



**SÜDOSTEUROPA-
GESELLSCHAFT**

**An Investment Compact for Black Sea Regional Co-
operation**

By

Dr. Rainer Geiger

OECD, Co-Chair of SEE Investment Compact

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**INVESTMENT COMPACT
FOR SOUTH EAST EUROPE**

Challenges for the Black Sea region

- Political and economic stability
- Favorable environment for both domestic and international investment
- Governance: rule of the law, modernization of the regulatory process and fight against corruption

Policy responses

- An integrated program of policy reform
- Strengthening networks of regional cooperation

The Model of the Investment Compact of South East Europe

- Development and implementation of national investment reform agendas
- Regional cooperation
- Private sector input
- Mobilizing political support

The Investment Reform Process

- Setting-up national teams for inter-ministerial coordination
- Developing the reform agenda
- Setting priorities and time bound targets for implementation
- Applying comparative benchmarks for measuring the results: Investment Reform Index (IRI)
- Developing capacities for the delivery of reform
- Communicating the benefits of reform

SEE regional cooperation on the investment agenda

- Regional networks on investment policy and enterprise development
- A common framework for tax policy
- Roundtable on corporate governance
- Regulatory reform and competition
- Improvement of the process of reform legislation
- A common framework for fighting corruption
- Private sector associations at national and regional levels

A new structure for the Investment Compact: the SEE Investment Committee

- Based on common values: the regional framework for investment
- Senior representation from the region
- Regional ownership (“ investment arm” of the new Regional Cooperation Council, support for the implementation of the investment provisions of CEFTA)
- Result orientated working groups and task forces to back up the reform process, develop implementation manuals and develop good practices
- First set of Working Groups to deal with investment promotion(chaired by Bulgaria), Regulatory reform (chaired by Serbia) Anti-corruption (chaired by Romania), human capital (chaired by Croatia)

The Investment Compact - A Success Story for the Region

- Positive outside evaluation 2005: “ Value for money”
- Significant increase of investment in the region
- Strong policy impact
- Credible national commitments to address remaining problems
- Regional partnerships

OECD experience with Black Sea region

- Strong program of cooperation with Russia- designed to prepare membership
- Support for investment and enterprise development in the Ukraine
- The Eurasian Roundtable for Corporate Governance
- The Anti-corruption network for transition economies (covering Ukraine, Russia, Georgia, Armenia and Azerbaijan)
- Workshops and training at the Istanbul Centre for Private Sector Development and the Ankara Multilateral Tax Centre
- Economic outlooks for Black Sea and Central Asia (the BSECAO project of the OECD Development Centre)

A new initiative for investment and development in the Black Sea region

- A structured programme of national policy assessment
- Implementation of a time bound program for reform
- Development of regional networks for cooperation
- Partnership with ENP and other programmes of cooperation

The preparatory phase of the initiative

- Achieve buy-in and commitment by partner countries
- Set priorities
- Develop a donors' network
- Mobilize private sector input
- Make a difference by addressing burning issues: the dynamics of the reform process, communication, policy impact, FDI promotion, local enterprise culture, efficiency and integrity of public and private sector management
- Become operational early 2008

Conclusions: conditions for success

- SEE Investment Compact provides a useful model for Black Sea Co-operation
- The design of the Compact is bound to generate success:
 - =Ownership of the reform process
 - =Time bound targets
 - =Mobilizing private sector and civil society
 - =Accountability for delivery and results
 - =Sharing of knowledge and strengthening capacities
 - =integration of the region into the global economy