

**DIRECTORATE FOR FINANCIAL AND ENTERPRISE AFFAIRS  
INVESTMENT COMMITTEE**

**EXTENSION OF THE OECD EURASIA COMPETITIVENESS PROGRAMME**

**ENHANCING PRIVATE SECTOR DEVELOPMENT, COMPETITIVENESS AND INVESTMENT IN  
EASTERN EUROPE, THE SOUTH CAUCASUS AND CENTRAL ASIA**

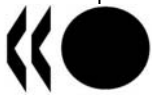
**June 2010**

*The Investment Committee is invited to support an extension of the OECD Eurasia Competitiveness Programme for 2011-15, subject to its approval by ERC, the approval of its output results and additional participating non-Members by Council, and the continued availability of voluntary funding. This thematic regional programme was founded in 2008 when the Council approved its proposed output results and funding for the period 2008-2010 [C(2008)24], after the ERC had expressed its support for the programme [ERC/M(2007)14, item 115].*

*Unless comments are received before 21 June 2010, the extension of the programme as proposed in this document will be considered approved.*

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**JT03285232**



## **ABSTRACT**

The Eurasia Competitiveness Programme will finalise its first Phase of work at the end of 2010. Results of the work conducted during the first phase of the Programme were regularly reported to the Advisory Group on Non-Members of the Investment Committee. This report presents the achievements of Phase I of the Programme and the mandate for Phase II based on the Ministerial Conference Concluding Statements of November 2008 and April 2009.

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## I. Introduction

1. With a combined total of over 160 million people, an educated workforce and abundant energy resources, Central Asia (CA)<sup>1</sup>, the South Caucasus and Eastern Europe (EESC)<sup>2</sup> are emerging as attractive destinations for investment and trade. Both CA and EESC have a strategic geographic location between the East and West where it is particularly important to promote economic and political stability. However, while these regions have attractive assets, their competitiveness is hampered by the poor quality of the business environment due to weak legal and economic institutions, an underdeveloped private sector and other legacies of a centrally planned economy. In addition, the financial crisis has had an impact on GDP growth and investment flows in most countries of the region while reliance on external financing remains high. Policy reforms are needed to strengthen competitiveness and to create an enabling environment for investment and private sector development.

2. Launched in July 2008, the **OECD Eurasia Competitiveness Programme** ('The Programme') is a regional programme that contributes to economic growth in 11 countries of the ex-Soviet Union, Afghanistan and Mongolia. OECD experts work closely with public authorities, the private sector and civil society to design and implement tools and instruments that lead to policy reforms and improve the business climate.

3. The countries covered in the second phase of the programme (2011-15) will continue to include Afghanistan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan (Central Asia Initiative) and Armenia, Azerbaijan, Georgia and Ukraine (Eastern Europe and South Caucasus Initiative). In addition to that, Belarus and the Republic of Moldova have been participating in policy working groups and ministerial meetings and have expressed the wish to become members of the Eastern Europe and South Caucasus Initiative (former Initiative for the South Caucasus and Ukraine), subject to Council approval.

4. The Central Asia Initiative is co-chaired by France and the European Union. OECD Member countries such as Germany and the Czech Republic are actively involved as Working Group co-chairs. The Initiative is co-financed by the European Union and jointly managed by the OECD and the European Commission within the framework of the EU Central Asia Invest programme. It is implemented in partnership with the German Technical Cooperation Agency (GTZ) and the Organisation for Security and Cooperation in Europe (OSCE). A first country-specific project is currently being implemented in Kazakhstan to help diversify sources of foreign direct investment and strengthen sector competitiveness.

5. **The Eastern Europe and South Caucasus Initiative** is co-chaired by Poland and Sweden and implemented in collaboration with the EU Eastern Partnership<sup>3</sup>. Other OECD members such as the Czech Republic are actively involved as Working Group co-chairs. The OECD is closely co-operating with regional organisations such as the Black Sea Economic Cooperation Council (BSEC) and the Union of Black Sea and Caspian Confederation of Enterprises (UBCCE). Internally, the OECD Directorate for Financial and Enterprise Affairs is working jointly with the Development Centre (DEV) in the implementation of the Initiative. A first country-specific project on the development of a Sector Competitiveness Strategy for Ukraine was launched at the end of 2009 in collaboration with the Swedish International Development Cooperation Agency (SIDA).

