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DOCTORAL THESIS

TESIS DOCTORAL

The Importance of Aftercare in Attracting Foreign Direct Investment. The Case of the Caribbean Region.

La importancia de la reinversión en la atracción de empresas extranjeras. El caso de la región caribeña.

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Abstract

According to UNCTAD (2007), approximately 50% of foreign direct investment in developing countries is taking place as reinvestment. This study evaluates the potential of nine Caribbean countries (The Bahamas, Barbados, Belize, Dominican Republic, Guyana, Haiti, Jamaica, Suriname and Trinidad & Tobago) to benefit from the untapped potential of expansions of foreign companies within each country and within the region[1].

The document includes, a comprehensive synthesis and evaluation of the existing literature on multinational corporations and foreign direct investment (FDI), covering both theoretical and empirical perspectives. It also includes a survey of existing investors in the Caribbean, consultations with regional Investment Promotion Agencies (IPAs) and an assessment of international best practices. It provides general recommendations at both the regional and national levels, through individual action plans for each IPA, step-by-step guides and a reinvestment program for the nine participant countries. Positive findings regarding prospective investor expansion in the Caribbean and favorable views towards the regional business climate demonstrate the great potential for national IPAs to benefit from each own position within the region, identify synergies with other neighbour country/ies and propose a more complete value proposition to an investor offering a location that cover its needs, securing more FDI.

Keywords: Foreign Direct Investment (FDI), investment promotion agencies (IPA), aftercare, reinvestment, Caribbean region.

[1] Note: when referring to the region, we are talking about the Caribbean region.

Resumen

Según la Conferencia de las Naciones Unidas sobre Comercio y Desarrollo (2007), aproximadamente, el 50% de la inversión directa extranjera (IED) en países en desarrollo proviene de fuentes de reinversión. Este estudio evalúa el potencial de nueve países caribeños (Bahamas, Barbados, Belice, la República Dominicana, Guyana, Haití, Jamaica, Surinam y Trinidad y Tobago) en beneficiarse de proyectos de expansión de inversores extranjeros, individualmente en cada uno de los países, así como en toda la región.

Además, este documento examina en detalle y sintetiza, la literatura existente sobre multinacionales e IED, cubriendo ambas perspectivas, teórica y empírica. También incluye una encuesta a inversores extranjeros ya presentes en el Caribe, consultas con las agencias de promoción de las inversiones (APIs) de los países mencionados y asesoramiento sobre mejores prácticas internacionales. El estudio aporta recomendaciones generales a ambos niveles, regional y nacional, a través de guías, planes de acción individuales para cada API y un programa de reinversión para los nueve países participantes.

Los hallazgos positivos sobre las intenciones de expansión de los proyectos de inversión en el Caribe y las respuestas favorables al clima de negocios en la región, demuestran el gran potencial existente para que las APIs nacionales se beneficien de cada uno de sus positiones en la región, identificando sinergias con otros países vecinos y proponiendo al inversor una propuesta de valor mas integral ofreciendo una localizacionque cubra sus necesidades, asegurando, de este modo atraer mas IED.

Palabras clave: Inversión Directa Extranjera (IED), agencias de promoción de las inversiones (APIs), reinversión, región del Caribe.

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Acronyms

API	Agencias de Promoción de las Inversiones
App	Application
ASEAN	Association of Southeast Asian Nations
Avg.	Average
B2B	Business-to-Business
B2C	Business to Consumer
BELTRAIDE	Belize Trade and Investment Development Service
BIA	Bahamas Investment Authority
BPO	Business Process Outsourcing
CAIPA	Caribbean Association of Investment Promotion Agencies
CapEx	Capital expenditure
CEDA	Caribbean Export Development Agency
CEI-RD	Centre for Export and Investment of the Dominican Republic
CEO	Chief Executive Officer
CFI	Centre for the Facilitation of Investment in Haiti
CGF	Caribbean Growth Forum
CIA	Central Intelligence Agency
CINDE	Costa Rica Development Agency
CRM	Customer Relationship Management
CSR	Corporate Social Responsibility
DCI	Development Counsellors International
ECLAC	United Nations Economic Commission for Latin America and the Caribbean
EDB	Economic Development Board
EDO	Economic Development Organization

EPZ	Export Processing Zone
EU	European Union
ExporTT	National Export Facilitation Organization of Trinidad and Tobago
FDI	Foreign Direct Investment
FIO	Foreign Investment Ombudsman
GDP	Gross Domestic Product
GLT	Global Location Trends
GO-INVEST	Guyana Office for Investment
GVC	Global Value Chains
HDI	Human Developed Indicators
HDI	Human Development Indicators
HQ	Headquarters
ICEX	Spanish Institute for Foreign Trade
ICT	Information and Communications Technology
IDA Ireland	Industrial Development Authority of Ireland
IDB	Inter-American Development Bank
IDCS	Investment and Development Corporation Suriname
IED	Inversión Directa Extranjera
IK	Invest KOREA
IKP	Invest Korea Plaza
IMF	International Monetary Fund
INT	Integration and Trade Sector
InvesTT	Trinidad and Tobago Investment Promotion Agency
IPA	Investment Promotion Agency
JAMPRO	Jamaica Promotions

JV	Joint Venture
KAM	Ket Account Management
KOTRA	Korea Trade-Investment Promotion Agency
LAC	Latin American and Caribbean region
LCDS	Low Carbon Development Strategy
LED	Louisiana Economic Development
LG	Lead Generation
Ltd.	Limited
M&A	Merger and Acquisitions
MDG	Millenium Development Goals
MIF	Medium Term Socio-Economic Policy Frameqork
MNC	Multinational Corporation
MNE	Multinational Enterprise
OCDE	Organization for Economic Cooperation and Development
OEM	Original Equipment Manufacturer
OFIO	Office of the Foreign Investment Ombudsman
OLI	Ownership advantages, Location advantages and Internalization advantages
PR	Public Relations
PROCOMER	Costa Rica Exporta
PwC	PricewaterhouseCoopers
R&D	Research and Development
SBA	Stand Bay Arrangements
SCAT	Supply Chain Assessment Tool
SDG	Sustainable Development Goals
SME	Small and Medium Enterprise

T&T	Trinidad and Tobago
TNC	Transnational corporation
TTIFC	Trinidad and Tobago International Financial Centre
TV	Television
UKTI	United Kingdom Trade and Invest
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USD	United States of American Dollar
VP	Vice President
WAIPA	World Association of Investment Promotion Agencies

Chapter 1. Objective, Socioeconomic Context and Problem Statement

"Encouragement of investment today means growth of the country's potential tomorrow".

Anon

1.1 Introduction

The **importance of an investment** decision cannot be exaggerated and the success of a company depends on the uptake of investment opportunities. The impact of investment affects personal lives related to a business/company and from a territorial level, it affects to the development of a country, region, zone or city so it impacts in many lives, and not only those directly related to the foreign company as it generates spillover effects.

Investment decisions are always considered in the context of improving the profitability of the establishment in a manner that benefits the establishment owners (Bennett, 2000, p. 264). Each investment decision should be approached sensibly and with great care (Du Plessis, 1997, p. 1).

Every day the competition for attracting FDI to countries becomes more complicated and competitive. According to data from fDi intelligence (2017), the number of investments in new assets, called greenfield projects, in 2016 was 11,806 globally and 1,004 in Latin America and the Caribbean (LAC). It is important to note that the 2,847 total expansion projects worldwide are responsible for creating 475,838 jobs, and 248 expansion projects in the LAC region created 79,784 regional jobs. These amounts express the tremendous importance of caring for those companies already operating within the country, so they continually expand and deepen their services.

Rather than focusing on new investment, aftercare focuses on companies already operating in a territory. Aftercare facilitate further investments by attracting new business from a foreign headquarters and/or expanding services/business from the foreign branch already located in the territory. It serves many important functions, including:

- Acting as a source of information on the investors' perception of the business environment;
- Providing valuable intelligence on expansion plans of parent companies;
- Creating employment, transferring knowledge and innovation, and
- Potentially improving the social networks within the region.

The expansion of existing foreign investors should lead to a multiplier effect on FDI, on the assumption: (a) that new foreign investors continue to invest and; (b) that existing investors do not close their operations or downsize. Aftercare is also vital in retaining existing investors and encouraging expansion within the country, rather than closing down or relocating elsewhere. This is particularly important given the scale of mergers & acquisitions (M&A), which can lead to changes in ownership of foreign investments, domestic companies and possible rationalization.

Yet another reason why aftercare services maximize the contribution to the local economy is increasing local sourcing. This embeds the foreign investor into the country, making them less likely to relocate or downsize.

Aftercare services also serve to support the growing base of existing foreign investors in terms of their day-to-day operations and to facilitate their expansion projects. These services are typically similar to those provided to new investors. According to IPA surveys done by the consultants PricewaterhouseCoopers (2014) and fDi Intelligence (Financial Times) (2015), IPAs name aftercare as the most effective method for identifying new leads and generating new enquiries.

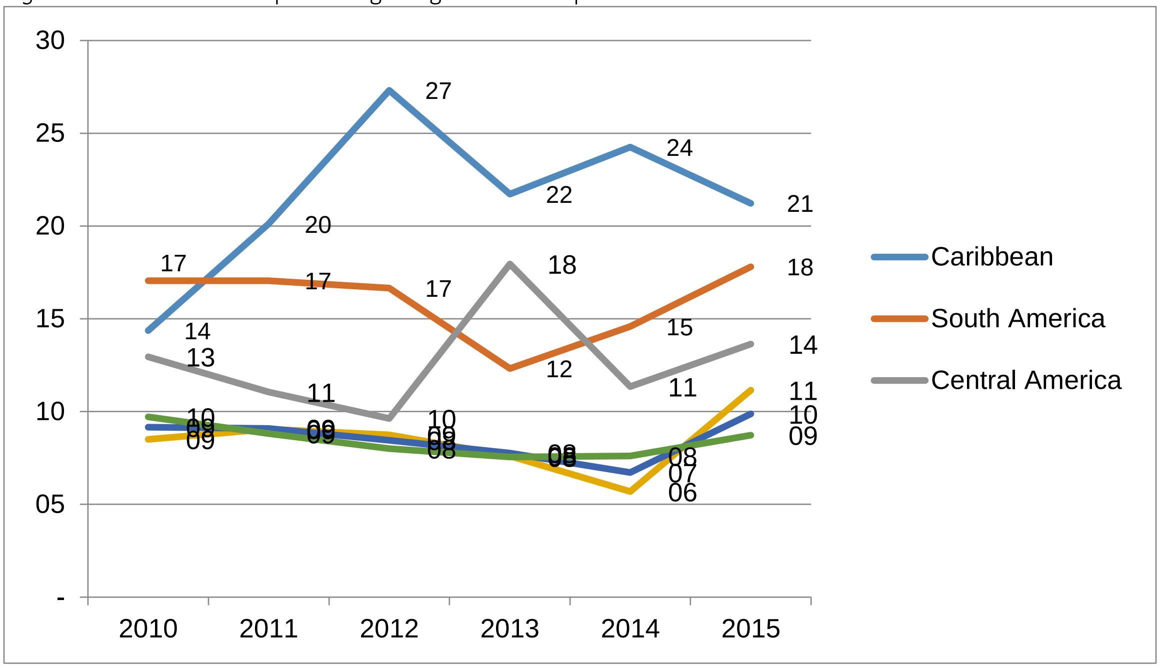
1.2 Why the Caribbean and Reasons just to Choose Nine Countries.

According to ECLAC (2014), the Caribbean receives some of the highest levels of Foreign Direct Investment (FDI) in the world, with many economies having FDI to GDP ratios above 10% in 2012. In the recent past, FDI flows have been particularly volatile, with the financial crisis in 2008 greatly reducing FDI flows to the Caribbean, although they have recovered somewhat recently.

To evaluate the importance of FDI for LAC, the graph below shows FDI inflows as a percentage of gross fixed capital formation. As it shows, FDI is much more important for LAC than for developing and developed economies. Foreign direct investment (FDI) is extremely important for the Caribbean, with FDI accounting for over 20% of gross fixed capital formation. Another argument is that, despite FDI declining in South America in 2015, the importance of FDI increased, reaching 18% of gross fixed capital formation in 2015. Likewise, in Central America, FDI has become a more important source of capital formation in 2015. Overall, FDI plays a critical role in capital investment in LAC and each of its sub-regions.

FDI is relatively more important for LAC than for the rest of world, which places greater importance on effectiveness of IPAs from the region. FDI is extremely important for the Caribbean. Relative to their size, these economies receive very high levels of FDI flows, which means that a very high percentage of their economic activity is conducted by transnational corporations. The ratio of FDI inflows to GDP in the last year was 7% for the whole sub-region, with many countries above 10%. By comparison, Latin America has a ratio of 3%, a level which other developing regions do not surpass. Even compared with other small economies, like the Pacific Island States, the Caribbean countries stand out for receiving very high levels of FDI in relation to the size of their economies.

Figure 1: FDI inflows as a percentage of gross fixed capital formation



Source: UNCTAD, 2016

CAIPA (http://www.caipainvest.org/) is the Caribbean Association of Investment Promotion Agencies. This association facilitates the collaboration of regional IPAs in the Caribbean and their goal is to promote the Caribbean as a prime destination for intra and extra-regional investment .CAIPA provides to its member with the following services: (1) Information sharing , (2) Business area, (3) Access to business opportunities, (4) Offering Market visits, arranging visits to individual Caribbean countries and assist in partner meetings and on the ground logistic support, (5) Deal breaking, supporting with local knowledge in business and assist as broker to facilitate the negotiationof a foreign company and (6) Start up, supporting the establishment and assisting with information services to foreign investors and (7) Aftercare services.

Although the Caribbean Region is formed by the following countries:

1. Anguilla
2. Antigua and Barbuda
3. Aruba
4. Bahamas
5. Barbados
6. Bermuda
7. British Virgin Islands
8. Cayman Islands
9. Cuba
10. Curacao
11. Dominica
12. Dominican Republic
13. Grenada
14. Turks & Caicos
15. Guadeloupe
16. Haiti
17. Jamaica
18. Martinique
19. Montserrat
20. Netherlands Antilles
21. Puerto Rico
22. Saint Kitts and Nevis
23. Saint Lucia
24. Saint Vincent
25. Suriname
26. Trinidad & Tobago
27. Belize
28. St. Vincent & Grenadines

Not all the countries are members of CAIPA, but the following: Antigua & Barbuda, Bahamas, Barbados, Belize, Cayman Islands, Curaçao, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & Grenadines, Suriname, Trinidad & Tobago and Turks & Caicos.

As the author of this study is currently working at the Inter-American Development Bank (IDB) which is a bank established in 1959 and based in Washington, D.C., USA, that provides funds to assist international development in Latin America and the Caribbean. It primarily provides grants or loans money to governments and state owned corporations, but it also supports private companies. It is owned by 48 country-shareholders and has 26 borrowing member countries in Latin America and the Caribbean.

Just 9 countries in the Caribbean are beneficiary countries of the IDB. These are Bahamas, Barbados, Belize, Dominican Republic, Guyana, Haiti, Jamaica, Suriname and Trinidad and Tobago. The IDB collaborates with CAIPA providing technical and financial support and the author was able to have contact and access to data just regarding the nine Caribbean IDB members. **This is the reason why the scope of this study is just limited to nine countries and not to the whole Caribbean.**

Background

Within the execution of one of the activities included in a technical cooperation that the IDB designed in 2012, an Investor Perception Survey for CARIFORUM was carried out. In 2013, half of investors polled for the Investor Perception Survey noted that they were either planning or considering further investment in CARIFORUM. More than three-quarters of the surveyed firms were planning expansions in a country in the region different from where their current operation is. The report noted that: "Local and foreign investors are increasingly adopting a pan-regional investment strategy. There is very strong potential for reinvestment. Working closely with existing investors in CARIFORUM can help secure new investment projects." (p. 45).

A key recommendation from the Survey Report was for the development of an Investor Development Strategy. This strategy would first seek to review and implement best practices in investor development (commonly referred to by IPAs as "aftercare"). The report noted that:

> "Investor development is typically implemented at the local level as it requires relationship-building with investors and often collaboration between different government departments (education, skills, infrastructure, utilities, immigration etc.). However, the identification and dissemination of best practices in investor development could be conducted at the regional level." (p. 50).

During a meeting organized by the IDB on September 2014 with the participation of CAIPA and some of the IPAs, that idea was again discussed, among others, and that was how the conception and basis of the current work was conceived by the author with the support and commitment of CAIPA and the 9 member countries.

That meeting was coordinated by CAIPA who contacted the countries for a brainstorm session. Each country was represented by the CEO or director the national investment promotion agency of the mentioned countries. The objective was to identify ideas for improving the attractiveness of FDI and with that goal in mind, open questions were formulated and a round of responses and suggestions was held afterwards.

Questions ranged from "what kind of activities and programs can be executed from a national and regional point of view to attract more FDI into the Caribbean Region?" to "what support do the IPAs request from the IDB to improve the efficiency of the services?" and "what tools and IT platforms are needed so the IPAs can be more efficient in their work?" One question in particular was related to reinvestment and aftercare.

The IDB mentioned that according to the UNCTAD (2007) "approximately, 50% of the FDI in developing countries is taking place as reinvestment" and asked openly what actions and programs were being executed in the region to boost their FDI following that path. The responses very poor, as countries realized both the importance of reinvestment and that all but two nations had no specific service and team. Most of the IPAs were not convinced about the potential of proactively looking for reinvestment. There was still a traditional, inherent effort in focusing on greenfields, without a clear understanding of the enormous competition between countries or the infrequency of new projects. They also miss the benefit of the pan-regional approach and linkages between different countries, which offer an investor a whole location covering company needs as a turn-key proposal.

Based on that, the author decided to learn more about what drivers were making aftercare a non-priority for the region and proposed to conduct a study with the following objectives:

- Demonstrate to the countries, based in economic literature and companies' testimonies, the real importance of reinvestment.
- Through a survey to foreign companies already established in at least one country in the Caribbean, identify the factors preventing companies from reinvesting in the same country or other additional Caribbean nations.
- Survey the IPAs to understand the level of services that were provided in aftercare and if there was room for improvement
- Identify country best practices as a benchmark for the Region
- Emphasize the value of regional coordination and demonstrate that the Caribbean can be positioned as a "whole plattform/hub" offering the entire region as a unique location versus a country member cannot cover all the needs requested by a foreign company.
- Create a regional aftercare plan and a national one, country by country, detailing short and long term activities that a country can implement to create jobs, wealth, local linkages and social impact though reinvestment.

Approximately two months after the videoconference meeting, the author proposed a calendar to develop a regional aftercare program as part of the research under the PhD process. CAIPA and the nine IPAs shown their interest and agreement in collaborating to obtain data from both investors and institutions.

1.3. Regional Economic Overview

Based in the IDB country strategies, CAIPA and UN Economic Commission for Latin America & the Caribbean (UN ECLAC) a brief economic overview of the region is included below.

The territories of the Caribbean earn a significant part of their income from tourism, financial services, commodity exports and remittances. Due to the adverse impact of the global economic crisis that began in 2007 and extended into 2010, GDP growth has remained relatively lack-lustre for many of the territories, averaging less than 1% in 2010 and 2011. More recently, constrained by a difficult external environment and fiscal consolidation in many of the territories, the International Monetary Fund (IMF) has projected that output will expand by about 1½ % in 2012 (compared with ½ % in 2011). Tourist arrivals continue to recover tempered by the weak employment conditions in the main tourism markets. Inflation remains in tandem with global developments, at low single digit levels.

The region faces significant challenges however attributable to high public debt levels and from adverse terms of trade, due to high oil prices which continue to weigh on growth. Fiscal consolidation efforts continue in earnest within the region with one or two of the territories complementing their consolidation efforts with market-friendly debt restructuring. With commodity prices rising, in particular the price of gold and oil, commodity exporters in the region such as Guyana, Suriname, and Trinidad are projected to grow by as much as 4.7% in 2013, while Haiti is expected to lead the region in growth of about 8% in 2012, reflecting the continued reconstruction efforts after the 2010 earthquake.

Widening external current account deficits within the region remains a concern, particularly for the tourism intensive territories, with these external imbalances being financed by foreign direct investment which is slowly rising, as well as official flows, which includes funds from the IMF. Many of the region's territories also benefit from concessional loans via Venezuela's Petrocaribe programme which helps to mitigate the adverse impact of rising oil prices for some countries.

UN ECLAC has reported total FDI inflows into the Caribbean of US$ 4.443 billion in 2011. This was a 20% increase relative to the flows in 2010 but remains less than half the inflows in 2008. After growing by 43% between 2000 and 2007, FDI into the region fell off by 8% in the wake of the international financial crisis as inflows particularly to the services sector decelerated. The increase in 2011 was attributed primarily to increased flows to the Dominican Republic of US$ 2.371 billion (25% more than in 2010).

Investment into the natural resources sector has been increasing with significant investment projects focused on the gold and bauxite mining sectors in Suriname and oil exploration in Guyana. Smaller investments in manufacturing and the services sectors for export were concentrated in free trade zones and call centres in the Dominican Republic, while Haiti recorded investments related to the earthquake recovery. Investments in the mining sector, electric power and commerce also contributed to the significant increase in FDI Inflows to the Dominican Republic in 2011. FDI Inflows into tourism and real estate increased slightly but remained below the levels seen at the end of 2007. In the Bahamas investments of US$840 million in 2011 reflected inflows related to the construction of the largest tourism project in the Caribbean.

For Caribbean economies such as Trinidad & Tobago, US$293 million was attracted in investments during the first half of 2011, similar to what was invested in the same period in 2010.

In the following sections, a country **socioeconomic overwiew** has been included for each of the nine countries to understand the context of each country and review the current practice of each National Investment Promotion agency.

1.3.1. The Bahamas

- **Socioeconomic context**

According to IDB (2015), WB (World Bank) (2014) and IMF data (2013), the Bahamas achieved a relatively high per capita income of US$23,000. However, beginning in 2008, economic growth faltered. Per capita incomes are still 8.2% below 2007 levels and growth rates remain subdued. The elevated figure also masks significant income inequality. The exogenous shock of sudden and prolonged economic downturn in its main trading partner, the United States, exposed structural weaknesses that inhibit the country's economic growth and compromise its resilience to such shocks. Labor productivity is decreasing unemployment is high- overall unemployment reached 14.7% in 2012 and poverty is increasing. Reversing these trends is also made difficult by some of the inherent characteristics of this archipelagic nation. The internal market is small -the population of The Bahamas is just over 350,000.

The production base is narrow – tourism and financial services account for 70% of output and 90% of tourists are from a single country (the U.S., which also accounts for 90% of imports and 70% of exports). Moreover, The Bahamas is particularly vulnerable to natural disasters and to the impact of climate change. The small population is distributed throughout 28 inhabited islands stretching over 233,000 square kilometers of ocean with substantial differences in their population density and economic activity This reality places fixed demands on the budget to provide the same level of public services to all citizens. The Bahamas also faces challenges from informal immigration.

Growth in new product areas and access to new markets will require leadership by the private sector and facilitation by the public sector. Domestic players will need to be complemented by external investors. The Bahamas has shown it can attract substantial Foreign Direct Investment to its traditional sectors, and there is political will to implement the required reforms to increase competitiveness encourage new activities and engage with new trading partners. There are structural obstacles to growth, such as the fiscal situation needs consolidation, the tax system is opaque and introduces several distortions to economic activity; energy supply is unreliable and expensive there is a skills mismatch in the labor market; crime, compromising economic activity; certain public infrastructure is deficient, and bureaucratic inefficiencies hinder economic diversification.

- **The Bahamas Investment Authority (BIA): Current practices.**

The Bahamas Investment Authority (BIA) has 26 staff (2016). There is a project team of 3 staff to manage the projects of existing investors and identify expansion opportunities. Each staff works with around 12 to 15 projects each, which includes facilitating new investors as well as working with expansion projects. BIA is currently putting in place its FDI performance targets and is not yet tracking systematically the role of reinvestment in overall FDI. There is likely to be a focus on job creation, as the unemployment rate in the country is around 15%. BIA currently has a focus on high valued added or strategic activities, like telecom, energy and transportation and aims for FDI which supports sustainable development. The focus is on large investors as measured by their capital investment and job creation. Of interest is that that, in addition to the Office of the Attorney General, a new International Commercial Arbitration Centre is being established in The Bahamas. This will strengthen the business environment not just in The Bahamas but across the region. BIA is developing a new website, which will provide more support for new and existing investors and provide for online application processing and monitoring.

1.3.2. Barbados

- **Socioeconomic context**

According to the WB, IMF and IDB (2013) and several conversations with the Country Economist, Barbados has performed remarkably well since independence in 1966. Between 1980 and 2013, per capita income increased fourfold (US$4,122 to US$15,373, according to the World Bank, (2012). In 2013, it ranked 38 out of 187 countries on the Human Development Index, which is the highest in Latin America and the Caribbean (LAC). Since independence, the country is a stable democracy with strong institutions and a highly literate work force. With a population below 280,000, Barbados is an open economy with a land mass of 430 square kilometres.

The backbone of economic activity is tourism, which directly contributes around 12% of GDP through hotels and restaurants, but indirectly over 40% of GDP. It also drives the demand of non-tourism sectors, like construction, manufacturing and services. Natural disasters have caused significant damage in the past and pose a risk to the economy of Barbados. The country enjoys strong economic links with the Eastern Caribbean nations and with strong air connectivity there is potential for greater trade and tourism with emerging markets.

The 2008 international downturn exposed structural weaknesses that suppressed growth and challenged macroeconomic stability. Barbados' economic environment has been characterized by low economic growth and constrained fiscal space. The immediate effects of the crisis forced a contraction of real GDP equivalent to -4.1% in 2009 and marginal growth thereafter (0.3% annually), with sectors critical to the tax base abridging even more. Tourist expenditure waned by 23% between 2009 and 2011, leading to a reduction in the demand for tourism-related services and higher unemployment rates. An attempt to cushion the economic downturn widened the gap between revenues and expenditures and led to a rapid accumulation of public debt.

The country's reliance on food and fuel imports has led to sustained trade deficits over time. The current account balance has been in deficit since 1995, peaking at 12.8% in 2011. Over the past 5 years, imports of goods and services accounted for about 51% of GDP annually. Barbados has a narrow export base and relies mainly on a few trading partners. With a fixed exchange regime at a rate of BDS$2 = US$1 since 1975, these imbalances have put pressure on reserves, which accentuated with the global economic downturn.

According to the IDB Country Strategy (2013), Barbados' international competitiveness has slipped as a result of the deteriorating macroeconomic framework (low growth, high deficits, low investments, high public debt levels and a strong Barbadian dollar). Between 2000 and 2011, labour productivity growth fluctuated between −3.6% and 3.7%, while averaging 0.4%. The country had little fiscal cushion when the international economic crisis hit. Despite tax rate increases and expenditure controls, fiscal consolidation targets have not been met and public debt increased from 53.3% in 2008 to 97.6% of GDP in 2013.

The outlook for growth is modest over the medium term. The Central Bank estimates that growth in 2015 would be approximately 1.2% and around 2.5% in 2016. The country is challenged with an increasing fiscal deficit, which exceeded 12.3% of GDP in FY 2013/14, and that has led to a rapid accumulation of public debt. This is the result of lower-than-expected revenue collection, an 11% decrease with respect to FY2012/13, and higher spending, particularly the public-sector wage bill and transfers to public enterprises. The current administration recognizes the urgency of regaining lost growth and is focusing on implementing a 19-month fiscal consolidation program (2013-2015) accompanied by investment in capital projects.

According to the Central Bank of Barbados, 2012, unemployment in the tourism sector increased from 9.8% in 2007 to 16% in 2011. Long-stay tourist expenditure dropped from US$1.1 billion in 2008 to US$900 million.

- Current practices: Invest Barbados

Invest Barbados has around 20 staff (2016) of which around six people comprise the facilitation team, who work with new and existing investors. Typically, the staff member who helped the initial investment continues to work with the investor for any expansion projects or issues they have. Key investors are typically met twice a year. Invest Barbados has a jobs target of 800 jobs for the country and an FDI projects target being put in place. There is a focus on financial services, niche manufacturing and ICT and on investment which provides high quality jobs and activities and which is sustainable. Invest Barbados currently has limited data on existing investors and their contribution.

1.3.3. Belize

- Socioeconomic context

According to the IMF, WB and IDB (2013), the small size of the domestic market of Belize increases the importance of effective trade integration – where domestic exports and imports of goods and services amounted to 101% of GDP in 2012, according to the World Bank (2011). Low population density prevents agglomeration and scale economies, and makes the provision of infrastructure inherently expensive in per capita terms. The country has high vulnerability to hurricanes, tropical storms and flooding due to its extensive coastline topography and the acute exposure of its major city-as the examples of flooding in 2008 and Hurricane Richard in 2010-. Climate change also poses significant risks given the low elevation of much of Belize's land area, the concentration of population in coastal areas, and the reliance of the economy on natural resources. Development progress has slowed in the last decade. Real GDP growth averaged 3.1% from 2004-2012. This was barely ahead of the 2.65% annual growth in the country's population- natural population growth is supplemented by significant informal immigration from neighboring countries - with the result that GDP per capita (at US$4,706) has remained broadly unchanged in real terms since 2004. In a context of stagnant living standards, the poverty rate reached 41% in 2009 and progress on social indicators has been mixed. Belize is likely to achieve the Millennium Development Goal (MDG) targets related to combatting disease, child immunization, and maternal health, but unlikely to achieve those related to poverty, access to education, and gender equality in politics and employment. In addition, violence and crime have deteriorated in recent years, reaching 42 homicides per 100,000 citizens in 2012.

Belize's assets, notably its abundant land and rich natural resources, provide it with significant potential for economic growth. The biggest potential appears to be in tourism and agriculture, which remain the leading productive sectors in the economy, accounting for 40% and 29% of exports of goods and services. However, in order to tap that potential and accelerate growth, Belize will need to enact significant policy reforms to lessen impediments to exports and carefully prioritize public investments, especially to remove transport bottlenecks to these sectors. The growth diagnostic elaborated by the IDB "Rekindling Economic Growth in Belize" (2013), finds that the binding constraints on economic growth are distortions to incentives and high costs for producers, particularly exporters, created by high and uneven tariff and nontariff barriers to trade and associated tax policy distortions and that the country's economic dependence on its rich yet fragile terrestrial and marine ecosystems strengthens the importance of sound environmental management and ensuring that economic growth is environmentally sustainable.

- Current practices: Belize Trade and Investment Development Service (BELTRAIDE)

BELTRAIDE has a team of 30 staff (2016) and five are involved in supporting existing investors. BELTRAIDE has put in place clear targets for attracting FDI, which are currently to attract 15 FDI projects per annum creating 30 USDm of investment. BELTRAIDE also has a target for reinvestment, which is five projects and 12.5 USDm.

BELTRAIDE is very focused on the Fiscal Incentives and Export Processing Zone (EPZ) incentives companies receive when they invest in Belize. BELTRAIDE requires a comprehensive business plan, financial documents and investors should present yearly reports (quarterly when in an EPZ) of their exports to ensure they meet the requirements for incentives. BELTRAIDE has an email and telephone hotline for any issues investors have. A key issue identified by BELTRAIDE is the repatriation of capital by investors.

1.3.4. The Dominican Republic

- Socioeconomic context

According to the IDB (2011), the Dominican Republic has been one of Latin America's fastest-growing economies in recent decades. Between 1990 and 2012, per capita income in the Dominican economy posted average growth of 3.9% (well above the Latin American average of 1.8%), driven by export-oriented activities such s manufacturing in free trade zones and tourism.

Although this good performance has produced social gains, major challenges remain. The economy's dynamism has had a limited impact on job creation, which is necessary for a sustained reduction in poverty levels. The bulk of the jobs created are informal (three out of four between 2004 and 2011), mostly in sectors with very low productivity (services, commerce, transport), while job creation in high productivity sectors have slowed. Between 2004 and 2011 poverty and extreme poverty rates dropped by 9 and 5 percentage points, to 40.8% and 10.4%, respectively. However, rates remain high compared to the rates of 32% and 8.2% registered in 2000[2], with strong disparities persisting between different areas of the country. Between 2005 and 2011 the Dominican Republic registered a poverty/growth elasticity of -0.83. This is less than half the Latin American average of 1.7 (Robles, 2012).

More recently, economic growth has slowed. Between 2009 and 2012, gross domestic product (GDP) achieved average growth of 4.9%, significantly below that posted from 2005-2008 (7.8%). This deceleration reflects the change in the international context in the wake of the 2007-2008 global financial crisis, characterized by slow growth in the developed economies, particularly the United States, which is the main destination for the country's exports (55%), and the main source of remittance (40%) and tourist (70%) flows.

In the fiscal area, after a process of post-crisis consolidation, there was a serious worsening of the fiscal accounts in 2012. This was due to an increase in public spending associated with the electoral cycle, increased capital expenditure, and larger transfers to the electricity sector.

- **Center for Export & Investment of the Dominican Republic (CEI-RD): Current practices.**

Unlike most of the other IPAs in the region, CEI-RD has a remit for both FDI and exports and has 111 staff in total (2016). Of the 111 staff, 36 are dedicated to the promotion and facilitation of inward investment. CEI-RD has a dedicated Aftercare Department with six staff. Their role is to provide technical and legal assistance to existing investors regarding projects as well as any obstacles they might encounter, including with local authorities. Other than administrative services, CEI-RD also helps investors with recruitment through job fairs. The aftercare program is delivered through meetings with investors and CEI-RD often meets strategic investors at least once a month. CEI-RD has clear targets for attracting FDI, with the target this year at 50 FDI projects. CEI-RD also has data on reinvestments, accounting for over $500 million in value in the last year. Around 40% of FDI projects attracted are reinvestment projects and 50% of job creation is expansions, which shows the importance of aftercare for the Dominican Republic.

To improve the business environment for investors, CEI-RD works closely with the Contact Centre & Business Process Outsourcing Cluster and Software Cluster associations and is currently working with a committee composed of foreign investors to modify the Foreign Investment Law.

1.3.5. Guyana

- Socioeconomic context

Based on data of the IMF, WB and the IDB (2012), and the conversations maintained with the IDB country economist in Guyana, the country is primarily an agriculture and resource-based economy. However, its GDP is heavily weighted towards an expanding services sector. The country has grown since 2006, with real GDP growth averaging at 4.5% through 2011. Since debt relief, Guyana has been able to maintain fiscal discipline and bring its level of debt down from more than 180% of GDP in 2005 to 62.1% of GDP in 2011. Moreover, this growth has been largely pro-poor and reflected by improvements in not only the country's macroeconomic indicators, but also in maintaining adequate levels of social spending in the face of the global economic downturn.

Improvements in the economic performance of the country can be attributed partly to sound macroeconomic management and reforms undertaken to enhance governance and improve the business climate. In turn, these initiatives have allowed the private sector to grow and enabled the continued expansion of FDI for both traditional and new activities. However, this economic performance can also be attributed to exogenous factors linked to improvements in the country's terms of trade, and specifically to increases in prices of key export commodities (i.e. gold, rice, bauxite, sugar) that compensated for the negative effects of increases in oil prices.

Historically, economic activity in Guyana had been volatile and characterized by relatively short periods of growth and relatively long periods of stagnation. In spite of the current favorable economic outlook, Guyana still needs to address a number of underlying vulnerabilities to sustain this recent economic performance, including: infrastructure bottlenecks, particularly with respect to the energy sector; nascent levels of economic diversification and dependence on the prices of a small number of volatile commodities; potential threats to the country's unique natural endowments posed by the growth of resource-based economic activities; challenges to enhance the efficiency and effectiveness of its public sector management; and limited access to high quality social services to further enhance quality of life. To address these vulnerabilities across all sectors of the economy, Guyana took an historic initiative by adopting the Low Carbon Development Strategy (LCDS) as its development strategy in 2010.

- The Guyana Office for Investment (GO-INVEST): Current practices.

Go-Invest has a small team of seven staff, including four investment officers, one export officer and two research officers. The IPA has a target of 25 projects and to create 2,000 jobs. The new capital investment target is $500 million, of which $400 million is reinvestment. Around 50% of projects and 40% of jobs are from expansions of existing investors. Key foreign investors are visited twice per annum on average. As well as Go-Invest follow-up with existing investors, the Guyana Revenue Agency has a strong monitoring department as they grant fiscal incentives.

1.3.6. Haiti

- Socioeconomic context

Based on data of the IMF, WB and the IDB (2013), the conversations maintained witn the IDB country economist in Haiti and the activities that the author executed in this country, Haiti faces poverty and inequality challenges. In income distribution terms, the poorest 10% receive 0.7% of national income whilst the richest 10% receive 47.7%. In 2010, GDP per capita was US$659; more than 72% of the population lived on less than US$2 dollars a day and 55% on under a dollar per day. The lack of universal access to education and basic social services as well as unemployment rates around 41% mean that Haiti ranks 149th in the Human Development Index, scoring poorly regarding life expectancy and literacy (62 years and 53% respectively). Haiti has consistently and chronically under-performed in terms of its economic growth. With average growth rates of 1% over the 1960-2005 period, Haiti´s growth was Latin America and the Caribbean´s lowest. The root causes of economic stagnation are decades of political instability, eroded governance and occasional outburst of social violence, environmental degradation that has exacerbated the impact of natural disasters, an inadequate business climate that has inhibited private sector development, a brain drain overseas of Haiti's most educated women and men, and a weak state capacity to define policies to provide public goods and manage social risks. Urbanization over the past 20 years also means that Haiti is becoming an urban society. Migration has funneled people primarily to Port-Au-Prince reflecting the relative availability of formal and informal employment there and the continuing under-investment in agriculture. This process has sharpened regional inequalities.

Like other states emerging from political and natural disaster related crisis, Haiti faces a complex set of inter-linked challenges, including the development of a dynamic private sector and the delivery of social welfare. Chronic under-investment, particularly in infrastructure over the past decades, affects Haiti's present and future growth performance, with massive and coordinated capital injections required to establish the conditions for future growth and attack Haiti's vicious poverty cycle. Poor and costly electricity negatively impacts business decisions and productivity, lowers living standards, and weakens public finances. A deteriorated road network devoid of maintenance, and limited coverage of water and sanitation services, similarly combine as a drag on economic development and social progress. Missing or thin markets and weak inter-ministerial coordination mean the country lacks the appropriate market incentives and state regulatory and supervision capacities to promote public-private dialogues. This is essential to facilitate local and foreign private investment and establish an economy able to generate wealth, create employment for women and men, and reduce poverty.

Haiti's recent performance shows that growth and stability go hand in hand. Relative political and macroeconomic stability over the 2005-2009 period stimulated economic growth that in 2009 reached a record 2.9%. The earthquake halted growth, compounded existing structural problems and posed new challenges. The earthquake, for example, saw GDP contract by 5.4% for fiscal year 2010. This situation occurs in a region that is the most unequal region worldwide. Around 80% of Haitians that finish college migrate to another country. Based on population size, Haiti is also the largest exporter of skilled workers in the world.

Haiti experienced in relative terms, the region´s greatest humanitarian emergency. Importantly the earthquake demonstrated that the disproportionate economic importance of Port-au-Prince is a national liability. While about 39% of Haiti's population lives in metropolitan Port-au-Prince, past economic policies have concentrated 80% of all industrial, commercial and banking facilities, 66% of GDP and more than 90% of the banking sector loan portfolio there.

Haitian authorities and the international community concur that the post-emergency phase is a chance "to turn the earthquake into a window of opportunity". Agreement also exists that long-term substantial targeted support is required to move Haiti onto a path of sustained development capable of delivering both economic growth and solutions to enduring social and environmental problems. It is equally recognized that strong Haitian ownership and a clear vision that Haiti can be a successful country is sine qua non-for effective long-term support. Modest but important progress since the earthquake is shown by rebuilt schools, the quickening pace of debris removal, progress with road improvements and improved macro-economic indicators. Yet, the pace of change is worrisomely slow.

The Government of Haiti post-earthquake Action Plan elaborated with the support the multilateral institutions establishes the broad structure for actions to foster long-term growth and reduce poverty, adopted by national and international stakeholders alike the plan acted as an overall coordination tool prior to the creation of more formal coordinating instances while donors have used it to orientate program design and strategy implementation. The plan envisages recovery as a decade long process, underscores the need to create development poles to de-concentrate economic activity and highlights the importance of enhancing access to basic social services while strengthening state institutions.

- **The Centre for the Facilitation of Investment in Haiti (CFI): Current practices.**

CFI was created in 2006 and has a dedicated aftercare department. In total, 2 of the IPA's 35 staff make up the aftercare team – one aftercare manager and one aftercare officer. The aftercare care team is supervised by the Director of Facilitation Services. The aftercare team is very new, only being created in 2014. The team provides reactive support when existing investors reach out to the IPA, mainly related to problem-solving.

The aftercare team also visits investors and conducts promotional activities, in particular inviting existing investors to an event or for a site visit by a prospective investor. The aftercare team aims for six to eight investor visits per month. CFI has built a database with around 50 existing investors and 1000 suppliers. Currently, the aftercare service is a general service for all existing investors and a key focus of current strategy; CFI is identifying and contacting existing investors to develop the program.

CFI does not have performance targets yet nor comprehensive data on the role of reinvestment. CFI roughly estimates that around 60% of FDI projects and jobs are expansions. CFI also estimates that local content is approximately 25%. When performance targets are introduced, these are likely to be focused on job creation given the high unemployment in Haiti, with a key emphasis on sectors like tourism, textiles, agriculture and BPO which can create high numbers of jobs. Environmental sustainability is also an important goal.

1.3.7. Jamaica

- Socioeconomic context

Based on data of the IMF, WB and the IDB (2013), and the conversations maintained with the IDB country economist in Jamaica, this country is a small, open economy, characterized by low growth and high debt. Between 1990 and 2014, Jamaica's average economic growth rate was 0.9 percent. According to the World Bank 2011 Country Economic Memorandum the structural factors are behind this weak economic performance. Low average growth and high growth volatility suggest that the economy suffers from hysteresis -i.e. reduced growth in productive capacity. Simultaneously, public sector low efficiency and effectiveness have resulted in inadequate allocation of resources and weak public financial management. The debt build-up, in turn, has constrained infrastructure and impacted social investments, and it has challenged the provision of public services in general.

Given the previously described public sector and macroeconomic environment, private sector development has been challenging. The private sector in Jamaica has been historically relatively large, comprising almost 90% of the country's working labor force. Although Jamaica has a high level of early-stage entrepreneurial activity, the country is characterized by a high rate of failure of firms. Only 5.1% of the persons who owned or manage a business in 2014 had done so for more than 42 months. Studies have indicated that, among others, macroeconomic uncertainty, weak institutions and infrastructure, red tape, limited access to finance, and the pressing cost of crime and violence have resulted in a higher than desirable business failure rate and a private sector characterized by low dynamism, low innovationand limited exports. Nonetheless, Jamaica has been successful in some niche sectors, such as resort tourism and agriculture, which have, however, few linkages with the rest of the economy. The interaction between the previously described factors appears to have trapped Jamaica in a low economic growth and low productivity path.

Jamaica scores well in terms of port and air transport infrastructure. However, the country has comparatively poor-quality roads and railway infrastructure. Jamaica is thus ranked 79th for the overall quality of its infrastructure, below both Barbados (22nd) and Trinidad and Tobago (51st). Notwithstanding this, only 11.8% of Jamaican firms identify transportation as a major constraint on operations in a country-wide, firm-level survey funded by the Compete Caribbean Program. However, Jamaica ranks 88 in terms of electricity infrastructure and 40% of the Jamaican firms surveyed identified it as a major or very severe obstacle to doing business.

Even though Jamaica is ranked 12th (out of 189 countries) in the World Bank's 2015 Doing Business report for ease of getting credit, 30% of firms identify access to finance as a major constraint in the 2013 country-wide, firm-level survey funded by the Compete Caribbean Program. In addition, the interest-rate spread of Jamaican banks in 2010 was the second-highest among the comparator, being exceeded only by that in Haiti. Since peaking during the crisis and immediate post-crisis periods, spreads have been trending downwards.

Unemployment is higher among women (16.8 percent), and youth unemployment remains a main concern at over 30 percent (Fouguère et al. 2009). School enrollment has increased substantially, but differences remain in terms of quality, learning outcomes and availability of relevant skills for employment. At the same time, the public health sector is overwhelmed mainly due to costs associated with rising non-communicable diseases and crime-related injuries. The number of homicides increased in 2015, placing Jamaica's record of 44.3 murders per 100,000 persons among the highest in the world. Vision 2030 Jamaica outlines the Government of Jamaica's long-term plan for achieving strategic goals of national growth and development.

- Jamaica Promotions Corporation (JAMPRO): Current practices.

JAMPRO has 62 permanent members of staff, of which 15 to 17 work in investment promotion and 4 people work with existing investors. JAMPRO has FDI targets for projects, jobs and capital investment. The jobs target for 2015/16 was 4,760 jobs. The investment promotion team is organized into sector managers, with each manager having a target to develop 50 leads, identify 15 prospects and secure seven to eight projects. JAMPRO has a reinvestment target of two projects per annum. The aftercare team has a target of nine site visits per month. Around 30% of FDI jobs created are estimated to be from reinvestment.

1.3.8. Suriname

- Socioeconomic context

According to the IMF, WB and the IDB (2013), and the conversations maintained with the IDB country Representant and economist in Suriname, the country is a small, open, commodity-based economy that is vulnerable to external shocks. On the back of high international commodity prices, Suriname grew at a high average yearly rate (3.8% or a total real per capita income growth of 65%) over the past decade. GDP per capita, PPP (constant 2011 international $) increased from US$9,615 in 2000 to US$15,862 in 2014 according to the World Bank World Development Indicators (2016). Growth is driven by exports from the extractive sector (gold, oil, and bauxite), which generate 90% of foreign exchange earnings- rice, bananas, and fisheries account for most of the remaining 10% of exports- and 45% of government revenues. Suriname (in common with other small economies) relies on imports to satisfy most domestic demand for goods (imports account for more than 80% of consumption) while total trade has averaged around 145% of GDP over the past five years. The transmission mechanism of the wealth generated in the extractive sector to the rest of the economy relies highly on public spending on goods and services, infrastructure and, importantly, wages and salaries of employees in the public sector and in public enterprises. The domestic private sector, limited by the small size of the economy, is geared towards satisfying domestic demand mainly with imports. As a consequence, the private sector expands or contracts responding to changes in public spending that drive aggregate demand. In this context, Suriname is characterized by high vulnerability to external shocks.

When oil and gold prices fell in mid-2014, the economy faltered, and GDP growth rates slowed to 1.8% in 2014 and 0.1% in 2015, with macroeconomic imbalances emerging (the fiscal and current account balances to GDP deteriorated to −8.8% and −16%, respectively, in 2015) according to the World Economic Outlook (2016) of the Global Economic Monitor (GEM). In the second half of 2015, the re-elected administration implemented stabilization measures (both fiscal revenue enhancing and exchange rate devaluation); and, in May 2016, the Executive Board of the International Monetary Fund (IMF) approved a two-year Stand-By Arrangement (SBA) for US$478 million to support the Government's economic reform program. (IMF, 2016).

Large investments in the extractive sector added to high export revenues, positive macroeconomic balances and economic growth during most of the past decade, but hid structural problems.

The robust economic growth rates between 2001 and 2013 can be attributed to investments in the mining sector rather than to total factor productivity growth. Low total factor productivity appears to be due to low appropriability, low social returns, and to a lesser extent to the high cost of finance.

Growth in Suriname's per capita income has not translated into a significant improvement in social indicators. Suriname has a literacy rate of 94.7% and life expectancy of 71 years. The country ranks 103rd out of 186 countries in the 2015 Human Development Indicator (HDI with slight improvements over the previous years. The country's HDI rank is mostly due to improvements made in income levels over the past decade, however, both the education and health indicators fall below comparable countries categorized with a high HDI. Data on poverty and inequality are scarce but offer indications that Suriname is somewhat in line with regional averages. Although robust growth in income per capita over most of the past decade may have reduced absolute poverty, its impact on inequality in recent years is more uncertain. A 2013 United Nations inequality-adjusted human development indicator (HDI) estimated that the loss in human development due to inequality in 2006 was broadly in line with the regional average. The Human Development Report published by the United Nations Development Program (2015) indicated that about 7.4% of the population lived in multidimensional poverty at end-2010, which is below the regional average of 12%. (IMF. World Economic Outlook, 2016). The unemployment rate in Suriname is estimated at 8.9% in 2015. It has fluctuated since 2001, but has been on an upward trend since 2010. Female unemployment is higher than male (about 4 percentage points), and youth unemployment is significantly higher (above 20% in 2013).

Suriname at 103 ranks below Dominican Republic, Belize, Tonga and Jamaica but above Maldives and Samoa. Suriname ranks 70th in terms of per capita income while it ranks 108 in terms of life expectancy and mean year of schooling and 103rd in terms of expected years of schooling.

- Investment and Development Corporation Suriname (IDCS): Current practices.

IDCS was established in 2012 and has 20 staff. The IPA is still not fully functional as the new investment code giving mandate for the IPA is still being drafted. There is not an aftercare department and the IPA is more reactive to facilitating enquiries from existing investors.

In the absence of a clear mandate which defines the scope, mandate and powers of the IPA, IDCS has focused mostly on the renewable energy sector for greenfield FDI. However, the main focus is on attracting new investors to participate in privatisation projects.

1.3.9. Trinidad & Tobago

- Socioeconomic context

According to the IMF, WB and the IDB (2013), and the conversations maintained with the IDB country Representant and economist in Georgetown, Trinidad and Tobago is a small, open, hydrocarbon-dependent economy. Thus, economic growth and development performance has been shaped by global energy prices and the life cycle of oil and gas industries. Since the late 1990s until the global financial crisis, the country benefited from efforts to diversify from traditional, mature crude oil industry towards new promising sectors of gas and petrochemicals. Such a large-scale, transformational endeavor underpinned economic performance; real GDP expanded, on average, by 7.7 percent per year between 1999 and 2008, and GDP per capita rose from US$5,400 to US$21,400. In addition, as a result of the lower oil and gas prices, there is no longer a strong incentive for continued expansion of output and diversification within the energy sector.

Under these new circumstances, economic performance has deteriorated, with real GDP growth averaging a 0.2 percent per year in the period 2009- 2015, and GDP per capita dropping to US$19,300.

The country's dual economy is prone to an unbalanced pattern of sectorial growth, and vulnerable to external developments. The structure of the domestic economy that is centered on an export-oriented energy sector and a few non-energy sectors serving local markets, is neither diversified nor integrated. A few productive activities generate the bulk of the country's income. Energy and non-energy sectors, in addition, lack forward and backward linkages through intermediate inputs and value chains. In particular, oil and gas industries constitute enclaves largely detached from other tradable activities in terms of real and financial operations.

Economic growth combined with a generous, albeit insufficiently targeted, social safety net reduced poverty. Income fluctuations in low-income households were on par with households in higher brackets during cyclical expansions, but fell less during Gas prices declined by 50 percent in 2009 and have not recovered, whereas oil prices remained elevated until mid-2014 but subsequently dropped in a very volatile market. The gas industry completed its development stage and attained a normal, stable production level—albeit a sub-optimal level from the perspective of downstream activities, whose processing capacity exceeds the current supply of gas. Meanwhile, the crude oil industry continued its ageing process, which implied a persistent reduction in output and the recurrence of field shutdowns due to technical disruptions and maintenance, and failed to make progress in exploiting proven reserves in deep-water blocks. In the period 2010-2015, on average, the energy sector—including oil, gas, and petrochemicals—originated 40 percent of nominal GDP, while distribution and financial services produced another 30 percent. Energy exports account for 85 percent of merchandise exports. Apparently, there is a large disconnect between the growth dynamics of these major activity sectors.

Between 2001 and 2014, the labor force grew 14 percent and the unemployment rate declined from 11 percent to a record low of 3 percent. Since the early 1980s, GNI per capita increased fourfold and gains in life expectancy and years of schooling are, respectively, 3.3 and 3.8 years. Thus, in 2013 Trinidad and Tobago ranked 64th out of 187 countries in terms of the Human Development Index (HDI), and its score (0.766) slightly exceeded the average score for Latin American and Caribbean countries (0.740). However, the economic stagnation that started in 2009 could reverse some of the recent gains in poverty alleviation and raising living standards. 1.4 The country has large fiscal buffers. Energy exports fell from an annual average of US$12.4 billion in 2012-2014 to US$8.5 billion in 2015, and concomitantly, energy fiscal revenues dropped from US$4.2 billion to US$2.8 billion.

To foster impetus for economic and social prosperity, Trinidad and Tobago should embark on an innovative diversification program that targets the non-energy tradable sectors. Establishing new productive activities and supporting existing ones could serve as catalysts for economic growth. Public policy can facilitate private sector development and foster human development, which are necessary to upgrade the physical, human, and financial resources that the diversification process requires. Productivity and external competitiveness need to be guiding principles in the selection of activities to be encouraged. In this regard, the targeted sectors should have strong potential for productivity gains and be adequately integrated into value chains. In addition, those sectors should be able to widen the export base or substitute non-complex imports, in order to diversify the sources of foreign-exchange earnings and reduce the country's macroeconomic vulnerabilities to the vagaries of oil and gas international prices. Foreign assets held as international reserves and those parked in the Heritage and Stabilization Fund for stabilization purposes, are as high as US$9 billion and US$2 billion, respectively, and constitute hard currency resources to afford moderate external imbalances. The net public sector debt with a long-maturity profile and a small share of foreign liabilities—remains within prudent levels, although sovereign credit risk ratings are deteriorating. The Government still has some leeway to continue borrowing and fund reasonable budget deficits, which ideally should be preceded by the formulation of a credible medium-term fiscal program. Energy sector is unlikely to be an engine of growth as long as the oil and gas industries have reached a mature stage and global energy prices may remain depressed for years. Oil futures contracts, for instance, are currently trading below 50 US$/bl for deliveries as late as 2020, suggesting market investors do not anticipate oil spot prices returning to pre-2014 levels any time soon.

- **InvesTT (Trinidad & Tobago): Current practices.**

InvesTT has 20 staff and a two-person aftercare team formed three years ago; As with several other IPAs, the aftercare team works with both foreign and domestic investors. The focus of the aftercare program is more on administrative and operational aspects with more strategic services being discussed as the relationship with the investor is built, to expand operations and develop a supply chain program. The aftercare program focuses on all sectors other than oil & gas.

The overall FDI targets of InvesTT are to attract 22 FDI projects and 150 USDm of capital investment. The aftercare team aims to meet key investors at least three times a year. InvesTT is one of the few IPAs that has clearly-defined FDI targets for the aftercare team, which are:

- six expansion projects;
- 90 USDm capital investment; and
- 100% job retention from existing investors.

InvesTT also has clear activity targets, which are 24 meetings per month (12 for each aftercare staff). InvesTT has assigned more than 30 active investors to account manage for each member of the aftercare team.

InvesTT plans to develop a structured approach for policy advocacy, which the aftercare program will facilitate. InvesTT plans to expand their aftercare team to three staff with more industry and private sector experience. InvesTT is also becoming increasingly targeted in providing aftercare services focusing more on existing investors with over $1 million capital investment, 25 jobs or whichever can achieve over $2 million in exports.

InvesTT estimates that around half of FDI jobs will be created by existing investors this year, up from around 20% last year. InvesTT is launching a new website, and has some innovative features planned to include a 24/7 live chat, which maybe a first for any IPA in the world.

Linkages between FDI, export and local investment are not fully explored in Trinidad and Tobago. The synergies that FDI, export and local investment can generate are not quantified, organized or coordinated and the potentiality for investors to find new business lines is unexplored. ExporTT, InvesTT and TTIFC, among others, work in isolation with no strategy in place for capitalizing on links and complementarities between them.

There is limited coordination among government offices in Trinidad and Tobago which generate significant redundancies. Trinidad and Tobago lacks a real “one-stop shop” for investors. The “one-stop-shops” in Rwanda, Nicaragua and Korea have been an efficient way of reducing administrative bureaucracy. These comprise of delegated officers from different government authorities including revenue authority and customs, immigration, labour, justice, environment and even the city council. DubaiNow is the first unified Dubai government services smart app offering over 50 smart services from 22 government entities. Their aim is to combine most of the daily government needs in Dubai, and therefore they continuously striving to add more government services to ensure people's happiness.

1.4. Rationale for the Study

Based in the CAIPA's annual internal reports (2013 & 2015), individual IPAs testimonies, fDi markets data (2013-2016) data and two studies that were commissioned in 2013 by Caribbean Export, a CARIFORUM Investor Perception Survey and a Benchmarking Incentives Study for CARIFORUM, preliminary findings suggest **joining the two key elements**, **the regional element and the reinvestment element**. (See Figure 2)

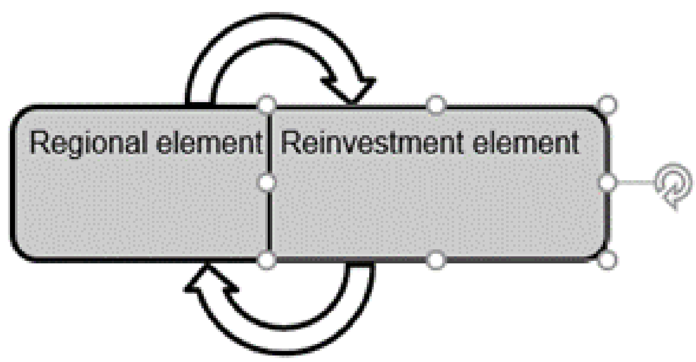


Figure 2: The key elements of the study's rational.

