

Attracting Foreign Direct Investment into Tunisia through Outreach Campaigns

IN FOCUS



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FINANCE,
COMPETITIVENESS &
INNOVATION

INVESTMENT CLIMATE

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FDI

output

outcome

impact

Abstract

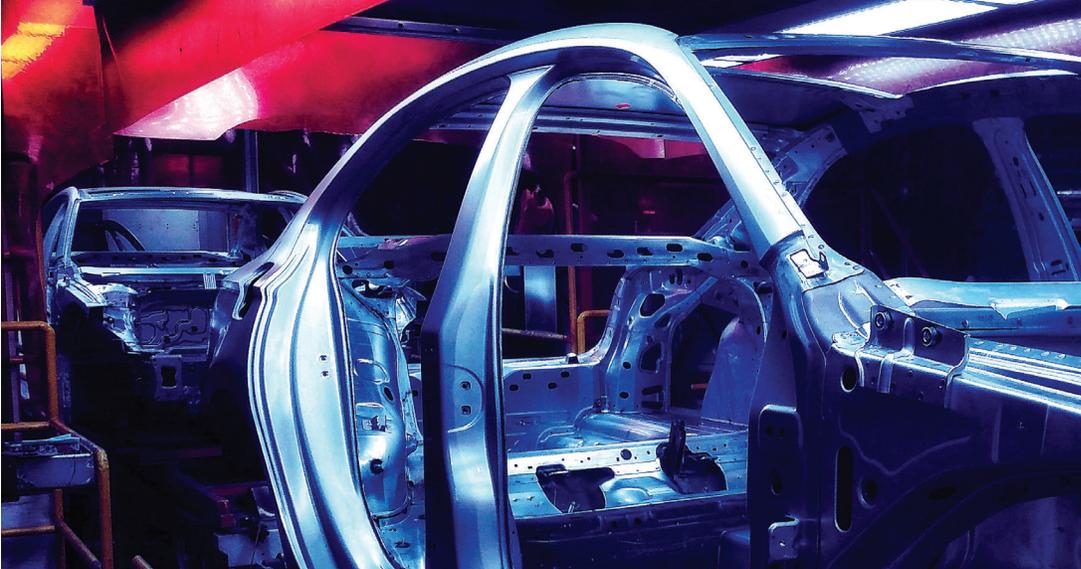
After the Arab Spring, Tunisia was faced with an urgent need to create productive jobs and economic opportunities for its young population. Attracting foreign direct investment (FDI) in priority sectors was a key pillar of the Government's strategy to deliver this job agenda. As part of this effort, the Government engaged in proactive outreach campaigns to Canada, China and Japan targeting automotive, aerospace, and Business Process Outsourcing (BPO) investors. Investor outreach involves proactively seeking face-to-face meetings with target investors to discuss their investment projects and persuade them to consider your location. The Tunisian outreach campaigns led to contacts with 30 companies, which resulted in 21 investment leads and three announced FDI projects, including two manufacturing plants by Japan's Sumitomo and China's SAIC Motor. Announced FDI projects have been confirmed despite the COVID-19 pandemic.

The example of Tunisia shows that well-planned and executed investor outreach campaigns can lead to concrete investment results and contribute to a country's development objectives. More than ever before (in a post-COVID-19 world), outreach can play a key role for countries in their efforts to reposition and take advantage of new investment opportunities from nearshoring and emerging sectors. Other countries can learn the following key success factors from the Tunisian experience: a compelling value proposition¹ for each target segment; the identification of promising source markets and specific FDI leads; a seamless campaign

execution and periodic follow up until investors are persuaded to take the next step. However, outreach campaigns can be costly to implement. Therefore, Governments should ponder the benefits versus the costs of outreach, especially under budget constraints. Finally, investment promotion agencies (IPAs) should stand ready to face exceptional circumstances, such as the COVID-19 crisis, which could cause IPAs to revise their outreach campaigns. The paper provides examples of IPAs continuing their outreach efforts despite COVID-19 by leveraging technology.

¹ The value proposition is a specific message aimed at persuading the investor of the compelling benefits of establishing a presence in the prospective location, in comparison to competing locations.





Introduction

This note describes how Tunisia leveraged investment outreach to meet one of its key development challenges. After the Arab Spring, Tunisia was faced with the urgent need to create productive jobs and economic opportunities for its young population. Attracting FDI in priority sectors was a key pillar of the Government's strategy to deliver this job agenda.

The country undertook several economy-wide regulatory reforms including: (i) the adoption of a new investment law and its decrees in 2016 and 2017 respectively, enshrining key investor guarantees and removing caps on FDI in specific economic activities²; (ii) the development of a Private Public Partnership (PPP) framework; and (iii) the adoption of a new competition law and its executive decrees. As a result, the investment climate is starting to show some positive results as illustrated by strong increases of FDI (30 percent over the 2016/2017 period and 16 percent over the 2017/2018) and by the improvement in the Ease of Doing Business in 2018, 2019 and 2020.

As part of this effort, between 2017 and 2018, the Government engaged in investment outreach campaigns to Canada, China and Japan targeting

investors in automotive, aerospace, and business process outsourcing³. The outreach campaigns led to 21 investment leads and is resulting in several concrete FDI projects, including manufacturing plants by Japan's Sumitomo⁴ and China's SAIC Motor, and the Information Technology services office of Canada's Momentum Technologies⁵.

The case of Tunisia can serve as example to other developing countries undergoing similar development challenges. The Tunisian experience shows that a well-planned and executed investor outreach campaign can lead to concrete results, contributing to the achievement of the country's development objectives. The note provides a context, proposes a new outreach framework based on literature review and World Bank Group (WBG) field experience, and describes the

² For more details on investment policy reforms in Tunisia after Arab Spring, please refer to: Nimac, Ivan Anton; Hamden, Mouna; Sabha, Yassin; El-Shiaty, Mohamed Hisham; Khuu, Kathy. 2017. Promoting investment policy reforms amid political turbulence and transition: the case of Tunisia and the Arab Spring.

³ BPO includes back office and shared services.

⁴ <https://www.jeuneafriquebusinessplus.com/en/801150/lapie-a-la-manoeuvre-sur-linvestissement-du-cablier-sumitomo-en-tunisie-21-millions-e/>

⁵ <https://momentum-tech.ca/fr/nouvelles/une-expansion-en-tunisie-pour-momentum-technologies>

Tunisian Foreign Investment Promotion Agency's (FIPA)⁶ outreach efforts⁷, and presents respective results. It also analyzes the key success factors of Tunisia's outreach campaign, which include having a compelling value proposition for each target segment, identifying promising source markets and specific FDI leads, seamlessly executing the campaign; and promptly following-up with investors until converted to established investors. According to Mr. Abdelbasset Ghanmi, head of FIPA, "The outreach campaign that we did with support of the WBG was the most successful one".

The Importance of Attracting FDI After the Arab Spring

In the years following the Arab Spring, the key priority for Tunisia was creating jobs and economic opportunities for its young population. Government efforts through private sector development reforms began to show some results. For instance, the share of those living at the lower-middle-income poverty line of US\$3.20/day fell from 9.09 percent in 2010 to 3.21 percent in 2015⁸. However, unemployment rates remained high, especially among youth. In the last five years, between 2015 and 2019, the share of unemployed ranged between 15.6 percent and 16 percent⁹. Among youth (between 15 and 24 years old), more than one third (34.9 percent) did not have a job as of 2019¹⁰.

