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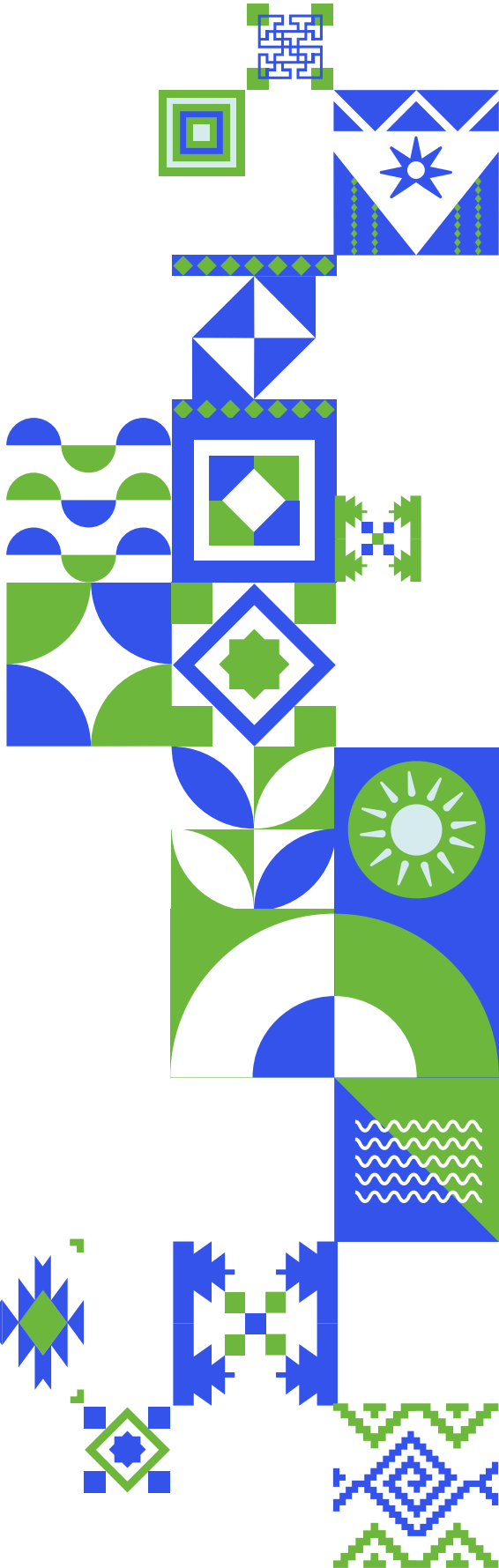
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ADVANCING GENDER EQUALITY, DISABILITY, AND SOCIAL INCLUSION IN FOREIGN DIRECT INVESTMENT IN ASEAN

PART II

DESIGNING INVESTMENT INCENTIVE MECHANISMS



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*The shaded areas of the map indicate ESCAP members and associate members.**

The Economic and Social Commission for Asia and the Pacific (ESCAP) is the most inclusive intergovernmental platform in the Asia-Pacific region. The Commission promotes cooperation among its 53 member States** and 9 associate members in pursuit of solutions to sustainable development challenges. ESCAP is one of the five regional commissions of the United Nations.

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** *By diplomatic note dated 30 January 2026, the United States of America notified the Executive Secretary of ESCAP of its decision to withdraw from the Commission.*

Advancing Gender Equality, Disability, and Social Inclusion in Foreign Direct Investment in ASEAN

PART 2: DESIGNING INVESTMENT INCENTIVE MECHANISMS

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Executive Summary

Foreign direct investment (FDI) is taking on a larger role in financing development in Asia and the Pacific, even as concessional finance contracts and the Sustainable Development Goals financing gap remains significant. This places greater weight on the quality and distribution of investment. Whether FDI delivers on its potential depends not only on how much investment a country attracts, but on who participates in the opportunities it creates and how the gains and costs are shared.

The evidence shows that there are risks of these gains and costs being distributed unevenly. Women, persons with disabilities and other marginalized groups often face structural barriers that limit their ability to access employment, participate in supply chains, benefit from skills development or engage in consultation processes linked to FDI. Where monitoring and safeguards are limited, these risks remain largely invisible. The data linking FDI to gender equality, disability inclusion and broader social inclusion (GEDSI) outcomes remain limited, both globally and in ASEAN, but the patterns are well documented in the broader literature. The question for governments and Investment Promotion Agencies (IPAs) is not whether FDI affects different groups differently, but how the design of investment policies and incentives can shape those outcomes.

This publication is the second part of a two-part series on advancing GEDSI in FDI, with a focus on the role of IPAs. Part 1 establishes the analytical baseline by examining the main entry points through which FDI affects individuals, communities and economies, and applying a framework based on access, agency, institutional norms and structural barriers across the investment cycle. It identifies where current investment promotion practices reinforce exclusion and where opportunities exist for more inclusive outcomes.

Part 2 focuses on practical measures. It argues that investment incentives are not neutral policy tools, and that their design shapes who participates in investment-related opportunities, who captures the long-term gains, and who may face exclusion or displacement as unintended consequences. The available evidence suggests that the policy space for thoughtful, well-designed conditionality is wider than competitive pressures often imply, and that incentive design can be calibrated to support inclusion without undermining the country offer to investors. Building on this, Part 2 introduces a continuum that distinguishes four progressive levels of GEDSI integration in incentive design, sets out the types of incentives most relevant for GEDSI objectives across investor behaviour, local linkages, policy frameworks and enabling systems, and identifies practical actions for IPAs over immediate, medium-term and longer-term horizons.

Both parts draw on ESCAP's engagement with IPAs in the Asia-Pacific region over recent years, particularly in ASEAN. Together, they provide a coherent foundation for embedding GEDSI in FDI governance, and a practical agenda for IPAs seeking to promote investment that delivers equitable and sustainable development outcomes.

Glossary of Terms

Aftercare refers to the structured engagement that Investment Promotion Agencies maintain with investors after the initial investment decision is made. It typically includes ongoing facilitation, problem-solving, performance monitoring and support for investor expansion or reinvestment.

Conditionality refers to the practice of attaching conditions to investment incentives, so that access to the incentive depends on the investor meeting defined eligibility criteria, performance commitments or reporting requirements. Conditions can be linked to inputs and processes within the investor's control, such as published policies or training programme delivery, or to broader outcomes, such as workforce composition. Well-designed conditionality is clear, proportionate and predictable.

Disability Inclusion refers to the process of identifying and removing barriers that restrict the full and effective participation of persons with disabilities in economic, social and political life. It involves ensuring equal access to opportunities, resources and services, while promoting environments that are accessible, inclusive and responsive to diverse needs. Disability inclusion requires proactive measures to address discrimination, strengthen participation and guarantee the rights of persons with disabilities on an equal basis with others.[1]

Foreign Direct Investment (FDI) refers to a cross-border investment in which an investor resident in one economy establishes a lasting interest in, and a significant degree of influence over, an enterprise resident in another economy. For statistical purposes, this relationship is generally identified when the investor owns at least 10 per cent of the voting power of the enterprise. FDI differs from portfolio investment because it is associated with a longer-term relationship and influence over the enterprise, rather than passive ownership of financial assets. FDI may include equity capital, reinvested earnings and intra-company debt.[2]

Foreign Direct Investment for Sustainable Development refers to cross-border investment that contributes to sustainable development in the host country. It should be economically viable, environmentally sound, socially inclusive and supported by good governance. In practice, this can mean investment in sectors that directly support the SDGs, such as renewable energy, sustainable infrastructure or waste management. It can also mean investment in any sector that is carried out responsibly, including through decent work, respect for human rights, environmental safeguards and responsible business conduct. For this report, the term is used in a practical sense. FDI for sustainable development is not defined only by the sector in which investment takes place. It also depends on how the investment is designed, implemented and monitored, and whether it contributes to development outcomes without shifting social or environmental costs onto workers, suppliers or communities.

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[1] Foreign, Commonwealth & Development Office (2025). Checklist for Integrating Gender Equality, Disability and Social Inclusion (GEDSI) Across Economic Development Programmes. London: UK Government, FCDO Work and Opportunities for Women (WOW) Helpdesk. https://assets.publishing.service.gov.uk/media/67f3a06bd3f1efd2ce2ab885/WOW_Checklist_on_GEDSI_across_programme_cycle.pdf

[2] ESCAP (2022). Handbook on Policies, Promotion and Facilitation of Foreign Direct Investment for Sustainable Development in Asia and the Pacific (Second Edition). Bangkok: United Nations ESCAP. https://www.unescap.org/kp/2022/handbook-policies-promotion-and-facilitation-foreign-direct-investment-sustainable

Gender Equality can be defined as the absence of discrimination on the basis of gender in opportunities, in the allocation of resources or benefits, or in the access to services, such that all individuals can enjoy equal standards of well-being. It is the full and equal exercise by all, of their human rights, regardless of their gender identity.[3]

Gender Equality, Disability and Social Inclusion (GEDSI) comprise three closely related and equally important concepts. The purpose is to understand the social context in which projects operate, delivering equitable outcomes for all, especially women and girls, Indigenous Peoples, people with disabilities, those living in poverty, and other marginalized groups, while minimizing any potential negative impacts.

Investment Facilitation refers to the practical support that IPAs and partner agencies provide to help investors navigate administrative, regulatory, and operational processes. This includes guiding investors through licensing, permits and approvals, coordinating with relevant authorities, and addressing barriers that arise during establishment and operations.

Investment Incentive refers to a specific advantage provided to selected investors or investment projects beyond what is available to all firms operating in a jurisdiction. Incentives can take fiscal, financial, regulatory or in-kind forms, and are used by governments to attract, retain and steer investment toward priority sectors, locations, or development objectives.

Investment Promotion refers to the policy function of attracting, retaining and steering foreign direct investment, typically led by an Investment Promotion Agency. It includes outreach to potential investors, facilitation of administrative processes, the administration of investment incentives, aftercare, and engagement with domestic enterprises through linkage and supplier development programmes.

Investment Promotion Agency (IPA) refers to a public or quasi-public body responsible for promoting, facilitating and retaining foreign direct investment in a jurisdiction. IPA functions typically include investor outreach, facilitation of administrative processes, aftercare, and the administration or coordination of investment incentives. IPAs are the primary institutional interface between investors and incentive systems.

Investor Outreach refers to the proactive identification and engagement of potential investors by IPAs and partner agencies. It includes pitch materials, sector briefs, investor missions, roadshows and direct engagement with target firms, and is a key channel through which IPAs communicate national priorities and the country's value proposition to international capital.

Investor Servicing refers to the day-to-day support that IPAs provide to investors across the investment cycle, including responding to enquiries, providing information, coordinating with line ministries and addressing operational issues. Investor servicing typically operates alongside facilitation and aftercare.

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[3] Foreign, Commonwealth & Development Office (2025). Checklist for Integrating Gender Equality, Disability and Social Inclusion (GEDSI) Across Economic Development Programmes. London: UK Government, FCDO Work and Opportunities for Women (WOW) Helpdesk. https://assets.publishing.service.gov.uk/media/67f3a06bd3f1efd2ce2ab885/WOW_Checklist_on_GEDSI_across_programme_cycle.pdf

Linkage Programmes refer to structured efforts by IPAs and partner agencies to connect foreign investors with domestic enterprises, with the aim of strengthening local participation in investor value chains. Linkage programmes typically combine matchmaking, supplier development, and policy measures that encourage local sourcing.

Matchmaking refers to organized activities that connect foreign investors with potential domestic suppliers, partners, or service providers. Matchmaking events, platforms and pipelines are a common feature of IPA linkage programmes and can be designed to expand the participation of women-led, disability-led and other underrepresented enterprises.

Social Inclusion can be defined as the removal of institutional barriers (formal and informal) and the enhancement of incentives to increase the access of diverse individuals and groups to development opportunities.[4]

Supplier Development refers to programmes that strengthen the capacity of domestic enterprises to participate in foreign investor supply chains, including support on certification, quality standards, logistics readiness, digital procurement onboarding and access to finance. Inclusive supplier development specifically addresses barriers faced by women-led, disability-led and underrepresented enterprises.

Sustainable Development Goals (SDGs) are the seventeen goals adopted by United Nations Member States in 2015 as part of the 2030 Agenda for Sustainable Development. They set out shared global priorities across economic, social, and environmental dimensions of development.

Value Proposition refers to the offer a jurisdiction makes to potential investors, including its competitive strengths, available incentives, talent and infrastructure base, and policy environment. The value proposition is communicated through investor outreach materials and shapes how a country positions itself in international investment competition

[4] Foreign, Commonwealth & Development Office (2025). Checklist for Integrating Gender Equality, Disability and Social Inclusion (GEDSI) Across Economic Development Programmes. London: UK Government, FCDO Work and Opportunities for Women (WOW) Helpdesk. https://assets.publishing.service.gov.uk/media/67f3a06bd3f1efd2ce2ab885/WOW_Checklist_on_GEDSI_across_programme_cycle.pdf

1. Positioning Foreign Direct Investment for Sustainable Development

Despite an 11 per cent decline in FDI global flows in 2024, inflows of FDI in ASEAN increased by 8 per cent to $226 billion,[5] and ASEAN remained the largest FDI recipient among developing regions[6]. While this indicates that ASEAN continues to attract investment even as global flows slow, this resilience in investment volumes, however, raises an important question about the quality of those inflows. Increasing FDI inflows does not automatically translate into stronger investment in sectors that support sustainable development outcomes. UNCTAD estimates that developing countries globally face an annual Sustainable Development Goals (SDGs) financing gap of USD 4.3 trillion, driven largely by infrastructure needs.[7] The SDG financing gap is especially pronounced in Asia and the Pacific, which accounts for an estimated USD 1.5 trillion of additional annual investment needs.[8] This substantial SDG financing gap cuts across all goal areas, and recent trends suggest that key investment flows are not keeping pace. Data from the ASEAN Investment Report 2025 show that FDI inflows into SDG relevant sectors in ASEAN have weakened, with infrastructure and renewable energy investment declining sharply and reflecting their exposure to shifts in global project finance conditions.[9]

This slowdown in private investment is occurring alongside a contraction in public concessional finance. The OECD projects a further decline in official development assistance (ODA) in 2025, estimated at between 9 and 17 per cent, following a 9 per cent decrease in 2024.[10] Projections suggest that ODA levels in 2027 could return to those recorded in 2020, with cumulative reductions over the period 2024 to 2027 ranging between 10 and 18 per cent. These reductions point to a tightening global concessional finance environment, reducing the pool of public resources available to support infrastructure, social services, and climate action in developing economies. Taken together, weakening FDI for sustainable development and declining ODA signal a structural shift in the development finance landscape.

