

REPORT

3rd Meeting of the Advisory Group

6 March 2019 • Tunis

The third meeting of the Advisory Group of the EU-OECD Programme on Promoting Investment in the Mediterranean allowed its members to discuss past activities, impact, lessons learnt, challenges and the future programme of work.

**PROGRAMME
ON PROMOTING INVESTMENT**
in the Mediterranean

The third Advisory Group meeting of the EU-OECD Programme on Promoting Investment in the Mediterranean took place on 6 March 2018 in Tunis, after the 8th regional seminar which focused on “Measuring FDI and its impact in the Mediterranean region”.

Objectives

- Take stock of the impact of activities conducted during the second year of implementation of the Programme;
- Discuss the proposed programme of work for the third year (April 2018-March 2019) (see annex); and
- Highlight priorities for a possible continuation of the Programme beyond 2020.

Participation and opening

The meeting was opened by EU and OECD representatives (Ana-Maria Peña Segura, Trade and Investment, Regional Programmes Neighbourhood South, DG Neighbourhood and Enlargement (NEAR), European Commission, and Marie-Estelle Rey, Senior Counsellor, Middle East and Africa Division, Global Relations Secretariat). The meeting was attended by 47 participants. All beneficiary countries were represented. Representatives from EU countries, including Greece, Spain and Ireland, participated. The following institutional members of the Advisory Board were represented: Union for the Mediterranean (Rachid Maaninou, Deputy Secretary General), EBRD (Tunisia Office) and ANIMA (Abdelkader Betari, President). The meeting also welcomed the presence of the Agadir Technical Unit (Atallah Alayed, Director of Investment and Promotion) and the Euro-Mediterranean Network for Economic Studies – EMNES (Rym Ayadi, Director).

The draft progress report on the second year of implementation of the Programme was tabled, together with a proposed programme of work for the third year.

During the opening session, the EU and the OECD recalled the successful implementation of the Programme and noted in particular:

- The timely substantive coverage in line with national and regional priorities,
- The increased engagement of beneficiary countries and the expanded diversity of stakeholders reinforcing institutional and policy dialogue,
- The appreciation of OECD expertise and methodology,
- The visibility and recognition of the Programme, and
- The synergies with other EU and OECD-implemented projects (notably the EU External Investment Plan).

Challenges for the third year of implementation were also recognised, with a call for stronger efforts on:

- Better monitoring of the impact of the activities on reforms and investment trends,
- More consultations with the countries and EU delegations on needs and priorities, especially in light of a possible continuation of the Programme,
- Stronger involvement of the private sector in Programme’s activities through participation in seminars and workshops to benefit from the perspective of the local and international business community,
- Improved dissemination of substantive work with highlight on recommendations,

- Further diversification of stakeholders at the country level to enhance inter-institutional dialogue while developing contact points to avoid institutional frictions and improve the selection of funded participants,
- Enhanced co-operation with other EU projects and networks, including academia, and regional and international organisations.

Reporting on past activities and lessons learnt

In the first session, the OECD gave an overview of the investment trends and reforms in the MED region (see presentation in [Annex 1](#)). This allowed for a **monitoring** of FDI flows and outcomes, level of regional integration, regulatory reforms, ranking of countries in the OECD FDI Restrictiveness Index, OECD mapping of MED IPAs, linkages between foreign multinationals and local firms, international investment agreements and investment disputes.

Representatives of countries that hosted or participated in the regional seminars presented the outcomes of the **activities** and the lessons learnt. It was recalled that during the second year of implementation, the topics addressed remained timely and responded to the policy priorities expressed by the beneficiary countries:

- Policies and tools for promoting business linkages in global value chains to attract investment that generates linkages with the local economy and strengthen MED countries' participation in GVCs to achieve more sustainable growth (regional seminar and national workshop, Beirut, 17-18 April 2018):
 - **Lebanon** mentioned that the topic is very relevant as IDAL is revamping its investment strategy to reflect Lebanese positioning in GVCs, amending its investment law with provisions on promoting linkages, and developing a cluster strategy. The delegate added that the success stories presented during the seminar were particularly relevant and support is needed to replicate these experiences.
- Investment dispute management and prevention to build capacities in dealing with and preventing investor-State disputes, in a context of a surge of international investment disputes, notably in MED countries, and growing concerns globally (regional seminar, Cairo, 26-27 June 2018):
 - **Libya** reported on this activity. The delegate mentioned that the seminar allowed for a better understanding of the issue in light of other countries' experiences. He called for better assessment of litigation systems and their costs, for increased use of arbitration to solve disputes, which encompasses legal amendments. He also called for the revitalisation of local and regional arbitration centers and a new system to choose arbitrators.
- Investment Promotion Agencies: Trends and practices in MED through the Mapping of MED IPAs to exchange experiences on IPAs mandates, priorities and strategies and engage MED IPAs in the global policy dialogue on investment promotion (regional seminar, Paris, 22-23 October 2018)
 - **Algeria** mentioned that the IPA Mapping is a very interesting work that allows benefiting from other countries' experiences and to position investment promotion

agencies, notably in terms of governance, human and financial means and mandate. The Mapping had an impact on its own agency, as a reflection committee was set up to improve performance based on the results of the Mapping.

