

Regional Investor Survey in the Western Balkans Six

Preliminary results and findings

FINAL DRAFT

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Abbreviations and acronyms

- CEFTA: Central European Free Trade Agreement
- EU: European Union
- IFC: International Finance Corporation
- MAP REA: Multiannual Action Plan for Regional Economic Area in the Western Balkans 6
- RCC: Regional Cooperation Council
- RIRA: Regional Investment Reform Agenda
- Stabilization and Association Agreement
- SEE: South East Europe
- SEEIC: South-East-Europe Investment Committee
- WBG: World Bank Group
- WB6: Six Western Balkans Economies

Overview

Project background

The **Western Balkans Regional Investment Policy and Promotion (WB IPP) project aims at creating a dynamic investment space in the Western Balkans 6 (WB6)¹ through identifying and removing barriers to cross-border and intra-regional investment.** By fostering greater harmonization of regional investment policies and better alignment with EU standards, the project aims to unlock higher levels of FDI and intra-regional investment, faster economic growth and job creation in the region. The project supports targeted investment climate reforms in the economies of the region to ease investment entry, facilitate investment retention, and foster re-investments.

The project is fully aligned with the objectives and priorities of the Multiannual Action Plan to establish a Regional Economic Area in the WB6 (MAP REA), which was adopted by the Prime Ministers of the region at the Trieste summit in July 2017. It is also fully aligned with the priorities of the SEE 2020 strategy that provides the framework for regional investment policy in the WB6.

The project is articulated around three interrelated components.

- 1) **Support with the establishment of a regional investment reform agenda:** Leveraging the inputs of the private sector, the project helps with the formulation of a regional investment reform agenda identifying and prioritizing key areas for policy reform. Following a comprehensive approach to policy reform, the agenda is articulated along the different stages of the investment lifecycle from investment attraction and promotion to entry and establishment, retention and expansion, as well as linkages and spillovers.
- 2) **Support with the horizontal implementation of investment policy reforms in the economies of the region:** The project provides targeted assistance to the governments of the region with the implementation of investment policy reforms on economy level, addressing pertinent issues identified at the regional dialogue, and ensuring de-facto reform implementation on ground. Support provided under this component of the project is closely aligned with / leverages other ongoing IFC / WBG advisory projects in the region.
- 3) **Support with targeted investment promotion efforts:** The project helps translate investment policy reforms into increased investments in specific regional value chains through supporting targeted investor outreach activities. This entails support with the implementation of narrowly targeted investment attraction efforts focused on the agribusiness and tourism sectors, which are defined as priority sectors for regional action in the SEE 2020 strategy.

¹ Albania, Bosnia & Herzegovina, FYR Macedonia, Kosovo*, Montenegro, Serbia

* This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

Survey objectives

IFC, a member of the World Bank Group, in cooperation with its partner organization, the Regional Cooperation Council (RCC), and supported by the European Commission, implemented an investor survey to help identify key policy barriers to regional investment in the six economies of the Western Balkans. The initial findings of the survey informed the development of the Regional Investment Reform Agenda for the WB6 (See box 1 below).

Box 1. The Regional Investment Reform Agenda for the WB6

THE PATH FORWARD FOR GREATER REGIONAL HARMONIZATION OF INVESTMENT POLICIES IN THE WESTERN BALKANS WITH EU STANDARDS AND INTERNATIONAL BEST PRACTICES

The Regional Investment Reform Agenda sets out the pathway for creating a dynamic investment space in the Western Balkans, according to the MAP REA, within the context of the SEE 2020 Strategy and CEFTA legal framework, and pursuant to the individual economy SAAs. It puts the priorities of the private sector center stage while recognizing the individual development priorities of the WB6 economies.

In line with these twin objectives, the agenda focuses on core areas of investment policy and related policies that matter most to the private sector and the governments of the region. It provides a comprehensive framework for achieving greater harmonization of regional investment policies and alignment with EU standards and international best practices, while focusing on a targeted set of reforms that are politically feasible, economically necessary and that will generate tangible results in the near term.

The survey was designed and implemented having two specific research objectives in mind:

- 1) Understand private sector perceptions on the key policy barriers to regional investment in the WB6 economies; and
- 2) Provide insights to support the development of concrete and practical reform recommendations underpinning a regional investment reform agenda aimed at unlocking more private sector investment in the region.

Survey methodology

The following section describes the survey tools deployed, summarizes the sample selection and the survey implementation and data recording processes, and explains the internal and external validity of the survey results obtained.

Survey tool development

The following quantitative and qualitative methods were combined to help develop the survey tool for this research:

- A literature review of existing analysis on investment policy barriers, both at the regional as well as individual economy-level².
- Qualitative interviews with 3-5 technical experts on investment policy related issues in the WB6 economies – mainly business lawyers and expert consultants – to validate the findings from the literature review, and to investigate potential further barriers to regional investment in the WB6.

The inputs obtained from these different exercises were subsequently combined to determine the set of investment policy issues and specific questions to be covered by the survey tool.

Sample selection, internal and external validity

The objective for this survey was to obtain a sample size of 100 investors with a focus on medium to large sized companies, and a preference for firms with a presence in more than one economy in the region and/or high potential for regional investment. By design, the objective of setting such a sample size was not to meet certain expectations of internal or external validity, but to allow for providing qualitative inputs and guidance in a timely fashion on general policy trends and priorities in the region. According to FDI Markets data, which provides the most comprehensive database on investment projects and firms in the region, there are 1,566 foreign investors in the region,³ which means a representative sample with a 95% confidence level would need to contain a sample size of at least 309 investors.

The survey objective was not to perform statistically rigorous research but to provide timely insights and inputs for policy makers. Additionally, the survey prioritized investors with a regional focus, and not all firms in the region were considered appropriate for providing such a perspective. The results from this survey cannot provide the confidence levels expected from statistically rigorous research, neither on regional nor individual economy level, and do not have internal nor external validity. Therefore, the results should be interpreted with due caution and more rigorous quantitative analysis should be performed to draw more statistically significant conclusions.

The sample size does provide the intended guiding information on the perceptions and insights of investors in the WB6 region, and, paired with research and consultations, provided valuable insights for developing the Regional Investment Reform Agenda for the WB6.

The specific companies included in the survey were chosen based on information provided by investor associations, chambers, and investment promotion agencies from the region. Specifically, IFC worked with the following organizations in obtaining the survey sample: Foreign Investor Association of Albania (FIAA), Foreign Investment Promotion Agency of Bosnia and Herzegovina and the Foreign Investors Council of Bosnia and Herzegovina, the Kosovo* Chamber of Commerce, Economic Chamber of Macedonia, Montenegro's Foreign Investor Council, the Development Agency of Serbia, the Foreign Investor Council in Serbia, and the American Chamber of Commerce in Serbia. These organizations provided the contact information of firms in their respective economy that fitted the intended profile of the survey sample (medium to large sized companies with a preference for firms that have a presence in more than one economy in the region and/or exhibit high potential for regional investment) and that the organizations deemed likely to be willing to provide insights for a survey exercise.

² This includes publications by the OECD, UNCTAD, WBG, etc.

³ Based on data for five of the six WB6 economies, as Kosovo* is not included separately in the data. This data is likely an underestimate as it is based on investment announcements for the economies, and not all investment projects are captured.

The World Bank Group / IFC contacted all firms provided by these agencies, and completion rates for each of the economies are indicated below.

- **Albania:** the team contacted 14 companies, 14 completed the survey (100 percent completion rate).
- **Bosnia and Herzegovina:** the team contacted 72 companies, 9 firms completed the survey (12.5 percent completion rate).
- **Kosovo*:** the team contacted 18 companies, 16 completed the survey (89 percent completion rate).
- **FYR Macedonia:** the team contacted 19 companies, 10 completed the survey (53 percent completion rate).
- **Montenegro:** the team contacted 10 companies, 8 firms completed the survey (80 percent completion rate).
- **Serbia:** the team contacted 52 companies, 10 firms completed the survey (19 percent completion rate).

Thus, out of 185 companies that were contacted for this survey throughout the entire region, 67 completed the survey tool in total, resulting in a 36% completion rate overall for the survey. The completion rates in Serbia and Bosnia and Herzegovina were considerably lower than in other economies, mainly for technical reasons in the way the survey was administered in these economies.

Survey implementation

The field stage of the survey was administered during February and March 2018 through a series of in-depth, qualitative in-person interviews with executive level representatives of the targeted firms. The interviews, which took about 1 hour on average, were administered directly by dedicated WBG survey teams at the firms' premises throughout the region.

The survey questionnaires were either completed by the WBG teams directly during the interviews, or duly filled out by the interviewed investors themselves and subsequently delivered to the survey team. All completed questionnaires were entered into a survey collection tool (SurveyMonkey) for further processing and analysis by the WBG survey team.

Survey results

Firms surveyed provided information about firm characteristics, motivations for investing in the region, details on their anticipated future activities and prospects, and insights and perceptions on investment policy and regulatory issues. The following section presents these results in detail.

Firm profiles

The following section provides an overview of the characteristics of firms surveyed. The table below indicates the profile information captured in the survey (additional firm profile information is provided in the annex).

Table 1. Firm profiles

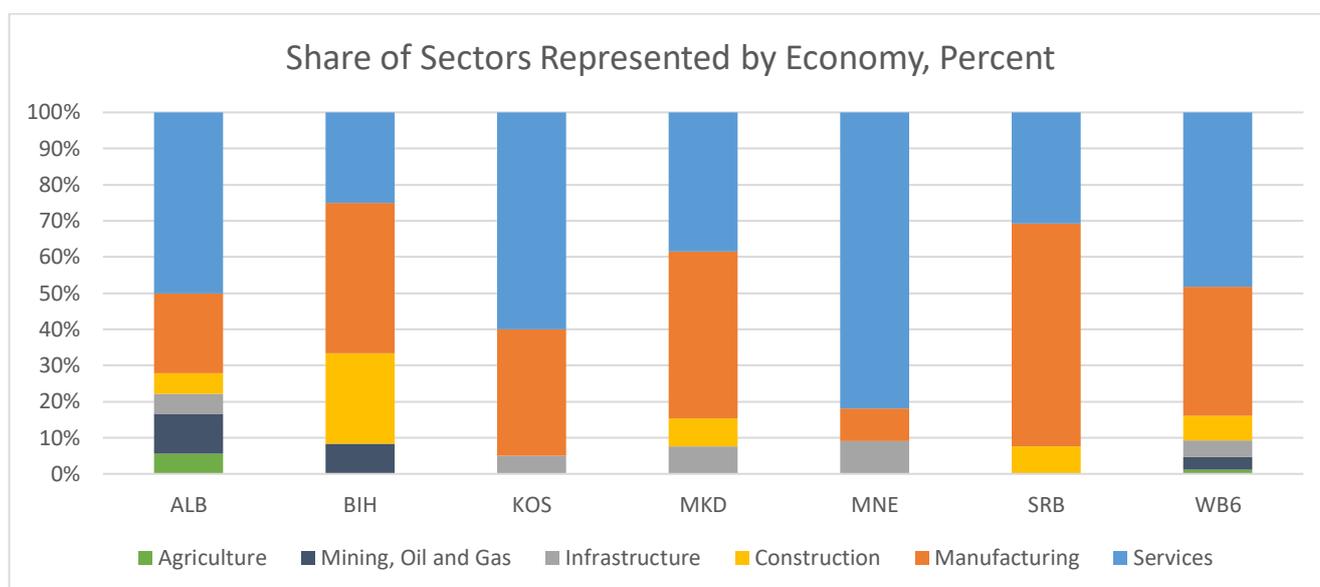
Firm Profiles						
Headquarters location						
	North America	Europe	WB6	Other		
	7.80%	48.40%	37.50%	7.80%		
Foreign Ownership						
Percentage of foreign ownership	0-50%		51-99%	100%		
Responses	21%		15%	66%		
Regional Presence						
Average number of economies in which firms are operating	1.6					
Percentage of firms operating in X number of WB6 economies	1 economy	2 economies	3 economies	4 economies	5 economies	6 economies
	75%	8.30%	3.30%	10%	0%	3.30%
Employees						
Average number of employees	482.5					
Average number of employees by economy	Albania	Bosnia and Herzegovina	Kosovo*	Macedonia, FYR	Montenegro	Serbia
	485	416	141	594	138	1121
Sales/export destinations						
Locations	Domestic market		Other WB6 economies	EU	Outside the EU and WB6	
Responses	77.42%		32.26%	56.45%	24.19%	
Sources of production inputs						
Inputs (goods and services) sourced from the following locations	WB6		EU	Rest of the world		
Percentage of firms indicating they sourced from each	47.22%		64.41%	30.33%		
Intermediate goods						
Destination of intermediate goods, if any	WB6	EU	Rest of the world	None		
Percentage of firms indicating this destination for intermediate goods	47.62%	61.90%	28.57%	28.57%		

Source: Regional Investor Survey, WBG 2018

The majority of firms surveyed are headquartered in Europe (48.4 percent), and 100 percent foreign-owned (66 percent). Slightly over a third (37.5 percent) are headquartered in a WB6 economy, and the rest are divided between North America and other locations. The average firm employs 483 people, but this average varies from economy to economy, with Serbia averaging 1,121 employees per firm surveyed and Montenegro 138. The average age of firms surveyed in the region was 14 years.