In this context, FDI has the potential to play a central role in supporting progress towards the SDGs, provided that investment policies and incentives are designed to deliver inclusive outcomes. This includes ensuring that FDI supports not only environmental sustainability, but also social outcomes such as decent work, inclusion and equitable benefit-sharing, so that the gains from investment

[5] UNCTAD and ASEAN Secretariat (2025). ASEAN Investment Report 2025: Foreign Direct Investment and Supply Chain Development. Jakarta and Geneva: ASEAN Secretariat and United Nations Conference on Trade and Development. https://asean.org/wp-content/uploads/2025/10/AIR2025_rev17-Okt.pdf

[6] UNCTAD (2024). ASEAN Investment Report 2024: ASEAN Economic Community 2025 and Foreign Direct Investment. Geneva: United Nations Conference on Trade and Development. https://unctad.org/publication/asean-investment-report-2024

[7] UNCTAD (2025a). Financing for Development: Reforming Global Systems to Drive Progress. Geneva: United Nations Conference on Trade and Development. https://unctad.org/news/financing-development-reforming-global-systems-drive-progress

[8] UNDP Asia and the Pacific (2025). Asia and the Pacific Market Meets its Development Match. New York: United Nations Development Programme. https://www.undp.org/asia-pacific/stories/asia-and-pacific-market-meets-its-development-match

[9] UNCTAD and ASEAN Secretariat (2025). ASEAN Investment Report 2025: Foreign Direct Investment and Supply Chain Development. Jakarta and Geneva: ASEAN Secretariat and United Nations Conference on Trade and Development. https://asean.org/wp-content/uploads/2025/10/AIR2025_rev17-Okt.pdf

[10] OECD (2025a). Cuts in Official Development Assistance: OECD Projections for 2025 and the Near Term. OECD Policy Brief No. 26. Paris: OECD Publishing. https://doi.org/10.1787/8c530629-en

are broadly shared across workers, communities and domestic enterprises rather than concentrated among a limited group of beneficiaries. This places increased emphasis on the quality and distribution of investment-related benefits. As FDI assumes a larger role in financing sustainable development, it becomes more important to understand who participates in FDI opportunities and who is left out, and what policy tools can help close these gaps.

Part 1 of this two-part publication series identified where GEDSI-related investment outcomes are most likely to fall short across the FDI life cycle. Both parts draw on ESCAP's engagement with IPAs across the region over recent years, particularly in ASEAN, complemented by the available data. That data remains limited, and the questions raised are relevant well beyond ASEAN, but the focus and the insights of this publication are grounded in the ASEAN context. Building on Part 1, this second part examines how governments and Investment Promotion Agencies (IPAs) in ASEAN can translate those insights into practical incentive design, while offering considerations that may also be adapted in other regional contexts.

How investment incentives and investment promotion agencies shape Foreign Direct Investment for Sustainable Development

Investment incentives are a key component of national strategies to attract, retain, and steer foreign direct investment. They include a broad range of measures aimed at improving the operating environment for investors. Through these tools, governments communicate policy priorities, shape investment decisions, and strengthen their competitiveness. Although there is no single, universally agreed definition, investment incentives are commonly understood as any form of specific advantage provided to selected investors or investment projects beyond what is available to all firms operating in a jurisdiction.[11] The range of instruments that governments use under this broad label varies widely across contexts, reflecting the many roles that incentives are expected to play, ranging from improving the cost and risk profile of projects to signalling policy priorities and supporting broader economic or development objectives. Incentives can also be designed to influence the nature and quality of investment, including its environmental, social and governance characteristics. Governments use incentives to encourage investment in priority sectors, promote development in specific locations, support technology transfer and upgrade domestic supply chains.[12] In this way, incentives do not only determine whether investment is attracted, but also what kind of investment and how it contributes to national development objectives. Their design therefore shapes who participates in investment related opportunities, who captures the long-term gains, and who may instead face exclusion, displacement, environmental degradation, or widening inequality as unintended consequences.

Across policy and academic literature, investment incentives are commonly classified along different dimensions. Some institutions distinguish between statutory and discretionary schemes, fiscal and non-fiscal measures, or rules-based and negotiated regimes, reflecting differences not only in form but also in administration, targeting and governance[13]. These typologies highlight that incentives vary not only in their financial structure, but also in how they are allocated, overseen

[11] Celani, A., Dressler, L. and Wermelinger, M. (2022). Building an Investment Tax Incentives Database: Methodology and Initial Findings for 36 Developing Countries. OECD Working Papers on International Investment 2022/01. Paris: OECD Publishing. https://doi.org/10.1787/62e075a9-en

[12] ESCAP (2017). Handbook on Policies, Promotion and Facilitation of Foreign Direct Investment for Sustainable Development in Asia and the Pacific. Bangkok: United Nations ESCAP. https://hdl.handle.net/20.500.12870/588

[13] United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) (2017). Handbook on Policies, Promotion and Facilitation of Foreign Direct Investment for Sustainable Development in Asia and the Pacific. Bangkok: United Nations ESCAP. https://hdl.handle.net/20.500.12870/588

and embedded within broader policy frameworks. In practice, most incentive schemes can also be grouped into broader functional categories based on how they affect investor costs, risks, cash flow, and administrative or operating conditions. These categories are not mutually exclusive, and incentive packages often combine several instruments. They provide a practical structure for examining how incentives operate and where key policy design choices are made.

To provide an overview for the purposes of this report, Table 1 groups incentives according to the main channel through which they influence investment decisions. Financial incentives reduce upfront costs or share risks through direct support such as grants, subsidized finance, or cost-sharing. Fiscal incentives reduce the tax burden or improve cash flow through measures such as reduced corporate income tax rates, tax credits, accelerated depreciation, or duty and VAT exemptions. Regulatory and administrative incentives modify regulatory requirements or reduce transaction costs through instruments such as streamlined licensing, one-stop procedures, simplified customs processes, or fast-track approvals. In-kind incentives provide non-cash assets and services that lower operating costs or enable investment, including land, infrastructure, utilities support, and training[14]. Table 1 also highlights two additional categories that are increasingly popular in policy practice. Risk-mitigation instruments reduce uncertainty and exposure, for example through guarantees or political risk insurance, while location-based or zone-linked incentives bundle multiple benefits within defined geographic areas, such as special economic zones, industrial parks, or regional development schemes. Table 1 summarizes these categories and provides illustrative (non-exhaustive) examples.

Table 1. Categories of investment incentives and illustrative examples

Incentive Category	What it means	Examples
Financial incentives	Direct financial support to reduce investment costs or share risks	Grants; subsidized loans; interest subsidies; equity participation; cost-sharing schemes; wage subsidies
Fiscal incentives	Tax-based measures that reduce the tax burden or improve cash flow	Tax holidays; reduced corporate income tax rates; investment tax credits; accelerated depreciation; tax allowances; exemptions from customs duties or VAT
Regulatory and administrative incentives	Legal or procedural advantages that modify regulatory requirements or reduce administrative burden	Streamlined licensing; one-stop-shop procedures; exemptions from certain performance or ownership requirements; simplified customs procedures; fast-track approvals
In-kind incentives	Non-cash support provided in the form of assets, infrastructure or services	Provision of land; subsidized utilities; infrastructure development; training support; access to industrial parks
Risk-mitigation instruments	Measures that reduce investment risk rather than direct costs	Loan guarantees; political risk insurance; state-backed guarantees; co-financing mechanisms
Location-based or zone-linked incentives	Incentive packages tied to specific geographic areas or development zones	Special Economic Zone regimes; industrial park schemes; regional development incentives

(Adapted from OECD (2024). The Role of Incentives in Investment Promotion: Trends and Practices in OECD Member Countries, OECD Publishing. https://doi.org/10.1787/e3338264-en.)

[14] OECD (2024). The Role of Incentives in Investment Promotion: Trends and Practices in OECD Member Countries. Paris: OECD Publishing. https://doi.org/10.1787/e3338264-en

Investment promotion agencies are central to operationalizing these policy tools, serving as the primary institutional interface between investors and incentive systems. They translate national investment laws and policy priorities into investor-facing procedures by communicating eligibility criteria, guiding application and approval processes, coordinating with relevant authorities, and supporting implementation through facilitation and aftercare. Incentives also shape how jurisdictions articulate their value proposition and signal priority activities. Their impact therefore depends not only on formal design but also on how consistently and transparently they are administered.

In an OECD survey, every participating IPA reported that its jurisdiction offers at least one form of investment incentive to promote or retain investment.[15] UNCTAD research on global investment policy trends shows that incentive mechanisms accounted for 45 per cent of all policy measures in 2024.[16] Fiscal and financial incentives such as tax breaks, grants and subsidies continue to be widely deployed, often targeted at priority sectors, and in some cases form the backbone of national investment promotion strategies.[17] This report does not argue for the expanded use of incentives as such. Instead, it focuses on how, in contexts where incentives are already widely applied, their design can be more deliberate and aligned with broader development objectives, including sustainable and inclusive outcomes.

This focus reflects current policy practice. Investment policy more broadly has been evolving toward greater recognition of sustainability considerations. Recent investment laws have increasingly incorporated sustainability objectives, with 40 per cent of those enacted since 2015 including relevant provisions, compared with just 5 per cent of those adopted before 1995. They also place growing emphasis on balancing investor rights with obligations related to environmental, labour and corporate social responsibility standards, with such provisions present in 57 per cent of laws adopted in the last decade, compared with 14 per cent before 1995.[18] These suggest that incentives are increasingly used not only to attract investment and to steer it toward priority sectors and locations, but also to serve underserved markets, and address negative externalities such as environmental harm or social exclusion.

In parallel, an expanding set of guidance tools is helping governments and IPAs translate sustainability objectives into concrete operational practice. This work is most advanced on environmental and climate outcomes, supported by tools such as the OECD FDI Qualities Policy Toolkit[19] and ESCAP resources on FDI for sustainable development[20],[21] and illustrated by the World Economic Forum Guidebook on Facilitating Climate FDI,[22] which sets out how IPAs can align strategies with national climate targets, adjust incentive structures, develop pipelines of

[15] Celani, A., Dressler, L. and Wermelinger, M. (2022). Building an Investment Tax Incentives Database: Methodology and Initial Findings for 36 Developing Countries. OECD Working Papers on International Investment 2022/01. Paris: OECD Publishing. https://doi.org/10.1787/62e075a9-en

[16] UNCTAD (2025b). World Investment Report 2025. Geneva: United Nations. https://unctad.org/system/files/official-document/wir2025_en.pdf

[17] UNCTAD (2025b). World Investment Report 2025. Geneva: United Nations. https://unctad.org/system/files/official-document/wir2025_en.pdf

[18] UNCTAD (2025b). World Investment Report 2025. Geneva: United Nations. https://unctad.org/system/files/official-document/wir2025_en.pdf

[19] OECD (2022). FDI Qualities Policy Toolkit. Paris: OECD Publishing. https://www.oecd.org/en/publications/fdi-qualities-policy-toolkit_7ba74100-en/full-report.html

[20] ESCAP (2019). Foreign Direct Investment and Sustainable Development in International Investment Governance. Bangkok: United Nations ESCAP. https://hdl.handle.net/20.500.12870/3074

[21] ESCAP (2017). Handbook on Policies, Promotion and Facilitation of Foreign Direct Investment for Sustainable Development in Asia and the Pacific. Bangkok: United Nations ESCAP. https://hdl.handle.net/20.500.12870/588

[22] World Economic Forum (2023). Guidebook on Facilitating Climate FDI. Geneva: World Economic Forum. https://www3.weforum.org/docs/WEF_Guidebook_on_Facilitating_Climate_FDI_2023.pdf

sustainable projects and strengthen enabling regulatory frameworks. Equivalent guidance for integrating gender equality, disability inclusion and broader social inclusion (GEDSI) considerations into incentive design, investor facilitation and investment governance is still emerging.

Within this context, the way investment incentives and IPA practices are designed matters. They shape not only where investment flows, but also how firms operate, who participates in value chains, and how gains and costs are distributed. In the absence of deliberate attention to inclusion, these systems can inadvertently reinforce existing structural inequalities, even when broader development objectives are formally endorsed. This report therefore identifies practical entry points for systematically integrating GEDSI considerations into the design and implementation of investment incentives.

Beyond its social and development rationale, integrating GEDSI considerations into investment practices can also support commercial outcomes for firms, including stronger workforce stability, more resilient supply chains, improved organizational performance and better alignment with emerging market, regulatory and financing expectations. These benefits are more likely to materialize when GEDSI-related expectations are built into investment planning from the outset, rather than treated as an additional compliance requirement once a project is already designed. The business case is summarized in the box below.

Info Box 1. The business case for GEDSI in investment

Integrating GEDSI into investment practices can generate measurable commercial benefits for firms. These factors are directly relevant to investor decision-making, particularly in assessing operational risk, cost structures and long-term returns.

- Firm performance and innovation: Global analysis shows that companies in the top quartile for gender and ethnic diversity in executive teams are associated with a higher likelihood of financial outperformance, while those in the bottom quartile are significantly less likely to do so.[23] Firms with more diverse management teams have also been found to generate up to 19 per cent higher innovation-related revenues.[24]
- Supply chain resilience and efficiency: Supplier diversification and inclusive sourcing can improve supply chain resilience and procurement performance, reducing dependence on a narrow set of suppliers and lowering cost volatility. Evidence indicates that supplier diversification can support more competitive procurement, strengthen supply chain resilience and reduce single-source risk.[25] At the same time, the low participation of women-led enterprises in supply chains highlights an untapped opportunity for expanding and strengthening supplier networks.[26]
- Productivity and performance: Inclusive workplace measures have been linked to higher firm productivity. A 2024 World Bank survey of Malaysian firms found that 62 per cent of firms agreed that hiring more women improves productivity, and 53 per cent that it

[23] McKinsey & Company (2020). Diversity Wins: How Inclusion Matters. New York: McKinsey & Company. https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters
[24] Boston Consulting Group (2018). How Diverse Leadership Teams Boost Innovation. Boston: BCG. https://www.bcg.com/publications/2018/how-diverse-leadership-teams-boost-innovation
[25] UN Women (2022). Procurement's Strategic Value: Why Gender-Responsive Procurement Makes Business Sense. New York: United Nations Entity for Gender Equality and the Empowerment of Women. https://www.unwomen.org/en/digital-library/publications/2022/04/procurements-strategic-value
[26] International Trade Centre (2020). Empowering Women through Public Procurement. Geneva: International Trade Centre. https://www.intracen.org/resources/publications/empowering-women-through-public-procurement

strengthens their ability to attract talent. Around half of surveyed firms offer childcare-related benefits such as childcare subsidies or onsite childcare facilities, and 73 per cent welcomed government incentives for firms providing additional benefits to women employees.[27] Evidence from the ILO/IFC Better Work programme, which operates across garment factories in Cambodia, Indonesia and Viet Nam, also points to measurable productivity gains from inclusive workplace practices, with production lines overseen by trained female supervisors achieving up to 22 per cent higher productivity than those without such training.[28]

- Reduced attrition and workforce stability: International evidence indicates that flexible working arrangements and other work-life balance measures can support stronger employee retention, improved recruitment, lower absenteeism and higher productivity, with benefits for both workers and firms.[29]
- Market access and financing: Aligning business practices with GEDSI principles supports compliance with evolving environmental, social and governance (ESG) standards, which are increasingly required by investors, buyers and regulators. International sustainability reporting frameworks now require firms to disclose material sustainability-related risks and opportunities, including those related to workforce and value chains, thereby reducing regulatory and reputational risks.[30]

While the magnitude of these benefits varies across sectors and contexts, available evidence, most of it global, with selected regional studies, suggests that GEDSI-responsive practices can contribute to improved firm performance, cost efficiency, risk management and long-term competitiveness, alongside inclusive development outcomes.

