

INVESTMENT CLIMATE

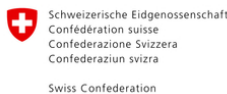


Global Investment Promotion Best Practices Winning Tourism Investment

Investment Climate | World Bank Group



In partnership with



Public Disclosure Authorized

Public Disclosure Authorized

Public Disclosure Authorized

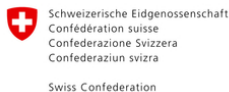
Public Disclosure Authorized

Global Investment Promotion Best Practices Winning Tourism Investment

Investment Climate | World Bank Group



In partnership with



© 2013 The World Bank Group
1818 H Street, N.W.,
Washington D.C., 20433

All rights reserved

December 2013

Available online at www.wbginvestmentclimate.org and www.globalinvestmentpromotion.com

This work is a product of the staff of the World Bank Group with external contributions. The information included in this work, while based on sources that the World Bank Group considers to be reliable, is not guaranteed as to accuracy and does not purport to be complete. The World Bank Group accepts no responsibility for any consequences of the use of such data. The information in this work is not intended to serve as legal advice.

The findings and views published are those of the authors and should not be attributed to IFC, the World Bank, the Multilateral Investment Guarantee Agency (MIGA), or any other affiliated organizations. Nor do any of the conclusions represent official policy of the World Bank or of its Executive Directors or the countries they represent.

The denominations and geographical names in this publication are used solely for the convenience of the reader and do not imply the expression of any opinion whatsoever on the part of IFC, the World Bank, MIGA, or other affiliates concerning the legal status of any country, territory, city, area, or its authorities, or concerning the delimitation of its boundaries or national affiliation.

Rights and Permissions

The material in this work is subject to copyright. Because the World Bank Group encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries on rights and licenses, including subsidiary rights, should be addressed to the Office of the Publisher, the World Bank, 1818 H Street, NW, Washington, DC 20433, USA; telephone 202-522-2422; email: pubrights@worldbank.org.

About the Investment Climate Department of the World Bank Group

The Investment Climate Department of the World Bank Group helps governments implement reforms to improve their business environments and encourage and retain investment, thus fostering competitive markets, growth, and job creation. Funding is provided by the World Bank Group (IFC, the World Bank Group, and MIGA) and over 15 donor partners working through the multidonor FIAS platform.

Acknowledgments

The Investment Climate Department wishes to thank the European Commission, ProInvest, and the Swiss State Secretariat for Economic Affairs (SECO), for their support in funding *Global Investment Promotion Best Practices: Winning Tourism Investment*.

Global Investment Promotion Best Practices: Winning Tourism Investment has been produced by a core World Bank Group team comprising Robert Whyte, John Perrottet, Valeria Di Fiori and Hermione Nevill. Special thanks to Julien Haarman who prepared an excellent early draft.

The Investment Climate Department gratefully acknowledges the contributions of peer reviewers who helped make this report a practical tool for organizations mandated to attract tourism investment: Tuomo Airaksinen, Head, Invest in Finland; Carolyn Cain, Chief Industry Specialist, IFC; Shaun Mann, Senior Investment Policy Officer, South Asia Region, IFC; Hannah R. Messerli, Senior Private Sector Development Specialist, Africa Region, World Bank; Justin Yap, Senior Private Sector Development Specialist, Investment Climate Department, World Bank Group.

Table of Contents

INTRODUCTION	5
TOURISM: THE IMPORTANCE OF GOOD INVESTMENT FACILITATION	7
GLOBAL INVESTMENT PROMOTION BEST PRACTICES AND TOURISM	9
Quality of tourism sections on IPI websites	10
Quality of IPI response to inquiries from tourism investors	11
PROMOTING TOURISM INVESTMENT: IMPROVING PERFORMANCE	13
Defining the investors	13
The tourism investment process	14
The five-step approach to successful tourism investment promotion.....	15
BEYOND THE PROVISION OF INFORMATION	27
CONCLUSIONS	29
ANNEX: KEY DATA AND SOURCES FOR FACILITATING INVESTMENT IN TOURISM	31
BOXES	
Box 1. The GIPB 2012 tourism investor inquiry	9
Box 2. PRONicaragua: Best practice tourism investment facilitation on a shoestring	12
Box 3. Austrian Business Agency (ABA)-Invest in Austria: Focus on strategic tourism segments achieves strong results.....	16
Box 4. Getting up to speed with the tourism market.....	17
Box 5. Investment climate information commonly sought by tourism investors and operators	18
Box 6. Sample testimonial questionnaire	20
Box 7. Checklist of useful tourism-focused elements on websites	21
Box 8. Suggested tailored materials and approaches	21
Box 9. Invest in Greece Agency: Building a portfolio of tourism investment opportunities.....	24
Box 10. Mozambique: Lessons from a highly focused investment generation program	25

FIGURES

Figure 1. Elements of the GIPB assessment.....	9
Figure 2. Breadth of information provided on IPI websites listing tourism as a priority sector for investment	10
Figure 3. Depth and quality of information relevant to tourism available on IPI websites	11
Figure 4. GIPB tourism inquiry-handling results.....	11
Figure 5. Completeness of GIPB tourism inquiry responses	11
Figure 6. The tourism investment process.....	14
Figure 7. The five key steps to successful tourism investment promotion	15
Figure 8. Partnerships upstream and downstream of investment facilitation	22

TABLES

Table 1: The broad spectrum of tourism investors.....	13
---	----

Introduction

Global Investment Promotion Best Practices (GIPB) assesses how well national investment promotion intermediaries (IPIs) from 189 countries attract investment. The assessment is carried out by a review of IPI websites and “mystery shopper” inquiries that mirror the process in which foreign investors decide the location of their next projects.

GIPB 2012 assessment results revealed poor performance of a staggering majority of IPIs in providing information and assistance to prospective investors in the tourism sector (investment facilitation) — a core function of IPIs worldwide. It should also be noted that less than half of the IPIs that listed tourism as a priority sector responded to the inquiry, which even then was often with incomplete information. Responses were particularly short of sector-specific statistics, detailed information about potential sites as well as mechanisms for acquiring land, and insights into potential construction companies. On the positive side, some IPIs showed professional standards of investment facilitation were achievable even with limited resources.

Based on international best practices, this report recommends that IPIs adopt five key steps in order to position their agencies and locations more competitively for new tourism investment:

1. Develop more strategic, focused, and relevant approaches to tourism investment promotion.
2. Improve overall capacity and skills to deliver effective investment promotion with an emphasis on developing better tourism-specific knowledge in-house, especially regarding the market and the product.
3. Present tourism information succinctly, using up-to-date facts and data as well as testimonials from successful tourism companies.
4. Disseminate information to investors more effectively through a mixture of existing and customized instruments (such as websites, detailed sector profiles, and tailored presentations).
5. Learn to leverage partnerships to maximize results.



This report provides practical recommendations, tips, and examples aimed at helping IPIs implement the five-step approach, and it highlights actual cases from some of the best performers. For example, Invest in Greece Agency shows how specific investment opportunities can be identified through effective partnerships, whereas PRONicaragua demonstrates how to provide best-in-class investment facilitation to prospective investors.

Tourism: The Importance of Good Investment Facilitation



Tourism is a key sector for economic development and employment generation in both advanced and developing economies. A strong tourism sector contributes in many ways to a country's economy by:

- Raising national income and increasing export revenues.
- Creating a large number of jobs — including for young people and women.
- Promoting economic diversification.
- Helping to revive and develop declining urban and remote areas.
- Making indirect contributions via its linkages to other sectors and by providing the basis for connecting countries.¹

Despite an uncertain global economic outlook, the tourism sector has remained relatively resilient. As a result of ongoing globalization, travel continues to increase in mature markets and especially in developing economies, driven by the rising purchasing power of the middle class in many of these countries. According to 2011 data from the World Tourism Organization (UNWTO), the sector

accounts for five percent of global GDP and 30 percent of the world's exports of services, and it creates 235 million jobs worldwide. Tourism's share of world employment, consistent across every region, is greater than that for the automotive and chemicals manufacturing industries combined.²

However, shortage of capital is a major obstacle for tourism development in many countries — especially in the developing world. Therefore, these economies increasingly look to foreign investors to provide capital that will help develop the sector. Foreign direct investment (FDI) is broadly recognized as a source of capital, jobs, knowledge, and market access across economies. In the tourism sector, where increased mobility has driven higher customer expectations, foreign investors and operating companies can help bring international experience to bear in the quest for higher hospitality standards. This can translate into improved training, management, and ability to attract tourists through better links with international distribution networks.³

¹ World Economic Forum, *The Travel & Tourism Competitiveness Report 2013*; United Nations Conference on Trade and Development, *FDI in Tourism: The Development Dimension* (2007).

² World Economic Forum, *The Travel & Tourism Competitiveness Report 2013*

³ United Nations Conference on Trade and Development, *FDI in Tourism: The Development Dimension* (2007).

Growing awareness of tourism's potential contribution to economic development has meant, however, that attracting tourism investment has become a highly competitive business. According to GIPB 2012, 57 percent of national IPAs worldwide actively target tourism investment.

Investment in tourism is affected by a number of variables such as external economic factors, government policy, incentives, global trends, corporate strategies, and lifestyle choices. Investors' decisions are also influenced by the destination's fundamentals: market data, the investment process, the operating environment, and future growth plans for the sector and the country. But ultimately, as is the case with other sectors, the key decision factor is whether the investment proposition is profitable.

Although IPAs cannot influence external factors or global trends, they can certainly have an impact on investment decisions through effective investment facilitation. By gathering and packaging detailed market data, providing in-depth information on investment opportunities, and offering support and key contacts throughout the investment process, IPAs can help reduce the transaction costs for investors, thereby making the investment proposition more attractive.

The ensuing chapters provide guidance on how IPAs can improve their investment facilitation services to tourism investors with a focus on attracting long-term growth businesses in the sector.



