



# WHAT FOREIGN INVESTORS WANT: FINDINGS FROM AN INVESTOR SURVEY OF INVESTMENT FACILITATION MEASURES IN LATIN AMERICA AND THE CARIBBEAN

## About the paper

This report was prepared within the framework of a project on “Investment Facilitation for Development”, implemented by the International Trade Centre (ITC) and the German Development Institute / Deutsches Institut für Entwicklungspolitik (DIE), in cooperation with the Inter-American Development Bank (IDB). The ITC-DIE project supports the World Trade Organization (WTO) Investment Facilitation for Development (IFD) Agreement negotiations by building negotiation capacity in developing and least developed countries, channelling ground-level and analytical expertise to negotiators and promoting public discussions of issues related to investment facilitation for development. The results of this project are also relevant for bilateral and regional negotiations dealing with investment facilitation, as well as for the efforts of individual countries seeking to attract sustainable foreign direct investment (FDI).

This report was prepared by Khalil Hamdani and Sebastian Reil in the framework of a team led by Axel Berger and comprising Lucas E. Barreiros, Rodrigo Contreras Huerta, Yardenne Kagan, Karl P. Sauvart, Pablo Steneri, and Quan Zhao. *This report does not necessarily reflect the views of the IDB, ITC or DIE.*

**Publisher:** International Trade Centre (ITC)

**Title:** What foreign investors want: Findings from an investor survey of investment facilitation measures in Latin America and the Caribbean

**Publication date and place:** Geneva, January 2022

**Page count:** 39

**Language(s):** English

**Citation:** IDB/ITC/DIE (2022). What foreign investors want: Findings from an investor survey of investment facilitation measures in Latin America and the Caribbean. Geneva: International Trade Centre (ITC).

For more information, contact: Quan Zhao [zhao@intracen.org](mailto:zhao@intracen.org)

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Contents

- Executive summary .....5
- I. Introduction .....7
- II. Findings .....8
  - A. Information and transparency .....9
  - B. The role of investment promotion agencies.....10
  - C. Streamlining administrative procedures .....11
  - D. Stakeholder-government consultations .....12
  - E. E-government services .....13
  - F. One-stop-shop services and visa measures .....14
  - G. Measures that directly increase the development impact of FDI.....15
  - H. Outward FDI support services .....16
  - I. Other findings .....17
- III. Capacity building .....18
- IV. Conclusion and policy recommendations .....19
- V. References .....21
- VI. Annexes .....22
  - Annex 1: Overview of findings by measure, ranked by importance (per cent) .....22
  - Annex 2: Share that ranked measure as “very important” according to respondent characteristics .25
  - Annex 3: Methodology .....32
  - Annex 4: Questionnaire .....34

## Acronyms

CSR	Corporate social responsibility
DIE	German Development Institute / Deutsches Institut für Entwicklungspolitik
FDI	Foreign direct investment
IDB	Inter-American Development Bank
IFD	Investment Facilitation for Development
IPAs	Investment promotion agencies
ITC	International Trade Centre
WTO	World Trade Organization

## Executive summary

This report presents the results of a survey that queried foreign investors active in the Latin America and Caribbean region on the importance they attach to a key set of investment facilitation measures. It is based on 67 responses. The results of the investor survey are put into perspective by highlighting consistencies and gaps in relation to the current state of the WTO Investment Facilitation for Development (IFD) negotiations and the actual level of adoption of investment facilitation measures at the national level.

The survey yielded important insights that may contribute to the ongoing negotiations on an IFD Agreement at the WTO, as well as to other negotiations of international investment agreements that address issues of investment facilitation. It should also be of interest to investment promotion agencies (IPAs) and other institutions whose mandate includes the facilitation of foreign direct investment (FDI).

Overall, the survey showed that investment facilitation measures are considered as valuable by investors: every one of the measures listed in the survey was considered as “very important” or “important” by over half of the respondents.<sup>1</sup>

A distinction was made between measures that *indirectly* contribute to development (i.e., by increasing FDI inflows that, in turn, contribute to development) and measures that *directly* contribute to development in host countries (e.g., by strengthening the domestic enterprise sector). Among the *indirect* measures, those related to the advance opportunity to comment on proposed changes in laws and regulations, the availability of e-government services and the ability to track status of applications online are considered the most valuable ones, with each considered important by 98 per cent of respondents. Among the facilitation measures that *directly* contribute to development, the following are considered as most important: the acceptance of international standards for responsible business conduct, “red carpet” service for investments to have a significant positive sustainable development impact and the availability of a CSR coordinator in IPAs to facilitate investor relations with local communities and stakeholders, with each considered “important” or “very important” by more than 85 per cent of respondents. Finally, home country measures, too, were valued by the respondents, with over 90 per cent considering them as important.

The investor survey yielded notable differences in the value investors attach to certain measures when disaggregated according to firm size, sector and headquarters location. Investors from developed economies see measures related to the topics of stakeholder engagement and sustainability as “very important”, whereas investors from developing economies mainly favour information and operational support measures. Larger firms see such regulatory measures as the opportunity to review and comment on draft laws as “very important”, whereas smaller firms mainly favour information and operational support measures. Investment facilitation is relatively more important in the services and manufacturing sectors than in extractive industries.

A number of measures that are considered important by investors are already covered in the current consensus text of the WTO IFD negotiations. There are, however, a number of measures with an indirect contribution to development that are of importance to investors but that are not yet part of the consensus text. These measures are:

- the ability to track the status of applications online;
- the provision of multiple entry visas for investors or other visa and work permit support services;
- fast-track approval for reinvestments;
- "silent yes" for administrative procedures;
- regular government-investor roundtables to discuss relevant issues;
- support with recruiting or training needs.

It appears that members are still seeking common ground on the availability of an ombudsperson-type mechanism to handle investment grievances, a measure that is considered important by over four-fifths of respondents. Furthermore, negotiators could confidently include home country investment facilitation measures, knowing that investors attach considerable value to them — in some cases by a share of 90 per cent or more.

The following investment facilitation measures having a direct development impact are of importance to investors, but are not yet part of the WTO IFD Agreement consensus text:

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<sup>1</sup> This report uses “very important” and “important” in quotation marks when reference is being made to the percentage shares of survey respondents to survey questions. ‘Importance’ without quotation marks refers to the plain meaning of importance in the sense of “valuable” (which is also used from time to time).

- “red carpet” service for investments having a significant positive sustainable development impact;
- the availability of a CSR coordinator in IPAs to facilitate investor relations with local communities and stakeholders;
- the availability of supplier development programmes to support local suppliers to upgrade to meet standards of international investors.

There is strong support for capacity building across various topics, and this need is likely to be especially acute for least developed countries. Importantly, the need for capacity building correlates directly with the importance of the measures.

In sum, the results of the survey — although based on a small sample — should give comfort to negotiators that they have dealt with investment facilitation measures that are important for investors. The results should give them confidence to include further investment facilitation measures in the IFD Agreement, including especially measures that directly increase the development contribution of FDI and measures that make home country support for outward investors more transparent. And the results should encourage them to commit themselves to provide substantial technical assistance and capacity building to developing countries to help them improve their ability to facilitate development-enhancing FDI.

## I. Introduction

FDI is important for achieving the Sustainable Development Goals. However, FDI inflows are declining since 2016, and governments are facing increasing competition for a smaller number of FDI projects. Although most recent estimates by the United Nations Conference on Trade and Development show a strong rebound of FDI flows in 2021, this growth is mainly driven by financial flows and mergers and acquisitions and is concentrated in developed countries that are recovering strongly from the Covid-19 pandemic. FDI flows to developing countries grew as well, but the growth was much less pronounced. FDI flows to the Latin American and Caribbean region have only recovered to near pre-pandemic levels (UNCTAD 2022). This recovery is encouraging and, hopefully, will continue. At the same time, if the Sustainable Development Goals are to be reached, considerably more FDI is needed, especially of the type that contributes most to development. Against the backdrop, investment facilitation can play a role in helping countries attract new and retain existing FDI.

WTO Members are currently negotiating an IFD Agreement.<sup>2</sup> The WTO defines investment facilitation as “the setting up of a more transparent, efficient and investment-friendly business climate by making it easier for domestic and foreign investors to invest, conduct their day-to-day business and expand their existing investments” (WTO 2020). It is important to note that investment facilitation does not cover investment policies and matters related to investor protection, market access and investor-state dispute settlement — it is strictly focused on technical, process-related aspects of the implementation of investment policies. In this respect, the negotiators are considering a variety of concrete measures that governments can take to facilitate new FDI and engage with existing investors to expand their operations sustainably. Investment facilitation measures are also increasingly included in other international investment agreements, both of a bilateral and regional nature, and, of course, they are put in place by individual countries.