The largest sector represented is services (62.69 percent), with predominate services subsectors including: retail, business and financial, telecommunications and media, and other (including business process outsourcing). The second leading sector is manufacturing. The remaining firms are divided amongst the following sectors: Agriculture, Hunting, Forestry and Fishing; Mining/Quarrying; Electricity, Gas, and Water Supply; and Construction. Within the manufacturing sector, 11.94% of firms were in the “food products and beverages, agro-processing” subsector, and the rest of firms identified other subsectors, which included textile manufacturing, packaging, building materials, and automotive manufacturing).

Figure 1. Sectors represented by economy



Source: Regional Investor Survey, WBG 2018

In addition to sector data, the survey also captured information about the motivations for investors to locate in the region. This information allows to classify investors according to the investment motivation typology⁴, including strategic asset seeking investors, natural resource seeking investors, market seeking investors and efficiency seeking investors. The text box below provides a more detailed overview of this typology.

⁴ The investment typology was developed based on the work by the British economist John Dunning.

Box 2. Types of investment by motivation

Strategic Asset Seeking: this type of investment occurs when a multinational enterprise acquires assets, usually of a foreign corporation, but also potentially of the economy itself, that will promote the firm's long-term strategic objectives. Strategic asset-seeking investment usually takes the form of mergers & acquisitions (M&A).

Natural Resource Seeking: This type of investment is driven by the investors' interest in accessing resources that are in the host economy (such as hydrocarbons, minerals, wood, or agricultural products). Among the benefits of this type of investment are that they can be a point of entry into the international economy and an impetus to develop local supporting industries. While this type of investment can generate significant exports, it can also have negative effects on the host economy, including high reliance of the economy on a single industry, exposure to volatility in commodity prices and Dutch disease (reduction of the competitiveness of other industries of the economy due to overvaluation of the local currency and increase in salaries beyond increase in productivity). Accordingly, the impact of natural-resource seeking investment must be carefully managed.

Market Seeking: Market-seeking investment enters an economy to provide goods and services to individuals, businesses and other entities within the host state. This type of investment is motivated by the size and characteristics of the domestic market of the host economy. Market-seeking investment may substitute for imports, or it may expand into sectors that are entirely new to the economy. This type of investment can be an important means to transfer technology, create import substitution, and a source of jobs – particularly of the higher-skilled, better-paid jobs associated with the services sector. Thus, it represents a potentially more inclusive form of economic activity than natural resource-seeking investment, and can be a useful instrument to foster economic upgrading and diversification. Market-seeking investors can also help to create competition within the domestic economy – increasing productivity and lowering prices to consumers. Over time, these impacts can have a cumulative effect to improve the general business climate.

Efficiency Seeking: Efficiency-seeking investments pose the highest potential for transformation of the host economy's economy, but these are the most difficult types of investments to attain. Efficiency-seeking investment is export-oriented, and occurs where the investor seeks to increase cost efficiency of production by taking advantage of factors that improve the competitiveness of the enterprise. Greater productivity of labor, preferential access to export markets, and rationalization of international production patterns are some of the factors motivating this type of FDI.

The distinction of different types of investment is important from an economic development and diversification perspective. While FDI is generally important for economic growth, not all FDI is the same. The different types of investments not only have different investor motivations, but they are also characterized by distinct benefits, opportunities and challenges for economic development.

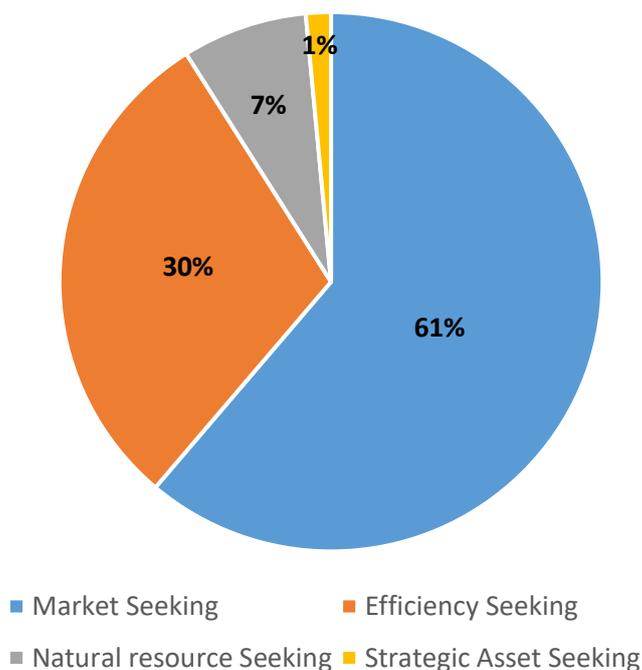
Efficiency seeking investment in particular provides a composite bundle of capital stock, know-how, and technology that enables economies to upgrade and diversify their production capabilities and achieve economic growth and diversification. Efficiency-seeking FDI is not only export-oriented, but also key to export diversification. While typically more difficult to attract, efficiency-seeking FDI can become more than a source of

capital, contributing to technology and knowledge transfer, boosting export diversification, increasing global competitiveness and creating higher quality jobs for host economies.

Given the mobility of efficiency-seeking investment, global competition for this type of FDI can be fierce and attracting it can be difficult. As such, efficiency-seeking FDI generally relies on a strong investment climate in the host economy. In fact, the 2017/18 Global Investor Survey implemented by the WBG found evidence that efficiency-seeking investors may be more responsive to policies aimed at improving a host economy’s business environment than other types of investment⁵.

The majority of investors surveyed in the WB6 are market-seeking investors (61 percent).⁶ Efficiency seeking investors are the second largest category, followed by natural resource seeking and strategic asset seeking. See figure 2 below.

Figure 2. Investor by type, percentage of total firms interviewed



Source: Regional Investor Survey, WBG 2018, WBG calculations.

⁵ World Bank. 2018. Global Investment Competitiveness Report 2017/2018: Foreign Investor Perspectives and Policy Implications. Washington, DC

⁶ These figures, also shown in Figure 2, are based on a self-categorization of investment motivations by the interviewed investors using the FDI typology laid out in Box 2. Additional information (e.g. on export markets and firm profiles) was used to group firms into the relevant categories of the typology.

Following on the large number of market seeking investors, 77.42 percent of companies sell their products / services in the domestic market of their investment. In addition, more than half (56.45 percent) of the companies interviewed also export products to the European market, and 32.26 percent export to WB6 economies outside of the economy in which they invest.

Most firms indicate that their main source of inputs to production is the EU. Nearly 65 percent of the firms indicated that they source inputs from the EU, while on the other hand only 47 percent indicated they also source from other WB6 economies (firms could select more than one response). Production inputs are intermediate goods that are used for assembling completed goods, or adding value to items before moving along the “value chain” as an “intermediate good” to receive additional production inputs and become a final product elsewhere.⁷ Inputs that the WB6 firms interviewed source from the EU include metal, plastics, electrical parts and equipment, technical and basic textiles. Inputs sourced from the WB6 include construction and packaging materials, metal and plastic parts, oil and gas, and food and agricultural inputs.

In addition to being the leading destination of most production outputs, the EU is also the main source of intermediate goods. Intermediate goods include exports that will go on to have additional value added elsewhere to eventually become final products. Over 60 percent of firms surveyed indicated they export intermediate goods to the EU, however, nearly half of the firms also export intermediate goods to other WB6 economies. Around 30 percent of firms export intermediate goods to locations in the rest of the world.

Firm perspectives on the region as investment destination

Most firms, 61.67 percent, do not view the WB6 region as a single investment destination. However, 33.9 percent of investors did indicate that accessing the regional market of the WB6 was a key factor in their decision to invest, and another 28.81 percent indicated it was important (while other factors were more important). Thus, a significant share of investors already today seeks to leverage the combined competitive advantages of the region and to access the regional market despite of the perceived lack of market integration.

The above data points to a significant potential to further increase the region’s attractiveness to investors through strengthening appropriate regional frameworks for investment. This will help making regional operations more effective and desirable and enhance the perception of the region as a single investment destination.

⁷ An example of a production input is an engine, which is combined along with other imported and domestic inputs to produce a car. An item that continues to receive value before becoming a final good, which would be both a production input and then an intermediate good, could be leather that is imported and then combined with other inputs to produce a car seat that is then exported as an intermediate good to produce a car elsewhere.

Table 2. Firm perspectives on the region

Firm Perspectives on the Region				
WB6 Regional Perspectives				
	Yes	No		
Does your company see the WB6 region as one single market or investment destination?	38.33%	61.67%		
Importance of factors in investor decisions to invest in WB6 region:				
On a scale of 1-3, with 1 - Not important; 2 - An important factor, but others more important for decision to invest; 3 - Key factor in investment decision				
	1	2	3	N/A / Don't know
To access the regional market of the WB6 (e.g. gain new customers, adapt goods to local needs or taste, gain physical presence to discourage potential competitors, etc.)	23.73%	28.81%	33.90%	13.56%
To access the domestic market of one of the WB6 economies you invested in.	25.00%	26.67%	40.00%	8.33%
To lower production costs and to enable your firm to export and compete in international markets beyond the region (e.g. lower cost of labor, establish new base for export, etc.)	15.00%	23.33%	45.00%	16.67%
To consolidate your company's value chain (e.g. produce intermediate goods, assemble products, improve proximity to suppliers, etc.)	26.67%	36.67%	13.33%	23.33%
To access natural resources and raw materials	38.33%	13.33%	18.33%	30.00%
To acquire another firm that will provide your company new technologies or brands	50.00%	13.33%	8.33%	28.33%

Source: Regional Investor Survey, WBG 2018

Future investment outlook of firms

The majority (79.1 percent) of interviewed firms are planning expansion projects in the region, with estimated amounts totaling around EUR 405 million, and total job creation estimates of 6,410. Most firms (72.55 percent) indicated their expansions are motivated by economic factors, with examples of this including strong sales, and increased demand for firm goods. Approximately 82 percent of companies planning additional investments stated the expansions will lead to upgrading in the companies' production capacity, through new research and development (R&D), addition of services and know how.