© Dominic Chavez/World Bank

Global Investment Promotion Best Practices and Tourism

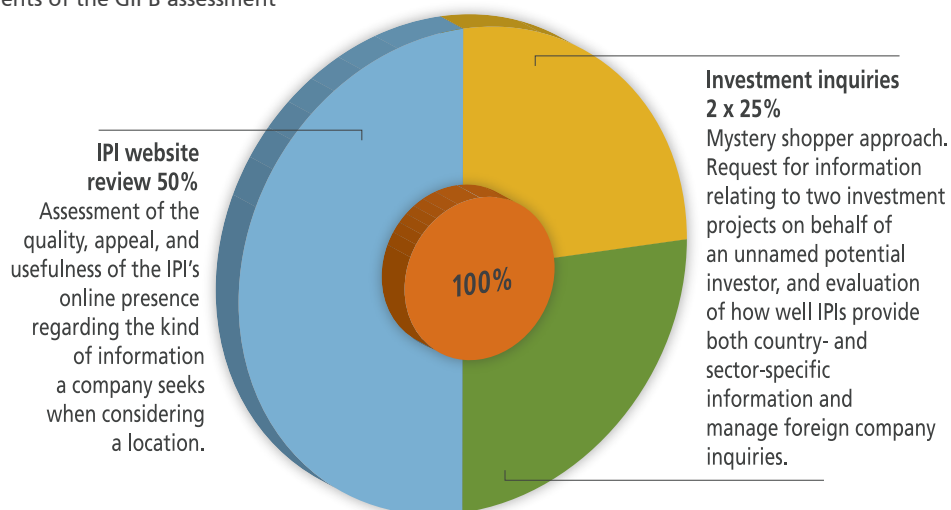
The GIPB assessment examines how IPIs perform when approached by foreign investors looking for information during the early stages of the location selection process. This assessment has been conducted every three years since 2006, and has grown from a review of 96 countries in 2006 to 189 countries in 2012. GIPB 2012 focused on how information was provided in tourism and agribusiness, two sectors commonly selected as priorities by a majority of IPIs.

The assessment comprises a review of IPI websites and two “mystery shopper” inquiries (see Figure 1 and

Box 1). This section briefly presents the main findings of tourism-specific assessment results. For ease of comparison, results are presented in the form of percentages with 100 percent being the highest possible result. For more details on the approach and results, please refer to the GIPB 2012 global report, which includes an annex that describes the inquiries and elaborates on how IPI performances were evaluated.⁴

⁴ The World Bank Group, *Global Investment Promotion Best Practices 2012*.

Figure 1. Elements of the GIPB assessment



Box 1. The GIPB 2012 tourism investor inquiry

In addition to the website review, GIPB evaluates IPIs by sending them two “mystery shopper” inquiries. The tourism inquiry submitted by a site-selection company was based on a project for an investor from an emerging economy. In this scenario, the client was in discussions with various hotel operators, all of whom had significant portfolios of international hotel developments, including several high-profile luxury resorts.

The request for information included:

- Background macro data: data on the economy and GDP, demography, the hospitality market, FDI flows, tourism-related statistics, and a list of major local hotels.
- Potential sites: information on sites, associated development incentives such as loan guarantees, tax incentives, waiving of import duties, and grants.
- Costs and operating environment: the cost of labor for the hospitality sector and utilities (especially electricity), regulations or quotas for expatriate workers, training, taxes in the hospitality sector, and any fiscal incentives available.
- Construction: local construction companies for the developer, regulations, the process for obtaining permits, and associated IPI support.

The inquiry was initially distributed by e-mail and followed up by telephone after 48 hours. The potential investor requested a response within 12 days. When there was no reaction to the initial e-mail or the initial follow-up call, two final calls were made to allow for any temporary staff shortages or system failures. When an IPI indicated that the mandate for tourism was with another organization, the project inquiry was forwarded to that organization. (GIPB methodology favors IPIs that are proactive in facilitating a dialogue between the inquirer and the third party.)

Of the 189 IPIs assessed, 107 indicated that tourism was a priority sector for their economies. A regional comparison shows that tourism is most often prioritized in developing economies, of which Latin America and the Caribbean and Sub-Saharan Africa comprise more than half.

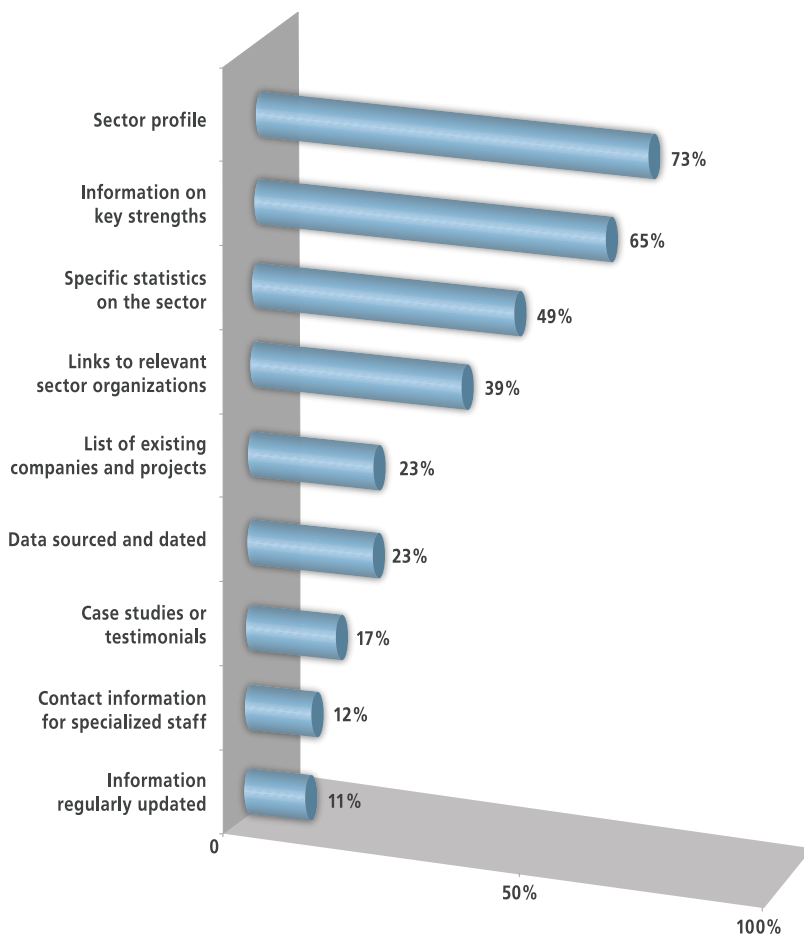
Quality of tourism sections on IPI websites

A review of 107 IPI websites that listed tourism as a priority sector revealed mixed results (Figure 2).⁵ More than a quarter of 107 IPIs that stated tourism was a priority did not offer a tourism sector section or profile on their website, which would list the key strengths of the sector for investment. Even when they do, most fail to provide important facts and figures required to substantiate key messages and help capture the interest of potential investors. Furthermore, their sources and dates are generally poorly referenced and rarely updated.

Highlights of existing investment, success stories, and testimonials are used in less than a quarter of IPI websites reviewed; they are critical to enhancing the credibility of IPIs' marketing messages because they illustrate real cases of investment. Very few IPI websites provide contacts for specialized sector staff that could help investors gather facts, figures, and technical information. Some IPIs, however, do introduce relevant tourism regulatory bodies or professional associations that could further assist investors.

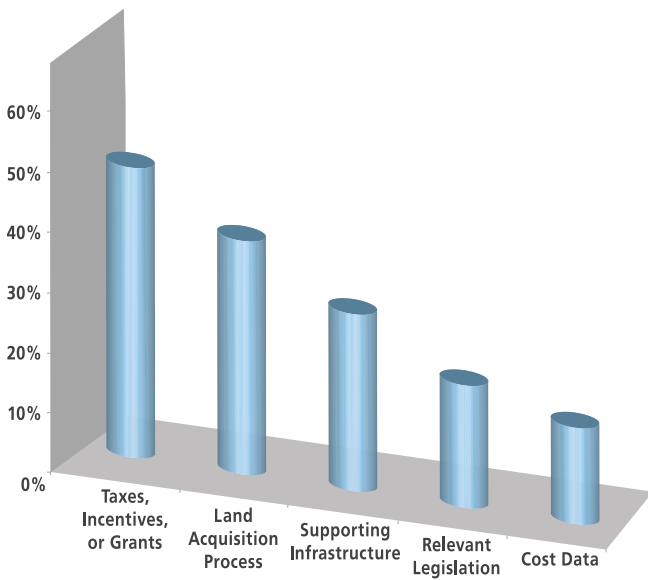
Tourism sections on IPI websites often focus on providing market information and a general overview of the location's strengths as a tourism destination. However, they typically fail to offer prospective investors relevant details on the operating environment (see Figure 3). Information on taxation, incentives, the process of acquiring property, the location's relevant facilities and infrastructure as well as an overview of relevant legislation, and detailed cost data are most relevant for tourism investors (see the Annex for more details on tourism-specific content and sources).

Figure 2. Breadth of information provided on IPI websites listing tourism as a priority sector for investment



⁵ Note: since not all locations are competitive for tourism, some IPIs do not focus on attracting FDI into the tourism sector. Therefore, this part of the website evaluation was not part of IPIs' overall GIPB assessment.