As investors are directly affected by investment facilitation, their perspective is highly relevant for negotiators at the WTO and elsewhere. In addition, investor preferences regarding specific investment facilitation measures are an under-researched area. The aim of this report is to better understand those preferences. It is based on a survey of investors’ views on the importance of different investment facilitation measures and, also, their perception of the need for capacity building in government agencies to effectively deliver these measures.

The survey covered key investment facilitation measures that are discussed in the framework of the WTO IFD negotiations, as well as a small number of selected additional measures that are currently not part of the discussions at the WTO. Annex 1 provides an overview of the measures covered by this survey, ranked by importance, and annex 2 disaggregates the data according to respondent characteristics. The survey focused on investment facilitation measures that host countries can implement, although attention was also given to investment facilitation measures implemented by home countries (Section II H). In discussing measures that can be taken by host countries, a distinction was made between measures that *indirectly* or *directly* increase the development impact of incoming FDI (Berger & Sauvart, 2021). The former (Section II A-F) facilitate higher FDI flows (e.g., by increasing the transparency of the FDI regulatory framework) that, subsequently, contribute to development; the latter (Section II G) not only facilitate FDI flows, but also directly increase the development contribution of incoming FDI (e.g., by helping domestic enterprises to become more competitive with the help of supplier development programmes). Direct investment facilitation measures are therefore of particular interest for host countries.

To put the survey results into perspective, a comparison is made between the responses of company representatives about the importance they attach to certain investment facilitation measures on the one hand, and their current level of adoption at the country level on the other hand. This comparison allows us to assess the gap between what is discussed and the reality on the ground. The data on the adoption of investment facilitation measures are sourced from an Investment Facilitation Index that covers 117 investment facilitation measures and maps their adoption in 86 countries (Berger et al., 2021).

As detailed in annexes 3 and 4, the survey was designed to allow for a quick, easy and anonymous on-line response. In June 2021, 550 member companies of the Americas Business Dialogue (a private sector led initiative facilitated by the IDB) were invited to participate in the survey; 12 per cent submitted a fully completed questionnaire. The Americas Business Dialogue is one of the most important private sector initiatives in the Western Hemisphere. It represents companies and business organisations from

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<sup>2</sup> A summary of the discussions by the Coordinator of the WTO Investment Facilitation for Development negotiations is available at: [https://docs.wto.org/dol2fe/Pages/FE\\_Search/FE\\_S\\_S006.aspx?Language=English&SourcePage=FE\\_B\\_009&Context=Script&DataSource=Cat&Query=%40Symbol%3dINF%2fFD%2f\\*&languageUIChanged=true#](https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.aspx?Language=English&SourcePage=FE_B_009&Context=Script&DataSource=Cat&Query=%40Symbol%3dINF%2fFD%2f*&languageUIChanged=true#).

all sectors of the economy and all countries in the Americas. Its mission is to develop, disseminate and support the implementation of policy recommendations that contribute to a business environment that enables increased investment, innovation and productivity, generates more and better jobs and fosters sustained economic growth towards the development of the countries across the continent. The Americas Business Dialogue carries out a sustained, high-level exchange with the governments of the region, seeking to develop collaborative relationships for the formulation and implementation of public policies. It is the private sector consultation mechanism for the Summit of the Americas.

The Latin America and Caribbean region as a case study allows for a useful canvas of investor preferences. The region is a destination for significant FDI inflows, attracted by a diversity of host countries that range across different income levels and comprising relatively closed and more open economies. The home countries of investors for the region are also diverse, being located both within and outside the region. While this variety may make the results from the Latin America and Caribbean region broadly representative of the full span of investors' perspectives on investment facilitation concerning this region, it needs to be noted that the number of responses is relatively small, and that the respondents are not necessarily representative of investors world-wide.

The next section of the report presents and discusses key findings of the survey, clustered along main policy areas under negotiation at the WTO. Section III, then, assesses foreign investors' perceptions on the need for strengthening the implementation capacity of host countries regarding key investment facilitation dimensions. Section IV concludes and presents policy recommendations. Readers interested in the analytical basis of the survey are invited to consult annexes 3 and 4, which include a description of the methodology, data on the responses and the questionnaire.

## II. Findings

In general, investors considered investment facilitation to be useful, and all measures included in this survey were indicated as measures that provide value to investors – but at different degrees of importance.

Among different investment facilitation topic areas, those related to information and transparency, one-stop-shops that allow investors to deal with administrative procedures through a single office and e-government services were considered “very important” by investors (see table 1). A number of measures

**Table 1: The importance of a topic area and the need for capacity building (scores in per cent).**

<b>Investment facilitation topic area</b>	<b>Average share of respondents that see measure as “very important”</b>	<b>Share of respondents that see capacity building in this topic area as “very important”</b>
Information and transparency	72	60
One-stop-shop services	69	66
E-government services	69	61
Stakeholder-government consultations	59	48
Outward FDI support services (by home countries)	56	46
Streamlining administrative procedures	50	54
The role of IPAs	50	39
Measures that directly increase the development impact of FDI	47	n.a.

Source: IDB/ITC/DIE investor survey.



that not only facilitate FDI flows but also directly contribute to sustainable development – such as the acceptance of international standards for responsible business conduct and “red carpet” service for investments having a significant positive sustainable development impact – were also considered as considerably important by investors.

Furthermore, outward FDI investment facilitation measures provided by home countries were supported by a majority of investors as “very important”. Finally, respondents indicated that the investment facilitation measures that are seen as “very important” are also considered to be in need of technical assistance and capacity building, to ensure efficient implementation (see table 1).

Notwithstanding a relatively small sample, the results also presented notable differences in the ranking of measures that are considered “very important” by the respondents according to firm size, sector and headquarters location (see annex 2).

- Larger firms attached a relatively higher importance to such regulatory measures as the possibility to review and comment on draft laws, whereas smaller firms mainly favoured information and operational support measures.
- Investment facilitation was relatively more important for services and manufacturing than for extractive industries.
- Investors from developed economies attached relatively higher importance to topics of stakeholder engagement and sustainability, whereas investors from developing economies mainly favoured information and operational support measures.

The findings for each investment facilitation topic area are detailed below, along with commentary contrasting the perceptions of investors (as reported in the present survey) with the coverage of the measure in the ongoing WTO IFD Agreement negotiations and with what countries are actually doing in practice as measured by the Investment Facilitation Index.

**A. Information and transparency**

Information and transparency constitute basic building blocks for effective investment facilitation. To make an investment decision, investors require information about relevant laws, regulations and other factors affecting their business, as well as transparency about administrative procedures, to be able to properly plan and conduct an investment. Measures in this area also facilitate the due diligence that investors need to undertake.

Overall, the survey results indicate that the topic of information and transparency is considered the most important topic for investors, with an average of 72 per cent of the respondents deeming them as “very important” (see table 1). The publication of relevant laws and regulations affecting FDI, e.g., on an IPA website, received the highest rating of all individual measures, with 79 per cent of the respondents deeming it “very important” (see table 2). The publication of timeframes and fees of relevant investment application processes is considered “very important” by 64 per cent of the respondents. No respondent considered any of these measures as “unimportant”.

**Table 2: Importance of measures related to information and transparency and the need for capacity building (scores in per cent).**

Investment facilitation measures	Very important	Important	Somewhat important	Unimportant	No answer
Publication of relevant laws and regulations affecting FDI, e.g., on the IPA website	79	15	6	0	0
Publication of timeframes and fees of relevant investor application processes	64	30	6	0	0
How important is increasing government capacity in this field?	60	33	7	0	0

Source: IDB/ITC/DIE investor survey.

Revealingly, 60 per cent of the respondents stated that it is “very important” to increase government capacity in this field, and none replied that increasing government capacity is “unimportant”.

There is a high correlation between investor perceptions and the WTO IFD Agreement negotiation agenda. A consensus among WTO Members seems to exist to include such measures as the timely publication of relevant laws and regulations as well as the publication of timeframes and fees of relevant investor application processes in an IFD Agreement. The survey findings confirm that these are useful measures for investors.

Data on investment facilitation measures at the country-level show that measures related to the publication of laws, regulations and procedures are indeed widely adopted: almost all of the 86 countries included in the Investment Facilitation Index currently implement similar measures. However, in view of the fact that a great majority of respondents called for an increase in government capacity (and none considered this as “unimportant”), there seems to be considerable room for further improvement in the area of information and transparency of investment frameworks.

## B. The role of investment promotion agencies

IPAs are the main organisations tasked to attract, retain and expand FDI in most countries. As a focal point for investment-related inquiries, they offer a wide array of services to investors, ranging from providing information about investment opportunities to aftercare services. Depending on the country context, IPAs may also offer one-stop-shop or single window services, which serve as an institutional single point of entry for foreign investors interacting with various governmental agencies in processing investment applications and other registration requirements. This distinct function is discussed in section F. IPAs help to shape a country’s image as an investment location and are usually the face and main contact to facilitate international investors.

