

**MENA-OECD Investment Programme**

**Helping MENA Countries to Respond to  
the Crisis**

**- 2009 -**



Background document for  
Steering Group of the  
MENA-OECD Investment Programme  
24 March 2009

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ANNEX I. – UPCOMING EVENTS 2009

## KEY POINTS

- The MENA-OECD Investment Programme was established in 2004 at the request of Middle East and North African (MENA) countries to provide advice on implementing investment policy reform. The key objective of the Investment Programme is to mobilise private investment – foreign, regional and domestic – as a driving force for economic growth and employment throughout the region. The Programme seeks to accomplish this objective by following a **two track approach**:
  - A regional forum for results-oriented policy dialogue brings together MENA and OECD practitioners in 5 Working Groups, in a Programme Steering Group and once a year at Ministerial level;
  - On a national level the Programme seeks to strengthen country capacity for evaluating, prioritising and implementing investment and business climate policy reforms.
- For the second phase of the Programme (2008-2010), MENA countries have requested additional assistance in two specific areas: country-specific support and focus on support in *implementation* of reform priorities. Responding to this demand, the Programme introduced the **Business Climate Development Strategy (BCDS)**, a novel, hands-on approach to provide country-specific support in *reform prioritisation and implementation* that was endorsed by Ministers of the region in Egypt on the 20-30 of November 2007. BCDS is an integrated approach to support individual countries in improving their business climate through a horizontal evaluation of their investment-related policy reforms, definition of priorities and OECD or World Bank assistance in the implementation of selected priorities.
- The **3<sup>rd</sup> Ministerial meeting** of the Programme on 23-24 November 2009 in Morocco will focus on '*Keeping Business Climate Reforms on Track in Times of Crisis*'. Main outputs expected are:
  - A Declaration by attending Ministers from the region on their commitment to pursuing priority business climate reforms;
  - Regional policy recommendations on how to improve corporate governance, tax policy, access to finance, and financial market development, drawing lessons from the **OECD Strategic Response** to the Financial and Economic Crisis;
  - Present the final **Business Climate Development Strategies** of Egypt, Morocco, and Tunisia as examples for other countries in the region.
- At the occasion of the Ministerial meeting, the Programme will seek **renewal of its mandate** from MENA ministers to be able to achieve OECD Council's approval in early 2010. The current mandate of the Programme covers 2008-2010.

## I. OVERVIEW OF THE MENA INVESTMENT PROGRAMME

1. The MENA-OECD Investment Programme (“the Programme”) is a comprehensive regional programme that contributes to economic growth and political stability in the Middle East and North Africa (MENA) through capacity building and the acceleration of reforms to improve the business climate. The Programme is part of the broader *OECD-MENA Initiative for Governance and Investment for Development* (the MENA-OECD Initiative) which supports MENA countries to improve investment and good governance.

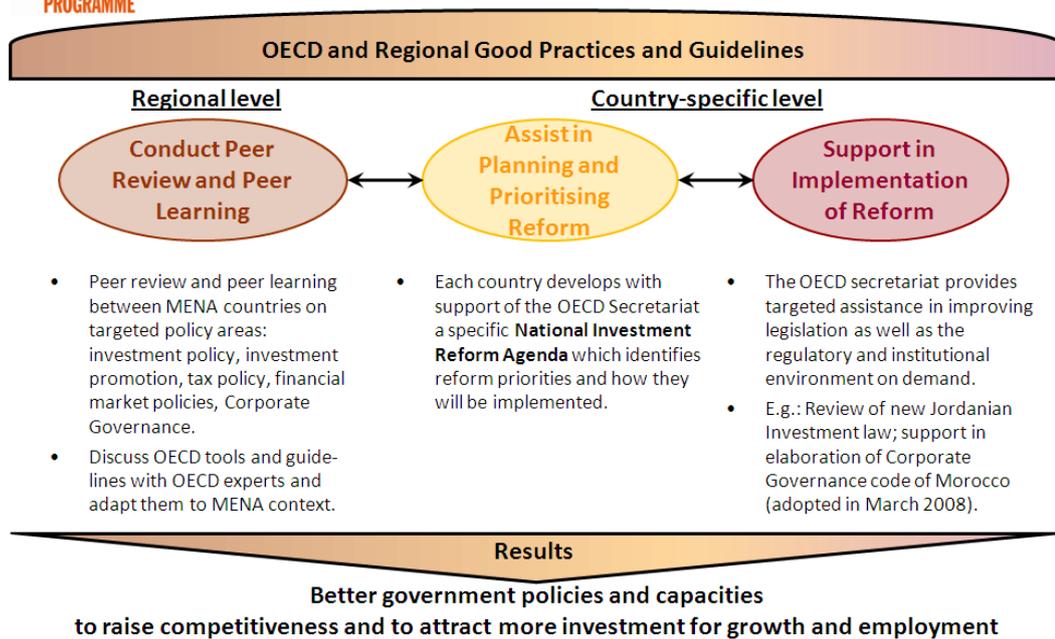
2. Ownership by the region and oversight are ensured by a solid governance structure that involves a Steering Group (jointly chaired by Egypt and the UK) and five Working Groups responsible for the delivery of substantive work:

