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World Association of  
Investment Promotion  
Agencies

# **State of Investment Promotion Agencies:**

Evidence from WAIPA-WBG's  
Joint Global Survey

A collaboration between WAIPA and WBG  
September 15, 2020



# PRESENTATION OVERVIEW

- Survey Overview and Methodology
- Corporate Strategic Planning and Sector Prioritization
- Institutional Framework for FDI
- Investor Services
- Challenges, Changes and Reforms
- COVID-19 and Response of IPAs
- Conclusion



# SURVEY METHODOLOGY

How the survey questionnaire was designed?

The survey questionnaire was based on a combination of several previous [WBG](#) and [WAIPA surveys](#), consisting of 10 sections and 69 questions.

- 2005 World Bank Group IPA Census
- 2009 World Bank Group IPA Census
- 2017 World Bank Group Global IPA Survey
- 2017 WAIPA Annual Survey
- 2018 WAIPA Annual Survey
- 2018 OECD Report, “Mapping of Investment Promotion Agencies in OECD Countries.”

When the survey was conducted?

The survey was conducted from [July to December 2019](#), using an online survey platform.

## SURVEY METHODOLOGY

To whom  
the survey was  
sent?

The link to the questionnaire was sent to C-level executives. WBG and WAIPAs' developed a joint database of IPAs, and 162 national IPAs were contacted.

How many IPAs  
responded to the  
survey?

91 IPAs responded to the survey, out of which 97 percent are national and 3 percent subnational IPAs.

# SAMPLE REPRESENTATION

## Geographical distribution of respondents

World Bank Group Region	IPAs contacted, number	IPAs contacted, percent	Responses, number	Response rate, percent
East Asia and Pacific	25	15%	10	40%
Europe and Central Asia	43	27%	34	79%
Latin America and the Caribbean	27	17%	12	44%
Middle East and North Africa	17	10%	9	53%
North America	2	1%	2	100%
South Asia	7	4%	4	57%
Sub-Saharan Africa	41	25%	20	49%

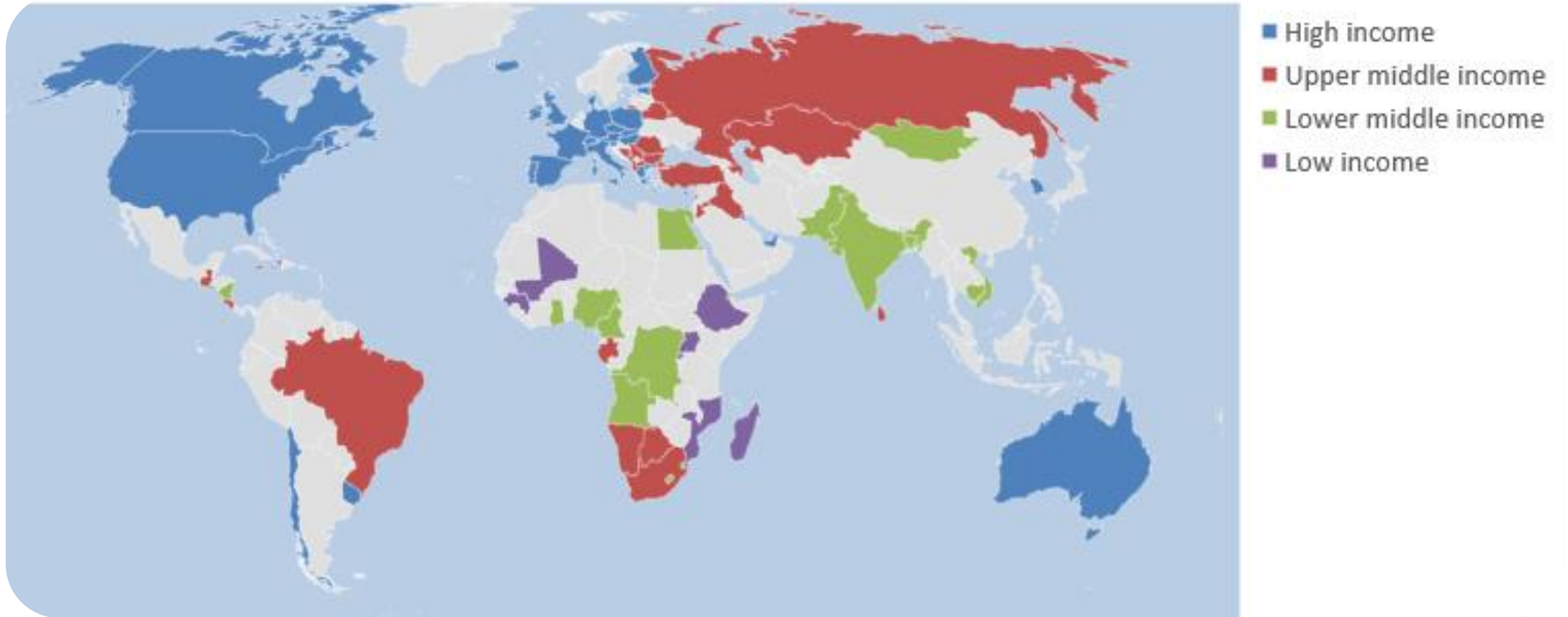
# SAMPLE REPRESENTATION

## Income distribution of respondents

Income group	IPAs contacted, number	IPAs contacted, percent	Responses, number	Response rate, percent
High-income	54	33%	37	69%
Upper-middle-income	45	28%	26	58%
Lower-middle-income	39	24%	20	51%
Low-income	24	15%	8	33%



# SAMPLE REPRESENTATION



# STRUCTURE OF THE REPORT

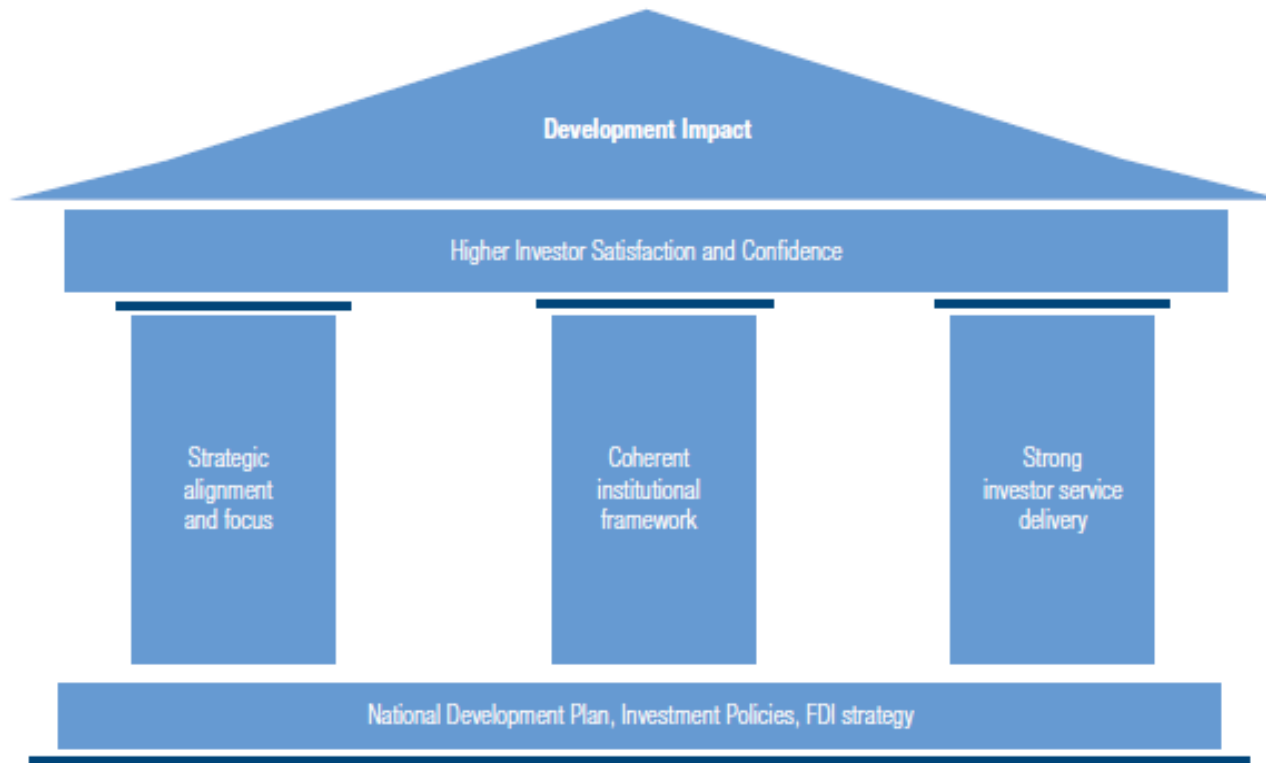
## Which definition of IPA is used in the paper?

- IPAs can be considered as the **best public institutions** to meet government objectives for attracting, establishing, retaining, expanding, and linking private investment.
- IPAs usually tasked with **operationalizing government FDI goals** via Services for FDI, often labeled as “investment promotion”.
- Due to some IPAs’ characteristics, the definition goes **beyond investment promotion** and covers a **wide array of areas and mandates**, including, among others, export promotion activities.



# STRUCTURE OF THE REPORT

- The report is structured around the novel **WBG framework for Investment Promotion\***, which includes the following core pillars:



Source: WBG

\*For more info: check [Institutions For Investment In Focus](#) - Heilbron and Whyte

## 1) **Corporate Planning & Sector Prioritization:**

Improving strategic focus via corporate / strategic plan development and improving sector prioritization for investment promotion.

## 2) **Institutional Framework for FDI:**

Strengthening the IPA's institutional framework by improving governance, resources, tools, capacities and institutional coordination

3) **Investor services:** Improving investor-focused services based on the Comprehensive Investor Services Framework (CISF).



