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Reviving investment in the MENA region

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The need to revive foreign investments in the MENA region

- The MENA region only captured around 6% of total FDI inflows to developing countries in 2013 (compared to 13% in 2008)
- FDI inflows in 2013: USD 45 billion – same amount as in 2005
  - FDI: positive effects on growth and employment potential

Source: UNCTAD
Distribution by countries and sectors

- Gulf countries remain the main FDI destination

- Leading industries benefitting from FDI inflows in 2013: coal, oil and natural gas

- Regional events have further skewed the sectoral composition of FDI (sectors with low job-creating potential)

Source: World Bank

Source: UNCTAD, 2014
Intra-regional FDI remain below potential, despite a network of trade and investment agreements

- Excluding within GCC, intra-regional FDI remains low. Intra-regional FDI between members of the Agadir agreement only accounted for 6% of total FDI flows in 2012.
- Low regional economic integration despite several trade agreements (GAFTA, Agadir, GCC, UMA) and investment treaties (the Arab League Investment Agreement and more than 100 bilateral investment treaties signed between countries of the region).

**Number of bilateral investment treaties signed (as of December 2014)**
The need to improve the business climate

Countries’ ranking in the Doing Business Report (2010-2014)

Source: World Bank WDI. The data give the average values of the ratios for each available year of the period.
Momentum for reforms

- To restore foreign investors’ confidence, reforms of legal and institutional frameworks:
  - Recent reforms under implementation: Jordan
  - Reforms initiated: Tunisia, Egypt, Morocco (full revision of the investment regime) and Iraq and Palestinian Authority (amendments)
  - Reforms under discussion: Algeria, Yemen
  - Efforts towards greater regional investment integration (the project of the Arab Free Investment Area)
- To improve the business environment and domestic investment, targeted measures:
  - Procedures streamlining (Errada in Egypt, « guillotine réglementaire » in Tunisia, OSS in Morocco)
  - Measures to enhance access to finance
  - Enterprise support services
- Greater role for the private sector:
  - Increased consultations and strong demand for an advocacy role