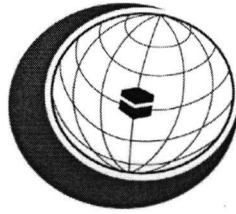


Organization of Islamic Cooperation

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**CONCEPT NOTE ON  
THE SECOND OIC REGIONAL  
INVESTMENT FORUM**

**Tunis, Republic of Tunisia,  
2018**



**Concept Note**  
**on the Second OIC Regional Investment Forum**  
**Tunis, Republic of Tunisia, 2018**

**I. INTRODUCTION:**

1. Investment is one of the most important activities towards in restoring and sustaining economic growth. In particular, many developing countries need to sustain their positive economic growth momentum. Investment in research and development, education and infrastructure has long-term economic growth impact in the economy. Since 2012, the share of investment in GDP has remained stable around 25%. Meanwhile, developing countries recorded comparatively very high rates of investment. In 2016, developing countries investment accounted for nearly one third of their total GDP.
2. In addition to their national efforts, the OIC Member States, in their collective efforts to mobilize their economic resources and potentialities as well as to provide a favourable climate for foreign investments in their countries, put in place the General Agreement for Economic, Technical and Commercial Cooperation among Member States of the Organisation of Islamic Cooperation, and the Agreement for Promotion, Protection and Guarantee of Investments among Member States of the Organization of Islamic Cooperation, which are aimed at increasing trade and investment flows within the OIC Member States.
3. Consequently, foreign direct investments (FDI) have been playing a vital role in national development efforts of many countries, including OIC Member States. Promoting and enhancing FDI flows have therefore become a priority on the both national and international development agendas. Most countries, including OIC Member States, have initiated national strategies with the aim of attracting more FDI towards supporting their developmental programmes.
4. Furthermore, the increasing trends of globalization, liberalization and regional economic integration have further intensified efforts of OIC Member States to enhance FDI inflows to supplement their domestic investment and benefit from the economy-wide associated gains of cross-border capital movements. Conversely, the implications of Brexit and the growing trends towards economic nationalism in Europe and USA are compelling reasons for an intra-OIC investment drive.

5. According to SESRIC, in 2016, the total value of FDI flows to OIC countries was measured at USD 96.3 billion as against USD 142.9 billion in 2012. The share of the OIC group in developing countries amounted at 15.4% in 2016, while in global FDI flows at 5.6%. FDI flows to OIC countries exhibited a high level of concentration, with bulk of it persistently being directed to a few of them. The top 5 countries with largest FDI flows together accounted for 49.9% of total FDI flows to OIC countries, whereas the top 10 countries accounted for 75.1% in 2016. Turkey took the lead in FDI inflows with US\$ 12 billion of inward FDI flow, and a 12.4% share in total FDI flows to OIC countries. Turkey was followed by Malaysia (US\$ 9.9 billion, 10.3%), Kazakhstan (9.1 billion, 9.4%), United Arab Emirates (US\$ 9 billion, 9.3%) and Egypt (US\$ 8.1 billion, 8.4%).
6. A similar picture is observed in the case of inward FDI stock as well: top 5 countries hosted 46.2% of total OIC inward FDI stocks, whereas the top 10 countries 69.6%. With USD 235 billion of inward FDI stocks (12.8% of the OIC total), Indonesia ranked first among the list of OIC Countries with largest inward FDI stock in 2016. Indonesia was followed by Saudi Arabia (USD 231.5 billion, 12.6%), Turkey (USD 132.9 billion, 7.2%), Kazakhstan (USD 129.8 billion, 7.0%) and Malaysia (USD 121.6 billion, 6.6%).
7. Overall, the above statistics suggest that a majority of OIC Member States are still not able to set up favourable economic frameworks and to provide the foreign businesses with adequate regulatory as well as physical infrastructure to attract more FDI flows. Consequently, OIC Member States, in general, need to take swift measures to foster an environment conducive to attracting more foreign investments as well as to introduce investment incentives tailored to the needs of both domestic and foreign investors.
8. In view of the foregoing, the convening of the Second OIC Regional Investment Forum in Tunis, Republic of Tunisia during the last quarter of 2018, will present a unique occasion for policy makers and respective business communities from OIC Member States in Middle East and North Africa region to discuss and deliberate on the major challenges and obstacles facing in attracting FDI and come up with concrete project proposals for increasing FDI flows into these countries as well as identify specific areas for joint cooperation.