Overall, IPAs are of great importance to a great majority of investors. This is reflected in the responses to a question inquiring about the availability of a government focal point to provide information and address enquires related to an investment project: 64 per cent of the respondents consider this as “very important”, the highest percentage in this category of questions (see table 3). The importance of individual measures related to IPAs, however, depends heavily on the specific measure in question. A list of support measures/incentives offered to inward investors is also seen as “very important” (60 per cent).

**Table 3: Importance of measures related to the role of investment promotion agencies (scores in per cent).**

Investment facilitation measure	Very important	Important	Somewhat important	Unimportant	No answer
Availability of a government focal point to provide information and address enquires related to an investment project	64	32	4	0	0
List of support measures/incentives offered to inward investors	60	33	7	0	0
Support with recruiting or training needs	25	36	33	6	0
How important is increasing government capacity in this field?	39	46	15	0	0

Source: IDB/ITC/DIE investor survey.

Measures related to supporting companies with recruiting and training received a low rating, with 25 per cent of investors considering this measure as “very important”; in fact, such measures are perceived as “unimportant” by 6 per cent of the respondents. Perhaps recruitment and training are considered company matters, and companies see no additional need to seek support from IPAs in this area.

A large majority of respondents stated that it is “very important” (39 per cent) or “important” (46 per cent) to increase government capacity in this field, and none replied that increasing government capacity is “unimportant”.

The importance of focal points for investment facilitation and of transparency about the availability of public incentives for investors seems to be reflected in the WTO IFD Agreement text. In these areas, the current state of negotiations therefore seems to be in line with what investors consider as important. The measure on supporting investors with regard to recruiting and training, on the other hand, does not seem to be considered in the IFD Agreement negotiations.

Almost all of the countries covered by the Investment Facilitation Index have a government focal point to provide information and address enquires related to investment projects. Lists of support measures and incentives offered to inward investors are provided in more than 70 per cent of countries in the Index.

### C. Streamlining administrative procedures

A typical FDI project involves numerous applications for permits and other administrative processes. Streamlined procedures ensure that investors are able to get the necessary approvals on time and without overburdening bureaucracy. Effective streamlining helps to create a business-friendly environment for investors. In the worst case, lengthy and prolonged administrative procedures risk to deter investment.

The survey shows that investor preferences vary with respect to the usefulness of different measures to streamline administrative procedures, but virtually no respondent considers them “unimportant” (see table 4).

**Table 4: Importance of measures related to streamlining administrative procedures (scores in per cent).**

Investment facilitation measure	Very important	Important	Somewhat important	Unimportant	No answer
Fast-track approval for reinvestments	57	38	1	1	3
Possibility to have a review of administrative decisions	55	38	1	0	6
"Silent yes" for administrative procedures	54	35	4	0	7
Accepting copies of documents in place of originals necessary for applications	45	31	16	1	7
Availability of an ombudsperson-type mechanism to handle investment grievances	39	46	7	1	7
How important is increasing government capacity in this field?	54	37	4	0	4

Source: IDB/ITC/DIE investor survey.

Fast tracked approvals for reinvestments and the possibility to have a review of administrative decisions and “silent yes” procedures,<sup>3</sup> were all rated as “very important” by over 50 per cent of the respondents, a percentage that raises to almost 90 per cent or higher if the rating “important” is added. On the other hand, accepting copies of documents in place of originals necessary for applications and the availability of an ombudsperson-type mechanism to handle investment grievances were considered as “very important” by only 45 per cent and 39 per cent, respectively; if, however, the “important” responses are added, the percentage raises to around 80 per cent.

The importance of further capacity building in this area is considered high: over 90 per cent of the respondents marked this area as “very important” or “important”, and none as “unimportant”.

The possibility to have a review of administrative procedures and the acceptance of copies in application processes are apparently already considered in the WTO IFD Agreement negotiations. The inclusion of ombudsperson-type mechanisms and “silent yes” procedures (with appropriate qualifications) seem to be still under discussion among WTO Members, or may be considered as a possible part of a future work programme. In view of the high importance investors in the present survey attached to these two measures, negotiators may want to take this finding into account in their further negotiations. Fast-tracked approvals for reinvestments (with appropriate safeguards) have apparently not yet been considered in the negotiations — which is surprising given that over 90 per cent of respondents consider this measure as “very important” or “important”, and that reinvestment accounts for a considerable share of FDI flows.

According to the Investment Facilitation Index, the measure currently adopted by the lowest number of countries in this policy area is the “silent yes” procedure, adopted by fewer than 5 per cent out of the 86 countries in the Index. The possibility to review administrative decisions, on the other hand, are among the most commonly adopted measures of countries included in the Index. Different variations of Ombudsperson-type services are offered in around 20 per cent of countries, and the acceptance of copies of document in close to 80 per cent of the countries for which data have been gathered.

#### D. Stakeholder-government consultations

Regular stakeholder-government consultations foster the exchange of information on the facilitation of investment. They can help bring investment-related issues to the attention of governments and establish a feedback loop that allows for the updating and improvement of the business environment and the development impact of FDI. Governments can also solicit stakeholders’ advance comments before reforms or policy changes are implemented, to better understand their consequences for the business environment and development. In the FDI context, stakeholders are not limited to investors, but also include other groups such as non-governmental organisations. However, given the focus of this survey, this report focusses on investors.

In fact, the measure considered most important in this field was the opportunity to comment on proposed changes in laws and regulations in advance, which was rated “very important” by 63 per cent of the respondents (see table 5). Furthermore, regular government-investor roundtables to discuss relevant issues are considered “very important” by 55 per cent of the respondents, and only 4 per cent describe this measure as “unimportant”.

As to capacity-building, over 90 percent of the respondents considered this an important necessity, 48 per cent among them, in fact, as “very important”.

A consensus seems to exist among negotiators to include an advance opportunity to comment on draft laws and regulatory changes in the WTO IFD Agreement. On the other hand, regular government-investor roundtables have apparently not been discussed in the IFD Agreement negotiations; WTO negotiators may want to build on this broad consensus on the usefulness of regular government-investor roundtables and consider a provision on this matter.

Commenting on drafts is already provided by more than 70 per cent of the countries covered by the Investment Facilitation Index. Hence, there seems to be broad alignment in the area of advance comments on proposed laws and regulations with regard to investor preferences, WTO Members’ negotiation priorities and the current adoption at country level. Moreover, consultations between investors and governments are provided by almost all countries covered in the Index.

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<sup>3</sup> Meaning that, if no response is received until the stated deadline, the investor’s application is automatically approved, unless otherwise notified.

**Table 5: Importance of measures related to stakeholder-government consultations (scores in per cent).**

<b>Investment facilitation measure</b>	<b>Very important</b>	<b>Important</b>	<b>Somewhat important</b>	<b>Unimportant</b>	<b>No answer</b>
Advance opportunity to comment on proposed changes in laws and regulations	63	35	1	1	0
Regular government-investor roundtables to discuss relevant issues	55	31	10	4	0
How important is increasing government capacity in this field?	48	46	3	3	1

Source: IDB/ITC/DIE investor survey.

### E. E-government services

The growing importance of the digitalization of public services also affects the field of investment facilitation. Online services are increasingly demanded by investors and have the potential to improve both the efficiency and transparency of administrative procedures. Besides these direct benefits to investors and government agencies, digital services can improve a country's reputation and brand as a progressive, technology and business friendly nation.

Investors rank e-government services as one of the three most useful benefits of investment facilitation (see table 1). More specifically, the availability of e-government services to submit necessary applications and the ability to track the status of applications online were ranked as "very important" by 70 per cent and 67 per cent of the respondents, respectively; if "important" answers are added, the score reaches 98 per cent (see table 6).

At the same time, 61 per cent of the respondents considered increasing government capacity in this field as "very important" – the second highest score among all topic areas (see table 1). If "important" answers are added, the score reaches 94 per cent (see table 6).

E-government services seem to be covered in the WTO IFD Agreement negotiations, including through provisions on the electronic submission of applications and the payment of fees online. An area that

**Table 6: Importance of measures related to e-government services (scores in per cent).**

<b>Investment facilitation measure</b>	<b>Very important</b>	<b>Important</b>	<b>Somewhat important</b>	<b>Unimportant</b>	<b>No answer</b>
Availability of e-government services (i.e., use of electronic forms and online submission of applications and payment of fees and charges)	70	28	1	0	1
Ability to track status of applications online	67	31	1	0	1
How important is increasing government capacity in this field?	61	33	3	1	1

Source: IDB/ITC/DIE investor survey.

could be strengthened in the Agreement, given the high importance that investors attach to it, is the opportunity to track the status of an application online.