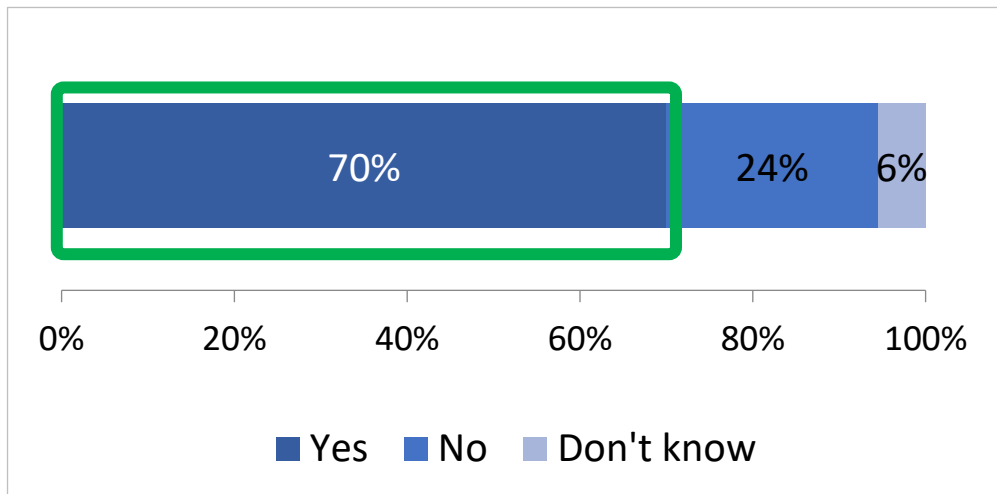
# First Pillar for Effective Investment Promotion:

## Corporate Planning & Sector Prioritization

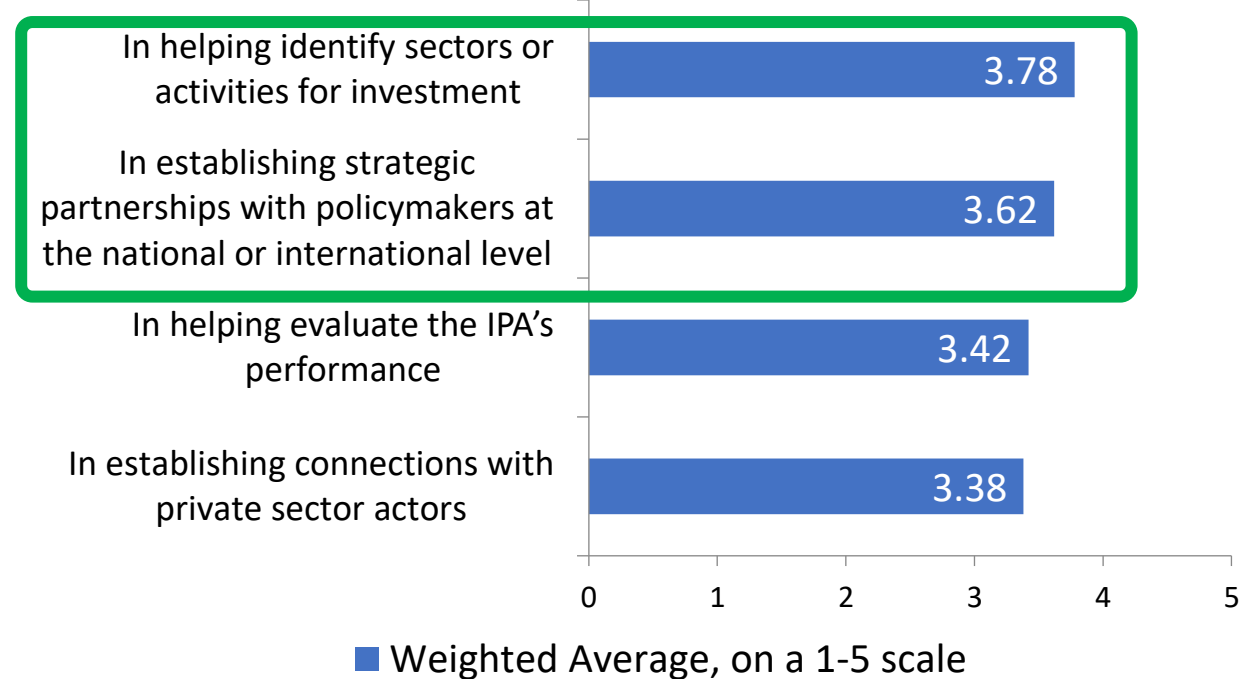
# CORPORATE STRATEGIC PLANNING AND SECTOR PRIORITIZATION

Majority of IPAs have a written, **multiyear strategy**... with an increased influence from **SDGs**

Question: Does your IPA have a multiyear strategy?



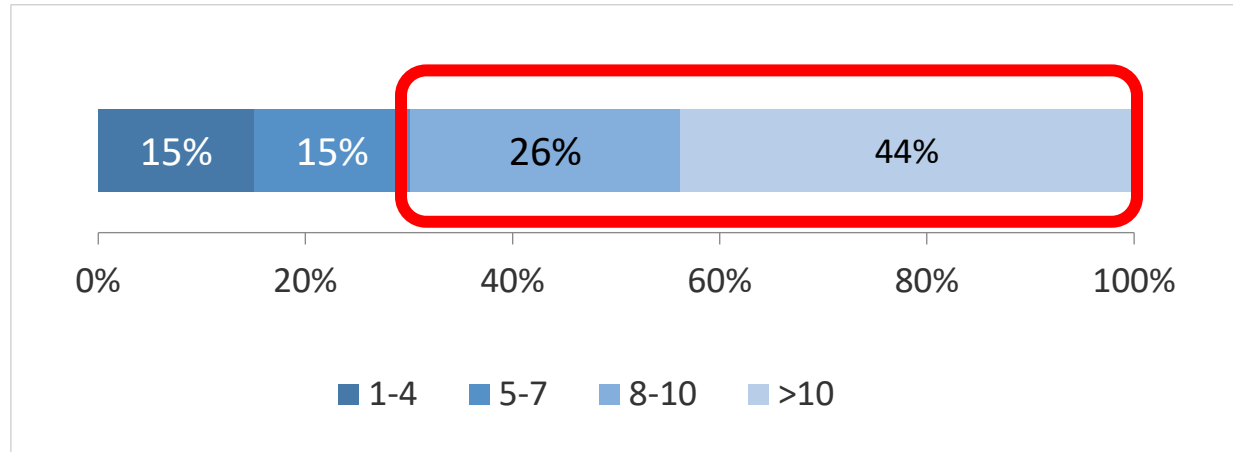
Question: From 1-5, rate how SDGs influence your IPA's strategy



