



AIM Global IPA Perception Study 2023



Knowledge Partner



Table of Contents

S. No.	Content
I	<u>Executive Summary</u>
II	<u>Preface</u>
III	<u>Key Focus Areas of IPAs</u>
IV	<u>Regulatory Authority of IPAs</u>
V	<u>Communication & Outreach Activities</u>
VI	<u>Grievance Resolution Management by IPAs</u>
VII	<u>Key Issues Faced by IPAs</u>
VIII	<u>Appendix: Survey Methodology Profiles of Respondents</u>
IX	<u>Acknowledgments</u>

Executive Summary

The twin effects of the lingering global pandemic and the global commodities crisis have led to core economic issues worldwide, which have had significant impacts on global Foreign Direct Investments (FDIs) in the last several months. However, as the storm settles, Global FDIs are expected to regain their sheen and promote economic diversification, better-quality infrastructure, employment avenues, capital investments, technology transfer, and increased tax revenues for countries that are well prepared, resilient, and ready.

Some of the key risks such as commodity price increases, tightening of business regulations, geopolitical tensions and rising inflation have plagued the decision making of Investors in the last couple of years. Investor anxiety has the potential to curb capital investment projects and heighten competition between similar locations. The reputation and efficiency of an Investment Promotion Agency (IPA) can go a long way towards mitigating some of these risks.

IPAs are putting added efforts to provide an attractive image for a location and their approach to influence an investor decision, which may be as important as other factors such as infrastructure, labour and incentives. Also, IPAs will now need to be stronger than before in facilitating the process of investment and doing business; effective market intelligence gathering, building impactful communication strategy, solid lead generation campaigns, and dedicated aftercare programs.

This report, published by Annual Investment Meeting (AIM), in partnership with KPMG in India as the Knowledge Partner, attempts to capture IPAs and key institutions enabling investment facilitation, and measures perception around the ground realities of businesses and operating models to understand the levers of growth and the challenges faced by the IPAs. This report is a culmination of inputs received from global IPAs as part of a carefully designed digital survey based on the prevailing global trends and previous AIM surveys in the domain of Investment Promotion. Basis detailed analysis of the inputs received, this report provides an overview of the key trends, areas of immediate focus and investor aftercare.

The report includes the following key sections:

- Key Focus Areas
- Regulatory Authority
- Communication & Outreach Activities
- Grievance Resolution Key Issues

Key Focus Areas

The report observes that all IPAs surveyed offered aftercare services with over 90 percent of them catering to non-traditional services. The non-traditional services offered by the IPAs include Accountancy & legal services and Human resourcing & staffing services.

With the goal of engaging current and potential investors, IPAs are maintaining comprehensive databases. IPAs also tend to maintain a strong database of various domestic stakeholders tend to play an important role in the investment ecosystem.

Furthermore, IPAs are monitoring their performance by leveraging a well-defined set of KPIs. The KPIs largely focus on analyzing the IPA's ability to attract capital and create employment. Some IPAs are also pushing beyond the conventional KPIs by taking in account parameters such as Policy advocacy efforts and Business climate reforms facilitated.

Regulatory Authority

The report outlines the current state of regulatory capabilities of IPAs. IPAs are being positioned as a One-Stop-Shop for all investment needs, playing an important role in the investment facilitation ecosystems. Another key factor driving the introduction of the single window system is to promote ease of entry and doing business for investors.

Furthermore, another major parameter to understand an IPA's regulatory power is its ability to issue a license for investment, which is still not as prevalent with majority of IPAs not having this authority. However, developing nations are taking the lead on this front with a significant number of IPAs in these nations being afforded the ability to do so.

Communication & Outreach Activities

The report further identified that the IPAs are undertaking several initiatives to improve the communication & outreach activities. This includes organizing Annual Flagship events, wherein IPAs invite international business community and foreign investors to take part in events, webinars, with a focus on enhancing their visibility and reach among Global investor community, more and more IPAs are organizing such events. The adoption of digital channels has also gained significant traction, with a focus on grabbing the attention of potential investors, informing them of investment opportunities, upcoming events, and publishing success stories among others. Lastly, the adoption of CRM or Lead management system is increasing amongst IPAs with the demand for custom-made CRM software rising significantly.

Grievance Resolution

The report also analyses the Grievance Resolution trends impacting the IPAs. Grievance Management Systems are transitioning from "Good-to-have" to a "Must-have" with developing economies leading the charge. Digital interventions have increased significantly with more and more IPAs introducing online support / chatbots for investor queries and grievances. Furthermore, exhaustive SOPs are being developed while investments are being made in ensuring that the average time taken for grievance resolution is reduced.