Source: Elaborated by the author

Box 1: Why is focusing on reinvestment important?

Why is focusing on reinvestment important?

- An earlier UNCTAD-WAIPA (2007) survey of IPAs, which mainly covered developing countries, shows that IPAs estimated, on average, 32% of FDI came from reinvestments. Latest UNCTAD (2013) data shows reinvestment in developing countries to account for 49% of total FDI.
- Aftercare services are becoming more important as a result of the growing stock of FDI, which means an increasing volume of FDI comes from expansions of existing investors.
- Surveys of IPAs by PwC and fDi Intelligence (2014) have shown that IPAs state aftercare as the most effective method for identifying new leads and generating new enquiries.

In this regard, the most important assets that Caribbean countries have to promote a sustainable economic development are the already established investors.

Source: Elaborated by the author

Box 2: How can a pan-regional approach make the difference?

How can a pan-regional approach make the difference?

- More than three-quarters of the surveyed firms were planning expansions in a country in the region different from where their current operation is, according to the Investment Perception Survey (2013).
- The results of the Investment Perception Survey (2013) confirmed the view that investors and location selection firms begin their decision-making processes at a regional level first before narrowing their focus to a specific country within a region.
- The need to advance regional integration efforts through the promotion of regional projects that present the combined value proposition of the Caribbean as a whole to investors seeking a sizeable investment opportunity.
- There is a perceived low socio-economic impact of investment projects into the region. Effort is needed to address the quality of FDI flows into the region as previous flows failed to generate the required inclusive and sustainable economic development over the years.
- The region shares similar investment climate reform needs, some of which could possibly be addressed through a regional work plan.

- Investors were aware of the Caribbean but only one or two territories in the region.
- The tourism brand was very strong among investors but the business brand was not
- FDI flows to the region have been declining in the wake of the 2008 financial crisis.

The declining resources at the national level for investment promotion activities: There are also significant economic gains to be garnered from collaboration in investment promotion, as the targeted sectors and investors are generally similar for the countries in CARIFORUM and reaching out to these targets as group can lead to savings at the national level, in particular for the cash strapped IPAs.

Source: Elaborated by the author based on the Investment Perception Survey (CAIPA) (2013).

Based on the previous arguments, the **statement of this work** is **the key importance of reinvestment**[3] **as a source to attract and generate foreign investment in the Caribbean region.**

The hypothesis that can be derived are the following:

- **Hypothesis 1**: FDI can be associated with positive additional economic impacts and stimulating a country's economy.
- **Hypothesis 2**: Aftercare counts more for developing countries than for developed countries.
- **Hypothesis 3**: As evident by worldwide tendencies, expansion is of increasing importance, and consequenltly reinvestment must also be important for the Caribbean region.
- **Hypothesis 4**: Existing investors in the Caribbean have real plans to reinvest.
- **Hypothesis 5**: The investment promotion agencies in the Caribbean tend to focus attention on attracting new investors, intead of providing proactive support to existing investors.

3 Along the whole document the words reinvestment, aftercare or expansion of a foreing company are considered as synonymous.

1.5. Purpose and Motivation of this Study

The **overall objective of the study** is to identify and verify if the Caribbean Region can attract more FDI dedicating efforts not just to greenfield investments but also focusing on existing investors (reinvestment or aftercare).

The **secondary objectives** of the study are:

- To understand the investor's needs and challenges to expand business in the Region.
- Apply and transfer best practices in reinvestment programs to the IPAs
- Review the current aftercare strategies that are being implemented by Caribbean countries to encourage reinvestments
- Understand the level capacity and support the IPAs need to be efficient in aftercare; and,
- Understand how Caribbean IPAs can strategically target existing firms for reinvestment and expansions

The **key actions** to be carried out to achieve the principal objective are the following:

- To develop a comprehensive survey to existing inversors to validate their intentions to expand their business in the Caribbean, identify bottlenecks and circumstances that arise from reinvesting.
- To carry out a survey and interviews with the nine IPAs to know thoroughly the level of aftercare services they provide, how their teams are organized and the efficiency of the service.
- Based on good practices, propose an aftercare program for the Bahamas Investment Authority (BIA), Invest Barbados, the Belize Trade and Investment Development service (BELTRAIDE), the Centre for Export and Investment of the Dominican Republic (CEI-RD), the Guyana Office for Investment (GO-INVEST), the Centre for the Facilitation of Investment in Haiti (CFI), Jamaica Promotions (JAMPRO), Investment and Development Corporation Suriname and InvesTT (Trinidad & Tobago).
- Develop action plans for each of the 9 Caribbean IPAs and key steps for them to implement their national reinvestment program.

The results of this study illustrate the key importance of aftercare and why other surveys have found aftercare as the most effective method to attract FDI. As 44% of existing investors have not heard of the host country IPA, there appears to be a mismatch between the FDI opportunities and the services that the IPAs provide to convert these ones into tangible projects.

In summary, **the survey demonstrates the critical importance of aftercare in attracting FDI and the excellent opportunities of IPAs working with existing investors to attract reinvestment projects**. It also adds value to the pan-regional approach taken by investors, with many planning expansion projects across the region, which suggests agencies could cooperate by sharing intelligence on the expansion plans of companies coming from their aftercare programs.

Motivation for this research.

The most important process and the starting point of developing a future thesis is the delimitation and formulation of the research problem. According to the literature, the first phase in research design involving surveys starts with a clear definition of the matters or topics to research. The approach has to be clear and intentional, expounding clearly the nature of the problem.

One of the best ways to carry out this delimitation is the revision and analysis of the several reviews already carried out, with the purpose of discovering how much is already known about that topic. Grande & Abascal (1999) mention several strategies to define objectives and formulate the problem, strategies that can be utilized whether in isolation or in a conjunction with one another:

- Consult with experts. Discuss with the people making decisions or brainstorming, looking for an exchange of knowledge, values, experiences, methods and questions regarding the problem.
- Search and analyze available data and similar cases to learn past processes.

What is the problem addressed then? This is the formulation of the work problem, meaning to whom and/or where the problem is relevant. In this study, countries in the Caribbean region are not being successful in retaining the investments of foreign companies or in encouraging the expansion of their current investments.

Another key point in formulating the research problem is the elaboration of the specific objectives of the study. The problem specification will continue with the identification of a general objective and a series of specific objectives, each using the variety of aspects, dimensions and perspectives that are intended to be analyzed. The general objective proposes what is to be obtained through the research. Its presents a clear and precise statement of the goals of the investigation, defining a clear thematic scope and the target population of the study. The purpose of this work is to demonstrate that developing countries, should focus their attention more on aftercare as reinvestment as a major rather than marginal source of FDI inflows, and that the most successful policy to generate reinvestment is through a regional and national aftercare program. The universe of the survey is two-pronged: companies that have invested in one or more countries in the Caribbean and Caribbean IPAs.

To achieve the general objective, it is necessary to narrow in on the specific objectives. The specific objectives indicate what we aim to accomplish in each of the research steps, strengthening temporal, thematic and strategic arguments. All objectives have been evaluated at each step of the study to know the different level of results.

1.6. Research Methodology

The project approach for the study is shown in Table 1 below. As included, there is an initial phase where the literature is reviewed in detail and a second phase based in qualitative method, where two surveys are conducted. Each phase of the approach is discussed in more detail in the below sections.

Table 1
Research Approach

STEP 1	Explorative research
STEP 2	Research of the problem formulation
STEP 3	Definition of research objectives
STEP 4	FDI and aftercare literature search placing the problem within the academic field
STEP 5	Approach to data collection and research questions using a qualitative method
STEP 6	Collection of data
STEP 7	Analysis and interpretation of the data collected
STEP 8	Policy Research
STEP 9	Project management and budgeting to calculate the cost of the interventions

STEP 10	Project execution: period of active data collection and analysis
STEP 11	Elaboration of Investor and IPA questionnaires
STEP 12	Selection of sample
STEP 13	Development of target database of existing investors and database of IPA contacts
STEP 14	Sending a pilot sample of each survey to each group (companies and IPAs) and evaluating the answers
STEP 15	Adapting the final questionnaires and sending the questionnaire to final groups
STEP 16	Phone calls to some companies
STEP 17	Meetings with IPAs
STEP 18	Organization and classification of the answers
STEP 19	Best practice case studies
STEP 20	Analysis of the results
STEP 21	Tabulation
STEP 22	Conclusions
STEP 23	Recommendations for the region and each individual country from a short and long term point of view
STEP 24	Future scenarios

Source: Author's compilation based on guides from the University of Notre Dame (Australia), Berkeley and Florida (USA).

1.6.1 Literature study and empirical research

Literature study

Economic literature dating to the sixties was reviewed. This included an examination of the positive effects of FDI, as it assures the maintenance and expansion of capital (such as equipment, physical machinery, etc.) and therefore contributes to economic development. The section explains the potential negative effects and how to mitigate them. It also highlights that the benefits are not automatic, suggesting that well-designed policies are required to maximize the potential benefits of the incoming FDI.

The different types of FDI and the economic reasons to invest abroad, be it market seeking, resource seeking, efficiency or strategic asset, are explained in Chapter 2, based on several authors' perspectives.

The key role that FDI plays in global economy is also discussed ad FDI having become the major economic driver of globalization and accounting for more than half of all cross-border investments.

FDI determinants from both a theoretical perspective and empirical evidence are explained, including the relation between multinational companies and FDI. The role of FDI in the internationalization process of firms is detailed, as well as the components of the process, the business motivations to invest abroad and the location determinants for a firm.

The last section is dedicated to investment promotion. The literature defines investment promotion as all activities that economic development organizations (EDOs) and IPAs undertake to attract FDI to their jurisdiction and encourage foreign investors to continue to invest and expand. The section explains with different sources the positive impact of promoting FDI and concludes by highlighting that IPAs can maximize the direct and indirect benefits that FDI can bring implementing these services.

Empirical research.

This research is of a qualitative nature. A qualitative approach was chosen because of the type of the data collected and due to it is use in conducting audience segmentation and in quantifying opinions, attitudes, behaviors, values and beliefs. These intangibles can be better understood since conducting surveys with open-ended questions explores many complex, underlying facts.

To conduct the investor survey, a database of existing investors was developed based on their existing survey databases and corporate intelligence sources, including the fDi Markets database of Financial Times Ltd, stock market listings in each country, as well as information provided by the IPAs in each country. The focus was on companies in the four target sectors and key existing investors as identified by the IPAs. In total, 434 existing investors were identified and targeted. Nearly 1,000 e-mails were sent and nearly 50 phone calls made to the 434 investors achieving 43 completed surveys obtaining a response rate of 10% rate. Table 2 below shows the number of companies identified in each country. For each company, the decision makers and their contact details were researched and the companies were approached directly by email and telephone to complete the survey.

Table 2.
Summary of the Survey Investor Target Database

Country	Number of Companies Identified
The Bahamas	31
Barbados	16
Belize	17
Dominican Republic	160
Guyana	30
Haiti	25
Jamaica	72
Suriname	22
Trinidad & Tobago	61
Total	**434**

Source: Elaborated by the author.

In addition to the companies a second survey with a different questionnaire was distributed to the nine IPAs included in the study. An online survey tool was used to facilitate accurate recording of responses, monitoring and evaluation of progress in implementing the survey and analysis of the results.

1.7. Research Approach and Process

The study approach is detailed in Figure 3 below. The study's main methods of investigation are the exploration and the exploitation of secondary information, quantitative data concerning the topic of FDI from academia, particularly about aftercare in the nine countries of the Caribbean region – the Bahamas, Barbados, Belize, Haiti, Dominican Republic, Guyana, Jamaica, Suriname and Trinidad and Tobago. All of them are members of the Caribbean Association of Investment Promotion Agencies (CAIPA) and the Inter-American Development Bank (IDB). Each phase of the approach is discussed in more detail in the sections below.

Dudovskiy, (2016) affirms that the research process is characterized by the following stages:

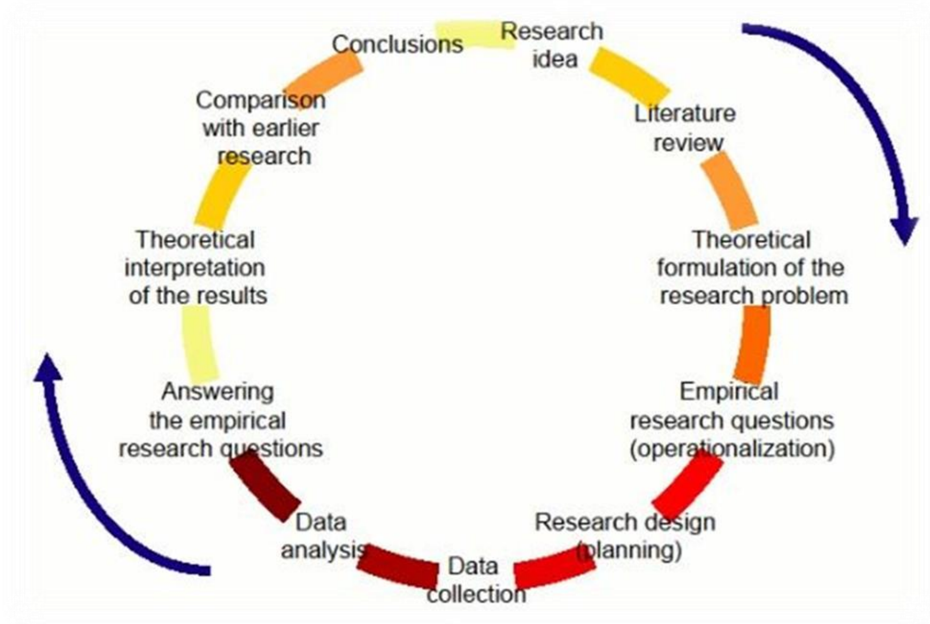


Figure 3. The reseach process cycle.
Source: Dudovskiy, 2016

On the basis that the stages mentioned by the economic review are followed, some more stages have been followed in this research process:

Table 3
Steps Taken during the Research Process

STEP 1	Explorative search
STEP 2	Research of the problem formulation
STEP 3	Definition of research objectives
STEP 4	FDI and aftercare Literature search, framing the problem within the academic field.
STEP 5	Approach to data collection and research questions using a qualitative method
STEP 6	Collection of data
STEP 7	Analysis and interpretation of the data collected
STEP 8	Policy Research
STEP 9	Project management and budgeting to calculate the cost of the interventions

STEP 10	Project execution: period of active data collection and analysis
STEP 11	Elaboration of Investor and IPA questionnaires
STEP 12	Selection of sample
STEP 13	Development of target database of existing investors and database of IPA contacts
STEP 14	Sending pilot surveys to each group (companies and IPAs) and evaluating the answers
STEP 15	Adapting the final questionnaires and sending the questionnaire to final groups
STEP 16	Phone calls to some of the companies
STEP 17	Meetings with IPAs
STEP 18	Organization and classification of the answers.
STEP 19	Best practice case studies
STEP 20	Analysis of the results
STEP 21	Tabulation and Conclusions
STEP 22	Recommendations for the region and specific for each country from a short and long term point of view
STEP 23	Perspectives of future

Source: Author's compilation based on guides from the University of Notre Dame (Australia), Berkeley and Florida (USA).

In order to conduct the surveys, written questions for companies and staff of the IPAs operating in the nine countries were fomulated. These interview questions are linked to the reseach questions, derived from the problem statement and are rooted in the literature; the questions are introduced in the next section. Additionally, a complete list of the questions can be found in Appendix B. Its also important to mention that after receiving the answers from the IPAs, several interviews were organized during the event called " Regional Policy Dialogue " organized by the IDB in March 12th & 13th, 2016 in Miami. The objective of these meetings was to clarify some of the answers, doublecheck the data and express appreciation for their support. The qualitative date was collected from December 2015 until April 2016.

1.8. Definition of Concepts

Along the whole study there are several terms and concepts that are used repeatedly. This is the reason why, before jumping into the core of the study, it is relevant to define them as they are used in the document.

Investment.

Investment, for the objective of this study, can be divided in portfolio investment, capital investment and financial investment. Portfolio investment is defined by Du Plessis (1997, p.5) as “the total of the financial and real investments made by a person or institution”. Capital investment is “the money paid to purchase a capital asset or fixed asset” (Unisys, 2004). Financial investment is, according to Du Plessis (1997, p.8), the transfer of the purchasing power of capital, directly or through an intermediary to a third party who uses it for economic investment.

Foreign Direct Investment (FDI).

For the purpose of this study, FDI will be defined as “a category of international investment made by a resident entity in one economy (direct investor) with the objective of establishing a lasting interest in an enterprise resident in an economy other than that of the investor (direct investment enterprise)” (IMF, 2017).

The IMF (2017) defines a Foreign Direct Investment Enterprise as “an incorporated enterprise in which a foreign investor owns 10% or more of the ordinary shares or voting power for an incorporated enterprise or an unincorporated enterprise in which a foreign investor has equivalent ownership.”

Aftercare.

Young and Hood (1994) define aftercare as “comprising all potential services offered at the company level by Governments and their agencies, designed to facilitate both the successful start-up and the continuing development of a foreign affiliate in a host country or region with a view towards maximizing its contribution to the local economic development”.

UNCTAD (2007) notes that aftercare services include: (a) administrative services, to enable and facilitate TNC (trans-national corporations) operations in the host country by, for example, helping them to obtain permits; (b) operational, to help TNCs achieve operational efficiency and effectiveness through, for example, export promotion schemes; and (c) strategic, to enable TNC progress along the corporate development path, by supporting their efforts to develop new capabilities for strategic expansion.

1.9. Chapter Sequence

This study has eight chapters. The **first chapter** contains the introduction, the problem statement, the study's goal and objective, mention the countries and institutions that have been part of the study, the research methodology and defines the most common concepts that are used along the document.

Chapter two highlights the theoretical foundations of MNEs and FDI. This chapter reviews and evaluate the different theories and tendencies in FDI from early concepts to recent authors. For this purpose, it begins with a brief introduction to FDI economic framework, analyzing the benefits, the potential negative aspects of FDI and the motives and drivers behind the investment from the firm's perspective. Afterwards it focuses on FDI determinants, looking at FDI theories and the empirical evidence from companies' points of view. The different definitions of FDI and multinationals are included in section 2.2 to continue analyzing the FDI role in the internationalization process of firms, the business motivations to invest abroad and FDI determinants of location. There is a final section dedicated to investment promotion.

Chapter three contains the methodology. To accomplish the research objectives formulated in this work, empirical studies were required. The data necessary for conducting the statistical analysis were obtained by means of two surveys, one for investors and one for IPAs, conducted in an electronic format and through mail. This chapter describes the philosophy, the underpinning practices and procedures for conducting and replicating the research, and the type or research method chosen to obtain the expected results with the investors and IPAs.

The **fourth chapter** includes a benchmarking of good practices in aftercare and evidences from another regional IPA's are included. Aftercare services are defined and their literature reviewed. The structure of the wide range of services that an IPA could offer under the heading of aftercare is explained, under the three segments of administrative, operational and strategic services. A check list to develop an aftercare program is included and a summary of key steps to developing and implementing an aftercare program based in 'best practices' is included in the last section. Templates are based on the findings described along the study where best practice case studies can be found. This las section section provides a checklist of good practices in aftercare, covering policy, techniques and resources.

Chapter five is dedicated to analyzing in detail the results of the first survey, which was directed to investors already established in the Caribbean. Specifically, the recipient answers are analyzed individually, the percentage of investors planning reinvestment or investment expansion in the host country is discussed, as well as the percentage of respondents which cited obstacles to reinvestment and expansion, and the percentage of investors which cited different business support needs to assist with reinvestment/expansion. The last section is dedicated to the investor perception of the host countries.

Chapter six is provides and in-depth analysis of the results of the second survey conducted, targeting Caribbean IPAs. The respondent profiles of the nine IPAs are analyzed, as are the reinvestment targets and the type of aftercare services being provided by each of the IPAs. The last two sections are dedicated to reviewing which IPAs provide aftercare client segmentation and to show the most active IPAs in delivering services via websites and through meetings with investors.

Chapter seven, summarizes the conclusions of the study, recommends regional short and long terms actions and suggests new topics for further research and the final **Chapter eight,** concludes with the investor survey, IPA consultations and best practice analysis guiding the design of an individual action plan for each of the agencies.

Chapter 2. Theoretical Foundations

"Men are powerless to secure the future; institutions alone fix the destinies of nations."

Napoleon

MNEs and FDI have been objective of study in the economic literature since the sixties. This chapter number two reviews and evaluates different theories and tendencies in FDI from early to recent authors.

For this purpose, it begins with a brief introduction defining foreign direct investment (section 2.1), and multinationals (section 2.2). Section 2.3 is dedicated to the FDI economic framework, analyzing the positive and potentially negative aspects of FDI and the motives behind the investment from the perspective of the investing firm. Section 2.4 focuses on what the determinants of FDI are, and analyzes FDI theories and empirical evidence from the firm's point of view. It continues analyzing the role of FDI in the internationalization process of firms, the business motivations to invest abroad and FDI determinants of location (section 2.5). The final section is dedicated to investment promotion (section 2.6).

2.1. Defining foreign direct investment.

> "At the end, FDI, needs to be seen against a basic fact: territories do not look or at FDI as an end itself, but see in it a tool, a way to advance their development, maybe in a faster way if it is used with intelligence, strategy and focused." Sauvant, Maschek & McAllister, 2009.

FDI plays an important and key role in the global economy and can have significant effects on national economies. It can provide a country with access to labor and management skills and financing, new markets, affordable production, new technology, and competence (Sun, 1996; Barelli and Pain, 1997; Sun, 1998; Jay ataman, 1998; Borensztein, Gregoria and Lee, 1998; and Javorcik, 2004). Ilie (2013) maintains that "FDI has become the major economic driver of globalization, accounting for over half of all cross-border investments.".

Broadly spoken, FDI is a type of foreign capital, as opposed to domestic investment. Blonigen (2005) mentions that FDI is a foreign company's investment into commercial business activities by establishing production, manufacturing or service companies in the forms of subsidiaries in a different country than the headquarters' home country.

The literature ranges in definitions of FDI and the large institutions also provide different explanations, as contained by the IMF or the OECD, respectively, in the Balance of Payments Manual (1993) and in the Detailed Benchmark Definition of Foreign Direct Investment report (1996). According to the IMF (1993),

> "FDI refers to an investment made to acquire lasting interest in enterprises operating outside of the economy of the investor. Further, in cases of FDI, the investor´s purpose is

> to gain an effective voice in the management of the enterprise. The foreign entity or group of associated entities that makes the investment is termed the "direct investor". The unincorporated or incorporated enterprise-a branch or subsidiary, respectively, in which direct investment is made-is referred to as a "direct investment enterprise". Some degree of equity ownership is almost always considered to be associated with an effective voice in the management of an enterprise."

The UNCTAD suggests, to qualify an investor as foreign direct, a minimum of 10% of equity ownership and the OECD (1996) defines a direct investment enterprise as:

> "an incorporated or unincorporated enterprise in which a single foreign investor either owns 10 per cent or more of the ordinary shares or voting power of an enterprise (unless it can be proven that the 10 per cent ownership does not allow the investor an effective voice in the management or owns less than 10 per cent of the ordinary shares or voting power of an enterprise, yet still maintains an effective voice in management".

The Financial Times Lexicon (2017) sets FDI as "investment from one country into another (normally by companies rather than governments) that involves establishing operations or acquiring tangible assets, including stakes in other businesses."

According to the World Bank (2000), "FDI is a category of cross-border investment associated with a resident in one economy having control or a significant degree of influence on the management of an enterprise that is resident in another economy". As well as the equity that gives rise to control or influence, direct investment also includes investment associated with that relationship, including investment in indirectly influenced or controlled enterprises, investment in fellow enterprises (enterprises controlled by the same direct investor), debt (except selected debt), and reverse investment.

The defining feature of a MNE is FDI. Piana (2005) arguments that "since it is through FDI that a firm becomes a multinational, it is possible to conclude that it's the FDI process that generates MNC (multinational companies) or MNEs (multinational enterprises)." MNEs may make a direct investment by creating a new foreign enterprise, which is called a greenfield investment, or by the acquisition of a foreign firm, either called an acquisition or brownfield investment.

An efficient approach to this topic can be that, as the two forms of private investments can be strong complements to grow and diversify, an economy needs both domestic investment and FDI. The economic benefits of FDI have been identified a long time ago. Wint (1986) summarized the benefits of FDI based on an extensive review of economic literature; the "benefits traditionally attributed to FDI include job creation, transfer of technology and know-how (including modern managerial and business practices), access to international markets, and access to international financing" (detailed in section 2.4). Especially for the least developed countries, FDI means higher exports, access to international markets and international currencies, FDI being an important source of financing, and substituting bank loans.

Several empirical studies on the relationship between FDI and economic development touch on the conclusion that the effects of FDI are complex. The literature offers different perspectives and the effects of MNEs have been very much debated. There is still some controversy regarding their impact on host economies, as can be seen in the active anti-globalization movements.

2.2. Defining multinationals.

Multinational enterprises (MNEs) are nowadays the focus of much attention as they are central players in the world economy. There are many definitions for companies that operate internationally; this is in many countries in the world. However, their scientific analysis constitutes a young discipline.

As there is not a common and recognize official names for these firms, the literature offers several formal definitions of what multinational enterprises o companies are. Moosa (2002) highlights differences between three terms: *international*, *multinational* and *transnational enterprise*. International enterprise refers to a company that mainly produces its products domestically and exports the goods internationally. Multinational describes a firm that extend its business activities by establishing foreign production facilities. The term transnational company is used when the company becomes globally active to such an extent that its identity is not related to its own home or other country.

The UNCTAD defines transnational corporations (TNCs) as "those ones that are incorporated or unincorporated enterprises comprising parent enterprises and their foreign affiliates. A parent enterprise is defined as an enterprise that controls assets of other entities in countries other than its home country, usually by owning a certain equity capital stake." In its report titled Guidelines for Multinational Enterprise*s* (2008), the OECD explains that "TNCs usually comprise companies or other entities stablished in more than one country so linked that means coordinate their operations in different ways.

Dunning (1993) mentions that a multinational corporation is "an enterprise that engages in foreign direct investment (FDI) and owns or controls value adding activities in more than one country". The multinational firm and its main vehicle, FDI, are key forces in economic globalization. Krugman, Obstfeld, and Melitz

(2011) define FDI as “a firm largely owned by foreign residents acquiring or expanding a subsidiary firm or factory located in the host developing country.” The authors consider an investment to be FDI “when a domestic firm buys more than 10 percent of a foreign firm, or when a firm builds a new production facility abroad.” They categorize FDI as a firm having at least 10% ownership of the foreign firm because, at this point, the investing firm is considered to have control, or decision-making power, in the foreign company. The controlling or owning firm is known as a multinational firm while the controlled firms are called multinational affiliates.

Based in the definitions included before, it can be concluded that MNEs have the following two attributes:

1) they coordinate economic production among several different enterprises and internalize this coordination problem within a single firm structure; and,
2) a significant portion of the economic transactions connected with this coordinated activity take place across national borders.

These two characteristics distinguish MNEs from other firms. While many companies control and coordinate the production of multiple enterprises, and while many other firms engage in economic transactions across borders, MNEs are the only firms that coordinate and internalize economic activity across national borders.

There is consensus in the literature about the critical role that multinational enterprises (MNEs) play in the global economy and in economic development. WAVTEQ consultants (2016) shows that 70% of world trade is controlled by only 500 companies and two thirds of corporate R&D spending is conducted by just 700 companies; to access global value and knowledge chains, engagement with MNEs is essential.

To demonstrate this, consider the fact that, according the CIA World Fact Book (2014) and the Global Fortune 500 List (2014), many corporations have a greater turnover than the GDP of most countries and of the 100 governments and corporations with the highest annual revenues in 2014, 63 are corporations and 37 are governments. Anderson & Cavanagh (2000) found that of the 100 largest economies in the world, 51 were global corporations and 49 were countries. White (2012) listed the top 175 ‘economic entities’ in the world for 2011, using GDP for nations and revenues for corporations. Of these, 63% were corporations and 37% were nations.

This document uses the term MNEs for companies investing abroad by establishing foreign subsidiaries. The link between multinationals and FDI is, according to Moosa (2002), “that firms become multinationals when they undertake FDI” (p.7).

2.3. FDI Economic Framework

International investment patterns have suffered deep changes in the last three decades. The most important ones have been produced in the area referred to as FDI, the parts involved and the modalities used. On top of this, the changes have also affected the relationship between trade and investment and the norms that rule FDI worldwide.

Many least developed countries, which in the past received FDI focused almost exclusively in natural resources, find themselves recipients of more sophisticated goods and services as FDI (Blonigen, 2005). Nowadays, the number of goods and services sold to consumers through multinational foreign subsidiaries production is bigger than sales generated by trade (De Backer, 2014). This is due to the growth of global value chains (GVC), as 70% of the commercial transactions worldwide are produced between intermediary goods and services (OECD, 2014).

GVCs are also coordinated through increasingly complex relations with providers and respond to several forms of governance, from direct property of the foreign subsidiary to contractual models that don't imply equity investment, or other kinds of market relations. Each way has different implications in risk evaluation and the cost of the investment (Kowalski et al., 2015).

It is necessary that countries and territories put in place transparent and clear foreign investment policies, derived from the simple fact that FDI must managed. History demonstrates that, despite the key role of the FDI in development, FDI which is not managed carefully under effective governance structures cannot automatically generate better quality of life for the country's population.

Economic literature points out the many benefits FDI can provide recipient territories, including improvements in productivity, better jobs, higher salaries and knowledge transfer (OECD, 2015; Javorcik, 2013; UNCTAD, 2016).

FDI contributes to economic development because it assures the maintenance and expansion of capital (such as equipment, physical machinery, etc.). It is also a stimulus for innovation; it improves productivity by increasing the output and generates new jobs in the economy (Alfaro, 2006).

When investments are weak, growth is also weak; in the long term, this situation becomes less competitive and productive, with declining salaries and welfare suffering. Low growth and diminished productivity offer a less attractive business climate, which can generate a negative economy.

However, these benefits are not automatic. This means policies are required to maximize the potential benefits of the incoming FDI. One of the challenges is to keep in mind what the location determinants of FDI are for companies deciding to invest abroad (Hull, 2009).

2.3.1. The positive impacts of FDI.

FDI is considered as one pillar in an open and successful international economic system and a path to development. Some developing counties, emerging economies and countries in transition have made the best use of the linkages, obtaining substantial FDI benefits for the host country. As said before, FDI can also act as a catalyst for wider economic development. However, its economic impact is difficult to measure with accuracy. Its benefits do not increase automatically and equally across counties, sectors and local communities and vary from one country to another.

There are various forms of FDI, as Figure 4 below includes. FDI can be inward or outward, depending its direction, and horizontal, vertical or conglomerate, depending on the market entry and according to its motives. It can also be resource, market or efficiency seeking or a strategic asset. The different types are explained in the next sections of this chapter.

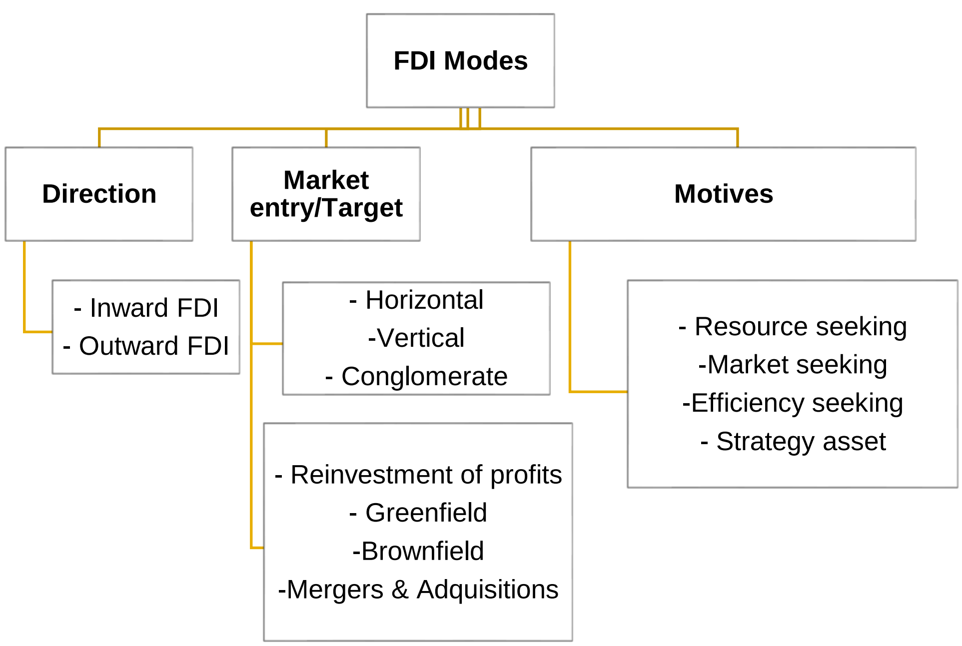


Figure 4. Types of FDI.

Source: Elaborated by the author based in several sources

To understand under what circumstances FDI can generate benefits to the country or territory where it is produced, it's important to point out that FDI can adopt three different forms:

1. ***Reinvestment of profits***. This type of investment is produced when a foreign owned company that is in a foreign country expands its business. This type of FDI expands the social capital in the country and is likely to create employment and contribute even more to the activity within the country. This type of investment generates volume of investment to developed countries, although it's not always easy to measure.
2. ***Brownfield or Greenfield***. Both brownfield and greenfield investments are carried out when a new foreign company is established in a country. A brownfield investment happens when the company buys or rents pre-existing installations to start a new production activity. A greenfield investment involves new installations, such as when a new facility is built. Both types of investments increase the capital in the economy, but the new investments can have a more beneficial impact in the domestic economy due to the building phase of a determined facility.
3. ***Merger and Acquisitions (M&A).*** These happen when a foreign firm acquires more than 10% of the voting shares in a domestic company. These M&As can help to maintain the existent activity, but this type of FDI does not expand the social capital of the economy.

This work is fully dedicated to the first type of investments, called also expansions. When the IPA provides services to attend this kind of FDI are called aftercare or post-investment services.

When expanding social capital, the first two types of FDI lead jobs and growth through the direct, indirect and induced effects within the domestic economy. The direct effects are linked to the foreign company's economic activity. The indirect effects are produced when the foreign companies buy inputs from local providers, such as intermediate good or service. The induced effects appear due to the increase of private consumption, which stimulates even more economic activity.

FDI can be associated with additional economic impacts that improve productivity, last longer, and are more dynamic in comparison to the direct, indirect and induced effects. These are, certainly, the positive aspects of FDI, and can be broadly summarized in three themes:

1. <u>Firstly,</u> foreign companies contribute technology, operative skills and knowledge management, therefore it is relatively easy for them to establish themselves in markets worldwide and compete successfully with domestic companies. This is what is known as knowledge capital (Markusen,

2005). Positive effects on the local business network are produced when local employees are contracted, employees arrive from the foreign company, or when the local company sells goods or services to the foreign company already established.

2. Secondly, when the multinational companies access a big, local market and acquire inputs, they are enlarging the size of the local market. A big market can allow existing providers to benefit from greater economies of scale, attracting new providers and stimulating competition (Markusen y Venables, 1999). With the improved competency, the most productive suppliers will acquire market share at the expense of less productive companies, increasing the general level of the country productivity.
3. Thirdly, the FDI can pave the way towards more FDI:
   - When raising wages and quality of life in a national economy, a big stock of FDI leads the market to be more attractive to other foreign investors in the country who provide services to the local market.
   - When increasing the market size, the local providers can obtain major economies of scales. Multinational companies can reduce the unitary input costs and improve the country's attractiveness as a place for other foreign companies that use the same production factors.
   - When facilitating the distribution of knowledge and the increase of the domestic work productivity, foreign multinationals are models for other foreign companies, which will be attracted by the initial investors.

Table 4. Compilation of Benefits of FDI for the Hosting Country

1.	**Human capital formation**	According to Miyamoto (2003), the motivations for MNEs to support formal education are out of charity, growing awareness of corporate social responsibility or publicity. Moreover, there are economic benefits for MNEs to invest in education. The OECD Development Center mentions that the key economic benefit that MNEs may gain is the possibility to hire graduates from the educational institutions that MNEs are supporting.
2.	**Higher productivity**	Backer and Sleuwaegen (2001) empirically show that productivity in foreign-owned firms is higher than in domestic firms. They argue that foreign firms use their economies of scale efficiently through their large-scale and capital intensive production process.
3.	**Capital/technical knowledge transfer**	Following Lensink and Morrisey (2001), MNEs are more R&D intensive and control much of the global R&D and patenting activity. Attracting FDI is critical to R&D and innovative activities in most countries and there are multiple spill-overs to local enterprises and research institutions.
4.	**Export market access**	Aitken, B., Hanson, G.H. & Harrison, A.E. (1997) support that "FDI is more export intensive than domestic investment and furthermore FDI can lead to increased exports by domestic firms through the linkages FDI provides into international production/service networks." Furthermore, inward FDI may stimulate exports from domestic sectors through industrial linkage or spill-over effects (Harrison, 1993).
5.	**Increased domestic investment**	According to Driffield and Hughes (2003), "When FDI comes to a sector that includes intensive domestic activities, domestic firms cannot withstand the resulting competition and they will be crowded out of the sector". This forces firms to innovate in order to compete with foreign firms.
6.	**Supply chain development**	Large investment projects can become a catalyst for supply chain investment by suppliers seeking to remain competitive by locating close to their major customers. This phenomenon is seen very clearly in the automotive sector, with a major auto OEM investment leading to multiple investments by suppliers near the OEM plant.
7.	**Enhancement of competitive business environment**	Porter (1990 &1998) supported that competition is the key to innovation and FDI can increase competition in the local economy spurring productivity and innovation. FDI inflows can result in technology transfers, human capital formation, international trade integration, an increase in competitive business environments, enterprise development, economic growth, and improved environmental and social conditions (OECD, 2002).
8.	**Market entry strategy**	The phenomenon of globalization makes companies see the world economy as their entire market. FDI growth has increased at a higher rate than the level of world trade.
9.	**Reduced costs**	FDI provides the benefits of reduced cost, as it permits coordinate advantages of different companies (especially for integrated supply chains) and the realization of scale economies.
10.	**Wage premium**	Martins (2004) concludes that "foreign owned companies generally pay higher wages and workers would benefit from the presence of more firms with the characteristics of multinationals, regardless of their nationality". Wage growth is increasingly a key objective in attracting inward investment; this helps elevate the skills level in host economies.

11.	**Cluster development**	This is commonly called ‘follow-the leader investment’. Attracting anchor foreign companies can be a stimulus for cluster development, with other companies, both foreign and domestic, attracted to invest in the location to do business with the major investor.
12.	**Contribution to international trade integration**	UNCTAD (2010) concludes that “FDI can accelerate the updating process of a developing economy and facilitate its integration within regional and global value chains.”
13.	**Distributional objectives**	To achieve balanced and sustainable development, governments place a strong emphasis on employment and wealth creation in poorer regions. Inward investment can act as a catalyst for growth but also can also be very footloose, when purely cost-or incentives-seeking. The literature, especially Sanjaya Lall (2004), shows that when inward investment goes to regions that have adequate absorptive capacity and into projects that have a high propensity to local embeddedness, the benefits are highest.
14.	**Improvement of environment and social conditions**	Based in an OECD report (2002), Kurtishi-Kastrati (2013) supports that “FDI generate relocating cleaner technology and guiding to more socially responsible corporate policies in the host country”.
15.	**National reputation and raising the brand value of a location**	Depending on the circumstances, the presence of a multinational may improve the reputation and the perception of country image and branding abroad. Attracting a flagship investor can put the location on the map for FDI, and make it easier to attract other major investors. Other large corporations and suppliers may follow the MNC and invest in the host country as well.
16.	**Access to natural resources**	According to the OCDE (2002), “…extractive industries in countries with abundant natural resources, can be developed beneficially with the aid of foreign investors”. FDI is also an effective way to acquire important natural resources, such as precious metals and fossil fuels.

Source: Author compilation based in different sources.

2.3.2. Potential negative effects of FDI.

The literature (Graham and Krugman, 2004; Hill, 2000; Brown, Deardorf & Stern, 2004; and Sachs, 2001) shows that although MNEs bring many benefits to host countries and the governments are trying to attract more and more investments, the negative effects of FDI in the economy of host countries should not be neglected. Any indifference to these issues may result in negative spillover effects, balance of payment deficits, dual economy, pollution etc.

- Crowding out effect of FDI

Kurtishi-Kastrati, S. (2013) mentions that FDI can have both crowding in and crowding out effects in host country economy. Countries that attract mostly domestic market-seeking investments will experience crowding out as the establishment of foreign subsidiaries results in tough competition with domestic firms. But for export-oriented investment, it might be less so (Bhalla and Ramu, 2005). The main negative effect of crowding out effect is the monopoly power over the market gained by MNEs. This diversity might be due to the fact that various economies attract different types of FDI.

MNE with lower marginal costs increases production relative to its domestic competitor, when imperfectly competitive firms of the host country face fixed costs of production. In this environment, foreign firms that produce for the domestic market draw demand from local firms, causing them to reduce the production.

The productivity of local firms falls as their fixed costs are spread over a smaller market which forces them to back up their average cost curves. When the productivity decrease from this demand effect is large enough, total domestic productivity can diminish even if the MNE transfers technology or its firm-specific asset to local firms (Aitken and Harrison, 1999).

- Negative wage spillovers

Wage spillovers of the FDI are considered to be mostly positive as workers of MNEs can leave their workplace and become entrepreneurs in future due to the value chain linkages, which will increase the competitiveness of domestic firms. However, it might cause negative consequences as well, especially, if MNEs hire the best workers due to their high wages and thereby leave lower-quality workers at the domestic firms (Lipsey and Sjoholm, 2004).

The results of the studies of Gorg and Greenaway (2001) is not clear, as negative and positive spillovers effects were found. One possible reason of the negative results in some developing countries is that the gap between MNE and domestic firms is very large for one party to influence another. Moreover, the labour markets in some developing economies are too segmented for wages in one party to influence another (Lipsey and Sjoholm, 2004).

- Negative Effects on Competition

Although in the previous section it was mentioned that FDI can boost competition, there are some authors, as Kurtishi-Kastrati (2013), who supports that host governments sometimes worry that the subsidiaries of foreign MNEs may have greater economic power than local competitors.

In the case of a MNEs, the foreign branch investing in the country could be able to finance their costs of operations within the support of headquarters. This movement could maybe drive local companies out of business and allow the firm to monopolize the market. In the case of developing countries, this concern tends to be greater.

- Dual economy effect

FDI, especially, made in the developing countries can lead them to have a dual economy, or dual level of lifes, which has one developed sector mostly owned by foreign firms and underdeveloped sector owned by domestic firms. Since the country's economy becomes overly dependent on the developed sector, its economic structure changes. Often this developed sector is the capital-intensive, while another one is labour-intensive. This effect is visible in most oil-rich countries, where foreign investments made in the oil and gas sector resulted in the resource boom and left the agriculture and manufacturing sectors underdeveloped.

- Infrastructure development restrictions

FDI controls basic infrastructure development by using resources from public investment in infrastructure and avoiding using it to especially deprive the poorer regions and the rural regions (Yamin and Sinkovics, 2009). As FDI is attracted mostly to wealthy parts of the host country, the infrastructure in these regions/zones will develop those areas and wont happen the same with the rest of the country.

- Environmental issues

A large volume of FDI is concentrated in natural resource sectors of developing and less developed countries. Most of these countries have a less strict or non-existent regulatory regime. Sometimes countries decide voluntarily to exempt or or reduce the regulatory requirements to attract companies. These countries can benefit from positive effects of investment but they can also suffer negative effects of

FDI on host country's ecosystems and environment might bring disaster in the medium/ long run (Gray, 2002).

- **Loosing political sovereignty**

FDI can cause political, social and cultural unrest and divisiveness in the host countries by introduction of different values and by direct interference of the MNEs in the political regime or electoral process in the host country (Dunning, 1995). Some developing countries with the economy overly dependent on powerful multinational enterprises are threatened of loosing political sovereignty (OECD, 2002).

- **Impact on labor rights**

Although multinationals pay their workers more than their competitors, many people have complained that multinationals abuse their workers in sweatshop conditions, and have demanded that products from these sweatshops be banned from U.S. markets (Brown, Deardorff and Stern, 2004).

It's also important to highlight that, nowadays, FDI is not always a new facility, office space or laboratory alongside the associated jobs. Sometimes it's just a transfer of intangible assets with the purpose of reducing a firm's tax burden. As the Economist Magazine, expresses "Globalization and the growing importance of intangible assets, such as patents, have made concepts such as residence and sources of income much less useful. Supply chains are now so complex that it is hard to know where a source-based tax on profits should be applied." (2016). FDI benefits are undeniable, but the recent practice of using offshore investment centers to avoid corporation tax can convert capital mobility into the focus of popular protest, as can trade and immigration.

2.3.3. Economic reasons to invest abroad.

With the generic objective to promote economic development and increase employment, countries tend to compete to attract FDI and therefore, technology, access to markets and to diversify exports. There is a distinction that can be made between forms of FDI depending what the firm is looking for when investing overseas (see Figure 4).

As this section details, the decision to invest abroad is driven by a series of factors depending on the underlying motive implicit in the investment itself. FDI can also be categorized based on the motives and drivers that are behind the investment from the perspective of the investing firm. Dunning (1993, 1998), Markusen & Maskus (2002), Grossman et al., (2006) and Cantwell & Mudambi (2005) distinguish between:

I. **Market seeking.**

Market size remains an important determinant of global FDI flows. Once a specific international market reaches a certain level of importance in terms of profit generation, FDI becomes a considerable option within firms to better serve this local market. Such market growth may lead to the establishment of a local representative office but also to local production if the local or regional market is of considerable size and costs can be lowered. Market-orientated MNEs look to increase revenue by seeking: (a) access to larger and emerging markets, (b) a more favorable regulatory environment, (c) technology and information transfer; and (d) to preclude or counteract moves taken by competitors. Those investments seek to acquire factors of production more efficient than those obtainable in the home economy of the firm. In some cases, these resources may not be available in the home economy at all.

II. **Resource seeking.**

Multinational companies can decide to invest abroad to get the necessary supplies for the production to assure the competitiveness of the company. These can include natural resources, qualified human capital and technological or management capacities. The decision of these companies to relocate will depend on factors such as the real cost, access to raw materials, and the relative surplus or the relative productivity of the resources needed. UNCTAD (2009) highlights that with quickly-rising world demand in commodity markets, triggering imbalances and thus boosting prices, this type of FDI has boomed since the mid-2000s especially in resource-rich developing countries.

III. **Efficiency seeking.**

This type of FDI tries to take advantage of differences in factor costs among locations. As it is concentrated on relatively unsophisticated tasks, it is especially seen in investments by firms from higher-cost regions into low-cost regions to reduce costs. The scope for efficiency-seeking FDI originates from advances in information and communications technology (ICT), trade liberalization and cost-effective transportation, which enables firms to take advantage of international factor cost differentials. Efficiency seeking FDI has contributed significantly to growth in intra-industry trade flows (Gray, 1998). These types of investments correspond to firms hoping to increase their efficiency by exploiting the benefits of economies of scale and scope, and those of common ownership. The ideal is that this type of FDI comes after either resource or market seeking investments have been realized, with the expectation that it further increases the profitability of the firm. Typically, this type of FDI is most widely practiced between developed economies.

IV. **Strategic assets**.

Different from the traditional asset-exploitation motives of FDI, more recent FDI research also argues that firms expand internationally with the primary intention of acquiring valuable knowledge that resides abroad, rather than to exploit existing competencies. A strategic asset or capabilities seeking expansion would allow the investor to access new technology, skills or knowledge and may involve the following strategic operations: (a) acquisition of key established local firms, (b) acquisition of local capabilities including R&D and existing patents, knowledge and human capital; (c) acquisition of market knowledge, (d) pre-empting market entrance by competitors; and (e) pre-empting the acquisition by local firms by competitors (Kedia et al. , 2012, Bhagat et al., 2002, Cantwell & Janne, 1999 and Chung & Alcacer, 2002).

In some cases, an alternative to the company investing abroad will be trading, such as the exports of final goods or intermediary goods through international subcontracting, or another type of cooperation, such as joint ventures or licenses. The FDI patterns will also respond to a series of factors that affect the transport costs, the risk of investing abroad, the intellectual property, licenses, etc.

In summary, it's expected that the FDI models worldwide will answer to a series of factors that can affect the attractiveness of a location in different markets, such as the macroeconomic evolution and specific factors related to a determined country, sector or company.

Through the following pages, in-depth research is done on the FDI recent trends, the determinant factors of investment and the process of investing abroad from the business point of view.

2.4. FDI Determinants: Theories and Empirical Evidence

2.4.1. FDI determinants in economic literature: theories.

The primary questions of FDI require the exploration of different areas of the literature that help solve questions like: “who is the investor?”; “what type of FDI will be used?”; or “why is a foreign entity going to invest in a particular country or region?”. Other include: “which are the benefits for the foreign company?”; “what are the factors that attract FDI and where is the company exactly going to invest?”; or “when is the investor intending to enter the market and how is the market to be entered?”

Before going deeper into FDI theories, **it’s important to understand the basic motivations that direct a company to invest abroad.** That firm could export or outsource production to national firms, but understanding the reasons companies choose to invest abroad will support a broader knowledge of FDI. **The purpose of this section is to identify the main trends in FDI theories, highlight how these theories were developed and the position of each one regarding the questions above**.

Although several researchers have tried to explain the phenomenon of FDI, it’s not possible to isolate a commonly accepted theory. However, according to Kindleberger (1969), everyone does agree that “in a world characterized by perfect competition, foreign direct investment would no longer exist.” There is a general consensus also with Moran (2006), who wrote that “FDI can be beneficial for development or detrimental to development.”

Economic literature has studied FDI since the sixties. During these last fifty years, multiple theories have been developed from the macroeconomic, microeconomic and development (a combination of both macro- and microeconomics) points of view. In the following paragraphs, the most relevant theories are explained in detail.

Micro-level theories are focused on organizational aspects of the companies, costs reduction and economies of scale, all as factors that explain FDI flows. From the macroeconomic point of view, relevant aspects are the availability of resources, entry barriers, country risk and political stability as determinant factors within FDI analysis (Assunçao, Forte & Teixeira, 2011).

The literature has contributed substantially to understanding FDI factors since the reformulations of the Heckscher-Ohlin model, which identifies low labor cost seeking, getting higher investment returns or the exchange rate as FDI determinants. Our understanding of FDI evolved with the product life-cycle theory developed by Vernon (1966), created in response to the Heckscher-Ohlin model's failure to explain the observed pattern of international trade. Vernon suggested the determinants were the characteristics of the production function.

More recently, the new theory of trade supports the importance of the size of the market, the transport costs, the entry barriers or the factor endowments as main explaining elements of investment flows, with the contributions of numerous authors such as Krugman (1983) and Markusen & Venables (1998, 2000).

It's also important to mention the institutional theory perspective, in which the political variables, taxes and incentives play a key role in explaining of FDI (Bond & Samuelson, 1986). Although there are other interesting theories that explain the investment flows and its determinants, as those based in the imperfection of the markets or product differentiation, it's enlightening to examine the perspective that institutional theory has contributed. This theory attempts to explain the influence of the political and institutional variables in the foreign investment flows. It suggests that companies operate in a complex environment that is unpredictable and sometimes contradictory and therefore their decisions will depend on the strengths of institutions, especially the applicable regulations and incentives (Francis *et al.,* 2009).

Under this context, the strategies that companies adopt will be determined by the 'rules of the game' that are particular to each country. **FDI will depend on how the companies and government of the receiving country play and on how each country is positioned to attract FDI within the international arena.**

Empirical research investigating the relationship between institutional factors and investment flows show, as expected, that economic stability has a positive effect on FDI. Cleeve, (2008) even explains that it's impossible to conclude statistically significant effects of financial incentives and taxes, whether a temporary tax exemption, profit repatriation or concessions, on the type of FDI.

However, the governments increase their efforts, using incentives as instruments to attract and maintain capital that is increasingly mobile. The question is if, and under what circumstances, the costs of incentives used to promote and retain investment overtake the profits obtained.

Recently, the focus among FDI determinants has an incorporated enterprise in which a foreign investor owns 10% or more of the ordinary shares or voting power for an incorporated enterprise or an unincorporated enterprise in which a foreign investor has equivalent ownership." Determinants associated with infrastructure, human capital, production costs or economic stability (the O-L-I paradigm), size and growth of the market, factor endowment, openness of the economy (the new theory of trade) or political instability, the institutional quality, the tax and financial incentives (the institutional theory) or factor endowment. An example of a factor endowment with respect to land would be the presence of natural resources, such as water. A country's factor endowment means that the existence of a comparative advantage is, in turn, affected by the abundance, productivity and cost of labor, land and capital (Financial Times, Lexicon dictionary, 2017). According to the O-L-I paradigm (Dunning 1979), a multinational company needs a series of elements that compensate the set-up costs and the disadvantage situation in comparison to a domestic company. They are ownership advantages (O), location advantages (L) and internalization advantages (I).

- Ownership advantages: Ownership specific advantages refers to the competitive advantages of the enterprises seeking to engage in FDI. The greater the competitive advantages of the investing firms, the more they are likely to engage in their foreign production. Competitive advantages could include trademarks, production techniques, entrepreneurial skills, and returns to scale.
- Location advantages: Locational attractions refer to the alternative countries or regions, for undertaking the value adding activities of MNEs. The more the immobile, natural or created resources, which firms need to use jointly with their own competitive advantages, favor a presence in a foreign location, the more firms will choose to augment or exploit their specific advantages by engaging in FDI. These advantages could be the existence of raw materials, low wages, special taxes or tariffs.
- Internalization advantages: Firms may organize the creation and exploitation of their core competencies. The greater the net benefits of internalizing cross-border intermediate product markets, the more likely a firm will prefer to engage in foreign production itself rather than license the right to do so. (They seek the advantages of their own production rather than producing through a partnership arrangement such as licensing or a joint venture).

As a last resort, FDI objectives will be always associated with the fundraising of resources (raw material in particular), market seeking and efficiency seeking. In practice, they can also coexist in more than one of these objectives.

As shown in figure 4 of section 2.3, according to these objectives, **FDI can adopt basically two forms: vertical or horizontal.** Horizontal FDI occurs when "the affiliate replicates the production process (that the parent firm undertakes in its domestic facilities) elsewhere in the world," while vertical FDI occurs when "the production chain is broken up, and parts of the production processes are transferred to the affiliate location" (Krugman, Obstfeld, and Melitz 2011). Horizontal FDI is often used in place of exports, in an effort to get past trade barriers such as import tariffs (Helpman, Melitz & Yeaple 2003).

Both horizontal FDI and vertical FDI are driven by an attempt to reduce the costs of the multinational firms. Horizontal FDI takes place to reduce the costs of international trade such as transportation costs, tariffs, and quota controls by having the final production facility located in the foreign country. Vertical FDI, on the other hand, is driven by the theory of comparative advantage. It is where the production process is broken down in stages between economies. A multinational firm attempts to take advantage of abundant factors of production in a foreign country by establishing a multinational affiliate capitalizing on the abundant factors with the goal of driving down input costs of making a good or providing a service (Krugman, Obstfeld, and Melitz 2011).

Vertical FDI can be used to gain from international differences in price of inputs, such as labor (Helpman 1984), although the empirical records for this proposition are mixed (Braconier, Norbäck & Urban 2005).

In any case, multinational business strategies are more complex each time, in a way that this traditional classification is not always appropriate and FDI has to be increasingly considered as complex phenomenon based in mixed strategies (Myro et al, 2014).

The literature also indicates that it's important to distinguish the FDI determinants depending the sector of activity. The three-sector theory is an economic theory which divides economies into three sectors of activity: extraction of raw materials (primary), manufacturing (secondary), and services (tertiary) (Fisher, Clark & Fourastié, 1970).

For investments in the primary sector, the determinant element is not linked to macroeconomic stability, level of development or institutional quality, but to the localization of natural resources and the effects of agglomeration (clustering effects). Within secondary and tertiary sectors, although both are differentiated from agglomeration, the investment in the tertiary sector will answer more to the macroeconomic conditions that in the secondary sector. For instance, a weak real effective tax exchange rate seems to attract more industrial FDI to an economy, but at the same time, it can reduce FDI in the tertiary sector. Tertiary FDI flows are higher within open economies with strong growth. More flexible labor markets and deeper financial markets will attract more secondary FDI, while better infrastructure can attract more tertiary FDI (IMF, 2010).

For tertiary FDI, it's not clear whether factors that attract FDI to rich countries are the same than attracting FDI to developing countries. However, for industrial investment, flows are attracted by developed and developing countries following the same macroeconomic criteria. Within the tertiary sector, the situation is the opposite: the macroeconomic conditions that determine investment are more important for developed economies rather than for those developing economies.

