

United Nations Conference on Trade and Development



INVESTMENT COMPASS USER'S GUIDE



UNITED NATIONS
New York and Geneva, 2005



Note

UNCTAD serves as the focal point within the United Nations Secretariat for all matters related to foreign direct investment. This function was formerly carried out by the United Nations Centre on Transnational Corporations (1975-1992). UNCTAD's work is carried out through intergovernmental deliberations, research and analysis, technical assistance activities, seminars, workshops and conferences.

The term "country" as used in this study also refers, as appropriate, to territories or areas; the designations employed and the presentation of the material do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. In addition, the designations of country groups are intended solely for statistical or analytical convenience and do not necessarily express a judgement about the stage of development reached by a particular country or area in the development process.

The following symbols have been used in the tables:

Two dots (..) indicate that data are not available or not separately reported. Rows in tables have been omitted in those cases where no data are available for any of the elements in the row.

A dash (-) indicates that the item is equal to zero or its value is negligible.

A blank in a table indicates that the item is not applicable.

A slash (/) between dates representing years – for example, 2004/05, indicates a financial year.

Use of a dash (–) between dates representing years – for example 2004–2005 signifies the full period involved, including the beginning and end years.

Reference to the "dollars" (\$) means United States dollars, unless otherwise indicated.

Annual rates of growth or change, unless otherwise stated, refer to annual compound rates.

Details and percentages in tables do not necessarily add to totals because of rounding.

The material contained in this study may be freely quoted with appropriate acknowledgement.

UNCTAD/ITE/IPC/2005/10

Copyright © United Nations, 2005
All rights reserved



Preface

The Investment Compass developed by UNCTAD is intended to provide developing countries with a benchmarking tool to support policy analysis and advocacy.

The Investment Compass has benefited from the contribution of a number of UNCTAD staff and experts. The UNCTAD staff involved Sharafat Ahmad, Rory Allan, Frank Grozel, Khalil Hamdani, Mongi Hamdi, Henri Laurencin, Massimo Meloni, Fiorina Mugione, Celia Ortega, Mario Pacchiani, Massimo Sartoris, Jörg Simon and Marc Weidmann. The website concept was developed by Thierry Apoteker, Sylvain Barthelemy and Morgane Lohezic of T.A.C. with contributions of Sharafat Ahmad, Frank Grozel, Fiorina Mugione and Massimo Meloni. The website was built by Peter Jacobsen of Spear Jacobsen Systems. The website's graphic display is supported by the Evographics system developed by Spear Jacobsen Systems. Research assistance was provided by Chiraz Baly, Sonia Blachier, Fabien Dumesnil, Alicia Gonzales-Vera, Christian Helmers, Kornel Mahlstein, Olivier Matringe, Riad Meddeb, Andrea Nascimento, Ralf Peters, Alicia Rapin, Palesa Tihapi and Asad Zaidi. National experts included Maruf Abralov, Abdulrahman Al-Hassan, Rogers Amisi, E. B. Ashong-Lartey, Altaf Bawany, Rafael Benavides, Lawrence Byensi, Mubanga Chanda, Dereje Chebssi, Antoine Choucair, Chiek Diawara, Paulin Djakpo, Ebenezer Ebongue, Azza El Shinnawy, Daa Nour El-Din, Clementino Fraga, Hasmik Hovhanesian, Daedra Issacs, Fatou M. Jallow, Moctar Kane, Yaya P. Kassama, Dorcas Kgosietsile, Min Jae Lee, Daniel Pino, Mario Presa, Mwema Mulungi Mbuyu, Patricia Mhondo, Pablo Quagliotti, Carlo Rodrigo, Robert Rudy, Miguel Salcedo, Thiaba Camara Sy, Natou Oureytou Thiam, Marina Thebe, Emilienne Tsanga, Jean-Pierre Kabongo Tshimanga. Julie Vanié, Javier Zevallos. The report was desktop published by Elisabeth Anodeau-Mareschal.

The project was financed by the United Nations Development Account.

Geneva, May 2005



Table of contents

Welcome to the Investment Compass!

1. What is the Investment Compass?	1
2. For whom is the Investment Compass?	1
3. What can you do with the Investment Compass?	1
4. How to access the Investment Compass?	1
5. How to log in the Investment Compass?	2

What are the main menus of the Investment Compass?

1. How do you select a country?	3
2. What is in the Compass page and the main menus?	4
3. What is in the Compass page?	5
3.1. <i>The Hexagon</i>	5
3.2. <i>Compare your country</i>	6
3.3. <i>The FDI scoreboard</i>	6
4. What is in the Trends page?	7
5. What is in the Policy Page?	7
6. What is in the View Data page?	9

Who are your competitors?

1. The Investment Compass is structured for policy-makers	12
2. What are Variables and Indicators in the 6 Areas?	13
2.1. <i>Area: Resource Assets</i>	13
2.2. <i>Area: Infrastructure</i>	13
2.3. <i>Area: Operating costs</i>	14
2.4. <i>Area: Economic Performance and Governance</i>	14
2.5. <i>Area: Taxation</i>	14
2.6. <i>Area: Regulatory Framework</i>	15
3. How are the scores calculated for Indicators?	15
4. Steps to compare your country with another	16
<i>Step 1: Look at your country's scores</i>	16
<i>Step 2: Compare your country:</i>	17
<i>Step 3: See scores for Variables in an Area</i>	18
<i>Step 4: See the Scores for Indicators making up "a Variable"</i>	19
<i>Step 5: See data for each Indicator</i>	20



Who can submit data and how?

- 1. The Investment Compass national experts 20
- 2. How to enter data 21



Annex 1 - Methodology of international tax comparisons. 23

Annex 2 - Regulatory Framework questions and scoring. 24

Annex 3 - Definition of Indicators 27



Welcome to the Investment Compass!

1. What is the Investment Compass?

Find your way around the investment map!

Specially designed for developing countries, the INVESTMENT COMPASS is an interactive tool that aims:

- To compare the investment environment
- To support policy analysis and advocacy

The Investment Compass permits comparison between countries, between a country and a region, or between a country and a best performer. The tool comprises 60 indicators based on international statistics and on special national surveys conducted by UNCTAD.

2. For whom is the Investment Compass?

The Investment Compass is especially useful to Investment Promotion Agencies (IPA) in developing countries that need to compare competitiveness of the business environment and of the regulatory framework. It is designed for policy-makers, marketing professionals and analysts.

3. What can you do with the Investment Compass?

- You can compare your country with your main competitors and find your country's main strengths and weaknesses.
- You can score your country in different areas using over 60 indicators selected by UNCTAD.
- You can create your own reports and download data.

4. How to access the Investment Compass?

The Investment Compass is completely free to registered users!

You will need to register to enter the Investment Compass. To get your free account to the Investment Compass follow the steps below:

1. Go to <http://www.unctad.org/compass>. This is the information page about the Investment Compass on the UNCTAD website which will link you directly to the Investment Compass Home Page.

2. To access, click on the sub-menu "Register" and fill the online registration form with your particulars.



3. You will receive within 24 hours by email your user identification and password. For easy reference, your user identification is usually your email.

5. How to log in the Investment Compass?

Once you have received the registration confirmation with your ID and password you can now log in and navigate!

To log in see the steps below:

- Click on the sub-menu Login.



- User Login menu appears (see page below).

- Enter your email address and password.





What are the main menus of the Investment Compass?

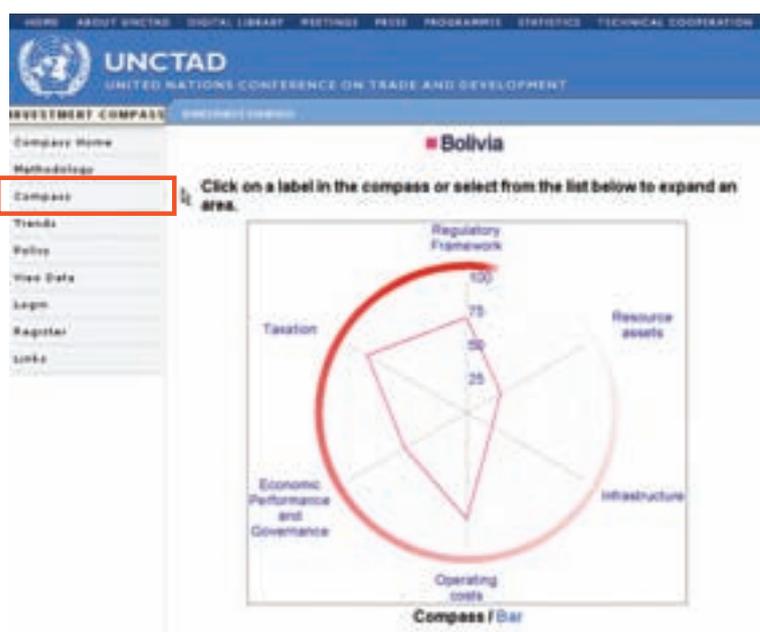
1. How do you select a country?

