

TERMS OF REFERENCE

RG-T3831

Analysis of Investment retention and aftercare programs, and digital tools for FDI attraction in LAC region

Background:

Foreign direct investment (FDI) helps economic growth as the evidence indicates that each \$1 invested in investment attraction programs can generate up to US \$187 in the host economy, depending on the depth of intervention in the institution. However, the global FDI fell 42% in 2020, with a 37% decline in LAC, and expectations for 2021 greenfield announcements fell by 46%. Therefore, the question now is: how to promote and generate investment with a public shrinking budget, while competing for funds against urgent pressures like the sanitary and social crisis? One option is innovation. The experience confirms that IPAs investing in new tools and innovative programs, personnel training, promotion, and facilitation, are the ones that obtain better results.

Under this situation, where: (1) foreign companies have canceled or delayed their expansion plans, (2) travel is minimal and contacts are maintained online, since conferences / fairs have been canceled and, (3) localized foreign companies have support needs. "Taking care" of those companies or institutions already installed takes acquires greater predominance so that they do not relocate or reduce their activity, do not cause layoffs of workers, boost the local economy by hiring local companies, and serve as an example of the benefits of the country / territory in commercial promotion work.

Thus, "*aftercare*" or post-establishment facilitation services, and those more strategic to support the development of subsidiaries and generate local economic impact, become crucial. These services include all those that can be offered to companies by the government and institutions, designed to facilitate the constant development of a foreign affiliate in a host country or region, maximizing its contribution to the development of the local economy. Aftercare services are important for three fundamental reasons: (1) they offer support to foreign companies already located in their daily operational needs and facilitate the expansion of their projects (for example, attracting reinvestment); (2) they work with existing investors so that they remain and expand their presence in the country and do not close down or relocate (safeguarding investment); and (3) they maximize the foreign investor's contribution to the local economy, especially in supply chains. This creates ties with the local economy, making relocation more difficult.

In addition to the aftercare and retention services, digital transformation for IPAs has become almost mandatory in a very short time together with investment tools more suited to businesses realities, but few agencies are ready to respond to investors. At the same time the pandemic has caused a serious decline in gender equality in the labor and investment markets, particularly in developing countries. The objective is, on the one hand, to support IPAs to incorporate digitalization in their services, country value proposition, teams and processes, and on the other hand, to identify the most suitable tools to stimulate FDI and what role FDI can play in reducing the gender gap. Activities can include testing pilots of chatbots to answer to

investors, drones to record images of industrial zones, artificial intelligence to generate leads, georeferencing maps/platforms (zoom prospectors / data microsites), virtual reality tours, data tracking service, revamped online value propositions, workforce sharing platform, online MOOC, financial tools, talent related activities, etc.

During the pandemic, 77% of national IPAs worldwide have provided COVID-related information and services online as they developed specialized virtual platforms and tools. The response, however, has been asymmetric, and differences in their digital capacity, culture and resources have surfaced. Also, increased competition among countries to attract and retain FDI is another important challenge that IPAs are facing, currently shifting their focus from FDI attraction to FDI retention (aftercare), save as many jobs as possible, and help with a faster recovery. Therefore, it is necessary to implement enhanced strategic partnerships and regional cooperation, to pool resources, find innovative solutions to challenges, and expand service offerings. As an example, IPAs in less developed regions at the subnational level can increase the inflow of investment by 71% and the jobs created by 102% (LSE 2019). The most sophisticated IPAs have also looked at generating a more dynamic access to finance to attract innovation- and research-related foreign direct investment which generates spillovers in the local ecosystems.

The team:

The Integration and Trade Sector (INT) of the Bank performs the following functions: (i) spearhead the design and execution of national and regional operations (loans, TCs and direct assistance) that promote regional cooperation; from the creation of border infrastructure to the management of regional public goods and the negotiation of treaties; (ii) analyze and recommend public policies on export promotion, investment attraction, and trade opening and facilitation; (iii) create knowledge from research and business statistics; and (iv) develop skills in the public sector, support the private sector by accompanying SMEs that wish to export and join global value chains, and facilitate networks and events that seek exchange between entrepreneurs and public officials. The Trade and Investment Division is charged with initiating and executing the sector's operational portfolio.