Table 3. Future investment outlook of firms

Future Outlook of Firms					
Expansion plans of firms surveyed					
Over next three years, will the firm		Expand	Stay the same	Cancel Expansion	
		79.10%	19.40%	1.49%	
Outlook for firms planning expansions					
Amount of investment planned*				405 million euros	
Average amount of investment per expansion*				9 million euros	
Number of jobs expected to be created*				6,410 jobs	
Average number of jobs expected to be created per firm*				150/firm	
What is the reason for expansion?	Economic Factors	Political Factors	Corporate Strategy Factors	Investment Climate Factors	Other (please specify)
	72.55%	3.92%	56.86%	21.57%	17.65%
Is the expansion in the same or a different sector? (More than one answer possible)				Same	Different
				90%	24%
Will the business activity expand or add to existing activities?				Expansion of an existing product line	Addition of a new product line
				68.29%	46.34%
Is the expansion expected to upgrade the company's production?				No	Yes
				18.42%	81.58%

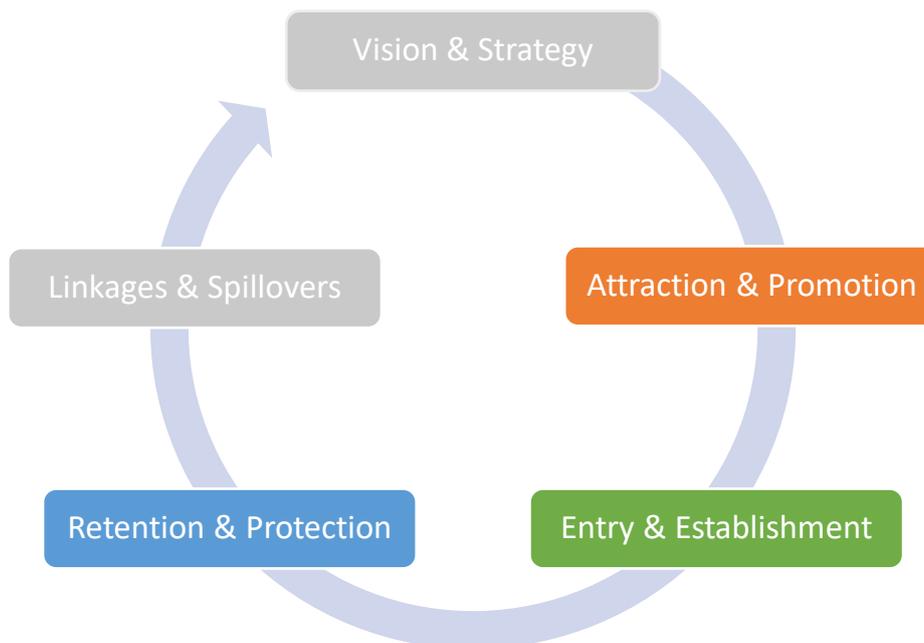
Source: Regional Investor Survey, WBG 2018

Performance of the WB6 economies on key investment policy and regulatory factors

Firms provided perspectives on the perceived performance of the economies in the region on a variety of investment policy and regulatory factors. These factors are clustered into the following categories that correspond with the investment lifecycle (figure 3), whereby a particular emphasis was placed on the areas of:

- I. **Investment entry and establishment;**
- II. **Investment protection and retention;** and
- III. **Investment attraction and promotion.**

This is in line with the priorities laid out by the MAP REA process and corresponds to the areas where having a regional approach to investment policy is particularly relevant. The vision and strategies of the domestic economies are, of course, taken into consideration, and linkages and spillovers within domestic economies are envisioned as a result of closer cooperation on the other policy areas.

Figure 3. The Investment Lifecycle Framework

Source: World Bank Group

For the benefits of FDI to materialize, alignment of the investment policy framework with the specific requirements of FDI is required along the different stages of the investment lifecycle. FDI is not a one-time transaction between a host government and a foreign firm. It entails an ongoing relationship with many stakeholders at different stages of a foreign investor's lifecycle in the location (see figure 3 above). The FDI lifecycle begins with setting an investment vision and priorities, proceeds with policies for investment attraction and promotion, entry and establishment, retention through adequate levels of protection, and ends with the development of sustained linkages with the local economy.

As outlined above, the survey is focused on those elements of the investment lifecycle that are particularly relevant in the regional context. Factors related to Investment entry and establishment focus on the ability of firms to enter and establish in an economy, such as ownership (and other) restrictions that apply to foreign investors, the transparency and ease of business registration and approval procedures, and the processes for hiring expat workers. Factors related to investment protection and retention policies include those involving the rights and protections of investors, including protection from breach of contract, expropriation, and non-transparent government conduct, as well as the stability of laws and policies. Additionally, this includes the government's ability to address in a timely manner issues or perceived breaches of law or contract that might arise. Finally, factors related to investment attraction and promotion include the predictability and transparency of the government's tax and incentives policies, and the quality of information and services available to investors interested to invest in a particular location.

I. Investment entry and establishment

Out of the three categories of the investment lifecycle covered by this survey, investment entry and establishment showed the best performance overall (an average of 45.9 percent of firms providing good/very good ratings across all factors in this category). In addition, the survey found little variance across the six economies of the Western Balkans in the different factors making up this category. Firms rated Serbia's performance as largely good/very good across the board. Kosovo*, FYR Macedonia and Montenegro received performance ratings of good/very good for four out of the six factors rated, while Albania and Bosnia and Herzegovina lagged behind slightly. The detailed results are demonstrated in the below heatmap table.

Table 4. Perceived performance on investment entry and establishment policy factors by economy

Investment Entry and Establishment	Albania		Bosnia		Kosovo*	
Category	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good
Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	18.75%	62.50%	50.00%	20.00%	22.23%	44.45%
Policies on foreign investors to enter into joint-ventures with local firms in your sector	6.25%	31.25%	10.00%	50.00%	0.00%	52.64%
Process of obtaining a land lease	37.50%	12.50%	30.00%	0.00%	16.67%	33.33%
Process of obtaining investment approval and permits to start a business	20.00%	66.67%	70.00%	20.00%	11.12%	33.34%
Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	53.33%	33.33%	10.00%	50.00%	0.00%	44.45%
Transparency of business registration procedures	6.67%	66.67%	30.00%	10.00%	5.56%	66.67%
Investment Entry and Establishment	FYR Macedonia		Montenegro		Serbia	
Category	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good
Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	38.46%	23.07%	25.00%	25.00%	16.67%	50.00%
Policies on foreign investors to enter into joint-ventures with local firms in your sector	6.67%	46.67%	0.00%	58.33%	0.00%	66.66%
Process of obtaining a land lease	7.69%	38.46%	16.66%	16.66%	25.00%	50.00%
Process of obtaining investment approval and permits to start a business	13.33%	60.00%	8.33%	41.67%	16.66%	75.00%
Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	7.14%	71.43%	0.00%	66.66%	8.33%	66.67%
Transparency of business registration procedures	0.00%	64.29%	0.00%	75.00%	0.00%	58.34%

Source: Regional Investor Survey, WBG 2018

There were few outliers in terms of economy performance within this category. Albania for example scored poorly when it comes to restrictions on the ability of foreign-owned companies to operate in their specific sectors. This is due to perceived de-facto restrictions noted by the interviewed companies (as opposed to de-jure restrictions). Firms specifically cited the existence of state monopolies and/or the market dominance of domestically owned firms as affecting their ability to enter and operate in specific sectors. All other economies were rated good/very good on this factor. In Bosnia and Herzegovina on the other hand, 70 percent of firms found the economy's performance in terms of obtaining investment approvals and permits to start a business to be poor/very poor, while most other economies scored well or average on this position.

Firms gave mixed feedback across economies regarding the ease of hiring and bringing in expatriate staff and the process of obtaining work permits for expatriate staff. Firms operating in FYR Macedonia and Bosnia and Herzegovina indicated that performance was poor/very poor, while Albania, Kosovo*, and Serbia all received good/very good performance ratings.

Within the investment entry and establishment category, the following factors have been identified as key drivers for the investment / site selection decisions of the interviewed investors. These factors have been highlighted in yellow in the above table 4:

- Process of obtaining investment approval and permits to start a business;
- Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions); and
- Transparency of business registration procedures

These factors should be considered as a priority for potential reforms by the governments of the region due to their relevance in investors site selection decisions.

II. Investment protection and retention

The area of investment protection and retention overall was rated least favorably by investors among the three categories of the investment lifecycle covered by this survey. However individual economies are scoring well on individual factors included in this category. Key issues to highlight across all economies include: i) the poor stability and predictability of laws; ii) the perceived risk of non-transparent conduct of public agencies; and iii) the perceived absence of effective mechanisms and processes for addressing investor grievances.

Table 5. Perceived performance on investment protection and retention policy factors by economy

Investment Protection & Retention Category	Albania		Bosnia		Kosovo*	
	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	31.25%	25.00%	50.00%	10.00%	52.63%	10.52%
Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	25.00%	43.75%	44.44%	11.11%	10.53%	31.58%
Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	18.75%	68.75%	22.22%	44.44%	5.56%	38.89%
Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	25.00%	12.50%	40.00%	20.00%	16.67%	16.67%
Existence of free trade agreements and investment treaties	12.50%	18.75%	22.22%	33.33%	26.32%	36.85%
Government coordination with private sector	50.00%	31.25%	80.00%	10.00%	63.16%	15.79%
Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	25.00%	43.75%	20.00%	10.00%	16.67%	38.89%
Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	37.50%	43.75%	20.00%	20.00%	5.56%	38.89%
Risk of occurrence of non-transparent or arbitrary government conduct	31.25%	31.25%	30.00%	40.00%	38.89%	16.67%
Stability and predictability of laws (changes are not frequent)	68.75%	0.00%	70.00%	10.00%	15.79%	36.84%
Transparency and predictability in the conduct of public agencies	53.33%	0.00%	60.00%	10.00%	44.45%	11.12%
Investment Protection & Retention Category	FYR Macedonia		Montenegro		Serbia	
	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	26.66%	40.00%	25.00%	50.00%	33.34%	25.00%
Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	7.69%	61.54%	7.69%	15.38%	16.66%	25.00%
Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	13.33%	66.67%	7.69%	76.92%	16.66%	41.67%
Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	16.66%	50.00%	33.33%	33.34%	33.33%	25.00%
Existence of free trade agreements and investment treaties	7.14%	64.29%	7.69%	30.77%	16.67%	58.34%
Government coordination with private sector	28.57%	35.71%	33.33%	33.33%	33.33%	41.66%
Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	20.00%	26.67%	16.67%	41.67%	33.34%	58.34%
Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	13.33%	60.00%	0.00%	46.15%	16.66%	41.66%
Risk of occurrence of non-transparent or arbitrary government conduct	28.58%	42.85%	16.67%	16.66%	50.00%	25.00%
Stability and predictability of laws (changes are not frequent)	53.33%	26.67%	41.67%	0.00%	58.33%	25.00%
Transparency and predictability in the conduct of public agencies	33.33%	33.34%	16.66%	25.00%	50.00%	25.00%

Source: Regional Investor Survey, WBG 2018

Albania, Bosnia and Herzegovina and Serbia had among the most negative perceptions on issue areas within the investment protection and retention category across all economies. While Montenegro, on the other end of the spectrum, performs stronger than average, all economies of the region do have some degree of poor/very poor performance within the key factors of importance to investors in the investment protection and retention category.

As demonstrated in the highlighted areas of the table above, the following factors have been identified as key drivers for investment / site selection decisions by the interviewed investors within the Investment protection and retention category:

- Government coordination with private sector
- Risk of occurrence of non-transparent or arbitrary government conduct; and
- Stability and predictability of laws.

Firms interviewed for this survey rated the stability and predictability of laws as well as the conduct of public agencies poorly across the region, while at the same time indicating that these represent key factor for their investment decisions. No economy in the region received a rating of “very good” for the stability and predictability of laws, with the majority of economies receiving ratings of poor/very poor, apart from Kosovo* (with ratings divided between average and good), and Montenegro (rated 58.33 percent average and 41.67 percent poor/very poor). Additionally, most economies scored poor/very poor with regard to transparency and predictability in the conduct of public agencies, with the exceptions of Montenegro and FYR Macedonia. In summary, these findings seem to suggest that investors find unpredictable actions by governments in the region to be problematic for their investment decisions.

Another important issue that has been identified by investors in the survey is the ability (or perceived lack thereof) of host governments to respond in a timely and effective manner to investor grievances. This issue seems to be particularly prevalent in Kosovo* and Bosnia and Herzegovina. FYR Macedonia and Montenegro on the other hand received good and very good performance ratings in this area. More than 80 percent of interviewed firms indicated this as an either important or even key factor for their investment decisions.

Finally, firms in Albania, Bosnia and Herzegovina, and Kosovo* identified poor/very poor performance regarding the government’s coordination with the private sector. Firms in FYR Macedonia, Montenegro and Serbia were neutral on their host government’s performance in this area with most ratings divided evenly between poor, average and good. Seventy five percent of firms stated that a lack of government coordination with the private sector is a key issue in making investment decisions.