Key Issues

The report dwells into the key gap areas that need to be addressed by IPAs globally. Digital interventions are a key concern and the need to enhance digital investments and engagements through real time usage of online portals is a key concern. Capacity building and skilling is another key concern, with introduction of training programs and hiring of employees with industry-specific technical and scientific knowledge being central to this challenge. Lastly, streamlining procedures and strategy is the need of the hour for effective and efficient operational capabilities.

Preface

Mr. Dawood Al Shezawi
President of Annual
Investment Meeting



It is with great privilege that I introduce the AIM Global IPA Perception Study 2023, highlighting how IPAs and other investment facilitation institutions have realigned their practices and activities with the current geography of foreign direct investment as shaped by today's most pressing global challenges.

New capital, revenue, knowledge, technology, and job opportunities have always been trumpeted as just a few of the specific advantages of international investment for many countries. This is why governments the world over often rely on investment promotion agencies to attract and retain foreign investors and to stimulate economic activity, while concurrently offering an equitable business environment and conducive investment climate.

The all too recent geopolitical tensions, technological disruptions, and the coronavirus pandemic, however, are but begetters of uncertainty and risk, thereby minimizing these investment benefits. IPAs, being at the forefront of business attraction and supply chain management, are thus required to be prepared and address such threats promptly.

Fortunately so, IPAs have been able to demonstrate their capability to support investors and governments during these difficult times. They, for one, have established stronger online presence and expanded aftercare services. This necessity to go digital, nevertheless, has yet again brought to light the wide gap between developed and developing countries, signifying that the latter still have opportunities to improve upon their communication channels.

Indeed, the enhanced role of IPAs as troubleshooters and business support institutions is likely to remain relevant post-pandemic.

Recognizing this, the Annual Investment Meeting is set to once again proffer itself as an important event for IPAs from around the world, not just to help in promoting their respective countries as investment destinations, but to enable them to learn from their peers and level up their competence in investment promotion and facilitation as well. It is now more than ever that AIM's inclusive platform proves to be essential for IPAs for them to navigate the challenges of the modern and ever-changing global economy.

I wish to give recognition to the invaluable efforts and insights of KPMG in India's team of experts that have paved the way for the creation of this report.

KPMG in India

Mr. Mohit Bhasin
Global Co-lead, Economic Growth, KPMG International

Partner and National Lead, Economic Growth, KPMG in India



While the World was beginning to bounce back and recover fully from the COVID-19 pandemic, the global geo-political issues have created ripples globally, disrupting cross border flows, supply chain operations and business expansion plans.

Amidst this state of economic chaos, with geo-political lines becoming blurrier by the day, the role of Investment Promotion Agencies (IPAs) is becoming central in attracting greenfield and brownfield investments in countries. These IPAs are now evolving to offer full-stack investment facilitation services, going beyond the traditional contours of being basic knowledge centres.

Digitalization lies at the heart of this transition, with IPAs increasingly adopting it in various shapes and forms across core strategic service areas to remain competitive. And interestingly, this trend is visible in developed and developing economies alike. The use of digital tools is not being limited to just marketing or investor targeting but being leveraged across the whole investment lifecycle by many IPAs. Further, the IPAs are moving beyond the conventional marketing approaches and carving out innovative means for attaining higher visibility at key global forums among investor community for brand building and promotion.

Nowadays, the IPAs are expected to not just attract investments, but attract 'quality investments' in their respective country. The IPAs are looking at greater number of economic and social parameters beyond job creation alone. And to facilitate this, greater decentralization of regulatory authority is being carried out from Governments to respective IPAs. Further, the IPAs are playing a more proactive role in shaping government policies and underlying

market fundamentals that impact the overall level and quality of foreign investments.

This report delves into various facets of the functioning of federal IPAs across developed and developing economies to understand the new trends that are emerging and how the role of IPAs is evolving faster than ever to not only remain competitive in their region but also adapt to the rapidly changing World order.

Pillar 1

Key Focus Areas

1.1 Type of Services Offered

With the goal of attracting potential investors and retaining existing investors, IPAs across the globe offer a wide array of services throughout the investment lifecycle. These services can range from ease of entry services to operational support to aftercare. Majority of IPAs across the globe are catering most of the traditional services outlined above, some of the IPAs have also ventured into non-traditional services such as Accountancy & legal services and Human resourcing & staffing services.

As shown in figure 1, **all the respondents are providing Aftercare services**. Most of them offer services such as Investment Incentive Advisory, Location advisory, and Entry Advisory (Visa Support etc.), with all the respondents from developing nations offering these services.