After log in, the Investment Compass Home page will pop up. You can compare any country of your choice in six different areas.

Try it! Select a country of your choice (among the list of those available in the database).



Once you select a country, the next page shows a graphic image and the main menus (see next image).





The hexagon shows your country's score in six different areas. If your country's scores close to 100 in any area, it has high competitiveness. If your country's score close to 1 in any area, there is a lot of room for improvement!

2. What is in the Compass page and the main menus?

Each time you enter the Investment Compass and select a country, the 6 menus described below will appear:

- **Compass Home:** If you select this menu you will be taken back to the homepage where you can start a new selection (see above).
- **Methodology:** Explains the calculations and benchmarking methodology (see annex at the end).
- **Compass:** It shows you the scores for your country, compared to country or a region in a hexagon.
- **Trends:** Displays in graphic format FDI inward stock and inflows for your country over the past 10 years.
- **Policy:** Ranks indicators by policy objectives for your country and comparators.
- **View Data:** Permits users to view and download real data in excel format.
- **Register:** New users need to provide their details (name, organization they work for, country, email address, etc.) to create an account and get a User ID (their email address) and a password.
- **Login:** Enter the Login page to insert your user ID and password.
- **Links:** Provides links to investment promotion agency web sites for countries in the Investment Compass.



IMPORTANT: Once a country or countries have been selected, the system keeps the selection in memory and will always show the hexagon, bar charts, tables, graphs for countries selected when you navigate in the different menus.



Let's take a tour in the different menus.

3. What is in the Compass page?

In the Compass page 3 elements always appear (see image below):

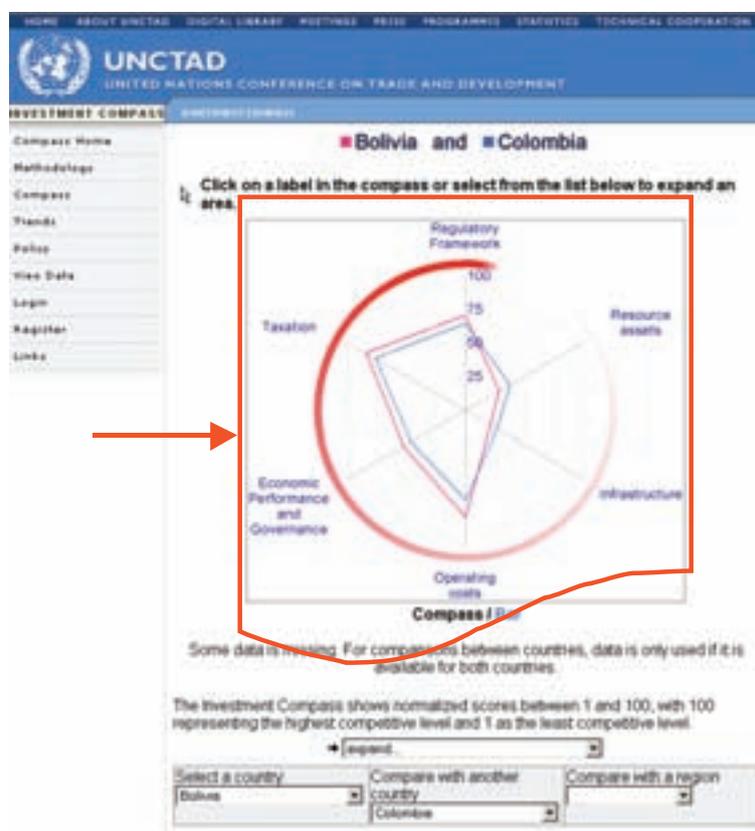
- A hexagon for the country or countries that you have selected.
- A search feature to compare one country with another country or with a region.
- A table - the FDI Scoreboard - showing latest data for FDI flows, FDI stocks, FDI Inflows as percentage of gross fixed capital formation, and FDI Stock as percentage of GDP.

3.1. The Hexagon

The Hexagon shows you in a graphic format how your country scores compared with another country or a region in 6 different areas. The areas are:

- Resource Assets
- Infrastructure
- Operating Costs
- Economic performance and Governance
- Taxation
- Regulatory Framework

See the image below displaying a hexagon for one country, Bolivia.



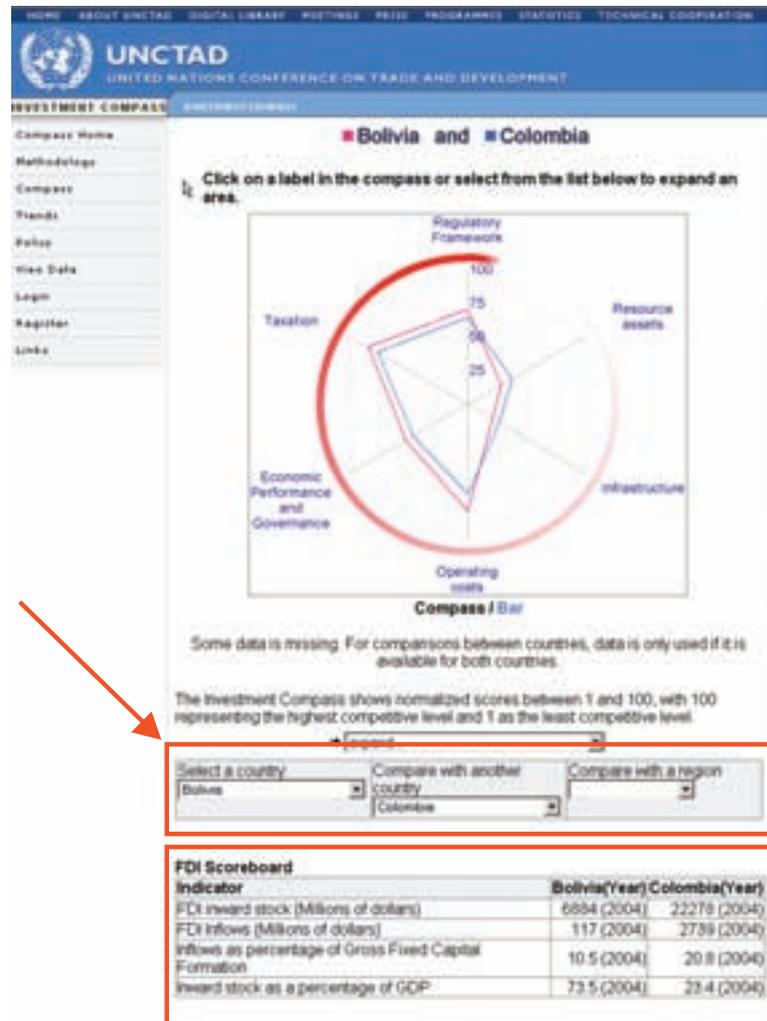


Each of these six areas contains a group of variables; and each variable is made up of selected indicators. Each indicator is given a score from 1 to 100.

3.2. Compare your country

The Investment Compass compares one country with another country or a region.

The selection always appears below the graphs or tables and you can change the selection of countries at any point in time.



3.3. The FDI scoreboard

The Compass page displays the FDI scoreboard. It shows latest key investment data:

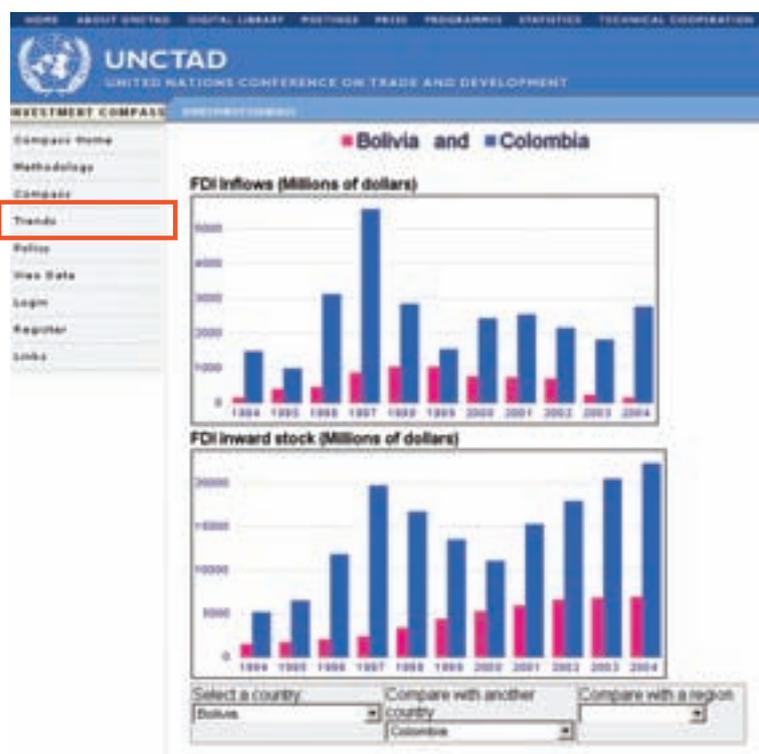
- FDI flows,
- FDI stocks,
- Inflows as percentage of gross fixed capital formation, and
- Stock as percentage of GDP.