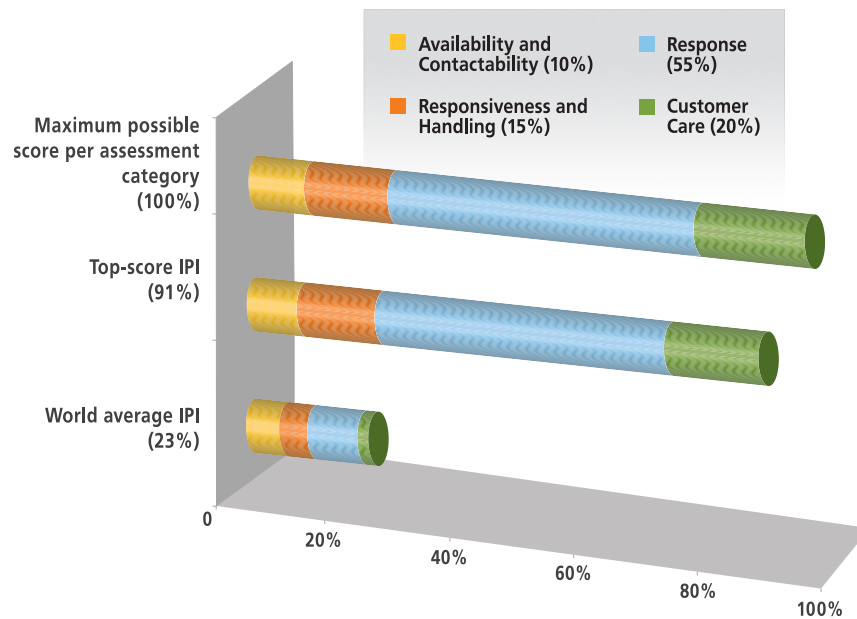
Figure 3. Depth and quality of information relevant to tourism available on IPI websites



Quality of IPI response to inquiries from tourism investors

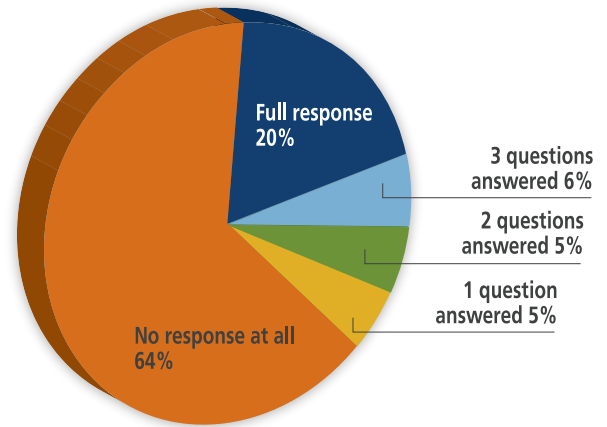
The GIPB assessment evaluates both the way IPIs handle inquiries (such as contactability, responsiveness, and follow-up) and the quality of the response itself (see Box 1 for more details). Figure 4 shows the weight, top score, and average scores for each dimension of the tourism inquiry assessment. It suggests that “response” and “customer care”, the most heavily weighted dimensions, are where IPIs generally perform worst.

Figure 4. GIPB tourism inquiry-handling results



Only 68 (or 36 percent) out of 189 IPIs responded to the tourism inquiry. If they did respond initially, very few followed up with the potential investor, and even the follow-ups were often lacking relevant information or answers to investors’ questions. The assessment concluded that once investors are interested in developing potential projects in a given destination, many IPIs end up missing out on the opportunities to secure the deal. Results are illustrated in Figure 5.

Figure 5. Completeness of GIPB tourism inquiry responses



The PRONicaragua example below illustrates how much can be done on a relatively small budget.

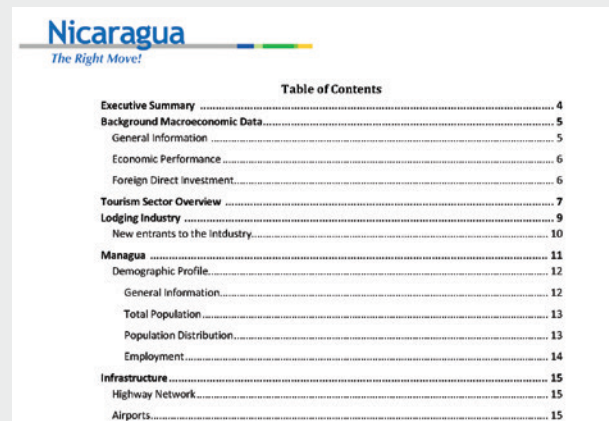
Box 2. PRONicaragua: Best practice tourism investment facilitation on a shoestring



With an annual budget of only \$900,000 and a staff of 25, PRONicaragua achieved the best overall results in the GIPB 2012 assessment, demonstrating both a strong sector expertise and robust internal systems to deliver best practice investment facilitation.

When contacted by the “mystery shopper” investor, PRONicaragua immediately acknowledged receipt of the inquiry, confirming that the agency understood the deadline to respond to questions and attaching a country profile brochure. The detailed response to the inquiry came a few days later and included a professional-looking, well-ordered report with the agency’s branding. Answers to the questions were detailed and backed by evidence from reputable sources. As requested in the inquiry, the response included:

- Requested macro data on Nicaragua and information about the lodging industry (in line with the investor’s focus) with relevant statistics, including the number of rooms in each hotel category, disaggregated average occupancy rates and prices, major hotel brands already established, and a description of key projects in the pipeline.
- A comprehensive profile of the city of Managua, the main suggested location for the project, including information on the main tourist attractions in and around the city; short profiles of five individual site options (location, size, price, plot maps, satellite pictures, and descriptions).
- Information on the operating environment relevant to the investor’s project such as labor wages and benefits, expatriate labor regulations, training programs, utilities and communications costs, and taxes.
- Lists of construction companies and construction material suppliers with website links; information on construction regulations.



The response was professional-looking, well-ordered, and branded

Department /Municipality	Population (2009 Estimate)	Population Growth Rate 2005-2010	Area (km ²)**	Population Density (People per km ²)
Department	1,383,474	1.3	1465.1	399.3
Managua	1,005,705	1	267.2	3,764.3
Tipitapa	122,075	2.3	975.3	125.2
Ciudad Sandino	84,664	2.5	51.1	1,656.5
San Rafael del Sur	45,468	1.2	357.3	127.2
Mateare	36,532	4.5	297.4	122.8
Villa El Carmen	32,280	1.6	562.0	57.4
Ticuantepe	31,510	2.8	60.8	518.3
El Crucero	14,673	1	225.7	65.0
San Francisco Libre	10,567	1	668.3	15.8

Source: PRONicaragua, on the basis of data from INIDE and INETER.
** Area does not include lakes and lagoons.

Population Distribution

The municipality of Managua accounts for 73 percent of the total population in the department. Tipitapa is the second most populated municipality (9 percent); followed by Ciudad Sandino, a recently created municipality that accounts for 6 percent of Managua’s total population.

The municipality of Managua also holds the highest population density at 3,764.3 people per km²; followed by Ciudad Sandino with the smallest territory in the department (51.1 km²) and a population density of 1,656.5 people per km². Tipitapa is the municipality with the largest territory (975.3 km²) and a

Every question of the inquiry was answered in detail and backed by adequately referenced facts and figures

Potential Sites

All of the sites below are located in Managua’s business center, few minutes away from these locations you can find a variety of popular restaurants, bars, stores, schools and most of the office buildings.

Option #1

Location: San Juan, Managua
Description: Land measurements: 1.49 hectares
Price: US\$ 186.00 m²
Additional Information: This property has construction permits, since 2008. Earthwork

Short profiles of potential sites were provided, with descriptions and visuals (such as maps and aerial pictures)

The work of PRONicaragua paid off. The agency attracted over \$80 million in new tourism investment during the 2005-2012 period, resulting in 1,700 new jobs in the sector.

Promoting Tourism Investment: Improving Performance

Defining the investors

Private sector investment is broadly recognized as a source of capital, jobs, knowledge, and market access across economies — emerging economies in particular. As with most sectors, investments in the tourism sector are made by both domestic and foreign investors, each with their own set of information needs and facilitation requirements. Typically, domestic investors are individuals and companies that are relatively familiar with the destination and often have existing business interests in the sector, or in other unrelated sectors. FDI in tourism tends to come from private equity groups, international hotel companies, high-net-worth individuals, real estate investors, sovereign wealth funds, and development corporations at the national level. Both domestic and foreign investors increasingly recognize the value of international management expertise or operators (such as Hilton, Avis, and Burger King), and typically enter into franchise or management contracts with these operators.

The operators themselves are increasingly unlikely to engage in equity arrangements.

The benefits of international operating expertise include:

- Professional management.
- International service.
- Quality standards.
- Comprehensive training and skills development.
- Destination branding.
- Extended sales and marketing reach through established loyalty programs and distribution networks.

In many destinations, however, there are growing numbers of independent and bespoke service providers that are meeting consumer requirements for more tailored or niche experiences. These businesses bring different but equally valuable benefits to the sector and may have different requirements in investment facilitation services.

