1

Domestic Investment Facilitation Frameworks

Measuring Their Extent and Variation

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1.1 Introduction

For more than seventy years, foreign direct investment (FDI) has been one of the pillars of international development efforts, promising economic growth and innovation, quality jobs, and the development of human capital, with the ultimate goal of raising living standards and improving human development. However, attraction of external private finance lags behind its objectives. The Organisation for Economic Co-operation and Development (OECD), for instance, estimates that the financing gap for reaching the Sustainable Development Goals (SDGs) increased in developing countries from US$2.5 trillion to US$3.7 trillion annually due to the COVID-19 pandemic,[1] and this gap is projected to increase further due to the war in Ukraine.[2]

While other development financing sources have grown considerably during the last decades, foreign investment has not followed the trend. The share of FDI in external development finance declined, falling from over 60 percent at the beginning of the last decade to nearly 45 percent at the onset of the COVID-19 pandemic. Moreover, greenfield investment, which is often considered to be especially effective in driving economic development, has also been on the retreat, as the share of greenfield

[1] OECD, *Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet* (Paris: OECD Publishing, 2020), online at: https://doi.org/10.1787/e3c30a9a-en (last accessed 13 June 2023).

[2] UNCTAD, *The Impact on Trade and Development of the War in Ukraine* (Geneva: United Nations, 2022), online at: https://unctad.org/system/files/official-document/osginf2022d1_en.pdf (last accessed 13 June 2023).

investment announcements in total investment has declined from well above one at the turn of the century to only a half in recent years.[3]

Against the background of low levels of FDI flows, especially to (developing) countries most in need, new and innovative approaches to attracting and retaining FDI are sought after, as a three-decade trend to liberalize regulatory frameworks for foreign direct investment has shown limited success and is likely to be reversed in many countries.[4] International investment agreements (IIAs), concluded to provide foreign investors with legal protection and access to international arbitration, have come under criticism,[5] as they impose binding and enforceable rules on host states while demanding little to no responsibilities from foreign investors. A different and innovative approach that focuses on the facilitation of investment is now under negotiation in different multilateral and bilateral fora,[6] including negotiations of an Investment Facilitation for Development (IFD) Agreement[7] at the World Trade Organization (WTO) or bilateral investment facilitation agreements negotiated by Brazil and the European Union (EU).[8]

At the core, investment facilitation emphasizes the quality of local investment regimes, especially through better transparency, predictability of administrative and legal frameworks surrounding investment, and better cooperation and coordination of key stakeholders, domestically and internationally.[9] Investment facilitation initiatives have the potential to help attract and retain FDI. A survey of company executives shows that beyond economic fundamentals such as market size, infrastructure, and labor endowment, foreign investors see the predictability,

[3] A. Berger and A. Ragoussis, *Is Foreign Direct Investment Losing Clout in Development?* (Bonn: German Institute of Development and Sustainability, 2022). Available at: www.idos-research.de/uploads/media/BP_2.2022.pdf.

[4] S. Evenett and J. Fritz, *Advancing Sustainable Development with FDI: Why Policy Must Be Reset,* 27th Global Trade Alert Report (London: CEPR Press, 2022).

[5] M. Waibel, A. Kaushal, K.-H. Chung, and C. Balchin, 'The Backlash against Investment Arbitration: Perceptions and Reality', in M. Waibel, A. Kaushal, K.-H. Chung, and C. Balchin (eds.), *The Backlash against Investment Arbitration* (London: Kluwer Law International, 2010), pp. xxxvii–li.

[6] A chronicle of the investment facilitation discussions is provided by E. Gabor, 'Keeping "Development" in a Multilateral Framework on Investment Facilitation for Development' (2021) 22 *The Journal of World Investment & Trade* 41–91.

[7] For a summary of the WTO negotiations, see online: www.wto.org/english/tratop_e/invfac_public_e/factsheet_ifd.pdf (last accessed 13 June 2023).

[8] See also chapters by Meunier and Roederer-Rynning and Ratton and Misra in this book.

[9] A. Berger, Y. Kagan, and K. P. Sauvant, *Investment Facilitation for Development: A Toolkit for Policymakers*, 2nd ed. (Geneva: International Trade Center, 2022).

transparency, and ease of regulatory environments as important enabling factors for FDI in developing countries.[10] Moreover, as new investment becomes harder to attract, investment facilitation reforms can help retain and expand existing investment. Furthermore, since investment facilitation mainly focuses on the process-related aspects of investment policy frameworks, it helps preserve the domestic policy space that is vital for aligning investment with sustainable development objectives.

Proponents of investment facilitation argue that binding multilateral commitments to investment facilitation can help promote investment flows and enhance cooperation, with the ultimate goal of contributing to development.[11] While various investment facilitation reform initiatives are under way at multiple levels, often supported by international organizations,[12] we have very limited knowledge on the prevalence of investment facilitation measures at country level. In order to inform the design and scope of international investment facilitation frameworks and to assess their value added, we are in need of empirical evidence on how many investment facilitation measures countries have actually adopted. An assessment of the current level of adoption of investment facilitation measures is also crucial to help countries in identifying their reform and support needs for improving their investment frameworks in general and to implement future investment facilitation agreements, such as the IFD Agreement, in particular.

This chapter analyzes the level of adoption of investment facilitation measures and displays that there is wide variation between countries of different income groups. In turn, this shows that unilateral reforms may not be enough to improve investment facilitation frameworks, especially in countries of lower income levels and that international agreements may help foster such reform processes. At the same time, our analysis underline, that the adoption of investment facilitation measures, for example, in the context of the IFD Agreement or bilateral or regional investment facilitation agreements, is a bigger challenge for low- and lower-middle-income countries than for upper-middle- and high-income

[10] P. Kusek and A. Silva, 'What Matters to Investors in Developing Countries: Findings from the Global Investment Competitiveness Survey', in World Bank (ed.), *2017/2018 Global Investment Competitiveness Report: Foreign Investor Perspectives and Policy Implications* (Washington, DC: World Bank, 2017), pp. 19–50.

[11] F. Hees and P. Cavalcante, 'Focusing on Investment Facilitation – Is It That Difficult?' (June 19, 2017) *Columbia FDI Perspective*, no. 202.

[12] N. J. Calamita, 'Multilateralizing Investment Facilitation at the WTO: Looking for the Added Value' (2020) 23 *Journal of International Economic Law* 973–988.

countries. To inform such an assessment, we make use of the Investment Facilitation Index (IFI), which maps the adoption of more than 100 different investment facilitation measures in more than 140 countries. With the help of these fine-grained data, we can assess the measures that countries apply and the reform needs they may face in order to comply with international commitments on investment facilitation.

The chapter will proceed as follows: Section 1.2 introduces the IFI and describes the global distribution of IFI scores as a proxy for the adoption of investment facilitation provisions at the country level. Section 1.3 introduces the regulatory dimensions composing the IFI and analyzes domestic adoption across six distinct policy areas. Section 1.4 then looks into the policy areas and describes adoption levels for individual measures. Section 1.5 concludes by summarizing important adoption gaps and reform needs.

1.2 Diverse Investment Facilitation Frameworks across the Globe

Our analysis of the current domestic investment regimes is based on the IFI, a composite index mapping the adoption of a large set of investment facilitation measures at country level as current practice for the year 2021.[13] The IFI allocates a score between 0 and 2 to each country in the sample based on an in-depth assessment of the adoption status of 101 investment facilitation measures comprising six regulatory dimensions.[14]

The contribution of each regulatory dimension to a country's total score has been determined based on an expert survey assessing the relative importance of each policy area. The conceptual scope of the index corresponds closely to the main developments within current policy debates, including the IFD negotiations in the WTO.