III. Investment attraction and promotion

The area of investment attraction and promotion received mixed ratings by the interviewed investors, with slightly over a third of all responses across economies averaging as poor/very poor, and only 23 percent as good/very good. Firms operating in Albania, Bosnia and Herzegovina, and Kosovo* provided the largest number of poor/very poor ratings for performance in attraction and promotion. Unclear national investment strategies and in some cases insufficient clarity and predictability on tax and incentives policies were key problem areas, as described in more detail below. Incentives proved to be an area of particular interest to firms surveyed, who largely provided poor performance ratings for the economies of the region on factors related to incentives.

Table 6. Perceived performance on investment attraction and promotion policy factors by economy

Investment Attraction & Promotion Category	Albania		Bosnia		Kosovo*	
	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good
Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	53.34%	6.67%	40.00%	10.00%	38.89%	22.23%
Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	43.75%	6.25%	40.00%	20.00%	33.34%	22.23%
Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	37.50%	0.00%	60.00%	0.00%	50.00%	18.75%
Clear national investment strategy	37.50%	12.50%	60.00%	20.00%	47.37%	15.79%
Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	26.67%	6.67%	60.00%	10.00%	50.00%	25.00%
Predictability of tax and incentive policy	60.00%	6.67%	22.22%	11.11%	27.78%	22.22%
Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	50.00%	6.25%	40.00%	10.00%	47.37%	21.06%
Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	43.75%	12.50%	40.00%	30.00%	36.85%	26.31%
Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	18.75%	12.50%	40.00%	20.00%	36.84%	21.05%
Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	25.00%	18.75%	50.00%	10.00%	16.67%	50.00%
Investment Attraction & Promotion Category	FYR Macedonia		Montenegro		Serbia	
Category	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good	Poor/very poor	Good/Very good
Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	7.14%	42.86%	25.00%	25.00%	41.67%	41.67%
Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	21.43%	42.85%	16.66%	16.67%	16.67%	41.66%
Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	38.46%	23.08%	41.67%	0.00%	33.34%	41.67%
Clear national investment strategy	28.57%	28.57%	33.33%	41.67%	41.67%	33.33%
Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	38.46%	38.46%	40.00%	20.00%	36.36%	27.27%
Predictability of tax and incentive policy	23.08%	38.46%	41.67%	25.00%	25.00%	8.33%
Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	13.33%	33.33%	16.67%	0.00%	8.33%	41.66%
Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	7.14%	28.58%	33.34%	16.66%	16.66%	33.34%
Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	0.00%	33.34%	10.00%	10.00%	8.33%	25.00%
Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	23.07%	53.84%	27.27%	45.45%	36.36%	45.45%

Source: Regional Investor Survey, WBG 2018

Apart from Montenegro, few economies achieved good/very good performance ratings in terms of having clearly formulated national investment strategies. Sixty percent of firms rated the clarity of Bosnia and Herzegovina's national investment strategy as poor or very poor, nearly half for Kosovo* and Serbia, while FYR Macedonia was rated largely average. Yet over 89.47 percent of firms identified the presence of a clear investment strategy as important or key issue in making investment decisions.

Specifically, interviewed firms identified the following three factors as the most important ones for their investment or site selection decisions within the investment attraction and promotion category:

- Clear national investment strategy
- Predictability of tax and incentives policies
- Availability of incentives on customs duties or import VAT

The issue of predictability reappeared in this area with regard to tax and incentives policy, as few firms (apart from those operating in FYR Macedonia) provided good/very good performance in this area. Firms in Albania and Montenegro largely found the predictability of incentives policies to be poor/very poor, at 60 percent and 41 percent respectively, while firms in other economies found government performance to be average at least. It is notable that, apart from Albania and Bosnia and Herzegovina, firms in most economies found the transparency and access to information on incentives to be good.

In FYR Macedonia and Serbia, most firms rated the availability of incentives as good/very good (apart from non-tax or financial incentives in FYR Macedonia). Most other economies were rated as either average or poor/very poor in their performance on incentives availability. In both FYR Macedonia and Serbia, firms provided mixed ratings regarding the ease of accessing incentives.

Apart from FYR Macedonia and Serbia, firms in most economies provided poor ratings on the quality of facilitation services received by investment promotion agencies (IPAs) or other government providers of such services. In Montenegro, half the firms found this question to be not applicable (likely due to the fact of them not being aware of any facilitation services being offered by the government), while in Albania and Kosovo* nearly half the firms surveyed found the government's performance poor/very poor meaning that there was limited guidance provided to investors through services such as site-location and decision-making support.

The majority of interviewed firms indicated that they did not use the services provided by the region's IPAs and had very limited interactions with them throughout the investment process as well as post establishment. Those firms that did use the services of an IPA frequently highlighted the lack of sufficient capacity and the relative ineffectiveness of promotion and facilitation services provided.

Many firms mentioned investment incentives as one potential factor that could help attract more investment and play an important role in influencing expansion decisions, when it comes to expanding employment. However, a majority of companies interviewed so far deem the predictability of tax and incentive policies to be a key issue in the region.

IV. Additional investment climate factors

While focusing on the above outlined three core categories along the investment lifecycle, the survey also revealed a number of other challenges and barriers facing firms investing in the region, which are not necessarily directly related to government conduct. The most frequently mentioned issues include:

- Poor infrastructure, especially electricity and transport, including ports;
- Absence of reliable statistics and data to conduct business;
- Difficulties in finding adequately skilled workforce;
- Low or unpredictable quality of physical inputs sourced from some or all of the WB6 countries;
- Rigid labor laws and regulations; and
- High-cost of social contributions.

Summary of identified investment policy and regulatory issues at economy level

Investors interviewed for this survey identified the following policy factors as key / main drivers of their investment decisions:

1. The government's coordination with the private sector;
2. Stability and predictability of laws;
3. A low risk of the occurrence of non-transparent or arbitrary government conduct;
4. The ability to easily repatriate profits, dividends, management fees, and other foreign exchange transactions; and
5. The ease of obtaining investment approvals and permits to start a business.

The below table provides a high-level summary of the performance of each of the WB6 economies on these top five factors.

Table 7. Economy performance on most important factors to investors surveyed

1. Government coordination with private sector			
Economy	Poor/very poor	Average	Good/Very good
Albania	50.00%	18.75%	31.25%
Bosnia	80.00%	10.00%	10.00%
Kosovo	63.16%	15.79%	15.79%
Macedonia	28.57%	35.71%	35.71%
Montenegro	33.33%	25.00%	33.33%
Serbia	33.33%	25.00%	41.66%

2. Stability and predictability of laws (changes are not frequent)			
Economy	Poor/very poor	Average	Good/Very good
Albania	68.75%	31.25%	0.00%
Bosnia	70.00%	20.00%	10.00%
Kosovo	15.79%	31.58%	36.84%
Macedonia	53.33%	20.00%	26.67%
Montenegro	41.67%	58.33%	0.00%
Serbia	58.33%	16.67%	25.00%

3. Risk of occurrence of non-transparent or arbitrary government conduct			
Economy	Poor/very poor	Average	Good/Very good
Albania	31.25%	18.75%	31.25%
Bosnia	30.00%	10.00%	40.00%
Kosovo	38.89%	11.11%	16.67%
Macedonia	28.58%	14.29%	42.85%
Montenegro	16.67%	41.67%	16.66%
Serbia	50.00%	16.67%	25.00%

4. Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions			
Economy	Poor/very poor	Average	Good/Very good
Albania	18.75%	12.50%	68.75%
Bosnia	22.22%	33.33%	44.44%
Kosovo	5.56%	22.22%	38.89%
Macedonia	13.33%	13.33%	66.67%
Montenegro	7.69%	15.38%	76.92%
Serbia	16.66%	41.67%	41.67%

5. Process of obtaining investment approval and permits to start a business			
Economy	Poor/very poor	3 – Average	Good/Very good
Albania	20.00%	13.33%	66.67%
Bosnia	70.00%	10.00%	20.00%
Kosovo	11.12%	33.33%	33.34%
Macedonia	13.33%	20.00%	60.00%
Montenegro	8.33%	33.33%	41.67%
Serbia	16.66%	8.33%	75.00%

Source: Regional Investor Survey, WBG 2018

Understanding the different strengths and weakness of individual economies will be important to ensuring a tailored approach for reform strategies. The challenges identified by firms in their performance ratings show the differences that exist across the WB6 economies. Reforms, which will be targeted at the economy level as well as the regional level, need to take into consideration the different levels of development and differing areas that require improvement going forward.

In terms of the different policy areas along the investment lifecycle, investors provided largely good performance ratings in investment entry and establishment, though performance on a few factors in certain economies are outliers. Bosnia and Herzegovina and Albania are the two economies with notably poor performance in the key areas of restrictions on the ability of foreign-owned companies to operate in their sector and processes of obtaining investment approvals.

In the policy area of investment protection and retention, firms indicate significant amounts of poor performance on some of the most important factors, with “arbitrary” government action and unstable or unpredictable laws as key problem areas. Albania, Bosnia and Herzegovina and Serbia had among the most negative perceptions received on issue areas related to investment protection and retention across economies.

Incentives were a key focus of investors’ interest within the investment attraction and promotion area, but clarity of national investment strategies was also identified as an important factor for investors. Performance on the predictability of investment incentives was largely rated poor. Investment strategies were cited as insufficiently clear by almost one third or more of firms across all economies, with Bosnia and Herzegovina and Kosovo* having the highest percentages of poor/very poor ratings.

Survey findings in relation to existing literature and evidence

The survey results presented above are largely in line with the evidence and findings of other recent research and analytical work undertaken by the World Bank Group and other organizations. Most notably, UNCTAD has recently undertaken a review of investment policies in the region, based primarily on a comprehensive analysis of existing legislation and pertinent policies in the region⁸. The review identifies a number of regulatory, institutional and promotional weaknesses, which need to be addressed in order for the region to attract more foreign investment. Among the factors that are identified are: the need to strengthen the national framework for FDI to pursue openness and clarity; the importance of modernizing the network of international investment agreements (IIAs) including investor protection and guarantees; and the need to consolidate the reforms of tax regimes, and to better measure the effectiveness of tax incentives.

The importance of these factors and policy areas are largely aligned with, and confirmed by the empirical evidence derived from the investor survey undertaken by the WBG. At the same time, the findings of the survey provide for a more nuanced identification of specific factors and policy barriers driving the WB6 economies’ performance across the various policy areas. Thus, the findings of the survey can contribute to a more targeted approach to designing and implementing specific reforms on both regional as well as economy level to improve the investment climate in the WB6.

Survey results by type of investor

In addition to providing insights into the key investment policy factors and issues of importance for investors in the WB6 overall, the data collected through the survey also allows for a more nuanced analysis based on the different types of investors.⁹ To this extent, the results of the survey were disaggregated to present findings at the level of investor type based on the typology presented earlier in this document (see box 2). Table 8 below summarizes the main differences and commonalities in terms key decision factors driving location decisions for different types of investors

⁸ UNCTAD. 2017. Investment Policy Review South-East Europe. New York and Geneva.

⁹ Investors self-categorized their motivations for investing in the region (as noted on page 11), and these responses were then used to analyze firm perceptions based on the FDI typology (which includes the following investor types: market seeking, efficiency seeking, natural resource seeking, and strategic asset seeking). Additional information (e.g. about export markets and firm profiles) was used to assign firms into one of the mentioned categories.

Table 8. Importance of investment policy factors for investment decisions by type of investor

		EFFICIENCY SEEKING	MARKET SEEKING	NATURAL RESOURCE SEEKING	STRATEGIC ASSET SEEKING
Importance of issue for investment decision		Risk of occurrence of non-transparent or arbitrary government conduct	Stability and predictability of laws (changes are not frequent)	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)
		Government coordination with private sector	Risk of occurrence of non-transparent or arbitrary government conduct	Policies on foreign investors to enter into joint-ventures with local firms in your sector	Policies on foreign investors to enter into joint-ventures with local firms in your sector
		Process of obtaining investment approval and permits to start a business	Government coordination with private sector	Process of obtaining investment approval and permits to start a business	Process of obtaining investment approval and permits to start a business
		Stability and predictability of laws (changes are not frequent)	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	Transparency of business registration procedures
		Transparency and predictability in the conduct of public agencies	Process of obtaining investment approval and permits to start a business	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff

Legend: Policy area I: Investment Entry & Establishment
 Policy area II: Investment Protection & Retention
 Policy area III: Investment Attraction & Promotion



Source: Regional Investor Survey, WBG 2018

There is a marked difference between the different types of investors with regards to the key factors influencing their investment decisions. As shown in Table 8, the factors ranked most important for investment decisions broadly fall into two main categories, namely investment protection & retention on the one hand and investment entry & establishment on the other. Factors in the investment attraction & promotion category seem to play a less important role in investor’s site selection decisions overall. Additional data underlying this table and analysis are provided in the annex.