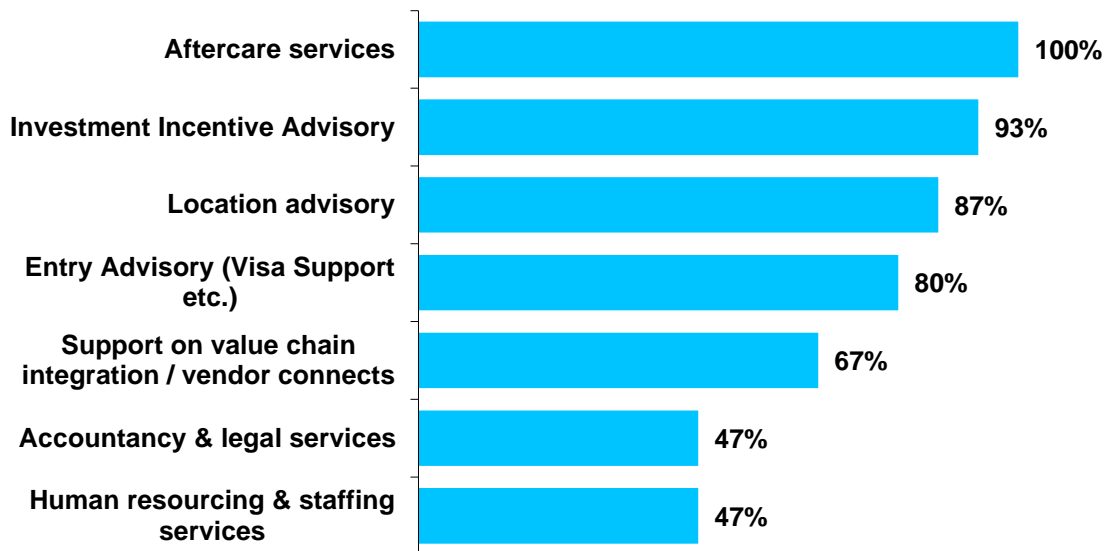


Figure 1: Type of Services offered by IPAs

1.2 Investor Databases Maintained

Maintaining and updating a dynamic database or investment leads is an important parameter in understanding and utilizing the existing and potential investor pool. IPAs leverage such databases to engage effectively with the investors (current and potential) through networking events, one on one interactions, newsletters and more.

Over 85 percent of the respondents maintain a comprehensive database of current and potential foreign investors, while 64 percent of them maintain database of Potential anchor investors as highlighted in the figure 2. Furthermore, IPAs across the globe also tend to maintain databases of local representatives, with nearly 64 percent of the respondents actively maintaining records of domestic investors or their supplier firms.

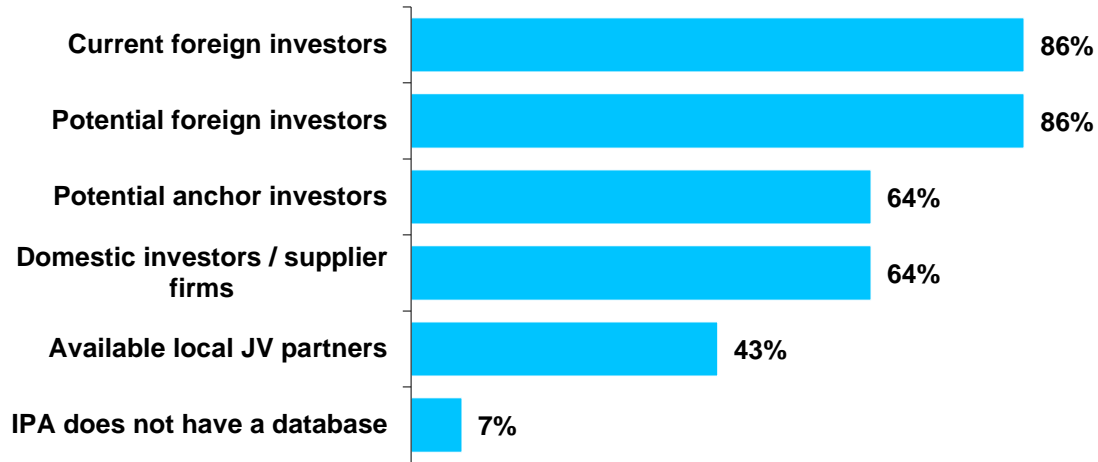


Figure 2: Type of Investor databases maintained by IPAs

1.3 Key Performance Indicators (KPIs)

IPAs are under an ever-increasing pressure to generate results with a focus on attracting capital and creating employment, measuring performance is becoming extremely important both from strategic and optics standpoints. A monitoring system based on well-defined KPIs is crucial in not only evaluating the performance of the IPA but also the investments.

