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INVESTMENT PROMOTION WORKSHOP AND PROPOSED INVESTOR INFORMATION DATABASE FOR THE JORDAN INVESTMENT BOARD

Final Report

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FINAL REPORT

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION AND
QUALITY (SABEQ)

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PROPOSED INVESTOR INFORMATION DATA BASE FOR THE JORDAN
INVESTMENT BOARD

This report was prepared for the USAID-funded SABEQ Program, Expanded Trade and Investment Component, by investment promotion consultant Michelle Coffey, who visited Amman March 12 – 23, 2007 to conduct an Investment Promotion Workshop held for Jordan Investment Board (JIB) Investment Promotion staff and participants from related Jordanian institutions. Ms. Coffey also prepared a proposed outline for an Investor Information Data Base for the Jordan Investment Board.

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I. Background: Essential Elements in Investment Promotion

Over the years there have been many lessons learned in the practice of investment promotion. The most important of these lessons is that a successful investment promotion strategy must necessarily have a flexible but aggressive implementing agency whose specific functions should be:

- **A marketing capability** to identify companies that could benefit from Jordan's comparative and competitive advantages to elicit interest in investing in Jordan.
- **An investor services function** to support the marketing effort with information and that will directly manage all major investor visits to the Kingdom, and which will also monitor the investors that it brings to Jordan to insure their satisfaction and success.
- **An information and research function** that will create and maintain a **data base of information designed to meet the needs of potential investors**, making it easier for them to gather information on Jordan, particularly the costs of doing business.
- **A coordination function.** In addition there is a coordination function which provides feedback to the Policy Unit of JIB on potential problems and ways in which the Kingdom can improve its success in attracting new investment (Improvement of the country as an investment location). This function will also coordinate, at a functional level, the activities of JIB with other government agencies and officials to maximize the success of the overall investment promotion effort.

The information and research function will be covered in section II and the marketing capability and investor services functions will be covered in section III.

II. Investment Promotion Workshop held for JIB and related staff to develop a focused marketing capability and effective investor services

1. Objectives:

- **Develop a targeted marketing capability:** IPA staff training is designed to develop the capacity to identify companies that can benefit from Jordan's comparative and competitive advantages with the purpose of eliciting interest in investing in the country. Customer value models and general country information are effective investment promotion tools that officers should be able to create and use after the training program.
- **Assist IPA in implementing a focused investor services function** to support the marketing effort with information and directly manage all major investor visits to the Kingdom.
- **Understand the importance of identifying partnering and backward linkaging possibilities** that will allow foreign investors who seek a local partner if necessary or pertinent. Increased domestic investment and sales of inputs for export is an important objective.

2. Methodology: informal, interactive workshop; work plan included presentations on:

- a) Best Practices in investment promotion around the world.
- b) The investor decision making process.
- c) The Promotional Cycle
 - o Direct mailing Campaigns
 - o Cold calling
- d) The Investment facilitation process. Also included:
 - o Presentation on **Removal of Government Constraints** on business expansion in Jordan (Mohamad Amawi, SABEQ component)
 - o Presentation on **Data Base creation and management** (Rana Dababneh, Al Jidara). Group was presented with outline of data base for comments.
- e) The importance of after care services
- f) Case studies and exercises: Foils and successes
- g) Mock itinerary: At the end of the program the group was divided in two subgroups and visits to several operations and decision makers in key sectors were organized in an exercise to evidence the importance of **managing** an investor visit and providing accurate and timely information.

3. Overview of Group Capabilities

A "typical" promotion agency has been found to have the following characteristics:

- Lacks planning, clear objectives, and consistency.
- Embarks on Missions, participates in Trade Fairs and uses general marketing techniques rather than a focused sales approach. The agency lacks any real methodology and does little or no follow-up.
- Is passive or reactive, not proactive
- Results are not objectively measured and the organization does not adapt to the need for improved results.
- Lacks the administrative and/or the financial flexibility to be effective.

A quick review of this list evidences that all are present in JIB's current organizational structure, hence staff, although academically qualified, has not been trained or managed for effectiveness under a disciplined and focused sales strategy.