What you'll do:

- Investigate best international practices in investment retention programs, aftercare programs, as well as the digital tools used. For this, the IPAs that have proven to be more successful in retaining and expanding existing investments should be analyzed, as well as those that best use digital tools to provide aftercare services.
- Conduct a mapping of the investment retention and aftercare programs, and the digital tools used by IPAs, in the LAC region. The weaknesses and strengths of these programs and tools should be identified in order to make a comparison with the best international practices. The four different groups of countries in the region should be taken into consideration: Southern Cone, Andean Group, Caribbean Group, and Central American Group.
- Based on the mapping of the region with current existing programs and tools, and after having identified the best international practices, make a series of general recommendations for the LAC region in investment retention and aftercare programs, and identify the best digital tools for the IPAs in LAC.

- Select at least one country from each of the four LAC subregions with specific recommendations on investment retention programs, aftercare, and the recommended digital tools to implement those programmes/services. Organize a workshop with the LAC IPAs exposing the results of the international best practices analysis, the general recommendations for LAC, and the concrete recommendations for the selected countries of the different subregions.

Deliverables:

1. Inception Report and Workplan
2. Benchmark analysis of best international practices in investment retention/aftercare programs and the digital tools used.
3. Mapping and general recommendations for LAC in investment retention and aftercare programs, and digital tools used.
4. Country-specific recommendations report for each of the LAC regions
5. Regional Workshop
6. Final report and power point with findings.

Payment timeline:

Consultant will send the Team Leader invoices against specific deliverables.

Payment Schedule	
<i>Deliverable</i>	%
1. Inception Report and Workplan	10%
2. Benchmark analysis of best international practices in investment retention/aftercare programs and the digital tools used.	20%
3. Mapping and general recommendations for LAC in investment retention and aftercare programs, and digital tools used.	25%
4. Country-specific recommendations. One report for each of the LAC regions	20%
5. Regional Workshop	15%
6. Final report and power point with findings.	10%
TOTAL	100%

Skills:

Education: Bachelor's in Economics, Business Administration, or similar studies. Postgraduate and / or master's degrees in areas related to FDI, International Trade, Project Management and evaluation, or Commercial management, will be highly valued.

Experience: Proven professional experience of at least ten (10) years in the public and / or private sector, nationally or internationally, on issues related to the attraction, retention and promotion of FDI. Knowledge and experience of international successful IPAs and in Latin America. Experience in comparing best practices.

Languages: High proficiency of Spanish is required

Core and Technical Competencies:

- Knowledge in advising governments or institutions in attracting investments, promoting exports and improving the business climate.
- Demonstrated experience analyzing investment retention and aftercare programs and experience with digital tools to attract FDI.
- Knowledge of FDI, especially in the LAC region, Investment and Promotion Agencies (IPAs), macroeconomics, and global best practices in FDI attraction.
- Experience working across multiple government organizations and private sector stakeholders involved in trade.
- Highly developed communication skills, including the preparation of high-quality reports and the delivery of presentations.
- Ability to work under pressure, and to meet tight deadlines without compromising the quality of outputs.
- Ability to maintain confidentiality and use discretion when dealing with sensitive information.
- Cultural awareness and sensitivity to country-specific issues.

Opportunity Summary:

- Type of contract and modality: PEC – Products and External Services Contractual
- Length of contract: 12 months
- Starting date: A la firma del contrato
- Location: The consultant's residence.
- Responsible person: Levi Zegarra (INT/TIN)
- Requirements: You must be a citizen of one of the [IDB's 48 member countries](#) and have no family members currently working at the IDB Group.

Our culture: Working with us you will be surrounded by a diverse group of people who have years of experience in all types of development fields, including transportation, health, gender and diversity, communications and much more.

About us: At the Inter-American Development Bank, we're devoted to improving lives. Since 1959, we've been a leading source of long-term financing for economic, social, and institutional development in Latin America and the Caribbean. We do more than lending though. We partner with our 48 member countries to provide Latin America and the Caribbean with cutting-edge research about relevant development issues, policy advice to inform their decisions, and technical assistance to improve on the planning and execution of projects. For this, we need people who not only have the right skills, but also are passionate about improving lives.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. The Bank, pursuant to applicable policies, may contribute toward travel and moving expenses. In addition, candidates must be citizens of an IDB member country.

