

**Annual Meeting of the Working Group on Investment Policies and Promotion:
Supporting investment policy reforms in the MENA region
11 December 2014 - Cairo, Egypt**

CONCLUSIONS

At the MENA-OECD Working Group on Investment Policies and Promotion's annual meeting, participants exchanged information, practices and experiences on ways to support MENA governments' efforts to foster and implement investment policy and promotion reforms, with a view to revive investment as a driver of growth and job creation.

In particular, participants discussed: recent investment trends in MENA; policy reforms to foster investment attractiveness; a proposal to disseminate information on and monitor investment policies; and, based on country demands, future areas of work for the Working Group.

The Working Group helped to prioritise the MENA-OECD Investment Programme's (the Programme) efforts to support MENA economies in their investment reforms. Notably, participants expressed the need to **continue supporting countries in their investment policy reforms**, in particular in revising and harmonising their investment legal frameworks, establishing sound investment promotion agencies, implementing regulatory and institutional changes, fostering regional investment integration and monitoring progress in improving FDI regime and statistics.

The meeting gathered more than 40 representatives from 11 MENA governments, OECD governments, international and regional organisations (including the EU, the World Bank, and the League of Arab States), and private sector representatives.

Opening

The event was opened by the two co-chairs of the Working Group, Japan and Jordan, and the Head of the MENA-OECD Investment Programme.

Dr. Bashar Al Zubi, Economic Expert to Chairman, Investment Commission, Jordan, highlighted enhanced investment prospects and opportunities in the region, which is recovering from the global financial crisis, and sees encouraging political and economic development. Though some regional factors still continues to impede investor confidence in the region. Dr. Al Zubi mentioned MENA governments have implemented important structural and investment reforms which have started to bear fruits – in particular in Jordan with the recent enactment of a new Investment Law.

Mr. Shiegru Omori, Minister, Permanent Delegation of Japan to the OECD, focused on the need for regional stability, stronger regional integration in the world economy and global value chains, Mr. Omori highlighted the experiences of other regions in particular in Southeast Asia. He pointed to the importance

of the meeting which sought to assess where the region stand on the investment climate and discuss challenges and the way forward.

Ms. Nicola Ehlermann-Cache, Head of the MENA-OECD Investment Programme, highlighted the timeliness of the meeting both for the Programme, which will be celebrating its 10th anniversary next year, and for the region which is addressing its challenges despite the destabilising security situations in some countries.

Introductory session – Investment trends and policies: a call for more reforms

Participants noted:

- The presentation and study of the OECD Secretariat on *Recent FDI Trends in the MENA Region* and the latest investment policy reforms. After three years of turbulence, prospects are more hopeful for some countries while others greatly suffer from the regional disturbances and their indirect impact. Participants recognised the need for political reforms and stability to restore investor confidence, for structural reforms to boost economic growth and improve country's investment attractiveness, for supporting the implementation of existing regional trade and investment schemes, and for improving FDI data collection and harmonisation.
- The on-going investment policy reforms in several countries. Participants called for continuing efforts and effective implementation to improve the investment climate.
- While intra-regional FDI trends are quite low, the situation within countries varies. Gulf Cooperation Council (GCC) investors are more active in the region, and opportunities are growing. The increase of FDI intra-flows is a recent regional trend that can further develop regional complementarities and intra-trade flows.
- The spillover effects of the security situation in some countries impede investment in the region and therefore there is a need to address countries' specificities.
- The private sector is experiencing obstacles, but also has investment opportunities in the region. Foreign investors face a number of problems, including: security, transparency and stability of process and regulations, obtaining business-visit visas, liaising with local partners, communication between the investor and the authorities, and basic education. Examples of good practices: MoU signed by Japanese investors for co-operation with the host government and its agencies; Bi-national chambers or business councils.

Participants supported:

- **Continuing to help countries reform their investment policies**, in particular in revising their investment legal frameworks, establishing sound investment promotion agencies, implementing regulatory and institutional changes, and monitoring progress in improving FDI regime.