The Investment Facilitation Index shows that e-government services are less broadly adopted by countries compared to other measures discussed above. For example, e-government services in the form of electronic forms are currently provided by only slightly more than 40 per cent of countries, and fewer than 60 per cent of the countries included in the Investment Facilitation Index provide for online status tracking of applications. This relatively low level of adoption shows that an IFD Agreement could be used to help countries make progress in an area that is of high importance for investors, and whose importance, if anything, will increase further. Substantial technical assistance will be needed in this respect.

## F. One-stop-shop services and visa measures

There are a number of additional measures that fall within the scope of investment facilitation, such as one-stop-shop services and visa measures. One-stop-shops, also sometimes referred to as single windows, consolidate the services of different governmental departments at one central location for the convenience of investors. These typically include the issuance of permits, applications for visas, requests for tax identification numbers, and other authorizations necessary to establish a FDI project. One-stop-shops are a popular mechanism, which, if effective, can make life easier for investors.

Not surprisingly, therefore, the survey showed that 67 per cent of the respondents consider one-stop-shops as “very important”, and an additional 29 per cent as “important” (see table 7). Furthermore, the success of FDI projects often depends on company representatives being able to travel to their foreign affiliates. The provision of multiple entry visas for investors or other visa and work permit support services is therefore a crucial element of a facilitative investment framework in host countries. This measure has received a high rating, with 70 per cent of respondents considering it “very important”.

The survey reveals that the need to build capacity on measures related to one-stop-shop services and visa measures is particularly high: 66 per cent considered it as “very important” and a further 31 per cent as “important”; none of the respondents considered capacity building in this area as “unimportant”.

The IFD Agreement negotiations seem to include a single window measure for the provision of investment-related information and proposals to expand this portal into a single-entry point for receiving applications. Under discussion seems to be a provision concerning the entry and temporary stay of investment-related personnel; the high importance investors attach to visa measures would favour their consideration in the final IFD Agreement.

The one-stop-shop measure is implemented by only 30 per cent of countries included in the Investment Facilitation Index, showing considerable room for the further improvement of country-level investment frameworks. Multiple entry visas for investors on the other hand are already provided by more than 80 per cent of countries included in the Index. Here, country-level practice is already in line with the high importance investors attached to this measure, and (in the case of visas) ahead of the negotiations.

**Table 7: Importance of measures related to one-stop-shop services and visa measures (scores in per cent).**

Investment facilitation measure	Very important	Important	Somewhat important	Unimportant	No answer
Provision of multiple entry visas for investors or other visa and work permit support services	70	26	3	0	1
Availability of one-stop-shop services to file all relevant applications simultaneously	67	29	1	0	3
How important is increasing government capacity in this field?	66	31	1	0	1

Source: IDB/ITC/DIE investor survey.

## G. Measures that directly increase the development impact of FDI

WTO Members are negotiating an agreement on investment facilitation *for development*. The great majority of investment facilitation measures considered so far in the negotiations have the potential to indirectly support the development of host countries, by helping to increase the volume of FDI flows. In addition, there is a set of measures that not only facilitate FDI flows, but also directly increase the development contribution of FDI. Naturally, such measures are of particular interest to, and importance for, host countries, especially developing ones. This survey included five measures that have a direct impact on development, but there are more that could be considered, and some of these were indeed proposed in the negotiations (Sauvant et al., 2021, pp. 10-11 for a list of this type of measures).

Measures that directly increase the development impact of FDI, as a group, received the lowest overall level of support in terms of being “very important” according to the feedback from investors: only 47 per cent of respondents see this area as “very important” (see table 1) – but only a very small percentage (4 per cent or fewer) see them as “unimportant” (see table 8). Interestingly, the measure that is considered most important within this category is the acceptance of international standards for responsible business conduct and/or CSR guidelines: 64 per cent of the respondents considered it “very important” and another 29 per cent as “important”. This result shows that foreign investors are quite open to contribute directly to sustainable development in host countries by aligning their business with international standards of responsible business conduct. Of similar importance to investors is the provision of “red-carpet” services for investments with a significant positive impact on sustainable development: such “red-carpet” services are considered “very important” by 60 per cent of the respondents. Some IPAs seek to increase the development contribution of FDI projects by designating CSR coordinators to facilitate investor relations with local communities and stakeholders, and 43 per cent of the respondents considered such a measure as “very important”. Measures related to the availability of supplier databases and supplier development programmes are considered as “very

**Table 8: Importance of measures that directly increase the development impact of FDI (scores in per cent).**

Investment facilitation measure	Very important	Important	Somewhat important	Unimportant	No answer
Acceptance of international standards for responsible business conduct and/or CSR guidelines	64	29	3	3	1
“Red carpet” service for investments having a significant positive sustainable development impact	60	29	7	4	0
Availability of a CSR coordinator in IPAs to facilitate investor relations with local communities and stakeholders	43	42	12	3	0
Availability of a supplier database to increase opportunities for local sourcing	36	39	24	1	0
Availability of supplier development programmes to support local suppliers to upgrade to meet standards of international investors	34	44	19	3	0

Source: IDB/ITC/DIE investor survey.

important” by 36 per cent and 34 per cent of the respondents, respectively, and by an additional 39 per cent and 44 per cent as “important”.

There seems to be consensus among WTO Members to include a provision on international standards of responsible business conduct, as well as supplier databases, in the IFD Agreement. Although apparently proposed, negotiators have not yet reached consensus on the inclusion of supplier development programmes; since a large majority of respondents considered such programmes as important investment facilitation measures, this may help negotiators in their decision-making. The other two measures with a direct contribution to development – “red-carpet” services for investments and CSR coordinators – do not seem to be part of the IFD Agreement negotiations so far.<sup>4</sup>

## H. Outward FDI support services

Outward FDI support measures are offered by many home countries to support the international expansion of their companies. Home countries can benefit from outward investment through (among other things) access to resources, new markets and technologies. In most home countries, however, the information on such measures is dispersed and not transparent, a situation accentuated by the fact that typically there is no central institution that is the depository of information related to such measures.<sup>5</sup> This makes it difficult for outward investors – and especially SMEs among them – to take advantage of such measures.

Home country facilitation measures include the provision of information on the relevant laws, regulations and administrative procedures relevant for outward FDI projects. In aggregate (see table 1), 56 per cent of investors considered such measures as “very important”. When the share of those who considered such measures as “important” is added to this percentage, 90 per cent or more of investors considered them as being “very important” or “important”.<sup>6</sup> More specifically, transparency of support measures for outward investors, e.g., through online portals in home countries, is ranked “very important” by 61 per cent of the respondents, while 51 per cent considered the publication of information on requirements and procedures for outward investment by the home country as “very important” (see table 9).

As to capacity building, 89 per cent of the respondents had the view that this is “very important” or “important” (see table 9). Only 1 per cent responded that it is “unimportant” to increase capacity in this area.

Outward FDI measures provided by home countries are currently not part of the WTO IFD Agreement negotiations, although one delegation seems to have proposed to include them. In light of the support of foreign investors for the provision of home country investment facilitation measures, strong arguments

**Table 9: Importance of outward FDI support services (scores in per cent).**

Investment facilitation measure	Very important	Important	Somewhat important	Unimportant	No answer
Transparency of support measures for outward investors, e.g., through online portals in home countries	61	31	4	3	1
Publication of information on requirements and procedures for outward investment, if any by home country	51	39	7	0	3
How important is increasing government capacity in this field?	46	43	5	1	4

Source: IDB/ITC/DIE investor survey.

<sup>4</sup> The direct measures covered in this survey were not part of the initial version of the Investment Facilitation Index (Berger et al., 2021).

<sup>5</sup> For a full discussion of such home country measures, see Knoerich et al., 2021, and Sauvart et al., 2014.

<sup>6</sup> Calculated based on table 9.



suggest to broaden the scope of the IFD framework beyond host country measures, to cover home country investment facilitation measures as well.

The Investment Facilitation Index shows that fewer than 30 per cent of countries for which data have been gathered currently provide information on investment opportunities abroad, the investment climate and home-country measures. This finding, however, may not be too surprising in light of the fact that most countries covered by the index do not have substantial volumes of outward FDI.

## I. Other findings

The following sub-sections consider second-order differences in the importance of measures. These relate to variations in investor responses according to headquarter location, firm size and sector of activity. Moreover, the respondents' position within their firms is also considered.

### Home country of investor

The firms in the sample were separated into two categories, based on their home country: firms headquartered in a developing country and firms headquartered in a developed country (according to UN classification<sup>7</sup>). As can be seen from annex 2, companies from developed economies attached a slightly higher average importance (58 per cent responded "very important") to all the investment facilitation measures considered in the survey than companies from developing countries (53 per cent responded "very important"). When also taking the share of "important" responses into account, the picture changed: 91 per cent of respondents from developing countries consider the investment facilitation measures in this survey "very important" or "important", compared with 86 per cent from developed countries. While there was no significant difference in the importance attached to investment facilitation in the aggregate, there was a notable variation in responses for certain measures.