This report focuses on mechanisms that IPAs can operationalize or influence directly, including facilitation, aftercare and linkage programmes that shape how incentives are accessed and applied. Even where fiscal and financial instruments are set by other government entities, IPAs help interpret, promote and administer them as part of the national investment offer. These roles offer practical entry points for integrating GEDSI considerations into investment attraction and facilitation. Broader reform will require coordination with other government institutions, particularly where GEDSI-related conditions, verification mechanisms or consequences for non-compliance need to be reflected in laws, regulations or inter-agency procedures.

Table X categorizes investment incentives by their formal design and delivery. While useful, these categories do not fully capture how the instruments function in practice or how they may advance, or hinder, GEDSI objectives. For the purposes of this analysis, incentives are also examined in terms of the primary functions or pathways they serve:

1. Influencing investor behaviour shapes how investors operate, including employment practices, accessibility, non-discrimination and responsible business conduct.

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[27] World Bank (2025). Inclusive Employment Practices in Malaysia 2024. Washington, D.C.: World Bank, Inclusive Growth and Sustainable Finance Hub. https://documents1.worldbank.org/curated/en/099071625224520572/pdf/P181093-69a348ec-8f0c-4067-9d8b-7d6990bc774b.pdf

[28] ILO and IFC (2016). Progress and Potential: How Better Work is Improving Garment Workers' Lives and Boosting Factory Competitiveness. Geneva: International Labour Organization and International Finance Corporation. https://betterwork.org/reports-and-publications/impact-assessment/

[29] ILO (2022). Working Time and Work-Life Balance Around the World. Geneva: International Labour Organization. https://www.ilo.org/publications/working-time-and-work-life-balance-around-world

[30] IFRS Foundation (2023). IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. London: IFRS Foundation, International Sustainability Standards Board. https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/

2. Strengthening inclusive local linkages expands participation in FDI value chains by improving connections between foreign investors and domestic enterprises, especially women-led, disability-led and other underrepresented businesses.
3. Shaping policy and regulatory frameworks integrates inclusion principles into the laws, rules, agreements and incentive regimes that define the conditions for investment.
4. Building enabling systems for sustained GEDSI integration strengthens coordination, data, institutional capacity and stakeholder engagement, so inclusion becomes a routine part of investment governance.

A single incentive may contribute to several of these objectives, and similar objectives may be pursued through different instruments. Applying this functional perspective allows for a clearer assessment of how various incentives, regardless of category, can be designed or adapted to advance GEDSI outcomes.

A comprehensive assessment of how GEDSI objectives can be embedded in specific incentive schemes ultimately requires country-level analysis and institutional review, taking into account country-specific mandates, legal frameworks and administrative capacities. The framework presented in the following chapter is therefore not intended as a prescriptive template, but as a structured entry point to support reflection on how inclusion can be more deliberately integrated within existing incentive systems.

2. Designing investment incentives to support GEDSI outcomes

Across the FDI life cycle, investment does not affect all groups in the same way. As outlined in Part 1 of this publication, women, persons with disabilities and other marginalized groups can face structural barriers that limit their ability to access employment, participate in supply chains, benefit from skills development, access technology or engage in consultation processes linked to FDI. These groups may also be more exposed to negative externalities associated with investment, including insecure work, broader labour market disruption, displacement and environmental degradation.

Comprehensive data explicitly linking FDI to GEDSI outcomes remain limited, both in ASEAN and globally. Existing evidence is strongest for selected dimensions, particularly employment, wages, job quality and skills development. Disability inclusion and broader social inclusion are less systematically captured in FDI data, investment promotion metrics and firm-level reporting. This limits the ability of governments, IPAs and investors to assess the full distributional effects of investment across different groups. It also points to the need for clearer indicators, reporting requirements and verification mechanisms that show how investment contributes to just, equitable and transformative outcomes. International guidance on FDI quality reflects a similar pattern, focusing on selected dimensions such as productivity, job quality, skills, gender equality and decarbonization rather than offering a comprehensive GEDSI framework.[31]

Where evidence is available, it shows that the gains and costs associated with FDI are distributed unevenly across and within countries. In some contexts, FDI supports productivity growth, employment creation, skills development and technological upgrading. In others, it can reinforce existing inequalities, concentrate benefits in capital-intensive activities or impose social and environmental costs on vulnerable communities. Outcomes depend on the sector, the quality of the investment, the domestic policy environment, institutional capacity, labour market structures and access to skills.[32]

This pressure is widely cited as a reason to keep incentive criteria minimal. The available evidence, however, suggests that the trade-off is less stark than is often assumed. Investor surveys consistently find that tax and financial incentives are not the most important factors in location decisions. The 2019 World Bank Global Investment Competitiveness Survey of 2,500 multinational executives found that political stability, the regulatory environment, market size and the availability of talent rank consistently above incentive packages, with incentives mattering most in export-oriented manufacturing and far less in market-seeking and resource-seeking investment.[33] Earlier evidence finds that redundancy ratios (the share of investors who report they would have invested

[31] OECD (2022). FDI Qualities Policy Toolkit. Paris: OECD Publishing. https://www.oecd.org/en/publications/fdi-qualities-policy-toolkit_7ba74100-en/full-report.html

[32] Li, J. (2025). The impact of Foreign Direct Investment (FDI) on economic growth and income inequality in developing countries. In: Husin, M.M. (ed.), Proceedings of the 2025 International Conference on Financial Innovation and Marketing Management (FIMM 2025). Advances in Economics, Business and Management Research, Vol. 353. Atlantis Press. https://doi.org/10.2991/978-94-6463-874-5_53

[33] World Bank (2020). Global Investment Competitiveness Report 2019/2020: Rebuilding Investor Confidence in Times of Uncertainty. Washington, D.C.: World Bank. https://documents1.worldbank.org/curated/en/403901590645496246/pdf/Global-Investment-Competitiveness-Report-2019-2020-Rebuilding-Investor-Confidence-in-Times-of-Uncertainty.pdf

without the incentive) exceed 70 per cent in most countries surveyed.[34] In contrast, within Southeast Asia, analysis by the International Institute for Sustainable Development has documented how unconditional incentive competition has produced a race to the bottom in which forgone public revenue often exceeds the development value of the investment attracted.[35,36]

Direct evidence on the effect of GEDSI-related conditionality on investor location decisions in ASEAN remains limited, and further research would help close this gap. The broader evidence base, however, suggests that there is meaningful policy space to design conditionality in ways that support development objectives while remaining attractive to investors.

The practical question is therefore how GEDSI-related conditions can be designed to work well for both governments and investors. Conditions that are unclear, inconsistently applied or out of proportion to the size of the incentive can create uncertainty and compliance costs on both sides, without delivering inclusion outcomes. Conditions that are clear, proportionate, measurable and predictable can do the opposite: they help direct public support toward higher-quality investment, while giving investors a stable basis on which to plan and operate. In practice, this means tailoring GEDSI-related criteria to the national context, institutional capacity and the sector or activity the incentive is intended to support, rather than applying them as a blanket requirement. In some cases, core requirements may be mandatory; in others, governments can offer tiered eligibility, points-based assessment or optional commitments that allow investors to meet a defined threshold through a combination of measures. Whatever the form, expectations should be set out clearly from the outset, including what is required, how performance will be assessed, what evidence will be considered, and how verification, dispute resolution, changes in operating conditions and possible cases of non-compliance will be handled.

Info Box 2. Managing investor concerns about GEDSI-related conditions: indicative entry points

Investment incentives are conditional by design. They are never offered to every investor, but to those that meet defined eligibility criteria. The OECD Investment Tax Incentives Database covering 70 economies finds that incentives routinely combine multiple conditions, including sector, location, investment size, employment thresholds and sustainability outcomes. In 80 per cent of these economies, at least one tax incentive is already tied to a sustainable-development objective.[37] Conditionality is therefore not an exception to standard practice but its norm.

Concerns from investors do arise, particularly when conditions appear to add cost, complexity or uncertainty. Many concerns can be addressed through transparent design and predictable procedures. The points below offer indicative entry points for IPAs to manage these concerns. They are not a comprehensive framework and will need to be adapted to national legal frameworks, institutional mandates and the design of specific incentives.

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[34] James, S. (2013). Effectiveness of Tax and Non-Tax Incentives and Investments: Evidence and Policy Implications. Washington, D.C.: World Bank Group, Investment Climate Advisory Services. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2401905

[35] Baumüller, H. (2009). Competing for Business: Sustainable Development Impacts of Investment Incentives in Southeast Asia. Geneva: International Institute for Sustainable Development. https://www.iisd.org/system/files/publications/competing_business_southeast_asia.pdf

[36] ASEAN+3 Macroeconomic Research Office (AMRO) (2021). Policy Considerations in Using Tax Incentives for Foreign Investment. Singapore: AMRO. https://www.amro-asia.org/wp-content/uploads/2021/10/Policy-Considerations-in-Using-Tax-Incentives-for-Foreign-Investment-1.pdf

[37] OECD (2025b). OECD Investment Tax Incentives Database 2024 Update. Paris: OECD Publishing. https://www.oecd.org/en/publications/oecd-investment-tax-incentives-database-2024-update_b0de19dc-en.html

1. **Anticipate concerns through transparent design.** Eligibility criteria, performance indicators and the consequences of non-delivery should be published alongside the incentive itself. Pre-application engagement gives investors an opportunity to clarify expectations before making commitments. Evidence from investor surveys consistently shows that transparency and predictability rank above tax rates in influencing investment decisions, with more than 80 per cent of investors identifying these as important to their location choices.[38]
2. **Address non-compliance in stages, not in a single step.** A graduated pathway is generally more effective than binary enforcement. Stages may include notice and dialogue, a time-bound improvement plan with advisory support, partial suspension of benefits, and, as a last step, recovery or termination. This gives investors clear opportunities to remediate while preserving credibility where commitments are not met.
3. **Publish the rules for moving between stages.** The criteria for escalation should be set out in writing and communicated to investors from the outset. Discretion exercised case by case, without published criteria, weakens both policy credibility and investor confidence.[39]
4. **Use grievance channels as an early signal.** Workers, suppliers and affected communities are often the first to notice where commitments are not being honoured. Accessible channels, including for persons with disabilities and those working in other languages, improve the quality of information available to the IPA.
5. **Adjusted to sector and project sensitivity.** Some types of investment are more sensitive to conditions than others. Investors who choose locations primarily based on cost may move more easily if conditions become demanding, while investors entering a country for its market or natural resources tend to be less mobile. Smaller firms may also face real capacity limits in meeting detailed requirements. Conditions and timelines should reflect this. Stricter conditions are best directed at the largest incentives, where the public cost is highest, while smaller projects can be given more flexibility on scope or pace.

Together, these entry points support a practical pathway for IPAs to address investor concerns about conditionality without weakening the incentive's design intent. The aim is to make GEDSI conditionality predictable, proportionate and credible, so that it is understood by investors as a standard part of incentive design rather than an unusual or shifting requirement.

These principles describe what good GEDSI-related conditions look like in general terms, but they do not yet say how deeply GEDSI is integrated into a given incentive. In practice, this varies. The next section sets out a continuum that distinguishes four levels of GEDSI integration in incentive design to help governments and IPAs identify where current practice sits and where it could move.

GEDSI Continuum for the design of investment incentives

Investment incentives are not neutral policy tools. They shape how foreign investment interacts with domestic economies and influence who gains access to opportunities, resources, and decision making. As such, their design can either leave existing inequalities unchanged, address specific barriers, or contribute to more structural change. Integrating GEDSI considerations into incentive frameworks therefore requires clarity about the type and depth of impact that is intended.

[38] OECD (2023). Improving Transparency of Incentives for Investment Facilitation. Paris: OECD Publishing. https://doi.org/10.1787/ab40a2f1-en
[39] OECD (2023). Improving Transparency of Incentives for Investment Facilitation. Paris: OECD Publishing. https://doi.org/10.1787/ab40a2f1-en

Incentives can support inclusive outcomes at different levels, and not all approaches lead to the same type or depth of change. Within the United Nations system[40], gender equality has been viewed through continuum-based frameworks that distinguish between interventions and measures that are blind to inequalities, those that are sensitive to differences but do not alter underlying conditions, those that actively address structural barriers, and those that seek to promote structural change. This way of thinking about degrees of integration is reflected in widely used UN gender mainstreaming approaches and is broadly aligned with the United Nations System wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP)[41], which encourages institutions to move progressively from basic safeguards toward more systematic and transformative action.

This report adapts that continuum to the design of investment incentives and the broader GEDSI context. The four categories describe different degrees of attention to inclusion in incentive systems, ranging from approaches that do not consider distributional impacts, to those that introduce basic safeguards, to those that actively address structural barriers, and finally to those that aim to contribute to longer-term systemic change. The following sections describe each level and illustrate how it may be reflected in the design and implementation of incentive systems.

GEDSI-blind	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
Does not yet consider how investment affects different groups, or who accesses and benefits from incentives.	Introduces basic safeguards to ensure fair access and avoid unintended exclusion.	Actively addresses identified inclusion barriers and expands participation.	Works to shift norms, practices and systems toward longer-term inclusive change.

GEDSI-blind incentive mechanisms

GEDSI-blind incentive mechanisms are designed and implemented without considering structural barriers, differential impacts or inclusion outcomes. Investment is treated as socially neutral, and success is assessed solely through economic indicators such as capital inflows, job numbers, export performance or sector growth. No effort is made to understand who participates in FDI-related opportunities, who benefits from them, or who may be excluded.