The Palestinian Authority also highlighted the usefulness of the Mapping and the lessons learnt from its findings. This assessment work triggered some reflections on whether the Palestinian IPA was going in the right pathways, notably regarding investment incentives, zones, investors' orientations, sectors and qualifications. The delegate called for additional support from the Programme to orient and implement reforms.

- Measuring FDI and its impact in the region to build capacity to interpret foreign investment statistics and share policy experiences on how to maximise the impact of investment on sustainable development (regional seminar, Tunis, 5-6 March 2019):
Tunisia expressed satisfaction on the seminar that was just ending, highlighting the need to ensure sound statistics for the use of different institutions, including the IPAs.

Future activities

In the second session, the programme of work for the third year was presented and discussed. It was proposed to address the following key issues to accompany reforms priorities on investment (see [Annex 2](#) for more details):

- **Promoting business integrity for investment** with a view to strengthen MED countries' understanding of the role and impact that anti-corruption policies can have both in terms of investment promotion and investment facilitation, recognising that corruption is perceived as one of the most common ground-level obstacles to investment.
- **Improving the use of investment incentives** through review and discussions on the use and rationale of tax and financial incentives to attract investment in the region, their effectiveness at achieving their stated goals i.e. their benefits and costs, the related institutional coordination, and the monitoring of tax incentives.
- **Promoting and facilitating investment** through evidence-based policy insights, good practices and policy dialogue between MED and EU IPAs, with the official launch of the OECD mapping of MED IPAs back-to-back with the meeting of the OECD IPA Network.

Participants expressed their appreciation on the future planned activities and the programme of work was endorsed (subsequently changes in the planning and dates of activities occurred).

In the tour de table, some participants also highlighted their need for support on investment prospection and targeting, impact studies, notably on FDI determinants and investment incentives, capacity-building on responsible business conduct (Tunisia), investment promotion at the local level and the management of industrial zones (Egypt), investment guarantees, investment sectoral policies. Some noted the importance of the regional platform for dialogue and benchmarking within the MED region, benefitting from best practices from EU countries, but also the need for national approaches to address specificities. The European Commission recommended a proactive approach to express national priorities with a view to better address them.

Annex I

Agenda

AGENDA

EU-OECD Programme on Promoting Investment in the Mediterranean

Third Meeting of the Advisory Group

6 March 2019 • 15:30 – 17:30

Meeting Venue: SHERATON TUNIS HOTEL
Avenue de la Ligue Arabe, BP 345 1080 Tunis Carthage Cedex, Tunisia



**EU-OECD PROGRAMME ON
PROMOTING INVESTMENT**
in the Mediterranean

The **EU-OECD Programme on Promoting Investment in the Mediterranean**, launched in October 2016 in Tunis, aims to support the implementation of sound and attractive investment policies and establishment of effective institutions in the Southern Mediterranean region, with a view to boosting private investment and job creation opportunities.

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, the Secretariat of the Union for the Mediterranean and other partners.

The objective of this third meeting of the Advisory Group is to report on the second year's activities, and discuss the road map of the Programme and the priorities for action with the beneficiary countries and partners.

Agenda

Wednesday 6 March 2019

SHERATON Tunis Hotel
Meeting room Marhaba

15:30-15:45 Opening remarks

- **Ana-Maria PENA SEGURA**, Programme Manager, Regional Programmes Neighbourhood South, DG Near, European Commission
- **Marie-Estelle REY**, Senior Advisor, Middle East and Africa Division, Global Relations Secretariat, OECD

15:45-16:45 Report on activities conducted during the second year

This session will present the activities conducted during the second year of implementation of the Programme, with a focus on achievements, lessons learnt and impact.

Moderator: **Marie-Estelle REY**, Senior Advisor, Middle East and Africa Division, Global Relations Secretariat, OECD

Introduction: Overview and monitoring of investment trends and reforms
Fares AL-HUSSAMI, Economist, Investment Division, OECD

Review of regional activities

- Promoting business linkages in global value chains: policies and tools (Beirut, 17-18 April 2018)
 - Lebanon
- Investment dispute management and prevention (Cairo, 26-27 June 2018)
 - Libya
- MED IPAs: trends and practices through the OECD mapping (Paris, 22-23 October 2018)
 - Algeria and Palestinian Authority
- Measuring FDI and its impact in the Mediterranean region (Tunis, 5-6 March 2019)
 - Tunisia

Discussion with peers and partners

16:45-17:15 Presentation of the annual action plan and discussion with beneficiary countries

The OECD will present the annual action plan of the Programme based on the outcomes of the seminars and countries' needs. Participants will be invited to discuss and comment on the priority activities for the upcoming year.

