



## **CARIBBEAN EXPORT DEVELOPMENT AGENCY**

An Investment Promotion Advisory Series Publication Volume 1

# **THE DEVELOPMENT AND IMPLEMENTATION OF NATIONAL INVESTMENT PROMOTION STRATEGIES**

**A STEP BY STEP GUIDE**



CARIBBEAN ASSOCIATION OF  
INVESTMENT PROMOTION  
AGENCIES



CARIBBEAN  
**EXPORT**  
DEVELOPMENT AGENCY

## **OUR VISION**

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To be internationally recognised as the leading driver for Caribbean private sector development.

## **OUR MISSION**

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To enhance the competitiveness and value of Caribbean brands through the delivery of transformative and targeted interventions in Export Development and Investment Promotion.

# PREFACE

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This publication is the first in a series of advisory documents on investment promotion that is being published by Caribbean Export. The document serves as a practical guide on how to develop and implement national investment promotion strategies and is intended to benefit practitioners in investment promotion agencies in the Caribbean.

Caribbean Export's Investment Promotion Advisory Series seeks to focus attention on the issues related to investment promotion and facilitation, including but not limited to image building, marketing and promotions, research and policy advocacy and the business climate.

Inputs to the series will be provided by Caribbean Export's staff and/or consultants employed by the Agency.

This particular publication is the result of work that was undertaken by Caribbean Export, utilizing the services of the firm Consultoria Financiera Integral (CIF) led by the Investment promotion Expert, Mr. Luis Soto. The firm was commissioned to develop a Regional Investment Promotion Strategy and Implementation Plan for CARIFORUM countries with funding provided by the European Union, under the 10th European Development Fund, Regional Private Sector Development Programme. The regional Strategy was completed in September of 2014 and this handbook draws on the lessons learnt and research undertaken during that exercise. The report has benefited from inputs from Caribbean Export staff including Chris McNair and Suzette Hudson and the Regional Investment Promotion Steering Committee that was led by Professor Alvin Wint.

Funding for this publication is provided by the European Union, under the 10th European Development Fund, Regional Private Sector Development Programme.

# MESSAGE FROM CARIBBEAN EXPORT

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**Pamela Coke Hamilton**  
Executive Director  
Caribbean Export  
Development Agency

The Investment Promotion Agencies (IPAs) of CARIFORUM have a very difficult job. Given the socio-economic challenges in the region, the limited and constantly reducing national investment promotion budgets and the significant competition for Foreign Direct Investment (FDI), among others, our regional IP professionals are asked to deliver jobs and increasing levels of FDI to support our region's sustainable development. This is a tall order and an essential undertaking. They need our support. For this reason Caribbean Export has decided to embark on an initiative to provide critical information needed by our IPAs to improve on the delivery of their mandate - to promote their countries for investment. We trust that these hands-on practical guides will become an important part of the toolkit used by IPAs in the region to improve on their ability to target and secure FDI projects.

The initiative that has given birth to this publication was also geared towards assisting CARIFORUM IPAs in promoting the Caribbean for FDI. Over the past two years, Caribbean Export has been involved in the development of a Regional Investment Promotion Strategy (RIPS) to support national investment promotion efforts. Our research has indicated that there is much to be gained for all concerned from an initiative such as this. We share similar target sectors and markets our investment products are comparable, and we also have analogous challenges, foremost of which are limited IP budgets. There are significant economies of scale gains to be garnered from our working together to promote the Caribbean. The RIPS has collated all the relevant information on the 15 CARIFORUM territories together in a concise manner, and a roadmap has been developed to guide our regional investment promotion efforts.

During our research for the development of the RIPS, we found that of the 15 CARIFORUM countries, five had defined National Investment Promotion Strategies and of those five, only two were actively using their guides as a roadmap for their promotion activities. It was deemed necessary to provide support for the development and implementation of national investment promotion strategies.

It is against this background that this document has been developed and serves as a practical guide to Caribbean IPAs. The guide is meant to be very user friendly following a step-by-step process, useful tips and templates that can be used by the IPAs as models.

It gives me great pleasure to present to the Caribbean Investment Promotion Agency (CAIPA) and the IPAs of the region our first instalment in Caribbean Export's investment promotion advisory series, **The Development and Implementation of National IP Strategies - A Step by Step Guide**.

We hope that you find this handbook useful and a necessary tool in the development and execution of your national IP strategies.

Best regards,  
**Pamela Coke Hamilton**

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# ABBREVIATIONS

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<b>CAIPA</b>	Caribbean Association of Investment Promotion Agencies
<b>CARIFORUM</b>	Forum of the Caribbean Group of African and Caribbean and Pacific States
<b>CDB</b>	Caribbean Development Bank
<b>CRM</b>	Customer Relationship Management
<b>EDF</b>	European Development Fund
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>IDB</b>	Inter-American Development Bank
<b>IP</b>	Investment Promotion
<b>IPA</b>	Investment Promotion Agency
<b>IIS</b>	Investor Information System
<b>IPI</b>	Investment Promotion Intermediary
<b>NAICS</b>	North American Industry Classification System
<b>NDO</b>	National Development Objectives
<b>RIPS</b>	Regional Investment Promotion Strategy
<b>RPSDP</b>	Regional Private Sector Development Programme
<b>SIC</b>	Standard International Classification
<b>SITC</b>	Standard International Trade Classification
<b>SWOT</b>	Strengths, Opportunities, Weaknesses and Threats
<b>UNCTAD</b>	United Nations Conference on Trade and Development

# EXECUTIVE SUMMARY

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This handbook is aimed at Investment Promotion Intermediaries (IPIs) within the Caribbean who have not defined an Investment Promotion Strategy that drives their operations, as well as IPIs who have defined a strategy but are in need of added support in the area of implementation. It will also be of benefit to those IPIs who may need to update or revise their national strategies.

IPIs are the national facilitators of inward investment into a country and may include investment promotion agencies (IPAs), government Ministries or private sector organisations, charged with this responsibility within the Caribbean.

This step-by-step guide aims to take the IPIs through the processes involved in developing a national strategy, providing useful templates that serve as models or examples on how to undertake the steps deemed critical to an IP Strategy's development and implementation. The guide has some useful tips that have been interleaved throughout the document. These serve as lessons learnt by the research team over the years in developing similar Strategies.

The handbook recommends and speaks to the use of a proactive investment promotion strategy that involves the IPIs taking the lead in approaching potential investors that have been appropriately screened to ensure a "good fit" with their country's development goals. This proactive approach has increasingly become the preferred option of IPIs, especially those in developing countries like the Caribbean, where the need for FDI is great but there is significant competition for these resources from developed and developing countries and where IP resources are limited.

It is with this global reality in mind that a NIPS becomes of increasing importance to Caribbean countries. The NIPS identifies the specific goals to be achieved by the country and the IPIs contribution to the achievement of those goals. It further defines the sectors and markets that will be targeted and the tools to be used in targeting these potential investors.

The decision to develop a NIPS is not solely the responsibility of the IPIs, although undoubtedly, they must take the lead, as it will be their script or manual for operation. The development of a NIPS should be of importance to policymakers and the private sector, as its implementation will impact them as well. Against this background the guide stresses the need for both internal and external consultations in the development of national IP strategies. These stakeholders must also be kept abreast of promotional activities that could draw on their knowledge and expertise based on the industry being targeted. A practice of some IPIs is to take policymakers and private sector representatives on missions to support their promotional efforts.

Once a Strategy has been developed, its Monitoring and Evaluation must be undertaken and this component has been given priority focus in this document, with a template included to assist IPIs in reporting on their performance.

Finally, the guide highlights the need to update IP Strategies every 3-5 years and presents a model for reporting in a concise way on your Strategy's execution.

# INTRODUCTION

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Developing an investment promotion strategy is a multi-dimensional process based on a series of steps aligned with achieving the ultimate objective, of attracting investments into the host country.

One of the key components of this process is the organisation and structure of data and information related to market research and intelligence efforts. This process combines a succession of tools and activities, which include: understanding the national development objectives; analysing internal trends; determining the sector and sub-sectors with the greatest promotional potential; identifying target markets and designing lead generation strategies; monitoring and reporting on the progress of the strategy's implementation; and developing and maintaining promotional databases, marketing themes to support outreach functions, sector specific research and investor information systems, among others, all in order to identify promotional opportunities.

The formulation and implementation of an investment promotion strategy is supported by extensive amounts of information, data and statistics that must be gathered and analysed to compose and present different outputs and reports required by the program and its stakeholders, including potential investors.

After reading this handbook therefore, you will know how to:

- 1:** Prepare a National Investment Promotion Strategy guided by practical templates and
- 2:** Implement, Monitor and Report on your National Investment Promotion Strategy

The key steps to consider when preparing and implementing an investment promotion strategy are:

- Step 1:** The Identification of National Development Objectives
- Step 2:** The Assessment of Trends, Priority Sectors and Benchmarking
- Step 3:** The Conduct of Sector and Sub-sector Analyses and Prioritisation
- Step 4:** The Identification of Target Markets
- Step 5:** The Design of Targeting/Lead Generation Campaigns
- Step 6:** Investor Targeting and Lead Generation
- Step 7:** Monitoring and Evaluating your NIPS

The handbook also focuses on the development and maintenance of an Investor Information System (IIS), which is critical to the development and implementation of a NIPS. The IIS also provides data that will be useful in the promotion of your country to potential investors.

Use the following graph to guide you through your process in developing your NIPS. ►



## PHASE I - STRATEGY DEVELOPMENT

## PHASE II - STRATEGY IMPLEMENTATION

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
<b>National Development Objectives</b> Gather Location Information Define Priorities <ul style="list-style-type: none"> <li>• Job creation</li> <li>• Export Generation and Import Substitution</li> <li>• Regional Development</li> <li>• Technology Transfer</li> </ul>	<b>Trends &amp; Priority Sectors &amp; Benchmarking</b> Update Database <ul style="list-style-type: none"> <li>• General Interviews: Local public, policymakers, private sector (both local and foreign firms)</li> <li>• FDI Flows data: Global, regional &amp; sectoral</li> <li>• Sector Selection - Internal Brainstorming</li> <li>• Sector Selection - External Brainstorming</li> <li>• Use Standard International Classification Codes to identify subsectors</li> <li>• Qualitative &amp; Quantitative assessment of sector specific information</li> <li>• Develop long list of sectors and subsectors</li> </ul>	<b>Sector &amp; Sub-Sector Analyses &amp; Prioritization</b> Update Database <ul style="list-style-type: none"> <li>• Sector SWOT analysis</li> <li>• Sector selection prioritization through screening</li> <li>• Define vision and goals for the promotion of each priority sector</li> </ul>	<b>Target Markets</b> Update Database Focus on: <ul style="list-style-type: none"> <li>• Countries that are significant outward investors</li> <li>• Countries that dominate the industry/ sub-sectors</li> <li>• Countries with cultural/ historical ties</li> <li>• Major consumer markets that you are close to</li> <li>• Key trade and investment partners</li> </ul>	<b>Investor Targeting &amp; Lead Generation</b> Lead Generation <ul style="list-style-type: none"> <li>• Profile investors appropriate to your location</li> <li>• Develop a database of target companies</li> <li>• Quality leads - Research leads to define a shorter list of prospects</li> <li>• Prioritize shortlist</li> <li>• Implement Proactive Promotion Campaign</li> </ul>	<b>Monitoring &amp; Evaluation</b> <ul style="list-style-type: none"> <li>• Translate mission &amp; objectives into targets</li> <li>• Assign specific tasks to functional units</li> <li>• Communicate targets &amp; objectives within the organization</li> <li>• Define reporting timelines &amp; audiences</li> </ul>

# WHY DO NATIONAL INVESTMENT PROMOTION STRATEGIES MATTER?

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Attracting FDI is a central part of a country's industrial policy, and both developing and developed countries position themselves to attract these inflows with the aim of positively impacting their economic development.

Awareness of brand, image and perceptions are critical factors in determining the final destination of FDI. A company's site selection process is based on information about a location's advantages and a sound understanding of the location's investment offering. Investment Promotion is therefore an important tool to attract inward investment and a framework that Agencies can use to improve their effectiveness in attracting FDI and maximise the benefits to their local economies.

Based on case study evidence, it has been argued that the most successful IPAs are those that have developed an integrated investment promotion strategy that is aligned to national development goals. The strategy should clearly define the sectors, subsectors and target markets, as well as detail the marketing, aftercare and product development approaches that would be undertaken over a period of 3-5 years.

**In addition to the aforementioned, the National Investment Promotion Strategy serves other key functions:**

- It acts as a means for the continued engagement of key stakeholders, providing information on the direction of the Agency, detailing in summary format the country's national priorities for the attraction of investment;
- It forms the basis for an Agency's corporate development plan, structure and business plans and serves as the Agency's *raison d'être*;
- It provides possible direction to inward investment policies and reforms to the business climate, including incentives reforms; and
- Once validated by policymakers, it also forms the basis by which an Agency can solicit support for its activities.

**The critical importance of a NIPS cannot be over-emphasised.**

# DEFINING A NATIONAL INVESTMENT PROMOTION STRATEGY

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A key process in the design of an investment promotion strategy is carrying out market research and intelligence activities, which you, the IPI can use, first, to determine the opportunities that your country offers for business development, and the performance of sectors that show best potential for economic growth and development in order to focus the investment promotion effort; and second, to find out how these general business conditions and sectors with growth potential compare with those in competitor countries that are in the process of attracting investment, as well as their efforts to attract investments.

The processes and activities of the market research intelligence stage form the map that guides and focuses the investment promotion strategy in general, which is why it is so important in the process of attracting investment and requires significant focused attention.

In this section, you will be taken through the various steps in the development of a national strategy for investment promotion. Steps 1-5 require significant research support and form the core of any strategy. Dedicated attention is required to develop these segments. Steps 6-7 are focused on the Strategy's implementation, monitoring and evaluation.