Majority of the IPAs surveyed are analyzing their ability to attract capital through comprehensive KPIs focusing on the number new investments facilitated (100 percent), quantum of new investments facilitated (87 percent) and number of reinvestments/expansions facilitated (93 percent). The IPAs are also tracking the jobs created, with nearly 93 percent of the respondents actively tracking the announced and actual jobs created. Majority of the developing nations are also tracking parameters such as Policy advocacy efforts and Business climate reforms facilitated.

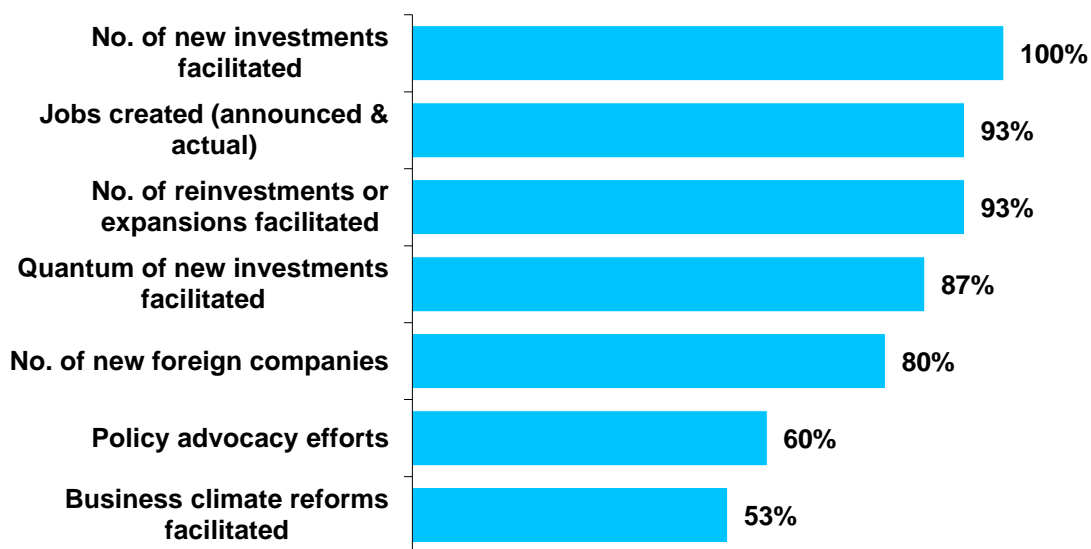


Figure 3: Key Performance Indicators adopted by IPAs

Key Takeaways

- Focus is on effective delivery of traditional services such as Aftercare, Investment Incentive Advisory, Entry Advisory (Visa Support etc.) and more while simultaneously building a portfolio of non-traditional services.
- Maintaining and updated an exhaustive investor database is a key priority of IPAs across the globe with majority of the databases focused on current and potential foreign investors. Some of the IPAs are also maintaining databases of key domestic stakeholders.
- Monitoring performance has gained significant traction, with IPAs monitoring their performance across two key parameters: attracting capital and creating employment. Furthermore, IPAs are also moving beyond the standard KPIs by analyzing their performance across non-conventional parameters such as Policy advocacy efforts and Business climate reforms facilitated

Pillar 2

Regulatory Authority

2.1 IPA as a Single Window

Acting as the One-Stop-Shop for all investors' needs is becoming a key differentiator for IPAs across the globe. Furthermore, being the Single Window for investments is an important showcase of the positioning of the IPA within the country. This represents the level of trust a country places in its IPA, as it empowers the agency to issue all the investment related clearances. Hence, with a focus on delivering all the relevant services in one place, enhancing the ease of entry, and doing business for investors, and empowering the IPAs, the Single Window System has gained significant traction globally.

As reflected in the figure 4, approximately 50 percent of the respondents act as a Single Window facilitator for all investors' needs. Nearly 60 percent of the respondents from developing nations have been empowered to address all investment related requirements and clearances.

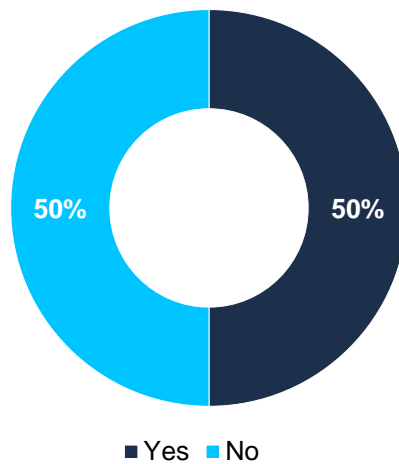


Figure 4: percentage of IPAs empowered to issue investment related clearances as a Single Window System

2.2 Authority to issue licenses to Foreign Investments

The ability to issue a license for foreign capital investment in any investment activity whether permanent or temporary is central to the regulatory authority of any IPA. The transition from various departments to one central agency is a trend prevalent in developing nations with many IPAs being afforded this authority, while in more mature economies this authority still lies with various departments.