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<sup>1</sup> Central Asia includes Afghanistan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Turkmenistan and Uzbekistan.

<sup>2</sup> South Caucasus includes Armenia, Azerbaijan and Georgia; Eastern Europe includes Belarus, the Republic of Moldova and Ukraine.

<sup>3</sup> See also Joint Declaration of the Prague Eastern Partnership Summit, Prague, 7 May 2009, Council of the European Union, 8435/09 (Presse 78), para. 15.

6. The Programme generates impact through an integrated framework based on two pillars: (i) Regional policy dialogue, peer review and capacity building and (ii) country-specific support in implementation at the regional, national and sub-national level. The regional approach allows countries to engage their peers in working to design and implement successful policies and institutions. This policy dialogue and peer review component is complemented by targeted capacity building workshops including policy seminars implemented in collaboration with the Joint Vienna Institute (JVI), of which the OECD is a founding and contributing member<sup>4</sup>. The country-specific approach aims to address the challenges of SME development and sector competitiveness.

7. Both pillars incorporate a sector-specific approach. The approach employs a comprehensive methodology that helps identify and remove sector-specific policy barriers. This approach: (i) Helps focus scarce resources on specific sectors to increase the likelihood that policy reforms are implemented; (ii) generates interest and involvement from the private sector early in the process (e.g. through industry associations and chambers of commerce); and (iii) produces specific and actionable policy recommendations to support the growth of a sector.

## **II. Achievements of the OECD Eurasia Competitiveness Programme in 2008-10**

8. Please refer to DAF/INV/AGC(2009)8 for a detailed outline of strategy and programme of activities between 2008 and 2010.

9. Between mid- 2008 and mid- 2010, the Programme conducted two Ministerial Conferences, two Advisory Councils with beneficiary and OECD countries, five Steering Committee meetings and 12 missions to beneficiary countries. The Ministerial Conferences included participation at the level of minister of economy, deputy prime minister and president from all countries of the region. The next Ministerial Conference for Central Asia is scheduled for Q2 2010. Furthermore, the OECD launched two country-specific projects and implemented four policy Working Groups. Another four policy Working Groups will be implemented in 2010. A complementary in-depth policy seminar on specific competitiveness policies is scheduled for Q4 2010 (in collaboration with the JVI).

10. Beneficiary countries have expressed their support for the Programme either in writing, through bilateral meetings, during country missions of the OECD Secretariat to almost every country of the region, and during the Ministerial conferences where both initiatives were launched. Working relationships have been established with all CA and EESC countries. Strong political commitment to ensuring active participation in the Initiative also heightens the Programme's impact. In EESC, Armenia and Azerbaijan have agreed to work together at both the political level and the technical level -- through expert meetings -- to support regional economic co-operation. In CA, Uzbekistan and Turkmenistan have expressed their interest in joining the Initiative, which would then include all Central Asian countries along with Afghanistan and Mongolia (see Appendix).

11. The initial focus of the regional policy dialogue which took place over 2009-2010 within the framework of policy Working Groups has been on: i) Investment policy and promotion, ii) financial market development with a focus on access to finance, and iii) human capital development. The Working Groups provide a forum for beneficiary countries to exchange experiences, conduct peer reviews and develop recommendations to address common policy issues. The selected policy dimensions will eventually be extended to cover further areas included in the Policy Framework for Investment (PFI) as well as to incorporate a broader spectrum of themes related to enterprise policy.

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<sup>4</sup> The OECD's status as Contributing Member of the JVI expires by the end of 2010. The Secretariat intends to propose a renewal of this status, which will facilitate the implementation of this programme.

12. The impact of supporting regional policy dialogue in Eurasia is three-fold: (i) By endorsing both Initiatives' Concluding Statement, beneficiary countries formally recognise the need to enhance investment, competitiveness and private sector development by designing and implementing policies to improve the business climate with the support of the OECD and its member countries. (ii) By participating in Working Groups, beneficiary countries familiarise themselves with OECD instruments and methodologies. (iii) The policy dialogue mechanism facilitates closer alignment of countries with OECD standards and best practices (e.g. Ukraine's upcoming application to adhere to the OECD Declaration on International Investment and Multinational Enterprise).

