Promoting Investment in the Mediterranean

An EU-OECD Programme to support Mediterranean governments to attract quality investment for job creation, local development, economic diversification and stability
The Mediterranean region is at a turning point in its economic and demographic development. In the aftermath of upheavals in recent years, governments have shown strong commitment to implement timely and much-needed ambitious reforms to create more enabling investment climates. Most Mediterranean countries have recently reformed their investment regimes and modernised their investment promotion agencies.

Critical need to restart investment flows to the region

However, the lingering effects of the global economic crisis – exacerbated by regional instability – continue to dampen 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 2015. Intra-regional investment flows are weak, reflecting the lack of regional integration and interconnectedness.

Meanwhile, growth remains sluggish and unemployment levels are persistently high, especially for youth at 29% in 2015. To generate the jobs and economic growth the region needs to prosper, governments need to attract not only more, but better-quality investment. This will require the development of 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 have fallen back
(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 EU-OECD Programme on Promoting investment in the Mediterranean

The EU-OECD Programme on Promoting Investment in the Mediterranean will support efforts to boost the quality and quantity of investment to and within the Mediterranean region. Working in partnership with governments and institutions, the Programme will engage in regional and national actions to create more robust and coherent investment policies and strategies. These actions include:

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

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

The four-year Programme was launched at the MENA-OECD Ministerial Conference on 3 October 2016 in Tunis, Tunisia.

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**
- Creation of a Euro-Med Investment Promotion Agency network
- Compendium of good practices on investment policies
- Advice on investment treaty policy

**Approach**
- Assessment and monitoring
- Policy dialogue
- Capacity building
- Exchange of good practices / Peer learning
- Public-Private dialogue
- Donor coordination

**National level**
- Country-specific assessments
- Policy advice on investment reforms and legislative frameworks
- FDI statistics review
- Facilitation of institutional coordination

**OUTCOMES**
- Better policies and strategies
- Attract better-quality investment
- More jobs
- Increased productivity
- Inclusiveness
- Local development

Communication and promotion of reforms

Monitoring the impact of reforms
Stakeholders and beneficiaries

The Programme will draw upon the expertise of a wide variety of Mediterranean, EU and OECD partners and stakeholders. Primary stakeholders are Ministries in charge of investment policies (e.g. investment, trade, industry, economy, finance) in the beneficiary countries, as well as investment promotion agencies (IPAs). They will benefit from networking, experience-sharing and peer-learning opportunities with counterparts from the region and beyond.

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), Agence Française de Développement (AFD) and Kreditanstalt für Wiederaufbau (KfW) and other relevant institutions.

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