# CORPORATE STRATEGIC PLANNING AND SECTOR PRIORITIZATION

IPAs have too many **priority sectors**

*Question: How many sectors are considered a priority by your IPA?*



An average IPA has  
**11**  
priority sectors



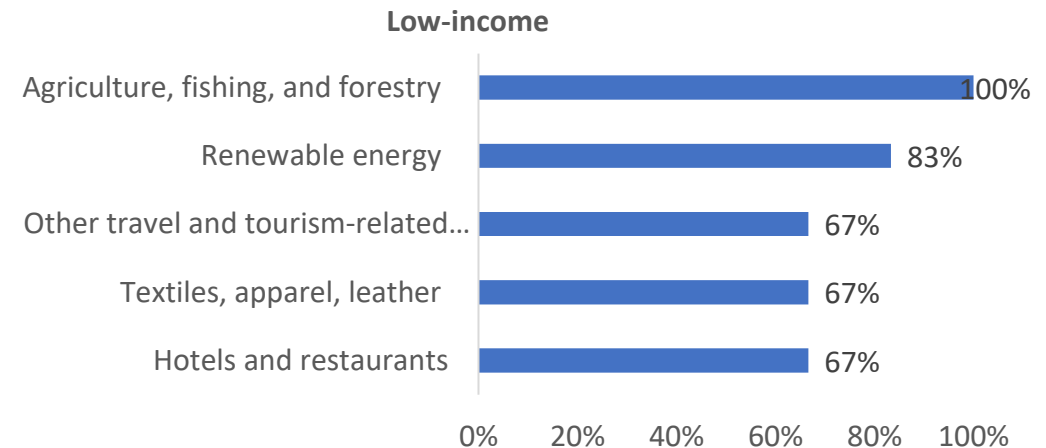
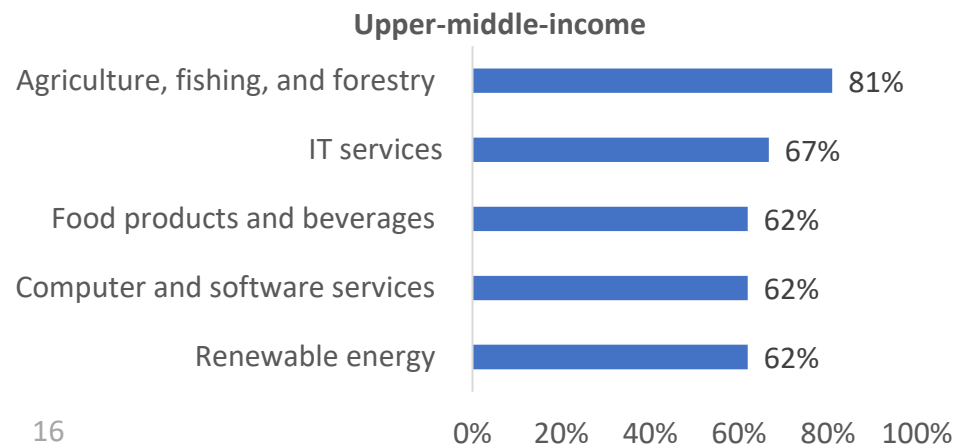
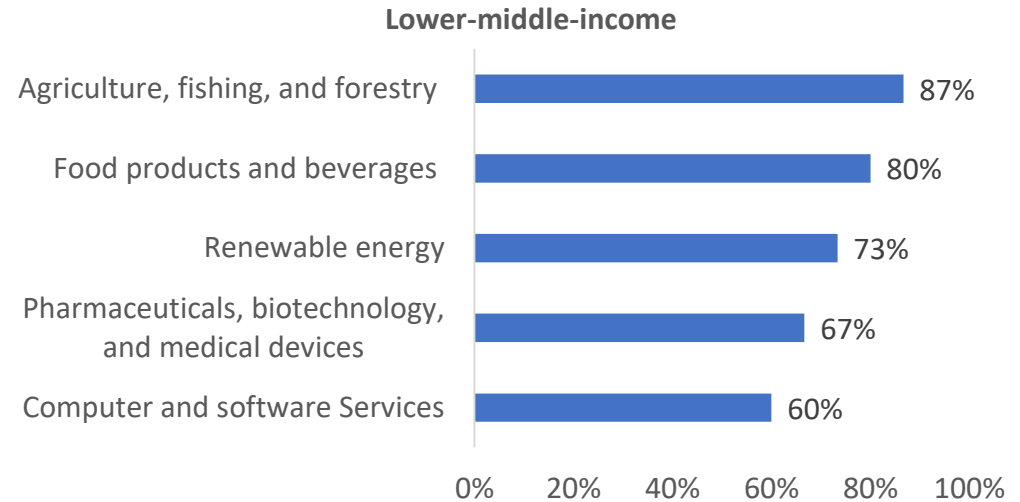
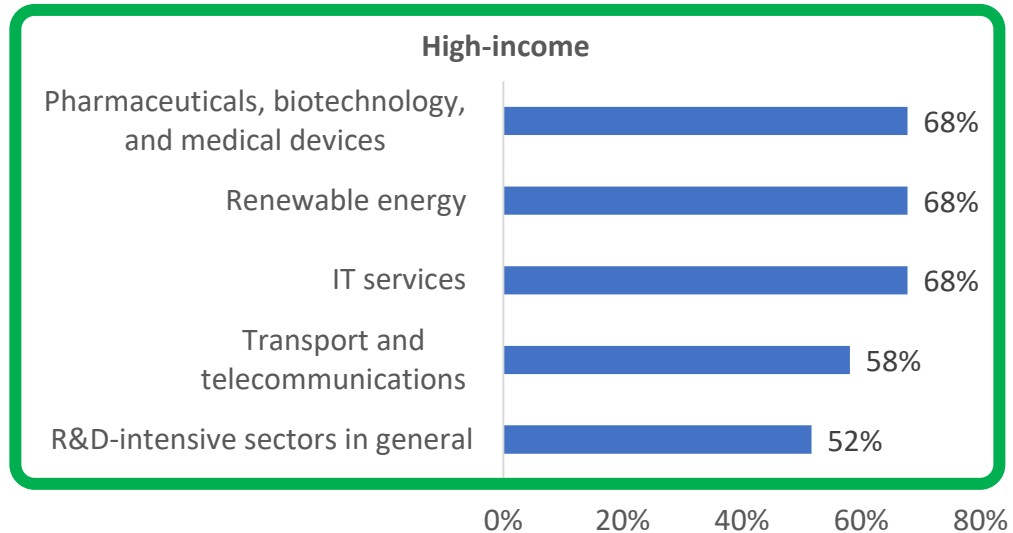
# CORPORATE STRATEGIC PLANNING AND SECTOR PRIORITIZATION

## Top 15 priority sectors as stated by IPAs

Sector	IPAs, percent
Renewable Energy	68%
Agriculture, Fishing, and Forestry	62%
Pharmaceuticals, Biotechnology, and Medical Devices	62%
IT services	62%
Food products and beverages	58%
Computer and Software Services	53%
Transport and telecommunications	49%
Hotels and restaurants	47%
ITC equipment and electronics	44%
Health Services	44%
Computers and electronic equipment	40%
Construction	40%
R&D-intensive sectors in general	38%
Machinery, equipment and metal products	38%
Other Travel and Tourism-related Services	37%

# CORPORATE STRATEGIC PLANNING AND SECTOR PRIORITIZATION

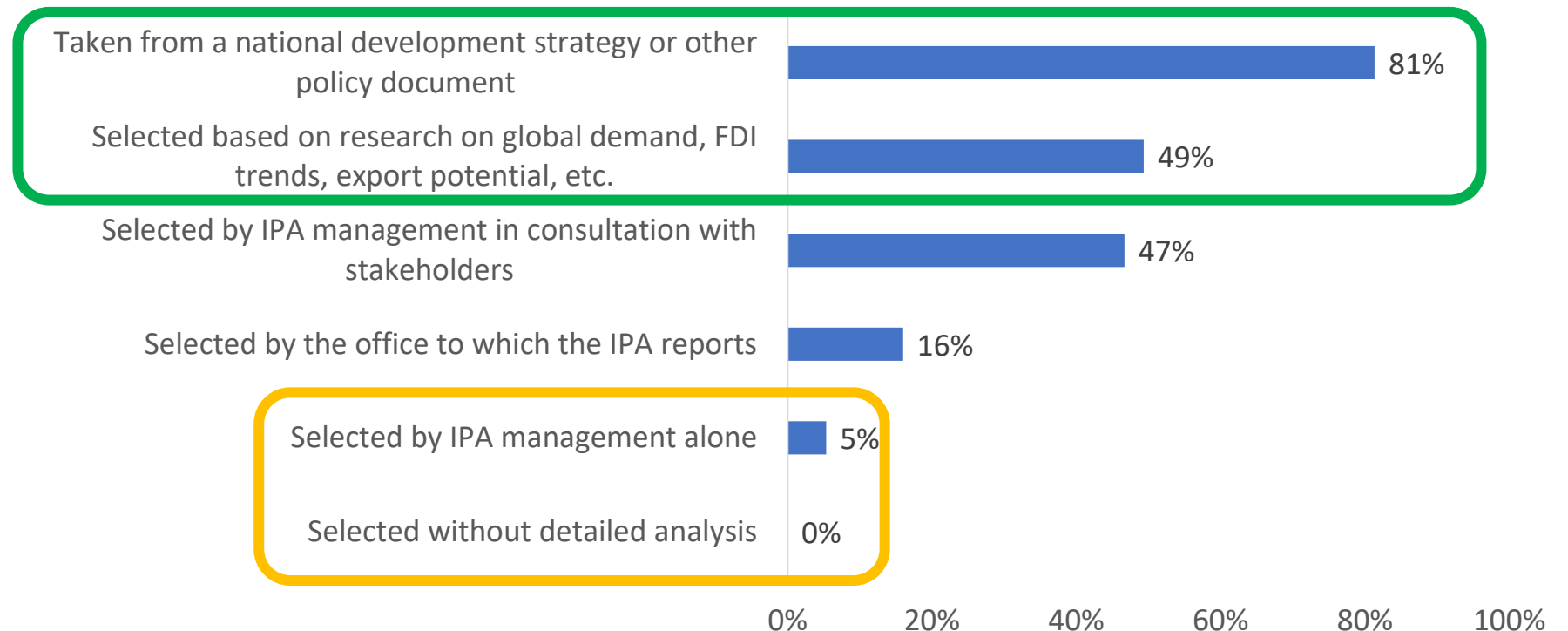
IPAs from high-income countries tend to focus more on **high-value-added sectors**



# CORPORATE STRATEGIC PLANNING AND SECTOR PRIORITIZATION

IPAs select their priority sectors mainly based on the **national development plan** or similar high-level policy document

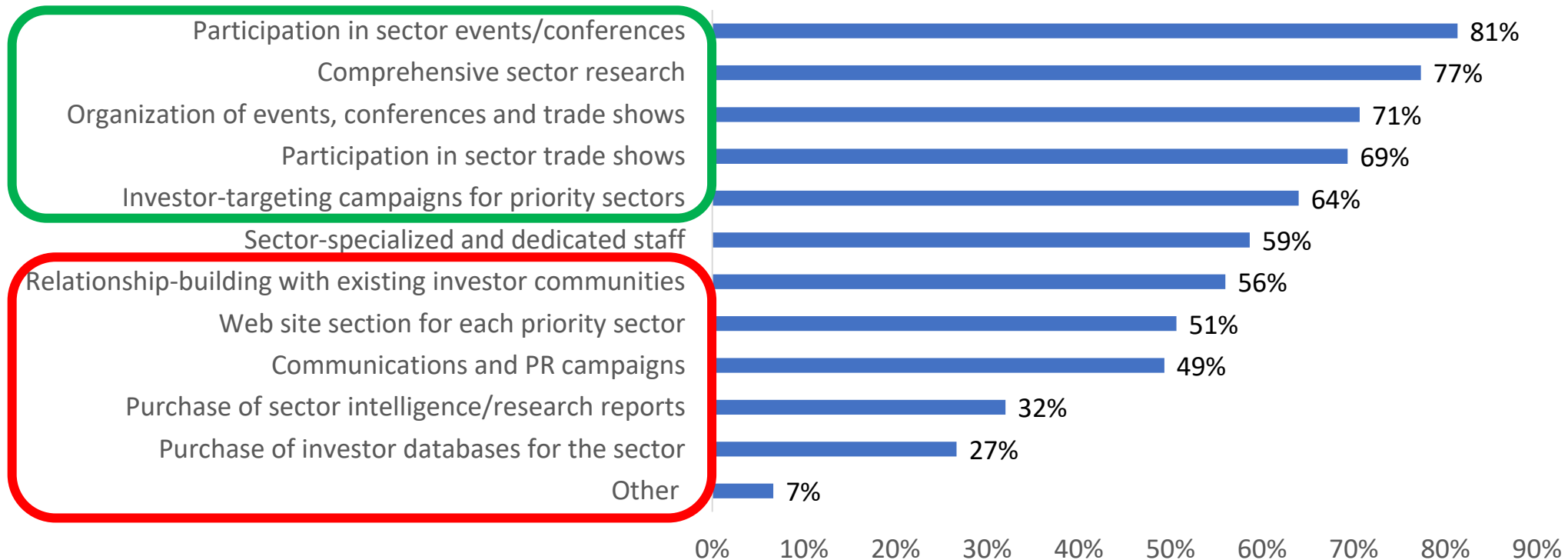
*Question: How is your IPA's strategy informed?*