Attracting FDI became a prime goal for the Government of Tunisia (GoT) in its efforts to address development challenges. At the outset of the Arab

Spring, the GoT engaged in a series of reforms to improve the investment climate, despite challenges imposed by the political transition. Among others, a new Investment Law was approved in 2016, which better aligned Tunisia's legal framework with international good practice on investment; preauthorization by the Higher Commission on Investment was no longer required for 45 sectors and economic activities; and fiscal incentives were integrated into the tax legislation¹¹.

FIPA, the government entity mandated to attract and retain FDI, stepped up its engagement in delivering FDI to achieve this aspect of the Tunisian development agenda. FIPA provides several services to foreign investors across different stages of the investment life cycle. For instance, FIPA provides marketing services to investors such as one-on-one meetings with target investors (both in-country and abroad through investment outreach campaigns), promotional events, advertising campaigns, and social media marketing. Moreover, FIPA provides information services covering both sector-specific aspects and horizontal issues, such as production costs, sectoral regulations, legal and regulatory regime for investments, infrastructure, logistics, and labor. In addition, in coordination with the Tunisia Investment Authority, FIPA provides assistance services at investors' entry, and during establishment, operation, retention and expansion—covering site selection, investment facilitation and aftercare. Finally, FIPA advocates in favor of foreign investors to relevant stakeholders, pushing for positive changes to investment and business regulatory policies.

⁶ http://www.investintunisia.tn/En/our-mission_11_203

⁷ The WBG provided advisory support to FIPA from the beginning to the end of this outreach effort. As part of this, the WBG hired consulting firm WAVTEQ to accompany FIPA.

⁸ <https://www.worldbank.org/en/country/tunisia/overview>

⁹ <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=TN>

¹⁰ Unemployment, youth total (percentage of total labor force ages 15-24) (modeled ILO estimate) <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

¹¹ <http://documents.worldbank.org/curated/en/433821507734730649/pdf/120367-BRI-PUBLIC-ADD-SERIES-8p-TUNIPReformsInPracticeNoteFINAL.pdf>

With support from the WBG¹² (box 1), FIPA strengthened its institutional capacity, focused on core investment promotion functions, expanded its workforce, and implemented an outreach program to target investors in strategic segments. Selection of these segments was based on two criteria: i) those for which Tunisia has strong competitive advantages, and ii) those presenting global growth and opportunities for investment overseas based on data analysis. The selection process led to three strategic segments: automotive components, aeronautics, and BPO services. As part of its FDI attraction efforts, FIPA engaged in three investment outreach campaigns between 2017 and 2018. The program, which is described in detail below, followed international good practice by focusing on a few competitive segments and respective key source markets for FDI (Canada, China, and Japan).

What Are the Good Practices for Investor Outreach?¹³

Investors are willing to listen to compelling value propositions. Investor outreach is the key proactive element of a country's wider investment promotion strategy and refers to having individual face-to-face meetings with targeted potential investors to discuss their investment projects and persuade them to consider the IPA's location. This one-to-one personalization allows a direct and productive dialogue between investors and the IPA. It is considered by experts to be the most effective approach to attract FDI, yielding more tangible investment results. It differs significantly from one-to-many marketing efforts (events, conferences, seminars, trade shows) that mostly build the location's image. Still today, very few IPAs engage in true one-to-one outreach campaigns, presumably due to the effort and cost these may require.

Box 1. WBG Support to FIPA Tunisia

The WBG assistance included capacity building activities on: i) defining lead generation and outreach approach, ii) developing a target investor database and iii) preparing promotional material on Tunisia, specifically for three target segments (automotive, aerospace, and BPO). Training for the FIPA team was held in Tunis. Several coaching sessions and three outreach missions to Canada, Japan and China took place^a.

As part of that process, the WBG helped FIPA rethink their strategy, with greater emphasis placed on reaching out to targeted potential investors (as opposed to participation in large multisectoral promotion events).

The WBG also supported the participation of FIPA in relevant investment forums like the WBG Investment Competitiveness Forum in Vienna in October 2017, where Tunisia was selected as a Founding Member of the Investment Reformers Network. This was an excellent opportunity for high level participants to connect with governments, investors and international investor intermediaries with a view to fostering synergies in promoting and disseminating information about transformational investment related reforms.

^a To complement its hands-on support to FIPA especially during the intensive stages of outreach preparation and execution, the WBG hired a consulting firm (WAVTEQ: <https://www.wavteq.com/>).

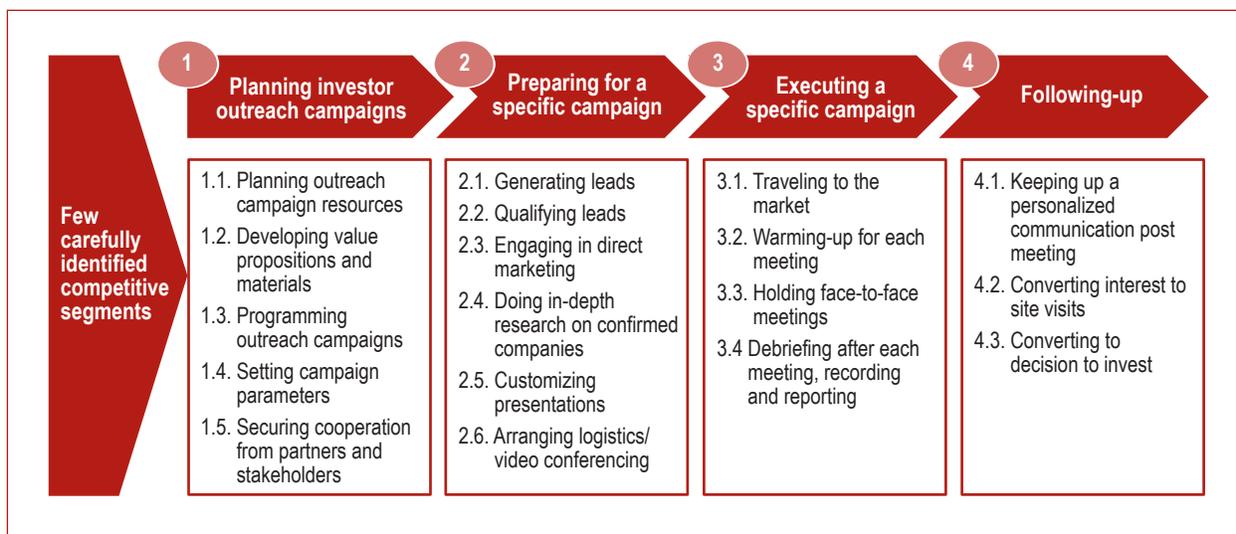
¹² This was an advisory project by International Finance Corporation (IFC) funded by SECO and implemented by several units of the World Bank Group.

¹³ This section builds on the World Bank Group's extensive operational experience, its publication "A Guide to Investor Targeting in Agribusiness," and its several Investment Promotion and Outreach Toolkits.

Effective outreach depends upon the location having identified competitive and dynamic segments¹⁴ to target. This data-driven exercise benchmarks the location against others that investors may consider, mirroring how investors make investment decisions. Companies seeking to expand internationally are likely to compare several possible locations against a set of predetermined site selection criteria to objectively determine the best investment location for their specific investment project. Criteria may be quantitative and qualitative and typically cover access to markets and skills, quality of infrastructure, utilities and suppliers, operating costs, investment risk, and quality of life.

