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AS POLICY ADVOCATES**



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Preface

The *Investment Advisory Series* provides practical advice and case studies of best policy practice for attracting and benefiting from foreign direct investment (FDI), in line with national development strategies. The series draws on the experiences gained in, and lessons learned through, UNCTAD's capacity- and institution-building work in developing countries and countries with economies in transition.

Series A deals with issues related to investment promotion and facilitation and to the work of investment promotion agencies (IPAs) and other institutions that promote FDI and provide information and services to investors. The publications are intended to be pragmatic, with a how-to focus, and include toolkits and handbooks. The prime target audience for Series A is practitioners in the field of investment promotion and facilitation, mainly in IPAs.

Series B focuses on case studies of best practices in policy and strategic matters related to FDI and development arising from existing and emerging challenges. The primary target audience for Series B is policymakers in the field of investment. Other target audiences include civil society, the private sector and international organizations.

The *Investment Advisory Series* is prepared by a group of UNCTAD staff and consultants in the Policies and Capacity-building Branch, under the guidance of James Zhan.

This publication was prepared by Carlos Griffin, under the supervision of Paul Wessendorp and Nazha Benabbes-Taarji. Comments and advice were received from Rory Allan.

The content of this publication is partly based on earlier work carried out by UNCTAD, including a training manual on IPA policy advocacy prepared by Kiyoshi Adachi, Arvind Mayaram and the late Professor Emeritus Robert P. Boynton. Comments and contributions were received by a number of experts from IPAs. Special thanks go to Choong Yong Ahn (Republic of Korea), Valérie Engammare (Switzerland), Heerun Ghurburrun (Mauritius), Emmanuel Hess (Costa Rica) and Declan Murphy (Ireland).

Other inputs came from a 2006 expert meeting on advocacy in investment issues and a 2007 survey of IPAs. The survey was carried out by UNCTAD in cooperation with the World Association of Investment Promotion Agencies (WAIPA). We would like to thank the numerous IPAs that completed the questionnaire and provided information on their agencies' practices, as well as WAIPA for its collaboration.

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Abbreviations

APEC	Asia-Pacific Economic Cooperation
BEDIA	Botswana Export Development and Investment Authority
BOI	Board of Investment (Mauritius)
BPO	business process outsourcing
CINDE	Costa Rican Investment Promotion Agency
CSO	civil society organization
DIAE	Division on Investment and Enterprise
EDB	Economic Development Board (Bahrain)
FDI	foreign direct investment
FIAS	Foreign Investment Advisory Services
FIPA	Foreign Investment Promotion Agency of Bosnia and Herzegovina
GNI	gross national income
ICT	information and communication technology
IDC	Investment Development Commission (Mexicali, Mexico)
IPA	investment promotion agency
IPP	intellectual property protection
IPR	Investment Policy Review
ISA	Invest in Sweden Agency
JTI	Jamaica Trade and Invest
KenInvest	Kenya Investment Authority
KOTRA	Korea Trade-Investment Promotion Agency
MIGA	Multilateral Investment Guarantee Agency
NFIA	Netherlands Foreign Investment Agency
OECD	Organization for Economic Cooperation and Development
PNG IPA	Papua New Guinea Investment Promotion Authority
SIPA	Swaziland Investment Promotion Authority
SMEs	small and medium-sized enterprises
TNC	transnational corporation

TOKTEN	Transfer of Knowledge Through Expatriate Nationals
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
WAIPA	World Association of Investment Promotion Agencies
WTO	World Trade Organization

Executive summary

Policy advocacy by investment promotion agencies (IPAs) serves three major functions for overall national development: (a) it helps shape the investment climate to attract greater inflows of foreign direct investment (FDI); (b) it promotes policies that allow greater benefits to be extracted from that FDI; and (c) it builds national competitiveness in a global economy. When done well, policy advocacy also has the effect of enhancing dialogue and policy review with stakeholders, including the investor community, thereby contributing to good governance in investment promotion.

This practical guide aims to help IPAs set up or improve their policy advocacy operations. The guide approaches the topic in three ways: (a) a discussion of the institutional foundation for policy advocacy; (b) a description of a methodical four-step process to policy advocacy; and (c) a summary of best practices for long-term effectiveness in the execution of those steps.

Regarding the institutional foundation for policy advocacy, it is recommended that an IPA have a clear mandate from its Government to identify problems in the investment climate and recommend remedies. The stronger the mandate, the easier it will be to get cooperation and consensus from other public institutions in policy review and revision. On average, 9 per cent of IPA budgets are allocated to policy advocacy. More is appropriate in countries where policy dialogue and revision is less institutionalized and inclusive. In terms of the internal organization of an IPA, there is not a single structure which can be recommended to all IPAs. Rather, this guide shows ways to direct the expertise and outputs from existing functions towards policy advocacy.

The four-step process of policy advocacy itself consists of (a) problem-identification and agenda-setting; (b) developing the best policy remedy; (c) consensus-building; and (d) monitoring and evaluation.

Firstly, IPAs should be in regular consultation with investors, public institutions and other stakeholders to collect a variety of views on possible impediments to investment. They should also be proactive in identifying policies that hinder the country's ability to compete with other investment locations and achieve their national development goals. When such problems are identified, policy advocates should consider the relative scope and intensity of their impacts, the likelihood of having remedial policies adopted, and the cost of implementation. This will allow IPA management to set a prioritized policy advocacy agenda.

Once a problem has been targeted for remedy, the IPA should set out the criteria on which it will base its selection of the policy remedy to be advocated. These may include anticipated impacts, such as those on investment inflows, jobs created, skill and technology transfer, and public finances. Then, different staff members should formulate several alternative policy remedies. The direct and indirect outcomes of these should be projected, taking into account all probable "winners" and "losers" of the policy. This process should also consider the existing priorities, competencies, capacities and attitudes of the implementing institutions. The predetermined criteria for selection should make it easier to choose the best policy and build consensus around it.

The building of consensus relies greatly on an IPA's network with decision makers and the stakeholders they listen to. Policy dialogue and the mobilization of advocacy supporters should be institutionalized through regular public-private policy forums and cross-agency task forces on specific subjects. This is more efficient than building consensus on an ad hoc basis.

Furthermore, these mechanisms create an expectation of policy review and revision that promote more active support for the IPA's policy advocacy. Any policy message will have greater impact if it is taken up by multiple stakeholders and expressed consistently and repeatedly, rather than the IPA being the sole messenger.

However, it is not the end of the policy advocacy process when a proposal is adopted. The IPA must monitor its implementation to be sure that it is implemented fully, with the desired effect, and without any unintended consequences that distract from its overall effectiveness. Any problems found along these lines then feed back into the first step of problem identification and agenda-setting.

An IPA that consistently and methodically applies the four-step process is already well on its way to being a good policy advocate. However, long-term effectiveness requires special attention. It requires that the IPA have a policy advocacy plan of action with explicit priorities, responsibilities, partners and challenges. It also requires that the IPA advocate proactively, assertively and on a broader range of policy issues, from infrastructure to education. Resources should be allocated to improving the skills and tools used by policy advocates, from individual communication skills to organizational monitoring and evaluation to mechanisms for policy dialogue.

When management evaluates its staff, it should have distinct criteria for policy advocacy so that it does not settle for reactive advocacy alone. In these evaluations and in the IPA's advocacy work overall, long-term vision is essential. An IPA can constantly be promoting an investment-friendly environment and laying the groundwork for strong support from key decision makers and stakeholders, rather than waiting for specific, possibly controversial, issues to arise.

Introduction

Defining policy advocacy

Policy advocacy by investment promotion agencies (IPAs) can be defined as IPA efforts to effect changes in regulations, laws, government policies and their administration, pertaining to fields such as investment, trade, labour, immigration, real estate, taxes, infrastructure, technology and education. The immediate goal of this advocacy is to shape a climate conducive to attracting and benefiting from FDI. The ultimate goal is to make FDI work for the socio-economic development of the host country.

Aim of this guide

This instructional guide aims to help IPAs, especially newer ones and those in developing countries, use policy advocacy to boost their effectiveness in today's highly competitive field of international investment promotion and facilitation.

The articulation of policy advocacy as an IPA function represents a recent development in IPAs. With the rapid proliferation of IPAs over the last 15 years, best practices have emerged for their other functions – image-building, investment generation, investment facilitation and investor aftercare. Although certain IPAs already conduct sophisticated policy advocacy, many require better definition and execution.

A 2004 study (see section 1.4) has shown that policy advocacy is the IPA activity which attracts the most FDI per dollar spent on the IPA budget. Yet, despite its high return on investment, an UNCTAD survey of IPAs conducted in the

preparation of this guide showed that the average IPA budget allocation to policy advocacy was only 9 per cent. If indeed policy advocacy is the IPA function with the highest impact on FDI flows, and if indeed it receives the fewest resources relative to other IPA functions, then there appears to be a very high potential for IPAs to improve their effectiveness at attracting foreign investment through the development of their policy advocacy functions.

In fact, most IPAs recognize the value of policy advocacy. Eighty percent of IPAs responding to an open-ended UNCTAD survey question called it “very important”, “critical”, or “key” for creating a hospitable investment climate. However, many also noted that for them it was still a new function hampered by a lack of study and training. This guide aims to narrow this knowledge gap.

Structure of the guide

This publication represents a “how-to” instructional guide for those IPAs wishing to better understand and implement a methodical approach to simple but effective policy advocacy. Chapter 1 describes the IPA groundwork needed for policy advocacy, in terms of mandate, budget and organization. It then outlines a four-step process for effective policy advocacy.

Each of chapters 2 to 5 is dedicated to explaining and illustrating the performance of one of those steps: (a) problem identification and agenda-setting (chapter 2); (b) developing the best policy remedy (chapter 3); (c) building consensus (chapter 4); and (d) monitoring and evaluation (chapter 5).

Finally, chapter 6 presents a summary of 10 recommendations for the fullest and most effective execution of the four-step process. These include keys to articulating a policy

advocacy plan of action, promoting long-term vision in the face of short-term pressures, capacity-building and institutionalizing support.

Findings from a 2007 UNCTAD survey¹ on policy advocacy are used throughout the publication to illustrate current norms and best practices among IPAs. In order to provide readers with concrete examples, real IPA successes in policy advocacy are described in boxes throughout the publication and in annex II. In keeping with the pragmatic approach of UNCTAD Investment Advisory Series A, it is hoped that this publication will assist policy advocates and IPA managers to strengthen their institutions' policy advocacy function.

¹ The survey, hereafter referred to as “the 2007 UNCTAD survey” was conducted with the cooperation of the World Association of Investment Promotion Agencies (WAIPA) and covered 55 IPAs. A summary of survey results is provided in annex I. The list of responding IPAs is in annex III, while the survey itself is shown in annex IV.

1. Preparing for policy advocacy

1.1 The rationale

Whereas investment generation and image-building depend on “marketing” a country on the basis of its existing strengths as an investment destination, successful policy advocacy remedies weaknesses in the investment climate and creates new strengths. It may also promote IPA goals other than FDI attraction. For example, an IPA mandated with seeking benefit from FDI for domestic firms might advocate policies that establish a formal business linkage programme or provide incentives to transnational corporations (TNCs) that create greater technology spillovers.

Ideally, those bodies which oversee IPAs will take a long-term view and allow IPAs to advocate measures – such as infrastructure and sector development – that support not only FDI but also national competitiveness overall. In this way, IPA policy advocacy can be seen as having three major functions in terms of overall national development:

- Shaping the investment climate to attract greater inflows of FDI;
- Promoting policies that allow greater benefits to be extracted from that FDI; and
- Building national competitiveness in a global economy.

The first goal is common to most IPAs, whereas the other two depend on mandates, priorities and – perhaps most crucially – vision. IPAs have a combination of access and understanding of business and political stakeholders that may be unparalleled in most countries. This gives them a unique position not only to act as messengers between the private sector and Government, but

also as drivers of the changes needed for economic growth and development.

1.2 The process

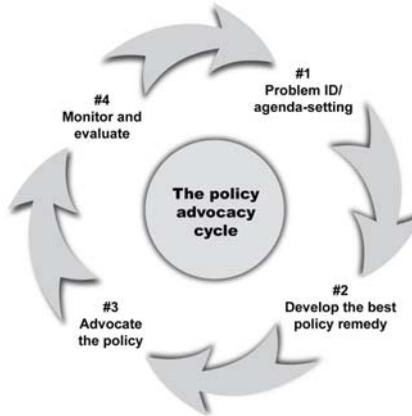
Before the practice of policy advocacy begins, the IPA's overall vision, goals and priorities should be well understood by all involved. These form evaluative criteria at each step of the process and determine how an advocacy strategy will develop. Then, the policy advocacy process can be broken into four steps:²

1. Problem identification/agenda-setting (see chapter 2);
2. Developing the most effective policy remedy (see chapter 3);
3. Advocating the policy (see chapter 4); and
4. Monitoring and evaluation (see chapter 5).

The results of step 4 then become new inputs in identifying problems and setting the advocate's agenda (step 1). This makes policy advocacy an ongoing, cyclical process, as represented in figure 1.

² Adapted from Bardach E (2000). *A Practical Guide for Policy Analysis: The Eightfold Path to More Effective Problem Solving*. New York: Chatham House Publishers of Seven Bridges Press; and Kingdon J (1984). *Agendas, Alternatives and Public Policies*. Second edition. Boston and Toronto: Little, Brown and Company.

Figure 1. The policy advocacy cycle



In the first step, IPAs may identify problems with the investment climate, benefits from FDI, or national competitiveness. At the same time, the policy advocate collects information on the economic, political and social contexts around each problem. Some ways through which this information may be identified include consultations with existing and potential investors, international benchmarking, IPA research, discussions with domestic stakeholders including other public sector entities, and new mandates or guidelines. When a problem is deemed worth trying to solve, it is said to be added to the IPA’s policy advocacy work plan, or “agenda”. An item may be removed from the agenda at any of the four stages, once it is fixed or if it comes to be seen as having lower priority, being too costly or difficult to fix, or needing a new approach.

The following hypothetical example illustrates the four steps: A country’s Government has identified the development of the business process outsourcing (BPO) sector as a crucial part of its overall strategy for economic growth and development. The problem in this case is the lack of foreign investment in this sector.

In **Step 1**, research and inputs give the IPA a picture of both possible problems and their contexts. A SWOT (strengths, weaknesses, opportunities, threats) analysis can help provide a context by answering the following questions: What are the country's strengths and weaknesses in this sector? Are there priority subsectors that will come more quickly, bring higher value, create more jobs, have greater spillovers, be more stable, or better promote further stages of growth? How well can the sector be developed through other IPA functions, such as investor-targeting, instead of policy changes?