It's possible to conclude that, although the strong FDI growth during the last decades has been matched by abundant theoretical and empirical research about the investment determinants over a specific territory, there is not a unique set of results to apply worldwide to all research cases.

The next section examines FDI determinants taken into consideration by the company on a microeconomic level: institutional framework, taxation system, legal certainty, public safety, the existence of corruption, infrastructure, etc. Depending on the FDI goal, the importance of each of these factors will be different.

2.4.2. The FDI of role in the internationalization process of firms.

Investment abroad is a step in the internalization process of a company. This process can be defined as a process through which a company develops its capacities to carry out business outside of the markets that constitute its original geography environment. Internationalization has four key components:

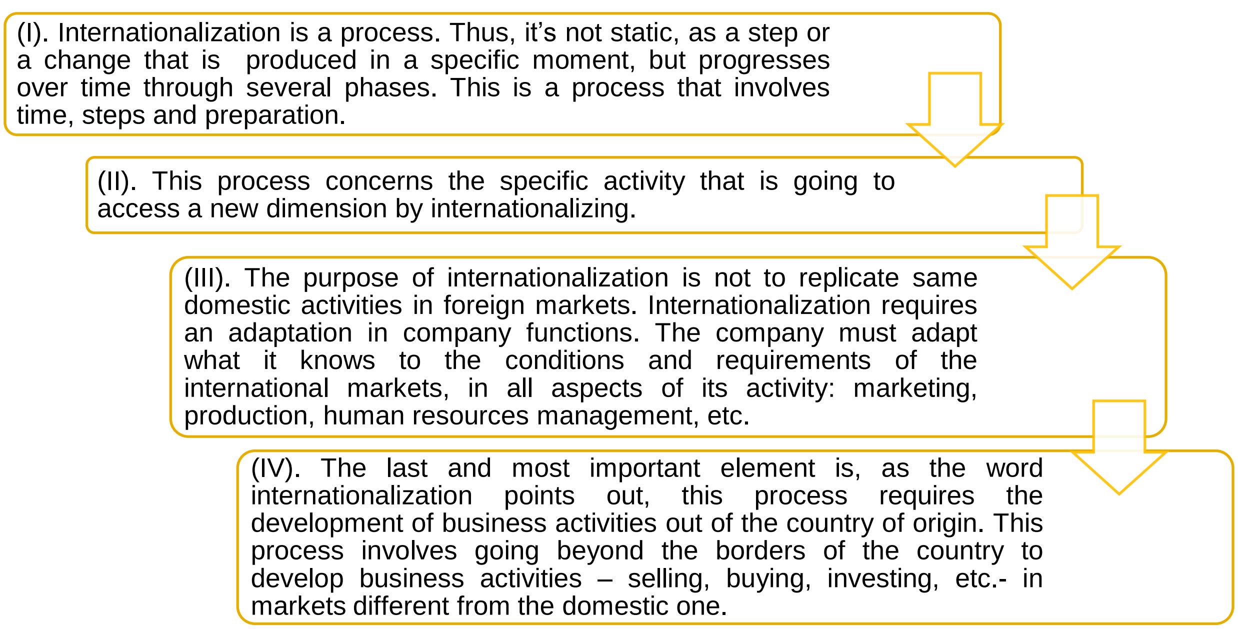


Figure 5. The Components of Internationalization.

Source: Elaboration by the author

The Uppsala Model (Johanson & Vahlne, 1977, 1990) is one of most frequently cited models in the internationalization literature (c.f. Andersen, 1993; Langhoff, 1997; Oviatt & McDougall, 1994). The model states that firms tend to internationalize first to geographically close countries and gradually move to more distant markets. The model also states that as a firm chooses a new foreign country, it will start from a low resource-commitment and only increase commitment as it gains experiential knowledge in the foreign market. The model has been tested mainly in manufacturing industries. However, considering the growing importance of services in the world economy, it is questionable whether the model assumptions would also apply to services.

Services are defined as "...deeds, performances, and efforts that provide benefit to customers" (Cloninger, 2000, p. 9). Such a definition is broad enough to cover all types of services, including those embodied in a product offer.

Globalization is such a commonly used term in the twentieth century. **What's the difference between globalization and internationalization?** According to the Global Policy Forum, (1999):

> "Internationalization refers to the increasing importance of international trade, international relations, treaties, alliances, etc. International, of course, means between or among nations. The basic unit remains the nation, even as relations among nations become increasingly necessary and important. Globalization refers to global economic integration of many formerly national economies into one global economy, mainly by free trade and free capital mobility, but also by easy or uncontrolled migration. It is the effective erasure of national boundaries for economic purposes".

Are all internationalization processes similar? Do they have the same stages? The internationalization process and its stages tend to be diverse and heterogeneous, so it's not recommended to generalize. An eclectic approximation would be necessary. The process can develop in different ways, depending on the activity and sector of the company, size, country, etc.

These are, generally, the stages most of companies go through in their internationalization process:

Table 5.
Stages of the Internationalization Process

STEP 1	Import	Many companies start their contacts with the foreign markets because they start to import products from abroad. They discover that they can purchase more advanced equipment and supplies at better price in overseas markets. Their first international operations are, thus, imports. This allow them to make contact with companies from other countries and start knowing the functioning of the international operations.
STEP 2	Export	After some time, the logical step is for the company to ask themselves if it would be possible to sell abroad to other markets, as other companies do. After a first stage as importer, purchasing supplies or machinery in other countries, the company can make a qualitative leap in its internationalizations process and start to develop an export activity.
STEP 3	Commercial Internationalization	This term refers to the establishment of the company abroad, promoting sales through its own branches. The company opens representation offices or similar, looking to strengthen its commercial work. This is the first step in establishing foreign presence.
STEP 4	Productive Internationalization	This is FDI. In this stage, the company decided to establish itself abroad to develop and create its products. That is, it establishes productive units such as facilities, laboratories, offices, etc.
STEP 5	Globalization of the Company	In this last, theoretical phase, the company loses its 'nationality' and it converts into a worldwide company. Its management is carried out globally, establishing production centers, researching, etc. in those places that the company considers more convenient.

Source: Elaborated by the author based in Andersen, 1993; Known & Hu, 1995; Melin, 1992; Sikorski & Menkhoff, 2000.

Apart from the stages mentioned above, the internationalization of the economy and the companies have supported the development of the global value or supply chains.

2.4.3. Business motivations to invest abroad.

When a company undertakes an investment in other country, it has already had to make two basic decisions:

- The decision of investing abroad; and
- Electing the location where the investment will be done.

Both topics have been the object of widespread review in the economic literature. In this section, these topics are both analyzed with a practical orientation and thinking specifically in providing the tools for governments to stimulate the attraction of FDI.

The most cited taxonomy of FDI motivations is the one proposed by Dunning (1993). It should be pointed out that it is built upon the OLI paradigm (Dunning, 1977), mentioned in section 2.4.1, explains why (Ownership advantage) and how (Internalization advantage) a firm decides to become a multinational and where (Location advantage) it is more likely to invest. Other authors have made use of this category by just referring to the definition given by Dunning, and, using different dimensions of it. For some of them (e.g. Eckel, 2003; Nunnenkamp and Spatz, 2002), this category is overlapping or very close with the case of resource seeking, because it is described to happen only as a way to fragment production, thus gaining from the cheap cost of labor in less developed countries. Other authors (e.g. Bevan and Estrin, 2000; Campos and Kinoshita, 2003; Kinoshita and Campos, 2004) instead underline the possible gain of common dispersed activities by exploiting economies of scale and scope due to the fact that the MNE is able to diversify its asset.

As mentioned before, the **two-traditional motivations** in the decision to invest abroad have been: (1) **cost reduction** that permits an increase in efficiency and competitiveness and (2) **access to markets**. Regarding the first motivation, **cost reduction,** the company seeks to reduce the costs of the production process by establishing production in countries where those costs are less than in the country of origin. The key factor is normally workforce. This phenomenon has been named ‘relocation’ because companies from developing countries (normally) move their productive facilities to other countries with minor costs, overall salaries and labor force costs in particular. The destination countries are developing countries where the costs of the workforce are reduced. When considering workforce costs, not just salary costs have to be considered, but other elements affecting the workforce costs, especially social security expenses and the flexibility of the job market to contract and dismiss, adjust personnel, and engage in temporary contracting. All these elements have an impact within the workforce costs, from a holistic point of view. Some authors refer to this type of investment as ‘export platforms.’ The fundamental motivation of the company is to take advantage of the lower costs of a locality to produce at more competitive prices and then export a large part of the production to other markets, including the company’s market of origin.

In order for the investment to be done, it’s important the country is first open to foreign investment, so the products manufactured, whether final or intermediate, can circulate relatively easily among the countries. This type of FDI can be named as “-vertical-”, where the fundamental purpose of the investment is to distribute the phases of the productive process within a different location, looking to take advantage of them. In this way, prices are reduced and competitiveness grows.

Taking advantage of the lower costs of the workforce is, for instance, the main motive that justified the first wave of company relocations in China, from the eighties onward. This movement made the country the first receiver of FDI worldwide and earned China the title of ‘factory to the world’. China has been for the past several years, the most important destination to relocate productive activities to benefit from lower costs, mostly labor costs. However, as the country has developed economically, the salary costs have increased and have stopped being the key factor of FDI attraction.

The second motivation of a company to invest abroad is more linked to be close to the markets (**access to markets**). Indeed, the firm can actually invest in a country which is different from the market it wants to exploit, as in the case of “export platform” FDI (Ekholm et al., 2003).

In turn, this motivation can have sub-reasons that explain the investment:

- One reason can be that the company would like to move its production is because it eludes tariff barriers or another type of barriers that raise the product’s price or complicate sales.
- Another reason is to be closer to the consumers, so it can adapt itself better to their habits and preferences, better know the marketing channels, publicity, etc.
- The company can also reduce the associated costs of transport involved with exporting products from its country.
- The fact that the destination country belongs to a free trade zone or another type of economic integration can influence the decision of the company. The embedding facilitates access to other

markets apart from the original domestic market. The foreign investment is an export platform for countries belonging to the free trade zone.

The common factor to all these cases is that the main motivation to move production is not based in reducing production costs, but locating production facilities close to where the demand is located.

Although cost reduction and access to markets have traditionally been the two most important motivations, there are other motives that can be also relevant. These motives are:

1. Firstly, **resources provisioning** or **sourcing inputs.** The cause of this investment is to assure the availability of resources necessary for the productive activity of the company. An example can be the case of the oil companies that, if they want to have crude oil, must frequently look for it in other countries. So, to undertake those exploration and production works, it's common that they invest and establish companies in those countries where they carry out those activities.
2. Secondly, a company can invest abroad with the purpose of **accessing technologies** that it doesn't have access to, or acquiring management methods, brands, marketing and commercialization channels, market knowledge, etc. In short, the objective of the company is to access to a series of skills that it doesn't have and that will permit it to increase its competitiveness and/or sales. For these cases, its normal that the investment is produced through acquisitions of successful companies already existent companies and not through greenfield project, that will suppose the establishment of new productive facilities.
3. Lastly, companies generally aim to **increase the profits** and **improve the productivity** in the internationalization process.

2.5. Determinants of Location

Once a company decides to invest abroad, the key question raised afterwards is the election of the location. As is logical, electing the investment location is conditioned foremost by the company's objectives. If a company is looking to reduce its costs through offshoring, the most attractive destinations will be those that offer the best labor conditions in terms of costs, but also other low costs such as rentals, utilities, etc. (Aharoni, 1966).

If a company seeks access to new markets, the most attractive destinations will be populated countries with high *per capita* income, strong economic development and the prospective of maintaining high economic growth, etc.

On a secondary level, companies base their location decisions on a series of local and national characteristics which affect its functioning and the profitability of their operations.

A number of studies (Dorrenbacher and Geppert, 2006; Johanson and Vahlne, 1990) have dealt with entry strategies and the factors influencing those strategies. These characteristics include the following (Assunçao, et al, 2011; Keillor, Hausen and Griffin, 2009):

- **Exchange rate stability:** The evolution of the exchange rate can affect the value and the ability to rent the investment (Goldberg, 2006).
- **The institutional framework:** Potential investor companies take this aspect into great consideration, as it has a determined influence over operational conditions. The level of respect provided the legal system, the arbitrariness or stability of regulations, and the intervention of the government in the economic activity are some of the most relevant aspects of the company's choice. Recently, the level of corruption is also key.
- **Incentives to the foreign investment**: Incentives, especially tax incentives, grants and credit facilities, are a determinant that affect directly the profitability of an investment. These factors are considered by companies when choosing a location, even though the import of each will depend on the sector and the activity.
- **The support of IPAs:** Companies value the support of public agencies when studying a market in which they plan to invest. These agencies can facilitate the work of the foreign company, providing information, guiding the firm with first steps, supporting its search for partners, etc. This support reduces costs sunk into the investment process.
- **Political stability:** Political stability is a relevant factor that conditions its economic evolution and growth. This topic is becoming more relevant for companies during recent years particularly, where the instability of the geopolitical framework worldwide has increased.
- **The macroeconomic situation**: Economic stability affects the development of an economy, its inflation, the balance of payments, and tax exchanges, among other factors. The economic growth of a country affects the level of company sales and therefore its profitability. In countries with balance of payments issues, the company may not be able to find foreign currency necessary to

exchange its profits. If unable to access their national currency, the firm cannot repatriate profits. For example, this is the situations of numerous foreign companies currently located in Venezuela.

- **The taxation system**: Tax levels directly affect the earnings a foreign company can get from an investment in another country. The income tax affects the level of income available to expatriates sent to manage the company, and therefore the salaries the firm must pay, an additional operational cost (OECD, 2008). There is a deep, negative correlation between FDI and taxation levels. A recent study by Donelly (2014) shows that each 1% increase in the tax rate reduces FDI by 3.72%. The tax framework is key for foreign investments.

- **Cultural aspects**: This aspect is more difficult to quantify and evaluate, but affects the investment decisions of companies. In countries with which firms share more cultural connections, such as common languages or historical links, a firm can better understand the country's business environments and can more quickly adapt their work to the new country.
- **Cluster existence**: Several studies show that the existence of company clusters is beneficial for certain companies. For instance, in one FDI Intelligence study (2014), the existence of a cluster or of a certain critical mass of companies was quoted as a positive determinant of investment in 64%of the investment projects studied.
- **Quality of the workforce:** The availability of a qualified workforce factors into where a company locates its business. As the technological skills required for production increases, this element becomes more relevant. In addition to technical knowledge, language level is also important, particularly English.
- **Connectivity and telecommunications:** Similar to the importance of internet connectivity, other factors such as new technologies, the internet of things, the ability to digitalize information, and the availability of networks that provide reliable and adequate connectivity, have also become indispensable requirements for the investments of companies.
- **Logistics and transportation**: The relevance of logistics and transportation will depend on the nature of the company's activity. For cases where the investment is basically an export platform, the availability of reliable logistics and transport systems are vital to moving merchandise.
- **Quality of life:** The quality of life of countries and cities can indirectly impact the attraction of foreign investment. The quality of life is not an element directly relevant to the investment decision of a company, but can affect the conditions of expatriate workers and impact the company cost schemes.

As seen in preceding paragraphs, there is a wide range of factors that affect the investment decision of the companies. The question is: **which are the most influential factors?**

The figure below, extracted from an A. T. Kearney Survey (2016), compiles the valuation of factors considered when respondent companies are investing abroad. As the figure shows, the three most influential factors are: (1) domestic market size, (2) cost of labor and (3) regulatory transparency and lack of corruption.

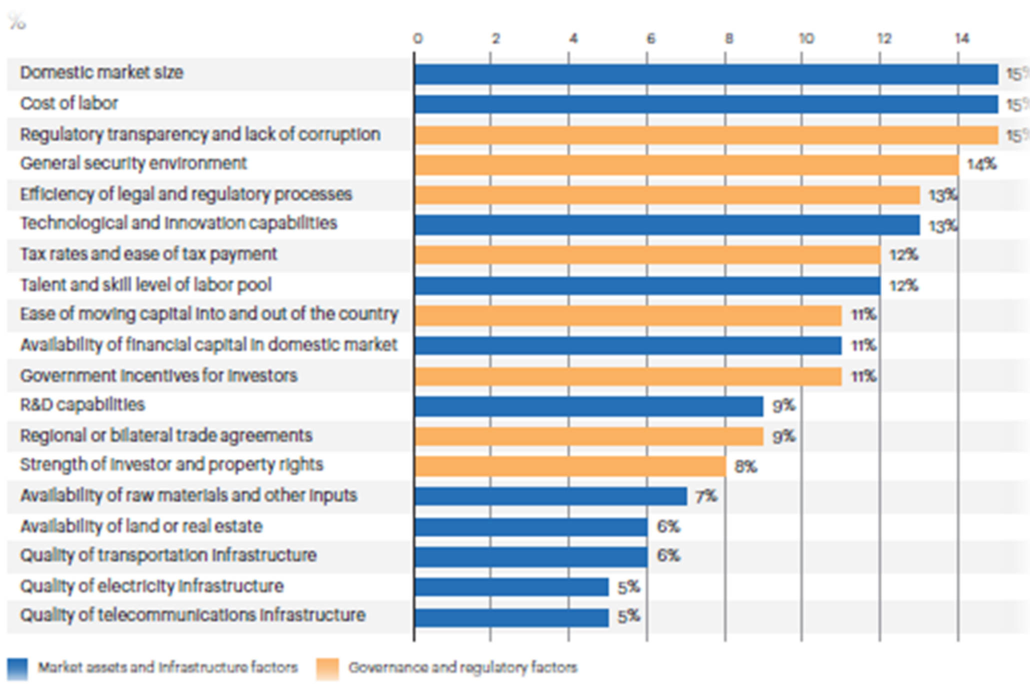


Figure 6. Most Important Overall Location Determinants.
Source: A. T. Kearney, Foreign Investment Confidence Index, 2016.

The factors immediately following these are: a) the general security environment, b) efficiency of legal and regulatory processes, c) technological and innovation capabilities, d) tax rates and ease of tax payments and e) the talent and skill level of the labor pool.

Another relevant aspect of the A.T. Kearney survey is the comparatively minor relevance of infrastructure factors. As Figure 6 shows, the lower ranked factors are the quality of transportation, electricity and telecommunications infrastructure.

For companies concerned with investments costs, the more relevant determinants are the labor costs, input costs used in the production process and the tax burden. For those companies, more oriented towards market concerns, the key determinants are: the existence of big markets, the perspectives of economic development and the solvency of the economy.

2.5.1. Sector and geography determinants.

The importance of these factors varies depending of the geographical origin of the companies, its sector and geographic destinations of the investments. Per the A.T. Kearney (2016) study, Asia-based companies are more interested in labor costs and security framework, while American companies prefer a talented labor pool and the Europeans concern themselves with market size (see Table 6 below).

Table 6.

Key Factors Depending of Geographical Origin of the Company

Region	Factor
Asia	Labor costs
	Security
America	Labor pool talent
Europe	Market size

Source: A. T. Kearney, Foreign Investment Confidence Index, 2016.

By sector, service companies are focused on the market size and the transparency of government regulations. On the other hand, industrial companies prefer favorable labor costs and security regulations. IT companies especially value the technological and innovation capacities, although they also value a skilled labor pool and R&D capacities.

Table 7.

Key Factors Depending on the Company Sector

Sector	Factor
Services	Labor market; Transparency of governmental regulations

Industry	Labor costs; Security
Technology	Innovative and technological capacities; Labor pool talent; R&D capacities

Source: A. T. Kearney, Foreign Investment Confidence Index, 2016.

However, the determinants of the investment are not just influenced by the country of origin and the sector, but also by the destination country. The companies that invest in developing countries are open to exchanges that make more profitable their investment, also from the corporate social responsibility (CSR) point of view[4]; Companies can maybe loose in macroeconomic stability and training, for instance, in favor of low salaries or access to a protected and lucrative market, as mentioned in a working paper of the International Monetary Fund, (Walsh, 2010).

2.5.2. Selection criteria.

The relevant question is why a company chooses one location across the rest of the world?

First, it's important to mention that companies normally tend to stay far from a just numeric vision of the investment. This does not mean the internal or external teams are able to do a benchmark comparison of locations. What is clear is that multi-level organizations have limited capacity and time to study the decision of location, given their busy daily activities.

The companies often enjoy previous experience in the market where they are considering investing, be it through exports, agents, exchanges, technical collaborations or personal relations. This experience is key, as the company forms a direct opinion about the market and the agents. The moment is called "productive spare time.". Those passive impressions form the image of that country, region, or city within the imagination of the company.

The economic literature (Ahmed, Zafar U. *et al.*, 2010; Erramilini, 1992; Sanchez Peinado and Pla-Barber, 2006), among others mention the following criteria for selecting a location for a company:

[4] CSR is a concept with many definitions and practices, but in this context, can be defined as a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders.

(a) Causal criteria

What is a company looking for in a location when it decides whether it is adequate for investment? The company looks preferably to solve a growing market need, or to improve operation, reduce costs, boost competitiveness or differentiate its products. Companies seek to do this without compromising quality, or losing reliable and appreciated customers. As mentioned before, the categorization of these elements is complex, as the cases are seemingly infinitely heterogeneous.

(b) Environment criteria

Environmental factors are the basic criteria that drive the decision-making process of a company, but they are circumscribed within a more complex umbrella, in which a series of institutional factors decide the final outcome. These factors reflect what is known as the "business ecosystem" and determined by different variables that generate the continuous cycle of attraction, maintenance and reinvestment in the same location. Not all factors that determine an ecosystem have the same importance, depending on the type of investment, area of activity, company, origin or cause of the investment. Yet all influence in the investment decision. Key factors that determine a business ecosystem include:

- **Governmental activities**: Policies to support the establishment of foreign companies, solid and stable legal framework and an effective and predictable judicial activity.
- **Developed financial system:** Assorted sources of finance, open to risks and at a reasonable price.
- **Services for business:** Network of professionals that can offer legal, tax, financial and labor support oriented to the specific type of investment.
- **Business climate:** Positive consideration of the presence of foreign companies, the active presence of business associations (national and international), reliable providers, security, quality of life, flight connections, etc.

(c) Internal influence criteria

Before continuing, it's important to note the series of elements that influence decision-making process internally, which can determine an investment selection. All of them can influence company decision-making; they must be considered by a territory when developing their country value proposition. Influential elements in determining an investment location:

- Previous knowledge of the culture and environment of the country;
- Organizational understanding of the location;
- Existence of opportunities in the territory;
- Broad experience of the managers running the company;
- Network of contacts; and
- External knowledge acquisition through the external consultants and investment promotion agencies.

These points are easily identified in the preparatory phases. Due to this fact, public institutions can better influence them. However, there are other internal elements which are more difficult to influence and that will determine the fluency and viability of the investment (Kukovetz, 2002).

For instance:

- **Managerial commitment and initiative:** The board will determine the priority of the project and will assign resources.
- **Correct timing:** The company must be able to decide internally which moment is best to take action.
- **Integration:** The subsidiary must be integrated within the corporative structure.

In addition to the theoretical discussion of investment decision-making processes, big multinational companies consider this in the practice of decision making. They evaluate several combinations of the factors, depending on the activities related to the planned investment.

All this suggests that theoretical models are very useful in observation-based analyses of company decision making. It requires the understanding of each individual investor's situation, and the analyses provides investors with the knowledge and flexibility to implement the most effective intervention possible.

2.6. Investment Promotion.

On the basis that FDI generates positive impacts, attracting FDI is becoming more and more difficult, professional and competitive. On this premise, the majority of territories in the world (country, subnational or local level) are providing the support of public, semipublic or private IPAs.

The literature refers to investment promotion to all the activities that economic development organizations (EDOs) and IPAs undertake to attract FDI to their jurisdiction and encourage foreign investors to continue to invest and expand.

An investment project has two counterparts: the investor who makes the decision and the location that attracts investment. Miskinis and Byrka (2014) state that, no matter the type of FDI project, whether greenfield, M&A, expansion or joint venture, the control remains on the investor's side and depends mostly of the economic analysis of the project. However, in cases of close interactions, the quality of services provided by the party that represents the location can play a crucial role. Meeting business expectations of foreign investors and development objectives of the location are becoming some of the most important IPA activities.

It is widely believed that investment promotion has a great impact on the level of the FDI attracted. According to Louis T. Wells and Alvin G. Wint (2000), a 10% increase in the investment promotion budget will lead to a 2.5% increase in FDI. Harding and Javorcik (2007) also have found a positive relationship between investment promotion and success in attracting FDI. Recent research carried out by the University of Oxford also has shown that one dollar spent on investment promotion increases FDI inflows by 189 dollars (Harding, Javorcik, 2011). The reason behind the relationship and a possible impact of IPAs activity on FDI inflow can be found in the information asymmetry that foreign investors face when entering a new market. Information and assistance provided by IPAs can be a deciding factor in making the location-investment decisions of high value-added FDI projects (Hornberger, Battat, Kusek, 2011).

Once it's known that investment promotion has an impact in generating new investment projects, the question should be why investment promotion works? According to Loewendahl (2001), image, brand awareness, and perceptions are major factors influencing the location of FDI. Companies make investment location decisions based on their information pool and understanding of an area's location "proposal".

The decision of where to locate the information base of MNEs is difficult to reach, and the decision-making process can be subjective and partial (UNCTAD, 1999) It is often a bureaucratic process, which may be affected by imperfect competition, distorted risk perceptions and political rivalry between affiliates of MNEs. The implication, as the International Finance Corporation (1997) argues, is that: "Most companies consider only a small range of potential investment locations. Many other countries are not even on their map."

Wells and Wint (2000) have identified that investment promotion is most effective when it:

- Overcame information asymmetries;
- Compensated for the imperfect functioning of international markets, which makes parent companies (and their corporate location advisors) reluctant to consider new production sites; and
- Led to product differentiation of the host country as a location for targeted activities.

Loewendhal (2016) estimates that there are approximately 10,000 EDOs in the world, including investment promotion agencies, with a remit for investment promotion. He estimates that government expenditures worldwide for attracting FDI are USD 50 billion a year. Taken into account that greenfield projects, are limited every year and, for instance, in 2016, there were a total of 11,806 projects worldwide and 1004, were just for Latin-American and the Caribbean Region. Doing a simple division between the number of leads and the number of existing IPAs and EDOs, it's understandable that attracting the attention of the investors is not an easy task. This is why investment promotion becomes in a key activity.

The importance of the activities of EDOs and IPAs can be seen in recent investor surveys. A survey by Development Counsellors International (DCI) (2014) of 356 corporate location decision makers found that articles in newspapers and magazines and meetings with EDOs and IPAs were two of the four most important factors influencing executive's perceptions of an area's business climate for inward investment, as the figure below shows. This demonstrates the importance of marketing and lead generation activities to get a location on the investor's map.

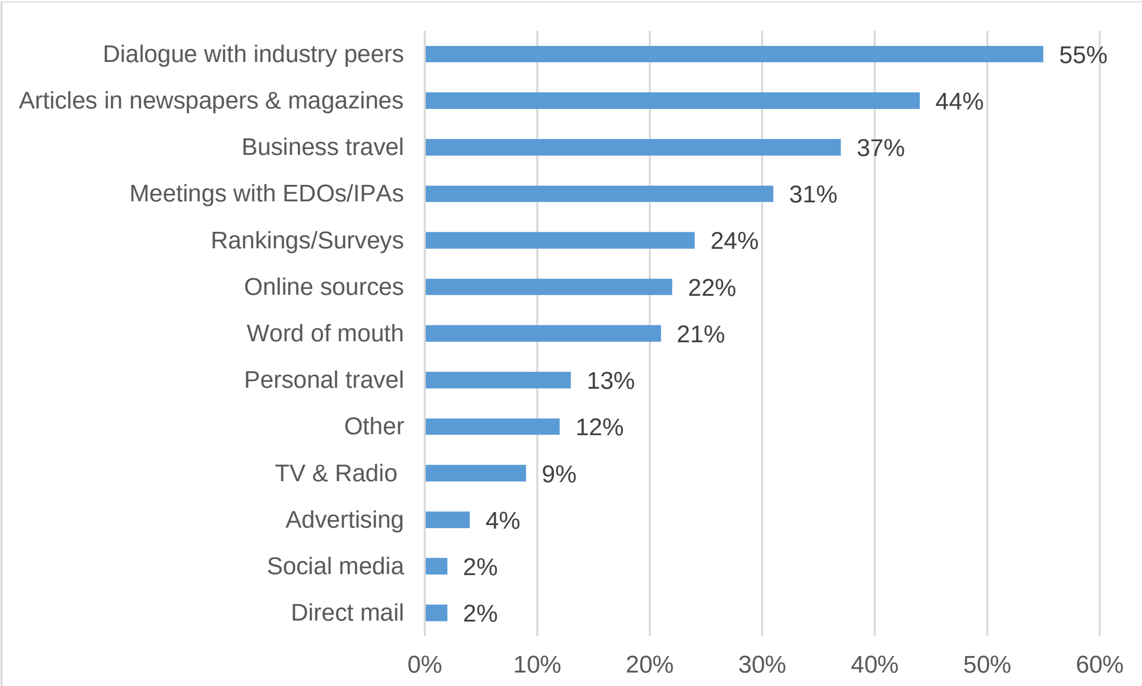


Figure 7. Leading sources of information influencing executive's perceptions of an area's business climate.
Source: Development Counsellors International (2014) "Winning Strategies"

IPAs and EDOs facilitate the achievements of the plans of the foreign company. Time is money for an investor and setting up a new enterprise in a foreign country can be a complex and time-consuming process, especially in many emerging markets. For many very large or strategic investment projects, government at the national and local levels is involved in the approval and investment process in almost all countries.

Foreign investors therefore need to engage with government and very often want to, to help make their investment project happen and to mitigate risks by having a good relationship with national and local governments. According to a 2015 Economist Intelligence Unit survey of 155 senior corporate executives in companies worldwide, 51% of corporate executives rely on resources provided by local government and chambers of commerce to establish operations overseas. Based on the survey results, the Economist Intelligence Unit concluded that: "Governmental support for corporate overseas expansion plays a crucial role across all key areas".

As stated in most research, the efficiency of IPAs depends mainly on their organizations' structure, their functional dependence and the way they operate. Loewendahl (2001) argues that there are four main areas of investment promotion: 1) strategy and organization, 2) lead generation, 3) facilitation and 4) investment services. One of the basic tasks of IPA activities remains to provide all information necessary for making positive investment decisions. The typical activities of IPAs are information dissemination, investment facilitation, investment generation, image building, expanding linkages between foreign investors and domestic suppliers (Wells, Wint, 2000). Most IPAs tend to dedicate their efforts mainly on pre-investment services rather than aftercare ones (Narula, Dunning, 2010; World Bank Group, 2012).

Some ideal characteristics of IPAs are:

- Having quasi-government status and private sector representation, national prioritization of FDI, IPA neutrality of the IPA and high-level dependence, as these IPAs perform better than those that are incorporated as part of a governmental body (ECORYS, 2013; Wint, 2000; Morisset, 2004).
- A focus on key functions; the more regulatory duties IPAs are devoted, the less successful they are (Whyte, Ortega, and Griffin, 2011).
- Targeted sectors received more than twice FDIs in comparison with non-targeted sectors. It is tested that a proactive and services-driven consultancy organization focusing on investor needs is positively related with higher inflows of FDI" (ECORYS, 2013).
- Professional handling of investor inquiries creates a greater amount of FDI (Harding, Javorcik, 2012).

The global market conditions for attracting FDI are very challenging, with global FDI declining in 2016. This is particularly important for the whole Latin-American and the Caribbean region, specifically for the Caribbean, as it is more dependent on FDI as a source of domestic capital investment than other regions. Recession in Brazil and declining commodity prices have dragged down FDI in the region, while uncertainty following the recent American government shift, political instability in Europe, and a reigning-in of the Chinese 'go out' strategy further complicates global investment decisions. It is therefore especially important that IPAs in the Caribbean are as effective as possible in attracting FDI and successfully obtaining high rates of reinvestment. Following this path, they can maximize the direct and indirect benefits that FDI can bring.

Chapter 3. Methodology and conceptual framework

"The mere formulation of a problem is far more essential than its solution, which may be merely a matter of mathematical or experimental skill. To raise new questions, new possibilities, to regard old problems from a new angle requires creative imagination and marks real advances in science."

Albert Einstein

To accomplish the research objectives formulated in this work, empirical studies are required. The data necessary for conducting statistical analysis was obtained with the support of CAIPA and the nine Caribbean investment promotion agencies members of the Inter-American Development Bank by means of electronic and mailed surveys. This chapter describes the philosophy, the underpinning practices and the procedures for conducting and replicating this research, and the method chosen on investors and investment promotion agencies.

3.1. Research Methods

Empirical research method

According to Bergold & Thomas (2012), empirical research is a type of research method in which empirical observations or data are collected to answer particular research questions. Although they are mostly used in academic research, they can also be useful in answering practical questions. The word *empirical* according to the Oxford dictionary (2017) means "based on, concerned with, or verifiable by observation or experience rather than theory or pure logic.".

Empirical research normally starts with an a priori theory, which the researcher develops to try to explain and/or predict what happens in the real world. The purpose of the research is to test the theory and possibly refine it. In some cases, research is conducted to develop theory (the grounded theory approach).

To be empirically tested, the research question will need to be transformed into a theoretical model, consisting of theoretical constructs, causal relationships and measures observed variables. The theoretical model is generally developed based on analysis of the literature. The theoretical model forms the basis both for collecting and analysing data, and may be modified because of the research.

A hypothesis defines an expected relationship between variables (based on causal relationships in the theoretical model), which can be empirically tested. In this case, for example, a hypothesis can be: if an IPA provides good service to the investor, it would much more likely and easy for that company to invest in the country or territory.

Qualitative Research Method

This research study is of a qualitative nature. A qualitative approach was chosen because of the type of the data collected and due to its usefulness in conducting audience segmentation and quantifying opinions, attitudes, behaviors, values and beliefs. It can, also, be better understood since the execution of the surveys -with some open questions- explores many underlying facts.

The economic literature defines a qualitative method of research very widely. Borg & Gall (1989) mentioned that "the underlying purpose of educational research is the acquisition of new knowledge". Roberson, (2005) affirmed that:

> "the sample in qualitative research is the result of a careful, complicated, and collaborative process. Sample selection is a pivotal part of the research because the sample becomes the data and addresses the particular problem of this research."

The purpose of this study is to demonstrate that developing countries in particular, should focus their attention more on aftercare, as reinvestment is not a marginal source of FDI inflows but a major one. The study draws on literature of FDI, its theories and criteria, definition and characteristics of multinationals and investment promotion agencies and aftercare services; therefore, the sample likewise reflect components of these perspectives, both from the company and IPA. (Merriam & Simpson, 2000).

There are two ways to conduct research in general. Through quantitative or qualitative methodologies. **Quantitative research** is the inquiry into social or human problems "based on testing a theory composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether the predictive generalizations of the theory hold true" (Creswell, 1994, p. 2). In contrast, **qualitative research** "is an inquiry process of understanding a social or human problem, based on building a complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting" (Creswell, 1994, p. 1-2).

Both qualitative and quantitative research can be empirical. Hence, the next question to ask is "what is empiricism?" Locke (1700) expressed that "knowledge comes from experience;" the term empirical means based on experiencing and testing.

The literature differentiates qualitative and quantitative research, and although Yin (1994) mentions that "in practice, no research method is entirely qualitative or quantitative," there are some important differences to highlight.

- Quantitative methods tend to be more appropriate when the theory is well developed, and for purposes of testing and refinement theories, while qualitative methods tend to be more accurate in exploratory research and for theory building (Moody, 2002).
- Qualitative Research is primarily exploratory research (Cassell and Symon, 1994).
- Quantitative Research is used to quantify the problem by way of generating numerical data or data that can be transformed into useable statistics. (Creswell, 2007).

The rationale for conducting qualitative analysis in this specific study is explained in the following paragraphs. **The interest of this study is not just to know if companies will invest a specific quantity of US dollars, if they will create millions of jobs or the exact percentage of the local content they are contracting.** In order to design regional and country policies and regional and national reinvestment plans, one must address elements that hinder investment and expansion, retard business climate improvement and make the market less attractive for existing firms.

Qualitative method was selected and applied due to the objective of this work was to understand companies and investors needs and to address their problems through quality and focused aftercare. Based on the literature (Denzin & Lincoln, 1994; Breuer, Franz & Reichertz, 2001; Flick, 2009), its is understood that this research method can help in:

- Understand how people perceive a marketing message or communication piece.
- Develop hypotheses for further testing and for qualitative questionnaire development
- Understand the feelings, values, and perceptions that underlie and influence behavior
- Identify customer needs
- Capture the language and imagery customers use to describe and relate to a product, service, brand, etc.
- Generate perceptions of marketing/communication messages
- Obtain information in quantitative study and to better understand the context/meaning of the data
- Generate ideas for improvements and/or extensions of a product, line, or brand
- Uncover potential strategic directions for branding or communications programs

For instance, the following questions were included in the questionnaire for companies (see Appendix A), and probed barriers to investment ("What are the principal obstacles your company faces to further expansion and reinvestment in the country?") or perception of the country ("Based on your experience, how likely are you to recommend [the country] as a place for doing business?"). These require subjective answers which are relatively dependent on individual experience, personality, background, preferences or perceptions.

The final goal is that firms can re-expand their business in the same country/territory, improve their investments - producing more value-added services – and contract domestic supplier and providers.

According to Merriam (1988, 1998) and Creswell (1998):

1. Qualitative researchers are more involved with process rather than outcomes. In this study, the process by which the companies and investors decide to reinvest and the opinions of the IPAs functioning were more important than the outcomes of the investments and reinvestment process *per se.*

2. Qualitative research is interested- more particularly- in how people deal with and make sense of life experiences, perceptions, preferences and make decisions.

3. Qualitative research normally involves fieldwork. This study was partially fieldwork since, although most of the work was obtained through online surveys, all the of the questions realted to the IPAs were completed and supplemented with calls and physical interviews.

4. Qualitative research is descriptive and it is approached inductively. The process involves examining the data to form an understanding of the company and the person being researched. From this, concepts, hypotheses and theories can be built. Thus, the researcher "studies the topic within its context, and uses an emerging design" (Creswell, 1998, p. 75).

As mentioned in previous paragraphs, this research project has collected data primarily through surveys, and also through telephone and in-person interviews. These findings become a combination of description and analysis. This analysis is based on theoretical framework made obvious through the study as well as recurring patterns found in the interview data (Merriam, 1998).

Edson (1986) asserts that “there is no qualitative method per se, only methods to gather information with which we construct our qualitative understanding” (p. 13). Likewise, Merriam (1998) has defined qualitative research as “an umbrella concept covering several forms of inquiry that help us understand and explain the meaning of social phenomena with as little disruption of the natural setting as possible” (p. 5). Due to the qualitative approaches’ flexibility, the author of the questionnaire and research has the chance to gain valuable information, opinions and insights into topics that have not been thought of before the questionnaire’s creation.

This study can be categorized under the label of exploratory research. According to Aaker, Kumar, Leone & Day (2013), “exploratory research is used when on is seeking insights into the general nature of a problem, the possible decision alternatives and relevant variables that need to be considered” (p. 65). Shields, Patricia & Rangarjan, (2013) mention that “exploratory research is research conducted for a problem that has not been studied more clearly, establishes priorities, develops operational definitions and improves the final research design.”

This kind of research often uses techniques as in-depth interviews, focus groups, case studies or as the case of this study, surveys and interviews.

3.2. The guidelines for a Basic Research Design for Qualitative Studies

Cox (1994) explains with detail how Kleining (1982) offers four rules for a scientific and qualitative process of approaching and understanding to reality, which aim to maximize the effectiveness of the process and avoid premature conclusions.

“All areas (of the relationship between the researcher and the researched) stand in a close relationship to each other, they determine each other and are dependent on each other, through action and reaction, activity and effect, generation and processing of information, even though the process of searching naturally proceeds from the subject and the object is found." (Kleining 1982, p. 231). The rules, then, are as mentions:

(1) Rule 1 refers to subject / researcher

"Prior understandings of the phenomenon to be researched should be seen as provisional and should be transcended with [the discovery of] new information with which they are not consistent." (Kleining 1982: page 231).

(2) Rule 2 refers to the object of study

"The object is provisional; it is only fully known after the successful completion of the process of discovery." (Kleining 1982, page 233).

(3) Rule 3 refers to action in relation to the subject of research, hence to data collection

"The object should be approached from "all" sides; rule of the maximum variation of perspectives." (Kleining 1982, page 234).

(4) Rule 4 refers to the evaluation of information gathered, hence to data analysis

"Analysis of the data for common elements." (Kleining 1982, page 237).

Each rule relates to one of the elements of the more general process, which is seen as a "question and answer" relationship between subject (the individual) and object (external reality). The subject acts (observes, experiments with) the object and evaluates the information thus gained, but the object will itself (if it is social) act and observe in its turn, and may also (if it is given the chance to do so) offer unexpected information of various kinds, which can turn lead to new questions.

As the subject acts on and evaluates social reality, things are learnt from the nature of the relationship between the researcher and the researched:

> "All areas stand in a closed relationship to each other, they determine each other and are dependent on each other, through action and reaction, activity and effect, generation and processing of information, even though the process of searching naturally proceeds from the subject and the object is found." (Kleinig, 1982, pg. 231).

According to Maxwell (2009), there are six, sequential, components in qualitative research designs. There is not a unique way to be presented as it depends on several items, as the methods chosen, the research, the philosophy and theoretical framework of the study.

1. **Goals:** Which is the central research problem being addressed avoid describing any anticipated outcomes.
2. **Conceptual Framework**: What are the issues? What theories and prior research findings, and what literature, preliminary studies, and personal experiences will draw upon for understanding the people or issues?

3. **Research Questions:** Usually there is a research problem that frames the qualitative study and that influences the type of method to use. More specific research questions are generally the result of an interactive design process
4. **Methods:** Structured approaches to applying a method or methods to the study can be useful in answering questions and obtaining explanation. The approaches and techniques that will be used to collect and analyze the data should be solved.
5. **Validity:** Qualitative researchers must attempt to rule out most threats to validity after the research has begun by relying on evidence collected. This component should answer questions such as how can the data obtained or potentially collected, support the ideas
6. **Conclusion:** Reiterating the goals of the study and the ways they have been researched addressed them.

The qualitative method is also useful when time and resources are limited and it's necessary to quickly learn general details. In fact, the target group of this study, as mentioned in chapter 1 covers 434 companies and nine institutions.

3.3. Method: Population, Sample and Survey Design.

Starting in December 2015, invitations for both company and IPA surveys were distributed. The selection criteria for company participants was the following:

- Participants were directors of operations, international trade, foreign trade or senior management in a position of responsibility, belonging to non-Caribbean countries -meaning countries outside the nine included in this study- with at least one subsidiary office operating in these countries: the Bahamas, Barbados, Haiti, Jamaica, Suriname, Trinidad and Tobago, Belize, Guyana and Dominican Republic;
- Companies operated in priority sectors' in CARIFORUM, namely, tourism, renewable energy, outsourcing and agro-processing;
- There was no limitation in terms of size, volume of investment or kind of function of the company.

Two sources were used to identify the population: fDi markets and the IPAs own databases. The combination of these sources provided over 2000 different entries, albeit not all relevant for the study, since some companies belonged to other sectors or they had a very small participation on foreign capital.

There was a lack of detailed information and information was not homogenous for the nine countries. For example, the IPAs of Jamaica, Trinidad and Tobago, the Dominican Republic and Belize provided complete contact databases while the IPAs of Suriname and Haiti provided poor databases. Nearly 1,000 e-mails were sent and nearly 50 phone calls made to companies on the IPA databases. This resulted in 434 investors reached, 43 of which completed surveys, meaning a response rate of 10% was obtained.

The IPA's questionnaire was sent to the directors of the nine national investment promotion agencies obtaining a 100% response rate.

Survey design and administration procedure.

Afterwards, the survey must be elaborated upon through the operationalization of previously formulated variables. The elaboration of the questionnaire generally has three objectives: (1) estimation of the magnitude, (2) population description and (3) verification of the hypothesis.
During this moment, it's also important to decide the administration process of the survey: physically, via telephone, postal, mail, online, etc.
The distribution method of investor questionnaires – sent to the whole database of contacts, not the sample one gathered via email- was an online survey platformUsing Smartservice.com rather than individual email was based on several factors: they are less time consuming, cheaper, the results are received faster, and most importantly, the results can be transferred and the data applied to various other questions. These platforms are also:

> "more accurate, as the margin of error is greatly reduced with online surveys because participants enter their responses directly into the system, quick to analyse, as the results of the online survey are ready to be analysed at any time and view results in real-time so there is an option to act quickly, create graphs for reporting, export data for further analysis and share the results with anyone" (Smartservice.com, 2017).

Survey Monkey[5] was selected, as the author had previous experience with this tool for work issues and was satisfied with the results. SurveyMonkey is an online, cloud-based software for survey development. Depending on the number of questionnaires distributed, the service can be provided for free or a plan can be chosen for a monthly or annual fee, reaching a more extensive audience with more customizable surveys. The plan chosen was called 'Select' and was charged monthly for four months, providing enough time to send and receive the answers to the questionnaires.

While the questionnaire for investors was distributed via online though the survey platform, the questionnaire for IPAs (see Appendix B) was sent by email to the nine contact persons (the chief executive officers, this is the highest-ranking person in the institution, responsible for making managerial decisions) provided by CAIPA in each of the national agencies.

Once the population to be studied was ready and the questionnaire designed it was the appropriate time to select to "privileged informers" and to carry on a pilot test. The objective was to gauge the suitability of the research objectives and determine if the questionnaire and the questions had been adapted or modified. To test the two questionnaires designed for this study, a sample of the surveys was distributed by email to privileged contacts.

The questionnaire for investors was distributed among nine companies with headquarters located outside of the Caribbean region. They all were extracted from fDi markets database (2015&2016) and met the criteria of being present in at least one of the nine designated countries, to guarantee that all the countries in this study were properly represented. The contact for each company was the operations director or senior staff working in international trade.

CAIPA was the privileged contact for the first sample of the questionnaire designed for the IPAs. Prior to sending the pilot survey via email, telephone contact was made to explain the objective of the study, explaining their pilot role, the characteristics of the survey and requesting their sincere comments, improvements and suggestions to the survey.

[5] More information available at https://www.surveymonkey.com/

The email sent to each director gave a 15-day timeframe to answer the pilot surveys. All nine companies fulfilled the pilot survey and answers were received on time.

The piloted survey led to several changes. Some questions were rewritten and others eliminated. Questions requiring data, that were difficulty or time-consuming were eliminated or reformulated. Overall, the final version of the questionnaire (see Appendix A), explained with detail in the following paragraphs, is slightly simpler and shorter than the original.

Once the measuring instrument was finished and all the verification processes – value and reliability -was been completed, one had to elaborate the listed population of interest that was defined in the objectives stage. This process startted with the elaboration of a sample framework where all the population elements are mentioned.

3.4. Survey Techniques

The survey is one of the most common methods for market research, because it allows the gathering of extensive information from primary sources. The economic literature offers several definitions of survey:

- According to Stanton, Etzel and Walker (1991), a survey consists of getting data by asking people questions.
- Sandhusen (1994) affirms that surveys get information systematically from the respondent through personal, phone or mail questions.
- Malhotra (1982) defines surveys as interviews with an extensive number of people using a predesigned questionnaire. According to this author, the survey method includes structured questionnaires delivered to the respondents and that are designed to get specific information.
- Trespalacios, Vázquez and Bello (2005), surveys are descriptive research instruments that identify precisely the questions to be asked, the people selected in a representative population sample, specify the answers and determinate the method used to collect the information obtained.

When the survey is oral, interviews are normally done and when the survey is written, the questionnaire is normally the method selected. This is a document with a list of questions, which are asked to the population to be surveyed.

A survey can be structured, consisting of a formal list of questions provided to all respondents equally and non-structured, permitting the pollster to adapt and modify the questions based on answers the respondent provides.

The type of surveys distributed along the study - both those for companies and for IPAs - were categorized as structured, meaning that the questions were not changed depending on the answers given or the profile of the person surveyed.

The surveys were formulated for groups of people with similar characteristics, specifically intended to gain information. This group of people is known as the universe or population. In the case of the study there were two surveys focused in two different universes, one being the companies that had already invested in at least one country in the Caribbean and the other being the National IPAs of Caribbean nation members of the IDB.

The main advantage of the survey is that, depending on its depth, specific and concrete data can be obtained, while the disadvantage would be the possibility of respondents providing wrong answers or that pollsters fail to ask all the questions. The first disadvantage can't be avoided, but the second one can be avoided with the web-based survey used for the study.

Interviews and questionnaires are complementary when applied consecutively to the same group of individuals. The interview, as it's conducted face-to-face over a longer period of time, permits more depth of details and arguments about topics covered by the questionnaire. Following this strategy, higher quality and more reliable information can be obtained. This was the case of the questionnaire distributed to IPAs, which was first sent by email and then reviewed through interviews one by one with each IPA contact. This path was not possible for investors, as the universe was much bigger (434), and although just 43 firms answered completely the survey, it would have been very difficult to coordinate calls with all of them due to the busy schedules of the interviewers, their location in different time zones, their frequent travels and the absence of time to discuss the information.

Questions must be written in clear language, adapted to the cultural needs and the age of the universe selected. They also must be very precise in explaining what is been asked, avoiding positioning the answers of the individual in a determined direction and avoid ambiguities.

The steps that followed for administering the survey were:

1. Decide which specific information to ask about considering the topic, the research context and the characteristics of the individuals surveyed. As the study intends to demonstrate that developing countries, should focus more attention on reinvestment as a major source of FDI inflows and to discuss the most effective aftercare policy, the two universes of individuals were the foreign companies already invested in the Caribbean region and the IPAs attending the companies as clients.
2. Decide the type of questionnaire to use, whether with open questions, close or with a combination of both of them. For the purpose of this study, the latter was used, as it was considered more appropriate for the topic.
3. Next, compose a first draft of questions and answers.
4. Review the draft produced by the pilot-test; adapt and reformulate the questions and the structure of the questionnaire.
5. During the process of the study, some questions belonging to both questionnaires were adapted according to tester comments and suggestions.
6. Reform the questionnaire and elaborate the final version to distribute explaining clearly the instructions.

In the following sections both questionnaires -companies and IPAs- are introduced. In addition, the choice of each question is explained, as well as how the question relates to the research questions and the literature.

The questionnaire for MNEs consists of a list of questions which could be answered within five minutes. Most of the questions were experience-based and some were asked to identify company-specific facts, such as the number of employees, the date of market entry or firms's turnover and profits. This was to better understand the entreprises' business activities and the market environment they were operating in. The questionnaire for IPAs was extended and more complex, as the results looked to benefit IPAs and they previously demonstrated their commitment in providind detailed information for this purpose.

3.4.1. Questionnaire for Companies

The construction of the questionnaire was very much directed by the need for simplicity and brevity to maximize the response rate. The maximum time the survey was intended to require was five minutes. With no obvious gains for the participants from cooperating in the research, it would be unreasonable to expect them to spend too much of their time completing the questionnaire. The use of specific questions was important to fulfil this aim, but not all questions were closed and it was important to provide a space for the investors to explain their motives, plans, concerns and comments. The questionnaire was nevertheless longer that ideal, as it attempted to include the various factors that affect reinvestment and to include CAIPA's feedback.

Overall the final version of the questionnaire (see Appendix A) and each notification sent to each of the investors included the following title and heading (Box 3):

Box 3. Notification language in investor questionnaire.

"Study to Support Reinvestment by Foreign Investors in Select Sectors of [country X]"

Dear Sir,

I have agreed with CAIPA to undertake an independent study. The study will gather the opinion of foreign investors on how government Investment Promotion Agencies (IPA) can better support foreign investors to expand and reinvest.

I would very much welcome your participation. Your corporation has been selected as a strategic investor in [country X], and we highly value your opinion. The survey will take -approximately five minutes to complete.

By completing this survey, you will directly contribute to government policies taken in [country X] and to support your company with expansion and reinvestment. All information will remain strictly confidential. Your personal details and specific responses will not be published or made publicly available.

Kind Regards,

Author

Source: Elaborated by the author

The question "Are you familiar with your company's investment strategy for the country X?" is asked to know if the respondent is informed about the strategy of expansion of the company. This questionnaire is intended to be completed by the Directions of Operations, expansion, international director, strategy or foreign trade. It seeks someone with the capacity to influence the expansion plans of the company. An international manager, or similar, is a broad title for a manager who oversees a company's global operations. In some instances, an international manager is responsible for all of a company's foreign business. Large companies may employ multiple departmental global managers, such as those in charge of international sales, cultural marketing, or overseas manufacturing. An international manager must have a keen understanding of the company's needs abroad, as well as the cultural, political and operational challenges of foreign markets and available opportunities. In addition to employee relations and business direction, budgetary and economic outlooks are key concerns of management staff.

Table 8

Research Question 1 for Investors – Prequalification

Question	Company Contact Data
Are you familiar with your company's investment strategy for [country X]?	Company name:
	Company address:
	Country where the worldwide Headquarters is located:
	Contact person:
	Position (list):
	Telephone number:
	Fax number:
	E-mail address:
	Website address:

Source: Elaborated by the author

Table 9

Research Question 2 for Investors- *Company Profile in the Country*

Topics	References
Nature of business of your company in the country	Dunning (1987, 1989)
Principal activities in the country	Gillespie, Krishna, Jarvis (2002), Ayanwale (2007),
How many employees do you have in the country?	Stopford & Wells (1972), Narula & Dunning (2000), Sawkut, Boppen & Ramessur-Seenarain, et al (2009).

Source: Elaborated by the author

The question asking " What is the nature of business of your company in the country" is asked to categorize each company interviewed. Moreover, this question intends to explain why enterprises in a particular sector reinvest in a country, while considering sectors of opportunity in the areas of infrastructure and development, trade, the supply of goods and services, and the establishments of processing plants (Gillespie, Krishna, Jarvis, 2002; Ayanwale, 2007; Dunning, 1987, 1989). The sectors included in the questionnaire were software & ICT, energy, agribusiness, mining, tourism, industrial goods, financial services, consumer goods, among other sectors.

The query about the company's "principal activities in the country" seeks to investigate which market segment and area the company is operating in, to categorize an investor and better understand the type of employment value level a firm can potentially create. This is, if it will generate productivity and competitivity for the country, volume of investment; if this investment is strategic or not for the company and if it will generate research and revelopment. The categories included in the questionnaire were: manufacturing, R&D, sales & marketing, Business Process Outsourcing (BPO), power generation, distribution, headquarter, retail/wholesale or any other specific activity.

Table 10

Research Question 3 for Investors- Sales

Questions	References
What are your sales in the country (USD)?	Obstfeld & Rogoff (1996), Yarborough & Yarborough (2002), Bowles (2004), Dugan et al. (2008)
What percentage of your sales are exports?	Aitken, B., Hanson, G.H. & Harrison, A.E. (1997)
What percentage of your inputs is sourced locally from the country?	Javorcik (2003)

Source: Elaborated by the author

The question "What are your sales in the country (USD)?" further helps categorize companies. Since literature suggests that investors usually enter a foreign market in order to achieve a high return of capital investment (Agarwal & Ramaswami, 1990) it is to be investigated whether a MNE is operating profitability on the market.

“What percentage of your sales are exports?” is asked to know the percentage of the sales of the company is focused in the external market. Aitken, B., Hanson, G.H. & Harrison, A.E. (1997) highlight that FDI is more export intensive than domestic investment and furthermore FDI can lead to increased exports by domestic firms through the linkages FDI provides into international production/service networks;

The question “What percent of your inputs is sourced locally from the country?” is asked to identify first if the foreign company contracts with domestic companies or if it sources 100% of their needs to companies located outside the country. The second objective of the question is to identify the percentage of that sourcing. Depending on the answer, the IPA can research whether there is room for developing linkages or supplier programs within the country. Or CAIPA can elaborate a regional linkage program, so the foreign company can find most of the supplies needs within the region.

Table 11

Research Question 4 for Investors - Expansion Plans

Questions	References
Do you have any expansion/reinvestment plans in the country in the next 12-24 months?	Based on the experience of the author
If yes, what type of projects are you considering in each country? What will the projected employment/investment be? Please provide a brief description.	Based on the experience of the author

Source: Elaborated by the author

The question “Do you have any expansion/reinvestment plans in other Caribbean countries in the next 12-24 months?” is asked in order to identify the headquarters’ operational plans. It also seeks to know if there will be an opportunity to attract more projects in the country where that company has invested, or if there will be more countries within the region to be recipient of reinvestments.

“What type of projects are you considering in each country? What will the projected employment/investment be?” is asked to know whether the projects that the company is planning are in the same business as current in-country companies in manufacturing, R&D, sales & marketing, BPO, power generation, distribution, headquarter, retail/wholesale or any other specific activity.

The API needs to understand the reinvestment plan in advance so they can identify if the country/region offers what the company is requesting for. Also, it seeks to understand the operational needs of the company, or if the region can cover the whole value chain and retain the company activities within its territory.