In the long term, a government can increase its location’s competitiveness by improving its investment climate, infrastructure, work force, and regulatory environment. In the short term, an IPA can increase success by providing attraction services to potential investors to make sure that they: (i) include the location on their long and short lists; (ii) can easily find or be given complete and persuasive information to advance their decision-making process; (iii) get hands-on assistance to carry forward and validate their decision; and (iv) notice how the location constantly improves its investment climate and ecosystem (Heilbron and Aranda-Larrey 2020). Outreach campaigns seek to accomplish tasks (i) and (ii) by reaching out and directly engaging target investors. The stages and steps are showcased in Figure 1.

Figure 1. Investor Outreach Campaign Planning, Preparation, Execution and Follow-up



Source: World Bank Group.

¹⁴ Borrowing from marketing theory, a target segment combines sector, subsector or industry with a business activity for investment promotion. For instance, medical device manufacturing, or automotive electric component design.

1. Planning Investor Outreach Campaigns

Once a location has identified its competitive and dynamic segments, it must plan how and when to reach out to investors in these segments. Good planning is crucial for outreach success and includes considerations for adequate human and financial resources, timeframe, result indicators, sources of target leads, compelling value propositions and partnerships.

There are five steps to campaign planning, elaborated below: 1.1 planning outreach campaign resources; 1.2. developing value propositions and materials for the target segments; 1.3. programming outreach campaigns; 1.4. setting campaign parameters; and 1.5. securing cooperation from partners and stakeholders.

Step 1.1. Planning outreach campaign resources

Outreach efforts can be expensive¹⁵ and many may be curtailed due to poor resource planning. A typical issue is unfamiliarity with or underestimation of the total cost, level of effort and timing a campaign requires. For instance, good-quality company databases cost thousands of dollars, travel is expensive, confirming appointments requires a high level of effort, and the entire campaign can take 3-9 months, depending on the level of IPA proficiency. Some may consider outreach not worth the expense of its deployment, or some IPAs may not be ready for the commitment required to see a successful outreach campaign through.

However, when an outreach campaign is properly done, together with other services to investors, it may yield great economic returns to the location. Investment projects can result in large financial infusions, hundreds of new jobs and important contracts with domestic suppliers. In any case, outreach should not start until IPA management

approves the campaign and proper resources are allocated, including the time of a solid team with a budget informed by the realities of effective outreach.

Team members must have the appropriate skills or enough training on the assigned tasks (for example, professional presentation, telemarketing, meeting management, languages and business culture skills) and sufficient time to perform these tasks.

Step 1.2. Developing value propositions and materials

This step may have happened before or in parallel with other outreach campaign planning steps. With the necessary information in hand, a location can craft a value proposition for each target segment. The value proposition is a concise statement, explicitly expressing the concrete value or benefits an investor can expect from making an investment in the location. To develop a compelling value proposition, IPAs should thoroughly research how their location compares with competing investment destinations on decisive factors for investors like skills, labor costs, transportation, business taxation, investment climate and incentives, and so on. The following is a good example of a segment value proposition from Invest in Canada, that promotion materials (website and presentations) back up with comparative data:

“With proximity to raw materials and strong research and development, six Canadian locations benchmarked for grain and oilseed processing offer higher profitability than all benchmarked counterparts in the U.S. and Europe.”

All segment-specific promotion materials (presentations, investment opportunities section of the IPA website, brochures, pitch letters, emails,

¹⁵ Including staff time and travel, an outreach campaign may cost between US\$30,000 and US\$55,000 for 7-12 appointments, depending on the market and support required. As a reference, consulting firms may charge US\$5,000 for each appointment. Travel cost, promotion materials, and IPA staff time would be extra. This range is based on the WBG outreach support experience. New locations targeting new segments should anticipate higher costs and fewer appointments.

telemarketing scripts, and objections databank) must consistently and repeatedly reflect the value proposition for that segment.

Step 1.3. Programming outreach campaigns

IPAs then determine combinations of segment/market/timing based on relevant segment and market intelligence. For instance, which target segments to focus on — which may change with trade tensions, global value chain disruption and remapping, protectionism, and so forth. Then, which are the best markets for each target segment, having the right number of leads, amenable geopolitics, cultural affinity and opportunistic windows? Finally, when is the best time to visit each market? What is

the weather like, are there any important events or industrial activities to leverage or holidays to avoid?

This programming would result in an outreach campaigns calendar with preliminary time-windows for a few specific campaigns requiring travel to meet individual investors face to face. Experts consider this personal approach optimal when it comes to discussing confidential details, gauging interest, building trusting relationship and jointly deciding on next steps (see Box 2 below for how COVID-19 may be impacting this approach). As part of programming, team roles, specific budget and a detailed workplan with specific responsibilities and deadlines need to be clearly established to ensure the success of each campaign.

Box 2. Outreach in Times of Crisis (e.g. COVID-19)

As crises become more frequent, both businesses and IPAs must anticipate responses to potential issues. For instance, the containments imposed during the COVID-19 outbreak forced business to increase use of virtual platforms to meet and remain open for business. Some IPAs such as InvestKL (Kuala Lumpur), InvestChile, CINDE and Invest in Estonia have successfully tried “virtual promotion”.

According to Muhammad Azmi Zulkifli, the CEO of InvestKL, “The restrictions brought on by COVID-19 have not hampered InvestKL in reaching out and continuing to engage with potential foreign investors [...] Virtual, digital communication has been essential to [...] touch base with both our current [and] potential investors.”

Having been implementing a performance-oriented digital marketing strategy since its creation in 2016, InvestChile was better prepared to rapidly respond to the pandemic via webinars with investors (InvestChile Talks) and ecosystem partners while repositioning for a quicker recovery with virtual roadshows. This digital approach has yielded great returns thus far—in the order of US\$1 million in the investment pipeline for each US\$1 in digital marketing^a.

Costa Rica’s IPA CINDE has a strong research unit, subscribes to LinkedIn Advisor, and is using digital marketing and predictive analytics to identify prospective investors. It is offering virtual meetings, and is looking to offer virtual site visits while encouraging industrial parks in Costa Rica to give virtual tours to those prospective investors^b.

Invest in Estonia is using a specialized web solution to give potential investors virtual site visits to Estonia^c. After a successful pilot, Invest in Estonia started hosting online events tailored to the needs of potential investors, allowing possible partners from Estonia to be met, business plans discussed and questions about Estonia’s business environment asked and answered, all completely online. It plans to keep using the innovative solution after borders across Europe re-open and online visits can be combined with physical ones.

IPAs can be their governments best allies to recover faster from the economic impacts of COVID-19 by connecting them and investors, retain and recover investment projects, and attract new investment in emerging and/or dynamic segments. In the latter, outreach campaigns play a crucial role.

As investors become more accustomed to virtual approaches, IPAs can leverage them to increase flexibility, broaden their campaign timeframe, reduce outreach travel cost, loosen budgetary pressures, increase frequency of campaigns and number of meetings per year, and so on. These technology-enabled approaches promise to increase the efficiency of outreach efforts, and of investment promotion in general.

^a Interview with InvestChile management and key staff.

^b Interview with CINDE staff and [this article](#) from fDi Intelligence.

^c <https://investinestonia.com/estonian-investment-agency-is-using-innovative-technology-to-bring-future-investors-to-estonia-through-virtual-business-visits/>

Step 1.4. Setting campaign parameters

As mentioned above, the cost of a typical outreach campaign can be high and will usually need to be justified in terms that senior IPA management, a board of directors, a ministry, and/or the public will accept. As such, campaigns need to be results oriented, with concrete indicators of success and targets typically falling into one of three categories (see Table 1, below) and measured over short, medium and long terms. These indicators and respective targets cascade from the IPA's strategy and KPIs.