# CORPORATE STRATEGIC PLANNING AND SECTOR PRIORITIZATION

Investment promotion plans very focused on **attraction**, less in **retention and linkages** with the domestic economy

*Question: What are the methods for implementing your IPA's investment promotion plans?*







# Second Pillar for Effective Investment Promotion: Institutional Framework



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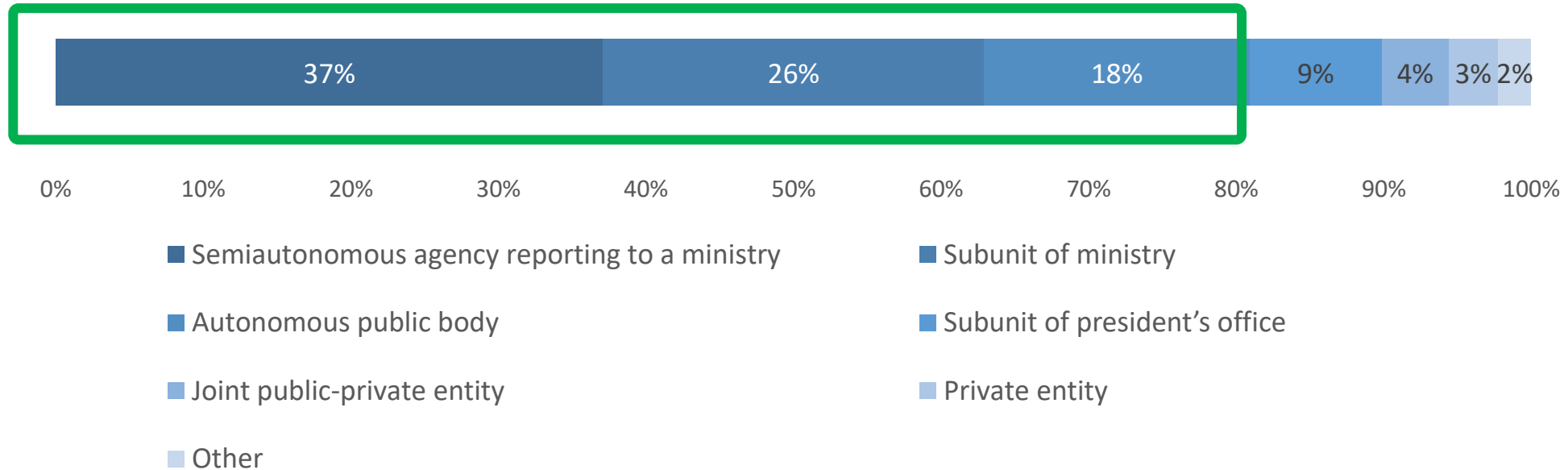


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# INSTITUTIONAL FRAMEWORK

IPAs have different **organizational structures**

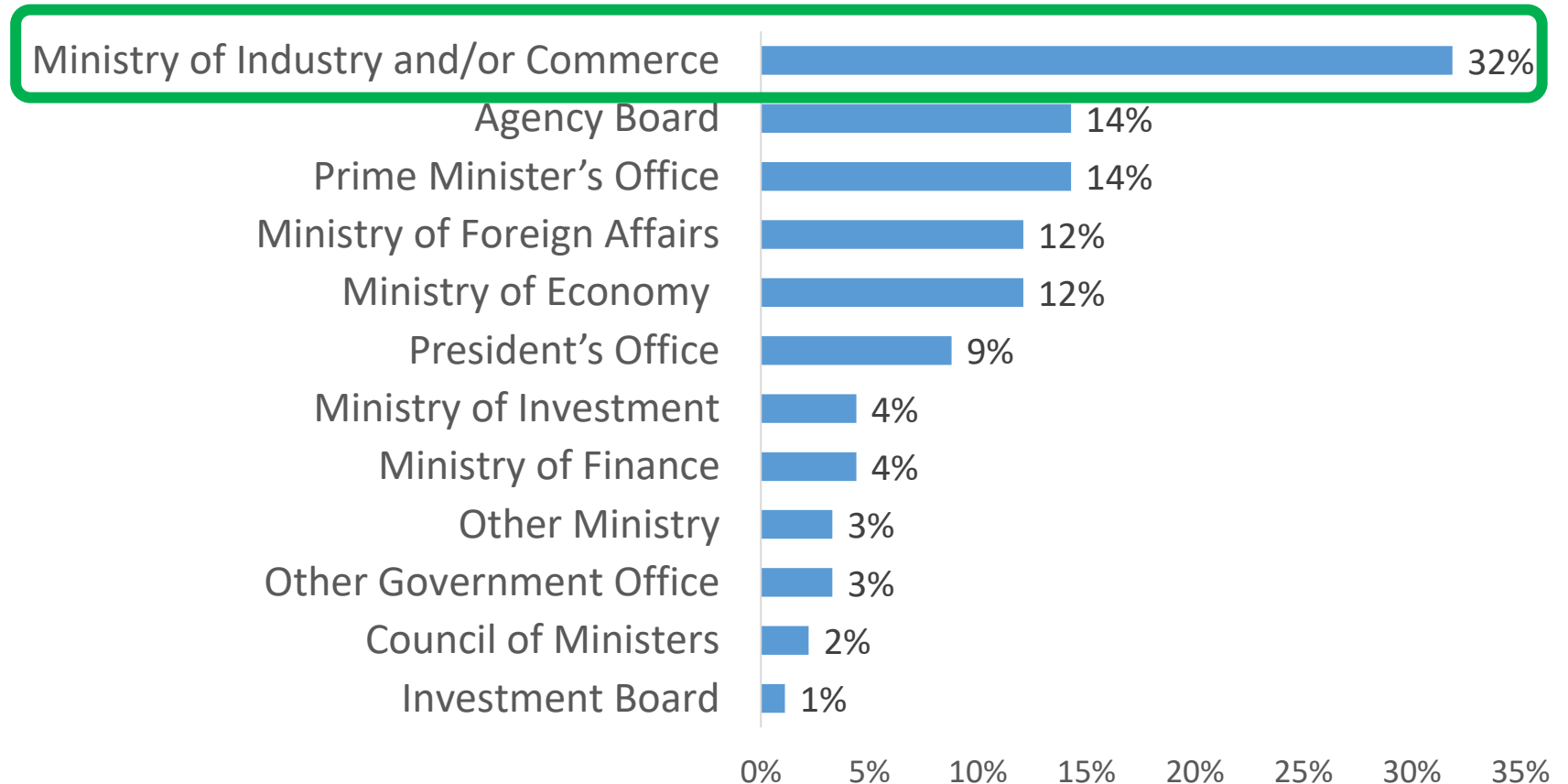
*Question: What is the IPA's current organizational structure?*



More than 60%  
of IPAs report to  
a **Ministry** -  
Usually Industry  
or commerce