- **Hélène FRANCOIS**, Legal Analyst, Investment Division, Directorate for Financial and Enterprise Affairs, OECD

Discussion with MED country representatives and Programme's partners

17:15-17:30 **Closing remarks**

- **OECD/EU**

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Annex II

Presentation

You can access the seminar's presentations at the [following link](#)

Annex III

Draft programme of work

DRAFT

PROGRAMME OF WORK

Year 3: April 2019 – March 2020



**EU-OECD PROGRAMME ON
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Calendar of planned activities: April 2019-March 2020

To be endorsed at the third Advisory Group meeting on 6 March 2019

| | Mar | Apr | May | Jun/Jul | Oct | Nov | Dec 2019/Jan 2020 |
|---|---|--|--|--|--|--|---|
| PILLAR 1: Policy and legal framework for inclusive investment | Third Advisory Group meeting | | | National workshop on the legal investment framework, Algeria (TBC) Regional seminar on investment incentives (1-2 July) | | | |
| PILLAR 2: Investment promotion, institutional coordination and public-private dialogue | | Regional seminar on promoting business integrity for investment (TBC) | National workshop on investment and SME policies, Palestinian Authority | | Regional seminar on investment promotion and facilitation , Paris | | Final Advisory Group meeting |
| PILLAR 3: Monitoring of reforms and FDI statistics | | Final report of MED IPA Mapping | | | | FDI Restrictiveness Index updated for all beneficiary countries | Regional seminar on monitoring investment reforms (wrap-up) , Brussels |
| Activities under other OECD projects and programmes | <i>OECD Investment Committee and Working Group on Investment Statistics</i> | | | | <i>OECD Investment Committee: IPA workshop</i> <i>OECD Working Group on Investment Statistics</i> | <i>MENA-OECD Working Group on Investment and Trade</i> | |
| <i>Investment-related activities in Egypt and Morocco (Investment Policy Review)</i> | | | | | | | |

Proposed thematic areas for year 3

Business integrity (Barcelona- tbc- 16-17 April 2019)

Objective: Strengthen MED countries' understanding of the role and impact that anti-corruption policies can have both in terms of investment promotion and investment facilitation, recognising that corruption is perceived as one of the most common ground-level obstacles to investment. Participants will discuss how the adoption of anti-corruption measures and the promotion of business integrity can contribute to achieving more sustainable FDI and ease the deployment of investments. The Seminar will also raise awareness on bribery risks within the investment process by bringing examples of large-scale bribery in high profile market entry cases and showing how and why law enforcement is an essential feature of sustainable investment. It will gather government officials in charge of investment policies and also anti-corruption agencies/institutions, as well as private sector representatives to promote a multi-stakeholders dialogue and a coordinated approach.

Investment incentives (Amman -tbc, June 2019)

Objective: Provide practical recommendations on improving revenue mobilisation and attracting the right kind of investment into MENA countries. Discussions will be based on the acknowledgement that MENA economies are under high pressure to offer internationally-competitive tax environments to attract and retain international investment, but that there is also strong evidence that offering generous tax breaks undermine their domestic resource mobilisation efforts with little demonstrable benefit in terms of increased investment. The Seminar will gather experts to reflect collectively on ways to make better use of tax incentives and provide guidance on the design and governance of such incentives.

Investment promotion and facilitation: Launch of the OECD mapping of MED IPAs and peer-learning on Monitoring and Evaluation (Paris, October 2019)

Objective: Provide evidence-based policy insights and good practices on investment promotion and facilitation and pursue the policy dialogue between MED and EU IPAs. The OECD will officially launch the mapping of MED IPAs, providing benchmarking with OECD and Latin American IPAs. Peer-learning sessions will focus on topics identified as a priority in the mapping, such as on monitoring and evaluation of IPAs' performance and impact on attracting foreign investment. MED participants will attend the plenary sessions of the fourth meeting of the OECD IPA Network, organised during the OECD Investment Committee. A MED-EU IPAs networking event will be also organised to facilitate informal exchanges and interactions between the IPAs.

Report: The OECD mapping of investment promotion agencies in the southern Mediterranean

Monitoring investment reforms and wrap-up seminar (Brussels, December 2019/January 2020)

Objective: The final regional seminar of the Programme will take stock of the achievements under the three pillars: institutional and regulatory frameworks, investment promotion policies for inclusive and sustainable development, and FDI statistics and monitoring. It will notably focus on monitoring the progress and reforms in the country and present results of statistics and benchmarking tools developed under the Programme for the MED beneficiaries, notably the FDI Regulatory Restrictiveness Index and the Mapping of MED IPA.

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