



FDI QUALITIES INDICATORS 2024 (FIRST DRAFT)

Mobilising foreign investment for the green and digital
transitions



The OECD's FDI Qualities Indicators

- The FDI Qualities Indicators measure the impact of FDI on different dimensions of sustainable development in host countries
- They are part of the FDI Qualities Initiative, which provides governments with tools to promote sustainable investment



Productivity
and
innovation

Jobs and
skills

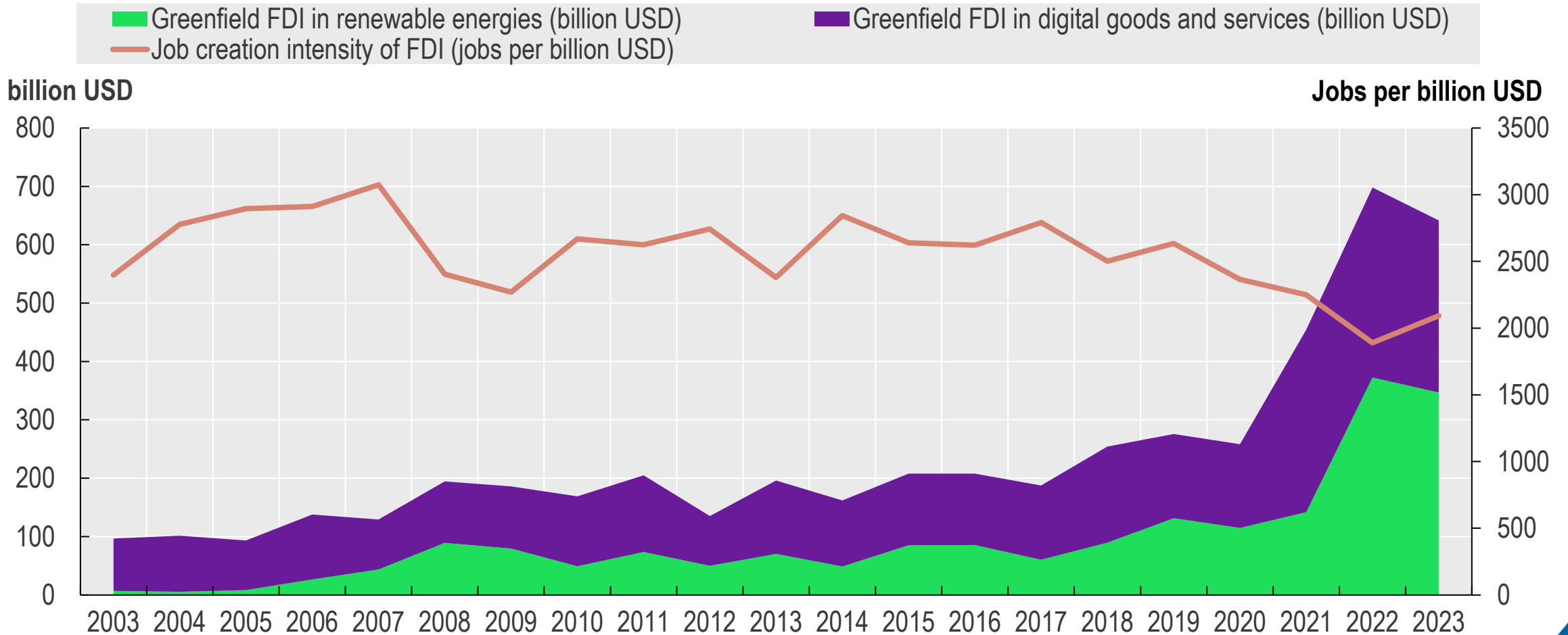
Gender
equality

Low carbon
transition

Digital
economy



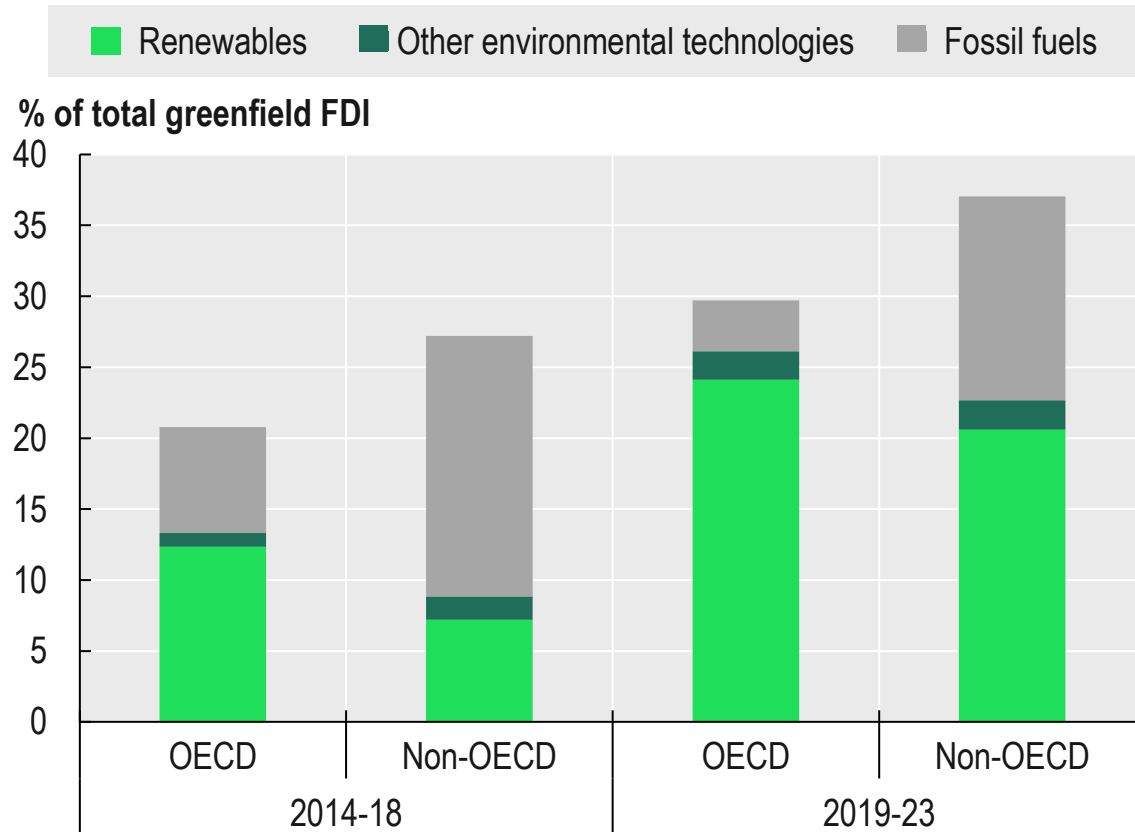
The strong increase in FDI in the green and digital sectors to 50% of total FDI has reduced the job creation intensity of FDI by 17%



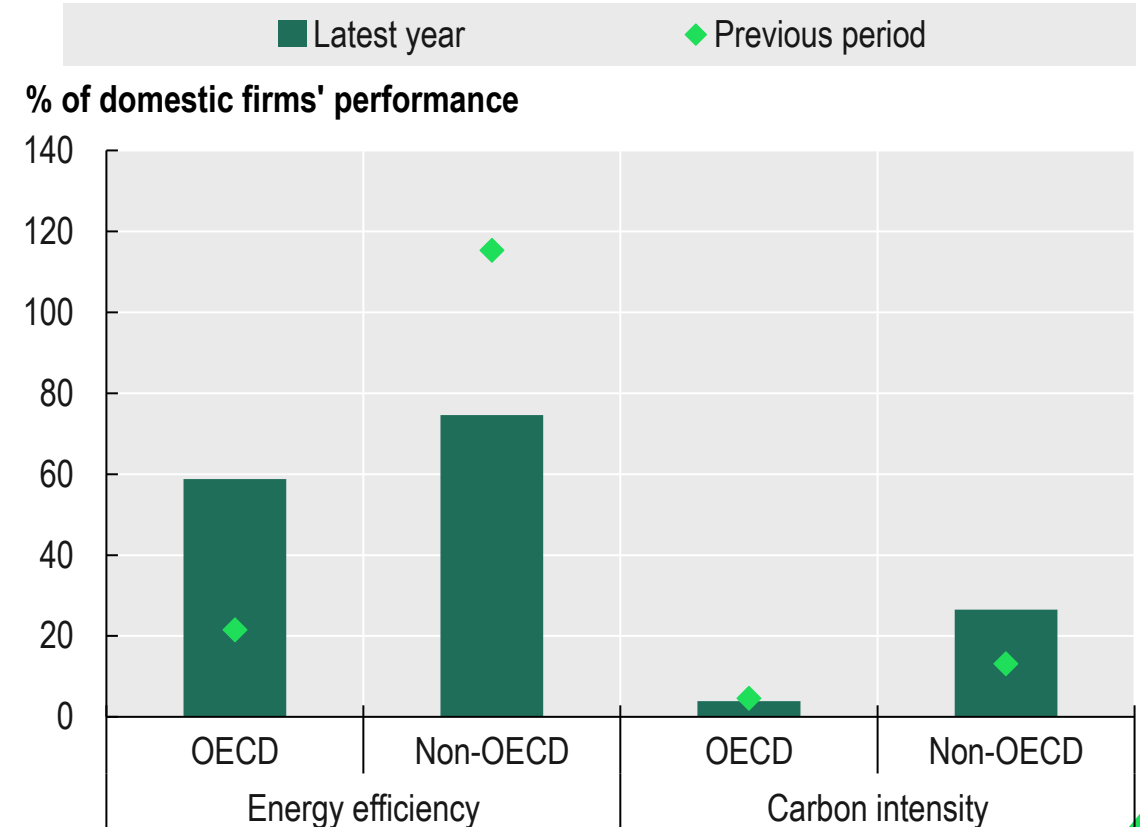


FDI in renewables expanded five-fold over the last decade but FDI continues to target carbon-intensive activities in developing countries

Greenfield FDI (% of total greenfield FDI)



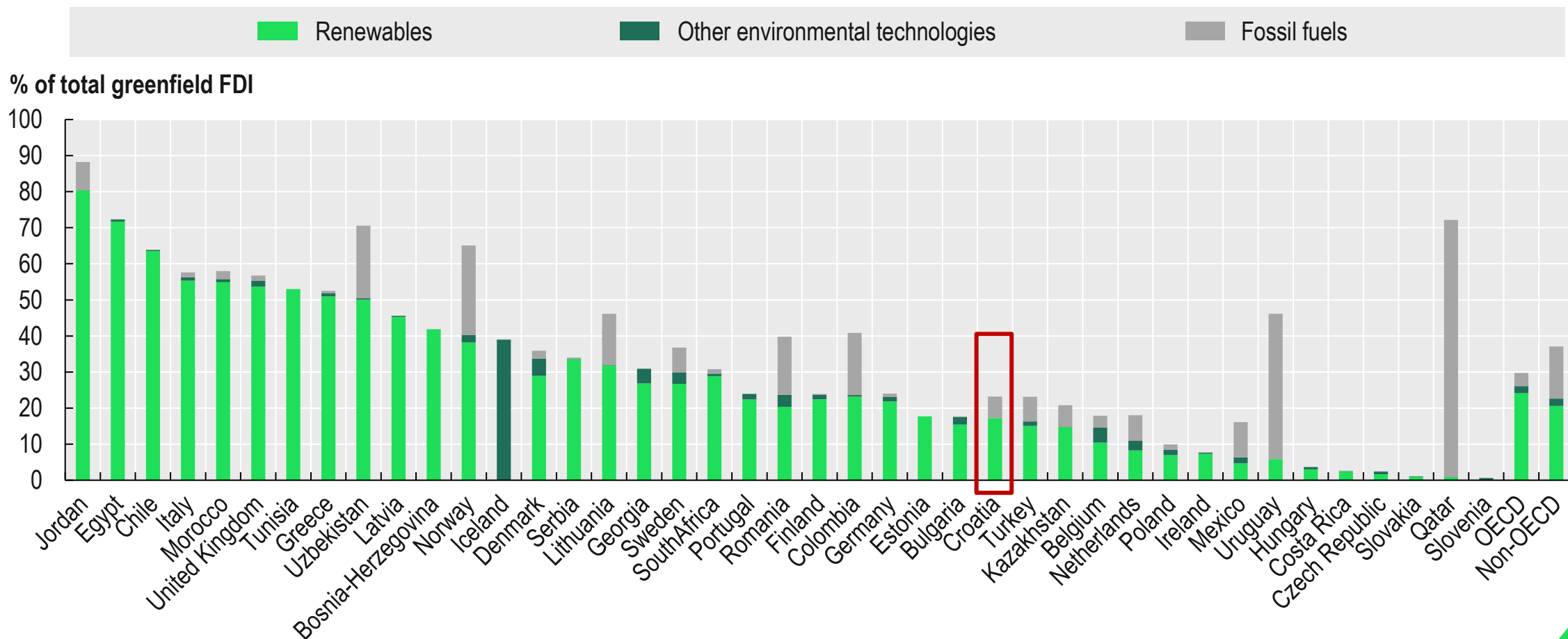
Foreign firms' performance gap (% of domestic firms' performance)