[13] A. Berger, F. Gitt, Z. Olekseyuk, J. Schwab, and A. Dadkhah, *The Investment Facilitation Index (IFI): Quantifying Domestic Investment Facilitation Frameworks* (Geneva: International Trade Centre, 2024).

[14] Assessment of the adoption status of a given measure has been based on publicly available information only. Moreover, it is important to note that the IFI captures the *de jure* adoption of a given investment facilitating measure but does not provide evidence on the actual or *de facto* enforcement of the policies. There might exist a discrepancy between the de jure and the de facto enforcement of policy convergence especially for low-regulating countries. De jure refers to the legislative implementation, to which we refer here as "adoption", whereas de facto refers to the enforcement of legislative regulations and thereby their "actual" implementation, see, e.g., M. M. Bechtel and J. Tosun, 'Changing Economic Openness for Environmental Policy Convergence: When Can Bilateral Trade Agreements Induce Convergence of Environmental Regulation?' (2009) 53 *International Studies Quarterly* 931–953.

Figure 1.1 displays the global coverage of our sample of 142 WTO members and clusters IFI scores in five color groups, based on the first to fifth quintiles of the sample. Thereby, countries displayed in red are among the lowest-scoring 20 percent in our sample and have a score lower than 0.63, while countries displayed in green are among the highest-scoring 20 percent and have a score equal to or above 1.32. Some regions are less well covered in the IFI, including Northern and Eastern Africa, Eastern Europe, Western Asia, and South America, mainly due to poor data availability.[15] According to World Bank classification, the IFI covers fifty-one high-income countries, seventy-four upper- and lower-middle-income countries, and seventeen low-income countries.[16] Moreover, all OECD members, all EU members, and the more than 110 participants of the IFD Agreement are covered.[17]

By broadly capturing countries from all income groups and regions, the IFI enables a comprehensive assessment of the domestic adoption of investment facilitation measures across the globe, accounting for 98.2 percent of the global inward FDI stock and 97.6 percent of the global inward FDI flows in 2019, at pre-pandemic levels.[18] Moreover, due to its granularity, it provides the foundation for analyzing specific facilitation hurdles in investment procedures of a given country.

Using the IFI to quantify the adoption of investment facilitation measures at the national level reveals that there is a significant variation among countries, as well as within regional- and income-level subsamples. Across all countries covered, scores range between 0.22 for the Central African Republic and 1.76 for Korea, while 50 percent of the countries covered have a score of 1.04 or higher. Besides Korea, other top scoring countries include the United Kingdom (1.74), the United States

[15] The IFI covers forty-one countries from Europe and Central Asia, thirty-four countries from Sub-Saharan Africa, twenty-five countries from Latin America and the Caribbean, twenty-two countries from East Asia and the Pacific, twelve countries from the Middle East and North Africa, six from South Asia and two from North America.

[16] The World Bank classifies a country as a low-income country if GNI per capita is below US$1,085, as lower-middle income country if GNI per capita is between US$1,086 and US$4,255, as upper-middle income country if GNI per capita is between US$4,256 and US$13,205 and as high income country if GNI per capita is above US$13,205, see online at: https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups (last accessed 13 June 2023).

[17] For a list of all participants, see online at: www.wto.org/english/tratop_e/invfac_public_e/invfac_e.htm#participation (last accessed 13 June 2023).

[18] According to UNCTAD FDI data, taken from: https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=96740 (last accessed 13 June 2023).

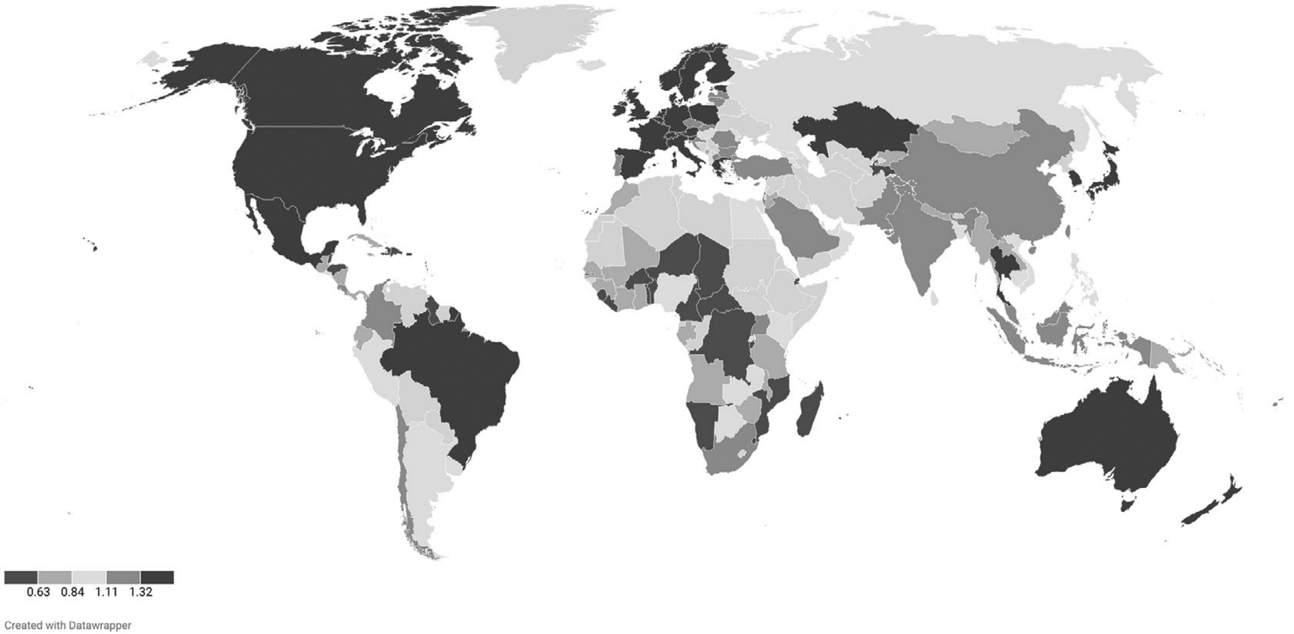

Figure 1.1 Global IFI I coverage and country scores.

Note: Overall score ranges between 0 and 2; color scale features five bins based on the first to fifth quintiles of the distribution of global IFI scores.

Source: Authors based on the IFI. Created with Datawrapper.

(1.66), Japan (1.65), and the Netherlands (1.64), while among the lowest-scoring countries are also Djibouti (0.23), Liberia (0.27), Chad (0.27), and Eswatini (0.38).

Another important observation is that the overall level of adoption of the 101 individual measures included in the IFI for all countries is only 49 percent, which highlights the high potential for improvements.[19] However, while high-income countries have adopted over 64 percent of the included measures, low-income countries have adopted only 29 percent.

To further illustrate this high variation, Figure 1.2 exhibits the distribution of the IFI across income groups and regions. The top row splits the sample into four income groups, while the bottom row displays the distribution of IFI scores across seven regional subsamples, according to the classification used by the World Bank. The comparison of income group samples indicates that a higher income level is, on average, associated with a higher IFI score. Median scores for low-, lower-middle-, upper-middle-, and high-income countries are 0.56, 0.76, 0.99, and 1.31, respectively, as indicated by the horizontal bar within the boxplots.

However, we observe notable outliers in each group featuring significantly higher (and lower) adoption levels regarding their domestic investment facilitation measures compared to the average country within their respective group. Moreover, the countries with the highest adoption levels in the low-income group score even higher than many low-performing countries in the high-income group. For the low-income group, scores range between 0.22 for the Central African Republic and 1.12 for Uganda, which, along with Rwanda, scoring 0.99, holds the highest score in this income group. These two countries thereby score higher values than 50 percent of the middle-income countries – which taken together feature a median score of 0.83 – and the lowest-performing high-income countries, for example, Antigua and Barbuda, Barbados, and Brunei, which denote scores of 0.54, 0.61, and 0.81, respectively.