It also compares your country's data with another country or with a region.



4. What is in the Trends page?

The Trends page displays in graphic format your country's FDI inflows (million of dollars) and FDI inward stock (million of dollars) for the past 10 years.



5. What is in the Policy page?

The Investment Compass also classifies indicators according to objectives as viewed by either policy makers or investors. It ranks key indicators to monitor a country's performance, and to compare them with another country or a region.



Policy objectives include:

- Production and employment
- Export development
- Technological “catch-up”

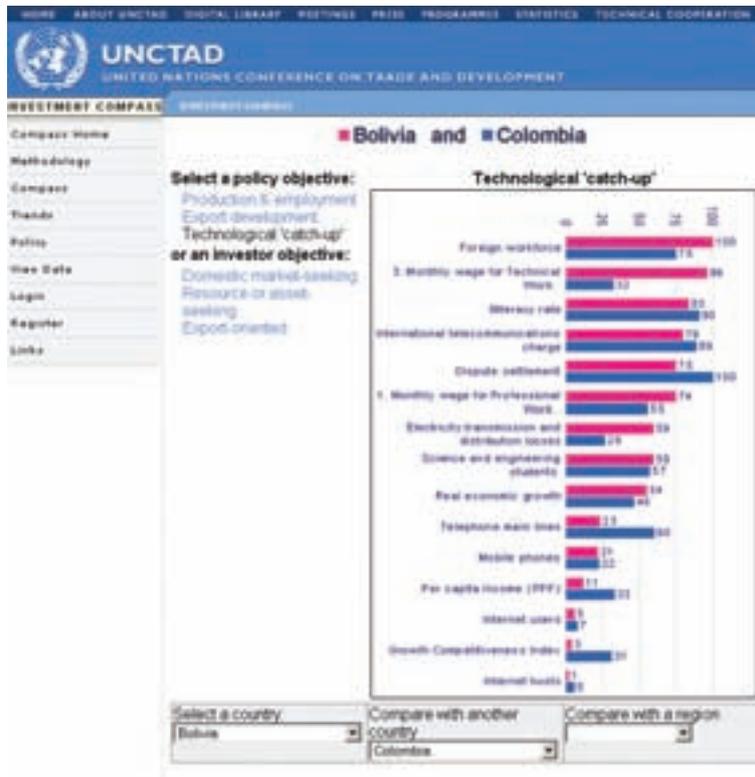
Foreign investors' objectives include:

- Domestic market-seeking
- Resource or asset-seeking
- Export-oriented

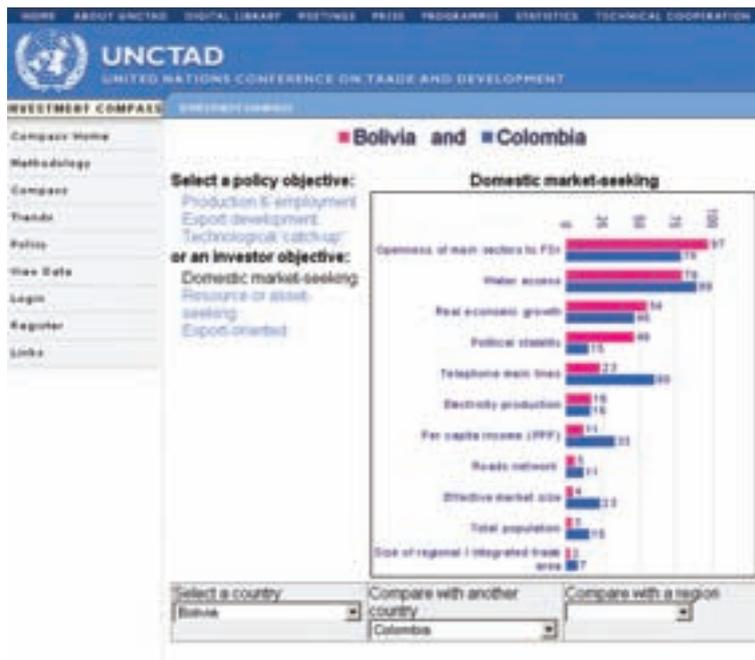


Select any objective that you desire and you will get bar charts displaying scores for the main indicators relevant to the objective type.

- See the example below for “Technological catch-up”:



- Example below for “Domestic market-seeking”:





6. What is in the View Data page?

The Investment Compass permits you to view and download real data for all countries or selected countries by region in the database.

After selecting the View data function you will see the page below.

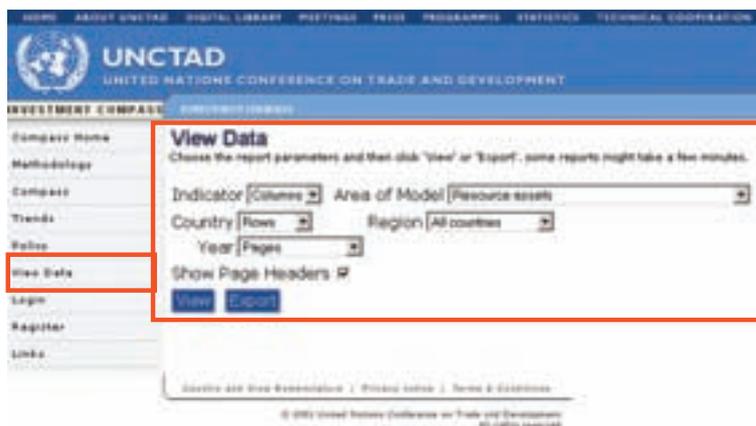
The output of View Data is in a table format. You need to select the parameters before downloading the data in Excel format from:

- Indicator
- Country
- Year

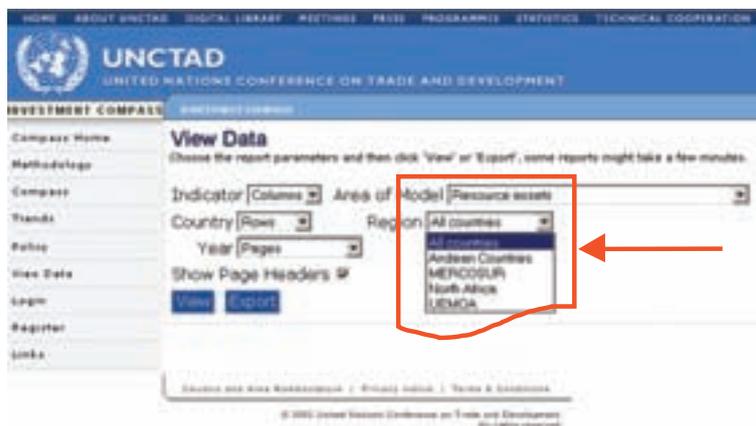
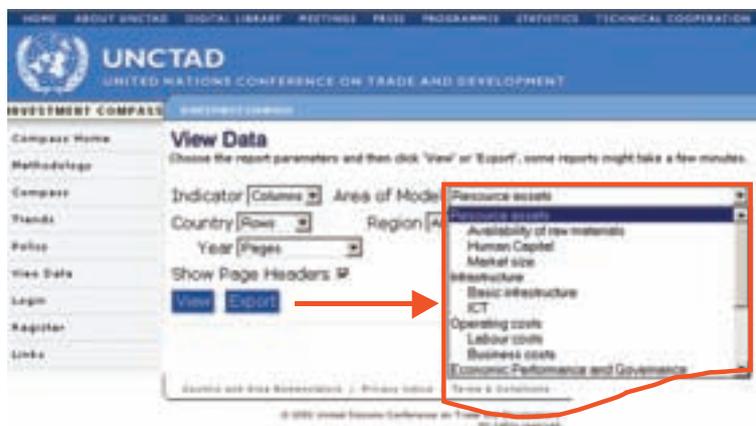
You should also select the table format indicating columns and row headers.