This stage benefits from IPA research and specialized knowledge, as well as ongoing private-sector consultation and public-sector coordination. Industry- and firm-level information gathered in the process of other functions, especially investor aftercare and investor-targeting, is an essential input in both problem identification and understanding contexts.

Once the problem and its context are understood, the policy advocate must identify the policy remedy that is likely to be most effective. This is **Step 2**. It involves formulating several policy alternatives, projecting their likely effects, and choosing the best one based on carefully selected criteria for success. To continue the hypothetical, perhaps the single policy that will draw the most FDI in BPO is tax incentives. Perhaps it is strong relationships with domestic academic institutions that can provide skilled workers. Perhaps it is loosening restrictions on foreign ownership and remittances. Perhaps it is establishing an industrial park with committed, reliable utilities and communications infrastructure. Perhaps it is a combination of policies, but several options should be prepared for comparison.

Then, the various outcomes need to be projected in terms of the IPA's most important criteria. Which option is likely to bring the most FDI? Which is likely to have the greatest

spillovers? Which will have the worst negative side effects? Which is politically easy to adopt? Which is most easily advocated by the IPA?

Step 3 is the actual advocacy of the proposed policy. Naturally, the stakeholders addressed and the methods used will differ according to the policy and that country's particular institutional arrangements. For example, let us say that the IPA has chosen to advocate the building of an industrial park and such funds are disbursed through the Ministry of Public Works, whose budget is requested by the President and approved by the Parliament. The IPA should understand how these three actors interact and what they are likely to support.

Perhaps a strong request from the Ministry of Public Works would easily be passed on by the President and approved by the Parliament. In this case, the IPA can focus its advocacy on key ministry officials. The IPA should anticipate obstacles and take measures to overcome them. For example, the Minister may not want to build an industrial park without being certain of having investors. The IPA can try to get commitments from potential investors, demonstrate that countries with similar characteristics have managed to lead investors with similar demonstrations of support, and bring the ministry and potential investors together for confidence-building meetings. The IPA should encourage supporters of its proposal to speak to the ministry in favour of it. This could include domestic firms that might supply or service new BPO firms, academic institutions that would benefit from partnerships with them, or labour unions that would applaud the job creation. Each policy advocacy case may be different because stakeholder interests, responsibility and influence can vary considerably.

In some cases, the IPA itself may be responsible for implementation of the new policy, but it usually falls to someone

else. Once a policy is implemented, careful monitoring of the policy is needed to detect improper implementation, unintended consequences and shifting circumstances which alter the effects of the policy. This is **Step 4**, which feeds back into problem identification and thereby perpetuates the cycle of policy advocacy.

1.3 IPA mandates

In November 2006, UNCTAD hosted an expert meeting on policy advocacy in investment promotion. Over 100 experts and practitioners participated, representing nearly 50 countries and 9 international organizations. Among the international organizations were several conducting research and advisory services in investment policy advocacy, including UNCTAD, the Foreign Investment Advisory Service (FIAS) of the World Bank Group, the Organization for Economic Cooperation and Development (OECD), and the United Nations Industrial Development Organization (UNIDO).

In the final report of the meeting, it was noted that “For an IPA to be successful in policy advocacy, it should have the adequate resources and the legitimacy that comes with a clear mandate of its own and recognition from the Government of the value of policy advocacy.”³ This chapter discusses the importance of IPA mandates, budget and organization in policy advocacy. The information presented here and throughout the rest of this publication is based on UNCTAD lessons learned from its technical assistance projects to IPAs, the 2007 UNCTAD survey, and the 2006 expert meeting

³ UNCTAD. *Report of the Ad Hoc Expert Meeting on Advocacy for Investment Policies with Particular Reference to the Development Dimension (TD/B/COM.2/AHM.1)*: 3.

In the UNCTAD survey, 89 per cent of the respondents stated that they conducted policy advocacy activities. Of these, 92 per cent were governmental or autonomous public bodies, while 4 per cent were joint public-private and 4 per cent were completely private. All of the private and joint public-private IPAs were formally mandated to conduct policy advocacy. Of the public bodies, this figure was a lower 86 per cent, but still an overwhelming majority. This indicates widespread recognition by Governments of the IPA's unique position to find out investor needs and convey them directly to the highest levels of Government.

Furthermore, it seems that not being explicitly mandated for policy advocacy may not prevent an IPA from undertaking it as a means of achieving its general goal of FDI attraction. In fact, the six IPAs that conducted policy advocacy *without* mandates had essentially the same average budget allocation for it as IPAs *with* mandates.

1.4 Budget allocation to policy advocacy

A 2004 study by FIAS showed that policy advocacy appears to have the strongest association with FDI inflows⁴ of any IPA function. This suggests that, to some extent, IPAs stand to attract more FDI by spending a higher percent of time, focus and budget on policy advocacy.

This may be true, but policy advocacy, by its nature, also tends to be less expensive than promotional events or international marketing missions. More than anything, it can be time-consuming, with more time needed the more obstacles to

⁴ Morisset J and Andrews-Johnson K (2004). *The Effectiveness of Promotion Agencies at Attracting Foreign Direct Investment*. Washington, DC: The International Bank for Reconstruction and Development / The World Bank.

investment there are. There are specific costs that can be associated with particular advocacy activities, such as conducting surveys, issuing publications, hosting forums and hiring consultants. However, much of the cost is hard to measure, such as the cost of staff time spent in meetings with investors and officials. Or, policy advocacy costs may be difficult to separate from expenses under other activities, such as aftercare or investment facilitation. These reasons may explain why roughly one third of survey respondents could not provide budget data for policy advocacy.

The other two thirds reported their budget allocations to policy advocacy by percentage of total budget. The average was 8.9 per cent, roughly in keeping with the 8 per cent found by Morisset and Andrews-Johnson (2004). However, there was a significant difference between high-income and middle-to-low-income countries. National IPAs in high-income countries spent an average of 5.5 per cent of their budgets on policy advocacy. In middle- and low-income countries, national IPAs allocated nearly double that percentage with 9.9 per cent.

Why might there be such a difference? One reason may be that policy adjustment is better institutionalized, quicker and more cost-effective in developed countries, allowing IPAs to spend less on policy advocacy. In other words, there are higher relative costs to advocating in less competitive countries.

In the decade ending in 2005, the world's developed countries attracted 70 per cent of global inward FDI and were the source of 88 per cent of global outward FDI.⁵ Considering this pre-eminence in FDI, it seems safe to say that developed countries already have fairly strong investment climates. Therefore,

⁵ UNCTAD, foreign direct investment database (www.unctad.org/fdistatistics).

attracting FDI to these countries may have more to do with maintaining small advantages over other investment destinations. These may be in terms of market proximity, cluster presence, availability of specialized skills or any number of things that add a few cents to the bottom line.

Since the goals and costs of policy advocacy may differ greatly by level of development, budget may not be a suitable proxy for the extent of policy advocacy across all levels. However, budget may be a better proxy within narrower ranges of development, when the problems and policy environments are more similar.

Countries with less attractive investment climates have a greater need to improve it through policy advocacy. This is supported by the overall range of budget allocations to policy advocacy – from 0 to 30 per cent – and their rough, negative correlation to a country's level of development.

Key point: The less developed a location and its investment climate, the more fundamental policy advocacy is in FDI attraction.

Among developing countries as well, there is considerable variation in policy advocacy budget. In addition to differing national circumstances, an important reason for this variation may be the relative maturity of IPAs. Some IPAs, especially those recently established, may still be elaborating their policy advocacy function if not neglecting it. Early in the life of an IPA, emphasis is often placed on investment generation as a way of proving an IPA's value. Investment generation is a highly visible and a more easily measured indicator of IPA success, whereas the benefits of policy advocacy can be more general and may take longer to become evident.

1.5 IPA organization for policy advocacy

“There is **no universal template** for the organization of an IPA for effective policy advocacy. Rather it depends on an IPA’s service area, mandates, resources, goals and specific obstacles to be eliminated, as well as on the country’s institutional framework, policy process, stakeholders and investor expectations.”(Emphasis added.)⁶

Despite widespread recognition of the importance of IPA policy advocacy, only 33 per cent of IPAs performing this function have staff dedicated exclusively to it, according to survey results. Among those IPAs, many of which are among the largest in terms of staff, the median number of staff members working on policy advocacy is three. The other 67 per cent give responsibility for policy advocacy to staff with additional responsibilities. More than half of those are also responsible for investment generation, which is followed closely by investment facilitation.

The decision to give an individual responsibility for both investment generation and policy advocacy risks leaving policy advocacy underperformed. Investment generation is a highly visible function requiring proactivity. Policy advocacy is less visible and can be performed reactively and/or proactively. Consequently, individuals seeking positive job evaluations have a disincentive to spend time proactively pursuing policy advocacy when they could spend it generating investments.

Effective IPAs should react to complaints of existing investors and advocate changes that lead them to reinvest and spread a positive image of the country’s investment climate.

⁶ UNCTAD (TD/B/COM.2/AHM.1): 4.

However, the most effective IPAs will conduct this *reactive* policy advocacy, as well as a *proactive* form which identifies additional problems in the investment climate. An IPA's organization and distribution of responsibilities should be conducive to this "two-pronged" approach.

For example, if certain policy changes are needed to stimulate a *new* industry through FDI, they may not be top priorities for *existing* investors, and potential investors may simply go where the desired conditions already exist. In this case, proactivity is needed in researching the changes needed (e.g. benchmarking, interviews with potential investors) and convincing government to make those changes in the absence of investor pressure.

Combining policy advocacy with aftercare, investor research, or monitoring and evaluation may be more synergistic, as all three activities highlight flaws in the investment climate or with business procedures. These serve as useful inputs into the policy advocacy process. Research and evaluation, in particular, are the sort of proactive efforts that may identify important obstacles which go unmentioned by existing investors. In addition, policy advocacy is often effectively performed by an IPA executive with close connections to Government and a long-term "big picture" perspective of the IPA. Whether an IPA successfully advocates policies, therefore, may have less to do with their organization than with their vision.

Key point: The most successful policy advocacy will be both *reactive* and *proactive*. When staff has responsibilities for policy advocacy and other functions, managers should make sure that proactive advocacy is not neglected.

If an IPA chooses not to dedicate staff, it may use agency-wide synergies and conduct policy advocacy through a

“policy advocacy team”. Through their existing responsibilities and experiences, most professional members of an IPA staff already have valuable inputs to contribute to several steps in the policy advocacy process. Whether or not an IPA can afford to dedicate staff to policy advocacy coordination, each section could contribute to policy advocacy in the following areas:

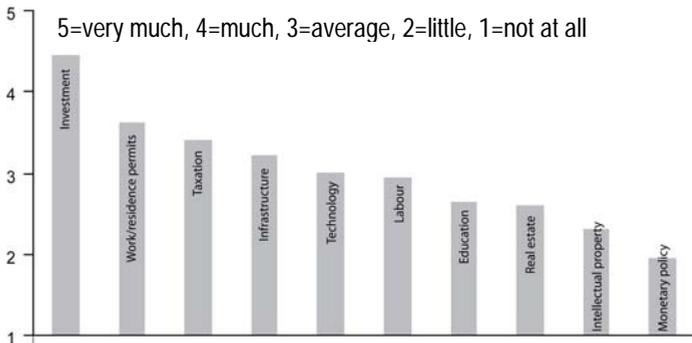
Table 1. Example of an IPA’s division of policy advocacy labour

	Management	Research & analysis	Marketing & promotion	After-care	Facilitation	Legal
Step 1						
Problem identification	✓	✓	✓	✓	✓	✓
Establishing the context	✓	✓				✓
Agenda-setting	✓					
Step 2						
Selecting evaluative criteria	✓					
Policy formulation	✓	✓	✓	✓	✓	✓
Projecting outcomes	✓	✓	✓	✓	✓	✓
Choosing a policy	✓					
Step 3						
Persuading decision makers	✓					
Generating publicity	✓	✓	✓			
Mobilizing supporters	✓		✓	✓	✓	
Step 4						
Monitoring policy implementation		✓	✓	✓	✓	
Evaluating policies	✓	✓				

1.6 Policy areas for advocacy

Problems which deter investment or the extraction of its benefits may come from nearly any area of public policy. Trade policies, for example, may affect the prices of inputs or the competitiveness of exports. Trade policy itself is not treated here as it is complicated by wide ranges of international agreements in each country and the fact that some IPAs also promote exports while many do not. However, IPAs were asked how much they focused their advocacy in 10 areas of public policy. The chart below illustrates the responses.

Figure 2. IPA focus on various policy areas



Source: UNCTAD survey: Policy advocacy by IPAs, 2007.

The three common priorities are investment, work/residence permits and taxation. Nearly two thirds (65 per cent) of respondents focused on **investment** “very much”. The industries in which foreign companies are allowed to invest, the degree of ownership they are allowed, how they are treated

relative to domestic investors, the dispute settlement mechanisms⁷ to which they are subject, and other investment issues (see example in box 1) appear to be the primary focus of IPAs in policy advocacy.

Box 1. Remittances as a foundation for FDI: Republic of Korea's case

A foreign-invested company submitted a grievance to the Office of the Foreign Investment Ombudsman within the Korea Trade-Investment Promotion Agency (KOTRA) stating that the law was preventing it from remitting capital back abroad to the party that had first provided it as start-up capital.

The Aftercare Service Team of KOTRA's Foreign Investment Ombudsman submitted a proposal to the Ministry of Finance and Economy stating that securing the freedom to transmit funds overseas was a basic premise for investing abroad. The proposal requested that the overseas parent firms be allowed to receive remittance for provisional payment of loans and expenditures made on behalf of its local subsidiary.

On 1 July 2005, the ministry amended the law to permit the return of funds remitted from abroad for use in the start-up of Republic of Korea subsidiaries of foreign companies.

Source: UNCTAD based on information provided by KOTRA.

⁷ For information on UNCTAD's work to help developing countries participate in international rule-setting for investment, including dispute resolution mechanisms for foreign investors, please visit <http://www.unctad.org/jia>.

A similar percentage of respondents (63 per cent) said they focused on **work and residence permits** “much” or “very much”. The efficient and predictable issuance of these permits is important to a company’s operation, because it allows companies to bring management and skilled labour into the country with as little delay and additional cost as possible. Box 2 provides an example of successful IPA policy advocacy in this area.

Box 2. Work and residence permits: Botswana’s case

Through its investment facilitation process for new investors and its aftercare programme for existing investors, the Botswana Export Development and Investment Authority (BEDIA) became aware of processing problems with work and residence permits. BEDIA initiated a review of administrative barriers to investment.

On the basis of this review, BEDIA made specific recommendations to the cabinet. While the relevant authorities implemented strategies to resolve the problem, BEDIA, an autonomous public body, was temporarily given authority to fast-track and issue visas to investors. Today, the wait time for a work or residence permit is only six weeks, whereas it had once been 18 months.