The following measures had the highest relative importance for firms from *developing countries*:

- Publication of relevant laws and regulations affecting FDI, e.g., on the IPA website.
- Publication of timeframes and fees of relevant investor application processes.
- Support with recruiting or training needs.

On the other hand, the following measures were the relatively most important ones for firms from *developed countries*:

- "Red-carpet" service for investments having a significant positive sustainable development impact.
- Regular government-investor roundtables to discuss relevant issues.
- Acceptance of international standards for responsible business conduct and/or guidelines for CSR.

Generally, measures related to transparency and operational needs were considered relatively more important by investors from developing countries. This might be due to less in-house capacity in developing country MNEs regarding these issues, so government support in these fields was considered more important. Investors from developed countries, on the other hand, attached relatively higher importance to measures concerned with issues such as roundtables, sustainability and CSR.

### Firm size

When the sample was divided into firms with an annual turnover below USD 1 billion ("small firms") and firms with an annual turnover above USD 1 billion ("large firms"), the results showed that large firms attached comparable (but slightly higher) importance to the investment facilitation measures covered in this survey, ranking 56 per cent of measures as "very important" compared to 50 per cent for small firms. On first sight, this seems counterintuitive, as smaller firms often have less in-house capacity and hence can be assumed to be more in need of government support for their FDI projects. Taking a closer look at the issue on a measure-by-measure basis helps to shed light on this seemingly paradox finding.

The following measures were ranked as the relatively most important measures for *small firms*:

- List of support measures/incentives offered to inward investors.
- Support with recruiting or training needs.
- Availability of one-stop-shop service to file all relevant applications simultaneously.

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<sup>7</sup> See detailed list of developed and developing countries here:  
[https://www.un.org/en/development/desa/policy/wesp/wesp\\_current/2014wesp\\_country\\_classification.pdf](https://www.un.org/en/development/desa/policy/wesp/wesp_current/2014wesp_country_classification.pdf)

The following measures were ranked as the relatively most important measures for *large firms*:

- Advance opportunity to comment on proposed changes in laws and regulations.
- Possibility to have a review of administrative decisions.
- 'Red-carpet' service for investments having a significant positive sustainable development impact.

These results showed that small firms attached a relatively higher importance to standard practical and operational support measures. Large firms seemed to require less support with this type of measures, and rather appreciated more measures related to regulations and administrative decisions. The high number of such measures compared to operational ones included in the survey might also be a reason for the overall lower rating by smaller firms. They might think that many of these more advanced measures are not relevant for them, while they are of high importance for larger firms.

### Sector

Firms in the extractive sector attached the lowest importance to the investment facilitation measures considered in this survey, with an average of 35 per cent of the measures being rated as "very important", compared with 53 per cent for firms in the manufacturing sector and 58 per cent for those in the services sector. This is most likely because companies from extractive industries have to invest where the resources are located and may not easily have the opportunity to invest in another location with better investment facilitation frameworks. Furthermore, they are typically large firms with significant in-house capacity. For manufacturing and service firms on the other hand, investment facilitation is more important as it has an impact on the attractiveness of a location and hence might influence in which country to invest or not to invest.

### Respondent position within the firm

Respondents with positions in corporate communications or external relations departments gave on average a 12 per cent higher "very important" judgement than respondents with positions that gave them direct exposure to conducting FDI projects.

There were only a few measures that respondents with a direct exposure to FDI projects considered more important than the former group:

- Support with recruiting or training needs.
- Availability of a supplier data base to increase the opportunities for local sourcing.
- Availability of supplier development programmes to support local suppliers to upgrade to meet standards of international investors.
- Availability of a CSR coordinator in investment promotion agencies to facilitate investor relations with local communities and stakeholders.

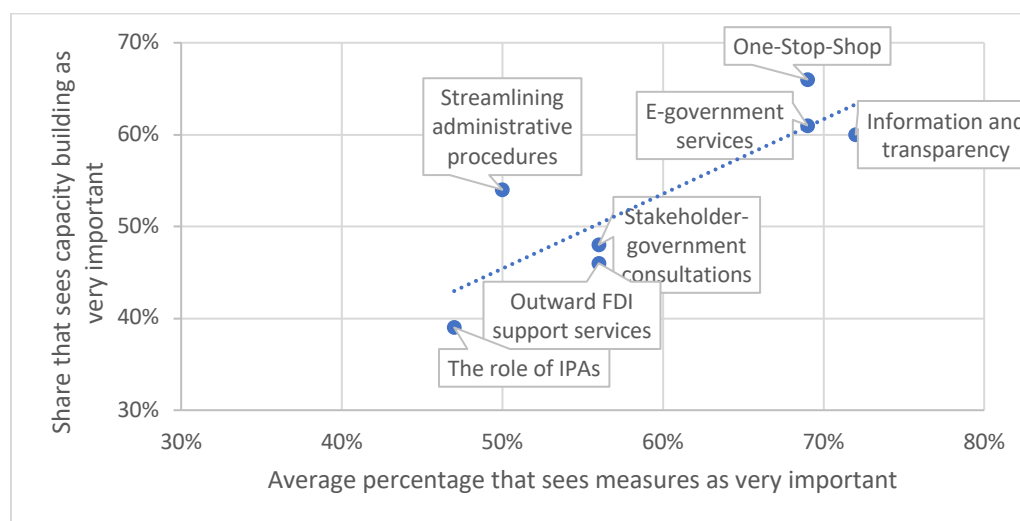
These are mostly measures that directly impact firms' operations, reflecting on-the-ground experience. It might be that the responses by communication and external relations functions led to an upward bias in the overall importance of measures and potentially to a relative downward bias for such operational measures as supplier databases and workforce-related support.

## III. Capacity building

Technical assistance and capacity building for developing and least-developed WTO Members seems to be discussed as part of the IFD Agreement negotiations at the WTO; it is a key issue for this group of Members. This investor survey underlines that capacity building is very important across the board, particularly for more complex measures.

More specifically, for five out of the seven aggregate topics for which data are available, three are ranked as "very important" by above 50 per cent of the respondents, and the other topic areas by between 39 and 48 per cent (see table 1); however, when "important" responses are added, 85 per cent or more of the respondents considered capacity building to be "very important" or "important" (see tables 2-7 and table 9). In declining order, these are: one-stop shop services and visa measures (97 per cent), e-government services (94 per cent), stakeholder-government consultations (94 per cent), information and transparency (93 per cent), and streamlining administrative procedures (91 per cent). In addition, 85 per cent of the respondents indicated the need for capacity building regarding the role of IPAs and 89 per cent for outward FDI facilitation as either "very important" or "important". Generally, there is a correlation between the extent to which a topic area was ranked as "very important" and the need for capacity building, meaning that the higher the importance of a measure is for investors, the higher typically also the need for capacity building (see figure 1).

**Figure 1: Correlation between importance of a topic and the need for capacity building**



Source: Authors visualisation based on IDB/ITC/DIE investor survey.

#### IV. Conclusion and policy recommendations

This report presents and discusses the results of a survey on the importance foreign investors attach to a range of investment facilitation measures, focussed on the Latin America and Caribbean region. The survey results are of importance for the ongoing negotiations of a WTO IFD Agreement, as well as for other negotiations of international investment agreements that address issues of investment facilitation. The survey shows which investment facilitation measures are of particular importance to investors and in which areas they see the need to strengthen governmental capacity to provide such measures. To increase the usefulness of the analysis for negotiators, the survey results are put into perspective by highlighting consistencies as well as gaps in relation to the current state of the WTO IFD negotiations and the actual adoption of investment facilitation measures at the national level (for an overview, see annex 1).

Overall, the results of the survey indicated that all investment facilitation measures covered in this survey provide great value to investors. Since a number of these measures already seem to be included in the Agreement, this should give comfort to negotiators.

More specifically, among the measures that *indirectly* contribute to development, i.e., those that help to increase the volume of FDI (which subsequently contributes to development), the following measures were considered most important by investors: advance opportunity to comment on proposed changes in laws and regulations, availability of e-government services and the ability to track status of applications online.

There are, however, a number of this type of measures that were covered in this survey and that are of high importance to investors, but that do not yet seem to be included in the consensus text of the IFD negotiations. These measures are:<sup>8</sup>

- the ability to track the status of applications online;
- the provision of multiple entry visas for investors or other visa and work permit support services;
- fast-track approval for reinvestments;
- "silent yes" for administrative procedures;
- regular government-investor roundtables to discuss relevant issues;
- support with recruiting or training needs.