## INSTITUTIONAL FRAMEWORK

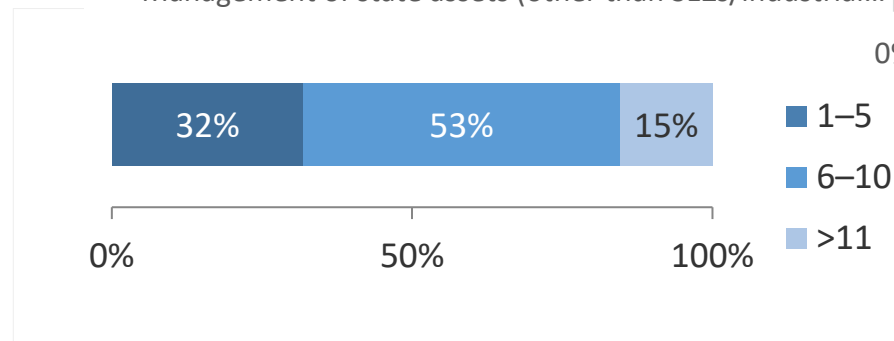
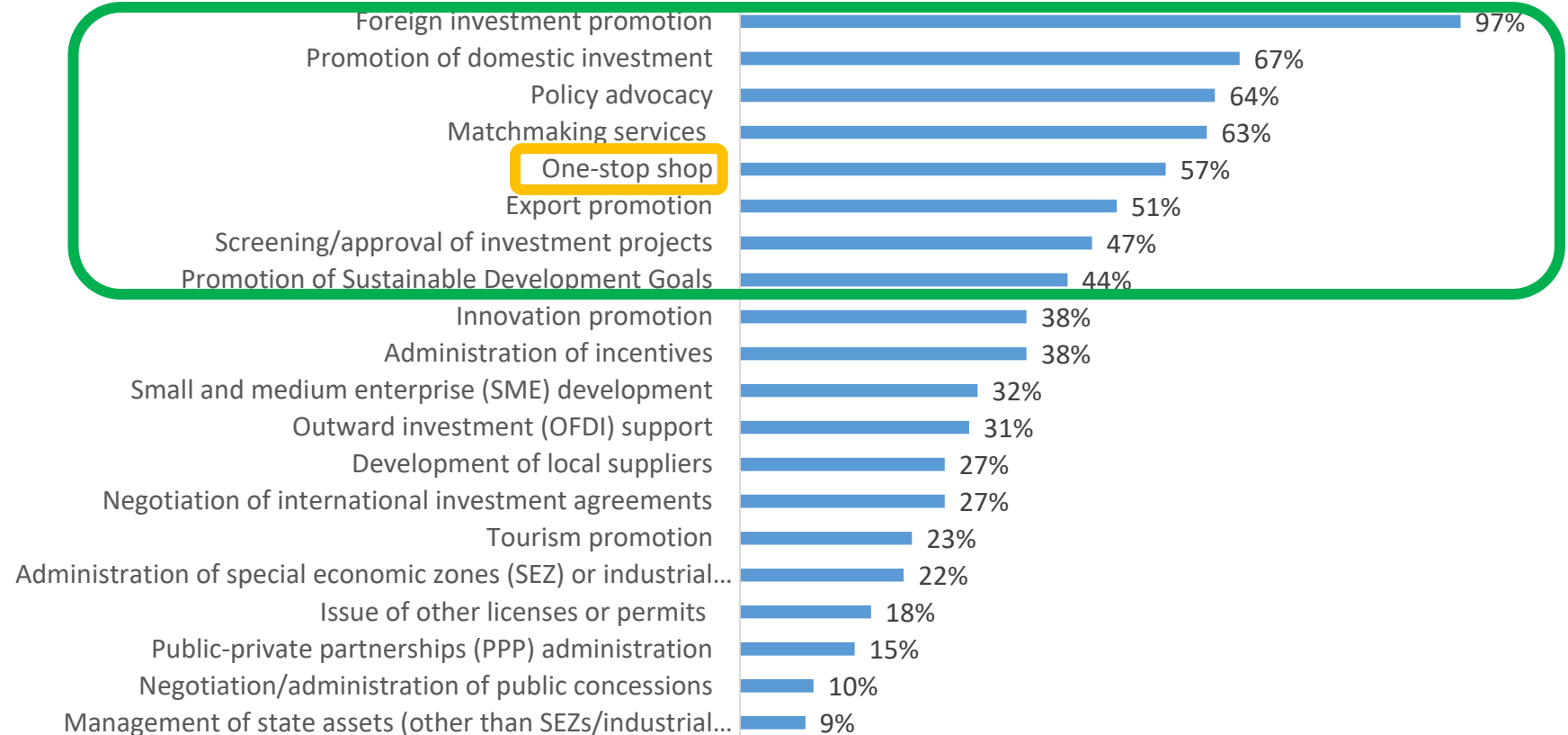
*Question: What is the main public body to which the IPA reports?*



IPAs are diluting  
their already  
scarce  
resources in a  
myriad of  
mandates

# INSTITUTIONAL FRAMEWORK

Question: What are the main mandates of your IPA?



Question: How many mandates does your IPA have?



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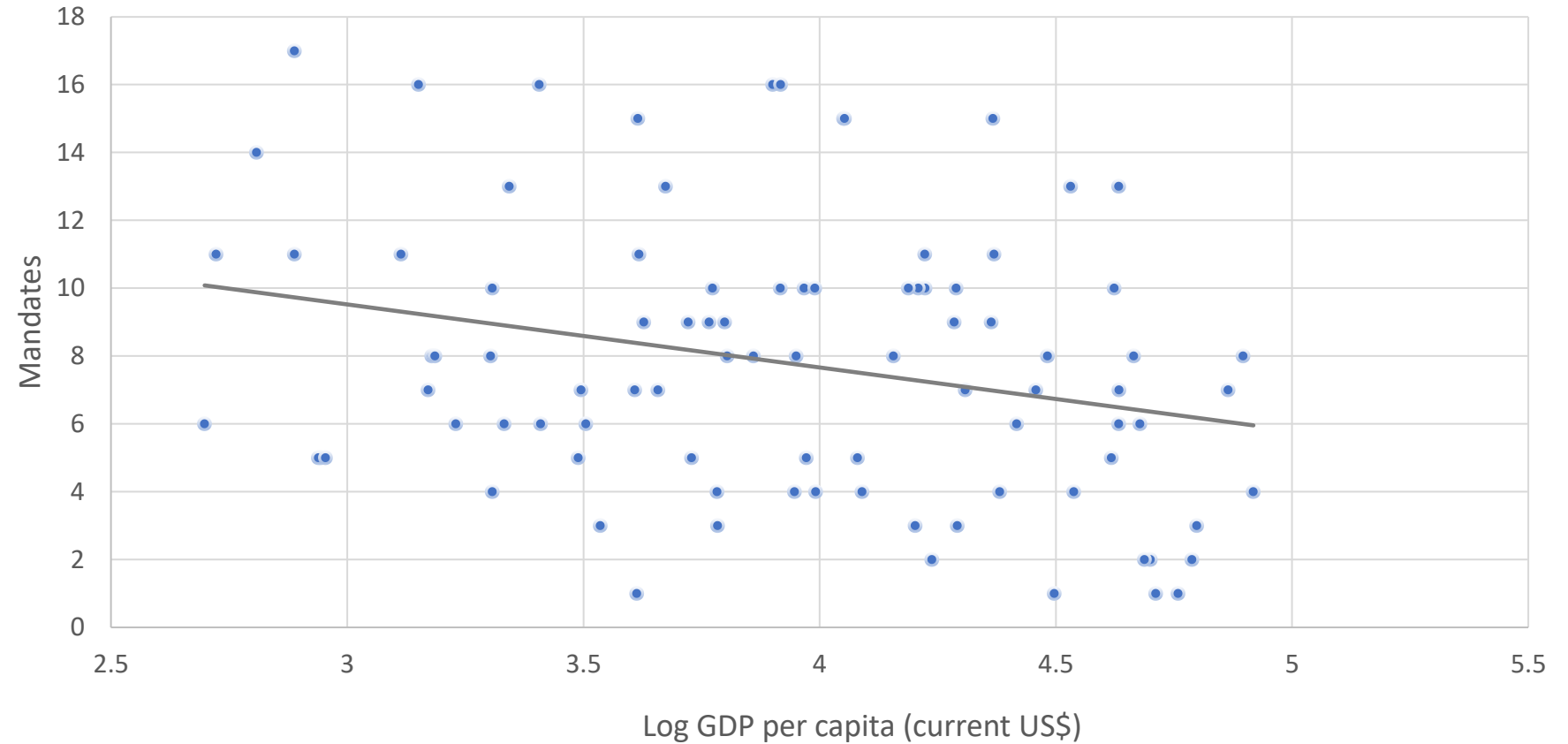


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Developed countries tend to have **more specialized IPAs** with **clearer mandates** of investment promotion

# INSTITUTIONAL FRAMEWORK

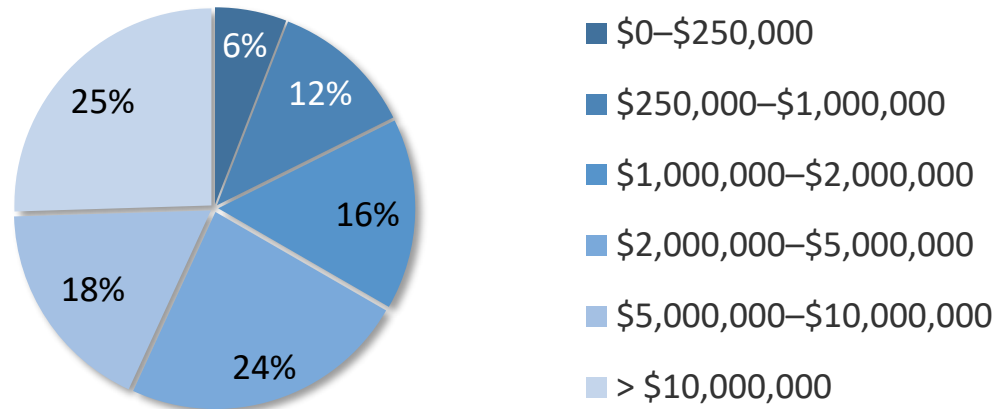


# INSTITUTIONAL FRAMEWORK

Budget size has immense influence on the quantity and quality of staff, range of performed activities, existence of overseas and regional offices.

- 85% average contribution from Governments
- 34% have budgets below \$2 million
- IPAs from more developed countries have more financial resources

Question: What is your IPA's total budget?