For example:

1. In **Columns** select Indicators, and then select Resource Assets (see image below):

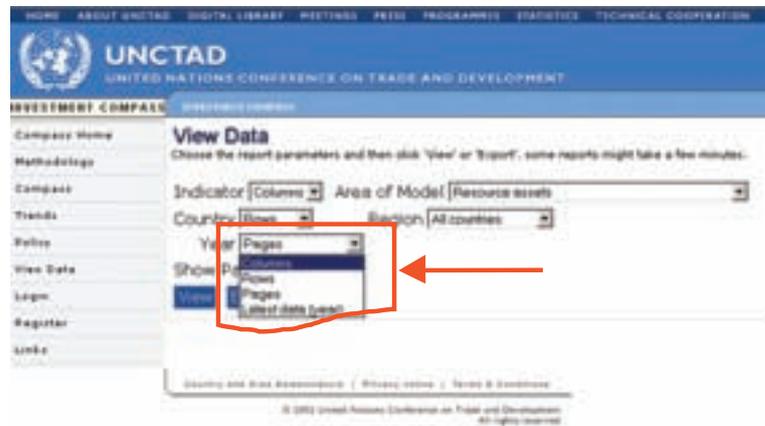


2. In **Country** select Rows, and choose the Andean Countries (see image below):





3. In **Year** select Pages (see image below):



4. Remove the “Show Page Header” tick so that the year will be selected as a column in the table. Note that the tick is on in default position.

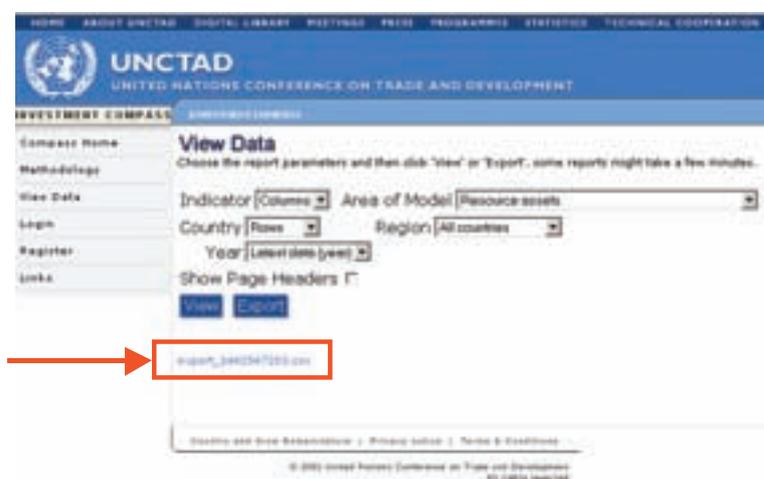


5. Click on VIEW and the following screen appears:

	School enrollment in tertiary level	Science and engineering rate	Illiteracy rate	Production of minerals	Production of agricultural commodities
Algeria	15(1999)	57.68 (1996)	31.1(2002)	0.082345358 (2003)	0.216012565564846 (2003)
Argentina	56(2002)	28.34 (1995)	3(2002)	0.428223205 (2003)	2.40719564366031 (2003)
Armenia	27(2002)	28.77 (1996)	1.5(2001)	0.591071 (2001)	0.0147882851961207 (2003)
Bangladesh	6(2002)		58.9(2002)	0(2003)	1.34385070456255 (2003)
Berlin	4(2000)	17.74 (1997)	60.2(2002)	0.001766 (2001)	0.0381517812017557 (2003)
Bolivia	39(2002)	29.69 (1997)	14.0025082 (2001)	0.463848905 (2003)	0.21790732644758 (2003)
Botswana	4(2002)	36.60 (1997)	21.1(2002)	2.26141404 (2003)	0.00213608702289883 (2003)
Brazil	18(2002)	26.66 (1995)	12.70016954 (2001)	3.516705301 (2003)	13.5998362840425 (2003)
Burkina Faso	1(2002)	17.73 (1995)	75.18103623 (2001)	0.00151751 (2003)	0.123693993614156 (2003)
Cameroon	5(2002)	44.74 (1991)	32(2001)	0.003891051 (2003)	0.0970942801445869 (2003)
Chile	42(2003)	42.42 (1997)	4.3(2002)	4.47156356 (2003)	0.248293664878651 (2003)



6. If you right clic on EXPORT you can download and save the data. A .CSV file will be created as shown below.



In Excel, transform the .CSV file into .XLS. Go to the Toolbar:

- Select “Data”,
- From the submenu: convert “Text to Columns” and then choose the option “Comma”





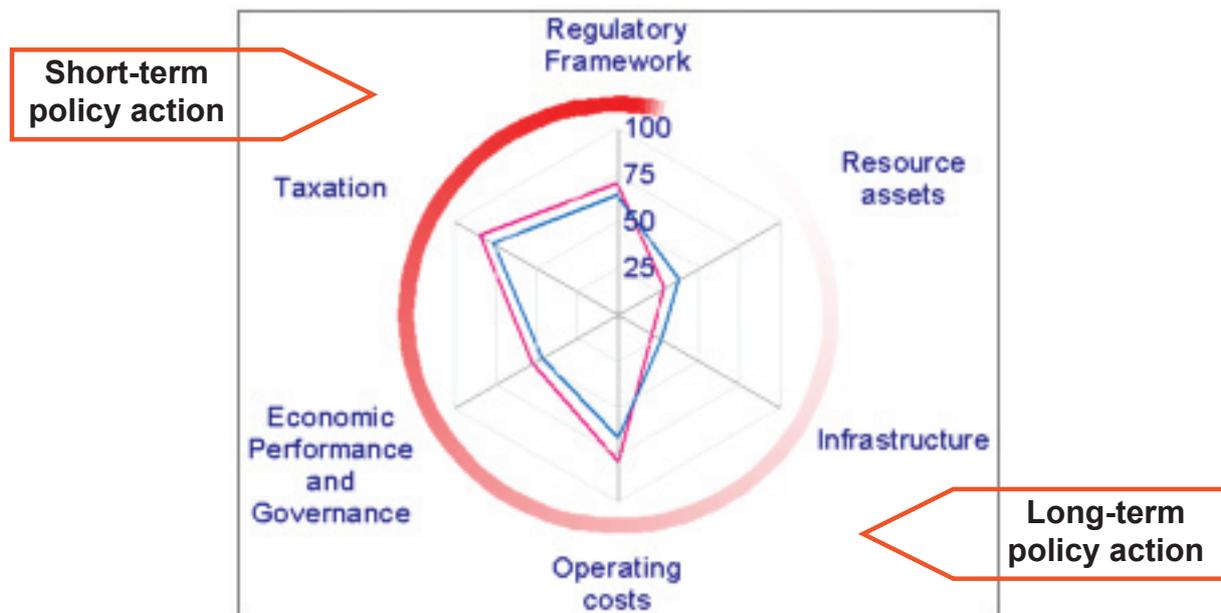
Who are your competitors?

1. The Investment Compass is structured for policy-makers.

FDI decisions are complex and therefore require a large number of basic indicators in order to fully support policy maker's decision processes, but that the display of results should allow simple and easy-to-understand analysis and comparisons. As the target audience is primarily policy makers in developing countries, the definition of the Areas, as well as the organization / relation between Variables and Indicators are organized around the degree of 'policy freedom' (i.e. the ability of policy makers to induce changes in the Indicators). This is probably one of the most significant value added and originality of UNCTAD's Investment Compass, and implies a very different articulation of information when compared with other existing sources.

The overall structure of the Areas is organized according to the proximity with policy makers' ability to induce changes. These Areas are defined by six headings, listed below in ascending order of proximity and possibility of policy action:

- Resource assets (*furthest from possible policy action-Long-term Policy Action*)
- Infrastructure
- Operating costs
- Economic performance & Governance
- Taxation
- Regulatory framework (*closest to possible policy action-Short-term Policy Action*)





2. What are Variables and Indicators in the 6 Areas?

The Investment Compass shows your competitiveness scores in details. Your country's scores have a pyramidal structure. The top level is the Area, displayed by the hexagon (or bar chart); the medium level shows a bar chart with Variables and the lowest level groups the Indicators.

The tables below show the variables on the left and the corresponding Indicators on the right.

2.1. *Area: Resource Assets*

Variable	Indicator
Market size	GDP (PPP)
	Effective market size
	Per capita income
	Total population
Availability of raw material	Energy Reserves
	Production of agricultural commodities
	Production of minerals
Human capital	Illiteracy rate
	Science and engineering students
	Enrolment in tertiary level

2.2. *Area: Infrastructure*

Variable	Indicator
Basic infrastructure	Railways freight
	Roads network
	Air transport freight
	Port activity
	Electricity production
	Electricity transmission and distribution losses
	Water access
	Telephone main lines
Technology infrastructure	Mobile phones
	Internet users
	Internet Hosts



2.3. Area: Operating costs

Variable	Indicator
Labour costs	Monthly wage for professional work
	Monthly wage for administrative work
	Monthly wage for technical work
	Monthly wage for clerical work
Other costs	Electricity charge
	Local telecommunications charge
	International telecommunications charge
	Rental office costs

Labour costs and some Indicators in Other costs are gathered from a survey. Details are given in Annex 2 at the end of this manual.