- Working Group 1: Investment Policies and Promotion (chairs: Jordan and Japan);
- Working Group 2: SME Policy, Entrepreneurship and Human Capital Development (chairs: Tunisia and Italy);
- Working Group 3: Providing a Tax Framework for Investment (chairs: Egypt and Turkey);
- Working Group 4: Policies for Financial Sector Development (chairs: Saudi Arabia and United Kingdom);
- Working Group 5: Improving Corporate Governance Practice (chair: Lebanon and key partner: Hawkamah Institute for Corporate Governance).

3. The Programme generates *impact* through an integrated framework that involves regional dialogue, peer review, definition of reform priorities and assistance in implementation at both the *regional* and *country specific level* (see figure below).



## Strategic Framework



4. The distinctive regional approach allows countries to learn from their peers about how to design and implement successful policies and institutions - and what mistakes to avoid. In addition, the Programme addresses policy issues which can only be tackled at the regional level.

5. By working closely with OECD experts, MENA countries are encouraged to consider aligning with OECD standards and principles, such as those in the Declaration on International Investment and Multinational Enterprises, the Guidelines on Corporate Governance or the Transfer Pricing Guidelines. Since the launch of the Programme, Egypt has adhered to the OECD Investment Declaration, the Development Centre and is currently in the process of seeking observership in other OECD Committees. Morocco and Jordan are now putting considerable efforts into joining the OECD Investment Declaration, while other countries are progressively converging to OECD standards.

6. Investment, growth, and employment in the MENA region are supported by concrete measurable outputs such as investment liberalisation, reform in taxation and reform in corporate governance codes. The work of the OECD to help build capacity and accelerate economic reforms in MENA encourages greater political stability in the region through sustainable economic progress.

## II. STRATEGY FOR PHASE II OF THE PROGRAMME (2008-2010)

7. Following the successful completion of MENA I (2005-2007), the Programme has been renewed by Council mandate for a period of three years (2008-2010). For the next phase of the Programme, participants have requested additional assistance in two specific areas: country-specific support and focus on support in *implementation* of reform priorities. Responding to this demand, the Programme introduced the Business Climate Development Strategy (BCDS), a novel, hands-on approach to provide country-specific support in *reform prioritisation and implementation* that was endorsed by Ministers of the region in Egypt on the 20-30 of November 2007.

8. BCDS is an integrated approach to support individual countries in improving their business climate through a horizontal evaluation of their investment-related policy reforms, definition of priorities and OECD or World Bank assistance in the implementation of selected priorities (for instance, by providing substantive input into a new investment law, a corporate governance code or the organisational structure for an Investment Promotion Agency. Support in implementation can also involve training through the regional OECD training centres). The strategy – from the criteria for policy evaluation all the way to implementation – is developed in close collaboration between the government representatives of the Country Economic Team, private sector representatives, the OECD Secretariat and relevant partner organisations such as the World Bank. Tangible outputs from BCDS are improved legislation or institutions to enhance the business climate and attract more investment.

9. At the regional level, the Working Groups will focus on the development and dissemination of regional policy recommendations to support the implementation of reform. The policy recommendations will be inspired by OECD principles and adapted to the context and experience of the MENA region. Results from the national BCDS exercises and the regional Working Groups will be synthesized in a flagship publication on Private Sector Development in the MENA region to be published by November 2009.

10. In order to help address the key issue of poverty and employment in the region, it is proposed to refocus Working Group 2 around entrepreneurship and human capital development. Investment Promotion will be merged with Investment Policy as the focus of Working Group 1.