Furthermore, in a review of its immigration policies conducted in partnership with UNCTAD, Botswana established more streamlined procedures for targeted types of skilled labour without compromising its other immigration goals.

Source: UNCTAD based on information provided by BEDIA.

Half of respondents focus their policy advocacy on **taxation** “much” or “very much”. As the effect of taxation on an investment’s profitability is relatively direct and clear, a company will enter it unambiguously into its cost-benefit calculations. An estimate of tax cost will rise not only with taxes themselves, but also with a lack of stability, transparency, fair treatment, predictability and efficiency. Similarly, laws preventing the remittance of profit or capital to the source country of FDI will increase the risk and cost to foreign investors, tipping the calculus away from the choice to invest abroad. If, all else being equal, this calculation forecasts unprofitability in country A, then the potential investor may be more likely to consider country B than request country A’s Government or its IPA to work on easing the tax burden.

The appeal of tax incentives to investors has made them a commonly considered tool for FDI attraction, but for most businesses, and with the exception of tax havens, the availability of such incentives is a secondary attraction to a sound, predictable investment climate. Indeed, the loss of tax revenues must be weighed against the anticipated benefits of increased FDI inflows (e.g. job creation, development of strategic sectors, spillovers). But this cannot begin without a better understanding of the correlation between a particular country’s existing tax and remittance laws and the country’s potential to attract new investments. International benchmarking and interviews with potential investors are useful tools in doing this.

Apart from investment, work/residence permits and taxation, there was no other policy field in which a majority of IPAs advocated “much” or “very much”. Respondents gave “average” focus to five other policy fields. In descending order of attention, these are: infrastructure, labour, technology, education and real estate.

Developed **infrastructure** contributes greatly to competitiveness and profitability by reducing, among other things, production times, transportation costs, obstacles to management and various business risks. However, the large cost and scale of improvements in roads, telecommunications or utilities cannot usually be justified on the sole basis of particular investment projects. For this reason, it is not surprising that nearly half of respondents focused on infrastructure “little” or “not at all”. Yet, there is a role here for the IPA as policy advocate, particularly in developing countries. It may be as simple as actively supporting public works initiatives proposed by others, or it may be more involved, such as proposing policies for the creation of special economic zones where small, focused infrastructure projects would provide the greatest return on government expenditure.

Furthermore, infrastructure issues are not always about large-scale construction projects. They can sometimes be a matter of law or regulation. For example, in many manufacturing industries, the cost of energy can have a significant impact on profitability, with wide fluctuations in availability and price dissuading foreign investors from a location. However, laws and regulations on utility ownership, competition, pricing and import can make the difference between a booming industry and a vanishing one (see example in box 3).

Box 3. Advocating for cost-efficient utility regulation: Mexicali's case (Mexico)

Observing a sudden and sharp decline in the production and export of televisions from the border city of Mexicali, the Industrial Development Commission of Mexicali (IDC) undertook in-depth research of the industry trends, production processes and input costs in cooperation with the foreign-invested firms that were beginning to shift production elsewhere. Among other things, the research uncovered that the price of electricity to these factories had almost doubled over three years, severely cutting profit margins on certain types of televisions.

IDC worked with federal and state utility regulators to develop a mechanism by which the television industry – a regionally strategic one responsible for 52,000 jobs – could import electricity at a much cheaper rate from its northern neighbour, the United States state of California. In the three years since then, the industry has seen approximately \$534 million in new FDI and over 12,000 new jobs created.

Source: UNCTAD based on information provided by IDC.

Perhaps the biggest long-term benefit anticipated from FDI is the transfer of **technology** and skills that will allow a country to collectively move up the value added chain. However, it is difficult for external technology alone to drive a country's industrial development, and policies to promote domestic research and technological education can help a country make the most of potential spillovers.

Ranked as the sixth most important policy field for IPA advocacy, changes in **labour** policy designed to attract foreign

investors can be a particularly sensitive field. Policy changes in the areas of infrastructure, taxes, work/residence permits and investment can be positive, negative or neutral for domestic stakeholders. Changing labour regulations and standards to satisfy foreign investors, however, often means an apparent loss for domestic workers. This may be lessened job security from relaxed rules on termination or lost benefits, like housing and transportation subsidies. So it is important for IPAs to approach such policy proposals with care and, depending on their mandates, with a clear expectation of how the changes will bring the country net benefits (e.g. job creation outweighing loss of benefits).

According to the survey, labour unions are neutral on average but borderline opposed to IPA policy advocacy efforts. Therefore, it is important for IPAs to continue constructive dialogue with labour as they advocate the labour policies that will bring FDI, jobs and spillovers to the country.

One surprisingly low area of focus is **education**. Almost half of respondents stated that they focused on education “little” (21 per cent) or “not at all” (26 per cent). Since a common rationale for the pursuit of FDI is that it creates spillovers helping countries to move up the value added chain, this result is surprising. Almost any new job requires an inexperienced worker to learn new skills or knowledge. But if the skills required to effectively perform a firm’s jobs are much higher than those possessed by the local labour pool, then the time and cost of training may dissuade the investor.

IPAs might advocate policies such as government-funded training in general work skills or special skills for targeted sectors. These skills may include office machines, agricultural techniques, foreign language, basic business management, accounting, software programming or anything strategic to that country’s FDI and development goals. A Government could incrementally

increase the level of training as the relevant sectors mature, creating a dynamic cycle of sectoral development.

Furthermore, countries may also seek to “import” education either through targeted immigration policies or through policies to re-attract native talent from the national diaspora. Mechanisms such as the United Nations Development Programme’s (UNDP’s) Transfer of Knowledge Through Expatriate Nationals (TOKTEN) encourage people who have acquired specialized knowledge, skills and know-how to return to their countries for a short term and pass on their expertise.

Key point: Advocating on a wider range of policy areas, such as education, can help IPAs to improve their countries’ fundamental competitiveness.

Besides such mechanisms, IPAs may advocate better general education, such as at the primary level, but this is rather far removed from their everyday business. Nonetheless, when the IPA sees other members of society advocating policies like this in line with their own goals, it is enough to express support and add the IPA’s weight to the public debate. Box 4 provides an example of more active advocacy for targeted education by Croatia’s Trade and Investment Promotion Agency.

Box 4. Advocating for education and long-term development: Croatia's case

Having targeted the information and communication technology (ICT) market for strategic development, the Trade and Investment Promotion Agency worked to identify obstacles in cooperation with the private sector, the National Competitiveness Council, the United States Agency for International Development (USAID) and the Multilateral Investment Guarantee Agency (MIGA). The dominant issue was found to be a lack of adequate labour demanded by the market. This illuminated the need for adjustment in the educational system.

Consequently, the agency has created a working group and has organized a conference of public, private and international stakeholders. The working group is conducting more detailed analysis of the areas of education that need to be strengthened and how to most effectively achieve them. Also, the conference is expected to reach consensus on a set of initiatives for education and a timetable for their implementation.

Source: UNCTAD based on information provided by Croatia's Trade and Investment Promotion Agency.

Together with capital and labour, **real estate** is one of the three fundamental inputs for economic production. Its cost, availability and associated risks are crucial considerations in deciding to invest in any location, whether newly or as an expansion of existing operations. In the simplest cases, policy advocacy may streamline government procedures for land acquisition by foreign entities (see example in box 5). In more complex cases, it may achieve a greater degree of market freedom and stability for citizens and foreigners alike in what is

traditionally seen as the safest form of investment – real estate itself. IPAs would do well to monitor this sector closely for obstacles to investment.

Box 5. Ensuring fast, reliable access to land and factory space: Swaziland’s case

Until recently, industrial buildings were owned solely by private companies. Investors hoping to quickly secure factory space were often discouraged with the slow and uncertain process of approaching different companies with different procedures over unpredictable timelines.

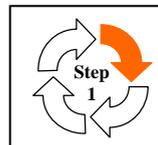
The Swaziland Investment Promotion Authority (SIPA) persuaded the Government to construct new factories and put SIPA in charge of their management. This arrangement ensured that SIPA could quickly provide investors with suitable spaces.

The issue of selling industrial land was also made more transparent with the creation of an allocation committee, on which SIPA sits, that meets to discuss land requests.

Source: UNCTAD based on information provided by SIPA.

2. Identifying problems and setting the IPA's agenda

Having covered the rationale, administrative preparation and policy scope of IPA policy advocacy in chapter 1, chapters 2 through 5 detail the performance of the actual policy advocacy process. Each chapter covers one step in the four-step process. As much of the work deals with strategy and communication, even small IPAs should be able to execute most of these steps with existing resources.



This chapter leads the reader through the following five key parts of **step 1**, problem identification and agenda-setting:

- (a) Deciding what counts as a problem based on IPA goals and client consultations;
- (b) Studying problem contexts;
- (c) Tools for reactive and proactive problem identification;
- (d) Prioritizing problems based on impact and likelihood of change; and
- (e) Articulating actionable agenda items.

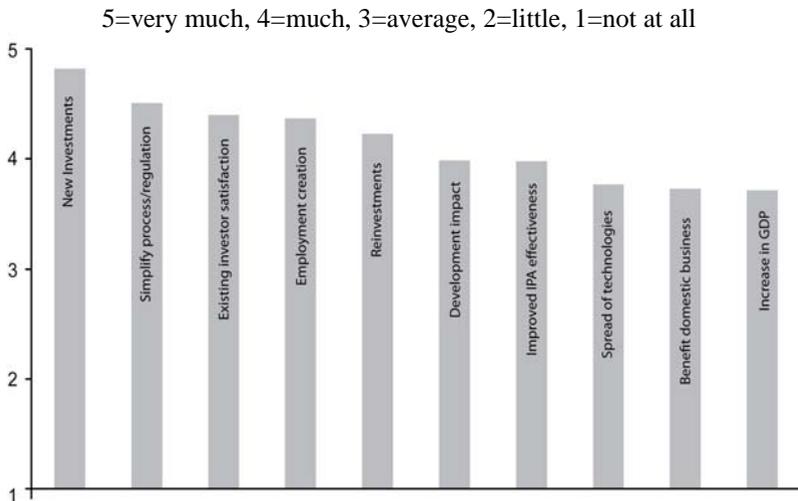
2.1 What counts as a problem?

The agenda-setting process must start with a clear definition and prioritization of the IPA's goals for policy advocacy. What counts as a problem will vary based on the relative importance of goals such as new FDI attraction, reinvestment, employment and development impact. These IPA priorities, in turn, should be based on the priorities of IPA clients and stakeholders – foreign investors, domestic investors, line ministries, and the public at large – with whom the IPA should be in consultation.

Common IPA goals for policy advocacy

In the UNCTAD survey, IPAs were asked how strongly they weighed various goals in deciding what to advocate. Although each IPA will have its own unique set of priorities, the answers of the survey should give the reader a sense of what goals are commonly served through policy advocacy. The list is as follows:

Figure 3. Weight of IPA goals in agenda-setting



Source: 2007 UNCTAD survey.

Consulting the right clients and stakeholders

The three major outside influences on IPAs in the setting of their policy advocacy agendas are (a) existing investors, with an average score of 4.6 (on the same 5-point scale); (b) potential investors, with a score of 4.4; and (c) benchmarking against the investment climates of other countries, 4.1. The strong influence of existing investors reflects the fact that many IPA advocacy efforts originate in reaction to specific complaints from individual investors or groups of investors.

The next three influences are government officials and legislators (3.9), national goals such as growth and development (3.8), and internal research (3.6). The three strongest influences have to do with investor opinions, while the three weakest influences have to do with national opinions. This corresponds to the goals expressed in the previous section. However, an IPA concerned with benefiting from FDI and not just attracting it should be certain that it gives the appropriate weight to the opinions of those parties that share its long-term vision for benefiting the country, whether this is Government, civil society, or even impartial experts such as academic institutions and international organizations.

It is telling that the third-largest influence is benchmarking. In a highly complex investment climate – where at any one time each law, each regulation, each investor, each investment, each impact, and the interplay of these factors is unique from that of any other time and those of other countries – it is difficult to know exactly what policies will tip an investor towards one country and away from another. Therefore, countries look to others for commonalities and hints of universal principles.

The policies that an IPA advocates will often depend on the competitiveness of that country's investment climate relative

to others. To this end, country-specific analyses, such as UNCTAD's Investment Policy Reviews (IPRs),⁸ and international benchmarking tools, like the World Bank's Doing Business rankings,⁹ are very useful and will be discussed more in the following section.

2.2. Studying problem contexts

Lessons learned from other countries are a very useful guide in formulating policies for one's own country. However, it should be remembered that what worked in one country may not necessarily work in another. The process and tools needed to effect adoption of a policy, as well as the policy's impact and unintended consequences, will differ from country to country.

Therefore, it is necessary not only to identify problems but also to carefully consider the particular economic, political and social contexts around each problem and their possible remedies. Who is affected? How will the various possible policy solutions create winners or losers? Who are the key decision makers and influential stakeholders? Which are the institutions that might implement proposed policies? What are their priorities, budgets and competencies? What are the stated and unspoken priorities of the officials that head them? What are the financial and social costs of advocating and implementing the policy?

At this stage, we begin to get a clearer picture of the stakes and obstacles involved in an issue. We also develop a clearer list of who in Government is best equipped to deal with a problem, who will be likely supporters and who will be likely opponents. Different policy proposals will require action by different officials and create different sources and levels of

⁸ <http://www.unctad.org/ipr>.

⁹ <http://www.doingbusiness.org/economyrankings>.

support and resistance. The likelihood and costs of policy change should be balanced with the capacity of the relevant officials to effectively implement the change.

2.3 Tools for reactive and proactive problem identification

Several important tools for policy advocacy have been identified in UNCTAD's technical assistance projects and at the UNCTAD expert meeting on IPA policy advocacy in November 2006. In a discussion led by UNCTAD and executives of the Costa Rican Investment Promotion Agency (CINDE), the Republic of Korea's Office of the Investment Ombudsman, and the Uganda Investment Authority, several vital tools for problem identification were highlighted. These are shown in table 2.

Table 2. Tools for problem identification

Investor perspectives	Government perspectives	Internal/external policy assessments
Public-private sector forums, including investment advisory councils and task forces on specific issues	New goals or mandates from the administration	External evaluations of the country’s investment climate, including: – <i>Investment Policy Reviews</i> (UNCTAD) – <i>Administrative Barriers</i> self-assessments (FIAS)
Investor aftercare services, including regular site visits	Cabinet meetings or cross-agency working groups on specific issues	International benchmarking of business regulations (e.g. World Bank’s Doing Business project)
Surveys of investors – established, potential, those that have chosen not to invest	Internet-based e-regulations systems on investment	Monitoring the success and unintended consequences of implemented policy changes
Relationships with foreign investor associations, by country and industry	Ongoing dialogue with civil society organizations	Impact assessments on positive spillovers (e.g. job creation, skills enhancement, technology transfer, business linkages) and negative spillovers

Most of these tools represent either IPA practices or coordinating activities that IPAs can lead among key stakeholders. However, three of these tools represent international organization services that use international expertise and capacity to provide direction and support. These are “external evaluations of the country’s investment climate”, “international benchmarking of business regulations” and “Internet-based e-regulations systems on investment”, which are discussed in more detail in box 6.