## **II. RATIONALE:**

9. OIC Member States are dispersed over a large geographical region, spread out on four continents, extending from Albania (Europe) in the North to Mozambique (Africa) in the South, and from Guyana (Latin America) in the West to Indonesia (Asia) in the East. As a group, they account for one sixth of the world land area and more than one fifth of the total world population. 22 countries in the Middle East and North Africa (MENA) are members of OIC.
10. In this context, it should be emphasized that the MENA region accounts for approximately 6% of the world's population, 60% of the world's oil reserves and 45% of the world's natural gas reserves. In addition, the MENA region is vast and rich in both human and natural resources,

providing significant potential for development, regional cooperation and economic integration. This potential remains under-exploited due a number of factors including, inter alia, poor infrastructure, persistent poverty, low productive and export capacity, among others.

11. Against this background, the Second OIC Regional Investment Forum is envisaged to generate real investment projects, which would lead to creation of jobs for the people and which can later anchor investments in the targeted sectors in MENA countries. This is more so considering the fact that today businesses are increasingly looking for avenues, where they can make positive impact on the economic and social life of local communities, while consolidating and expanding business operations. Such investments could further strengthen on-going OIC efforts towards enhancing trade and investment relations among its Member States, thereby fostering mutual confidence and collective incentives for ensuring regional peace and stability.
12. The first edition of OIC Regional Investment Forum was held in Dushanbe, Republic of Tajikistan on 27-28 October 2014. The Forum brought together representatives of Public and Private Sectors from OIC Member States and relevant OIC institutions, various regional and international organizations. The Forum adopted 23 projects identified in the domain of transport and infrastructure, trade and investment, export and agro-food sectors' development, and Small and Medium Enterprises and tourism. The projects featured energy, transport, agriculture and food security sectors, including Regional Power Transmission Project-CASA 1000; Tajikistan-Afghanistan-Turkmenistan Railway Construction; Modernization of Railway Lines, including Zhezka Zcan-Beineu, Arkalyi-Shubarkol, Uzen-Bolashak and Zhetygen-Korcas; Reconstruction and Modernisation of a milk farm in Hissar District, Tajikistan. The General Secretariat has coordinated with the Member States and the OIC relevant institutions for the implementation of the projects, adopted by the Forum. IDB Group is participating in financing some of the projects including the Regional Power Transmission Project – CASA 1000. However, the major challenge was the absence of sufficient political will on the part of project owners, a condition that the current edition of the Forum should seek to address. On the implementation mechanism for the Forum's outcomes, the General Secretariat in coordination with Member States, the relevant OIC institutions and partner institutions will closely monitor the execution of adopted projects.
13. Furthermore, the Forum of Investment Promotion Agencies (IPAs) of the OIC Member States, which was held in Riyadh, Kingdom of Saudi Arabia on 24 May 2016, recommended to organize annual regional investment forums in key OIC regions with a view to attracting more foreign direct investments to the OIC regions.

### **III. OBJECTIVES AND EXPECTED OUTCOMES OF THE OIC REGIONAL INVESTMENT FORUM:**

14. The Regional Forum will address the following objectives:

- Providing a platform for policy makers and respective business communities at national and regional levels to meet and exchange knowledge, and articulate commitments to improve the investment climate in the region;
- Enhancing regional cooperation on trade and investment;
- Providing guidance and practical examples for ways in which intra-OIC investment flows can be promoted towards achieving socio-economic development goals of the countries in the region;
- Preparing the ground for potential investments and articulating opportunities, across a range of specific sectors, that can create jobs and livelihoods;
- Providing greater exposure of bankable projects in the region to interested investors;
- Sharing and exchanging methodologies of assessing and evaluating the value and impact of investment;
- Developing various Islamic financial products to support development projects;
- Supporting national investment projects in Tunisia and needy OIC Countries in the MENA region.