Table 1: The broad spectrum of tourism investors

INVESTMENT CATEGORY	SPONSOR	PROJECT EXAMPLE	PROJECT SIZE (USD)	OPERATOR	REQUIREMENTS FROM IPI
DOMESTIC	Small firm/ Individual	Guesthouse, travel agency, restaurant	< 1 million	Owner as operator	Low priority, sponsor likely to have good on-ground information
DOMESTIC	Diversified existing business	Hotel, resort, airport, marina, golf course	1 – 50+ million	Owner as operator or looking for international or domestic operator	High priority, sponsor likely to want incentives, market data if available, matchmaking to operators
FOREIGN	Small firm/ Individual	Boutique hotel, restaurant, activity center (such as diving)	1 – 5 million	Owner as operator	Medium priority, sponsor likely to want information on generic rules, incentives, process/ procedure advice, market data if available
FOREIGN	Hotel group	Hotels (3 – 5*)	20 – 100+ million	Owner as operator or looking for international operator	High priority, sponsor likely to want “project opportunities” (sites), contacts (short-cuts) in process, market data if available, updates on direction of destination, and confirmation of fit with destination strategy and growth plans
FOREIGN	Private equity funds, sovereign wealth funds, developers	Hotels, mixed-use developments, transport, ground operations, entertainment, meetings, incentives, conferences, and exhibitions (MICE) facilities, resorts	50 – 200+ million	Likely already identified operator, or may be looking for one	High priority, sponsor likely to want “project opportunities” (sites), contacts (short-cuts in process), links to operators, market data if available, updates on direction of destination, and confirmation of fit with destination strategy and growth plans

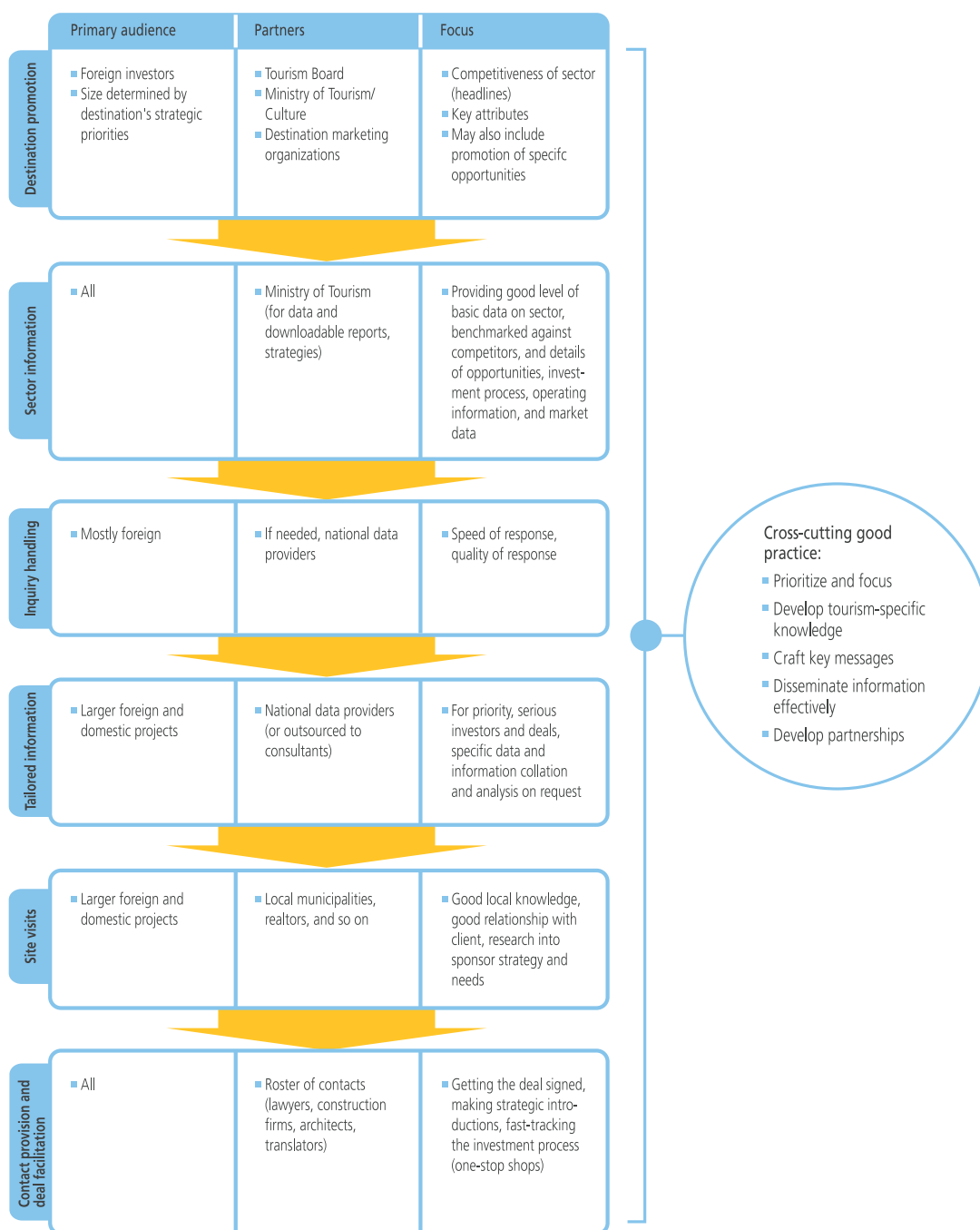
The processes used across the spectrum of tourism investors to identify and complete tourism projects vary, and this presents a challenge for IPIs in meeting their needs.

There are many common needs of potential investors, however. All of them value transparency, a defined process, and responsiveness at all stages of the investment process. IPIs, as the intermediaries, can play a significant role in delivering this effectively.

The tourism investment process

All investors will go through a process to identify and complete their deals, but each phase will present different challenges for different investor profiles (foreign, domestic, large, small, and so on). IPIs can help facilitate this process. Figure 6 illustrates the various phases and identifies the most likely audience, partners, and priority actions for each. Cutting across each one of these phases are various mechanisms to improve overall performance for IPIs promoting tourism that will ensure effective delivery and increased competitiveness. These are discussed in the next section.

Figure 6. The tourism investment process



To improve on cross-cutting fundamentals for facilitating investment, IPLs may refer to existing toolkits and sources available online⁶ and listed in the Annex.

The five-step approach to successful tourism investment promotion

Countries that are successful in attracting tourism investment follow a proven five-step approach outlined below. The following sections provide tourism-specific guidance and case studies designed to help implement this process.

guidance on project types, building densities, desired clustering, market orientations, related infrastructure needs, and the priority locations for such developments. Aligning priorities for promoting tourism investment with such overarching strategic frameworks helps foster stronger partnerships and broader stakeholder support throughout the process of investment generation. Experience shows that the most effective promotion is found where the country has an obvious investment strategy and a tourism development strategy clearly reflected in the promotion of the sector for investment, and in the specific investment opportunities identified.

Figure 7: The five key steps to successful tourism investment promotion



1. Be strategic: Prioritize and focus your investment facilitation efforts

In any sector, good investment facilitation seeks to reach the right investors with the right information at the right time. The best way to achieve this is to focus on a limited number of subsectors and individual investment opportunities that fit a particular target investor group, and to reach out to them proactively. Many investment promotion efforts lack the focus required to reach and convince the desired target investors.

Tourism is a broad sector, spanning a wide range of business lines. These include not only hotels and restaurants but also tour operators, airlines, car rental services, cruise lines, entertainment, training, equipment suppliers, and other support services. Research confirms that focus brings results: when IPLs concentrate their efforts, more than twice as much FDI goes to priority sectors relative to non-priority sectors.⁷ By the same logic, efforts should be focused on a limited number of priority subsectors within tourism (Box 3 provides an example).

In many countries, medium-term (~10 years) regional, national, and subnational tourism strategies and master plans are in place. Typically, they contain valuable specialized

As for many other sectors, the lack of concrete investment opportunities and detailed information about them is a barrier for investors. Even if investors are persuaded by the more general marketing messages about the location, they still need to identify potential sites within the country and conduct detailed research in what will often be a relatively unfamiliar environment. Therefore countries may gain a competitive edge over other destinations by covering more ground on behalf of the investor and presenting specific and well-researched opportunities that fit the investor's requirements.

Once opportunities are identified and researched, they should be brought to the attention of the right potential investors. IPLs often rely on passive forms of facilitation, assuming investors will come forward. Unfortunately, foreign investors and operators are often unaware of the available opportunities. In many cases, they may even have negative preconceived ideas about a destination and require some prompting before they turn their attention to the opportunities. By failing to attract the most qualified investors in the first place, governments often end up negotiating suboptimal deals with less-experienced investors who may not be able to unlock the opportunities' full potential. Approaches IPLs can take to reduce this risk include:

- Using proactive identification of investors and targeted direct outreach, to ensure that as many well-qualified investors as possible are aware of the opportunities available.

⁶ For example, the GIPB website on www.globalinvestmentpromotion.com and World Bank Group Investment Generation Toolkit on www.wbginvestmentclimate.org/toolkits/investment-generation-toolkit.

⁷ Torfinn Harding and Beata S. Javorcik, "Roll out the Red Carpet and They Will Come: Investment Promotion and FDI Inflows," *The Economic Journal*, vol. 121, issue 557 (December 2011).

Box 3. Austrian Business Agency (ABA)-Invest in Austria: Focus on strategic tourism segments achieves strong results

Data shows that Austria won 17 new tourism projects in the sector in the five years leading up to 2011 based on an offer for high-end “wellness” and winter tourism. These include major hotel players such as Arabella Sheraton, Hilton, and Le Meridien. The strategy’s success has helped make Austria the 11th largest tourism market in the world by revenue. Not surprisingly, ABA-Invest in Austria, the national inward investment promotion agency under the Austrian Ministry of Economy, achieved a “close to best practice” result in the GIPB 2012 tourism inquiry.

Source: FDI Markets from the Financial Times



© ABA-Invest in Austria

- Adding an element of competition between investors (such as competitive tendering of well-prepared and packaged sites) to increase the number of prospective projects and sponsors, which may also help attract stronger offers.⁸

It is critical to support the targeted foreign investors by proactively identifying and mobilizing qualified and credible local partners and broker contacts. Local partners would typically include:

- Local tourism operators looking for foreign partners.
- Domestic investors well established in other sectors with an interest in expanding into the tourism sector.
- Owners of sites and properties that may be suitable for greenfield or brownfield projects in the priority tourism subsectors and locations.

Information prepared for foreign investors and operators on subsector opportunities may also be relevant to domestic investors, especially those coming from other sectors.

To both enhance the proposition for foreign investors or operators and to maintain credibility as business facilitators, IPIs have a vested interest in identifying the most credible local and foreign partners. To this end, IPIs may develop basic assessment tools to evaluate the quality and credibility of local partners. However, IPIs cannot be seen as substitutes for due diligence that companies need to conduct.