13. The overall results will be synthesised in two flagship publications, one for Central Asia and one for Eastern Europe and the South Caucasus. Using selected areas of the OECD Policy Framework for Investment as a benchmark, the publications will include a first comparative overview ('Competitiveness Outlook') of where countries stand on policies relevant to SME development, private sector development and as regards domestic, intra-regional and international investment. Both publications are expected to be launched in Q4 2010.

14. At the country level, two in-depth Sector Competitiveness Strategies (SCS) are currently being developed, one with Kazakhstan and one with Ukraine. The SCS provides countries with a synthesis of policy priorities as well as recommendations on how to implement them. Both projects were launched in 2009 and are being implemented in parallel over the period 2009-2012. Implementation of phase I (2009-2010) of the project for Kazakhstan began in February 2009 and aims at defining and prioritising sector-specific sources of competitiveness. The OECD contributes to this analysis by leveraging its knowledge and methodologies to help countries prioritise sectors from an Investment Promotion perspective, assess their local capabilities, model economic impacts, and identify sector-specific policy barriers.

15. Implementation of the project for Ukraine follows a similar approach and started in November 2009. Furthermore, it includes a thorough Investment Policy Review – prepared by the Investment Division and reviewed by the OECD's Advisory Group on co-operation with non-Members – which works to advance the policy dialogue and co-operation between the OECD and Ukraine on investment-related policies. A similar exercise is expected to be carried out for Kazakhstan in the future.

16. Impact is achieved through close collaboration with policy makers. The governance of the Ukraine project is led by the national OECD board which is composed of the Cabinet of Ministers and chaired by the Deputy Prime Minister. In Kazakhstan, the OECD reports quarterly to the Prime Minister and Cabinet of Ministers and contributes directly to the country's master plan for national development. Both projects have direct influence on the allocation of the budget on where and how to attract FDI to specific sectors. In 2009, several OECD recommendations regarding the different sectors addressed were approved and implemented by the government of Kazakhstan. Over the course of the project, a tangible increase in FDI is expected.

### **III. Proposed content of the Programme in 2011-15**

#### ***3.1 Regional Dialogue, Monitoring and Capacity Building***

17. The OECD has established agreements with the EU to finance the regional policy dialogue process in the two regions of the Programme until end 2012. It is highly likely that the partnership with the EU will be continued until 2015. This collaboration will result in the publication by 2013 of one report per region containing guidelines on how to design and implement reforms in the different countries of the region. During this period, policy Working Groups (WG) will continue to convene on a regular basis. In support of the Working Groups, a thorough competitiveness assessment will be conducted by the Secretariat to identify further policy reform priorities and develop a comparative overview of where the

countries stand relative to each other and to international best practices. The peer group may be extended to countries of South Asia over this period, subject to Council approval.

18. The impact of the Working Groups and regional policy dialogue shall further be enhanced by its role in moving countries closer to adherence to OECD standards, such as the OECD Declaration on International Investment and Multinational Enterprises. Specifically, it will help foster the implementation of the OECD Producer Support Estimates in the region and support countries in conducting Territorial Reviews in collaboration with the respective OECD Committees. Alignment with the OECD Bologna Process on SME & Entrepreneurship Policies will also be promoted to harmonise SME policies with OECD best practices. Furthermore, knowledge task-forces may be created to serve as permanent points of contact for countries of the region to provide them with specific OECD knowledge beyond the advice given in working group meetings and through publications.

19. Based on demand from the beneficiaries, for Central Asia, specific implementation actions for capacity building using OECD tools and methodologies will be proposed and implemented including: sector specific policy recommendations, investment promotion and facilitation at the regional, national and sub-national level, linkage programmes between local and international companies, programmes matching educational programmes with industry requirements, support for organisation design and provision of policy advisory services.

20. Based on demand from the beneficiaries, for Eastern Europe and the South Caucasus, the specific focus will be on enterprise policy development. For this purpose, OECD, EC, EBRD and the European Training Foundation (ETF) are currently initiating a joint process for regional policy dialogue on SME policy development. This pilot programme will provide a comprehensive assessment of the current status of enterprise policy across the region. From 2012 to 2015, this process is expected to lead to the implementation of the Small Business Act in the countries of the region accompanied by a monitoring and evaluation process by the OECD. This would follow the example of the SME Policy Index performed for South East Europe.