Step 1.5. Securing cooperation from partners and stakeholders

IPAs must leverage their networks to open doors and increase the number of qualified leads and appointments. These include target-market chambers of commerce, embassies, foreign offices, consulting and legal firms, sectoral/industrial associations in target markets, outward FDI agencies (for example, JETRO or KOTRA), and so on. Moreover, as not all IPAs have the internal capacity to generate leads, consulting firms specialized in lead generation can be hired to facilitate the process, if budget allows. However, IPA staff should remain engaged

throughout the process in order to build capacity and ensure sustainability of the approach.

2. Preparing for a Specific Campaign

When the time comes for a specific outreach campaign, the team completes these six practical steps:

Step 2.1. Generating leads

Even attractive segments for attractive locations typically achieve a relatively small conversion rate between companies contacted and appointments secured (3-8 percent is typical¹⁶). Filling a 1 to 2-week outreach campaign with 10 to 20 meetings typically requires starting with hundreds of companies (the so-called 'long list'). The team compiles a long list of companies in the targeted segments and markets by using multiple sources: the IPAs overseas offices (if any), commercial databases, consulting and legal firms, sector associations, binational chambers of commerce, embassies of both countries, and other multipliers in both host country and source market. The more specific the sector, subsector or segment is, the broader its market territory must be to achieve a critical mass (number of appointments).

Table 1. Outreach Campaign Key Performance Indicators (KPIs)

Indicator Type	Definition	Examples for Outreach Indicators
Outputs	The immediate, concrete products of one's work, with full control	<ul style="list-style-type: none">• List of qualified leads• Segment value proposition presentations• Confirmed meetings
Outcomes	Results requiring others to act upon the outputs	<ul style="list-style-type: none">• Number of face-to-face meetings held• Number of interested investment leads generated• Number of site visits investors make to the location• Number of investment decisions/announcements
Impacts	The ultimate result and the reason for the effort	<ul style="list-style-type: none">• Announced and actual FDI amounts• Announced and actual jobs• Exports• Sector/segment growth

Source: World Bank Group.

¹⁶ This range is based on WBG outreach support experience. New locations targeting new segments should anticipate efficiencies at the lower end of this range.

Websites can help populate long lists, as InvestChile illustrates. Their website provides relevant information to investors, such as investor guides¹⁷, FDI reports, and sector-specific brochures (in Spanish, English, Mandarin Chinese and Portuguese), downloadable upon providing contact information. Then, InvestChile follows up on the interest with prospective investors. Costa Rican IPA CINDE uses predictive analytics to generate “riper” investment leads (see Box 2).

Step 2.2. Qualifying leads

To increase the odds of success, the team applies additional qualification criteria (firm size, corporate strategy and values, international footprint, financial strength, and so on) to remove the least-likely prospects and compile a short list of investment leads that better fit the location’s value proposition and development aspirations. For instance, LinkedIn is being used by 71 percent of IPAs responding to the latest WAIPA-WBG global IPA survey to identify investors and by 58 percent to gather investor intelligence (Sanchiz and Omic 2020).

Step 2.3. Engaging in direct marketing

The team sends customized e-mails, letters, and communications via social media, makes calls to and/or chats with each contact on the list, responds to objections, and engages the IPA’s network, influencers and multipliers to help “warm up” the market, confirm the highest number of meeting appointments with decision makers and fill the outreach campaign agenda. The goal during this step is talking to the decision maker with a crisp message about why the meeting is worth his/her time. Overcoming objections at both gate keeper and investor interactions is best done when the team has anticipated them and prepared answers for each.

Costa Rica’s CINDE represents a good example of the direct marketing approach, through which it landed anchor investors for its most dynamic segments (advanced manufacturing, health sciences and IT-enabled services).

Step 2.4. Doing in-depth research on confirmed companies

Further research will help elucidate each company’s specific interests, challenges and circumstances. The team prepares a detailed briefing on each company. Online platforms allow IPAs to build intelligence about each company, its strategy and values, its management and organization, its products and even its investment footprint. Market and segment experts can complement this effort.

Step 2.5. Customizing presentations

Research such as that outlined above will sharpen the approach and help tailor the value proposition and pitch presentation to better fit each company’s needs, while including impactful and relevant information that the investor will remember (the so-called “wow” or “killer” charts). The team tests it to ensure it flows well and consumes around 50 percent of the total allotted time for the meeting.

Step 2.6. Arranging logistics (or video conferencing facilities)

When traveling, the team coordinates hotel, air travel and local transportation reservations to keep the delegation together. It also confirms appointments, addresses, timing between meetings, the need for meeting rooms, interpreters, equipment, adaptors, telecommunication devices and services, and mobilizes the local network.

If conducting virtual meetings, the team needs to test video conference connectivity ahead of the meeting with IT personnel supporting on both ends.

¹⁷ See for example InvestChile’s Investor’s Guide: https://tools.investchile.gob.cl/fdi-reports?_ga=2.11435444.1456503224.1594999554-1761434800.1594999554

3. Executing a Specific Campaign

The team's hard efforts now materialize, with a physical or virtual campaign, following these steps:

Step 3.1. Traveling to the market

Some IPAs have promotion staff stationed in key markets, so traveling to meet target investors would be limited. However, most IPAs do not, relying mostly on traveling to target markets. When traveling, the delegation should not be larger than three and could well be composed of a single high-level executive. It should arrive in the market at least a day early to adjust to the local time zone and build a buffer that can absorb flight delays to avoid missing the all-important meetings.

The delegation should also take the opportunity to network and link with influencers (consulting firms), multipliers (associations), and partners (embassy personnel) in between meetings.

During times of COVID-19, traveling is not possible. However, meetings can be held virtually (see Step 3.3 below).

Step 3.2. Warming-up for each meeting

Reviewing company briefing, approach and tailored presentation just before each meeting increases success rates. Some members of the delegation may have seen these some days before traveling, but others may have joined without prior exposure. Aligning objectives, deciding team roles, and clarifying protocols before entering the company is important, as is carefully distributing the allotted meeting time between making introductions, delivering the pitch, allowing time for questions, asking questions and actively listening to answers/reactions, and jointly defining next steps. Too often the presenter uses up the entire time to pitch, missing the chance to learn about investors' needs.

When the promoter is traveling by her/himself the need for this preparation is greatly increased. Similar preparation would still be needed for virtual meetings.

Step 3.3. Holding face-to-face meetings

Meeting each potential investor in his/her offices (or virtually) is the most crucial part of an outreach campaign. It is during these meetings that the IPA may fully understand the investor's project needs (now or in the future), decision process, competing locations, and persuade the investor to take the next step: a site visit to the location. During the meeting, each member of the delegation must carefully follow protocol for business meetings in that country and stick to their assigned roles.

Since individuals — not companies — are the ones making investment decisions, developing a positive personal relationship founded from the start on mutual sincerity and trust is key. One should ask questions that help understand the individual's role in the company, his/her style of interaction, and personal likes and dislikes.

The presenter should get the investor's attention with a strong, tailored value proposition, followed by clearly organized details. He/she should politely answer questions, concerns, and objections, remain flexible enough to adapt to contingencies (interruptions, sudden stops, rough or direct questions), stay alert to cues, promptly offer next-step solutions (for example, by having prepared site-visit agendas or suggesting optimal travel dates), or ask questions ("Who would need to go on the first trip?").