Box 6. Tools for investment climate evaluation

UNCTAD's Investment Policy Reviews

IPRs provide an objective evaluation of the country's legal, regulatory and institutional framework for FDI to attract increased foreign and direct investment, as well as how to maximize the benefits from it. The review includes FDI entry and establishment, treatment and protection of investment, taxation, the business environment and sectoral regulations. The strategic analysis is tailored to country needs. The recommendations provide a concrete and actionable basis for policy advocacy.

World Bank's Doing Business rankings

The Doing Business project evaluates business climates on 44 indicators of regulation in the areas of starting a business, licenses, hiring, property registration, credit, investor protection, taxes, international trade, contract enforcement and business closure. Besides being a good measure of a country's standing, the ranking may be considered by international investors in their decision-making processes. Robust policy advocacy will reactively address investor problems, proactively develop strategic sectors, and also seek to elevate the overall competitiveness of the investment climate. And, of course, this will be done within the context of specific IPA or national goals, the subject of the next section.

/...

Box. 6 Tools for investment climate evaluation (concluded)

UNCTAD's e-regulations system on investment

The e-regulations system on investment has its policy advocacy strength in improving levels of bureaucratic transparency, predictability, accountability and participation. The web-based programme spells out all the procedures, costs and time needed to establish a business in a country, as well as to whom to complain in the event of irregularities. In this way, investors, IPAs and government officials can quickly identify obstacles to investment and advocate the policy remedies needed.

Source: UNCTAD and the Doing Business project website (<http://www.doingbusiness.org>).

Reactive versus proactive problem identification

Effective IPAs should react to complaints of existing investors and advocate changes that lead them to reinvest and spread a positive image of the country's investment climate. However, the most effective IPAs will conduct this *reactive* policy advocacy, as well as a *proactive* form which identifies additional problems in the investment climate. Box 7 describes how the national Dutch IPA has used benchmarking to do this.

For example, if certain policy changes are needed to stimulate a *new* industry through FDI, they may not be top priorities for *existing* investors and potential investors may simply go where the desired conditions already exist. In this case, proactivity is needed in researching the changes needed (e.g. benchmarking, interviews with potential investors) and

convincing Government to make those changes in the absence of investor pressure.

Box 7. Benchmarking to identify threats to national competitiveness: Netherlands' case

As part of regular consultations with chambers of commerce, individual companies and tax lawyers, the Netherlands Foreign Investment Agency (NFIA) identified deterioration in the Netherlands' fiscal climate relative to competing investment destinations. NFIA then organized a benchmarking study, which provided evidence of the problem, enabling NFIA to work through the Ministry of Economic Affairs and the Ministry of Finance to help achieve new fiscal legislation.

The resulting legislation lowered corporate taxation to 25.5 per cent,* abandoned the capital tax (a duty of 0.55 per cent that used to be levied on capital contributions made to Dutch resident corporate entities) and introduced special treatment of research and development, and interest on capital (the latter subject to approval by the European Commission). Consequently, foreign investors view the tax authority as having a better business orientation and their interest in shifting operations abroad has declined markedly.

* The tax was not lowered more, because it would have meant that Japanese profits in the Netherlands would also be taxed in Japan. So this was done to avoid double taxation.

Source: UNCTAD based on information provided by NFIA.

Even when the problem is getting a particular type of investor to invest or reinvest, the investor's opinion alone may not paint a complete picture of the obstacles to that goal. It should be

supplemented with in-depth research. For example, as in the case of Mexicali (see box 3) and high utility prices, TNC executives may assume that there is little that can be done, or they may decide that it is easier to shift some production to another country where they have similar operations than complain to the Government about each impediment. Therefore, an IPA should seek to understand their most valued industries like insiders. This includes understanding issues in international trade and investment, industry trends, corporate changes, production processes and input costs, and will lead to the most nuanced, effective policy advocacy.

Key point: The more an IPA understand its key industries like an insider, the more nuanced and effective its policy advocacy will be.

2.4 Prioritizing problems based on impact and likelihood of change

After collecting these inputs, an IPA will likely have a long “wish list” of issues to solve. It is necessary at this point to narrow the list to an actionable number and to prioritize the problems. It is therefore helpful at this stage to roughly assess the likelihood of change before placing an issue on an IPA's **policy advocacy agenda**. A rough analytical assessment which can successfully be applied in most policy environments will consider four elements of the issue:

- (a) **Scope.** How many people, firms, social and institutional stakeholders are impacted by the problem or its likely remedies?
- (b) **Impact.** How intensely felt is the problem? Are production costs being driven up a few cents, or are hundreds of jobs being lost?
- (c) **Financially easy to solve.** How much will advocating, implementing and maintaining the changes cost?

- (d) **Politically easy to solve.** How easy will it be to get key decision makers and stakeholders to understand, accept and adopt the proposed changes?

Table 3¹⁰ gives some rough examples. Naturally, the weight given to each element may vary among different policy environments at different times and scores may be made more precise, but table 3 provides an illustration of this analytical tool's application in a hypothetical policy environment.

Low assessments based on high advocacy costs and difficulty in overcoming obstacles should improve over time as an IPA gains experience, builds partnerships and regular channels of communication, and generally institutionalizes effective advocacy practices. For example, the establishment of an investment advisory council comprising key ministers and important investors (a) lowers the cost of advocacy by allowing a policy message to be conveyed at once to many key stakeholders; and (b) increases the ease of policy adoption by raising expectations of change, addressing concerns throughout the process, and getting many supporters to convey the same message repeatedly over time through multiple channels.

¹⁰ Adapted from Gerston L (2004). *Public Policy Making: Process and Principles*. New York: M.E. Sharpe.

Table 3. Projecting the likelihood of policy change: a hypothetical case

Problem	Scope	Impact	Financially easy to solve	Politically easy to solve	Likelihood of change
Investment deterred by number, quality of ready-built industrial, commercial sites	Medium	Medium	Low	Medium	Low–Medium
National infrastructure constrains investment	High	High	Low	Low	Medium
Investment constrained by level of bureaucratic certainty and efficiency	High	Medium	High	Medium	Medium–High

2.5 Articulating actionable agenda items

Finally, as an IPA judges problems to be important and actionable, and decides to place them on its policy advocacy

agenda, it should define the problems explicitly, keeping the following guidelines in mind:

- (a) Clear and precise problem definitions are an important basis for clear and precise policy solutions.
- (b) Think in terms of inadequacies (e.g. inadequate value added processing for exports of natural resources), excesses (e.g. excessive economic concentration in one sector) and untapped potential (e.g. saving time and money through streamlined procedures).
- (c) State the problem itself and not a symptom. Bad example: “Few investors want to invest in our agricultural sector.” Good example: “Inadequate storage and logistics services near the airport make certain agricultural exports too costly and risky for many investors.”
- (d) Do not mix possible solutions with the problem definition, as this will narrow the range of solutions considered. Bad example: “A lack of incentives keeps investors from investing in storage and logistics services.”
- (e) Quantify the problem when possible. Good example: “10 per cent fewer bananas and cut flowers make it to market than if adequate storage and logistics services were available near the airport.”

3. Developing the best policy remedy

Once the problems and their contexts are well understood, it is time to develop the best policy remedy we can. This chapter leads the reader through **step 2** in the policy advocacy process. This consists of selecting evaluative criteria, formulating several policy alternatives, projecting outcomes and choosing the best policy proposal to advocate.



3.1 Selecting evaluative criteria

As with problems, solutions require careful consideration and definition. What goals is the remedy meant to serve – just FDI attraction, or other goals as well? What kind of FDI? In the short term or long term? What negative consequences might the remedies have and how can they be lessened?

One of the chief drawbacks of purely reactive policy advocacy is that it may under-represent the non-investment aspects of an IPA's mission. If that mission is not only to attract FDI but also to benefit from it, then this step is an important opportunity for an advocate to be certain that its proposed policies reflect these goals.

Considering its mission, its mandate and national goals, an IPA may articulate its expectations for benefits to be gotten from FDI. These may include number of jobs created, TNC linkages with domestic firms, higher technology-intensity of foreign-invested firms, and higher anticipated transfer of skills and know-how, among others. Then, by assigning relative weights to these goals, the IPA may evaluate its several draft policy proposals against these criteria and select the one that appears to serve its various goals most fully.

3.2 Formulating several policy alternatives

In section 1.2, a hypothetical advocacy agenda item is given: the development of a country's BPO sector. In step 2 of that hypothetical, four different policy proposals are given in the most basic terms. They are (a) the provision of tax incentives to foreign firms investing in this sector; (b) the promotion of partnerships between such firms and the domestic academic institutions that would be expected to produce the skilled labour capable of meeting those firms' needs; (c) looser restrictions on foreign ownership and remittance of profits in that sector; and (d) government investment in an industrial park fully equipped for immediate occupation by investors.

Each of these proposals will have different outcomes in terms of FDI attracted, spillovers created, stakeholders affected, government funds expended, obstacles encountered and unintended consequences created. Although each policy might prove to be effective, it is well worthwhile to take the time at this stage to look for the "most" effective policy or combination of policies. Not only will this save time and money by not having to adjust a suboptimal policy later, it will also prepare the policy advocate to deal with questions about why this course of action is better than others.

3.3 Projecting outcomes and choosing the best policy remedy

Although a policy proposal is mainly designed to address a particular problem, the effects of a policy may go beyond the problem itself. When unanticipated, these *unintended consequences* may create negative effects that reduce or even outweigh the benefits of a changed policy. The exercise of projecting outcomes allows an advocate to choose the most

effective policy after considering not only the designed effects but also any foreseeable negative side effects.

In the BPO sector-development hypothetical, an IPA might decide that its top criteria for choosing a policy remedy are, in descending order of importance (a) expected FDI; (b) technology-intensity of likely firms; (c) likelihood of policy adoption; (d) the cost of advocating; (e) the implementation cost to the Government; and (f) the number of jobs created. Although the proposal for tax incentives may have lower implementation costs and be more likely to be adopted than the proposal for an industrial park, these criteria are lower ranked – fifth and fourth, respectively – than expected FDI (first) and its technology intensity (second). If the IPA can project better outcomes for the industrial park in terms of FDI and technology-intensity, and the proposal has a decent chance of adoption, then the IPA may confidently select it as the proposal that deserves to be pursued.

This exercise of outcome projection helps IPAs to keep their various goals in mind rather than focusing completely on getting any kind of FDI as the end goal itself. It also makes them intimately familiar with the pros and cons of their selected policies, enabling them to better advocate it over alternative policies.

However, circumstances may change over time such that what was once an effective policy becomes an ineffective one. To some extent, such changes in circumstance may be considered when projecting the outcomes of draft policy proposals. However, it is the many cases in which they cannot be predicted that makes monitoring and evaluation so important over the entire life of the policy.

Policy combinations to satisfy more key criteria: a hypothetical

Another benefit of this evaluative method is that it highlights weak points in proposals and the potential for combinations of policies that might be more effective than any individual one. In the hypothetical example above, the industrial park scores well on FDI attracted, technological intensity and number of jobs created, but its high implementation costs make it less likely to be implemented. Short-term tax incentives for TNCs willing to commit FDI by a certain date might lead to the medium-term tax revenues needed to make the short-term implementation costs politically acceptable. On the other hand, tax incentives may lead to public complaints that the country is giving incentives away without “getting anything in return”. In this case, academic partnerships which lead to technological spillovers might satisfy complaints that the country is not getting anything in return.

This complex interplay of factors can make policy advocacy daunting and discourage an IPA from conducting anything but the most simple, reactive advocacy. However, this four-step methodical approach should make it easier for policy advocates to be proactive, formulate better policy proposals, and increase their chances of implementation.

3.4 A warning against self-serving policy proposals

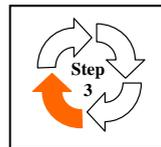
In section 2.1, where common IPA goals of policy advocacy are given, “Impact on Effectiveness of the IPA” scores 4 on the scale of 1–5. This finding merits mention of a common pitfall: the self-serving policy proposal. One of the most important long-term considerations in formulating policy proposals is avoiding proposals that are or appear to be self-serving.

When an IPA is formulating policy remedies, it sometimes recommends itself as the implementing body, although other agencies might also be in a position to play that role. Since the advocating body has a good understanding of the situation and the will to effect and maintain positive changes, it may seem like a good idea to put them in charge of whatever FDI-related procedures or regulations they are trying to change.

However, an IPA can only take on so many responsibilities. It is more effective and efficient in the long run for IPAs to build understanding of common issues and nurture partnerships for change among other government institutions. In fact, IPA effectiveness is often increased by reducing authority and narrowing the scope of work.

4. Advocating the policy

This publication breaks the policy advocacy process into four distinct steps, but it is this one, **step 3**, which gives the process its name. “Advocacy” itself means trying to convince others of a certain position. A comprehensive approach to advocacy has five elements: preparation, persuasion, publicity, mobilization and consensus-building, as described in section 4.1. The rest of this chapter discusses the need to adjust one’s advocacy based on the transparency and predictability of the policy environment, common supporters and opponents and best practice tools for advocacy.



4.1 Elements of advocacy

Preparation includes research, drafting of specific policy proposals, preparation of communications materials (e.g. newsletters, reports and press releases), and arrangements for evidentiary support (e.g. case studies, market analysis and impact reports).

Persuasion should target decision makers, those with influence over decision makers, opponents and the general public. This does not need to happen only on a direct or case-by-case basis. An advocating IPA may also persuade would-be supporters or opponents indirectly through publicity.

Publicity can help to establish a positive “frame” for public discourse. General opposition to FDI or change may be pre-empted through regular meetings, public speeches or articles aimed at educating stakeholders. This is especially effective when they convey a series of success stories about real benefits extracted from a variety of specific investments.

Mobilization of supporters is important for ensuring that decision makers hear the same message conveyed consistently, repeatedly and from multiple sources. This is much more influential than when it comes from a single source or when it comes from multiple sources for a short time before fading to the background. The most effective mobilization is institutionalized as regularly scheduled participation of shareholders with common interests in public-private investment advisory councils, issue-specific working groups and public forums for the discussion of socio-economic issues.