- Step 1:** The identification of National Development Objectives
  - Step 2:** The assessment of Trends, Priority Sectors and Benchmarking
  - Step 3:** The conduct of sector and sub-sector analyses and prioritization
  - Step 4:** The identification of Target Markets
  - Step 5:** The design of targeting/lead generation campaigns
  - Step 6:** The Implementation and Monitoring of the Strategy
  - Step 7:** The provision of support to develop and implement the Strategy effectively
- 

## Useful Tips:

- *Assign a senior member of your staff to direct and guide the development of the Strategy with direct report into the office of the Head of Agency. Usually, the staff assigned the research elements of this work is not promotional staff but those from a research and market intelligence unit. If the dedicated resources are not available then consider contracting this help temporarily to ensure focused attention is given to this very important aspect of your project.*
  - *Plan to fully integrate the IPI staff in the plan's development, which could include the establishment of an internal Steering Committee to serve as the primary "think tank" and drivers of the Strategy's development, providing predetermined updates to the remainder of the staff, soliciting feedback/validation on sections of the document that have been completed. This process can also be replicated by establishing an external Steering Committee as well of key stakeholders. When stakeholders are involved in the process of the Strategy's development, seeking their validation and buy-in for its implementation will become much easier.*
  - *Define a timeframe for the production of the Strategy e.g. 4-5 months*
- 

The starting point of this stage of your work is consideration of your country's national development goals.

# PHASE I: STRATEGY DEVELOPMENT

## STEP 1: Identifying National Development Objectives

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### 1.1 WHAT ARE NATIONAL DEVELOPMENT OBJECTIVES?

The national policy context is an integral part of an effective national investment promotion strategy. One of the reasons it is important to know your country's National Development Objectives (NDOs) is that it will help your IPI to define the guidelines that shape several of the activities in the market research & intelligence process.

The identification of the NDOs is a simple process. The overall goal is to collect dispersed information that can be found in one or several documents that refer to your country's main economic policies and goals. This information is usually established in your country's National Development Plan or Competitiveness Plan.

It is important that there is clarity of objectives. You must understand why your Agency is promoting investment. A country's decision to attract foreign investments has to do with achieving economic and development policy objectives. As part of this process, the IPI's work of attracting investment is not something isolated but is closely linked to the country's economic development and to the policies that the government in office is implementing. In this respect, the economic development objectives of a country are important insofar as they set up the context for your investment promotion efforts.

However, it may be challenging to identify the specific development goals linked to FDI attraction. Answering the following question will assist you in making the connection: **Why does your government want to attract inward investment?** This is a fundamental question that will determine the size, structure and priorities of the IPI. We will spend a little more time on this question.

NDOs may include the creation of jobs in poor areas, poverty alleviation, increasing exports, earning foreign exchange, filling in domestic supply gaps, increasing competition on the local market, providing partnering opportunities for local firms and technology transfer, increasing the number of tertiary school graduates, balancing the fiscal budget, among others.

It is important to establish which of the various national development goals can be best achieved by attracting foreign investment. For example, a country can have interest in expanding the outreach of its telephony network to remote zones, or to improve its telecommunication services capacity in order to support the development of certain industries. In this case attracting foreign investment by mobile communication companies or companies that set up research and development centres in the country would have a direct impact on achieving this objective and the IPI can contribute directly to achieving this objective.

In the case of social goals, for example, reduction of infant mortality rates or levels of

extreme poverty, direct action by the IPI in achieving these objectives will be of less or even no-impact. In these areas, the contribution to achieving these objectives should be left to other organizations with clearer mandates in the social area.

Annex 1.A: Documents Checklist for NDOs identifies possible sources where these goals can be found.

## 1.2 ALIGNING NDOS WITH THE IP MANDATE

The IPIs should identify development priorities that are directly aligned to the mandate of the Agency. These are in most cases development priorities in areas where its impact, from the economic point of view, is more significant. Examples of these include:

**Employment generation:** What are the types of employment that the government wishes to generate, and what are its priorities in this area. For example, the IPI will identify priorities with respect to whether the government wants to generate highly qualified professional jobs (e.g. jobs in the electronic devices industry) or jobs with medium training and technical capacity (e.g. jobs in call centres or clothing manufacturing industry). This assessment will also be based on the country's stage of economic development and the employment segments that have been identified to bolster this development.

**Import substitution and export generation:** In the trade area, the IPI should identify whether there are areas of economic activity and products that the country imports which can be substituted by locally produced products thanks to new investment processes or linkages between foreign investors and local companies defined as priorities by the government. Also the type of export-oriented industries that can contribute to increasing the country's exports of goods or services. Other considerations will include the type of industries and sectors that will help your nation to achieve its National Economic Development Goals in terms of foreign exchange revenue and import substitution. Best practices in investment promotion show that effective strategies are focused on key industry clusters and sectors. Some IPIs decide not to target investors unless they are in the targeted sectors and clusters defined by the national policies.

**Sectoral diversification:** This is a key component of a country's economic development. It is important to research the policies that the government has defined for achieving economic diversification through the development of new productive sectors. It is also important to identify the priorities or specific policies toward sectoral development that the government has in place, which can become opportunities for attracting foreign investors.

Other development goals relevant to the IPI may include regional development and sector diversification.

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**Useful Tip:** *The success of your IPI will be primarily judged by the direct contributions that you can have in the attraction of specific FDI projects, translated in actually capturing FDI flows, as well as the number of new jobs that are generated as a result. For this reason it is recommended that you focus all your actions around the accomplishment of these 2 goals, in the context of your country's NDOs.*

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### 1.3 NDO STAKEHOLDERS, POLICIES AND TIMELINES

Other considerations when undertaking research on NDOs include:

- **Timelines:** Has the government defined specific timelines for the development of priority sectors? This information is useful as it will guide your areas of focus and determine your implementation timelines.
- **Policies:** What are the policies implemented to support these sectors' development: This may include information on inward investment policies, tax incentives, agencies or bureaus, systems and procedures geared towards supporting this sector or critical information that will be useful in the development of your promotional tools.
- **Stakeholders:** Who are the stakeholders in government and the private sector who must be consulted in developing the Strategy? It is important to conduct widespread consultations in the development of this segment of the work. External stakeholders must be formally apprised of the work you are doing and their support requested for the Strategy's development.

A template is provided in Annex 1.B that explains the priorities, from an economic development perspective, relevant for the investment promotion process; the sources that usually produce the information on these national development priorities; the type of specific indicators that will help you in setting up and understanding the priorities and also the specific actions to be taken by the IPI in fulfilling each of the national development objectives identified.

The identification, understanding and incorporation of these priorities into your IPI's investment promotion strategy will project your IPI's actions with greater impact among different public and private sector stakeholders.

## 1.4 ESTABLISHING A LOCATION INFORMATION SYSTEM

Undertaking research to identify NDOs will expose you to a wealth of information on your investment location. This information will be essential for the IPI to make key strategic decisions regarding the sectors in which it will focus its investment promotion strategy. This information is also critical for the investment decision-making process of the investors.

It is recommended that you begin to construct a database on the specific information about your location that may be relevant to the Strategy's development but more so to investors seeking data on your country to inform their investment decision.

The database will provide the basic information for developing promotional materials, including building a web site. It will also provide specific documents to be shared with potential investors during one-on-one investment presentations, investment missions and seminars and investment site visits. Public and private officials and institutions, such as industry chambers, embassies and related ministries will also be frequent users of the information gathered in the system. **Annex 1.C and 1.D highlights the qualitative and quantitative data that could be included in the database.**

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**Useful Tips:** *In conducting the research for the identification of the NDOs it is not necessary to be as detail-oriented, as you will need to be in other parts of the sector selection process. As a consequence, do not spend as much time in this phase of the process as for example you will need to spend on **Step 2: Trends and Priority Sectors**. However, it is important for the IPI team to be aware and understand what the National Economic Development priorities are since they set up specific parameters for the sector selection process.*

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## STEP 2: The Assessment of Trends, Priority Sectors and Benchmarking

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As part of the continuing process of market research and intelligence, one of the stages that require more detailed collection of information, structuring and analysis is the identification and selection of sectors and subsectors with potential to attract foreign investment. This stage is one of the most important inputs for the design and development of your IPI's investment promotion strategy.

Once the sectors and subsectors with growth potential have been selected, all the promotional efforts and activities such as preparation of promotional material, development of sectoral image campaigns, identification of potential investors, targeted campaigns, and participation in seminars and exhibitions, among others, revolve around them.

## PHASE 1: STRATEGY DEVELOPMENT

A good sector selection process starts with a long list of sectors and subsectors built based on qualitative and quantitative analysis. This long list is going to be filtered through different tools and analysis with the goal of obtaining, those sectors and sub sectors with the most probability of success.

Engaging in a rigorous process in the selection of sectors and sub-sectors for promotion is crucial for success in attracting foreign investment, generating employment and contributing to the mission of your IPI, and the economic development objectives of your country. An IPI can have a strong marketing strategy and access to potential investors, however if the strategy is not targeted at sectors and subsectors selected based on a series of in-depth analysis that identify their potential for attracting investments, it will not have much success, and much time will be lost with effectiveness in managing the scarce resources.

The process of identifying and selecting the sectors to be promoted by your IPI is based on three specific acts:

1. Identifying Trends;
2. Noting Critical
3. Undertaking Benchmarking and SWOT

These activities follow a logical sequence as they move from one phase to the next, validating, short-listing and prioritizing the selected sectors and subsectors. At the end of the third activity (Benchmarking & SWOT Analysis), you will have the final list of sectors and subsectors selected for promotion, around which your IPI will structure its marketing and promotional strategy.

Templates included in this manual contain different information related to data gathering and sources.

### 2.1 INTERNATIONAL TRENDS AND BUILDING A LONG LIST OF SECTORS AND SUBSECTORS

The starting point for the process of selecting sectors and subsectors is the identification of a combination of qualitative and quantitative information that you will need to collect. One way of ensuring that your agency considers all sectors and subsectors with potential is to begin with an approximation or broad list which gradually becomes more specific through progressive analysis of different variables.

Annex 2.A presents a list of general interview questions that can be asked of public and private sector representatives, necessary for the building of the first list of sectors and subsectors with growth potential. The use of this tool is important in order to learn the type of relevant information you should expect to get out of each interview and some of the questions you could possibly use to obtain this information.

Research and data gathering into FDI flows and trends at the global level can also present information that will assist in determining growing sectors and subsectors at the global and the country level.



For example, the analysis of the FDI statistical information could lead you to identify the significant FDI flows in sectors and subsectors or areas of economic activity (manufacturing, agriculture, services) in a country with similar economic development conditions and comparative advantages as yours.

**Some sources of information on FDI flows include:** (free of cost sources for developing countries) UNCTAD FDI statistical data at [www.unctadstats.com](http://www.unctadstats.com) ; ITC Investment Map at: [www.investmentmap.org](http://www.investmentmap.org) ; UN ECLAC's publications; EIU World Investment Service at [www.eiu.bvdep.com](http://www.eiu.bvdep.com). **A paid source may include:** fDiMarkets at [www.fdimarkets.com](http://www.fdimarkets.com)

**Annex 2.B** provides a reference to the kinds of information you will need to source on FDI trends and patterns – statistical information that is useful for developing the first and long list of sectors and subsectors with growth potential.

## 2.2 BRAINSTORMING SESSIONS

### Internal brainstorming

After collecting the information through the FDI sources and the General Interviews, the next step is to develop a broad list of sectors, for which your IPI will hold an internal brainstorming session. The result of this session will be a first list of sectors and subsectors which will be refined in later analyses. For the sectors and subsectors identified in this session include the rationale behind the selection, different group reactions, number of votes in favour and not in favour of adding each sector to the list, and main questions that came out during the discussion. This session can be held in half a day, including tabulation of results and final conclusions. **Annex 2.C** presents a template where this information can be captured and summarised.

### External brainstorming

The external "brainstorming" session with external stakeholders is helpful to provide perspectives that allow the IPI to revise and validate the list of sectors and sub-sectors produced in the internal brainstorming. At the end of the external "brainstorming" session, the IPI should have:

- A draft list of specific economic sectors to analyse in detail.
- A draft list of secondary economic sectors to be investigated in more detail to determine its viability for efforts to promote FDI.
- A draft list of areas to consider in the future when the right conditions exist for promotion.
- A draft list of the excluded sectors and sub-sectors the reasons for rejection.

The identification of sectors and subsectors at this stage of the process should not be seen as a selection process of "winning sectors" for promotion but rather as a list of proposed sectors based on available data and stakeholders' recommendation. This information should also be used to update **Annex 2.C**

## 2.3 STANDARD INTERNATIONAL CLASSIFICATION CODES (SIC)

In the activity of identifying trends and priority sectors, you will work with codes that describe sectors and subsectors based on classifications that give specific information at the international level on the sector. This code will also be used to identify potential investor companies to be contacted.

There are various classifications that can be used, such as the Standard International Trade Classification (SITC) code and the Harmonized Tariff Schedule (HTS) code - mainly used for trade analysis purpose -, the Standard International Classification (SIC) and the North American Industry Classification System (NAICS) codes, mainly used for Sectoral and Industrial analysis in the U.S. However, given the quantity of information available from the companies considered as potential investors in a particular sector, and also the trends and performance of the sector, it is suggested that you work with the U.S. SIC classification. Although this is older than the NAIC classification, it is still more commonly used by database-related sources. However, NAIC classification is more useful when classifying the services sector and subsectors (like call centres and BPOs), since it has a broader definition and description of that sector, and provides a better breakdown into specific subsectors than the SIC classification. Knowledge of these tables, will give you a road map to follow as you move through the process of identification and selection of sectors and subsectors for investment promotion.