Visa and Work Permit: The Bank, pursuant to applicable policies, may submit a visa request to the applicable immigration authorities; however, the granting of the visa is at the discretion of the immigration authorities. Notwithstanding, it is the responsibility of the candidate to obtain the necessary visa or work permits required by the authorities of the country(ies) in which the services will be rendered to the Bank. If a candidate cannot obtain a visa or work permit to render services to the Bank the contractual offer will be rescinded

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the IDB, IDB Invest, or MIF as staff members or Complementary Workforce contractuals, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, and religion. We encourage women, Afro-descendants and persons of indigenous origins to apply.

TERMS OF REFERENCE**RG-T3831****SUPPORTING LAC IPAS AND EDO'S DIGITAL TRANSFORMATION AND INVESTMENT ATTRACTIONS TOOLS AFTER COVID-19 TO STRENGTHEN LAC REGIONAL VALUE CHAINS****1. Background and Justification**

- 1.1. Foreign direct investment (FDI) helps economic growth as the evidence indicates that each \$1 invested in investment attraction programs can generate up to US \$187 in the host economy, depending on the depth of intervention in the institution. However, the global FDI fell 42% in 2020, with a 37% decline in LAC, and expectations for 2021 greenfield announcements fell by 46%. Therefore, the question now is: how to promote and generate investment with a public shrinking budget, while competing for funds against urgent pressures like the sanitary and social crisis? One option is innovation. The experience confirms that IPAs investing in new tools and innovative programs, personnel training, promotion, and facilitation, are the ones that obtain better results.
- 1.2. Digital transformation for IPAs has become almost mandatory in a very short time together with investment tools more suited to businesses realities, but few agencies are ready to respond to investors. At the same time the pandemic has caused a serious decline in gender equality in the labor and investment markets, particularly in developing countries. The objective is, on the one hand, to support IPAs to incorporate digitalization in their services, country value proposition, teams and processes, and on the other hand, to identify the most suitable tools to stimulate FDI and what role FDI can play in reducing the gender gap. Activities can include testing pilots of chatbots to answer to investors, drones to record images of industrial zones, artificial intelligence to generate leads, georeferencing maps/platforms (zoom prospectors / data microsites), virtual reality tours, data tracking service, revamped online value propositions, workforce sharing platform, online MOOC, financial tools, talent related activities, etc.
- 1.3. InvestChile's vision as the national Investment Promotion Agency (IPA) is to be a relevant and coherent piece of the country's economic growth and development policy, with the main axis of its mission being the active search for investment projects that positively impact the country's sustainable economic development goals. Territorial diversification (at the region - country level) in the location of FDI is part of the key attributes of high-impact investment, especially insofar as it contributes to the development of lagging geographical areas, by being linked in a socially fair way to the territories, promoting the specialization of regional talent, and strengthening sector ecosystems by linking them to the local productive system.
- 1.4. In terms of FDI promotion in Chile at the subnational level, each territory has its own advantages and opportunities, as well as challenges that each region faces regarding productive development and availability of talent, among many other variables. This specificity at the regional level and heterogeneity at the national level requires a

coordinated effort between the territories and the central level, which makes it possible to connect regional opportunities with the interests of investors in an effective way and consistent with the country's image and the national value proposition. In this context, InvestChile's mission with respect to the regions is to advise and facilitate the development of its own capacities to promote and attract more and better investments, in accordance with the productive capabilities and strategic development objectives of each territory, ensuring coherence among the investment attraction actions of regional governments.

- 1.5. Additionally, it is very relevant to consider the political-administrative context in which the country's regions are. Parallel to the implementation of a coordination model for the promotion and attraction of FDI at the regional level, the country is in the process of implementing Law 21,074 of 2018, which introduces a series of modifications to different legal bodies with the objective of strengthening the regionalization in Chile, providing greater autonomy in its management and increased functions and powers of regional governments. This law creates a mechanism for the transfer of powers from the President of the Republic to the regional governments, provides the possibility of managing metropolitan areas, and the creation of three new divisions in regional governments: Productive Development and Industry, Social and Human Development, and Infrastructure and Transportation.
- 1.6. In this context, it becomes even more relevant for InvestChile to have an operating model with the territories, supported by digital tools, which allows compliance with the legal mandate to coordinate and ensure the coherence of regional efforts to promote and attract FDI.

2. Objectives

The general objective of this consultancy is to design a digital tool for InvestChile that allows the coordination of FDI attraction efforts between the national and sub-national levels so that foreign investments reach all regions of the country, taking advantage of the opportunities offered by each one of them and in line with the national strategy.