It appears that negotiators are still seeking common ground on a measure providing for the availability of an ombudsperson-type mechanism to handle investment grievances; in view of the fact that this measure is "very important" or "important" for 85 per cent of the investors in this survey, negotiators may want to include it in the consensus text of the IFD Agreement. Furthermore, home country measures,

<sup>8</sup> It appears that some of these have been discussed in the negotiations but appear not to be included in the main text of the IFD Agreement.

i.e., measures that increase the transparency of support measures for outward investors, were also of substantial importance to investors.

The survey also showed that there is broad support for measures that *directly* increase the development contribution of FDI and that seem to be supported by negotiators, namely the acceptance of international standards for responsible business conduct and/or CSR guidelines, 'Red carpet' service for investments having a significant positive sustainable development impact and the availability of a CSR coordinator in IPAs to facilitate investor relations with local communities and stakeholders.

A number of measures directly contributing to development are of great importance to investors, but do not yet seem to be part of the consensus text of the IFD draft agreement. These measures are:

- “red carpet” service for investments having a significant positive sustainable development impact;
- the availability of a CSR coordinator in IPAs to facilitate investor relations with local communities and stakeholders;
- the availability of supplier development programmes to support local suppliers to upgrade to meet standards of international investors.

In a number of topic areas (e.g., information and transparency, IPAs as focal points), investor perceptions, the WTO IFD Agreement negotiation agenda and the actual level of adoption at the national level as measured by the Investment Facilitation Index seem to be aligned. However, even in these areas, many respondents stated that it is necessary to increase government capacity, indicating that the quality of investment facilitation can be improved substantially. Moreover, there are also a number of topic areas of importance to investors (and apparently already dealt with in the IFD Agreement negotiations) that are *not* already widely implemented at the national level as indicated by the Index (e.g., the availability of e-government services, one-stop-shop services) and for which government capacity is ruefully lacking.

This leads to a final strong message that the responding company representatives sent, namely the importance of strengthening the capacity of developing countries in the area of investment facilitation. The survey results make it very clear that there is a great need for technical assistance and capacity building on the part of developing countries to implement virtually all investment facilitation measures covered in the survey, improve their investment facilitation frameworks and put them in a position to benefit as much as possible from a WTO Investment Facilitation for Development Agreement. Accordingly, such an Agreement needs to include, centrally, a firm and substantial commitment to provide technical assistance and capacity building to developing and least developed WTO Members requesting such support.

In sum, the results of the survey — although based on a small sample — should give comfort to negotiators that they have dealt with investment facilitation measures that are important for investors. The results should give them confidence to include further investment facilitation measures in the IFD Agreement, including especially measures that directly increase the development contribution of FDI and measures that make home country support for outward investors more transparent. And the results should encourage them to commit themselves to provide substantial technical assistance and capacity building to developing countries to help them improve their ability to facilitate development-enhancing FDI.

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## VI. Annexes

### Annex 1: Overview of findings by measure, ranked by importance (per cent)

Investment facilitation measure	Important <sup>9</sup>	Investment Facilitation Index (share of countries that has already adopted the measure out of 86 countries)	Inclusion in current IFD Agreement consensus text
Advance opportunity to comment on proposed changes in laws and regulations	98	71	Included
Availability of e-government services (i.e., use of electronic forms and online submission of applications and payment of fees and charges)	98	43	Included
Ability to track status of applications online	98	56	Not included
Provision of multiple entry visas for investors or other visa and work permit support services	96	85	Not included
Availability of one-stop-shop services to file all relevant applications simultaneously	96	31	Included
Availability of a government focal point to provide information and address enquires related to an investment project	96	94	Included
Fast-track approval for reinvestments	95	Not included	Not included

<sup>9</sup> Share of respondents that considered the measure either “very important” or “important”.

<b>Investment facilitation measure</b>	<b>Important<sup>9</sup></b>	<b>Investment Facilitation Index (share of countries that has already adopted the measure out of 86 countries)</b>	<b>Inclusion in current IFD Agreement consensus text</b>
Publication of relevant laws and regulations affecting FDI, e.g., on the IPA website	94	97	Included
Publication of timeframes and fees of relevant investor application processes	94	97	Included
Acceptance of international standards for responsible business conduct and/or CSR guidelines	93	Not included	Included
List of support measures/incentives offered to inward investors	93	77	Included
Possibility to have a review of administrative decisions	93	100	Included
Transparency of support measures for outward investors, e.g., through online portals in home countries	92	28	Not included
Publication of information on requirements and procedures for outward investment, if any by home country	90	Not included	Not included
"Silent yes" for administrative procedures	89	3	Not included
'Red carpet' service for investments having a significant positive sustainable development impact	89	Not included	Not included

<b>Investment facilitation measure</b>	<b>Important<sup>9</sup></b>	<b>Investment Facilitation Index (share of countries that has already adopted the measure out of 86 countries)</b>	<b>Inclusion in current IFD Agreement consensus text</b>
Regular government-investor roundtables to discuss relevant issues	86	94	Not included
Availability of a CSR coordinator in IPAs to facilitate investor relations with local communities and stakeholders	85	Not included	Not included
Availability of an ombudsperson-type mechanism to handle investment grievances	85	52	Not included <sup>10</sup>
Availability of supplier development programmes to support local suppliers to upgrade to meet standards of international investors	78	Not included	Not included
Accepting copies of documents in place of originals necessary for applications	76	86	Included
Availability of a supplier database to increase opportunities for local sourcing	75	Not included	Included
Support with your recruiting or training needs	61	Not included	Not included

*Source: IDB/ITC/DIE investor survey.*

<sup>10</sup> It appears that negotiators are still seeking common ground on a measure providing for the availability of an ombudsperson-type mechanism to handle investment grievances.



**Annex 2: Share that ranked measure as “very important” according to respondent characteristics**

Measure	Position		Home country		Firm size (turnover)		Sector		
	Gov. relations	FDI manager	developed	developing	> 1bn USD	< 1bn USD	Extractives	Manufacturing	Services
Publication of relevant laws and regulations affecting FDI, e.g., on the IPA website	81	71	68	84	81	79	50	71	86
Publication of timeframes and fees of relevant investor application processes	75	54	55	68	71	59	25	67	67
<i>How important is increasing government capacity in this field?</i>	63	57	73	55	62	56	25	57	64
Availability of a government focal point to provide information and address enquires related to an investment project	72	54	77	59	71	53	50	62	67
List of support measures/incentives offered to inward investors	63	54	55	64	48	59	50	52	64

Measure	Position		Home country		Firm size (turnover)		Sector		
	Gov. relations	FDI manager	developed	developing	> 1bn USD	< 1bn USD	Extractives	Manufacturing	Services
“Red carpet” service for investments having a significant positive sustainable development impact	72	50	77	50	67	47	50	67	57
Support with your recruiting or training needs	25	29	18	30	14	26	0	24	29
Availability of a supplier data base to increase opportunities for local sourcing	28	46	36	36	29	32	25	38	36
Availability of supplier development programs to support local suppliers to upgrade to meet standards of international investors	34	36	36	34	33	24	0	43	33
<i>How important is increasing government capacity in this field?</i>	50	29	64	27	52	21	0	33	45

Measure	Position		Home country		Firm size (turnover)		Sector		
	Gov. relations	FDI manager	developed	developing	> 1bn USD	< 1bn USD	Extractives	Manufacturing	Services
Accepting copies of documents in place of originals necessary for applications	56	32	50	41	43	44	25	48	45
"Silent yes" for administrative procedures-- meaning that, if no response is received till the stated deadline, the investor's application is automatically approved, unless otherwise notified	56	50	64	48	67	44	50	62	50
Availability of an ombudsperson-type mechanism to handle investment grievances	44	32	36	39	33	38	50	38	38
Fast-track approval for reinvestments	66	54	59	55	57	50	75	57	55
Possibility to have a review of administrative decisions	69	46	64	50	71	44	25	62	55

Measure	Position		Home country		Firm size (turnover)		Sector		
	Gov. relations	FDI manager	developed	developing	> 1bn USD	< 1bn USD	Extractives	Manufacturing	Services
<i>How important is increasing government capacity in this field?</i>	56	54	50	55	52	50	25	38	64
Regular government-investor-roundtables to discuss relevant issues	56	54	73	45	62	47	50	62	52
Advance opportunity to comment on proposed changes in laws and regulations	75	50	59	64	81	44	50	67	62
Availability of a CSR coordinator in Investment Promotion Agencies to facilitate investor relations with local communities and stakeholders	44	46	45	41	38	41	0	48	45

Measure	Position		Home country		Firm size (turnover)		Sector		
	Gov. relations	FDI manager	developed	developing	> 1bn USD	< 1bn USD	Extractives	Manufacturing	Services
Acceptance of international standards for responsible business conduct and/or guidelines for corporate social responsibility	75	54	82	55	71	56	25	67	67
<i>How important is increasing government capacity in this field?</i>	63	32	59	41	38	47	25	48	50
Availability of e-government services (i.e., use of electronic forms and online submission of applications and payment of fees and charges)	75	68	68	70	67	68	50	62	76
Ability to track status of applications online	69	68	64	68	67	62	50	57	74
<i>How important is increasing government capacity in this field?</i>	66	57	55	64	52	59	25	48	71