At this level, inclusion is treated as outside the scope of investment governance. Incentive systems do not include criteria, services or monitoring related to GEDSI. Application procedures, eligibility requirements and performance indicators assume that all firms, workers and communities face similar starting conditions. As a result, these systems unintentionally reinforce existing structural inequalities, even where national development strategies reference inclusive or sustainable growth in broader terms.

[40] United Nations System Chief Executives Board for Coordination (UN SCEB) (2018). Guidance Note on Coding Definitions for Gender Equality Markers (GEMs). New York: United Nations System Chief Executives Board for Coordination. https://unsceb.org/sites/default/files/2022-02/Guidance%20Note%20on%20Coding%20Definitions%20for%20GEMs%20-%20for%20dissemination.pdf

[41] United Nations System Chief Executives Board for Coordination (UN SCEB) (n.d.). UN System-wide Action Plan on Gender Equality and the Empowerment of Women (UN-SWAP). New York: United Nations System Chief Executives Board for Coordination. https://unsceb.org/un-system-wide-action-plan-gender-equality-and-empowerment-women-swap

GEDSI-sensitive incentive mechanisms

GEDSI-sensitive incentive mechanisms are designed to avoid harm and reduce unintended exclusion. They recognize that different groups may face unequal barriers in accessing investment-related opportunities, and they introduce basic safeguards to improve fairness and accessibility. However, inclusion is not yet treated as a core objective of the incentive. Success continues to be measured primarily through economic indicators, with GEDSI considerations focused on preventing discrimination or procedural barriers rather than on changing underlying outcomes.
At this level, inclusion is addressed through minimum standards in the design and administration of incentives. Application procedures, eligibility rules and investor-facing services are reviewed to ensure they do not unintentionally exclude certain firms, workers or communities. Non-discrimination provisions, accessible communication channels and clearer procedural guidance are typical features. These measures help reduce the risk that incentive systems create new barriers or reinforce existing disadvantages.

GEDSI-responsive incentive mechanisms

GEDSI-responsive incentive mechanisms are designed to actively address identified barriers and participation gaps. At this level, inclusion is treated as a deliberate policy objective rather than only a safeguard. Investment incentives, including associated services and facilitation tools that form part of the overall incentive package, are deliberately structured to influence investor behaviour and expand access to FDI related opportunities for women, persons with disabilities, and other underrepresented groups. While economic performance is the core measure of success, GEDSI related objectives are explicitly defined, integrated into programme design, and monitored as part of implementation.

At this level, inclusion is integrated into how incentives are designed, communicated and implemented. Conditions, services or support measures are tailored to reduce structural disadvantages that limit participation. This may involve linking certain benefits to inclusive employment practices, improving accessibility in workplaces or production sites, or supporting more diverse participation in supply chains. IPAs and partner institutions play a practical role in facilitating these outcomes through targeted investor engagement, advisory services and follow-up.

GEDSI-transformative incentive mechanisms

GEDSI-transformative incentive mechanisms aim to support longer term structural change. At this level, inclusion is not limited to participation in existing systems. It also seeks to address the norms, practices, and power relations that shape how investment benefits are distributed over time. Incentives are positioned within broader efforts to influence market behaviour, decision making, and access to opportunities. While economic performance remains important, success is explicitly defined in terms of sustained progress on GEDSI outcomes. This level of impact extends beyond the formal mandate of IPAs and requires engagement across government.

At the transformative level, incentive design is linked to national strategies, wider institutional reform and policy coherence. Measures go beyond individual firms or projects. They aim to strengthen the systems that enable more inclusive investment patterns. This typically requires alignment with national strategies on gender equality, disability inclusion, and social development. IPAs can support this process through convening, coordination, and facilitation roles within the broader investment ecosystem.

In practice, an agency is unlikely to operate at a single level across all of its work. Different incentive mechanisms, sectors and service lines may sit at different points on the continuum, and a mechanism that is responsive in one dimension may remain blind or sensitive in another. This is normal, and identifying it is the point of the exercise. The continuum is most useful as a tool for IPAs to map where their current practice sits, identify where it could move next, and decide which levers and resources would support that shift. It can also frame internal conversations about priorities and capacity, and help articulate to investors how GEDSI-related criteria fit within a coherent and progressive approach to incentive design, rather than appearing as ad hoc requirements.

A diagnostic checklist drawing on these four levels is set out in the Annex I. It brings the levels together in a single tool is designed to support reflection on where an incentive mechanism currently sits on the continuum and which dimensions might benefit from attention. The checklist is indicative rather than prescriptive. It is intended as a starting point for internal review and discussion, not as a formal assessment or compliance tool.

3. Incentive types relevant for GEDSI objectives

Investment incentives can influence inclusion in different ways, depending not only on the type of instrument used but also on how it is designed and applied. The same incentive can either have little effect on existing inequalities or be structured to help address specific barriers faced by women, persons with disabilities and other marginalized groups. Understanding this requires looking at incentives from two complementary perspectives: the form of the instrument and the function it serves in shaping investment outcomes.

Chapter 1 set out the main categories of investment incentives by form and mode of delivery, including financial, fiscal, regulatory, in-kind, risk-mitigation and zone-linked instruments (see Table 1). This chapter applies a complementary functional lens, examining how those instruments can be designed to advance GEDSI objectives. It is structured around four areas of action:

1. Influencing investor behaviour - measures that guide how investors operate, including inclusive employment practices, non-discriminatory governance and accessible workplaces.
2. Strengthening inclusive local linkages - measures that expand participation of women-led, disability-led and community enterprises in supply chains and procurement.
3. Shaping policy and regulatory frameworks - incentives embedded in laws, rules and agreements that signal national priorities and set baseline expectations for investors.
4. Building enabling systems - measures that strengthen the institutional foundations for sustained GEDSI integration, including data, coordination mechanisms and whole-of-government approaches.

Effective incentive design rests on conditions that apply across all four areas of action. Incentives work best when they target the specific points where exclusion tends to occur, are aligned with the mandate and capacity of the IPA, and are built into routine institutional practice rather than treated as one-off measures. Clear and predictable design supports both policy credibility and investor confidence. Over time, it helps inclusion become a regular part of investment promotion rather than an occasional consideration. Two of these conditions deserve particular attention, as they shape how every mechanism in this chapter works in practice.

The first is sector fit. What GEDSI means in practice differs considerably from one sector to another, and incentive design needs to reflect this. In labour-intensive garment manufacturing, the focus is often on shop-floor working conditions, recruitment from women-majority labour pools, childcare and transport support, and protections against harassment. In capital-intensive semiconductor or electronics facilities, the focus shifts to STEM talent pipelines, technical training partnerships, progression of women and persons with disabilities into engineering and management roles, and accessible plant design. Agribusiness investments raise questions about smallholder participation, land tenure and community consultation. Renewable energy projects raise questions about local community benefits, fair land acquisition and inclusive access to jobs in installation, operations and maintenance, alongside the longer-term challenge of widening women's and underrepresented groups' participation in technical and engineering roles. Services and digital sectors raise questions about flexible work, remote accessibility and pay equity in knowledge-based roles. The same incentive mechanism can therefore translate into very different

commitments depending on the sector, and standard templates may need to be adapted accordingly.

The second is clarity for investors on measurability, attribution and liability. Investors need to know how their performance will be assessed, what is within their control and what happens if indicators are affected by factors outside their control. Well-designed conditions take this into account. They distinguish between inputs and processes within the investor's control, which can be defined and verified, and outcomes shaped by multiple actors, which are tracked as context rather than as binding targets. Without this clarity, even well-intended conditions can generate uncertainty and resistance, weakening both inclusion outcomes and the credibility of the incentive itself.
The sub-sections that follow apply these principles to each area of action. They set out sector-specific examples and practical guidance on measurability, attribution and liability for the incentive mechanisms covered in each area.

Incentives aimed at Changing Investor Behaviour toward GEDSI Outcomes

This category covers incentives that influence how investors operate, not only where they invest. It focuses on shifting firm practices that affect inclusion outcomes in workplaces, governance and operations. These incentives are particularly relevant for IPAs because many can be implemented through investor targeting, facilitation and aftercare, without relying on new fiscal measures. In this area, GEDSI-sensitive incentives reduce the risk of exclusion or harm. They set minimum expectations and make incentive systems accessible and fair. Examples include basic non-discrimination requirements in investor onboarding, accessible investor servicing and grievance channels for persons with disabilities, and consultation expectations to reduce risks for affected communities. GEDSI-responsive incentives go further. They actively encourage investors to adopt practices that address identified gaps. This can include linking benefits to inclusive recruitment and promotion practices, workplace accessibility, participation in inclusion-oriented training, or commitments to engage women-led and disability-led suppliers. GEDSI-responsive design also requires implementation follow-up, not only policy statements.

Table 2. Overview of Incentives aimed at Changing Investor Behaviour toward GEDSI Outcomes

IPA level of influence	Incentive mechanism	How it shapes investor practices	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
High	Recognition schemes	Signals national priorities and shapes corporate reputation and norms	Recognition includes baseline commitments such as non-discrimination and accessibility	Recognition requires evidence of inclusive hiring practices, workplace accessibility, or supplier inclusion efforts	Recognition linked to sector-wide leadership, long-term inclusion targets and peer learning to shift business norms
High	Service-based incentives (facilitation, aftercare, advisory)	Links inclusion to the investor experience through support, facilitation and advisory engagement	Services are accessible and fair, including accessible communication channels and grievance mechanisms	Priority facilitation or advisory support for investors committing to inclusive recruitment, accessibility or supplier diversity	Long-term partnerships with investors to co-develop inclusive business models and mainstream inclusive practices
High	Measurement and accountability mechanisms (reporting, scorecards)	Encourages behaviour change through transparency, monitoring and follow-up	Basic disaggregated workforce or participation data collected to reduce blind spots	Reporting linked to follow-up actions, improvement plans, or eligibility for enhanced services and recognition	Inclusion indicators embedded in investment promotion strategies and used to drive continuous

					improvement and structural change
High	Conditional non-fiscal incentives (fast-track procedures, access to programmes)	Rewards firms meeting operational or governance conditions	Conditions include basic safeguards such as compliance with non-discrimination laws and consultation requirements	Benefits linked to inclusive hiring commitments, workforce training for underrepresented groups, or supplier inclusion measures	Conditions tied to sustained improvements in workplace equity, supplier diversity and community engagement practices
Medium	Conditional fiscal incentives (tax benefits, grants)	Influences firm decisions by linking financial benefits to operational practices	Incentives require compliance with minimum labour and non-discrimination standards	Tax benefits or grants linked to inclusive employment creation, accessible workplace investments or targeted training programmes	Multi-year incentives linked to measurable progress in reducing occupational segregation, increasing leadership representation, or long-term supplier inclusion
Low	Risk-sharing or support tools (grants for inclusion investments)	Reduces cost barriers for firms adopting inclusive practices	Grants available if firms comply with basic inclusion safeguards	Financial support for accessibility retrofits, inclusive training or supplier capacity-building	Long-term co-financing of systemic changes such as inclusive workforce pipelines or industry-wide accessibility standards

Recognition-based and service-based incentives

Recognition schemes can publicly acknowledge investors that demonstrate inclusive employment, accessible facilities, or engagement of women-led and disability-led enterprises in supply chains. This may include annual awards, inclusion labels linked to national investment promotion campaigns, or featured visibility in investor roadshows and official communications. Such schemes signal government priorities and shape investor expectations. At a GEDSI-sensitive level, criteria may require baseline commitments such as non-discrimination policies or workplace accessibility. At a more responsive level, recognition can require evidence of implementation, such as workforce participation targets, accessible infrastructure upgrades, or structured supplier diversity programmes.

Service-based incentives link inclusion commitments to the quality of investor support. IPAs may offer priority facilitation, fast-tracked administrative procedures, dedicated account managers, or tailored advisory services to investors that adopt inclusion measures. Support can also include matchmaking with women-owned suppliers, guidance on inclusive hiring practices, or referrals to relevant public programmes. These measures connect inclusion objectives directly to the investor experience, reinforcing the message that inclusive practices are part of national investment policy.

Addressing measurability, attribution and liability

Recognition and service-based incentives lend themselves well to measurable, attributable criteria, because eligibility is tied to specific investor commitments rather than broader development outcomes. Recognition criteria can be defined as verifiable inputs, such as a published non-discrimination policy, a documented accessibility audit, registration on an inclusive supplier database, or participation in a defined number of matchmaking events per year. Service-based incentives can use the same logic, with priority facilitation triggered by submission of an inclusive recruitment plan or completion of an accessibility self-assessment. Because no fiscal benefit is attached, liability is limited. Non-delivery typically results in withdrawal of the recognition or service rather than financial recovery, which keeps compliance costs proportionate.

What this looks like by sector

Recognition criteria carry the most weight when they reflect what inclusive practice looks like in a given sector, and what counts as inclusive practice will vary considerably from one sector to another. In garment manufacturing, considerations might include harassment prevention systems, worker grievance mechanisms and transport or childcare provisions. In semiconductors and other capital-intensive sectors, recognition could draw attention to representation of women and persons with disabilities in technical and supervisory roles, partnerships with engineering training institutions, and accessible plant design. In agribusiness, relevant considerations could include smallholder inclusion, fair pricing arrangements and consultation with affected communities. In renewable energy, recognition might focus on inclusive local hiring across installation, operations and maintenance, fair land acquisition processes, and pipelines into technical and engineering roles. In services and digital sectors, considerations could centre on flexible work arrangements, remote accessibility and pay equity in knowledge-based roles. Service-based incentives can be calibrated in a similar way, with referrals and advisory support tailored to the inclusion challenges most relevant in the investor's sector.

Conditional fiscal or non-fiscal incentives

Conditional fiscal and non-fiscal incentives tie investment benefits to defined inclusion outcomes. IPAs can apply such conditionality to non-fiscal measures within their mandate, such as accelerated licensing support, access to priority sector programmes, participation in investment missions, or eligibility for specialized aftercare services. Where fiscal incentives are administered by other ministries, IPAs can support the integration of inclusion-related criteria into eligibility frameworks or performance-based conditions.

GEDSI-sensitive conditionality typically requires compliance with national non-discrimination legislation, labour standards or basic accessibility provisions as a precondition for accessing incentives. GEDSI-responsive conditionality links benefits to measurable actions, such as commitments to hire and train women or persons with disabilities, adoption of workplace accessibility standards, implementation of supplier diversity targets, or structured engagement with local enterprises. Where inclusion requires upfront capital investment, governments may combine conditional incentives with targeted grants, cost-sharing schemes or risk-mitigation instruments to support actions such as facility retrofits, assistive technologies or supplier capacity development.