With good research and clarity of national competencies, an investment promotion officer should be able to:

- Define and identify a potential investor.
- Understand the client and his needs.
- Provide the client with information on the "product" – differentiating it from all other competing countries by providing the most efficient service
- Convince the client that the "product" makes good business sense by preparing a customer value model.
- Help the client through the "acquisition" process and beyond (Site visit implementation and after care services).
- Monitor feedback and report back to the system.

The training program (18-22 March) provided a quick overview of these specific tasks which an investment promotion officer should be able to execute.

A new organizational structure based on a focused, more disciplined approach and measurable by outputs should be put in place at JIB to follow through with the objectives of the training program.

Suggested Outputs for the Department.

For an Investment Promotion department:

- Marketing and sales strategy
- Sector strategies (company lists, backward linkaging maps)
- Customer value models per sector/ region
- Country comparative charts (benchmarking)
- Retention strategies and aftercare
- Site visit implementation and reporting
- Follow-up contacts, leads, etc.

For a Research Department:

- Identification of general market and sector trends
- Factor analysis (labor, legal, operating costs)
- Maintenance of a “library of information” for Data Base and promotional material.
- Identification of local suppliers for local/regional sourcing

4. Recommendations for medium-term needs

- ✓ A **monitoring system** should be put in place containing selected indicators for performance measurements, i.e.: number of contacted companies, follow-up response time, response time for requests for information, number of draft itineraries, number of final itineraries, number of site visits, etc.
- ✓ IPO's should initiate **market and investor intelligence source** searches once sectors and sub-sectors are clearly defined.
- ✓ IPO's should commence working under **performance measurement standards** as established by management.
- ✓ IPO's should be prepared to give a complete general country presentation, including: investment climate, business opportunities and general business environment.
- ✓ IPO's should continue visiting companies and key players in selected sectors and generate customer value models.

III. Proposed Outline for an Investor Information Data Base for The Jordan Investment Board

1. Introduction

One of the primary needs of most investors is the need for reliable and timely information, particularly information on the costs of operating in the country. To better respond to these investor information needs, investment promotion agencies need to create “investor databases” that facilitate the information gathering process for the investor by providing objective and up-to-date information in an efficient manner.

The current system used by the Jordan Investment Board (JIB) focuses on periodic publications of large amounts of statistical data, as well as other more specific publications. Some attempt is made to deliver this information via the internet site, although this mechanism still does not deliver the type of information that the JIB needs to better execute its mandate.

Rather than focusing on costly promotional publications, it is important to dedicate time to the development and maintenance of a detailed electronic database which can regularly be updated at minimum cost and be made available through JIB's internet site for all Jordanian promotional agencies.

Systematic data collection in different categories in an appropriate format for their delivery to investors should be the responsibility of a research department in an Investment Promotion Agency. In this case, however, due to specific JIB constraints, this task has been assigned to a Jordanian consulting firm in phase one. Subsequent maintenance is the responsibility of JIB. The Data Base will contain detailed information in several categories (See Annex for complete outline list of documents).

The benefit of having a sheet by sheet approach is that information “packs” for the investor can be customized to fit the sector/interest of the inquiry and, when data changes only individual sheets need to be changed. The traditional option of printing all available data in book or pamphlet form inevitably renders the material out-of-date very quickly.

Eventually, the JIB should use this information to create **country comparative sector value models** for companies looking to invest in Jordan, which compare the cost of doing business in Jordan with that of its primary competitors in the region in priority sectors.

Over time, the investor database should grow in size and content as a result of additional research undertaken for potential investors. The maintenance of these databases, which mostly involves keeping the information current, should be a major activity of the program.

2. Procedures for Creating and Maintaining a Database at the JIB

a) Creation, Maintenance, and Expansion of the Investor Database

Al Jidara will generate the initial documents that are shown in the outline in Attachment I. Once those documents have been developed, new documents are added based on investor inquiries for information. Further data base documents will be the responsibility of the JIB Investment Promotion Department and the Research Department. For example, every time an investor requests information that is not in the data base, the JIB officer requested will send a note to the manager of the FDI Promotion department (or other designated person within the JIB), identifying the possibility for a new document to be added to the data base. The manager will then assign responsibility for the creation of this document to someone within the investment department, or request assistance from another department within the JIB if appropriate. The person assigned the responsibility for developing the document must produce the document within a short period of time (previously agreed to) since quick response to investor inquiries is vital to the success of the program!

b) Development of the Document

Documents should be brief and informative, no more than 1 or 2 pages, given that the purpose of the document is to provide basic information on a particular subject. If the investor wishes more detailed information on, for example, labor rights in Jordan, the client should be directed to talk directly with a lawyer or other informed source, since JOIN US or JIB promotional staff should not provide legal advice.