Regarding regional distributions of IFI scores, countries in Sub-Saharan Africa (SSA) hold, on average, the lowest scores, with a median score of 0.66, displaying most of the lowest scores in our sample in this region. Nevertheless, the region also exhibits one of the greatest spreads between top and bottom scores (0.22 for the Central African Republic and 1.12 for Uganda) among the regional subsamples. On average, low

[19] The overall level of adoption is calculated as the quotient of the total number of measures which are fully or partially adopted (score is neither missing nor 0) and the total number of measures in the sample, which amounts to $142 \times 101 = 14342$.

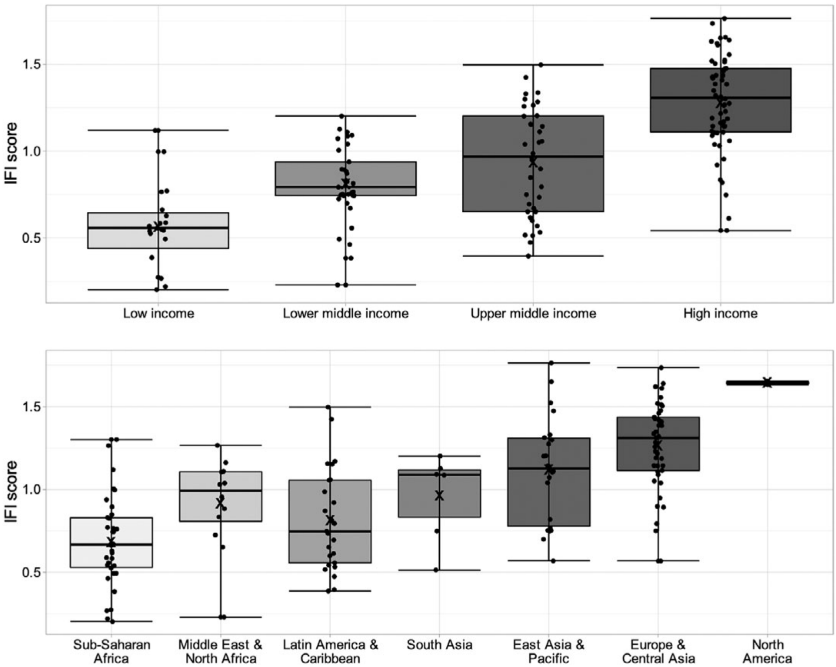

Figure 1.2 Distribution of IFI scores by income group and region.
Note: Whiskers indicate min/max values, boxes show first to third quartiles, and horizontal bar represents the median, while x marks the average for a respective group.
Source: Authors based on the IFI, income groups, and regions according to the World Bank.

scores in SSA can be linked to low income levels and, more specifically, to low levels of administrative capacity and regulatory quality. However, income levels and related administrative capacities only partly explain the high differences in SSA. In addition, factors such as high-level political support for investment policy reforms may play an important role in explaining the good performance of some countries. Furthermore, the high spread of IFI scores in SSA call for special efforts to foster peer learning and best practice sharing among African countries. Here, the regional economic communities, and especially the African Continental Free Trade Area (AfCFTA), can play an important role.[20]

[20] For a discussion of the complementarity of the IFD Agreement and the AfCFTA Investment Protocol, see online at: https://intracen.org/sites/default/files/inline-files/IFpercent20Africapercent20RTpercent20report.pdf (last accessed 13 June 2023).

The region of Latin America and the Caribbean feature a slightly higher median value of 0.74 and a divergence between the regional top and bottom scores comparable to SSA, although slightly shifted upward. While the economic powerhouses of Latin America, that is, Mexico with a score of 1.49 and Brazil with a score of 1.42, are notable outliers, the region overall features, on average, rather low scores and a range between the 25th and 75th percentiles somewhat broader than SSA (0.56–1.06 compared to 0.53–0.83 for SSA), indicating a greater spread in the magnitude of mid-range scores. The lowest-scoring countries in this region are Haiti (0.39), Guyana (0.4), and Dominica (0.47). The aforementioned best performers in the region, notably Mexico and Brazil, not only have extensive experience with domestic investment facilitation reforms but also participate in international negotiations to advance such reforms, for example, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) or the Unites States–Mexico–Canada Agreement (USMCA) in the case of Mexico or the various Agreements on Cooperation and Facilitation of Investments (ACFI)[21] negotiated by Brazil.

The region of Middle East and North Africa (MENA) exhibits, on average, slightly higher scores than the regions of SSA and Latin America and the Caribbean, with an interquartile range from 0.81 to 1.11 and a median value of 0.99. The lowest scores in this region are allocated to Djibouti (0.23), Jordan (0.65), and Morocco (0.73), while top scoring countries are Israel (1.27), Saudi Arabia (1.16), and the United Arab Emirates (1.11).

The six countries from South Asia included in our sample have a median score of 1.09, slightly higher than that for the MENA region. Notably, while India (1.2), Pakistan (1.13), Sri Lanka (1.09), and Bangladesh (1.09) have very similar scores, Nepal and the Maldives appear as outliers, with much lower scores of 0.75 and 0.51, respectively.

For East Asia and the Pacific region, we observe again a high divergence in scores, with a high median of 1.12, also driven by aforementioned notable top scoring outliers, such as Korea (1.76) and Japan (1.65) along with Australia (1.53) and New Zealand (1.47). The lowest scores in this region are observed in Samoa (0.57), Papua New Guinea (0.7), and Laos (0.73). The region has made investment facilitation to a topic in several regional fora and associations, for example, with the ASEAN

[21] D. Wei and H. Ning, 'Brazilian CIFAs: A Policy Shift from Investment Protection and Liberalization to Investment Facilitation' (2022) 19 *Manchester Journal of International Economic Law* 65–78. See also chapters of Sanches-Ratton and Mishra in this book.

Investment Facilitation Framework[22] and the APEC Investment Facilitation Action Plan.[23] The cross-border initiatives focusing on sharing of best practices and cooperation may be one explanation why the average score in the East Asia and Pacific region is relatively high. Further efforts, however, to reduce the differences between best and worst performers are warranted.

Europe and Central Asia as a region feature the narrowest interquartile range across all regions – when taking aside North America, which only consists of two highly integrated high-income countries, the United States (1.65) and Canada (1.63). Thus, Europe and Central Asia exhibit the mid-range scores with the lowest variation in magnitude. This can be, at least partly, attributed to the policy convergence among members of the EU and between the EU and potential accession and partner countries. Notable low-performing outliers for Europe and Central Asia are Tajikistan (0.57), Montenegro (0.75), and the Kyrgyz Republic (0.79), while the best performing countries are the United Kingdom (1.74), the Netherlands (1.64), and Germany (1.62).

In sum, we observe significant variations within the respective regional grouping, which is not sufficiently explained by income levels serving as an indicator of the financial power of a government to implement investment facilitation reforms.[24] In addition, the reform mindedness of the higher echelons of government or regional and international cooperation may be further explanations.[25]

The granularity of the IFI data allows us to further analyze the specific characteristics of different investment regimes on the level of six different policy areas as well as on the level of individual investment facilitation measures. This enables us to identify the actual regulatory dimension and

[22] See online at: https://asean.org/wp-content/uploads/2021/11/ASEAN-Investment-Facilitation-Framework-AIFF-Final-Text.pdf (last accessed 13 June 2023).