Table 12

Research Question 5 for Investors -Obstacles to Expansion/Reinvestment

Questions	References
What are the principal obstacles your company faces to further expansion and reinvestment in the country?	Dunning (1977, 1980, 1988), Blende-Nabende (2002), Houston (2007) and fDi markets (2015 & 2016)

Source: Elaborated by the author

The question "What are the principal obstacles your company faces to further expansion and reinvestment in the country?" is formulated to get an intital feeling of a foreign investor's opportunities and constraints related to business licenses and permits. Incentives, access to finance, visas and immigration, exporting support, corruption, finding local suppliers, land and property, quality of local supplier, utilities, ICT, transportation infrastructure, labor availability/skills/training, competition from other countries, housing & education of key staff, and other obstacles and challenges are present in the investment environment. The stakeholders answering this question are to tick the three most critical obstacles and if the respondent mentions "Other obstacles/issues with the investment environment," he or she is requested to specify and provide details.

The business climate is key for an investor to locate its business in a territory and also for further expansions. According to data from fDi markets consultants (2016), regulatory and business climate is the second-most important location determinant for FDI in the Latin-American region after market size and access.

Table 13

Research Question 6 for Investors - Business Support for your investments

Question	References
Have you heard of the [IPA name]?	Development Counselors International (2014)
Have you had a meetin or call with the [IPA name] in the last 12 months?	Development Counselors International (2014) Economist Intelligence Unit (2014)
Which type of business support services would be most valuable for your company to help further expand and reinvest in the country?	Loewendahl (2011) Loewendahl (2017)

Source: Elaborated by the author

The question “ Have you heard of the [IPA Name]?” is included to know the status of facilitating investment projects in the country. Loewendahl (2017) mentions that “Time is money for an investor and setting-up a new enterprise in a foreign country can be a complex and time consuming process, especially in many emerging markets. For many very large or strategic investment projects, government at the national and local levels is involved in the approval and investment process in almost all countries.” Therefore, foreign investors need to engage with government, and very often want to, in order to help achieve their investment project and to mitigate risks. It is important to have a good relationship with national and local governments.

According to an Economist Intelligence Unit survey (2014) of 155 senior corporate executives worldwide, 51% of corporate executives rely on resources provided by local government and chambers of commerce to establish operations overseas. Based on the survey results, the Economist Intelligence Unit concluded that: “Governmental support for corporate overseas expansion plays a crucial role across all key areas.”

Also, the importance of the activities of EDOs and IPAs can be seen in recent investor surveys. A survey by Development Counsellors International (2014) of 356 corporate location decision makers found that meetings with EDOs and IPAs were one of the four most important factors influencing executives’ perceptions of an area’s business climate for inward investment, as the graph below shows. This demonstrates the importance of the IPAs to make the difference for a location.

The question “Which type of business support services would be most valuable for your company to help further expand and reinvest in the country?” seeks to determine which of the company’s post-investment services are most demanded by IPAs andto encourage them to expand and deepen their operations in the location. According to Loewendahl (2001), the IPA scores these as good practice if they offer services in aftercare policy, techniques and resources. Meaning that if IPAs have an aftercare strategy for keeping in contact with investors once they make the investment, then what are the objectives of aftercare (expansions, marketing, supply chain linkages, upgrading of plants etc.)?. What aftercare techniques are used, if they meet objectives, and who are the stakeholders in aftercare? Regarding the resources, are there adequate resources and skills available for aftercare? Is the team a dedicated and efficiently solely to afercare and are the resources used correctly?

Table 14

Research Question 7 for Investors - Perceptions of the Country

Questions	References
Based on your experience, how likely are you to recommend [the country] as a place for doing business?	Loewendahl (2001) Ease of doing business index (2016) Indices of Economic Freedom (2016) and the Global Competitiveness Report (2016)

Source: Elaborated by the author

This Question 7 asks investors if they are comfortable in the country they have invested and would advise other companies to imitate their experience. Loewendahl (2001) mentions that the focus is to generate new leads (from the same company or another company), by reinforcing the high quality of a location for a potential investor. Also, using existing investors as "ambassadors" or "success stories" who will influence other firms to consider the country as an investment site. Developing good linkages with local managers is also another way to promote locations.

3.4.2. Interview questions for IPAs.

Knowing the investor's opinions from the questionnaire was vital to understanding reality: the country has to maintain the investors' satisfaction to earn their reinvestments and expansions. The country also has to identify the real need of improving the business climate, design the aftercare policy, and know the grade of spillover effects that the foreign investor was generating in the country.

The results of the investor questionnaire were key in order to propose actions and recommendations for IPAs to reinforce their aftercare service and for CAIPA to potentially carry on a regional aftercare initiative.

However, equally important is to understand the situation of the nine IPAS in terms of attending those potential re-investors. As the final objective is to propose a set of recommendations and next steps to carry on a regional aftercare initiative and strengthen each IPA to provide those services (see chapters 8 and 9), its indispensable the agencies can value their grade of sophistication, level of servicing, customer assistance, dedicated team, profile of the staff, measure results and target profiles.

Each notification sent to each of the IPAs included the following title and heading (see Appendix B for the whole survey):

Box 4. Notification Language sent to IPAs

Study to Support Reinvestment by Foreign Investors in [country X]

Dear Sirs,

I am carrying out a survey for my postdoc thesis with the support of The Caribbean Export Development Agency to undertake an independent study to advise the Caribbean countries on their aftercare policy to secure reinvestment from foreign investors.

The study includes a survey of foreign investors to understand their reinvestment plans and obstacles to further investment and expansion that could be addressed through quality and focused aftercare. The study also includes best practices in aftercare and consultations with IPAs from the region to understand their aftercare policy and needs.

I will be conducting a telephone consultation with you, in case its needed. I appreciate your efforts in participating in this study and would like to thank you for your time in advance.

To facilitate your consultation with you, I have provided below a brief survey, which we would appreciate if you can complete and email back to me by [ADD DATE]. I understand that it may not be possible to answer all of the questions depending on the scale of your current aftercare activities but the survey will assist me greatly in understanding the current situation and your agency's current viewpoint on aftercare activities. If there are any questions you need clarification on, you can discuss during our meeting in Miami, at the Regional Public Dialogue (March 7th and 8th).

All information will remain strictly confidential. Your personal details and specific responses will be not be published or made available, to anyone outside of CAIPA.

Kind Regards,

Ana Arias Urones

Table 15

Research Question 1 for IPAs - IPA Background Information

Name of IPA
Name of respondent
Position of respondent
Number of full time equivalent employees in the IPA (excluding admin, finance, Human Resources, Information and Technology)

Source: Elaborated by the author

Table 16

Research Question 2 for IPAs - FDI Targets of the IPA (where applicable)

Target metric for your IPA
Total Number of FDI projects per year
Number of new FDI jobs
Number of safeguarded FDI jobs (safeguarded jobs are existing jobs saved from closure by a reinvestment)
New capital investment (USDm)
Reinvestment/expansion capital investment by existing foreign investors (USDm)
Quality of the investment (please indicate metrics you use to measure the quality of investment)
To what degree does foreign direct investment meet UN Sustainable Development Goals (SDGs)
Exports (USD) from foreign investors
Number of supplier contracts with/ between foreign investors and local suppliers
Value (USD) of these supplier contracts with/ between foreign investors and local suppliers
Other targets (please indicate)

Source: Elaborated by the author

Zhang (2005) argues that

> "to better utilize FDI to match the objective of economic development with the trends of FDI flows in the world, a targeted investment promotion strategy can play a powerful economic development role as it influences not only the attractiveness of location for inward investment, but also the benefits accruing to the local economy".

Why is targeting so important? Identifying a target market or set of customers helps the institution develop effective marketing communication strategies. A target market can be defined as a set of people sharing similar needs or characteristics that a company or institutions hopes to provide. These individuals are usually the end users most likely to purchase the product or service.

Targeting markets now is more important than ever. According to Almgren, 2014

> "Identifying the target segment and meeting the needs of the customer are very important facets of a successful product in a niche market. Normally, products are produced and sold because they are unique, but sometimes, those products do not get sold. Upon identifying the market to target, that is when brand development, packaging and marketing strategies are prepared. For more exhaustive and efficient niche market targeting especially in this era of high technology goods and services, producers would normally do market research studies or demand studies to secure a more data-led market demand. This is to ensure

> that customers' needs are met and that no production errors are encountered due to wrong market segmentation strategies or identification.”

IPAs advertise their territory or country to companies, hoping they’ll locate their business in the country. In order to be successful they need to target the companies that can be potential investors. Offer characteristics have to be adapted to the different segments depending on the country, sector, timing, et. The title of question 2 specifies ‘where applicable’, as there could be less sophisticated IPAs where the targeting exercise has not been done. This is the case of Haiti and Suriname.

Under the main title of the first question, the following list of sub-questions are included, seeking more internal information on how IPAs use target metrics, which is demonstrated by the total number of FDI projects per year and the nnumber of new FDI jobs.

This questionnaire is much longer to complete that the company one. The motives are obvious, as in order to design a reinvestment plan and provide useful and practical recommendations its mandatory to understand in detail the reality of the IPAs. A pilot test was carried out both with CAIPA and Jamaica and as a result, some questions were rewritten and specified, though not deleted.

It’s important to highlight that comparing this data is not an exact science, as some of the nine IPAs lack a CRM. For instance, an IPA it would be unable to record the number of companies attracted to the country and hence, the number of jobs created. Those that have a CRM register, measure their leads and investment projects in heterogenous ways following their own definition of lead and successful project. So, basically, this exercise relies on the good faith of the answers provided by the IPA’s contact person.

The next sub-questions require numerical answers, requesting information on the number of safeguarded FDI jobs, safeguarded jobs being existing jobs saved from closure by a reinvestment, the new capital investment, the reinvestment and expansion of capital investment by existing foreign investors (USDm), the volume of exports from foreign investors and the value of these supplier contracts with foreign investors and local suppliers (in USDm).

There are two sub questions that require a more qualitative answer, one of which is asking for the quality of the investment. The question demands to the precise metrics used to measure the quality of investment.

The other requests to what degree FDI meets UN SDGs and the number of supplier contracts between foreign investors and local suppliers looking for linkages and supplier programs (Javorcik, 2005).

Table 17

Research Question 3 for IPAs – FDI Statistics
Statistics for your IPA/country
Percentage of FDI projects which are reinvestments/expansions from existing foreign investors?
Percentage of new FDI jobs which are reinvestments/expansions from existing foreign investors?
Percentage of sales which are exports for existing foreign investors in your country?
Percentage of local content for foreign investors in your country?

Source: Elaborated by the author

The next section of the questionnaire was dedicated to FDI statistics and the sub-questions request specific percentages. The first sub-question, asking for the percentage of FDI projects which are reinvestments or expansions from existing foreign investors, focuses on identifying if the location offers those drivers encouraging local reinvestment by the foreign company. Going deeper, the next three questions ask the percentage of new FDI jobs stemming from reinvestments or expansions from existing foreign investors, the percentage of sales which are exports for existing foreign investors in your country and the percentage of local content for foreign investors in the country. All three questions look to learn more about the weight of foreign investment in the domestic market in jobs, export and local content.

Table 18

Research Question 4 for IPAs - Role of Aftercare in your FDI Strategy
How important is reinvestment/expansion of existing foreign investors compared to your other FDI promotion activities? (higher-3 / same-2 / lower-1)
Does your IPA currently provide aftercare or account management services to existing investors?
Are there any other institutions in your country responsible for providing aftercare services to foreign investors or whom you cooperate with in delivery of aftercare? (please name the institutions)

Source: Elaborated by the author

This section does not focus on numerical answers but in qualitative responses. The objective of this section is to understand, measure and compare the importance that each IPA allocates to aftercare's role within its strategies. There are perhaps some countries where aftercare is a priority and others where it's just another minor activity, being a reactive service without significant allocation of resources. The questions included were:

1. How important is reinvestment and expansion of existing foreign investors compared to other FDI promotion activities?
2. Does your IPA currently provide aftercare or account management services to existing investors?
3. Are there any other institutions in your country responsible for providing aftercare services to foreign investors or whom you cooperate with in delivery of aftercare?

The IPA was requested to name the institutions in the last sub-question.

Table 19

Research Question 5 for IPAs - Aftercare Services the IPA Provides

Do you provide any of the following?
Administrative services
Operational services
Strategic services
Other – please indicate

Source: Elaborated by the author

The section titled "Aftercare services the IPA provides" tries to understand the services offered by the agency. The classification that divides in administrative, operational, strategic and other comes from the UNCTAD (2007).

According to this institution and based on the work of Ansoff (1983), the wide heading of aftercare services can be divided in the first three mentioned services. Mainly, administrative services are those that make operations possible, such as permits or licenses; operational services allow for the project to be executed efficiently and strategic operations are those that affect the growth of the company.

Table 20

Research Question 6 for IPAs - Which Investors Receive Aftercare Services

Criteria for selecting investors for aftercare services

Source: Elaborated by the author

This question focuses in double-checking which group of investors is beneficiary of aftercare services. The intent of this question is to distinguish if there are IPAs that provide services only to multinational companies or the criteria is open to individuals, start-ups, SMEs, or they have to create more than a certain number of jobs, invest more than X volume of investment, provide linkages with local suppliers, generate competitiveness, have social impact, etc.

Table 21

Research Question 7 for IPAs – Activity

How do you deliver aftercare services? (currently used or would consider)
Do you maintain a database of existing investors?
Do you maintain a database of local service provider (banks, lawyers, real estate etc.)?
Do you maintain a database of local suppliers?
Are your databases updated at least once a year?
Have you done a survey of foreign investors in the last 3 years?
How often each year does you visit in person key foreign investors in your country? (give number)
Do staff members visiting existing investors have private sector experience in the industry sector of the investor?
Are staff members visiting existing investors of a management level or higher?
Do they have client management training?
Have you assigned staff as account managers to work with specific investors?
Do you have overseas teams/reps/partners supporting after care? (identifying expansion projects and/or smoothing over issues)
Do you use a CRM or similar to keep track of aftercare services provided?
Do you provide on your website a specific section / help function for existing investors?
Do you provide on your website linkages to all the government and private sector support services investors can receive?
Do you provide on your website information on local investment opportunities?
Do you provide on your website information on local investment regulations and procedures?
Do you provide on your website information on local suppliers?
How do you / would you evaluate your aftercare program?
Other activities you provide? (please specify)

Source: Elaborated by the author

This survey section titled “Activity” includes a multitude of questions with the purpose of drawing a general overview of the IPA services and its grade of activity. Queries cover databases, surveys, visits, customer management, CRM, websites and evaluation rankings.

Table 22

Research Question 8 for IPAs – Major Investors

Major investors – Who are the top 10 largest foreign investors in your country by capital investment or job creation?

Source: Elaborated by the author

The last question of the questionnaire looks to identify the list of major investors using the criteria of capital investment or job creation. Although there are more criteria that could be used, such as research and development, social impact, innovation, local impact, among others, these two criteria are the most common ones used by the IPAs and are easier to track.

Supervision, Analysis, Interpretation and Codification of Data

Once the distribution of the questionnaires is finished, it’s the moment to start with the data collection, reviewing all the information included and planning the interviews with the IPAs (when, where, who and how) and coordinating the logistics in order to have everything prepared. The last task of the data collection consisted of the control and supervision of the interview responses, as in this study, the researcher had the role of pollster and interviewer at the same time.

Supervision basically consists of the realization of three tasks: the first one related with the review of the questionnaires, the second with the potential events of data collection and the third one involving the verification of the random routes.

Lastly, within the final stage of data analysis and interpretation, the following three steps were executed:

1. Questions and information depuration coding
2. Tabulation and data analysis
3. The processing of the information and production of a report based on the research findings

3.5. Target Database Design and Sample Description

To conduct the investor survey, a database of existing investors was developed. It was based on the existing survey databases of IPAs and corporate intelligence sources, including the fDi Markets database of Financial Times Ltd, as well as information provided by the IPAs in each country. The focus was on companies in the priority sectors included in CARIFORUM Strategic Plan 2012- 2016: tourism, renewable energy, outsourcing and agro-processing and key existing investors as identified by the IPAs. Some additional sectors were included out of those strategic sectors, but requested and provided by the IPAs, such as metals, rubber and business services.

No additional criteria were provided in terms of size of the company, volume of investment, number of employees, or others, as the grade of aftercare sophistication in the Caribbean region is not very high and thus, including a more refined criterion could reduce responses.

One extra difficulty was to use the same category to name the sectors. There is not a standard code to categorize the sectors in the Caribbean, and for instance, one country refers to ICT and another one to communications. To solve that, the original categories are included and explained their meaning and synonyms in the questionnaire. Table 23 below shows the number of companies identified in each country. For each company, the decision makers and their contact details were researched and the companies were approached directly by email and sometimes, by telephone, to complete the survey.

Table 23
Summary of the Survey Investor Target

Country	Number of Companies Identified
The Bahamas	32
Barbados	17
Belize	17
The Dominican Republic	160
Guyana	30
Haiti	25
Jamaica	71
Suriname	21
Trinidad & Tobago	61
Total	434

Source: Author compilation based in the survey

It is therefore of utmost importance to clearly state which entities are to be included in the research and which entities are to be excluded from the analysis. This is to be done by considering the study's objectives. In this reseach project, private companies and incorporated entreprises headquartered in foreign countries with presence in one or more of the nine Caribbean countries are to be included in the analysis. Foreign companies that are established abroad operating a joint-venture with a Caribbean company are also included.

To conduct the IPA survey, an updated database of validated staff was provided by CAIPA. The questionnaire was sent to nine contacts , one per each of the participant countries. On top of that, during the Caribbean Regional Policy Dialogue event held in Miami in March 2016, several interviews were held with the appropiate contacts looking to validate, complete and update the information received.

3.6. Data Analysis

After designing and emailing questions, receiving the answers, compiling the questionnaires fulfilled by the IPAs and investors, making phone calls with some of the companies and maintaining meetings during the conference in Miami with the Caribbean IPAs, the data had been collected, transcribed, organized and grouped. As Spencer, Ritchie & O'Connor (2004) highlight, since the data had to be organized manually, coding and grouping is very important because of the large amount of data. In qualitative data analysis, the analysis is more subjective, and relies heavily on the researcher's knowledge and experience to identify patterns, extract themes and generalize.

The key to conducting quality analysis is to organize the data collected correctly.

The two steps executed were:

1. Two Excel spreadsheets were created: one for the IPA questionnaires and another for the investor survey. (See Appendices A and B.)
2. The results of each questionnaire received by email were entered into Excel pages, designed with the same blanks as the questionnaire.
3. The necessary extra data from calls and interviews was entered into the Excel spreadsheet.

Each of the topics was been analysed and studied deeply along this chapter and for each topic, graphing and statistical analysis of the data was performed. Analyzing information involved examining it in ways that reveal the relationships, patterns, trends, etc. that can be found within it.

3.7. Assumptions

The support of CAIPA and the nine Caribbean Investment Promotion Agencies have been indispensable in accessing companies with the intention of expanding facilities and to have the extended questionnaires completed, both by the companies and agencies.

It is assumed that each participant, whether company or IPA, voluntarily contributes to the research project without any force or pressure. Additionally, it is understood that all participants have the permission from their superiors, although most of them are the top level of their institutions. Since it is intended to develop a study which contains highly reliable and valid information and results, participants' honesty is assumed (Asker at al., 2013). It is also assumed, there is a mutual consent during the exchange of emails between the interviewee and the interviewer, as well as a positive relationship between the two parties during the interview.

Another assumption is that the study will contribute to CAIPA's regional strategy to attract and retain investors, on top of each country national aftercare strategies, in several ways:

- Providing an organized database of foreign investors already stablished in the Caribbean region by country. This is a very useful and expensive tool to have a clear map of which the current investors are their investments, needs and claims.
- Elaborate a plan to improve the business climate in the Caribbean region.
- Design a value chain program connecting investors with suppliers and providers.
- Providing guidelines and key steps to develop both CAIPA and the countries themselves an aftercare program. These guidelines are included in chapter 4 and cover key topics such as how to develop an existing investor database, how to decide what aftercare services to provide, how to develop a key account management plan, how to allocate resources to aftercare, steps to develop a training and skills program and steps to develop a supply chain program.
- Providing general recommendations that could be applicable to CAIPA and the individual countries. Short and long term recommendations and action plans are suggested and detailed in chapter 7 and refer to essential topics for the IPAs.

- Proposing regional recommendations for developing a joint aftercare program in chapter 8, such as dedicated aftercare unit, foreign investment tracking system, key account management, CRM, investment advisory council, skills and training, supplier development, policy advocacy and foreign investment ombudsman program.
- Providing a list of foreign investors in the Caribbean with real and current expansion plans within the region.

3.8. Research companies and IPAs contacted and interviewed.

In addition to the emails sent and the phone calls maintained, several meetings were organized during the week of the Caribbean Regional Policy Dialogue event organized in Miami on March 12th & 13th, 2016 by the IDB with the support of CAIPA. The profiles interviewed are included in the table below. (See the agenda in Appendix E.)

Table 24
Institutions and Profiles Interviewed

Country	Institution	Title
Bahamas	Bahamas Investment Authority	Director Project Officer
Barbados	Invest Barbados	Chief Executive Director - Investment Facilitation
Belize	Ministry of Investment, Trade and Commerce BelizeINVEST	Chief Executive Officer Manager, Investment Generation
The Dominican Republic	Centre for Export and Investment of the Dominican Republic	Business Specialist Investment Specialist
Haiti	Centre for the Facilitation of Investment	Executive Director Director of Promotion
Jamaica	JAMPRO	VP Investment Promotion, Tourism Manager
Suriname	Investment and Development Corporation of Suriname	Director

Trinidad and Tobago	Ministry of Trade and Industry	Business Reform Specialist
Regional (Caribe)	Caribbean Export Development Agency (CAIPA)	Senior Specialist

Source: Elaborated by the author.

The Table 25 below shows the profiles of the company' participants in the survey. The names of the companies, webpage, contact person and emails remain confidential and are not included in the public copy.

Table 25

Profiles of the Company Participants

Countries	# of Companies Contacted	Sectors of the Companies Contacted
Bahamas	32	Hotels & Tourism, Communications, Business services, Financial services, Biotechnology, Electronic Components, Coal, Oil and Natural Gas, Non-Automotive Transport OEM, Software & IT services, Chemicals
Barbados	17	Textiles, Communications, Software & IT services, Financial Services, Tourism, Alternative/Renewable Energy, Business Services, Tourism, Manufacturing
Belize	17	Hotels & Tourism, Healthcare, Food & Tobacco, Business Services, Paper, Printing & Packaging, Business Services, Agribusiness, Agri-commodities production, Offshore Outsourcing
The Dominican Republic	160	Hotels & Tourism, Healthcare, Food & Tobacco, Business Services, Paper, Printing & Packaging, Agribusiness, Agri-commodities production, Offshore- Outsourcing
Guyana	30	Consumer Electronics, Business Services, Metals, Financial Services, Alternative/Renewable Energy, Coal, Oil and Natural Gas, Communications, Metals, Building & Construction Materials, Coal, Oil and Natural Gas, ICT, Agriculture, Services, Tourism, Manufacturing, Forestry, Tourism
Haiti	25	Communications, Financial Services, Business Services, Coal, Oil and Natural Gas, Business Services, Metals, Food & Tobacco, Business Services, Textiles, Communications, Textiles, Consumer Products, Transportation, Building & Construction Materials, Hotels & Tourism
Jamaica	71	Tourism, ICT Healthcare Financial Services Business Services Coal, Oil and Natural Gas, Transportation, Communications, Transportation, Communications, Food & Tobacco, Paper, Printing & Packaging, Chemicals, Warehousing & Storage, Healthcare, Hotels & Tourism

Suriname	21	Metals, Financial Services, Business Services, Food & Tobacco, Communications, Forestry, Tourism, Construction, Finance/Banking, Services/call centre, Services/Mobile Phone, Forestry
Trinidad and Tobago	61	Coal, Oil and Natural Gas, Beverages, Metals, Financial Services, Communications, Consumer Electronics, Chemicals, Food & Tobacco, Business Services, Plastics, Transportation, Metals, Chemicals, Industrial Machinery, Equipment & Tools, Automotive OEM, Software & IT services, Plastics, Metals, Business Services, Industrial Machinery, Equipment & Tools, Multiple, Finance, ICT, Agribusiness, Finance

Source: Author's based on the survey results

3.9. Confidentiality, Consent and Ethical Considerations

- **Confidentiality:** in order to protect the answers provided by the investors and the IPA staff, given that the IPAs compete for the same projects among themselves and the investors keep their plans secret, interviewees' and companies' names as well as other sensitive information that may lead to the identification of any respondent was given with strictly confidentiality. Hence, the contact names (both people and companies) have been eliminated.

- **Informed consent**: In the body of the letters, included in Appendices A and B, the following sentences are included in the questionnaire:
    (1) Investor's questionnaire: "*All information will remain strictly confidential. Your personal details and specific responses will not be published or made publicly available".*

    (2) IPAs' questionnaire**:** "*All information will remain strictly confidential. Your personal details and specific responses will be not being published or made available, to anyone outside of CAIPA".*

- **Ethical considerations:** Merriam (1988) defines ethics "as the values and morals upheld during interaction with others during the collection of data and the dissemination of findings." Guidelines and regulations stated by the British Sociological Association (1996) related to research and publication have been followed in this study. There have always been measures to ensure well-being, confidentiality, privacy and safety during the extensive period with interaction between the participants and the author.

In addition, on the basis that the IPAs that participated in this study are regular collaborators and counterparts of the work that the author executes at the IDB, the frontier between working relationship and collaboration for the study has been stated very clearly by the author.

The results of this study are guidelines to develop an aftercare program, short and long term national recommendations and action plans, and pan-regional recommendations. A draft of each of the mentioned documents has been shared with each of the countries individually. Also, the list of reinvestments leads identified during the research has been sent to each of the correspondent IPAs in order to continue the momentum of attracting companies to the region, thus creating employment and wealth.

Chapter 4. Best Practices in Aftercare: Evidence from other IPAs

“Diversity is the magic. It is the first manifestation, the first beginning of the differentiation of a thing and of simple identity. The greater the diversity, the greater the perfection."

Thomas Berry

This chapter highlights the importance of aftercare or reinvestment as a cost-effective activity to generate investment projects and measures its contribution to the total generation of leads compared to greenfields. Section 4.2 analyzes and details how the aftercare departments in IPAs of Czech Republic, Costa Rica, Spain, Turkey, Louisiana and North East England are efficiently organized and operative in order to provide effective services. Section 4.3 includes a table summarizing some key steps to developing and implementing an aftercare program based in the good practice. Section 4.4 summarizes templates for how Caribbean IPAs and small country regional agencies can develop different elements of an aftercare program. Templates are based on the findings identified along the research and best practice case studies. The section provides a checklist of good practices in aftercare, covering policy, techniques and resources.

4.1 The Importance of Aftercare

Rather than focusing on new investment, aftercare focuses on companies already operating in the region. Aftercare facilitate further investments by attracting new business from a foreign headquarters. It serves many important functions, including:

- Acting as a source of information on the investors' perception of the business environment;
- Providing valuable intelligence on expansion plans of parent companies; and
- Potentially improving the social networks within the region.

Aftercare is a cost-effective activity which deserves a structured and regular approach. ECORYS survey (2009) estimates, that reinvestments and expansion vary between 40% and 75% of total annual FDI inflows. Aftercare also allows IPAs and governments to make use of these long-established relationships, both in determining their strategies to overcome economic crises and signaling to corporate headquarters and potential investors that the region is a good place to invest.

The expansion of existing foreign investors should lead to a multiplier effect on FDI, on the assumption: (a) that new foreign investors continue to invest and, (b) that existing investors do not close their operations or downsize. Aftercare is also vital in retaining existing investors and encouraging expansion within the country, rather than closing or relocating elsewhere. This is particularly important given the scale of mergers & acquisitions (M&A), which can lead to changes in ownership of foreign investments, domestic companies and possible rationalization.

Yet another reason why aftercare services maximize the contribution to the local economy is increased local sourcing. This embeds the foreign investor into the country, making them less likely to relocate or downsize.

As shown below in Table 26 and 27, data from fDi intelligence (2017) demonstrate the number of investments in new assets (greenfield projects) in 2016 at 11,806 globally and 1,004 in Latin America. It is important to note that the 2,847 total expansion projects worldwide are responsible for creating 475,838 jobs, and 248 expansion projects in the LAC region created 79,784 regional jobs. These amounts express the tremendous importance of caring for those companies already operating within the country, so they continually expand and deepen their services.

Table 26

Companies Investing Globally Between January 2016 and December 2016

Project Type	Projects	Capex (USDm)	Avg Capex	Jobs Created	Avg Jobs	Companies
New	11,806	646,574.3	54.8	1,792,211	151	7,492
Expansion	2,847	170,093.6	59.7	475,838	167	2,147
Co-Location	273	10,450.5	38.3	33,991	124	244
Total	14,926	827,118.3	55.4	2,302,040	154	9,091

Note: Capex and jobs data include estimated values. Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
Source: fDi Intelligence, from the Financial Times Ltd 2017.

Table 27

Companies Investing in Latin America & Caribbean Between January 2016 and December 2016

Project Type	Projects	Capex (USDm)	Avg Capex	Jobs Created	Avg Jobs	Companies
New	1,004	54,923.6	54.7	189,103	188	772
Expansion	248	19,595.3	79.0	79,784	321	230
Co-Location	15	398.5	26.6	1,699	113	15
Total	1,267	74,917.4	59.1	270,586	213	970

Note: Capex and jobs data include estimated values. Financial Times Ltd takes no responsibility for the accuracy or otherwise of this data.
Source: fDi Intelligence, from the Financial Times Ltd 2017.

As stocks of FDI continue to grow, aftercare services become increasingly important. This is because an increasing volume of FDI comes from investment expansion by existing companies. Aftercare services also serve to support the growing base of existing foreign investors in terms of their day-to-day operations and to facilitate their expansion projects. These services are typically similar to those provided to new investors. According to IPA surveys done by the reputable consultants PricewaterhouseCoopers (2000) and fDi Intelligence (2014), IPAs name aftercare as the most effective method for identifying new leads and generating new enquiries.

Table 28

Survey of IPAs: Most Effective Techniques to Attract FDI

Method	% of IPAs using Method	Average Rating for FDI*
After-care services for target firms	40	5.0
Links to target firms and networks	60	4.8
Links to industry associations etc.	40	4.1
Direct mail to targeted brokers	50	4.0
Sales representatives overseas	30	4.0
PR companies	30	4.0
Conferences, seminars	70	3.6
Outward missions	50	3.6
TV commercials	20	3.5
Organizations in source countries	20	3.5
Conventions, exhibitions	80	3.4
Trade press advertising	50	3.2
Direct mail to targeted companies	90	2.8
Inward missions	40	2.8
Directory listings	40	2.5

Note: Ratings range from 1 (least effective) to 5 (most effective)

Source: PwC, (2014)

The survey of Caribbean IPAs included in Appendix B shows that IPAs estimate reinvestment to account for roughly 50% of FDI. In an earlier UNCTAD-WAIPA survey of IPAs largely located in developing countries, IPAs estimated an average of 32% of FDI came from reinvestments (UNCTAD, 2007).

Table 29

fDi Intelligence Survey of IPAs: Most Effective Techniques to Attract FDI

Most Effective Techniques	% of Agencies Using Technique	Average Score of Effectiveness*
After-care services for existing firms	100	4.1
Sales representatives overseas	75	4.0
Outsourcing lead generation (LG) to consultancy firms	50	3.5
Diaspora inward investment targeting	13	3.5
Conferences, seminars	100	3.4
Inward investment website	100	3.3
Inward FDI missions	63	3.3
Outward FDI missions	63	3.3
Referrals from the national IPA	38	3.3
Conventions, exhibitions	100	3.1
Direct mail to targeted companies	63	3.0
Outward trade missions	38	3.0

Note: Ratings range from 1 (least effective) to 5 (most effective)

Source: fDi Intelligence (2014)

That "support" provided by the aftercare units varies a lot between the IPAs in terms of services provided. The question is, which would be the areas of product development that an IPA should develop?

UNCTAD (2001) explains that four main areas are the ideal for an IPA to develop: infrastructure and property, supply chain, innovation, and skills.

- **Infrastructure and property** are key areas for almost all the firms that are looking to expand services in a territory, as most them request the identification of space for the new facilities. The support of the IPAs in these areas is highly appreciated by the investors (UNCTAD, 2001).

- **Supply chain** is another very important service that an IPA can bring to foreign companies. As a response to the investor, sophisticated IPAs such as Singapore, Ireland, Costa Rica or Czech Republic have launched different initiatives called "*supplier or linkages programs*" and associations, and foundations focus in large foreign investors. The literature affirms that "these are combined with measures to build up the capacity of the supply base through targeted investment, training and enterprise development and cooperation between focused suppliers" (Loewendhal, 2001; Cooke & Morgan, 1998; Battat et al., 1996; Young et al., 1994; Turok 1993; Amin et al., 1994).

- "**Innovation policy** has a crucial role to play in fostering the innovation base of the local economy to ensure that it is in the TNCs' interest to allocate more complex and important functions to the location" (Loewendahl, 2001). This is not an easy area to provide support to the company, as it requires a specialized team in different sector and cutting-edge topics. IAmsterdam (Amsterdam), London&Partners (London), Invest in Berlin (Berlin), ACC1O (Barcelona), Invest in Denmark (Denmark), Singapore Economic Development Board (Singapore), ICEX-Invest in Spain (Spain) and Germany Trade& Invest (Germany) are some national and city level agencies, that promote technology transfer and R&D incentives, in different level of support, between investors, domestic companies, entrepreneurs and research institutions. They also offer science and technology incubators and parks, supporting new start-ups companies and providing the connection with foreign firms and private equity (venture capital, business angels, etc.).

- Lastly, **skill development** is a building block of FDI. Surveys as fDI markets (2014) or A.T. Kearney (2006) and the economic literature (Lall, 1997; Christodoulou, 1996; Loewhendal, 2001) support that "the effectiveness of policies to attract FDI and encourage links between inward investors, local firms and research institutes depends on the quality of personnel available". The question is, how can countries that don't have trained human resources attract FDI and reinvestment afterwards? This was the case of Singapore, which, in the seventies, the Singapore Economic Development Board (EDB) provided to some foreign companies like Tata or Phillips, finance support and the appropriate infrastructure to build training centers, while the companies provided trainers and technology in exchange. That model was a perfect circle, a win-win for both parties, in which

> the country could train the workers, access to contacts of companies abroad and the possibility to convince those companies to locate their business in Singapore (Kuruvilla, 2000).

There is room for optimism, as the case of Singapore was one of few countries taking care of reinvestment in the seventies, is not "an isolated case" nowadays. Over the last few years, aftercare has increased in importance. ECORYS (2009) explains that "several IPAs have entered cooperation agreements with regional agencies that allow them to provide aftercare by local account managers that understand the local circumstances in which companies have to operate.". The most sophisticated IPAs understand the importance of reinvestment in their portfolio and due to the fact that they have developed dedicated aftercare units with a specialized team. These teams conduct surveys to understand company's needs and provide support to the companies with the final objectives that they can expand their businesses and create more jobs and wealth for their territories.

Rationale for aftercare services.

IPAs have traditionally focused on attracting and facilitating new investment. As the survey on aftercare to IPAS (see Appendix B) indicates, this is still very much the case. According to survey respondents, only 10% of IPA resources in the Caribbean are allocated to aftercare, while in a related survey question, generation of reinvestments and expansion of existing investment is given a relatively high priority compared with other IPA activities. Respondents estimate that, an average of 32% of FDI, comes from reinvestment in their regions.

As mentioned before, economic development and impact in employment, wealth, productivity, competitiveness and local linkages, among others, are the logic of post-investment services. However, the economic literature (Ansoff, 1987; Young & Hood 1994) place value for the role of the IPAs and the resources (staff, budget, etc.) dedicated by the government to support foreign companies. This is a symbiosis, more than a team work and in order to be successful with companies reinvesting, both parts of the equation have to be present at the same time. A benchmarking of best practices has been done in the following section looking for the presence of these elements.

4.2 Best Practices in Operating an Aftercare Unit

The best practices below draw extensively from UNCTAD (2007), MIGA (2003) and ECORYS (2009). In order to identify effective and innovative aftercare programs, a benchmarking of IPAs activities has been carried out. Following on from the review of good practices, this section highlights the most innovative and efficient programs in aftercare that have been developed by IPAs worldwide and which have had global impact, demonstrating that innovation can come from any country and that increasingly emerging markets are an inspiration for policy change in developed markets.

The **first case study (Czech Republic)** and the **second one (North East England)** look at the **importance of supply chain development and linkages**, which can help embed foreign investors into the local economy and create a multiplier impact on additional investment by other foreign investors and domestic companies through capturing more of the supply chain locally. North East England pioneered the world's first comprehensive supplier development program and was a model for other countries, including the Czech one. This case shows how they link MNEs to local suppliers and increase the capability of local SMEs so they can enter MNE supply chains.

The **third case study** examines the case of **Costa Rica** that has developed a program called "C**osta Rica Provee**" with an eye to enhancing domestic value added in high-technology MNCs' production and to improving domestic SMEs' competitiveness establishing linkages with foreign companies. From 2003 on, Costa Rica Provee operated out of the Foreign Trade Corporation of Costa Rica (PROCOMER,) but only in 2005 it became one more management unit of PROCOMER. This latter organization includes Costa Rica Provee in its strategic plan, as a key component of value added for domestic exports.

The **fourth case** study looks at the **case of Turkey**, with the efficient instrument of the **Investment Advisory Council**, to improve the business climate.

The **fifth case study** is from the US and looks at the issue of **skills and training**, which is critical for investors in many industries, particularly in export-oriented and knowledge-based services and in manufacturing. The case study of the "Faststart" program of Louisiana Economic Development (LED) is provided, which has been ranked for many years as being the best training program in the US. Practical suggestions are provided for how IPAs from the Caribbean can develop a skills and training program.

And the **sixth case study** is a comparison between leading **CRM systems** available, showing the most efficient options.

The case studies below have been first analyzed, including some brief description of the organization and general services and some more detail given regarding the aftercare programs that they have put in place. This research highlights some best practices IPAs can use when attending business-expanding projects:

- Use a serious approach with a large enough budget and long-sighted strategies;
- High level support from ministries and majors being close to the investor showing support and proximity;
- Focused strategy and operational plan with regular visits and contacts;
- Providing solutions to foreign and domestic investors, developing regional initiatives that connect them, always with a continuous and proactive support;
- Highly motivated staff with tangible objectives and focused on results;
- Cultivate strong relationships between the aftercare manager and the directors of the foreign company, on top of other institutions; and
- Evaluation of the results of the program.

Box 5

Case Study of the Czech Republic. Czech Invest

Country/Region	Czech Republic.
Organization	CzechInvest http://www.czechinvest.org/
Description and service provided	CzechInvest, is an agency of the Ministry of Industry and Trade. Established in 1992, the agency contributes to attracting FDI and developing domestic companies through its services and development programs. The main objective of CzechInvest is to advise and support, free of charge, existing and new entrepreneurs and foreign investors in the Czech Republic. The Business and Investment Development Agency CzechInvest also promotes the Czech Republic abroad and acts as an intermediary between the European Union and SMEs in implementing structural funds. Its role is to provide current data and information on business climate, investment environment and investment opportunities in the country. Its services comprise full information assistance, tailor-made visits, handling of investment incentives, access to EU structural funds, business properties identification, business infrastructure development and search for potential suppliers/joint-venture/acquisition partners.
Aftercare services	CzechInvest's support to existing investors comprises a whole range of activities as the list below. However, most the services are tailored to the specific needs of each investor: • Support to expansion, reinvestment and the development of research capacities

	• Assistance in seeking suitable industrial zones and business properties • Advising how to draw investment incentives and project co-financing from EU structural funds • Seeking suppliers in the relevant region • Providing support in human resources • Promoting cooperation between investors and secondary schools, vocational colleges and universities • Providing for negotiations with local authorities, state administration bodies and public institutions • Ensuring that investors' proposals to amend legislation are submitted to the Czech Government; cultivating the Czech business environment • Organizing specialized workshops, working breakfasts with top officials, round tables and social events. Among those services, there are additional ones, not just specific for reinvestment projects, but that the companies that have already invested can enjoy: a) **Sector databases**: This is a tool for searching and ranking partners and suppliers in the country by sector characteristics, modules, key technologies and locations. The databases are freely available and cover key industrial sectors. b) **Sourcing:** This is a service is to get a recommendation of suitable suppliers and business partners, facilitation of establishing contacts with Czech companies and meetings with business partners, access to specialized sector databases covering the strategic sectors. c) **Czech Clusters**: The aim of this service is to support the use of cooperative groupings and cluster initiative. d) **CzechLink:** This is a platform dedicated to Joint Ventures, Mergers & Acquisitions. CzechInvest facilitates the qualified investor search and enable the pre-audit project stage. The final information is summarized in the company prospect -English language is used- a very professional structure: company story, ownership structure and legal form, commercial profile, quality management, technology profile, purchasing profile, personal profile, competition, financial profile and financial ratios.

Source: Compilation based in http://www.czechinvest.org

The case study of North East of England in Box 6 below, which helped pioneer the development of aftercare and supply chain programs, provides further insights in how to develop a supply chain program.

Box 6.

Case Study of North East England. Investor Development & Supplier Linkages.

While the North East of England was traditionally concerned with attracting new FDI, this emphasis shifted to "embedding" investors as well. The shift was due to a number of factors, including the growing body of foreign investors in the region and the expansion opportunities and retention issues this created, as well as recognition that the integration of foreign investors into the local economy was weak.

The regional IPA created two new programs: Investor Development (aftercare) and Strategic Supply Chain Development (SCD). The Investment Development Program had 430 existing investors of which 100 were key accounts. The supply chain program recruited a team of 8 business development managers, all with a procurement and production engineering background, to interface between major investors and the SME sector.

Each supply chain manager was tasked with understanding the supply chains of 10 major investors (OEM manufacturers or major first tier suppliers only) and to identify 20 potential regional suppliers and profile their capability. The IPA worked with a university and national agencies to utilize a Supply Chain Assessment Tool (SCAT) and Promotion of Business Excellence (PROBE) management tool to assess each supplier's business across:

- Company strategy: vision, business planning, market position;
- Management: financial outputs, organization, structure, planning and human resources;
- Process: R&D, new product introduction, manufacturing quality, sales and marketing; and
- Metrics: Measurement of performance, quality, delivery and cost.

Weaknesses identified were passed onto the local enterprise support and training agencies to assist the local suppliers. The IPA allocated around half of its resources to investor development and supply chain development, which contributed newer FDI to the regional economy – about £1 billion two years after the programs were launched.

The aim was to facilitate upgrading the quality of local suppliers to increase the local content of major investors and embed them more into the local economy so there would be less risk of closure or relocation. By upgrading the capability of local SMEs to become first tier suppliers, the region would also be able to attract more foreign investors looking for a strong local supply chain.

Source: Loewendahl (2001)

Box 7

Case study of Costa Rica. CINDE & Costa Rica provee

Country/Region	Costa Rica
Organization	CINDE and PROCOMER
Description and general services	CINDE is a private, non-profit and non-political organization declared of public interest in 1984, responsible for the attraction of FDI into Costa Rica. Founded in 1982, they have helped hundreds of companies settle, and in the process, bring major benefits to the country. Their services are free of charge. CINDE is one of the leading investment promotion agencies in Latin America, with a good track record and well-documented success stories in investor targeting. CINDE general services consists in: a) assistance in site selection, by providing detailed information on the country and its advantages, and organizing customized investment agendas: b) Meeting the investor's needs, arrange meetings with: service providers, Government organizations, universities, real estate brokers, attorneys, accountants, industrial parks, and office parks; c) networking, by providing direct contacts and links with potential investors from other countries and d) specialized support, once the company has established itself in the country, providing specialized support for strategic aspects geared to new operational expansion projects or promoting product diversification. Costa Rica Provee is a strategic section of The Foreign Trade Corporation of Costa Rica (PROCOMER). Its key goal is facilitating business deals between export companies and those with export potential and domestic suppliers, thus contributing to enhance value added from Costa Rican industries, as well as the country's global competitiveness.
Aftercare services and specific program	Once the company has established itself in the country, CINDE provides specialized and ongoing support for strategic aspects geared to expansion projects, diversifying their product ranges. or promoting product diversification. The service expands to networking support with other companies and institutions in the country and the organization of informative seminars on issues of interest to investors. Investment climate is also a topic covered by CINDE where recurring problems are presented to the relevant authorities and the process of removing identified obstacles is monitored by the agency. The team creates awareness and improve plans in coordination with main stakeholders (companies, government, etc.) to improve the investment climate and growth opportunities in the country. When a desired set of outcomes occurs from this process, workshops are organized to inform businesses of the new changes in policies and regulation. Costa Rica PROVEE, detects the needs of multinational companies, identify business opportunities, and recommend registered suppliers meeting the production, technical, and quality specifications and characteristics required by the business at hand. Our mission consists of facilitating business deals between multinational companies and domestic suppliers, thus contributing to enhance value added from Costa Rican industries, as well as the country's global competitiveness. The major driver is the interest in creating a link between Costa Rican industries and multinational companies. For this purpose, there benefits that include: (1) being part of a supplier network highly-qualified by these foreign companies, (2) have access to a team

	made up of professionals from different fields including chemistry, electronics, materials, marketing, and business management.

Source: CINDE and Costa RICA provee, 2017

Box 8.

Case Study of Turkey. Investment Advisory Council.

A very efficient instrument is to establish an Investment Advisory Council, chaired by the respective Prime Minister or President, with the participation of senior executives from prominent foreign and domestic multinational firms. This platform would be tasked with addressing administrative barriers to investment, improving the image of T&T as an attractive investment destination and providing an international perspective to the ongoing investment climate reform agenda. Turkey, Rwanda and Singapore enjoy successful advisory councils. Since its establishment in 2004, the Prime Minister led eight meetings of the Investment Advisory Council of Turkey. Members reviewed and evaluated progress in strengthening Turkey's investment environment, sharing investor perceptions of government's policies to enhance Turkey's competitive position as an investment destination. The council has contributed to ongoing efforts to further improve the investment climate in Turkey.

Source: Investment Advisory Council of Turkey (IAC) www.yoikk.gov.tr, 2017

Box 9 below provides an overview of the training service of Louisiana Economic Development (LED), called FastStart. LED has been ranked as having the best workforce training program in the US for the last 7 years in a row (Business Facilities).

Box 9.

Case Study of Louisiana. Workforce training program.

Louisiana Economic Development (LED) developed a **dedicated workforce training initiative called "FastStart" to support inward investors in Louisiana.** FastStart has been ranked by both the Economist and Business Facilities Magazine as the best training program in the United States for seven years running. FastStart provides:

- Customized employee recruitment and screening;
- Training development and training delivery for eligible, new or expanding companies; and
- Specialized assistance for employees as they transition to a new community and a new job.

FastStart delivers training in quality, leadership, lean manufacturing, animation and other critical areas, and covers a wide variety of industries such as advanced manufacturing, aerospace, digital media and pharmaceuticals. FastStart services are designed and tailored exclusively for each company, with no preconceived notions about the best approach and no bias regarding the use of existing training programs or facilities. FastStart starts working immediately without requiring an application or cumbersome approval forms. Every FastStart project focuses only on each company's target performance measures rather than the number of classes taught or hours trained.

FastStart has developed a reputation for creating custom, and often high-tech, recruitment and training products for companies that agree to bring more jobs to Louisiana. These products range from 3D animated training videos that give step-by-step instructions to new hires to targeted recruitment campaigns on social media that get the word out about new jobs in Louisiana's expanding knowledge economy.

To date, FastStart has worked on 147 different projects in every region of the state. The services are offered at no cost to the company, and are part of the incentive package negotiated by LED. To qualify for FastStart's services, a company must first commit to creating a net of at least 15 new, permanent manufacturing jobs, or a net of at least 50 new, permanent service-related jobs.

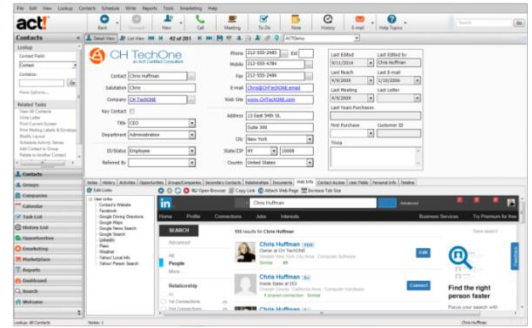
Source: Compilation based in a fDi markets presentation (2016) and conversations maintained with Louisiana Economic Development.

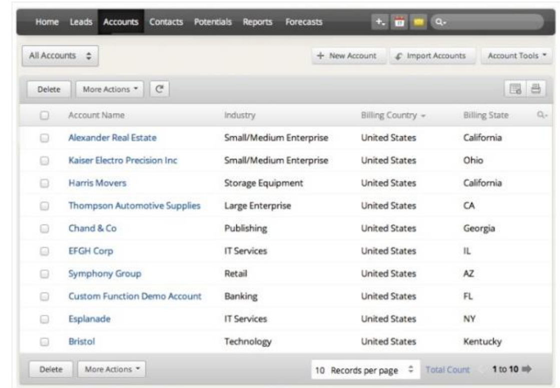
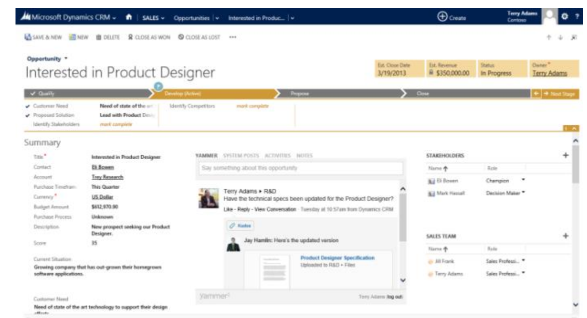
Box 10 below provides an overview of some of the leading customer management systems (CRM)[6] available, showing options from fairly simple and easy-to-use CRMs like Zoho and ACT, to advanced, multi-functional CRMs like Salesforce and Microsoft Dynamics[7]. There are also CRMs made in-house, as PROMexico or ICEX-Invest from Spain.

[6] Lexicon Financial Times, 2017 defines CRM as "The activity of examining information showing how well your customers' needs are provided for. Companies do this to make sure that existing customers are satisfied and to increase sales"

[7] When procuring a CRM, the training and monitoring needed to ensure full adoption in the IPA should not be under-estimated nor should the costs of customization and ongoing support if the IPA does not have in-house technical resources with CRM know-how. As a guide, the annual cost typically varies from $1000 to $2000 per user, with customization costs typically varying from 5000 USD to 50,000 USD depending on needs. The fully-loaded cost of a CRM for a typical small national IPA is likely to be around 40,000 USD per annum.

Box 10. Comparison of CRM Systems

System	Features	Pros and Cons	Interface Example
Act! Premium Cloud $35 per user per month	*Contact & Customer Management* • *Calendar & Activity Management* • *Opportunity Management* • *Sales Process Automation* • *Notes & History* • *Lookups & Groups* • *Email Marketing & Social Integration* • *Reporting & Dashboards* • *Integration with Outlook®, Google™, Dropbox and more!* • *Mobility and Marketplace Apps*	Pros: • Integrated Email Marketing • Integration with MS Office & Gmail • Ease of Navigation • Customisable views • Import tools Cons: • Contact centric – more aimed at B2C than B2B • Geared towards small businesses • Look and feel a bit dated when compared to other Cloud CRMS	 More Information: https://www.g2crowd.com/products/act/reviews
Salesforce Professional / Enterprise $65 to $200 per user per month	Contact & Account Management: • Task & Event Tracking • Outlook / Gmail integration • Mobile App • Customizable reports & dashboards • Marketing Campaigns • Collaboration and file storage • Web Service API (Enterprise version) • Integration with Data.com (Additional Cost) • App store for auto-integrated tools	Pros: • Powerful feature rich platform • Reasonably logical and intuitive interfaces • Highly Customisable Separation of accounts • Extensive Administration controls and customisable user access levels • Intuitive Import and Export tools Cons: • Difficult to deploy / customise without professional input (at significant additional cost) and in-house technical team • Poor Outlook integration • Email marketing tools are clunky and need technical expertise to get best from them Simple tasks often require multiple steps	

Zoho Professional / Enterprise $20 to $35 per user per month	• Contact and Account Management • Lead Management • Mobile App for iPhone and Android • Customizable reports & dashboards • Website signup forms (for permission based marketing) • Email Marketing tools • Integrates with third party apps including Google Apps	Pros: • Very simple and intuitive to use and administer • Ability to customise fields • Good search capability • Good data import wizard Cons: • Poor user feedback on Support Service • Poor Outlook Integration • Marketing email templates limited • Export tool problematic with descriptive fields	 More Information: https://www.g2crowd.com/products/zoho-crm/reviews www.zoho.com
Microsoft Dynamics CRM $65 to $200 per user per month	• Similar feature levels to SalesForce (enterprise level CRM) • Contact and Account Management • Lead Management • Mobile App for iPhone and Android • Customizable reports & dashboards • Outlook and MS Office integration	Pros: • Excellent Outlook and Office 365 integration • Feature rich • Simple to use with prior knowledge of Excel Cons: • Poor Navigation • Reported as being slow / error strewn • Difficult and costly to customise • Not 100% cross browser compatible (aimed at IE users) • Poor reviews (including Mobile Apps)	 More Information: https://www.g2crowd.com/products/microsoft-dynamics-crm/reviews http://www.microsoft.com/en-us/dynamics/crm.aspx

Source: Author, based on the information provided by the companies, 2

4.2.1. Develop Objectives and Identify Partners.

Before providing aftercare services it is essential to understand the investor community, have full knowledge on which foreign investors have already established in the country, what is the nature of their operations and who are the key corporate decision makers. It is recommended that a database of existing investors is developed. The database should record names, addresses, information on current operations (in particular capital investment and employment) and contact decision maker details.

To build the existing investor database, commercial databases such as fDi Markets, Dun & Bradstreet and Bureau van Dijk can be used, and supplemented by further desk research. These sources can be combined with information the IPA or its partners may have concerning established inward investors. Other government departments, agencies, chambers of commerce and industry associations are all likely to have databases of companies, both foreign and domestic. Free zones, or foreign trade zones[8], will also have databases of their tenants.

To understand the operations of existing investors, desk research is unlikely to be sufficient and interviews or a survey is recommended to collect information on the size and nature of operations. The questionnaire template shown in Appendix A is an example which can be further customised

In developing an aftercare program, the IPA should consider both the feedback from existing investors and the economic development needs of the country. The actual stock of foreign investors in the country will, on its own, also be an important factor as well as the functional mandate of the IPA, which will impact the services the IPA can currently provide and the extent to which other partners will be needed to deliver desired aftercare services.

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[8] Lexicon Financial Times defines foreign trade zones as:” area set up within a country to attract and promote international trade and commerce located legally outside the country's customs territory and which goods are usually not subject to duties, tariffs or taxes”.

The objectives of aftercare typically can include:

- Securing expansion projects to increase employment;
- Securing expansion projects to increase capital investment;
- Upgrading the subsidiary to more value-added services/products;
- Increasing exports from the subsidiary;
- Attracting foreign suppliers to help meet the inputs needed (import substitution);
- Increase local sourcing with SMEs to help meet the inputs needed (import substitution);
- Collaborative projects with training & education institutions;
- Collaborative projects with universities and other R&D organizations;
- Identification and removal of key barriers to increased reinvestment; and
- Increased reinvestment in a particular location (e.g. region, zone, park etc.).

Once the objectives are identified, targets can be set for the specific aftercare programs. Best practice IPAs typically have targets for:

- Number of contact visits per year (3-4 meetings and 10 calls/emails per year is typical);
- Number of reinvestment/expansion projects to realise;
- Number of jobs to create;
- Number of jobs to safeguard (in the case of operations which were being considered for closure);
- Amount of capital investment to create;
- Number of suppliers to attract, and related jobs and capital investment; and
- Number of local supplier contacts to facilitate, with related value of supplier contracts.

4.2.2 Assess Resources, Target and Design the Aftercare Program

There are four main types of programs which can be considered depending on objectives and resources available (drawing on Young and Hood, 1994):

1. **The Company Friend Program:** In a small team of only 1-2 aftercare managers, it is difficult to be proactive in providing aftercare services as their time is typically focused on responding to immediate needs of investors which they have networks and contacts with or which have contacted the IPA. Such a program can combine many types of aftercare services, as long as the team has the skills to deliver the service. While most of aftercare work will be reacting to enquiries

from existing investors, each manager should be allocated (e.g. 5-10) "key accounts" to ensure that the IPA is in regular contact with most important and significant foreign investors in the country. The aftercare unit will typically have targets for response times in responding to enquiries, number of meetings and calls with key accounts. A very small team is unlikely to have overall targets for reinvestment projects, jobs or capital investment as this is hard to achieve with limited resources. However, successes should be clearly tracked and recorded.