As shown in the figure 5, less than half of the responding IPAs (43 percent) have been allocated this authority with developing nations taking the lead.

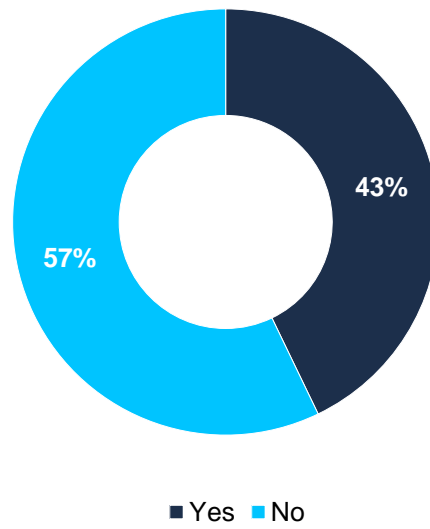


Figure 5: percentage of IPAs possessing authority for issuing licenses / permits to Foreign investments

Key Takeaways

- Adoption of Single Window system is on the rise across the globe. The IPAs are being positioned as a One-Stop-Shop for all investment needs. The agencies are gaining a central position in the investment ecosystems with majority of the responding nations adopting the system. The ease of entry and operations is another key trend that is being priorities through this initiative.
- The ability to issue a license for investment is still not as prevalent with majority of IPAs not having this authority. However, developing nations are taking the lead on this front with majority of respondents from developing nations being afforded the ability to do so.

Pillar 3

Communication & Outreach Activities

3.1 Conducting Annual Flagship Events

As part of communication and outreach initiatives, IPAs have started organizing annual Investment Promotion Flagship events, bringing together multitude of stakeholders ranging from CXOs of leading global companies, eminent speakers, National & International Partners, Policy makers & Government functionaries among others on a single platform to showcase the investment opportunities of their country at a Global level and chart out new frontiers to attract investments in their country.

As shown in figure 6, 67 percent of responding IPAs conduct Annual Investment Promotion Flagship events, while 33 percent of them do not.

Survey findings suggest that majority of the IPAs in developing economies and those in transition have started setting aside budgets for organizing such Flagship events / Business Forums, as IPAs believe that there is a significant value attached to conducting such events which bring streamlined and time bound approach to investment grounding and policy making.

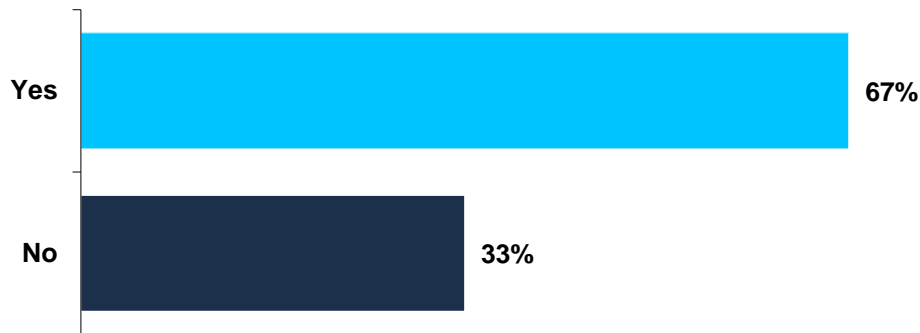


Figure 6: IPAs conducting annual Investment Promotion flagship event / conference

3.2 Using Social Media for Communication & Outreach

IPAs are now increasingly turning to Social Media Platforms such as LinkedIn, Facebook, Twitter etc. to carry out various activities under their ambit. Survey findings show that all of responding IPAs use Social Media for publishing key achievements / milestones, while 93 percent of them use Social Media for Advertising / sharing investment opportunities and promoting IPA's brand. Additionally, 86 percent of the responding IPAs use Social Media for gathering investor / market intelligence while approximately 80 percent of responding IPAs also use these platforms for identifying and recruiting staff.