[23] For an overview of the APEC Investment Facilitation Action Plan, see online at: www.apec.org/docs/default-source/Press/Features/2009/09_cti_ieg_IFAP.pdf (last accessed 13 June 2023).

[24] In addition to financial capacity, the administrative capacity to implement the reforms may offer an additional explanation for variations in investment facilitation reforms. Plotting the IFI score against the World Banks' Worldwide Governance Indicators' regulatory quality index, however, reveals that income groups especially in the mid-income range, show a high divergence in IFI scores for countries featuring roughly the same regulatory quality.

[25] Berger et al., *The* Updated *Investment Facilitation Index* discuss the determinants of a given country's IFI score in more detail and provide a comprehensive analysis that is beyond the scope of this chapter.

even specific measures that display the highest adoption gaps and thereby should be the focus of technical assistance and capacity building efforts. The remainder of this chapter will introduce the six policy areas and evaluate the level of adoption across countries and measures within each area.

1.3 Adoption Levels across Policy Areas

Investment facilitation covers different aspects of domestic investment frameworks such as transparency and predictability of laws and regulations, streamlined procedures related to foreign investors, and enhanced coordination and cooperation between stakeholders. These differences are captured by the IFI, consisting of six policy areas, which contain conceptually related measures revolving around key aspects of a favorable national investment environment:

- Regulatory transparency and predictability,
- Electronic governance,
- Focal point and review,
- Application process,
- Cooperation,
- Responsible business conduct and anti-corruption.

Given the previously outlined high variation of IFI scores among different regions and income groups, we now further exploit the granularity of the IFI to observe the domestic adoption of investment facilitation measures at the level of policy areas. Figure 1.3 provides six histograms displaying the distribution of the percentage countries achieve out of the maximum possible score within a given policy area. The more the mass of the histogram is tilted to the right, the higher the number of countries that achieve a high percentage of the maximum possible score, while concentration of the mass (higher bars) at the left of the distribution indicates a higher number of countries with low adoption levels. The distributions therefore provide insights on whether there are, on average, high or low adoption levels among countries and whether there are certain clusters of countries featuring higher or lower adoption rates than the majority of countries, lending evidence on the policy areas that might drive the high variation in scores observed so far.

The typical distribution resembles a bell shape, with most countries' scores centering around 50 percent of the total score within a policy area, while there are fewer countries with either very high or very low adoption

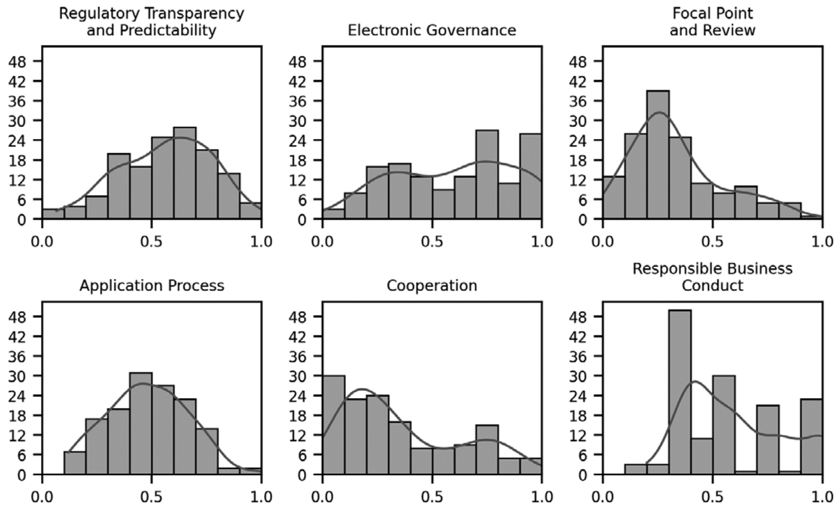

Figure 1.3 Distribution of adoption levels across policy areas.
Note: Histograms display the distribution of percental score of countries in a given policy area. Bin width is 10 percent, for example, for the area responsible business conduct, there are fifty countries that achieve between 30 and 40 percent of the total achievable score in this area.
Source: Authors based on the IFI.

rates. This is the case for the two policy areas of regulatory transparency and predictability and application process.

Measures related to regulatory transparency and predictability are overall well adopted across all countries in the sample, with a median adoption of 59 percent compared to 45 percent for the area application process. While for the latter area, we cannot identify clusters of countries with higher or lower than average scores, the distribution of the former area displays a group of countries achieving less than the average country in this area, namely, only 30–40 percent of the score, which contains twenty countries, out of which ten are low- and lower-middle-income countries from SSA.[26]

The remaining policy areas deviate from this pattern. We document sixty-three countries with high adoption levels of above 70 percent in the

[26] This group contains twenty countries, in ascending order of their percental score in the area: Samoa, Madagascar, Jordan, Guinea, Grenada, Dominica, Côte d'Ivoire, Angola, Maldives, Congo, Antigua and Barbuda, the Gambia, Namibia, Honduras, Myanmar, Mali, Burundi, Oman, Burkina Faso, and Barbados.

area of electronic governance,[27] with the highest median percental score of 64 percent. However, there is a cluster of countries with lower than average adoption levels, as indicated by the smaller hump on the left of the histogram containing countries featuring only between 20 and 40 percent of the possible score in this area. This group contains thirty-three countries, out of which nineteen are low- and lower-middle-income countries, and of those, eleven are located in SSA, while another nine are upper-middle- and high-income countries from Latin America and the Caribbean.[28]

The area of responsible business conduct and anti-corruption also features a high median percental score of 60 percent of the possible maximum, with fifty countries featuring adoption levels of 30–40 percent, while eighty-five countries achieving 50 percent or more of the maximum score in this area, out of which forty-five countries achieve 70 percent or more. The group of high scoring countries consists mostly of EU and North American countries, while the group of low scoring countries contains especially many countries from SSA, South Asia, and East Asia, which especially for the latter region is rather exceptional, being usually among the better performing regional groupings.

The areas of focal point and review as well as cooperation feature low levels of adoption and cluster at the left of the distribution, with median percental scores of 28 and 27 percent, respectively, being the lowest across all policy areas. We document that in the area focal point and review, 103 countries – more than two-thirds of our sample – have scores lower than 40 percent of the achievable maximum in this area. For the area cooperation, we observe similar low average adoption levels, with ninety-three countries achieving less than 40 percent of the possible score. However, there is a small group of countries featuring higher levels

[27] Twenty-five countries or regions score more than 90 percent of the possible score in this area, in ascending order: Saudi Arabia, United Arab Emirates, Kuwait, Uganda, Bangladesh, Kazakhstan, Fiji, Hong Kong SAR, the Netherlands, United Kingdom, Japan, Malaysia, North Macedonia, France, Oman, Sri Lanka, Israel, India, Chinese Taipei, Mauritius, Thailand, Finland, Luxembourg, Mexico, and the United States.

[28] The group of thirty-three countries achieving between 20 and 40 percent in this area consists of, in ascending order: Tajikistan, Grenada, Antigua and Barbuda, the Gambia, Honduras, Haiti, Togo, Namibia, Burkina Faso, Guinea, Jamaica, the Dominican Republic, Malta, Kyrgyz Republic, Russia, Montenegro, Cameroon, Mozambique, Congo, Senegal, Papua New Guinea, Ecuador, Morocco, Laos, Niger, Egypt, Guatemala, Kenya, Benin, Barbados, Cuba, Georgia, and Peru.

of adoption, consisting of high-income countries from the EU and North America.[29]

Although we have already illustrated that income level is not an ultimate predictor of the adoption level, it provides a natural starting point for an overarching analysis of the domestic adoption level by policy area among different groups, as negotiations in different fora format around motivations determined by the level of development in a given country. We therefore want to further explore whether the divergence in scores by policy area displayed by Figure 1.3 is related to income levels.