2. **Project-Based Program:** In this case, aftercare is not well resourced either, but the aim is to focus resources and service delivery on very specific areas such as supplier attraction, supply chain development or increasing education/training or university collaboration. The aftercare team is likely to need more specialised skills and experience and to be given clear targets, such as number and value of local supplier contracts to secure;

3. **The Aftercare Team Program:** This is where a relatively wide offering of services is delivered, but it is not particularly well focused in terms of national economic priorities and specific objectives and targets. It tends to be reactive and lackin strategic focus on key accounts. IPAs should generally be moving away from such programs towards either project-based programs or fully integrated programs, depending on resources available and objectives; and

4. **The Integrated Program:** This is the most ambitious type of aftercare services aimed at integrating foreign affiliates into the local economy. This approach works in a highly structured, well-resourced manner to deliver specific goals that are aligned with national economic objectives.

Segment, Target and Design the Aftercare Program.

It is unrealistic to expect an IPA to be able to provide the same level of aftercare service to all foreign investors in the country, and it is recommended that IPAs focus operational and strategic aftercare services on the existing investors that make or have the potential to make the biggest impact on the local economy. The IPAs must therefore devise a targeting strategy that will reach the existing investors it considers most important, given the nature of the established base of inward investors and the objectives developed.

Segmentation of existing investors is almost always based on:

- Sector of investment; and
- Size of the investment.

More sophisticated approaches to segmentation include current and potential:

- Export intensity;
- Local content;
- Salary levels;
- Productivity;
- R&D and innovation;
- Headquarter operations;
- Vulnerability to relocation/closure and
- Competition.

For the small number of foreign investors deemed of national importance the IPAs most senior managers (including the Executive Director of the IPA) should be handling these investors. The dedicated aftercare team managers should handle other key accounts identified, including a regular meeting program (2-4 times a year depending on the investor). For other foreign investors, they can be included in general events and newsletters organised by the IPA (this also facilitates the IPA updating over time the existing investor database).

4.2.3 Delivery Services.

IPAs are recommended to develop an "account management system" for delivering aftercare services. This involves segmenting the community of inward investors into key accounts and allocating company servicing to specific "account managers" in the IPA.

Someone from the IPA should meet with each key account at least once every six months. The account manager in the IPA should attend each meeting with "their" key accounts so they can build the relationship and trust with the investor and ensure follow-up of actions agreed. Time dedicated to each investor includes travel and meeting time, processing meeting results, CRM input, follow-up correspondence, follow-through on action items, writing and publishing an aftercare newsletter etc. Some investors will require no follow-through on issues and others will need significant attention, which can take days or even weeks. On average, a full-time aftercare manager is likely to be able to actively account manage around 5-20 key account foreign investors depending on the range of aftercare services the IPA is offering.

For each existing investor segment, different priorities, targets and service levels should be agreed. For all key accounts an annual action plan should be developed outlining the IPAs strategy towards that key account.

UNCTAD (2007) categorizes aftercare services into three categories:

1. **Administrative service to enable the operation:**
    a. Obtaining permits and permissions to operate or expand;
    b. Obtaining work permits for foreign nationals or spouses;
    c. Help in finding homes for transferred staff or schools for their children; and
    d. Introductions to providers of services such as banking, legal and accounting services, or property agents/brokers.
2. **Operational services to support the effective and efficient operation:**
    a. Support for training;
    b. Help with export promotion;
    c. Obtaining larger premises for expansions;
    d. Identifying local suppliers;
    e. Helping an established foreign investor build a business case to present to the parent firm for new investment into the host region; and
    f. Developing cluster organizations or other networks to improve productivity and competitiveness.
3. **Strategic services to impact the future direction of the firm and host country:**
    a. Encouraging and supporting the development of new, upgraded, higher value added products and services of strategic value to the firm's network;
    b. Nurturing local suppliers to international standards;
    c. Linking the senior managers and directors of the foreign investor into high-level and national policy and influencing networks; and
    d. Policy advocacy activities.

The three categories above can be used by IPAs to help determine the aftercare services they could provide. For each service, the segment of existing investors receiving the service and the staff in the IPA providing the service should be defined.

4.2.5. Monitor and Evaluate Results.

Monitoring and evaluation of activities and targets is essential so that the impact of the aftercare program can be assessed. Key quantitative metrics for monitoring and evaluation include:

1. **Administrative services**
   a. Average response time in responding to an existing investor enquiry; and
   b. Percentage of existing investor enquiry cases closed in the year.
2. **Operational services**
   a. Number of unique investor visits and repeat/follow-up visits per year;
   b. Number of reinvestment/expansion projects identified;
   c. Number of reinvestment/expansion projects confirmed (announced);
   d. Number of jobs created (announced);
   e. Number of jobs safeguarded (in the case of operations which were being considered for closure but did not close following support from the IPA);
   f. Amount of capital investment created (announced);
   g. Number of foreign suppliers attracted, and related jobs and capital investment; and
   h. Number of local supplier contacts facilitated, with related value of supplier contracts.
3. **Strategic services**
   a. Number of projects identified to upgrade to new higher value added services and products;
   b. Number of projects announced to upgrade to new higher value added services and products;
   c. Ratio of jobs lost to jobs created by foreign investors;
   d. Number of local suppliers accredited to international standards;
   e. Number of meetings set-up between foreign investors and Minister / Deputy Minister level government officials;
   f. Policy changes being identified based on policy advocacy; and

g. Policy changes implemented based on policy advocacy.

4.3. Best Practices Summary

4.3.1 Check list to Develop an Aftercare Program.

The following table summarizes some key steps to developing and implementing an aftercare program based in the good practices compared in this chapter:

Table 30

Developing and Implementing an Aftercare Care Program - Best Practices Summary

Step	Best practices
1. Set objectives	Clearly defined and shared. Consider a wider focus on product development (supply chains, exports, skills, upgrading)
2. Define services	Identification of agency added-value. Tailored services should be provided to existing investors, segmented by type of investor and the service to be provided to each segment
3. Create a database of existing investors	Build a database of existing investors with names, addresses, contact email addresses and phone numbers
4. Identify key accounts	Prioritization of sectors and companies. Focus on a manageable number of the largest/strategic investors in target sectors and with high potential for reinvestment, local sourcing, exports and upgrading
5. Develop the implementation plan	Overall aftercare strategy and one-year implementation plan with clear definition of services, targets and actions
6. Allocate appropriate resources	Resource needs are high in time. A few dedicated staff are needed drawing on the wider IPA team when needed. Each full-time aftercare manager can handle up to 20 investors depending on the services being provided
7. Develop approach to investors	Pro-active, long term and at a senior level, building a relation based in trust and confidence.
8. Carry on regularity visits.	Its recommended to visit the companies, at least twice a year in a regular basis to discuss casually, operational concerns.
9. Dedicate a high-level team	Senior, sector expertise, high qualifications and dedicated client accounts with commercial skills.
10. Implement CRM	Account managers should update action plans, interactions, and monitor enquiries and expansion projects on an ongoing basis using a CRM type system

10. Coordination with source Country institutions	Co-ordination with national agency and embassies overseas, especially for major expansion/rationalization projects
11. Constant use of communications	In addition to the key account meeting schedule, newsletters are a good way to maintain contact with all foreign investors and putting a major foreign investor on the board of agency and/or developing council of investors can be considered. An annual or biannual investment event could also be considered
12. Measure Impact and Success Rates	Clear annual targets and implement an evaluation mechanism with targets, objectives and goals.

Source: Compilation based on Section 4.2.2., UNCTAD report (2001) and conversations maintained with IPAs.

4.3.2 Model of an Integrated Aftercare Program.

Figure 8 below shows a model of how an integrated aftercare program would work. The diagram shows that the IPA is only one of a number of organizations likely to be involved. For example, if the aftercare program has an objective to raise education and skill levels so foreign investors can find suitable staff to expand and upgrade operations, then training bodies, colleges and universities are likely to be involved. If the increasing exports or supply chain linkage is an objective, then the national trade agency is likely to be a key partner. With partner organizations necessarily involved, a single agency or team approach is needed with clear key account management and project management arrangements and systems in place.

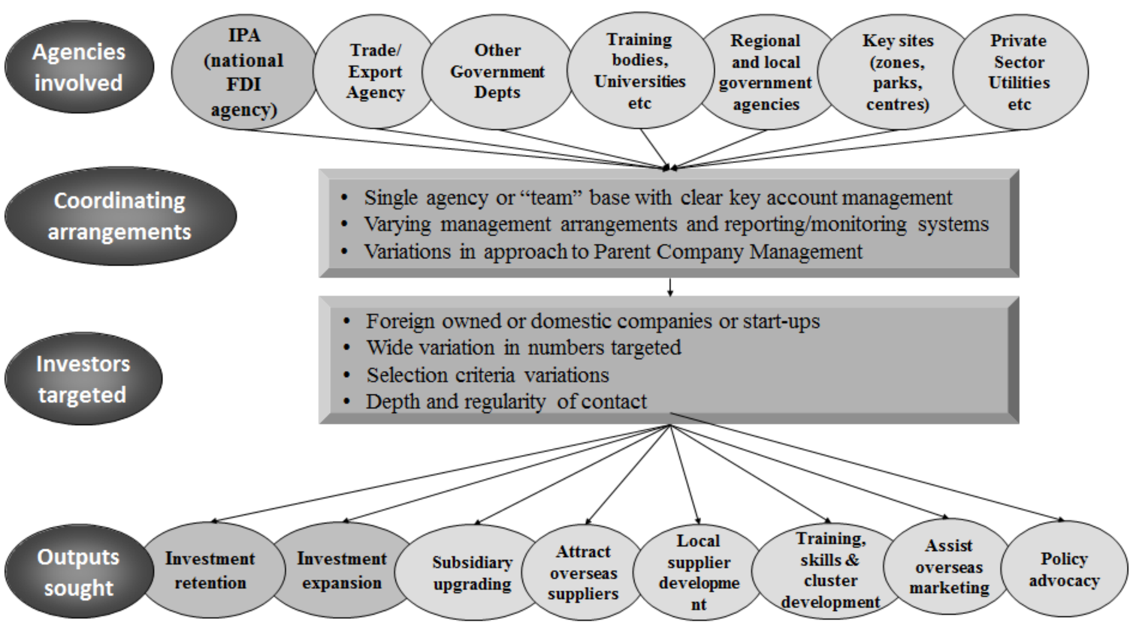

Figure 8. Developing an Integrated Aftercare Program
Source: WAVTEQ, 2014

The aftercare program may focus on only foreign owned investors or may also include domestic companies as key accounts, which is quite common among Caribbean IPAs. The number of investors included in the aftercare program will vary widely across IPAs depending on the volume of existing foreign investment, resources, functional mandate of the IPA, and the specific services to be provided.

The outputs sought from the aftercare program will also vary across IPAs. All IPAs should include investment retention and expansion as part of the aftercare program and for IPAs moving towards an integrated program, they will consider strategic services such as subsidiary upgrading, overseas and local supply chain development, training and leveraging existing investors to assist in marketing the country and in product development (policy advocacy).

4.4. Key Steps for Developing an Aftercare Program

4.4.1 Guidelines for Aftercare Program Development

The sections in this chapter summarize templates for how Caribbean IPAs and small country regional agencies can develop different elements of an aftercare program. Templates are based on the findings identified along the research and best practice case studies. This section provides a checklist of good practices in aftercare, covering policy, techniques and resources.

Before starting designing an aftercare program, is recommended to organize a workshop with, if possible, all the staff of the IPA, or at least with key staff positions. The debate should be conducted in groups and aim to answer some of the following questions:

Regarding aftercare **policy:**

- Is there an official way to learn if a company has invested in the territory?
- Is there any official registration of investors?
- Is it mandatory that the registration must be updated?
- What information is requested in the registration?
- How many ways can sources be identified, to learn information about new investments?

- Is there an aftercare strategy for keeping in contact with investors, once they make the investment?
- What are the objectives of aftercare? (Answers may include: expansions, marketing, improving supply chain linkages, upgrading plants, etc.)

Regarding aftercare **techniques**:

- What aftercare techniques are used?
- Do these meet company objectives and outcomes?
- Who are the stakeholders in aftercare?
- Are they reactive or proactive when attending to the requests of the companies?
- Is there any barometer of investment climate distributed periodically to current investors?
- Which objectives are IPA staff looking to achieve in measured results?
- Is there a method to target the investors?

About the **resources**:

- Are adequate resources available for aftercare?
- Are adequate skills available for aftercare?
- Is there a dedicated aftercare team?
- Are resources used effectively?
- Is the team adequately trained and motivated?

The **key areas to cover in a developing an aftercare program are**:

1. Developing an existing investor database
2. Cataloguing aftercare services to be provided
3. Developing a key account management program
4. Developing a supply chain program
5. Developing a training and skills program

A step-by-step template for each area is provided in the following sections.

4.4.2. Developing an Existing Investor Database

Table 31

Template for Developing an Existing Investor Database

STEP 1	Check commercial databases available to identify existing investors.
STEP 2	Check IPA sources, other government agencies and department, chambers of commerce, business association and zones and major property and sites for their databases or lists.
STEP 3	Build a database of investors which captures key information including, at a minimum: date invested, company name, parent company, country of origin, location in the country, industry sector and subsector, business activity, jobs and capital investment, site address, contact person in the company.
STEP 4	Collect additional information and/or fill gaps in the data through direct contact with investors.
STEP 5	Conduct an investor survey including the needs to reinvest in the country or region: access to human resources, markets, business climate, suppliers, incentives, logistics, trainings, etc.
STEP 6	IPA account managers should maintain and update the database.

Source: Compilation based on best practices aftercare programs and conversations with WAVTEQ and CONWAY Advisory Services

4.4.3. Aftercare Services to Provide

Table 32

Template for Deciding What Aftercare Services to Provide

STEP 1	Define the objectives of the aftercare program (reinvestment, retention, upgrading, exports, supply chains, workforce training, cluster development, marketing, policy advocacy).
STEP 2	For each objective define the relevant aftercare services which need to be provided. These be categorized as administrative, operational and strategic services.
STEP 3	For each objective and service define which segment of investors the service is to be provided to and how many investors are in each segment.
STEP 4	Determine the amount of resources necessary to provide each service to the selected investors, and/or which partner organizations need to be involved to support the delivery of these services.
STEP 5	Re-appraise the objectives, services and investors to match actual resource availability, and re-appraise the current or planned capability and skills in both the IPA and partner organizations which have agreed to help provide partner services.

Source: Compilation based on UNCTAD report: Aftercare: a core function in investment promotion (2007)

4.4.4. Developing a Key Account Management Program

Table 33
Template for Developing a Key Account Management Program

STEP 1	Segment investors into defined investor groups. Groups should align with each objective and service being provided in the aftercare program. For example, if the objective is reinvestment, then the largest investors with the largest investments in the country would be essential to target.
STEP 2	Rank investors to identify the most important accounts to engage with, and only those which meet the aftercare objectives. If there is a significant volume of key accounts, the key account list can be further categorized into strategic accounts, key accounts, and accounts with a different level of staff, engagement and services provided for each category.
STEP 3	For key accounts, an initial meeting with the investors should be conducted to understand their company, operations, and their business plans & needs, and to introduce the IPA and the aftercare services available. Based on the meeting, an action plan for each key account should be made covering: who is the key account manager from the IPA and what other staff from the IPA need to be involved; are other partner organizations involved in engaging with the investor and their key contacts; what are the IPA's aftercare objectives for the investor; what services will the IPA offer the investor; what is the frequency and method of engagement with the investor; and what immediate issues and actions are there following the initial meeting with the investor.
STEP 4	For all existing investors, a communications plan should be developed. Best practice is to send a quarterly newsletter to all existing investors in the country. The newsletter can include content on: new investments, progress on reforms, changes at the IPA, upcoming missions, investor council meetings, services offered by the IPA, government contacts, trade and competitiveness issues, new government RFPs and contracts, etc.
STEP 5	A CRM system is essential for effective key account management and all key accounts should be entered in the CRM and communication with the investors recorded in the CRM
STEP 6	Depending on the knowledge of existing investors, their FDI and other activities and on the volume of existing investors to be engaged, clear targets can be aligned with the aftercare targets, such as the number of reinvestment projects to be secured and capital investment & job creation to be secured, etc. If the base of existing investors is very small and/or there is limited data on the contribution of existing investors, targets can be developed over time once the aftercare program starts building-up data and as FDI grows in the country.

STEP 7	Monitoring and evaluation of the aftercare program should take place, ideally based on both inputs (activity targets, such as number of meetings per aftercare manager and number of meetings with key accounts) and outputs (results achieved, such as number of expansion projects, jobs and capital investment, supplier contracts, exports, training linkages etc.).

Source: compilation based on conversations with UKTI, IDA and fDi markets

4.4.5. Allocating Resources to Aftercare Department

Table 34

Template for Allocating Resources to Aftercare

STEP 1	The resources needed depend on the objectives, services and number of investors to be serviced by the program. Each one of these factors should be clearly defined at the beginning of the process. At a minimum, 10% of resources should be allocated to aftercare, reaching as much as one-third of resources for the most mature IPAs and FDI locations.
STEP 2	The type of services provided will determine which parts of the IPA need to be involved, what partner organizations need to be a part of the program and what additional resources are necessary. At a minimum, a dedicated aftercare unit should be formed to work with key accounts and manage the overall program delivery. Other parts of the IPA can support the core team (e.g. the investment facilitation or services team for permits & license, the incentives team for incentives etc.). If specialized services are to be provided, such as a skills & training program or supply chain program, then experts will need to be recruited into the IPA to deliver the specialized services or a partner organization becomes a full member of the aftercare program.
STEP 3	The seniority of resources allocated should match the segmentation of aftercare accounts. For strategic investors of major importance for the economy, not only should the CEO be involved in delivery of the aftercare program but ideally very senior government officials (including at Minister level) should also be included in the program.
STEP 4	The aftercare unit team should have private sector and industry experience, good relations and networks within the IPA and other relevant government departments and have excellent inter-personal skills and business acumen. The aftercare team is likely to be responsible for delivering up to half or even more of FDI coming to the country and are therefore is key to success of the IPA and country in attracting FDI.
STEP 5	As well as human resources and partner organizations, other costs to be considered include travel costs and time to meet with investors, which should be budgeted for based on the number of accounts, targets for meetings and distances, and client entertainment costs (such as a business lunch or dinner) for strategic accounts.

Source: Compilation based in conversations with UKTI, IDA and fDi markets (2016)

4.4.6. Developing a Training and Skills Program

Table 35

Template for Developing a Skills and Training Program

STEP 1	Understand the training needs of key accounts through meetings with the investors. Send the needs assessment to the investor for sign-off.
STEP 2	Based on the identified training needs, identify the services which meet each of the key needs and agree this with the investors.
STEP 3	Decide how the services will be delivered – either through specialized training staff to be recruited into the IPA, partnership with another organization or setting-up a new training body.
STEP 4	For key investors, agree on the training program to be provided for expansion projects they are working on.
STEP 5	The training program can be similarly provided to new investors coming into the country.

Source: Author based in conversations with Finpro and UKTI

4.4.7. Developing a Supply Chain Program

Table 36

Template for Developing a Supply Chain Program

STEP 1	Identify the most important sector(s) in the country so the supply chain program can be developed for investors on a sector-basis. Sectors should be identified based on the size and potential for local sourcing – either with local SMEs or in attracting foreign suppliers. It is recommended to start the program as a pilot project with one sector.
STEP 2	Identify the key investors in the sector(s) with the strongest supply chain opportunities.
STEP 3	Meet with the key investors to understand their company, operations, supply chain policy, current local sourcing, potential for local sourcing and/or attracting foreign suppliers, and issues they currently experience with localizing the supply chain.
STEP 4	Identify local and/or foreign suppliers which could be attracted to supply the investors.
STEP 5	Meet with local or foreign suppliers to understand their interest and capabilities to supply the investor, as well as development needs they may have.
STEP 6	Meet again with the key investors, presenting the results of your research and discuss a supply chain program for the investor.
STEP 7	Ensure suitable skills are in place in the IPA and/or in partner organizations to deliver the supply chain program; it will be essential to deploy senior supply chain experts with significant industry experience in the sector.
STEP 8	Work with the investor and potential suppliers to match-make and raise the capability of local suppliers to be able to meet the requirements of the investor and/or attract foreign suppliers to the country. This can take place through one-on-one meetings and/or through a supplier matchmaking event.
STEP 9	Define clear targets for the supply chain program (number of investors and supplier to work with, number and value of contracts to secure) and monitor and evaluate the program.

Source: Compilation based in conversations with North East England IPA, Czech invest and PROCOMER.

Chapter 5. Current Caribbean IPA Practices in Aftercare

For the things, we have to learn before we can do them, we learn by doing them.”

Aristotle, The Nicomachean Ethics

Chapter five is dedicated to analyzing in detail the results of the second survey, directed to the Caribbean IPA. The respondent profiles of the nine IPAs are included and analyzed the reinvestment targets and type of aftercare services provided by each of the IPAs. The last two sections are dedicated to reviewing which IPAS provide aftercare client segmentation, and to showing the most active IPAs in delivering services via websites and through meetings with investors.

5.1 Context

An interview questionnaire was designed to understand current practices of Caribbean IPAs, which is shown in Appendix B. Consultations were conducted with most IPAs to run through the interview questionnaire and to engage in strategic discussion on the regional aftercare program. Those interviews were mostly face-to-face during a two-day event titled the "Regional Policy Dialogue." This event was organized by the IDB and CAIPA in March 12th through 13th, 2016 in Miami. (See Appendix E for the event agenda.)

The objective of the meeting was to discuss best practices and key policy options to attract and retain FDI in the Caribbean during times of economic slowdown. The Integration and Trade Sector (INT) of the IDB organized the Regional Policy Dialogue that year in collaboration with the Caribbean Association of Investment Promotion Agencies (CAIPA) and the Caribbean Export Development Agency (CEDA). CAIPA is an umbrella organization of investment promotion agencies of CARIFORUM countries, as well as of Curacao, the Cayman Islands, Montserrat, and the Turks and Caicos Islands. The Association is dedicated to the promotion of the Caribbean as an investment location. Caribbean Export is a regional export development and trade and investment promotion organization whose mission is to increase the competitiveness of Caribbean countries, by providing quality export development and trade and investment promotion services through effective program execution and strategic alliances, including with the European Union. CEDA serves as the Secretariat for CAIPA.

Although the Caribbean is formed of more than nine countries, there were some restrictions that forced to choose only these countries to complete the questionnaire rather than all Caribbean members. Just nine Caribbean countries are IDB members: Bahamas, Barbados, Belize, the Dominican Republic, Guyana, Haiti, Jamaica, Suriname and Trinidad & Tobago. As the event was financed by the IDB, only those member countries could be beneficiaries of the IDB events and the author could only access IPAs of those nations.

5.2 Respondent Profile

The nine IPAs that completed the questionnaire were:

1. The Bahamas Investment Authority (BIA)
2. Invest Barbados
3. The Belize Trade and Investment Development Service (BELTRAIDE)
4. The Centre for Export and Investment of the Dominican Republic (CEI-RD)
5. The Guyana Office for Investment (GO-INVEST)
6. The Centre for the Facilitation of Investment in Haiti (CFI)
7. Jamaica Promotions (JAMPRO)
8. Investment and Development Corporation Suriname IDCS
9. InvesTT (Trinidad & Tobago)

Table 37 below shows the profile of participating IPAs. The IPAs have an average of 20 FDI staff with an average of 4 staff in activities to support reinvestment. However, only one-third of IPAs have a dedicated aftercare unit. In terms of FDI targets, only two of the IPAs were able to provide targets across projects, jobs and capital investment. Based on the survey, the average FDI target of an IPA is to attract 22 FDI projects per annum, 1,652 jobs and 180 USDm in FDI While only half of IPAs have a clear target for reinvestment, for those that did the reinvestment target is around one-third of the overall FDI target.

Table 37
Profile of IPA Respondents

Metric	Number
Average number of staff	20
Average number of staff engaged in facilitating reinvestment	3.8
Percentage of IPAs with a dedicated aftercare unit	33%
Average number of staff in the aftercare unit	3.5
Average FDI target (total number of FDI projects)	22
Average FDI target (total number of new jobs)	1,652
Average FDI target (total capital investment)	180 USDm

Source: Author’s calculation based on survey’s results

5.3. The Importance of Reinvestments

Figure 9 shows the role of reinvestment in FDI across the countries for which the IPAs were able to provide estimates. Based on estimates provided by six IPAs (Jamaica, Trinidad and Tobago, Dominican Republic, Guyana, Belize and Barbados), reinvestment accounts for 54% of jobs created by foreign investors and 40% of FDI projects. The percentage of capital investment from reinvestment would typically be in line with the jobs and projects numbers data. Evidence from IPAs which had capital investment targets suggests that reinvestment may account for as high as 60% of capital investment by foreign investors.

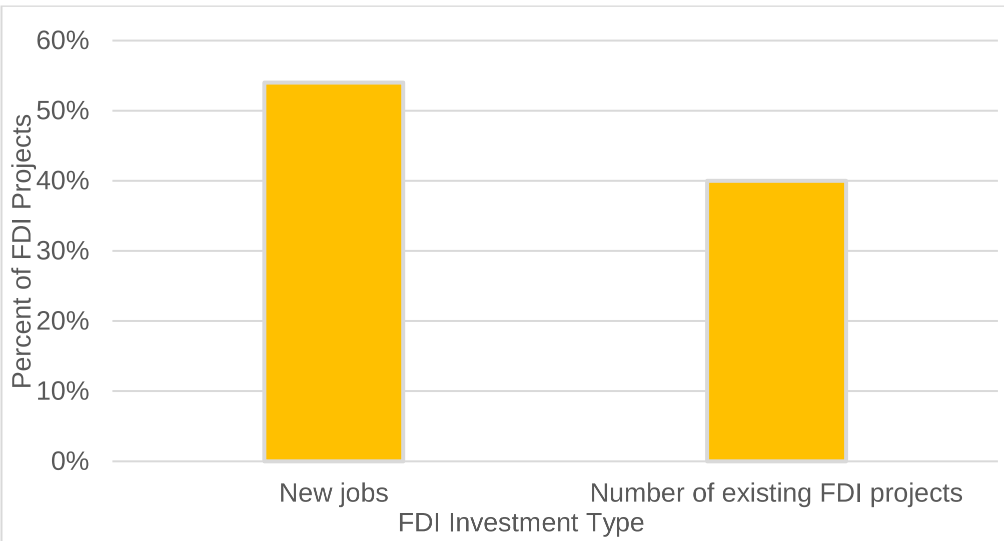

Figure 9. Percentage of FDI that is a Reinvestment
Source: Author's calculation based on survey's results of 6 IPAs (Jamaica, Trinidad and Tobago, Dominican Republic, Guyana, Belize and Barbados)

The IPAs were asked about the importance of aftercare compared to other investment promotion activities. Figure 10 demonstrates that 42% of IPAs state aftercare is of high importance, while 50% rate it at the same level importance as all other investment promotion activities. This is still lower than other surveys of IPAs conducted previously by the consultancy firm PricewaterCoopers(PwC) (2014) and fDi Intelligence (2015), which shows around three-quarters of IPAs find aftercare to be the most important investment promotion activity.

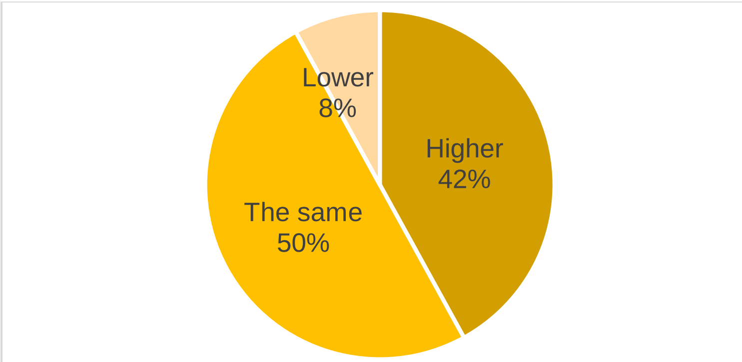

Figure 10. Importance of Aftercare Compared to other FDI Promotion Activities
Source: Author's calculation based on survey's results

5.4. Reinvestment Targets

Figure 11 shows the reinvestment targets of the surveyed 9 IPAs. Half of the IPAs have no targets for reinvestment. For those IPAs with a target, the most common target is capital investment.

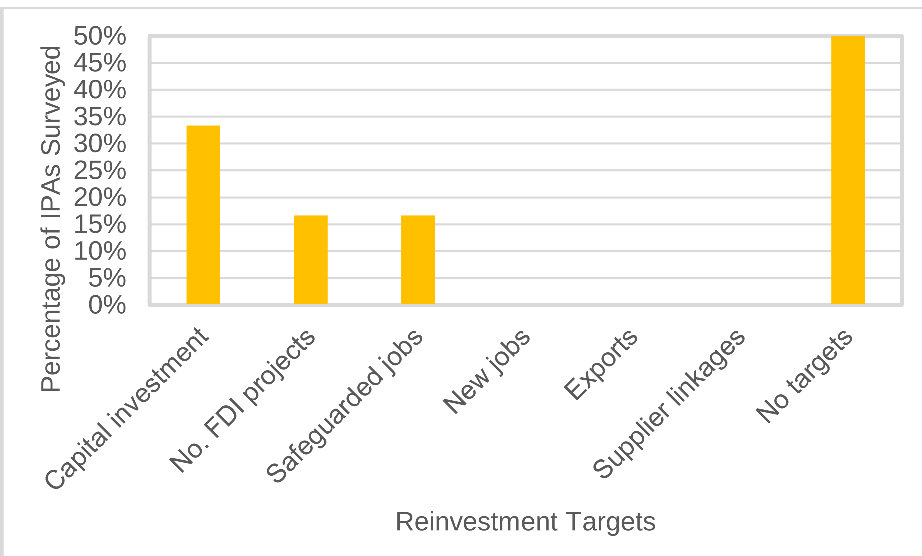

Figure 11. Percentage of IPAs by Reinvestment Targets
Source: Author's calculation based on survey's results

Half of the IPAs also take into account the quality of investment with a focus on high value added activities such as telecoms, energy and transportation and a focus on large job creating projects.

More than one-third of the IPAs consider SDGs when elaborating the strategy with key focuses on clean technology for sustainable development, sustainable economic linkages for and sustainable investment in health and education[9]. Sustainable resource sectors such as agriculture, tourism, renewables and forestry are also a key focus. None of the IPAs has a specific focus on achieving the UN SDGs, even though sustainable development overall is a key objective.

5.5. Type of IPA Aftercare Services being Provided

As Figure 12 below shows, almost all the IPAs (90%) provide administrative aftercare services relating to permits and permissions, work permits and introductions to service providers. Two-thirds of IPAs provide soft support services, such as helping expatriate workers and more than half of IPAs provide a complaint window or permanent hotline, although these are not exclusively for existing investors but are available for all new and existing investors. Only one IPA provides dispute resolution services.

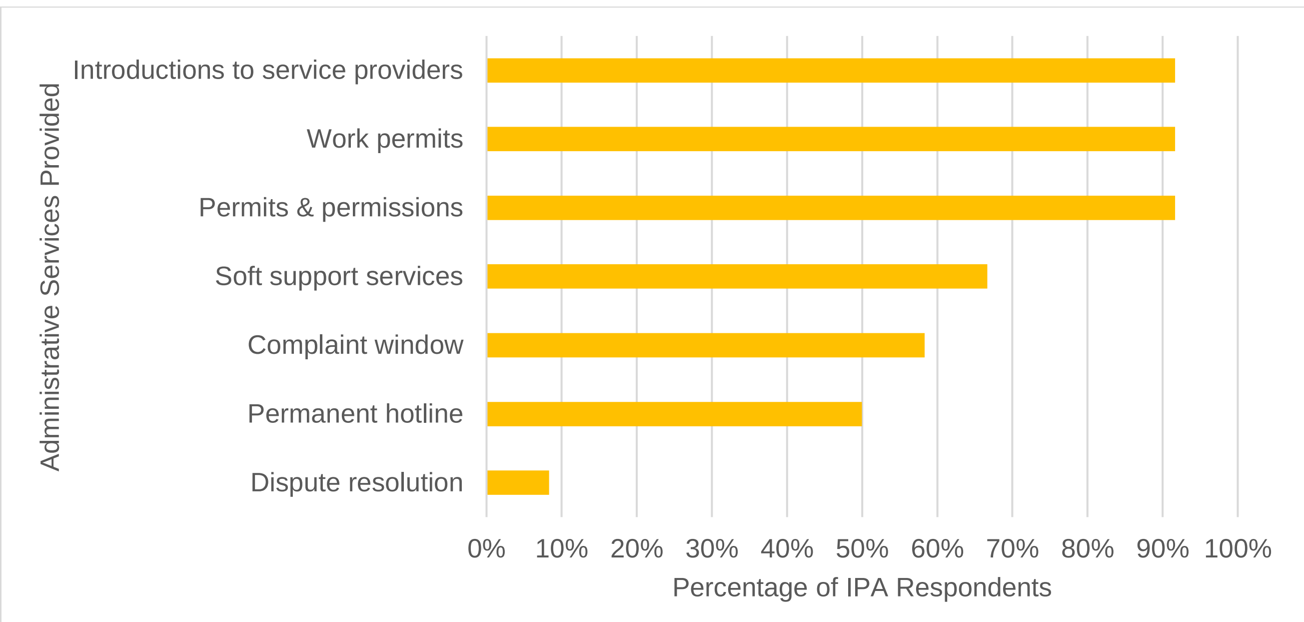

Figure 12. Percentage of IPAs Providing Administrative Services
Source: Author's calculation based on survey's results

In terms of aftercare services to support the operation of the investor, all surveyed IPAs assist with local supplier identification and almost all the IPAs provide services for recruitment, skills and training, site and property, and financing. More than half of IPAs also provide services for finding overseas customers in the

[9] All these concepts are defined in Chapter 3.

country and more than 40% for finding customers overseas (exports). The main reason for not assisting with exports is because this falls under the remit of the national trade or export agency and few of them coordinate on daily issues.

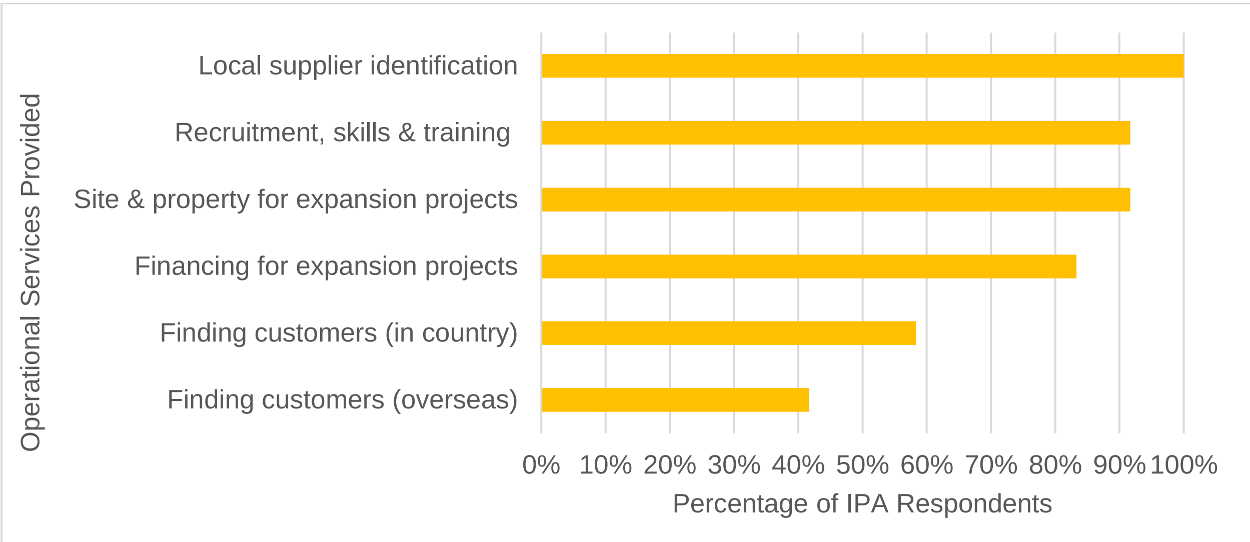

Figure 13. Percentage of IPAs Providing Operational Services
Source: Author's calculation based on survey's results

It's also important to highlight, as Figure 14 below includes, that almost all the IPAs provide subsidiary upgrading services and three-quarters provide strategic information on policy and competitiveness. More than half of IPAs provide policy advocacy, lobbying the parent headquarters and upgrading the capability of local suppliers. Least important is policy advocacy, finding overseas customers (exports), dispute resolution and soft support services.

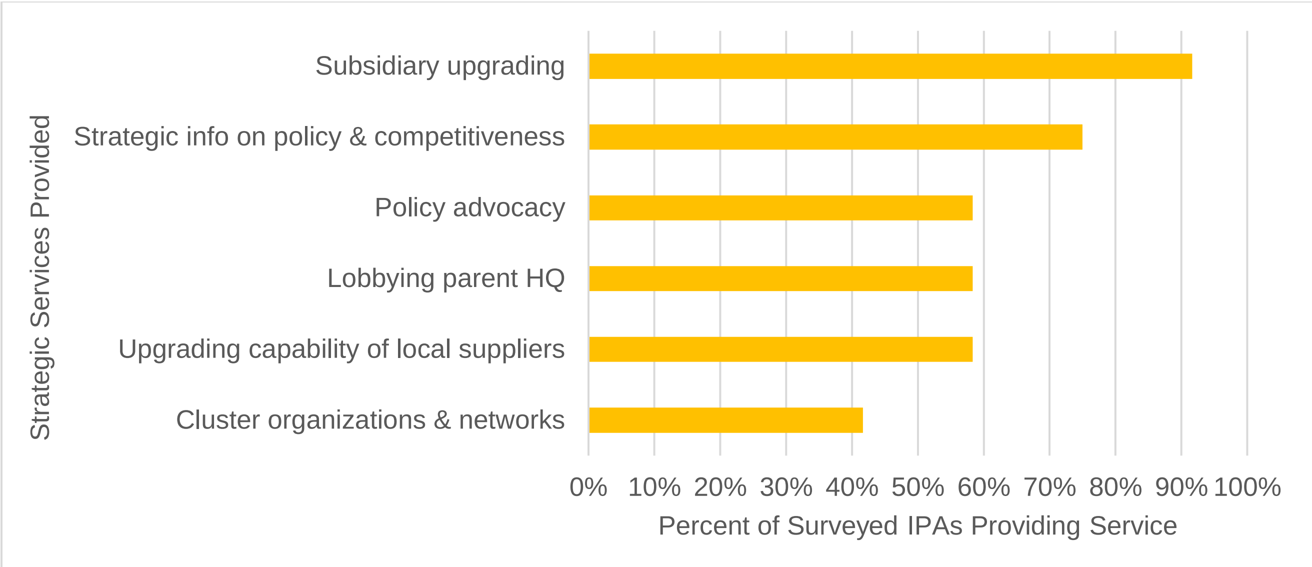

Figure 14. Percentage of IPAs Providing Strategic Services
Source: Author's calculation based on survey's results

In terms aftercare service importance, three-quarters of IPAs rated permits and permissions and site and property services for expansion projects as of high importance followed by recruitment, skills and training, and financing for expansion projects.

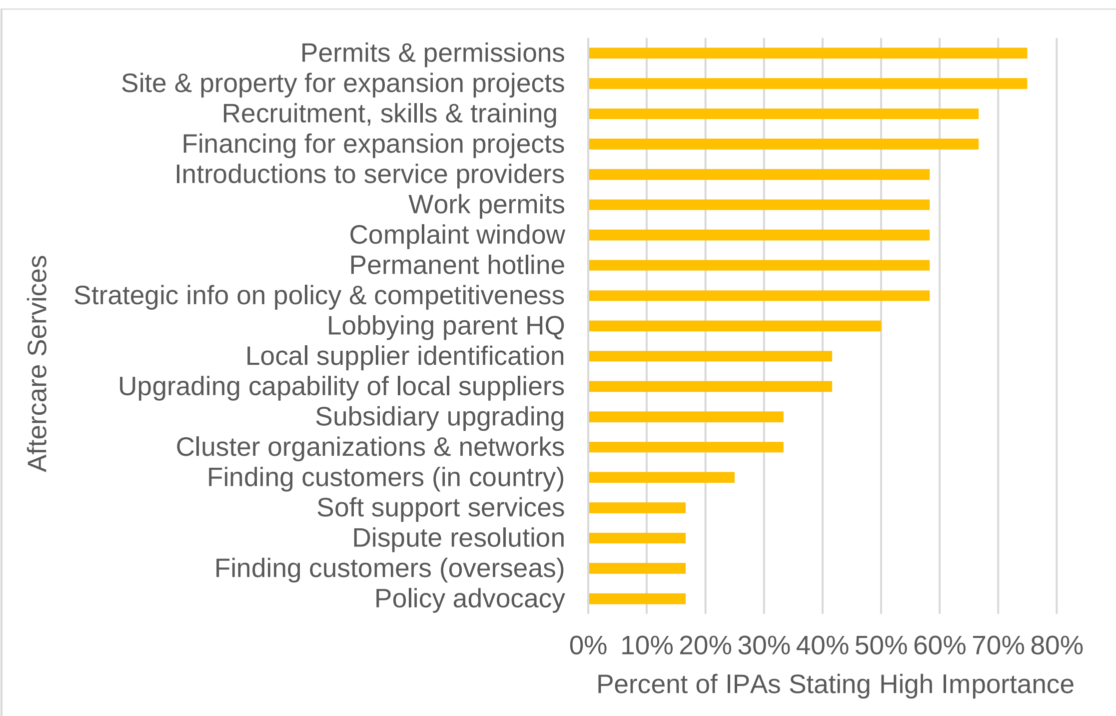

Figure 15. Most Important Aftercare Services
Source: Author's calculation based on survey's results

5.6. Aftercare Client Segmentation

As the Figure 16 shows, the majority of IPAs do not compartmentalize the foreign investors they work with or the services they provide, and provide all services to all investors. Only 2 IPAs (Jamaica and Trinidad & Tobago) provide select services to select investors.

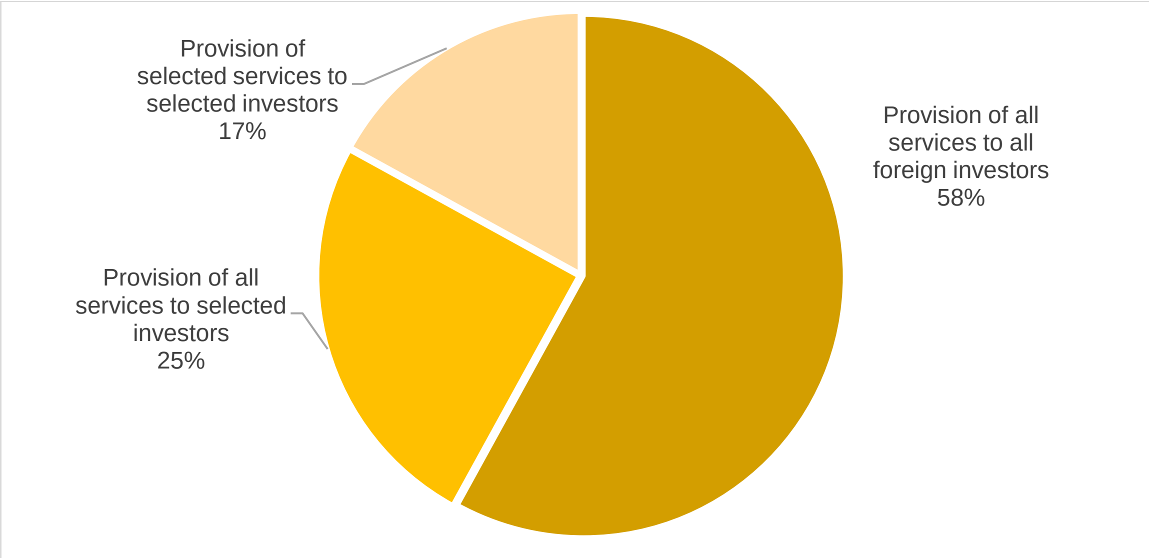

Figure 16. Which Investors Receive Aftercare Services?
Source: Author’s calculation based on survey’s results

The IPAs were asked which criteria they would use to select which investors to provide aftercare services to. Three-quarters of IPAs would use job creation as a criterion and two-thirds would use capital investment and the investor’s sector. Half of IPAs would use volume of exports and 5 of the 9 IPAs would use local sourcing and an assessment of whether the investor was a strategic investor (e.g. by brand, market leadership or global sales of the company).

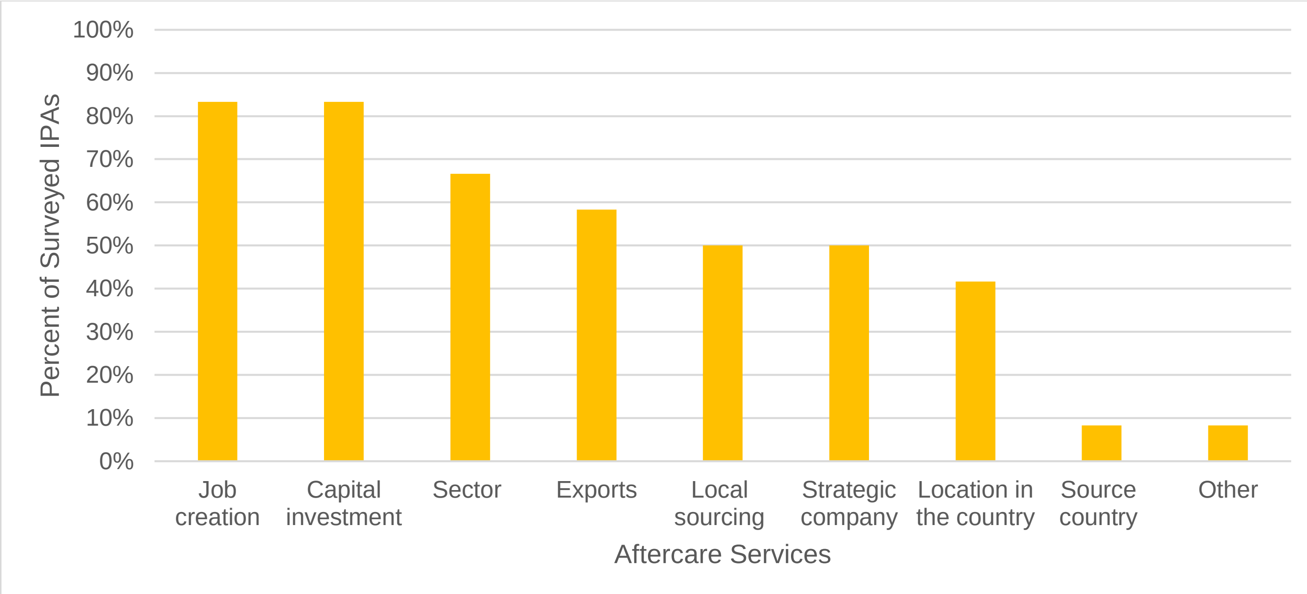

Figure 17. Criteria for Selecting Investors for Aftercare Services (Percent IPAs Stating Metric)
Source: Author's calculation based on survey's results

In terms of which are considered the most important criteria for selecting foreign investors for aftercare services, all the IPAs stated capital investment was of high importance and 8 of the 9 IPAs stated job creation was of high importance. Exports, local sourcing and being a strategic company were also considered highly important.

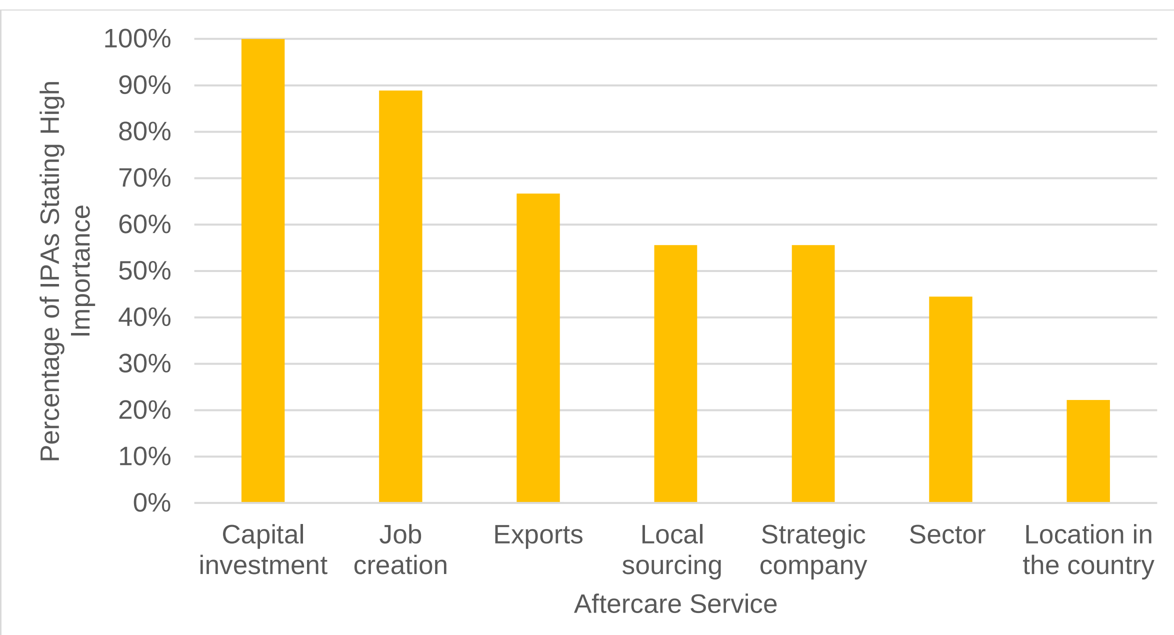

Figure 18. Most Important Criteria for Selecting Investors for Aftercare Services
Source: Author's calculation based on survey's results

5.7. Delivery of Aftercare Services

Figure 19 shows the current aftercare activities of the IPAs. The IPAs are most active in delivering services via their websites and through meetings with investors, mainly by management level and industry-experienced staff. The IPAs on average meet with existing investors twice per year. Some of the IPAs have targets for number of meetings per month for each member or the overall aftercare team.

Most of the IPAs also have databases of existing investors, suppliers and service providers to facilitate the aftercare services, although the quality of the databases seems to vary significantly based on the consultations conducted with the IPAs.

Of the areas surveyed, IPAs are weakest in regarding providing services are in providing website information on local suppliers and a specific section for existing investors, as well as in conducting surveys of existing investors, supporting aftercare overseas and using a CRM.

Figure 19. Aftercare Activities of IPAs
Source: Author's calculation based on survey's results

5.8. Conclusions

Aftercare is an important part of the operations of Caribbean IPAs and most of the IPAs surveyed had staff tasked with facilitating reinvestment.

Some significant findings from the survey include:

- However, **only one-third of IPAs had a dedicated aftercare unit, with an average of 3.5 staff in the unit.**

- **Around 40% of FDI projects and more than 50% of new jobs are accounted for by reinvestment**, based on estimates provided the IPAs, suggesting the level of resources currently being allocated to aftercare is fairly low. This may reflect the rather weak data the IPAs have on FDI coming into their country; without having good data on new vs expansion investment it is difficult to determine the amount of resources necessary to allocate to aftercare and to devise clear monitoring and evaluation targets.

- The **primary aftercare services** being currently provided **are largely administrative services**, in particular relating to permits and permissions and sites and property. The IPAs do provide a range of operational and strategic services, but these are in most cases provided as a general reactive service to all investors not as a strategic proactive service to key investors.

- While the IPAs are actively meeting investors, and understand the importance of having senior and industry-experienced staff engaging with investors, the **aftercare services provided are more reactive than proactive.** Only two IPAs have segmented the base of foreign investors to provide selected service to selected investors. Current aftercare services appear to be spread too thinly across existing investors, limiting the value-added operational and strategic services which could be provided.

- Very **few of the IPAs have a dedicated aftercare unit** differentiated from the facilitation services provided to new investors, which can be seen by the absence of dedicated sections on the IPA websites for existing investors and supplier linkages, the low prevalence of investor surveys and weak data.

- Generally, **there is a lack of knowledge on existing investors**, which limits the ability to segment investors and services and provide a strategic aftercare program for existing investors. This makes it difficult for IPAs to properly engage with investors in improving the business environment and in genuine subsidiary upgrading and product development around training, skills and supply chain development. As a result, **policy advocacy, dispute resolution, subsidiary upgrading and supplier development are ranked amongst the least important aftercare services.**

Chapter 6. Investor Survey Results in the Caribbean

"Ask the right questions if you're going to find the right answers."

Vanessa Redgrave

Chapter six analyzes the results of the first survey, dedicated to investors already established in the Caribbean. The recipient answers were analyzed one by one, the percentage of investors planning reinvestment or investment expansion in the host country displayed. The percentage of respondents that cited obstacles of reinvestment and expansion showed, and the percentage of investors which cited different business support needs to assist with reinvestment/expansion shown deeply. The last section was dedicated to the investor perception of the host countries.

6.1. Context

In total, 434 existing investors were identified and targeted. The primary database used to identify potential investors was fDi markets[10], although 59 of the total company names were provided by the 9 IPAs belonging to the nine countries[11]. A spreadsheet was organized by country, then populated with the following columns for each company: company name, turnover (USDm), website, primary sector, country of origin, number of jobs, capex[12] (USDm), job title, telephone and email. The questionnaire for companies (included in Appendix A) was emailed to the 434 targeted investors, of which 43 (10%) responded.

Apart from that, a second questionnaire for IPAs (Appendix B) was also distributed to the 9 IPAs mentioned along the whole study. All the questions were answered by all the institutions. The table below details, by country, how many companies belonging to each country were targeted and the source used to obtain those names of companies.

[10] fDi Markets is a service from the Financial Times and is one of the most comprehensive online database of cross-border greenfield investments available, covering all countries and sectors worldwide. It provides access to real-time monitoring of investment projects, capital investment and job creation. It is also possible to track and profile companies investing overseas, as well as conduct in-depth analysis to identify trends. https://www.fdimarkets.com

[11] The countries are: Bahamas, Barbados, Belize, Dominican Republic, Guyana, Haiti, Jamaica, Suriname and Trinidad & Tobago.

[12] Source: Lexicom Financial Times, 2017. Capital expenditures or capex are "investments in assets that will have a long life such as property, plant, and equipment. In accounting terms, the money spent will not run through the income statement directly but will appear on the cash flow statement. Capital investments will be depreciated and the depreciation expense will run through the income statement over multiple periods."

Table 38
Targeted Companies by Country

Country	Number of Companies Targeted	Source: fDi Markets, 2015	Source: IPAs, 2015
Bahamas	32	30	2
Barbados	17	14	3
Belize	17	14	3
Dominican Republic	160	150	10
Guyana	30	20	10
Haiti	25	25	0
Jamaica	71	61	10
Suriname	21	10	11
Trinidad & Tobago	61	51	10
Total	434	375	59

Source: compilation based in the information provided by fDi markets and the IPAs. (2016)

Appendix A includes the full table with targeted companies organized by country. Fulfilling confidentiality terms, some company information is not provided. Blanks that cannot be published are: name of the company, website, name of the interviewee, email and telephone number. Information that can be published include: turnover (USDm), primary sector, country of origin, number of jobs, capex USDm), and job title.

6.2. Respondent Profile

As mentioned before, just 43 companies answered completely the questionnaire, but the good news is that those 43 firms cover the nine countries, and so, all the countries have data to analyze.
Figure 20 below shows the host country of investors who completed the survey. Responses were well-distributed across the region.

The country that received the most responses was Jamaica, with a 19% of the total companies answering, following with the Bahamas at 18%. Guyana, Barbados and the Dominican Republic received a total of 12% each. Haiti and Belize counts for 9% and the last two with less answers from investors are Trinidad and Tobago, with 7% and Suriname with 2%.