Addressing measurability, attribution and liability

Conditionality is the area where investor concerns are most acute, and where the input/output distinction matters most. Conditions should be tied to commitments within the investor's control, such as publishing inclusive job descriptions, partnering with women's employment networks or technical training institutions, installing accessibility features that meet defined technical standards, or registering on an inclusive supplier database and reviewing a minimum number of women-led or disability-led suppliers per procurement cycle. Workforce composition and procurement spend by supplier type can be tracked as contextual indicators, but liability should attach to the process commitments, not to outcomes that depend on the local labour market or competitive bidding. Verification can be staged, with self-declaration and sample audits at the responsive level and third-party verification reserved for high-value or transformative incentives. This keeps the burden proportionate to the size of the benefit.

What this looks like by sector

The same conditional mechanism translates into very different commitments depending on the sector. In garment manufacturing, GEDSI-responsive conditions often focus on workforce protections, transport and childcare provisions, anti-harassment systems and shop-floor working conditions. In semiconductors and electronics, the relevant commitments centre on partnerships with technical universities to expand the pipeline of women engineers, retention and progression into engineering and supervisory roles, and accessible facility design. In agribusiness, conditions can address inclusive sourcing arrangements with women-led cooperatives or smallholder producers, alongside land tenure and consultation safeguards. In renewable energy, conditions can address inclusive local hiring, community benefit-sharing arrangements, fair land acquisition and longer-term partnerships to widen women's and underrepresented groups' participation in technical and engineering roles. In services and digital sectors, conditions tend to focus on flexible work, accessibility of digital platforms and pay equity. IPAs can support investors by adapting standard condition templates to the investor's sector, rather than applying a single template across the board.

Impact measurement and accountability incentives

Impact measurement and accountability mechanisms can also operate as incentives within IPA practice. IPAs can introduce inclusion-related indicators into investor reporting templates, aftercare reviews or sector performance scorecards. Indicators may include disaggregated workforce data, wage levels, training participation, accessibility measures or engagement with local suppliers. Such tools improve transparency, support evidence-based dialogue with investors and inform adjustments to incentive design.

At a GEDSI-sensitive level, measurement focuses on establishing baselines and addressing data gaps, for example through systematic collection of sex- and disability-disaggregated employment data. At a GEDSI-responsive level, reporting is linked to follow-up action. This may include agreed improvement plans, continued eligibility for recognition schemes, access to enhanced facilitation services or referral to targeted technical support. Over time, integrating inclusion indicators into investment promotion strategies shifts attention from investment volumes alone to the quality and distribution of investment benefits.

Addressing measurability, attribution and liability

Reporting requirements are where investor compliance burden tends to accumulate, so the design choice is to keep indicators few, well-defined and aligned with what investors already report. Workforce data can be limited to a small set of indicators an HR system can produce, namely total headcount disaggregated by sex and, where feasible, disability; new hires and separations on the same basis; and progression into supervisory and management roles. Where investors already produce sustainability disclosures under IFRS S1, GRI, ESRS or comparable frameworks, those disclosures should be accepted in lieu of bespoke IPA templates wherever they cover the same ground. Reporting linked to follow-up action, such as improvement plans, continued eligibility or referral support, should be clearly distinguished from reporting that triggers consequences, so investors can plan accordingly.

What this can look like across sectors

Indicators are most useful when they capture what matters in a given sector, and what counts as a meaningful indicator will vary considerably from one sector to another. In labour-intensive operations, useful indicators could include headcount, shop-floor conditions and turnover by sex and disability. In capital-intensive operations, more meaningful indicators might be vertical segregation, progression rates and the share of women and persons with disabilities in technical and leadership roles, since headcount alone can mask occupational concentration. In agribusiness, indicators might include the share of procurement going to women-led cooperatives or smallholders, alongside community consultation outcomes. In renewable energy, indicators could cover the local share of jobs in installation, operations and maintenance disaggregated by sex and disability, community benefit delivery, and progression of women and persons with disabilities into technical roles. In services and digital sectors, pay equity, access to flexible work and accessibility of digital tools could be more revealing than headcount. Reporting templates can be adjusted by sector, drawing on the indicators investors are already collecting wherever possible.

Conditional fiscal incentives

Conditional fiscal incentives, including tax benefits and performance-based grants, can influence firm-level decisions by linking financial advantages to defined operational practices. While the administration of tax measures often sits with ministries of finance, IPAs can support the design, promotion and monitoring of inclusion-related conditions within broader incentive packages.

At a GEDSI-sensitive level, eligibility may require compliance with minimum labour standards, non-discrimination provisions and basic workplace accessibility requirements. At a GEDSI-responsive level, fiscal benefits can be tied to measurable commitments, such as the creation of inclusive employment opportunities, investment in accessible infrastructure or delivery of targeted training programmes for women, persons with disabilities or other underrepresented groups. At a more transformative level, multi-year incentives can be structured around sustained performance indicators, including reductions in occupational segregation, increased representation of women or persons with disabilities in supervisory and leadership roles, or long-term supplier inclusion targets linked to domestic enterprise development.

Addressing measurability, attribution and liability

Because fiscal incentives carry direct financial value and often run over multiple years, the measurability and liability framework needs to be tighter than for non-fiscal mechanisms, while still recognizing the limits of investor control. Multi-year incentives can use staged commitments with clear milestones, with training programme delivery and accessible infrastructure investment in the early years (inputs the investor controls), and workforce composition and supplier diversity tracked from later years as contextual indicators that inform aftercare dialogue but are not directly tied to disbursement. Recovery provisions should specify which commitments trigger clawback, typically inputs and verifiable processes, and which indicators are reported but not binding. This protects public revenue from non-delivery while protecting investors from liability for outcomes shaped by external conditions.

What this looks like by sector

The performance indicators attached to multi-year fiscal incentives can also vary considerably by sector, and what counts as a meaningful milestone will look different from one sector to another. In garment manufacturing, milestone commitments could relate to harassment prevention systems, the rollout of childcare or transport provisions, and improvements in worker representation. In semiconductors and electronics, milestones might focus on training partnerships, progression of women into engineering and management roles, and accessibility infrastructure. In agribusiness, milestones could include the build-out of inclusive sourcing arrangements, smallholder aggregation infrastructure and community consultation processes. In renewable energy, milestones might include inclusive local hiring targets across project phases, community benefit delivery and the establishment of training partnerships that build a longer-term pipeline of women and persons with disabilities into technical roles. In services and digital sectors, milestones could relate to flexible work policies, digital accessibility and pay equity reviews. Aligning milestones with sector realities helps avoid commitments that look reasonable on paper but are difficult to deliver in practice.

Risk-sharing or support tools

Risk-sharing and targeted support tools can complement incentive frameworks by reducing the cost barriers associated with inclusive business practices. Within an IPA-led or government-supported package, these tools may take the form of matching grants, co-financing schemes or cost-sharing arrangements linked to specific inclusion-related investments. At a GEDSI-sensitive level, access to such support may be conditioned on compliance with basic safeguards, such as non-discrimination policies or minimum accessibility standards. At a more responsive level, financial support can be directed toward concrete actions, including accessibility retrofits, assistive technologies, inclusive workforce training programmes or supplier development initiatives targeting women-led and disability-led enterprises. At a transformative level, risk-sharing mechanisms can support longer-term systemic change, for example through co-financing inclusive workforce

pipelines in priority sectors, partnerships with training institutions, or industry-wide accessibility standards. In these cases, incentives move beyond firm-level adjustments and contribute to structural improvements in how markets function.

Addressing measurability, attribution and liability

Risk-sharing tools are well suited to clear measurability because they are typically tied to identifiable investments rather than ongoing performance. Matching grants and cost-sharing arrangements can be released against documented expenditure, such as invoices for accessibility retrofits against published technical standards, training programme delivery records, or supplier capacity-building costs. Attribution is direct, since the support funds a specific input. Liability is bounded by the scope of the co-financed activity, so investors can plan with confidence about the limits of their exposure. For longer-term co-financing of systemic change, milestone-based disbursement is the standard approach, with each milestone tied to a defined deliverable rather than to broader market outcomes.

What this can look like across sectors

The kinds of upfront investments that risk-sharing tools support can vary considerably by sector, and what counts as a meaningful use of these tools will look different from one sector to another. In labour-intensive manufacturing, possible uses could include factory-floor accessibility retrofits, harassment prevention training and childcare or transport infrastructure. In capital-intensive sectors, support tools could co-finance partnerships with technical universities, assistive technology deployment and accessible facility design. In agribusiness, possible uses might include smallholder aggregation infrastructure, capacity-building for women-led cooperatives and inclusive sourcing pilots. In renewable energy, support could fund local technical training programmes, community benefit infrastructure, and partnerships that build pipelines of women and persons with disabilities into installation, operations, maintenance and engineering roles. In services and digital sectors, support could fund accessibility of digital platforms, flexible work infrastructure and inclusive recruitment partnerships. Cost-sharing percentages and milestone definitions can be adjusted to reflect what is realistic in each sector.

Incentives that Strengthen Inclusive Local Linkages

This category focuses on incentives that strengthen linkages between foreign investors and domestic enterprises. The objective is to expand who can participate in investment-related value chains, and to improve the distribution of FDI benefits within the local economy. It is relevant for IPAs because linkages are often shaped through facilitation, aftercare, supplier development and investor outreach. This category also connects directly to SME development objectives and industrial policy.

In this area, GEDSI-sensitive incentives aim to reduce barriers that unintentionally exclude women-led, disability-led and community enterprises from supplier opportunities. This can include improving transparency in supplier listing processes, reducing discretionary practices, and ensuring that procurement-related information is accessible. GEDSI-responsive incentives actively strengthen participation of underrepresented enterprises by creating targeted linkage mechanisms and support systems that enable inclusion in procurement and value chains.

Table 3. Overview of Incentives that Strengthen Inclusive Local Linkages

IPA level of influence	Incentive mechanism	How it strengthens inclusive local linkages	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
High	Supplier Transparency and Matchmaking Systems	Improves visibility of domestic enterprises and reduces information asymmetries. Connects investors with local suppliers and expands market access opportunities.	Public supplier directories with clear non-discriminatory listing criteria and accessible communication channels. Open matchmaking events with equal participation conditions.	Supplier databases that include voluntary GEDSI tagging and targeted matchmaking for women-led and disability-led enterprises. Structured pipelines linked to procurement opportunities.	Integrated national supplier platforms aligned with public procurement systems and sector-wide inclusive sourcing norms.
Medium	Sourcing Requirements and Performance Conditions	Encourages local sourcing and broadens participation in value chains by linking incentives to supplier inclusion.	Compliance with basic labour and non-discrimination standards and reporting on domestic procurement volumes.	Incentive eligibility linked to supplier development plans that include targets for underrepresented enterprises. Structured supplier diversity commitments.	Long-term sourcing commitments embedded in sector strategies with measurable shifts in value chain participation patterns.

Medium	Supplier Development and Capacity Support	Strengthens the competitiveness of domestic enterprises and improves their ability to meet investor standards and quality requirements.	Open capacity-building programmes with efforts to remove access barriers and provide basic advisory services.	Targeted training and certification support for women-led and disability-led enterprises, including logistics and digital procurement readiness. Co-financing for inclusion-related upgrades.	Long-term supplier upgrading pipelines and inclusive cluster development that ensure systematic representation in higher value segments.
Low	Institutionalized Value Chain Ecosystems	Reshapes industry ecosystems by embedding GEDSI participation within sector strategies and strengthening long-term local value creation.	General encouragement of local partnerships and references to inclusion in sector development strategies.	Formal collaboration with business associations and enterprise networks, with inclusion criteria integrated into industry platforms.	Cross-ministerial coordination aligning FDI, procurement, and social policy to support structural shifts in market access and governance norms.

Supplier transparency and inclusive sourcing

Limited visibility remains a core barrier to inclusive local linkages. Many domestic enterprises lack information on supplier requirements, procurement processes or entry points into foreign investor value chains. Informal or opaque selection practices can further exclude underrepresented firms. GEDSI-sensitive measures in this area focus on transparency and predictability. This includes clear and publicly available supplier listing standards, published procurement criteria and accessible communication channels. Such measures reduce information asymmetries and establish baseline fairness in supplier identification.

GEDSI-responsive approaches introduce tools that actively expand participation. IPAs or partner agencies can establish inclusive supplier databases or integrate GEDSI-related criteria into existing systems. This may include voluntary identification of women-led or disability-led enterprises, information on accessibility readiness, and relevant certification or capacity indicators. When integrated into aftercare and investor servicing, these tools can support supplier diversification and strengthen domestic value creation.

Addressing measurability, attribution and liability

*S*upplier transparency mechanisms lend themselves well to measurable, attributable design because they sit largely on the IPA side rather than relying on investor outcomes. Performance can be tracked through verifiable IPA inputs, such as the publication of supplier listing standards, the launch and maintenance of an inclusive supplier database, the share of investor-facing materials that reference inclusive sourcing channels, or the number of underrepresented enterprises listed and visible to investors. Where investors are involved, eligibility for advisory or facilitation services can be tied to verifiable steps such as registration on an inclusive supplier database or participation in IPA-led briefings, with broader procurement outcomes tracked as context rather than as binding commitments. This keeps liability proportionate, since investors are accountable for engagement with the system rather than for outcomes shaped by competitive bidding.

What this looks like by sector

What counts as a meaningful supplier transparency mechanism will vary considerably from one sector to another. In garment manufacturing, the focus could be on visibility of women-led enterprises offering inputs, packaging or logistics services, with information on certification and compliance readiness. In semiconductors and electronics, useful information might include capacity, technical certification and quality standards relevant to the tier-one and tier-two supply chain. In agribusiness, the emphasis could shift to women-led cooperatives, smallholder aggregators and information on traceability, alongside fair pricing and sourcing terms. In renewable energy, supplier databases might include domestic firms providing balance-of-plant services, civil works, operations and maintenance, with information disaggregated to surface women-led and locally based providers. In services and digital sectors, the focus could be on knowledge-based suppliers, with information relevant to digital accessibility, remote service delivery and inclusive recruitment partnerships.

Inclusive sourcing requirements and partnership incentives

Transparency alone may not be sufficient to shift procurement patterns. In sectors where large investors dominate supply chains, incentive systems can be used to encourage more structured local partnerships.

GEDSI-sensitive approaches may include incorporating local sourcing discussions into investor engagement, or requiring reporting on domestic procurement volumes as part of standard aftercare processes. These measures establish minimum expectations without prescribing outcomes.
GEDSI-responsive approaches link investor support or incentive eligibility to concrete linkage actions. This can include requiring supplier development plans that expand participation of women-led, disability-led or community enterprises, or formalizing collaboration with business associations and enterprise networks. Such measures are particularly relevant where barriers to entry for SMEs are high and procurement decisions significantly shape local economic participation.