As information is processed on subsectors to a higher degree of specificity or disaggregation, its use becomes more efficient and productive in the process of identifying sectors and subsectors with potential to attract investments. The more focused you are on specific subsectors, the greater the probability to succeed in promoting your country. By using SIC codes, you will be able to see first-hand the real potential of the sector in your country and later to provide the investor identified according to SIC codes, with specific information and opportunities.

The SIC code system is divided into five levels. The first relates to divisions (from A to J, which contain the main groups of economic activity) while the last level relates to lines of business in specific subsectors. For example, as shown in the next chart, manufacturing activity is grouped in division D, which contains 20 different manufacturing sectors. The furniture and fixtures sector is grouped under a two digits code (25), which consists of 13 different subsectors identified up to four digits. Under SIC Code 25, subsector 2514 identifies metal household furniture, and within this code 251403 identifies children's metal furniture.

<b>DIVISIONS LEVEL I</b>	<b>DIVISION A - DIVISION B - DIVISION C - DIVISION D -</b>	Agriculture, Forestry, Fishing Mining Construction Manufacturing
<b>LEVEL II (2 DIGITS)</b>	<b>20 21 22 23  24 25</b>	Food and Kindred Products Tobacco Products Textile Mill Products Apparel and other Finished Products made from Fabrics Lumber and Wood Products, except Furniture Furniture and Fixtures
<b>LEVEL III (4 Digits)</b>	<b>251 2511 2512 2514</b>	Household Furniture Wood Household Furniture Upholstered Household Furniture Metal Household Furniture
<b>LEVEL IV (6 Digits)</b>	<b>251402 251403 251404 251405</b>	Metal Kitchen and Dining Room Furniture Metal Children's Furniture Metal Game Room Furniture Metal Bookcases and Stereo Cabinets
<b>LEVEL V (8 Digits)</b>	<b>25140501 25140502</b>	Bookcases, Household: Metal Cabinets, Radio and Television: Metal

When working with a specific sector you should try to work at a level of two to four digits of the classification, but when defining subsectors you should try to use 6 digits SIC codes whenever possible, or 4 for lack of it.

## STEP 3: Sector and Sub-Sector Analyses and Prioritization

### 3.1 THE SECTOR SWOT ANALYSIS

The purpose of this section is to provide guidance for conducting the SWOT analysis of the identified sectors in the host country. This will allow your IPI to have a deeper knowledge of the sector or sub-sector in the country. This analysis will be useful for the final selection of sectors and/or sub-sectors for proactive promotion.

The following examples are provided only as a guide for future application. A SWOT analysis of the host country is generally much more clearly defined in terms of strengths and weaknesses and the opportunities and threats. Comparison of the critical factors are clearly identified and compared across a small, finite number of competing countries with similar characteristics as those of the host country.

The importance of this exercise is that it provides an additional tool to identify sectors in the host country. It is also a tool to rule out sectors with weak FDI attraction potential. Conduct this exercise on at least, the top 10 sectors identified.

#### Host-country Sector SWOT example for niche tourism

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Well-established and positioned tourist destination in the international market</li><li>• Excellent geographic location, climate/weather conditions</li><li>• Rich and varied cultural heritage which is an ideal fit for niche tourism</li><li>• Major infrastructure in terms of ports; airports and telecommunication facilities are in place</li><li>• Large resort hotel infrastructure has been built</li><li>• Over the past 5 years, there has been the development of approximately 20 world class spas.</li></ul>	<ul style="list-style-type: none"><li>• Unregulated sector, with no existing quality standards for physical amenities and service levels.</li><li>• No proper market study has been undertaken to assess the size and structure of the region's new niche hotels. There are virtually no monitoring facilities to track the growth of the industry in the region.</li><li>• Environmental degradation</li><li>• Poor products and/or product development</li><li>• Sector in region dominated by large international resort based hotel groups</li><li>• Lack of associations and interest groups to support the sector across the region</li></ul>

Opportunities	Threats
<ul style="list-style-type: none"> <li>• Global increase in niche hotels travel</li> <li>• Increased funding for inward and local investments from governments and donor agencies</li> <li>• Limited supply and high cost of local beauty care products and treatments</li> <li>• Growth potential in the regional niche hotels sector</li> <li>• Local and regional market for niche hotels created from natural resources</li> <li>• Creation of new business and employment opportunities</li> <li>• Participation at international associations and interests groups</li> </ul>	<ul style="list-style-type: none"> <li>• Increased competition from Latin America and other “new ” destinations pursuing niche hotels tourism</li> <li>• Lack of uniform quality standards and controls</li> <li>• Limited access to trained staff</li> <li>• Insufficient trained personnel</li> <li>• Limited and unreliable transportation links</li> <li>• Perception of security caused by violent crimes</li> </ul>

## 3.2 IDENTIFICATION OF SUB-SECTORS

All the previous analysis was aimed at determining specific sector/sub-sectors in which to promote FDI attraction. Now, these have to go through a final FDI filtering process to determine their feasibility for promotional efforts, prior to one final external brainstorming session, where final sectors/sub-sectors will be determined and promotion work started.

This last filtering stage should aim at making a final review of the sectors chosen to take into account factors that may have been overlooked during the previous stages, factors or conditions that may have changed quite rapidly during the analysis phase and finally, strong objections that may have arisen in these later stages. The final product expected is an almost-finished sector/sub-sector list to be analysed in the external brainstorming session for fine-tuning.

### 3.2.1 PRIORITIZING SUB-SECTORS

The purpose of this section is to provide a tool for refining, screening and prioritizing the sub-sectors. All the steps conducted up to this stage were intended to determine the sector/subsectors for the attraction of FDIs. Now, these have to pass a final screening process to determine their feasibility for the purpose of investment promotion efforts, before the final external “brainstorming” session, where the final sectors/subsectors will be validated.

The purpose of this last screening stage will be to make a final review of the selected sectors to identify any factor that may have been overlooked in the prior stages, any factors or conditions that may have changed very rapidly during the analysis phase and, finally, to provide an answer to any objection that may have been raised.

The final product expected from this tool is a nearly completed list of the sector/ subsector to be analysed in the external refining “brainstorming” session.

The initial classification/ screening of the sectors/sub-sectors must be made taking into account the following factors:

- 1. Has the FDI come by its own initiative to this specific sector/subsector?**  
Some sectors may have already made some sort of efforts to attract FDI or may be at advanced stages in such efforts. This is, for example, the case of the clothing sector in Honduras, where an active promotion of the sector is pointless, and any efforts to do so would only trigger marginal additional profits. Therefore, the IPI may wish to handle some special cases and leave the companies in this sector/subsector to handle their own promotion efforts, so that the IPI may focus its resources on new key sectors.
- 2. FDI trends / Imminent loss of competitiveness/ Obvious Barriers:** In such cases the IPI must exclude sectors where the host country is losing competitiveness. Another example that illustrates the above would be whenever the domestic circumstances of the host country may affect the FDI in a specific sector placing it on hold for some time (for example, due to a drastic rise of electricity costs, higher utility rates etc.) or where barriers prevent the easy promotion of the sector (for example, milk products due to new regulations/ plagues/ Phytosanitary standards or polluting heavy industries or due to new environmental regulations).
- 3. Development Goals:** As mentioned in the above section, meeting such goals is necessary for the purpose of obtaining the adequate governmental support and the long-term sustainability for the selected sectors. Development goals may also aid in the classification of the sectors and may even be a criteria to decide whether to eliminate any of the sectors at the final stages of the sector selection process.
- 4. Contribution to the Employment Index:** This index measures the significance of the sector / sub-sector in job creation at a 1 to 10 scale (such rankings are granted in line with the country’s development goals).

5. **Growth of Exports:** This value will indicate the exports' average growth rate for the last five years, measured as a percentage. The growth rate must be compared with other sectors / subsectors (to determine the future potential growth and the historical profitability of the sectors) and for the same sectors / subsectors in comparable countries (to measure the country's ability to compete).
6. **Export Share:** This factor defines the specific importance of the sector / sub-sector in the local economy and is a measure of the prospective support that can be expected from the government in the future. It is also a sensitivity indicator in terms of policy formulation and economic dependence of the host country. The higher the allocated value, the more likely that the host country will be dependent on that sector for its survival and therefore it will seek to protect such industry at any cost.
7. **Market Access Factors:** This indicator measures the degree of ease with which a specific sector may have access to its prospective/real market. It is a measure that reflects, mainly, the preferential access arising from free trade agreements, and any sector and sub-sector barriers.
8. **Host Country Exports Growth:** Different from item 5, this indicator is a measure of the perception of the behaviour of this indicator in a near future, on the basis of the observed trends, the analysis of market figures and the behaviour of the industry. It is thus a qualitative factor, whose weight must be carefully considered.
9. **Trade Global Growth Trend:** As in item 8, this is also a qualitative evaluation of the future behaviour of the sector / subsector.

Annex 3.A provides a template that will assist in the sector and sub-sector filtering process using the above information and a scoring methodology that will allow for the identification of priority sectors and subsectors.

Once the top 3-4 priority sectors have been identified along with the most suitable subsectors for investment promotion, a further classification can be undertaken as per the below.

- **Mature sectors:** These are sectors and subsectors that traditionally have been promoted and are relatively known as investment opportunities.
- **Emerging sectors:** These include those that have been showing a good track record in terms of capturing FDI over the past 10-15 years, and

- **New sectors:** These are the sectors that basically have begun to be promoted in the last 5-10 years with good potential.

This classification will assist in determining the priority focus of the resources available to IP. A decision may be made by the IPI to focus more significant resources on the emerging and new sectors for example.

It is important to note that while there might also be opportunities for the other identified sectors, promotion efforts should focus on sectors with the greatest potential for attracting investment, to increase the likelihood of results in the short term.

The below example was adapted from the RIPS

### CROSS CUTTING - QUALITATIVE SECTOR CATEGORIZATION

	Sectors	Sub-Sectors
<b>Mature Sectors</b>	<ul style="list-style-type: none"> <li>• Tourism, Hotels &amp; Restaurants</li> <li>• Agribusiness</li> <li>• Financial Services</li> </ul>	<ul style="list-style-type: none"> <li>• Beach Tourism (massive &amp; boutique)</li> <li>• Geotourism</li> <li>• Adventure Tourism</li> <li>• Yachts &amp; Sailing</li> </ul>
<b>Emerging Sectors</b>	<ul style="list-style-type: none"> <li>• ICT and Contact Centers</li> <li>• Real Estate &amp; Construction</li> <li>• Mining</li> <li>• Creative Industries</li> <li>• Light Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Call Centers</li> <li>• BPO (Data mining, claims processing, medical transcripts, payroll processing)</li> <li>• Software Development</li> </ul>
<b>New Sectors</b>	<ul style="list-style-type: none"> <li>• Health &amp; Wellness Services</li> <li>• Alternative Energy</li> <li>• Offshore Education</li> <li>• Medical Tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Day Spas</li> <li>• Medical Spas (non-invasive)</li> <li>• Cosmetic Procedures</li> <li>• Wind Energy</li> <li>• Solar Energy</li> </ul>



Promotion in Years 1, 2 & 3 of the program



Promotion in Year 3 of the program

**Useful Tips:** Pay very close attention to documenting the data gathered during this stage. It will form an important part of the data used in the development of your collateral material and the information provided to investors.



### 3.2.1 DEFINING YOUR VISION AND STRATEGIC OBJECTIVES FOR THE PROMOTION OF PRIORITY SECTORS

The previous assessments undertaken in defining national development goals, assessing international trends, conducting interviews and developing a SWOT, will provide useful information that can assist you in defining your vision and goals for the priority sectors.

Your vision is a generalized statement on what you hope to achieve in the sector through the attraction of FDI. Your objectives are the identified deliverables, the actions that will contribute to the realization of that vision.

- They must be SMART objectives, that is, Specific, Measurable, Attainable, Relevant and Time-Based.
- They must be based on your assessment of the challenges to doing business in this sector, as well as the opportunities.
- Your objectives must be informed by the past trend in attracting investments into that sector, the global reality and the projects you currently have in your pipeline, if there are any.

Below are sample vision statements and goals per priority sector identified in the RIPS:

Sector	Vision	Objectives
<b>Alternative Energy</b>	Position (country name here) as an active center for global operations of BPO companies, consolidating the presence of BPO Voice services and expanding non voice BPO services.	<ol style="list-style-type: none"> <li>1. Attract 7 new contact center investments between 2015 and 2018.</li> <li>2. Generate U.S. \$ 7 MM annual investment through Greenfields and Expansions</li> <li>3. Generate + 2.500 jobs between 2015 and 2018</li> </ol>
<b>Tourism (niche tourism)</b>	Position (country name) as World Class Tourism Investment Location for renowned flagship and boutique hotels in a unique tourism destination.	<ol style="list-style-type: none"> <li>1. Attract 4 new hotel operations between 2015 and 2018.</li> <li>2. Generate U.S. \$ 20 MM annual investment through greenfield investments</li> <li>3. Generate + 500 jobs between 2015 and 2018</li> </ol>

## STEP 4: Identifying Target Markets and Geographic Sources of Investment

Once the IPI has defined the final list of sectors and subsectors to be promoted, a good marketing communication strategy will have to be designed to reach the relevant audiences located in the selected markets, using the key marketing messages of the host country, in general, and also those of the sectors and subsectors, in particular, regarding the benefits involved in investing in the host country.

This promotions approach is called **proactive promotion**, also known as **"targeting"**. It includes the identification of potential investors and the execution of strategically planned actions to attract that investor to your territory. It is one of the most sophisticated tools that IPIs have in their investment promotion arsenal.

Proactively promoting the sectors identified must start by determining which are the most reasonable geographical sources of potential investment in the selected sectors and subsectors.