For efficiency seeking and market seeking investors, issues of investment protection and retention matter most in their investment decisions. While the relative importance of the individual factors varies in detail between efficiency- and marketing seeking investors, four out of the top five factors for both groups fall within the category of investment protection and retention. A stable and predictable business environment, including in particular a stable legal framework and predictable government and public agency conduct, represent key factors driving site location decisions for these two types of investors. Effective and timely government coordination with the private sector on issues and changes affecting businesses are equally important for those types of investors. While business entry and establishment factors are less prominently factored into investments decisions, they do also play a role for efficiency and market seeking investors alike, especially when it comes to obtaining approvals and permits for business operations.

The above heatmap shows significant similarities between market- and efficiency seeking investors when it comes to the key factors driving their investment decisions. Focusing on those similarities is important as these two investment types represent key targets for the WB6 economies to attract more FDI and they are also most likely to respond to greater regional cooperation in investment policy. Efficiency seeking investors are interested in developing cross-economy, regional supply chains to promote increased productivity and ensure greater efficiency, while market seeking investments will be likely attracted by the bigger size and greater potential of an enlarged regional market. Tackling issues most relevant to those two types of investors therefore represents a promising approach to regional and economy level reform efforts by the WB6 economies aimed at creating a dynamic investment space in the WB6.

Natural resource seeking and strategic asset seeking investors on the other hand are predominantly concerned with issues of market access. Ease of investment entry and establishment therefore represents a primary area of interest for those investors. Factors such as the absence of restrictions on companies to operate in certain sectors, as well as effective processes to obtain investment approvals and permits are of particular concern to those investors. Policies on foreign investors to enter into joint-ventures with local firms also represent an important decision factors for these types of investors.

Issues of investment attraction and retention seem to play a less important role in investment decisions across the different types of investors. The availability of investment incentives in particular does not seem to constitute an important or decisive factor in investment decisions across all different types of investors.

Although not mentioned directly among the top five policy factors, the existence of regional free trade agreements and investment treaties represents a key decision factor for investors across all types. It appears among the top ten factors across all types, and specifically efficiency seeking investors, who are by definition exporters and therefore benefit most from these agreements, see it as an important factor for their investment decisions. More than half of the surveyed firms rated the existence of those agreements as a key driver to their investment decisions.

This further demonstrates the importance of the regional investment reform agenda and the integration that it seeks to enhance. Working on a joint regional agenda will demonstrate to investors that this key regional coordination factor is being addressed at a broad level further enhancing investment protection standards and reliability.

Annex 1: Survey results from final sample

Firm Profiles						
Headquarters location						
		North America	Europe	WB6	Other	
		7.80%	48.40%	37.50%	7.80%	
Sectors and Subsectors of Activities						
Agriculture, Hunting, Forestry and Fishing						1.49%
Mining/Quarrying						4.48%
Oil and Gas Extraction						0.00%
Electricity, Gas, and Water Supply						5.97%
Construction						8.96%
Manufacturing: Refined Petroleum Products, Coke and Nuclear Fuel						1.49%
Manufacturing: Food Products and Beverages, Agro-processing						11.94%
Manufacturing: Other						32.84%
Services: Business and Financial						11.94%
Services: Retail						13.43%
Services: Other						11.94%
Services: Real Estate						8.96%
Services: Hotels, Restaurants, and Travel/Tourism						5.97%
Services: Telecommunications & Media						10.45%
Services: Science, Technical, and Health						0.00%
Foreign Ownership						
Percentage of foreign ownership Responses			0-50% 21%	51-99% 15%	100% 66%	
Regional Presence						
Average number of economies in which firms are operating						1.6
Percentage of firms operating in X number of WB6 economies						
	1 economy	2 economies	3 economies	4 economies	5 economies	6 economies
	75%	8.30%	3.30%	10%	0%	3.30%
Employees						
Average number of employees						482.5
Average number of employees by economy						
	Albania	Bosnia and Herzegovina	Kosovo*	Macedonia, FYR	Montenegro	Serbia
	485	416	141	594	138	1121
Regional Presence						
Average number of years of firms established in the region						14
Year of most recently established firm						2018
Year of establishment of firm with largest amount of time in region						1973
Sales/export destinations						
Locations Responses			Domestic market 77.42%	Other WB6 economies 32.26%	EU 56.45%	Outside the EU and WB6 24.19%
Sources of production inputs						
Inputs (goods and services) sourced from the following locations				WB6	EU	Rest of the world
Percentage of firms indicating they sourced from each				47.22%	64.41%	30.33%
Intermediate goods						
Destination of intermediate goods, if any				WB6	EU	Rest of the world
Percentage of firms indicating this destination for intermediate goods				47.62%	61.90%	28.57%

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

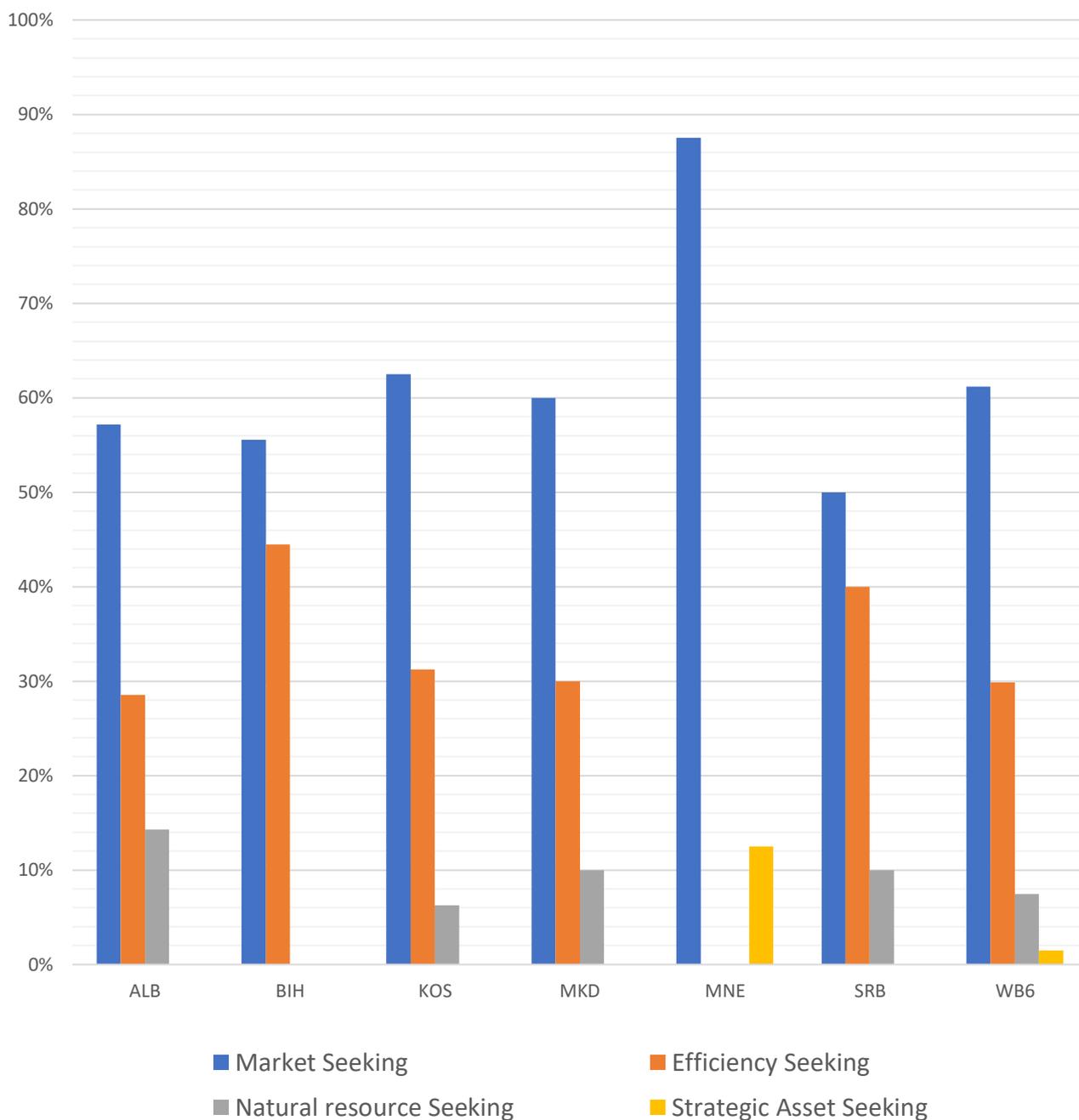
Share of sectors of activity by economy and region

Sector of activity by economy and region in %	Albania	Bosnia and Herzegovina	Kosovo*	The Former Yugoslav Republic of Macedonia	Montenegro	Serbia	WB6
Agriculture	6%	0%	0%	0%	0%	0%	1%
Mining, Oil and Gas	11%	8%	0%	0%	0%	0%	3%
Infrastructure	6%	0%	5%	8%	9%	0%	5%
Construction	6%	25%	0%	8%	0%	8%	7%
Manufacturing	22%	42%	35%	46%	9%	62%	36%
Services	50%	25%	60%	38%	82%	31%	48%

Note: Investors self-categorized the sector of activity and these responses were then used to categorize firm activity in specific sector groups (Agriculture; Mining, Oil and Gas; Infrastructure, Construction, Manufacturing, Services). Multiple answers were possible for the respondents.

Investor type by economy and region as a whole

Investor type by economy and region, percentage of firms



Source: Regional Investor Survey, WBG 2018

Firm Perspectives on the Region				
WB6 Regional Perspectives				
	Yes	No		
Does your company see the WB6 region as one single market or investment destination?	38.33%	61.67%		
Importance of factors in investor decisions to invest in WB6 region:				
On a scale of 1-3, with 1 - Not important; 2 - An important factor, but others more important for decision to invest; 3 - Key factor in investment decision				
	1	2	3	N/A / Don't know
To access the regional market of the WB6 (e.g. gain new customers, adapt goods to local needs or taste, gain physical presence to discourage potential competitors, etc.)	23.73%	28.81%	33.90%	13.56%
To access the domestic market of one of the WB6 economies you invested in.	25.00%	26.67%	40.00%	8.33%
To lower production costs and to enable your firm to export and compete in international markets beyond the region (e.g. lower cost of labor, establish new base for export, etc.)	15.00%	23.33%	45.00%	16.67%
To consolidate your company's value chain (e.g. produce intermediate goods, assemble products, improve proximity to suppliers, etc.)	26.67%	36.67%	13.33%	23.33%
To access natural resources and raw materials	38.33%	13.33%	18.33%	30.00%
To acquire another firm that will provide your company new technologies or brands	50.00%	13.33%	8.33%	28.33%
Future Outlook of Firms				
Expansion plans of firms surveyed				
Over next three years, will the firm	Expand	Stay the same	Cancel Expansion	
	79.10%	19.40%	1.49%	
Outlook for firms planning expansions				
Amount of investment planned*				405 million euros
Average amount of investment per expansion*				9 million euros
Number of jobs expected to be created*				6,410 jobs
Average number of jobs expected to be created per firm*				150/firm
What is the reason for expansion?	Economic Factors	Political Factors	Corporate Strategy Factors	Investment Climate Factors
	72.55%	3.92%	56.86%	21.57%
Is the expansion in the same or a different sector? (More than one answer possible)				Same
				90%
				Different
				24%
Will the business activity expand or add to existing activities?				Expansion of an existing product line
				68.29%
				Addition of a new product line
				46.34%
Is the expansion expected to upgrade the company's production?				No
				18.42%
				Yes
				81.58%

*Average investment per expansion and average jobs are calculated based off of the total respondents providing information to these questions (45 provided investment amounts, and 43 provided job estimates).