The radar chart in Figure 1.4 depicts the percentage of the cumulated maximum score[30] achieved by a given income group in each of the aforementioned policy areas. It thereby captures the ratio of the total score achieved by all countries within a given income group out of the maximum possible score. This allows for an assessment of both the adoption level and the resulting gap of adoption in the respective area.

The level of adoption for a given income group differs across policy areas. In general, for high-income countries, the percentage of the maximum score achieved (and thereby its contribution to the total score) is more evenly distributed across the policy areas than for the low- and middle-income countries. Expressed as the ratio of the score of high-income countries, low-income countries reach 55 percent of the achievements of high-income countries in the area of application process, 54 percent in the area of responsible business conduct and anti-corruption, 48 percent in the areas of regulatory transparency and predictability, and 47 percent in the area of electronic governance.

Significantly lower scores, relatively speaking, are depicted in the policy areas of focal point and review and cooperation, where for the latter, a key variation is observable as low-income as well as lower- and upper-middle income countries have the lowest scores among all six policy areas. In high-income countries, in contrast, the policy area cooperation receives a relatively high score, and the gap to the other country groups is the highest, as low-income countries achieve only 23 percent of the scores high-income countries achieve. A similar

[29] Twenty-four countries achieve more than 70 percent of the score in this area, in ascending order: Canada, Latvia, Czechia, Spain, Portugal, Switzerland, Sweden, Estonia, Germany, Romania, Poland, Austria, France, Australia, Ireland, Slovakia, Denmark, Finland, Luxembourg, Italy, the Netherlands, the United States, and the United Kingdom.

[30] See note beneath Figure 1.4 for a description of how to derive the percentage of the cumulated maximal score per policy area and income group.

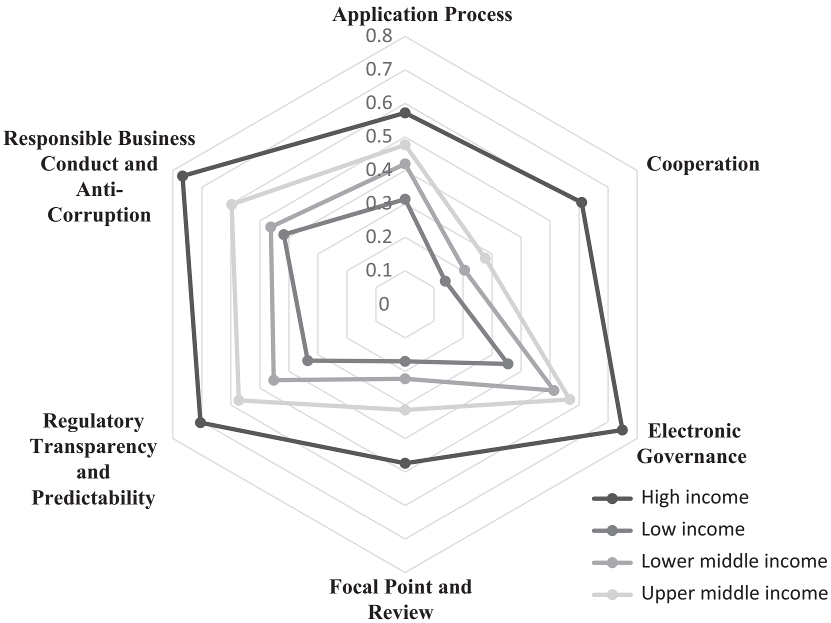

Figure 1.4 Percentage of cumulated maximal score per policy area by income group.
Note: The cumulated maximal score is calculated by multiplying the maximal score achievable in a given area by the number of countries contained in a given income group. The percentage of the cumulated maximal score of a given income group is then calculated as the fraction of the sum of the achieved score of all countries contained in a respective income group over the cumulated maximal score for a policy area.
Source: Authors based on the IFI.

divergence in scores between low- and high-income countries is observed in the area of focal point and review, where low-income countries achieve only 36 percent of the scores of high-income countries.

These important observations have two interrelated implications: First, the relative contribution of a policy area to a country's total score varies significantly depending on the income level of a country (especially between high- and low-income countries), and second, the differences in the contributions of certain policy areas vary depending on the policy area. Especially striking is the low performance of low- and middle-income countries in the area of cooperation where upfront (financial and administrative) costs to implement investment facilitations are probably lower than those in other more technically demanding policy areas. We have identified peer learning and best practice sharing as important means to help countries implement investment facilitation reforms and thus lower the gaps to the best performers.[31] Investing in stronger cooperation, especially among developing countries, is thus an important area of support for investment facilitation that may lead to subsequent improvements in other policy areas. One way to foster such a cooperation may be the negotiation and application of international investment facilitation agreements.

1.4 Digging Deeper: Adoption of Individual Investment Facilitation Measures

In order to see where exactly adoption gaps are the greatest and which measures are actually not adopted, we will now dig deeper into the six policy areas and discuss the adoption[32] of individual investment facilitation measures. The discussion of each area will start with an introduction of the conceptual scope and list the most and least adopted measures contained.

1.4.1 Regulatory Transparency and Predictability

Measures in this area aim to provide a full, clear, and up-to-date picture of the investment regime, including in-advance notification of proposed changes and the promotion of legislative simplification, for example, plain legal language drafting. The investment facilitation concept puts a strong focus on improving transparency. This encompasses, for example, the publication (preferably online and through a single-window mechanism) of laws, regulations, judicial decisions, and administrative rulings; the setting up of a centralized registry of laws and regulations and special enquiry points; and the provision of advance notice of proposed changes to laws and regulations. In addition, it includes proposals for setting up a requirement that interested parties be provided with an opportunity to

[31] See also A. Berger, A. M. Bolmer and Z. Olekseyuk, *Implementing an Investment Facilitation for Development Agreement: How to Self-Assess Implementation Gaps and Technical Assistance Needs* (Geneva: International Trade Centre, 2022), online at: https://intracen.org/media/file/12954 (last accessed 13 June 2023).

[32] Adoption is defined as the sum of countries which have either partially or fully adopted a respective measure. The IFI allows for certain measures for a distinction between partial and full adoption, e.g., for the publication of an investment guidebook, the IFI denotes a score of 1 to the individual measure when the country does publish such a guidebook, while a score of 2 is allocated to the measure if the country does publish the guidebook through its single-window mechanism. For a detailed list of all measures contained in the IFI and their respective coding, see Berger et al., *The* Updated *Investment Facilitation Index*.

Table 1.1 *The five most and least adopted measures in the area regulatory transparency and predictability*

Description	No. of countries
Most adopted measures	
Publication of information and procedures on laws, regulations, and procedures affecting investment	137
Establishment of enquiry points	135
Laws and regulations are available in one of the WTO official languages	131
Publication of the information on competent authorities including contact details	131
Publication of investment guidebook	123
Least adopted measures	
Publication of judicial decision on investment matters	12
Notification to the WTO of enquiry/focal/contact points	16
Adequate time period between publication and entry into force of new or amended investment-related laws and regulations	24
Adequate time period between publication and entry into force of new or amended fees and charges	41
Insurance and guarantees: Home country provides investment insurance and guarantees	44

Note: The data set contains 142 countries. The number of countries having adopted a given measure consists of the sum of countries having either partially or fully adopted the measure. See footnote 35 for an example.
Source: Authors based on the IFI.

comment on draft investment laws and regulations prior to their adoption. Regulatory transparency and predictability are the most important policy areas according to the survey of experts, allocating a weight of 23 percent of the maximum score of the total index to the 23 measures. Countries score from 7 percent (Central African Republic) to 96 percent (Korea and the United States) of the possible maximum score in the area.