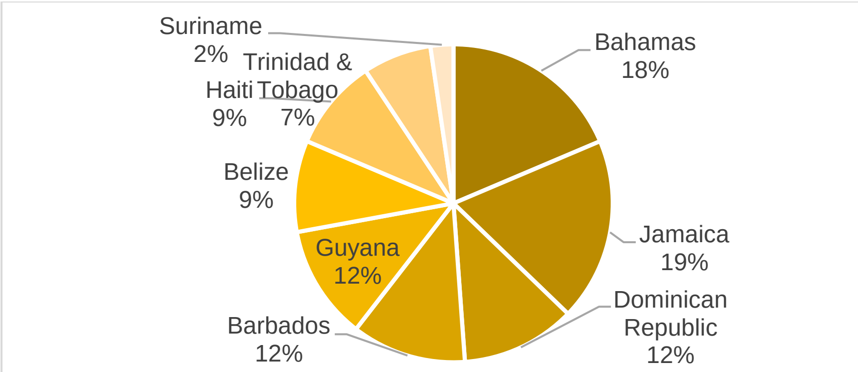

Figure 20. Respondents by Host Country
Source: Author's calculation based on survey's results

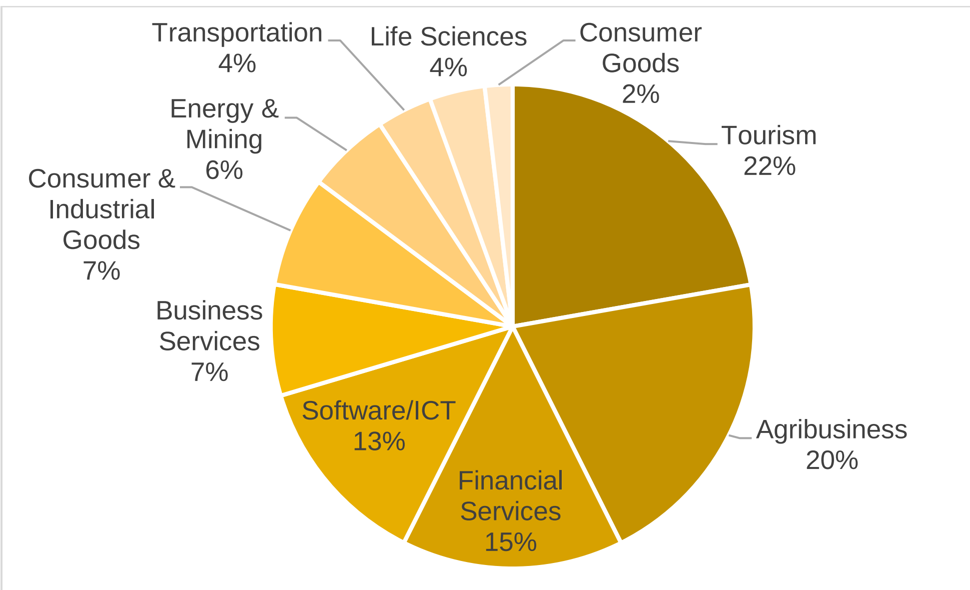

Figure 21. Respondents by Sector
Source: Author's calculation based on survey's results.

The distribution of survey respondents per their type of operations can be seen in Figure 11. Nearly one-third (31%) of respondents conduct manufacturing and processing activities, while another two-fifths provide services (20%) and tourism and real estate activities (22%). A further 13% of respondents are Business Process Outsourcing (BPO) operations.

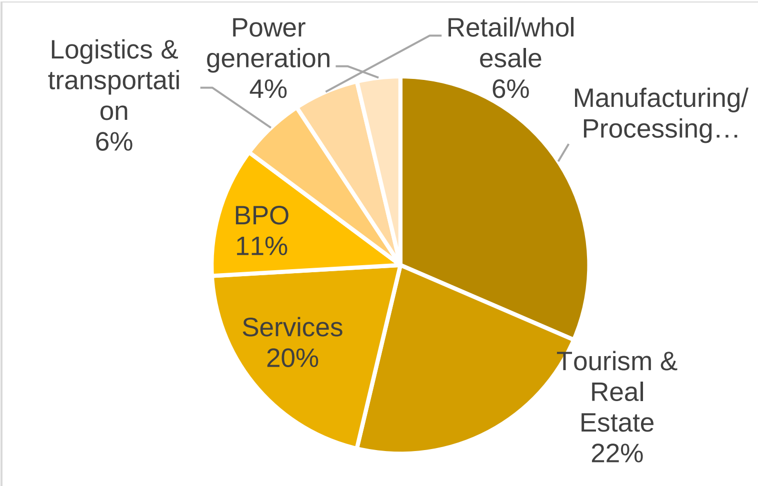

Figure 22. Respondents by Type of Operation
Source: Author's calculation based on survey's results.

Figure 23 displays the size of operational staff within the respondents' host country. Nearly one-quarter of respondents (24%) have large operations with more than 500 staff. A further 11% of the respondents of respondents have operations with between 251 until 500 staff, while 21% have between 101 and 250 employees and another 21% is the result for those companies with less than 5 employees. Fifteen percent have between 100 and 51 staff. Lastly, 8% of companies employ between 25 and 50 staff. More than half of investors responding to the survey (56%) can therefore be said to have large operations, indicating that the survey captured a significant number of major existing investors.

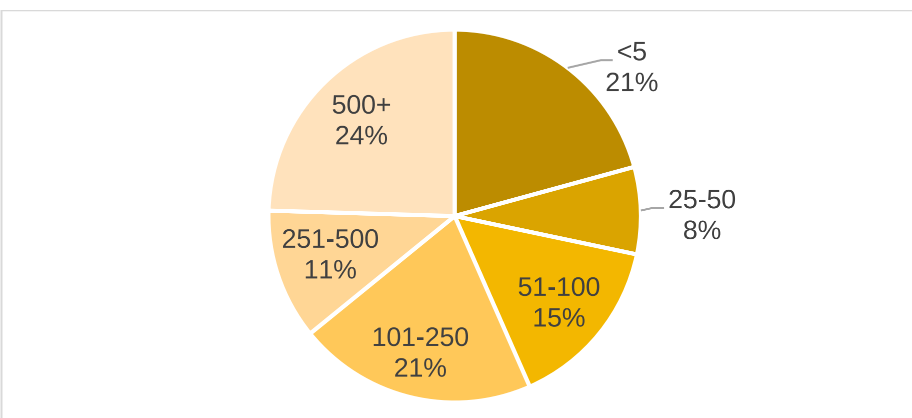

Figure 23. Respondents by Size of Operation (Number of Employees in the Host Country)
Source: Author's calculation based on survey's results

Figure 24 shows the segmentation of survey respondents by the size of domestic sales. Almost one-third of respondents (32%) had more than $50 million in sales in their host country of operation. Another third of the companies (34%) had between $1 and 5 million sales and the third is divided between a 20% with sales under 20%, a 10% for companies between $25 and $50 million and a last 4% for companies with minimum sales of $5 million and a maximum of $10.

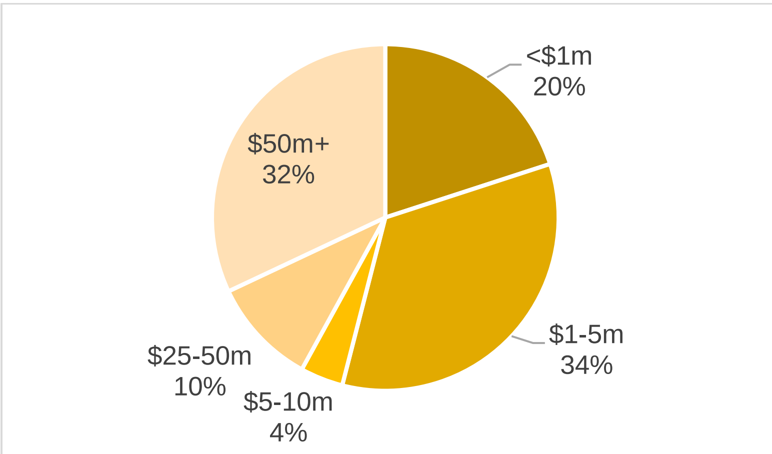

Figure 24. Respondents by Size of Operation (Sales in the Host Country in USDm)
Source: Author's calculation based on survey's results

Figure 25 demonstrates the division of survey respondents by the export intensiveness of their operation in the host country, measured by the percentage of sales which are exports. Nearly 40% of respondents exported 75% or more of their sales, while more than one-fifth (23%) had no exports. Of the most export-intensive respondents (with more than 75% of sales being exports), 80% were engaged in tourism and BPO activities. Only three investors in manufacturing and processing exported more than 75% of sales.

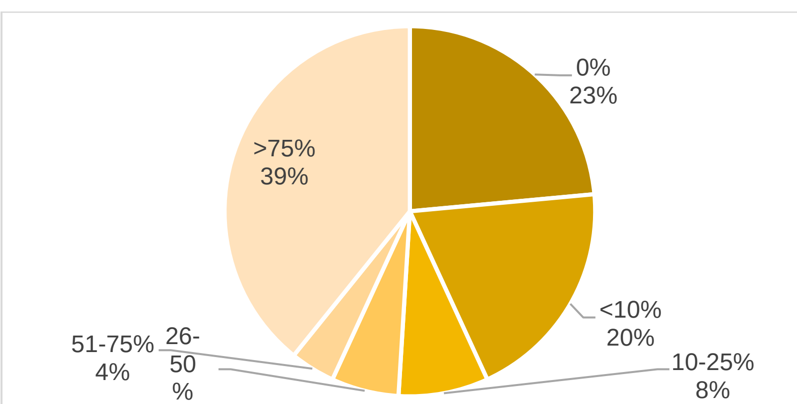

Figure 25. Respondents by Exports (Percent of Sales from the Host Country Operation)
Source: Author's calculation based on survey's results

Of respondents with no exports, most were manufacturing and processing operations or services companies. Looking at the 17 respondents engaged in manufacturing and processing, 11 investors had less than 10% exports and 10 had more than 50% exports. The manufacturing and processing companies exporting more than 75% of their sales were mostly in agribusiness.

Figure 26 shows the segmentation of survey respondents by local content levels, measured by the percentage of inputs which are sourced locally from the host country. Half of respondents used more than 50% local content production, of which 27% used more than 75% local content. This is very high by international standards. However, nearly one-fifth (14%) of respondents used less than 10% local content and 12% used less than 30% local content.

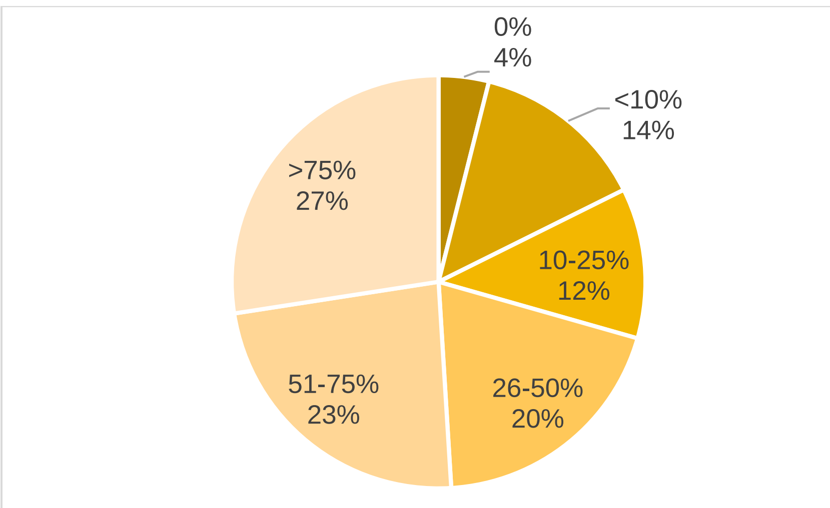

Figure 26. Respondents by Local Content (Percent of Inputs Sourced Locally)
Source: Author's calculation based on survey's results

Of the respondents with local content more than 75%, most were agribusiness and tourism investors. Respondents with more than 50% local content also included many BPO and services companies. Respondents with less than 10% local content were mainly manufacturing and processing operations in the agribusiness and consumer and industrial goods sector.

Looking at the 12 tourism investors completing the survey, 7 investors used more than 50% local content while 5 investors used less than 50% local content. Of the 17 respondents in manufacturing and processing, 8 investors had more than 50% local content while 4 investors had less than 10%.

6.2. Reinvestment and Planned Expansion

Figure 27 below displays the percentage of investors planning reinvestment or investment expansion in the host country. We can see that 81% of investors are considering reinvestment and expansion, which is a very high percentage. Out of that 81%, 61% considers investing, answering 'yes" and a 20% replying "possibly". Just 19% of the investors are not open to reinvest in the Caribbean again.

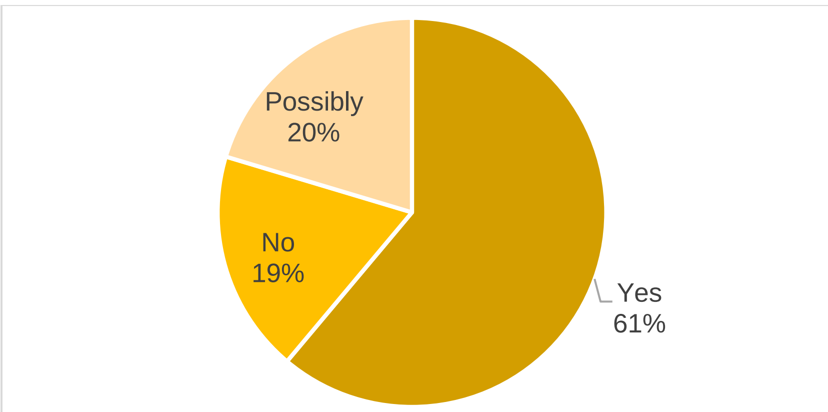

Figure 27. Percent of Respondents Planning Reinvestment and Expansion in the Host Country
Source: Author's calculation based on survey's results

Figure 28 shows the percentage of respondents planning reinvestment or investment expansion in Caribbean countries where operations are not based. Well over half of respondents (56%) are considering expansion in other Caribbean countries. Out of that 56%, 41% feel confident in reinvesting in the region while a just 15% answer "possibly." Forty-four percent showed no interest at all in reinvesting in the Caribbean.

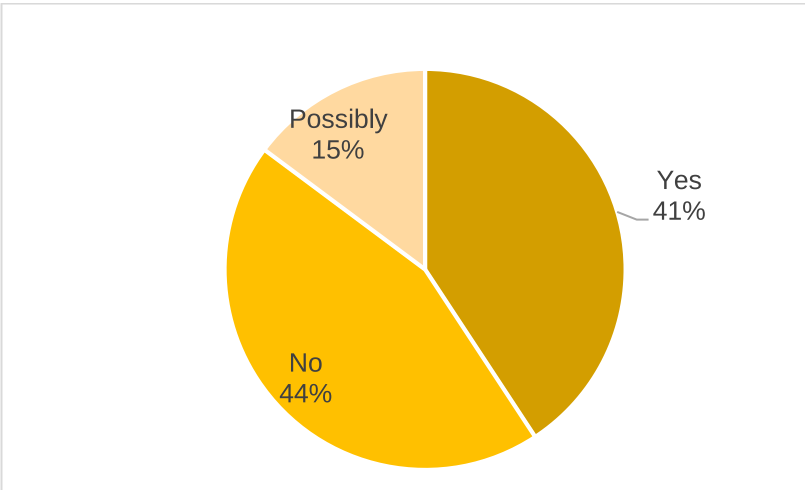

Figure 28. Percent of Respondents Planning Reinvestment and Expansion in other Caribbean Countries
Source: Author's calculation based on survey's results

6.3. Obstacles to Reinvestment and Expansion

Figure 29 shows the percentage of respondents which cited obstacles to reinvestment and expansion. The most frequently cited obstacles are business licenses and permits and incentives and access to finance, each cited by more than one-third of respondents, followed by labor availability, skills and training.

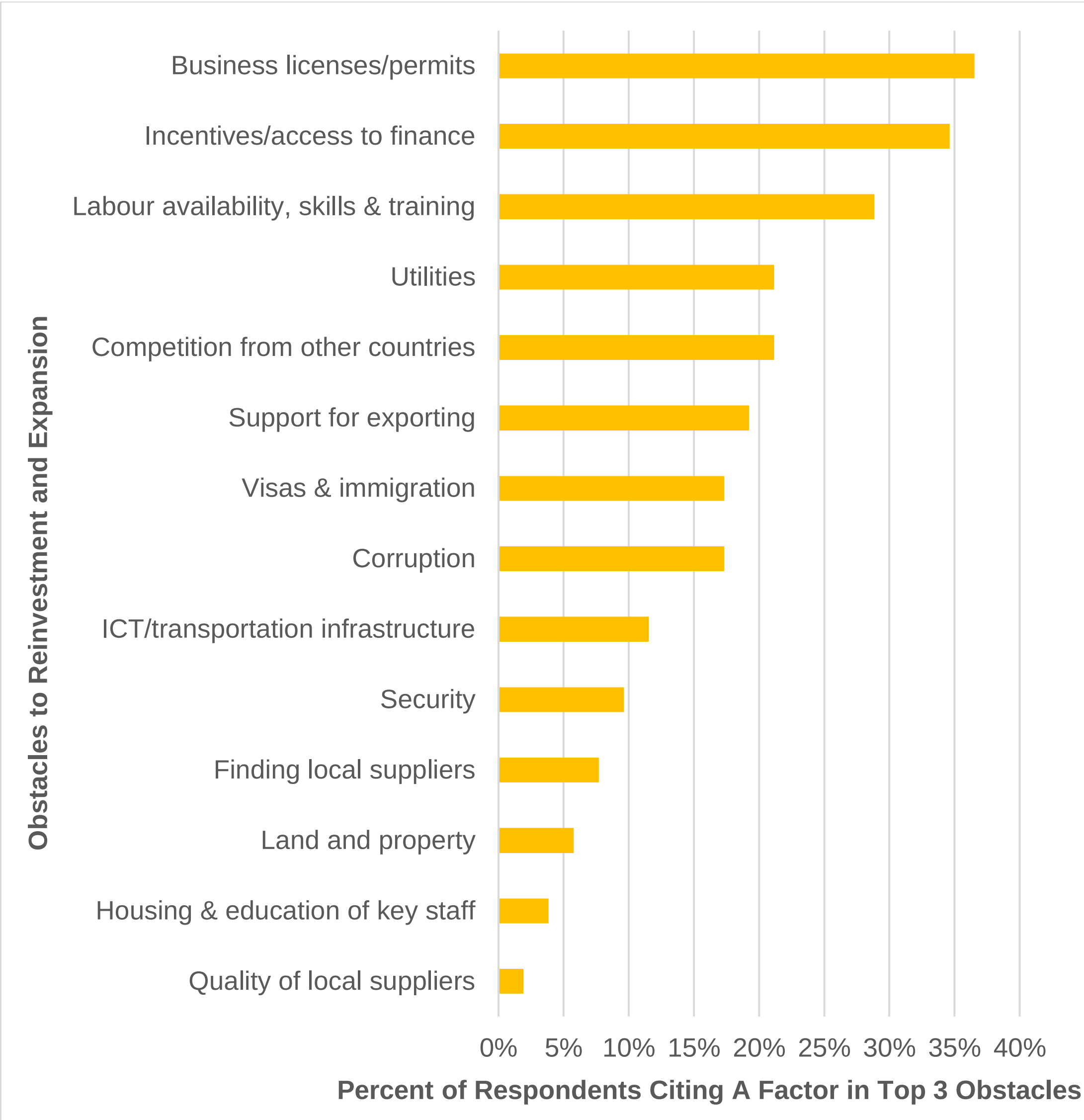

Figure 29. Obstacles to Reinvestment and Expansion
Source: Author's calculation based on survey's results

6.4. Business Support Needs

Figure 30 below shows the percentage of investors which cited different business support needs to assist with reinvestment/expansion. All the categories listed in the figure below are defined in Chapter 3. The most frequently cited business support need is support for license & permits (nearly 45% of investors) followed by workforce training services (37% of investors) and access to finance for expansion (35% of investors). Support for visas & immigration was cited by 27% of investors and support for exports by over one-fifth of investors. In terms of differences across sectors, immigration & visas were cited primarily by tourism, services and BPO investors while support for exporting was cited mainly by manufacturing/processing investors. Business Processing Outsource (BPO) investors also stated issues with land and property more than other sectors, which is likely because most countries do not have available offices ready made for large-scale BPO type operations.

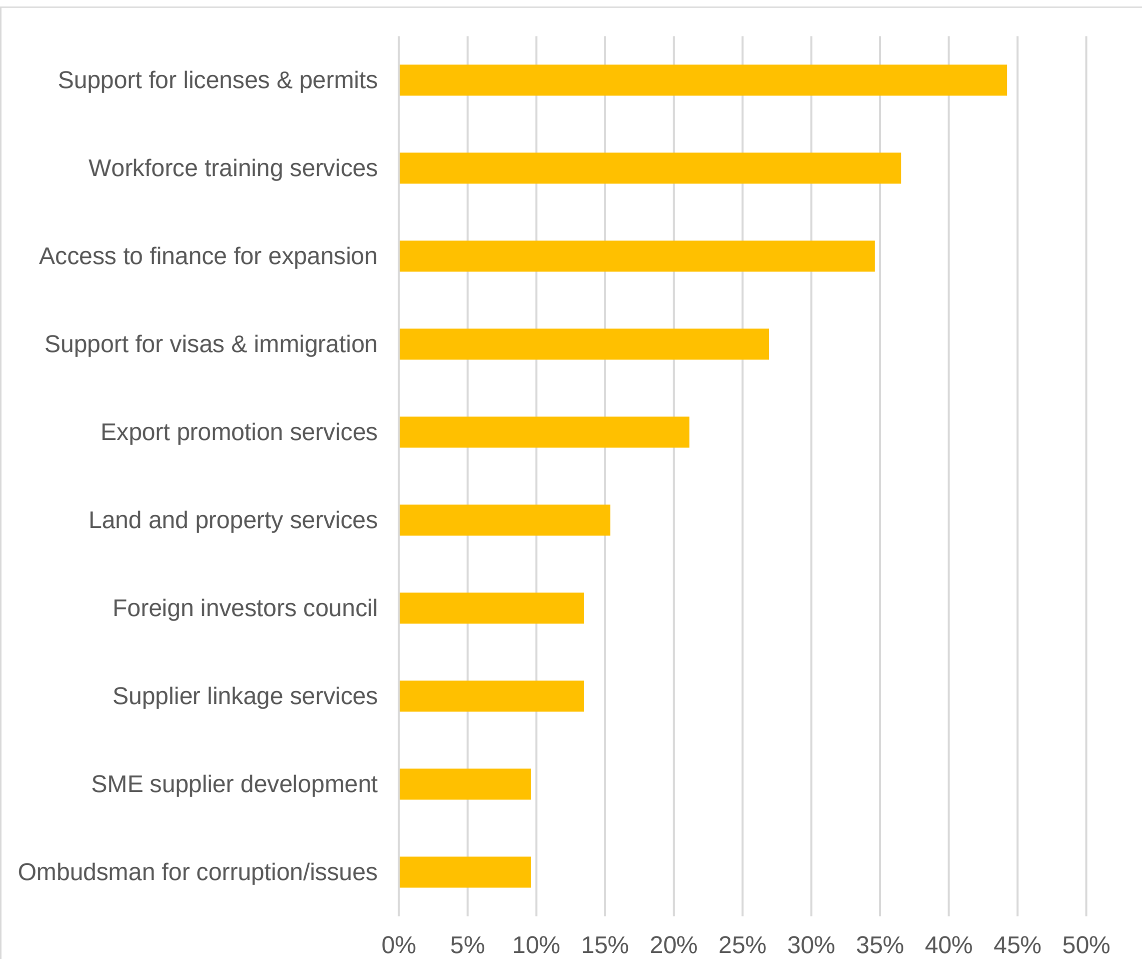

Figure 30. Percent of investors citing business support services in top 3 needs.
Source: Author's calculation based on survey's results

6.5. Perceptions of the Country

Investor perception of their host countries can be seen in Figure 31, which shows the percentage of respondents likely to recommend the host country as a place for doing business. More than 70% of respondents said they would be likely or very likely to recommend the host country. Out of that 70%, 45% was very likely oriented to recommend the host country, while 26% showed they were likely. Nine percent were not sure and another 9% were really sure of not recommending the host country as a place to locate a business.

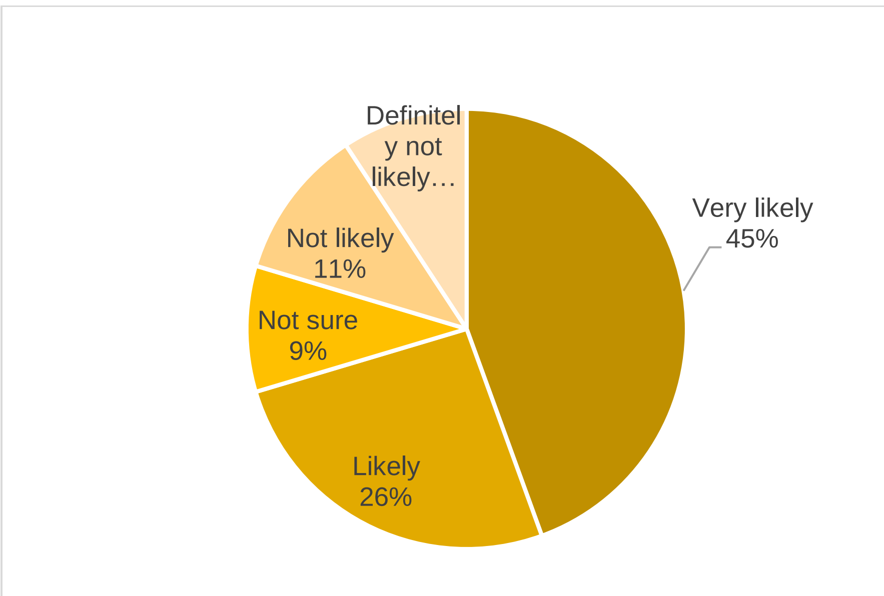

Figure 31. Percent Respondents Likely to Recommend the Host Country as a Place for Doing Business
Source: Author's calculation based on survey's results

6.6. Conclusions

In total, 434 existing investors were identified and targeted and 43 surveys were completed, obtaining a response rate of 10%. The responses were well-distributed across the Caribbean countries and across industries. Twenty-two percent of responses were in the tourism sector, 20% were in agribusiness, 15% in financial services and 13% in software and ICT. In total, 84% of respondents were in manufacturing and processing, tourism and real estate, services, and BPO. In terms of the size of investors surveyed, the survey was effective in targeting major investors, with more than half (56%) of companies surveyed employing 100 or more host country staff and more than one-third (42%) of companies making more than $25 million in sales from host country operations.

Other key findings from the profile of existing investors include:

- Exports accounted for more than half of sales for 43% of investors, while 23% of investors have no exports.
- Tourism and BPO sectors are most export intensive and services and manufacturing and processing the least.
- Agribusiness is the most export intensive of the manufacturing and processing sectors.
- Local content was more than 75% for more than one-quarter (27%) of investors while local content fewer than 10% for 18% of investors.
- Tourism and agribusiness had the highest local content while the manufacturing and processing sector had the lowest rates of local content.

Of particular importance for this study, is that **81% of existing investors have possible expansion plans in the host country** and **56% have expansion plans in other Caribbean countries**. This illustrates the key importance of aftercare and why other surveys have found aftercare as the most effective method to attract FDI. As 44% of existing investors have not heard of the host country IPA, there is appears to be a mismatch between the FDI opportunities and the activities of IPAs to convert these.

In terms of **obstacles to reinvestment**, only two obstacles were cited by more than one-third of investors – the availability of business license and permits, and incentives and financing. Almost one-third of investors

(29%) also cited labor availability, and skills and training. Other cited obstacles were utilities, competition from other countries, support for exporting, visas and immigration, and corruption.

The aftercare services needed by investors mirrors their assessment of the key obstacles, with 44% of investors citing support for licenses and permits as a key need and 35% citing financing for expansions. Thirty-seven percent of investors cited workforce training as a key need, 27% visas and immigration (particularly tourism, services and BPO investors), and 21% support for exporting.

In sum, the survey demonstrates:

- **Aftercare is critically important in attracting FDI and the excellent opportunities IPAs have to work with existing investors**.

- **Investors are taking a pan-regional approach, with many planning expansion projects across the region**. This suggests IPAs could cooperate by sharing intelligence on the expansion plans of companies coming from their aftercare programs.

- In terms of the services to be provided by the aftercare programs, **existing investors need assistance with permits and processing, workforce training, access to finance for expansion, and visas and immigration.** Strategic services helping the subsidiary export and compete with other countries for expansion projects and addressing corruption and utility issues are also important.

Also of interest is the low importance given to supplier linkages, with only 13% of investors citing supplier linkages as a key need. With nearly one-fifth of investors using less than 10% local content, there is clearly an opportunity to address this. However, the lack of interest by investors suggests it will be challenging to achieve investor buy-in to domestic supply chain development.

Another result of the survey is a list of investors located in countries of the Caribbean with real intentions to reinvest, whether it be in the same country or in other countries in the region (Appendix D). Fulfilling confidentiality terms, some company information is not provided. Blanks that cannot be published are:

name of the company, website, name of the interviewee, email and telephone number. Information that can be published include: turnover (USDm), primary sector, country of origin, number of jobs, capex (Capex USDm), and job title.

Table 39

Investors with Real Plans of Expansion within the Caribbean

Company No.	Home country	Host country	Sector	Target country
1	Canada	Dominican Rep.	Tourism	Jamaica, St Lucia & Antigua
2	Grenada	Grenada	Tourism	Grenada
3	Jamaica	Bahamas	Tourism	Seven Caribbean Countries
4	Martinique	St. Lucia	Industrial goods	Haiti and Guadeloupe
5	France	Guyana	Consumer goods	Guyana
6	Spain	Dominican Rep.	Transportation	Dominican Republic
7	Costa Rica	Dominican Rep.	Legal Services	Dominican Republic
8	Haiti	Haiti	Software & ICT	Haiti
9	Haiti	Haiti	Mfg. & Wholesale	Haiti
10	Guyana	Guyana	Software & ICT	Guyana
11	Jamaica	Bahamas	Tourism	Bahamas
12	Grenada	Grenada	Agribusiness	Grenada
13	Grenada	Grenada	Tourism	Grenada
14	Grenada	Grenada	Agribusiness	Grenada
15	Trinidad	Trinidad & Tob.	Media	Trinidad & Tobago
16	USA	Barbados	Manufacturing	Barbados
17	Mexico	Jamaica	Tourism	Jamaica
18	Jamaica	Bahamas	BPO & Contact Centres	Bahamas
19	USA	Barbados	Software & ICT	Barbados
20	Dominican Rep.	Dominican Rep.	Energy	Dominican Republic
21	USA	Jamaica	Software & ICT	Jamaica
22	Belize	Belize	Agribusiness	Belize
23	USA	Guyana	Software & ICT	Guyana

Source: Author compilation based on survey's results.

Chapter 7. Conclusions and Regional Recommendations

"If you want to go fast, go alone. If you want to go far, go together."

African Proverb

7.1. Introduction

In the following sections the principal conclusions are explained (section 7.2), followed by short- and long-term regional recommendations (section 7.3). Some directions are also provided for further research (section 7.4).

7.2. Conclusions of the work

The study was elaborated with the support of the Caribbean Association of Investment Promotion Agencies (CAIPA), the nine members of the association, and of the Inter-American Development Bank: The Bahamas Investment Authority (BIA), Invest Barbados, the Belize Trade and Investment Development Service (BELTRAIDE), the Centre for Export and Investment of the Dominican Republic (CEI-RD), the Guyana Office for Investment (GO-INVEST), the Centre for the Facilitation of Investment in Haiti (CFI), Jamaica Promotions (JAMPRO), Investment and Development Corporation Suriname (IDCS), and InvesTT (Trinidad & Tobago).

The study included a survey of existing investors, consultations with IPAs in the region and assessment of best practices. The study provided overall recommendations for IPAs from the region, individual action plans for each IPA, some easy steps for each IPA to implement the best practices programs and recommendations.

The **statement of the work** (mentioned in section 1.4) was the key importance of reinvestment[13] as a source to attract and generate foreign investment in the Caribbean region.

Five hypothesis were outlined in the same section:

- **Hypothesis 1**: FDI can be associated with positive additional economic impacts and stimulate a country economy;
- **Hypothesis 2:** Aftercare counts more for developing countries than for developed countries;

13 Throughout the document the words ‘reinvestment’, ‘aftercare’ and ‘expansion of a foreign company’ are considered as synonymous.

- **Hypothesis 3**: As worldwide tendencies evidence the increasing importance of expansion consequently, reinvestment has to be also important for the Caribbean region;
- **Hypothesis 4:** Existing investors in the Caribbean have real plans to reinvest; and
- **Hypothesis 5**: IPAs in the Caribbean tend to focus attention on attracting new investors, intead of providing a proactive support also to existing investors.

This study was conducted within the framework of demonstrating the untapped possibilities of reinvestment as a main source of generating FDI for developing countries, positioning the Caribbean region as a location for FDI and to present the Caribbean as a single investment destination.

The **secondary objectives** of the study were:

- To understand the investors' needs and challenges to expand business in the region;
- Apply and transfer best practices in reinvestment programs to the IPAs;
- Review the current aftercare strategies that are being implemented by Caribbean countries to encourage reinvestments;
- Understand the level capacity and support the IPAs need to be efficient in aftercare; and
- Understand how Caribbean IPAs can strategically target existing firms for reinvestment and expansions.

The **key actions** to be carried out to achieve the principal objective are the following:

- To develop a comprehensive survey to existing inversors to validate their intentions to expand their business in the Caribbean, identify bottlenecks that arise during reinvestment.
- To carry out a survey and interviews with the nine IPAs to know deeply the level of aftercare services they provide, how their teams are organized and the efficiency of the service.
- Based on good practices, propose an aftercare program for the Bahamas Investment Authority (BIA), Invest Barbados, the Belize Trade and Investment Development service (BELTRAIDE), the Centre for Export and Investment of the Dominican Republic (CEI-RD), the Guyana Office for Investment (GO-INVEST), the Centre for the Facilitation of Investment in Haiti (CFI), Jamaica Promotions (JAMPRO), Investment and Development Corporation Suriname and InvesTT (Trinidad & Tobago).

- Develop action plans for each of the nine Caribbean IPAs and key steps for them to implement their national reinvestment programs.

The results of this study illustrate the key importance of aftercare and why other surveys have found aftercare as the most effective method to attract FDI. As 44% of existing investors have not heard of the host country IPA, there is appears to be a mismatch between the FDI opportunities and the services that the IPAs provide to convert these ones into tangible projects.

In summary, the survey demonstrates the critical importance of aftercare in attracting FDI and the excellent opportunities that the IPAs should work with existing investors to attract reinvestment projects. It also puts in value the pan-regional approach taken by investors, with many planning expansion projects across the region, which suggests agencies could cooperate by sharing intelligence on the expansion plans of companies coming from their aftercare programs.

Survey design

An initial review of the academic literature on aftercare was conducted to inform the design of the IPA consultations and investor survey. Appendix A provides the Investor Survey Questionnaire developed for the survey of existing investors. Appendix B provides the IPA Consultation Questionnaire developed for conducting one-on-one consultations with the IPAs from the region.

Target database design

To conduct the investor survey, a database of existing investors was developed based on their existing survey databases and corporate intelligence sources, including the fDi Markets database of the Financial Times Ltd, stock market listings in each country, and information provided by the IPAs in each country. The focus was on companies in the four target sectors (tourism, renewable energy, outsourcing and agro-processing) and key existing investors as identified by the IPAs.

Table 40 below shows the number of companies identified in each country. For each company, the decision makers and their contact details were researched and the companies were approached directly by email and telephone to complete the survey.

Table 40

Summary of the Survey Investor Target Database

Country	Number of Companies Identified
The Bahamas	31
Barbados	16
Belize	17
Dominican Republic	160
Guyana	30
Haiti	25
Jamaica	72
Suriname	22
Trinidad & Tobago	61
Total	**434**

Source: Author based on the survey

Survey implementation

In total, 434 existing investors were identified and targeted. Nearly 1,000 e-mails were sent through an on-line system and 50 phone calls to the 434 investors were made, achieving 43 completed surveys with a response rate of 10%. In addition to the nine IPAs included in the study, IPAs from other Caribbean countries were invited to send the survey questionnaire to their existing investors.

An online survey tool was used to facilitate accurate recording of responses, monitoring and evaluation of progress in implementing the survey and analysis of the results.

The responses were well distributed across the Caribbean countries and across industries. 22% of responses were in the tourism sector, 20% were in agribusiness, 15% in financial services and 13% in software/ICT.

In total, 84% of respondents were in manufacturing/processing, tourism, real estate, services, and BPO. In terms of the size of investors surveyed, the survey was effective in targeting major investors, with over half of surveys (56%) completed by companies with over 100 employees in the host country and over one-third (42%) by companies with over $25 million sales from the host country operation.

7.3. Implications

Based in the study and in the economic literature reviewed, it can be concluded that aftercare is crucial for attracting FDI for the following three key reasons and that developing countries, overall, should focus their attention more on these services, as this is not a marginal source of FDI inflows:

1) to provide support to existing foreign investors in terms of their day-to-day operations and to facilitate their expansion projects (i.e. attract reinvestment);
2) to work with existing investors so that they stay and expand in the country rather than close or relocate elsewhere ("safeguarding" investment); and
3) to maximize the contribution of the foreign investor to the local economy, in particular through greater local sourcing. This also creates greater "embeddedness" of the foreign investor into the country making them less likely to relocate or downsize.

It also leads to transformation of an industry, a sector, or even a regional economy: positive spillover that impacts capital markets labor markets, the property market and the local supply chain. And, aftercare also allows IPAs and governments to make use of these long and established relationships both to determine their strategies to overcome the economic crisis and to signal to corporate headquarters and potential investors that the region is a good place to invest.

Among the IPAs interviewed in the ECORYS survey (2009), estimates of the share of reinvestments and expansion vary between 40 to up to 75% of total annual FDI inflows. Aftercare also allows IPAs and governments to make use of these long and established relationships both to determine their strategies to overcome the economic crisis and to signal to corporate headquarters and potential investors that the region is a good place to invest.

The hypothesis outlined in section 1.1. has been validated and confirmed by the economic literature reviewed along the study and by the results arisen from the surveys to companies and IPAs. The principal results from the research are mentioned after each of the hypothesis.

- **Hypothesis 1**: FDI can be associated with positive additional economic impacts and stimulate a country economy.

  - ✓ **FDI can indeed be associated with additional economic impacts that improve productivity, last longer, and are more dynamic in comparison to the direct, indirect and induced effects**.

Private investment, in particular, FDI, is a key element of sustainable growth in developing countries. In addition to being an important source of external finance, FDI allows for the structural transformation of an economy by accelerating capital formation. It is a source of employment generation and serves as a vehicle for technology and skills transfer.

The economic literature points out that, among the many benefits FDI can provide recipient territories are improvements in productivity, better jobs, higher salaries and knowledge transfer (OECD, 2015; Javorcik, 2013; UNCTAD, 2016). Also, foreign companies generally have higher productivity and tend to pay higher salaries than domestic ones. The potential negative effects that FDI can generate can be mitigated by designing and implementing the appropriate policies and developing effective IPAs.

- **Hypothesis 2**: Aftercare counts more for developing countries than for developed countries

  - ✓ **For these countries, the share of reinvested earnings in total FDI earnings has an upward trend, averaging 20% at the onset of the financial crisis**.

For the period 2009-2011, the share of reinvested earnings is highest in developing countries, reaching as much as 49% in 2011. The magnitude of reinvestment earnings as a share of total FDI flows, particularly in developing countries, warrants significant attention by policymakers and by (IPAs. A key policy objective should be to maximize the reinvestment rate in order to keep as much of these earnings as possible in the host economy, generating further productive capacity for development.

- **Hypothesis 3**: As worldwide tendencies evidence the increasing importance of expansion consequently, reinvestment has to be also important for the Caribbean region.

The World Investment Report (UNCTAD, 2013) noted that one third of inward FDI income was retained within host countries as reinvested earnings in 2011 ($499 billion USD). These earnings can be retained as cash earnings but can also be used by foreign investors to acquire or establish new investment projects or to increase capital expenditures at existing locations. For developing countries, the share of reinvested earnings in total FDI earnings averaged 20% at the onset of the financial crisis. The World Investment Report (2009-2011) showed the share of reinvested earnings was highest in developing countries, reaching as much as 49% in 2011 (UNCTAD, 2013).

- ✓ The survey carried out in this study shows that IPAs estimate reinvestment accounts for around 50% of FDI. An earlier UNCTAD-WAIPA survey of IPAs, which mainly covered developing countries, **shows that IPAs estimated on average that 32% of FDI came from reinvestments (UNCTAD, 2007) and latest UNCTAD data shows reinvestment in developing countries to account for 49% of total FDI.**

- **Hypothesis 4**: Existing investors in the Caribbean have real plans to reinvest

  - ✓ **One of the most important findings of the study is the importance investors place on access to markets in influencing their investment decision.**

Half of investors polled for the Investor Perception Survey for CARIFORUM (2013) were planning or considering further investment in CARIFORUM and over three-quarters of companies were planning expansion in a Caribbean country other than their current operation location.

The Investor Perception Survey for CARIFORUM (2013) concluded that:

- "Local and foreign investors are increasingly adopting a pan-regional investment strategy. There is very strong potential for re-investment. Working closely with existing investors in CARIFORUM can help secure new investment projects."
- "Local and foreign investors are increasingly adopting a pan-regional investment strategy. There is very strong potential for reinvestment. Working closely with existing investors in CARIFORUM can help secure new investment projects."

There are also external factors, such as the declining FDI flows to the region in the wake of the 2008 financial crisis, the declining resources at the national level for investment promotion activities, investors and location selection firms begin their decision-making processes at a regional level first before narrowing their focus to a specific country within a region and the perceived low socio-economic impact of investment projects into the region.

- ✓ **Existing investors in the Caribbean have real plans to reinvest.**

Of importance to the IPAs, is that 81% of existing investors had possible expansion plans in the host country and 56% have expansion plans in other Caribbean countries.

- ✓ **More promotion, proactive services and frequent contact with the existing investors is demanded by the investor.**
- ✓ **Based on the survey, 44% of the existing investors had not heard of the host country IPA**.

Measures to promote reinvestment, opportunities for follow-up investment and targeted incentives to facilitate reinvestment must therefore become a critical part of the IPA's strategy in order to capitalize on a domestic opportunity and to minimize any adverse economic effects.

- **Hypothesis 5**: The investment promotion agencies in the Caribbean tend to focus attention on attracting new investors, intead of providing a proactive support also to existing investors.

  - ✓ **Many IPAs have not yet realized that the servicing of landed investments can significantly boost their country's FDI flows**. And based on the figures, attracting reinvestment seems to be more accessible than attracting greenfield. Global FDI flows fell 13% in 2016, reaching an estimated USD 1.52 trillion, as global economic growth remained weak and world trade volumes posted anemic gains (UNCTAD, 2017). The global FDI landscape has changed, more FDI has flowed into Latin America & Caribbean from developing countries than from developed countries (UNCTAD, 20117). The number of IPAs (national, regional, subnational or local) in the world is around 10,000, while the total number of greenfield projects worldwide in 2015 was 14,381, with 1251 in the Latin-American and the Caribbean region. There are less greenfield projects every year, while the ability to attract those projects grows constantly.
  - ✓ **There is room for the Region to stimulate expansions and reinvestment but a structured and regular approach is required.** The results of the survey show important findings.

  - **Only one-third of IPAs have a dedicated aftercare unit and staff**. Without a dedicated aftercare unit, it is difficult to develop a comprehensive and strategic aftercare program and to implement key account management.
  - **Investors demand proactive support from the IPAs**. The obstacles investors most commonly cited as a barrier for expansion and reinvestment are business permits and licenses, incentives and access to finance and labor availability, and skills and training. In terms of the support investors would like for reinvestment, most frequently cited was support for licenses and

permits, and workforce training; followed by access to finance, visa and immigration support, and support for exporting.

- **There's not high quality data on existing investors.** IPAs need to be able to track foreign investments in their country and collect data on foreign investors. This will enable them to segment existing investors, measure the role of existing investors in the economy and compare this with overall foreign investment.
- **FDI is declared as strategic** by the governments of all the countries in the Caribbean, but the majority of them **don't position the national IPAs in visible and key position**s within the institutional ecosystem.
- **Caribbean IPAs don't provide skills and training services as part of the key account management strategy and service to the companies.** Nearly 40% of investors stated they needed skills and training support.
- **Local content is very low in investors in the region**. Half of investors have a local content ratio of over 50% of which 27% of investors have local content over 75%, especially investors in the agribusiness and tourism sectors. However, nearly one-fifth of investors have local content of less than 10%, which indicates an opportunity to increase local supplier linkages.
- **There is a lack of data collection about the existing investor experience**. Regular surveys on the profile of existing investors are very valuable for the IPAs as they provide with added value information related to the investor needs, requests, obstacles and future expansion plans.
- **Very few IPAs have developed a targeted key account management strategy**. While most of the IPAs have a clear sector focus in providing aftercare services they have not segmented investors.
- **Policy advocacy service is not included in the catalogue of the IPAs**. Existing investors are an essential source of feedback on the business and policy environment in the country and can provide valuable input in terms of how to improve the business environment, to the benefit of all companies both foreign and local.

7.4. Pan-Regional Recommendations

As seen in the previous sections, the investor survey, IPA consultations and best practice analysis leads to several recommendations for developing a reinvestment program for the Caribbean Region. The recommendations have been made for both the short term (less than one year) and long term (more than one year), outlined in the sections below.

7.4.1. Recommendations for the short term.

- **Dedicated aftercare unit.**

Only one-third of IPAs have a dedicated aftercare unit. Without a dedicated aftercare unit, it is difficult to develop a comprehensive and strategic aftercare program and to implement key account management.

IPAs in the Caribbean should consider establishing a dedicated aftercare unit to manage the accounts of existing investors once they have made their investments in the country. The recommended structure identified by best practice analysis is for the promotion unit to generate investment opportunities, which are given to the facilitation unit to assist with implementation. Then they're given to the aftercare unit once the investment has been made.

Best practices indicate that over time IPAs should aim for roughly one-third of resources to go into investment promotion, one-third into facilitation, and one-third into aftercare. For a typical Caribbean IPA with 20 FDI staff, six staff would be in the aftercare team. This would be the ideal case for a mature IPA with a high volume of existing FDI, such as in Dominican Republic or Jamaica. For IPAs with either significant bureaucracy in permits and incentives (increasing the need for facilitation services) or a very low volume of FDI (increasing the need for investment promotion), the resources allocated to the aftercare unit should be around 10 to 20% of total resources. This translates into a two- to four-person team for a typical IPA with 20 staff.

- **Foreign investment tracking.**

In most cases, the IPAs in the region have limited databases on existing investors and do not have detailed enough data to compare the role of existing investors in overall FDI. Furthermore, most IPAs do not regularly update their databases and have not conducted an investor survey in the last three years. There is therefore a relatively weak evidence base to determine how much resource to allocate to aftercare, and to develop a key account management strategy. As the best practices overview indicated (Chapter 4), the starting point for developing an aftercare program is high quality data on existing investors. IPAs need to be able to track foreign investments in their country and collect data on foreign investors in order to segment existing investors, measure the role of existing investors in the economy, and compare this with overall foreign investment.

To understand the existing investors in each country, a combination of sources is recommended:

a. *Commercial databases, assets and tools.*

There are several in the market, such as fDi Markets, which tracks FDI daily at the firm-level, and Dun & Bradstreet or Bureau van Dijk, which are leading company databases. FDi markets can be used to identify foreign investors (going back to 2003 and updated continuously) while the other company databases can be used to identify companies registered in the country. All the databases will need further screening to check if the company actually made the investment (fDi Markets) or if it is still operating and has a proper operation in the country (Dun & Bradstreet/Bureau van Dijk). Commercial databases are also useful in collecting further information on the investments, such as capital investment data and job creation. There are other databases, developed by IBM, for example, that focused on cost-quality location screening as the Figure 32 shows.

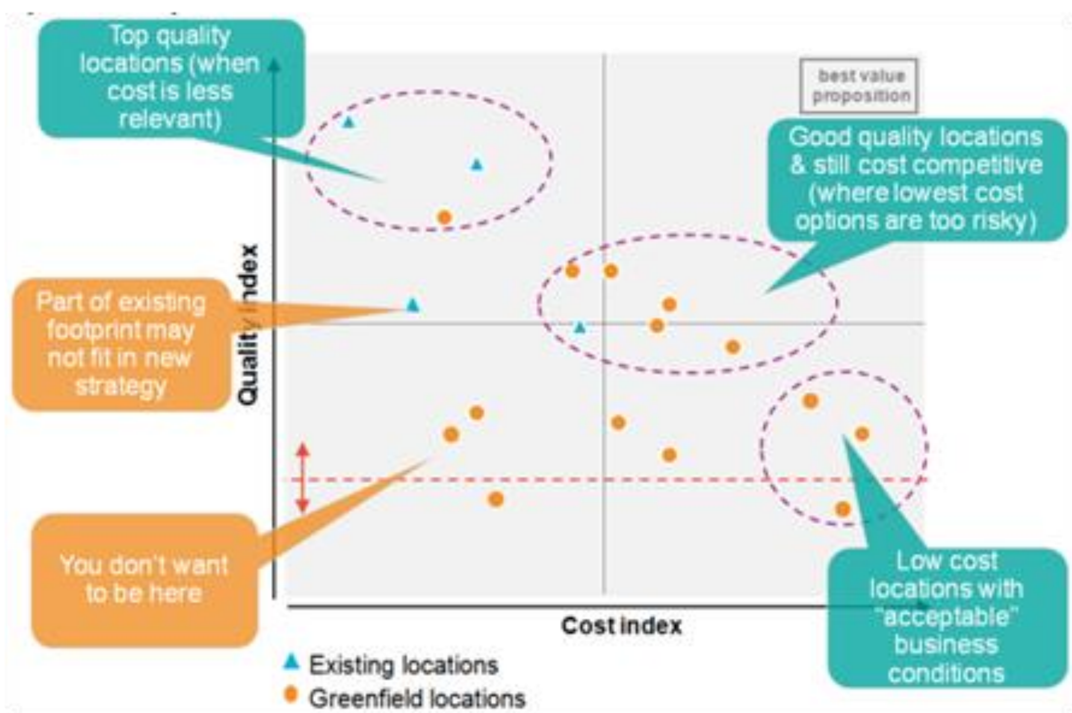

Figure 32. Cost-quality location screening.

Source : www.ibm.com/gbs/pli

These types of tools assess the trade-offs between cost and quality of potential investment locations and identify strengths and weaknesses as seen by investors. They also allow sensitivity analysis to identify areas for short-and long-term improvement.

b. Other tools and assets.

IBM's location benchmarking tool is based on cost-quality approach which validates a location's attractiveness and competitiveness. It is a very powerful instrument for cities and regions, both in marketing and facilitating competitive investment. This is a tailor-made tool for EDO and IPA clients who are focused on their priority sectors or business functions. It identifies areas needing improvement.

Global Location Trends (GLT) databases are also useful for IPAs, such as the IBM or fDi markets, as they monitor location decisions globally for more than 170,000 investment projects. They have been developed to better analyze investment trends than traditional FDI sources and they indicate where industries decide to locate or expand operations. This could be one of the best indicators for countries and cities' performance in attracting business.

- **Partner databases.**

Partner databases include, other government agency databases (such as the national trade and export agency), key government departments (specific industry departments), chambers of commerce and business associations, and free zones.

Combining these sources will enable the IPA to have a comprehensive database of existing foreign investors, which it can further refine and update over time. The aftercare team should be tasked with continuously updating the database after every meeting they have with an investor and these meetings should be used, in part, to complete and validate data on the investor. To continuously update the database of existing investors, an investor survey and direct meetings with key investors will help, especially when combined with lead tracking software like fDi Markets and/or the IPA tracking itself all media and business sources in the country to identify FDI project announcements as they occur.

IPAs could also consider a completely off-the-shelf database and tracking systems such as the Investment Accounting System (www.fdiaccounting.com) which enables IPAs to quickly enter, track, and qualify FDI projects as well as measure the role of existing investors vs new investors and evaluate the impact of the IPA.

- Key account management.

Very few of the IPAs surveyed have developed a targeted key account management strategy. While most of the IPAs have a clear sector focus in providing aftercare services, they have not segmented investors.

Only two of the nine IPAs provided selected services to selected investors and most IPAs have not identified "key accounts." Ryals (2012) defines key account management (KAM) as "one of the most important changes in selling that has emerged during the past two decades. KAM is a radically different organizational process used by business-to-business suppliers to manage their relationships with strategically-important customers, and it produces measurable business benefits." This means that few IPAs have been identified as "key." These are the most important re-investors, catalogued into their specific target, such as investment retention, expansion, upgrades into the local economy, among others. A major barrier to developing a key account management strategy is that most IPAs do not have a dedicated aftercare unit but rather roll-out services to existing investors as part of facilitation services.

Best practice suggests that the IPAs in the region should move towards a more "project-based" program. This entails focusing on a few key services and providing these to targeted investors, or moving towards an "integrated" program where they provide a full aftercare program working with key accounts and partner organizations. Whether moving towards a project-based or integrated aftercare program, key account management is essential and is greatly facilitated by having a dedicated aftercare unit and team.

Assuming the IPAs have sufficient knowledge of existing investors, they should segment the pool of existing investors into different categories, depending on the objectives of the aftercare program and the services to be provided. An example is shown in Table 41 below. Once the segmentation of companies has been made, the IPA should implement a key account management strategy by allocating key investors to the aftercare account managers and wider IPA staff as needed.

Table 41

Matrix for Segmenting Existing Investors Based on Aftercare Objective and Services

Service /Objective	Facilitating expansion projects	Subsidiary retention	Subsidiary upgrading	Export development	Supply chain development	Training, skills & cluster development	Assist in local marketing	Policy advocacy
Admin services	Jobs, capital investment and size of investor	Jobs and capital investment	Strategic investors by size and global operations	Size of current and potential exports	Size of current & potential local content	Job size and job quality	Strategic investors by size and global operations	Jobs, capital investment and size of investor
Operational services	Jobs, capital investment and size of investor	Jobs and capital investment	Strategic investors by size and global operations	Size of current and potential exports	Size of current & potential local content	Job size and job quality	Strategic investors by size and global operations	Jobs, capital investment and size of investor
Strategic services	• -	Jobs and capital investment	Strategic investors by size and global operations	Size of current and potential exports	Size of current & potential local content	Job size and job quality	Strategic investors by size and global operations	Jobs, capital investment and size of investor

Source: WAVTEQ, 2015

For Caribbean IPAs, challenges in developing a key account management strategy include lack of understanding of the base of existing investors, lack of a dedicated aftercare unit, resource limitations, a small base of existing foreign investors to service, a limited mandate of the IPA reducing the aftercare services that could be provided, and lack of institutional partnerships with external stakeholders to deliver the aftercare program. Perhaps this is because the IPA is fairly new or has been recently restructured.

All IPAs should aim to set-up a dedicated after-care unit with a minimum of 10% of resources allocated to the unit. IPAs should define the objectives of the aftercare program, services to be provided, and identify key investors. They should also designate account managers for these investors with a clear activity schedule. As the IPA and aftercare program develop, further services can be provided and clear FDI targets may be put in place. The key account management program will help ensure that the significant obstacles to reinvestment identified by investors (e.g., access to finance, permits and licensing, and workforce training) are addressed for those investors with the highest potential for reinvestment, contribution to the local economy, and for retention of key investors.

- Customer Relationship Management (CRM)

A CRM is essential for effective key account management, equally for new investors as well as existing investors. It’s important to remain what a CRM is. This is CRM is a system to manage the contacts with investors, update the status of each company’s investment plans and to fully engage with investors. It also captures contacts and knowledge of companies, which are retained by the IPA even if account managers leave the agency.

In terms of procuring a CRM system there are many options. Table 45 below provides an analysis of the most widely used CRM systems by IPAs. In selecting a CRM system is essential first to clearly define:

- What the CRM will be used for;
- Must-have features vs. nice-to-have features;
- Who in the IPA will use the CRM (number of users and each user’s needs);
- Who in the IPA manage roll-out, adoption, and training;
- What technical resources are in the IPA to support roll-out and customization;
- What trade-off is required for features vs. ease of use;

- What budget is available for initial procurement; and
- What budget is available for customization and ongoing support

The Box 10 showed an excellent example of a comparison of CRM systems.

- Investment Advisory Council

Investment is a strategic priority for all of the nine Caribbean countries, but for the majority of them, this prioritizing of FDI is not fully reflected in their national trade policy or at the institutional map, where agencies are not very visible and are located in levels of secondary importance. Attracting IED is identified as an objective in government strategies, but the institutions are not designed to generate effective results. This is most evident by the fact that IPAs have only some degree of visibility and autonomy. Unlike other exemplary IPAs, including Mauritius, Rwanda, Ireland, Dubai and Korea, the institutional and governance arrangements of the Caribbean IPAs could be optimized.

IPAs are not placed in a high-level government office. Therefore, they don't have sufficient influence or convening power to coordinate a national investment promotion campaign covering all strategic economic sectors such as mining, tourism, ICT, energy, etc., or to play a key role as policy advocate. Other governments consider investment attraction and promotion a national priority, and their IPAs report directly to the government heads (e.g. Invest in Mauritius, Invest in Turkey, PRONicaragua). In Rwanda, the Rwanda Development Board directors and local businesses regularly join their President in overseas tours to attract foreign investors. This is valuable leverage that supports their capacity to coordinate different stakeholders under a unified strategy and allows rapid policy implementation, strategic decisions and coordination efforts. Without having IPAs close to the top of the government, achieving government expectations of job creation and investment flows wouldn't be possible, largely due to limited visibility, dispersion of competences among other institutions and limited financial autonomy.

A very efficient instrument is the Investment Advisory Council, chaired by the respective Prime Minister or President, with the participation of senior executives from prominent foreign and domestic multinational firms. Box 5 shows an excellent example of best practices in these types of Councils.

7.4.2 Long term Recommendations.

- <u>Skills and training program.</u>

Skills & training was identified by the investor survey and IPA consultations as a key element needed in an aftercare program for CAIPA. Skills & training was one of the main obstacles for reinvestment identified by investors and the second most important service needed by investors (after support with permits & licenses). Nearly 40% of investors stated they needed skills & training support.