In 2019-23, 17% of greenfield FDI in Croatia was directed to renewables and 6% to fossil fuels

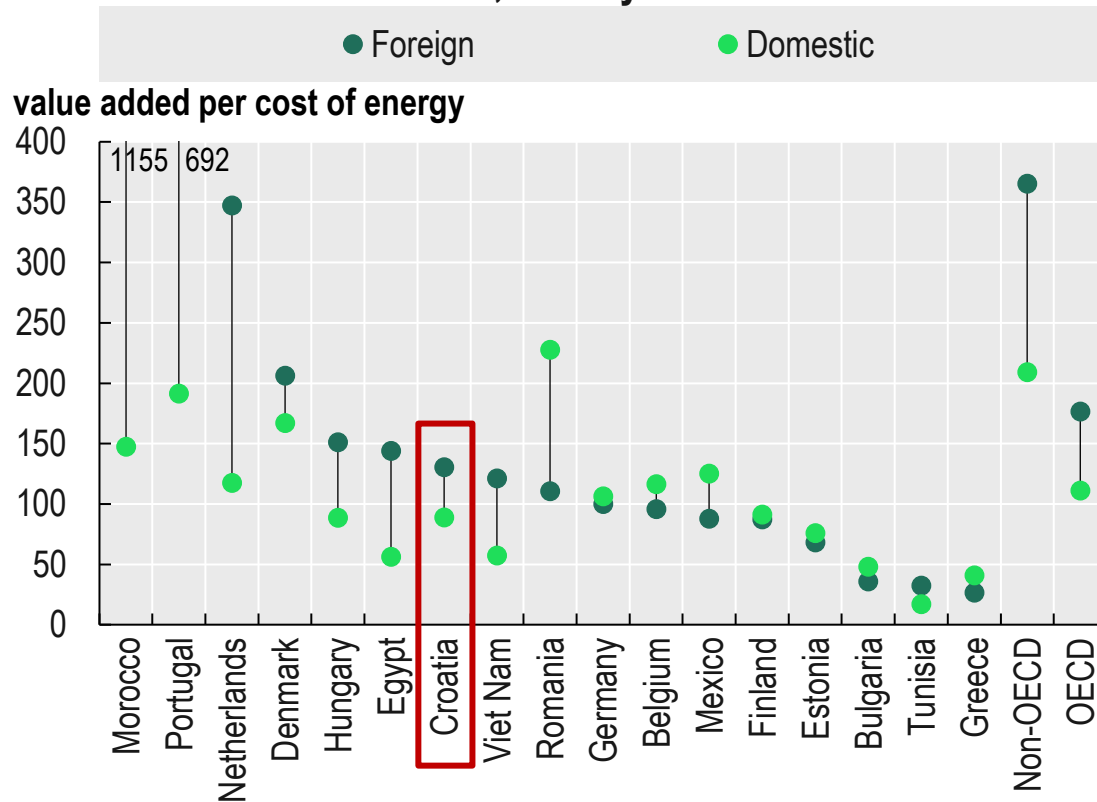
FDI in renewables, other environmental technologies and fossil fuels, 2019-23



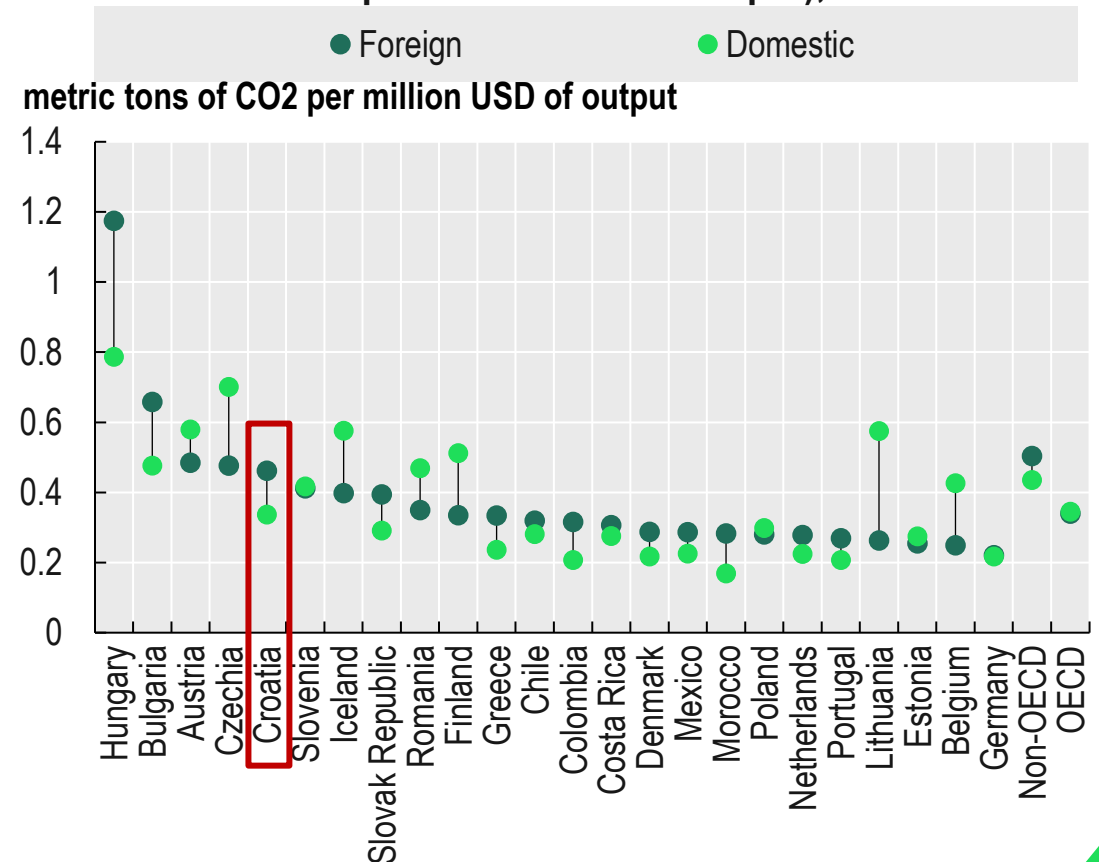


Foreign firms in Croatia are 47% more energy efficient but also 37% more carbon intensive than domestic firms

Energy efficiency (value added per cost of energy), 2020-24, latest year available



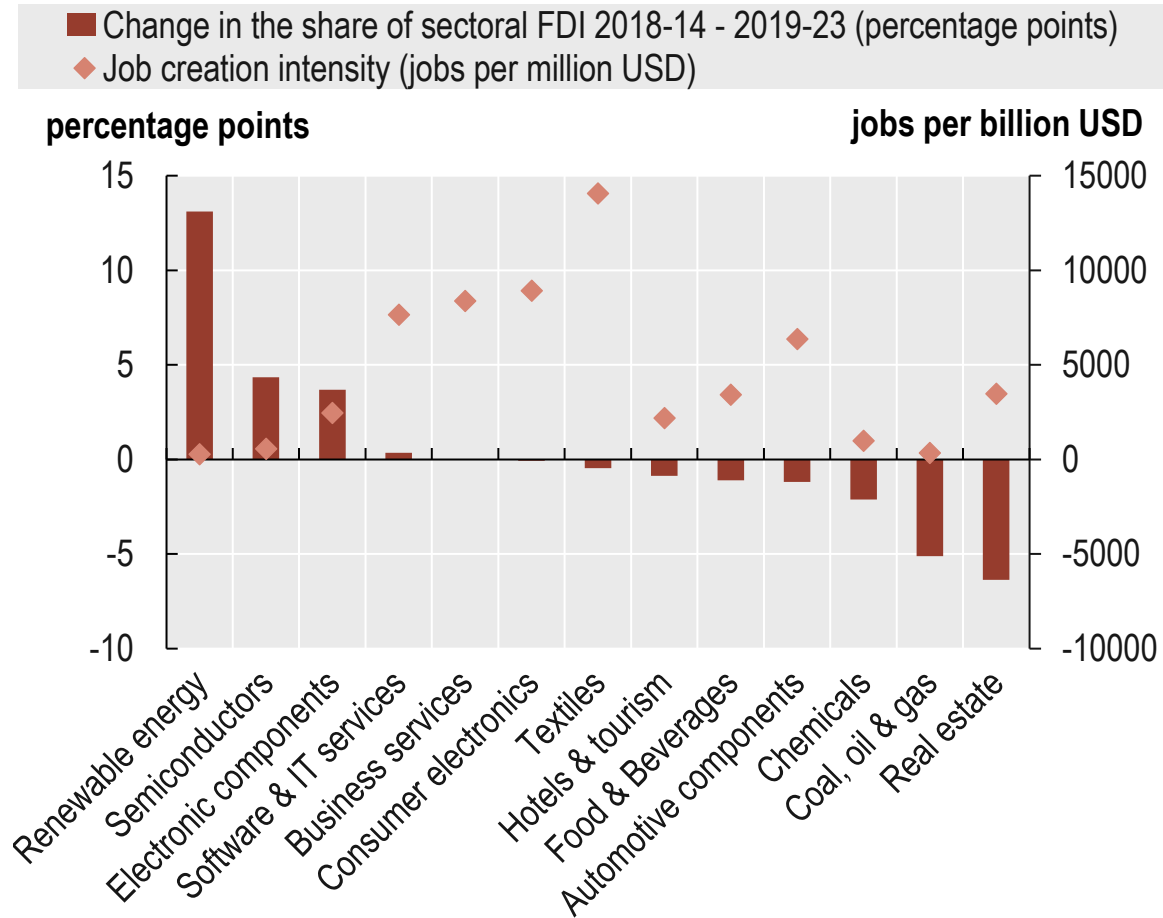
CO2 emissions per unit of output (metric tons of CO2 per million USD of output), 2016