The selection of the geographical investment source will result from the combination of four criteria, namely:

- Countries that are significant outward investors in developing countries
- Countries that dominate the industry/subsectors
- Countries with cultural/historical ties with the host country
- The proximity to major consumer markets
- The key trade and investment partners of the host country

An analysis will be conducted in light of each and all of the above criteria in order to facilitate the selection of the target markets. Finally, those countries that meet most of the above criteria shall be the ones on which the host country will focus its marketing plans.

The following charts may assist you in sorting out and assessing the countries under each of the aforementioned criteria.

### Countries that are significant outward investors in developing countries

Outward investor country	Subsector 1	Subsector 2	Subsector 3	Subsector 4	Host Country
Country 1					
Country 2					
Country 3					
Country 4					

### Countries that dominate the industry/ subsectors

Country Subsector	Subsector 1	Subsector 2	Subsector 3	Subsector 4
Country 1				
Country 2				
Country 3				
Country 4				

### Countries with cultural/historical ties with the host country

Country Historical/Cultural Tie	Strong	Medium	Weak
Country 1			
Country 2			
Country 3			
Country 4			

### Countries with easy access to large consumer markets

Country Proximity	Very close with Free Trade Agreement	Very close without Free Trade Agreement	Relatively close with Free Trade Agreement	Relatively close without Free Trade Agreement
Country 1				
Country 2				
Country 3				
Country 4				

### Trade and Investment Partner Countries

Country Trade/Investment Partner	Significant trade partner but non- investment partner	Significant investment partner but non-trade partner	Significant trade and investment partner
Country 1			
Country 2			
Country 3			
Country 4			

**Useful Tips:**

- *A significant source of investment flows comes from re-investment. Including local investors in the targeting strategy is critical as these investors already have a vested interest in your economy and more often than not are more easily persuaded to grow their businesses in the locations they are already established once a good case is presented to them. To do this, you must build a relationship with these investors, understand their vision and business goals and then link these to the opportunities that currently exist in your economy.*
- *Once you have completed the above charts, a brainstorming session should help you to identify the countries linked to the priority sectors that will be of particular importance to your strategy. Prioritize them.*

**E.g. Summary Target market identification table**

Sectors	Country 1	Country 2	Country 3
Sector 1			
Sector 2			
Sector 3			

**If you have managed to complete Steps 1-4, then you have successfully developed your own National Investment Promotion Strategy. Congratulations!**

**The next phase will determine your work planning and involves the implementation of the Strategy.**

**Useful Tip:** *Circulate the completed document as a draft both internally and externally and solicit feedback that may help you to refine the Strategy.*

*See Annex 3B for a summarized IP Strategy.*

# PHASE II: STRATEGY IMPLEMENTATION

## STEP 5: INVESTOR TARGETING AND LEAD GENERATION CAMPAIGNS

Now that we have defined the sectors and countries to be targeted, it is important to develop the most effective communication tool to inform promotion targets about the specific advantages and benefits of investing in your country.

In proactive promotion, an understanding of the potential investor targets will drive the communication tool utilized. This process may be divided into four stages:

<b>STAGE 1</b>	Generating lead company cases;
<b>STAGE 2</b>	Assessing such lead cases, that is creating profiles
<b>STAGE 3</b>	Planning the proactive promotion campaign and
<b>STAGE 4</b>	Implementing campaigns, which may include visits and individual presentations to investors.

### 5.1 LEAD GENERATION

The goal here is to develop a systematic approach to the identification of prospective investors based on the available sources of information and to design strategies specifically tailored to those investors.

The “lead” generation process is composed of three specific activities:

- to define the profile of investors appropriate for your location;
- to develop a data base of target companies to whom you will be marketing your location as an investment destination (guided by the profile in 1 above). This will be your long list of prospects; and
- to conduct an investigation on the companies and to fill in the data base with information on the prospects, defining your short list .

### The Investment Funnel



## 5.2 PROFILE OF THE INVESTOR AND DEVELOPMENT OF THE DATA BASE

Guided by information already secured about your country's development goals and policies, FDI trends and the benchmarking assessment conducted, it is important to define the type of companies you will be targeting. The target investor's profile must be defined for the creation of a long list of prospects. This list may be identified by reviewing the profile of existing companies that are currently operative in the sector promoted in your country. If there are no similar companies in your country, you can also investigate those established in competitive countries. You may resort to the recommendations of an expert in the market or sector or you may use available online databases to create this long list. The names of a few suggested databases will follow in the ensuing paragraphs.

It should be noted that in many cases it will be useless to include the largest and best known companies in the long list simply because they are large and well known and making contact with key decision makers may be challenging. There may also be significant competition for the attraction of these types of investors.

Secondly, a database must be developed to investigate and identify the lead companies. This process will generate a large volume of information. It is critical for you to develop a database for the marketing of companies in your sector that will allow you to handle and manage all the information that you will be gathering. The database will also allow an easier classification of the "leads".

The data base must include, without limitation, the following information:

- name of the company,
- responsible officer,
- address and title of contact,
- address of the headquarters,
- telephone and Internet site,
- line of business/sector/sub-sector,
- turnover,
- number of employees,
- services offered,
- other markets where the company operates,
- partners,
- the source that provided information on the company;
- the progress status of the case within the investment pipeline handled by the IPI;
- the date when the company was contacted, and
- any other significant comment or detail.

There are different types of online databases that may be used to develop the long list of prospective investors, including, without limitation:

- fDi Markets ([www.fdimarkets.com](http://www.fdimarkets.com))
- Hoovers ([www.hoovers.com](http://www.hoovers.com))
- Dun and Bradstreet ([www.dnb.com](http://www.dnb.com))
- Corporate Affiliations ([www.corporateaffiliations.com](http://www.corporateaffiliations.com))
- Business Monitor International ([www.businessmonitor.com](http://www.businessmonitor.com))
- Kompass ([www.kompass.com](http://www.kompass.com))
- EIU World Investment Service (<http://eiu.bvdep.com/> )
- Datamonitor ([www.datamonitor.com](http://www.datamonitor.com))
- Investment Map ([www.investmentmap.org](http://www.investmentmap.org))

It should be noted that the annual subscription fees of the above commercial data bases in some cases amount to US\$5,000 for full access to the data base managed by the company that sells the information on potential investors.

There are also some data bases that contain different types of information, for example Hoovers and Dun & Bradstreet are the two commercial data bases that contain the largest volume of information on U.S. companies, whereas others such as fDi Markets, although they contain a good track number of projects that they manage to identify (which does not represent the aggregate volume of foreign investment projects on a worldwide scale) they provide a perspective of trends in specific sectors and on-going projects.

Finally, databases such as Kompass work very well for Europe.

There are other sources of information for the purpose of identifying companies for the long list, such as

- Inc. ([www.inc.com](http://www.inc.com)),
- Fortune 500 (<http://money.cnn.com/magazines/fortune/fortune500/>),
- Yahoo Finance (<http://finance.yahoo.com/>),
- Google Advance Search ([http://www.google.com/advanced\\_search](http://www.google.com/advanced_search)) and
- SEC Filings (via Yahoo Finance) that allow free of charge access to information on companies that may become prospective investors.

### 5.2.1 INVESTOR QUALIFICATION

Once you have developed the long list of prospective investors, your next step will be the assessment of the investor, in order to narrow down the long list of companies to a shorter list of target companies. For example, if the long list was composed of 1,000 to 2,000 companies, you may reduce such long list to a shorter one composed of 100 to 150 identified target companies by an assessment process according to criteria such as company size, location and potential of investment.

The specific steps involved in the assessment of investors are:

1. **Refining the assessment criteria:** In order to refine the long list make sure that the long list information includes the different screening criteria that you will apply. The process of refining using the screening criteria will result in your obtaining a shorter and more manageable list of target companies.

Some examples of refining criteria are: sales volume of the company, number of offices abroad, number of employees, location, growth in the number of employees or their recruitment and key export markets. Make sure that you apply several screening or assessment criteria.

2. **Conducting several screening rounds, using the criteria for the assessment of target companies:** The first screening round of the long list of companies can consist in identifying them in terms of their size and location, size being understood both in terms of capital or sales volumes as well as in terms of total employment. Why these two indicators? Because the size of a company is an indicator that may be used to exclude small companies that have few chances of having sufficient resources to make investments abroad.

After applying the first screen, the resulting number of companies could be subjected to a further screen, for instance one in terms of their potential for investment abroad. Indicators used to measure this potential are, namely, growth, and the profits of the company as well as any operations or offices abroad. Why these indicators? Companies with high sales growth rates or income will usually require similar growth production and operation rates and may thus need to invest abroad. Likewise, companies with international subsidiaries in areas related to the promoted sectors, such as manufacturing and operations, will be more inclined to invest abroad. Finally, companies with operations in nearby countries may be less inclined to invest in your country since they already have an operation in a place of similar conditions.

The third criterion that may be used in the development of the short list of prospective investors is the competitive level that they may have in their location vis-a-vis other countries. Potential indicators for this third screen are the presence of competitors of such company in your market, the availability of local suppliers, and the cost and quality of input. Why this indicator? Because depending on the sector, companies may be less interested in a location where a competitor already plays a dominant position. Likewise, the company will only take into consideration a market where local suppliers are available and where high quality input is available at a cost that is sufficiently competitive so as to make its investment feasible.



Finally, a fourth criterion that may be applied is related to logistics. A potential indicator for this screening criterion is the location of its headquarters. Why? Because whilst developing targeting or proactive promotion campaigns, the IPI promotion team will be willing to consider, especially in large countries such as the US, the logistics to reach the largest possible number of companies located in a same city or region, in order to maximize the use of time and resources.

The purpose of applying such screening process is to develop a short list of approximately 40-60 companies that may be the most desirable for the host country in terms of impact and chances of success in attracting such investor. The key companies must receive the utmost attention by the promoter officer. For example, in the preparation of the targeting campaign, the definition of "targeting" must principally start around those key companies and subsequently follow on to trying to obtain meeting appointments from companies of a lower relative value.

3. **Prioritizing the short list of companies:** It may be important to group and rank the target companies in the short list. This will determine the level of effort directed by the promotional team. Prioritization may be based on criteria such as the perceived level of impact that an investment from the target company could have on the local economy and the acclaim that a particular brand could bring to your country.

Also note that a long list can be developed through your attendance at an industry fair where you are able to directly meet and discuss your country's investment potential with representatives from potential target companies. In this instance a list of industry fairs should be developed and information on each fair gathered and analysed to understand whether good leads or contacts can be garnered from these fairs. A discussion with industry experts can help in defining and later in refining this list of trade fairs. After participating in a fair, the business cards and contacts garnered from the trade fair can then be assessed using the above methodology.

### 5.3 PREPARING AND IMPLEMENTING PROACTIVE PROMOTION CAMPAIGNS

The preparation and implementation of successful proactive promotion or "targeting" campaigns will involve three steps:

- The generation and assessment of target companies, which has been explained earlier in this section. This is the list that will identify the lead companies to visit.
- Campaign planning: Here the focus will be on the most suitable communication tool to reach the potential investors. Also important is the timing of the intervention and based on the sector and the market, information like national holidays or

seminars that the investors may be attending should be taken into consideration to ensure the availability of potential investors for your intervention. Effort should also be made to ensure that the specific goals sought are aligned to the activities to be carried out.

- The implementation of the campaign, which may include the successful arrangement of meetings, arousing interest in your location through the emailing of collateral material and follow-up, developing relations with the prospective investors and closing a visit to your location.

Thus, two clearly distinct phases may be distinguished: (i) the planning phase, which includes the marketing plan, the marketing message and the awareness of the country and sector to be promoted, and (ii) the implementation phase, which includes the identification and assessment of the lead companies, the available resources for the implementation of the campaign and the preparation of the promotional materials.

### 5.3.1 PLANNING PHASE CONSIDERATIONS

In general there are three elements in the planning phase of a campaign:

1. The scope, which includes the sector, the targeted country(ies) and the marketing message;
2. The goals, which include arousing interest in your location, building relations with the investors, obtaining the commitment of a visit to your country and the follow-up of the meeting; and
3. The activities, which include the presentations made to decision making executives, the attendance at business fairs or events and the holding of formal or informal meetings such as lunches or dinners with prospective investors.

The goals of the campaign must be set in line with measurable indicators. These may include:

- The number of target lead companies to be contacted,
- The number of mails to be sent,
- The number of completed follow-up calls,
- The number of confirmed meetings,
- The number of meetings actually held,
- The number of requests for additional information, and
- The number of visits generated as a result of the campaign.

All such measurable indicators must be clearly established **BEFORE** implementation of the campaign.

As to the activities to be conducted, such may be classified in terms of their nature, namely: (i) those exclusively referred to campaign planning, such as the development of a short list of companies to visit, filling out the contact visits

agenda, developing the final itinerary and preparing the logistics; (ii) those campaign activities directly addressed to contact with the prospective investor which include the mailing of information on the location, the follow-up calls, the holding of meetings and the follow-up actions subsequent to the meetings held; (iii) those activities that affect the impression caused on the prospective investor, which include the preparation of power-point presentations on a company by company basis with whom meetings are to be held and of a template agenda of host country visits, your awareness and knowledge of the prospective investor's company that you demonstrate in your contacts with the investor, and finally the preparation of software promotion packages.

All activities must be clearly identified by their specific dates in an agenda or time schedule to allow for follow up of the progress in the planning and the implementation phases.

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**Useful Tips:** *It is also important that all of the members of the promotion team work together both at the planning and implementation phases of the proactive campaign so that they contribute ideas and advice for the campaign. Members of such teams could include promotion officials, foreign companies already established in the country, bi-national chambers of the market targeted for promotion, and finally host country consulates or embassies in the target market as well as sector specialists and consultants. All of them may provide varied significant information for the purpose of planning the proactive campaign.*

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### 5.3.2 IMPLEMENTATION PHASE CONSIDERATIONS

In general there are three elements in the implementation phase of a campaign: 1) pre-mission activities addressed at getting the meetings; 2) activities conducted during the visit to build an interest in your location and to develop relationships with the prospective investor; and 3) post-mission activities intended to continue developing the closing action for the next step.