Consensus-building

Maintaining versus building consensus. The means of consensus-building will vary according to the nature of the relationship between an advocate and the party he or she is trying to convince, as well as according to their particular interests and beliefs. However, as with mobilization, consensus is better maintained over time through institutionalized cooperation than built anew with each issue.

A minister who is regularly asked to approve policy changes may delay or reject changes with little transparency or accountability to concerned stakeholders. Getting consent from the minister on each issue may be very time-consuming and unpredictable. However, this may be mitigated if that same minister agrees to participate in a quarterly forum to address barriers to investment. With investors expressing their concerns to the minister directly, he or she may feel inclined to show real progress on the issue by the next meeting rather than attending empty-handed. In this case, the minister is much more likely to keep IPA-advocated issues high on the agenda and act with appropriate speed. Box 8 describes a successful public-private forum in Bosnia and Herzegovina.

Box 8. Building consensus and momentum with public-private partnerships: Bosnia and Herzegovina's case

The establishment of the Bulldozer Commission was initiated in November 2002 to build a working partnership between public decision makers and businesspeople for the identification of legislative impediments to development and job creation.

The immediate objective of the commission was to have 50 legislative reforms approved in 150 days. Some reforms to improve the business environment were:

- Elimination of barriers to investment through the reform of corporate law;
- Enabling FDI registration at the State level;
- Liberalizing transportation regulations;
- Promoting material recycling for environmental preservation; and
- Adoption of a law on public procurement.

From the very outset, the Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA), as a member of the commission, played an important role in its work, initiating numerous legislative reforms.

Source: UNCTAD based on information provided by FIPA.

Understanding one's limits. Pushing a proposal too hard, especially one that fails to be adopted, may not only build resistance on that proposal but also towards future proposals from stakeholders that are wary of cooperating with an impractical or overly forceful advocate. There is also the danger of "burning one's bridges" when an advocate damages a relationship with a stakeholder from whom the advocate will likely want support later.

Good policy advocates will avoid this by being realistic and pursuing policy proposals for which they have a good chance of “getting the votes” without damaging relationships. As advocates gain experience, credibility and influence in policy matters, building consensus will become easier and the loftiness of their goals can grow accordingly.

4.2. Policy environments

IPAs were asked to rate the transparency and predictability of their respective countries’ policy processes. On a scale of 1 to 5, with 5 meaning “very much” transparent or predictable, the average score for both characteristics was 3.6.

However, there was a rough positive correlation between the level of a country’s development and the levels of transparency and predictability perceived by responding IPAs. This is illustrated by table 4 below:

Table 4. National income and quality of the policy environment

Income category ¹¹	Transparency	Predictability
Upper – OECD	4.2	4.0
Upper – non-OECD	4.0	4.0
Upper middle	3.7	3.4
Lower middle	3.3	3.5
Low	3.3	3.5

5=very much, 4=much, 3=average, 2=little, 1=not at all

Source: 2007 UNCTAD survey.

¹¹ World Bank income groups, divided according to 2005 gross national income (GNI) per capita.

In less predictable environments, where rules, decision makers and processes for change vary, there will be higher costs associated with policy advocacy. More resources will have to be spent on effecting changes. A wider range of skills and tools will have to be developed and maintained to be effective across the wider range of cases. Such countries will need to build flexibility into their processes, for example by starting all policy strategy formulation with process research or brainstorming on potential supporters and opponents.

4.3 Supporters and opponents

Investors – foreign and domestic

The 2007 UNCTAD survey gauged the level of support or resistance perceived by IPAs from 10 common stakeholder groups. The greatest supporters of IPA policy advocacy were clearly foreign investors and chambers of commerce: 89 per cent of respondents said they received such support, 9 per cent viewed them as neutral, and one respondent saw them as slightly resistant. Despite the common concern that domestic investors will oppose foreign investments because of a fear of competition or the crowding out of investment, domestic investors are also rather supportive of IPA policy advocacy efforts: 64 per cent of respondents judged them to be supportive, while 26 per cent said they were neutral.

Key point: Domestic investors may be equally affected by IPA policy advocacy. IPAs may gather valuable insight and support by engaging them in dialogue and feedback.

This confluence of interests is not surprising, since improvements to the investment climate often benefit both foreign and domestic investors. This overlap of interests could be used by

IPAs to promote linkages and other forms of cooperation among foreign and domestic investors. Besides the benefits to a country's development, such cooperation could increase support from domestic investors for IPA policy advocacy. However, IPAs report that domestic investors are relatively uninvolved in the policy process.

Box 9. Building consensus with domestic investors: Mauritius' case

Recognizing value added export potential in Mauritius' seafood industry, the Board of Investment (BOI) proposed the appropriate framework for FDI attraction to the relevant ministry. Along the way to adoption, resistance was encountered from small local operators and fishermen.

BOI supported workshops at which these domestic stakeholders learned about differences between the artisanal and industrial fishing industries, and that the proposed framework was part of an inclusive growth strategy. Then, BOI set up a committee to review problems with the reforms and propose remedies on a monthly basis. Ministries and other actors were informed of measures needed to overcome problems, and BOI would hold discussions on how to reformulate the policies.

The final result has been fewer constraints, less bureaucracy and an industry growing with the stimulus of FDI for the benefit of both foreign and domestic firms. In fact, the consequent streamlining of the entire fishing industry has created new demand for the products of local fishermen, reduced their entry costs to higher value added activities, and created new sectors for them to participate in, such as aquaculture.

Source: UNCTAD based on information provided by BOI.

Box 9 provides an example of how domestic investors in Mauritius initially opposed increased foreign investment in a particular sector, but later dropped their opposition when they learned that they would not be crowded out.

Government

Government is also viewed as rather supportive. Individual officials, such as heads of Government or ministers, are viewed as supportive by the most IPAs, 80 per cent, while 13 per cent view them as neutral. Sixty-two per cent of respondents claim support from local authorities, with another 30 per cent expressing neutrality. For officials/regulators, these numbers are 61 per cent support and 24 per cent neutrality. For legislators, they are 57 per cent and 28 per cent, respectively.

Labour unions

In fact, the only group to be seen as neutral but verging on opposition is labour unions. Sixty-one per cent of respondents said labour unions were neutral toward their policy advocacy efforts; 28 per cent said they met with resistance from them, but over half of those noting resistance gave it the mildest rating possible.

This finding is surprising in the light of the fact that employment creation is judged by 57 per cent of respondents as “very important” and 30 per cent as “important” in formulating their policy advocacy agendas. On the surface, this would seem to make policy-advocating IPAs and labour unions natural allies. A lack of support by domestic labour for IPA policy advocacy may indicate a failure in policy dialogue. This is especially true when an IPA has the stated goals of job creation and development impact, and not just FDI attraction. At the very least, IPAs should

engage labour unions in dialogue so they might achieve better mutual understanding of their goals.

Key point: For IPAs concerned with job creation, labour unions could be useful allies. IPAs might turn them into active supporters by engaging them in regular dialogue.

News media

It is common practice to ascribe wariness towards FDI to the populace of many nations – developed and developing – and one would expect balanced reporting to reflect this wariness as well as any enthusiasm. Furthermore, unbalanced reporting seems more likely to reflect populist suspicions than economic rationale. However, 57 per cent of respondents said media reports on their FDI-related advocacy efforts were supportive and 28 per cent said they were neutral. This source of support seems to be underutilized by IPAs as 40 per cent of respondents said they use media campaigns “little” or “not at all”.

In a policy environment or on a policy issue where public opinion has little weight and the media does little to convince stakeholders, then time spent on media campaigns would naturally be short. However, media campaigns may be used for more than just drumming up support on a particular issue. They can be used to shape larger policy discussions, to create FDI-friendly perceptions in the country so that when controversial issues do come up, they are less controversial.

Key point: Even in uncontroversial times, IPAs can frame future debates and improve long-term openness to FDI through constant, low-key media messages.

Therefore, IPAs acting as policy advocates should think beyond the actual issues they are advocating on and shaping the business environment. They should strive to shape the policy environment. To this end, the media could be much better utilized.

Civil society organizations

CSOs were judged by 51 per cent of respondents to be neutral, with the balance noting more support (32 per cent) than resistance (17 per cent). This suggests that most CSOs are unaware of IPA policy advocacy efforts, do not consider such efforts to have an impact on their interests, or do not have the capacity to mobilize support or resistance. If it is the first or second case, then IPAs – which in theory strive to balance the needs of investors with state goals such as sustainable development – could do a better job of informing and mobilizing CSOs that *are* affected by the policies for which IPAs advocate.

For example, if the IPA is advocating for State sponsorship of a technology school that will feed into a proposed technology park for foreign companies, then education-oriented CSOs could be tapped for support.

4.4 Tools for consensus-building

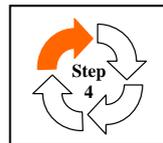
Several important tools for consensus-building were identified at the UNCTAD expert meeting on IPA policy advocacy in November 2006. These tools and the different stakeholders are shown in the table 5.

Table 5. Tools for consensus-building

	Among investors	Among Government	Among the public
Regular, individual meetings with high-level decision makers (e.g. presidents, cabinets)		✓	
Public-private forums, including foreign business advisory councils and task forces on specific issues (e.g. immigration, telecommunications)	✓	✓	✓
Regular cross-agency forums		✓	
Developing “champions” of policy reform in Government, the private sector and the public	✓	✓	✓
Impact reports and other evidentiary support on job creation, projected inflows, etc.	✓	✓	✓
Periodic reports and briefs to Government and investors on the investment climate	✓	✓	
Media articles	✓	✓	✓
Establish partnerships and support networks to repeatedly convey new messages consistently and from multiple directions	✓	✓	✓

5. Monitoring and evaluation

Adoption of a policy is not the end of the process. Policy advocacy must be result-oriented. Even the best-intentioned policies may be failures, so a policy advocate must have regular, objective monitoring and evaluation to confirm that the effects of the advocacy are in line with the goals. This is **step 4** of the policy advocacy process.



An adopted policy may have been implemented less than fully or with unintended consequences. Impact, beneficiaries, priorities, costs, complementary policies and other circumstances may change over time. For example, if employment creation was a primary goal of a particular policy, but its long-term consequence has been net job loss, then the IPA must have a mechanism in place to bring this to its attention. The 2007 UNCTAD survey found that 32 per cent of respondents said they used monitoring and evaluation “not at all” or “very little”, while only 19 per cent said they used it very much. Without it, IPAs will find it difficult to objectively answer the following questions, among others:

- (a) Is the policy change having the intended impact?
- (b) Have there been any unintended consequences of the policy which detract from its overall effectiveness?
- (c) Could the policy be improved further?
- (d) Were the costs expended on the change – financial, political, etc. – worth the resulting benefits?
- (e) What lessons were learned in effecting the policy change that could be used to improve the effectiveness of future policy advocacy efforts?

Like policy impact, the effectiveness of the IPA’s advocacy itself can be improved. Monitoring and evaluation is

applied to both the product and the process. Time and cost can be analysed for waste, while interactions with decision makers and stakeholders can be analysed for clues to more effective persuasion and mobilization of support.

The answers to these questions represent essential feedback into step 1, problem identification and agenda-setting. Based on the answers, policies and advocacy techniques may be abandoned, modified, supplemented or continued. And, as these answers may change over time, it is necessary to reflect periodically on the continued relevance and effectiveness of adopted policies and advocacy techniques.

Key point: Careful monitoring and evaluation is always crucial to ensure that an adopted policy has the intended consequences in a complex and ever-changing world.

Normally, this function fits very well into the existing duties of researchers, investor aftercare specialists and IPA executives. In addition to their normal assignments, researchers could be asked to check the status of implemented policies every three to six months in the early stages of implementation and every year after that. “Checking the status” should entail:

- (a) Comparing intended policy impacts (based on steps 1 and 2) to measurable indicators, such as sectoral FDI, procedure times, sectoral employment, etc.;
- (b) Identification of unintended consequences and measurement of their impacts;
- (c) Building on lessons learned or relationships strengthened in the course of past advocacy; and
- (d) Proposing remedial measures for organizational or operational weaknesses of the IPA revealed during the course of its advocacy.

The selection of performance indicators for advocated policies should be done as part of steps 1 and 2 rather than after policy adoption. Chapter 2 discusses the need to articulate goals that are actionable, specific, measurable and time-bound as the result of problem identification (step 1). Chapter 3 uses these to develop the policies that will best meet the indicators as expressed in the IPA's evaluative criteria for policy selection. Therefore, if these steps have been fully taken, the framework for the IPA's monitoring and evaluation of policy and IPA performance will already be in place.

IPA researchers, investor aftercare specialists and managers are normally in the best positions to collect this information. Researchers would naturally monitor economic and business data, while aftercare specialists would gauge investor opinions and managers would hear from other public institutions.

Although monitoring and evaluation is discussed here as an essential aspect of policy advocacy, it is in fact invaluable to ensuring the efficiency, effectiveness and impact of all IPA functions. Those IPAs that currently conduct no monitoring and evaluation may refer to an upcoming publication on IPA evaluation systems published as part of the UNCTAD Investment Advisory Series A.

6. Summary of recommendations for more effective policy advocacy

1. Establish a policy advocacy plan of action with explicit priorities, responsibilities, partners and challenges.

In collecting responses to the survey, two people at one IPA sent back completed questionnaires separately. It was notable that the ranking of priorities and tools differed significantly between the two. Although the IPA later clarified its position, this incident highlighted the fact that even within a single IPA there may not be consensus about goals and the means for achieving them.

Basic tools in achieving success in any endeavour are focus and coordination, especially when there are multiple goals as there may be with an IPA that seeks to attract FDI (one goal) for the purpose of achieving employment, technology transfer, domestic enterprise development, etc. (several other goals). Therefore, IPA managers should establish explicit agenda-setting criteria that consider all of their goals according to priority and feasibility and then formulate strategies meant to achieve as many of them as possible. Without conscientiously and explicitly addressing goals other than FDI attraction, such as development impact, they will tend to be neglected. The clearer these criteria and goals are to all members of the IPA – and not only the policy advocates – the more effective the IPA will be.

Therefore, policy advocacy and all IPA functions should fit into a plan of action that is clear to the entire staff. Successful policy advocacy depends on synergies within the entire IPA including work-setting, research, investor-targeting, aftercare, evaluation, public outreach and reporting to Government.

2. Put policy advocacy in the right hands, with the right vision.

When problem identification and policy formulation are performed by staff with other, non-advocacy duties, their managers should use performance evaluation criteria that emphasize the need for proactive work and the value of long-term efforts. Without such a transparent mechanism, staff may neglect advocacy in favour of duties with more immediate and high-profile results. Managing advocacy in this way wastes a tremendous opportunity.

While most aspects of policy advocacy can be performed by regular staff, negotiations and presentation of proposals to Government and other stakeholders should be done by the IPA representative that has the most influence with that stakeholder. This will usually be a senior executive.