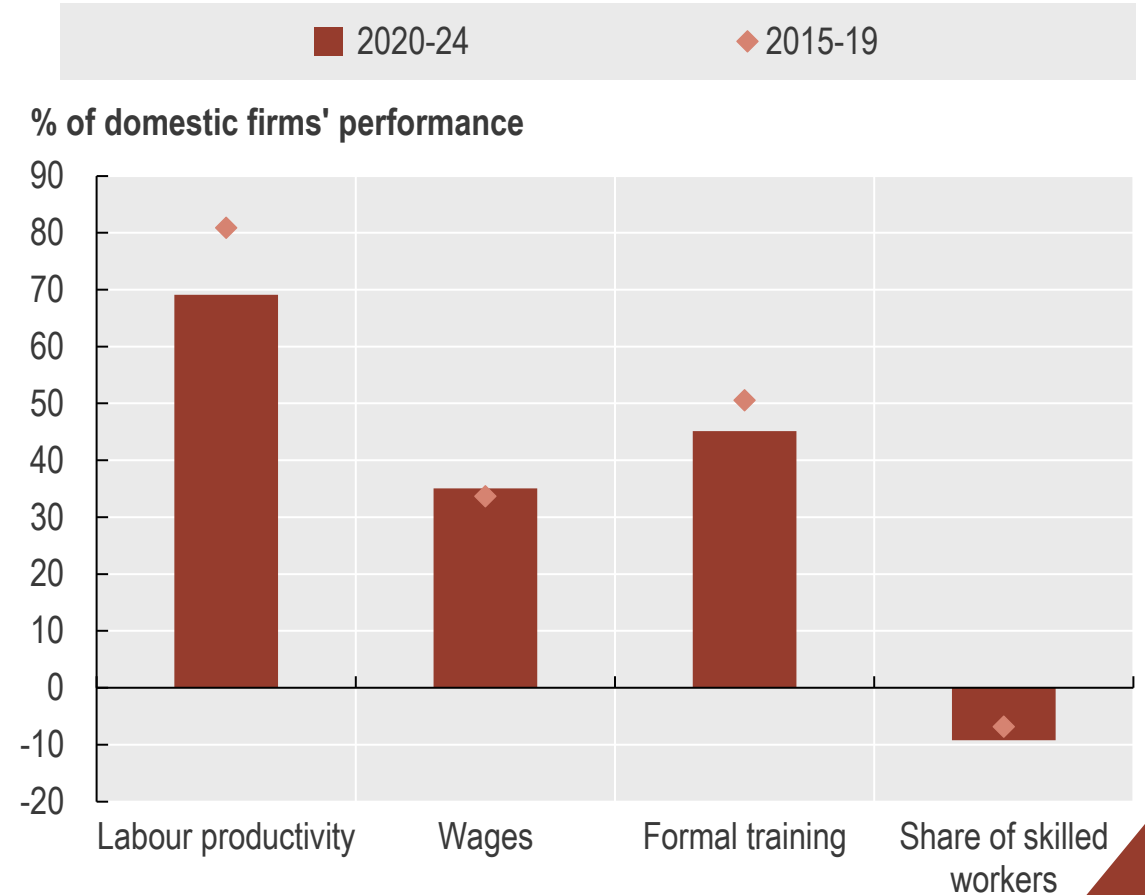


FDI contributes to better labour market outcomes but is shifting to sectors such as renewables or semiconductors, which create few jobs

Change in share of FDI and job creation intensity, selected sectors



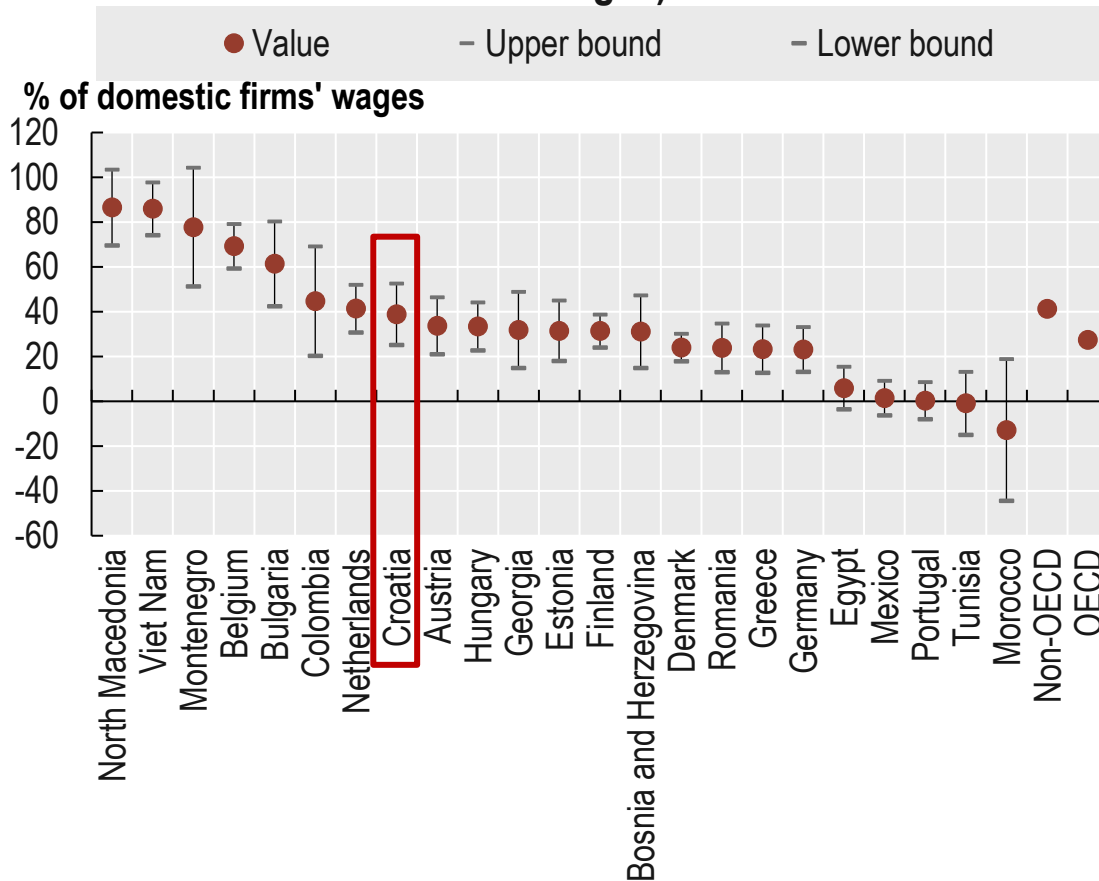
Foreign firms' performance gap (% of domestic firms' performance)



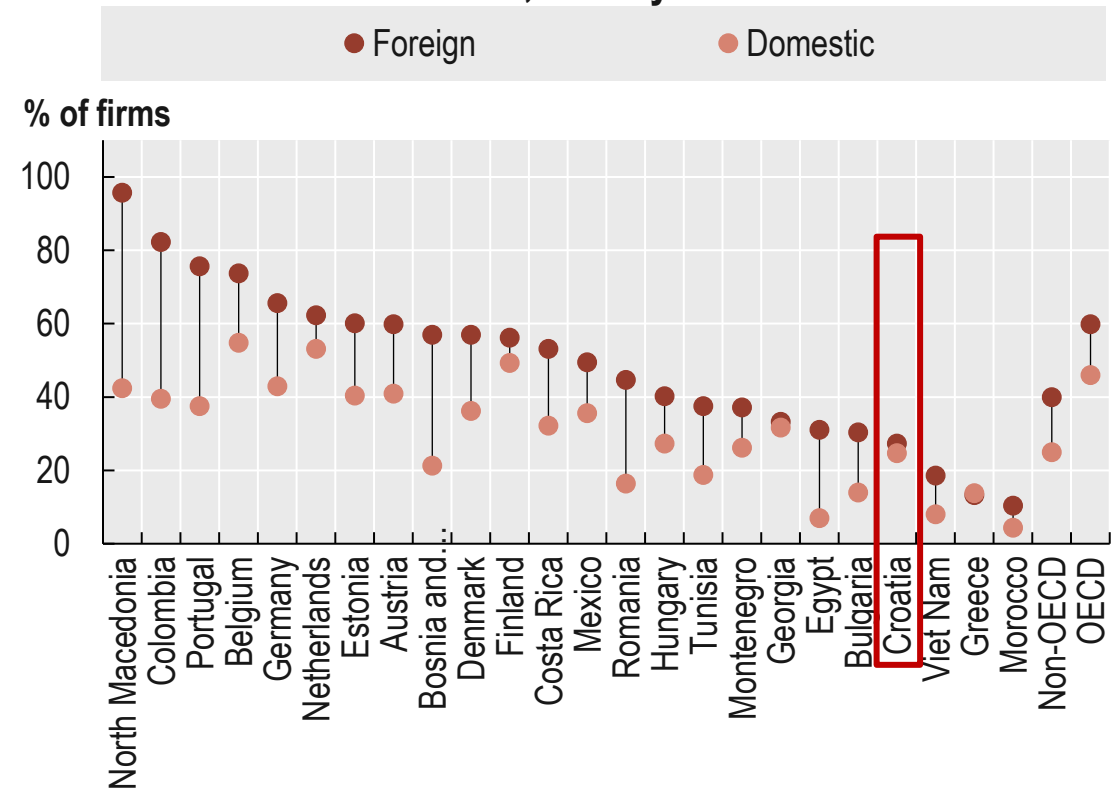


Foreign firms in Croatia pay 39% higher wages than domestic firms but are not significantly more likely to train their workers

Foreign wage differential (% of domestic firms' wages)



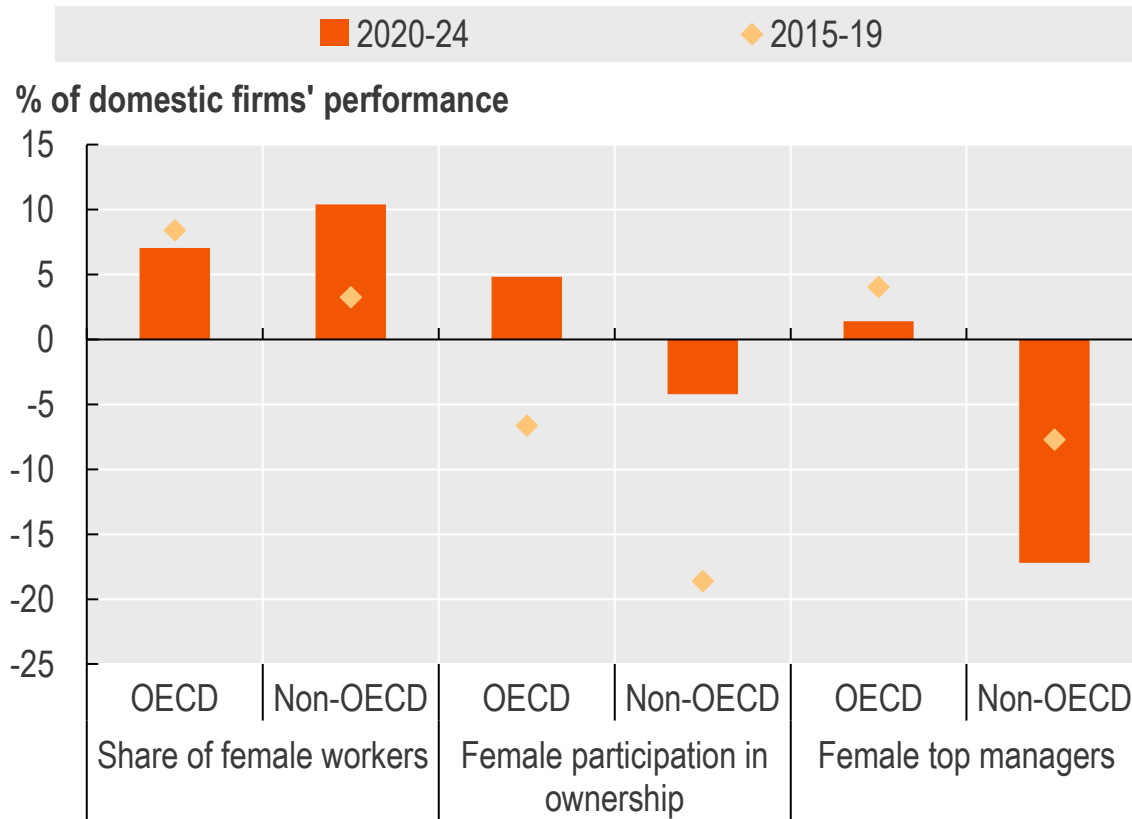
Firms providing formal training (% of all firms), 2020-24, latest year available