Importance of Investment Policy Factors for Firms				
1 – Not important; 2 – An important factor, but others more important for decisions; 3 – Key factor in decision making process; N/A – Not applicable				
	1	2	3	N/A
Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	13.56%	28.81%	52.54%	5.08%
Policies on foreign investors to enter into joint-ventures with local firms in your sector	12.28%	28.07%	38.60%	21.05%
Process of obtaining investment approval and permits to start a business	5.08%	27.12%	62.71%	5.08%
Transparency of business registration procedures	8.77%	40.35%	43.86%	7.02%
Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	10.53%	52.63%	29.82%	7.02%
Process of obtaining a land lease	5.26%	45.61%	26.32%	22.81%
Existence of free trade agreements and investment treaties	5.26%	24.56%	54.39%	15.79%
Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	3.64%	49.09%	27.27%	20.00%
Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	5.26%	28.07%	63.16%	3.51%
Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	8.47%	30.51%	45.76%	15.25%
Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	7.02%	28.07%	45.61%	19.30%
Risk of occurrence of non-transparent or arbitrary government conduct	5.08%	20.34%	64.41%	10.17%
Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	3.51%	45.61%	43.86%	7.02%
Stability and predictability of laws (changes are not frequent)	1.72%	29.31%	67.24%	1.72%
Transparency and predictability in the conduct of public agencies	6.78%	37.29%	54.24%	1.69%
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	3.51%	36.84%	52.63%	7.02%
Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	7.14%	44.64%	44.64%	3.57%
Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	10.53%	29.82%	50.88%	8.77%
Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	12.73%	36.36%	38.18%	12.73%
Predictability of tax and incentive policy	3.64%	40.00%	52.73%	3.64%
Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	5.66%	47.17%	41.51%	5.66%
Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	7.41%	53.70%	31.48%	7.41%
Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	14.81%	44.44%	29.63%	11.11%
Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	9.09%	45.45%	23.64%	21.82%
Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	7.02%	42.11%	21.05%	29.82%
Clear national investment strategy	5.26%	43.86%	45.61%	5.26%
Government coordination with private sector	5.08%	25.42%	67.80%	1.69%

Firm views on the performance of WB6 economies on investment policy and regulatory factors by economy

Albania		1 – Very poor	2 – Poor	3 – Average	4 – Good	5 – Very Good	N/A – Not applicable
Investment Entry and Establishment	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	20.00%	33.33%	13.33%	13.33%	20.00%	0.00%
	Policies on foreign investors to enter into joint-ventures with local firms in your sector	6.25%	0.00%	43.75%	18.75%	12.50%	18.75%
	Process of obtaining investment approval and permits to start a business	6.67%	13.33%	13.33%	40.00%	26.67%	0.00%
	Transparency of business registration procedures	0.00%	6.67%	26.67%	0.00%	66.67%	0.00%
	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	6.25%	12.50%	6.25%	43.75%	18.75%	12.50%
	Process of obtaining a land lease	18.75%	18.75%	31.25%	0.00%	12.50%	18.75%
Investment Protection & Retention	Existence of free trade agreements and investment treaties	12.50%	0.00%	50.00%	6.25%	12.50%	18.75%
	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	6.25%	18.75%	12.50%	31.25%	12.50%	18.75%
	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	18.75%	0.00%	12.50%	50.00%	18.75%	0.00%
	Government coordination with private sector	25.00%	25.00%	18.75%	25.00%	6.25%	0.00%
	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	6.25%	31.25%	18.75%	0.00%	43.75%	0.00%
	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	6.25%	18.75%	18.75%	43.75%	0.00%	12.50%
	Risk of occurrence of non-transparent or arbitrary government conduct	18.75%	12.50%	18.75%	6.25%	25.00%	18.75%
	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	12.50%	12.50%	62.50%	6.25%	6.25%	0.00%
	Stability and predictability of laws (changes are not frequent)	25.00%	43.75%	31.25%	0.00%	0.00%	0.00%
Transparency and predictability in the conduct of public agencies	13.33%	40.00%	40.00%	0.00%	0.00%	6.67%	
Investment Attraction and Promotion	Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	31.25%	0.00%	31.25%	25.00%	0.00%	12.50%
	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	26.67%	26.67%	33.33%	6.67%	0.00%	6.67%
	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	18.75%	25.00%	43.75%	0.00%	6.25%	6.25%
	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	18.75%	18.75%	37.50%	0.00%	0.00%	25.00%
	Predictability of tax and incentive policy	20.00%	40.00%	26.67%	6.67%	0.00%	6.67%
	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	6.25%	18.75%	43.75%	12.50%	6.25%	12.50%
	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	0.00%	26.67%	40.00%	6.67%	0.00%	26.67%
	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	6.25%	37.50%	37.50%	6.25%	6.25%	6.25%
	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	12.50%	37.50%	31.25%	6.25%	0.00%	12.50%
	Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	6.25%	12.50%	50.00%	6.25%	6.25%	18.75%
Clear national investment strategy	25.00%	12.50%	50.00%	6.25%	6.25%	0.00%	

Bosnia and Herzegovina		1 – Very poor	2 – Poor	3 – Average	4 – Good	5 – Very Good	N/A – Not applicable
Investment Entry and Establishment	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	10.00%	0.00%	30.00%	50.00%	0.00%	10.00%
	Policies on foreign investors to enter into joint-ventures with local firms in your sector	10.00%	0.00%	30.00%	40.00%	10.00%	10.00%
	Process of obtaining investment approval and permits to start a business	10.00%	60.00%	10.00%	20.00%	0.00%	0.00%
	Transparency of business registration procedures	10.00%	20.00%	60.00%	10.00%	0.00%	0.00%
	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	30.00%	20.00%	30.00%	10.00%	10.00%	0.00%
	Process of obtaining a land lease	10.00%	20.00%	50.00%	0.00%	0.00%	20.00%
Investment Protection & Retention	Existence of free trade agreements and investment treaties	0.00%	22.22%	44.44%	22.22%	11.11%	0.00%
	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	0.00%	44.44%	33.33%	0.00%	11.11%	11.11%
	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	22.22%	0.00%	33.33%	33.33%	11.11%	0.00%
	Government coordination with private sector	50.00%	30.00%	10.00%	10.00%	0.00%	0.00%
	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	20.00%	0.00%	50.00%	20.00%	0.00%	10.00%
	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	10.00%	10.00%	60.00%	10.00%	0.00%	10.00%
	Risk of occurrence of non-transparent or arbitrary government conduct	0.00%	30.00%	10.00%	30.00%	10.00%	20.00%
	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	20.00%	20.00%	40.00%	10.00%	10.00%	0.00%
	Stability and predictability of laws (changes are not frequent)	40.00%	30.00%	20.00%	10.00%	0.00%	0.00%
Transparency and predictability in the conduct of public agencies	40.00%	20.00%	20.00%	0.00%	10.00%	10.00%	
	Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	30.00%	20.00%	40.00%	10.00%	0.00%	0.00%
Investment Attraction and Promotion	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	30.00%	10.00%	50.00%	10.00%	0.00%	0.00%
	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	30.00%	10.00%	40.00%	20.00%	0.00%	0.00%
	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	40.00%	20.00%	30.00%	0.00%	0.00%	10.00%
	Predictability of tax and incentive policy	22.22%	0.00%	66.67%	11.11%	0.00%	0.00%
	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	20.00%	30.00%	40.00%	10.00%	0.00%	0.00%
	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	30.00%	30.00%	30.00%	10.00%	0.00%	0.00%
	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	20.00%	20.00%	20.00%	20.00%	10.00%	10.00%
	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	20.00%	20.00%	30.00%	10.00%	0.00%	20.00%
	Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	10.00%	30.00%	10.00%	20.00%	0.00%	30.00%
	Clear national investment strategy	40.00%	20.00%	10.00%	20.00%	0.00%	10.00%

FYR Macedonia		1 – Very poor	2 – Poor	3 – Average	4 – Good	5 – Very Good	N/A – Not applicable
Investment Entry and Establishment	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	7.14%	0.00%	0.00%	42.86%	28.57%	21.43%
	Policies on foreign investors to enter into joint-ventures with local firms in your sector	0.00%	6.67%	13.33%	26.67%	20.00%	33.33%
	Process of obtaining investment approval and permits to start a business	0.00%	13.33%	20.00%	53.33%	6.67%	6.67%
	Transparency of business registration procedures	0.00%	0.00%	28.57%	50.00%	14.29%	7.14%
	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	7.69%	30.77%	30.77%	7.69%	15.38%	7.69%
	Process of obtaining a land lease	7.69%	0.00%	23.08%	38.46%	0.00%	30.77%
Investment Protection & Retention	Existence of free trade agreements and investment treaties	0.00%	7.14%	21.43%	42.86%	21.43%	7.14%
	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	0.00%	7.69%	15.38%	30.77%	30.77%	15.38%
	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	13.33%	0.00%	13.33%	46.67%	20.00%	6.67%
	Government coordination with private sector	0.00%	28.57%	35.71%	28.57%	7.14%	0.00%
	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	0.00%	13.33%	20.00%	46.67%	13.33%	6.67%
	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	6.67%	13.33%	20.00%	20.00%	6.67%	33.33%
	Risk of occurrence of non-transparent or arbitrary government conduct	14.29%	14.29%	14.29%	35.71%	7.14%	14.29%
	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	8.33%	8.33%	33.33%	33.33%	16.67%	0.00%
	Stability and predictability of laws (changes are not frequent)	20.00%	33.33%	20.00%	26.67%	0.00%	0.00%
	Transparency and predictability in the conduct of public agencies	0.00%	33.33%	13.33%	26.67%	6.67%	20.00%
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	13.33%	13.33%	20.00%	40.00%	0.00%	13.33%	
Investment Attraction and Promotion	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	7.14%	0.00%	28.57%	28.57%	14.29%	21.43%
	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	7.14%	14.29%	21.43%	35.71%	7.14%	14.29%
	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	15.38%	23.08%	15.38%	23.08%	0.00%	23.08%
	Predictability of tax and incentive policy	0.00%	23.08%	23.08%	23.08%	15.38%	15.38%
	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	7.69%	15.38%	23.08%	38.46%	15.38%	0.00%
	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	0.00%	38.46%	23.08%	38.46%	0.00%	0.00%
	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	7.14%	0.00%	21.43%	14.29%	14.29%	42.86%
	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	0.00%	13.33%	6.67%	33.33%	0.00%	46.67%
	Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	0.00%	0.00%	13.33%	26.67%	6.67%	53.33%
	Clear national investment strategy	7.14%	21.43%	35.71%	28.57%	0.00%	7.14%