3. Invest in success. Develop the right skills and tools for the job.

Sufficient *budget* and *time* should be allocated to develop qualified staff and sound tools. Successful policy advocates should be trained in each stage of the policy process from problem identification to monitoring and evaluation. If an IPA's policy advocate is not familiar with the process, the IPA should sponsor training. Even a brief formal training in objective programme evaluation can provide analytical insights important to understanding complex systems, their problems and their remedies. When vital training cannot be obtained, an IPA should at least allow the advocate time at work to research best practices and develop the skills necessary for policy advocacy.

These skills include those of an effective communicator on the stages of international business and policy. These include public speaking, oral and written persuasion, and foreign

language ability, especially in English. Together, these enable an advocate to collect information on problems, influence the framing of debates, win supporters and build consensus. Knowledge of corporate and governmental decision-making processes is also invaluable, as they often set the parameters for debate.

On both the consensus-building and information-collecting sides of policy advocacy, certain tools can augment IPA capacities. However, these too often take an investment of time and resources to develop. For example, IPA websites are often underutilized in collecting feedback about the investment experience and building support for advocacy measures. Sometimes, websites are only presented in the country's official language. This severely limits an IPA's ability to act as a one-stop shop or as a focal point for communications with foreign investors.

Furthermore, IPAs should develop tools where existing ones are inadequate for optimal policy advocacy. For example, visits to and surveys of existing investors are cheap and easy tools which many IPAs use in the course of attracting reinvestment and providing aftercare, and these tools create very useful inputs for agenda-setting. However, they are insufficient and should be supplemented with tools designed for each specific job. For example, in agenda-setting, an IPA needs excellent research, especially on two topics:

- (a) What the key considerations are for targeted investors in deciding to invest in their country or not; and
- (b) How their country compares to others in these respects.

Meetings with and surveys of existing investors are not designed for this. The research that precedes investor-targeting, however, can be carried out with the expectation of feeding

directly into policy review and formulation. Relationships with trade associations in targeted industries or research departments in international organizations could also yield more powerful results.

Beyond the specifics of particular investment projects and investors, IPAs should continually improve their knowledge of issues in international trade and investment, trends in key industries, internal developments in investing and targeted companies, and production processes and costs in those key industries. This knowledge need not be accumulated and maintained by the policy advocates in an IPA, but they should have access to it.

4. Advocate proactively and assertively.

An investment climate can always be improved. An IPA does not have to wait for an investor complaint to improve it. Rather, it should take initiative. Especially if an IPA's foremost goal is to attract new investments, it must research and advocate proactively. To be only reactive is to neglect potential for attracting new investors.

However, proactivity is needed to retain and expand existing investments as well. While some experts estimate that there are periods in which for certain regions, especially in developed countries, up to 70 per cent of investment is linked to the existing investment base, a 2006 UNCTAD survey on aftercare showed that IPAs estimated that reinvestment represented 32 percent of FDI in their regions.¹² Whatever the level of follow-on investment in a region, proactive advocacy on behalf of existing investors is important in maximizing their reinvestment value.

¹² UNCTAD (2006). *Aftercare: A Core Function in Investment Promotion*: 8.

Furthermore, IPAs have the room to be more assertive. The 2007 UNCTAD survey results show that most IPAs rarely meet with much resistance in their policy advocacy efforts. In political environments with scarce resources, this must be primarily because IPAs do not ask for much. Asking for streamlined government procedures, for example, have unambiguous benefits for most other stakeholders. Forgoing potential tax revenue in order to attract a first-time investor that currently pays a country nothing in taxes is likewise not a very hard sell. However, when IPAs begin advocating for the use of limited resources on infrastructure and education, then they will find that there is more opposition from other stakeholders with their own advocacy issues.

5. Expand the policy horizon to cover more issues and longer-term goals.

IPAs should advocate for infrastructure, education and other long-term development needs, where resources and expertise allow. Although IPAs have little control over national expenditures on infrastructure and education, they may be able to persuade relevant decision makers that the lack of long-term commitments in these areas is an immediate deterrence for foreign investors and a long-term impediment to development.

By the same token, an IPA may direct a Minister of Technology's attention to studies demonstrating that intellectual property protection (IPP) appears to increase technology inflows while technology transfer requirements appear to have the opposite effect. That minister's opinion may be crucial to convincing the legislature of the need for IPP.

IPAs should regularly provide feedback to relevant ministries and participate in forums on subjects related to

infrastructure, education, IPP, health, resource management, and any topic which appears to significantly affect the attractiveness of the economy to foreign investors over the *long-term*.

Furthermore, there are *short-term* contributions which an IPA can make to these efforts. For example, education can be in the form of training specific to a particular industry or service sector before investor attraction or it can be jointly sponsored training which is decided on with investors to get workers up to speed on new operations or even prepare them for planned expansions.

For infrastructure, *medium-term* contributions might be guaranteed electricity through substations dedicated to foreign-invested industrial zones or the avoidance of infrastructural problems by allowing investors to locate near an airport, thereby negating the impact of poor roads.

However, public IPAs should be sure that advocated policies which seem to give preference to foreign investors are justifiable in terms of the national interest, such as through their impact on job creation and economic growth.

6. Work towards an FDI-friendly environment *now* for more effective policy advocacy *later*.

Policy advocacy need not only be case-based. An IPA can contribute generally to the creation of an FDI-friendly environment. For example, let us say that popular scepticism about the benefits of FDI has made it politically difficult for officials to support FDI in general. In this case, the IPA can conduct a low-level, low-cost campaign, unrelated to any particular policy change, to raise awareness about the benefits of FDI.

If a CSO is a regular source of opposition, an IPA should consult with it and find out what it would need to see from incoming FDI to support it. Perhaps some part of that opposition is based on a poor understanding of what the IPA does and why. This may be remedied with dialogue and time. Also, even substantial opposition may be partially defused through dialogue.

Having these campaigns and discussions in the absence of controversy can make future policy advocacy less controversial and much easier to manage.

7. Mobilize and institutionalize support, especially from domestic investors and labour.

Much of IPA policy advocacy today is done in relative isolation. Investors speak with IPAs, and IPAs speak with other officials. This is fine when it works, but as the changes sought become bigger and more controversial, other stakeholders become aware and create obstacles, if not opposition. It is important to listen to opposition for new perspectives, engage in dialogue to narrow differences, and adapt policy proposals as the IPA deems appropriate. However, there will be cases in which the IPA feels it must move forward despite opposition. In these cases, IPAs would benefit greatly from networks and persuasive skills that allow them to mobilize like-minded parties and apply more pressure than they could have mustered on their own.

Stakeholders may support or oppose an IPA's policy advocacy efforts on a case-by-case basis, increasing the time and cost needed to build support on each issue. Therefore, it is useful to institutionalize alliances and cooperative activities with those stakeholders that most often share an IPA's goals.

Domestic investors are such stakeholders. Although many IPAs responded that domestic investors are largely supportive of

or neutral towards policy measures to attract foreign investment, domestic and foreign investors may not always be natural allies and the support of domestic investors should be strengthened. This can be done through greater inclusion of “both private sectors” in private-public forums.

Also, IPAs may incentivize cooperation for domestic investors by linking it to the promotion of stronger business linkages between domestic and foreign investors. Foreign firms may mean competition for some domestic firms, and they may mean opportunities for others – opportunities to supply inputs, support services or complementary goods. This provides an additional reason for IPAs to formalize and broaden their business linkage programmes to include as many domestic firms in as wide a range of sectors as possible.

For an IPA to have both domestic business and domestic labour on its side makes it very difficult for nearly any Government to reject its policy proposals. If labour union opposition is a regular obstacle, then the IPA should consult with them, thoroughly understand their issues, and seek common ground.

8. Build partnerships for sounder, more comprehensive policy formulation.

As mentioned above, sound agenda-setting requires excellent research on key considerations of potential investors and international benchmarks. Key considerations will differ from sector to sector, company to company, and project to project. Ideally, IPAs would have detailed and accurate information on the internal deliberations of companies on each project, but because of the difficulty and the cost associated with its obtainment, IPAs must usually settle for much less.

However, the balance between the quality of information and its cost can be made easier through close partnerships with organizations whose business it is to collect and/or disseminate quality information. Trade associations often have direct access to the highest management of member firms and are eager to give out information that might help a developing country suitor make a successful and profitable proposal to one of its members. This is especially useful at the sector and firm levels.

At the project level, business schools, universities and international organizations often produce detailed case studies that can cast light on key considerations. Academic institutions are often willing to cooperate with developing country officials in exchange for information and their expertise, or even simply because it gives the institution prestige. Especially international organizations make it their business to do international comparisons and can be asked to do specific regional benchmarking studies of the most relevance to an IPA or group of IPAs.

However, such partnerships need not only be for inputs. IPAs may cooperate with other IPAs, foreign or domestic, to create larger regions that are attractive to investors. For example, a landlocked but otherwise attractive country may want for the IPA in its coastal neighbour to advocate for better infrastructure connecting the landlocked country to its neighbour's ports. At the same time, the coastal country might want the landlocked neighbour to strengthen its IPP so that potential investors are less afraid that investing in the coastal country will increase illegal reproductions in its landlocked neighbour.

9. Follow up and adapt.

Crucially, most IPAs need to improve their monitoring and evaluation functions. Policy is never-ending and ever-shifting.

Something that can clearly be judged as a policy success at one time may become inadequate or even counterproductive as circumstances change. Therefore, the policy process should not be viewed as linear, but as a cycle, with implementation being followed by monitoring and evaluation, which feeds back into the agenda-setting process.

If a policy advocated by an IPA does not have the intended effect, then the IPA must propose changes or adopt another strategy for achieving the intended effect.

10. Publicize successes.

Every time the IPA achieves something with benefits for the general populace, a one-page press release should be sent to all newspapers and magazines. Sometimes these will become articles, sometimes they will not. But newspaper editors and reporters will nonetheless be exposed to a steady flow of education on the national merits of FDI and be more likely to print a greater number of more favourable articles.

Television producers of news and informational programming can be invited to attend private–public sector forums or other events that showcase efforts to achieve national goals through FDI, with the goal of getting positive news coverage, including features on the work being done by the IPA.

In the end, the better the perception of an IPA and its work, the easier it will be for policymakers to do what the IPA asks. If political considerations do not allow an IPA to have such a high profile, then this sort of publicity can be done in cooperation with relevant ministers and institutions.

7. Conclusion

As IPAs have become more numerous and sophisticated over the last two decades, their core functions have diversified along the lines of image-building, investment generation, investment facilitation, investor aftercare and policy advocacy. This last function is unique in several ways, and its development has been slower as a consequence.

IPAs attract and retain investment by promoting the investment climate's existing strengths and working with investors to get around its weaknesses, but policy advocacy remedies weaknesses and creates new strengths. While individual investors are the usual counterparts in other functions, policy advocacy may be directed towards multiple officials and stakeholders. The IPA normally acts as an intermediary for the private and public sectors, but it must sometimes lead rather than mediate to be effective as a policy advocate. Clearly, policy advocacy is more difficult because it puts the IPA in a less familiar role with parameters – such as relevant policies, stakeholders and measures of success – which it must discover and define for itself.

Furthermore, many of the benefits of policy advocacy are only realized over the medium to long term, often giving it a lower sense of urgency. Its complexity and delayed impact may make policy advocacy one of the last functions to be taken up by new IPAs and can discourage the fullest development among even more experienced IPAs.

Policy advocacy is the area in which many IPAs still have the most room to develop and find new advantage in the competition for investors. This is especially true for countries where the investment climate is considered an impediment to FDI. By showing itself to be an effective policy advocate, an IPA can

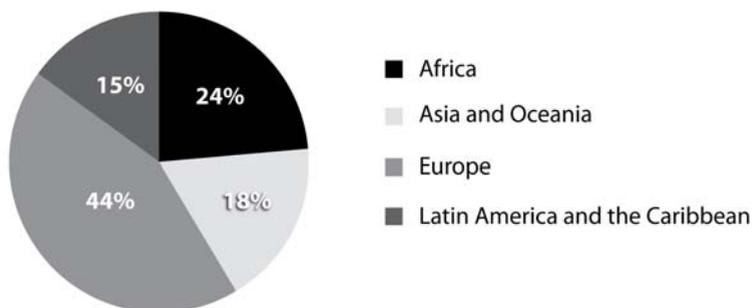
distinguish itself as a strong partner, working to shape the investment climate for long-term success.

Annex I. IPAs and policy advocacy today: survey results

Survey background

In order to assess the state of policy advocacy as practiced by IPAs today, UNCTAD distributed a questionnaire through the World Association of Investment Promotion Agencies (WAIPA) to its members. The questionnaire (annex IV) was sent to 197 members. Fifty-five IPAs, or 28 per cent, replied.¹³ This sample of the IPA community was geographically and economically diverse, as shown below:

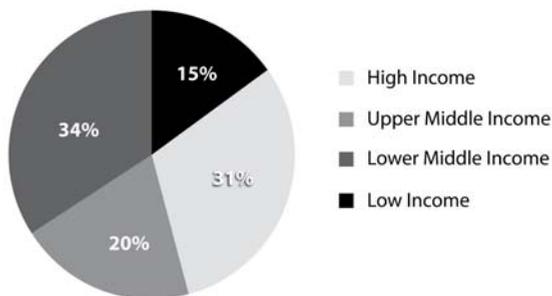
Figure 4. Survey respondents by region¹⁴



¹³ The full list of respondents is included in annex III.

¹⁴ North America is not represented here, as the three countries that comprise it did not respond or do not have a national IPA.

Figure 5. Survey respondents by income



The survey found that 89 per cent of IPAs conduct some form of policy advocacy. This is close to the 80 per cent found in a 2001 UNCTAD survey of 101 IPAs.¹⁵ While the 2001 survey collected information on all IPA functions, the current survey asked only about policy advocacy. As policy advocacy is still an emerging IPA function, we expect that those IPAs not performing it might simply not respond, thereby driving up the percentage of respondents who do perform policy advocacy. Therefore, the actual figure may be lower, perhaps closer to the 80 per cent found in the 2001 UNCTAD survey. Nonetheless, an increase is to be expected as the importance of policy advocacy gains wider recognition by Governments and IPAs with time.