21. In order to advance the dialogue with the private sector, the OECD is supporting the creation of an “Eurasia Private Sector Forum”, bringing together business intermediary organizations from the Eurasia region, such as chambers of commerce, employers associations and intraregional networks, to discuss specific challenges to private sector development. A preparatory meeting with business representatives from the region, including UBCCE and its member associations, was held on 11 March 2010 in Istanbul, Turkey.

22. As part of the further evolution of the Programme activities, capacity building workshops and policy seminars for officials and SME business intermediaries will be developed, involving the Joint Vienna Institute (JVI) and some of its other members. Other academic organisations will also be involved. The objective of offering several-day courses is to provide beneficiary countries with in-depth capacity building on specific competitiveness policies. Subjects to be included will be based on the Policy Framework for Investment and other relevant tools; specifically five modules will be proposed: i) Human capital policies, focused on the development of entrepreneurial skills and the development of skills gap methodologies; ii) access to finance; iii) investment policy; iv) investment promotion strategies at the regional, national and sub-national level, including linkage programmes, Special Economic Zones (SEZs) and clusters; v) sector competitiveness strategies and policies. A first course is scheduled for Q4 2010.

23. Another step to enhance the impact of the Programme’s overall activities will be the development of twinning programmes between OECD countries and beneficiary countries, e.g. bringing together an OECD Investment Promotion Agency and a beneficiary’s IPA to provide in-depth advice on its strategy and organisation design. Coaching of policy makers will also form an integral part of capacity building.

This will be enabled through a network of experts, potentially co-ordinated by a 'Private Sector Development Institute' for Eurasia and specific projects. This Institute would focus on capacity building through policy seminars led by experts from OECD Members and aims at strengthening links with Academia.

### ***3.2 Country Specific and Regional Advisory Projects***

24. At the country level, phase 2 and 3 (2010-2013) of both the Sector Competitiveness Strategy for Kazakhstan and for Ukraine will strengthen the countries' sector competitiveness at national and sub-national level by addressing specific policy barriers focusing on short- and medium-term results. The OECD will work with the government, the private sector, other international organisations and civil society to remove sector-specific policy barriers.

25. Phase 2 (2010-2011) aims at strengthening the sector competitiveness by focusing on the most practical and effective measures that have been identified based on sector and policy analysis and expertise. A specific emphasis will be placed on human capital and vocational education reform to match private sector requirements. A similar emphasis will be placed on developing a FDI database and linkage programmes where required.

26. Phase 3 (2011-2013) aims at putting in place the necessary mechanisms to embed sustainable reform. The following three areas will be analysed to sustain competitiveness: (i) increasing sector competitiveness by removing policy and administrative barriers; (ii) fostering links between competitive clusters and academia to promote sustainable investment ; and (iii) linking innovation and human capital to ensure that local resources are available in sufficient quantity and quality to match sector-specific requirements.

27. Five additional long-term country-specific projects will be launched in 2011-2012 tailored to the current level of policy reform and the specific needs of the countries concerned. The projects will last for approximately 3 to 4 years. To increase impact and interaction between OECD members and countries of the region, the Programme intends to apply sector-specific benchmarks between OECD and Eurasia countries.

## **IV. Governance structure of the Programme**

28. Overview and regional ownership of the Programme is ensured through an Advisory Council, one for CA and one for EESC, chaired or co-chaired by OECD Members. The Advisory Council meets at least once a year and includes representatives from the beneficiary countries (National OECD Contact Points), OECD Members, as well as donors, partners, international organisations and the private sector. The Advisory Council meets at Ministerial level every second year.

29. The policy Working Groups are responsible for the delivery of substantive work. Every working group meets at least once a year. Beneficiary countries are expected to attend all meetings and provide at least two experts per policy Working Group from 2009 onwards.

30. Oversight, strategic guidance and donor consultation is ensured through a Steering Committee which meets twice a year per Initiative in Paris and includes OECD co-chairs and other donors. The Steering Committee for each initiative approves the proposed work programme for the following years.

31. Progress on the implementation of the Programme is regularly reported to the Advisory Group on Co-operation with Non-Members.