2.4. Area: Economic Performance and Governance

Variable	Indicator
Macroeconomic performance	Real economic growth
	Inflation
	Current account balance
	Government surplus / deficit
	Unemployment rate
Governance	Human Development Index
	Voice and accountability
	Political stability
	Government effectiveness
	Rule of law
	Regulatory quality
	Country credit-worthiness rating

2.5. Area: Taxation

Variable	Indicator (not presented as scores)
Hotel/Tourism	Values of direct and indirect taxes
Manufacturing	Values of direct and indirect taxes
ICT	Values of direct and indirect taxes
Business and Professional Services	Values of direct and indirect taxes

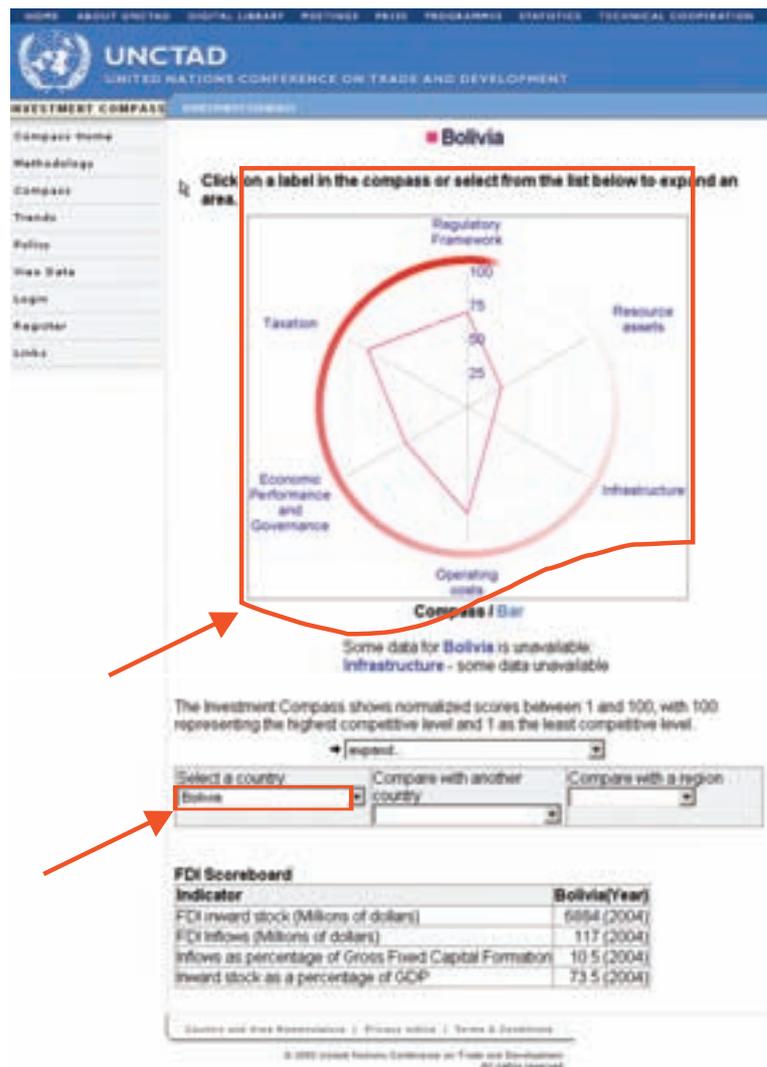
Annex 1 describes what is included in the taxation value, and explains the methodology applied.



- **Selection of an 'economic' normative minimum and maximum values**, for economic measures when (1) it is considered that the min/max values reflect thresholds above or below which there will be no impact on FDI (2) the effective or absolute minimum and maximum values could change significantly from one year to another.
- **Selection of a normative minimum and maximum value in order to avoid distribution problems among developing countries.** This is required when a limited number of countries are clear 'outliers' when compared to the usual statistical features of a sample of countries (through average + standard deviation and median measures). For example. As a basic rule, the number of 'outliers' below 10 per cent of the number of countries for which the information was available (usually above 120 countries).
- **Choice of normative minimum and maximum values based on best practices.** It relies on UNCTAD experience in the investment regulatory framework and operating costs areas.

The example below shows step-by-step how to use the Investment Compass to compare countries by Area, Variable and Indicators and to show the real value used for an indicator. See the example for the Area "Resource Assets". In the Area "Resource Assets" there are three Variables "Human Capital", "Availability of Raw Materials" and "Market Size". The Variable "Human Capital" includes the following indicators: Enrollment in tertiary level, Science and engineering students, and Illiteracy rate. When you click on one indicator, you will see the definition and real values of each indicator for your country and comparator in a table format.

Step 1: Look at your country's scores.



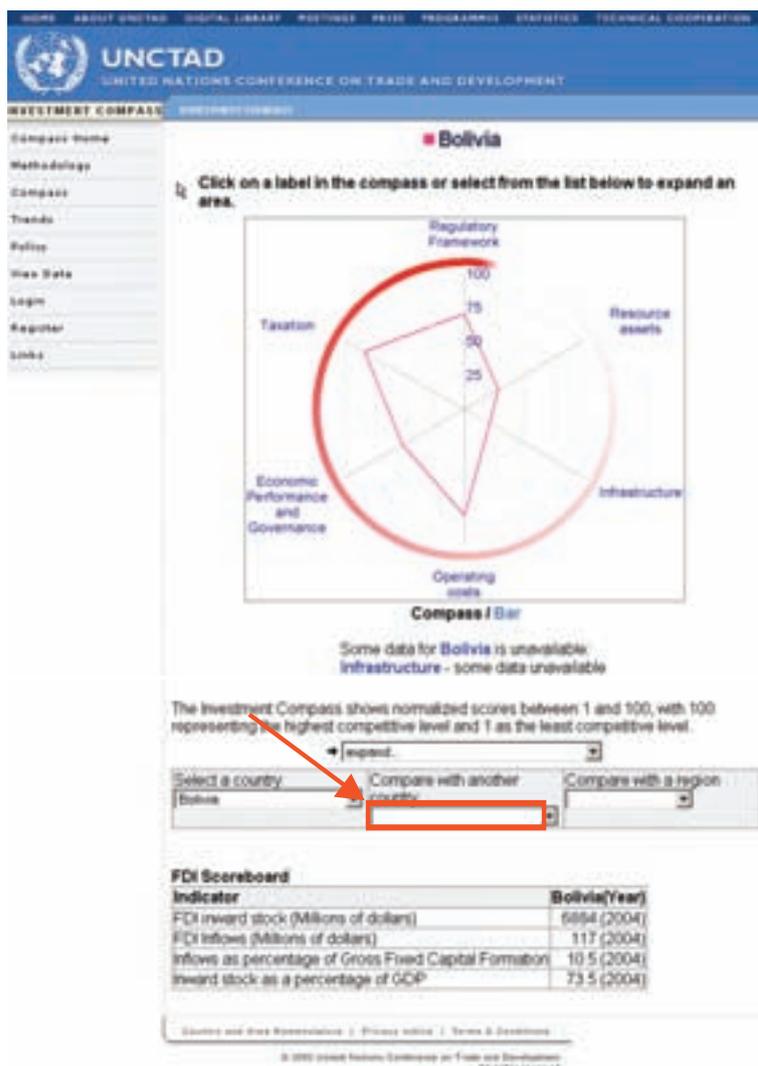


In the Compass page you can change views from Hexagon to Bar Charts by selecting either “Compass/Bar”. Click on “Bar. The following bar chart appears:



Step 2: Compare your country:

- In the search engine, select option “Compare with another country”.
- Select a new country.





This time the Compass hexagon will display 2 countries in two different colors, as shown by the labels on the top screen.



Step 3: See scores for Variables in an Area.

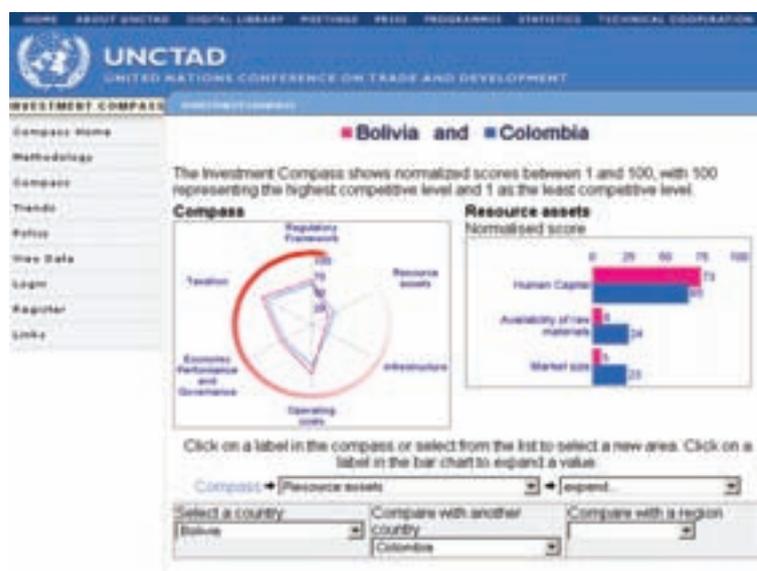
- Put the mouse arrow over the Area which you would like to explore and click.