#### a. Pre-Mission activities

These activities are geared towards getting the meetings. You should prepare a template mail containing your marketing message, as well as any material or information to be sent. This mail may be sent either by e-mail or by regular mail.

A week after the mail has been sent, you will need to make telephone calls to the target company in order to get the company's consent to hold a presentation meeting. In order to refine the activities and the telemarketing message it is useful to have a script for the call.

The calls should start with the key companies in each short list. A record should be kept of the calls made, the appointments confirmed and the feedback received.

**Getting a meeting can be easier than you think.** You are not selling anything and the investor has nothing to lose. You must have your goals and proposals clearly defined in your mind before making the call, prepare yourself, during the call keep a professional attitude and exercise good communication skills to transmit to the prospective investor what he will gain if he accepts to meet with you.

**The companies you call must be registered in a database management or customer relationship management (CRM) system.** Before making any call make sure to be aware of any current news article on the company or any of its subsidiaries, review the company's web site, try to identify the executive with whom you wish to hold a meeting, prepare an agenda of the items to be tackled in the meeting, and confirm the meeting 24 or 48 hours in advance.

When making the calls, keep the short list at hand with the CRM system open. If you are making a Skype call, be sure to have sufficient credit to hold a long conversation, also keep at hand the script containing potential answers to any objections that may be raised, a calendar to directly suggest the dates of the meetings and, obviously, the relevant information and data in order to communicate the marketing message.

**Be persistent, and be ready to make several attempts.** Be also ready to repeatedly explain yourself, in a political and professional manner, even if you receive discouraging replies. Be ready to accept rejections. Do not be surprised when you finally get confirmation of a meeting. Show self-confidence and focus in getting the meeting, and have a list of prospective date and time proposals for the meeting.

One of the hurdles that investment promoters may find is the participation of gatekeepers or executive assistants whose role is to screen any kind of call or mail. We suggest you always be friendly and polite with the gatekeeper. They have the power to either block or help you in your efforts to get the meeting. Explain to them who you are, where you are calling from and immediately get to the point – your request for a meeting. Do not hesitate in asking for advice and assistance in getting the meeting. Offer to send an e-mail with the agenda of the meeting, verify security requirements when entering the office or the building, confirm the time that the meeting will take – usually not more than one hour - and thank any assistance rendered to get the meeting, either personally on the day of the meeting or by e-mail.

In case you manage to speak directly with the target company executive by telephone, be brief in your presentation including your own name and that of the organization and then go directly to the point. In just one or two sentences present your proposal and how the company may specifically benefit from it. Then request a meeting and remain silent. Listen attentively to the executive's reply to ensure you understand and to provide an adequate answer. Be able to realize when the executive is accepting to hold a meeting and do not prolong the telephone

conversation any further. Be ready to complete the details of the agenda and send an e-mail to the prospective investor confirming the items discussed during the telephone conversation and the date of the meeting. If the investor declines to meet with you, ask him if you can contact him again sometime in the near future or if he would be interested in receiving relevant information on the location from time to time. In these cases do not try to argue for or force the investor to hold a meeting.

Prior to the trip make sure that the agenda follows a sequence that will maximize the timing of the meeting and transportation from one meeting to another.

#### **b. Activities in the Target Market**

Upon arrival at the target market where your proactive promotion activities will be conducted, remember that the goal is to build interest and interpersonal relations, but above all to get the commitment of a visit to your country as the primary goal.

In conducting meetings with investors, bear in mind that time is of the essence. It is important to arrive on time, to take the necessary provisions in case of any delay in finding the offices, in registering at the entrance as well as in formal introductions.

Should there be more than one person visiting the prospective investor, make sure that the best promoters are part of the team making the presentations. Small is beautiful, as the saying goes. In these cases you should have the roles clearly defined, for example one will be the general presenter and the other one the sector specialist or the one in charge of taking notes of the meeting. Get to the meeting prepared with several copies of your presentations and collateral material ready and with adequate business cards.

Finally, prepare yourself for the follow-up. You should create a set of pending or follow-up actions, both for the investor and yourself, and define them clearly with the investor. Provide the investor with all the possible information that will drive his acceptance and commitment to visit your location.

#### **i Post-Mission Activities**

After the mission, continue with the closing. Contact the potential investor, send thank you notes by e-mail after the meeting, confirm a future visit, or send letters, information or news to support the visit. Note that the aim is to develop a relationship with the investor.

In addition to the information identifying the target markets described in this section, you should get familiar with the market where you are going to focus your proactive promotion activities. The strategies you use must be aligned with each

country's specific features, since there are regional differences in the successful implementation of strategies and the building of a good marketing database. For example in the case of the U.S. and Canada, commercial databases work well. Be ready to immediately talk directly to the company's executive, you will have approximately around 3 to 5 minutes to present the case. If you are not ready you will lose the chance of this short list company.

In the case of Latin America, commercial databases do not work so well since there are only a few well-organized sources gathering such information. In this area, the list of members of industrial associations may be a good source of information. The use of strategic allies is key to reaching the companies. Usually telephone calls go directly to the secretaries or the "gatekeeper".

In the case of Europe, you will need to identify the commercial databases in that region, which usually work as a good source of information. Be ready to deal with a "gatekeeper". Northern Europeans are generally more accessible than Southern Europeans, who are usually more similar to Latin Americans.

In the case of Asia, business databases do not work so well and reliable information is usually hard to find. Bi-national chambers may be a good source of information as well as industrial associations.

In the case of Africa, business databases do not work so well. It is very hard to get information even through the Internet, so direct telephone calls will need to be made.

## **STEP 6: MONITORING AND EVALUATING YOUR NIPS**

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The successful implementation of your NIPS requires the development and implementation of planning and management systems that can facilitate:

- Translation of the mission and objectives of the agency into clearly defined targets and activities;
- Assignment of specific tasks and responsibilities to various functional units;
- Communication of targets and objectives within the organization;
- Regular reporting to the Board of Directors and various stakeholders.

The monitoring and evaluation of performance is important for the governance and credibility of your IPI. The development of annual work plans based on your NIPS with goals and concrete objectives provides a starting point. This needs to be supplemented by an assessment of the relative success or failure in achieving those goals and objectives on the basis of established and agreed-upon performance indicators for functional units and staff.

Experience has shown that most successful IPIs function on a performance basis. Increasingly, governments, donor agencies and other stakeholders are requiring a basis for measuring the impact and contribution of investment promotion activities to national economic objectives, cost effectiveness and operational effectiveness. For example, a key measure of an IPI's effectiveness is its impact on the inflows of FDI into the host country. Therefore, FDI data on the composition and source of FDI and its economic impact (e.g., employment generation, exports, and value-added) should be collected, analysed and presented for discussion.

Your NIPS should set targets for your IPI to achieve. The performance of your IPI should be measured against these targets. In the first years of the implementation of the NIPS, it is proposed that the achievement targets set should concentrate on promotion activities to be undertaken, in other words on input targets. After that it is proposed that the emphasis switch to output and outcome targets. This means that increasingly the performance of your IPI will be measured on the investments realized from promotion activities, rather than on the implementation of the promotion activities themselves.

As part of its performance evaluation, your IPI should monitor the cost effectiveness of its promotion activities from the beginning and, it should provide information on cost effectiveness of individual activities in its annual submission for budgetary support.

It is proposed that your IPA report monthly to its Board on the performance measures previously agreed upon, and that the Board should report half yearly and yearly to the Minister of Economy on this performance. Moreover it is suggested that the chief executive and staff hold a general half-yearly review meeting, where all aspects of the NIPS' activities are evaluated in detail. A report on this half-year review should be provided to the Board, together with recommendations for change if necessary.

The investment, employment, output and exports generated by projects are all outcome measures and those are the ultimate performance results which governments and taxpayers are interested in when evaluating promotion strategies.

The following outcome indicators, which are closely linked to the country's NDOs, as discussed in Step 1 can be used to assess the Agency's effectiveness in implementing the Strategy.

- U.S.\$ of new investments captured
- Number of jobs generated by new investments (these can be further subdivided into temporary or permanent jobs or skilled, semiskilled and unskilled jobs)
- U.S.\$ of expansion investments (this is an indicator of reinvestments in your economy from investors on the ground)
- Number of jobs generated by expansions (again, these can be further subdivided into temporary or permanent jobs or skilled, semiskilled and unskilled jobs)
- Export sales (arising from a FDI project)

However, long delays in project implementation, often several years, can arise between the execution of promotion activities themselves and the realization of these outcomes. Those charged with developing and implementing the promotion strategy, therefore, need some indicative measures of performance on a more instant and on-going basis than that provided by these final outcomes.

## PHASE 2: STRATEGY IMPLEMENTATION

This leads to a need for internal “input” or “output” measures which can allow sensible short and medium term management decisions to be made about performance, and about the efficiency and cost-effectiveness of individual activities and events.

Input measures can overcome a wide range of yardsticks including the number of presentations made, number of briefing sessions given, the volume and frequency of media coverage, and many others. Output, as distinct from outcome measures, includes the number of projects in the pipeline, the number of site-visits generated, and the number of new projects registered. Both input and output are important in the on-going evaluation of the task force performance and examples of the range of measures that can be used under these headings are given in the table below.

As a result of these different requirements the measures proposed in evaluating investment promotion strategies and the effectiveness of the implementing agency fall under two broad headings-performance measures required by the IPI and performance measures required by the government and sponsors. The proposed performance measures for the IPI include a number of input and output measures, which need to be recorded and evaluated regularly and then reported to the Board. For the government, the key measures required, and which should be provided at least annually are:

- Information on the pipeline of potential projects;
- The number of new projects registered; and
- The scale of investment realized.

The selection of performance indicators requires decisions on the types of measures that would be most appropriate and that can provide a reasonable basis for evaluation. These measures should reflect organizational goals and should be related ultimately to individual performance as they relate to organizational goals.

Following is a table with some examples of possible evaluation measures that you can discuss in your IPI for your M&E system.

**Table: Possible Evaluation Measures**

Function	Measure Type	Examples of Individual Measures	Frequency
Investor Servicing	Input	<ul style="list-style-type: none"><li>• Information briefings with incoming investors</li><li>• Site-visit itineraries organized and implemented</li><li>• List of companies given registration/clearance assistance</li><li>• Assistance given to company start ups</li><li>• Review meetings with existing investors</li></ul>	Monthly Monthly Monthly
	Output	<ul style="list-style-type: none"><li>• Number of successful site visits</li><li>• Number of projects registered</li><li>• Number of projects in construction at start-up</li></ul>	Monthly Monthly Annually



Investment Generation	Input	<ul style="list-style-type: none"> <li>List of telephone/mail contacts with target companies</li> <li>List of presentations set-up and given</li> <li>List of investments seminars organized</li> <li>List of in and out-bound missions organized</li> </ul>	<p>Monthly</p> <p>Quarterly</p> <p>Quarterly</p> <p>Quarterly</p>
	Output	<ul style="list-style-type: none"> <li>Number of new projects in pipeline</li> <li>Number of new projects registered</li> <li>Serious inquiries from different activities</li> </ul>	<p>Monthly</p> <p>Monthly</p> <p>Semi-annually</p>
Image building	Input	<ul style="list-style-type: none"> <li>Briefings given to media</li> <li>Coverage obtained TV/Radio and newspapers</li> <li>Publications/videos prepared and distributed</li> <li>Advertising undertaken</li> <li>List of investment seminars organized</li> </ul>	<p>Monthly</p> <p>Quarterly</p> <p>Quarterly</p> <p>Quarterly</p>
	Output	<ul style="list-style-type: none"> <li>Independent assessment of PR, advertising</li> <li>Survey on effectiveness of publications</li> </ul>	<p>Occasionally</p> <p>Occasionally</p>

It is also important to monitor and track the rates of conversion of qualified leads to projects. So, for example, your IPI generates 1,000 BPO contacts, either through trade fairs or through the use of investor tracking tools. These contacts, once filtered may generate a short list of qualified leads of 100-150 firms. Possibly half of these (50-75 firms) may agree to presentations and further discussions on the investment opportunity. Half of these active cases (25-35 firms) may take the discussions even further with a site visit with the possibility of 7 actual investment projects being realized. Each sector and sub-sector is different but based on extensive research in the region this implies a conversion rate of qualified leads to investments of 4-8%.

The below table may be useful as a starting point for your assessment. As you begin to track your inputs to this table, your numbers will become more accurate. In making your assumptions always consider the current trend in investment in your country. If there is a downturn in FDI flows, your estimated conversion rate will be lower. Your estimates will also be a function of the strategic targeting activities you are engaged in to realize results. And finally, your targets must be realistic, yet challenging.

**Table**

	BPO/Contact Centres	Tourism	Alternative Energy
Contacts/Database	1000		
Qualified leads	100		
Active cases-presentations	50		
Investor Visits to the region	25		
Actual Investments	9		
Conversion rates	8-10%	5-10%	3-5%

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**Useful Tip:** *Always log all investor contacts on your CRM. If you do not have a CRM, please develop an EXCEL database that can be used as an interim measure.*

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## CLOSING COMMENTS

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### a. Aftercare and Policy Advocacy

Attracting new investors has traditionally been the key activity of investment promotion, whilst existing investors servicing has usually been a neglected part of investment promotion. The implementation of a servicing program for existing investors can significantly increase aggregate foreign direct investment in the host country or reinvestment as it is commonly called.

Whenever a foreign company needs to reorganize its international activities it will carefully assess the role that its affiliates may play in the future. By working conscientiously and proactively IPIs may influence such decisions.

Countries must pay close attention to any problems that foreign companies may be facing in order to effectively handle their complaints. By improving the investment climate for existing investors you will also be creating overall favorable conditions for new investments. This will be an effective means to improve the country's positioning for prospective investors.