11. In summary, key outputs for the next Ministerial meeting to be held 23-24 November 2009 in Rabat will include:

- A Declaration by attending Ministers from the region on their commitment to pursuing priority business climate reforms;
- Regional policy recommendations on how to improve corporate governance, tax policy, access to finance, and financial market development, drawing lessons from the **OECD Strategic Response** to the Financial and Economic Crisis;
- Present the final **Business Climate Development Strategies** of Egypt, Morocco, and Tunisia as examples for other countries in the region.



the set of incentives and poor regulation that caused the meltdown, MENA countries are well advised to continue with ongoing reforms in order to stay competitive.

15. Over the period 2009 and 2010, the strategy for the second phase of the MENA-OECD Investment Programme will help MENA countries respond to the crisis in the following way:

- 1) Ministers of the region will agree on a high level Declaration expressing continuous commitment to the ongoing investment and business climate reform process in MENA countries. The next Steering Group meeting on 24 March will prepare the ground for such a Declaration to be issued at the third MENA-OECD Ministerial Meeting on 24 November 2009 in Morocco.
- 2) The Programme will support selected countries (Egypt, Morocco, and Tunisia) in defining comprehensive business climate development strategies (BCDS) including recommendations of how to make reform happen. The national BCDS projects will send a strong signal to investors that governments in the region are committed to pursue structural reforms.
- 3) MENA countries will be encouraged to adhere to OECD instruments to demonstrate their commitment to international standards to communicate predictability and transparency to international investors. Following the example of Egypt, Jordan and Morocco are in the process of adhering to the OECD Declaration for International Investment and Multinational Enterprises.
- 4) To help the region improve corporate governance, the Programme will support individual countries in implementing key OECD policy recommendations on the responsibility of boards, protection of minority shareholders and overall transparency - with a specific focus on banks.
- 5) The newly formed Working Group on Entrepreneurship, Small and Medium Enterprise policy and Human Capital is dedicated to developing policy recommendations on access to finance in times of crisis. To further support SMEs, the Programme will launch the MENA 100 initiative – a selection of the 100 most attractive SMEs/innovative business ideas in the region.
- 6) Through the newly founded Task Force on Capital Markets (supported by Qatar), the Programme will communicate the key results from the OECD Strategic Response to the Crisis and consider how they can be adapted to the MENA context.

## ANNEX I. – UPCOMING EVENTS 2009

Workshop on Business Climate Development Strategy + Regional Centre for Competitiveness	17-18 February, Tunis
UN conference on post-conflict governance and private sector development/workshop with Lebanese country team	27-28 February, Beirut
OECD-EC Joint Presentation of Charter Results, <i>Report on the Implementation of the Euro-Mediterranean Charter for Enterprise: 2008 Enterprise Policy Assessment</i>	2-6 March, Rabat
Working Group 1 : Investment Policy and Promotion	23 March, Paris
MENA Steering Group meeting	24 March, Paris
Business Climate Development Strategy workshop	30-31 March, Algiers
Business Climate Development Strategy workshop	7-8 April, Rabat
MENA Workshop on Free Economic Zones, Egypt	9 April, Cairo
Iraq International Investment Agreement/One Stop shop training	20-24 April, Cairo
MENA Financial Market Regulation Roundtable, Qatar	29-30 April, Doha
Working Group 2: SME Policy, Entrepreneurship and Human Capital Development.	18 – 19 May, Barcelona
Insolvency Regional Seminar (organised in cooperation with WB and INSOL)	26-27 May, Abu Dhabi
Iraq Investment Policy training event	6-7 July, Dublin
Working Group 3 : Tax Policy and Administration.	22-23 September, Rabat (tbc)
MENA Steering Group	28-29 September, Barcelona (tbc)
Regional Centre Meeting: The Regional Tax and Financial Management Training Centre, <i>Transfer Pricing Workshop</i>	1-5 November, Cairo
Regional Centre Meeting: The MENA Centre for Investment <i>Training Seminar on Foreign Direct Investment Statistics</i>	Date to be announced, Manama
Regional Centre Meeting: The Regional Centre for Competitiveness Launching Event	Date to be announced, Tunis
Working Group 5 Meeting (in conjunction with Hawkamah Annual Meeting)	8-9 November, 2009
3 <sup>rd</sup> MENA Ministerial meeting and Business Day.	23-24 November, Rabat