## V. Funding of the OECD Eurasia Competitiveness Programme

32. The current funding position of the OECD Eurasia Competitiveness Programme for 2010 to 2012 sums up to 6.3 million EUR in voluntary contributions in hand. New voluntary contributions expected between 2012 and 2015 sum up to 10.9 million EUR. Negotiations are in advanced progress and VC's will be accepted pending approval of the mandate.

### *Voluntary Contributions Accepted in Previous Years and Planned for 2011-15:*

|  | (K EUR) |      |      |      |      |      |      |      |      |
|--|---------|------|------|------|------|------|------|------|------|
|  | 2007    | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| <b>Previous Voluntary Contributions:</b> |         | 167  | 1120 | 2585 |      |      |      |      |      |
| <b>Voluntary Contributions in Hand:</b>  |         |      |      |      | 2100 | 1000 | 700  |      |      |
| <b>New Voluntary Contributions:</b>      |         |      |      | 1000 | 900  | 2000 | 2700 | 2700 | 1600 |

**Annex 1: Co-operation Partners of the OECD Eurasia Competitiveness Programme**

| <b>Name</b>   | <b>Planned Co-ordination</b>  |
|---|---|
| Asian Development Bank (ADB)                                | Planned co-operation on Central Asia  |
| European Union (EU)   | Co-operation on Eastern Europe and the South Caucasus through joint implementation of EU Eastern Partnership panel meetings on Enterprise Policy (together with European Training Foundation); joint management of regional policy dialogue for SME development in Central Asia; EU co-chairmanship of OECD Central Asia Initiative |
| European Bank for Reconstruction and Development (EBRD)     | Planned co-operation on SME Policy Assessment in Eastern Europe and South Caucasus  |
| German Technical Co-operation Agency (GTZ)                  | Memorandum of Understanding in place regarding co-operation across Eastern Europe, South Caucasus and Central Asia in the implementation of policy working groups and in further securing political support from countries of the region  |
| Organisation for Security and Co-operation in Europe (OSCE) | Agreement in place regarding co-operation in the implementation of policy working groups in Central Asia and in further securing political support from countries of the region   |
| United Nations Development Fund (UNDP)                      | Co-operation in the implementation of working groups on a case-by-case basis  |
| World Economic Forum  | Collaboration agreement regarding joint Competitiveness Report on Central Asia including launch in Davos in 2011  |
| World Bank / International Monetary Fund (IMF)              | Potential co-operation on workshops and trainings organised with the Joint Vienna Institute (JVI)   |

**Annex 2: Participating non-Members**

| <b>Box 1. Eastern Europe and South Caucasus</b>   | <b>Box 2. Central Asia</b>   |
|---|--|
| <ul style="list-style-type: none"> <li>• Armenia</li> <li>• Azerbaijan</li> <li>• Belarus (to be included in 2010, subject to Council approval)</li> <li>• Georgia</li> <li>• Republic of Moldova (to be included in 2010, subject to Council approval)</li> <li>• Ukraine</li> </ul> | <ul style="list-style-type: none"> <li>• Afghanistan</li> <li>• Kazakhstan</li> <li>• Kyrgyz Republic</li> <li>• Mongolia</li> <li>• Tajikistan</li> <li>• Turkmenistan</li> <li>• Uzbekistan</li> </ul> |