Virtual meetings (that is, teleconferencing) also work well for this critical step. Several IPAs confirm successfully having virtual investor outreach meetings even before the COVID-19 outbreak (see Box 2). If virtually held, IPA participants should connect 15 minutes earlier to test audio and video and sort out connection issues before starting the meeting.

Step 3.4. Debriefing after each meeting, recording and reporting

While it is still fresh in everyone's mind, the delegation must discuss meeting highlights and next steps, and record details in the Investor

Relationship Management/ Customer Relationship Management (CRM) System. Upon return, they prepare an outreach campaign report summarizing the work, target segments and markets, results for each indicator, next steps and recommendations for future campaigns.

Former CEOs of InvestChile and Invest in Bogota said that “if it is not in the CRM, it did not happen” and, in some cases, performance bonuses of IPA staff were tied to the CRM reports as a way to motivate adoption.

4. Following Up

The goal of an outreach campaign is getting commitments for site visits as no investment decision is made without them. As a rule of thumb, follow-up should continue in a diplomatic fashion at mutually agreed intervals until the investment is announced, or the lead becomes inactive. Three simple steps help close the deal, but the third one can take months if not years.

Step 4.1. Keeping up a personalized communication post meeting

Within a week after the meeting, the team must send a personalized email thanking each investor for the meeting, summarizing highlights and next steps, responding to pending questions and sending information or documents promised during the meeting.

Step 4.2. Converting interest to site visits

Possibly as part of previous step, or later, the team should prepare and send a tailored site visit agenda reflecting investor’s needs. Follow-up emails, chats and calls should be distributed at reasonable points in time, especially when the IPA has relevant information to share, for example, an important reform or improvement, other investment announcements, an improved global ranking, and

so forth. During conversations, the team should diplomatically ask about status of the investment decision, expected timing for site exploration, and offer services according to the investor’s needs (information, assistance, advocacy). When a site visit is confirmed, the IPA moves into “showcasing mode”, confirming key meetings as requested by the investor, and making sure all site visit meeting attendees are briefed about the company and its project, are well prepared and deliver consistent messages, to help the company acquire complete information and advance its decision.

Step 4.3. Converting to decision to invest

After the first visit, an IPA must continue proactively following up and offering tailored services for investors to advance on their decision to invest. This is typically a long process, defined by the investors. As in previous step, conversations with the various investor representatives would allow the IPA to learn about investment decision status, competing locations, concerns, and so on, and respond accordingly. Many more information requests, site visits, contacts with public and private stakeholders, problem solving, and advocacy efforts may be needed to get to the highly anticipated investment announcement.

What Were the Critical Success Factors of Tunisia’s Outreach?

At project inception, there was a need to strengthen FIPA’s capacity to provide targeted attraction services to investors. In particular, sector-level value propositions and marketing material needed to be strengthened. The team also needed to enhance its capacity to proactively reach out to strategic investors. With support from the WBG, FIPA followed international good practice, fine-tuned three target segments¹⁸, developed best-practice promotion materials, identified specific potential investors within priority segments, professionally

¹⁸ As mentioned earlier, selection of segments was based on two criteria: i) those for which Tunisia has strong competitive advantages, and also ii) presenting global growth and opportunities for investment overseas based on data analysis.

prepared and completed three outreach campaigns, and followed-up post-campaign on the investment interest. The following are the critical success factors in FIPA's outreach campaign during planning, preparation, execution and follow-up.

Refining Target Segments

At the time, FIPA Tunisia had a priority list of eight segments, in line with its investment promotion strategy and including both traditional and nascent sectors: aerospace; automotive components; agribusiness; leather and footwear; mechanical, electrical and electronic industries (MEEI); business process outsourcing (BPO, which includes back office and shared services); plastics; and textile and apparel¹⁹.

FIPA understood that the outreach campaigns needed to focus on only a few segments to be successful, and it wanted to leverage these to attract investors in non-traditional efficiency-seeking sectors with a higher level of sophistication, such as those in aerospace, automotive components, and BPO. These would help upgrade Tunisia's industrial base, generating better paid jobs for Tunisia's young, graduated population, and boosting the country's progress towards sustainable development. Finally, market dynamics were key. At the time of the outreach campaigns, not all segments had promising trends in terms of new FDI projects or jobs created, for instance. Thus, FIPA selected the following for the outreach campaigns: aerospace, automotive components, and BPO.

Developing Strong Value Propositions and Promotion Materials for Each Target Segment

Those segments needed a stronger value proposition and related promotional material (for example, brochures — Figure 2 — and presentations). Supported by the WBG, FIPA researched the targeted segments and investor needs, benchmarked

quality and cost of typical operation in competing locations and extracted Tunisia's competitive advantages. They brainstormed how to best position Tunisia with respect to competing locations.

In both aerospace and automotive components, Tunisia aspired to become “the manufacturing hub for Europe, Middle East and Africa (EMEA)”. At the time, Tunisia was the second largest manufacturer of auto-parts in Africa with more than 260 active companies. Major foreign investors included Autoliv, Dräxlmaier, Faurecia, Hutchison, Kromberg & Schubert, Leoni, Valeo, Yazaki, and Yura. In aerospace, large multinational companies such as Airbus, were already manufacturing in Tunisia.

With a multilingual, well-educated, IT-literate workforce, competitive costs, proximity to Europe and good telecoms infrastructure, Tunisia was emerging as a hub for IT-related industries and BPO. As such, Tunisia proposed itself as “the most competitive Business Process Outsourcing location.” Multinational corporations such as Alcatel, ARDIA, Business & Decision, Cisco, Convergys, Hewlett-Packard, Huawei, IBM, ODDO, and Siemens, were already present.

For the value proposition in the three segments, FIPA leveraged key strengths, including: market access to the European Union, Middle East, Turkey and Africa through Free Trade Agreements; production cost savings compared to contending locations (including utilities, labor, and office/industrial rent); the high quality of the labor force at competitive salaries; positive changes to the legal framework relative to investment; the government support through numerous investment incentives; well-known multinational companies already present; specific industry segments for investment opportunities; and the key sites available for investment with related infrastructure. Figure 2 shows FIPA's value proposition for automotive components in the form of a brief brochure.

¹⁹ http://www.investintunisia.tn/En/presentation_128_236.

Defining Target Markets

After developing the value propositions, FIPA identified the target countries to visit. France and Italy had been for years Tunisia's top-ranked trade and investment partners, in light of the country's history. Several multinational companies from these countries were already established in Tunisia, including in the target segments. FIPA had well established contacts with other investors there. Therefore, its focus lay in identifying new geographic markets. The outreach campaigns were the opportunity to bridge non-traditional geographic markets with growing FDI performance in recent years. Intensive research and analysis of FDI market dynamics (including number of FDI projects and FDI flows) for each target segment helped detect source countries with growing FDI trends in recent years and produce a short list of four countries (Canada, China, Japan, and the USA), and one sub-

region (Scandinavia), which included four countries (Denmark, Finland, Norway, and Sweden). The final decision considered the presence of a local network and large multinational companies, market size, geopolitical relationships, and so on. The choice of target countries finally converged on Canada, China and Japan. The USA, initially one of the countries identified as relevant for the target segments, was dropped due to changes in trade and FDI policies that year.