Kosovo*		1 – Very poor	2 – Poor	3 – Average	4 – Good	5 – Very Good	N/A – Not applicable
Investment Entry and Establishment	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	0.00%	0.00%	22.22%	27.78%	16.67%	33.33%
	Policies on foreign investors to enter into joint-ventures with local firms in your sector	0.00%	0.00%	10.53%	26.32%	26.32%	36.84%
	Process of obtaining investment approval and permits to start a business	5.56%	5.56%	33.33%	5.56%	27.78%	22.22%
	Transparency of business registration procedures	5.56%	0.00%	5.56%	5.56%	61.11%	22.22%
	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	5.56%	16.67%	5.56%	16.67%	27.78%	27.78%
	Process of obtaining a land lease	5.56%	11.11%	16.67%	22.22%	11.11%	33.33%
Investment Protection & Retention	Existence of free trade agreements and investment treaties	10.53%	15.79%	26.32%	10.53%	26.32%	10.53%
	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	0.00%	10.53%	26.32%	10.53%	21.05%	31.58%
	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	0.00%	5.56%	22.22%	16.67%	22.22%	33.33%
	Government coordination with private sector	26.32%	36.84%	15.79%	15.79%	0.00%	5.26%
	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	0.00%	5.56%	22.22%	11.11%	27.78%	33.33%
	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	0.00%	16.67%	11.11%	16.67%	22.22%	33.33%
	Risk of occurrence of non-transparent or arbitrary government conduct	16.67%	22.22%	11.11%	11.11%	5.56%	33.33%
	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	11.11%	5.56%	27.78%	11.11%	5.56%	38.89%
	Stability and predictability of laws (changes are not frequent)	10.53%	5.26%	31.58%	31.58%	5.26%	15.79%
	Transparency and predictability in the conduct of public agencies	27.78%	16.67%	22.22%	5.56%	5.56%	22.22%
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	47.37%	5.26%	21.05%	5.26%	5.26%	15.79%	
Investment Attraction and Promotion	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	33.33%	5.56%	33.33%	16.67%	5.56%	5.56%
	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	16.67%	16.67%	33.33%	16.67%	5.56%	11.11%
	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	37.50%	12.50%	6.25%	6.25%	12.50%	25.00%
	Predictability of tax and incentive policy	22.22%	5.56%	38.89%	11.11%	11.11%	11.11%
	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	11.11%	5.56%	16.67%	38.89%	11.11%	16.67%
	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	25.00%	25.00%	12.50%	18.75%	6.25%	12.50%
	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	10.53%	26.32%	21.05%	5.26%	21.05%	15.79%
	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	21.05%	26.32%	15.79%	10.53%	10.53%	15.79%
	Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	15.79%	21.05%	15.79%	0.00%	21.05%	26.32%
Clear national investment strategy	21.05%	26.32%	21.05%	5.26%	10.53%	15.79%	

*This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence

Montenegro		1 – Very poor	2 – Poor	3 – Average	4 – Good	5 – Very Good	N/A – Not applicable
Investment Entry and Establishment	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	0.00%	0.00%	0.00%	33.33%	33.33%	33.33%
	Policies on foreign investors to enter into joint-ventures with local firms in your sector	0.00%	0.00%	16.67%	33.33%	25.00%	25.00%
	Process of obtaining investment approval and permits to start a business	0.00%	8.33%	33.33%	16.67%	25.00%	16.67%
	Transparency of business registration procedures	0.00%	0.00%	8.33%	16.67%	58.33%	16.67%
	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	0.00%	25.00%	41.67%	16.67%	8.33%	8.33%
	Process of obtaining a land lease	8.33%	8.33%	25.00%	8.33%	8.33%	41.67%
Investment Protection & Retention	Existence of free trade agreements and investment treaties	0.00%	7.69%	30.77%	7.69%	23.08%	30.77%
	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	0.00%	7.69%	38.46%	0.00%	15.38%	38.46%
	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	0.00%	7.69%	15.38%	46.15%	30.77%	0.00%
	Government coordination with private sector	8.33%	25.00%	25.00%	33.33%	0.00%	8.33%
	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	0.00%	0.00%	23.08%	30.77%	15.38%	30.77%
	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	0.00%	16.67%	16.67%	25.00%	16.67%	25.00%
	Risk of occurrence of non-transparent or arbitrary government conduct	16.67%	0.00%	41.67%	8.33%	8.33%	25.00%
	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	8.33%	25.00%	33.33%	16.67%	16.67%	0.00%
	Stability and predictability of laws (changes are not frequent)	16.67%	25.00%	58.33%	0.00%	0.00%	0.00%
	Transparency and predictability in the conduct of public agencies	8.33%	8.33%	41.67%	25.00%	0.00%	16.67%
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	16.67%	8.33%	25.00%	41.67%	8.33%	0.00%	
Investment Attraction and Promotion	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	25.00%	0.00%	33.33%	16.67%	8.33%	16.67%
	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	8.33%	8.33%	33.33%	0.00%	16.67%	33.33%
	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	25.00%	16.67%	8.33%	0.00%	0.00%	50.00%
	Predictability of tax and incentive policy	16.67%	25.00%	25.00%	16.67%	8.33%	8.33%
	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	18.18%	9.09%	18.18%	27.27%	18.18%	9.09%
	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	20.00%	20.00%	30.00%	10.00%	10.00%	10.00%
	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	16.67%	16.67%	16.67%	8.33%	8.33%	33.33%
	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	0.00%	16.67%	33.33%	0.00%	0.00%	50.00%
	Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	0.00%	10.00%	10.00%	0.00%	10.00%	70.00%
	Clear national investment strategy	8.33%	25.00%	25.00%	16.67%	25.00%	0.00%

Serbia		1 – Very poor	2 – Poor	3 – Average	4 – Good	5 – Very Good	N/A – Not applicable
Investment Entry and Establishment	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	0.00%	8.33%	8.33%	50.00%	16.67%	16.67%
	Policies on foreign investors to enter into joint-ventures with local firms in your sector	0.00%	0.00%	8.33%	33.33%	33.33%	25.00%
	Process of obtaining investment approval and permits to start a business	8.33%	8.33%	8.33%	58.33%	16.67%	0.00%
	Transparency of business registration procedures	0.00%	0.00%	41.67%	41.67%	16.67%	0.00%
	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	0.00%	16.67%	33.33%	41.67%	8.33%	0.00%
	Process of obtaining a land lease	8.33%	16.67%	8.33%	41.67%	8.33%	16.67%
Investment Protection & Retention	Existence of free trade agreements and investment treaties	0.00%	16.67%	16.67%	16.67%	41.67%	8.33%
	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	8.33%	8.33%	41.67%	16.67%	8.33%	16.67%
	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	8.33%	8.33%	41.67%	25.00%	16.67%	0.00%
	Government coordination with private sector	8.33%	25.00%	25.00%	33.33%	8.33%	0.00%
	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	8.33%	8.33%	33.33%	33.33%	8.33%	8.33%
	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	16.67%	16.67%	8.33%	41.67%	16.67%	0.00%
	Risk of occurrence of non-transparent or arbitrary government conduct	16.67%	33.33%	16.67%	25.00%	0.00%	8.33%
	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	0.00%	33.33%	33.33%	25.00%	0.00%	8.33%
	Stability and predictability of laws (changes are not frequent)	25.00%	33.33%	16.67%	25.00%	0.00%	0.00%
	Transparency and predictability in the conduct of public agencies	16.67%	33.33%	16.67%	16.67%	8.33%	8.33%
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	16.67%	16.67%	41.67%	16.67%	8.33%	0.00%	
Investment Attraction and Promotion	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	16.67%	25.00%	16.67%	41.67%	0.00%	0.00%
	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	16.67%	0.00%	33.33%	33.33%	8.33%	8.33%
	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	16.67%	16.67%	16.67%	41.67%	0.00%	8.33%
	Predictability of tax and incentive policy	16.67%	8.33%	58.33%	8.33%	0.00%	8.33%
	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	18.18%	18.18%	18.18%	45.45%	0.00%	0.00%
	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	18.18%	18.18%	27.27%	27.27%	0.00%	9.09%
	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	8.33%	8.33%	41.67%	16.67%	16.67%	8.33%
	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	0.00%	8.33%	33.33%	33.33%	8.33%	16.67%
	Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	0.00%	8.33%	41.67%	16.67%	8.33%	25.00%
	Clear national investment strategy	16.67%	25.00%	16.67%	25.00%	8.33%	8.33%

Key investment factors by investor type.

Key Investment Factors, by Investor Type							
EFFICIENCY SEEKING	% of answers	MARKET SEEKING	% of answers	NATURAL RESOURCE SEEKING	% of answers	STRATEGIC ASSET SEEKING	% of answers
Risk of occurrence of non-transparent or arbitrary government conduct	56%	Stability and predictability of laws (changes are not frequent)	72%	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	100%	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	100%
Government coordination with private sector	56%	Risk of occurrence of non-transparent or arbitrary government conduct	69%	Policies on foreign investors to enter into joint-ventures with local firms in your sector	100%	Policies on foreign investors to enter into joint-ventures with local firms in your sector	100%
Process of obtaining investment approval and permits to start a business	53%	Government coordination with private sector	69%	Process of obtaining investment approval and permits to start a business	100%	Process of obtaining investment approval and permits to start a business	100%
Stability and predictability of laws (changes are not frequent)	53%	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	64%	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	100%	Transparency of business registration procedures	100%
Transparency and predictability in the conduct of public agencies	53%	Process of obtaining investment approval and permits to start a business	62%	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	100%	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	100%
Existence of free trade agreements and investment treaties	50%	Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	60%	Government coordination with private sector	100%	Process of obtaining a land lease	100%
Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	50%	Predictability of tax and incentive policy	58%	Existence of free trade agreements and investment treaties	75%	Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	100%
Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	47%	Existence of free trade agreements and investment treaties	56%	Stability and predictability of laws (changes are not frequent)	75%	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	100%
Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	47%	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	54%	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	75%	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	100%

Predictability of tax and incentive policy	47%	Transparency and predictability in the conduct of public agencies	54%	Clear national investment strategy	75%	Risk of occurrence of non-transparent or arbitrary government conduct	100%
Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	44%	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	53%	Transparency of business registration procedures	50%	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	100%
Clear national investment strategy	41%	Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	49%	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	50%	Stability and predictability of laws (changes are not frequent)	100%
Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	38%	Transparency of business registration procedures	49%	Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	50%	Transparency and predictability in the conduct of public agencies	100%
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	35%	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	47%	Risk of occurrence of non-transparent or arbitrary government conduct	50%	Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	100%
Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	35%	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	46%	Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	50%	Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	100%
Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	35%	Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	44%	Transparency and predictability in the conduct of public agencies	50%	Predictability of tax and incentive policy	100%
Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	35%	Clear national investment strategy	43%	Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	50%	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	100%
Ease of accessing incentives (i.e. simple and fast)	35%	Transparency and access to information on incentives (e.g. clear	42%	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	50%	Ease of accessing incentives (i.e. simple and fast)	100%

processes/procedures for awarding and benefitting)		laws and regulations, information on eligibility criteria, etc.)				processes/procedures for awarding and benefitting)	
Transparency of business registration procedures	29%	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	39%	Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	50%	Clear national investment strategy	100%
Process of obtaining a land lease	29%	Policies on foreign investors to enter into joint-ventures with local firms in your sector	37%	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	25%	Government coordination with private sector	100%
Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	28%	Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	34%	Process of obtaining a land lease	25%	Existence of free trade agreements and investment treaties	0%
Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	27%	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	30%	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	25%	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	0%
Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	25%	Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements	29%	Predictability of tax and incentive policy	25%	Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	0%
Policies on foreign investors to enter into joint-ventures with local firms in your sector	24%	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	28%	Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	25%	Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	0%
Quality of outreach services or proactive promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	19%	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	24%	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	25%	Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	0%
Ease of hiring and bringing in expatriate staff and process of obtaining work permits for expatriate staff	18%	Process of obtaining a land lease	23%	Quality of outreach services or proactive promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	25%	Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	0%
Existence of effective processes for consultation on proposed laws and regulations. (These processes	18%	Quality of outreach services or proactive promotion (e.g. persuading potential investors to seriously	22%	Quality of information services provided by the investment promotion agency (IPA) (e.g.	0%	Quality of outreach services or proactive promotion (e.g. persuading potential investors to seriously	0%

include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).		consider a particular location as part of their investment plans)		sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)		consider a particular location as part of their investment plans)	
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Annex 2: Western Balkans Regional IPP Project: Regional Investor Interview Guide, Spring 2018

WESTERN BALKANS REGIONAL IPP PROJECT REGIONAL INVESTOR INTERVIEW GUIDE Spring 2018

The World Bank Group (WBG) in cooperation with its partner Region Chambers of Commerce (RCC) and supported by the European Commission (EC), is implementing an investor survey to identify the key investment policy barriers to regional investment in the six Western Balkans economies (WB6) (Albania, Bosnia and Herzegovina, Kosovo, Macedonia (FYROM), Montenegro, Serbia). This survey will inform the development of a Regional Investment Reform Agenda and associated Action Plan to enable more private sector investment in the region.

The main objective is to interview selected investors in the region to understand the private sector perceptions about the key investment policy barriers to regional investment in the WB6 economies.

The inputs of the interview partners will directly contribute to practical reform recommendations formulated in the Regional Investment Reform Agenda aimed at unlocking more private sector investment in the region.

ALL INFORMATION IS STRICTLY CONFIDENTIAL!