Prior to developing a new database document, the individual assigned the task should research the subject carefully and prepare a draft using a pre-determined format to be used for all of the database documents (specific font, size, layout, and documents maintenance information developed by Al Jidara will be respected and maintained in all documents).

c) Review of the Document

The review process must follow two steps: a **language review** (the review should be carried out by a native English speaker with excellent writing skills) and an **accuracy review** (a JIB supervisor/manager). The document will then be sent to the manager of the FDI Promotion Department who will review and approve it for final inclusion into the database. All staff members should be kept informed of new documents being included in the database. This process should be as expedite as possible!

d) Maintenance of the Database

All documents in the database should be subject to periodic review, the frequency depending on the nature of the information itself. Update alerts will be included in sheets that so require. The Data Base manager will be responsible for assigning the task to the appropriate people. If, as part of the review process the document is altered, the process described above must be followed.

3. Media for Information for Investors Database

The information should be stored and managed electronically (CD and Internet site), but all documents need to be formatted for printing for use by JIB staff or other promotional agencies, when required. When printed, the individual sheets or “data sheets”, will all be presented in a common format and with JIB’s logo and contact information as header/footer as well as any other Jordanian investment promotion agency logo, when pertinent.

ANNEX

Investor Information System: Document Listing

- **No document should exceed 2 pages (preferably one), unless strictly necessary.**
- **Use graphs/charts or other visuals wherever possible. Less text is better.**
- **There is a difference between promotional material and factual information. Not to be mixed!**

Politics & General Country Information

General information

Characteristics of the political system (Democratic Monarchy with division of powers).

Structure of Government

Overview: legislative, executive and judicial

Electoral System & Process

Electoral process and its judicial supervision, presidential elections, parliamentary elections, popular representation.

Political System and Parties

Legal framework regulating the formation of political parties, historical overview, political parties, ruling party.

Economy

General Economic Information

Overview of the present economic situation: country's external position, inflation and monetary policy, breakdown of GDP, Capital market indicators, foreign exchange & stock market development.

Create easy to read boxes with key indicators

Government Policy (Fiscal, Monetary & Other)

Overview of fiscal and monetary stability, monetary policy, fiscal policy, assistance programs & donors.

Inflation

Overview, historical indicators and performance, projections.

Foreign Exchange

Overview & Historical exchange performance, measuring foreign exchange rate

Foreign Debt

External debt position, debt structure, debt service, sovereign ratings, international credit rating

Balance of Payments

Jordan's External position, Balance of payments during the last 5 years.

FDI and Export Details

Foreign Direct Investment overview, FDI flows, major international projects, export details, export destination, composition and structure, list of major international projects and investments.

Population/Demographics

General National Population Statistics

Total population, active population by sex and age, unemployment and underemployment rates, birth rate, literacy rate, infant mortality rate, labor and educational statistics.

Jordan's Regions: some statistics

Overview, general population indicators, population density, labor statistics

Rural Vs Urban Population information

Breakdown of Jordan's population, urban/rural population ratio, sex distribution, regional distribution, labor and employment growth sector.

Sectoral Statistics

Overview and breakdown of sectoral employment and growth potential.

Education / Human Resources (Selected sector pertinent)

General Education Information

Overview, secular system, promotion in education, pre-university education, higher education, government vision for pre-university education, government vision for higher education.

Primary, Preparatory & General Secondary Education Statistics

Statistical tables about secular pre-university education, pre-university education, regional figures about pre-university education, experimental pre-university education.

Technical/Vocational Statistics

Summary table about technical secondary education (pre-university), technical education (higher).

University Education and statistics

Detail of the public and private universities and colleges in Jordan offering college study programs, number of enrolled students & graduates per year by sector pertinent degrees.

Human resources

Overview about the human resource standards, training programs, training subsidies, literacy indicators.