Detecting Target Firms with Good Investment Potential

The next step was identifying a long list of target firms in each market. FIPA used a combination of public and internal sources to build a database. The databases of the firm WBG hired were very useful as the team researched firms that had made either

Figure 2. FIPA Invest in Tunisia Brochure for Auto Components



greenfield investments or expansions in recent years in aerospace, automotive components, and BPO²⁰. Particular focus was placed on detecting companies with strong financial fundamentals, that had either invested in markets competing with Tunisia, or that had no strong presence in the EMEA region, and particularly in Africa and the Middle East. Moreover, FIPA leveraged its network of strategic partners to validate research findings and identify additional target firms. For example, Tunisian embassies in each country and FIPA's regional offices covering the countries were particularly useful in confirming recent investment trends and providing contact information. Other stakeholders, such as business associations, chambers of commerce, international organizations (such as the WBG), and subject matter experts complemented with their inputs²¹. The database listed key information including the operating sector and segments, the company's address, contact person, title, and location of headquarters. FIPA updated the database of target firms on a regular basis, as new information was provided by additional sources, or important developments took place in the market, such as the signing of International Investment Agreements, or investment announcements.

Preparing Well for Each Campaign

In the context of this outreach initiative, FIPA undertook three campaigns. The team visited Canada and Japan in December 2017 and China in May 2018. Significant time was devoted to campaign preparation, beginning several months before travel. On the one hand, FIPA reached out to target firms initially by email and then followed up by telephone to schedule meetings. This meant that email texts had to be prepared and the staff making phone calls had to be trained. On the other hand, the team worked on perfecting their promotion materials and sharpening their skills. FIPA tailored segment slides, videos, and brochures to each market. They

prepared a list of possible questions and objections from investors with related answers. Campaign teams were formed including the Director General for investment promotion, the Director General for marketing, and managers for target industries. FIPA staff were advised by professional consultants on the business culture of each target market, and on marketing and presentation skills. Individual roles were assigned to the team members, including who would deliver the host country presentation, who the sector-level value proposition, and who would observe and take notes, leveraging staff's key language skills. In addition, once a short list of target firms was ready, FIPA conducted in-depth due diligence on them and identified target employees with direct links to Tunisia. Finally, FIPA took care of organizing each campaign's logistics well in advance, including reserving hotels, air travel, local transportation, translators, and telecommunication, and mobilizing the local network.

Executing the Campaigns Successfully

During the campaigns, FIPA met with investment decision makers of well-known multinational corporations. A total of 30 meetings were held with target firms in the three markets, in addition to meetings with multipliers and key stakeholders. Strategic partners were leveraged to execute the campaign in the target markets, including Tunisian embassies and foreign offices. In Japan, a forum was organized with over 40 participants from private sector firms and business associations. This was the best approach to kick-off the campaign in Japan, introducing Tunisia to target investors ahead of individual meetings, given the local business culture. The event served the purpose of introducing Tunisia to Japanese prospective investors and making initial connections. Existing investors from Japan, such as the automotive components firm Yazaki, were invited to showcase their positive experience of investing in Tunisia in recent years.

²⁰ The WBG hired WAVTEQ (<https://www.wavteq.com/>) to mine its investor databases and network in key FDI source markets.

²¹ For instance, the WBG validated some company data through its local offices and tasked a Senior Private Sector Specialist with strong knowledge of the Chinese private sector to validate the list of Chinese companies.

During the meetings, the promotion materials turned out to be particularly useful to kick-off the discussion, as well as to address investor queries. Especially with firms that were less aware of the Tunisian market, FIPA leveraged videos and slides providing contextual information about the host country. Presenters delivered very strong pitches and follow-up statements. Meeting times had to be managed to ensure investors could ask follow-up questions and dig deeper into their specific concerns. The team was well prepared to address investor queries on location benchmarking, such as production cost factors, legal framework for investment, and political stability. Moreover, the team made sure to emphasize the recent changes to the legal framework for investment, which were very well received by target firms, particularly in Japan, contributing to a boost in investor confidence. FIPA took note of investor requests for additional information and promised to follow-up.

Moreover, the training on business culture proved key in the Chinese and Japanese markets. Investors deeply appreciated FIPA's understanding of local business norms, including the formal exchanging of business cards, meeting and greeting conventions, communication style, respect for local hierarchy, and the high premium of seniority. FIPA made sure to enquire with target firms about future investment plans, as well as their intention to visit either Tunisia or the region in the near future, and

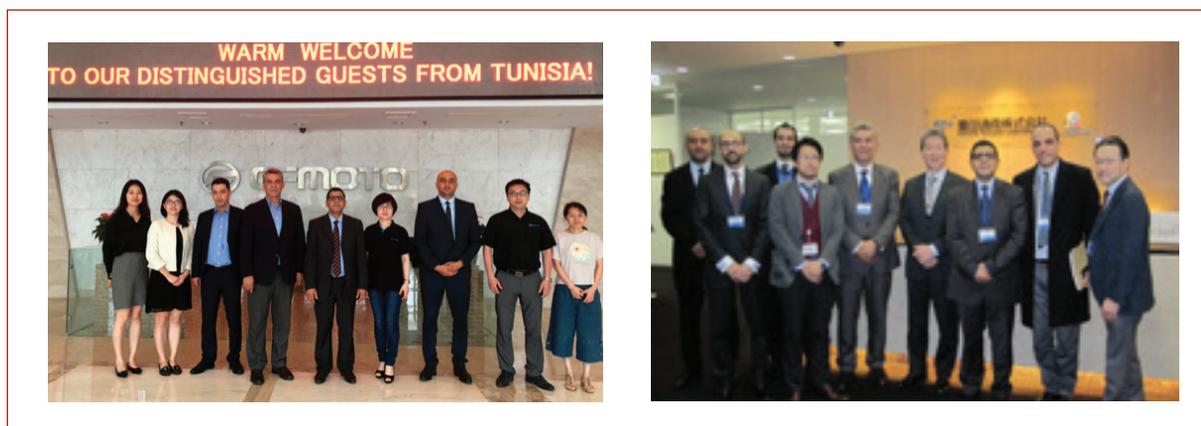
extending invitations for site visits. In particular, FIPA had researched relevant sector events (such as trade fairs) that investors could attend, and provided details on prospective investment sites, such as the industrial zones. Finally, after each meeting, FIPA would debrief on lessons learned, analyze its own mistakes, agree on improvements and revise promotion materials. Last, but not least, the contact details of investors met and relevant company and project notes and next steps were diligently stored in FIPA's investor database and forwarded to relevant departments at headquarters. See Figure 3, below for campaign pictures.

Following-up Promptly with Investors

After the campaigns, FIPA sent thank you emails to all target firms within one week. The end-goal of the follow-up was to achieve site visits from investors. The follow-up process had to be targeted for each investor, based on the notes taken during the meetings. FIPA attached relevant promotion materials to emails (such as slides and brochures reinforcing the value proposition), as well as additional information requested by firms. In several cases, investors were interested in learning more about cost benchmarking, the investment legal framework, or sector-level legislation.

The team prepared a post-campaign report after each trip, including both results indicators (such

Figure 3. FIPA's Campaigns to Canada, China and Japan



as the number of meetings held) and key lessons learned. Moreover, FIPA collected mentions of the outreach campaigns in the press and social media. The most relevant were re-posted on FIPA’s website and official pages in social media (such as LinkedIn). The team followed-up with investors at regular intervals and notified firms of relevant developments in Tunisia, such as investment climate reforms or upcoming events.

What Were the Results of the Outreach Campaigns?

These outreach campaigns generated important results. FIPA delivered 30 first-time face-to-face presentations to investor leads from the target sectors. A total of 21 interested investment leads

were generated by the outreach campaigns. Figure 4 illustrates the key milestones of FIPA’s outreach campaigns, and Table 2 summarizes main results achieved.