3. Scope of Services

- 3.1. The firm will autonomously carry out the works described in this consultancy, against a payment for all concepts distributed over time according to the payment schedule, and against the presentation of the required deliverables at each stage of the process.
- 3.2. The firm will work in coordination with InvestChile and the competent regional organizations so that the design of the proposed digital tool is adapted to their needs.

4. Key Activities

- 4.1. Mapping of the main stakeholders such as InvestChile and the regional organizations involved in attracting FDI in Chile. Once identified, workshops and focus groups will be organized with them to discuss the opportunities and challenges in the design of a digital tool to foster FDI in Chile. Identification of specific needs, key processes, and critical elements.

- 4.2. Prepare a mapping of the current digital tools, systems, and processes that exists in Chile for management of investment leads, facilitation services and coordination
- 4.3. Design a prototype digital tool for Chile, taking into account the previous inquiries and analysis, that is, considering the FDI promotion and facilitation processes that currently exist, the identified needs, as well as the best international practices. This design should indicate what possibilities offers, the challenges, as well as the technological and legal bases that it may imply.
- 4.4. The prototype must be able to include information flows in both directions, that is, FDI opportunities can be announced from the state level, just as the regions must be able to offer investment opportunities, so that there is constant flow of up-to-date information between the two levels.
- 4.5. Organize a webinar with the main stakeholders to present the prototype of the digital tool
- 4.6. Draft the Terms of Reference that are required for the procurement of the firm that will develop the technological structure. Once this firm is hired, work should be done in coordination with it to create the IT structure and the subsequent implementation of this digital tool.
- 4.7. Elaborate a toolkit of main recommendations and guidelines when a national IPA is considering to design a national-subnational collaboration tool to promote FDI.

5. **Expected Outcome and Deliverables**

- 5.1. The general result of this consultancy is to design a digital tool that allows the coordination in the efforts to attract FDI to Chile, between the national and sub-national level, promoting foreign direct investment to the regions.
- 5.2. The expected deliverables are the following:
 - i. Deliverable #1: Inception Report and Work Plan
 - ii. Deliverable #2: Stakeholders and focus group report
 - iii. Deliverable #3: Mapping of current digital tools in Chile, recommendations, and roadmap report
 - iv. Deliverable #4: Digital tool Prototype
 - v. Deliverable #5: Draft of Terms of Reference for technological development firm
 - vi. Deliverable #6: Webinar
 - vii. Deliverable #7: Toolkit: Main guidelines when considering the design of a collaboration tool for FDI promotion
 - viii. Deliverable #7: Final Report and presentations

6. **Project Schedule and Milestones**

6.1. The project will have a total duration of 9 months with the following milestones:

<u>Deliverables #</u>	<u>Submission deadline</u>
Deliverable #1	No more than 2 weeks s after signing the contract
Deliverable #2 and #3	No more than 8 weeks after delivery of product # 1
Deliverable #4 and #5	No more than 16 weeks after delivery of product # 3
Deliverable #6 and #7	No more than 8 weeks after delivery of product # 6
Deliverable #8	No more than 2 weeks after delivery of product # 8

7. **Reporting Requirements**

- 7.1. The work plan must include a detailed calendar and a description of the methodology, covering all the activities that will be carried out within the framework of this consultancy.
- 7.2. The digital tool prototype report should include an executive summary and a Power Point presentation.
- 7.3. Reports must be submitted in Spanish

8. **Acceptance Criteria**

- 8.1. The Bank will approve each report (Microsoft Word and PowerPoint) presented in accordance with the schedule and contents described above.

9. **Other Requirements**

- 9.1. Contractual teams should have specific expertise and knowledge, which will be the main criterion for their selection. It is anticipated that the team would comprise of individuals with strong competencies in the areas below, but this is not meant to restrict team compositions to the exact roles described below.
- 9.2. The firm must have a team that includes at least one international consultant and one local consultant, or to be able to travel to Chile, fluent in Spanish.
- 9.3. **Education**: the consultants must have a Bachelor's in Economics, Business Administration, or similar studies. Postgraduate and / or master's degrees in areas related to FDI, International Trade, Project Management and evaluation, or Commercial management, will be highly valued.
- 9.4. **Experience**: consultants must have proven professional experience of at least seven (7) years in the public and / or private sector, nationally or internationally, on issues related to the attraction, retention, and promotion of FDI, as well as knowledge and experience with IPAs in Latin America.
- 9.5. Other **core and technical competencies** that will be valued are:
 - Knowledge in advising governments or institutions in attracting investments, promoting exports and improving the business climate.
 - Demonstrated experience with digital tools to attract FDI.

