

OECD-MENA Investment Programme

The Second Meeting of the OECD-MENA Investment Steering Group

Amman, 14-15 September 2004

Meeting Conclusions

The Steering Group (SG) members, meeting on 14-15 September 2004 in Amman under the hostship of the Government of Jordan, discussed key agenda issues for moving forward the OECD-MENA Investment Programme. Ms. Reem Badran, Director-General, Jordan Investment Board, and Mr. Shuichiro Megata, Minister, Permanent Delegation of Japan to the OECD, co-chaired the deliberations.

They have:

1. **Endorsed the conclusions** of the inaugural meeting held on 1 July 2004 in Amman concerning the Steering Group, Working Group (WG) structures and preliminary actions subject to points below; underlined however that the mandates of the WGs should remain flexible and evolve in the light of experience and new suggestions;
2. Welcomed **broader participation** from the MENA region, including new government representatives to the Steering Group from Lebanon, Morocco, Palestine National Authority, Tunisia, and regional organizations such as the Arab League, the Arab Common Market, the Arab Council for Economic Unity, and the Euro-Mediterranean Network of Investment Promotion Agencies (ANIMA) in addition to those listed at the end of the conclusions;
3. Endorsed the proposal that the OECD Secretary-General and the Programme Co-chairs should **write as soon as possible to MENA Ministers** in charge of investment, development and economic reforms in order to secure high-level support and leadership from participating governments, thus facilitating the work of the Steering Group members and combining the bottom-up approach applied effectively so far with a top-down guidance;
4. Stressed the need for **synergies and coherence** between the investment and public governance components of the OECD-MENA Initiative. For that purpose a number of practical steps would be envisaged:
 - a communications strategy that highlights the common objectives of both programmes;
 - periodical contacts between the chairpersons of both Steering Groups;
 - coherent and integrated country reform programmes; and
 - common country policy reviews where appropriate;
5. Reiterated the **importance of partnerships** – viewed as key to achieving synergies, avoidance of duplication and focusing energies and resources of each organisation on areas where they have added value and comparative strengths - with other multilateral and regional organisations active in the region on investment related issues, particularly with the G-8 Initiative, the European Commission's ANIMA and new Neighbourhood programmes, bilateral OECD country programmes, as well

as with the UNIDO, the IMF, the Arab Council of Economic Unity, the Union of Arab Banks and other intra-Arab initiatives; and asked each WG to explore the opportunities for close co-operation with these partners;

6. Noted in particular a proposal for a more active engagement with the World Bank Group and the UNDP in cooperation with the OECD in supporting the Programme;

7. Received further inputs and suggestions on **rationalising the work scope of the five WGs** – instituted as a central implementation tool in the Investment Programme - and agreed to streamline them so as to cover key policy priorities, ensure coherence among them and with other WGs under the public governance programme, and reduce duplications/achieve synergies. In this context, agreed on:

- Lebanese proposal to establish a Task Force on FDI statistics in MENA region under the relevant WG;
- Turkish, Jordanian, Moroccan and OECD's Business and Industry Committee (BIAC) proposal to add the goal of "strengthening business associations" as drivers of economic reform to the WG 2 title;
- ANIMA proposal to work closely in WG 1,2 and 3, and share its ongoing expertise and experience under the Barcelona process;
- Bahraini proposal to add the goal of "assessing the incentives-based policies to attract investment" to the WG 3 title;
- Saudi, UK, US, World Bank, UNIDO, Tunisia, Palestine and Union of Arab Banks proposals to sharpen the focus of the WG 4 on diversification strategies by concentrating on key issues related to financial sector development and, domestic enterprise finance and development; and
- revisiting at a later stage the possibility of discussing aspects of the trade-investment nexus;

8. Asked the WGs, renamed below with changes in *italics*, to **revise their terms of reference** accordingly and set out how each WG will relate to the other WGs;

- WG1: Transparent and open investment policies.
- WG2: Encouraging investment promotion agencies *and business associations* to act as driving forces to reform.
- WG3: Providing a tax framework for investment *and assessing tax incentives*.
- WG4: Promoting policies for *financial sector and enterprise development* in support of diversification.
- WG5: Improving corporate governance

9. Agreed that, while the institutional structures are taking shape, the **preliminary action plan** endorsed at the last meeting should continue to be implemented in a parallel process to the extent possible without delay;

10. Called on MENA, OECD countries and other partners to **designate delegates and resource persons** to the Steering Group and the Working Groups, and inform the Support Team of their full details as early as possible;

11. Renewed its call for the **creation of a Support Team** located at OECD Headquarters to act as the Secretariat of the OECD-MENA Investment Programme providing support to the Steering Group, the Working Groups and the Country Economic Teams (CETs), and coordinating with the partners to the Programme;

12. Agreed that **strong private sector input at all levels** was essential to the success of the Programme and agreed to cooperate with other international and regional business initiatives, in particular the G-8 Investment Task Force once it is established; and agreed that, in addition to the Arab Business Council, BIAC and **other private sector organisations** in the region and OECD countries representing the financial sector and SMEs (including regional Chambers of Commerce) should also be invited to participate;