Addressing measurability, attribution and liability

Sourcing requirements raise some of the most acute investor concerns about attribution, since procurement outcomes depend on competitive bidding and supplier capacity, both of which sit outside the investor's full control. Conditions can be designed around process commitments rather than procurement outcomes. Examples include the development and submission of a supplier development plan, registration on an inclusive supplier database, participation in a defined number of matchmaking events per year, or formal partnerships with business associations representing women-led or disability-led enterprises. Procurement spend by supplier type can be tracked over time as a contextual indicator that informs aftercare dialogue. This protects investors from liability for procurement outcomes while ensuring that public support is tied to actions that meaningfully open up supply chains.

What this can look like across sectors

What counts as a meaningful linkage commitment will vary considerably from one sector to another. In garment manufacturing, supplier development could focus on small and medium enterprises providing inputs, packaging or finishing services, with attention to women-led firms. In semiconductors and electronics, partnerships might centre on tier-two and tier-three local suppliers and on technical capacity-building to meet quality standards. In agribusiness, the emphasis could shift to inclusive sourcing arrangements with women-led cooperatives or smallholder producers, alongside aggregation and traceability support. In renewable energy, linkage commitments might cover domestic firms providing balance-of-plant services, civil works, operations and maintenance, with attention to inclusive local hiring at the supplier level. In services and digital sectors, partnerships could focus on inclusive recruitment networks, knowledge-based suppliers and digital accessibility providers.

Supplier development and capacity support

Even where sourcing commitments exist, domestic enterprises may face constraints in meeting quality, scale or compliance standards. Targeted capacity support can help address these gaps.
GEDSI-sensitive approaches ensure that general SME support programmes are accessible, and that participation barriers are reduced. This may include open capacity-building initiatives with accessible formats and outreach beyond established networks.

GEDSI-responsive measures provide targeted support to underrepresented enterprises. Examples include certification assistance, logistics and packaging readiness, digital procurement onboarding, and tailored advisory services. In some cases, co-financing or cost-sharing mechanisms can support inclusion-related upgrades. Over time, structured supplier upgrading pipelines can improve representation of underrepresented enterprises in higher-value segments of priority sectors.

Addressing measurability, attribution and liability

Supplier development and capacity support are well suited to measurable, attributable design because they involve specific inputs delivered to identifiable enterprises. Programme delivery can be tracked through verifiable indicators such as the number of enterprises supported, completion of certification or training programmes, participation in digital procurement onboarding, or co-financed upgrades against documented expenditure. Where investors co-deliver capacity support, their commitments can be defined in terms of inputs, such as the provision of mentoring, training places or technical assistance, rather than tied to subsequent contract awards. Outcomes such as supplier graduation into higher-value tiers can be reported as context for aftercare dialogue, but liability should attach to the delivery of the support rather than to the commercial trajectory of supported firms.

What this looks like by sector

What counts as a meaningful form of capacity support will vary considerably from one sector to another. In garment manufacturing, support might focus on quality assurance, compliance with social and labour standards, and packaging or logistics readiness. In semiconductors and electronics, the emphasis could shift to technical certification, process control and quality systems aligned with tier-one supplier requirements. In agribusiness, capacity support might cover post-harvest handling, certification, traceability systems and aggregation infrastructure for women-led cooperatives. In renewable energy, support could include technical and safety certification for installation and operations and maintenance providers, alongside training partnerships that broaden the pool of qualified domestic firms. In services and digital sectors, support might focus on digital procurement onboarding, accessibility standards and certification relevant to knowledge-based services.

Pipeline and matchmaking mechanisms

Inclusive linkages are more likely when connections are actively facilitated rather than left to market dynamics alone. Pipeline and matchmaking mechanisms create structured pathways for domestic enterprises to engage with investors. GEDSI-sensitive approaches ensure that matchmaking events and investment pipelines are open and accessible, and that selection criteria do not unintentionally exclude underrepresented firms. GEDSI-responsive approaches include curating pipelines of GEDSI-aligned investment and supplier partnership opportunities. IPAs can organize targeted matchmaking events linked to concrete buyer needs and inclusion objectives. These mechanisms are most effective when combined with practical support that enables domestic enterprises to meet investor standards, including quality assurance guidance, training and preparation for procurement processes. Over time, regularized sector platforms can contribute to more inclusive patterns of market access.

Addressing measurability, attribution and liability

Pipeline and matchmaking mechanisms lend themselves to clear measurability because they involve discrete events and engagements that can be tracked directly. Verifiable indicators include the number of matchmaking events organized, the share of underrepresented enterprises included in investor pipelines, the number of investor-supplier introductions facilitated, and follow-up engagement rates. Investor commitments can be designed around participation, such as attending a defined number of matchmaking events, reviewing pipeline candidates or providing feedback on shortlisted suppliers. Subsequent contract awards can be tracked over time as a contextual indicator. This keeps attribution clear, since IPAs and investors are accountable for the

engagement they deliver rather than for procurement outcomes shaped by competitive bidding and supplier readiness.

What this can look like across sectors

What counts as a meaningful pipeline or matchmaking mechanism will vary considerably from one sector to another. In garment manufacturing, matchmaking might focus on women-led enterprises offering inputs, finishing or packaging services. In semiconductors and electronics, pipelines could center on tier-two and tier-three suppliers with technical capacity, and on partnerships with technical training institutions to build the longer-term supplier base. In agribusiness, the emphasis might shift to matchmaking with women-led cooperatives or smallholder aggregators, alongside support for traceability and quality compliance. In renewable energy, pipelines could cover domestic firms providing balance-of-plant services, civil works, operations and maintenance, with attention to local and inclusive providers. In services and digital sectors, matchmaking might focus on knowledge-based suppliers, inclusive recruitment partners and digital accessibility providers.

Shaping Policy Frameworks for GEDSI in Incentive Mechanisms

This category covers the policy, legal and regulatory frameworks that shape how incentives operate and how investment is governed. Unlike specific incentive instruments, these frameworks set the broader rules within which investment takes place. They determine the policy space available to governments, the obligations placed on investors, and the standards against which investment activity is assessed. They influence predictability and long-term behaviours because they signal national priorities and establish baseline expectations for investors. While many of these frameworks sit beyond the direct mandate of IPAs, they are highly relevant for investment attraction and facilitation, and they shape how incentive systems are administered in practice.

In this area, GEDSI-sensitive frameworks help ensure that investment governance does not institutionalize exclusion or reinforce unequal outcomes. They establish minimum safeguards and improve fairness and accessibility in investment rules. GEDSI-responsive frameworks go further by explicitly integrating GEDSI objectives into investment governance, including through investment agreements, domestic laws and incentive regimes. This strengthens policy coherence and supports more systematic implementation.

Table 4. Shaping Policy Frameworks for GEDSI in Incentive Mechanisms

IPA Level of Influence	Incentive mechanism	How it shapes inclusion through policy and rules	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
Low	Investment treaty and cooperation frameworks	Shapes the international legal environment and signals long-term government commitments to inclusive development.	Treaty language safeguards the right to regulate and avoids undermining inclusion-related policies.	Treaties include references to gender equality, non-discrimination, or inclusive development objectives.	Treaties embed joint commitments and cooperation mechanisms that promote inclusive development and shift governance norms over time.
Medium	Domestic legal and regulatory standards	Establishes baseline standards of fairness and accessibility in how investment is governed	Includes non-discrimination principles, accessibility requirements, and	Introduces legal provisions requiring equitable access to investment opportunities	Institutionalizes inclusive governance through participatory mechanisms and legal frameworks that promote

		and how communities are engaged.	general consultation expectations.	and structured consultation processes.	inclusive engagement in investment decisions.
High	Incentive eligibility, performance and accountability requirements	Shapes investor behaviour by linking access to benefits with inclusion-related actions and reporting.	Eligibility requires compliance with non-discrimination and labour standards.	Eligibility linked to inclusive hiring, accessibility, or supplier diversity. Reporting includes inclusion indicators.	Performance-based eligibility tied to long-term progress on inclusion, with progressive thresholds and accountability systems.
Medium	Responsible business conduct and corporate governance expectations	Influences firm practices by promoting norms of transparency, accountability, and social responsibility in investment.	Basic expectations for compliance with labour laws and non-discrimination.	Reporting requirements include gender-disaggregated data, diversity metrics, and inclusion outcomes.	Integrated RBC frameworks aligned with national governance systems and inclusive investment strategies.

Investment treaty and cooperation frameworks

Investment treaty and cooperation frameworks shape the broader legal environment within which investment takes place. While typically negotiated and administered at the national level, these instruments signal long-term government commitments and define the policy space available for inclusive development measures. At a GEDSI-sensitive level, treaty provisions safeguard the right to regulate and avoid constraining policies related to equality, accessibility or social protection. At a responsive level, treaties may reference gender equality, non-discrimination or inclusive development objectives, and include cooperation clauses that support SME participation or capacity-building. At a transformative level, treaties embed joint commitments and structured cooperation mechanisms that reinforce inclusive development norms and influence governance standards over time.

Addressing measurability, attribution and liability

Treaty provisions operate at a different level from project-level incentive conditions, and the measurability, attribution and liability concerns that arise are correspondingly different. Provisions that safeguard the right to regulate or reference inclusive development objectives are typically declaratory rather than performance-based, and do not impose direct compliance burdens on individual investors. Where cooperation clauses commit governments to specific actions, such as SME capacity-building or technical assistance, these can be tracked through programme delivery indicators rather than investor-level outcomes. IPAs can support coherence by ensuring that domestic incentive frameworks operationalizing treaty commitments use clear, verifiable conditions, so that investors are not exposed to liability for outcomes shaped by broader policy and market dynamics.

What this can look like across sectors

Treaty provisions apply horizontally across sectors, but their effects on inclusion can differ depending on the sector composition of investment under the treaty. Where a treaty covers labour-intensive manufacturing, cooperation clauses on SME participation and capacity-building could be particularly relevant. Where it covers extractive or energy investment, provisions on community consultation, land-related safeguards and benefit-sharing could carry more weight. In treaties covering services and digital sectors, the relevant provisions might include cross-border data, accessibility standards and labour mobility arrangements. IPAs can support inclusive treaty implementation by flagging sector-specific considerations during negotiation and review processes, and by aligning sector strategies with the cooperation commitments embedded in relevant agreements.

Domestic legal and regulatory standards for inclusive investment

Domestic legal and regulatory standards establish the baseline rules governing investor conduct and administrative processes. These frameworks shape fairness, accessibility and community engagement in investment decision-making. At a GEDSI-sensitive level, investment laws include non-discrimination principles, accessibility requirements and general consultation expectations. At a responsive level, legal provisions require equitable access to investment opportunities and structured consultation processes that ensure participation of women, persons with disabilities and other underrepresented groups. At a transformative level, legal frameworks institutionalize inclusive governance through participatory mechanisms and clear accountability structures that embed inclusive engagement in how investment decisions are made.

Addressing measurability, attribution and liability

Legal and regulatory standards operate as baseline obligations rather than as performance-based commitments, which simplifies measurability and attribution. Compliance with non-discrimination, accessibility and consultation requirements is typically established through process evidence, such as published policies, accessibility audits and documented consultation outcomes. Where laws introduce equitable access provisions or structured consultation processes, the design choice is to specify what counts as compliance in clear procedural terms, so that investors and administering agencies share a common understanding of what is required. IPAs can support implementation by ensuring that incentive eligibility frameworks reference the same standards, so that compliance pathways are consistent across investment promotion, licensing and aftercare processes.

What this can look like across sectors

Domestic legal standards apply across sectors, but their practical implications differ depending on the sector. Consultation requirements, for example, could be most consequential in agribusiness, renewable energy and other land-using or community-affecting sectors, where structured engagement with affected communities is central to inclusive practice. Accessibility requirements might have particular relevance in services and digital sectors, where digital accessibility standards shape how products and services reach users with disabilities. Equitable access provisions could be especially relevant in sectors where SME participation in supply chains is significant, such as garment manufacturing and agribusiness. IPAs can support sector-appropriate implementation by reflecting these distinctions in sector-specific guidance and in the design of sector-targeted incentive packages.

Incentive eligibility, performance and accountability requirements

Eligibility and performance criteria are among the most direct levers available to IPAs. By linking access to investment benefits with defined standards and reporting requirements, these mechanisms shape firm-level behaviour. At a GEDSI-sensitive level, eligibility requires compliance with non-discrimination and labour standards. At a responsive level, eligibility is linked to measurable actions such as inclusive hiring, accessibility investments or supplier diversity commitments, supported by reporting on relevant inclusion indicators. At a transformative level, performance-based eligibility is tied to sustained progress on inclusion outcomes, with progressive thresholds and monitoring systems that encourage long-term changes in corporate practice.

Addressing measurability, attribution and liability

Eligibility and performance requirements are the most direct site for the input/output distinction that recurs across this report. Eligibility conditions can be defined as verifiable inputs and processes, such as published policies, training programme delivery, accessibility commitments meeting defined technical standards, and registration on inclusive supplier databases. Performance reporting can be structured around these inputs, with broader outcomes such as workforce composition or supplier diversity tracked as contextual indicators that inform aftercare dialogue but are not tied directly to disbursement. Progressive thresholds at the transformative level can be staged over multi-year periods, with each stage defined by clear, achievable commitments. This protects public revenue from non-delivery while protecting investors from liability for outcomes shaped by external conditions.

What this can look like across sectors

Eligibility and performance requirements work most effectively when adjusted to the sector in which the incentive operates. The sector adjustments set out for each of the incentive mechanisms in the previous chapter apply here. In garment manufacturing, eligibility could focus on workforce protections and inclusive supplier engagement; in semiconductors and electronics, on STEM pipeline partnerships and progression into technical roles; in agribusiness, on inclusive sourcing and consultation safeguards; in renewable energy, on inclusive local hiring and community benefit-sharing; in services and digital sectors, on flexible work, digital accessibility and pay equity. IPAs can support coherence by aligning eligibility frameworks with sector strategies and by ensuring that what is asked of investors at the eligibility stage matches what is asked at the implementation and reporting stages.

Responsible business conduct and corporate governance expectations

Responsible business conduct frameworks influence corporate behaviour through governance norms and transparency requirements. IPAs may promote alignment with national and international standards as part of the investment offer and aftercare processes. At a GEDSI-sensitive level, firms are expected to comply with labour laws and non-discrimination provisions. At a responsive level, reporting requirements include gender-disaggregated workforce data, diversity metrics and information on inclusion-related practices. At a transformative level, responsible business conduct frameworks are integrated into national investment governance systems and aligned with inclusive investment strategies, reinforcing accountability and long-term social performance alongside economic objectives.