FDI creates jobs for women and foreign-born workers but does not always improve female leadership outcomes

Foreign firms' performance gap (% of domestic firms' performance)



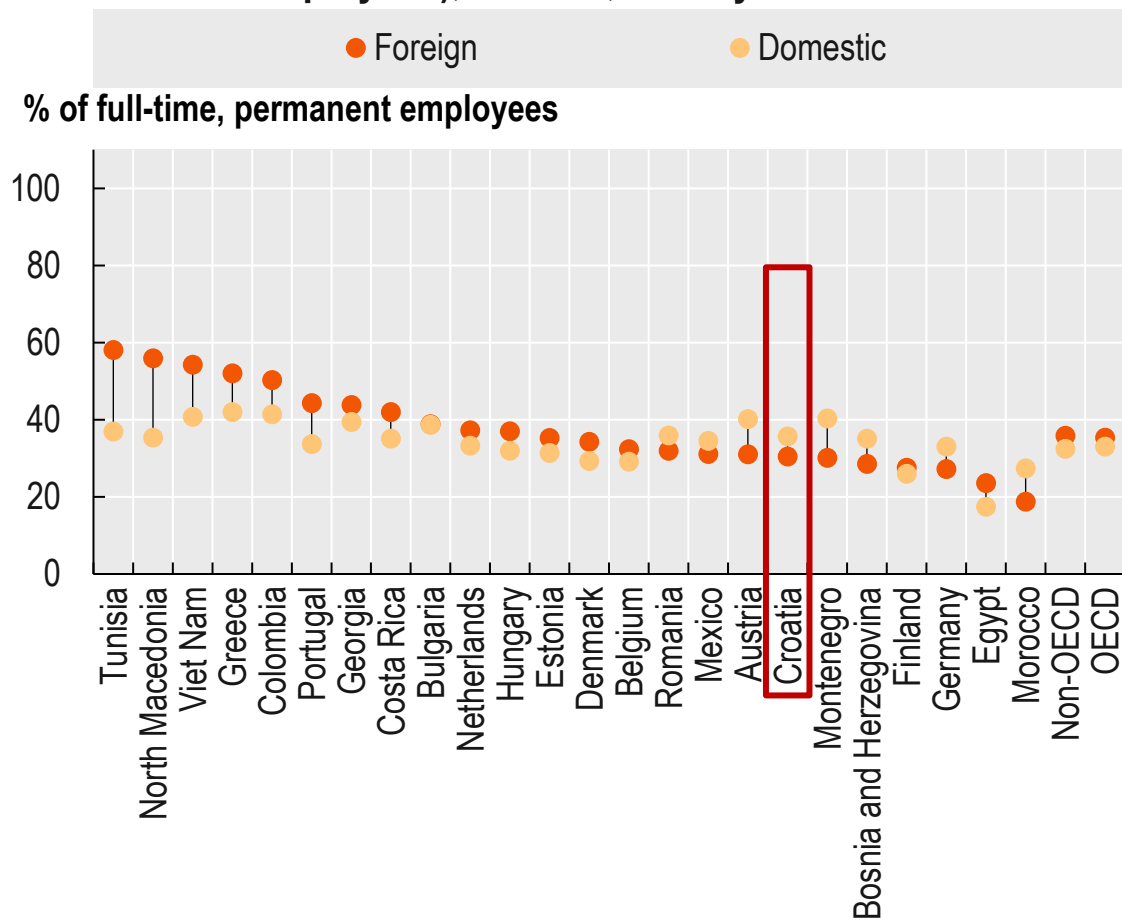
Foreign-born employment rates and FDI flows



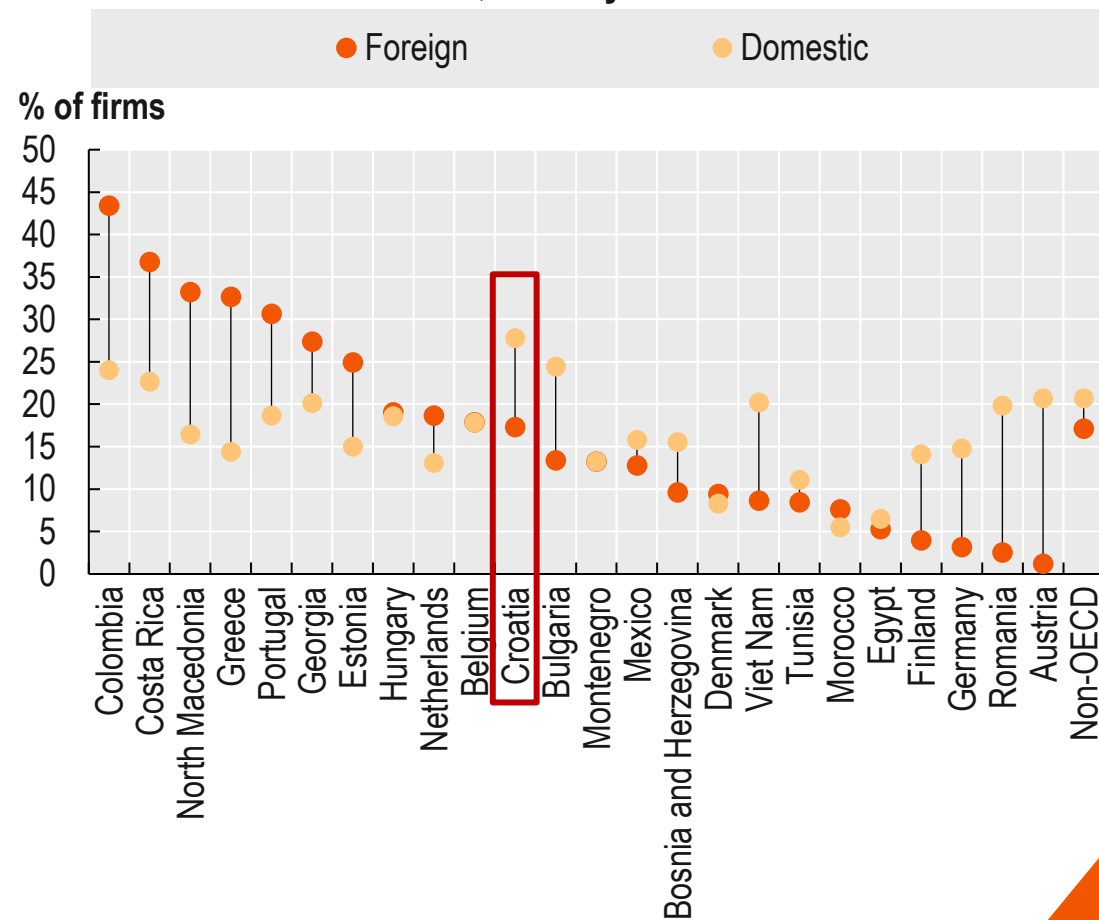


Domestic firms in Croatia are 38% more likely to have a female top manager than foreign firms and have 15% more female employees

Female employees (% of full-time, permanent employees), 2020-24, latest year available



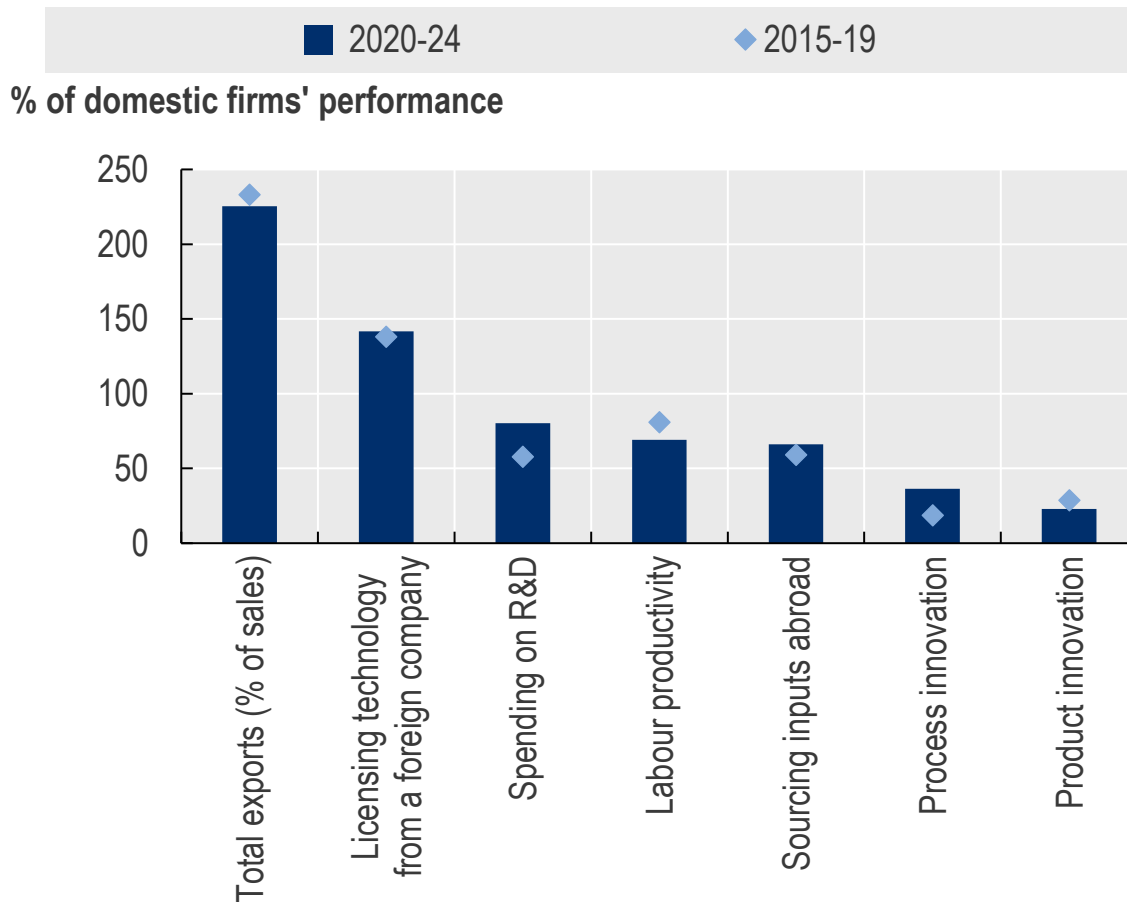
Firms with a female top manager (% of all firms), 2020-24, latest year available



