

Key Drivers to Attract International Private Capital

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(a) The Stability of the Political Situation

- Driver 1: Stability of Governments, including the longevity of key Government officials.
- Driver 2: Stability and adequacy of the goals and policies of the Government.
- Driver 3: Adequacy of Public Administration Structures, roles and Functions, including adequacy of public administration reform efforts.
- Driver 4: Competence of the Civil Service.
- Driver 5: Agreement and support by Parliament of the reform programs submitted by the Government.
- Driver 6: Prospects of internal or external disturbances and tensions.

(b) The Degree of Macroeconomic Stability.

- Driver 7: Expected future rate of inflation
- Driver 8: Expected rate of currency devaluation
- Driver 9: Convertibility and availability of foreign exchange
- Driver 10: Adequacy of the Structure of Government Revenues: Tax Structure, Tax Base, Tax Administration, Tax Exemptions, Cost Recovery of Public Services
- Driver 11: Adequacy of the Management of Public Expenditures: Current Expenditures of Government, Subsidies, Treasury Operations, Pension System.
- Driver 12: Size of Public Debt, internal and external

(c) The Soundness of the Legal Environment for the Market.

- Driver 13: Predictability of the laws that define the “rules of the game”
- Driver 14: Transparency of policies, rules and regulations
- Driver 15: Enforceability of contracts
- Driver 16: Degree of corruption

(d) The Easiness of Market Entry and Exit.

- Driver 17: Easy of business licensing and registration requirements
- Driver 18: Existence of a de-regulation council that continuously review all existing and new legislation to assess their impact on businesses
- Driver 19: Adequacy of other Government regulations, such as number of business inspections by government agencies; rationalization of tax audits; constraints to the purchase and leasing of commercial premises, land and housing; limits to bank accounts and transactions; power of administrative agencies to confiscate bank deposits of firms and individuals
- Driver 20: Non-Existence of monopolies and oligopolies

- Driver 21: Privatization of State Enterprises: Degree of Dominance of State Enterprises, efforts and pace of privatization, and adequacy of privatization procedures.
- Driver 22: Adequacy of Bankruptcy laws and procedures
- Driver 23: Existence of Subsidies for State Enterprises
- Driver 24: Size of the “Shadow Economy”
- Driver 25: Adequacy of the Government promotional program and strategy, including promotional offices in the country and abroad.

(e) The Lack of Barriers to the Market for Products.

- Driver 26: Degree of price controls by Government agencies
- Driver 27: Interference by Government agencies in domestic trade and on the free movement of goods in the country
- Driver 28: Degree of Export Liberalization
- Driver 29: Degree of Import Liberalization, including number of quantitative restrictions, level of tariffs and simplified trade and customs procedures

(f) The Lack of Barriers to Markets for Production Factors (labor, capital, land and basic infrastructure).

- Driver 30: Adequacy of labor regulations, including restrictions on dismissal of workers.
- Driver 31: Cost of labor, including wages, payroll taxes and other charges
- Driver 32: Adequacy of Capital/Security Markets, including its infrastructure and the ability of a Security Commission to regulate market activities.
- Driver 33: Ability of the tax system to encourage development of capital markets.
- Driver 34: Existence and application of International Accounting Standards.
- Driver 35: Adequacy of the norms on the foreign exchange market, including capacity to repatriate foreign exchange.
- Driver 36: Adequacy of the Banking System to provide commercial financing at reasonable costs.
- Driver 37: Health of the Banking Sector, including banking supervisory activities, regulations on loan classification and loss provisioning for all banks, existence of contingency plans for dealing with possible troubled banks, and arrangements for the liquidation of non-viable banks.
- Driver 38: Existence of a free market for land
- Driver 39: Existence of appropriate land legislation and land registry that protects property rights.
- Driver 40: Adequacy of the country’s basic infrastructure

(g) The Competitiveness of the Taxation System and Incentives

- Driver 41: Level of Corporate Taxes and Fees, including Taxes on Income and Payrolls.
- Driver 42: Comparative tax holidays and incentives (such as accelerated depreciation and investment allowances)