FIPA documented the investments with the related communications, including email exchanges with firms and announcements in the press. Each of the outreach campaigns to Canada, China and Japan converted one FDI project, for a total of three announced investment projects between 2018 and 2019 representing close to US\$40 million and 11,000 jobs. (For a discussion of the effects of COVID-19 on FIPA’s outreach campaign results, see Box 3, below). Following subsections describe three investment projects generated from the outreach campaigns.

Figure 4. Funnel with Key Milestones in FIPA’s Outreach Campaigns

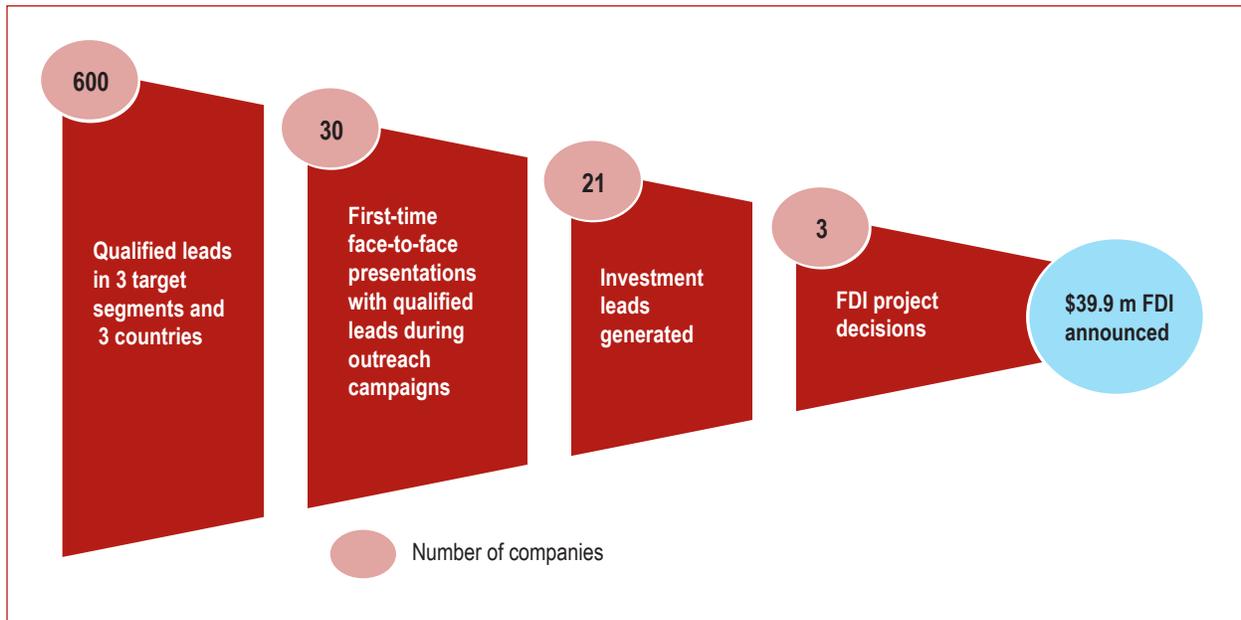


Table 2. Encouraging Preliminary Results from the Three Outreach Campaigns

Target Market	Canada	Japan	China	Total
Campaign dates	Dec 4-8, 2017	Dec 17-22, 2017	May 14-19, 2018	
Cities	Montreal, Quebec, Toronto	Tokyo	Shanghai, Hangzhou	6
Target Sectors/segments (# meetings held)	ITO/BPO (5), Aerospace (3)	Automotive (2), ICT (1), Aerospace, electric/electronics (1) (6 with diversified/trading company groups)	Automotive (6), ITO/BPO (4), Aerospace (1), Major Projects (1)	
Face-to-face presentations with investors	8	10	12	30
Meetings with multipliers/network	2	4	0	6
Number of investment leads generated	6	9	6	21
Number of FDI projects decisions	1	1	1	3
Early results - Announced FDI ²²	€15,500 (US\$17,400)	€21 million (US\$23.6 million)	€14.5 million (US\$16.3 million)	€35.5 million (US\$39.9 million)
Early results - Potential new jobs	10	5,000	6,000	11,010

Sumitomo Electric Wiring Systems Europe (SEWS-E)

 In November 2019, FIPA announced the official establishment of the Japanese giant Sumitomo through its subsidiary Sumitomo Electric Wiring Systems Europe (SEWS-E), specialized in electrical wiring and electronic components for the world's largest car manufacturers²³. This new production unit (SEWS TN) would specialize in the manufacture of automotive cable harnesses and will be in the Monastir Industrial Park (NEOPARK) on a total area of 5.6 hectares (3.1 hectares covered). The new plant is intended to go into production at the end of 2020 and should create 2,000 jobs initially and

5,000 jobs in the long term. In March, Sumitomo's New Territories General Manager and head of this project, Lucian Anghelescu mentioned that "[t]he site construction is going well as the earthworks have finished and now we are quite in good conditions in the Administration Area." See Figure 5, below.

According to estimates, the investment of this new production unit will amount to €21 million (US\$23.6 million) in the long term²⁴. The outreach campaign was the perfect opportunity to highlight Tunisia as an FDI destination for Sumitomo's manufacturing activities. Sumitomo's presence in Tunisia already included a joint contract with Mitsubishi Hitachi Power Systems to build a 450 MW gas-fired power

²² Currency conversions in these cells are based on the €/US\$ exchange rate as of June 25, 2020 (US\$1.123/€), with figures rounded.

²³ Link to the joint press release: http://www.investintunisia.tn/En/the-japanese-automotive-components-giant-sumitomo-established-in-tunisia_50_201_D387

²⁴ https://africanmanager.com/site_eng/tunisia-japanese-giant-sumitomo-invests-e14-million-in-local-plant/

plant²⁵. Thanks to the outreach campaign, Tunisia was “on the radar”.

Until December 2019 Sumitomo’s team undertook more than 20 site visits. First FIPA provided all needed information about the country (demographic distribution by district, tax incentives, legal framework, land identification, and so on). FIPA organized also all site visits with pre-scheduled meeting with all stakeholders (administration, supporting organizations, local authorities, and landowners). The follow-up took place on a regular basis, mainly with Sumitomo’s team in charge of the implementation project. In his statements regarding

the reasons behind choosing Tunisia to establish this subsidy, Mr. Anghelescu said that the SEWS-E had identified in Tunisia a set of opportunities that the company was in a position to fully utilize. The geographic proximity of the country with Europe, the quality of training of its engineers, technicians and workforce in general, in addition to the very favorable regulatory framework, made Tunisia an attractive destination for FDI. In this regard, the official thanked FIPA-Tunisia for the quality of the assistance rendered during Sumitomo’s prospection phase — since August 2018 — and continuing through the ultimate materialization of this project in Tunisia²⁶.

Figure 5. Sumitomo Electric Wiring Systems Europe Establishes Its Presence in Tunisia



The Former Prime Minister of Tunisia participated in laying the “corner stone” for Sumitomo’s building at the Monastir Industrial Park, Tunisia, in December 2019.