2. Develop tourism-specific knowledge

For IPIs to improve the quality of information provided to prospective investors, they must demonstrate that they have the required sector expertise. While external consultants may

be able to help gather intelligence and develop promotional materials, IPIs need specialized staff in-house to be able to identify suitable opportunities, develop winning materials, keep them updated and relevant, and adapt them to specific audiences. These skills are also necessary to respond quickly to investor inquiries, develop working relations with relevant agencies locally, and engage effectively with investors.

In order to build confidence among prospective investors, sector specialists must be able to refer to key statistics, discuss industry trends with authority, and introduce investors to local figures such as senior government representatives. Accordingly, they must develop a deep understanding of the broader tourism market, a strong familiarity with the product offering as well as key relevant stakeholders, and knowledge of who the target investors are, how they think, and how they conduct transactions. Box 4 suggests some steps that IPI officers can take to get up to speed with the tourism market.

Box 5 provides a checklist of some of the investment climate data most relevant to tourism projects; the Annex provides a more comprehensive list with possible sources for each. However, this information may have to be complemented with additional data specific to the particular tourism subsectors and the specific opportunities being promoted. Information may also need to be adapted to individual investor inquiries.

Finally, IPIs should develop and maintain databases of potential investor targets and successful tourism projects, locally and in competitor countries detailing project descriptions, ownership and management type, long-term finance source, and terms.

The database of potential investor targets, developed according to the tourism subsectors and specific opportunities being promoted, is the basis for any proactive investor outreach program. In the tourism sector, this

⁸ While some IPIs have some degree of ownership of opportunities and have the mandate to run tender processes, others may have a mandate that stops at promoting opportunities that belong to others — private individuals or other government agencies.

Box 4. Getting up to speed with the tourism market

IPI officers tasked with preparing for and maintaining good investment facilitation services for tourism should incorporate the following steps into their operations:

- Review existing tourism strategies, master plans, and materials from key sector institutions such as the Ministry of Tourism, Tourism Board, and National Tourist Office.
- Develop a network of partners locally and internationally (see section on partnering, page 19).
- Keep up to date with global trends and market developments through the World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC) publications as well as annual industry reports from organizations such as PwC (PricewaterhouseCoopers), HVS and World Travel Market.
- Gather the relevant statistics and data needed to sell both the destination and specific investment opportunities (see the Annex for relevant data and possible sources). Unmet demand, as indicated by high hotel occupancies and consistent real growth in room rates among existing properties is perhaps the most important driver of new investments, but information requirements are broader and may change based on the tourism subsector or the specific opportunities being promoted.
- Regularly meet existing investors locally as part of the aftercare activities and take the opportunity to understand their businesses, demand and supply trends, cost and revenue drivers, as well as constraints and barriers to reinvestment.
- Systematically read sector news in the media, subscribe to specialized media, or simply start by using online news search engines (automatic e-mail updates can be set up, with key words such as “investment” and “tourism”).
- Look up tourism strategies, investment flows, and tourism projects in competitor countries and understand the relative strengths and weaknesses of the location.
- Undertake a critical assessment of the attractiveness of the country as a destination for tourism investment. In particular, the World Economic Forum’s Travel and Tourism Competitiveness reports provide detailed insights into the relative competitiveness of countries for tourism investment.
- Participate in relevant forums (such as regional tourism associations) and search for media articles about successful projects abroad within the relevant subsectors; understand the typical modes of investment in these subsectors and sources of financing; and identify key investor source markets and individual companies with high propensity to invest. Attend regional tourism investment conferences to make contacts, meet investors, monitor global and regional investment trends, and find out what investors think about the country and region.
- Proactively engage with target investors and industry experts, either directly or through relevant networking opportunities, and understand their activities, news, strategy, and — very importantly — their perceptions and concerns about your destination.
- Engage with real estate brokers, existing domestic investors in tourism or other sectors, and other types of partners to proactively identify greenfield or brownfield investment opportunities in line with the strategy.
- Develop a detailed knowledge of potential foreign investors, operators, and local partners in order to be in a position to broker fruitful contacts while mitigating reputational risk for IPIs (for example, when less reliable partners are introduced to more reputable ones). By helping local partners develop high quality business proposals to investors (for example, by providing templates for sales presentations and developing detailed descriptions of the business opportunity), IPIs can increase the chances of bringing quality partners together.
- Provide feedback to policymakers on matters that affect the attractiveness of the destination to investors.

Box 5. Investment climate information commonly sought by tourism investors and operators

- Land costs and acquisition procedures
- Construction permit costs and procedures
- Relevant licenses inventory, costs, and procedures
- Relevant taxes, levies and custom duties, and procedures
- Labor costs and regulations including expatriate labor regulations
- Utility costs and connection procedures
- Communications costs and connection procedures
- Names and contacts of support institutions, lawyers, notaries, accounting firms, financial institutions, and construction companies
- Inventory of relevant policies, laws, and regulations
- Inventory of relevant reports (research by accounting firms, development partners, and others)

database will likely include private equity groups and high-net-worth individuals known to invest in tourism, international hotel companies and operators, real estate investors, and local targets. Wherever possible, it should include the names and contacts of senior management and decision makers within the company (head of business development, relevant regional or country head, or the CEO).

Details on successful tourism projects locally and in other relevant locations (regional or competitor countries) are useful in identifying, for example, new projects on the market, opportunities and challenges, and sources of finance.

3. Organize information and craft key messages

With good investment facilitation skills and a strong knowledge of the tourism sector, IPIs must then develop good messages in line with their strategies, emphasizing relative strengths and addressing key concerns for target investors. Messages which sell the destination are critical to capture the attention of investors, particularly when they are looking across several potential locations. These messages should be based on the priority subsectors that are

being promoted. For example, the following messages were developed by IPIs to engage the attention of investors:⁹

“Nicaragua offers 720 square kilometers of coastline in the Pacific and Atlantic, 25 volcanic formations, more than 10,000 square kilometers of lakes, lagoons and rivers, with the second largest lake in Latin America, which in turn holds the largest island in a lake in the world. In addition, the country has 22,088 square kilometers of natural reserves and colonial cities with great cultural richness, among which the city of Granada stands out for being one of the oldest cities founded in mainland American soil.”

“Tourism in Brazil keeps expanding. Unlike most countries, Brazil has suffered no significant impact on the number of foreign tourists, which is around 5 million people per year. For the next ten years, the sector is estimated to grow, on the domestic level, at around 4.5 percent per year, besides encompassing a 2.8 percent increase in direct jobs and 4.5 percent in tourists’ expenditures in Brazil. Domestic tourism is increasing as well: in 2010, the number of Brazilians who traveled within the country over the last two years reached 58.8 percent.”

“Greece was the 4th most popular tourist destination in the European Union for the year 2010, according to the Eurobarometer poll, and among the top 10 destinations for 2010 (Lonely Planet Best Travel 2010).”

Messages to sell specific opportunities will be needed to make the proposition more tangible in the eyes of potential investors. If investors are attracted to particular subsectors at the destination, they will want to understand the specific location best suited for the project, potential partners, and specific project sites. In marketing specific opportunities, the main objective is to distinguish them from projects that other countries and destinations offer.

“The colonial segment is well represented by the cities of Leon and Granada, which hold first place as the most visited cities by tourists visiting Nicaragua. Their unique natural and cultural attractions and proximity to Managua represent ample opportunities for those looking to explore the area. Both cities have developed primarily in the concept of boutique hotels and one to four star hotels.”

⁹ Messages extracted from IPIs’ websites and responses to the GIPB 2012 tourism inquiry.

“Around 842,000 (65 percent of total) visitors were in Porto Alegre, Brazil in 2009 for business reasons, not only to participate in meetings with one of the many local companies but also to attend conferences, trade shows and other events held in the city.”

“The cosmopolitan island of Corfu, Greece is probably the most well-known island of the Ionian complex and one of the most popular in the whole Mediterranean. It is a pole of attraction for hundreds of thousands of visitors every year as well as a source of inspiration for all kinds of art, carrying a huge cultural heritage and disposing special splendor which combined with its natural beauty, marvelous climate, beaches, and interesting sights, makes the island one of the top destinations for Greek and foreign travelers.”

It is also important to develop messages which address known concerns of target investors. In tourism, these concerns commonly have to do with cross-cutting issues about the destination, such as corruption, conflict, disease, and safety. Urgent action may be required if a problem becomes blown out of proportion by international media and word of mouth. IPIs can proactively address these concerns by:

- Using hard evidence (facts and data) to qualify, quantify, and allay investor fears about a location.
- Showing how the issue has been identified and is being handled by relevant stakeholders.
- Sharing positive trends that indicate progress or news that the issues are resolved.

The following is a good example of a message which addresses known investor concerns in Sierra Leone:

“Sierra Leone has a strong heritage of liberty and religious tolerance. Since 2002, it has held two internationally recognized free and fair elections, including a peaceful transition of government. During this time the country has collectively rebuilt the institutions of civil society and it is currently one of Africa’s best business reformers, as evidenced by the World Bank Group’s Doing Business report.”

A common weakness of IPI messages is the lack of well-sourced and dated statistics, facts, and figures to give them the credibility and depth investors expect. Without them, messages are often too vague or meaningless, and do not allow investors to make calculations and comparisons. Good practice here is to use benchmarking and testimonials:

- Demonstrate comparative strengths and competitiveness; benchmark the location against competitor countries.

Without a performance comparison, messages can remain weak.

- Use industry testimonials and case studies to support messages. Private investors tend to trust the experiences of existing projects and other private investors; IPIs’ marketing messages alone may not suffice. Box 6 provides guidance for developing testimonials.