Measure	Position		Home country		Firm size (turnover)		Sector		
	Gov. relations	FDI manager	developed	developing	> 1bn USD	< 1bn USD	Extractives	Manufacturing	Services
Availability of one-stop-shop service to file all relevant applications simultaneously	78	54	64	68	57	68	75	52	74
Provision of multiple entry visas for investors or other visa and work permit support services	72	64	64	73	67	71	75	62	74
<i>How important is increasing government capacity in this field?</i>	81	50	59	68	62	65	50	57	71
Transparency of support measures for outward investors, e.g., through online portals in home countries	69	50	64	61	71	53	0	67	64

Measure	Position		Home country		Firm size (turnover)		Sector		
	Gov. relations	FDI manager	developed	developing	> 1bn USD	< 1bn USD	Extractives	Manufacturing	Services
Publication of information on requirements and procedures for outward investment, if any by home country	56	46	59	48	48	50	25	52	52
<i>How important is increasing government capacity in this field?</i>	56	39	55	43	38	47	25	38	52
Average	61	49	58	53	56	50	35	53	58

Source: IDB/ITC/DIE investor survey.

### Annex 3: Methodology

The survey conducted among representatives of international companies operating in the Latin America and Caribbean region used a standardized online survey. The survey was sent to 550 company representatives and yielded 67 full responses, indicating a response rate of 12 per cent. The response rate was likely negatively impacted by the survey being conducted in part during the common holiday period when corporate staff are on leave. Furthermore, the impact of the Covid-19 pandemic on companies may be another explanation for the low response rate.

The questionnaire sought to cover a broad range of investment facilitation measures (see annex 4). The questions were centred on the investment facilitation measures that were apparently under discussion in the WTO IFD Agreement negotiations and additional measures from the ITC-DIE inventory (Sauvant et al. 2021). The questionnaire comprised a dozen questions and a final open-ended query on any additional measures the respondents may wish to mention. The five initial questions solicited background information. In the main part of the survey, respondents ranked the importance of measures on a scale of 1 (“unimportant”) to 4 (“very important”). The measures were grouped into the following seven topic areas:

- information and transparency
- investment promotion agency
- streamlining administrative procedures
- stakeholder-government consultations
- e-investment and online services
- one-stop-shop services
- outward FDI support services (by home countries)

Additionally, for each of the above categories, respondents were asked to indicate the extent to which government capacity needed to be strengthened. This question was designed to estimate the need for technical assistance and capacity building for implementing these measures.

The survey was designed to respect the anonymity of respondents. For each question, the option “choose not to answer/not applicable” was provided to allow respondents to complete and submit the survey even if they did not have all information necessary or did not want to provide information on a certain topic.

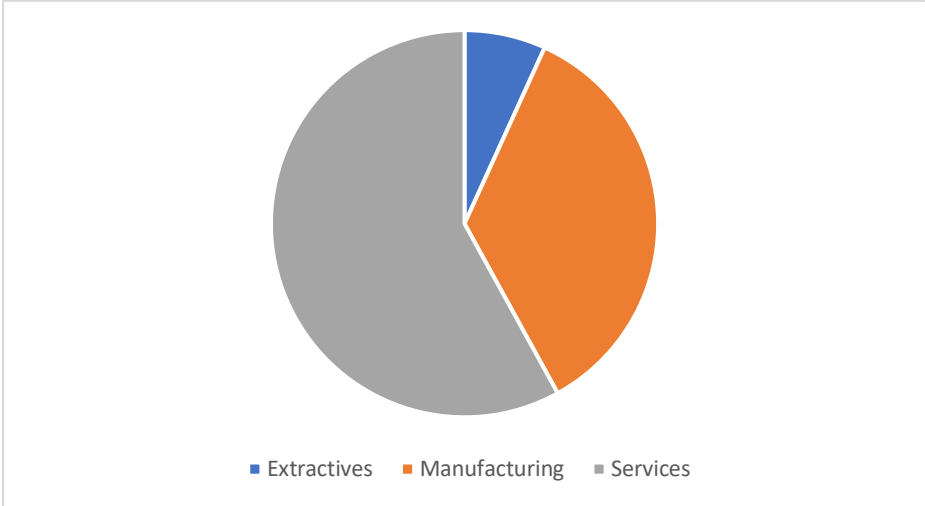
The survey was conducted through the Americas Business Dialogue, a private sector initiative facilitated by the IDB. Companies were contacted by e-mail and invited to access and submit the questionnaire directly via an online survey platform. The survey commenced mid-June 2021, and the respondents were given six weeks to reply. During this time, reminders and follow-up emails were sent by IDB to encourage a higher response rate.

Interestingly, firms in the manufacturing sector participated actively (see figure 2). Unexpectedly, Central America is overrepresented in the distribution of companies by home country (see figure 3). This is due to a relatively high response rate of member firms of local industry associations. This indicates that the sample might exhibit a slight bias towards firms from developing countries investing in other developing countries. The analysis accounts for differences in headquarter location (developing vs. developed countries). Also, prominent are companies with annual turnover of less than USD 50 million (see figure 4). This would suggest that investment facilitation is an important issue for smaller enterprises.

The individuals completing the questionnaire within the respondent firms were evenly divided between government or public relations departments, on the one hand, and operational positions with direct exposure to FDI projects, on the other. It is conceivable that responses differed among respondents with FDI experience compared to respondents whose job it is to represent a company’s interests to the outside. The findings section of this paper controls for the hypothesis that personal exposure to the FDI process influences the reported importance of the different measures.

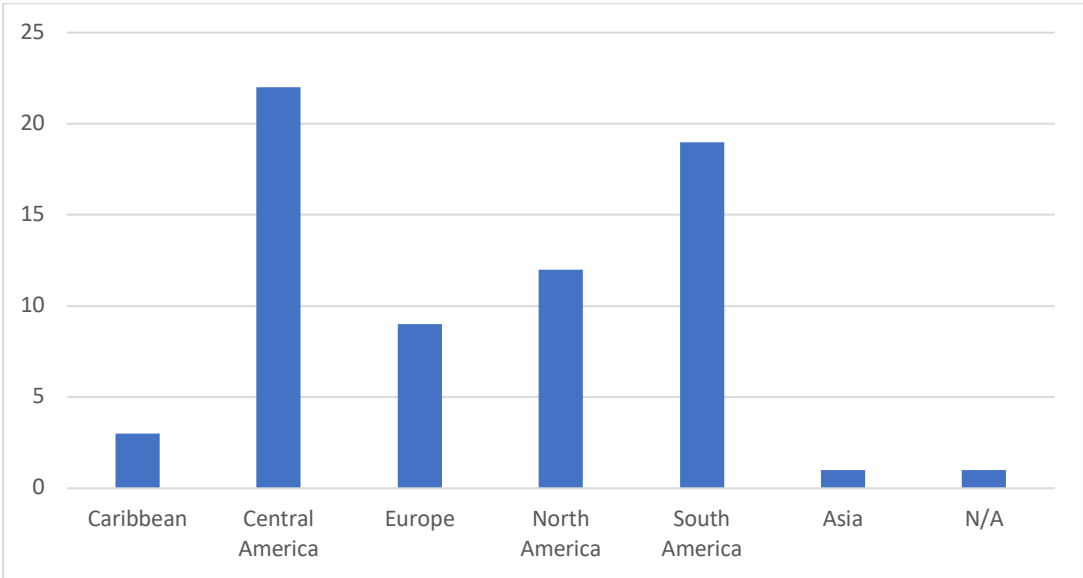


**Figure 2: Respondents by sector**



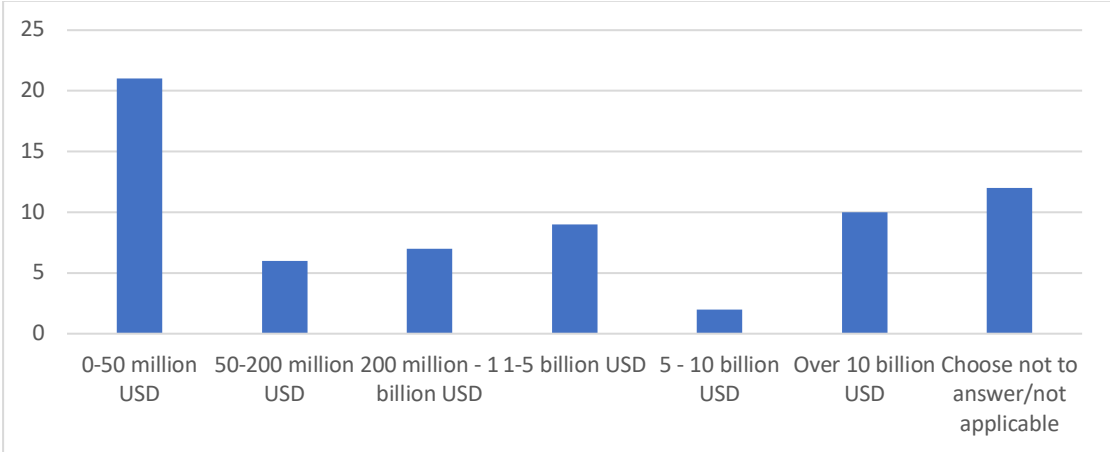
Source: Authors' visualisation based on IDB/ITC/DIE investor survey.

