



PRESIDENCY OF THE REPUBLIC OF TURKEY  
**INVESTMENT OFFICE**



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**REPORT, CONCLUSIONS, AND  
RECOMMENDATIONS OF THE  
OIC HIGH LEVEL PUBLIC AND PRIVATE  
INVESTMENT CONFERENCE**

**Istanbul, Republic of Turkey  
8-9 December 2019**



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# Report, Conclusions, and Recommendations of the OIC High Level Public and Private Investment Conference Istanbul, Republic of Turkey 8-9 December 2019

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1. The OIC High Level Public and Private Investment Conference was held in Istanbul, Republic of Turkey, on 8-9 December 2019, under the theme of “Unleashing Intra-OIC Investment Opportunities: Investment for Solidarity and Development”.
2. More than a thousand high-level participants from the public and private sectors of 43 OIC Member States, observer countries, guests, and 10 OIC organs and institutions attended the Conference. Foremost among the attendees were Heads of State, Ministers, CEOs, representatives of the international and regional organizations, and delegations from relevant public and private sector entities. The Work Programme of the Conference is attached as **Annex-I**.

## *Opening Ceremony of the Conference:*

3. The opening ceremony of the Conference was inaugurated by H.E. Mr. Recep Tayyip Erdoğan, President of the Republic of Turkey. In his address, President Erdoğan welcomed all the invitees and called upon delegates to seize the auspicious occasion to develop coordination and cooperation mechanisms among the public and private sectors. President Erdoğan called upon the OIC Member States to further promote intra-OIC trade and investment with a view to increasing the welfare and well-being of their people. He invited public and private sector entities to provide financial and humanitarian assistance to Albania in order to alleviate the negative consequences of the recent earthquake.
4. H.E. Mr. Alpha Condé, President of the Republic of Guinea, H.E. Mr. Edi Rama, Prime Minister of the Republic of Albania, and H.E. Dr. Aristides Gomes, Prime Minister of Guinea-Bissau, also addressed the opening ceremony.
5. In his address to the opening ceremony, H.E. Dr. Yousef Bin Ahmad Al-Othaimeen, Secretary General of the Organization of Islamic Cooperation (OIC), delivered by H.E. Ambassador Ahmad Ssenyomo, OIC Assistant Secretary General for Economic Affairs, underscored the importance accorded by the OIC to the promotion of intra-OIC investments and emphasized the need to provide a platform for policy makers and respective business communities at national and international levels to meet and exchange knowledge and articulate commitments to improve the investment climate in the Member States.

6. Representing H.E. Bandar Hajjar, President of the Islamic Development Bank Group, Mr. Ayman Sejiny, Chief Executive Officer of the Islamic Cooperation for the Development of Private Sector (ICD), IsDB Group member, also delivered a speech.
7. The opening ceremony was also addressed by Mr. Arda Ermut, President of the Investment Office of the Presidency of Turkey, as the host of the Conference.

***Ministerial Session of the Conference:***

8. During the Ministerial Session, Mr. Arda Ermut, President of the Investment Office of the Presidency of Turkey, made an opening statement and welcomed public and private sector representatives to the Conference.
9. The relevant Ministers from 13 OIC Member States, namely the State of Qatar, the State of Palestine, the Islamic Republic of Afghanistan, the Republic of Benin, the Islamic Republic of Pakistan, the Republic of Cameroon, the Kingdom of Morocco, the Republic of Tajikistan, the State of Libya, the Republic of Mali, the Federal Republic of Somalia, the Co-operative Republic of Guyana, the Federal Republic of Nigeria, as well as the Turkish Cypriot State as an OIC observer, delivered speeches.

***Panel Discussions:***

10. The proceedings of the Conference were conducted through the six High Level Panel Discussions under the Programme of the Conference, namely: (1) Innovative Development Finance for Fostering Global Value Chains; (2) The Role of Export Credit Agencies and Arbitration in the Promotion, Protection, and Guarantee of Investments; (3) The Business Intelligence Ecosystem Role in Tackling the Data Revolution; (4) Boosting Intra-OIC Investment Flows: Private Sector Perspective; (5) The Role of SDGs in Empowering Women and Youth Entrepreneurship; and (6) The Role of IPAs in Boosting the Intra-OIC Investments.
11. Speakers made several presentations of the investment opportunities, shared best practices on their investment promotion efforts, and expressed their keen interest in strengthening greater partnership among the public and private sectors on a sustainable basis.
12. Participants also emphasized the pivotal role played by public and private sectors entities, the Investment and Trade Promotion Agencies in promoting intra-OIC investment, implementing the investment related goals of the “OIC-2025: Program of Action”, and of giving new momentum to cooperation amongst themselves and with the OIC institutions working in the field of investment. The participants also stressed the utmost importance of supporting the active involvement of the private sector in boosting economic and investment cooperation between the OIC Member States.
13. The Conference adopted the İstanbul Declaration, which is attached to this Report as **Annex-II**.