#### **IV. PRIORITY SECTORS:**

15. The Regional Investment Forum aims at showcasing the opportunities for investments in the following sectors:

- Agriculture and Agro-food industry;
- Transportation;
- Energy;
- Trade;
- Tourism;
- Finance (including Sukuk);
- Manufacturing; and
- Infrastructure and Public Private Partnership (PPP).

#### **V. METHODOLOGY AND STRUCTURE:**

16. The Forum will be designed to foster interaction, learning and matchmaking of concrete investment opportunities. With a view to achieving its objectives, the OIC Regional Investment Forum would convene for two days in both Plenary and Thematic Working Sessions. An Exhibition of Region's Products would be staged on the sidelines of the Forum.

- *The Plenary Sessions* would be dedicated to keynote addresses and discussions of outcomes of the Thematic Working Sessions. The Key note addresses will include presentation by eminent International and Islamic scholars in such areas as Islamic financing, trade facilitation, and investment promotion, among others. The "Draft OIC Guidelines for Investment Policymaking" and the "Draft OIC Declaration on Investment in Africa" will also be discussed during the Session (These two documents were circulated to Member States by the General Secretariat in its Note Verbale No. OIC/ECO-04/B-09/001870 of 12 April 2018).

- *The Thematic Working Sessions:* Four Thematic Working Sessions are envisaged. During the Working Sessions, participants will receive presentations by experts from Member States in the Region on specific national project proposals. The Thematic Working Sessions would cover, among others, :
  - Agriculture and Agro-food industry;
  - Transportation;
  - Energy;
  - Trade development;
  - Tourism; and
  - Finance, Banking and Funding.

In this regard, the following themes are proposed for the four thematic working sessions during the Forum:

- a) Identifying investment opportunities in Agricultural and Energy sectors;
- b) How to create an enabling environment to foster trade and investment in the OIC regions;
- c) Leveraging Islamic Financial Products for Development Financing in OIC Countries;
- d) Promoting Infrastructure Development in the Transport and Tourism sectors.

*Exhibition of Products in the identified sector and business projects:* Public and private enterprises in Region would be invited to showcase their products during this Expo session. The objective is to familiarize participants with the investment opportunities in this region. The participants/investors will also review and discuss the business projects during B to B meetings to be submitted by the public and private sector entities. In addition, the financial institutions would be conveyed to present their investment strategies, funding instruments and interest to participate in intra-OIC resource mobilization initiatives.

## **VI. PARTICIPANTS:**

17. The Forum is expected to be attended by Representatives of OIC Member States, Investment Promotion Agencies of the Region, multilateral funding agencies, development cooperation institutions, private sectors and investee Member States. The potential participants would include the following:

- Investment, Export and Trade Promotion Agencies of OIC Member States, National Financial Institutions and Development Funds in OIC Member States, such as Kuwait Fund, Human Development Fund of Malaysia, Saudi Fund for Development, Abu-Dhabi Fund, Turkish International Cooperation and Development Agency (TIKA), Tunisian Investment Authority, FIPA Tunisia, COTUNAGE, Tunisian African Business Council, Financial Institutions interested in trade related investment asset classes.
- OIC Institutions: General Secretariat, ICDT, SESRIC, IDB Group (ICIEC, ITAP, ITFC, IRTI), and ICCIA;

- Regional Development Banks including African Development Bank, BADEA, OPEC Fund for International Development;
- Relevant Regional Commissions and International Partners, such as, UNECA, UNESCWA, UNDP, UNCTAD, IFAD, FAO, ITC, WTO, OECD, EU, D8;
- Innovative Private Sector Entities capable of enhancing intra-OIC trade, Public and Private Sectors in the Region and Major Public and Private Sectors in other OIC Member States.

**VII. VENUE AND DATE:**

18. The Forum would be held in Tunis, Republic of Tunisia, at the last quarter of 2018 (the host country will inform the exact days of the Forum).

**Economic Affairs Department  
OIC General Secretariat  
17 September 2018**