**Figure 3: Respondents by geography**



Source: Authors' visualisation based on IDB/ITC/DIE investor survey.

**Figure 4: Number of respondent firms by annual turnover (USD)**



Source: Authors' visualisation based on IDB/ITC/DIE investor survey.

## **Annex 4: Questionnaire**

### **Cover email**

#### **Subject: Survey on the importance of investment measures for foreign direct investors**

Dear Corporate Executive,

You are invited to participate in a [survey](#) of leading companies with foreign direct investment (FDI) in Latin America and the Caribbean.

This survey on investment facilitation is a joint activity of the Inter-American Development Bank, the United Nations International Trade Centre and the German Development Institute. The aim is to better understand what government measures to facilitate investment are important for investors and in which areas there may be a need for multilateral support to increase a host country's capacity to implement investment facilitation measures.

Investment facilitation involves practical measures to improve the transparency and predictability of regulatory frameworks, streamline administrative procedures, and enhance coordination and cooperation among governments, investors and related stakeholders, with a view towards enhancing the development impact of FDI. It is important to note that investment facilitation does not cover national policy or matters related to investor protection, market access or investor state dispute settlement — it is strictly focused on the implementation of policies (for more information on investment facilitation see [here](#)). Irrespective of policy, implementation can be facilitated with appropriate measures.

The results of this survey will provide valuable input for policy makers, especially for the ongoing negotiations in the World Trade Organization (WTO) on an agreement on investment facilitation for development (for more information on the negotiations see [here](#)).

Given your professional involvement and your company's status as a foreign investor, we would greatly appreciate your insights on this topic. Throughout the survey, we are particularly interested in the value you attach to various investment facilitation measures in undertaking FDI projects across Latin America and the Caribbean.

**Please start the survey [here](#).**

The survey will take approximately 10 minutes to complete. Please submit the completed survey at your earliest convenience. It would be great if you could answer by 27 June 2021.

Your response will be treated with the highest confidentiality and will be used only in aggregate and without disclosing the names of any participants or companies.

In case of any questions or if you require assistance please contact: [americasbd@iadb.org](mailto:americasbd@iadb.org)

Kind regards,

Rajesh Aggarwal, Chief Trade Facilitation and Policy for Business, International Trade Centre

Axel Berger, Senior Researcher, German Development Institute

Fabrizio Operti, Manager, Integration and Trade Sector, Inter-American Development Bank

# Company perspectives on investment facilitation measures

## Introduction

The aim of this survey is to better understand what government measures to facilitate foreign direct investment are important for investors and in which areas there may be need for multilateral support to increase host country capacity.

Given your professional involvement and your company's status as a foreign investor, we would greatly appreciate your insights on this topic. Throughout the survey, we are particularly interested in the value you attach to various investment facilitation measures in undertaking FDI projects across Latin America and the Caribbean.

The results of this survey will provide valuable input for policy makers, especially for the ongoing negotiations in the World Trade Organization (WTO) on an agreement on investment facilitation for development (for more information on the negotiations see [here](#)).

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# Company perspectives on investment facilitation measures

## YOUR BACKGROUND

In this section we ask you to provide some basic information about you and your company. This information is used only to tabulate the responses in analytical categories for a consolidated reporting of the survey results. Your response will be treated with the highest confidentiality.

1. What is your position in the firm? (please select one option)

- Government relations or public relations
- Expansion/corporate development manager (or other position directly operationally involved in setting up FDI projects)
- Choose not to answer/not applicable

2. In which country is your company headquartered? (please insert name of country)

3. How high is your company's annual turnover? (select an option)

- 0-50 million USD
- 50-200 million USD
- 200 million - 1 billion USD
- 1-5 billion USD
- 5 - 10 billion USD
- Over 10 billion USD
- Choose not to answer/not applicable

4. In which industry is your company mainly active? (select one option)

- Extractives
- Manufacturing
- Services

5. Do you usually have contact with the investment promotion agencies of the countries in which you have FDI projects?

- Yes
- No
- Choose not to answer/not applicable

Back

Next

33%

## Company perspectives on investment facilitation measures

### IMPORTANCE OF INVESTMENT FACILITATION MEASURES AND GOVERNMENT CAPACITY

In this section, we want to know the importance you place on specific investment facilitation measures used by governments or government-related agencies (such as investment promotion agencies). For your convenience, we've clustered these measures according to substantively similar categories.

In addition, we would also like your recommendations on areas you think that the capacity of host country governments in Latin America and the Caribbean to facilitate foreign investors' needs to be strengthened. For your convenience, after the specific questions on each category, we will ask you on your views on the need to increase government capacity in the respective field.

Please let us know how important the following measures/services are for your FDI projects on an increasing scale of importance from 1 to 4 where:

1. unimportant
2. somewhat important
3. important
4. very important

We have also included the option 5. "choose not to answer/not applicable" in case you are not able to answer the question. We would, however, ask you to use this option as seldom as possible.

## 6. INFORMATION AND TRANSPARENCY

\*

	1. unimportant	2. somewhat important	3. important	4. very important	5. choose not to answer/not applicable
Publication of relevant laws and regulations affecting FDI, e.g. on the IPA website	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Publication of timeframes and fees of relevant investor application processes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important is increasing government capacity in this field?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## 7. INVESTMENT PROMOTION AGENCY (IPA)

\*

	1. unimportant	2. somewhat important	3. important	4. very important	5. choose not to answer/not applicable
Availability of a government focal point to provide information and address enquires related to an investment project	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
List of support measures/incentives offered to inward investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
'Red Carpet' service for investments having a significant positive sustainable development impact	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Support with your recruiting or training needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of a supplier data base to increase the opportunities for local sourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of supplier development programs to support local suppliers to upgrade to meet standards of international investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important is increasing government capacity in this field?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## 8. STREAMLINING ADMINISTRATIVE PROCEDURES \*

	1. unimportant	2. somewhat important	3. important	4. very important	5. choose not to answer/not applicable
Accepting copies of documents in place of originals necessary for applications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
"Silent yes" for administrative procedures--meaning that, if no response is received till the stated deadline, the investor's application is automatically approved, unless otherwise notified	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of an ombudsperson-type mechanism to handle investment grievances	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fast-track approvals for reinvestments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Possibility to have a review of administrative decisions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important is increasing government capacity in this field?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

9. STAKEHOLDER-GOVERNMENT CONSULTATIONS \*

	1. unimportant	2. somewhat important	3. important	4. very important	5. choose not to answer/not applicable
Regular government- investor-roundtables to discuss relevant issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Advance opportunity to comment on proposed changes in laws and regulations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of a CSR coordinator in Investment Promotion Agencies to facilitate investor relations with local communities and stakeholders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Acceptance of international standards for responsible business conduct and/or guidelines for corporate social responsibility	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important is increasing government capacity in this field?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. E-INVESTMENT AND ONLINE SERVICES \*

	1. unimportant	2. somewhat important	3. important	4. very important	5. choose not to answer/not applicable
Availability of e-government services to submit necessary applications for e.g., online submission of applications, use of electronic forms, documents, payment of fees and charges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ability to track status of applications online	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important is increasing government capacity in this field?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. ONE-STOP-SHOP SERVICES \*

	1. unimportant	2. somewhat important	3. important	4. very important	5. choose not to answer/not applicable
Availability of single window/One-Stop-Shop service to file all relevant applications simultaneously	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Provision of multiple entry visas for investors or other visa and work permit support services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important is increasing government capacity in this field?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

12. OUTWARD FDI SUPPORT SERVICES (BY HOME COUNTRY) \*

	1. unimportant	2. somewhat important	3. important	4. very important	5. choose not to answer/not applicable
Transparency of support measures for outward investors, e.g., through online portals in home countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Publication of information on requirements and procedures for outward investment, if any by home country	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How important is increasing government capacity in this field?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

13. If there are any other specific investment facilitation measures that would be particularly useful for you as an investor but were not mentioned in the questionnaire, please list them in the box below:

Back

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