***Conclusions and Recommendations:***

14. At the end of the presentations and general debate of each Panel Discussion, the Conference agreed the following conclusions and recommendations:

## **Panel Session I: Innovative Development Finance for Fostering Global Value Chains**

### **Conclusions:**

- I. A Global Value Chains (GVCs) approach can enhance the competitiveness of industries that are linked to global markets and hence achieve substantial economic growth in the country.
- II. The available public and development finance resources are likely to fall far short of what will be required in the years running up to the 2030 deadline to achieve the Sustainable Development Goals (SDGs).
- III. The natural target for such sources is the private sector, but private sector investment in developing countries is substantially below its counterpart in developed countries. On average, developing countries need to more than double their current private sector investment levels to be on par with developed countries.
- IV. Lack of properly structured bankable projects is a major factor impeding flow of private funds towards the development needs of the countries.
- V. To be able to attract private sector funds to development projects, innovative development finance vehicles and tools need to be designed to prepare bankable projects that are procured through transparent and competitive bidding, are de-risked, and have enhanced creditworthiness to meet the appetite of various investors in the market.

### **Recommendations:**

- a) Policymakers need to understand global firms and assess linkages within GVCs as well as build the productive capacities that would allow countries to move up the value addition ladder.
- b) Governments, MDBs, National Development Banks, Institutional Investors, and Private Funds need to partner in developing innovative mechanisms that would provide platforms to fund development projects along the GVCs.
- c) Creating conducive environments and deploying innovative de-risking and credit enhancement tools could facilitate bridging the gap between national development needs of countries and the investment interest of private and institutional investors.

## **Panel Session II: The Role of the Export Credit Agencies and Arbitration in the Promotion, Protection, and Guarantee of Investments**

### **Conclusions:**

- I. It is imperative to identify the role played by Export Credit Agencies (ECAs) and MDBs in reducing transaction risk and fostering FDI inflows into OIC countries.
- II. It would be useful to bring more awareness on the takaful sharia risk mitigation products that enhance investors' decisions.

- III. Enhancing the legal arrangement of the policies in relation to the use of new innovative mechanisms reduces the credit exposure of projects for potential investors via use of Partial Risk Guarantee.
- IV. Bringing more awareness on the new innovative financing mechanisms is necessary: Credit Wrap (e.g. Co-Guarantee Platform), crowding in private capital (Syndication & Resource Mobilization), Balance Sheet Optimization Solutions, and Multi-layer securitization guidelines and legal documentations to provide specific coverage for lenders that is over the project's own cash flow edge.
- V. It is important to demonstrate the benefits of Intra-OIC cross-border investment in boosting the regional integration and cooperation agenda.
- VI. Identification is required of specific constraints impeding the FDI flows, e.g. weak capacity of national institutions/implementing agencies, weak conducive legal framework, and lack of information.
- VII. There is a need to promote arbitration and dispute settlement mechanisms among the OIC Member States.

***Recommendations:***

- a) Recognize the importance of the takaful credit and investment insurance as mitigating enablers that support trade and investment flows.
- b) Frame concrete policy options/recommendations and actions to boost trade finance and takaful insurance in order to meet the intra-OIC target of 25% by 2025.
- c) Enhance the role of ECAs as crucial catalyst to secure/enhance exports outflows and the inward investments within the OIC Member Countries.
- d) Improve ECAs' role toward achieving the 2030 SDGs while targeting the most impactful investments in terms of inclusive, sustainable, and resilient growth.
- e) OIC Arbitration Centre will be instrumental in settling disputes. It is recommended to highlight its main comparative advantages in relation to other existing dispute settlement mechanisms and arbitration centers.
- f) Advocate for a better use of innovative sources of funding e.g. Credit Wrap (e.g. Co-Guarantee Platform), crowding in private capital (Syndication & Resource Mobilization), Balance Sheet Optimization Solutions, and Multi-layer securitization.