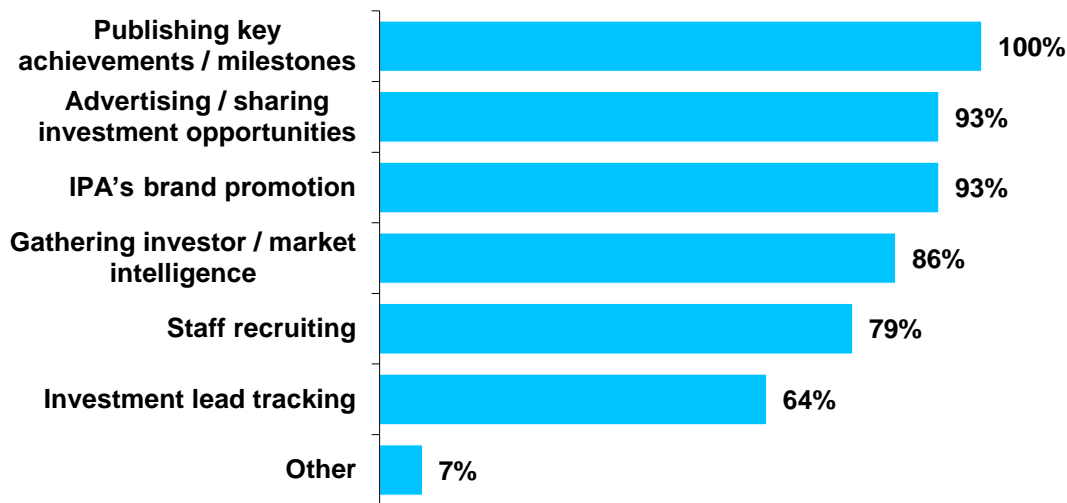


Figure 7: Use of Social Media for core activities of IPAs

3.3 Using Customer Relationship / Lead Management System

Digital tools such as Customer Relationship / Lead Management Systems aid IPAs in digitally tracking information on entire journey of investors, right from investor identification to aftercare activities, allowing IPA account managers to professionally manage relationship with investors. Based on level of comprehensiveness of such digital systems, IPAs have started using provisions such as automated marketing campaigns, investor communication management, business intelligence among others to provide quality service to Investors. They have also started using these systems for tracking progress of each investment case and taking corrective measures on a timely basis for ensuring maximum conversion.

As shown in figure 8, 71 percent of responding IPAs have Customer Relationship / Lead Management Systems, while 29 percent of them do not. Its uptake is gradually increasing in even developing economies as more IPAs are realizing the potential benefits of deploying these tools.

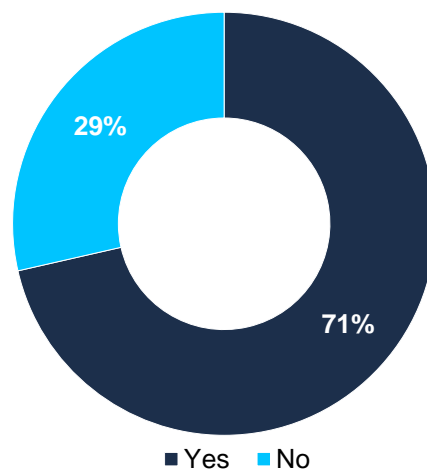


Figure 8: Use of Customer Relationship / Lead Management Systems by IPAs

Key Takeaways

- Annual Flagship events are being increasingly adopted by IPAs as a key activity for communication and outreach at a Global level. The IPAs invite international business community and foreign investors to take part in events, webinars, with a focus on enhancing their visibility and reach among Global investor community.
- With increasing digitalization, IPAs are turning to the use of digital channels to grab the attention of potential investors, informing them of investment opportunities, upcoming events, publishing success stories and focus sector statistics among others. Dedicated Staff is being employed by many IPAs for managing Social Media activities.
- Adoption of CRM / Lead Management Systems is increasing among IPAs, with more IPAs now interested in procuring custom-made CRM software, with features and provisions tailor-made to their specific requirements. Access of such systems on mobile phones is also increasing gradually.

Pillar 4

Grievance Resolution

4.1 Grievance Management System

Effective grievance management systems help in timely identification, tracking, and resolution of investors' disputes with Government agencies. Based on the maturity, pro-activeness and resources available within the IPAs, the scale of grievance management varies i.e., while some IPAs deploy grievance management system at only specific stages such as investor entry stage or after-care stage, others deploy the grievance management system during the entire investment lifecycle. Additionally, while some IPAs pro-actively follow up with Investors and conduct systematic investor surveys to identify grievances, others restrict themselves to collating grievances from only website among other such platforms.

As shown in figure 9, majority of the responding IPAs i.e., 53 percent of them have systems in place for Grievance Management, while 47 percent of them do not, indicating increasing use of such systems in IPAs, including those of developing countries in particular.