**Annex 3: Chronological overview of events of the OECD Eurasia Competitiveness Programme**

| <b>Date</b>                 | <b>Event</b>  | <b>Location</b>                          | <b>Initiative</b> |
|-----------------------------|---|--|-------------------|
| <b>5 November 2008</b>      | CA Ministerial meeting, launch of the initiative  | Berlin, Germany                          | CA                |
| <b>February/March 2009</b>  | Fact-finding and data collection missions to SCU region   | Armenia, Azerbaijan, Georgia and Ukraine | SCU               |
| <b>3 February 2009</b>      | SCU Steering Committee meeting  | Paris, France                            | SCU               |
| <b>25 February 2009</b>     | SCU Steering Committee meeting  | Paris, France                            | SCU               |
| <b>3 March 2009</b>         | SCU Advisory Council meeting  | Paris, France                            | SCU               |
| <b>9 March 2009</b>         | EC-OECD stakeholders meeting  | Brussels, Belgium                        | SCU               |
| <b>1 April 2009</b>         | SCU Ministerial meeting, launch of the initiative   | Paris, France                            | SCU               |
| <b>16 April 2009</b>        | Launch of Sector Competitiveness Strategy for Kazakhstan  | Astana, Kazakhstan                       | CA                |
| <b>29 April 2009</b>        | Central Asia Invest Stakeholders meeting  | Bishkek, Kyrgyz Republic                 | CA                |
| <b>27 May 2009</b>          | SCU Steering Committee meeting  | Paris, France                            | SCU               |
| <b>23 June 2009</b>         | First quarterly milestone presentation of the Sector Competitiveness Strategy to the government of Kazakhstan | Astana, Kazakhstan                       | CA                |
| <b>3 July 2009</b>          | SCU WG on Investment Climate Policy and Promotion   | Bodrum, Turkey                           | SCU               |
| <b>16 September 2009</b>    | Second quarterly milestone presentation to the government of Kazakhstan                                       | Astana, Kazakhstan                       | CA                |
| <b>16-18 September 2009</b> | International Conference on Creating Conditions for Sustainable Economic Development (DAF/GOV/EDU)            | Astana, Kazakhstan                       | CA                |
| <b>17 September 2009</b>    | CA WG on Investment Climate Policy and Promotion  | Astana, Kazakhstan                       | CA                |
| <b>7 October 2009</b>       | SCU Steering Committee meeting  | Paris, France                            | SCU               |
| <b>17 November 2009</b>     | SCU WG on Financial Markets Development   | Warsaw, Poland                           | SCU               |
| <b>24 November 2009</b>     | Launch of country-specific Sector Competitiveness Strategy with Ukraine                                       | Kiev, Ukraine                            | SCU               |
| <b>3 December 2009</b>      | Third quarterly milestone presentation to the government of Kazakhstan  | Astana, Kazakhstan                       | CA                |
| <b>February 2010</b>        | First quarterly milestone presentation to the   | Kiev, Ukraine                            | SCU               |

|                                 |   |   |     |
|---------------------------------|---|---|-----|
|                                 | government of Ukraine   |   |     |
| <b>11 March 2010</b>            | Fourth quarterly milestone presentation to the government of Kazakhstan   | Astana, Kazakhstan                            | CA  |
| <b>11 March 2010</b>            | Preparatory meeting of the OECD Eurasia Private Sector Forum  | Istanbul, Turkey                              | SCU |
| <b>23 March 2010</b>            | Steering Committee Meeting of the Central Asia Initiative   | Paris, France                                 | CA  |
| <b>9 June 2010</b>              | SCU Steering Committee meeting  | Paris, France                                 | SCU |
| <b>June 2010</b>                | Second quarterly milestone presentation to the government of Ukraine  | Kiev, Ukraine                                 | SCU |
| <b>17 June 2010</b>             | CA WG on Investment Climate Policy and Promotion  | Paris, France                                 | CA  |
| <b>18 June 2010<sup>5</sup></b> | CA Ministerial Roundtable (Advisory Council meeting)  | Paris, France                                 | CA  |
| <b>July 2010</b>                | Fifth quarterly milestone presentation to the government of Kazakhstan  | Astana, Kazakhstan                            | CA  |
| <b>September 2010</b>           | Launch of Sector Competitiveness Strategy for Kazakhstan phase 2  | Astana, Kazakhstan                            | CA  |
| <b>September 2010</b>           | Third quarterly milestone presentation to the government of Ukraine   | Kiev, Ukraine                                 | SCU |
| <b>November 2010</b>            | CA WG on Human Capital Development  | Vienna, Austria (tbc)                         | CA  |
| <b>November 2010</b>            | In-depth policy seminar for officials and business intermediary organisations on specific business climate enhancement policies | Joint Vienna Institute (JVI), Vienna, Austria | CA  |
| <b>December 2010</b>            | SCU EU/OECD WG on Enterprise Policy Development   | Brussels, Belgium                             | SCU |

<sup>5</sup> Postponed from 21 April 2010 due to coup d'état in host location.