- Knowledge of FDI, especially in the LAC region, Investment and Promotion Agencies (IPAs), macroeconomics, and global best practices in FDI attraction.
- Experience working across multiple government organizations and private sector stakeholders involved in trade.
- Highly developed communication skills, including the preparation of high-quality reports and the delivery of presentations.
- Ability to work under pressure, and to meet tight deadlines without compromising the quality of outputs.
- Ability to maintain confidentiality and use discretion when dealing with sensitive information.
- Cultural awareness and sensitivity to country-specific issues.

9.6. Interviews and workshops with the private and public sectors must be agreed upon and have the authorization of the Government of Chile and the Bank prior to their conduct.

10. Supervision and Reporting

10.1. The technical and administrative responsibilities of this consultancy will be coordinated by Levi Zegarra (INT/TIN) in collaboration with Queila Delgado (INT/TIN)

11. Schedule of Payments

11.1. Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

11.2. The IDB Official Exchange Rate indicated in the RFP will be applied for necessary conversions of local currency payments.

Payment Schedule	
<i>Deliverables</i>	%
Deliverable # 1	10%
Deliverable #2 and #3	20%
Deliverable #4 and #5	40%
Deliverable #6 and #7	20%
Deliverable #8	10%
TOTAL	100%

TERMS OF REFERENCE

Development of a Digital Tool for national-subnational FDI coordination

SUPPORTING LAC IPAS AND EDO'S DIGITAL TRANSFORMATION AND INVESTMENT ATTRACTIONS TOOLS AFTER COVID-19 TO STRENGTHEN LAC REGIONAL VALUE CHAINS

1. Background and Justification

- 1.1. Foreign direct investment (FDI) helps economic growth as the evidence indicates that each \$1 invested in investment attraction programs can generate up to US \$187 in the host economy, depending on the depth of intervention in the institution. However, the global FDI fell 42% in 2020, with a 37% decline in LAC, and expectations for 2021 greenfield announcements fell by 46%. Therefore, the question now is: how to promote and generate investment with a public shrinking budget, while competing for funds against urgent pressures like the sanitary and social crisis? One option is innovation. The experience confirms that IPAs investing in new tools and innovative programs, personnel training, promotion, and facilitation, are the ones that obtain better results.
- 1.2. Digital transformation for IPAs has become almost mandatory in a very short time together with investment tools more suited to businesses realities, but few agencies are ready to respond to investors. At the same time the pandemic has caused a serious decline in gender equality in the labor and investment markets, particularly in developing countries. The objective is, on the one hand, to support IPAs to incorporate digitalization in their services, country value proposition, teams and processes, and on the other hand, to identify the most suitable tools to stimulate FDI and what role FDI can play in reducing the gender gap. Activities can include testing pilots of chatbots to answer to investors, drones to record images of industrial zones, artificial intelligence to generate leads, georeferencing maps/platforms (zoom prospectors / data microsites), virtual reality tours, data tracking service, revamped online value propositions, workforce sharing platform, online MOOC, financial tools, talent related activities, etc.
- 1.3. InvestChile's vision as the national Investment Promotion Agency (IPA) is to be a relevant and coherent piece of the country's economic growth and development policy, with the main axis of its mission being the active search for investment projects that positively impact the country's sustainable economic development goals. Territorial diversification (at the region - country level) in the location of FDI is part of the key attributes of high-impact investment, especially insofar as it contributes to the development of lagging geographical areas, by being linked in a socially fair way to the territories, promoting the specialization of regional talent, and strengthening sector ecosystems by linking them to the local productive system.
- 1.4. In terms of FDI promotion in Chile at the subnational level, each territory has its own advantages and opportunities, as well as challenges that each region faces regarding productive development and availability of talent, among many other variables. This specificity at the regional level and heterogeneity at the national level requires a coordinated effort between the territories and the central level, which makes it possible

to connect regional opportunities with the interests of investors in an effective way and consistent with the country's image and the national value proposition. In this context, InvestChile's mission with respect to the regions is to advise and facilitate the development of its own capacities to promote and attract more and better investments, in accordance with the productive capabilities and strategic development objectives of each territory, ensuring coherence among the investment attraction actions of regional governments.