The following page appears:

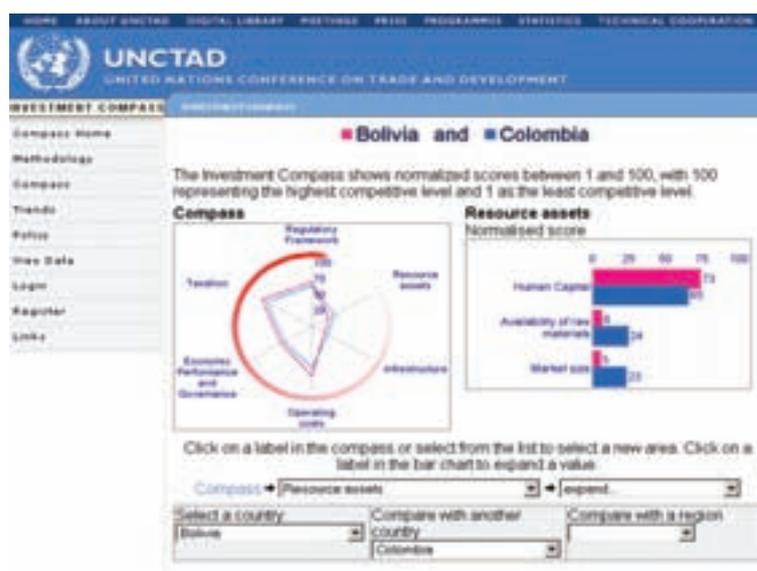
On the left you still see the Compass Hexagon with all Areas and on the right you see bar charts showing the Variables composing the selected Area (in the picture above all the Variables inside "Resource Assets").



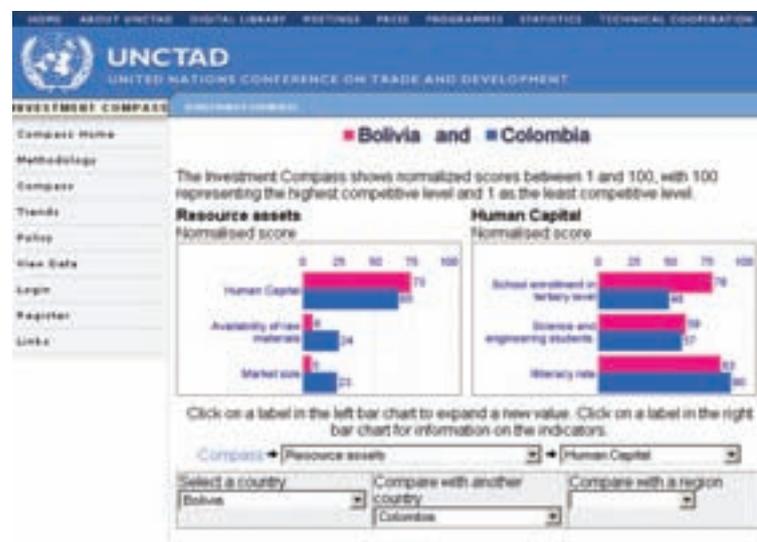
Step 4: See the Scores for Indicators making up "a Variable".

Inside each Variable there are a number of Indicators.

- To view Indicators click on a Variable (example below is Human Capital).



On the left you see the bar charts of Variables and on the right you see bar charts of Indicators that you have selected (in this case all the Indicators inside the Variable Human Capital).





Step 5: See data for each indicator.

You can get the data for Indicators on the basis of which all scores of variables and areas are calculated.

- To show data click on any Indicator and look at the following table.

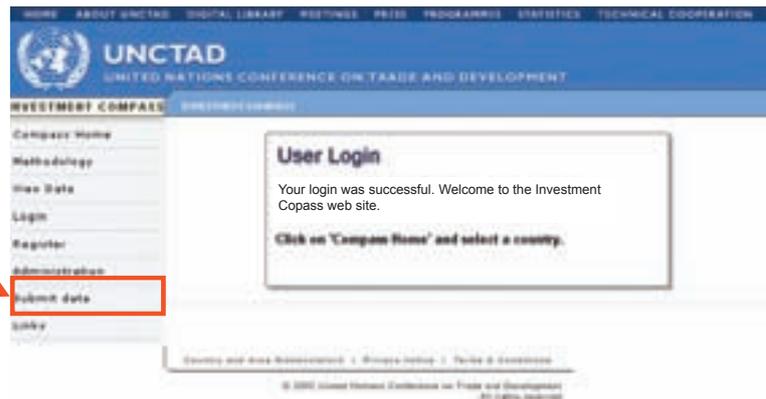


Who can submit data and how?

1. The Investment Compass national experts.

UNCTAD network of national experts can post data online filling a questionnaire. You need special access rights to enter data. Special access is granted by UNCTAD only to the selected national experts.

Once the national expert logs in he/she will see "Submit Data" Menu Option, not available to other registered users.



National experts can fill the online Regulatory Framework questionnaire for one country only.

There are four question sets under Regulatory Framework (see next image):

- Entry (38 questions)
- Operation (17 questions)
- Protection and Exit (8 questions)
- Operating Costs (6 questions)



National experts need to answer all the questions in each set.

2. How to enter data.

1. After log in: Select Entry and the following questionnaire appear:

2. Click inside the answer for YES or NO for every question.

3. Once completed press Submit. If you forget to Submit the data will not save and you need to fill again all the form.





4. Repeat the operation for Operation, Protection and Exit. Click on “Submit” at the end of each section. Don’t forget “Submit” otherwise the information is not saved and you will have to start again!

5. For Operating costs data has to be entered in the space provided and then submitted.

The screenshot shows the UNCTAD Investment Compass interface for Ethiopia. It features a navigation menu on the left and a main content area with the following sections:

- Regulatory Framework:** Includes links for 'Introduction', 'Entry' (38 questions), 'Operation' (17 questions), 'Protection and Exit' (8 questions), and 'Operating costs' (6 questions). A 'Printable Pages (.PDF)' link is also present.
- Operating costs:** A section for entering estimated average monthly salary in US dollars for each occupational level.
- Labour costs:** A table for entering estimated average monthly salary in US dollars for each occupational level.

Occupational Level	Estimated Average Monthly Salary (US Dollars)
1. Monthly wage for Professional Work. Example in this group: Business managers, business analysts, lawyers, accountants, computing professionals, utility engineers, plant manager. Professional work requires knowledge in a field of science or learning characteristically acquired through education or training equivalent to a bachelors or higher degree with major study in or pertinent to the specialized field, as distinguished from general education.	1500
2. Monthly wage for administrative work. Examples in this group: Event or conference managers, office administrators, business assistants, supervisor. Administrative work involves the exercise of analytical ability, judgment, discretion, and personal responsibility, and the application of a substantial body of knowledge of principles, concepts, and practices applicable to one or more fields of administration or management. While these positions do not require specialized education, they do involve the type of skills (analytical, research, writing, judgment) typically gained through a college level education, or through progressively responsible experience.	1000
3. Monthly wage for Technical Work. Examples in this group: Technicians, administrative assistants, secretaries, machine operators.	400



Annex 1. Methodology of international tax comparisons

The Comparative Taxation Survey compares taxation on investment in several sectors in a country X with taxation in selected other countries - neighbors and countries elsewhere that have succeeded in attracting FDI to the sectors concerned. These comparisons enable country X to assess the competitiveness of its taxation.

Taxation affects the cost of investment and its profitability and thus the return on investment. This impact is not just a question of looking at the headline rate of tax on profits. The tax burden on the investor depends on a number of factors and their interaction including expense allowed rates of capital allowances (tax depreciation), the availability of tax credits, investment allowances and tax holidays, the loss-carry-forward provisions and the taxation of dividends among other things. Moreover, customs and excise duties affect the cost of investment and operating margins. Together these make up the overall fiscal regime that affects the cost of and return on investment.

Comparative tax modeling is a method of taking into account the most important of these variables in the fiscal regime in a manner facilitates comparison between countries. The tax variables included in the analysis are:

- Corporate income tax
- Rate of tax including tax holidays, if any
- Loss-carry-forward provisions
- Capital allowances, investment allowances and investment credits
- Tax on dividends
- Customs import duties and excise duties on business inputs

Sales tax is not considered in the analysis because it is to be replaced by VAT. In any event a correctly administered VAT falls on the consumer and is not a tax burden on business.

Financial models of project investment and financing, revenues and expenses are utilized for a hypothetical business in each sector. These are based on typical costs and revenues experienced in such businesses in a developing economy. The business models cover a selected business within each sector.