Wages/Salaries (Selected sector pertinent)

General Labor Information

Overview on the labor law, the national council for wages, labor law provisions.

Fringe benefits description and breakdown

Detailed description of the fringe benefits normally paid to workers. This should include a percentage break-down of obligatory and optional benefits, when they are paid, percentage covered by employee and percentage covered by employer.

Salaries and Wages in Domestic Firms

Statistical tables of salaries and wages in domestic firms distributed by sex and divided into administrative and professional salaries both in private and public firms, General professional salaries and technical.

Salaries and Wages in International Firms

Statistical tables of administrative and professional salaries calculated upon monthly average salaries.

Wages in domestic firms by sector

Statistical tables of average wages by sex for selected sectors.

Wages in International firms by Sector

Statistical Tables of average wages by sector.

Labor Overview

General Information

Statistics regarding labor force in Jordan: labor force by region, distribution of the employed population by rural/urban, distribution of the employed population by region and sector,

average number of working hours in the private sector by activity, and training centers distributed by region.

Labor Legislation

Document summarizing labor obligations and rights. Immigration requirements and procedures for foreign workers, employer requirements, employment contracts, working hours, work certificates and permits, employee's file, labor unions, dismissal and termination, social security system, public and health insurance, profit sharing, social insurance contribution.

Natural Resources & Geographic Profile

General Information

Document outlining and describing the main aspects of Jordan's geography, hydrology, geology, fauna, flora, hydrology, ecology, climate and weather.

Environmental Requirements

Overview of environmental impact assessment (EIA), the required documents for (EIA), (sample of projects in each category), national, international and regional legislation, The Agency Responsible for Environmental Impact Assessment (EIA) Approval: mission and principles functions.

Legal Framework and Operating in Jordan

Forming a Company

Forms of companies and their legal framework, representative branch offices, locally incorporated entities, general costs and procedures of establishing a company, franchising, mergers and acquisitions.

Create a flow chart of procedures for incorporation, including average amount of days and costs.

Visa requirements and work permits

A general document that outlines and describes the types of visa (entry visa, procedures for obtaining a visa, fees for obtaining a visa, health requirements, work permits)

9. Investment Regimes: General Information

9.1 Inland Investment

Application procedures and forms

Fees and charges

Taxation

Customs and import duties

9.2 Free Zones: Foreign currency registration and controls, sales to local customs secured area. Location and total area, Industrial zone allocation, general procedures investors have to undertake for land allocation:

Application procedures and forms

Fees and charges

Taxation

Customs and import duties.

9.3 Special Economic Zones: Overview Aqaba Special Economic Zone

Application procedures and forms

Fees and charges

Taxation

Customs and import duties

9.4 Qualifying Industrial Zones (QIZs)

General description of the regime, market access & products included in this protocol, Application procedures, QIZ locations

10. International Organization Membership, Market Access, and Special Trade Regimes

General Overview: trade liberalization, multilateral and regional agreements, bilateral agreements, regional development cooperation agreements)

10.1 FTA-US

10.2 Other Bilateral Treaties (EU/Asia)

10.3 Multilateral Agreements (GSP, WTO)

10.4 COMESA

10.5 The League of Arab States & GAFTA

10.6 MEDA Access

10.7 Other Market Access Issues

11. Transportation. General Information

11.1 Air Cargo: To top International Hubs

Schedules and Carriers, Special Commodity and Transport Capacity

11.2 Passenger Transportation: Direct and Non-direct passenger service.

Airlines, Flight Information, Frequency, Cities served, Charters

11.3 Land Transportation

Overland Transportation costs to top ten international destinations for Jordanian trade, include transport capacity.

11.4 Sea Transportation

Seaport Facilities: contact information, port services, capacity & access, of nearby ports.

11.4.1 Major Shipping Lines serving North America. Include contact information, services, frequency of services/ schedules, rates for specific commodities for each major shipping line (including rates for 20 foot and 40 foot containers).

11.4.2 Major Shipping Lines serving the Europe Include contact information, services, frequency of services/ schedules, rates for specific commodities for each major shipping line (including rates for 20 foot and 40 foot containers).

11.4.3 Major Shipping Lines serving Asia. Include contact information, services, frequency of services/ schedules, rates for specific commodities for each major shipping line (include rates for 20 foot and 40 foot containers).