***Panel Session III: The Business Intelligence Ecosystem Role in Tackling the Data Revolution***

**Conclusions:**

- I. The critical data driven technologies will help unlock opportunities via BI ecosystem: Artificial Intelligence (AI), blockchain, machine and deep learning, as well as predictive and prescriptive analytics.

- II. Data analytics in detecting and combating fraud, as well as the need for greater customer-centricity and tangible business benefits are important to help unlock the opportunities that technology presents.
- III. The OIC Business Intelligence Programme could play a role as an enabler for benefiting from the data revolution within the OIC region and for unlocking the big data revolution's potential in SMEs' development.
- IV. IT Data platforms in boosting banking performance and the MDBs in the development of such Ecosystems for IFIs as the OIC region are crucial, especially for those OIC Member States classified as LDMCs.
- V. The involvement of Private and Public Stakeholders remains a key prerequisite for a successful implementation of the OIC Business Intelligence Programme.
- VI. The 4th Industrial Revolution, which encompasses, among others, Artificial Intelligence, FinTech, Blockchain, Data Global Value Chain, and predictive analytics, provides a useful tool for a better decisions-making process.
- VII. An Integrated Management System flow at the local, regional, and global levels for e-commerce and e-payment will require an advanced technical and legal alignment between different types of platforms.

***Recommendations:***

- a) Develop a best-in-class business intelligence database/digital platform that covers cross-border credit registry and linked credit bureau services (OIC wide with potential Hub & Spoke model).
- b) Provide advisory services including capacity building to Member States across the different maturity levels to drive business/credit intelligence impact across all Member States.
- c) Deliver an optimal operational model with key strategic partnerships and potential regional offices network and adopt a model that serves all Member States at various maturity levels.
- d) Encourage ICIEC and SESRIC to complete the technical preparations for launching the OIC Business Intelligence Programme in line with the relevant resolution of the 35<sup>th</sup> Session of COMCEC.

***Panel Session IV: Boosting Intra-OIC Investment Flows: Private Sector Perspective***

**Conclusions:**

- I. There is a growing consensus on the need to intensify intra-OIC investment flows, especially given the current global landscape where FDIs are lackluster and trade uncertainty and protectionism prevails.

- II. Private sector development is a multidimensional process both conceptually as well as empirically. It involves many efficiency, quality, sustainability, performance, and dynamism features.
- III. Common challenges of the private sector that are cited include: limited access to credit, weak infrastructure and business support/SME development institutions, unclear trade and exchange rate policies, asymmetric information, risks stemming from political instability, and an absence of investment facilitation and promotion measures.
- IV. Financial services institutions in the OIC Member States with more manual, complex, and outdated systems and business-to-business offerings will benefit the most from fintech innovations using AI, robotics, blockchain, data analytics, and cloud services.
- V. Free and fast flow of resources/factors of production is also critical in facilitating cross-border trade and investment in the OIC space.
- VI. Foreign investment is not a transaction; it is a relationship. An investment policy strategy should not only pursue attraction, but also retention and linkages with the domestic productive sector (thereby maximizing benefits from investment).
- VII. In less-developed/fragile OIC countries, there is a need to come up with specific measures and/or incentives to attract and retain a private investment both domestically and as well as internationally.

### **Recommendations:**

- a) It is recommended to work collectively in the OIC context and to bring new composite metrics of private sector development and its main facets such as: environment, penetration, efficiency, sophistication, and accountability.
- b) Countries should examine critical infrastructure constraints (social and physical) for private sector development since both domestic and foreign investors seek a skilled workforce and efficient physical infrastructure.
- c) To achieve more and better-allocated credit to support investment in OIC countries, most states need to conduct reforms to boost efficiency in the banking and financial sector, where fintech solutions can help by providing better financial services and enhancing financial inclusion.
- d) Fintech solutions could also be leveraged to change the nature of cross-border capital flows by reducing information asymmetries, enabled by more granular information on borrowers and better matching and pooling of savings and investment.
- e) Tapping into traditional capital markets to raise longer-term finance is not the only the option for SMEs in OIC countries, so development of alternative retail-based market-place lending (crowdfunding) platforms could provide viable alternatives.