The fiscal regime in a given country for each sector is applied to the standard business model for each sector over 10 years beginning with the initial investment. The financial models calculate net cash flow to the investor assuming that the company pays out all residual profits after tax (100per cent dividend pay out) and that the investor gains the residual value of the company which is sold after 10 years for an amount equal to its balance sheet value.

The impact of the fiscal regime is presented as the Present value of tax (PV Tax). PV Tax is the total of taxes and duties collected by government over the 10 years as a percentage of the project cash flow pre-tax and post-finance where both cash flows are discounted to a present value at a rate of 10per cent per annum. PV Tax thus measures how much of investor's potential project return is taken by the government in taxes and duties. The higher the PV Tax the more than the fiscal regime burdens investors and reduces the incentive to invest.



Annex 2. Regulatory Framework questions and scoring

A: Standards of Treatment.

Yes/no answers to 6 questions: 1) Do BITs or other IIAs entered into by your country typically grant Fair and Equitable Treatment? 2) Is NT of foreign investors provided for in national laws and regulations? 3) Do BITs or other IIAs typically grant NT provisions? 4) Do BITs or other IIAs typically grant MFN provisions? 5) Do international treaties entered into by your country typically contain clauses of transparency?

	Q.1	Q.2	Q.3	Q.4	Q.5
YES	1	1	1	1	1
NO	0	0	0	0	0

B: Land.

Yes/no answers to 5 questions: (1) Is foreign land ownership subject to approval? (2) Is foreign ownership prohibited in agricultural land (3) Is foreign ownership prohibited in urban land? (4) Is Government approval required for transfer of land? (5) Can customary land ownership complicate the enjoyment of land title?

	Q.1	Q.2	Q.3	Q.4	Q.5
YES	0	0	0	0	0
NO	1	1	1	1	1

C: Openness of main sectors to FDI.

Up to what foreign participation is allowed in the following industries:	0%	>0% - <=33%	>33% - <=50%	>50% - <=74%	>74%	Is specific approval required?	Are foreign investors required to make a minimum size investment in the sector?	Is there a central agency which facilitates business permitting for all sectors?
In...						Yes/No	Yes/No	Yes/No
Telecom (fixed lines)								
Oil and gas (production)*								
Electricity distribution								
Mining								
Banking								
Tourism								
Manufacturing								
Business and professional services								
Retail and distribution								

* If all private investment must be through a participation agreement with the State Oil Company, tick on the table the percentage of all oil and gas exploration and production ventures run under foreign operation.

Weighting:	Yes= 0	Yes= +2	Yes= +3	Yes= +5	Yes= +9	Yes= 0 No= +1	Yes= +1 No= 0	Yes= +10 No= 0
------------	--------	---------	---------	---------	---------	------------------	------------------	-------------------



D: Performance Requirements.

Yes/no answer to 4 questions: (1) Are there performance requirements to the entry of foreign investment? (2) Do they cover transfer of technology? (3) Do they impose local content? (4) Do they impose export requirements to the entry of foreign investment?

	Q.1	Q.2	Q.3	Q.4
YES	0	0	0	0
NO	4	1	1	1

E: Preferential Trade Arrangements with major markets (excluding GSP).

Yes/no answers to three questions: (1) with the USA, (2) with Japan, (3) with the EU.

	Q.1	Q.2	Q.3
YES	1	1	1
NO	0	0	0

F: Foreign exchange regulation on current operations.

Yes/no answers to 6 questions: (1) Have all foreign exchange controls been abolished? (2) Are there any requirements for specific approval for dividend transfers? (3) Are there absolute or relative limits to dividend transfers? (4) Are there absolute or relative limits to royalties' payments and management fees? (5) Are there any controls on trade-related payments? (6) Are foreign currency accounts in local banks forbidden?

	Q.1	Q.2	Q.3	Q.4	Q.5	Q.6
YES	6	0	0	0	0	0
NO	0	1	1	1	1	1

G: Foreign workforce.

Yes/no answers to four questions: (1) Is there a labour market test? (2) Is there a key worker scheme? (3) Are work permits for foreigners subject to restrictions (time/quota/skills)? (4) Are expatriates' families granted residence permits?

	Q.1	Q.2	Q.3	Q.4
YES	0	1	0	1
NO	1	0	1	0

H: Liquidation and expropriation.

Yes/no answers to four questions: Is there an explicit legal provision which states that (1) expropriation will only be for a public purpose (2) it will be done by due process of law (3) it will result in internationally acceptable arrangements for compensation (4) Are all controls on liquidation of direct investment abolished?

	Q.1	Q.2	Q.3	Q.4
YES	1	1	1	0
NO	0	0	0	1



I: Dispute Settlement.

Yes/no answers to 5 questions: (1) Do State investment agreements usually provide for international arbitration clauses? (2) Is there an explicit legal provision in favour of equal access to host country tribunals? (3) Is the country a member of the Convention on the Settlement of Investment Disputes Between States and Nationals of Other States (the ICSID Convention)? (4) Is the country a member of the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention)?

	Q.1	Q.2	Q.3	Q.4
YES	1	1	1	1
NO	0	0	0	0



Annex 3. Definition of indicators

Indicators	Unit	Definition	Source
Total population	Millions	Total population of an economy includes all residents who are present regardless of legal status or citizenship--except for refugees not permanently settled in the country of asylum, which is generally considered part of the population of their country.	World Bank
GDP at PPP	USD mns	GDP at PPP is the Gross Domestic Product converted to international dollars using Purchasing Power Parity rates. An international dollar has the same purchasing power over GDP as a US dollar has in the US.	World Bank
Effective market size	Mn persons	The population earning more than USD 1000 per year at PPP. Calculations are based on distribution of income in the population using percentage share of income by quintile. Percentage share of income is the share that accrues to subgroups of population indicated by quintiles.	World Bank
Per capita income (PPP)	USD	Per Capita GDP is the Gross Domestic Product divided by midyear population. Growth is calculated from constant price GDP data in local currency which using Purchasing Power Parity converts current US dollar into international dollars.	World Bank
Energy reserves	Million metric tons	Energy reserves is composed of Total Proved Recoverable Reserves for Coal, Cured Oil and Natural Gas Liquids, Natural Gas, Oil Shale, Peat and Reasonably Assured Resources for Uranium. Proved Recoverable Reserves are the tonnage within the proved amount in place that can be recovered in the future under present and expected economic conditions with existing available technology. Reasonably Assured Reserves refer to recoverable uranium that occurs in known mineral deposits of such size, grade and configuration that could be recovered within the stated production cost ranges with currently proven mining and processing technology. Estimates of tonnage and grade are based on specific sample data and measurements of the deposits, together with knowledge of deposit characteristics.	World Energy Council, Survey of Energy Resources
Production of agricultural commodities	Average share in World Production for Major Tradable Agricultural Commodities	Major Tradable Agricultural Commodities: Cereals, Cocoa, Coconuts, Coffee, Cotton, Dates, Flax fibre & tow, Groundnuts, Hemp fibre & tow, Jute, Jute-like Fibres, Rapeseed, Soybeans, Sugar Beets, Sugar Cane, Sunflower, Tea, Tobacco.	FAO Production Yearbook



Indicators	Unit	Definition	Source
Production of minerals	Average share in World Production for Major Tradable Mineral Commodities	Major Tradable Mineral Commodities: Bauxite, coal, cobalt, copper, diamond, ferroalloys, iron ore, lead, nickel, phosphate rock, platinum, potash, silver, tin, zinc.	US Geological Survey Statistical Yearbook
Railways freight	Ratio of freight ton-km to GDP PPP (USD mns)	One ton-km is the result of moving one ton a distance of one kilometre. For example, if a rail freight wagon has 50 tons of coal in it, and it makes a trip of 150 kilometres, it will generate a total of 7,500 ton-km.	World Bank
Roads network	Ratio of total network (km) to the country's total surface	Total road network includes motorways, highways, and main or national roads, secondary or regional roads, and all other roads in a country. Surface area is a country's total area, including areas under inland bodies of water and some coastal waterways.	World Bank
Air transport freight	Mn tons per km	Air Freight is the sum of metric tons of freight, express, and diplomatic bags carried on each flight stage (the operation of an aircraft from takeoff to its next landing) multiplied by the stage distance of air carriers registered in the country.	World Bank
Ports' activity	Number of containers in TEU	Port container traffic measures the flow of containers from land to sea transport modes, and vice versa, in twenty-foot-equivalent units (TEUs), a standard size container. Data refers to coastal shipping as well as international journeys. Transshipment traffic is counted as two lifts at the intermediate port (once to off-load and again as an out-bound lift).	UNCTAD
Electricity production	Ratio of kwh/GDP (PPP)	Electricity production is measured at the terminals of all alternator sets in a station. In addition to hydropower, coal, oil, gas, and nuclear power generation, it covers generation by geothermal, solar, wind, and tide and wave energy, as well as that from combustible renewables and waste. Production includes the output of electricity plants designed to produce electricity only as well as that of combined heat and power plants.	World Bank
Electricity transmission and distribution losses	% of output	Electric power transmission and distribution losses include losses in transmission between sources of supply and points of distribution and in the distribution to consumers, including pilferage. Production less transmission and distribution losses, own-use, and transformation losses is equal to end-use electricity consumption.	World Bank