IPAs' total budget size over income groups

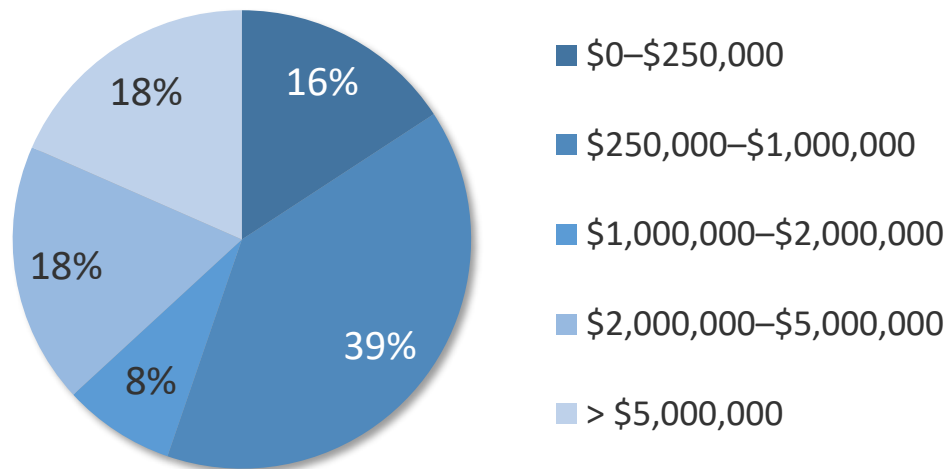
Country category	Total budget
High-income	US\$30.6 million
Upper-middle-income	US\$21.4 million
Lower-middle-income	US\$4.7 million
Low-income	US\$2.4 million

# INSTITUTIONAL FRAMEWORK

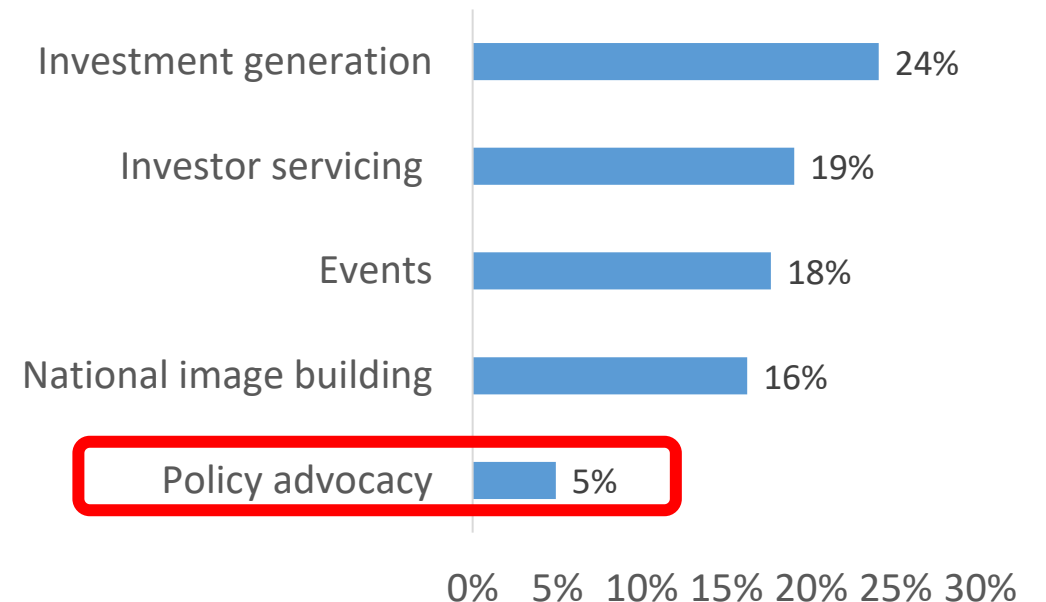
The bulk of agencies allocate between **\$250,000 and \$1,000,000**, and 18 percent allocate more than **\$5 million**

Yet its importance to improve the countries' investment climate, IPAs do not dedicate enough resources to **policy advocacy** efforts

*Question: What is the size of IPA's promotion budget?*



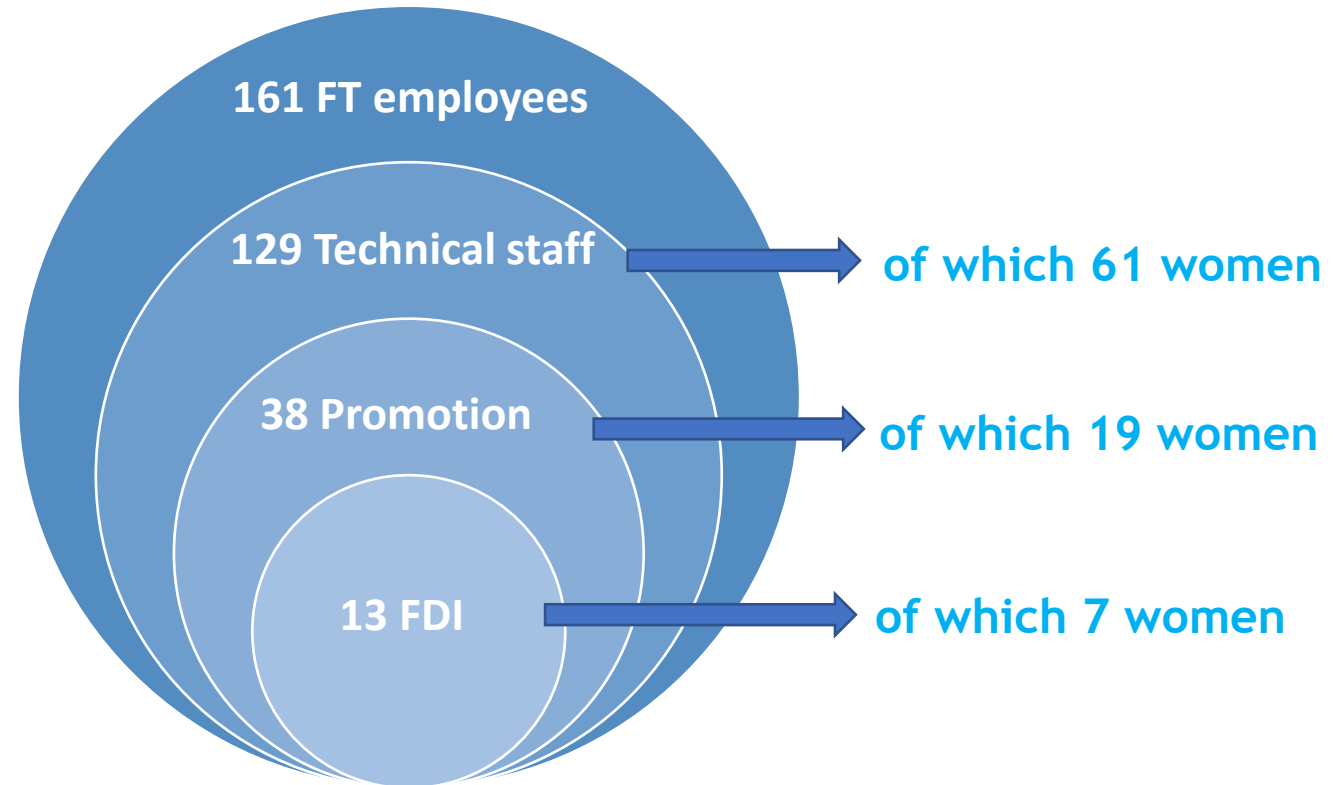
*Question: How is your IPA's promotion budget spent?*



On average, an IPA has **161** full-time employees, **129** of which are technical staff

# INSTITUTIONAL FRAMEWORK

*Staff structure of an IPA*



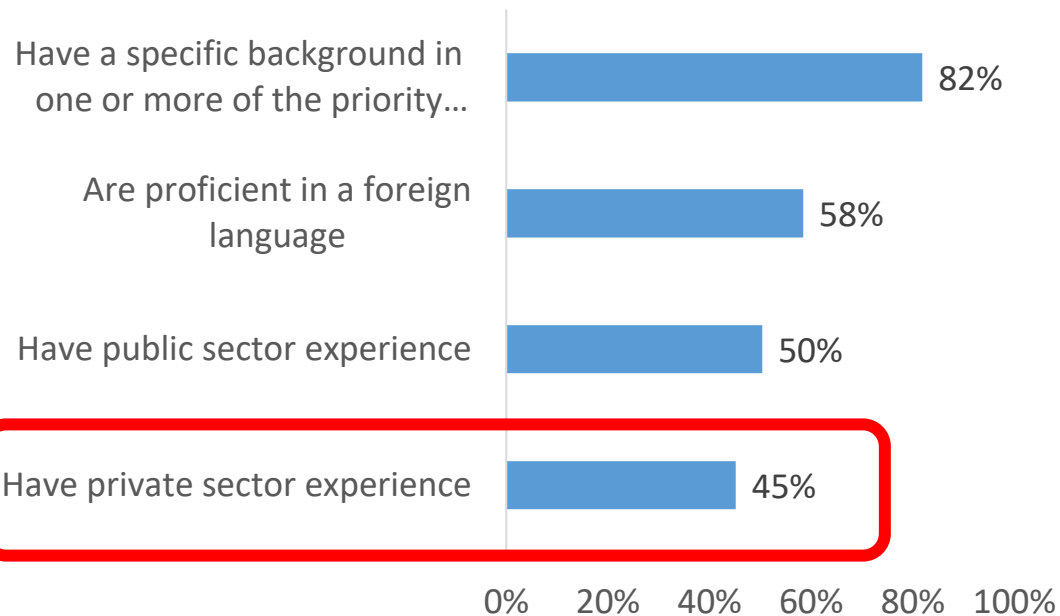


# INSTITUTIONAL FRAMEWORK

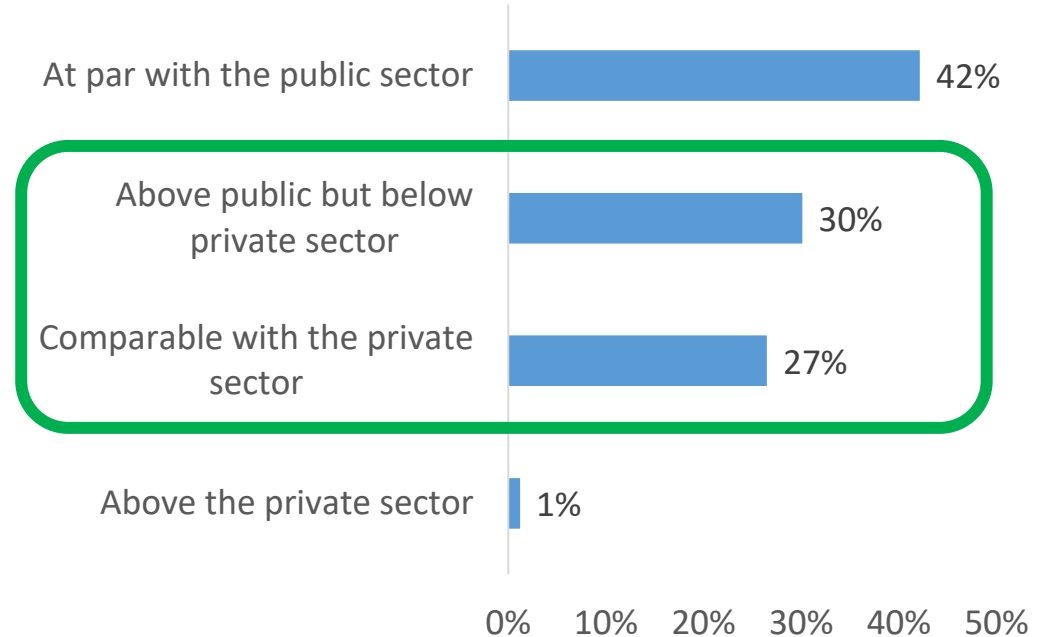
Low proportion of **private sector experience** among IPAs' staff...