4. Disseminate the information

IPIs have to balance information provided on their website and other general promotional media with targeted communication materials better tailored to individual investors or investor groups. Ideally, IPI websites serve as a vehicle to motivate an initial contact from the potential investor. Following this initial contact, IPIs will be able to better understand the investor’s interest and develop tailored propositions through customized research and materials. Although there is no hard rule about what specific data should go on a website as opposed to tailored materials, Boxes 7 and 8 offer some insights to help IPIs consider their options (tourism-specific data and suggested sources are provided in the Annex).

Up-to-date investor information on the website offers the opportunity to reach many investors simultaneously at a low cost. IPI websites can draw attention to a destination’s unique selling points for a tourism subsector, help correct misperceptions, reduce uncertainty, and increase competitiveness. Conversely, a low-quality or outdated website may deter investors from looking further at the opportunities the location has to offer. The tourism sector profiles used for the website may also be used for printed brochures and leaflets, promotional videos, and as an initial response to the more general tourism investor inquiries.

Presenting material to investors requires a balanced approach. If investment opportunities provided on the website are too detailed and narrow, they may not quite fit the strategy of a potential investor. In that case, target investors may turn away without initiating any contact and offering the IPI a chance to better adapt the product to investors’ individual strategies.

More tailored materials can be prepared for targeted, direct marketing efforts and in response to specific investor inquiries (“tailored information preparation phase” mentioned in Figure 6). This information will naturally be more detailed and relevant to a particular investor or well-defined investor group (such as in the tendering of an individual opportunity).

5. Develop a network of partners to enhance service delivery

Gathering all the required information and keeping it up-to-date is no simple task. IPIs therefore have to rely on a variety of partners who can provide it when needed. IPIs can then package data adequately for promotional purposes. Beyond investment facilitation, partnerships can also be instrumental

Box 6. Sample testimonial questionnaire

From IPIs' perspective, testimonials by successful investors already established in the country are very powerful in delivering an overall positive message to potential new investors. The objective of a testimonial is to let real investors highlight specific attributes of the country or a specific opportunity. Testimonials may be in the form of interviews, short videos, a short sentence, or a paragraph to reinforce marketing messages. Below is a proposed checklist of questions to ask existing investors in preparing a testimonial. It may be adapted to focus on specific sectors or messages.

Profile of the company's current operations:

- When was it established? Internationally? In the location? Activities on site and results to date (turnover, profits, appropriate success indicators for the given sector)?
- Employment profile (number, types, skill levels, skill sets, growth trends)?
- Corporate role? How does the country subsidiary fit into the overall activity of the investor? Where does it report? How does it interact with other units?
- Country supplier or customer links — supply chain, university links, other relevant services (such as training, transportation)? Who are your customers? National, international, and where?
- Type and location of premises? Size infrastructure, location, special infrastructure requirements?
- Why did you choose this location?
- What other countries did you consider before you chose this location? Was this a competitive situation? What were the determining factors in choosing this location?
- What business reasons (economy, political situation, land, supply chain, climate, raw materials and services, market opportunity) led the company to consider the location?
- What was your experience in setting up your operations and getting started? We are looking for comments regarding topics such as speedy and efficient bureaucracy, support received from IPI and others, and so on.

Experience to date in this location:

- Since you started operations, are you satisfied with progress? Is the business on schedule and are targets being met?
- What has gone well in particular? Specify.
- Did you find it easy to hire qualified staff? Is staff quick to learn, hardworking, and productive compared to staff in other locations?
- What has gone less well? Were measures to address these negative aspects implemented? Is the situation improving? Specify.
- If you had to make the decision again, would you still choose this location based on your experience to date?
- If a potential investor were to contact you tomorrow to ask about this location, how would you advise them? What would your headline message be?
- What are your future plans in this location? And what can the government/IPI do to help?

Source: Thorburn Associates, 2013

Box 7. Checklist of useful tourism-focused elements on websites

- Tourism market—“selling the destination.” Examples include comparative strengths, size, key segments, projections, and infrastructure.
- A few strategic subsectors, such as culinary tourism or business hotels, and short subsector profiles for each, containing relevant market data, samples of specific opportunities for investment, and examples of companies that have already invested.
- A map that shows industry cluster or the location of existing investors.
- Relevant information and data on key costs and skills relevant to tourism (using benchmarking where possible).
- A list of downloadable documents for investors (for example, library of laws, statistics).
- A bimonthly “interview” with an existing tourism operator and testimonials.
- A list of events the IPI will be attending internationally, and list of useful local events investors can join.
- News feed for the sector.
- Social media links (Twitter, Facebook, YouTube).
- Dedicated contact person and details.

Box 8. Suggested tailored materials and approaches

- Detailed subsector profiles, including detailed market data (arrivals, existing supply in the segment, occupancy rates, average daily rates, evidence of unmet demand for the segment).
- Site profiles with detailed site-specific information (type of transaction, site location, highlights and key tourism attractions, infrastructure/amenities, ownership and terms/procedures of acquisition, and photos; tender documents for individual “packaged deals”).
- A roadmap detailing the market entry procedures specific for the subsector (including estimated time and cost).
- Tables and flowcharts displaying more details of the operating environment and cost factors: specific administrative requirements and procedures (licenses, permits, certificates), taxes and levies, construction costs and supplier contacts, other relevant input costs (labor, utilities, land), labor availability, skills and available training programs.
- Issue-sheets around key “pre-conceived” investor concerns identified.
- Presentations and road shows to targeted investor audiences.
- Monthly e-mail updates and newsletters to pipeline investors.
- Presentations and short (1–2 page) briefs on messages and opportunities to inform local audiences such as relevant government executives (highlight impacts expected from investment), embassy staff, donors, local private sector associations, and other “insiders”.

in fulfilling other aspects of IPIs' investment generation mandate (Figure 8).

Therefore, regardless of their own capacity and resources, to enhance investment facilitation and other critical IPI services, IPIs should strive to develop strategic partnerships. Significant work may be required by IPIs to communicate the objectives and rationale of the promotion efforts, highlight mutual priorities and benefits, and build consensus around the approach.

Some useful partnerships to consider for tourism investment promotion are described below:

Government partners

The Ministry of Tourism, Tourism Board, or National Tourist Office are among the obvious government partners to IPIs as they are commonly mandated with destination marketing and promotion; many have a mandate to promote the development of the destination which links them directly with the investment function. These government offices can usually provide most of the relevant information, expertise, data, and statistics required for tourism investment facilitation (see Annex). Therefore IPIs would do well to align their efforts to existing strategies of national

tourism agencies, clarify respective mandates and roles, and formalize close collaboration with them (for example, involving focal points in all aspects of investment promotion such as the development of promotional materials and sector profiles, participation in promotional missions/ roadshows, and investor visits).

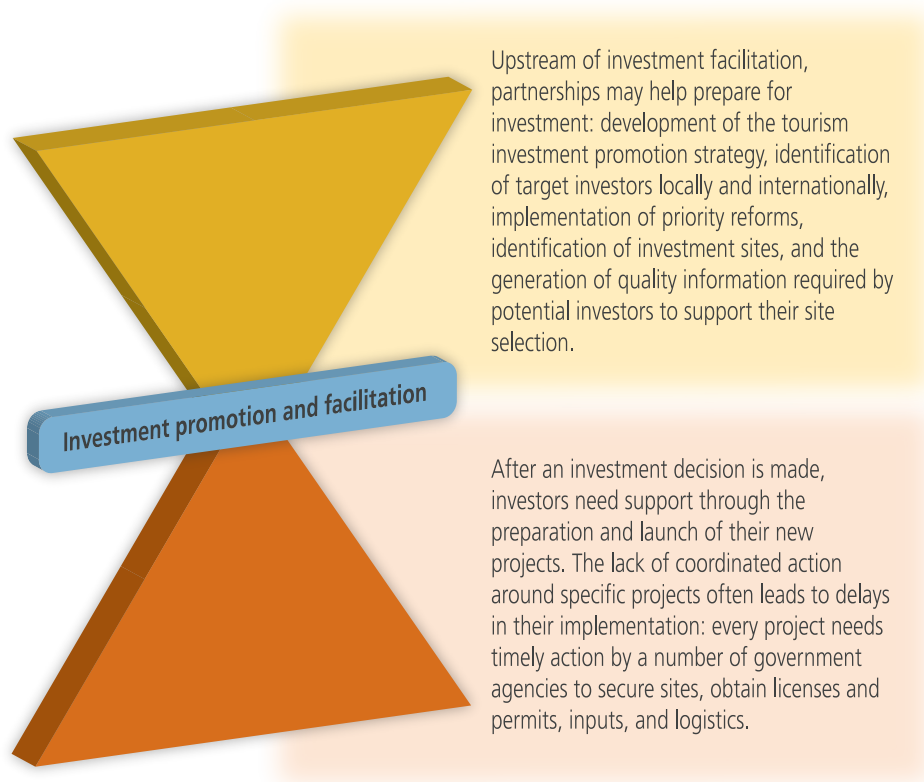
Local authorities

With their local knowledge, decentralized government offices — regional, district, and provincial — can help identify sites, especially for new greenfield investments where real estate and land markets are weak or nonexistent. IPIs may partner with the ministry in charge of local governments or any other relevant ministry with decentralized representatives that might be aware of key assets which could be available for particular tourism investment opportunities (e.g. the Ministry of Tourism, Ministry of Lands, and so on).

Network of embassies abroad

Embassy staff abroad may be used to disseminate messages about opportunities, identify potential investor targets, and to collect feedback on investor concerns and decision factors. Many embassies also house representatives of

Figure 8. Partnerships upstream and downstream of investment facilitation



the Ministry of Trade who are responsible for facilitating economic activity between countries and promoting trade and investment opportunities amongst the host community. Accordingly, IPLs should seek to partner with the ministry in charge of the network of embassies. In this way they can inform embassy staff, disseminate promotional materials, and establish communication with focal points within embassies in key investor source markets.

Foreign embassies and development partners

Similarly, it is common for potential investors seeking new opportunities in a foreign country to approach their own national embassy and development partners located in that country. IPLs may find it useful to brief relevant staff within key foreign embassies on marketing messages and opportunities, and make arrangements to share information about potential investors, investor visits, and investment opportunities.