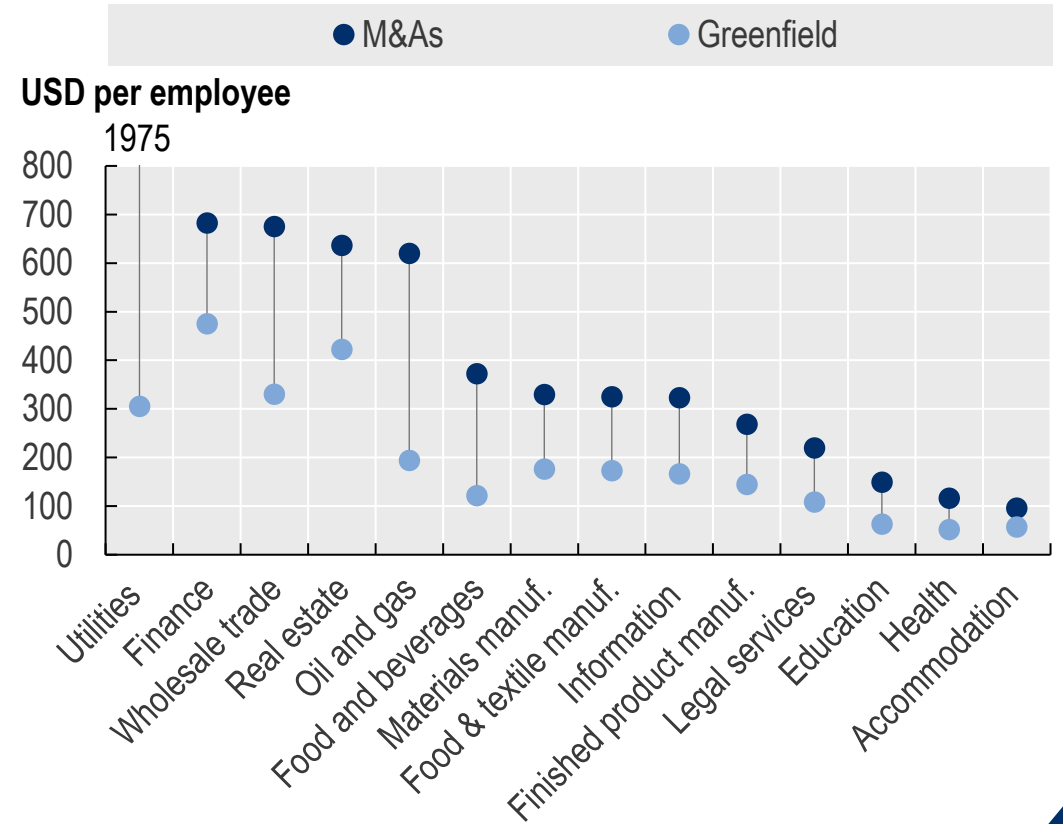


Foreign firms are three times as likely to export, up to 80% more likely to engage in innovation and 70% more productive than domestic firms

Foreign firms' performance gap (% of domestic firms' performance)



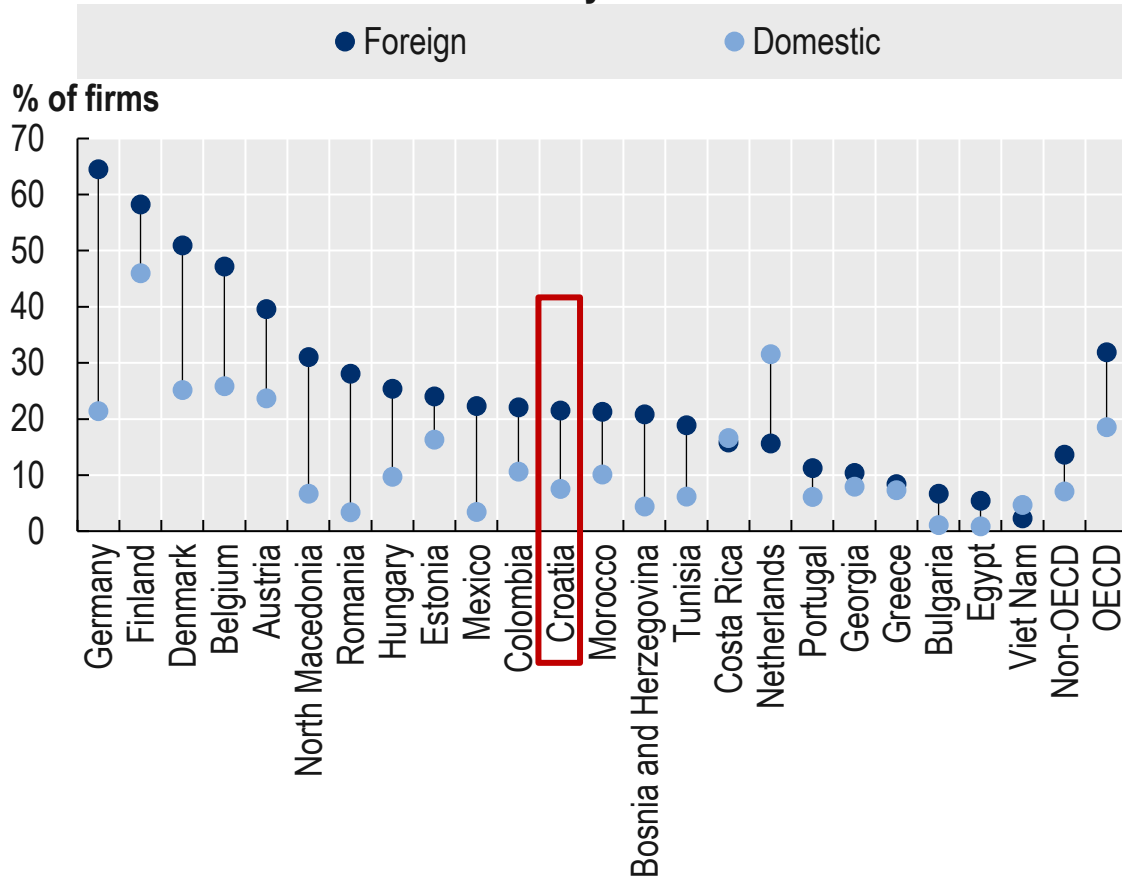
Labour productivity (revenue per employee), 2017-19



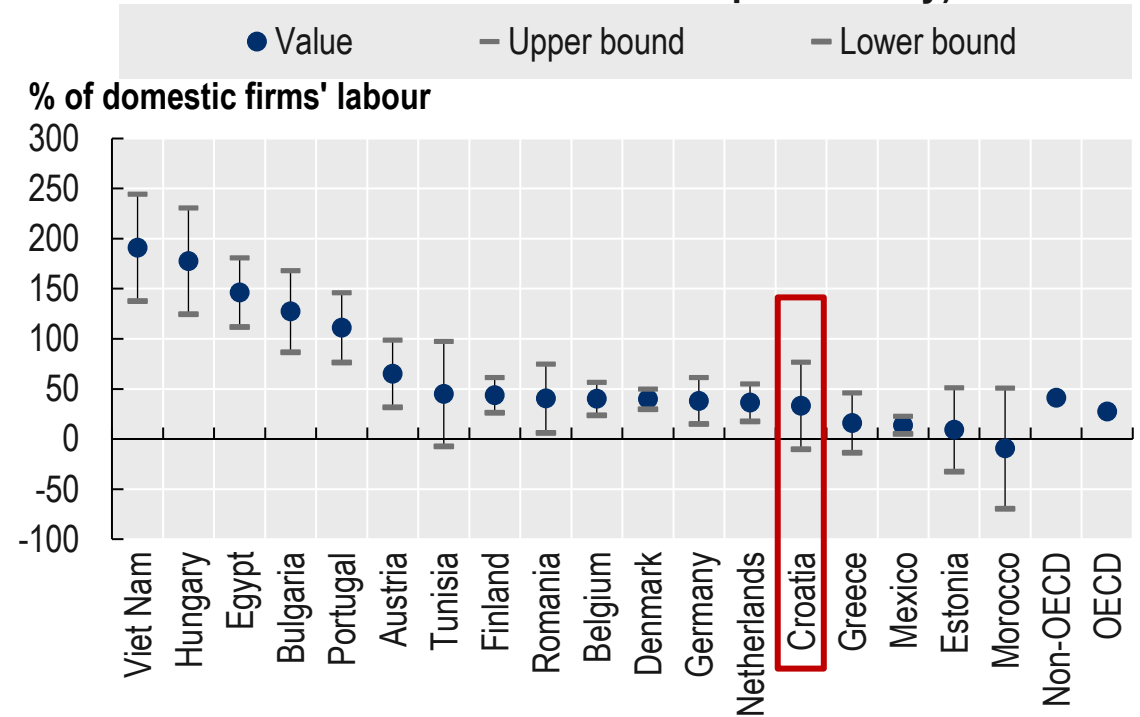


Foreign firms in Croatia are 33% more productive and two times more likely to spend on R&D than domestic firms

Firms spending on R&D (% of all firms), 2020-24, latest year available

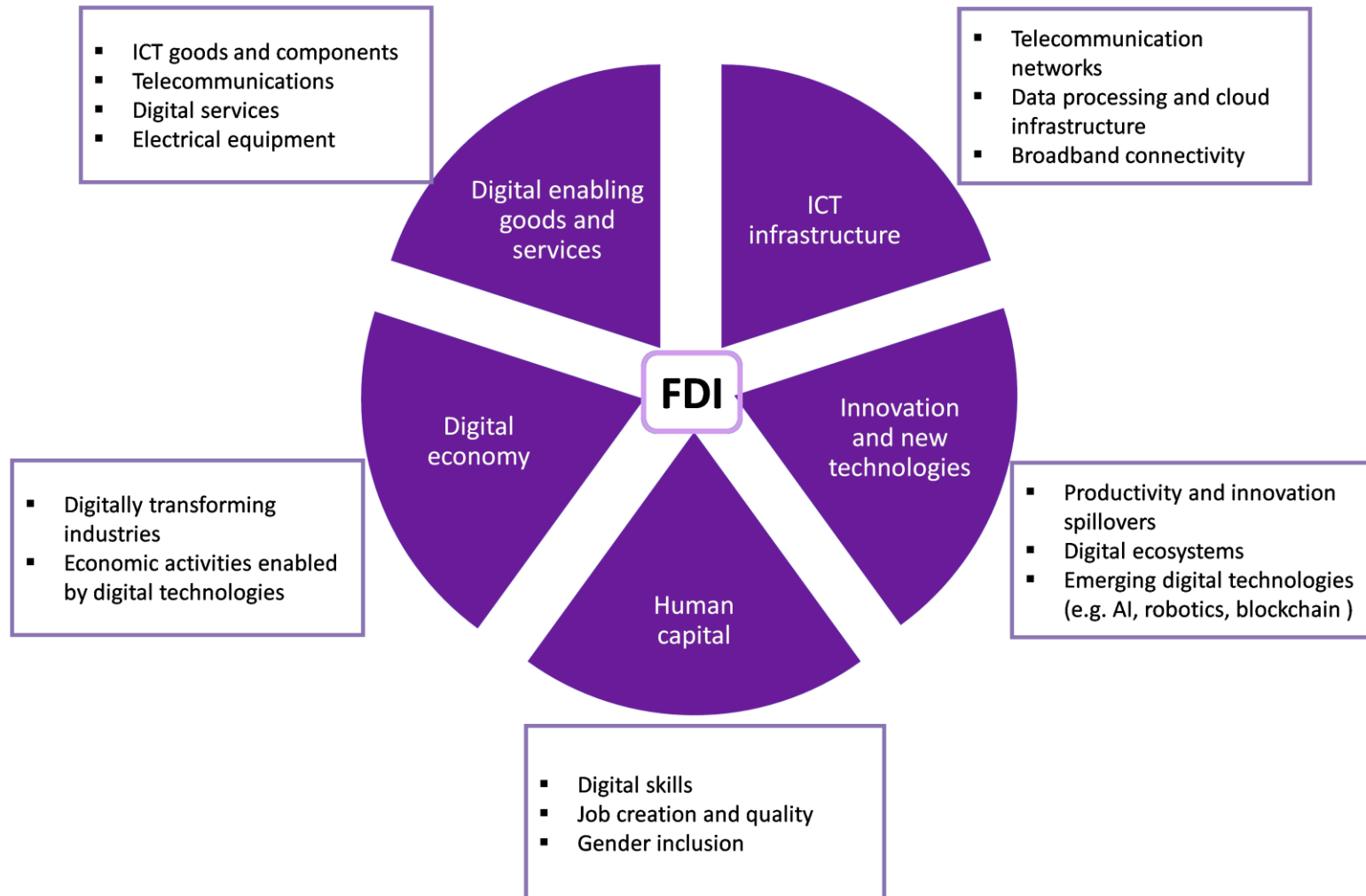


Foreign firms' productivity differential (% of domestic firms' labour productivity)