According to our results, almost all countries (137 out of 142) make information and procedures on laws, regulations, and procedures affecting investment available online. Moreover, almost all countries (131) make laws and regulations available in one of the official WTO languages. Looking into what investment-related information is published by countries, we document that 131 countries publish information on their competent authorities including their contact details, 123 publish investment guidebooks, and 116 countries publish information on investment incentives, subsidies, or tax breaks. Most countries also already publish information on procedural rules for appeal and review (109); lists or catalogues indicating which sectors are allowed, restricted, or prohibited for foreign investment (107); and information on fees and charges (104).

Fewer countries publish international agreements pertaining to foreign direct investment (85), make information available on the purpose and rationale of laws and regulations (81), or publish the time frames required to process applications related to any specific investment decision (66), and only twelve countries[33] actually publish judicial decisions on investment-related matters, which is the least adopted measure in this policy area.

Additional to the mere publication of information, this policy area also contains a measure related to the establishment of enquiry points, which has been done by 135 countries and is often represented by a similar website to that for investment promotion and operated under the responsibility of domestic investment promotion agencies. Other important measures include the protection of personal information, where we document adequate regulations for 104 countries; the publication of draft investment regulations and the ability of interested parties to comment on them, which is made possible by ninety-one countries; and the adequacy of time periods between the publication of fees and charges or relevant investment-related laws and regulations and their entry into force, which is the case for only forty-one and twenty-four countries, respectively.[34]

The last set of measures concern notifications to the WTO, which are also prominently featured among the least adopted measures in this area, as they will only become a binding obligation in the nascent IFD Agreement. Only seventy-three countries notify the WTO on relevant information such as their competent authorities, only sixty-eight do notify about a website where relevant information is made publicly

[33] We could only verify this for Australia, Canada, Denmark, Estonia, Fiji, Germany, Kenya, Mexico, Montenegro, Peru, Sweden, and the United States.

[34] The IFI rates the adequacy of such time periods as either partially of fully provided, where the former is given in the case of time periods between twenty and thirty days (which we document for three countries regarding the publication of laws and regulation and for six countries regarding fees and charges, respectively) while the latter is given in case of time periods of above thirty days between publication and entry into force.

available, only sixty-one notify about relevant laws and regulations, and only sixteen notify on their enquiry, focal, or contact points.

1.4.2 Electronic Governance

The area of electronic governance entails measures related to the use of information and communication technology (ICT) and the establishment of single-window mechanisms that enable to submit all investment-related documents in one place. The use of new technologies to improve information, application, approval processes, and the establishment of a single window are other core concepts of investment facilitation. This area is second most important, according to the expert survey, and the fourteen measures contained make up 18.7 percent of the maximum IFI score of a country. Countries or regions in our sample score between 0 percent (Central African Republic) and 100 percent (the United States, India, Israel, Sri Lanka, Finland, Luxembourg, Mauritius, Mexico, Chinese Taipei, Thailand, and Oman) of the possible maximum score.

The IFI documents that almost all countries (137 out of 142) in the sample have a national investment website,[35] albeit only 105 countries use the website to publish a minimal set of relevant information (licensing requirements, fees, charges, screening, and approval), and competent authorities across our sample (133) make use of electronic tools for exchanging information with investors.

Looking into which electronic tools and means of ICT are already employed, we find that 122 countries have laws and regulations that provide an electronic signature with the legal validity equivalent to handwritten signatures and 104 countries accept copies of documents, although the originals may need to be presented upon request. Moreover, 101 countries make available an online business registration system and eighty-six countries make an online tax registration and declaration available to nonresident foreign investors. However, only seventy-five countries have established electronic payment systems for investors in order to pay all fees, charges, and taxes associated with the admission, establishment, maintenance, acquisition, and expansion of investment,

[35] Only five countries do not have a dedicated online presence on investment (Central African Republic, Djibouti, Dominican Republic, Malta, and the United Arab Emirates) while 32 of the 137 countries hosting an investment website do not make available a set of relevant information (including information on fees and charges, screening, and approval) in one of the official WTO languages.

Table 1.2 *The five most and least adopted measures in the area electronic governance*

Description	No. of countries
Most adopted measures	
Establishment of a national investment website for information purpose	137
Use of electronic tools (including email or social media applications) by the competent authorities for exchanging information with investors	133
Laws or regulations provide electronic signature with the equivalent legal validity as handwritten signature	122
Copies of documents accepted	104
Availability of online business registration system	101
Least adopted measures	
Single window: Is it possible to pay all fees corresponding to the mandatory registrations?	51
Single window: Is it possible to submit all documents necessary for investment applications simultaneously (e.g., business registry, national, and/or state/municipal tax identification number, social security, pension schemes)?	51
Single window: updating information	54
Single window: availability of a national investment portal (or single window) for the submission and/or processing of applications online	62
The ability to track the status of an application online	75

Note: The data set contains 142 countries. The number of countries having adopted a given measure consists of the sum of countries having either partially or fully adopted the measure. See footnote 35 for an example.
Source: Authors based on the IFI.

and with a similar low adoption, another seventy-five countries in the sample provide investors with the ability to track the status of their application online.

Besides the general usage of ICT means, the area electronic governance also measures which features of a single-window mechanism a given country has in place. The one-stop shop or single-window system that uses ICT as a means to support investors is often considered as the best solution to reduce the time and effort required in obtaining regulatory clearances and licenses from governmental agencies in a host country. Such systems enable foreign investors to seek information from and submit all regulatory documents to a single office. This institutional arrangement also deals with the processing of applications and keeps the investor informed about legal and regulatory matters.

The least adopted measures in this area revolve around the establishment of a single window and its functionalities. Eighty-six countries in our sample have established the most basic function of a single window, as the website provides phone or online contacts for complaints related to mandatory registrations. Another eighty-three countries also make it possible to receive the business registration certificates online (e.g., certificate number or PDF). However, only sixty-two countries make online applications possible via their single window. More precisely, only thirty-eight of these sixty-two countries are fully supported by information technology, and both accept and process applications online/in an electronic form, while the remaining twenty-four single-window mechanisms refer to the relevant authorities for the processing of submissions. We also observe that only fifty-one countries allow to submit all mandatory registrations simultaneously (e.g., business registry, tax identification number, social security, and pension schemes). Another set of fifty-one countries grants the possibility of paying all fees corresponding to the mandatory registrations through the single window. Interestingly, we could document only for fifty-four countries that they update the information on the single-window website on a regular basis.

1.4.3 Focal Point and Review

The area focal point and review aims at providing mechanisms to improve relations or facilitate contacts between host governments and relevant stakeholders, receiving complaints from investors, and/or helping them to solve difficulties or to carry out policy advocacy. It also contains measures to identify and address problems encountered by investors. This area thereby measures the extent to which a country engages in information sharing with investors and other relevant stakeholders and has mechanisms in place to feed back the insights of such exchange into policy formulation. This policy area consists of twenty-three measures, making up 18 percent of the total possible score, and countries are scored from 0 percent (Chad) to 89 percent (Korea).