And not so competitive **wages**...

Question: Your IPA's staff...



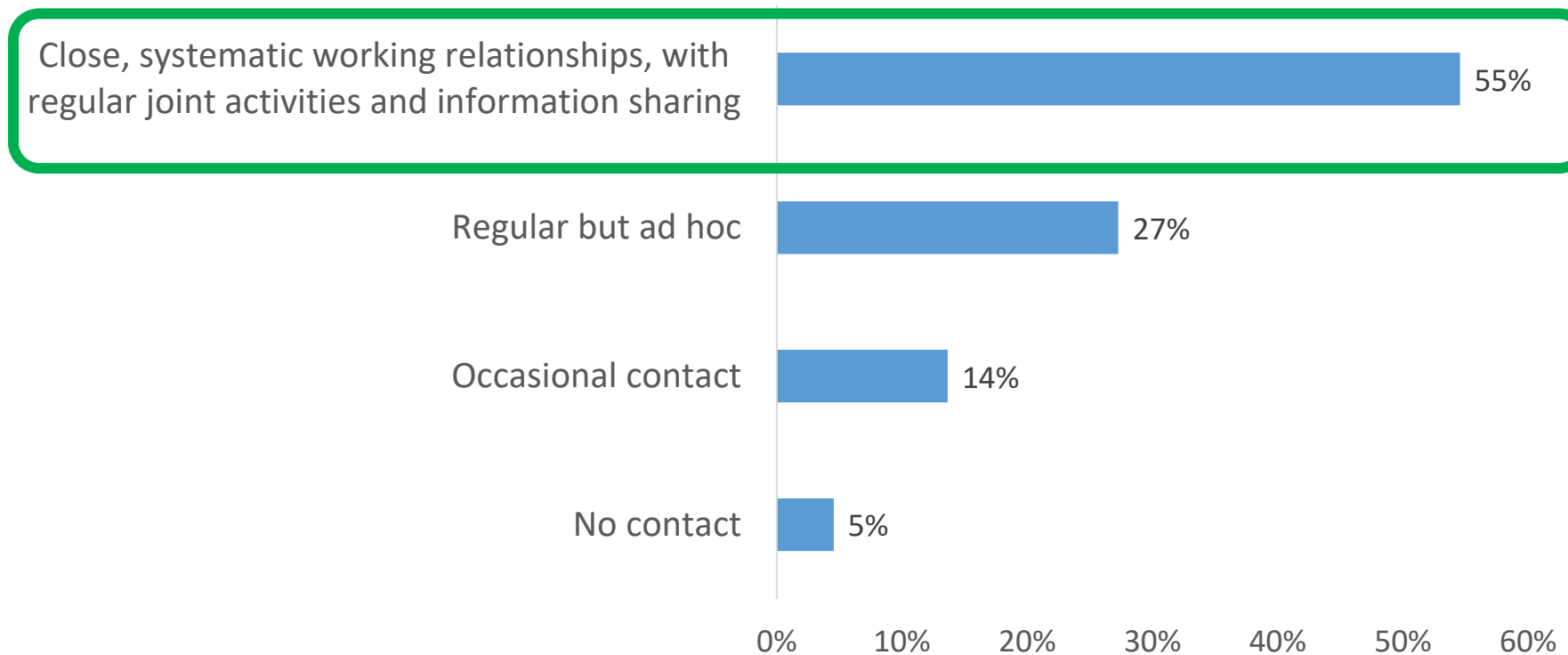
Question: Your IPA's wages are...



# INSTITUTIONAL FRAMEWORK

The countries that have established **subnational IPAs**, need to pay attention to maintaining **proper and systematic relationship** with them

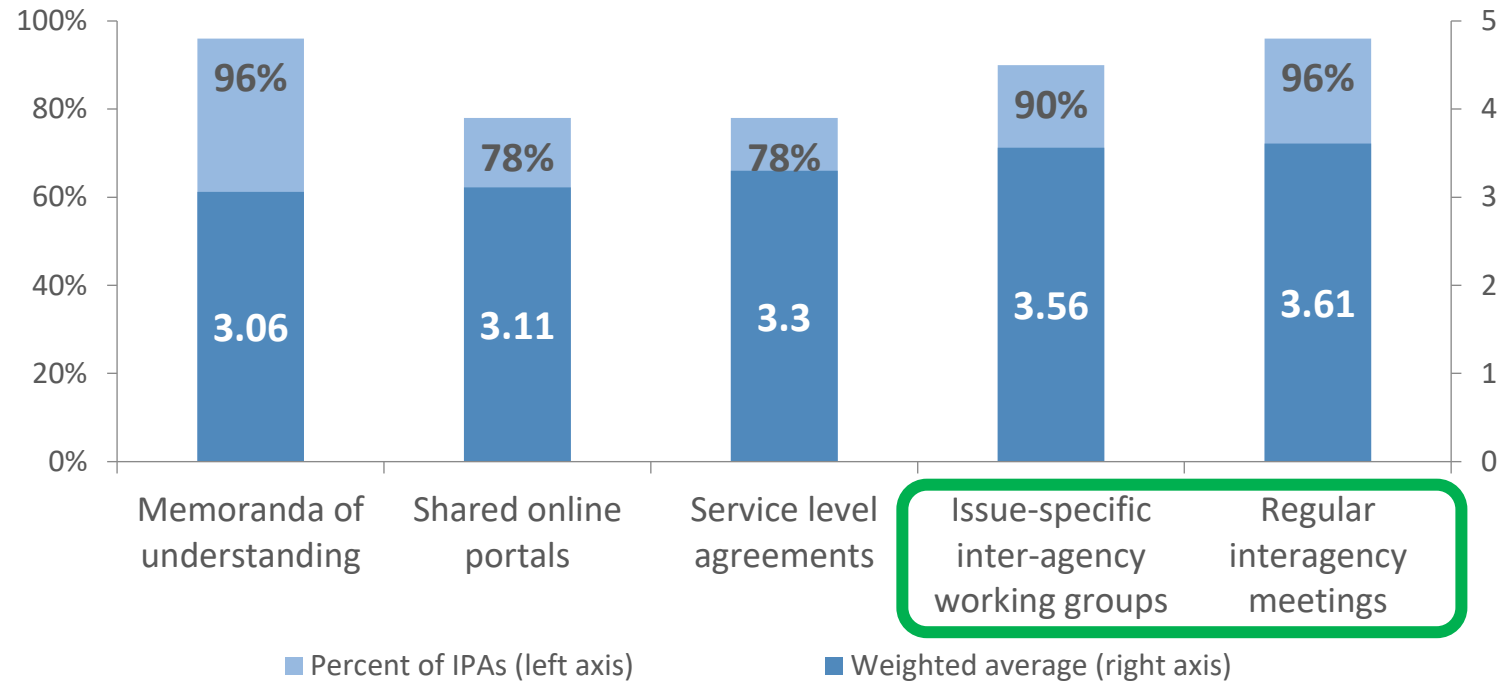
*Question: How would you consider your IPA's contact with other subnational IPAs?*



# INSTITUTIONAL FRAMEWORK

The best coordination mechanisms are regular **inter-agency meetings** and issue-specific **inter-agency working groups**

Question: How would you rate the following coordination mechanisms between your IPA and other agencies or entities?