- Improving data collection and call for further harmonisation of **FDI statistics** in the MENA region, in particular using the OECD Benchmark Definition of FDI, 4th edition. This could be done through capacity-building (training), expert networking and international and regional co-operation. Possible co-operation between the OECD and its Working Group on International Investment Statistics and the IMF should be explored.

Session 1 on “Supporting and monitoring investment policies: presentation of the project on (Investment Country Profiles)”

Participants discussed the project on Investment Country Profiles. Based on the OECD Policy Framework for Investment (PFI), currently being updated, the project will provide an overview of investment policy and promotion in the participating economies. It will serve as a tool for information dissemination, peer review and monitoring of investment policies in the MENA region.

Participants:

- Appreciated the presentation of the project and noted the preliminary elaboration of country profiles (Egypt and Iraq).
- Supported the need to disseminate information on the efforts made on investment policy reforms at both the national and regional levels.
- Highlighted the need to monitor investment policy reforms and the role of the OECD in assessing reforms.
- Commented that the country profiles will need regular updates and hence engagement from the some countries to provide timely information.
- Called for the development, in a subsequent phase, of a regional profile with key indicators.

Session 2 on “Tour de table: Investment policy reforms”

Participants noted:

- The presentations made by 8 MENA economies on the following issues:
 - the recent FDI trends in their country,
 - the major investment policy reforms undertaken to respond to the crisis and the transitions,
 - the main initiatives to promote investment, and
 - the challenges still faced and the way forward.

Session 3 on “Latest developments in investment policies: the way forward for the MENA-OECD Working Group on Investment”

Participants noted:

- The latest trends in investment policies reforms and international investment agreements, recognising the shift in investment policies toward greater states’ right to regulate for public purposes.
- The conclusions of the OECD-Arab League Conference on “Fostering Regional Integration on Investment”.
- The experience of Tunisia in revising its Investment Code and bilateral investment treaty model, and the experience of Egypt in managing investment disputes.
- The efforts of the Programme in supporting multi-stakeholders’ dialogues and exchange of best practices on investment-related.

Participants supported:

- The continued activities of the MENA-OECD Working Group on Investment Policies and Promotion to support regional dialogue on investment policies.
- The on-going and future co-operation with the Arab League to foster a concerted approach towards promoting greater regional investment integration. In particular, the OECD could provide:
 - **Studies and research:** including assessing investment legal reforms and identifying good practices; stocktaking the existing bilateral, regional and international investment agreements and analysing the interactions in order to help harmonise investment rules; assessing the 2013 amended Arab League agreement and comparing it with other regions’ agreements, such as ASEAN.
 - **Regional dialogue:** through annual meetings with Arab League member states, other regional institutions and the private sector.
 - **Capacity-building:** designing a road map with the Arab League on regional investment integration, supporting the Arab League in setting up bodies and mechanisms to implement strengthened regional investment integration, and organising capacity-building seminars to address specific issues relevant to regional investment integration.
- The need to tackle **topics** such as investment in infrastructure through public-private partnerships (PPPs), experiences with investment zones, land allocation for investors, trends in international investment treaties (including the impact of the most-favoured nation treatment), responsible investment and responsible business conduct and investment reforms which specifically support the integration of women in the economy – on this last issue particular attention should be

brought to the gender dimension of the on-going revision of the OECD Policy Framework for Investment (PFI)

- While numerous **investment incentives** are applied in countries in the region, measuring their cost and benefits is important.
- **Transparency** is an essential factor for investors and governments should disseminate investment-related information in forms of laws and regulations (due diligence).
- The need to build awareness on the increase of **investor-state investment disputes** and alternative dispute resolution methods and to support countries' efforts and capacities to handle and prevent investment disputes.
- The need to foster relations between **Investment Promotion Agencies** and better communication on investment opportunities in the region through investment maps and project feasibility studies. It was noted that investment opportunities reflected in investment maps should emanate from the local people and authorities.
- The need to account for the **beneficial impact of investment** on economic and social development (in particular on job creation and SME development through linkages).
- The importance of **addressing the link between trade and investment**, building on trade agreements signed by countries in the region (as economic platforms that have implications on investment), as well as the need to address trade facilitation issues and integration into global value chains.