 18:45	<i>Press Break</i>
19:00 -20:00	<i>Reception</i>