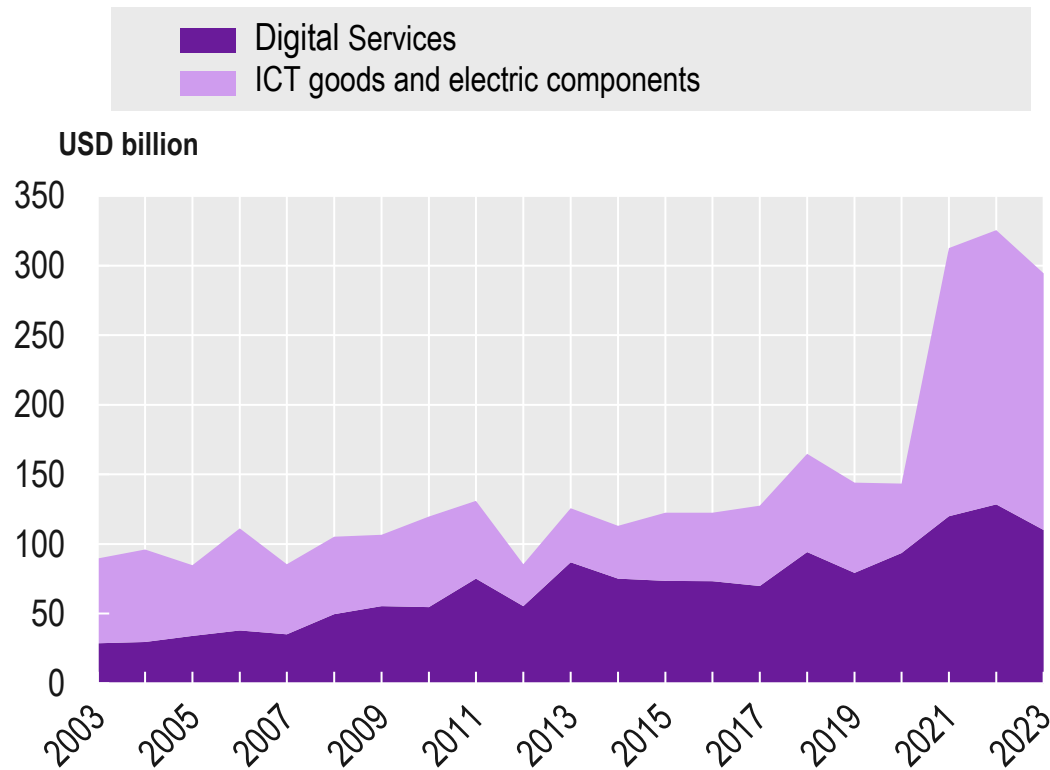
FDI can play a pivotal role in advancing digitalisation and bolstering the digital economy



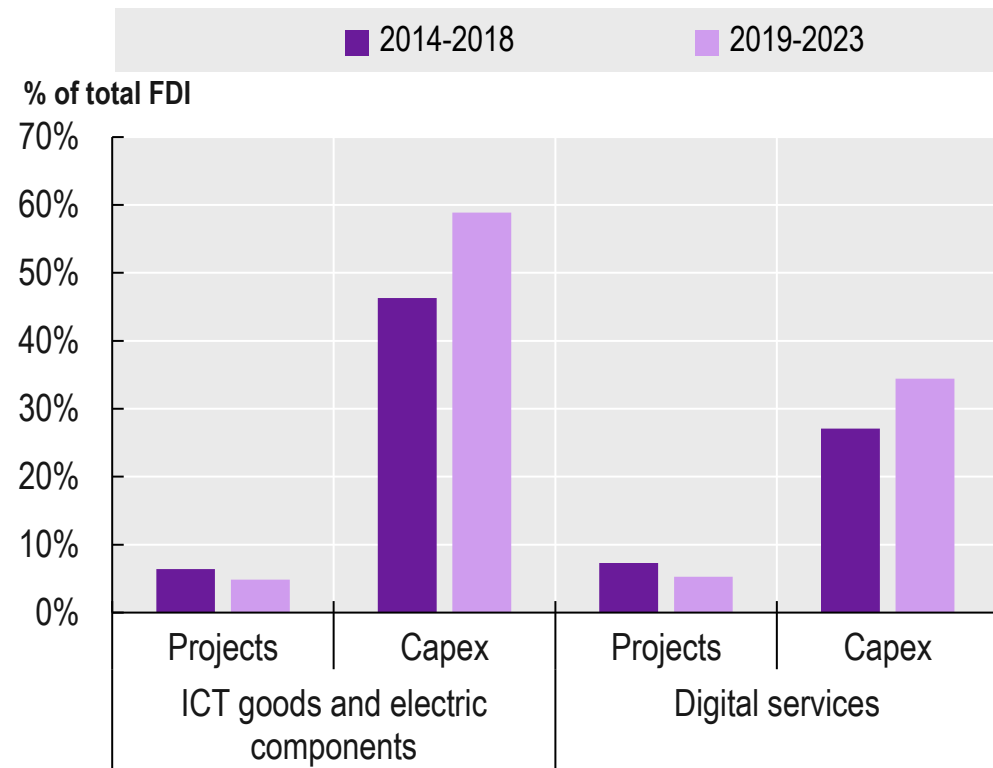


FDI in digital enabling industries has doubled over the last five years, marked by a growing concentration

A. Greenfield FDI in digital enabling industries

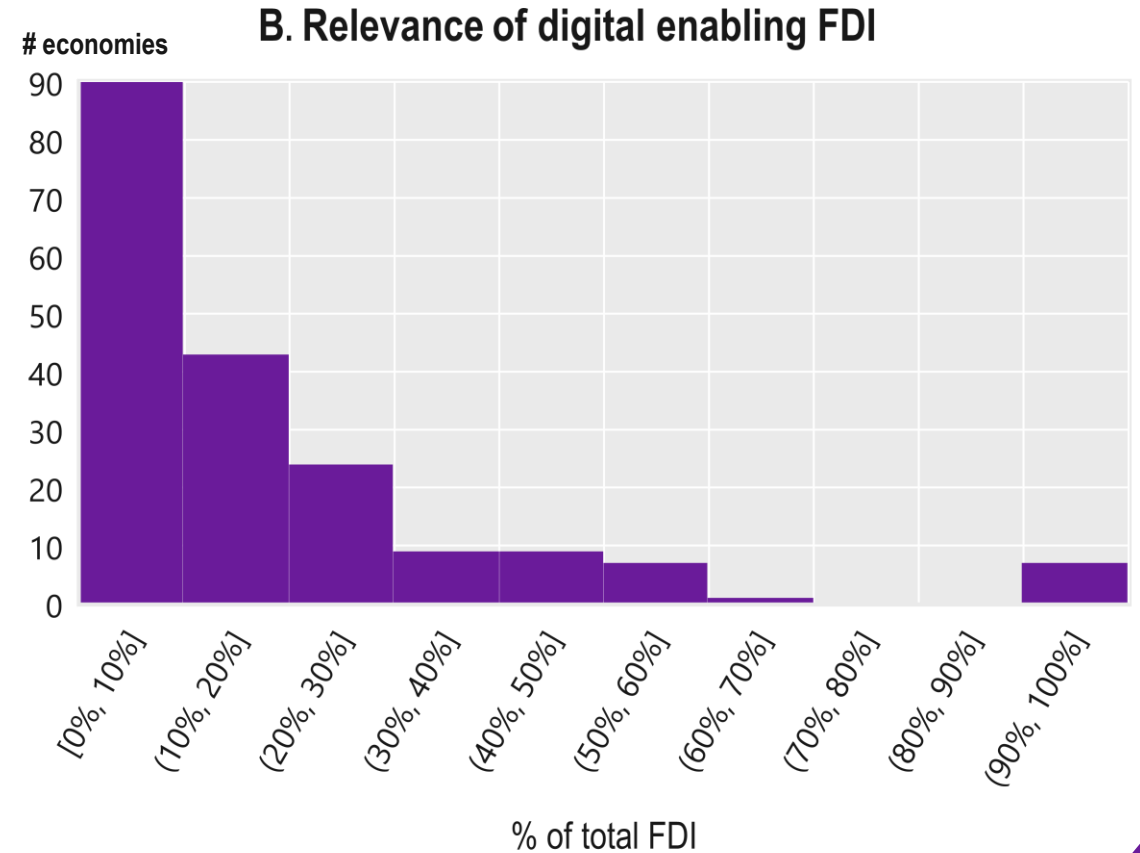
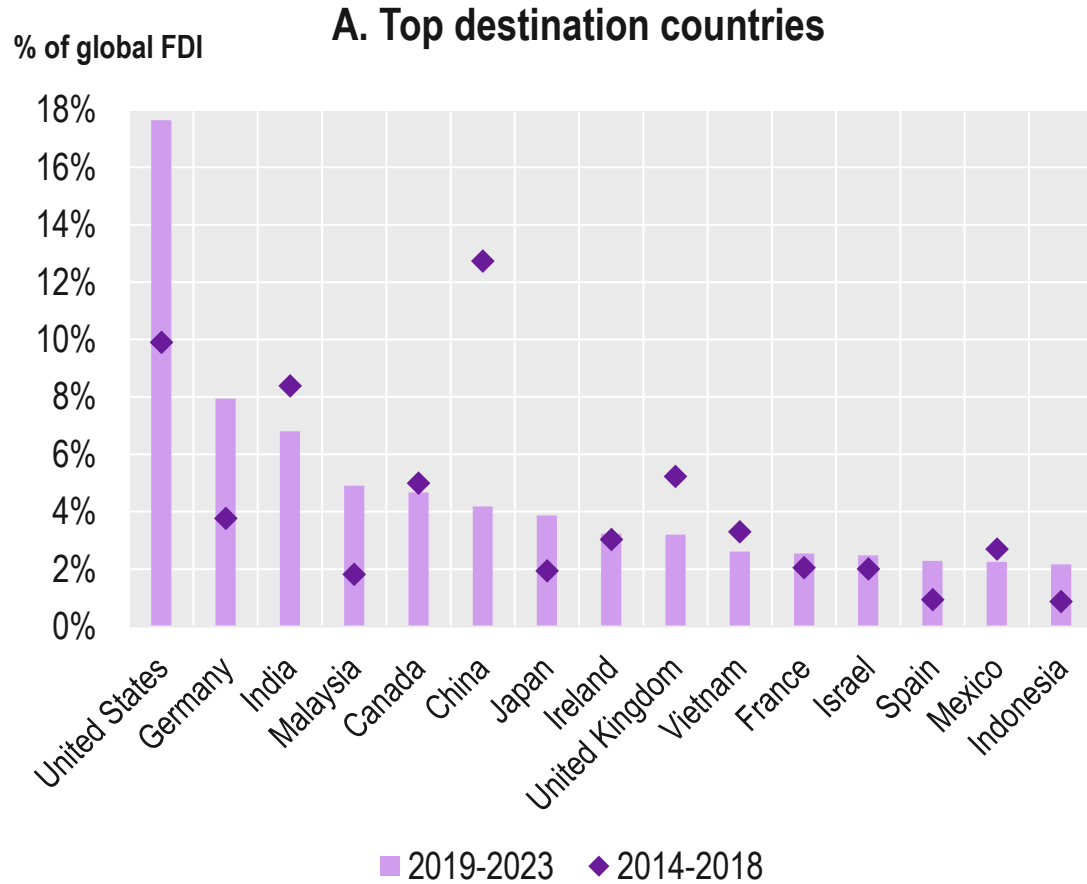