### b. Consensus Building

It cannot be over-emphasized that the development and implementation of the NIPS requires the support of several stakeholders, private and public. It is important to gain their buy-in into what you are hoping to achieve through the development of the Strategy and this can be achieved through their active participation in the Strategy's development. It is also important to keep them engaged as changes in the sector and policy adjustments on the horizon, for example, can impact your Strategy's effectiveness and news of these changes from your stakeholders can provide early warning of the need to adjust your Strategy. Gaining consensus is critical to your success and the NIPS can serve as a platform for your gaining this consensus.

Consensus building tools include, for example, the holding of individual meetings with the highest decision making public officials or the organization of public-private forums attended both by policy makers and investors. Forums promoted by different audiences or organizations such as the IPI, bi-national chambers and the Competitiveness Council, held on a regular basis, may contribute to the discussion of critical issues and the building of a consensus. Regular reports on issues affecting the investment climate may also be useful to foster engagement in consensus building efforts for both the private and the public sector, including opinion articles that may be written.

**c. Aligning your organization's structure to your Strategy**

The development of a NIPS can assist you in determining your organization's optimum structure. Based on the research conducted to develop the Strategy you will be able to clearly see whether you require sector specialists or "general practitioners" in your investment promotion/marketing department, whether your staff needs to focus more attention on existing investors who may be interested in re-investing and whether you need added support in research and policy advocacy.

It is recommended that you allow your developed Strategy to guide your decision-making on the most suitable structure for your IPI – a structure that will deliver on the results you are hoping to achieve.

## INVESTMENT PROMOTION GUIDE REFERENCES

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- **World Bank Investment Generation Toolkit.** IFC – World Bank – MIGA.  
<https://www.wbginvestmentclimate.org/toolkits/investment-generation-toolkit/>
- **Global Investment Promotion Best Practices 2012.** Investment Climate - World Bank Group.
- **Policy Framework for Investment User’s Toolkit, 2011.**  
Organisation for Economic Co-operation and Development (OECD)  
<http://www.oecd.org/investment/toolkit/>
- **Investment Promotion Handbook for Diplomats.**  
Investment Advisory Series Series A, number 6. United Nations Conference on Trade and Development. United Nations - New York and Geneva, 2011
- **Investment Climate in Practice. Investment Promotion Essentials.**  
# 6, September 2009. Celia Ortega, Carlos Griffin. IFC – World Bank – MIGA.
- **Investment Promotion Agencies as Policy Advocates. Investment Advisory Series.**  
Series A, number 2. United Nations Conference on Trade and Development. United Nations - New York and Geneva, 2008
- **The Monitoring and Evaluation Handbook For Business Environment Reform**  
Prepared by the IFC Advisory Services. Business Enabling Environment Business Line in association with GTZ and DFID. June 2008.
- **The Effectiveness of Promotion Agencies at Attracting Foreign Direct Investment.**  
Occasional Paper 16. Jacques Morisset and Kelly Andrews-Johnson. 2004 The International Bank for Reconstruction and Development / The World Bank.
- **Providing Advice on FDI in Small Island Economies:**  
The Need for a Differentiated Approach? FIAS Presentation. October 2000.

## **ANNEX 1.A:**

### **DOCUMENTS CHECKLIST FOR NATIONAL DEVELOPMENT OBJECTIVES (NDOS)**

The following is a list of sources/relevant documents containing data related to employment generation, export generation and import substitution, regional development, technology transfer, balance of payments, higher added value employment and competitive advantages:

- Country's National / Economic Development Strategy or Vision (and or an equivalent document, formulated by the Government on duty or recent past governments)
- National Competitiveness Plan
- Country's Central Bank Reports/Publications
- Ministry of Finance Reports/Publications
- Ministry of Trade and Industry Reports/Publications
- Ministry of Economy Reports/Publications
- Ministry of Planning Reports/Publications
- Ministry of Labour Reports/Publications
- Ministry of Education Reports/Publications
- Other relevant country agencies' Reports/Publications
- IDB country strategy / Donor paper's strategy.

The data contained in these documents may not be in the form of specific, numerical objectives and may need to be interpreted. Further inquiries will probably be needed in order to develop specific targets.

# ANNEX 1.B:

## ECONOMIC DEVELOPMENT PRIORITIES

Rank	Development Priority	Government Policy Description	Target	Time frame	Sources <sup>1</sup>	IPI Alignment Actions <sup>2</sup>
	Employment generation	A short but detailed description of why this priority is important.	Quantitative goals set by the national, regional and/or local governments:  E.g. - No. of jobs. - Reduce Unemployment rate by 4%.	Time frame needed to achieve these objectives (1,3,5 years)	- Primary source is the National development Plan and/or the Competitiveness Plan. - Ministry of Labor - Ministry of Trade and Industry - Planning and/or Economy Ministry . - National Competitiveness Board	Specific actions to be taken by the IPI in fulfilling objective  It is also important that specific Monitoring and Evaluation measures be taken, like defining IPI's specific contribution for all priorities:.
	Export generation and import substitution	A short but detailed description of why this priority is important.	E.g. - Volume US\$ and/or Volume (Tons, Units). - Double exports in five years.		- Ministry of Trade and Industry - Planning and/or Economy Ministry	E.g. - Investment promotion in sectors using specialized labor.
	Balance of payments (FDI)		FDI flows and stock  E.g. - Reach a surplus in balance of payments in five years.	Time frame needed to achieve these objectives (1,3,5 years)	- Central Bank - Planning and/or Ministry of Economy	- Cooperate with national institutions in removing specific investment climate inhibitors on new sectors.
	Regional development		FDI volumes and job generation.  E.g. - Create 100.000 jobs in three years in a depressed area.		- The local (State and local) government is responsible for setting specific priorities, according to its authority for economic development priorities	- New FDI promoted by IPI will generate 25% of projected exports.
	Sector diversification		New industrial activities to be added to the economy.  E.g. - Develop value added down stream industries in the tourism sector		- Ministry of Trade and Industry and/ or Science and Technology Ministry - Planning and/or Economy Ministry	

<sup>1</sup> In general, all sources listed in the Sources/Documents Checklist Section are relevant for the purpose of gathering the data related to each development priority. Some ministries might have a particular responsibility in setting the specific policies, as stated in each case. The focus should be on primary sources like a National Development Plan or a Competitiveness Plan and avoid spending too much time in researching for specific details.

<sup>2</sup> These figures will be defined once you have your investment promotion strategy.

## ANNEX 1.C: QUALITATIVE LOCATION INFORMATION SYSTEM OUTLINE

The following template consists of a set of documents containing relevant descriptive information about specific topics, like Politics & General Country Information, Economy, Education and Human Resources, Wages and Salaries, Sectors and other. This information will be useful for different activities of the market research & intelligence process as well as for specific promotional purposes such as preparation of presentations and promotional materials, and assisting potential investors' information requests, among others.

This tool describes the main components and sub components of the investor information system.

Document No.	Document Title	Document Description	No. of pages	Sources for contents of Document	Timeframe for updates
1. 1.1	<b>Politics &amp; General Country Information</b> <b>General Information</b>	Brief description of: - Country's history, political stability (historical development), characteristics of the political system.	1-2	- History books - Encyclopedias (e.g. Britannica, Wikipedia) - Country website - Internal publications - CIA World Factbook - IDB / World Bank	
1.2	<b>Legislative Branch</b>	Brief description of: - Legislative powers - Type of legislature (one – two chambers, # of members) - Type of representation - Election dates (coincides with executive elections) and electoral process - Functions - President and Members of Main Committees.	1	"	
1.3	<b>Judicial Branch</b>	Brief description of: - Type of legal system - Judicial hierarchy - Transparency assessments/indicators - Independence / appointment process.	1	- National Constitution - Encyclopedias (e.g. Britannica, Wikipedia) - Country website - Internal publications - CIA World Factbook	
1.4	<b>Executive Branch</b>	Brief description of: - Electoral process, term and reelection - Composition of cabinet - Chart of ministries - Composition of specialized areas (social or economic)	2	"	

## ANNEX 1.C QUALITATIVE LOCATION INFORMATION SYSTEM OUTLINE

2.	<b>Economy</b>	Brief description on: - Overview of the present economic situation	2	- Ministry of Finance / Central Bank publications - IMF data - World Bank data - Economist Intelligence Unit - Private sector reports	Yearly
2.1	<b>General Economic Information</b>	- Compliance with IMF agreements - Stock exchange - Economic indicators (economic growth, historical performance, inflation, exchange rate, balance of payments, foreign debt, breakdown of GDP, US\$ and local currency interest rates by loan type).			
2.2	<b>Government Policy (Fiscal, Monetary &amp; Other)</b>	Brief description on: - Overview of fiscal, monetary and economic policy - Main economic programs, historical performance - Compliance with IMF and donors, assistance programs and priorities.	2	"	"
3.	<b>Education / Human Resources</b>	Overview document regarding characteristics of the national educational system listing: - Whether education is compulsory - Until what age the educational system followed - Time period of the academic year - Governmental vision for general education.	2-3	- Ministry of Education / Social Development publications - Public & Private Universities	"
3.1	<b>General Education Information</b>				
3.2	<b>University Education</b>	Brief description on: - Detail of the universities and colleges offering college and post graduate study programs - Main programs and focus.	1-2	"	"
3.3	<b>International Primary and Secondary Schools</b>	Brief description on: - Detail of the international primary and secondary international schools available - Languages spoken - Detail of the school year - Contact details.	2	"	"
3.4	<b>Human resources</b>	Brief description on: - Human resource standards - Qualifications, learning curves, evaluations - External and internal studies and surveys conducted - National and regional training programs - Training subsidies - Literacy indicators.	4-5	- Ministry of Labor publications - Private Sector reports - Accounting firms - Doing Business Reports	"
4.	<b>Wages/Salaries</b>	Brief description on: - Severance pay system - Layoffs, hiring and firing regulations - Regulations on work-week, overtime holidays, etc.	2	- Local Labor Law - Ministry of Labor publications - Private Sector reports - Accounting firms Doing Business Reports	"
4.1	<b>General Labor Information</b>				



## ANNEX 1.C QUALITATIVE LOCATION INFORMATION SYSTEM OUTLINE

4.2	<b>Fringe benefits description and breakdown</b>	Brief description on: - Fringe benefits normally paid to workers (including a percentage break-down of obligatory and option benefits, when they are paid and which part is paid by the employee and which part by the employer).	2	"	"
5.1	<b>Labor Situation Analysis General Information</b>	Brief description on labor in host country, topics addressed should include: - Unions and organized labor - Unemployment and underemployment levels - Labor turnover and absenteeism, - Trainability, abilities and dexterity, mobility - Regional labor issues - Sector labor issues and cultural labor issues - Review and summaries and existing studies on the topic.	3-4	"	"
5.2	<b>Labor Legislation</b>	A document that summarizes labor obligations and rights in host country as contemplated in the labor code, including: - Immigration requirements and procedures for foreign workers, employer requirements. - Labor unions, structure and affiliation process.	2	"	"
6.1	<b>Licensing and Permitting Business Licensing</b>	Brief description on: - Obtaining the necessary permits for the operation of a company once established - Cost and procedures required to obtain the permits.	3-4	- Chambers of Commerce - Economic Development Ministry - Local governments	"
6.2	<b>Entry Licensing</b>	Brief description on procedures required for country entrance including: - Visas - Police record - Health permits certificates.	2-3	"	"
7.1	<b>Legal Framework Investment Laws and regulations</b>	Brief description on: - Legal framework (common law/Roman law/other) - Detailed description of laws governing investment, commerce and corporations. - Summary of general laws pertaining to investors. - Translated versions of the main laws into English.	8-12	- Judicial Branch publications - Local law firms - Private Sector reports	"
7.2	<b>Important Laws</b>	A document that summarizes laws and regulations relevant to the business industry such as: - IPR Law	8-12	"	"

## ANNEX 1.C QUALITATIVE LOCATION INFORMATION SYSTEM OUTLINE

7.3	<b>Investment protection and promotion framework</b>	<ul style="list-style-type: none"> <li>- Environment law</li> <li>- Information Law</li> <li>- Land ownership Law</li> <li>- Banking Law</li> <li>- Judicial system Law.</li> </ul>	3-4	<ul style="list-style-type: none"> <li>- Ministry of Foreign Relations publications and website</li> <li>- Foreign Embassies</li> <li>- Bilateral Chambers</li> </ul>	"
8.	<b>Investment Regimes</b>	Brief description on Special Legal Regimen for Foreign Investment, including, such as:	1-2	- Ministry of Economic Development	"
8.1	<b>General Information</b>	<ul style="list-style-type: none"> <li>- Bilateral Investment Treaties (BITs)</li> <li>- Tax treaties / Double taxation issues.</li> <li>- Investment promotion and protection Law.</li> </ul> <p>Document summarizing the Legal Regimen for Foreign Investment, including:</p> <ul style="list-style-type: none"> <li>- Laws and regulations governing foreign investment in the host country.</li> </ul> <p>Brief description on Inland investment regime:</p> <p>10.2 Air Cargo Brief description on:</p> <ul style="list-style-type: none"> <li>- Permitted activities</li> <li>- Application procedures and forms</li> <li>- Restrictions applied to foreigners/ foreign investors, sector restrictions, restricted sectors and incentives.</li> <li>- List of incentives/incentive regimes available for foreign investment</li> </ul>			
9.	<b>Free Zones</b>	Brief description on General Free Regime, including:	2-3	- Ministry of Economic Development	"
9.1	<b>General Information on Free Zones, Industrial Parks and Special Economic Zones</b>	<ul style="list-style-type: none"> <li>- General information</li> <li>- Requirements and general procedures to set up a company in a Free Zone</li> <li>- Incentives</li> <li>- Permitted activities</li> <li>- Services available and cost</li> <li>- Foreign currency registration and controls</li> <li>- Sales to local customs secured area</li> <li>- Rules of Origin, restrictions.</li> </ul>		- Free Zones Operators / Publications	
9.2	<b>Free Zones</b>	<p>Description and contact information for:</p> <ul style="list-style-type: none"> <li>- All major Free Zones and Industrial Parks in host country (include projects in development and expected completion date).</li> <li>- Specific information such as owners, history, total surface, projected surface, existing developed surface, activities allowed, services provided (including 'shelter' services), type of buildings and building systems employed, cost structures, rates, general conditions of zones, security, deposits, entry procedures and other requirements.</li> </ul>	2-3	"	"