13. Noted the **two proposals from BIAC** on "Strengthening Independent Private Sector Representations in MENA Countries" and "Establishing Public-Private Workshops on Anti-Corruption in MENA Countries" and recommended the WGs 1 and 2 to consider their inclusion in work programmes;

14. Noted the call by the Lebanese Transparency Association to consider **greater role for civil society** and non-governmental organisation representatives in the Programme structures;

15. Agreed that **Country Economic Teams** would play a central role in developing through a multi-stakeholder dialogue mechanism, reviewing, instigating, and monitoring reform measures. CETs in each of the MENA countries would be representing different ministries and agencies to contribute to analysis, reform implementation and dissemination. CETs would have a key function to assure country-level co-ordination, mobilising of a wide range of reform actors, and sharing ownership of and commitment for the programme sufficiently widely;

16. Noted that CETs will work towards the establishment of **coherent and integrated country action and reform programmes** that will be submitted to a proposed meeting to be held at Ministerial level in June 2005; and noted a proposal that CETs should prepare **short strategy papers** alongside their detailed action plans, setting out how taken together the proposed work strands across the WGs (at the country level) constitute a coherent strategy to meet the Programme's objectives in that country for possible consideration at the February 2005 meeting of the SG. The strategy papers would also show how country activities under the Investment Programme cohere with activities under the Public Governance Programme to meet the investment objectives, helping to address coordination issues across the two components;

17. Welcomed the establishment of preliminary CET structures in Jordan, Morocco, and Bahrain, and asked the OECD Team to draft an **explanatory note** on the expected composition, mission/objectives, interaction with SG and WGs and results so that each MENA CET will be able to develop similar structures;

18. Noted that monitoring the progress in implementing actions is a pre-requisite to ensure the result-oriented nature and to **measure the on-going impact of the Programme, with the involvement of key stakeholders including private sector representatives**;

19. Noted the Secretariat presentation that the average funding requirement for the Investment Programme was tentatively estimated at **around € 1,711,000 per year** (x three years = € 5,135,700), and that the precise budget requirements could change depending primarily on the scope and priorities in each of the WGs and how participants' expenses would be funded;

20. Welcomed the indication of **financial support from the US, Japan and UK** to sustain a three-year Programme and noted that grants would be made available

during the current year (the US - \$400,000; Japan - 100 000 Euros in addition to an existing grant of 80 000 Euros; and the UK – a substantial but yet unspecified amount);

21. Noted a proposal from Bahrain that, in addition to OECD countries and in the interests of developing a true partnership, **each MENA country should also consider providing contribution** within the possibilities of its means to the Programme budget. It emerged that several countries on the MENA side are likely to contribute financially and others which are currently unable to provide financial support are considering contribution in kind;

22. Called on other OECD countries and partner organisations to **consider funding possibilities** in order to meet the budget requirements;

23. Asked the WGs to organise their first meetings before the next SG meeting and agreed that the **expected outputs from each WG** would be, *inter alia*, to

(i) select co-chairs from among coordinators - one from MENA and other from OECD - who will act as conveners and spokespersons of the Working Group,

(ii) outline the work programme including policy priorities and actions to achieve them within the agreed timeframes (these will draw heavily on what Country Economic Teams will identify for national reform programmes and building on what the existing terms of reference stipulate) over the next 12 months,

(iii) identify clearly who will do what from MENA and OECD side,

(iv) develop a timetable for the actions to follow and a progress assessment methodology;

(v) cost the resource requirement for submission to the SG meeting in end-February 2005, and

(vi) provide draft entries to the possible High-Level Meeting in June 2005 to be considered;

24. Noted that an informal meeting of the **WG 3** would take place in Paris back-to-back with the OECD Global Forum on Taxation on 22 September; took note of the offers by Dubai to host the WG 1 and 2 meetings back-to-back in the second half of January 2005, and by Bahrain to host the WG 3 anytime after Ramadan; and asked for WG 4 and 5 coordinators to decide on the venue and dates as soon as possible; and noted the proposal by the Palestine National Authority and the Arab League to coordinate timing and location of WGs and Steering Group meetings to maximize opportunities for participation and coherence of the Programme;

25. Noted the proposal from Tunisia and BIAC to organise an **OECD-MENA Business Forum**, perhaps back-to-back with the proposed June 2005 High-Level MENA meeting;

26. Endorsed the proposal that **special country missions** would be undertaken to MENA countries where necessary;

27. Agreed that the next Steering Group meeting would be held in Paris at the end of February 2005; and

28. Asked the Secretariat to provide **a progress report to the Ministerial meeting of the Public Governance Programme** on 25 September 2004 in Amman in the spirit of achieving closer coordination and coherence between the two programmes.

ANNEX

Members of the Steering Group

Membership of the Steering Group is open to all MENA and OECD governments committed to this process. A list of confirmed members of the Steering Group and the Working Groups will be circulated as soon as possible. The following is an evolving list based on the participation in the meetings to date:

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