B. Share of top 20 parent companies





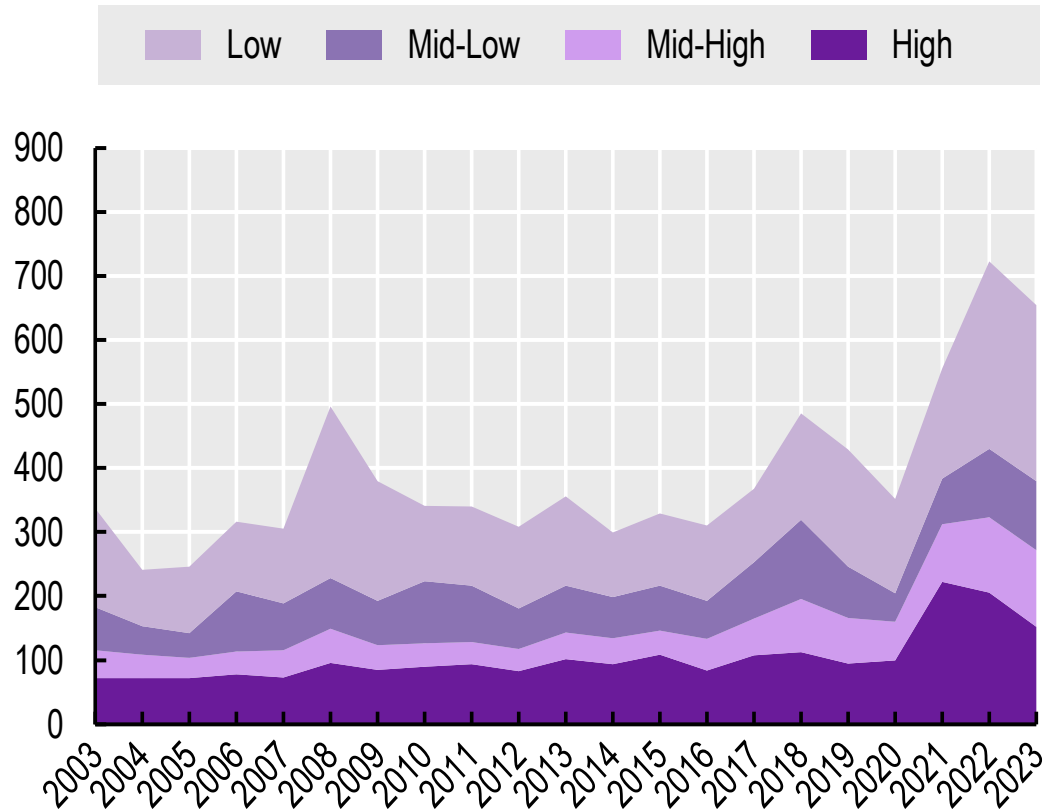
FDI in digital industries is concentrated in a few countries, and its significance varies considerably across different economies



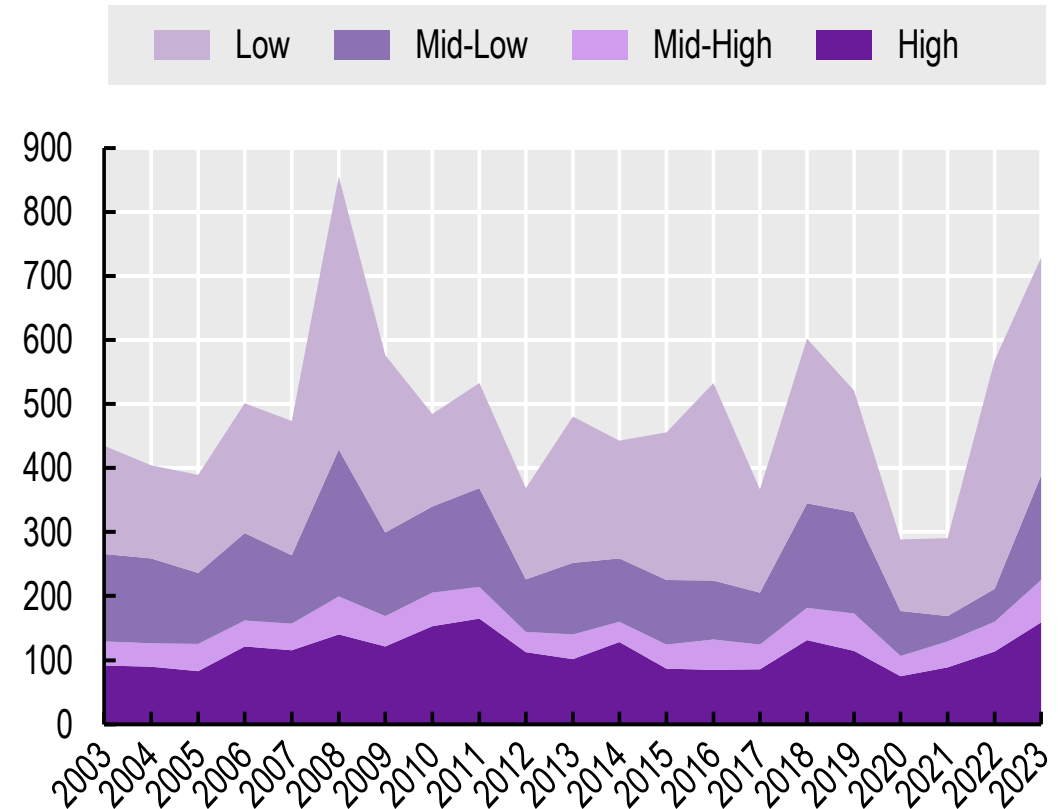


Digital-intensive FDI is growing globally but differences across countries are large

A. FDI flows by digital-intensity in OECD economies, in billion USD



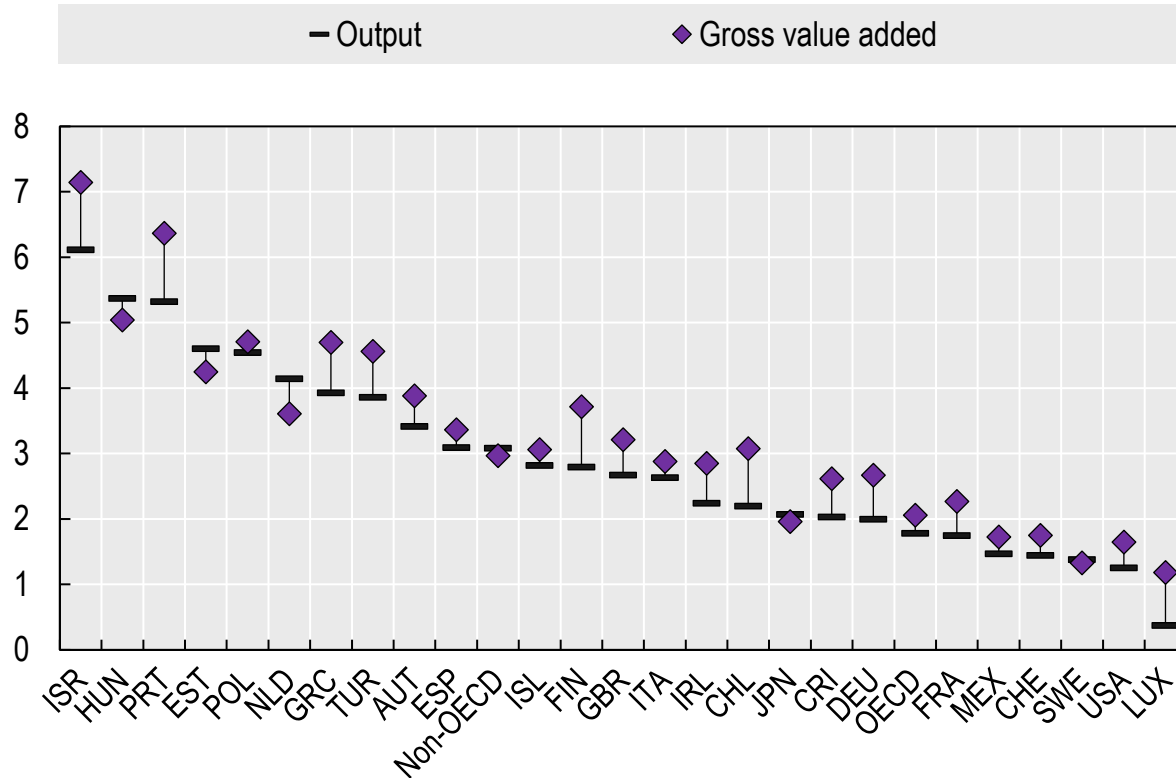
B. FDI flows by digital-intensity in non-OECD economies in billion USD



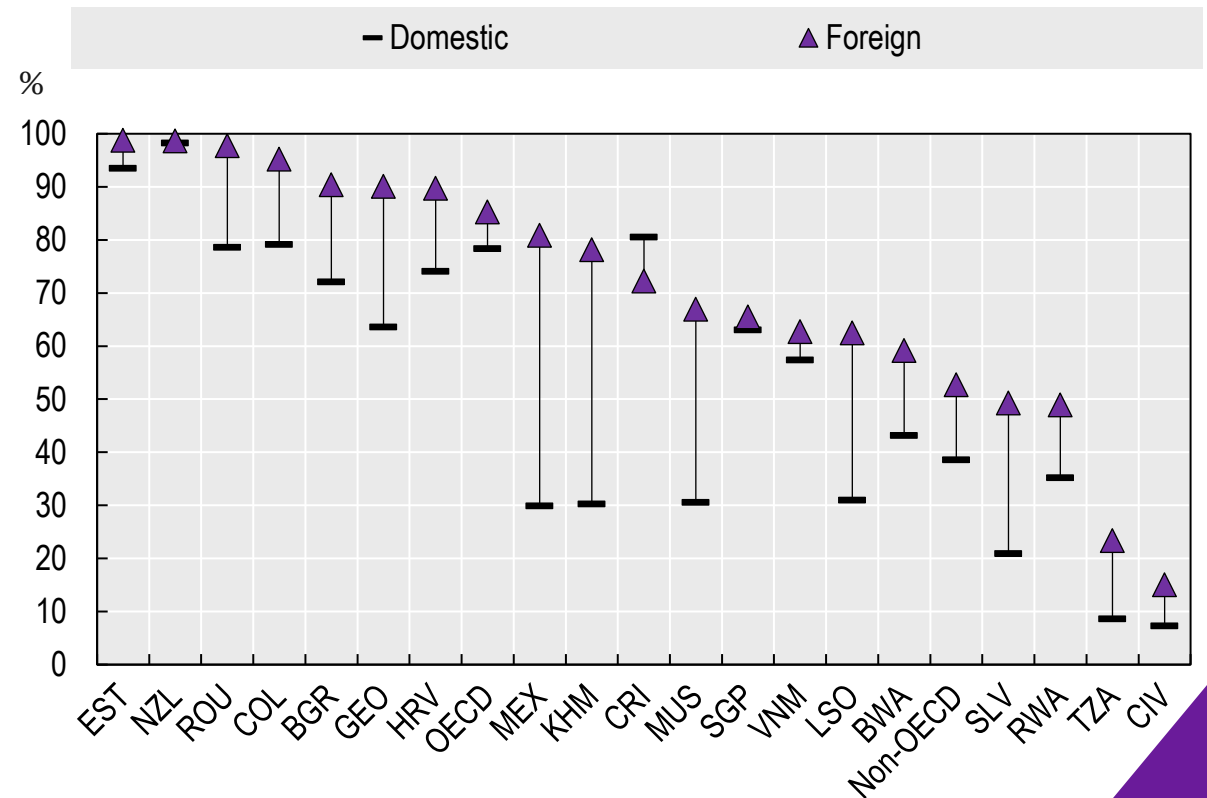


Foreign firms contribute significantly more to digital activities and technologies relative to domestic firms