# Third Pillar for Effective Investment Promotion:

## Investor Services



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# INVESTOR SERVICES

IPAs are still providing more services at **attraction stage**, then information and assistance services at **entry and establishment**, slightly fading afterwards

Type of Service/ Stage	Attraction	Entry and Establishment*	Retention and Expansion	Linkages and Spillovers
Marketing	69%	—	52%	52%
Information	61%	68%	52%	50%
Assistance	65%	62%	57%	54%
Advocacy	59%	57%	55%	47%

*Who is taking care of investors after the establishment?*



The top three services provided to investors that IPAs reported, per stage

## INVESTOR SERVICES

Attraction	
Business events/conferences abroad (or within the country) promoting priority sectors	93%
Investment-related shows promoting priority sectors	73%
Comprehensive briefing on the location and accompanying companies' representatives during first-time site visit	70%
Entry and Establishment	
Guidance on government structure, regulatory, and nonregulatory aspects for business start-up, including entry and establishment procedures, through advice and introductions	77%
Support during the first-time site visit with itinerary/agenda suggestions, planning, and meeting confirmation	76%
Location's investment guide: printed, PDF, or downloadable from the website	70%
Retention and Expansion	
Reach out to investors to gather information on potential/actual grievances related to government conduct	65%
Tailored response to specific questions asked by specific investors	65%
Facilitation/coordination of participation in initiatives and events that provide networking opportunities in the local ecosystem	63%
Linkages and Spillovers	
Facilitation/coordination of participation in initiatives and events that provide networking opportunities in the local ecosystem	64%
Invitation to relevant activities and/or events to promote linkages/matchmaking opportunities between investors and suppliers	60%
Tailored response to specific questions asked by specific investors	60%

The top social media network used by IPAs

## INVESTOR SERVICES

Activity	LinkedIn	YouTube	Twitter	Facebook	WhatsApp	Google+	Blogs
Identifying and recruiting staff	76%	2%	2%	14%	2%	2%	3%
Identifying investors	71%	3%	3%	2%	0%	14%	7%
Gathering investor intelligence	58%	2%	5%	7%	0%	16%	12%
Engaging/following investment promotion consultants	58%	4%	13%	10%	2%	4%	10%
Getting meetings	50%	2%	7%	11%	13%	7%	9%
Advertising or sharing investment opportunities with investors	37%	10%	12%	25%	2%	8%	5%
Engaging/following other IPAs	34%	3%	19%	17%	7%	7%	12%
Tracking what competing locations and IPAs are doing	31%	7%	19%	26%	0%	9%	7%
Enhancing the image of the IPA's location	26%	19%	22%	28%	0%	3%	2%
Informing the general public about the value of the IPA's activities	19%	9%	17%	45%	2%	5%	3%

Still some  
catch-up  
potential  
regarding  
aspects of  
investor  
servicing

## INVESTOR SERVICES

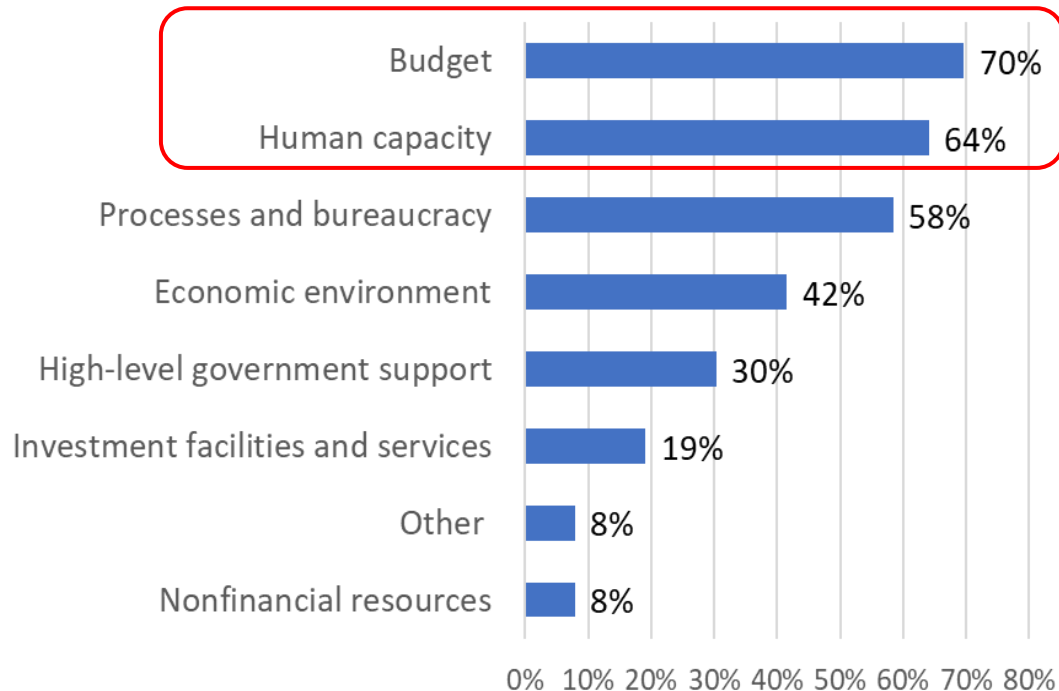
- 14 percent of IPAs reported not performing any kind of investor evaluation
- 19 percent of IPAs do not use a single system to facilitate their operations
- 35 percent do not have CRM software - Only 26 percent of the CRMs used by IPAs are available via mobile devices!
- 34 percent of responding IPAs do not have systems in place for the collection of complaints from investors
- 52 percent of IPAs do not quantify the benefits and costs of their work



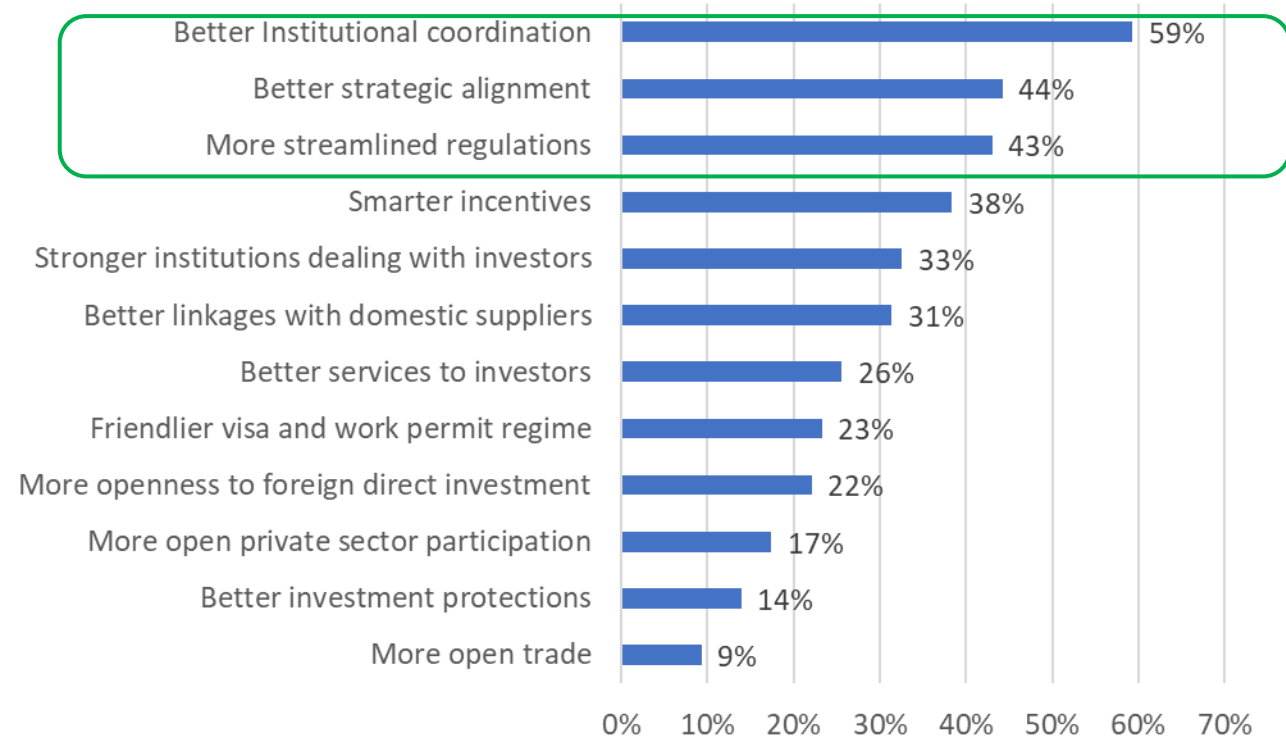
# IPAs' Challenges, Perceived Changes, and Reforms

# CHALLENGES AFFECTING IPAS AND DESIRED REFORMS

## Biggest challenges facing the IPA's effective performance



## Reforms desired by IPAs



# CONCLUSIONS


IPAs are a **key instrument of governments** to promote economic growth by attracting and retaining FDI, providing a wide range services to and being at the forefront of the relation with the investors...

... However, many of them are still struggling to have a **solid strategic alignment** and an appropriate **institutional set-up**;

Their service offering is still **too focused at the attraction stage** rather than having a balance across the investment life cycle as desired by investors;

In order to overcome the current global developmental challenges, and most importantly in the current scenario of global uncertainty (incl. COVID-19), IPAs should **strengthen efforts for investor retention and advocacy** supporting conducive policies for investments.





# COVID-19 and Response of IPAs



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# COVID-19 AND RESPONSE OF IPAS

Report incorporates main insights from:

- WBG' [COVID-19 Investment Promotion Agencies \(IPAs\) Survey](#), and
- WAIPA's [The impact of COVID-19 from the perspective of IPAs](#)

Key results:

- Investors experienced negative impacts on [production, revenues, employment, supply chain flows and investment volumes](#); Majority of IPAs were expecting these to worsen over the following three months.
- Severe disruptions on [services](#) (e.g. hotels and restaurants - 89%, other travel and tourism services - 57%) to [manufacturing](#) (automotive - 35%, and textiles - 33%). [IT, computers and software, media, pharmaceuticals](#) and [medical devices](#) have been more resilient.
- The survey also found that 83% of IPAs turned to [work remotely](#), 66% maintaining close communication with investors and 60% assisting to resolve issues.

# COVID-19 AND RESPONSE OF IPAS

## IPAs' role and investor service offering

- Wide investor service provision, with an emphasis on specific **information, assistance, and advocacy services**.
  - Coverage information on COVID-19 related impacts and measures (63 and 66 percent of IPAs), systematically gathering information on issues (63 percent) and solving individual investor issues (59 percent).
- After the pandemic, IPAs should:
  1. prioritize **retention services**;
  2. rethink their value propositions and strategies toward resilient segments;
  3. promote the country by strengthening outreach programs; and
  4. Advocate for critical reforms to recover quickly.



# Thanks!



# Report

[Access the full report](#)

# Interactive Platform

[Access the  
interactive platform](#)