Indicators	Unit	Definition	Source
Water access	% of population with access	Improved water source refers to the share of the population with reasonable access to an adequate amount of water (at least 20 litres a person a day) from an improved water source, such as a household connection, public standpipe, borehole, protected well or spring, or rainwater collection. Unimproved sources include vendors, tanker trucks, and unprotected wells and springs.	World Bank
Telephone main lines	Per 1,000 people	Telephone main lines, are lines connecting a customer's equipment to the public switched telephone network, per 1,000 people.	World Bank
Mobile Phones	Per 1,000 people	Mobile phones refers to users of portable telephones subscribing to an automatic public mobile telephone service using cellular technology that provides access to the public switched telephone, per 1,000 people.	World Bank
Internet users	% of total population	Percent of total population with access to the worldwide web.	World Bank
Internet hosts	per 10'000 inhabitants	Internet hosts are the number of computers with active Internet Protocol addresses connected to the Internet, per 10'000 people.	World Bank
Illiteracy Rate	% of people ages 15 or above	Adult illiteracy rate is the percentage of people ages 15 and over who cannot, with understanding, read and write a short, simple statement about their everyday life.	World Bank
Science and engineering students	% of total tertiary level students	Tertiary education, whether or not leading to an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level.	World Bank
School enrolment in tertiary level	% of relevant age group	Gross enrolment ratio is the ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Tertiary education, whether or not to an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level.	World Bank
Monthly wage for clerical work	USD	Clerical category. Examples in this group: Data entry personnel, mail distributors, factory security staff.	UNCTAD
Monthly wage for administrative work	USD	Middle management category. Examples in this group: Event or conference managers, office administrators, business assistants, supervisors.	UNCTAD



Indicators	Unit	Definition	Source
Monthly wage for Technical work	USD	Lower management and technicians' category. Examples in this group: Factory technicians, administrative assistants, secretaries, machine operators.	UNCTAD
Monthly wage for Professional work	USD	Upper management and experts' category. Examples in this group: Business managers, business analysts, lawyers, accountants, computing professionals, utility engineers, plant manager.	UNCTAD
Electricity charge	USD per KWh	Electricity charge for business use (per kWh), monthly average in US dollars.	UNCTAD
local telecommunications charge	US\$ per three minutes	Cost of local call is the cost of a three-minute call within the same exchange area using the subscriber's equipment (that is, not from a public phone).	World Bank
International telecommunications charge	US\$ per three minutes	Cost of call to US is the cost of a three-minute peak rate call from the country to the United States.	World Bank
Rental office costs	USD / m2	Average monthly cost, in US dollars/square metre, of a standard 100 m2 office in the Central Business District (or similar) in the capital.	UNCTAD
real economic growth	%	Average annual growth of real GDP over last 5 years	World Bank
Inflation	Average increase in CPI, in %, over the past 3-5 years, depending on data availability.	Consumer price index reflects changes in the cost to the average consumer of acquiring a fixed basket of goods and services that may be fixed or changed at specified intervals, such as yearly. The Laspeyres formula is generally used.	World Bank
Current Account Balance	% GDP	Current account balance is the sum of net exports of goods, services, net income, and net current transfers.	World Bank
Government Surplus / Deficit	% GDP	Government Deficit / Surplus is an approximation of the national accounts definition, derived from data based on the IMF's GFS (government finance statistics) methodology. The general government deficit / surplus is obtained by adding the consolidated central government deficit / surplus (normally including certain extra-budgetary funds) to the local government deficit / surplus. The total is adjusted for net lending / borrowing for specific policy purposes, which is a financing item in the national accounts. GFS data are on a cash basis.	IMF, IFS



Indicators	Unit	Definition	Source
Unemployment Rate	% of labour force	The unemployment rate is the number of people unemployed as a percentage of the labour force. The labour force is the total number of people employed and unemployed between the ages of 15 and 74.	World Bank
Human development Index	Index	The Human Development Index measures a country's achievements in three aspects of human development: longevity, knowledge, and a decent standard of living. Longevity is measured by life expectancy at birth; knowledge is measured by a combination of the adult literacy rate and the combined gross primary, secondary, and tertiary enrolment ratio; and standard of living, as measured by GDP per capita (PPP US\$).	UNDP
Voice and Accountability	Index	Consists of number of indicators measuring various aspects of the political rights. These indicators measure the extent to which citizens of a country are able to participate in the selection of governments. Also included in this category are indicators measuring the independence of the media, which serves an important role in holding monitoring those in authority and holding them accountable for their actions.	World Bank Institute
Political Instability	Index	Combines several indicators which measure perceptions of the likelihood that government in power will be destabilized or overthrown by possibly unconstitutional and/or violent means, including domestic violence and terrorism.	World Bank Institute
Government Effectiveness	Index	Combines into a single grouping responses on the quality of public service provision, the quality of the bureaucracy, the competence of civil servants, the independence of the civil service from political pressures, and the credibility of the government's commitment to policies, the main focus of this index is on the «inputs» required for the government to be able to produce and implement good policies and deliver public goods.	World Bank Institute
Rule of Law	Index	Rule of law includes several indicators which measure the extent to which agents have confidence in and abide by the rules of society. These include perceptions of the incidence of crime, the effectiveness and predictability of the judiciary, and the enforceability of contracts.	World Bank Institute



Indicators	Unit	Definition	Source
Regulatory Quality	Index	Regulatory Quality includes measures of the incidence of market-friendly policies such as price controls or inadequate bank supervision, as well as perceptions of the burdens imposed by excessive regulation in areas such as foreign trade and business development	World Bank Institute
Credit-worthiness Rating	Rating ranked between 0 and 100	Country risk is defined as the risk of non-payment or non-servicing of payment for goods or services, loans, trade-related finance and dividends, and the non-repatriation of capital. This category does not reflect the creditworthiness of individual counter parties in any country.	Euromoney
Tourism	Present value of Tax	A financial model has been created assuming that an investor is setting up a company with operations over a period of 10 years. The model produces a set of forecast financial statements - balance sheet, profit and loss and cash flow statements. Present Value of Tax is calculated by taking the difference between the present value of investor cash flows after tax and the present value of cash flows before tax over the 10-year period.	UNCTAD
Manufacturing			
ICT			
Business and Professional Services			
Labour market regulations	Index	Labour market regulations measure the extent to which minimum wages, dismissal regulations, centralized wage setting, extensions of union contracts to non-participating parties, unemployment benefits that undermine the incentive to accept employment, and conscription restraints upon economic freedom are present across countries.	The Fraser Foundation
Import duties	%	Import duties as % of imports.	UNCTAD
Import / GDP	Merchandise Import (current USD) / GDP PPP	Import duties include 2 indicators: Import duties as % of imports, and merchandise imports by GDP (PPP). Merchandise import show the c.i.f. (cost, insurance and freight) value of goods received from the rest of the world valued in U.S. dollars. Data are in current U.S. dollars.	World Bank
Size of regional / integrated trade area	USD mns	Measures total imports and exports within the Trade Area (intra-zone trade).	UNCTAD



Indicators	Unit	Definition	Source
Number of Bilateral Investment Treaties signed between 1995 and 2001 years (50 % in indicator)	Number	Bilateral Investment Treaties (BITs) grant private property rights through the establishment of basic principles and minimum standards in case of expropriations. Likewise, they guarantee that any expropriation or measure with similar effect is adopted in accordance with a law based on public good or national interest, in a non-discriminatory manner. Expropriation measures must be accompanied by the provisions of prompt, adequate and effective indemnity. Through BITs, the Contracting States guarantee the free transfer of capital, of profits or interest generated by foreign investments, and, in general any transfer of funds related to investments.	UNCTAD
Bilateral Investment Treaties signed before 1995 (50 % in indicator)	Number		UNCTAD
Number of Double Taxation Treaties signed between 1995 and 2001 (50 % in indicator)	Number	The purpose of the treaty is to avoid double taxation with respect to taxes on income. In broad terms, double taxation is the taxation by tax authorities in different countries of the same sources of income for certain time period. The treaty rules may or may not correspond to domestic e.g. Swiss or U.S. laws. In case of a conflict, the treaty, as a rule, prevails and the taxpayers are entitled to be taxed according to the treaty.	UNCTAD
Number of Double Taxation Treaties signed before 1995 (50 % in indicator)	Number		UNCTAD