- 1.5. Additionally, it is very relevant to consider the political-administrative context in which the country's regions are. Parallel to the implementation of a coordination model for the promotion and attraction of FDI at the regional level, the country is in the process of implementing Law 21,074 of 2018, which introduces a series of modifications to different legal bodies with the objective of strengthening the regionalization in Chile, providing greater autonomy in its management and increased functions and powers of regional governments. This law creates a mechanism for the transfer of powers from the President of the Republic to the regional governments, provides the possibility of managing metropolitan areas, and the creation of three new divisions in regional governments: Productive Development and Industry, Social and Human Development, and Infrastructure and Transportation.
- 1.6. In this context, it becomes even more relevant for InvestChile to have an operating model with the territories, supported by digital tools, which allows compliance with the legal mandate to coordinate and ensure the coherence of regional efforts to promote and attract FDI.

2. Objectives

The general objective of this consultancy is to develop a digital tool for InvestChile that allows the coordination of FDI attraction efforts between the national and sub-national levels so that foreign investments reach all regions of the country, taking advantage of the opportunities offered by each one of them and in line with the national strategy.

3. Scope of Services

- 3.1. The firm will autonomously carry out the works described in this consultancy, against a payment for all concepts distributed over time according to the payment schedule, and against the presentation of the required deliverables at each stage of the process.
- 3.2. The firm will work in coordination with InvestChile and the competent regional organizations so that the development of the digital tool follows the design previously done, and with the technical capacities to be a robust system and user friendly.

4. Key Activities

- 4.1. Coordination with the firm that undertook the tool design to create the IT structure and the subsequent implementation of this digital tool.
- 4.2. Develop a digital tool for Chile, taking into account the previous inquiries and analysis, that is, considering the FDI transfer processes that currently exist between InvestChile and the regions, as well as the best international practices. This tool should not depend on licenses, and be able to have an easy maintenance.

- 4.3. The tool must be able to include information flows in both directions, that is, FDI opportunities can be announced from the state level, just as the regions must be able to offer investment opportunities, so that there is constant flow of up-to-date information between the two levels.
- 4.4. Organize two training workshops with the main stakeholders. One with the users, and another one with the personnel responsible for the maintenance.
- 4.5. Three months in-use testing to make the necessary adjustments.

5. Expected Outcome and Deliverables

- 5.1. The general result of this consultancy is to design a digital tool that allows the coordination in the efforts to attract FDI to Chile, between the national and sub-national level, promoting foreign investment to the regions.
- 5.2. The expected deliverables are the following:
- i. Deliverable #1: Inception Report and Work Plan
 - ii. Deliverable #2: IT structure design report
 - iii. Deliverable #3: First stage implementation report
 - iv. Deliverable #4: Final stage implementation report
 - v. Deliverable #5: 2 Training workshops
 - vi. Deliverable #6: Adjustments and Final report

6. Project Schedule and Milestones

- 6.1. The project will have a total duration of 9 months with the following milestones:

<u>Deliverables #</u>	<u>Submission deadline</u>
<u>#1</u>	No more than 15 days after signing the contract
<u>#2</u>	No more than 12 weeks after delivery of product # 1
<u>#3</u>	No more than 12 weeks after delivery of product # 2
<u>#4</u>	No more than 10 weeks after delivery of product # 3
<u>#5</u>	No more than 7 days after delivery of product # 4
<u>#6</u>	No more than 11 weeks after delivery of product # 5

7. Reporting Requirements

- 7.1. The work plan must include a detailed calendar and a description of the methodology, covering all the activities that will be carried out within the framework of this consultancy.
- 7.2. The digital tool prototype report should include an executive summary and a Power Point presentation.
- 7.3. Reports must be submitted in Spanish

8. Acceptance Criteria

- 8.1. The Bank will approve each report (Microsoft Word and PowerPoint) presented in accordance with the schedule and contents described above.

9. Other Requirements

- 9.1. Contractual teams should have specific expertise and knowledge, which will be the main criterion for their selection. It is anticipated that the team would comprise of individuals with strong competencies in the areas below, but this is not meant to restrict team compositions to the exact roles described below.

- 9.2. The firm must have local presence. The work will be done in Spanish.