Private sector groups

Relevant local or regional private sector associations, such as those in the hotel industry, are likely to be interested in partnering; new investment will help grow association membership. Associations may aid in identifying new opportunities (such as existing members looking for international partners), gathering information about the market (supply and demand) and relevant operating costs and procedures, and disseminating promotional

materials and information about opportunities to their members.

Existing investors

Feedback from existing investors can have a strong influence on prospective investors. Moreover, current investors often have a strong network of potential target investors. Local private sector figures and companies can serve as great “ambassadors” to market opportunities and disseminate information to potential targets, with whom they may even end up partnering on new ventures. IPLs would be well advised to consider individual briefings for these audiences.

Relevant partners to lift individual barriers to investment

Finally, other strategic partners may help in the process of “hand holding” as investors progress through the development and operation of new projects. Partners can manage specific barriers to investment, such as access to land, staff training, priority infrastructure development, supply chain development, and regulatory reform. Identified on an ad-hoc basis according to project-specific requirements, these partners commonly include other government agencies and development partners.

Box 9 illustrates how Greece’s investment promotion agency leverages partnerships to build a portfolio of tourism investment opportunities.



© Drew Perry/IFC

Box 9. Invest in Greece Agency: Building a portfolio of tourism investment opportunities



The Invest in Greece Agency (IIG) is among the few IPIs to achieve high scores on both the tourism-specific website content and the GIPB 2012 investor inquiry assessment.

The tourism section of the agency's website describes Greece's key strengths as a tourism destination, tourist arrival trends, and relevant growth drivers. Short paragraphs on priority tourism subsectors and target areas link to more detailed subsector profiles. These introduce some successful existing projects as well as projects in the pipeline, and are enriched by success stories, links to existing projects, and contacts for further information.

In its response to the GIPB 2012 "mystery shopper" inquiry, IIG was able to build on the website content to deliver more detailed data customized to individual investor requirements:

- Suggestions on which Greek regions are best suited for the intended investment project, describing their main highlights and critical tourism market information.
- A list of nine projects in the pipeline that might fit the investor's requirements, including public tenders for concessions of public assets, privately and publicly owned land plots available for tourism development, and private tourism projects seeking equity investment. Individual profiles comprise a description, map, photos, details of the owner, and type of transaction proposed.

This comprehensive response was the result of the agency's systematic effort over the last four years to compile an investment projects portfolio, from which the investment promotion unit could draw information based on the interests of individual investors. The portfolio includes greenfield projects, business plans, and real estate assets of existing companies, from public and private sponsors. Private project owners range from small firms to listed companies. For each project, a nondisclosure agreement is signed between the project owner and IIG. The agency then compiles a short project teaser for potential investors in coordination with the project owner.

When asked how the projects were identified and screened for quality assurance, the agency's investment promotion team explained:

"IIG's project portfolio is continuously fed thanks to effective partnerships with various government entities, local communities, businesses and business associations, and other public and private stakeholders who bring projects to the attention of the agency. We do not perform a complete due diligence for each project because the ultimate responsibility rests between the project owner and investors. However, the experience that we have gained over the years allows us to rapidly screen and assess the viability and the maturity of investment projects. We do check certain indicators of the financing capacity of the company, the maturity of the project (for example, licenses and permits), and its compatibility with national and European laws."

Project portfolio system of the Invest in Greece Agency:

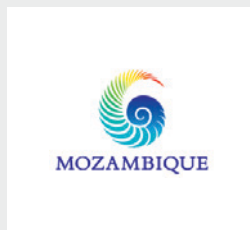
- Selection of sectors that can yield attractive investment projects based on Greece's competitive advantages.
- A dialogue with the international investment community to assess the appetite of potential investors and derive criteria for selecting portfolio projects by sector.
- Creation of a network of state and privately owned companies, associations, public sector bodies, and local community partners that will help feed the portfolio with potential investment projects.
- Creation of a common layout and a presentation template for the promotion of projects.
- Signing of a nondisclosure agreement with project owners. Demonstrated professionalism and confidentiality by the agency's executives is key to building confidence with project owners and ensuring a constant flow of potential investment projects.
- Selection of projects according to specific criteria, site visits, and preparation of detailed project presentations, sometimes with the aid of renowned investment banks; all materials are vetted by the project owners.
- Maintenance and promotion of portfolio projects. Promotion strategies are designed for individual portfolio projects or groups of projects in accordance with the sector, project size, and target investors.
- Arrangement of business meetings between project owners and potential investors, and support for project owners to build the business case. The effectiveness of this matchmaking process is key to fueling the interest of project owners.



© Invest in Greece Agency

Sources: www.investingreece.gov.gr, www.globalinvestmentpromotion.com

Box 10. Mozambique: Lessons from a highly focused investment generation program



This case study presents a non-IPI initiative that provides a good example of focused and targeted investment promotion and facilitation.

With 2,700 kilometers of tropical coastline, “protected areas” comprising about 15 percent of the country and a vast range of cultural attractions, Mozambique has a wealth of natural tourism assets. Yet tourism growth has been slow and erratic, in part because of the difficulties perceived by international investors in accessing suitable investment sites. In this case, investors may have been aware of the country’s potential for tourism investments, but individual opportunities were hard to find, and the acquisition procedures were unclear.

Determined to address this issue, Mozambique’s Ministry of Tourism decided to proactively prepare and facilitate a number of landmark tourism investments in priority areas identified in the National Strategic Tourism Development Plan. In 2006, the Mozambique Tourism Anchor Investment Program was born.

The program’s approach involved five main steps:

- Identify target investment sites. Four suitable sites were initially selected for resorts and eco-lodges, in line with the country’s strategic tourism objectives and early industry feedback.
- Create an environment conducive to investment. A new Tourism Interest Zones regulation was created to allow the government to earmark certain sites for tourism development. Moreover, a new Investment Law regulation was approved, allowing certain types of tourism investment projects to apply for Special Economic Zone status. This status requires specific obligations on the part of the project, but also specific incentives not otherwise available outside the zones.
- Proactively secure selected sites. The sites were secured and allocated to either an agency of the Ministry of Tourism or community-owned structures for onward concessioning to private investors. This ensured that the sites were legally ready for acquisition.
- Promote the sites to potential investors. Based on the site characteristics, potential target investor profiles were identified and investor outreach activities were rolled out to target investors with matching profiles. An online inventory of downloadable documents relevant to tourism investors was created. It included sector strategies and plans, sector profiles and statistics, relevant reports, a comprehensive set of laws and regulations relevant to tourism (such as land, environmental impact assessment, tax, labor, investment), and process guides (such as investment, funding, licensing, land, environmental impact assessment, immigration, employment, and procurement). This measure contributed significantly to removing the barriers to information access as identified previously by investors.
- Bring the sites to market through open and competitive bidding. An investor procurement toolkit was produced, including practical tools such as standardized tender documents (such as Request for Expressions of Interest and Request for Proposals), tender evaluation tools, sample contracts, and more.

This proactive, focused, and targeted program won the Africa Investor “Tourism Investment Program of the Year” award in 2009 and 2011. It attracted more than 40 expressions of interest from investors, 15 site visits, and the first successfully completed tender for an eco-lodge with local community participation. Currently under construction, this lodge brings \$3 million in foreign investment to a remote “protected area”, will generate 50 direct jobs, and crucially, provides a sound case for investors in the next round of promotion to this unexplored segment.



Sources: www.ifc.org; www.tourisminvest.org; Investment Climate Advisory Services of the World Bank Group, 2012, *Facilitating Large-Scale Tourism Resorts in Mozambique* (Case Study).



© Julien Haarman

Beyond the Provision of Information

With the assumption that effective investment facilitation brings investors to IPLs' doorsteps, IPLs must be able to convert these leads into real investments and ensure that they are implemented smoothly. The following elements should be part of this process.

1. Investor visits: this is often the next step, as investors seek to validate the information they have received. IPLs can facilitate these visits by:
 - Planning itineraries.
 - Making local recommendations and bookings.
 - Arranging meetings based on the investor's preferences.
 - Showing investors the market, the sites, and the competition.
2. Investor servicing: if all goes well, the investor will start the investment process. Here again, IPLs have to be reliable partners in:
 - Guiding and catalyzing the investment process (administrative procedures).
 - Brokering useful contacts (such as lawyers, consultants, financial institutions, and potential business partners).
3. Investor aftercare: once the investment project is up and running, IPLs should be in regular contact with the investor; a happy investor is likely to reinvest and serve as an ambassador for promotion. This includes:
 - Finding out about the progress, successes, and challenges faced by the investor.
 - Communicating successes through testimonials or success stories.
 - Offering support to ease some of the challenges and follow up with other government agencies.
4. Policy advocacy: IPLs often play a key role on behalf of investors in advocating to initiate and steer actions and reforms that are favorable to the success and competitiveness of the investments and the destination. This role can entail:
 - Organizing private sector roundtables or public-private dialogue (PPD) to map and discuss key issues.
 - Participating in government decisions to present and interpret the views of investors.



© Bill Lyons/World Bank

Conclusions

Foreign investment in tourism is recognized as a significant source of growth, employment, and improvement for a country's overall tourism offering and revenues. This fact is accepted by most countries and usually well reflected in national tourism strategies and master plans. Unfortunately, many IPIs do not live up to those ambitions, as they are unable to deliver appropriate levels of investment facilitation service, and thereby miss out on these opportunities. The GIPB assessment shows that a majority of IPIs, particularly in developing economies, lack basic investment facilitation skills as well as technical knowledge in specific sectors.