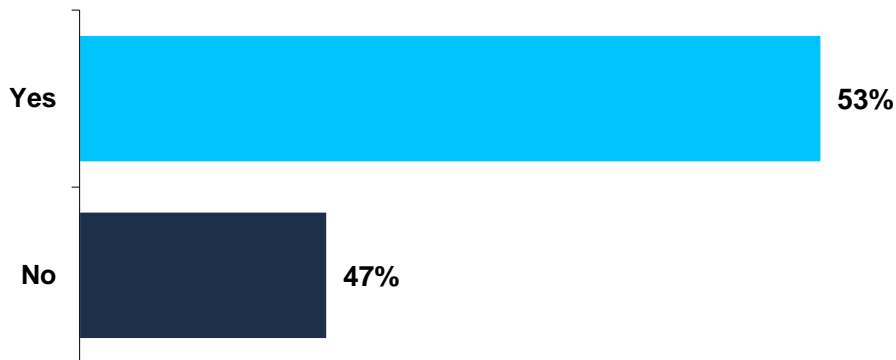


Figure 9: Use of Investor Grievance Management System by IPAs

4.2. Time Taken for Grievance Resolution

A key metric of grievance resolution is the time taken by the Public agencies in responding as well as addressing the grievance of the Investor. IPAs play a critical role in acting as a bridge between the Investor and Public agency and ensuring timely resolution of grievances.

As shown in figure 10, 50 percent of responding IPAs take up to only 15 days on an average for grievance resolution, while 40 percent of them take 1 to 3 months on an average.

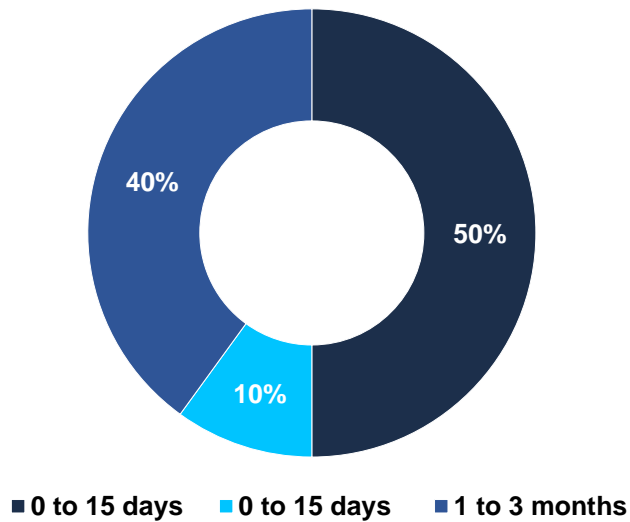


Figure 10: Annual average time taken by IPAs for grievance resolution

Key Takeaways

- The provision of 'Grievance Management System' is fast transitioning from "Good-to-have" to a "Must-have" provision as more and more IPAs are realizing the importance of having this provision in place. The adoption of this system is particularly high in even developing economies of the World.
- These Grievance Management Systems are being evolved to having full-stack capabilities, covering the entire investor lifecycle for ensuring higher efficiency in operations and building investor confidence in the process. Some IPAs have even started using online support / chatbot for supporting investors in their queries and grievances.
- Data analysis on grievance related data is increasingly aiding in shaping policy matters and initiating business reforms in countries for creating a more conducive business environment.
- IPAs are developing Standard Operating Procedures (SOPs), escalation matrix and investing in resources to reduce average time taken for grievance resolution

Pillar 5

Key Issues

The survey indicates that nearly 73 percent of the respondents identify budgetary issues/ financial limitation as the key issue impacting its capability to scale up. Economic environment (73 percent), lack of government support / institutional coordination (53 percent) and processes and bureaucracy (60 percent) are some of the key external factors/issues impacting the performance of IPAs.

The employees of the investment promotion agencies require continuous evolvement of skills and capabilities, to understand the changing need of business and sector environment. It was observed that nearly 60 percent of the respondents identify human capacity and lack of training & capacity building as another important set of issues that are impacting effective performance of IPAs.

Technology plays crucial role in enhancing investment promotion, improve costs & time, and enhance global connectivity. In line with wider e-government efforts, digital tools and processes are increasingly required across the entire investment cycle. Nearly 47 percent of the respondents identified lack of technology use as issue affecting its performance.