## ANNEX 1.C QUALITATIVE LOCATION INFORMATION SYSTEM OUTLINE

10.10.1	<b>Infrastructure / Transportation</b>  <b>General Information</b>	A document summarizing general infrastructure and transportation information, including roads, main air, sea and land routes within country and to major cities - Authorities (Airport, Port, Cargo, Land Transport and Customs) - Regulations - Facilities (Cost storage network and facilities) Restrictions, and specific host country transportation characteristics / profile.	1-2	- Host country transportation companies - Ministry of Transportation / Infrastructure / Public Services	"
10.2	<b>Air Cargo</b>	Brief description on: - Air cargo schedules and carriers.	1-2	- Cargo and commercial airlines operating in host country	"
10.3	<b>Passenger Transportation (Include data for all direct and non-stop passenger service as well as all direct cargo routes)</b>	Brief description on: - # and name of commercial airlines - Flight information - Frequency - Cities served - Charter flights.	1-2	- Commercial airlines operating in host country - Main host country airports and aeronautical authorities	"
10.4	<b>Maps</b>	Set of political, geographical, topographical, roads, and other relevant types of maps.	1 per type of map	- Sector Ministries - Infrastructure Ministry - Cartography Institute - Host country Ministry of Tourism	"
10.5	<b>Land and Sea Transportation</b>	<b>Land transportation</b> - Roads (kms. of paved/unpaved roads), roads to main export ports, ports, toll roads, links to other markets, ports, sea transport, port authorities, shipping lines, etc. - Contact information, services offered and detailed description, including capacities & access to nearby ports.  <b>Sea Transportation</b> - Seaport facilities: contact information, port services, and detailed description, including capacities & access of nearby ports - Major shipping lines serving North America, South America, Europe Africa and Asia, from host country ports. Include contact information, services, frequency of services/ schedules	10	- Ministries of Tourism - Ministry of Economic Development - Sector Ministries - Ministry of Transportation / Infrastructure / Public Services  Map format (where appropriate)	Yearly
11.11.1	<b>Quality of Life Description of schooling in database, main doctors, hospitals, schools, etc</b>	A general document describing life in host country from an expatriate's point of view. It should include: - Schooling: Availability, list of international schools and the	1 per issue	- Ministry of Tourism - Host-country's Chambers of Commerce - Bilateral Chamber of Commerce Publications - Accounting firms	"

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<p>11. 11.1</p>	<p><b>Sectors</b>  <b>Sector Information</b></p>	<p>Brief description on:                  - Specific sectors to be promoted                  - Cluster formation incentives                  - Internationally recognized industry groups in sector                  - Size and organization of local industry cluster                  - Supply and quality of materials                  - Sector characteristics.</p>	<p>4-5 pages per sector outline</p>	<p>- Local Sector &amp; Trade Associations                  - Ministry of Economic Development                  - Ministry of Trade and Industry                  - Sector Ministries</p>	<p>”</p>
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## Annex 1.D: Quantitative Statistical Information Database Outline

The following template consists of a set of documents containing relevant quantitative information about specific topics, like the Economy, Transportation, Wages and Salaries, Sector statistics and other. This information will be useful for different activities of the Market Research & Intelligence process as well as for specific promotional purposes such as preparation of presentations and promotional materials, and assisting potential investors' information requests, among others.

This tool describes the main components and sub components of the investor information system. The "Document No." field is a continuation of the same number assigned to each Document Title under the Qualitative Statistical Information Database Outline.

Proper data collection here will greatly facilitate the SWOT analysis and benchmarking exercises.

Document No.	Document Title	Document Description	No. of pages	Sources for contents of Document	Timeframe for updates
1.	<b>Economic Indicators</b>	- <b>Statistics at regional (state) level:</b> Demographics / Population (workforce by - age, gender, education level, unemployment, professionals) GDP. Main economic sectors. Production, Exports - Special economic development programs (diversification incentives, training)	1 - 2	- History books - Encyclopedias (e.g. Britannica, Wikipedia) - Country website - Internal publications - CIA World Factbook - IDB / World Bank - Ministry of Economic Development - Ministry of Social Development - Private sector reports	Yearly
1.1	Sector Economic Indicators	<b>Sector specific information:</b> - Imports and exports of main sectors of the economy (volume by units and US\$). - Production of main sectors of the economy (volume by units and US\$) - Employment Key raw material and input cost. Productivity / Competitiveness indicators	1	- Doing Business - World Competitiveness Report. - Central Bank annual report - Ministry of Trade and Industry - Local Statistics Bureau - Private sector reports	"
1.2	Inflation / Interest Rates	- 5 years inflation statistics - 5 years interest rate (savings rate & lending rate)	1	- Host-country Central Bank	"
1.3	Foreign Exchange	- Gross International Reserves - Overall reserves - By currency - Imports / Reserves ratio	1	"	"
2.	<b>Population/ Demographics</b>				"

## ANNEX 1.D QUANTITATIVE STATISTICAL INFORMATION DATABASE OUTLINE

2.1	General National Population Statistics	Demographic indicators - Total population during the 5 to 10 years - Average annual growth rate - Population by age and sex - Economically active population (by sex and age) - Unemployment rate - Birth rate - Literacy rate - Infant mortality rate	2	- Local Statistics Bureau - CIA Factbook	"
2.2	Labor Force	- Total EAP by year for 5years - Total EAP by sex (5 yrs) - Total EAP by age groups (5 yrs) - Labor costs (skill, unskilled) - Unemployment rate		- Ministry of Labor - Local statistics bureau - Private sector reports	"
2.3	Rural Population Information	- Rural population - Age and sex distribution - Unemployment in the rural areas - Educational distribution of rural population - Ethnic or cultural information specific to each region	2	- Local Statistics Bureau	"
2.4	Urban Population Information	- Urban population by state and major cities - Age and sex distribution - Economically active population - Unemployment in the rural areas - Level of educational of rural population - Ethnic or cultural information specific to each major city - Unemployment in urban areas, - Education distribution of urban population	2	- Local Statistics Bureau	"
<b>3. Education /Human Resources</b>					
3.1	Primary and Secondary Education Statistics	# of students in each main grade (statistics distribution by sex, for each major city and region)	2	- Ministry of Education - Local Statistics Bureau	"
3.2	Technical / Vocational Statistics	- Statistics on tech. / vocation graduates by disciplines, years, and institutions.	2	- Ministry of Education - Vocational schools - Local Statistics Bureau	"
3.3	University Education and Statistics	Summary table of main universities and colleges and programs (graduate and post-graduate) # of graduates per year and per discipline Historical statistics of graduates Exchange or cooperation programs with foreign institutions	1 1	- Ministry of Education - Universities - Local Statistics Bureau	"

ANNEX 1.C QUANTITATIVE STATISTICAL INFORMATION DATABASE OUTLINE

4.	Wages/Salaries	- Representative wages for main administrative categories (accountants, clerical personnel, receptionists, secretaries, administrative assistants, etc.) • Without benefits (5yrs historical) • With benefits (5yrs historical)	1	- Ministry of Labor - Private sector reports - Local & International Human Resources Consulting Firms (Hay Group, Mercer, Accounting Firms) - Private International Bank Reports (UBC Prices & Earnings)	"
4.1	Administrative Wages				
4.2	Technical and professional wages	- Representative wages for main sectors, technical and professional job categories and additional compensation incentive packages: - • General manager- • Production manager- • Personnel manager- • Production supervisor- • Quality control supervisors- • Engineers, programmers, IT personnel, etc.	2	- Local & International Human Resources Consulting Firms (Hay Group, Mercer, Accounting Firms) - Private International Bank Reports (UBC Prices & Earnings)	
5	<b>Investment Regimes</b>				
5.1	Investment Regimes	Inland Investment Taxation (10 years historical trend in rates) Corporate tax rate Business assets tax Value added tax rate Tax rebates and deductions Tax on dividends and branches Capital gains tax Personal income tax rate Investment tax credits Wholesale and luxury tax rate Customs and import duties Personal income tax rate  <i>Free Zones</i> - Facilities average rates (own + rent)  Customs and import duties Customs duties and fees Import Duties Refund (Draw Back)	1-2 per factor	- Ministry of Economic Development - Local Free Zone Authorities - Tax and customs authority	"

## Annex 2.A: Trends & Priority Sectors – General Interview

The general interview process should be based on a well-structured questionnaire that will gather preliminary data from the host country. The objective is to gather specific sector information, along with a general host-country perception. The questionnaire should typically gather the following information:

**General Company Information** – This data will be gathered for future statistical analysis and itinerary visits.

**Perceptions of the host country as perceived by the interviewees** – This should be an open-ended opinion poll gathering information regarding the investment and business climate based on their hands on expertise of doing business in the country in their particular sectors.

**Trends in the Global Economy** – For international companies established in the host country, questions on parent company strategies and international-level trends are important.

**Opportunities for FDI attraction as perceived by the interviewees** – This should be an open-ended opinion poll gathering information on perceived opportunities based on the participants' particular expertise in their specific sectors.

**Future shifts in the global economy** – (same as previous section).

**Expected results from FDI attraction efforts** – This section will also follow the previous two sections' approach but data will be gathered after a brief explanation has been given of the IPA's intentions with regards to FDI attraction.

Again, the objective of this section is to have an internal view of where the host country stands in terms of FDI attraction in the personal perception of local executives, who in turn are major players within the country's economy.



## Interview Questionnaire – Private Sector Representative / Consultant / Academic / Expert

Part 1 – General Company Information

Part 2 – FDI attraction opinions

1. What is your opinion of the host country's investment climate?
2. Do you see any FDI attraction opportunities within your sector? / In which segments of your sector do you envision growth opportunities?
3. What are the main trends in your sector and related industries?
4. Do you foresee any abrupt changes in the supply and demand patterns in your sector and future shifts at the global economy level?
5. What results would you expect from our (IPI's) FDI attraction efforts?
6. What are the main obstacles in the development of your operations? / What are the main obstacles that restrain FDI in your sector?
7. What are the main barriers to entry into this sector (economies of scale, capital requirements, difficulty in accessing labour, channels of distribution, other)?
8. What is your perception of the host country as regards: red tape, corruption and government?
9. What has been your own experience on labour productivity, training institutions and wages?
10. Do you think the transportation costs, road infrastructure and export logistics are appropriate in this country to compete at the global level?
11. What are the inhibitors and critical factors for doing business in the host country?
12. Based on your particular expertise in your specific sector, do you see opportunities for FDI attraction into the country?
13. What is your perception of general trends in the global economy?
14. How does performance in the main production factors (labour, raw material availability, productivity, suppliers) compare to other countries where the MNC you represent has operations?

- For international companies established in the host country, question their parent company strategies and international-level trends -

## Interview Questionnaire – Public Sector Representative

### Part 1 – General Information

### Part 2 – FDI attraction opinions

1. What is your opinion of the host country's investment climate?
2. Do you see any FDI attraction opportunities within the sector governed by your entity? In which segments of your sector do you envision growth opportunities?
3. What are the main trends in that sector and related industries?
4. Do you foresee any abrupt changes in the supply and demand patterns in the sector and future shifts at the global economy level?
5. What results would you expect from our (IPA's) FDI attraction efforts?
6. What are the main obstacles that restrain FDI in your sector of specialization?
7. What are the main barriers to entry into this sector (economies of scale, capital requirements, difficulty in accessing labour, channels of distribution, other)?
8. What are the main obstacles that restrain FDI in the local economy/specific sectors?
9. What are the main barriers to entry into this sector (economies of scale, capital requirements, difficulty in accessing labour, channels of distribution, other)?
10. What is your perception of the host country as regards: red tape, corruption and private enterprises?
11. What has been your own experience on labour productivity, training institutions and wages within the sector you handle?
12. Do you think the transportation costs, road infrastructure and export logistics are appropriate in this country to compete at the global level?
13. What are the inhibitors and critical factors for doing business in the host country?
14. What is your perception of general trends in the global economy?
15. Based on your particular expertise in your specific sector, do you see opportunities for FDI attraction into the country?

## Annex 2.B

### Trends & Priority Sectors – FDI Statistical & Trends Sources

The analysis and interpretation of the following data at the global, regional and sector levels will yield sectors and sub-sectors that are attractive for FDI promotion:

#### FDI flows and stocks – A compilation of where FDI is flowing from/to.

- Total Inflows of Foreign Direct Investment - Analysis of Global leader / Regional leader / 2 countries of same economic development / 2-3 neighbouring countries / Big players (e.g. China, regional)
- Inflows of foreign direct investment by country of origin
- Inflows of foreign direct investment by area of economic activity (manufacture, tourism and services, mining & hydrocarbons, agriculture) – This data is difficult to gather since some countries track it and others don't. An attempt must be made to identify the leaders in each sector market.
- Structure of the investment (e.g. debt-equity, licensing, outright purchase, merger & acquisition, green field investment). Only if the breakdown is available in your country.
- Outflows of foreign direct investment
- Outward direct investment stocks
- Inward direct investment stocks

**FDI trends – Must be broken down into 4 specific areas of economic activity (manufacture, tourism and services, mining & hydrocarbons, agriculture). The section should explain what potential investors are looking for, who the big competitors are and the main factors in each sector.**

- Main factors affecting FDI trends at the global level.
- Main factors affecting FDI trends at the sector level. Must be broken down into the four areas described above.
- Main FDI multinationals by volume of sales – The objective is to rank multinationals at the global level in terms of sales, to establish trends in FDI (specific sectors where FDI has been flowing) and opportunities (depending on an assessment of volumes already invested). This data has to be compared against market demand growth in order to determine potential opportunities. Among the sources are multinational's annual 10-K and annual reports and Company Data Bases.
- Main global multinational players in host country sectors with growth potential
- Main regional multinational players in host country sectors with growth potential
- New investments by global and regional multinationals

Activities of multinationals – Recent moves (Call centre moving to India, manufacturing to Honduras, etc.) need to be monitored and the reasons for such moves explained in order to determine potential market opportunities.