In relation to tourism, the five-step approach IPIs can take to improve investment facilitation performance includes:

1. Strategically focus efforts on a limited number of tourism subsectors and individual investment opportunities based on competitive advantage and the country's tourism investment strategy; reach out to particular target investor groups that best fit these opportunities.
2. Build IPIs' capacity, systems, and tools to deliver best practice investment facilitation services with a special focus on developing in-house knowledge of the tourism market and a detailed understanding of the relative strengths of specific tourism investment opportunities. In particular, developing an understanding of how investors actually think and conduct transactions is critical to providing confidence to prospective tourism investors.
3. Develop information for investors in a form that is meaningful for them. Generate powerful marketing messages that emphasize relative strengths; positively address key concerns of target investors through the use of well-sourced and up-to-date statistics, facts, figures, benchmarked data, and testimonials.
4. Disseminate the broader messages through general communication channels such as IPI websites. Also develop more targeted communication materials tailored to individual investors or groups offering tangible and detailed information on specific opportunities.
5. Identify and leverage strategic partnerships to enhance promotion and facilitation of tourism investments. Before an investment decision is made, partners are essential in gathering and keeping the information potentially required by investors up-to-date, identifying opportunities and sites, disseminating the information, and helping identify target investors locally and internationally. After investment, effective partnerships can help ensure a smooth project implementation and remove obstacles faced by investors in their initial operations or expansion phases. In addition, partnerships can help implement priority reforms.

Annex: Key Data and Sources for Facilitating Investment in Tourism

Selling the Destination

DATA	POSSIBLE SOURCES
Country overview and macro data such as: <ul style="list-style-type: none"> • Geography • Climate • Politics • Economy (GDP) • FDI flows • Investment climate indicators • Global benchmarking data 	<ul style="list-style-type: none"> • CIA Factbook • Economist Intelligence Unit • World Bank Doing Business report and data • National Central Bank • Statistics agency, and others
Global benchmarking of tourism competitiveness	World Economic Forum's Travel and Tourism Competitiveness Indicators
Trends and projections of: <ul style="list-style-type: none"> • Tourism spending • Capital investment • Revenues • Contribution to GDP and employment • Visitor exports • Visitor numbers 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Statistics agency • Tourism investors/industry associations • World Tourism Organization (UNWTO) Statistics and Tourism Satellite Accounts • World Travel and Tourism Council (WTTC) database
Tourism offering such as: <ul style="list-style-type: none"> • Hotels by category • Number of convention centers • Beach lodges • Ski resorts • Golf courses • Marinas • Entertainment centers • Spas • Events and festivals 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Tourism investors • Tourism industry associations, and others
Tourist access such as: <ul style="list-style-type: none"> • Visa requirements • Airlines and direct flights • Domestic/international airports • Road network • Conveniences such as ATMs 	<ul style="list-style-type: none"> • National agencies in charge of customs, transport, airport, and others • Database of car rental agencies, travel and tour agencies, and others
Natural beauty indicators and key attractions: <ul style="list-style-type: none"> • Coastline • Beaches • Islands • Peaks • Glaciers • Rare species and ecosystems • Cultural sites 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Travel guides
Awards such as: <ul style="list-style-type: none"> • Best beach • Best destination • Best airline 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Specialized media

(continued on next page)

Protected sites such as:

- National Parks
- Nature Reserves
- UNESCO World Heritage Sites
- Ramsar Wetlands

World Database on Protected Areas

Other key tourism demand drivers. For example, large private sector or nongovernmental organizations attracting large numbers of foreign visitors, conventions, sporting events, and fairs

- National ministry in charge of tourism
- Tourism Board
- Other groups

Indicators of government commitment to the tourism sector:

- National budget share for tourism sector
- Institutions
- Fairs and destination marketing activities
- Specific legislation to promote tourism
- FDI and foreign ownership laws and regulations
- Description of IPI services

- National ministry in charge of tourism
- Tourism Board
- Investment code
- Other relevant policies and legislation

News and events such as:

- Recent demand drivers
- Key infrastructural developments
- New tourism projects
- New infrastructure projects
- Relevant policy/legal/regulatory developments
- Awards and benchmarking results
- Relevant media appearances
- Interviews/speeches

- National ministry in charge of tourism
- Tourism Board
- Domestic and international media
- Government agencies
- News websites
- Official gazette

Case studies highlighting existing tourism success stories and testimonials by existing private sector or relevant government executives

- Interviews with existing tourism operators and other credible investors already established, or with senior executives of relevant infrastructures (such as airports) and government (for example, the Minister of Tourism)
- National ministry in charge of tourism
- Tourism Board
- Tourism investors/industry associations

Measures of:

- Health
- Education
- Living standards
- Corruption
- Information and communication technologies penetration
- Press freedom
- Safety
- Environmental sustainability
- Quality of tourism infrastructures

- World Economic Forum's Travel and Tourism Competitiveness Indicators
- Human Development Index (HDI)
- World Development Indicators
- Transparency International Corruption Index
- Mo Ibrahim Index
- Press Freedom Index
- World Bank data

Selling Specific Opportunities

DATA	POSSIBLE SOURCES
<p>Demand data</p> <ul style="list-style-type: none"> • Foreign tourist arrivals, source markets, yearly and monthly totals, trends, global ranking • Arrivals by main tourism centers in country • Profile of tourists (such as type, age range, duration of stay, typical spend per night, repeat vs. one-off, key interests) • Domestic tourism trends and data 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Statistics agency • Tourism investors/industry associations • Airport administration • Relevant subnational authorities • Interviews and survey questionnaires to existing tourism operators • World Tourism Organization (UNWTO) Statistics and Tourism Satellite Accounts • International Congress and Convention Association (ICCA) for the Meetings, Incentives, Conferencing, Exhibitions (MICE) subsector

Supply data

- Lodging offering (number of establishments, rooms and beds nationally, by region, by main tourism centers, by hotel segment and star rating, and so on)
- International hotel chains, reputable brands; recent investments and mergers and acquisitions involving foreign capital
- Profiles of select existing projects (number of rooms, facilities, main clientele, occupancy rates, Average Daily Rate [ADR], Revenue per Available Room [RevPAR], Gross Operating Profit per Available Room [GOPPAR], status and projects, consumer/industry feedback)
- Planned new tourism projects (under construction or planned)

- National ministry in charge of tourism
- Tourism Board
- Statistics agency
- Tourism investors/industry associations
- Interviews and survey questionnaires to existing tourism operators
- World Tourism Organization (UNWTO) Statistics and Tourism Satellite Accounts
- TripAdvisor and similar sites
- IPI pipeline

Individual site data

- Best areas to find sites with description and rationale, relevant contacts including real estate brokers who may help identify property
- Individual site profiles, location, highlights, photos, assets inventories, amenities, relevant acquisition procedures, price indication or price range, and any applicable fiscal and financing incentives
- Relevant local demand drivers, infrastructures, major development plans, and so forth
- Site/areas comparisons with relevant comparable figures (such as local/subnational macro-data where available, number of visitors, number of establishments, rooms and beds, occupancy, RevPAR)

- National ministry in charge of tourism
- Tourism Board
- Tourism investors/industry associations
- National ministry in charge of land or other relevant land-owning ministries, possibly the natural parks authority
- Subnational government authorities in key tourism centers
- Real estate brokers

Note: Data used to sell specific opportunities may vary greatly per type of tourism activity and should be made specific to the opportunities targeted — the sample data and sources given above are mainly relevant to accommodation.

Detailed Investment Climate Information

DATA	POSSIBLE SOURCES
<ul style="list-style-type: none"> • Tourism strategies • Master plans • Materials from key sector institutions such as the Ministry of Tourism, Tourism Board, and National Tourist Office 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board
<p>General and sector-specific government incentives relevant to the tourism subsector and to the specific opportunities being promoted</p> <ul style="list-style-type: none"> • Relevant taxes • Levies • Customs duties (costs and procedures) 	<ul style="list-style-type: none"> • National ministry in charge of tourism, • Tourism Board • Relevant ministries and government agencies • World Bank Doing Business dataset
<ul style="list-style-type: none"> • Database of construction suppliers with information on costs and quality including per m2 costs for a range of construction types • Construction permits and procedures 	<ul style="list-style-type: none"> • Questionnaires and interviews with existing tourism project operators and construction suppliers • Database of construction suppliers, with notes on track record and relevant costs data • National ministry in charge of tourism • Tourism Board, and other relevant ministries • World Bank Doing Business dataset
<p>Relevant license costs and procedures such as:</p> <ul style="list-style-type: none"> • Environmental impact license • Investment license • Operating license • Hotel/restaurant/bar/liquor licenses 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Relevant ministries and government agencies

(continued on next page)

<p>Utilities and communications data:</p> <ul style="list-style-type: none"> • Availability • Providers • Costs • Procedures 	<ul style="list-style-type: none"> • Relevant ministries and government agencies • National utility companies • World Bank Doing Business dataset
<p>Labor data:</p> <ul style="list-style-type: none"> • Education levels • Literacy rates • Languages • Employment in tourism segments, wages for various functions and skill levels • Available training programs • Labor regulations; expatriate labor regulations 	<ul style="list-style-type: none"> • Relevant ministries and government agencies • World Tourism Organization (UNWTO) Statistics and Tourism Satellite Accounts • World Travel and Tourism Council database • World Bank data • World Bank Doing Business dataset
<p>Support institutions relevant to the tourism sector that can serve as alternative sources of information (list, description, contact):</p> <ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Tourism investors/industry associations • Legal offices and consultancies • Financial institutions 	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Tourism investors/industry associations • Chamber of Commerce • Relevant sector associations
<p>Inventory, description, and an electronic library of relevant laws as well as regulations</p>	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Relevant ministries and government agencies • World Bank Doing Business dataset
<p>Inventory, description, and an electronic library of relevant tourism sector reports</p>	<ul style="list-style-type: none"> • National ministry in charge of tourism • Tourism Board • Development partners



In partnership with



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs,
Education and Research EAER
State Secretariat for Economic Affairs SECO