Currently, most IPAs in the region offer assistance with skills & training, but mainly by referring investors to other organization rather than having a dedicated team on staff. The main exception is CEI-RD in the Dominican Republic, which has the in-house capability to provide skills & training services to investors.

Skills & training services should be provided as part of the key account management strategy; not all investors should receive the same service. A basic service offering sign-posting to skills & training organizations can be provided to all investors, which is what IPAs in the Caribbean are currently doing. However, a tailored skills & training program could be considered for key accounts identified to help them invest, expand and upgrade their operations.

Often a skills & training program starts with key investors in similar sectors before being rolled-out in other sectors. Many IPAs around the world have started such programs with BPO investors, as their investments are so skills-driven. BPO investors have high training needs given the volume of staff being recruited. Because BPO investors are footloose and can easily relocate to a lower cost location, continuous skills development and subsidiary upgrading are needed.

Key features of a best practices skills & training service for key investors are provided below, drawing on the best practice case study of Louisiana Economic Development (see Box 9, pag. 113). Each aspect can be personalized to meet investor needs. The training & skills program needs to be delivered by a dedicated team of training experts, either within the IPA or in a partner organization closely affiliated with and coordinated by the IPA.

These key features are:

1) **Understand a company's skills and training needs.**

Training experts with experience in the key sectors being targeted should analyse the company's current processes to understand the company's operations and needs. A comprehensive assessment would include the following areas:

- Behavioural Skills;
- Business Analysis;
- Competencies Review;
- Core Skills;
- Cultural Analysis;
- Needs Analysis;
- Process Documentation;
- Recruitment and Relocation;
- Staffing Plans;
- Technical Analysis; and
- Technology Transfer.

A document would be prepared outlining the analysis, which would be signed-off by the investor.

2) **Assist with recruitment.**

Following the company analysis, the skills & training team should determine the employee competencies and behaviours that match the cultural and technical abilities needed by the company. Recruitment services could include:

- Alumni Outreach;
- Campus Visits;
- Company Websites;
- Corporate Recruiter Services;
- Social Media Campaigns;

- Recruitment Videos; and
- Targeted Career Fairs.

3) **Assist with pre-hiring.**

The skills & training team can assist with evaluation of candidates to help ensure the investor recruits the right staff. Evaluation of candidates can take place through:

- Behavioural interviews;
- Job observations;
- Situational role-playing; and
- Pre-employment training and hands-on simulations.

4) **Assist with training.**

The skills & training team can assist in delivering technical, team-based and soft-skills training programs custom designed, sequenced and delivered to engage new employees. Training programs can include:

- Core Skills Training;
- Customized Multimedia;
- Interactive Training Modules;
- Job-Specific Customized Training;
- Mobile learning Devices;
- On-the-Job Training Guides;
- Organization Development;
- Quality Training;
- Language training; and
- Regulatory Training.

The box number 9 provides an overview of the training service of Louisiana Economic Development (LED), called FastStart. LED has been ranked as having the best workforce training program in the US for the last seven years in a row (Business Facilities).

- Supplier development program.

Most of the IPAs offer a supplier linkage service and some also provide supplier development activities. However, these activities are in most cases provided on a reactive, ad hoc basis and none of the IPAs have a dedicated team or program for supplier linkage & development. Supplier linkage & development programs can make a major impact on the local economy and help embed foreign investors, making them less likely to relocate. When delivered effectively they add greatly to the local economy, as the case study case study of North East of England (Box 6).

While the investor survey indicates that providing supply chain linkages and supplier development services was among the smallest obstacles to reinvestment and needs of investors, local content is less than 25% for nearly one-third of investors, indicating significant opportunities to increase local content either through creating linkages with local SMEs and/or attracting foreign suppliers. The investor survey results suggest that a highly targeted, valu- added and proactive approach is needed.

The investor segmentation and key account management strategy should identify which investors have potential to increase local content and consultations should be held with these investors to understand more about their operations and how support could be provided to increase local content.

The following action plan is recommended to develop a supply chain program:

Table 42
Steps to Develop a Supply Chain Program

STEP 1	Identify a long-list of existing investors with supply chain potential;
STEP 2	Screen these investors to a short-list and hold detailed consultations;
STEP 3	Understand the common supply-chain needs of investors in key sectors. This may involve focusing on only a handful of investors in one sector which show the most promise for supply chain linkages (i.e. more of a "project approach");
STEP 4	Identify local suppliers which can be targeted to supply the foreign investors;
STEP 5	identify potential foreign suppliers who could invest in the country to supply the existing investors;
STEP 6	Hold consultations with the local suppliers and foreign investors and understand their capabilities to supply the foreign investors;
STEP 7	Develop a supply chain program for the investors in a specific sector(s) focused on working with both the foreign investors and suppliers to facilitate supplier contracts;
STEP 8	Recruit specialized supply chain experts to deliver the program with investors and support the development of local suppliers;
STEP 9	Put in place clear targets around the number and value of supplier contracts to secure and foreign investors in the supply chain to attract; and
STEP 10	Monitor and evaluate the success of the program and how it can be further improved.

Source: Author based in best practices experiences from Singapore and Czech Republic.

The case study of North East of England included in Box 6 which helped pioneer the development of aftercare and supply chain programs, provides further insights in how to develop a supply chain program.

- **Policy advocacy program.**

As the investor survey results indicate, existing investors are an essential source of feedback on the business and policy environment in the country and can provide valuable input in terms of how to improve the business environment, to the benefit of all companies both foreign and local.

The investor survey identified permits & licenses, incentives & financing, education, training & skills, utilities and immigration & visas as the most significant obstacles to reinvestment. These are all important policy-driven areas. The IPA is one of the most important organizations in the country to channel investor feedback and suggestions on the business environment to policy makers and bring investors and policy makers together to jointly improve the business environment.

Policy advocacy is therefore recommended as an important component of every aftercare program. To deliver policy advocacy there are several options for an IPA, including:

- **Problem- Solving Approach:** When a key obstacle is identified by an investor, the IPA works with relevant parts of the governments to address the obstacle;
- **General Approach:** Gather feedback from investors obtained during meetings or surveys as part of the overall aftercare program and compile feedback into a high-level report which is provided to the relevant government ministries and departments;
- **Project Approach:** Identify key obstacles and recommendations from investors and build a working group to understand and address the obstacle or recommendation and present a more detailed report to the relevant part of government; and
- **Cross-Government Approach:** The IPA plays the lead role in bringing together investors and central government to discuss issues and develop policy recommendations.
- **Foreign Investment Ombudsman program**

The Foreign Investment Ombudsman (FIO) system was first introduced on October 26, 1999, under the Foreign Investment Promotion Act, in an aim to resolve grievances of foreign-invested companies operating in Korea. FIO is commissioned by the President on the recommendation of the Minister of Trade, Industry and Energy following deliberation by the Foreign Investment Committee. The Foreign Investment Ombudsman also heads the grievance settlement body, which supports the duties of Ombudsman.

FIO and its grievance resolution body collect and analyze information concerning the problems foreign firms' experience, request cooperation from and recommend implementation thereof to relevant administrative agencies, propose new policies to improve the foreign investment promotion system, and carry out other necessary tasks to assist foreign-invested companies in resolving their grievances. Regarding the organizational structure, the Foreign Investment Ombudsman within the Korean Trade & Investment Agency (KOTRA) heads the grievance settlement body, which supports grievance resolution in close cooperation with the Investment Consulting Center.

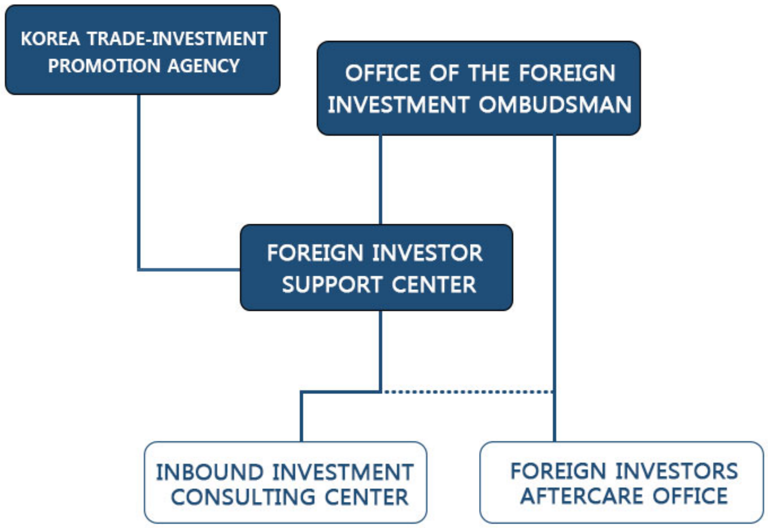

Figure 33. Foreign Investment Ombudsman Organizational Chart.

Source: KOTRA, 2017

Foreign investors and foreign-invested companies apply for grievance consulting following the steps demonstrated in Figure 34. These include:

1. The foreign company contacts FIO to request support for business difficulties.
2. FIO answers the foreign company with a technical answer.
3. If the request of the foreign company involves modification or improvement of the business climate and a normative change is required, FIO contacts the government for an upper comission and get support and a solution,
4. FIO explains the company what has been done and the improvements that made.

Foreign investors and all companies registered as foreign-invested companies in Korea can use the FIO system. The entire grievance resolution process, including consultation and assistance, is free and confidential. All fields and sectors are able participate in FIO, ranging from corporate management to the living environment of foreign investors; there are some exceptions, such as private disputes between companies or sales of individual companies (Kotra, 2017).

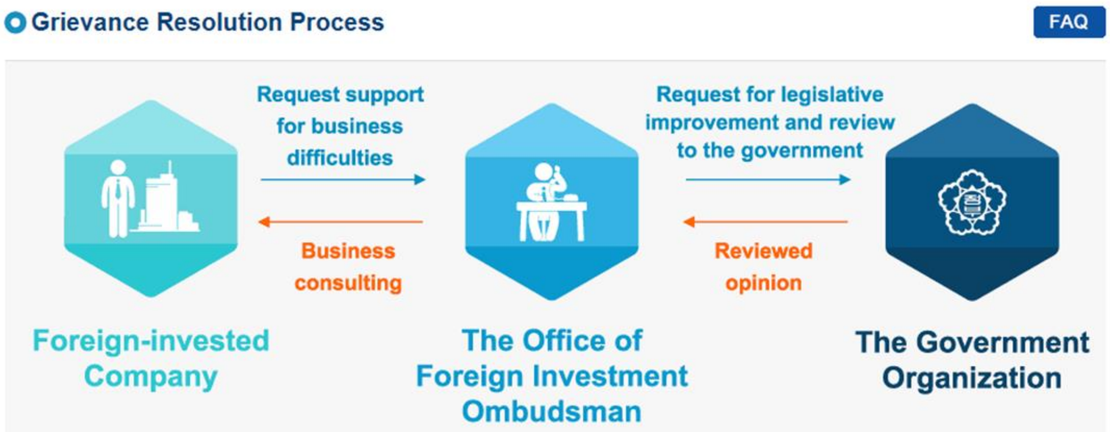

Figure 34. Steps for Grievance Consulting Application in the FIO System.

Source: KOTRA, 2017

Chapter 8. Recommendations by Country and Suggested Action Plans

"We are what we repeatedly do. Excellence, therefore, is not an act but a habit."

Aristotle

Based on the analysis of the socioeconomic context of each country, the review of each country the investor survey feedback, and the best practices comparision, Chapter 8 is dedicated to summarizing the most relevant conclusions arisen from the study and to propose and outline, later, action plans for each of the IPAs representing the nine countries.

8.1. Investor survey feedback.

- The Bahamas

Eight investors from The Bahamas completed the investor survey, across the sectors of financial services, tourism, life science, energy and business services. The survey included three investors employing over 500 staff in The Bahamas and five investors employing over 100 staff.

The survey highlighted some key issues facing investors, which should inform BIA's aftercare policy. All but one of the investors surveyed identified visas & immigration as a principal obstacle to reinvestment and most the investors also highlighted business licenses & permits. Labour availability, skills & training was an obstacle cited mainly by tourism investors. Most investors have not heard of an IPA for The Bahamas. The services investors would most like are support for are immigration & visas, permits & licenses and workforce training services.

Half of investors said they would be *unlikely* to recommend The Bahamas as a place to do business, which was a higher proportion than any other country in the survey. On the other hand, most of the investors are considering expansion in The Bahamas. Two of the three tourism investors had low local content (10 to 25%) compared with local content typically over 75% for similar operations in other countries. These findings indicate that there is a critical need for more effective aftercare.

- Barbados

The investor survey received four responses from investors each in a different sector. All responses were from major investors employing over 100 staff in Barbados, including two investors with over 500 staff and one with over 250 staff.

The investors are generally very positive about the business environment in Barbados, with all the investors considering expansion in Barbados and all investors likely or very likely to recommend Barbados for business (within one other investor unsure). The obstacles to expansion and reinvestment faced by investors are mostly related to permits & licensing and competition from other countries. The main support services investors would like are for permits & licensing and workforce training.

- <u>Belize</u>

The investor survey received responses from three investors in agribusiness manufacturing and BPO. The BPO operation is the only investor exporting. Local content is over 50% for all investors, which is high. Investors generally are positive about Belize and every investor is planning expansion in Belize, which is the strongest result from any country and shows the opportunities for expanding aftercare services. The most frequently cited obstacles for reinvestment are business permits & licenses, access to finance and ICT/transportation infrastructure. Additional support investors would like relate to access to finance and export assistance. Investors also indicated an investor's council would be beneficial.

- <u>The Dominican Republic</u>

The investor survey received responses from four investors, each from a different sector. The survey included three investors with large-scale operations, including one with more than 500 jobs. Generally, the service operations are focused on the domestic market and manufacturing and tourism operations on exports. Local content levels are very high except in logistics and power generation, which might be expected given the capital-intensive nature of equipment and machinery. Key obstacles to reinvestment identified by investors are permits & licenses followed by labor availability, incentives/access to finance, and corruption. The key service needed by investors is support for licenses & permits. Investors also cited an investor council and access to finance for expansion as key needs. Only one of the respondents had heard of an investment promotion agency for Dominican Republic, while all but one of the investors is considering expansion in the Dominican Republic. This shows considerable opportunity for CEI-RD to expand aftercare.

- **Guyana**

The investor survey gathered responses from five investors across a range of sectors, including software/ICT, agribusiness, mining and consumer goods. Respondents included two BPO operations. Two of the respondents were major investors, each employing over 500 people in Guyana. All investors except one exported more than 75% of sales. All but one investor has expansion plans in Guyana, including one major project to add 2,400 staff. Furthermore, all the investors state they would recommend Guyana as a place to do business, which is very positive. The investor's survey showed that ICT infrastructure and security are the two biggest obstacles for reinvestment and labour availability, skills & training and utilities also being mentioned. All but one of the investors had heard of the IPA. In terms of specific support required, the most cited key factors were permits & licenses, immigration & visas, workforce training and supplier linkages. All of them were cited to be of equal importance.

- **Haiti**

The four investors completing the survey were manufacturing companies in agribusiness, electronics and wood products. Most of the respondents have significant sized operations in Haiti. Generally, export intensity and local content are low. At least half of the investors have expansion plans in Haiti. Key obstacles to reinvestment are incentives/access to finance followed by support for exporting. Most of the investors had heard of the IPA. In terms of key services needed, support for licenses & permits and incentives/access to finances were most frequently cited, followed by export promotion services.

- **Jamaica**

The investor survey received a strong response from Jamaica, with seven completed surveys. Survey respondents came from many sectors covering BPO, financial services, manufacturing, logistics & transportation. The respondents included three major operations each employing over 500 staff as well as other significant sized operations. The export intensity of operations was generally low, with the exception of BPO and tourism investors. This is because the financial services and manufacturing investors surveyed are primarily serving the domestic market. Existing investors have very high local content, averaging 50 to more than 75%, which is very positive. Most of the investors are planning expansion in Jamaica and also in other Caribbean countries. The key obstacles to reinvestment for existing investors are incentives and access to finance followed by business licenses & permits, utilities and competition from other countries. Most of the investors had heard of the IPA. In terms of key support services needed, support for licenses & permits was most frequently cited, followed by land & property services and workforce training services and then export promotion and supplier linkages.

- **Suriname**

Symptomatic of the lack of a fully-functional IPA and low levels of FDI in Suriname, only one investor survey was completed, by a hotel company. The company is a major investor employing over 250 staff and with over $50 million sales locally. The investor stated key obstacles to reinvestment relating to labour availability & skills, security and local suppliers.

- **Trinidad and Tobago**

The investor survey received seven responses from investors in service sectors, including two major investors, each employing over 500 workers and with over 50 USDm sales. None of the investors are exporting but all have high local content. In terms of obstacles to reinvestment, investors cited business permits & licenses and labor availability, finance, training & skills as the key concerns. All the investors are considering expansion both in both Trinidad & Tobago and in other Caribbean countries, which is very positive.

8.2. Recommendations for each IPA

- **The Bahamas Authority of Investments**

Based on the review of current practices and investor feedback, the following suggestions for further developing the aftercare service of Bahamas should be considered:

Short Term:

a. Build and maintain a database of existing investors;
b. Track the role of existing investors in overall FDI and job creation;
c. Develop clear targets for overall FDI and for aftercare;

d. Ensure the new website provides a better service for immigration & visas and permits & licenses;
e. Develop a key account management approach, with segmentation of investors into key accounts and account managers assigned to each investor, building on the current good practice of having the Director and Ministers meet with strategic investors;
f. Recruit a dedicated aftercare manager (ideally with private sector senior account management experience) to coordinate and lead aftercare services and key account management; and
g. Consider procuring a CRM system to support the FDI lead generation and key account management process.

Long term:

h. Consult with key existing investors to gain feedback on the new website; if visa & immigration and permits & licensing issues are not fully addressed a working group should be put in place by BIA to investigate the obstacles in more detail involving both key investors and government. The issue could be a lack of specialized support for helping investors with visas & immigration and permits & licensing, issues with policy or both. There would appear to be a need for a "fast track" service for investors;
i. Consult with key existing investors to understand their workforce training needs and put in place a working group to investigate how to improve workforce training involving both key investors and central government, particularly the new "national training agency"; and
j. As part of the key account management approach, BIA should identify investors with low local content relative to the potential. The investor survey identified two major investors in The Bahamas which only have 10 to 25% local content. Through consultation with key investors, BIA will understand better the potential to raise local content and the key obstacles to doing so. Similar to the above recommendations, a working group could be formed to investigate how to develop more local content.

- Invest Barbados

Short term:

a. Build and maintain a database of existing investors;
b. Track the role of existing investors in overall FDI and job creation;
c. Develop clear targets for aftercare;

k. Consider appointing a dedicated aftercare manager (ideally with private sector senior account management experience) to coordinate and lead aftercare services and key account management;

d. Develop a key account management approach, with segmentation of investors; and into key accounts and account managers assigned to each investor. With almost all investors positive about Barbados and planning expansion there is a major opportunity for Invest Barbados to attract and facilitate more reinvestment as well as to discuss with existing investors new projects; and

e. Consider how Invest Barbados will capture and use information and interactions with both prospective and current investors taking into account issues using the current CRM. A simple, easy to use CRM may be the solution for managing opportunities with new and existing investors and for supporting sales & marketing campaigns.

Long term:

f. Consider strengthening policy advocacy, perhaps through an investors council, to fully address strategic issues which may be holding back new and reinvestment projects, such as permits & licensing and workforce training as well as identifying other issues and opportunities;

g. Consider using existing investors more for marketing the country, given the strong endorsement of Barbados as a place for business; and

h. Once the short-term recommendations have been put in place, quantitative monitoring and evaluation of the IPA should be considered.

- Belize Trade and Investment Development Service (BELTRAIDE)

Short term:

a. Build and maintain a database of existing investors in the whole country, perhaps using company registrations as the starting point;

b. Recruit into the IPA staff with industry experience in the private sector to lead strategic engagement with key accounts as part of a dedicated aftercare unit;

c. Develop a key account management approach, with segmentation of investors into key accounts and account managers assigned to each investor; and

d. Revamp the CRM system to support the FDI lead generation and key account management process.

Long term:

e. Work to strengthen the mandate of the IPA as the main national agency for FDI attraction;
f. Consider strengthening policy advocacy, in particular through an investors council, to fully address strategic issues which maybe holding back new, reinvestment and export projects, and to address issues such as access to finance and export assistance. If investors could access more finance and receive more support for export they are more likely to reinvest rather than repatriate capital; and
g. Understand in more detail the supply chains of investors and map out local SME capability to meet the supply chain needs and look at how local SME capabilities could be upgraded. The more local sourcing the investor does the less capital they repatriate and the more embedded they are in the economy. It may also allow SMEs to start exporting.

- Center for Export & Investment of the Dominican Republic (CEI-RD)

Short term:

a. Develop a key account management approach, with segmentation of investors into key accounts and account managers assigned to each investor. For key accounts and strategic investors identified, a key account strategy should be developed looking at all elements of the investors business and how CEI-RD can help the investor expand and contribute more to the local economy (e.g. supplier linkages, workforce training).

Long term:

b. Investors have voiced concerns about permits & licenses and corruption. CEI-RD should consider how it can strengthen its policy advocacy role, in particular through an investor's council, to fully address strategic issues. Investors in the survey also indicated they would favour having an investors council; and
c. As the Dominican Republic has a strong base of existing investors, CEI-RD should understand in more detail the supply chains of investors and map out local SME capability to meet the supply chain needs and look at how local SME capabilities could be upgraded. Over time this may also generate the potential for some SMEs to start exporting, which

CEI-RD could also support. Developing a supply chain development program could be scoped out;

d. Improve the internal institution image;
e. Improve the one-stop shop for investors; and
f. Open a Foreign Investment Ombudsman.

- <u>The Guyana Office for Investment (GO-INVEST)</u>

Go-Invest has a small team and is therefore limited in the aftercare services it can provide. Recommendations to expand services will require either additional resources and/or the close involvement of partner organizations.

Short term:

a. Look at recruiting a dedicated aftercare manager, ideally with private sector senior account management experience;
b. Develop a key account management approach, with segmentation of investors into key accounts and account managers assigned to each investor. For key accounts and strategic investors identified, a key account strategy should be developed looking at all elements of the investors business and how Go-Invest can help the investor expand and contribute more to the local economy (e.g. supplier linkages, workforce training); and
c. Procure a CRM system to support the FDI lead generation and key account management process.

Long term:

d. Go-Invest should investigate the extent to which further services to assist with permits & licenses and immigration & visas are needed, through consultations with existing investors. If indeed there is a key obstacle, Go-Invest should consider how to address this either through the aftercare services currently provided or by forming a working group with investors and the government to discuss and address policy-related obstacles; and
e. Workforce training and supplier linkages are two key areas Go-Invest should also further scope out current issues with existing investors and how these can be addressed either by Go-Invest or through partner organizations. With almost all the investors planning expansion projects, and some very large indeed, even by global standards, the issues of

workforce training should be high priority and there may also be significant opportunities for supply chain programs.

- <u>The Centre for the Facilitation of Investment in Haiti (CFI)</u>

Short term:

a. The aftercare team should typically be a standalone department focusing on the identification and facilitation of reinvestment projects (not just incentives) and adopt a strategic approach to working with existing investors to increase their contribution to the local economy. Once an investor has received an incentive (from the facilitation department) this relationship should be managed by the aftercare team as part of the key account management approach (below);
b. Develop a key account management approach, with segmentation of investors into key accounts and account managers assigned to each investor. CFI will likely need to recruit a "key account manager" to lead this, who should have significant private sector and business experience;
c. Track and validate investment coming to Haiti, both new and expansions, so CFI understands in more detail the investment landscape and role of reinvestment;
d. Procure a CRM system to support the FDI lead generation and key account management process;
e. Create a website for online business registration
f. Permanent workshops and follow-through; and
g. Business environment barometer

Long term:

h. Strategic issues facing investors are access to incentives/finance and support for exporting. CFI should further consult with existing investors on each of these two issues and if possible form a working group with investors and relevant partner organizations to discuss and address these issues;
i. Permits & licensing is another area which requires support and should be something that can be directly addressed by CFI by providing further targeted support to investors. If the

issue is policy related, then CFI needs to take a policy advocacy role (as with the above issues of incentives/finances and support for exporting) to address the issue;

j. As the aftercare program matures and more detailed data is captured on investment flowing into Haiti, CFI should introduce clear performance targets for the IPA overall and for the aftercare team and have clear metrics for monitoring and evaluation.

- <u>Jamaica Promotions Corporation (JAMPRO)</u>

Short term:

a. Ensure JAMPRO's database of existing investors is fully comprehensive and updated and captures all existing investors, not just those which JAMPRO has facilitated. This database should be cross-referenced against JAMPRO's current "A-list" of key investors to ensure that all key investors are covered under the A-list aftercare program;
b. Develop a key account management approach, with segmentation of investors into key accounts and account managers assigned to each investor with a more proactive approach for each key investors. For A-list investors, a strategic engagement plan should be prepared for each investor outlining the engagement plan and key objectives; and
c. Consider how JAMPRO can focus more on the quality of investment and sustainable development goals in its FDI promotion and aftercare activities.

Long term:

d. Incentives/finance is the key obstacle for reinvestment cited by investors. JAMPRO should further consult with existing investors and if possible form a working group with investors and relevant government bodies to discuss and address these issues;
e. Permits & licensing is another area which requires support and can be directly addressed by JAMPRO by providing further targeted support to investors. If the issue is policy-related, then JAMPRO needs to take a policy advocacy role (as with the above issues of incentives/finances) to address the issue. Moving to online application and monitoring of permits & licenses could be one option to explore; and
f. JAMPRO should review its aftercare policy and consult further with investors on land & property, workforce training and supplier issues to further tailor its support to the needs of investors. This could take the form of a dedicated in-house training & skills program for

investors (such as what Dominican Republic has started doing) and a dedicated supply-chain development program.

- <u>Investment and Development Corporation Suriname (IDCS)</u>

As IDCS is still in the early stages of defining its mandate and with the focus on attracting new investors for privatization, the overall best practices in this report can inform IDCS when it does start to look at developing an aftercare program.

Short term:

a. Establish a standalone aftercare unit and recruit an aftercare manager with significant relevant private sector experience. This can make major difference to IDCS' understanding of the base of existing investors and identify and support reinvestment projects to generate positive FDI results;
b. Build and maintain a database of investors coming to Suriname;
c. Track the role of existing investors in overall FDI and job creation;
d. Develop clear targets for the overall FDI program when the IPA becomes more active in investment promotion;
e. Develop a key account management approach, with segmentation of existing investors into key accounts and an account manager assigned to each investor; and
f. Procure a CRM system to support the key account management process for both prospective (new) and existing investors when either investment promotion and/or aftercare services are launched.

Long term:

g. Consider conducting an investor survey when the mandate of the IPA is clear to help understand the base of existing investors, their current activities, obstacles to investment, and which investors offer the best potential for reinvestment and making a wider contribution to economic development objectives; and
h. Engage with Suriname's embassies overseas so that they support attracting new investors and reinvestment.

- <u>InvesTT (Trinidad & Tobago)</u>

InvesTT has made excellent progress in developing its aftercare program in a relatively short period. There are clear targets for activities and results, and a basic key account management system has been put in place together with a CRM to help manage the process. The key focus for InvesTT is likely to be further developing its key account management system and looking at more strategic services InvesTT can provide or coordinate the delivery of.

Short term:

a. Build and maintain a database of investors coming to Trinidad & Tobago;
b. Track the role of existing investors in overall FDI and job creation, so that overall IPA and specific aftercare targets can be provided for job creation;
c. The key account management strategy should be further honed by segmenting existing investors and developing a clear engagement plan for each strategic investor; and
d. The issues of permits & licensing should be further investigated by speaking to existing investors and a plan made for improving either InvesTT's services in this area and/or policy improvements. Online processing and tracking of permits & licenses is one policy that could be considered, such as being implemented by the Bahamas IPA.

Long term:

e. Workforce training appears to be a key obstacle for investors. InvesTT should consult with key existing investors to understand their workforce training needs and put in place a working group to investigate how to improve workforce training involving both key investors and central government;
f. Strengthen linkages between Free Zones, Industrial and Technological Parks;
g. InvesTT should understand in more detail the supply chains of investors with a view to both attracting foreign supplier in (import substitution) and mapping out local SME capability to meet the supply chain needs and look at how local SME capabilities could be upgraded, working with ExporTT;
h. When exploring how to develop policy advocacy, an investors' council should be considered. That Investment Advisory Council, could be chair by the Prime Minister, with the participation of senior executives from prominent multinational firms (foreign and

national): a platform established with the participation of senior executives from prominent multinational companies in order to address the administrative barriers to investment, improves the image of T&T as an attractive investment destination and provide an international perspective to the ongoing investment climate reform agenda. Create an ombudsman office to encourage reinvestment through active one-on-one service and an efficient approach to resolving grievances;

i. Use InvesTT to generate opportunities for attracting foreign venture capital and promote Public Private Partnership;

j. Develop a human talent attraction and retention strategy to improve the skills of employees at InvesTT and develop new profiles (e.g. both public and private experience, international background). Courses, awards or international exposure can also motivate staff; and

k. Build a team focused on engaging with intermediaries since these have a significant influence on corporate location decision building a team focused on engaging with intermediaries is important;

Limitations of the Study and Suggestions for Further Research

1. Limitations of the Study

Following to Price and Murnan (2004), its important to report the research limitations. The limitations of the study can be defined are those characteristics of design or methodology that impact or influence the interpretation of the findings from the research. They are the constraints on generalizability, applications to practice, and/or utility of findings that are the result of the ways in which it has been initially chosen to design the study and/or the method used to establish internal and external validity.

In the following paragraph, a list of limitation description related to methodology and the research process is described and outlined their possibly impacted in the results.

- Sample size.

  The number of the units of analysis used in the study has been dictated by the type of research problem investigated. The sample size of companies was 434 and 9 IPAs which can be considered accurate and appropriate to find significant relationships from the data, as statistical tests normally require a larger sample size to ensure a representative distribution of the population and to be considered representative of groups of people to whom results will be generalized or transferred. (Aguinis, Hermam and Edwards, 2014).

- Lack of available and/or reliable data on the Caribbean related to FDI attraction.

  A lack of data or of reliable data required to limit the scope of the analysis and just focused on the 9 IDB member countries, as based in the fact that the author works for the Inter-American Development Bank, those were the countries with accessibility to get the data required, using the same format, at the same time and within the same size. Other wise, comparison and measure could be possible.

  It would have been ideal to include the rest of the Caribeean countries (total of 25) in the study, but the risk of not finding the basic data was very high and could have inutilized the whole study.

  This as an opportunity to include the rest of the countries in a future research, as it has been mentioned in section 2.

- <u>Lack of prior research studies on this topic</u>

Citing prior research studies forms the basis of the literature review, helps lay a foundation for understanding the research problem that are investigated. There are little and limited prior research on the same topic. The previous research carried on arised several studies carried on comparing some African and East Europe countries, but has been impossible to have access to regional studies.

- <u>Measure used to collect the data</u>**.**

In a restrospect vision, some additional questions could have been included in the surveys to IPAs and companies that could have enriched the survey and the results and could have help to address the particular issue of the impact of regional element on FDI retention and expansion.

- <u>Self-reported data.</u>

The data has been gathered by the author herself and self-reported data is limited by the fact that it rarely can be independently verified by a third person as the author had been taking what people say, during the interviews at the conference held in Miami, on the questionnaires, and on the phone. Self-reported data can contain several potential sources of bias that you its important to alert to and note as limitations (Brutus, Stéphane et al. 2013).

- <u>High rotation in the staff of the IPAs.</u>

There is a high level of rotation on the team of the agencies, mostly on the figure of the CEOs. That implies that the "institutional memory" does not exist and this generates less access to documents and information that could be very useful to understand the past and the evolution of the IPAs and also measure their performance.

- <u>Limited time available</u>

The time available to investigate this research problem and to measure change or stability over time has been pretty much constrained by several external facts, as the family situation of the author and her professional commitments at the IADB that involves frequest travels to Latinoamerican and Caribbean countries.

- Language

Although the author is bilingual in English, her native language is Spanish. Carrying on the study in English has required dedicated extratime to review the wgol content several times.

2. Suggestions for Further Research

During the elaboration of this work, an exercise of recopilation of suggestions for further research was carried on, based on the conversations maintained with each of the IPAs, best practices from other countries, the brainstorm exercise done in Miami, during the 2016 Regional Policy Dialogue and with CAIPA and the study's limitations reflection.

- Can the Caribbean Diaspora Generate Investments?

With a population of more than 20 million, the Caribbean diaspora has been identified as an untapped resource for economic development in the region and for investments. It has been postulated that the Caribbean diaspora's love for their country seems to grow when they leave their countries of origin and experience life in foreign lands. They become advocates for the development of their homeland and are often the first to respond in times of crisis. This conclusion has been substantiated by the significant value of annual remittances to the economies of Caribbean countries. However much of these resources has been spent on food, clothing, housing, education, and healthcare.

Observations of the Caribbean's failed attempts to mobilize its diaspora include the failure to understand the proclivity of the diaspora for investing. What criteria need to be fulfilled to encourage Caribbean diaspora investing? What kind of projects are they willing to invest in and what resources do they have available to invest? Based on perfunctory information, notwithstanding their affinity to the Caribbean and their desire to assist in regional development, the Caribbean diaspora is similar to all investors. They need accurate and thorough information that will assist them in making a business decision and this includes data that will demonstrate a return on their investment.

The model employed by Homestrings in targeting the African diaspora is particularly interesting as it provides this kind of information to investors. The company, Homestrings, forges partnerships with both the public sector and the private sector to source, vet and structure development-specific investment opportunities it deems of interest to the diaspora. The diaspora is then able to invest equity into the investment projects in a crowd-funding kind of model. Each opportunity is selected on the basis of its impact on development as well as its return prospects. The combination of doing well and doing good is at the heart of the Homestrings proposition.

Table 43. Top 30 Emigration Countries of the Tertiary-Educated, 2010/2011 Emigration Rate

Countries	*Percent of Total*
Guyana (1st)	93.0%
Haiti (2nd)	75.1%
Trinidad & Tobago (3rd)	68.2%
Barbados (4th)	66.2%

Source: World Bank Migration and Remittances, Factbook 2016, Third Edition

A similar initiative for the Caribbean may yield higher returns that the efforts previously postulated. It is against this vein that the following initiative is being proposed – the development of a Caribbean version of the Homestrings model.

- <u>Can the Regional Business Reform Agenda lead the improvement of Each National Business Climate?</u>

A healthy business environment is essential for growth and poverty reduction. Business environment reform is needed where inappropriate regulation, excessive taxation, lack of fair competition, lack of voice and an unstable policy environment restrict investment and the development of markets, stifle entrepreneurship and force many businesses to operate in the informal economy. The Caribbean needs business environment reform in order to attract investors. Several countries under the Caribbean Growth Forum (CGF) initiative established CGF Chapters or Reform Working Groups at the national level, identifying areas of business climate reform, as per the World Bank's Ease of Doing Business Report, that could be supported under the CGF. Some of these chapters are operational to date.

However, many of these reform initiatives were guided by national priorities instead of regional objectives. Investor perception surveys have shown that investors begin their site selection processes at a regional level first before narrowing their perspectives to a particular country. The goal would be to validate if an aggregated regional value proposition will increase the likelihood that one of the Caribbean territories will be considered as an investment destination. The World Bank's Ease of Doing Business Report presents regional averages and although some territories in the Caribbean may be excelling in particular areas, the fact that some are not reduces the value proposition for the region. For example, Jamaica scores highly on Starting a Business (#12 in the world), however regional partners range from 115 (Dominican Republic), 158 (Belize), 188 (Haiti) to the better performers of 66 (St. Lucia), 69 (Trinidad & Tobago) and 64 (Dominica). In this regard, there is a case for the execution of a regional program focused on business climate reform that will improve the regional standing.

The development and work on a regional program could maybe improve the business climate and could also yield the additional benefit of countries learning from each other through the dissemination of good practices in the region, the positive spillover effects of regional competition among the countries to offer improved services, and the reduced cost of engaging with several territories through the acquisition of one service provider to assist all countries for example.

- Can Cross Border Investments be a source of attracting investors?

A 2013 Caribbean Investor Perception Survey undertaken by Caribbean Export in collaboration with fDi Intelligence found that the CARIFORUM market is the key driver for investment. The surveyed companies are investing in CARIFORUM primarily to access the regional market, national markets, and because of political & economic stability, labor availability & skills, and low operating costs. The primary motive is market-seeking, which validates the importance of CARIFORUM and the market access it provides. In fact, over 80% of companies said market access, in 11 of 15 CALIFORUM countries, was *as* good or *better than other regions in the world*.

The current survey to companies undertaken under this work validated these findings noting that 81% of investors are considering expansion in the host country and a further 61% of investors are considering expansion in other countries in the Caribbean. Seventy-one percent of investors would be likely or very likely to recommend the host country business climate. These really positive messages show the great potential for IPAs from the region to work with existing investors to secure more FDI.

- Encouraging Linkages to FDI for economic development in the Caribbean

One of the challenges faced by Caribbean territories is the capacity to increase benefits to the economy from foreign investments. Experience has shown that foreign firms can have a positive impact on their host countries by contributing to the development of their private sector through the creation of business linkages between the foreign firms and the SMEs. It has also been noted in the literature that the presence of suppliers for market seeking investments is often presented and promoted as a location advantage to attract these types of foreign investors.

The survey undertaken under this work indicates that local content, measured by the percentage of inputs which are sourced locally from the host country is less than 25% for nearly one-third of investors surveyed. The details of the findings were as follows:

- Half of investors had over 50% local content of which 27% had over 75% local content, which is very high by international standards.
- However, nearly one-fifth (18%) of investors had less than 10% local content while 30% had less than 30% local content.
- Of the investors with very high local content over 75%, most were agribusiness and tourism investors. Investors with over 50% local content also included many BPO and services companies. Investors with less than 10% local content were mainly manufacturing/processing operations in the agribusiness and consumer & industrial goods sector.
- Looking at the 12 tourism investors completing the survey, seven investors had over 50% local content while five investors had less than 50% local content. Of the 17 investors in manufacturing/processing, eight investors had over 50% local content while four investors had less than 10%.

This presents excellent validation of the economic development that linkage programs can possibly generate for the region, and that a regional program would increase the investor likelihood of sourcing supplies from within the region.

- A broaden number of countries could be included for further researches.

Including all the 25 Caribbean countries, putting special attention to Cuba and Puerto Rico as relevant cases.

- Compare the impact of aftercare in several regions in order to be able to analyze the weight that the regional element has on the FDI generation and expansion.

At the beginning of the reseach study, a compilation of information related to FDI in other regions was started. After several months of research some relevant data regarding regions such the Nordic region, the Baltic one, the Anima investment network of Mediterranean countries (22 countries), ASEAN (the Association of Southeast Asian Nations is a regional organisation comprising ten Southeast Asian states which promotes intergovernmental cooperation and facilitates economic integration amongst its members), among others was gathered. Several issues were identified during that comparision such as the differences in size, number of countries, scope, strategy, financing and access to the same kind of data in order to be able to compare.

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- ACT	g2crowd.com/products/act/reviews
- Bahamas Investment Authority (BIA)	bahamas.gov.bs/bia
- BELTRAIDE	belizeinvest.org.bz
- CAIPA	carib-export.com/investment/caipa
- Caribbean Export Development Agency	carib-export.com/
- CEI-RD	cei-rd.gob.do
- CFI-Haiti	cfihaiti.com/
- CINDE	cinde.org
- Enterprise Survey	enterprisesurveys.org/
- fDi accounting	fdiaccounting.com
- fDi markets	fdiintelligence.com/fDi-Tools/fDi-Markets
- Financial Times Lexicon	lexicon.ft.com/
- Finpro	finpro.fi/web/finpro-eng
- Germany Trade&Invest	gtai.de/
- GO-INVEST	goinvest.gov.gy/
- IAmsterdam	iamsterdam.com
- IBM	ibm.com/gbs/pli
- IDA Ireland	idaireland.com/
- IDCS	http://www.gov.sr
- Invest Barbados	investbarbados.org/
- Invest in Berlin	berlin.de/en/business-and-economy/investing-in-berlin/
- Invest in Denmark	investindk.com
- Invest in Great Britain& Northern Ireland	invest.great.gov.uk/us
- Invest in Mauritius	investmauritius.com
- Invest in Spain	investinspain.org
- Invest in Turkey	invest.gov.tr
- Invest Korea	investkorea.org
- Investment Advisory Council for Turkey	www.yoikk.gov.tr
- InvesTT	www.investt.co.tt/
- JAMPRO	jamaicatradeandinvest.org/
- KOTRA	english.kotra.or.kr

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-	Louisiana Economic Development	opportunitylouisiana.com/about-led\
-	Microsoft	microsoft.com/en-us/dynamics/crm.aspx
-	Microsoft Dynamics	g2crowd.com/products/microsoft-dynamics-crm/reviews
-	North East of England	investnortheastengland.co.uk/
-	PROMexico	gob.mx/promexico
-	ProNicaragua	pronicaragua.gob.ni/en
-	Rwanda Development Board	rdb.rw
-	Salesforce	g2crowd.com/products/salesforce-crm/reviews
-	Singapore Economic Development Board	edb.gov.sg
-	Smart service	Smartservice.com
-	The Central Banks of Jamaica, Suriname, Bahamas, Barbados, Trinidad & Tobago, Belice, Haiti, Dominican Republic and Guyana	bancentral.gov.do/english/ http://www.boj.org.jm/ http://www.brh.net/ http://www.centralbank.org.bb/ http://www.central-bank.org.tt/ http://www.centralbankbahamas.com/ https://bankofguyana.org.gy/bog/ https://www.cbvs.sr https://www.centralbank.org.bz/
-	The Human Development Index	hdr.undp.org/en/content/human-development-index-hdi
-	The International Monetary Fund	imf.org/external/index.htm
-	The World Bank	worldbank.org/
-	Zoho	zoho.com

Appendices

Appendix A
Investor Questionnaire

Below is the questionnaire developed to target foreign investors, aiming to understand their reinvestment potential and needs.

Study to Support Reinvestment by Foreign Investors in Select Sectors of [country X]

This independent study will gather the opinion of foreign investors on how government Investment Promotion Agencies (IPA) can better support foreign investors to expand and reinvest.

I would very much welcome your participation. Your corporation has been selected as a strategic investor in [country X], and we highly value your opinion. The survey will take -approximately five minutes to complete.

By completing this survey you will directly contribute to government policies taken in [country X] and to support your company with expansion and reinvestment. All information will remain strictly confidential. Your personal details and specific responses will not be published or made publicly available.

Kind Regards,

Author

ADD NAME, POSITION

Prequalification

Are you familiar with your company's investment strategy for [country X]?

Yes ☐ *No* ☐

Yes, please continue
No, please can you pass the survey to a company executive familiar with your investment

Company Contact Data

Company name:

Company address:

Country where the worldwide Headquarters is located:

Contact person:

Position (list):

Telephone number:

Fax number:

E-mail address:

Website address:

Company Profile in the Country

Nature of business of your company in the country:

Software/ICT	☐	Energy	☐
Agribusiness	☐	Mining	☐
Tourism	☐	Industrial goods	☐
Financial services	☐	Consumer goods	☐

Specific sector ______________________

Principal activities in the country:

Manufacturing	☐	R&D	☐
Sales & marketing	☐	BPO	☐
Power generation	☐	Distribution	☐
HQ	☐	Retail/wholesale	☐

Specific activity ______________________

3 How many employees do you have in the country?

<25	☐	101-250	☐
25-50	☐	251-500	☐
51-100	☐	500+	☐

What are your sales in the country (US$)?

<$1m	☐	$10-25m	☐
$1-5m	☐	$25-50m	☐
$5-10m	☐	>$50m+	☐

What % of your sales are exports?

0%	☐	26-50%	☐
<10%	☐	51-75%	☐
10-25%	☐	>75%	☐

What % of your inputs are sourced locally from the country?

0%	☐	26-50%	☐
<10%	☐	51-75%	☐
10-25%	☐	>75%	☐

Expansion plans

7 Have you any expansion/reinvestment plans in the country in the next 12-24 months?

Yes ☐ *No* ☐ Possibly ☐

If you have no plans, what are the reasons for not expanding in the country? ____________________

8 If yes, what type of projects are you considering in each country? What will the projected employment/investment be? Please provide a brief description.

Obstacles to expansion/reinvestment

9 What are the principal obstacles your company faces to further expansion and reinvestment in the country (please tick the 3 most critical obstacles)?

Business licenses/permits	☐	Incentives / access to finance	☐
Visas and Immigration	☐	Support for exporting	☐
Corruption	☐	Finding local suppliers	☐
Land and property	☐	Quality of local suppliers	☐
Utilities	☐	ICT/transportation infrastructure	☐
Labour availability/skills/training	☐	Competition from other countries	☐
Security	☐	Housing & education of key staff	☐

Other obstacles/issues with the investment environment (please specify) ______________________

Business support for your investments

10 Have you heard of the [add IPA name]?

Yes ☐ *No* ☐

11 Have you had a meeting/call with the [add IPA name] in the last 12 months?

Yes ☐ *No* ☐

12 Which type of business support services would be most valuable for your company to help further expand and reinvest in the country? (please tick the 3 most important services)

Support for licences & permits	☐	Access to finance for expansion	☐

Immigration & visa services	☐	Export promotion services	☐
Ombudsman for corruption/issues	☐	Supplier linkage services	☐
Land and property services	☐	SME supplier development	☐
Workforce training services	☐	Foreign investors council	☐

Other business services you would like (please specify) ______________________________

Perceptions of the country

Based on your experience, how likely are you to recommend [the country] as a place for doing business?

- Very likely ☐
- Likely ☐
- Not sure ☐
- Not likely ☐
- Definitely not likely ☐

If not likely, please indicate why?

Next steps

Would you like to receive a copy of the results and findings of the study?

Yes ☐ *No* ☐

May we take this opportunity to thank you for your time and kind cooperation.

Appendix B
IPA Questionnaire

CARIBBEAN REGION SURVEY QUESTIONNAIRE

Below is the questionnaire developed for IPAs discussing their current reinvestment and aftercare activities and needs.

Study to Support Reinvestment by Foreign Investors in [country X]

I am carrying out a survey for my postdoc thesis with the support of the Caribbean Export Development Agency and the Inter-American Development Bank to undertake an independent study to advise the Caribbean countries on their aftercare policy to secure reinvestment from foreign investors.

The study includes a survey of foreign investors to understand their reinvestment plans and obstacles to further investment and expansion that could be addressed through quality and focused aftercare. The study also includes best practices in aftercare, and consultations with IPAs from the region to understand their aftercare policy and needs...

Your efforts are appreciated for your participating in this study and I would like to thank you for your time in advance.

To facilitate the consultation with you, a brief survey is provided below, which I would appreciate if you can complete and email back to us by [ADD DATE]. It's understandable that it may not be possible to answer all of the questions depending on the scale of your current aftercare activities but the survey will assist greatly in understanding the current situation and your agency's current viewpoint on aftercare activities. If there are any questions you need clarification on, you can discuss during our conversation during the Regional Policy Dialogue and Investment Forum to celebrate in Miami, next March 2016.

All information will remain strictly confidential. Your personal details and specific responses will be not being published or made available to others outside from CAIPA.

Kind Regards,

Author

The survey has 4 key sections: Section 1, which seeks to identify the capacity needs of the IPAs; Section 2, that looks at the IPA's functions; Section 3, that deals with the IPA's performance; and Section 4, that seeks to explore issues related to sustainable FDI attraction.

SECTION 1: CAPACITY NEEDS OF IPA

Table 1

Name of IPA:	Year of Establishment of IPA?
What type of body is your organization registered as?	- Governmental ☐ -Autonomous public body☐ - Joint private-public ☐ - Private ☐ - Other ☐ If other, Please specify
Sponsoring Ministry or body to whom your IPA reports	

Table 2

What is your total budget per annum, including all cost items/expenditures in 2014	Please state US $ or national currency here:
What was your total budget in 2013, including all cost items/expenditures?	
What % of your budget is supported by	Government % ___________ Revenue earned from fees % _____________ International aid % __________________ Private sector sponsorship % ___________ Other % ________________ Please state what "other" refers to in the above:
What is the % of your total budget per annum dedicated to promotions only in 2013 (excluding staff costs)	In US$ or national currency

What is the % of your total budget per annum dedicated to promotions only in 2014 (excluding staff costs)	In US$ or national currency

Table 3

	YES	NO	
Is your agency the only IPA dealing with inward investment promotion at the national level?			If no, please indicate other agency's - name(s): - location(s): - source of funding:
Are there regional IPAs within your country?			If yes, please indicate another agency's - name(s): - location(s): - source of funding:
Does your agency have a network of overseas offices?			If yes, please indicate - number: - name of country(s): - how many are affiliated with and located in embassies/consulates: - how many are official branches of the IPA with independent offices:
Are there plans to expand your network of overseas offices in 2015?			If yes, to which countries?

Table 4

Total staff complement of Agency	Please give number:
Total staff complement dedicated to Investment Promotion only	Please give number:
Size of professional staff dedicated to Investment Promotion only	Please give number - at headquarters:

	- in regional offices: - in overseas offices:
Within the last two years has there been any professional staff turnover? Yes ☐ No ☐	If yes, give number:
Indicate the average time served by professional staff Members	Please indicate:
Please indicate salary ranges in US$ or local currency Professional staff: ______________________________ Administrative staff: ____	

Table 5a

Please circle the top 5 priority needs of your Agency

Image Building	Research Support	SME Support	National Investment Promotion Strategy Development and Implementation
Marketing & Promotions	Policy Advocacy	Regional Collaboration	Incentives
Branding (including nation branding)	Aftercare Services	Strategic investor targeting	One Stop Shop for Investments
Event Planning	Lead Generation	Workforce Training	Establishing global connections
Sector development	Business Matchmaking	Workforce Compensation and Incentives	Linkages Programme
Sector Targeting	Diaspora Targeting	Support to Start-Ups	Special Economic Zones
Impact and result measurement tools	CRM and management tools	Customer service	Attracting re-investments

If Other, please state:

Table 5b

For your top 5 priority needs, please provide a brief description of the challenge your IPA is facing?

Please state priority needs in this section by order of importance (1 being the greatest need)	Please explain the need briefly in this column
1.	
2.	
3.	
4.	
5.	

Table 5c

Please indicate the kind of support you would like to receive in these priority needs areas? (Eg. Training, technical assistance to develop a Strategy, purchase of equipment etc)

Please state priority needs in this section by order of importance (1 being the greatest need)	Kind of support required
1.	
2.	
3.	
4.	
5.	

Table 6a

In 2014, CAIPA provided training via 2 best practice mission activities. Please rate these activities in terms of your overall satisfaction level?

Very ☐	Somewhat ☐	Not very ☐	Not at all ☐	Don't know ☐

Table 6b

Was any of this training transferred to IPA staff who did not participate in the exchange programme?	Yes ☐ No ☐
If yes, what % of staff received this transfer of knowledge?	0%-40% ☐ 41%-60% ☐ 62%-80% ☐ 81%-100% ☐

Table 6c

If your Agency were to participate in a future best practices mission, which IPA would you wish to visit?

State Name of Best Practice IPA here	Why?
1.	
2.	
3.	

Table 7

Do you have a staff training programme? Yes ☐ No ☐
If yes, please specify briefly:

Table 8

Technological facilities utilized	Yes	No	If yes, is the system	

					If you have these software, please state the name of the software/database
			Off the shelf with a license	Developed in-house	
Specialized investment promotion software					
Financial software					
Management software					
Investor targeting software/Lead generation software					
A CRM					
Computerized approvals/facilitation systems					

Table 9

Please rate your organization's overall capacity to execute its mandate:

0%-40% Very poor ☐	41%-60% Average ☐	62%-80% Good ☐	81%-100% Very good ☐

SECTION 2: IPA'S FUNCTIONS

Table 10

Please indicate in the following table the functions your agency is carrying out.

Functions	Carried out at time of establishment (YES/NO)	Carried out today (YES/NO)	Number of staff employed for this function

Promotion of inward investment			
Promotion of domestic investment (non-foreign)			
Promotion of outward investment			
Investor targeting			
Export promotion			
Promotion of privatization			
Promotion of tourism			
Foreign investment licensing			
Foreign investment registration			
Granting incentives			
Providing consulting services			
After-care programme			
Export processing zones authority function			
Industrial estates authority function			

Linkages Programme			
Investment policy formulation/advice			
Citizenship by investment programme			
Other, please specify:			

Table 11

In your experience, which of the above functions have been most crucial in attracting inward investment and why?

Please state function in this column	Please specify as to why:

Table 12
Please indicate in the following table if your agency's functions are focused on specific sectors.

Target investment	YES	NO	**Please specify which sectors**
Agri-based industries (e.g. food processing, fisheries etc.)			
Basic manufacturing (e.g. textile, clothing, automotive, etc.)			
Services (e.g. tourism, call centers, shared service, E-commerce industries, etc.)			
Infrastructure (e.g. telecommunications, Utilities, mining and quarrying, petroleum gas and related products, etc.)			
Strategic investment (research & development, regional headquarters, sales offices, distribution centers/value			

Added logistics, etc.)			

Table 13

Please indicate in the following table if your investment promotion is focused on geographic regions.

Regions	Inward/ Investment (YES/NO)	Outward/ investment (YES/NO)	If yes please indicate country(s)
North Africa & the Middle East			
Sub-Saharan Africa			
Asia & the Pacific Latin America			
Caribbean			
North America			
Eastern and Central Europe			
Western Europe			

Table 14

SUSTAINABLE INVESTMENT[15]: In general IPAs are moving toward what might be termed "the fourth generation" of investment promotion, namely, targeting sustainable FDI.

[15] To assist Caribbean IPAs in attracting sustainable FDI, governments, associations and international organizations have an important role to play in several areas that include: training IPAs to increase awareness of sustainable FDI overall; establishing clear procedures for assessing and monitoring sustainable FDI projects; training IPAs in assessing projects from a sustainable FDI perspective; adjusting incentive structures to promote sustainable FDI, to the extent that these are needed; removing legislative obstacles that inhibit IPAs from tackling sustainable FDI issues; and rewarding IPAs for success in this area.

To what extent do you consider sustainable investment in your investment promotion strategy?	A lot ☐ Somewhat ☐ Not too much ☐ Not at all ☐ Don't know ☐
When formulating your investment promotion strategy, who do you interact with primarily regarding sustainable development issues?	Government Ministries ☐ Private Sector☐ Non-governmental organizations ☐ Academia☐ Other ☐ If other, please state:
Do any companies that have invested in your country stand out in terms of contributing to sustainable development?	Please list the top 3 companies: 1. 2. 3.
Do you offer incentives to foreign investors for sustainable projects?	Yes ☐ No ☐
How successful have you been in attracting FDI projects that have these characteristics through the incentives you offer?	Very ☐ Somewhat ☐ Not very ☐ Not at all ☐ Don't know ☐
Do you think that the structure of incentives you offer is transparent for investors?	Yes ☐ No ☐

SECTION 3: IPA'S PERFORMANCE

Table 15

Please indicate in the following table how your institution measures performance

Indicators used (e.g. value of FDI attracted, export sales from investment attracted, jobs created	Targets			Actual Achievements		
	2011	2011	2012	2011	2012	2013
1.						
2.						
3.						

4.						
5.						

Table 15b

Have you implemented a best practice in any key area related to Investment Promotion in 2014? (e.g. specialized training or IP staff, internal incentives programme, diaspora programme, investor aftercare programme…..)	Yes ☐ No ☐
If yes, please state the area?	
Please briefly describe the best practice implemented:	

Table 16a

Please indicate in the following table whether your agency has received any assistance to carry out its functions besides support through CAIPA and the IDB?

Source	Technical assistance	Financial Assistance	Networking Assistance	Number of times assistance was received	Are you currently receiving technical assistance? If yes, please indicate type of Assistance	Areas of support e.g. promotions, training etc
	(Tick if yes)					
ASIT/UNCTAD						
FIAS/MIGA/World Bank						

UNDP						
UNIDO						
WAIPA						
Other multilateral institutions						
Bilateral donors:						
European Union						
Other, please specify:						

Table 16b

What are the top 4 areas for proposed future support by the Agencies noted above in 16a?

Please state: 1. 2. 3. 4.

SECTION 4: IPA'S MEDIUM TERM PROSPECTS

Table 17			
What is your view of your agency's situation	YES	NO	Please explain your answer

in 2 years from now?			
Have a more significant budget			
Have a less significant budget			
Have a larger staff			
Have a smaller staff			
Perform different functions			
Be funded through the private sector			
Have the same structure			
Be merged with different agencies			
Be closed			

Do you have any other vision for your agency?

Data protection

Would you be interested to receive the conclusions and recommendations regarding your country?

Yes ☐ *No* ☐

Questionnaire completed by: (Name(s) of persons below and their titles)

Name:	Title	**Email:**	**Signature:**

Appendix C
Database of profile of companies contacted for the survey by country

In order to receive sincere answers from the investors, a confidentiality note was included in the communication, sent jointly with the questionnaire (appendix A). The purpose was to protect the answers provided by the investors, considering how companies keep their expansion plans private. Due to this, interviewees' personal information, companies' names as well as other sensitive information that could lead to the identification is handled with strictly confidentiality (section 3.10).