Addressing measurability, attribution and liability

Responsible business conduct frameworks rely heavily on disclosure rather than on performance-based conditionality, which shapes how measurability and attribution are addressed. Compliance is typically established through reporting against recognized standards, and the design choice is to align reporting requirements with frameworks investors already use, such as IFRS S1, GRI, ESRS or comparable sustainability disclosure standards, so that disclosures cover the same ground without duplication. Where IPAs introduce inclusion-related reporting elements, these can be defined in terms of specific indicators an HR or compliance system can produce, such as workforce data disaggregated by sex and disability or accessibility audit outcomes. Liability typically attaches to the disclosure obligation rather than to the reported outcomes themselves, which keeps compliance burdens proportionate while supporting transparency.

What this can look like across sectors

Responsible business conduct expectations apply across sectors, but the substance of what is reported can vary considerably depending on the sector. In labour-intensive operations, disclosures on workforce protections, harassment prevention and shop-floor conditions could be particularly relevant. In capital-intensive operations, reporting on vertical segregation and progression into technical roles might be more revealing than headcount alone. In agribusiness, disclosures could include sourcing arrangements, community consultation outcomes and traceability. In renewable energy, reporting could cover inclusive local hiring across project phases, community benefit delivery and progression into technical roles. In services and digital sectors, the focus might shift to pay equity, flexible work and digital accessibility. IPAs can support sector-appropriate disclosure by providing guidance on which standards and indicators are most relevant to particular sectors, drawing on what investors already report under existing sustainability frameworks.

Creating Enabling Systems for GEDSI in Incentive Mechanisms

This category covers the institutional systems that determine whether inclusion objectives can be translated into routine practice. Unlike specific incentive instruments, these systems shape the conditions for implementation across the investment cycle through coordination, data, learning and ongoing engagement. They are less visible to investors than fiscal measures, but they are often decisive for whether inclusion is sustained over time. They are also particularly relevant where IPAs have limited formal authority over incentive regimes but can influence processes, partnerships and standards.

In this area, GEDSI-sensitive systems reduce institutional blind spots and ensure that inclusive perspectives are represented in investment governance. They support basic coordination, accessibility and engagement mechanisms. GEDSI-responsive systems actively support underrepresented groups to participate in investment-related opportunities, and ensure that inclusion is built into decision-making, facilitation and monitoring.

Table 5.Creating Enabling Systems for GEDSI in Incentive Mechanisms

IPA Level of Influence	Incentive mechanism	How it builds enabling systems for inclusive FDI	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
Medium	Stakeholder engagement and platforms	Creates structured channels for stakeholder input and strengthens transparency, trust, and shared ownership in investment governance.	Consultation processes are accessible and include representatives of women, persons with disabilities, and affected communities.	Regular dialogue and co-creation platforms translate stakeholder input into concrete adjustments in programmes and policies.	Institutionalized participatory governance mechanisms embed inclusive consultation and shared influence in investment-related decision-making.
Medium	Coordination and partnership frameworks	Improves alignment across government agencies and strengthens collaboration with business associations, civil society, and regional actors.	Basic referral systems and communication channels between agencies and partners are established.	Structured cross-government networks and formal partnerships actively address barriers to inclusive investment and enterprise participation.	Institutionalized coordination structures and long-term cooperation platforms embed inclusion into routine inter-agency and multi-stakeholder decision-making.
High	Investment facilitation and	Ensures that enabling services such as training,	Facilitation services provide information on	Active referral and follow-up systems connect	Integrated service ecosystems systematically

	service integration	finance, and enterprise support are systematically connected to investment facilitation processes.	available inclusion-related support programmes.	investors and domestic enterprises to targeted training, finance, and technical support services.	embed inclusion support within investment facilitation and aftercare processes.
High	Institutional capacity, monitoring and learning systems	Builds the internal capability of institutions to apply GEDSI considerations consistently and adaptively over time.	Consultation processes are accessible and include representatives of women, persons with disabilities, and affected communities.	Regular dialogue and co-creation platforms translate stakeholder input into concrete adjustments in programmes and policies.	Institutionalized participatory governance mechanisms embed inclusive consultation and shared influence in investment-related decision-making.

Stakeholder engagement and co-creation platforms

Stakeholder engagement and co-creation platforms strengthen the legitimacy and effectiveness of inclusive investment strategies. These mechanisms create structured channels through which entrepreneurs, business associations, civil society organizations and affected communities can provide input into investment facilitation and policy design. At a GEDSI-sensitive level, this involves ensuring that consultation processes are accessible and that representatives of women, persons with disabilities and marginalized groups are invited to participate. At a responsive level, dialogue becomes more structured and iterative, with stakeholder feedback informing concrete programme adjustments, procedural reforms or new support mechanisms. At a transformative level, participatory governance models are institutionalized. Inclusive consultation becomes a routine element of investment-related decision-making, reshaping norms around who has influence over how investment systems function.

Addressing measurability and accountability

Stakeholder engagement is well suited to measurable, verifiable design. Performance can be tracked through indicators on the institutional side, such as the number and frequency of consultations held, the diversity of participants, the share of stakeholder inputs that lead to documented programme adjustments, and the timeliness of feedback to participants. Accountability is reinforced when consultation outcomes are published and when adjustments to programmes can be traced back to stakeholder input.

What this can look like across sectors

Stakeholder engagement mechanisms are cross-cutting by design, but their composition can be adjusted to the focus of the dialogue. Where consultations focus on land-using or community-affecting investment, structured engagement with affected communities is central. Where they focus on supplier development, business associations and women-led or disability-led enterprise networks are the most relevant participants. Where they focus on workforce inclusion, worker representatives and rights organizations bring the most useful input.

Coordination and partnership frameworks

Coordination and partnership frameworks align the work of IPAs with that of other government agencies, business associations, civil society organizations and regional actors. These frameworks reduce duplication, surface complementary expertise and address barriers that no single institution can resolve on its own. At a GEDSI-sensitive level, basic referral systems and communication channels between agencies and partners are established, allowing investors and domestic enterprises to be directed to relevant programmes and support. At a responsive level, structured cross-government networks and formal partnerships actively address barriers to inclusive investment and enterprise participation, with shared workplans and points of contact across institutions. At a transformative level, coordination structures and long-term cooperation platforms embed inclusion into routine inter-agency and multi-stakeholder decision-making, with shared mandates and joint accountability for inclusive investment outcomes.

Addressing measurability and accountability

Coordination frameworks can be measured through process indicators such as the existence and use of referral systems, the number of joint initiatives or shared workplans, and the frequency of inter-agency engagement. Outcome attribution is inherently shared across agencies, which is part of the design rather than a problem to be solved. The accountability question is therefore less

about isolating each agency's contribution and more about ensuring that joint commitments are documented, monitored and reported.

What this can look like across sectors

The composition of coordination frameworks can be adjusted depending on the focus of inclusive investment objectives. Frameworks centered on labour market inclusion typically involve labour ministries and disability councils. Frameworks centered on supplier development involve SME and enterprise development agencies. Frameworks centered on land-using investment involve community-affairs ministries and local government. Where regional cooperation is part of the framework, ASEAN-level mechanisms can complement national coordination structures.

Investment facilitation and service integration

Investment facilitation and service integration ensure that enabling services such as training, finance and enterprise support are systematically connected to investment facilitation processes. These mechanisms determine whether investors and domestic enterprises can access the support they need at the right point in the investment cycle. At a GEDSI-sensitive level, facilitation services provide information on available inclusion-related support programmes, so that investors and enterprises know where to go. At a responsive level, active referral and follow-up systems connect investors and domestic enterprises to targeted training, finance and technical support services, with the IPA tracking whether referrals lead to engagement. At a transformative level, integrated service ecosystems systematically embed inclusion support within investment facilitation and aftercare processes, with seamless handovers between IPAs and partner programmes.

Addressing measurability and accountability

Service integration can be tracked through indicators such as the number of referrals made, the share that result in engagement with the receiving programme, and the timeliness of follow-up. These indicators sit on the IPA and partner-agency side rather than on the investor side, which keeps measurement straightforward and avoids placing additional reporting burden on investors.

What this can look like across sectors

The mix of services connected to investment facilitation can be adjusted to investor and enterprise needs. Investors entering capital-intensive sectors may need referrals to STEM training partnerships and assistive technology providers. Enterprises supplying labour-intensive operations may need certification and compliance support. Renewable energy projects may benefit from links to local technical training and community-engagement support. The principle is that referrals match the inclusion challenges relevant to the sector and the enterprise.

Institutional capacity, monitoring and learning systems

Institutional capacity, monitoring and learning systems build the internal capability of institutions to apply GEDSI considerations consistently and adaptively over time. These mechanisms determine whether good design choices in one programme or one cycle can be sustained, refined and scaled. At a GEDSI-sensitive level, basic staff awareness and training on inclusion principles are in place, alongside simple monitoring practices that establish baselines and identify data gaps. At a responsive level, dedicated capacity-building programmes equip IPA staff to design, administer and review GEDSI-related elements of incentive packages, and monitoring systems generate data that informs programme adjustments. At a transformative level, learning systems are institutionalized. Inclusion considerations become part of routine staff development, performance

review and strategic planning, and monitoring data feeds into long-term institutional learning rather than only project-level reporting.

Addressing measurability and accountability

Institutional capacity and learning are typically measured through indicators on training delivery, staff coverage, the existence and use of monitoring systems, and the frequency with which monitoring data informs strategy or programme decisions. Accountability is reinforced when learning loops are documented, when staff capacity is reviewed periodically, and when monitoring data is published or shared with partners.

What this can look like across sectors

Capacity-building content can be tailored to the sector focus of the IPA's work. IPAs working in sectors with significant labour market inclusion challenges may prioritize training on workforce inclusion and harassment prevention. IPAs working in sectors involving land use and community engagement may prioritize consultation and benefit-sharing approaches. IPAs working in capital-intensive or knowledge-based sectors may prioritize progression and accessibility considerations. Monitoring systems can be aligned in the same way, with sector-specific indicators that reflect the inclusion priorities most relevant to the IPA's portfolio.

4. Recommended Actions for Investment Promotion Agencies

The actions outlined in this chapter are indicative rather than prescriptive. IPAs operate in diverse institutional, legal and economic contexts, with varying mandates, capacities and degrees of influence over incentive systems. Countries also differ in their starting points, policy priorities and readiness to integrate GEDSI considerations into investment promotion. The relevance, feasibility and sequencing of measures will therefore vary. Effective implementation requires a context-specific assessment that considers national development strategies, legal frameworks, inter-agency roles and existing inclusion initiatives. The recommendations below provide a structured way to think about possible entry points and sequencing options, while allowing adaptation to country-specific realities.

The measures are organized into time horizons. These do not represent rigid stages but reflect a practical progression from actions that can be implemented within existing systems, to reforms that require stronger coordination, and finally to longer-term institutional strengthening. Regional cooperation can support progress across all three.

Immediate measures

Immediate measures focus on actions that IPAs can undertake within existing mandates, processes and resources. These steps reduce blind spots, improve accessibility, and begin integrating GEDSI considerations into routine investment promotion.

Key areas include:

- Reviewing investor-facing processes for accessibility and non-discrimination, including communication materials, inquiry handling and investor servicing channels.
- Integrating basic GEDSI-sensitive criteria into investor outreach, aftercare and facilitation, for example by raising inclusive employment and accessible workplaces in investor dialogues.
- Improving transparency in supplier and linkage programmes, including clear, non-discriminatory supplier listing standards and accessible information for domestic enterprises.
- Introducing simple inclusion-related indicators into internal monitoring, such as basic disaggregated workforce data where feasible, to establish baselines.
- Providing introductory training and internal guidance to IPA staff on how investment promotion activities affect different groups.

These measures help ensure that incentive and facilitation systems do not unintentionally reinforce existing inequalities, and provide the foundation for more targeted action.

Medium-term reforms

Medium-term reforms involve adjustments to incentive design, programme structures and inter-agency coordination. They typically require stronger collaboration across government and more deliberate integration of GEDSI objectives into investment-related instruments.

Priority actions may include:

- Linking selected incentives or support services to inclusive practices, such as inclusive recruitment, training or supplier engagement measures.
- Establishing or enhancing supplier databases with GEDSI-linked criteria, including voluntary tagging of women-led and disability-led enterprises and information on accessibility or capacity.
- Developing structured matchmaking and linkage programmes that actively support underrepresented enterprises to connect with foreign investors.
- Strengthening coordination between IPAs and agencies responsible for SME development, labour, social protection and disability inclusion.
- Introducing systematic GEDSI-related reporting or scorecards as part of aftercare and investor follow-up.

These reforms move beyond safeguards toward more proactive efforts to influence investor behaviour and expand participation in FDI-related opportunities.

Longer-term system strengthening

Longer-term actions focus on embedding GEDSI considerations into the institutional and policy architecture that shapes investment promotion.

Key areas include:

- Integrating GEDSI considerations into investment laws, incentive regimes or national investment strategies.
- Embedding GEDSI-related indicators into national investment promotion strategies, monitoring frameworks and impact assessment tools, shifting attention from investment volumes alone toward investment quality and the distribution of benefits.
- Institutionalizing cross-government facilitation networks that jointly address barriers to inclusive investment and align support services across agencies.
- Developing sustained capacity-building and learning systems, including staff training, guidance, communities of practice and partnerships with civil society and business associations.
- Strengthening dialogue and co-creation platforms with underrepresented entrepreneurs, worker representatives and affected communities, so that GEDSI perspectives inform policy and programme design over time.

These system-level measures support a transition from ad hoc initiatives toward consistent and transformative approaches to GEDSI in FDI.

Opportunities for regional cooperation

Many IPAs face similar challenges related to data gaps, limited experience with GEDSI-related incentive design and the need to align with evolving international standards. Regional cooperation can reduce duplication, accelerate learning and support more consistent progress on the themes set out in this publication. ASEAN provides well-established institutional architecture through which regional cooperation on investment is already advancing.

The ASEAN Coordinating Committee on Investment (CCI), supported by the ASEAN Secretariat (ASEC), has been the central platform for regional cooperation on investment promotion among

ASEAN Member States for many years. Through the ASEAN Regional Investment Promotion Action Plan (RIPAP) 2025-2030, Member States have set out a shared agenda for strengthening investment promotion across the region, including dedicated KPIs on GEDSI that mark an important step in this direction.

The longstanding partnership between ESCAP and the CCI, provides a working channel through which the themes covered in this publication can be taken forward alongside the broader investment promotion agenda. This includes practical work on the design of incentives, on the role of IPAs across the investment cycle, and on the institutional systems that support inclusive investment outcomes. The diagnostic tool set out in Annex I is one example of an instrument that lends itself to peer use across IPAs in the region, and the four areas of action in Chapter 3 (investor behaviour, local linkages, policy frameworks and enabling systems) offer a shared structure for comparing approaches and exchanging experience. The partnership also provides a route for capacity-building, technical analysis and the development of shared tools, in line with the priorities Member States identify.