Six respondents do not conduct policy advocacy at all. Three of these are in high-income countries with high levels of FDI. Such countries tend to have better organized private sectors and more sophisticated public service, including institutionalized private–public dialogue. This permits bigger advocacy roles for subnational IPAs and non-IPA actors. Most developed countries

¹⁵ UNCTAD (2001). *The World of Investment Promotion at a Glance*: vii.

still maintain their competitive edges with regular policy reviews in which IPAs may play key parts. Invest in Sweden Agency (ISA), for example, publishes an annual report on the Swedish climate for foreign investment. Among other things, the report identifies policies impeding the country's FDI-related goals and is a basis for policy advocacy. However, IPAs in less competitive countries with less institutionalized policy scrutiny may have the most to gain for each additional hour spent on policy advocacy. In other words, an IPA with no reporting like ISA's may have the potential to actually transform public dialogue and establish new levels of credibility among investors by introducing such a report. Meanwhile, in more developed countries, policy advocacy is less transformative and more like "fine-tuning" to maintain and enhance competitiveness.

Summary of survey results

Considering the diversity of respondents, the average scores of the 55 IPAs surveyed are likely to give a good indication of common practices in policy advocacy.

Box 10. Summary of survey results

Per cent of...

IPAs conducting policy advocacy	89%
IPAs mandated for policy advocacy	76%
IPA budgets allocated to policy advocacy	9%
Policy-advocating IPAs with dedicated staff	33%
IPAs calling policy advocacy very important	65%

Other responsibilities of staff handling policy advocacy:

Investment generation, investment facilitation, investor aftercare

The following average scores are on a scale of 1 to 5, where 1 is “not at all” and 5 is “very much”:

Transparency of the policy environment 3.6

Predictability of the policy environment 3.6

Policy fields of activity

Very important:	Investment (4.5)
Important:	Work/residence permits (3.6)
	Taxation (3.4)
Average importance:	Infrastructure (3.2)
	Technology (3.0)
	Labour (3.0)
Less important:	Education (2.7)
	Real estate (2.6)
	Intellectual property (2.3)

/...

Box 10. Summary of survey results (continued)

Policy goals focused on	Score
1. Attraction of new investments	4.8
2. Simplifying government procedures, regulations	4.5
3. Satisfaction of existing investors	4.4
3. Employment creation	4.4
5. Reinvestments by existing investors	4.2
6. Development impact of FDI	4.0
6. Impact on effectiveness of the IPA	4.0
8. Spread of technologies	3.8
9. Positive impact on domestic businesses	3.7
9. Increase in GDP	3.7

Tools used	Score
1. Visits to/meetings with investors	4.3
2. Relationships with business associations	4.0
3. Third-party evaluations of the business climate	3.6
3. Public-private sector forums – ad hoc and regular	3.6
5. Surveys of investors	3.4
6. Evidentiary support from investors or consultants	3.3
6. Individual meetings with stakeholders	3.3
8. Investor complaint “windows”	3.2
9. Monitoring of policy changes for outcome/adjustment	3.1
10. Political lobbying	3.0

/...

Box 10. Summary of survey results (concluded)

Common steps in the policy advocacy process

1. Meet with investors to hear their complaints/requests
- 2a. Take requests to relevant officials, legislators, or
- 2b. Get investors together with relevant officials and legislators to discuss it

The following average scores are on a scale of 1 to 7, where 7 is “very strong support”, 4 is “neutral”, and 1 is “very strong resistance”:

Strong supporters **Score**

- | | |
|--|-----|
| 1. Foreign investors/chambers of commerce | 5.7 |
| 2. Individual officials (e.g. president, a minister) | 5.3 |
| 3. Industry associations | 5.2 |
| 4. Domestic investors/local business | 4.9 |
| 5. Local authorities | 4.8 |
| 5. Officials/regulators | 4.8 |
| 7. News media | 4.7 |
| 8. Legislators | 4.6 |

Neutral stakeholders

- | | |
|--------------------------------|-----|
| 9. Civil society organizations | 4.3 |
| 10. Labour unions | 3.7 |

Regular opponents

None on average

Foreign partners of respondents

Chambers of commerce, donor agencies, foreign ministries and embassies, international organizations (e.g. OECD, UNCTAD, UNIDO, World Bank), ministries of commerce, and others (e.g. ANIMA, WAIPA).

Annex II. Additional cases of IPA policy advocacy

As part of their responses to the UNCTAD survey, many IPAs shared the details of their valuable policy advocacy experiences. This appendix presents four additional cases chosen for their relation to universally important elements: (a) the relation of mandates to an IPA's development orientation (Bahrain); (b) mobilizing supporters (Jamaica); (c) streamlining and having a big impact through many little changes (Kenya); and (d) broadening the FDI base (Papua New Guinea).

Bahrain: using a strong mandate for synergies between FDI attraction and other development goals

The Bahrain Economic Development Board (EDB) is responsible for “creating the right climate to attract direct investment”, as well as for “formulating and overseeing the economic development strategy of Bahrain”. Accordingly, it has a strong mandate to advocate those improvements in education which will create important synergies with investment and economic development.

As part of the Government's education reform which began in 2005, EDB diagnosed the existing education system and identified areas for improvement. The Quality Assurance Authority was established with the main role of driving improvement in the education system by helping institutions to understand their current quality and where to improve it. Specifically, the authority:

- (a) Defines and publishes evaluation indicators, with examples of excellence based on best practices;
- (b) Conducts inspections based on the indicators; and

- (c) Publishes results of the inspections, making them available to parents, students and the public.

This enables the domestic labour force and domestic enterprises not only to attract higher-value FDI, but also to benefit more from it. The higher the level of education, the greater is the capacity to absorb FDI spillovers. Furthermore, the accountability and transparency in the public education system sets an excellent example for good governance that other public institutions can be measured against.

Jamaica: mobilizing support in facilitating entry visas for businesspeople

Until recently, businesspeople entering Jamaica for short terms were required to meet the same lengthy entry requirements as those entering the island seeking medium- to long-term work permits, with no distinction between the two visitor types under the visa regulations. Reacting to complaints from IPA clients and their local associates, Jamaica Trade and Invest (JTI) advocated procedural simplification to several ministries, including the Ministry of National Security and Justice, the Ministry of Foreign Affairs and Foreign Trade, and the Ministry of Labour.

In order to strengthen its message, JTI persuaded the Investment Facilitation Board and the Development Council to intervene with the relevant ministries, thereby delivering the same consistent message through multiple channels to the key decision makers.

In the end, Cabinet approval was given to the abolition of business visa requirements for short-term business visits in accordance with relevant abolition agreements reached between Jamaica and certain visitor countries of origin.

Kenya: streamlining – making a big impact with many little changes

Kenya had identified excessive bureaucracy as a problem in the issuance of necessary permits and licenses for project implementation. In order to guarantee speedy implementation, the Kenya Investment Authority (KenInvest), in cooperation with relevant ministries, began the process of listing all licences that an investor is required to obtain. They were then reviewed for cost and relevance to investment facilitation goals, with elimination and simplification being recommended in nearly all cases.

As some of the changes meant that some government agencies would lose revenue, there was some resistance. However, KenInvest organized workshops, seminars and breakfast meetings to expound the national importance of the exercise. Bringing in technical assistance from consultants and the private sector, a “licensing bill” was eventually approved by Parliament, whereby:

- (a) Over one thousand licenses have been reviewed, of which:
 - 110 have been eliminated;
 - 37 are earmarked for elimination;
 - 367 more have been recommended for elimination;
 - 8 licenses have been simplified;
 - 700 more have been recommended for simplification; and
 - 195 have been recommended for retention without change;
- (b) An electronic licensing registry is being set up at the Ministry of Finance; and
- (c) Establishment of a Regulatory Reform Unit has been recommended for vetting future licenses.

Papua New Guinea: proactively broadening the country's FDI base

Papua New Guinea's Investment Promotion Act reserves a list of economic activities for its citizens only. As first enacted, the list included many activities which were never undertaken by citizens. The Papua New Guinea Investment Promotion Authority (PNG IPA) realized the consequent likelihood that potential investors were ignoring the country altogether – rather than asking the Government to shorten the list or make exceptions.

Therefore, PNG IPA made the idle industries known in public forums, interagency meetings, the news media and private sector meetings. PNG IPA also built on the momentum of the WTO–APEC liberalization agenda, and in the end succeeded in reducing the list. Several cottage industries have been created as a result, and the list continues to be revised.

Annex III. IPAs that participated in the survey

Africa

Algeria	National Agency of Investment Development (ANDI)
Botswana	Botswana Export Development and Investment Authority (BEDIA)
Côte d'Ivoire	Centre de Promotion des Investissements (CEPICI)
Democratic Republic of the Congo	National Agency for Investment Promotion (ANAPI)
Egypt	General Authority for Investment and Free Zones (GAFI)
Ghana	Ghana Investment Promotion Centre (GIPC)
Kenya	Kenya Investment Authority (KenInvest)
Lesotho	Lesotho National Development Corporation (LNDC)
Malawi	Malawi Investment Promotion Agency
Mauritius	Board of Investment
Morocco	Direction des Investissements
Niger	Centre de Promotion des Investissements (CPI)

Annex III. IPAs that participated in the survey

Swaziland	Swaziland Investment Promotion Authority (SIPA)
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Asia and Oceania

Australia	Invest Australia
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Bahrain	Bahrain Economic Development Board (EDB)
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Iran, Islamic Republic of	Organization for Investment, Economic and Technical Assistance of Iran (OIETAI)
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Japan	Japan External Trade Organization (JETRO)
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Kuwait	Inter-Arab Investment Guarantee Corporation (IAIGC)
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Lao People's Democratic Republic	Department of Domestic and Foreign Investment (DDFI)
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Occupied Palestinian Territories	Palestine Investment Promotion Agency (PIPA)
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Papua New Guinea	Papua New Guinea Investment Promotion Authority (PNG IPA)
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Republic of Korea	Korea Trade-Investment Promotion Agency (KOTRA)
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Samoa	Ministry of Commerce, Industry and Labour
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Europe

Austria	Austrian Business Agency (ABA)
Belgium	Invest in Wallonia
Bosnia and Herzegovina	Foreign Investment Promotion Agency of Bosnia and Herzegovina (FIPA)
Bulgaria	InvestBulgaria Agency (BFIA)
Croatia	Trade and Investment Promotion Agency
Cyprus	Foreign Investors Service Centre
Czech Republic	CzechInvest
Estonia	Estonian Investment Agency (EIA)
France	Invest in France Agency
Greece	Hellenic Center for Investment (ELKE)
Italy	Italian Institute for Foreign Trade (ICE)
Latvia	Investment and Development Agency of Latvia (LIAA)
Lithuania	Lithuanian Development Agency (LDA)
Netherlands	Netherlands Foreign Investment Agency (NFIA)
Netherlands	West-Holland Foreign Investment Agency

Annex III. IPAs that participated in the survey

Portugal	Invest in Portugal
Romania	Romanian Agency for Foreign Investment (ARIS)
Russian Federation	Russia and CIS Foreign Investment Promotion Centre
Serbia	Serbian Investment and Export Promotion Agency (SIEPA)
Slovakia	Slovak Investment and Trade Development Agency (SARIO)
Slovenia	Public Agency of the Republic of Slovenia for Entrepreneurship and Foreign Investments (JAPTI)
Spain	InterEs Invest in Spain
Sweden	Invest in Sweden Agency (ISA)
Ukraine	Ukrainian Center for Foreign Investment Promotion (InvestUkraine)

Latin America and the Caribbean

Colombia	Proexport Colombia
Costa Rica	Costa Rican Investment Promotion Agency (CINDE)
Dominican Republic	Center for Export and Investment of the Dominican Republic (CEI-RD)

Ecuador	Export and Investment Promotion Corporation (CORPEI)
El Salvador	National Investment Promotion Agency of El Salvador (PROESA)
Jamaica	Jamaica Trade and Invest (JTI)
Paraguay	Red de Inversiones y Exportaciones (REDIEX)
Peru	ProInversión

Annex IV. Survey on policy advocacy by IPAs



Note: All information specific to an IPA will be used anonymously, unless otherwise authorized by the IPA.

General Information

Name of agency	
Type of agency (please circle one)	-Governmental -Autonomous public body -Joint public-private -Private -Other (please specify):
Address	
Website	
Name of respondent	
Telephone number	
Fax number	
E-mail address	

Definition of “Policy Advocacy by IPAs”: IPA efforts to effect changes in regulations, laws and government policies and their administration, pertaining to investment, trade, labour, immigration, real property, taxes, intellectual property rights, or any area which affects investment promotion or other IPA goals, such as sustainable development.

Organization and activities

1. Does your IPA conduct policy advocacy activities?	Yes/No
2. Is your IPA mandated to pursue policy advocacy?	Yes/No
3. What percentage of your budget goes toward policy advocacy?	____%
4. Are there staff that work exclusively on policy advocacy?	Yes/No
a. If yes, how many?	
What experience and training do they have?	
b. If no, what other responsibilities does the staff in charge of policy advocacy have?	
How important is policy advocacy relative to their other duties? (please circle one)	Most important Above average Average importance Below average Least important
5. How much does your IPA focus policy advocacy on the following areas of regulation, law, and government policy? (Please circle a value from 1 to 5; 1 means "not at all" and 5 means "very much".)	
a. Investment	1 2 3 4 5
b. Labour	1 2 3 4 5
c. Real estate	1 2 3 4 5
d. Monetary policy	1 2 3 4 5
e. Taxation	1 2 3 4 5
f. Work and residence permits	1 2 3 4 5
g. Education	1 2 3 4 5
h. Infrastructure	1 2 3 4 5
i. Intellectual property	1 2 3 4 5
j. Technology	1 2 3 4 5

Tools and techniques

6. What are the “standard” steps in your IPA’s policy advocacy strategy?	
7. How much does your IPA use each of the following tools and techniques? (Please circle a value from 1 to 5; 1 meaning “not at all” and 5 meaning “very much”.)	
a. Regular private–public sector forums	1 2 3 4 5
b. Ad hoc private–public sector forums	1 2 3 4 5
c. Surveys of investors	1 2 3 4 5
d. Visits to/meetings with investors	1 2 3 4 5
e. Investor complaint “windows”	1 2 3 4 5
f. Third-party evaluations of your country’s business environment	1 2 3 4 5
g. Relationships with business associations	1 2 3 4 5
h. Word-of-mouth and informal channels (please specify):	1 2 3 4 5
i. Stakeholder forums	1 2 3 4 5
j. Individual meetings with stakeholders	1 2 3 4 5
k. Political lobbying	1 2 3 4 5
l. Public relations campaigns	1 2 3 4 5
m. Media campaigns	1 2 3 4 5
n. Evidentiary support from academic or non-profit institutions	1 2 3 4 5
o. Evidentiary support from investors or consultants	1 2 3 4 5
p. Outsourcing of policy advocacy services	1 2 3 4 5
q. Monitoring of successful policy changes for outcome and continued adjustment	1 2 3 4 5
r. Others (please specify):	1 2 3 4 5