A. Are foreign firms more concentrated in digital enabling sectors relative to domestic firms? (yes if value > 0; no if value < 0)



B. Share of firms that have made and received at least 50% of their payments electronically (%)



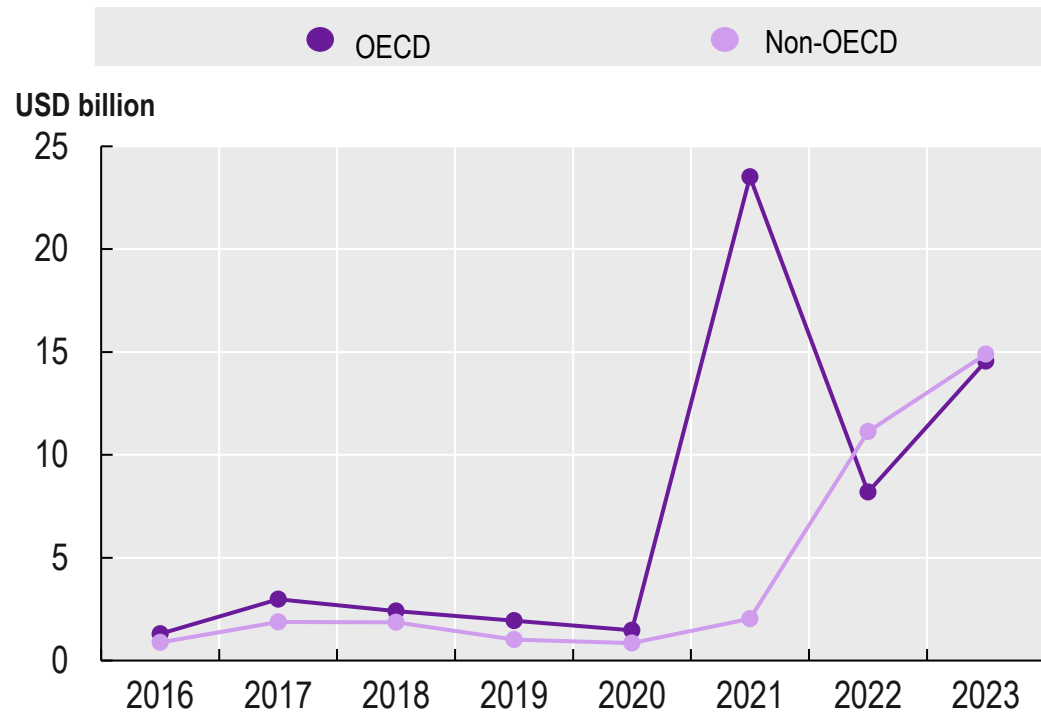
Notes: A value of 1 indicates that the output and value added share of foreign firms in digital enabling sectors is double that of domestic firms compared to the respective shares of foreign firms in the rest of the economy. Source: OECD based on the OECD Analytical Activity of Multinational Enterprises (AMNE) database.

Source: OECD based on the World Bank Enterprise Surveys

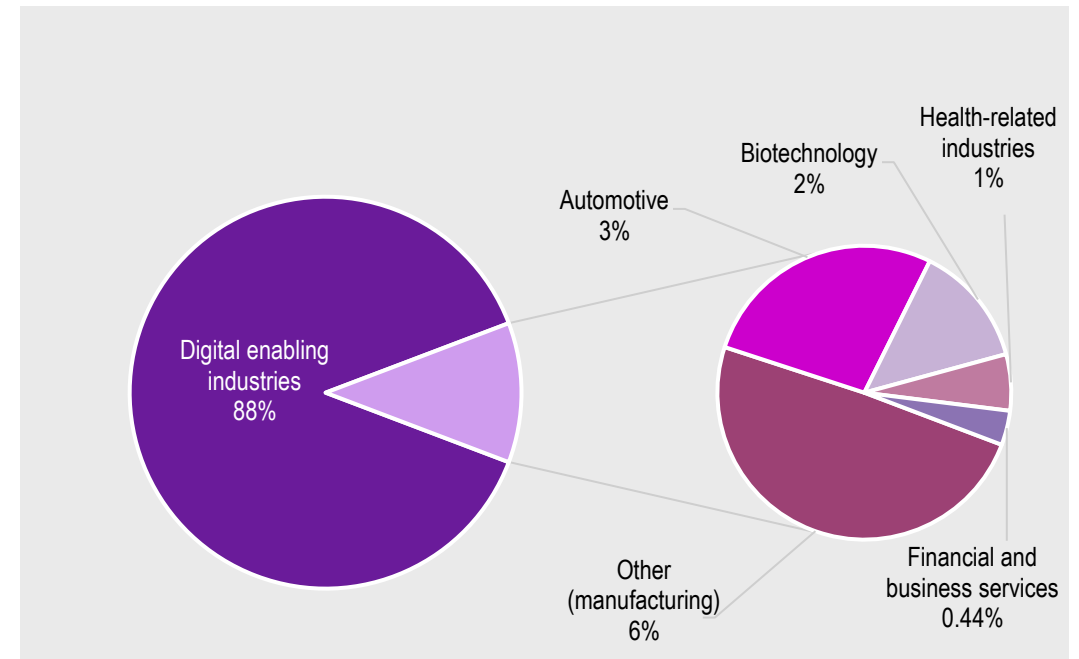


FDI in AI and data processing technologies surged tenfold over the past five years, expanding across various industries

A. Greenfield FDI in AI and related technologies



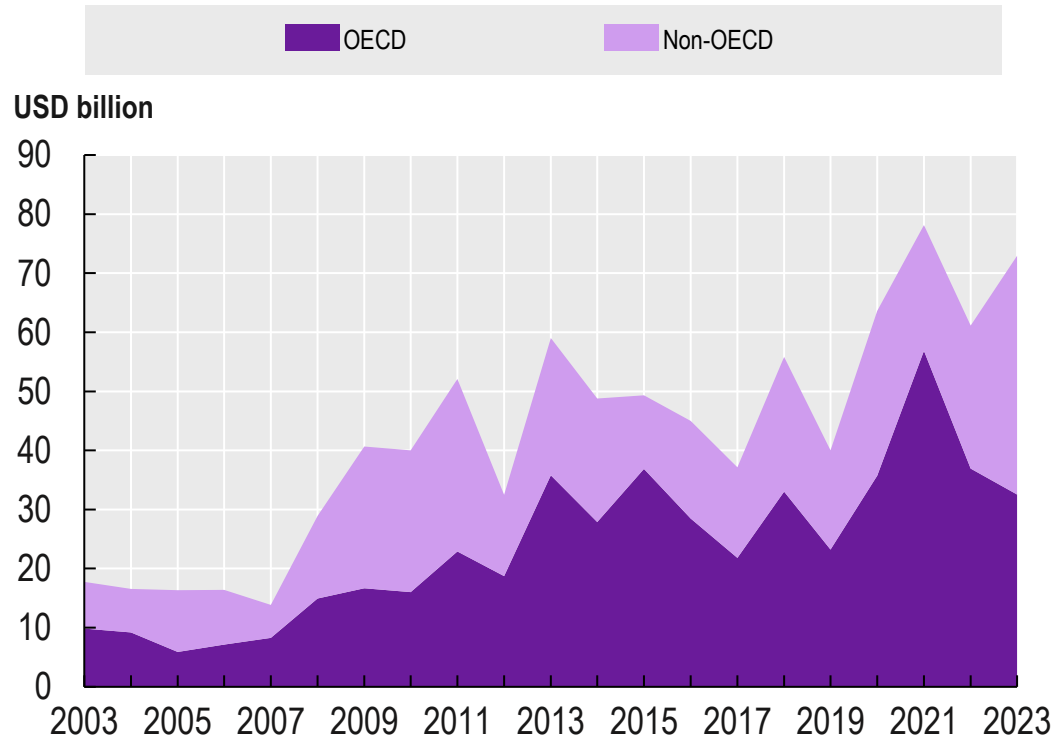
B. Greenfield FDI in AI and related technologies by industry



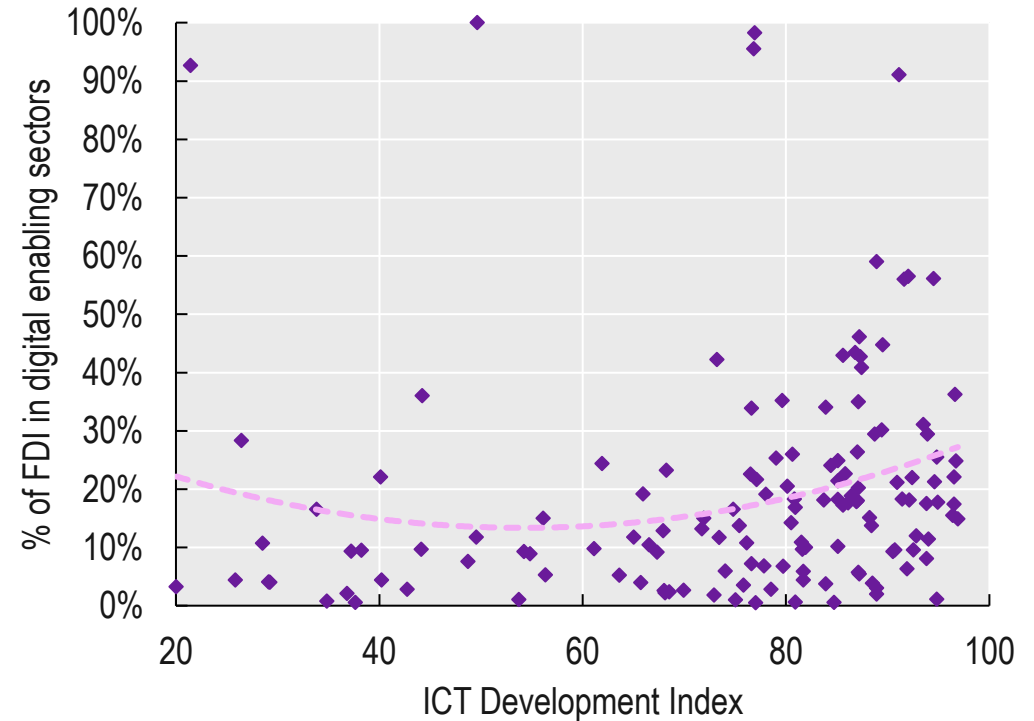


FDI can drive digital infrastructure development and unlock further investment in digital enabling industries

A. FDI in ICT and internet infrastructure, USD billion



B. Correlation of ICT Development Index and share of FDI in digital enabling sectors





THANK YOU