A. Company information and ongoing activities

1. Name/position/job title, the name of company and its address for acknowledgements.

Name	
Position/Job Title	
Company name	
Address	

2. In which country is the global headquarter (HQ) located? In which country the regional HQ?

Global HQ location:	Regional HQ location:
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3. Please select the sector and sub-sector that best describes your company's main business.

<input type="radio"/>	Agriculture
<input type="radio"/>	Agriculture, Hunting, Forestry, and Fishing
<input type="radio"/>	Industry
<input type="radio"/>	Mining/Quarrying
<input type="radio"/>	Oil and Gas Extraction
<input type="radio"/>	Electricity, Gas, and Water Supply
<input type="radio"/>	Construction
<input type="radio"/>	Manufacturing: Refined Petroleum Products, Coke and Nuclear Fuel
<input type="radio"/>	Manufacturing: Food Products and Beverages, Agro-processing
<input type="radio"/>	Manufacturing: Textiles, Apparel, and Leather
<input type="radio"/>	Manufacturing: Chemicals, Plastics, and Rubber
<input type="radio"/>	Manufacturing: Basic Metals

<input type="radio"/>	Manufacturing: Pharmaceuticals, Biotechnology, and Medical Devices
<input type="radio"/>	Manufacturing: Wood and wood products, Paper, Furniture
<input type="radio"/>	Manufacturing: Automobiles, Other Motor Vehicles, and Transport Equipment
<input type="radio"/>	Manufacturing: Information Technology and Telecommunications Equipment
<input type="radio"/>	Manufacturing: Other Electronics
<input type="radio"/>	Other Manufacturing
<input type="radio"/>	Services
<input type="radio"/>	Wholesale and Retail Trade
<input type="radio"/>	Hotels, Restaurants, and other Travel and Tourism-related Services
<input type="radio"/>	Logistics and Transport
<input type="radio"/>	Telecommunications
<input type="radio"/>	Computer and Software Services
<input type="radio"/>	Financial Services including Insurance
<input type="radio"/>	Real Estate
<input type="radio"/>	Business Services
<input type="radio"/>	Professional, Scientific and Technical Services (Engineering, Architecture, etc.)
<input type="radio"/>	Health Services
<input type="radio"/>	Media and Entertainment
<input type="radio"/>	Other Services
<input type="radio"/>	None of the above applies. Please specify:

4. In what year did your company first establish a presence in the region and in which economy?

Year: _____ / don't know
Economy:

5. What is the share of foreign ownership of the company?

6. Please indicate the number of permanent employees and turnover (in local currency) in the WB6 economies as of January 2018.

	Albania	Bosnia and Herzegovina	Kosovo	Macedonia, FYR	Montenegro	Serbia
Employees						
Turnover (local currency)						

7. In what economies of the WB6 region does your company have direct investments and approximately how much has been invested since the first establishment (in local currency)?

	Investment Y/N	Investment amount (local currency)
ALBANIA		
BOSNIA AND HERZEGOVINA		
KOSOVO		
MACEDONIA, FYR		

MONTENEGRO		
SERBIA		

8. Does your company see the WB6 region as one single market or investment destination?

Yes	No
Please specify:	

9. Where does your company sell its products and services? Please indicate the average value of your company's turnover for the past three years according to the following categories:¹⁰

	Market	Share (%) of turnover
<input type="checkbox"/>	Domestic market in the selected economy of investment	
<input type="checkbox"/>	Exports to other WB6 economies <u>Please specify:</u>	
<input type="checkbox"/>	Exports to the EU	
<input type="checkbox"/>	Exports to outside the EU and WB6	

10. Please rate the importance of the below factors in your decision to invest in WB6 region.

1 - Not important

2 - An important factor, but others more important for decision to invest

3 - Key factor in investment decision

N/A - Don't know

Factor	WB6
To access the regional market of the WB6 (e.g. gain new customers, adapt goods to local needs or taste, gain physical presence to discourage potential competitors, etc.)	1
	2
	3
	N/A
To access the domestic market of one of the WB6 economies you invested in.	1
	2
	3
	N/A

¹⁰ Note: The total should sum up to 100%.

To lower production costs and to enable your firm to export and compete in international markets beyond the region (e.g. lower cost of labor, establish new base for export, etc.)	1 2 3 N/A
To consolidate your company's value chain (e.g. produce intermediate goods, assemble products, improve proximity to suppliers, etc.)	1 2 3 N/A
To access natural resources and raw materials	1 2 3 N/A
To acquire another firm that will provide your company new technologies or brands	1 2 3 N/A

11. Does your company source production inputs in WB6 economies, the EU or other countries? If so, what share of inputs (goods and services) does it source in the following economy categories and what are the top three inputs sourced? Please indicate averages for the past three years.

Economy	Share of inputs sourced in WB6 out of total company sourcing globally (%)	Top 3 inputs sourced in WB6
WB6		
EU		
Rest of the world		

12. If your company would consider sourcing more in WB6 than it currently does, what is preventing it from doing so?

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13. Does your company sell intermediate products (goods and services) in WB6 economies, the EU or the rest of the world? If so, what is the share of its sales of intermediate products out of its total sales in the following categories? What are the top three intermediate products sold? Please indicate averages for the past three years.

Economy	Share of sales of intermediate products out of total sales	Top 3 intermediate products sold in WB6
WB6		
EU		
Rest of the world		

14. If your company would consider selling more intermediate produces in WB6 than it currently does, what is preventing it from doing so?

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B. Future Outlook

15. What are your investment plans in the WB6 region for the next three years? Please select the relevant option - (A) expand, (B) stay the same or (C) cancel expansion and close down existing business - and indicate the relevant information.

<input type="radio"/> A. Expand		
a.1.	Amount of investment planned (in local currency)	_____
a.2.	Number of jobs expected to be created through expansion	_____
a.3	Reasons for expansion	<ul style="list-style-type: none"> <input type="radio"/> Economic factors <input type="radio"/> Political factors <input type="radio"/> Corporate strategy factors <input type="radio"/> Investment climate factors <input type="radio"/> Other reasons <p>Please specify: _____</p>
a.4	Sector/s of expansion	<ul style="list-style-type: none"> <input type="radio"/> Same sector <input type="radio"/> Different sector: _____
a.5	Business activity (please select one)	<ul style="list-style-type: none"> <input type="radio"/> Expansion of existing production line <input type="radio"/> Addition of new production line <p>Will the expansion lead to upgrading of your company's production (i.e. new R&D, addition of services or know how etc)?</p> <ul style="list-style-type: none"> <input type="radio"/> Yes <input type="radio"/> No <p>Please explain: _____</p>
a.6	Country of expansion	_____
<input type="radio"/> B. Stay the same		
b.1	Reasons	Please explain: _____
<input type="radio"/> C. Cancel expansion or close down existing business		

c.1	Amount of investment affected (in local currency)	<ul style="list-style-type: none"> ○ Canceled expansion: _____ ○ Closing down existing business: _____
c.2	Reasons for not expanding/ closing down	<ul style="list-style-type: none"> ○ Economic factors ○ Political factors ○ Corporate strategy factors ○ Investment climate factors ○ Other reasons <p>Please specify: _____</p>
c.3	Sector/s affected (if other than your current sector of operation)	
c.4	Business activity affected	<ul style="list-style-type: none"> ○ Expansion of existing production line ○ Addition of new production line <p>Will the event lead to lost opportunities in terms of upgrading of your company's production (i.e. new R&D, addition of services or know how etc)?</p> <ul style="list-style-type: none"> ○ Yes ○ No <p>Please explain: _____</p> <ul style="list-style-type: none"> ○
c.5	Will the event require letting company staff go or cancelling hiring plans? If so how many jobs will be affected?	<ul style="list-style-type: none"> ○ Yes: _____ ○ No

C. Current Regional Investment Climate

16. Please see table below for the question and related answer possibilities:

Question Type I	Question Type II
In terms of investment policy and regulatory factors, please rate how the WB6 countries where you have investment are performing along these factors.	In general, how important are these issues for you/your company? Please rate according to below possibilities.
1 – Very poor	1 – Not important
2 – Poor	2 – An important factor, but others more important for decisions
3 – Average	3 – Key factor in decision making process.
4 – Good	
5 – Very Good	
N/A – Not applicable	N/A – Not applicable

Question Type	I						II
WB6 Economies	ALB	BiH	MKD	MNE	KOS	SRB	Importance of issue
Entry & Establishment							
Restrictions on the ability of foreign-owned companies to operate in your sector (policies on foreign ownership restrictions)	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Policies on foreign investors to enter into joint-ventures with local firms in your sector	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Process of obtaining investment approval and permits to start a business	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Transparency of business registration procedures	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Ease of hiring and bringing in expatriate staff and process of obtaining	1 2 3	1 2 3	1 2 3	1 2 3	1 2 3	1 2 3	1 2 3

Question Type	I						II
	ALB	BiH	MKD	MNE	KOS	SRB	Importance of issue
WB6 Economies							
work permits for expatriate staff	4 5 N/A	4 5 N/A	4 5 N/A	4 5 N/A	4 5 N/A	4 5 N/A	N/A
Process of obtaining a land lease	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Investment Protection & Retention							
Existence of free trade agreements and investment treaties	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Clarity of definitions of basic standards and qualifications of rights and provisions in international investment agreements.	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Difficulties in repatriating profits, dividends, management fees, and other foreign exchange transactions	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Risk of expropriation or confiscation, or other acts impacting the investment like revocation of licenses	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Risk of breach of contract with government (non-honoring of investor-state power purchase contract)	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A
Risk of occurrence of non-transparent or arbitrary government conduct	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 4 5 N/A	1 2 3 N/A

Question Type	I						II
	ALB	BiH	MKD	MNE	KOS	SRB	Importance of issue
Existence of effective processes for consultation on proposed laws and regulations. (These processes include adequate minimum times for consultation, publication of comments received, and requirement to respond to comments).	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4
	5	5	5	5	5	5	5
	N/A						
Stability and predictability of laws (changes are not frequent)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4
	5	5	5	5	5	5	5
	N/A						
Transparency and predictability in the conduct of public agencies	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4
	5	5	5	5	5	5	5
	N/A						
Ability of government to respond in timely and effective manner to investor grievances (before grievances become legal disputes)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4
	5	5	5	5	5	5	5
	N/A						
Attraction & Promotion							
Availability of incentives on Corporate Income Tax (e.g. exemptions, reductions, tax credits/allowances)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4
	5	5	5	5	5	5	5
	N/A						
Availability of incentives on customs duties or Value Added Tax for the imports of goods (e.g. exemptions, reductions, etc.)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4
	5	5	5	5	5	5	5
	N/A						
Availability of non-tax or financial incentives (e.g. subsidies, matching grants, reduced rate loans)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4
	5	5	5	5	5	5	5
	N/A						
Predictability of tax and incentive policy	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	4

Question Type	I						II
	ALB	BiH	MKD	MNE	KOS	SRB	Importance of issue
WB6 Economies	5 N/A	5 N/A	5 N/A	5 N/A	5 N/A	5 N/A	N/A
Transparency and access to information on incentives (e.g. clear laws and regulations, information on eligibility criteria, etc.)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	
	5	5	5	5	5	5	
	N/A						
Ease of accessing incentives (i.e. simple and fast processes/procedures for awarding and benefitting)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	
	5	5	5	5	5	5	
	N/A						
Quality of information services provided by the investment promotion agency (IPA) (e.g. sector/industry detailed and accurate information, economic information, information on taxes, business opportunities, etc.)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	
	5	5	5	5	5	5	
	N/A						
Quality of facilitation services (e.g. guiding investors through site-location decision-making process, influencing investor's location choice, etc.)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	
	5	5	5	5	5	5	
	N/A						
Quality of outreach services or pro-active promotion (e.g. persuading potential investors to seriously consider a particular location as part of their investment plans)	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	
	5	5	5	5	5	5	
	N/A						
Clear national investment strategy	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	
	5	5	5	5	5	5	
	N/A						
Government coordination with private sector	1	1	1	1	1	1	1
	2	2	2	2	2	2	2
	3	3	3	3	3	3	3
	4	4	4	4	4	4	
	5	5	5	5	5	5	
	N/A						