Notably, there is a small number of measures that are adopted by almost all countries: the availability of independent or higher-level administrative and/or judicial appeal procedures, adopted across the

Table 1.3 *The five most and least adopted measures in the area focal point and review*

Description	No. of countries
Most adopted measures	
Independent or higher-level administrative and/or judicial appeal procedures available	135
Opportunity to support or defend respective positions in judicial review	128
Judicial review decision based on the evidence and arguments	127
Timeliness of the appeal decision – avoidance of undue delays	102
Timeliness of the appeal mechanism – time available for lodging and appeal	100
Least adopted measures	
Focal point: Focal point urges and/or inspects the implementation of the solutions for foreign investment complaints	4
Focal point: Focal point holds frequent meetings with foreign-invested companies and relevant government officials to mitigate conflicts and facilitate their resolutions	6
Focal point: operation of the single window	6
Focal point: Focal point makes corrective recommendations and expression of opinions regarding illegal and unfair administrative measures	9
Dispute prevention mechanism in place	11

Note: The data set contains 142 countries. The number of countries having adopted a given measure consists of the sum of countries having either partially or fully adopted the measure. See footnote 35 for an example.
Source: Authors based on the IFI.

sample by 135 (out of 142) countries;[36] the opportunity to support or defend respective positions in judicial review, adopted by 128 countries; and the foundation of judicial review decision on evidence and

[36] Out of these 135 countries, 60 provide the possibility for an administrative appeal, while 75 additionally grant the possibility of a judicial appeal following, or independent of the administrative appeal. The seven countries for which we could not document such possibilities are Antigua and Barbuda, Cameroon, the Central African Republic, the Chad, Ghana, Jamaica, and Samoa.

arguments, adopted by 127 countries. These three measures exhibit the highest adoption rates among all measures in this area. We also document that 102 countries have mechanisms in place to avoid undue delays of appeal decisions and 100 countries make available adequate time for studying a contested decision and preparing an appeal.

However, only eighty-one countries establish and publish a time limit for deciding upon judicial appeals, and only forty-seven countries in our sample have domestic institutional arrangements in place that enhance communication and coordination among relevant authorities at different levels of government. The latter provision relates to one of the main obstacles of investment facilitation reforms in many low-income countries, as for the establishment of many facilitating measures, a whole of government approach is key.[37]

The bulk of measures featuring low adoption rates is completely made up of the measures revolving around the establishment of a focal point and its functions, which is one of the key instruments to support foreign investors. In particular, such mechanisms are expected to improve the communication between investors and governments. Their functions can include the clarification of doubts on investment policies and other regulatory issues, addressing complaints by investors, assisting investors in resolving government-related difficulties, and taking timely action to prevent, manage, and resolve disputes. According to our results, most countries in the database lack a fully functioning focal point or ombudsperson-type mechanism dedicated to investment-related issues. Among the covered countries, forty-two allow for the possibility to provide feedback to the focal point, while only forty countries have established a focal point that provides guidance concerning investment-related legislation, institutions, and processes. Only thirty-four countries established an ombudsperson-type mechanism for coordination and handling of foreign investment complaints, and among those with such a mechanism, only twenty-two provide alternative forms of dispute resolution. Furthermore, only twelve countries have established focal points that recommend to the competent authorities measures to improve the investment environment, only nine make corrective recommendations and expression of opinions regarding illegal and unfair administrative measures, and only six countries let their focal point operate through their single window.

[37] See also Berger, Bolmer and Olekseyuk, *Implementing an Investment Facilitation for Development Agreement*.

 https://doi.org/10.1017/9781009444095.004

Another measure featuring a similar low adoption rate evaluates whether a country has a dispute prevention mechanism in place that can help to manage grievances of investors about governmental conduct and thus reduce the risk of escalation of grievances into actual disputes, which is only the case for eleven countries. Across our sample, dispute prevention mechanisms are scarce and often not easily accessible. Some information can be found in administrative codes but almost never in a dedicated website. The scarcity of publicly available data for some countries points to the need for considerable improvements in this area.

1.4.4 Application Process

The policy area application process measures how well a country does establish clear criteria and transparent procedures for administrative decisions, including investment approval mechanisms and the reduction of the number and complexity of fees and charges. The area includes twenty-five measures that account for 17.6 percent of the total maximum score and countries are scored from 12 percent (Central African Republic, Guyana and Niger) to 92 percent (Korea) within the area.

We document that 125 (out of 142) countries do not request fees or charges for answering enquiries or providing forms and documents. Moreover, the notion of proportionality between fees and rendered services is quite clear in legislative texts, and the fees that sixty-one countries charge are commensurate with the administrative cost of services. Moreover, fifty-four countries do periodically review their fees and charges related to application processes. However, only nineteen out of those adapt them to changed circumstances.

Moreover, 114 countries do inform the applicant about their decision concerning an application, and 104 countries' competent authorities accept applications at any time throughout the year. Another ninety countries publish time frames associated with the processing of applications, while seventy-three countries provide the applicant with information concerning the status of the application.

However, only sixty-one countries inform the applicant in case the application is incomplete, only fifty-one of those provide an explanation why the application is considered incomplete, only thirty-one countries grant the opportunity to submit the information required to complete an application in that case, and only twenty-eight countries provide the opportunity to resubmit an application that was previously rejected. Lastly, forty-four countries undertake periodic reviews of investment regulations and documentation requirements.

Table 1.4 *The five most and least adopted measures in the area application process*

Description	No. of countries
Most adopted measures	
Movement of business persons: publication of information on current requirements for temporary entry of business visitors	129
Fees for answering enquiries and providing required forms and documents	125
Movement of business persons: multiple-entry visa for business visitors	125
Inform the applicant of the decision concerning an application	114
Competent authorities accept submission of an application at any time throughout the year	104
Least adopted measures	
Adopting a silent "yes" approach for administrative approvals	5
Provide the applicant with the opportunity to resubmit an application that was previously rejected	28
Provide the applicant with the opportunity to submit the information required to complete the application	35
Investment policies are supported by a risk management system allowing risks to be assessed through appropriate selectivity criteria	39
Periodic review of investment regulations and documentation requirements	44

Note: The data set contains 142 countries. The number of countries having adopted a given measure consists of the sum of countries having either partially or fully adopted the measure. See footnote 35 for an example.
Source: Authors based on the IFI.

Other highly adopted measures relate to the facilitation of the entry and sojourn of investment personnel. Our results suggest that 129 countries publish information on current requirements for temporary entry of business people and 125 countries in our sample issue multiple-entry visa for business people. Noteworthy, seventy-three countries process visa applications in electronic format, and sixty-eight countries provide possibilities for renewal or extension of the authorization for temporary stay. Moreover, on average, it takes ten days, requires eight documents, and costs US$97 to obtain a business visa among the countries in the sample.

The least adopted measure in this area evaluates the adoption of a silent "yes" approach for administrative approvals, meaning that the country has regulations or legislations in place that automatically lead to approval of applications in case the respective application is not answered or rejected within a given time period. Only five countries in our sample have such a mechanism in place, which are Albania, Austria, Denmark, Mexico, and Myanmar.

1.4.5 Cooperation

The area of cooperation measures how well a country makes use of international and regional initiatives aimed at building investment expertise, including information sharing. Furthermore, it measures whether a country provides an institutionalized mechanism to support domestic interagency coordination. This area comprises eleven measures, with a contribution to the total maximum score of 10.5 percent. Scores range from 0 (Djibouti, Sierra Leone, and Solomon Islands) to 95 percent (the United Kingdom). It features the highest divergence between low- and high-income countries, as the former, on average, only achieve 23 percent of the score of the high-income countries (see Figure 1.4).

The majority of the countries (129 out of 142) in the IFI are involved in cooperation with neighboring and third countries through accession to multilateral or regional agreements that feature investment promotion and facilitation provisions such as the USMCA, CPTPP, or the Regional Comprehensive Economic Partnership (RCEP). Additionally, 100 countries in the sample have regular programs to organize business–government networking events with partner countries.

