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**1. Launch of the Investment Reform Index 2006 Report****Paris, 10 November 2006**

The Investment Reform Index 2006 Report was officially launched during a ceremony in Paris on 10 November 2006, on the occasion of the 16<sup>th</sup> Investment Compact (IC) Project Team Meeting. The ceremony was attended by Ambassadors from OECD countries (Belgium, Hungary, Japan, Italy, Poland, Portugal, South Korea, U.S.) and non-OECD countries (Latvia, FYR Macedonia, Romania, Serbia), representatives from South East Europe Governments, and OECD experts.

The report finds that significant progress has been made in South East Europe (SEE) to improve the investment climate and business environment. Countries have put in place effective investment policies, liberalised their trade regimes and introduced low corporate tax rates that range from 9% to 20%. Undoubtedly, the EU accession has accelerated the reform process. However, countries need to do more on issues not directly related to the accession process, such as tax administration and human capital. Public governance and regulatory reform also remain major challenges.

**London, 27 November 2006**

A launch event was organised by the EBRD in London on 27 November.

**Brussels, 6 December 2006**

A launch event was organised by the Stability Pact for South Eastern Europe in Brussels on 06 December. The event was attended by representatives from the European Commission (EC), the World Bank and private sector organisations.

**SEE Countries, November 2006 – January 2007**

The report has been/will be presented through special events in all nine SEE countries. The schedule of events is available at: [www.investmentcompact.org](http://www.investmentcompact.org).

The IRI Report and the press release are downloadable in PDF format from the Investment Compact website. See section 5. for press coverage.

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**2. South East Europe Investment Committee**

During the 16<sup>th</sup> Project Team Meeting, the Co-chairs of the Investment Compact (Austria, Serbia and the OECD) proposed to SEE countries the creation of a South East Europe Investment Committee.

The primary objective of the new SEE Investment Committee would be the creation of a high-level regional platform for monitoring progress and designing, implementing and assessing policies related to foreign and domestic investment. The SEE Investment Committee would act as the investment arm of the Regional Co-operation Council (RCC) and would be responsible for monitoring and implementing the Regional Framework for Investment and the investment clauses of the Regional Free Trade Agreement for South East Europe (CEFTA) .

The Committee would be closely associated with other relevant regional initiatives: the South East European Cooperation Process (SEEC), the RCC, and the CEFTA. It is expected that the SEE Investment Committee will be officially launched in Spring 2007.

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### 3. Projects

**Moldova FDI Project** - with the Swiss State Secretariat for Economic Affairs (SECO)

The second phase (Implementation) of the project was launched in November. It is based on four areas: building a FDI database; launching foreign investors' events; defining and establishing a SME Linkage Programme; and conducting a skills gap assessment.

The first inward investors mission is currently being organised. Swedish investors will travel to Moldova in order to establish contacts with business representatives.

**Entrepreneurship and Enterprise Development in the Western Balkans: Implementation of a European Charter (SME Policy Index)** - with the EC

The SME Policy Evaluation was launched in 2006. It covers 10 areas: enterprise education and training; start-up setting-up; legislation and regulation; skills availability; online access; export promotion/SME competitiveness; taxation and financial issues; technological capacity; e-business models and small business support; and representation of small enterprises' interests.

Bilateral missions were completed in October and all Western Balkan countries have now concluded and presented self-assessments including scorings. In parallel, an independent consultancy (Eurecna) performed separate country assessments with separate scorings.

The project partners (OECD, EC, EBRD, European Training Foundation) are now currently in the process of incorporating both evaluations and scorings into a final report which will be published in March 2007. Phase II (peer reviews) and Phase III (company surveys) will then follow.

**Strengthening Development and Implementation of Investment and Trade Policies in SEE (SEESat Project)** - with the EC

The project's second workshop took place in Zagreb (30-31/10) and the third one was held in Prague (12-13/12). During the second workshop, the two studies commissioned from the Vienna Institute for International Economic Studies ('The Role of Foreign Direct Investment in the Croatian Economy' and 'The Impact of Foreign Direct Investment on the Metal-Processing Industry in Bosnia and Herzegovina') were presented, along with the 'How to Conduct FDI Impact Evaluations' Toolkit. The third workshop was held in collaboration with the Czech Investment and Business Development Agency (CzechInvest) and dealt with improving SEE investment opportunities in the global offshoring market and ensuring that investment promotion agencies and ministries of economy are best poised to take advantage of it.

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### 4. Donors

Representatives of donor countries met in Paris on 9 November 2006 for the IC bi-annual Donors Meeting. Austria, Flanders (Belgium), Italy, Norway, and Switzerland renewed their commitment and financial support to the programme. Representatives from the Czech Republic and Slovenia attended the Meeting for the first time. Slovenia expressed its interest in supporting the programme financially.

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**5. The Investment Compact and the Investment Reform Index in the Press**

The Economist (U.K.), 09/11/06  
The Economist, 04/01/07  
Agence France Press, 24/01/07  
ekonomist magazin (Serbia), 04/12/06  
Glas Javnosti (Serbia), 02/12/06  
Beta (Serbia), 02/12/06  
Tema (Albania), 05/12/06  
Moldova Suverana (Moldova), 14/12/06  
Moldpres (Moldova), 14/12/06  
Logos Press (Moldova), 15/12/06  
Nine O'Clock (Romania), 25/01/07

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**6. Articles: Investment in SEE**

'Free-trade zone unites old adversaries', *Financial Times*, 16/01/07  
'Accord de libre-échange : le Cefta s'élargit à quatre pays des Balkans', *Les Echos*, 20/12/06  
'Good times, at last' (Albania), *The Economist*, 26/10/06  
'Two views of the same success story' (Bosnia and Herzegovina), *Financial Times*, 19/12/06  
'Cash flows from abroad' (Croatia), *Financial Times*, 30/10/06  
'Macédoine: des investissements suédois à la rescousse du secteur laitier', *Le Courrier des Balkans*, 28/12/2006  
'Foreign investors pull Romania up the value chain', *Financial Times*, 03/11/2006  
'China investors plan for Romania's EU entry', *International Herald Tribune*, 15/10/06  
'Serbian bio-ethanol plant to be largest greenfield investment in Southeast Europe', *SETimes*, 13/10/2006

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