11.4.4 Major Shipping Lines serving the Middle East. Include contact information, services, frequency of services/ schedules, rates for specific commodities for each major shipping line (include rates for 20 foot and 40 foot containers).

11.4.5 Major Shipping Lines serving Africa. Include contact information, services, frequency of services/ schedules, rates for specific commodities for each major shipping line (include rates for 20 foot and 40 foot containers).

11.4.6 Major Shipping Lines serving South America. Include contact information, services, frequency of services/ schedules, rates for specific commodities for each major shipping line (include rates for 20 foot and 40 foot containers).

12. Infrastructure:

12.1 Services

12.1.1 Fuel (Gas, Diesel, Bunker) Prices and technical info.

12.1.2 Rental rates (office space & standard factory shell costs by major city or region)

12.1.3 Telecommunications, providers, rates, (cellular and fixed; local and international)

12.1.4 Utilities

12.1.5 Water +Sewage Rates

12.1.6 Domestic and Industrial Electricity Rates by region or major city

12.1.7 Waste disposal rates

12.1.8 Construction companies and services

12.1.9 General Support Companies

12.1.10 Urban transportation system overview: tariffs and network maps for major cities

12.2 Providers of Professional Services

12.2.1 Legal advisors

12.2.2 Consulting companies

12.2.3 Accounting firms

12.2.4 Customs Brokers

12.2.5 Insurance companies

12.2.6 Real Estate brokers

12.2.7 Construction companies

12.3 Land availability

Land Costs/valuation by city/region

13. Banking/Financial Services

Banking and Financial services in Jordan: Overview of banking system, electronic banking, banking law, top performing banks in Jordan (public and private))

14. Risk Management and Dispute Settlement: Overview, laws and regulations, dispute settlement committee, international treaties and conventions)

14.1 The Multilateral Investment Guarantee Agency (MIGA)

14.2 Overseas Private Investment Corporation (OPIC)

14.3 American International Group (AIG)

14.4 Islamic corporation for Insurance of Investment and Export Credits (ICIEC)

14.5 Inter-Arab Investment Guarantee Corporation (IAIGC)

14.6 Jordanian Businessmen's Association (EBA)

14.7 International Centre for Settlement of Investment Disputes (ICSID)

15. Associations and Chambers in Jordan

Overview, classification of the chambers, governmental and non governmental, list of chambers: American Chamber of Commerce, German- Arab chamber of Industry and Commerce, British Jordanian business association (BEBA), Jordan-US business council, Jordanian Exporter's association, Jordanian businessmen's association, etc.

16. Quality of Life: general document on life in Jordan

16.1 Schools: List of international schools and the educational systems adopted by each (British, American, Dutch, French and other schools)

16.2 Medical and Health: Quality of medical services in Jordan, List of recommended hospitals and list of recommended physicians

16.3 Culture and entertainment: Museums, Art and Music Centers Cultural Centers.

16.4 Shopping: Overview of availability of malls, Supermarkets Souvenirs, Luxury Retail Stores

16.5 Housing: Housing availability, favored residential areas, and real estate agents.

16.6 Tourism and Hotels: Tourism areas, and list of the top hotels in Jordan.

16.7 Leisure Activities: Overview of leisure activities, health clubs, sports clubs, cinema and theatre, golfing, horseback riding, fishing, amusement parks and night life

16.8 Press: official and non official newspapers, available foreign newspapers, foreign and local periodicals.

17. Sectors

Sector Information: Sector specific information for each priority sector including general information, input costs and infrastructure available, historical performance, contribution to GDP, raw materials and components utilized (and their cost), processes, technology Level/Product Quality, key statistics, main players, track record, S.W.O.T. Analysis, 4-5 pages per sector.

18. Comparative Information Middle East and North Africa (benchmarking countries).

For each country: General information, Promotional materials, Incentives, Investment regimes, Factor costs, Competitive positioning, Investment reports

19. Global Information on target markets. For each country:

General information, Promotional materials, Incentives, Investment regimes, Factor costs, Competitive positioning, Investment reports

United States of America, United Kingdom, Germany, Italy, France, South Africa, Singapore, Turkey, Malaysia, South Korea, Hong Kong, China, Taiwan, Thailand, India

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