## **Panel Session V: The Role of SDGs in Empowering Women and Youth Entrepreneurship**

### **Conclusions:**

- I. Development finance institutions (DFIs) play a major role at the national, regional, and multilateral levels when it comes to meeting the investment gap as well as policymaking required to achieve the SDG targets.
- II. They provide not only the necessary financing—either directly or by helping to unlock and catalyze additional public and private resources—but also policy advice and technical assistance supporting governments to build domestic capacity and to identify needed priority investments with the right standards.
- III. Conversations about achieving SDG goals are incomplete without the inclusion of women and youth.
- IV. Women's economic empowerment requires transformative changes. Representation is also extremely important—women need to take charge and lead decisions being made, whether in government positioned to ministries, companies that produce technologies, or institutions charged with global economic oversight.
- V. Teaching entrepreneurial skills to young people is an effective strategy for empowerment. It is a solution to the high unemployment rate among youth in OIC countries. At the same time, it helps to pave the way to meeting the SDGs.
- VI. At the same time, engaging youth in pro-social, meaningful, and community-enhancing activities that youth themselves define and control, helps youths to gain the vital skills, responsibilities, and confidence necessary to become productive and healthy adults.

### **Recommendations:**

- a) OIC governments should increase support of and enhance cooperation with DFIs to achieve national SDG targets or to establish a SDG blueprint.
- b) OIC governments, together with DFIs, must take the leading role in addressing not only the supply side constraints to financing, but also country specific constraints on the demand side, such as the availability of SDG-related bankable projects, absorptive capacity, institutional capacity to manage complex public-private structures, and debt sustainability.
- c) DFIs must increase efforts in further building up their range of financing instruments that share risk in non-sovereign operations with private investors, including syndications, structured finance, mezzanine financing, credit guarantee programs, hedging structures, and equity exposure, in order to tackle different market failures in various ways.
- d) The OIC bloc must focus on building data capacity to measure and monitor progress towards member countries' SDG commitments in order to foster accountability. DFIs are well-positioned to help in this regard.



- e) OIC countries, with the help of DFIs, must increase programs that provide training, loans, and practical skills to empower poor women economically, strengthen social services, and increase awareness of women's rights.
- f) Youths must not be overlooked. Youth empowerment programs must be tailored to increase access to opportunity and remove barriers to education and achievement.

**Panel Session VI: Role of IPAs in Boosting the Intra-OIC Investments.**

**Conclusions:**

- I. Investment promotion agencies (IPAs) have a key role as effective one-stop-shops in investment decisions, particularly in decreasing the administrative burdens and costs of investment.
- II. There are over 10 thousand IPAs all over the world, at local, regional, and national levels, with various mandates and organizational structures, including some that are privately owned. The majority of the IPAs are governmental institutions and are financed through public funds.
- III. The main functions of IPAs are (i) foreign investment promotion (including post-investment services to ensure future re-investments), (ii) policy advocacy for investment climate reform, (iii) export promotion, and (iv) incentive administration.
- IV. IPAs also have an essential role in reaching the Sustainable Development Goals due to their intermediate role between governments and investors.

**Recommendations:**

- a) IPAs should be given full authority in acting as one-stop shops.
- b) Governmental IPA authorities should have sound and effective interagency coordination, underpinned by legal and administrative measures, in regards to foreign direct investments. They should also have an international presence and should be in close cooperation with the private sector.
- c) Coordination, consultation, and networking among the IPAs of the OIC Member States should be strengthened, including developing capacity building and experience-sharing programs to support the relevant Member States in the establishment and strengthening of IPAs.
- d) IPAs should organize their structure in such a way to acquire a certain level of sectoral and legislative expertise to act as an interface between investors and domestic administrations and markets.
- e) A system for performance evaluation should be developed, which would enable a comparable overview of the IPAs in the OIC geography.
- f) Sector targeting should be strengthened in light of the global trends and national development and growth priorities, which would also take into consideration the sustainability of the investments.
- g) Specific strategies should be devised to support start-ups and promote investments in innovation.

- h) IPAs should maintain a comprehensive database of foreign firms and business and should establish regular contacts with them according to priorities and needs.
- i) IPAs should keep an up-to-date and easily accessible registry of all relevant legislation that could affect and guide investment decisions and processes.

**Vote of thanks:**

- 15. The participants expressed their appreciation to the Government of the Republic of Turkey, especially to the Investment Office, for their generous hospitality and successful convening of the Conference.
- 16. The participants also thanked moderators and speakers, the OIC General Secretariat, and relevant OIC institutions for their contributions to the success of the Conference.

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