THE FOLLOWING TABLE CAN BE USED TO KEEP TRACK OF GLOBAL FDI FLOWS WITH RESPECT TO THE HOST COUNTRY:

CATEGORY	GLOBAL LEADER	REGIONAL LEADER	COUNTRY 1 WITH SIMILAR ECONOMIC CONDITIONS	COUNTRY 2 WITH SIMILAR ECONOMIC CONDITIONS	NEIGHBORING COUNTRY 1	NEIGHBORING COUNTRY 2	HOST COUNTRY
Total FDI Inflows							
Total inflows of FDI as a percentage of GDP							
Inflows of foreign direct investment by country of origin: U.S.A., Germany, Italy, UK, Japan, regional players, etc.							
Inflows of foreign direct investment by area of economic activity: - Manufacture - Tourism and services - Mining & hydrocarbons - Agriculture							
Structure of the investment (debt-equity, licensing, outright purchase, mergers & acquisitions, green field investment, others). Only if the breakdown is available.							

The following is a list of sources for the indicators described on the previous page:

The type of information found in these sources is generic and must be compared, interpreted and cross-referenced to other data useful in making executive FDI and business decisions, i.e. data must be developed to the stage where its true impact can be shown in bottom line profitability to the potential investor.

These sources will be the basis for sector and sub-sector identification and will provide information to develop specific promotional materials.

TYPE OF DATA / INFORMATION	SOURCE NAME	SOURCE & LOCATION	FREQUENCY OF IPI USE	UPDATE DATE	CONSTRAINTS
Trends, Statistics & Analysis	- World Investment Report	<a href="http://www.unctad.org/wir">www.unctad.org/wir</a>	Permanently	Sept. Yearly	None
Sector Analysis, Priority Sectors for Investment	- Investment Map	<a href="http://www.investmentmap.org">http://www.investmentmap.org</a>	"	Permanent	Subscription based/cost
Country Risk & Industry Analysis Service	- Hoovers - Dun & Bradstreet	<a href="http://www.hoovers.com">www.hoovers.com</a> <a href="http://www.dnb.com">www.dnb.com</a>	"	Permanent	"
News, leads and investor profiles on companies making FDI	- Business Monitor International	<a href="http://www.businessmonitor.com">www.businessmonitor.com</a>	"	Permanent	"
Industry Analysis	- IPA World	<a href="http://www.ipaworld.com">www.ipaworld.com</a>	"	Permanent	"
Investigates all issues that concern foreign investors	- Data Monitor - FDI Magazine	<a href="http://www.datamonitor.com">www.datamonitor.com</a> <a href="http://www.fdimagazine.com">www.fdimagazine.com</a>	"	Permanent	"
Benchmarking Tool	- World Competitiveness Report	<a href="http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report">http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report</a>	"	Yearly	None
Research and advisory services, analysis and forecasts	- World Competitiveness Center - EIU World Investment Service	<a href="http://www.imd.ch/wcy/">www.imd.ch/wcy/</a> <a href="http://www.eiu.com">www.eiu.com</a>	"	Yearly	Cost Cost
Measures and ranks 161 countries across 10 freedoms, (tax rates and property rights)	- Heritage Foundation FDI Index	<a href="http://www.heritage.org/research/features/index/">http://www.heritage.org/research/features/index/</a>	"	Yearly	"
On-line database on trade flows in goods and services and tariff measures	- Trade Map	<a href="http://www.trademap.org">http://www.trademap.org</a>	"	Monthly	Cost
Trade Data	- COMTRADE	<a href="http://comtrade.un.org">http://comtrade.un.org</a>	"	Yearly	None
Economic statistics, international market research and trade leads	- STAT-USA	<a href="http://www.stat-usa.gov/">http://www.stat-usa.gov/</a>	"	Permanent	Cost

TYPE OF DATA / INFORMATION	SOURCE NAME	SOURCE & LOCATION	FREQUENCY OF IPI USE	UPDATE DATE	CONSTRAINTS
Comprehensive assessment of over 120 developed and emerging economies	<ul style="list-style-type: none"> <li>- World Competitiveness Report (WEF)</li> <li>- World Bank Development Indicators</li> </ul>	<ul style="list-style-type: none"> <li><a href="http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report">http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report</a></li> <li><a href="http://www.worldbank.org/data">www.worldbank.org/data</a></li> </ul>	Permanently	Yearly	None
Ranks more than 150 countries by their perceived levels of corruption	<ul style="list-style-type: none"> <li>- Transparency International Index (Corruption rank)</li> </ul>	<ul style="list-style-type: none"> <li><a href="http://www.transparency.org/policy_research/surveys_indices/global/cpi">http://www.transparency.org/policy_research/surveys_indices/global/cpi</a></li> </ul>	"	Yearly	None
Objective measures of business regulations and their enforcement	<ul style="list-style-type: none"> <li>- World Bank Doing Business (Ease of doing business)</li> </ul>	<ul style="list-style-type: none"> <li><a href="http://www.doingbusiness.org/">http://www.doingbusiness.org/</a></li> </ul>	"	Yearly	Cost

## Annex 2.C Trends & Priority Sectors – Sector Selection Template

This template helps in building a long list of sectors and sub sectors, based on the information gathered and analysis conducted in the previous activities. Fill out the following Sector Selection Template as thoroughly as possible.

4/6-Digit SIC Code	Sector	Reason it is considered a good FDI source for host country Why was it chosen? (Enumerate reasons for selection)	Reason why it was chosen? (Explain logical reasons behind the selection)	Host country exports growth	Global Trade Growth Trend	Profitability of FDI from 1 to 5	Source (Trade flow, FDI Trends, interview, literature)
7011	Hotels & Motels	Diversification opportunity	A Strong local tourism industry, combined with a qualified labour market and unique natural tourism destinations	Not very dynamic	Very dynamic	2	Trade flow, literature
701102	Vacation Lodges	Diversification opportunity	New project developments	Dynamic	Very dynamic	3	Interviews and local FDI flows
701103	Hotels	Diversification opportunity Creation of Jobs	Creation of jobs at the construction phase. Global trend for boutique hotels	Asses	Asses	Asses	Interviews and local FDI flows

### Host Country Exports Growth:

Very Dynamic: Average rate of exports growth in sub sector larger than average total country exports growth  
 Dynamic: Average rate of exports growth in sub sector similar to total country exports growth.  
 Not Very Dynamic: Exports growth rate smaller than total country exports growth.

### Global Trade Growth Trend:

Very Dynamic: Average rate of exports growth in sub sector larger than average total sector exports growth.  
 Dynamic: Average rate of exports growth in sub sector similar to total sector exports growth.  
 Not Very Dynamic: Sub sector exports growth rate smaller than total sector exports growth

Probability of FDI from 1 to 5: 5- Very high probability, 4- High probability, 3- Medium probability, 2- Low probability, 1- No probability



## Annex 3.A

### Trends & Priority Sectors – Sector and sub-sector Filtering / Prioritizing Guide

4/6 -DIGIT SIC CODE	SECTOR	FDI ARRIVAL	FDI TRENDS / TENDENCIES	MEETS DEVELOPMENT OBJECTIVES	CONTRIBUTION TO EMPLOYMENT INDEX (1 - LOW TO 10 - HIGH)
5342	Sector A	Needs promotion		Yes	4
534201	Sub-Sector A1	Will arrive on its own	Losing competitiveness	No	3.5
534202	Sub-Sector A2	Needs additional promotion	Cluster development	50/50	9
3849	Sector B	Arrive on its own	Well established at global level	Yes	5
384910	Sub-Sector B1	Prior effort shows no results	Large player is monopolizing sector	Definitely not	5
384920	Sub-Sector B2		FDI transfer to lower cost centres		
384925	Sub-Sector B3		Impending competitiveness loss		
384928	Sub-Sector B4				
etc.	etc.		etc.	etc.	etc.

The initial qualification/filtering of sectors/sub-sectors should be made running the sectors/sub-sectors through the following factors:

- Will FDI for this specific sector/sub-sector arrive on its own?** – Some sectors may already have made some form of FDI attraction efforts on their own or may be at advanced stages of such efforts. This is the example of apparel in Honduras, where it doesn't make sense to proactively promote the sector any more and efforts to do so would only result in marginal additional gains. Then, the IPI may want to handle some special cases and let the remaining players in the market make their own efforts for themselves, as they dedicate their resources to key new sectors.
- FDI trends / Impending loss of competitiveness / Obvious barriers:** In such cases, the IPI

EXPORTS GROWTH (% AVERAGE PAST 5 YEARS)	PARTICIPATION IN COUNTRY EXPORTS (% OF TOTAL)	ACCESS TO MARKET FACTOR (1 – DIFFICULT TO 10 – EASY ACCESS)	HOST COUNTRY EXPORTS GROWTH	GLOBAL TRADE GROWTH TREND
4.5	1.5	8	Not very dynamic	Declining
3	0.02	5	Very dynamic	Very dynamic
5.0	22	2	Very dynamic	Not very dynamic
2.5	8	5	Not very dynamic	Very dynamic
0.3	2.2	8.6	Not dynamic	Dynamic
etc.	etc.	etc.	etc.	etc.

should exclude sectors in which the host country is losing competitiveness (i.e. apparel in Costa Rica) or where an up and coming powerhouse is attracting all FDI in a given sector (i.e. China in apparel and toys into the U.S. and global markets). Another example of this would take place where the host country's internal circumstances might cause FDI into a specific sector to go on hold for a while (i.e. due to a drastic increase in electricity costs, higher tariffs, etc.) or, where other barriers prevent easy promotion of the sector (i.e. dairy products because of new Phytosanitary standards/plagues/diseases or heavy polluting industries because of new environmental regulations).

- 3. Development objectives:** As mentioned in another section, compliance with these objectives is a necessity in order to have proper government support and long-range sustainability for the sectors chosen. The development objectives can also help in ranking the sectors and may even work to take some off the list at these late stages.

4. **Contribution to Employment Index:** This index measures the importance of the sector/sub-sector in employment generation on a scale from 1 to 10 (1 being Low or less than a given number to be set up depending on the country's goals for employment generation and 10 being High, again depending on a relative country employment-generation scale).
5. **Exports growth:** This will indicate the last five years' average growth rate of exports measured as a percentage. The growth rate must be compared to other sectors/sub-sectors (to determine the future growth potential and past performance compared to those sectors) and to the same sectors/sub-sectors in comparable countries (to measure the country's ability to compete with them).
6. **Participation in country exports:** This factor defines the importance of the specific sector/sub-sector in the local economy and is a measure of future expected support of local governments to the specific sector. It is, also, an indicator of sensitivity in terms of host-country policy-making and economic dependence. The higher the indicator, the more likely it is that the host country is dependent on this sector for survival and will, therefore, protect the industry at all costs. Unfortunately, it also means that the industry itself can apply pressure on the country's leadership on a wide variety of subjects.
7. **Access to Market Factor:** This indicator measures the ease with which a given sector can gain access to its potential/real market. It is a measure mainly of preferential access like Free Trade Agreements, barriers to entry for the sector/sub-sector's products, and other specific legislation.
8. **Host country exports growth:** Unlike Item 5, this indicator is a perceived measure of the behaviour of this factor in a near future, based on trends observed, analysis of market figures and industry behaviour. It is, therefore, a qualitative factor and one, whose relative weight should be considered carefully.
9. **Global Trade Growth Trend:** Much like Item 8, this is also a qualitative assessment of the future of the sector/sub-sector behaviour.

## 3.B

### Example of a Summarized presentation of an IP Strategy for the Alternative Energy Sector

#### ALTERNATIVE ENERGY STRATEGY

##### VISION, OBJECTIVES & GAPS

###### Vision

- Promote the use of renewable energy and energy efficiency in the Caribbean region.

###### Objectives

1. Attract 5 new renewable energy projects between 2015 & 2018
2. Generate U.S. \$20 MM annual investment through greenfield investments.
3. Generate +100 jobs between 2015 & 2018

###### Gaps

- Unfavourable National Energy Policies
- Need to review & amend of electricity legislation & regulations
- Facilitation of stakeholder dialogues (public & private sector) on Renewable Energies & Energy Efficiency.

##### SPECIFIC ACTIVITIES

###### Proactive Promotion

- Identification of +100 Renewable Energy & Energy Efficiency.
- Two investment promotion road shows for individuals. presentations to at least 50 potential investors between 2015 & 2018.
- Participation in trade shows in the sector (at least 2 times).
- 2 investor workshops in target markets.
- Service and Aftercare: By local IPAs to facilitate operations, promote “upgrades” and expansions.

###### Target Markets

- Germany
- Spain
- USA

###### Business Climate

- Identification of main constraints for alternative energy development
- Promotion of energy projects to part of impact investors.

#### ECONOMIC IMPACT: ANNUAL AVERAGE-3 YEAR SCENARIO

Investments	Jobs	Exports
US\$-6.5MM Annually	+33 jobs per year	N/A



## NOTES



# NOTES



## NOTES



# NOTES





## NOTES



# NOTES





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