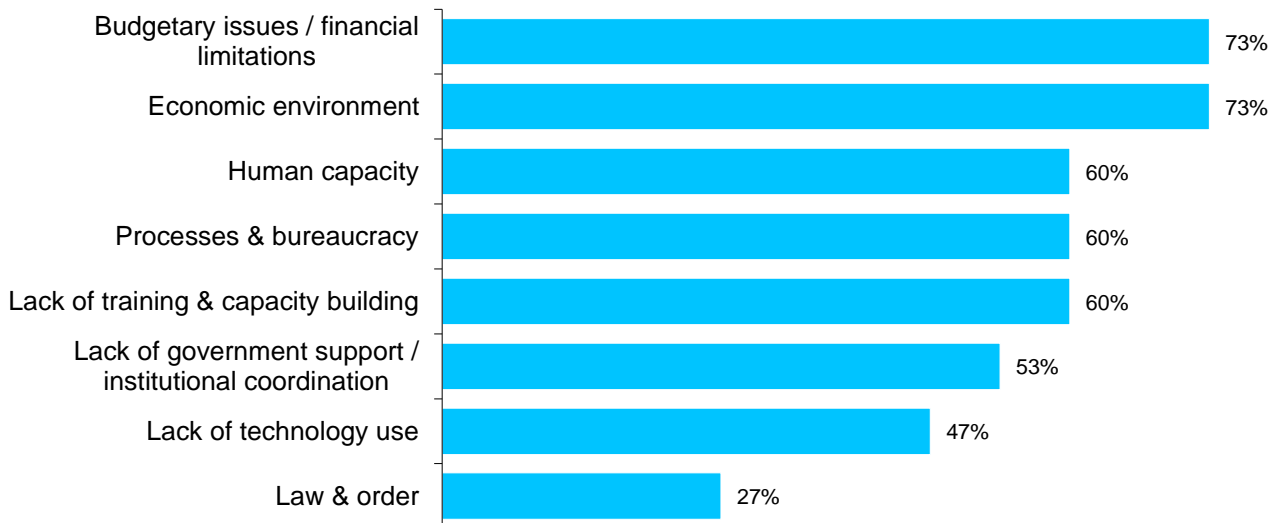


Figure 11: Issues affecting effective performance of IPAs

Key Takeaways

- To remain competitive, IPAs need to enhance their digital investment and engagement through real time usage of online portals for overall communication and service delivery, social media techniques for marketing and outreach, analytical tools for investor lead generation, online database of investors etc.
- Building skill sets of existing employees through training programs and hiring of new employees with industry-specific technical and scientific knowledge is crucial for developing the human capital.
- To attract investments, IPAs need to streamline their procedures, offer better aftercare services, invest in technology, and regularly conduct impact analysis exercises.

Appendix

1.1 Survey Overview

With the advent of COVID-19 pandemic in 2020 and the subsequent geo-political changes, a gush of supply chain re-alignments have ensued across sectors, significantly impacting the FDI flows in countries. Resultantly, the role & functioning of Investment Promotion Agencies (IPAs) is also transitioning. By means of a detailed survey, AIM intends to capture the voice of global IPAs and their experiences on the evolution of investment promotion practices, goals, and trends.

KPMG in India, as the Knowledge Partner, assisted AIM in designing the survey questionnaire and undertaking data analysis & report collation.

1.2 Survey Design

The 2023 survey questionnaire is based on the prevailing global trends and previous AIM surveys in the domain of Investment Promotion. The questionnaire contained 15+ key questions around IPAs' profile, key focus areas and performance metrics, digital initiatives in form of usage of automated tools, communication and outreach initiatives, extent of regulatory authority of IPAs and key challenges faced by them among others. The survey was conducted over a period of one month via AIM's digital online survey platform through unique credentials that were emailed separately to the senior leadership of IPAs across the globe.

1.3 Survey Methodology

The IPA survey was rolled out in all key regions where AIM has previously executed surveys including:

- Middle East and North Africa
- Europe & Central Asia
- Africa except North Africa
- Americas

The responses so received were collated, cleaned for data uniformity, and analyzed to draw relevant insights and identify best practices across IPAs, while accounting for contextual and regional differences.

1.4 Respondent Profile

By Region	Response Distribution
Africa (except North Africa)	33%
Europe & Central Asia	27%
MENA	23%
Latin America & Caribbean	20%
Grand Total	100%

By Legal Structure	Response Distribution
Government	73%
Quasi Government / Autonomous Public Body	20%
Private Agency	07%
Grand Total	100%

By Income Level (World Bank Classification)	Response Distribution
High Income	27%
Low Income	20%
Lower-Middle Income	20%
Upper-Middle Income	33%
Grand Total	100%

By Funding Model	Response Distribution
Only through Government funding (supported by parent ministry, annual budgetary allocation, etc.)	93%
Government funding & Income from business or advisory services	07%
Grand Total	100%

Acknowledgements

Annual Investment Meeting (AIM)

- Mr. Walid Farghal, Director General
- Ms. Kinga Krzymowska, Regional Manager for Europe

KPMG in India

- Mr. Nilachal Mishra
- Mr. Mohit Bhasin
- Mr. Rohit Sarin
- Mr. Vardhman Jain
- Mr. Divyam Duggal

Contact Us

Annual Investment Meeting
United Arab Emirates
+971 4 328 2000
www.aimcongress.com
Info@aimcongress.com

KPMG in India
Lodha Excelus, Apollo Mills
Compound, NM Joshi Marg,
Mahalaxmi, Mumbai - 400 011
E: mohitbhasin@kpmg.com