²⁵ <https://powerline.net.in/2017/07/23/mhps-and-sumitomo-corporation-secure-joint-contract-to-build-450-mw-plant-in-tunisia/>

²⁶ <https://www.tap.info.tn/en/Portal-Economy/12051505-japanese-sumitomo>

Momentum Technology

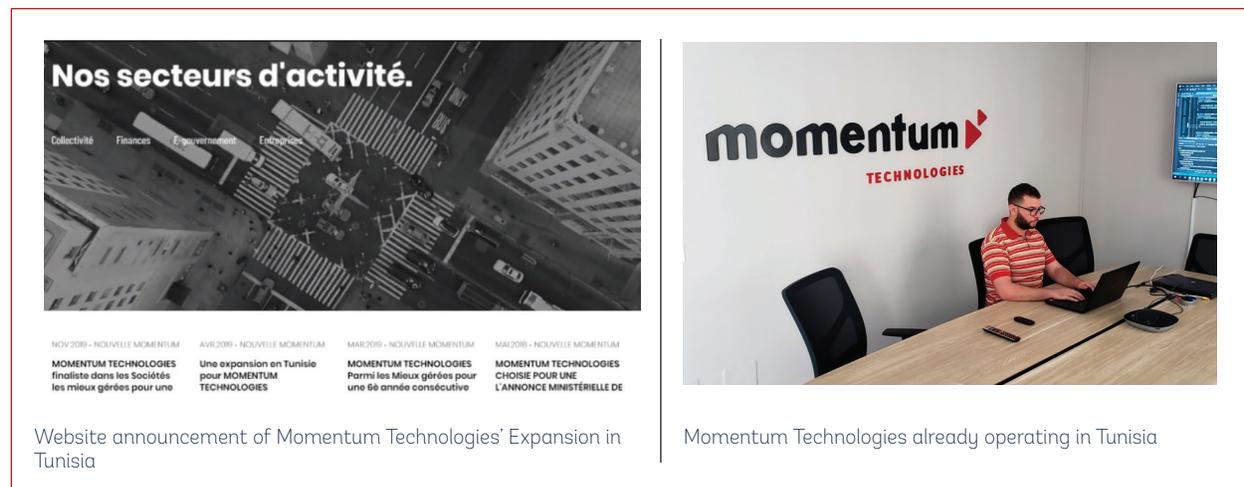


In April 2019, Canadian IT services company Momentum Technology announced the opening of its first office in Tunisia²⁷. The company made three site visits prior to their investment. FIPA provided all needed information about the country (quality and availability of talents, tax incentives, legal framework, and so on). FIPA also organized all site visits with pre-scheduled meetings between all stakeholders (that is, administration, supporting organizations, and local authorities). While Momentum Technology already had an initial idea of the Tunisian market from a previous visit to recruit local engineers, FIPA's outreach campaign helped solidify their positive impression of Tunisian talent and highlighted more opportunities offered

by Tunisia to target new markets, especially in Africa. The follow-up took place on a regular basis, with FIPA's team answering all their questions and providing them with all needed information. Momentum Technology is now fully operational with offices located in the Centre Urbain Nord neighborhood of Tunis²⁸ (Figure 6). Momentum Technology employs young Tunisian engineers, such as Zied Ben Azzouna, who relates:

"I was one of the first employees of the Tunis office of Momentum Technologies [...] using the most recent technologies of software development, which allowed me to develop my expertise and gain skill [...] I also appreciated the flexibility [the company provided]."

Figure 6. Momentum Technologies in Tunisia



²⁷ <https://momentum-tech.ca/fr/nouvelles/une-expansion-en-tunisie-pour-momentum-technologies>

²⁸ Link to a video on Canadian TV show Planète Techno covering this story.
<https://www.facebook.com/watch/?v=2565670656787992>

SAIC Motor



In September 2018, the Chinese car manufacturer SAIC Motor and a Tunisian local partner signed an agreement to set up a manufacturing plant in Tunisia to serve the African and European markets²⁹. The firm was already in contact with FIPA thanks

to this local partner. However, the face-to-face meeting strengthened the connection and provided an opportunity to highlight potential investments. FIPA conducted regular follow up and SAIC's management finally made one site visit. There are ongoing discussions between SAIC, FIPA and the local partner to implement this project and potentially create 6,000 jobs for Tunisians.³⁰

Box 3. Effects of COVID-19 on FIPA's Outreach Campaign Results

FIPA completed its outreach campaigns in "normal" times. However, campaign results may be affected by crises as broad as the COVID-19 pandemic. WBG and others report COVID-19 has significantly disrupted businesses, global value chains and investment. Global FDI inflows are expected to fall between 30 and 40 percent globally because of the pandemic (World Bank 2020a; UNCTAD 2020).

This unprecedented shock may also have an impact on recent FDI announcements, pushing firms either to postpone or even cancel prior investment plans. As recommended by WAIPA and WBG (World Bank 2020b), during times of COVID-19 IPAs need to focus on retention, maintain a dialogue with investors through opportune and transparent communication, offer prompt solutions to their urgent problems and advocating for a more systematic solution to recurring problems.

FIPA reports being in contact with investors it has met with, following up on their interest, and supporting especially those that were establishing when the COVID-19 crisis hit. While investors report delays, they remain committed to carrying forward their projects in Tunisia.

Overall, the public health impact of the COVID-19 was mitigated as a result of swift government action. Starting from May 4th, 2020 companies could progressively resume work and international borders re-opened on June 27th (as anticipated).

²⁹ <http://northafricapost.com/25248-tunisia-chinese-car-maker-saic-to-build-hub.html>

³⁰ <https://www.businessnews.com.tn/tunisie-proaine-implantation-dune-usine-de-production-de-vehicules-morris-garages.520,83779,3>

Conclusion

Tunisia's investment outreach campaign to Canada, China and Japan in the automotive components, aerospace, and BPO services achieved good preliminary results and provides important lessons for other countries. Outreach is key for FDI attraction and the achievement of a country's development objectives. It does require, however, good planning and execution for a successful outcome. Beginning with the determination of the appropriate target sectors, markets, and investors, all the way to carrying out face-to-face meetings, following up, facilitating site visits and closing the deal. Moreover, it is important for countries to take reform steps to improve the value proposition, as Tunisia did with the investment policy reforms, including the Investment Law.

FIPA Tunisia's outreach campaigns delivered 30 first-time face-to-face presentations to investor leads from the target sectors, generated a total of 21 investment leads, and three FDI projects that were announced between 2018 and 2019. A very preliminary estimation of their economic return based on early results of US\$39.9 million in FDI indicates that US\$1 spent in outreach would yield about US\$150 in FDI, once these three projects fully materialize³¹.

However, the experience also made evident a few challenges for FIPA going forward. Outreach campaigns require significant effort and resources by the IPA to make them sustainable in the long term. Further, significant shocks like the one produced by COVID-19 on global FDI will only increase the fierce competition between locations. This poses an issue for the efficiency-seeking FDI that Tunisia targets. In this context, it is important that FIPA react on three levels:

- Reviewing the FDI strategy and outreach campaign plans: the crisis may have a direct impact on FIPA's target segments, with new opportunities arising and traditional sectors losing momentum. New outreach efforts must help reposition Tunisia in this new FDI landscape.
- Strengthening other investor services, in particular investor aftercare to secure conversion of announced investment, as well as retention and later expansions of existing investors. This is especially important in the context of crises such as the COVID-19 pandemic (see World Bank 2020b).
- Removing barriers for FDI: Tunisia would be well-advised to use this crisis as an opportunity to remove FDI restrictions in key sectors and to publish a negative list of activities.

³¹ A proper economic return would be far more complex, with a larger pool of economic results and costs over a 5-year period, as IDA Ireland and the UK government do.



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