The ASEAN Business Advisory Council (ABAC) provides a complementary channel for engaging the private sector. Through its convening role at the ASEAN Investment Forum and the ASEAN Business and Investment Summit, ABAC offers a space where investor perspectives on the kinds of incentive design discussed in this publication can be heard, where the business case for GEDSI-related criteria can be tested with regional and international investors, and where investment-ready opportunities aligned with GEDSI development objectives can be demonstrated.

Anchoring this work in existing ASEAN architecture allows progress to build on institutional channels Member States already use, supporting both coherence and ownership.

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Annex I - GEDSI Continuum Diagnostic Tool

This annex provides a practical reference for applying the GEDSI continuum to investment incentive mechanisms. It complements the discussion in Chapter 2 by setting the four levels alongside each other, organized around the dimensions that typically distinguish how GEDSI is integrated into IPA practice. The intent is to support reflection, internal review, and conversations on where current practice sits and where it could move next.

The annex is not a formal assessment tool. It is not designed to produce a single rating for an agency or for an incentive package. As noted in Chapter 2, an IPA is unlikely to operate at the same level across all of its work, and different mechanisms, sectors and service lines may sit at different points on the continuum.

The annex contains two parts. The first is a side-by-side comparison of the four levels across seven dimensions of IPA practice. The second is a unified diagnostic checklist that brings the four levels together in one tool, organized by the same seven dimensions. Both can be used independently. The side-by-side table is most useful for orientation and for identifying where attention is needed. The unified checklist is most useful for working through a specific incentive mechanism in more detail, with a clear profile of where current practice sits across each dimension.

GEDSI-blind	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
Does not yet consider how investment affects different groups, or who accesses and benefits from incentives.	Introduces basic safeguards to ensure fair access and avoid unintended exclusion.	Actively addresses identified inclusion barriers and expands participation.	Works to shift norms, practices and systems toward longer-term inclusive change.

Dimension	GEDSI-blind	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
Strategic objectives and KPIs	KPIs focus on investment value, jobs, exports and sector targets. No indicators on who accesses or benefits.	KPIs add minimum compliance with non-discrimination and labour standards. Inclusion is treated as risk management.	KPIs include explicit objectives on participation or outcomes for women, persons with disabilities and other underrepresented groups.	KPIs are linked to broader institutional reforms and cross-government coordination, with shared multi-year targets across agencies.
Investor outreach and value proposition	Pitch materials and sector briefs highlight cost competitiveness, talent and infrastructure. GEDSI is not referenced.	Outreach materials reference non-discrimination compliance and basic safeguards as part of the country offer.	The incentive package actively promotes inclusive employment, workplace accessibility and supplier diversity as part of the country's value proposition.	The value proposition is framed around long-term inclusive development, with sector narratives that connect investment to broader equity and inclusion outcomes.
Investor servicing (onboarding, facilitation, aftercare)	Standard process for all investors. No tailored steps for women-led, disability-led or other underrepresented enterprises.	Servicing channels are accessible. Grievance procedures are published and communicated to investors, workers and affected communities.	The IPA provides targeted advisory support, referrals and follow-up to help investors implement GEDSI-related measures.	Investor servicing is co-developed with line ministries and partner organizations, with seamless handovers between IPAs and complementary programmes.
Application and eligibility processes	Uniform processes. No adjustments for accessibility, language or digital access.	Application materials are available in the local language, in accessible formats, and through multiple channels. Eligibility has been reviewed for unintended exclusion.	Eligibility is tied to inclusive practice commitments such as workforce inclusion plans, accessibility commitments or supplier diversity targets.	Progressive eligibility is tied to sustained progress on inclusion outcomes, with thresholds that strengthen over multi-year periods.
Supplier development and matchmaking	Programmes select on capacity and competitiveness only. No targeted outreach to underrepresented enterprises.	Programmes are open and accessible, with outreach beyond established business networks.	Targeted matchmaking, readiness support and supplier diversity programmes for women-led,	Supplier development is part of a cross-ministerial inclusive enterprise strategy that aims to shift supply chain

Dimension	GEDSI-blind	GEDSI-sensitive	GEDSI-responsive	GEDSI-transformative
			disability-led and community enterprises.	participation patterns at sector level.
Reporting and data	Reporting captures total employment and procurement figures only. No sex- or disability-disaggregated data.	Reporting tracks compliance with procedural safeguards. Some baselines are established.	Reporting captures GEDSI-related results, including sex- and disability-disaggregated workforce data, supplier diversity and accessibility commitments.	Reporting feeds into long-term institutional learning, with portfolio- and sector-level indicators that track shifts in leadership, ownership and access patterns.
Alignment with national strategies and cross-government coordination	National inclusion or equality objectives are not reflected in incentive criteria, service offer or performance monitoring.	Incentive frameworks reflect minimum compliance with national legal standards on non-discrimination and accessibility.	GEDSI-related criteria are aligned with national priorities and respond to gaps identified through analysis or stakeholder consultation.	Incentive design is institutionalized within whole-of-government coordination, with shared mandates and joint accountability for inclusive investment outcomes.

Diagnostic checklists

Each checklist sets out indicative statements that describe what a given level of the GEDSI continuum looks like in IPA practice. The checklists are not a formal compliance tool. They are designed to support reflection and discussion. If most statements reflect current practice, the mechanism is likely operating at that level. As noted above, an incentive mechanism may sit at different levels across different dimensions, and the checklists can be used to identify which dimensions need attention.

Is this incentive mechanism GEDSI-blind?

These prompts are indicative of starting points to support reflection and open discussion, rather than a formal assessment or strict compliance checklist. They can help start a conversation about where an incentive mechanism currently sits on the continuum.

If most statements reflect current practice, the mechanism is likely operating at a GEDSI-blind level. The checklist here is meant to illustrate what this level looks like in practice.

☐ Our promotion strategy and KPIs focus on investment value, jobs created, exports and priority sector targets, without indicators on who accesses or benefits from the investment.

Example: KPIs track total jobs created, but not whether those jobs go to women, persons with disabilities or workers from underrepresented communities.

☐ Our value proposition, pitch materials and sector briefs do not reference GEDSI considerations or inclusive business practices.

Example: Sector briefs highlight cost competitiveness, talent availability and infrastructure, but do not mention inclusive employment, accessible workplaces or opportunities to source from women-led suppliers.

☐ Our investor onboarding, facilitation and aftercare follow a standard process for all investors, without tailored steps for women-led, disability-led or other underrepresented enterprises.

Example: All investors receive the same aftercare visits and reporting requests, with no specific engagement on workforce inclusion or local supplier diversity.

☐ Our application forms, eligibility checks and investor support channels are the same for all applicants, without adjustments for accessibility, language or digital access.

Example: Application forms are only available in English and as a downloadable PDF that is not screen-reader accessible, and the helpline operates only during standard office hours.

☐ Our supplier development and matchmaking programmes are open to qualified firms based on capacity and competitiveness, without targeted outreach or readiness support for underrepresented enterprises.

Example: A matchmaking event is advertised through standard business association channels, with no outreach to women's business networks or disability-led enterprise associations.

☐ Our investor reporting templates, aftercare reviews and impact assessments do not capture sex- or disability-disaggregated data on workforce, suppliers or beneficiaries.

Example: Aftercare reports include total employment figures but do not break these down by sex, disability or other characteristics.

☐ Where national strategies, National Development Plans or sector plans reference inclusion or equality, these objectives are not yet reflected in our incentive criteria, service offer or performance monitoring.

Example: The National Development Plan includes targets on women's economic participation, but these are not built into incentive eligibility criteria or IPA reporting.

Is this incentive mechanism GEDSI-sensitive?

These prompts are indicative of starting points to support reflection and open discussion, rather than a formal assessment or strict compliance checklist. They can help start a conversation about where an incentive mechanism currently sits on the continuum.

If most statements reflect current practice, the mechanism is likely operating at a GEDSI-sensitive level. The checklist here is meant to illustrate what this level looks like in practice. A side-by-side comparison of all four levels, set out for easier reference and practical use, is provided in the Annex.

☐ Our incentive rules include non-discrimination or equal access provisions that set minimum standards for fair treatment.

Example: Eligibility documents state that incentives are open to all qualifying firms regardless of ownership characteristics, and reference national non-discrimination legislation.

☐ Our application and investor support processes are designed with general accessibility in mind, including simplified procedures, multiple communication channels and disability-accessible formats.

Example: Application forms are available in the local language and in screen-reader accessible formats, and the IPA can be reached by phone, email and in-person at regional offices.

☐ Our eligibility requirements have been reviewed to check they do not unintentionally disadvantage certain groups.

Example: A review of minimum capital thresholds confirmed that the threshold does not exclude smaller women-led or disability-led enterprises from incentive eligibility, or the threshold has been adjusted where it did.

☐ Our consultation and grievance procedures are available and actively communicated to investors, workers, suppliers and affected communities.

Example: A grievance channel is published on the IPA website, with clear response timelines and protections against retaliation.

☐ Our monitoring focuses primarily on compliance with procedural safeguards, rather than on tracking who participates or where outcome gaps persist.

Example: Aftercare reviews confirm that investors comply with non-discrimination requirements, but do not yet track workforce composition or supplier diversity.

☐ Our measures mainly aim to prevent exclusion or harm, rather than to actively expand participation or close identified inclusion gaps.

Example: Investor onboarding flags risks of exclusion in recruitment, but the IPA does not yet provide targeted support to investors looking to expand inclusive hiring

Diagnostic checklist: Is this incentive mechanism GEDSI-responsive?

These prompts are indicative starting points to support reflection and open discussion, rather than a formal assessment or strict compliance checklist. They can help start a conversation about where an incentive mechanism currently sits on the continuum.

If most statements reflect current practice, the mechanism is likely operating at a GEDSI-responsive level. The checklist here is meant to illustrate what this level looks like in practice.

☐ Our incentive design includes explicit objectives on participation or outcomes for women, persons with disabilities or other underrepresented groups.

Example: The incentive scheme states a target of increasing women's participation in the host sector workforce or expanding the share of incentive-supported supplier contracts going to women-led enterprises.

☐ Our incentive conditions, facilitation services or support tools are linked to inclusive employment practices, accessibility improvements or more inclusive supplier participation.

Example: Eligibility for fast-track licensing is conditional on the investor submitting a workforce inclusion plan, or grant top-ups are available for accessibility retrofits at production sites.

☐ Our agency provides targeted guidance, advisory support or referral services to help investors implement GEDSI-related measures.

Example: A dedicated officer supports investors in developing inclusive recruitment plans, or the IPA refers investors to government programmes on disability-confident employment, women's enterprise networks or inclusive supplier databases.

☐ Our reporting templates and indicators capture GEDSI-related results, including workforce participation, supplier diversity and accessibility improvements.

Example: Annual investor reports include sex-disaggregated employment data by occupational level, the share of procurement going to women-led or disability-led suppliers, and progress on accessibility commitments made at the application stage.

☐ Our follow-up and aftercare engagements are used to review GEDSI progress, provide feedback and connect investors with relevant support.

Example: Aftercare reviews include a standing item on workforce inclusion and supplier diversity, and the IPA uses these conversations to flag underperformance, share good practice from peer firms or refer investors to technical assistance.

☐ Our measures respond to specific barriers or gaps identified through GEDSI analysis, stakeholder consultation or available data.

Example: A diagnostic identified low participation of women-led suppliers in the electronics sector, and the IPA introduced a targeted matchmaking and readiness programme in response.

Is this incentive mechanism GEDSI-transformative?

These prompts are indicative starting points to support reflection and open discussion, rather than a formal assessment or strict compliance checklist. They can help start a conversation about where an incentive mechanism currently sits on the continuum. If most statements reflect current practice, the mechanism is likely operating at a GEDSI-transformative level. The checklist here is meant to illustrate what this level looks like in practice.

☐ Our incentive design seeks to influence underlying norms, decision-making patterns or structural barriers, rather than focusing only on short-term participation outcomes.

Example: Long-term incentives are tied to investor commitments on women's representation in management and on the board, on the basis that leadership composition shapes hiring, procurement and workplace culture over time.

☐ Our GEDSI objectives are linked to broader institutional reforms, policy coherence efforts or cross-government coordination beyond the IPA alone.

Example: GEDSI-related conditions in incentive packages are aligned with a national gender equality strategy, the disability law and the SME development plan, with reporting flowing into cross-ministerial review processes.

☐ Our implementation involves structured collaboration across multiple agencies or levels of government.

Example: The IPA's promotion strategy is co-developed with the Ministry of Women's Affairs, the National Disability Council and the Ministry of Labour, with shared multi-year targets on inclusive employment and supplier diversity that are reported jointly.

☐ Our measures address deeper constraints on access to assets, leadership opportunities, decision-making spaces or market entry for underrepresented groups.

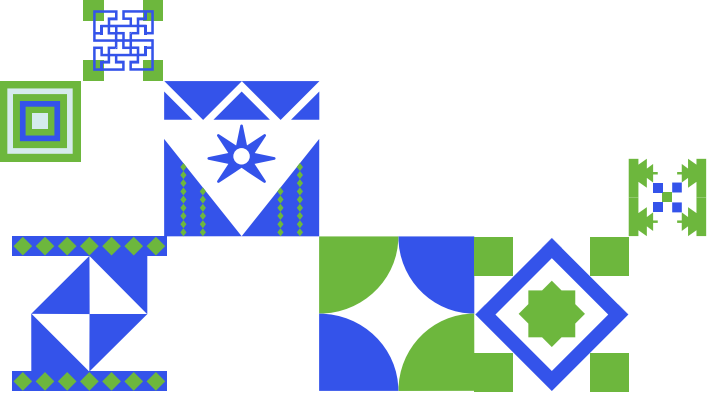
Example: Incentive packages combine financial benefits with co-investment in inclusive supplier pipelines, access-to-finance partnerships for women-led enterprises and pathways into leadership roles for women and persons with disabilities in priority sectors.

☐ Our work builds systems, partnerships and institutional learning that extend beyond individual projects or one-off initiatives.

Example: A standing platform with business associations, women's enterprise networks and disability-led organizations meets regularly to review incentive design, share evidence and inform adjustments to policy and IPA practice.

☐ Our monitoring and evaluation frameworks track longer-term, system-level changes.

Example: Indicators include shifts in leadership representation across investor portfolios, changes in supplier ownership patterns at sector level, and trends in incentive uptake by underrepresented enterprises over multi-year cycles.



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