**Annex 4: Concluding Statement of the OECD Central Asia Initiative**

**Concluding Statement**

**adopted at the**

**Regional Conference on “Investment and  
Competitiveness in Central Asia”**

Investment and Competitiveness Initiative for Central Asia

OECD - OSCE

**4 – 5 November 2008, Berlin**

***Preamble***

We, the Delegations of Afghanistan, Kazakhstan, Kyrgyzstan, Mongolia and Tajikistan, participating in the regional Conference,

**CONVINCED** of the need to spur economic growth, development and social progress across countries in the Central Asian region, especially in the times of global financial crisis;

**RECOGNISING** the need to increase investment, competitiveness, and private sector development by designing and implementing policies to improve the investment and business climate;

**SUPPORTING** regional co-operation for the overall benefit of economic development, security and stability;

**ACKNOWLEDGING** that the OECD, its Member countries, and the OSCE in cooperation with other relevant international organizations, can provide valuable support to the efforts of governments in the region to create favourable conditions for increased domestic and foreign investment through implementing the Investment and Competitiveness Initiative for Central Asia;

**HAVE** adopted the following statement:

***Objectives***

The Delegations agree with the following objectives of the Investment and Competitiveness Initiative for Central Asia:

- Increase investment, competitiveness and private sector development by helping countries to design and implement policies to improve the business climate and encourage regional cooperation for the overall benefit of economic development, security and stability;
- Share OECD best practices and experience in policies to improve investment and competitiveness;
- Support countries from the region in discussing and sharing their own best practices and reform experiences; and
- Assist governments from the region in developing policies aimed at supporting local businesses and attracting more foreign investors.

***Key principles***

The Delegations agree with the following key principles, which will drive the implementation of the Investment and Competitiveness Initiative in Central Asia:

- Clear links with the National Development Plan and the priorities of every country;
- Tailored to reflect the needs and the priorities of the participating countries, based on their active ownership;
- Review and coordination with existing donors and other international organizations to avoid any overlap or/and duplication;
- Voluntary self-evaluation of the government on its policy reforms;
- Involvement of the private sector whenever possible;
- Result driven approach with a clear implementation road-map.

### ***Approach***

We have discussed the Concept of the Initiative, developed by the OECD and OSCE in consultation with the Central Asian countries, Afghanistan and Mongolia, and agreed with the objectives and key principles as described above. We believe that the Initiative can be of assistance in our policy reform work at sectoral and national levels and, when appropriate, at regional level.

The proposed regional working groups could contribute to the sharing of experience and information useful to the work carried out in our countries. The regional working groups shall meet at least twice a year. The Chairmanship of the working groups may also be organized on a rotation basis.

Implementation of the Initiative will start in 2009 and will initially last for 3 years. It will be funded through donor contributions.

The Initiative will be managed by an Advisory Council that will consist of representatives of participating countries, the OECD, the OSCE, donor countries, relevant international organizations and the private sector. The Advisory Council shall meet twice a year and a Ministerial Meeting will be held once a year.

**Participation in the Initiative is open to all countries of the Central Asian region.**



**INVESTMENT AND COMPETITIVENESS IN CENTRAL ASIA,  
BERLIN, 4 – 5 NOVEMBER 2008**

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DAF/INV(2010)7

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|                             |  |
|-----------------------------|--|
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| <b>Arstanbek Nogoiev</b>    | <i>Minister<br/>Ministry of Agriculture, Water Resources and<br/>processing industry</i>                   |
| <b>Maratbek Bakiev</b>      | <i>Ambassador<br/>Embassy of the Kyrgyz Republic to Germany</i>  |
| <b>Ulan Raimbekov</b>       | <i>Counsellor<br/>Embassy of the Kyrgyz Republic to Germany</i>  |
| <b>Ernst Ororbaev</b>       | <i>Counsellor-minister<br/>Embassy of the Kyrgyz Republic to Germany</i>                                   |
| <b>Sultan Akhmatov</b>      | <i>Head of Department of Strategy Support<br/>Ministry of Economic Development and Trade</i>               |
| <b>Kumiushay Suiumbaeva</b> | <i>Second Secretary<br/>Ministry of Foreign Affairs, International Economic<br/>Cooperation Department</i> |
| <b>Ulan Bazarbaev</b>       | <i>First Secretary<br/>Embassy of the Kyrgyz Republic to Germany</i>                                       |

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