Agenda-setting

8. In setting its agenda for policy advocacy, how strongly does your IPA weigh the following goals? (Please circle a value from 1 to 5; 1 meaning “not at	
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Annex IV. Survey on policy advocacy by IPAs

all” and 5 meaning “very much”).	
a. Satisfaction of existing investors	1 2 3 4 5
b. Reinvestments	1 2 3 4 5
c. Attraction of new investments	1 2 3 4 5
d. Increase in GDP	1 2 3 4 5
e. Employment creation	1 2 3 4 5
f. Development impact of investments	1 2 3 4 5
g. Spread of technologies	1 2 3 4 5
h. Positive impact on domestic businesses	1 2 3 4 5
i. Simplification of government procedures and regulations	1 2 3 4 5
j. Impact on effectiveness of the IPA	1 2 3 4 5
k. Others (please specify):	1 2 3 4 5
9. How influential are the following sources in determining your IPA’s policy advocacy agenda? (Please circle a value from 1 to 5; 1 meaning “not at all” and 5 meaning “very much”).	
a. Opinions of existing investors	1 2 3 4 5
b. Opinions of potential investors	1 2 3 4 5
c. Opinions of government officials and legislators	1 2 3 4 5
d. National goals other than FDI attraction (e.g. growth, development)	1 2 3 4 5
e. Comparisons/benchmarking against other investment environments	1 2 3 4 5
f. Internal research	1 2 3 4 5
g. Others (please specify):	1 2 3 4 5

Support and resistance

10. Overall, how much support or resistance do your policy advocacy efforts receive from the following actors? (Please circle a value from 1 to 7 according to this scale.)	7=Very strong support 6=Strong support 5=Some support 4=Neutral 3=Some resistance 2=Strong resistance 1=Very strong resistance
---	--

a. Foreign investors and chambers of commerce	1 2 3 4 5 6 7
b. Legislators	1 2 3 4 5 6 7
c. Officials/regulators	1 2 3 4 5 6 7
In which ministries/agencies?	
d. Individual officials (e.g. the president, a minister)	1 2 3 4 5 6 7
e. Local authorities	1 2 3 4 5 6 7
f. Domestic investors/local business	1 2 3 4 5 6 7
g. Civil society organizations	1 2 3 4 5 6 7
h. News media	1 2 3 4 5 6 7
i. Labour unions	1 2 3 4 5 6 7
j. Industry associations	1 2 3 4 5 6 7
k. Others (please specify):	1 2 3 4 5 6 7
11. Are there any actors that have supported your IPA in some cases and resisted your IPA in other cases? Which actors?	

Policy environment

Please circle a value from 1 to 5; 1 meaning “not at all” and 5 meaning “very much”.

12. How predictable is the policy process in your country? Are there clear and consistent laws and regulations, decision makers, processes for change, etc.?	1 2 3 4 5
13. How transparent is the policy process in your country? Is the process open to public scrutiny and free from corruption?	1 2 3 4 5
14. How much do the following participate in the policy process for your IPA’s issues?	
a. The legislature	1 2 3 4 5
b. The executive (i.e. president, prime minister, etc.)	1 2 3 4 5
c. High-level officials (ministers, vice-ministers, etc.)	1 2 3 4 5
d. Mid-level officials (manager level)	1 2 3 4 5

Annex IV. Survey on policy advocacy by IPAs

e. Low-level officials (those directly providing services to the public)	1 2 3 4 5
f. Foreign investors and chambers of commerce	1 2 3 4 5
g. Domestic investors	1 2 3 4 5
h. Civil society organizations (please specify types)	1 2 3 4 5
i. News media	1 2 3 4 5
How do the media participate?	
j. Labour unions	1 2 3 4 5
k. Industry associations	1 2 3 4 5
l. Others (please specify):	1 2 3 4 5

International aspects

15. Does your IPA cooperate on policy advocacy with IPAs in other countries?	Yes/No
16. Besides foreign investors, are there other foreign actors that your IPA works with on policy advocacy?	Yes/No
<p>If yes, what type:</p> <ul style="list-style-type: none"> i. International organizations ii. Governmental aid agencies iii. Foreign and other ministries iv. Non-governmental organizations v. Consulting firms and individual consultants vi. Industry associations vii. Think tanks and academic institutions viii. International advocacy groups 	<u>Organization names</u>
17. In formulating policy proposals, does your IPA consider how those policies fit into your country's body of international investment-related agreements?	Yes/No

Best practices and lessons learned

18. Please share one or two cases of **successful** policy advocacy by your IPA. Please include the problem, the way it was identified, the desired policy change, tools and techniques used to advocate for the change, interesting obstacles and how they were overcome, what other actors you dealt with, the policy outcome, the practical outcome, and any monitoring or follow-up by your IPA.

May we refer to your IPA and its story in our report? Yes/No

19. Please share one or two cases of **unsuccessful** policy advocacy by your IPA. Please include what the obstacles to success were, what extra knowledge or skills would have been useful to your IPA, and what lessons your IPA learned from the experience.

May we refer to your IPA and its story in our report? Yes/No

The future of policy advocacy by IPAs

20. Please tell us how important your IPA feels policy advocacy in investment is? Why?

21. What further knowledge and skills would be useful to your IPA in succeeding at policy advocacy?

22. What research would be most useful to your IPA in dealing with issues of investment policy advocacy?

Annex V. Selected UNCTAD publications on TNCs and FDI

(For more information, please visit UNCTAD's digital library at www.unctad.org)

A. Serial publications

World Investment Reports

(For more information visit www.unctad.org/wir)

World Investment Report 2007. Transnational Corporations, Extractive Industries and development. Sales no.: E.07.II.D.9. \$90 (developed countries) \$ 42 (developing countries), http://www.unctad.org/en/docs/wir2007_en.pdf.

World Investment Report 2006. FDI from Developing and Transition Economies: Implications for Development. Sales No. E.06-II.D.11. \$75, http://www.unctad.org/en/docs/wir2006_en.pdf.

World Investment Report 2006. FDI from Developing and Transition Economies: Implications for Development. An Overview. 51 p. http://www.unctad.org/en/docs/wir2006overview_en.pdf.

World Investment Report 2005. Transnational Corporations and the Internationalization of R&D. Sales No. E.05.II.D.10. \$75. http://www.unctad.org/en/docs//wir2005_en.pdf.

World Investment Report 2005. Transnational Corporations and the Internationalization of R&D. An Overview. 50 p. http://www.unctad.org/en/docs/wir2005overview_en.pdf.

World Investment Report 2004. The Shift Towards Services. Sales No. E.04.II.D.36. \$75. http://www.unctad.org/en/docs//wir2004_en.pdf.

World Investment Report 2004. The Shift Towards Services. An Overview. 62 p.

http://www.unctad.org/en/docs/wir2004overview_en.pdf.

World Investment Report 2003. FDI Policies for Development: National and International Perspectives. Sales No. E.03.II.D.8. \$49. http://www.unctad.org/en/docs/wir2003_en.pdf.

World Investment Report 2003. FDI Policies for Development: National and International Perspectives. An Overview. 66 p. http://www.unctad.org/en/docs/wir2003overview_en.pdf.

World Investment Report 2002: Transnational Corporations and Export Competitiveness. 352 p. Sales No. E.02.II.D.4. \$49. http://www.unctad.org/en/docs/wir2002_en.pdf.

World Investment Report 2002: Transnational Corporations and Export Competitiveness. An Overview. 66 p. http://www.unctad.org/en/docs/wir2002overview_en.pdf.

World Investment Report 2001: Promoting Linkages. 356 p. Sales No. E.01.II.D.12 \$49. <http://www.unctad.org/wir/contents/wir01content.en.htm>.

World Investment Report 2001: Promoting Linkages. An Overview. 67 p. <http://www.unctad.org/wir/contents/wir01content.en.htm>.

Ten Years of World Investment Reports: The Challenges Ahead. Proceedings of an UNCTAD special event on future challenges in the area of FDI. UNCTAD/ITE/Misc.45. <http://www.unctad.org/wir>.

World Investment Report 2000: Cross-border Mergers and Acquisitions and Development. 368 p. Sales No. E.99.II.D.20. \$49. <http://www.unctad.org/wir/contents/wir00content.en.htm>.

World Investment Report 2000: Cross-border Mergers and Acquisitions and Development. An Overview. 75 p. <http://www.unctad.org/wir/contents/wir00content.en.htm>.

World Investment Directories

(For more information visit

http://r0.unctad.org/en/subsites/dite/fdistats_files/WID2.htm)

World Investment Directory 2004: Latin America and the Caribbean. Volume IX. 599 p. Sales No. E.03.II.D.12. \$25.

World Investment Directory 2003: Central and Eastern Europe. Vol. VIII. 397 p. Sales No. E.03.II.D.24. \$80.

Investment Policy Reviews

(For more information visit

<http://www.unctad.org/Templates/Startpage.asp?intItemID=2554>)

Investment Policy Review - Rwanda, p. 132, Sales No. E.06.II.D.15. \$20.

Investment Policy Review – Algeria. 110 p. UNCTAD/ITE/IPC/2003/9.

Investment Policy Review – Kenya. 126 p. Sales No. E.05.II.D.21. \$25.

Investment Policy Review – Benin. 147 p. Sales No. F.04.II.D.43. \$25.

Investment Policy Review – Sri Lanka. 89 p. UNCTAD/ITE/IPC/2003/8.

Investment Policy Review – Nepal. 89 p. Sales No. E.03.II.D.17. \$20.

Investment Policy Review – Lesotho. 105 p. Sales No. E.03.II.D.18. \$15/18.

Investment Policy Review – Ghana. 103 p. Sales No. E.02.II.D.20. \$20.

Investment Policy Review – United Republic of Tanzania. 109 p. Sales No. E.02.II.D.6 \$20.

Investment Policy Review – Botswana. 107 p. Sales No. E.01.II.D.I. \$22.

Investment Policy Review – Ecuador. 136 p. Sales No. E.01.II.D.31. \$25.

Investment and Innovation Policy Review – Ethiopia. 130 p. UNCTAD/ITE/IPC/Misc.4.

Investment Policy Review – Mauritius. 92 p. Sales No. E.01.II.D.11. \$22.

Investment Policy Review – Peru. 109 p. Sales No. E.00.II.D.7. \$22.

Investment Policy Review – Egypt. 119 p. Sales No. E.99.II.D.20. \$19.

Investment Policy Review – Uganda. 71 p. Sales No. E.99.II.D.24. \$15.

Investment Policy Review – Uzbekistan. 65 p. UNCTAD/ITE/IIP/Misc. 13.

Investment Advisory Series A

No. 1. ***Aftercare: A Core Function in Investment Promotion.*** 82 p. UNCTAD/ITE/IPC/2007/1.
http://www.unctad.org/en/docs/iteipc20071_en.pdf

International Investment Instruments

(For more information visit <http://www.unctad.org/iaa>)

International Investment Instruments: A Compendium. Vol. XIV. Sales No. E.05.II.D.8. 326 p. \$60.

International Investment Instruments: A Compendium. Vol. XIII. Sales No. E.05.II.D.7. 358 p. \$70.

International Investment Instruments: A Compendium. Vol. XII. Sales No. E.04.II.D.10. 364 p. \$70.

International Investment Instruments: A Compendium. Vol. XI. 345 p. Sales No. E.04.II.D.9. \$70.
http://www.unctad.org/en/docs/dite4volxi_en.pdf.

International Investment Instruments: A Compendium. Vol. X. 353 p. Sales No. E.02.II.D.21. \$60.
<http://www.unctad.org/en/docs/psdited3v9.en.pdf>.

International Investment Instruments: A Compendium. Vol. IX. 353 p. Sales No. E.02.II.D.16. \$60.
<http://www.unctad.org/en/docs/psdited3v9.en.pdf>.

International Investment Instruments: A Compendium. Vol. VIII. 335 p. Sales No. E.02.II.D.15. \$60.
<http://www.unctad.org/en/docs/psdited3v8.en.pdf>.

International Investment Instruments: A Compendium. Vol. VII. 339 p. Sales No. E.02.II.D.14. \$60.
<http://www.unctad.org/en/docs/psdited3v7.en.pdf>.

International Investment Instruments: A Compendium. Vol. VI. 568 p. Sales No. E.01.II.D.34. \$60.
http://www.unctad.org/en/docs/ps1dited2v6_p1.en.pdf (part one).

International Investment Instruments: A Compendium. Vol. V. 505 p. Sales No. E.00.II.D.14. \$55.

International Investment Instruments: A Compendium. Vol. IV. 319 p. Sales No. E.00.II.D.13. \$55.

LDC Investment Guides

(For more information visit

<http://www.unctad.org/Templates/Page.asp?intItemID=2705&lang=14>)

An Investment Guide to Kenya: Opportunities and Conditions.
92 p. UNCTAD/ITE/IIA/2005/2.

***An Investment Guide to the United Republic of Tanzania:
Opportunities and Conditions.*** 82 p. UNCTAD/ITE/IIA/2005/3.

***An Investment Guide to the East African Community:
Opportunities and Conditions.*** 109 p. UNCTAD/ITE/IIA/2005/4.

***An Investment Guide to Mauritania: Opportunities and
Conditions.*** 80 p. UNCTAD/ITE/IIA/2004/4.

Guide de l'investissement au Mali: Opportunités et Conditions.
76 p. UNCTAD/ITE/IIA/2004/1.

***An Investment Guide to Cambodia: Opportunities and
Conditions.*** 89 p. UNCTAD/ITE/IIA/2003/6.
http://www.unctad.org/en/docs/iteiia20036_en.pdf.

An Investment Guide to Nepal: Opportunities and Conditions.
97 p. UNCTAD/ITE/IIA/2003/2.
http://www.unctad.org/en/docs/iteiia20032_en.pdf.

***An Investment Guide to Mozambique: Opportunities and
Conditions.*** 109 p. UNCTAD/ITE/IIA/4.
<http://www.unctad.org/en/docs/poiteiid4.en.pdf>.

An Investment Guide to Uganda: Opportunities and Conditions.
89 p. UNCTAD/ITE/IIA/2004/3.

An Investment Guide to Bangladesh: Opportunities and Conditions. 66 p. UNCTAD/ITE/IIT/Misc.29.
<http://www.unctad.org/en/docs/poiteiitm29.en.pdf>.

An Investment Guide to Ethiopia: Opportunities and Conditions. 90 p. UNCTAD/ITE/IIA/2004/2.

International Investment Policies for Development

(For more information visit <http://www.unctad.org/ia>)

International Investment Arrangements: Trends and Emerging Issues. 110 p. Sales No. E.06.II.D.03. \$15.

Investor-State Disputes Arising from Investment Treaties: A Review. 106 p. Sales No. E.06.II.D.1 \$15

South-South Cooperation in Investment Arrangements. 108 p.
Sales No. E.05.II.D.26 \$15.

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