Fulfilling the precedent premises, the tables below show the following blanks: turnover, primary sector of the company and job title of the person included in the database.

BAHAMAS

#	Turnover (USDm)	Primary Sector	Job Title
1	33.99	Hotels & Tourism	CEO
2	1873	Communications	CEO
3		Business Services	Head
4	6155.22	Hotels & Tourism	Chairman and Chief Executive
	6155.22	Hotels & Tourism	President and COO
5	721	Hotels & Tourism	CEO
	721	Hotels & Tourism	President and Managing Director
6		Business Services	-
7		Financial Services	Chairman
		Financial Services	Group Finance Director
8	23362	Business Services	CEO
9	24890	Biotechnology	Chairman and CEO
	24890	Biotechnology	President and COO
10		Electronic Components	President
11	17231.73	Coal, Oil and Natural Gas	CEO
12	46.96	Financial Services	Chairman
13		Communications	-
14	827.66	Financial Services	CEO
15	3.7	Business Services	President and CEO
16	3.9	Business Services	Managing Shareholder
17	13.7	Financial Services	Bahamas Manager & Director Responsible
18		Chemicals	CEO
19		Business Services	President
20	186.34	Business Services	Senior Director
	186.34	Business Services	Managing Director

21	3125.9	Hotels & Tourism	President and Chief Executive Officer
	3125.9	Hotels & Tourism	President & Chief Operating Officer
22		Hotels & Tourism	-
23		Hotels & Tourism	Chairman, President and CEO
24		Communications	CEO
25		Software & IT services	President
26		Communications	CEO
27	0.31	Non-Automotive Transport OEM	Owner
28		Business Services	Country Director, Bahamas
		Business Services	CEO
29		Business Services	Managing Director
		Business Services	Executive Chairman
		Business Services	Chief Executive Officer
30	154.45	Business Services	Managing Partner
		Banking	CEO
		Telecommunications	President and CEO
		Telecommunications	Senior Vice President Finance
		Banking	Chairman
		Banking	President
		Banking	Vice President, CFO
		Banking	Chief Executive Officer
		Banking	Managing Director, Customer Relationship Management and Strategy
		Banking	Managing Director, Bahamas & TCI
		Healthcare Provider	Chief Executive Officer
		Healthcare Provider	President and Director
		Healthcare Provider	Chief Medical Officer and Director
		Insurance	President & Director
		Industrial	Chairman
		Banking	Managing Director
		Insurance	Executive Vice Chairman & CEO
		Industrial	President and CEO
		Insurance	Managing Director
		Insurance	Managing Director
		Banking	Managing Director
		Banking	Deputy Managing Director, Operations
		Industrial	President, CEO and Director
		Industrial	Executive Vice President, CFO and Director
		Industrial	Vice President and Chief Operating Officer
		Consumer Goods	President & CEO
		Consumer Goods	Executive Vice President
		Consumer Goods	Executive Vice President
		Financial Services	Group CEO
		Financial Services	Chairman
		Financial Services	Chairman
		Financial Services	Managing Director

Source: fDi markets, 2015

BARBADOS

#	Turnover (USDm)	Primary Sector	Job Title
1	2184.3	Textiles	President, CEO
	2184.3	Textiles	Vice-President for Investor Relations
2	1873	Communications	CEO
3		Software & IT services	-
4		Software & IT services	-
5	37044	Financial Services	President, CEO
6		Financial Services	Deputy Chairman
7		Alternative/Renewable energy	President, CEO
8		Alternative/Renewable energy	VP - Business Development
9		Communications	CEO
		Communications	CEO, Barbados & Eastern Caribbean
10		Business Services	Managing Director
11	3.45	Communications	CEO
	3.45	Communications	Marketing & Business Development Manager
12		Communications	Chief Operating Officer
		Communications	co-CEO and co-founder
		Communications	co-CEO and co-founder
13		Alternative/Renewable energy	CEO
14		Tourism	CEO
			Director/ President and Chief Executive Officer of the
			Chairman
		Banks	Managing Director & Chief Executive Officer
			Executive Chairman
			CEO Barbados
			Chief Executive Officer
			Chief Financial Officer
			Managing Director
			Director of Sales
			Director of Marketing
		Banks	Chief Executive Officer
			Investment Director
			Chief Investment Officer
			Chief Financial Officer
			Managing Director
			Managing Director and CEO

			Deputy CEO
			Managing Director
			Business Development Manager
			Chief Operating Officer
			Group President And Chief Executive Officer
			Group Chief Operating Officer
			Executive Vice President, Corporate Services And Chief Compliance Officer
		Financial Services	Group Chief Executive Officer
		Financial Services	CEO - First Citizens - Barbados
		Financial Services	Senior Manager, Business Development - First Citizens – Barbados
		Financial Services	Managing Director
		Manufacturing	President
		ICT	

Source: fDi markets, 2015

BELIZE

#	Turnover (USDm)	Primary Sector	Job Title
1	21368.8	Hotels & Tourism	Joint CEO
	21368.8	Hotels & Tourism	Joint CEO
	21368.8	Hotels & Tourism	CFO
2		Hotels & Tourism	-
3	3125.9	Hotels & Tourism	CEO
4		Healthcare	President & CEO
		Healthcare	Senior Vice President/Strategic Advisor
5		Food & Tobacco	-
6		Business Services	CEO
7		Paper, Printing & Packaging	
8		Business Services	
9		Business Services	CEO
10	119.49	Business Services	CEO
11		Business Services	VP Global Sales & Business Development
		Business Services	President
12		Food & Tobacco	General Manager
		Food & Tobacco	Managing Director
		Food & Tobacco	Managing Director
13		Business Services	
14	0.18	Business Services	CEO & Managing Partner
	0.18	Business Services	SVP & Managing Director
		Financial Services	CEO
		Financial Services	Director and Company Secretary

		Financial Services	Managing Director
		Financial Services	Vice President and Managing Director
		Financial Services	Senior Manager - Business Support
		Farm Support Services	CEO
		Tourism	
		Agribusiness	Director
		Agribusiness	Chief Executive Officer
		Offshore Outsourcing	Director of Operations
		Offshore Outsourcing	Director of Business Development
		Offshore Outsourcing	CEO

Source: fDi markets, 2015

THE DOMINICAN REPUBLIC

#	Turnover (USDm)	Primary Sector	Job Title
1	1009.98	Financial Services	Chairman of the Board
	1009.98	Financial Services	Executive Chairman
2		Communications	President
3	42907.11	Communications	Chairman & CEO
	42907.11	Communications	Deputy CEO
	42907.11	Communications	Deputy CEO
4	1880.9	Hotels & Tourism	Chairman & CEO
	1880.9	Hotels & Tourism	Vice Chairman and Executive Director
5	2184.3	Textiles	Chairman
	2184.3	Textiles	Chief Executive Officer and President
6	29504.79	Financial Services	Executive Chairman
	29504.79	Financial Services	Vice Chairman
7	17146	Coal, Oil and Natural Gas	Chief Executive Officer and President
	17146	Coal, Oil and Natural Gas	EVP, President of Latin America
8	10239	Metals	President & CEO
	10239	Metals	EVP & COO
	10239	Metals	SVP, Corporate Development
9	14862.23	Building & Construction Materials	Chief Executive Officer
	14862.23	Building & Construction Materials	President CEMEX South, Central America and the Caribbean
	14862.23	Building & Construction Materials	Executive Vice President of Finance and Chief Financial Officer
10		Hotels & Tourism	Executive President
		Hotels & Tourism	Director Comercial Corporativo

11	206.43	Hotels & Tourism	Chairman of the board
	206.43	Hotels & Tourism	Chief Operating Officer
	206.43	Hotels & Tourism	Executive Director
12	4550	Transportation	CEO, President, and Director
	4550	Transportation	EVP, COO
	4550	Transportation	EVP, Corporate Affairs, General Counsel and Secretary
13	92.79	Hotels & Tourism	Co-CEO
	92.79	Hotels & Tourism	Co-CEO
14		Financial Services	
15	1946	Metals	President and CEO - Barrick Gold Corporation
	1946	Metals	SVP - Capital Projects - Barrick Gold Corporation
16	14271.78	Industrial Machinery, Equipment & Tools	President
17		Hotels & Tourism	President
		Hotels & Tourism	EVP
18	180	Medical Devices	Owner & Chairman
	180	Medical Devices	CEO
	180	Medical Devices	President & COO
19	217.02	Alternative/Renewable energy	Chairman & President
20	94601.39	Food & Tobacco	Chief Executive Officer
	94601.39	Food & Tobacco	Chairman
21	59711.45	Communications	Chairman
	59711.45	Communications	Chief Executive Officer
	59711.45	Communications	Chief Executive Officer - Domnican Republic
22		Hotels & Tourism	-
23	468.4	Electronic Components	President & CEO
24		Electronic Components	-
25	3121.02	Warehousing & Storage	CEO
	3121.02	Warehousing & Storage	SVP - Business Development
26	1699.49	Hotels & Tourism	Chairman & CEO
27	6662.9	Communications	Chief Executive Officer
	6662.9	Communications	Chief Financial Officer
	6662.9	Communications	Chief Business Development and Portfolio Officer
28		Business Services	COO, Port Morocco
		Business Services	General Director, South America
29	136.6	Business Services	Co-President and Managing Director
	136.6	Business Services	Office Managing Shareholder
	136.6	Business Services	Chairman Emeritus of the Board
	136.6	Business Services	Office Managing Shareholder
	136.6	Business Services	Co-President and Managing Director
30	3121.02	Real Estate	Chairman
31	3479.45	Business Services	-
32	9965	Industrial Machinery, Equipment & Tools	Chairman, President, CEO
	9965	Industrial Machinery, Equipment & Tools	SVP, President, Grainger International

33	16709.52	Financial Services	President
	16709.52	Financial Services	Vice-President
34		Textiles	CEO
35		Financial Services	-
36		Real Estate	-
37		Financial Services	Presidente
		Financial Services	Vicepresidente
		Financial Services	Chief Financial Officer
38	1452.22	Hotels & Tourism	CEO
39		Electronic Components	-
40		Software & IT services	CEO
41	2	Financial Services	-
42	17864.9	Financial Services	CEO
	17864.9	Financial Services	President
	17864.9	Financial Services	Vice Chairman & COO
43		Business Services	President/Owner
		Business Services	VP, Northern Operations
44		Hotels & Tourism	Director of Operations
45	41.3	Textiles	Owner & CEO
	41.3	Textiles	Director of Operations
46	4525.72	Textiles	Chairman and Chief Executive Officer
	4525.72	Textiles	Chief Operating Officer
	4525.72	Textiles	Chief Financial Officer
47		Alternative/Renewable energy	Chairman
48	11.1	Rubber	CEO
49		Alternative/Renewable energy	Head of Executive Committee
50		Business Services	-
51		Communications	Deputy Chief Operating Officer
		Communications	Chairman
52	1636.8	Software & IT services	Chairman and Senior Executive
	1636.8	Software & IT services	CEO
	1636.8	Software & IT services	SVP - Corporate Development
53		Business Services	Chairmand na CEO
		Business Services	President
54		Hotels & Tourism	-
55		Hotels & Tourism	-
56		Financial Services	President

57		Metals	CEO, Director
		Metals	General Manager, Dominican Republic
58	21.14	Textiles	President & CEO
59	10649.84	Financial Services	Executive Chairman
	10649.84	Financial Services	Managing Director
60	514.24	Building & Construction Materials	President
	514.24	Building & Construction Materials	CEO
	514.24	Building & Construction Materials	Managing Director
61		Paper, Printing & Packaging	Chairman and CEO
62		Hotels & Tourism	Chairman
		Hotels & Tourism	Managing Director
		Hotels & Tourism	CEO of the Division Hotel
63		Metals	-
64	3521.59	Engines & Turbines	Chairman
	3521.59	Engines & Turbines	Chief Executive Officer
65	82112.83	Automotive OEM	Chairman and Chief Executive Officer
66		Business Services	Partner and CEO, Barcelona Office
		Business Services	Chief Executive Officer, Santo Domingo Office
67	6523.16	Business Services	Chairman and CEO - Xerox
	6523.16	Business Services	President, Corporate Operations - Xerox
68		Hotels & Tourism	Chairman & Chief Executive Officer
		Hotels & Tourism	Co-Chairman and President
		Hotels & Tourism	Hotel Division Managing Director for Dominican Republic
69		Metals	Managing Director and CEO - Perilya Limited
		Metals	Executive General Manager - Americas - Perilya Limited
70		Coal, Oil and Natural Gas	Chief Executive Officer
71	4.8	Transportation	General Manager
	4.8	Transportation	Chief Operating Officer
	4.8	Transportation	Commercial Director
72	21368.8	Hotels & Tourism	Chairman and Chief Executive Officer
73	55184	Industrial Machinery, Equipment & Tools	Chairman and Chief Executive Officer
	55184	Industrial Machinery, Equipment & Tools	Group President - Construction Industries & Growth Markets
	55184	Industrial Machinery, Equipment & Tools	Group President - Customer & Dealer Support
74		Industrial Machinery, Equipment & Tools	President
		Industrial Machinery, Equipment & Tools	Managing Director

		Industrial Machinery, Equipment & Tools	Sales Director for Spain and Portugal
75	2855.5	Business Services	President & CEO
76	240908.13	Coal, Oil and Natural Gas	Chief Executive Officer
	240908.13	Coal, Oil and Natural Gas	Chief Administrative Officer
	240908.13	Coal, Oil and Natural Gas	Chief Financial Officer
77	139.61	Software & IT services	Chief Executive Officer, Chile
78		Automotive OEM	-
79		Hotels & Tourism	Chief Executive Officer
		Hotels & Tourism	Business Development Director
80		Textiles	-
81	4349	Business Services	Chairman
	4349	Business Services	Chairman and Senior Partner
82	50095.01	Coal, Oil and Natural Gas	Chief Executive Officer and President
83	12321	Software & IT services	CEO - Alcatel-Lucent
	12321	Software & IT services	President, Bell Labs & Chief Strategy Officer - Alcatel-Lucent
	12321	Software & IT services	EVP - Business and Information Technology Transformation - Alcatel-Lucent
84	2999.7	Business Services	-
85	1873	Communications	Chief Executive Officer
86	84.51	Communications	Chief Executive Officer
	84.51	Communications	Director of Strategy and Communications
87		Software & IT services	CEO
88		Communications	President
89	4.38	Alternative/Renewable energy	CEO, Chairman, Co-Founder
90		Alternative/Renewable energy	President
91		Software & IT services	Founder, Managing Director
92		Business Services	President
		Business Services	Chief Global Strategy Officer
		Business Services	Senior Vice President - Sales & Marketing
93	21.18	Business Services	Founder, Group Chairman
	21.18	Business Services	Founder, Group Commercial Director
	21.18	Business Services	Chief Executive Officer
94	442.41	Transportation	Director & Board Member
95		Transportation	Director General
96	4200	Food & Tobacco	President and Chief Executive Officer
	4200	Food & Tobacco	Senior Vice President and President, Americas and Global Marketing
	4200	Food & Tobacco	Senior Vice President and General Manager, Latin America
97		Consumer Products	Chief Executive Officer and President

98	1255.3	Consumer Products	Chairman, President and Chief Executive Officer
99	8.24	Communications	Chief Executive Manager
	8.24	Communications	Chief Business Development Officer
	8.24	Communications	V.P International
100	0.12	Financial Services	-
101		Communications	-
102	1307.44	Software & IT services	Executive Chairman
	1307.44	Software & IT services	Managing Director
	1307.44	Software & IT services	CEO - Business Development
103	164.4	Food & Tobacco	President & Chief Executive Officer
104		Business Services	CEO
105		Communications	CEO
106	192	Financial Services	President
107		Software & IT services	CEO and Managing Director
108	860.31	Business Services	Chairman and Chief Executive Officer
	860.31	Business Services	Senior Vice President of Marketing & Business Strategy
109		Business Services	Chief Executive Officer
110		Alternative/Renewable energy	Chief Executive Officer Director
111		Business Services	Director General
112	8.88	Communications	President
113		Business Services	President and Managing Shareholder
114		Non-Automotive Transport OEM	President
115		Metals	President and CEO
116	68.72	Hotels & Tourism	
117		Paper, Printing & Packaging	Chairman and CEO
118	15456	Hotels & Tourism	Chairman & Chief Executive Officer
119	18535.05	Metals	Chief Executive Officer
	18535.05	Metals	Chairman & President
	18535.05	Metals	Vice Chairman & Senior Vice President
120		Metals	Chairman, President & CEO
		Metals	CFO, Corporate Secretary
121		Hotels & Tourism	President
		Hotels & Tourism	CEO
122	10235	Medical Devices	Chairman of the Board, President and Chief Executive Officer
	10235	Medical Devices	Senior Vice President, Strategy & Business Development
123		Transportation	President
		Transportation	Chief Operating Officer
124		Food & Tobacco	Founder and CEO
		Food & Tobacco	Director of Fairtrasa Dominican Republic

		Food & Tobacco	Chief Operating Officer
125	0.32	Software & IT services	CEO
	0.32	Software & IT services	CTO
126	401.17	Food & Tobacco	Vice Presidente Marketing e innovacion
127		Food & Tobacco	Director General
128		Hotels & Tourism	VP Sales & Marketing
		Hotels & Tourism	Corporate Director of Sales
129		Business Services	Partner Director
		Business Services	Partner
130	522.36	Warehousing & Storage	President
	522.36	Warehousing & Storage	Vice President
131		Financial Services	Gerente General
132	3.81	Business Services	CEO
133		Communications	President
134	0.11	Communications	Chief Executive Officer & Global Operations Manager
135		Chemicals	President
136		Chemicals	Gerente General
137		Hotels & Tourism	Co-Owner and President
		Hotels & Tourism	SVP, Business Development
138		Building & Construction Materials	President
139		Financial Services	Chief Operations Officer
		Financial Services	Chief Executive Officer
140		Metals	Chairman
		Metals	Co-President
141	12.1	Plastics	President
142		Metals	Executive Chairman
		Metals	Managing Director
143	220.98	Alternative/Renewable energy	Co-Founder
	220.98	Alternative/Renewable energy	Managing Director
144		Software & IT services	Director and CEO
145		Business Services	Chief Executive Officer & VP Mexico
146		Financial Services	-
147	1.71	Business Services	President
	1.71	Business Services	CEO
	1.71	Business Services	Director of Strategy and Development
148	52.5	Medical Devices	President and Chief Executive Officer
149		Hotels & Tourism	CEO
		Hotels & Tourism	CEO
150	5	Business Services	CEO
	5	Business Services	Director of Operations
	2867	Consumer Products	CEO

	2868	Consumer Products	Global COO
	2869	Consumer Products	COO, Latin America
		Hotels & Tourism	President, CEO
		Hotels & Tourism	VP, Chief Marketing Officer
		Hotels & Tourism	VP, Franchise Operations & Dev't
	40.95	Food & Tobacco	President
	41.95	Food & Tobacco	Director And CEO
		Textiles	Chairman & CEO, Inditex Group
	828.95	Food & Tobacco	Chairman and CEO
	31776.4	Textiles	Chairman & Chief Executive Officer
	31776.4	Textiles	Group Managing Director
	31776.4	Textiles	Vice Chaiman
		Business Services	Partner and CEO, Barcelona Office
		Business Services	Chief Executive Officer, Santo Domingo Office
	568.1	Textiles	Chief Executive Officer
	568.1	Textiles	Chairman
		Textiles	Chief Executive Officer
		Consumer Electronics	Chairman and CEO - TRC Companies, Inc.
	3042.79	Consumer Products	Chief Executive Officer
	17039.93	Textiles	Chairman and Chief Executive Officer
	17039.93	Textiles	Deputy Chairman
		Textiles	Chairman and Chief Executive Officer
		Textiles	Supervisor of Business Development
		Textiles	Managing Director
	6.51	Textiles	Director General
			Executive Chairman, Chief Executive Officer
			Managing Director
			Chairwoman
			President
			Executive Chairman, Chief Executive Officer
			Managing Director
			Chairwoman
			President
			Chief Executive Officer
			President
			President
			President
			President
			President
			Chief Executive Officer
			Chief Executive Officer
			Chairman
			President
			General Manager
			Chairman and President
			President
			President
			President

		Telecommunications	
		Industry & Commerce	Marketing Manager Caribbean & Export Markets
		Industry & Commerce	Marketing Executive Officer
		Telecommunications	General Secretary, Head of Corporate and Business Development
		Tourism	Director General
		Industry & Commerce	Business Manager
		Industry & Commerce	Marketing Director
		Energy	Business Development Director
		Energy	Directora de Comunicación Estratégica
		Industry & Commerce	

Source: fDi markets, 2015

GUYANA

#	Turnover (USDm)	Primary Sector	Job Title
1	10186.25	Consumer Electronics	Chairman and CEO
2	32.83	Business Services	Founder and Chairman
	32.83	Business Services	Chief Executive Officer (CEO)
	32.83	Business Services	V.P. & General Manager, Qualfon Guyana
3	1600	Metals	
4		Metals	Chairman and Managing Director
5		Metals	-
6	6711	Financial Services	
7	2999.7	Business Services	Chief Business Development Officer
	2999.7	Business Services	Chief Operations Officer
	2999.7	Business Services	Chief Executive Officer and President of the Executive Committee
	2999.7	Business Services	Chairman of the Board
8	25.9	Metals	CEO and Director
	25.9	Metals	Senior VP,Country Management
9		Alternative/Renewable energy	President
10	1.3	Coal, Oil and Natural Gas	Chief Executive Officer and Member of Executive Committee
	1.3	Coal, Oil and Natural Gas	Chief Financial Officer
11		Communications	CEO
12		Metals	Business Manager
13		Metals	President and director of NARIL
14		Building & Construction Materials	General Manager
15		Building & Construction Materials	CEO
		Building & Construction Materials	Chairman
16		Metals	
17		Metals	Chairman & CEO
18		Coal, Oil and Natural Gas	

19		Metals	Chief Executive Officer, President, and Director
20	1417.6	Business Services	Chairman and CEO
	1417.6	Business Services	Executive Vice President and Chief Operating Officer
		Financial Services	Chairman
		Financial Services	CEO
		Financial Services	Managing Director
		Agriculture	Director of Strategic Initiatives
		Agriculture	Vice President, Business Development and Strategic Communications
		Agriculture	Senior Vice President of Global Operations
		Agriculture	Executive Director
		Services	Managing Director
		Services	Executive Director
		Tourism	Business Development
		Tourism	Vice President, Owner, Organizational Development
		Tourism	COO
		Manufacturing	
		Manufacturing	Chief Executive Officer
		Forestry	Company Chairman
		Services	Director
		Services	Area Manager, Mediterranean/Americas

Source: fDi markets, 2015

HAITI

#	Turnover (USDm)	Primary Sector	Job Title
1		Communications	Group CEO
		Communications	Group Business Development Director
2	9380	Communications	General Director
3	122.88	Financial Services	President
4	3.7	Business Services	Founder & President
	3.7	Business Services	President and CEO
5	116	Coal, Oil and Natural Gas	CEO
	116	Coal, Oil and Natural Gas	CFO/CAO
6	8	Business Services	President and CEO
7		Metals	-
8		Food & Tobacco	EVP - Business Development
		Food & Tobacco	CEO
9		Business Services	Founder, CEO

		Business Services	Managing Director
10	9.4	Business Services	-
11	1315.19	Textiles	President and CEO
12		Communications	-
13	12916.6	Food & Tobacco	Global CEO
	12916.6	Food & Tobacco	Global CIO
14		Textiles	Founder
		Textiles	SVP, Global Marketing & Communications
15		Textiles	
16		Textiles	
17		Textiles	Founding Partner & CEO
		Textiles	Founding Partner & Chair
		Textiles	Founding Partner & Vice Chair
		Textiles	Founding Partner
18		Textiles	Chief Executive Officer
		Textiles	President and Chief Operating Officer
19		Food & Tobacco	
20	43.6	Textiles	Founder
	43.6	Textiles	COO
21		Consumer Products	
22		Transportation	Chairman, President & Chief Executive Officer
23		Building & Construction Materials	Vice-President
			President
24		Hotels & Tourism	
25	840.3	Financial Services	President
	840.3	Financial Services	Managing Director
	840.3	Financial Services	Managing Director
		Energy	President and CEO

Source: fDi markets, 2015

JAMAICA

#	Turnover (USDm)	Primary Sector	Job Title
1	24.78	Healthcare	President
	24.78	Healthcare	General Manager Jamaica
2	17864.9	Financial Services	CEO
	17864.9	Financial Services	President
	17864.9	Financial Services	Vice Chairman & COO
3	92.79	Hotels & Tourism	Co-CEO
	92.79	Hotels & Tourism	Co-CEO
	92.79	Hotels & Tourism	Head - UK Market Development

4	31.3	Business Services	SVP and Chief Information Officer
	31.3	Business Services	Business Development
	31.3	Business Services	EVP of Strategy and Business Development
5		Coal, Oil and Natural Gas	General Manager and Chairman
6	16.69	Transportation	Chairman and CEO
7		Business Services	President, HGS USA
		Business Services	Vice President for Business Development, Transitions and Solutions Design
		Business Services	Vice President for Business Excellence and Global Business Transformation Services
8		Communications	CEO
		Communications	CEO, Barbados & Eastern Caribbean
9	127079	Communications	Chairman and CEO
	127079	Communications	EVP - Strategy, Development, Planning
	127079	Communications	EVP, President - Verizon Enterprise
10	134.77	Business Services	President and CEO
11	1090	Business Services	Country Head & Associate Vice President
	1090	Business Services	Vice President, Global Head of Marketing Services
	1090	Business Services	Chief Operating Officer
12		Business Services	Director
13	74019	Transportation	CEO
14	1873	Communications	CEO
15	94601.39	Food & Tobacco	Chief Executive Officer
	94601.39	Food & Tobacco	Chairman
16		Hotels & Tourism	Chief Executive Officer
		Hotels & Tourism	Business Development Director
17	1167	Paper, Printing & Packaging	President and CEO
18		Transportation	-
19	68.72	Hotels & Tourism	Dir. Gral. Hoteles República Dominicana
	68.72	Hotels & Tourism	CEO - Travel
	68.72	Hotels & Tourism	CEO - EMEA
20	6523.16	Business Services	Chairman and CEO - Xerox
	6523.16	Business Services	President, Corporate Operations - Xerox
21		Hotels & Tourism	Chairman & Chief Executive Officer
		Hotels & Tourism	Co-Chairman and President
22	14862.23	Building & Construction Materials	Chief Executive Officer

	14862.23	Building & Construction Materials	Executive Vice President of Investor Relations, Corporate Communications and Public Affairs
23		Transportation	CEO
24		Communications	-
25	2999.7	Business Services	
26		Food & Tobacco	President - KFC US
27	21368.8	Hotels & Tourism	Chairman
28		Hotels & Tourism	President
		Hotels & Tourism	EVP
29	2517.6	Food & Tobacco	Chief Executive Officer and President
	2517.6	Food & Tobacco	Chairman
	2517.6	Food & Tobacco	Country Director, Vice President - Price Smart Aruba & Dominican Republic
30		Hotels & Tourism	Chairman
		Hotels & Tourism	Managing Director
		Hotels & Tourism	CEO of the Division Hotel
31		Financial Services	Chief Executive Officer
		Financial Services	President
32	23032	Metals	Chairman and CEO
33	15901.55	Transportation	Founder, Chairman, CEO
	15901.55	Transportation	Executive Officer
34	2521.2	Transportation	Chairman of the Board
	2521.2	Transportation	President & Chief Executive Officer
	2521.2	Transportation	Chief Operations Officer
35		Chemicals	President
36	12626	Food & Tobacco	Chairman and CEO
	12626	Food & Tobacco	President
37	2855.5	Business Services	President and CEO
	2855.5	Business Services	Chief Operating Officer
	2855.5	Business Services	SVP - Corporate Development
38	59711.45	Communications	Chairman
	59711.45	Communications	Chief Executive Officer
	59711.45	Communications	Chief Executive Officer - Domnican Republic
39		Communications	CEO
40	1148.9	Business Services	Managing Director
	1148.9	Business Services	Director
41		Warehousing & Storage	-
42		Communications	-
43	1452.22	Hotels & Tourism	CEO

44		Transportation	Chairman
45	3843	Consumer Products	CEO
46		Financial Services	-
47	40992.41	Business Services	Executive Director and Chairman
	40992.41	Business Services	Executive Director and President
48		Financial Services	President and CEO
49		Paper, Printing & Packaging	Founder & CEO
50	2284	Financial Services	President
51		Hotels & Tourism	President
		Hotels & Tourism	EVP
52	192	Financial Services	President
53		Business Services	VP Operations
54		Business Services	-
55		Healthcare	Co-Founder & CEO
		Healthcare	Co-Founder and Chief Business Development Officer
56	0.03	Consumer Electronics	-
57		Communications	Co- Chief Executive Officer
		Communications	President and CEO
58		Communications	CEO
59		Business Services	-
60	1417.6	Business Services	
61	8375.23	Engines & Turbines	Group President & CEO
	8375.23	Engines & Turbines	Executive Vice President & CTO
	8375.23	Engines & Turbines	Executive Vice President & COO
		Finance	Chairman
		Finance	General Manager & Company Secretary
		Finance	Trading & Investment Manager
		Finance	Chief Executive Officer
		Finance	Managing Director-Wealth Management
		Finance	Group Chief Executive Officer
		Finance	Chief Investment Officer
		Finance	Chief Investment Strategist
		Finance	Chairman
		Finance	Managing Director
		Finance	Chief Executive Officer & Director
		Finance	Group Managing Director
		Finance	NCB Deputy Group Managing Director
		Finance	Chairman
		Finance	President & Chief Executive Officer

		Finance	Deputy Chief Executive Officer
		Finance	President & Chief Executive Officer
		Finance	Assistant Vice President of Operations & Settlement
		Finance	President & Chief Executive Officer
		Finance	Executive Vice President-Retail Banking
		Finance	Executive Vice President-Caribbean North Shared Services
		Finance	Chief Executive Officer
		Finance	Senior Vice President-Origination & Capital Markets
		Finance	Vice President-Asset Management & GM
		Conglomerate	Group Chief Executive Officer
		Conglomerate	Chairman
		Conglomerate	Managing Director
		Conglomerate	CEO,
		Conglomerate	General Counsel and Business Development Officer
		Conglomerate	Chief Executive Officer
		Conglomerate	Chairman
		Conglomerate	Vice President of Investments
		Insurance	President & Chief Executive Officer
		Insurance	Executive Vice President-Investments & Chief Investment Manager
		Manufacturing	Chairman
		Manufacturing	Chief Executive Officer
		Manufacturing	Planning & Development Manager
		Manufacturing	General Manager
		Manufacturing	Company Secretary
		Manufacturing	Sales & Marketing Director
		Manufacturing	Chief Executive Officer & Managing Director
		Manufacturing	Corporate Secretary
		Manufacturing	Chairman
		Manufacturing	Planning & Development Manager
		Tourism	-
		Financial Services	CEO
		Financial Services	CEO
		Financial Services	Managing Director - Cayman Operating Company
		Financial Services	Managing Director - Wealth Management
		Financial Services	Group Managing Director
		Financial Services	Deputy Group Managing Director
		Financial Services	President and CEO
		Financial Services	CEO
		Tourism	General Manager
		Tourism	Managing Director
		Tourism	Vice President of Development
		Tourism	Regional Manager

		Tourism	Marketing Officer
		Tourism	
		Tourism	General Manager
		ICT	President, Developing Markets Operations
		ICT	
		ICT	Managing Director

Source: fDi markets, 2015

SURINAME

#	Turnover (USDm)	Primary Sector	Job Title
1	23032	Metals	Chairman and CEO
2	6711	Financial Services	Chairman & Managing Director
3		Metals	Chairman and CEO
		Metals	President and COO
4	1670	Metals	President and CEO
	1670	Metals	EVP and COO
5	2999.7	Business Services	
6		Metals	CEO
		Metals	Chief Financial Officer
7		Food & Tobacco	Chairman & Managing Director
8	619.1	Communications	President and CEO
	619.1	Communications	SVP - Corporate Development
9		Communications	CEO and General Manager
10		Metals	CEO
		Forestry	
		Forestry	
		Forestry	
		Forestry	
		Tourism	
		Tourism	
		Construction	
		Construction	
		Finance/Banking	
		Services/call center	
		Services/mobile phone	

Source: fDi markets, 2015

TRINIDAD AND TOBAGO

#	Turnover (USDm)	Primary Sector	Job Title
1	379136	Coal, Oil and Natural Gas	Group Chief Executive

	379136	Coal, Oil and Natural Gas	EVP – Development
2	11682.64	Coal, Oil and Natural Gas	Chairman and CEO
	11682.64	Coal, Oil and Natural Gas	President
3		Beverages	-
4	19429.27	Metals	Chairman and CEO
	19429.27	Metals	President and COO
5	6711	Financial Services	
6	10421	Communications	-
7	7312	Coal, Oil and Natural Gas	President and CEO
8		Coal, Oil and Natural Gas	-
9	187606.21	Consumer Electronics	-
10		Consumer Electronics	-
11		Chemicals	-
12	2517.6	Food & Tobacco	Chief Executive Officer and President
	2517.6	Food & Tobacco	Chairman
	2517.6	Food & Tobacco	Country Director, Vice President - Price Smart Aruba & Dominican Republic
13		Business Services	-
14	5849	Plastics	CEO – LyondellBasell
	5849	Plastics	SVP - Strategic Planning and Transactions - LyondellBasell
15	40.2	Coal, Oil and Natural Gas	President and CEO - Sonde Resources Corp.
16	192	Financial Services	
17		Business Services	Executive Director, Standards & Vice President, CSA Group
18		Coal, Oil and Natural Gas	President
19		Coal, Oil and Natural Gas	-
20		Metals	Managing Director and CEO
21		Metals	Managing Director and CEO
22		Transportation	-
23		Communications	-
24	76739.94	Coal, Oil and Natural Gas	-
25	27351	Business Services	Chairman and CEO
	27351	Business Services	Group Executive, Corporate Development and New Ventures Group
26		Transportation	Group Vice President - Americas

27	593.4	Business Services	President and CEO
28	609.6	Coal, Oil and Natural Gas	President and CEO
			EVP - Business Development
29		Metals	Chairman and CEO - ArcelorMittal
		Metals	Head of Strategy - ArcelorMittal
30		Coal, Oil and Natural Gas	President and CEO - ION
		Coal, Oil and Natural Gas	SVP - GX Technology
31	250958.59	Automotive OEM	-
32		Chemicals	President
33	3.8	Coal, Oil and Natural Gas	President
34	74580.32	Industrial Machinery, Equipment & Tools	-
35		Communications	CEO
		Communications	President, International Operations
36	526.32	Software & IT services	President and CEO
37	3759	Chemicals	CEO
	3759	Chemicals	SVP - Corporate Business Development
38	1748.53	Financial Services	Chairman and Managing Director
39	3479.45	Business Services	CEO
40	0.43	Business Services	President
41	13.46	Industrial Machinery, Equipment & Tools	-
42	25.3	Coal, Oil and Natural Gas	-
43		Automotive OEM	-
44		Business Services	-
45		Communications	-
46		Software & IT services	-
47	981.52	Business Services	Chairman of the Executive Board
48	45608	Plastics	CEO
	45608	Plastics	SVP - Research and Development
	45608	Plastics	SVP - Strategic Planning and Transactions

49	1600	Metals	-
50	1417.6	Business Services	
51	4066	Industrial Machinery, Equipment & Tools	-
51	4066	Industrial Machinery, Equipment & Tools	-
	78610	Coal, Oil and Natural Gas	Chairman and CEO
		Metals	Managing Director and CEO
	10351.5	Metals	Group Chief Executive
	24951	Metals	Chairman and CEO
		Banking	Executive Chairman
		Banking	Chief Executive Officer
		Banking	Group Managing Director
		Banking	NCB Deputy Group Managing Director
		Banking	Managing Director
		Banking	Deputy Managing Director
		Banking	Managing Director
		Conglomerates	Chairman & Chief Executive
		Conglomerates	Deputy Chairman
		Conglomerates	Group Chief Executive Officer
		Conglomerates	Chairman
		Property	Chairman
		Property	Deputy Chairman
		Property	President
		Manufacturing	Chief Executive Officer
		Manufacturing	Chairman
		Manufacturing	Deputy Chairman
		Manufacturing	CEO/Managing Director
		Manufacturing	Deputy Managing Director
		Manufacturing	CEO (Acting), Corporate Secretary
		Manufacturing	Chief Executive Officer
		Manufacturing	Managing Director
		Manufacturing	Chairman
		Manufacturing	Managing Director
		Manufacturing	Chairman
		Manufacturing	Chairman
		Manufacturing	CEO and Director
		Manufacturing	Chairman
		Manufacturing	Chairman
		Manufacturing	Group Chief Executive Officer
		Trading	Chairman
		Trading	Managing Director

	Trading	Chief Executive Officer	
	Trading	Chairman	
	Trading	President and CEO	
	Trading	Deputy Chairman	
	Non-Banking Finance	Chairman	
	Non-Banking Finance	Deputy Chairman	
	Non-Banking Finance	Managing Director	
	Non-Banking Finance	Chairman, Group President & CEO	
	Non-Banking Finance	Group Chief Executive Officer	
	Non-Banking Finance	Executive Director/Group President, Strategic Investments & Projects	
	Non-Banking Finance	Group Chief Investment Officer/ Group President Asset Management	
	Non-Banking Finance	Group Chief Executive Officer	
	Non-Banking Finance	Chief Investment Officer	
	Non-Banking Finance	Chief Investment Strategist	
	Non-Banking Finance	Chairman	
	Non-Banking Finance	Group President And Chief Executive Officer	
	Mutual Fund	Founder and Managing Director	
	Mutual Fund	Chief Investment Officer	
		CEO	
		Corporate Manager Group Corporate Planning	
		Group CEO and Managing Director	
		CEO	
		General Manager Scotia Investments Trinidad and Tobago Limited	

Source: fDi markets, 2015

COMPANIES PROVIDED BY THE IPAs DATABASE

Country (location of FDI)	Country (origin of investor)	Sector	Jobs (if cited)	Capex USD (if cited)
Dominican Republic	Mexico	Telecommunications	More than 3,000 jobs	
Dominican Republic	Canada	Mining		$4 B
Dominican Republic	Brazil	Industry & Commerce	2,500 employees	
Dominican Republic	Luxemburg	Telecommunications	1,435 employees	
Dominican Republic	Mexico	Industry (Construction)	More than 2,000	
Dominican Republic	Mexico	Tourism	3,000 employees	
Dominican Republic	Mexico	Industry & Commerce	2,700 employees	
Dominican Republic	EEUU	Energy	2,000 employees	
Dominican Republic	Brazil	Industry & Commerce	More than 1,300 employees	
Dominican Republic	Canada	Manufacturing	More than 1,000 employees	
Trinidad and Tobago	United States	Multiple		$253.5 B
Trinidad and Tobago	United States	Finance		$156.7 B
Trinidad and Tobago	United States	ICT		$340.8 B
Trinidad and Tobago	Switzerland	Agribusiness		$247.3 B
Trinidad and Tobago	United States	Finance		$75 B
Trinidad and Tobago	United States	ICT		$160.2 B
Trinidad and Tobago	Canada	Finance		$89.3 B
Trinidad and Tobago	United States	Agribusiness		$179.9 B
Trinidad and Tobago	Canada	Finance		$61.3 B
Trinidad and Tobago	Netherlands	Agribusiness		$129.1 B
Suriname	Malaysia	Forestry		
Suriname	Malaysia	Forestry		
Suriname	Malaysia	Forestry		
Suriname	Malaysia	Forestry		
Suriname	USA	Tourism		
Suriname	USA	Tourism		
Suriname	China	Construction		
Suriname	China	Construction		
Suriname	Trinidad and Tobago	Finance/Banking	200 (currently working)	$39.8 M
Suriname	Australia	Services/call center	25	$2 M/25
Suriname	Ireland	Services/mobile phone		$6 M
Jamaica	Mexico	Tourism		$160.8
Jamaica	Spain	Tourism		$48.5
Jamaica	USA	Tourism		$5.6
Jamaica	Spain	Tourism		$4.4
Jamaica	Mexico	Tourism		$3.8
Jamaica	USA	ICT	>2,256	

Jamaica	USA	ICT	>1,000	
Jamaica	France	ICT	697	
Jamaica	Spain	ICT	144	
Jamaica	USA	ICT	93	
Barbados	Canada	Manufacturing		
Barbados	USA	Manufacturing		
Barbados	USA	ICT		
Guyana	Mexico	ICT	2000 Jobs	$4.8M
Guyana	USA	Agriculture	150 Jobs	$4.8M
Guyana	India	Agriculture	100 Jobs	$2M
Guyana	Germany	Services	243 Jobs	$78M
Guyana	Turkey	Tourism	210 Jobs	$14.6M
Guyana	Trinidad & Tobago	Tourism	100 Jobs	$63.4M
Guyana	China	Manufacturing	60 Jobs	$2.2M
Guyana	Guyana/Thailand	Manufacturing	60 Jobs	$11.2M
Guyana	China	Forestry	300 Jobs	$12M
Guyana	Germany	Services	105 Jobs	$58M
Belize	USA	Tourism	1000	$118.9M BZD
Belize	Guatemala	Agribusiness	453	$79.61M BZD
Belize	Spain	Agri commodities production	384	$98.27M BZD
Belize	USA	Offshore Outsourcing	290	$4.8M BZD

Source: Caribbean IPA's own database, 2015 and 2016

Appendix D

Investors with expansion plans

One of the results of the survey done with investors was the following database of 15 qualified regional firms that showed real and short term interest to invest in the region. This list of companies could be strategically targeted for reinvestment opportunities/expansions in the Caribbean including the opportunities identified and a targeting strategy. This information has been provided to each of the IPAs and to CAIPA for use.

Home country	Host country	Sector	Target country
Canada	Dominican Republic	Tourism	Jamaica, St Lucia, Antigua
Grenada	Grenada	Tourism	Grenada
Jamaica	Bahamas	Tourism	22 hotels across 7 Caribbean Countries
Martinique	St. Lucia	Industrial goods	Haiti, Brazil, Guadeloupe
France	Guyana	Consumer goods	Guyana
Spain	Dominican Republic	Transportation	Dominican Republic
Costa Rica	Dominican Republic	Legal Services	Dominican Republic
Haiti	Haiti	Software/ICT	Haiti
Haiti	Haiti	Manufacturing & Wholesale	Haiti
Guyana	Guyana	Software/ICT	Guyana
Jamaica	Bahamas	Tourism	Bahamas
Grenada	Grenada	Agribusiness	Grenada
Grenada	Grenada	Tourism	Grenada
Grenada	Grenada	Agribusiness	Grenada
Trinidad	Trinidad & Tobago	Media	Trinidad & Tobago
USA	Barbados	Manufacturing	Barbados
Mexico	Jamaica	Tourism	Jamaica
Jamaica	Bahamas	BPO/Contact Centres	Bahamas
USA	Barbados	Software/ICT	Barbados
Dominican Republic	Dominican Republic	Energy	Dominican Republic
USA	Jamaica	Software/ICT	Jamaica
Belize	Belize	Agribusiness	Belize
USA	Guyana	Software/ICT	Guyana

Appendix E

Agenda for the Regional Policy Dialogue (March 2016)

As mentioned along the text, after the questionnaires were sent to the IPAs, meetings and interviews were organized between the 9 agencies and the author, to discuss some of the results included in the questionnaire, understand some of the answers and try to get some additional information that was missing in some of them.

Those meetings were organized on March 2016, 12 & 13 in Miami, coinciding with the Regional Policy Dialogue event and the Caribbean Investment Forum that CAIPA and the IDB organized. The agendas of both events are included below.

REGIONAL POLICY DIALOGUE

CARIBBEAN SUB-REGIONAL MEETING OF THE TRADE AND INTEGRATION NETWORK

Attracting Foreign Direct Investment in the Caribbean

May 12th, 2016

Miami Marriott Biscayne Bay, Florida, USA

Foreign direct investment (FDI) may be a key driver for development in host economies as it facilitates, the transfer of foreign technology, knowledge and managerial skills; the integration into international marketing, distribution and production networks; and the improvement of the international competitiveness of local firms. In the current global environment, with fewer greenfield projects on offer and an increasing number of destinations competing for FDI, attracting investment is becoming more challenging. Investment Promotion Agencies (IPAs) can play a key role as they can influence not only the attractiveness of countries for inward investments, but also the benefits accruing to the local economies. Among the most difficult tasks facing IPAs is finding ways to differentiate their locations from competitors. An innovative approach becomes essential: just as companies must innovate to compete, so must policymakers.

The **objective** of the meeting is to discuss policy options to attract and retain foreign direct investment in the Caribbean in times of economic slowdown. The dialogue will provide an opportunity to review global best practices and to hear the voice of the private sector in order to identify a set of key action items that policymakers of the region may implement regionally or nationally.

The **Regional Policy Dialogue** is an IDB initiative that seeks to create a space for the exchange of experiences and to reflect upon important policy issues and the identification of cooperation opportunities among countries of Latin America and the Caribbean. The **Trade and Integration Network** are comprised of high-level government officials responsible for trade and integration policy in Latin America and the Caribbean. The network conducts annual meetings with the objective of providing a forum for discussion and knowledge sharing between the main policymakers of the region and the Bank's specialists in key topics related to regional trade and integration.

The Integration and Trade Sector (INT) of the IDB is organizing the Regional Policy Dialogue this year in collaboration with the **Caribbean Association of Investment Promotion Agencies (CAIPA)** and the **Caribbean Export Development Agency (Caribbean Export)**. CAIPA is an umbrella organization of investment promotion agencies of CARIFORUM countries, as well as of Curaçao, the Cayman Islands, Montserrat and the Turks and Caicos Islands. The Association is dedicated to the promotion of the Caribbean as an investment location. Caribbean Export is a regional export development and trade and investment promotion organization whose mission is to increase the competitiveness of Caribbean countries, by providing quality export development and trade and investment promotion services through effective program execution and strategic alliances, including with the European Union. Caribbean Export serves as the Secretariat for CAIPA.

THURSDAY, May 12, 2016

MC: **Courtney Fingar**, Editor-in-Chief, fDi Magazine

8:00 - 9:00 **Registration and Networking**

9:00 - 9:20 **Opening Remarks** *(Watson Island, 2nd floor)*

McHale Andrew, President, CAIPA
Pamela Coke Hamilton, Executive Director, Caribbean Export Development Agency
Fabrizio Opertti, Chief, Trade and Investment Unit, IDB

9:20 - 9:40 **How has the Caribbean Fared in Foreign Direct Investment Attraction?**

The session will review the latest FDI trends with a special focus on the new forms and sources of foreign investment which are shaping the global landscape. In this context it will assess how the Caribbean has fared in attracting foreign investment and what are the institutional and policy reforms needed to successfully position the region as an attractive destination in light of mounting competition for dwindling investment flows.

Pamela Coke Hamilton, Executive Director, Caribbean Export Development Agency
Moderator: **Edward Greene**, Division Chief, Technical Corporation, Caribbean Development Bank

9:40 - 10:00 **Dialogue**

10:00 - 10:20 **Reinvesting as a Major Source of Foreign Investment**

While the majority of investors in the Caribbean are considering expansion in host countries, the focus of investment policies is currently placed on attracting new investors. Indeed investment aftercare initiatives have not yet deployed their development potential in the region. Invest in Northern Ireland has been successful in generating FDI through aftercare processes and has facilitated diaspora investment in various sectors such as professional, business and financial services, as well as in cyber security and advanced engineering. The session will discuss how Caribbean countries can improve the servicing of established investments to significantly boost FDI flows through innovative policies.

Andrea Haughian, Vice President Business Development, Invest Northern Ireland, United Kingdom
Moderator: **Ana Arias Urones**, Specialist, Integration and Trade Sector, IDB

10:20 - 10:40 **Dialogue**

10:40 - 11:00 **Coffee break**

11:00 - 11:30 **Promoting Exports through Foreign Direct Investment Attraction**

In the Caribbean export-oriented FDI is mainly concentrated in traditional sectors such as tourism, business process outsourcing and agribusiness. However, the region has an opportunity to develop its export base through the attraction of FDI that can harness the local skills base, cost structure, connectivity and trade linkages. The case of the Philippines highlights the importance of setting a clearly defined strategy and a complex mix of policy instruments to attract export-oriented investment. The session will assess the relevance of this good practice and how it can be adapted to suit the needs of the Caribbean.

Felicitas R. Agoncillo-Reyes, Assistant Secretary for Investment Promotion, Philippines Board of Investment
Moderator: **Mario Umaña**, Lead Specialist, Integration and Trade Sector, IDB

11:30 - 11:50 **Dialogue**

11:50 - 12:05 **Keynote Address - Trends to Watch in the Services Sector**

The importance of the services sector is paramount for the Caribbean. Current locational advantages are based on the relative low cost of the English-speaking skilled labor force and the proximity to the United States. However, in such an innovation-driven sector competitive advantages need to be constantly updated to stand out from the competition. This keynote address from a global business leader will provide an updated outlook of the sector and will discuss what companies are looking for in terms of location and the key trends to watch.

Avinash Vashistha, Chairman and CEO, Tholons Inc

12:05 - 12:15 **Questions and Answers**

12:15 - 14:00 **Lunch** *(Hibiscus Island, 3rd floor)*

*For more information, please contact: Ana Arias, **aarias@iadb.org**

14:00 - 14:30 The Perspective of the Americas Business Dialogue

The Americas Business Dialogue (ABD) provides a space to facilitate high-level public-private dialogue in the Caribbean and an opportunity to work with the business community on a shared agenda for the development of the region. Leading foreign investors successfully located in the Caribbean will present their views on the most critical policies that the public sector needs to implement to attract new investors and retain existing ones.

Mike Marrow, CEO, Qualfon
Manuel Pérez Dubuc, President for Mexico, Central America and the Caribbean, AES Energy Corporation
Kelly Grass, Chairman, KGroup
Moderator: **Lucas Barreiros**, ABD Coordinator, Integration and Trade Sector, IDB

14:30 - 15:00 Dialogue

15:00 - 17:30 Ministerial Roundtable: What is Needed to Attract FDI to the Caribbean

15:00 - 15:40 The Regional Investment Promotion Strategy

The Regional Investment Promotion Strategy (RIPS) was developed in 2014 to promote the Caribbean as a location for potential investors. The implementation of the RIPS began in 2015 with a focus on renewable energy, niche tourism and business process outsourcing as target sectors, and the UK and Mexico as priority countries. The strategy also identifies other areas for collaboration on the promotion of the region: targeting diaspora investors, implementing business climate reforms, and running an effective communication campaign to highlight the Caribbean brand. This session seeks to secure commitment to the RIPS and to examine relevant reforms needed to improve the region's business climate.

Alvin George Wint, Professor of International Business, University of the West Indies
Moderator: **Fabrizio Opertti**, Chief, Trade and Investment Unit, IDB

15:40 - 16:00 Dialogue

16:00 - 17:30 Setting Implementation Priorities

The Ministers and Heads of Investment Promotion Agencies will lead an action-oriented discussion aimed at designing a new vintage of investment attraction policies in the Caribbean. Based on the previous assessment of the current challenges of attracting FDI to the region, the review of some global best practices, and the views of the private sector, the debate will be focused on how to effectively implement the Regional Investment Promotion Strategy in the Caribbean. High-level authorities will be invited to establish priorities and to agree on next steps towards a more effective contribution of FDI to the development of the region.

Ministers of Trade and Industry and Heads of Investment Promotion Agencies
Moderator: **Fabrizio Opertti**, Chief, Trade and Investment Unit, IDB

17:30 - 17:45 Closing Remarks

Fabrizio Opertti, Chief, Trade and Investment Unit, IDB
Therese Turner-Jones, General Manager, Caribbean Country Department, IDB

17:45 - 18:45 Working Session: Bilateral Meetings (B2B) between Foreign and Caribbean IPAs

Upon prior request, CAIPA will arrange B2B bilateral meetings (20 mins.) between Caribbean IPAs, Invest NI and the Philippines Board of Investments.

19:30 - 21:00 Reception and Networking *(Bayview Ballroom, 2nd floor)*

* All meetings are private and will be held behind closed doors

CARIBBEAN
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2016

MIAMI | MARRIOTT,
BISCAYNE BAY, FLORIDA, USA
13 MAY 2016

FRIDAY, May 13, 2016

MC: Ms. Courtney Fingar, Editor-in-Chief, fDi Magazine

8:00 - 9:00 **REGISTRATION & NETWORKING**

9:00 - 9:30 **WELCOME ADDRESS AND OPENING REMARKS: SALON E, THIRD FLOOR**

Mr. McHale Andrew, President, CAIPA
Mrs. Pamela Coke Hamilton, Executive Director, Caribbean Export Development Agency
Mr. Antoni Estevadeordal, Manager, Integration and Trade Sector, IDB

9:30- 10:00 **KEYNOTE ADDRESS: WHY THE CARIBBEAN**
Speaker: Dr. The Honourable Timothy Sylvester Harris, Prime Minister of St. Kitts and Nevis

10:00 - 10:10 **CARIBBEAN PROMOTIONAL VIDEO**

10:10 - 10:50 **SUCCESS STORY PRESENTATION**

- **Maarten Boute, Digicel Haiti Chairman, Digicel Group**
  Digicel is a mobile communications, business solutions, media and entertainment company, launched in Jamaica in 2001. Since then, the company has expanded rapidly and now spans across 32 markets in the Caribbean, Central America and Asia Pacific and employs over 6,000 people. The company has invested over US $5 billion in the Digicel business worldwide and continues to invest bringing leading edge technologies to the markets in which it operates.

- **Mike Marrow, CEO, Qualfon**
  Qualfon is a global provider of contact center, back-office, and business process outsourcing (BPO) services. We offer a full suite of customer lifecycle services including sales, customer care, technical support, and retention programs, and we are experienced at operating large client programs across multiple geographies. Qualfon also supports a variety of communication channels including voice, chat, email, IVR, social media and blogs. Founded in 1995, the company has 11,000 employees with operations in the Philippines, Guyana, Mexico, and the United States.

- **Gabriela de la Garza, Corporate Citizenship & Sustainability Director, PepsiCo Latin America**
  An American multinational food, snack and beverage corporation headquartered in Purchase, New York, United States, with interests in the manufacturing, marketing, and distribution of grain-based snack foods, beverages, and other products.

- **Jose Rodriguez, Business Development, EGE Haina**
  Empresa Generadora de Electricidad Haina, S.A. (EGE Haina) EGE Haina is the leading investor in power generation in the Dominican Republic and a significant contributor to the diversification of the national energy matrix in that country. Founded in 1999, the company is also a pioneer and leader in renewable energy including the 77MW Los Cocos wind farm, which along with the 7MW Quilvio Cabrera park are the country's only wind power plants. The company has a total installed capacity of 957MW, accounting for 20% of the country's grid capacity.

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CARIBBEAN **INVESTMENT** SUMMIT 2016

MIAMI | MARRIOTT,
BISCAYNE BAY, FLORIDA, USA
13 MAY 2016

FRIDAY, May 13, 2016 - continued

11:00 - 11:15 **PRESENTING CONNECTAMERICAS**

ConnectAmericas.com is the first social network for businesses in the Americas, which aims to help small and medium sized enterprises in the region to expand market access abroad

11:15 - 11:30 **PRESENTING THE CARIBBEAN INVESTMENT MAP**

An on-line mapping system in the Caribbean that lets investors and stakeholders view and position, in real time, with geo-localization, the key sectors and investment opportunities in the region by countries as well as the current FDI projects, joint ventures, franchises and commercial branches of foreign firms registered in the region

Speaker: Mr. Chris Knight, Business Development Manager, WAVTEQ

11:30 - 11:45 **COFFEE BREAK**

11:45 - 1:00 **INVESTMENT OPPORTUNITIES IN THE CARIBBEAN**

Parallel Sessions

IPAs will present their pipeline of investment ready projects in the following sectors:

Session 1:
Tourism sector opportunities
Salon AB, Third Floor

Moderator: Frank J. Comito,
CEO and Director General,
Caribbean Hotel &
Tourism Association

Session 2:
Renewable energy and other opportunities
Salon CD, Third Floor

Moderator: Avinash Vashistha,
Chairman and CEO,
Tholons Inc.

1:00 - 2:15 **INVESTMENT OPPORTUNITIES IN THE CARIBBEAN**

Session 3:
ICT, BPO and R&D Opportunities

Moderator: Dr. Al Binger,
Energy Advisor,
CARICOM Climate Change Centre,
and SIDS DOCK Coordinator

2:15 - 3:30 **LUNCHEON AND REGIONAL INVESTOR OF THE YEAR AWARDS: Bayview Ballroom, 2nd Floor**

3:30 - 6:00 **ONE-TO-ONE BUSINESS MEETINGS: Watson Island Room, 2nd Floor**

Upon prior request, CAIPA will arrange B2B bilateral meetings (20 mins.) between Caribbean IPAs and companies

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