Promoting Investment in the Mediterranean

An EU-OECD Programme to support Mediterranean governments to attract quality investment for job creation, local development, and economic diversification.
Reforms to boost investment

The global economic crisis, exacerbated by regional instability, has dampened investment in the region. Since 2008, foreign direct investment (FDI) to the Southern Mediterranean region has fallen by 50% and reached an all-time low of 1% of GDP in 2014. 2016 saw a noticeable rebound but prospects still remain uncertain. The region only accounts for 1.7% of the world’s total FDI and intra-regional investment flows are weak, reflecting the lack of international and regional integration. To resume with growth and generate jobs – 29% of the region’s young population are unemployed, governments need to attract not only more, but better-quality investment. To that end, they are showing commitment to implement ambitious reforms to create more enabling investment climates. Sweeping legislative and institutional reforms to better promote investment have been undertaken by most Mediterranean countries. But more is needed to develop inclusive investment strategies designed to maximise impact on job creation, balanced territorial development and enhancement of the local economy.

FDI inflows into the MENA region remain sluggish (FDI inflows, % of GDP)

Source: UNCTAD latest data and OECD staff calculations.
Partnering with governments to unleash the region’s investment potential

Aims and actions of the Programme

The EU-OECD Programme on Promoting Investment in the Mediterranean supports efforts to boost the quality and quantity of investment to and within the Mediterranean region.

Working in partnership with governments and institutions, the Programme engages in regional and national actions to create more robust and coherent investment policies and strategies. These actions include:

- modernising investment policies
- promoting inclusive investment strategies
- building institutional capacity and co-ordination
- increasing the region’s investment promotion capacities
- promoting networking between investment promotion agencies from the Euro-Mediterranean region
- enhancing public-private dialogue for more inclusive policy making
- engaging the business sector responsibly

Programme actions build on well-established international tools and standards such as the OECD Policy Framework for Investment and the Guidelines for Multinational Enterprises.

An inclusive approach to delivering more and better investment outcomes for the region

Implementation combines national and regional actions to deliver concrete results:

**Regional level**
- Capacity-building on investment policies and promotion
- Networking between EU and Med investment promotion agencies
- Monitoring of investment trends and reforms in the region

**Approach**
- Policy dialogue
- Benchmarking and monitoring
- Capacity building
- Peer learning
- Public-private dialogue

**National level**
- Policy advice on investment reforms
- Facilitation of institutional coordination
- FDI statistics reviews

**OUTCOMES**
- More jobs
- Economic diversification
- Inclusiveness
- Local development
Stakeholders and beneficiaries

Primary stakeholders are Ministries in charge of investment policies (e.g. investment, trade, industry, economy, finance), as well as investment promotion agencies (IPAs) of the beneficiary countries. Other investment-related institutions or departments may also be involved following thematic issues covered. They will benefit from networking, experience-sharing and peer-learning opportunities with counterparts from the region and beyond.

Activities

Inception phase (September 2016-March 2017)

The four-year Programme was launched at the MENA-OECD Ministerial Conference on 3 October 2016 in Tunis and comprised a six-month inception phase aimed to assess the needs of the beneficiary countries/territories so as to ensure the alignment of activities with national priorities. The inception phase included scoping missions to Morocco, Jordan, Tunisia and Egypt. The first Advisory Board of the Programme in March 2017 endorsed the findings of the inception phase and the action plan for the first year.

Year 1 (April 2017- March 2018)

Topics | Capacity-building activities | Analytical work
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Improving investment frameworks: a focus on regulatory reforms | Regional seminar, Tunis, 16-17 May 2017 | Stocktaking of investment regimes and legal reforms in MED economies
|  |  | Regulatory reforms in MED economies: Focus on FDI restrictions
|  |  | Update and expansion of the OECD FDI Restrictiveness Index (ongoing)
Investment promotion: a focus on incentives and territorial development | Regional seminar, Paris, 16-17 October 2017 | Making investment promotion work for sustainable development in MED: focus on incentives and territorial development
Sustainable investment and responsible business conduct | Regional seminar, Cairo, 6-7 November 2017 | Diagnostic report on responsible business conduct in the MED region
| National workshop for Egypt, 7 November 2017 |  |
Institutional reforms of investment promotion agencies | Regional seminar, Rabat, 30-31 January 2018 | Institutional reforms of investment promotion agencies in the OECD and the MED region
| National workshop for Morocco, 1 February 2018 | Institutional transformation of IPAs and case study of Business France
|  | Launch of the MED IPA survey
FDI statistics |  | FDI statistics reviews of Jordan and Tunisia

Partners

The Programme is governed by an Advisory Group, co-chaired by the European Commission and the OECD, with the participation of representatives of beneficiary countries and the Secretariat of the Union for the Mediterranean. Partners invited to participate in the Advisory Group include: ANIMA Investment Network, European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), the Agadir Technical Unit, Agence Française de Développement (AFD) and Kreditanstalt für Wiederaufbau (KfW) and other relevant institutions.