However, despite the high number of countries accessing multilateral and/or regional conventions and initiatives on investment facilitation, many countries do not have any programs to exchange staff with partner countries (19) or to share best practices and information on investment facilitation (30). Furthermore, only thirty countries have already harmonized data requirements and documentary controls with neighboring countries, while seven have regulations underway in order to adopt such harmonization.

Furthermore, eighty-two countries' national legislation allows for cooperation, coordination, and exchange of information and mutual assistance with investment authorities, and of these, fifty-three actually have an explicit coordination strategy, led at a high political level, or the concerned countries belong to a customs union.

Table 1.5 *The five most frequently adopted and unadopted measures in the area of cooperation*

Description	No. of countries
Top adopted measures	
Accession to multilateral and/or regional investment promotion and facilitation conventions	129
Organization of business–government networking events	100
Cooperation and coordination of the activities of agencies involved in the management of investment, with a view to improving and facilitating investment	82
Regular consultation and effective dialogue with investors	68
Establishment of a domestic supplier database	47
Top unadopted measures	
Mechanism to support interagency coordination	19
Cooperation in exchange of information with respect to investment opportunities and information on domestic investors	27
Sharing of best practices and information on the facilitation of foreign direct investments	30
Exchange of staff and training programs at the international level (technical assistance)	32
Harmonization of data requirements and documentary controls	37

Note: The data set contains 142 countries. The number of countries having adopted a given measure consists of the sum of countries having either partially or fully adopted the measure. See footnote 35 for an example.
Source: Authors based on the IFI.

Only nineteen countries provide an institutional mechanism to support domestic interagency coordination, which is especially important since many governmental actors are involved in investment facilitation matters. The lack of such mechanism across our sample highlights that besides the potential for international cooperation, as outlined in the previous paragraph, there is also significant room for improving domestic cooperation.

Moreover, forty-seven countries have established, to some extent, a domestic supplier database, albeit only twenty-eight of those feature all relevant functions, such as free and public availability as well as the

Table 1.6 *The adoption of measures in the area responsible business conduct and anti-corruption*

Description	No. of countries
ILO ratification of fundamental conventions concerning freedom of association, forced labor, discrimination, and child labor	139
United Nations Convention against Corruption	139
United Nations Model Double Taxation Convention between developed and developing countries	83
Combating bribery of foreign public officials in international business transactions	44
UN guiding principles on business and human rights	30

Note: The data set contains 142 countries. The number of countries having adopted a given measure consists of the sum of countries having either partially or fully adopted the measure. See footnote 35 for an example.
Source: Authors based on the IFI.

ability to filter, for example, sectors or other criteria. Such databases are among the most anticipated investment facilitation measures regarding the proposed development impact, as an accessible and searchable domestic supplier database has the potential to help integrate domestic suppliers into regional and global value chains.

1.4.6 Responsible Business Conduct and Anti-Corruption

Finally, the area responsible business conduct and anti-corruption measures to which degree a country has ratified international conventions on labor and human rights and adopted corresponding measures related to fighting corruption and combating bribery of foreign public officials in international business transactions. Specifically, it also incorporates how many of the ILO's fundamental conventions concerning freedom of association, forced labor, discrimination, and child labor a country has ratified.

This area contains five measures, and countries or regions are scored between 20 percent (Brunei, Chinese Taipei, and Tanzania) and 100 percent (by twenty-two countries of the sample) of the possible maximum score. Although this area features, on average, high adoption levels, it is also worthwhile to note that the lowest scores across countries in this area appear in the regions of South Asia, East Asia, and SSA.

Among the five measures contained in the area, 139 countries[38] have ratified at least three and 123 countries have ratified at least seven of the eight fundamental ILO conventions concerning freedom of association, forced labor, discrimination, and child labor, while another 139[39] have adopted measures to prevent and fight corruption in accordance to the United Nations Convention against Corruption.

Moreover, eighty-three countries have adopted double taxation treaty measures similar to the OECD multilateral convention to implement tax treaty-related measures to prevent base erosion and profit shifting, forty-four countries have adopted measures to prevent and fight corruption in accordance to combating bribery of foreign public officials in international business transactions, and thirty countries have a national action plan to implement the UN Guiding Principles on Business and Human Rights.

1.5 Conclusion

In this chapter, we analyze the adoption of investment facilitation measures at the domestic level making use of the fine-grained IFI data set. Using these data, we are able to assess the currently prevailing extent and variation of domestic investment facilitation frameworks along six policy dimensions, providing empirical evidence for the identification of best practices and prioritization of reform efforts. Our analysis highlights three overarching insights:

First, there is a significant variation across the globe regarding the aggregate level to which domestic investment facilitation measures are adopted, which is partly explained by the overall development status of a country and the general level of administrative capacity and capability of sound policymaking, but differs also within comparable levels of income across countries. Moreover, we identify a significant variation in the

[38] The three countries or regions for which the IFI does not denote ratification of at least three of the eight fundamental conventions are Brunei, Chinese Taipei, and the United States. For Chinese Taipei we could neither verify nor neglect adherence to the conventions and therefore coded the answer as “NA”. For a list of all ratifying countries and the respective conventions, see online at: www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang–en/index.htm (last accessed 13 June 2023).

[39] The three countries or regions for which the IFI does not denote adoption are Barbados, Chinese Taipei, and Tanzania. For a list of all ratifying countries of the UN convention against corruption, see online at: www.unodc.org/unodc/en/corruption/ratification-status.html (last accessed 13 June 2023).

extent to which sound investment policies are already in place among regional groups of countries. Against this background, we argue that there is considerable room for regional and international initiatives fostering peer learning and sharing of best practices to bridge differences and exploit progress already made by regional peers and international partners.

Second, there are regulatory dimensions of investment facilitation regimes that are already well established, while other policy areas feature significantly lower adoption levels, which again differs for countries with different development levels. Our results suggest that measures related to electronic governance, the regulatory transparency, and predictability of investment-related laws and procedures, as well as the adoption of international conventions on responsible business conduct, are across all countries more often already in place than investment facilitating measures related to the application process, focal point, and the review of regulations and legislations or domestic as well as international cooperation. Divergence between high- and low-income countries is greatest in the areas of focal point and review as well as cooperation, two key areas of investment facilitation reform. Albeit, on average, low-income countries have also adopted only roughly half of the measures, high-income countries have measures in place in the remaining policy areas. Nevertheless, it is noteworthy that their capability to implement measures relating to the establishment and functionality of a focal point and the cooperation and coordination of domestic agencies and as well as with neighboring countries and within regional initiatives seems more limited.

Third, looking into the adoption of individual measures across countries reveals that measures most promising but equally most contesting in their implementation are still lacking comprehensive adoption. Such measures include the establishment of well-functioning single-window mechanisms, focal points enabled to help preventing investor–state disputes from escalating and feeding back insights from communication with investors to policymaking as well as institutionalized domestic interagency coordination.

Taken together, these insights highlight the challenges, especially for some low- and middle-income countries, to implement sound investment facilitation policies. These challenges relate to the income level, as a proxy for countries' financial resources, and to their administrative capacity to implement investment facilitation reforms. Thereby, the evidence put forward by the IFI, shedding light equally on the most promising areas for sharing experiences and the most important adoption gaps, highlights that agreements including a support structure for the implementation of investment facilitation reforms seem especially promising to promote investment facilitation. The IFD Agreement in the WTO, which establishes a structured process to identify technical assistance and capacity development needs[40] and foresees that high-income countries and other countries in the position to do so provide assistance to low- and middle-income countries to implement the investment facilitation provisions of the Agreement, thereby has high potential to catalyze important reforms for the expansion and retention of foreign and domestic investment highly needed in times of retreating private development financing volumes.

[40] See also Berger, Bolmer and Olekseyuk, *Implementing an Investment Facilitation for Development Agreement*.