- 9.3. **Experience:** firms must have proven professional experience of at seven (7) years developing and implementing software solutions for Customer Relationship Management (CRM) and interoperability of systems. Experience working with Public Sector in Chile will be highly valued.

- 9.4. Other **core and technical competencies** that will be valued are:

- Demonstrated experience developing and implementing software solutions related to Customer Relation Ships (CRM), data management and interoperability of systems.
- Experience working across multiple government organizations and private sector stakeholders involved in trade.
- Highly developed communication skills, including the preparation of high-quality reports and the delivery of presentations.
- Ability to work under pressure, and to meet tight deadlines without compromising the quality of outputs.
- Ability to maintain confidentiality and use discretion when dealing with sensitive information.
- Cultural awareness and sensitivity to country-specific issues.

- 9.5. Interviews and workshops with the private and public sectors must be agreed upon and have the authorization of the Government of Chile and the Bank prior to their conduct.

10. Supervision and Reporting

- 10.1. The technical and administrative responsibilities of this consultancy will be coordinated by the IDB team, lead by Levi Zegarra (INT/TIN), and the team appointed by InvestChile.

11. Schedule of Payments

- 11.1. Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

Payment Schedule	
<i>Deliverable</i>	%
1. Inception Report and Work Plan	10%
2. IT structure design report	20%
3. First stage implementation report	10%
4. Final stage implementation report	20%
5. 2 Training workshops	10%
6. Adjustments and Final report	30%
TOTAL	100%

TERMS OF REFERENCE

SUPPORTING LAC IPAS AND EDO'S DIGITAL TRANSFORMATION AND INVESTMENT ATTRACTIONS TOOLS AFTER COVID-19 TO STRENGTHEN LAC REGIONAL VALUE CHAINS

RG-T3831 – COMPONENT 2

INVESTMENT VEHICLES TO FOSTER FDI

Background:

Foreign direct investment (FDI) helps economic growth as the evidence indicates that each \$1 invested in investment attraction programs can generate up to US \$187 in the host economy, depending on the depth of intervention in the institution. However, the global FDI fell 42% in 2020, with a 37% decline in LAC, and expectations for 2021 greenfield announcements fell by 46%. Therefore, the question now is: how to promote and generate investment with a public shrinking budget, while competing for funds against urgent pressures like the sanitary and social crisis? One option is innovation. The experience confirms that IPAs investing in new tools and innovative programs, personnel training, promotion, and facilitation, are the ones that obtain better results.

The IPAs, particularly those in the developing world, seek to attract “quality” FDI by focusing on the positive effects it can generate, and trying to minimize the negative impacts on the economy. FDI understood in this way can be an important means to reduce the productive and technological gaps with respect to developed countries, and achieve progress on the path towards the economic and social development of the country.

The contribution of FDI to the economic growth of most LAC countries in recent years has been remarkable. But FDI in the Region is closely linked and is very vulnerable to the ups and downs of competitiveness, that is, to the ability to offer conditions so that companies can invest, develop and grow in the territories.

Innovation: The most sophisticated IPAs have also looked at generating a more dynamic access to finance through investment vehicles, to attract innovation- and research-related FDI, which generates spillovers in the local ecosystems. The IPAs of OECD countries are more prone than their LAC counterparts to promote innovation, internal investments, and provide financial incentives (23% in the case of the former and 11% in the latter). In a period of recession in the volume of available foreign investment available, it becomes imperative to modernize the functions of IPAs in LAC and incorporate investment vehicles to promote the growth of investments (foreign, domestic and entrepreneurship), with an impact on job creation and leveraging the GVCs reconfiguration trend.

The team:

The Integration and Trade Sector (INT) of the Bank performs the following functions: (i) spearhead the design and execution of national and regional operations (loans, TCs and direct assistance) that promote regional cooperation; from the creation of border infrastructure to the management of regional public goods and the negotiation of treaties; (ii) analyze and recommend public policies on export promotion, investment attraction, and trade opening and facilitation; iii) create knowledge from research and business

statistics; and (iv) develop skills in the public sector, support the private sector by accompanying SMEs that wish to export and join global value chains, and facilitate networks and events that seek exchange between entrepreneurs and public officials. The Trade and Investment Division is charged with initiating and executing the sector's operational portfolio.

What you'll do:

- Conduct an analysis of investment vehicles for R+D+I FDI attraction. As part of this analysis, the main investment vehicles to attract FDI will be defined and identified in order to determine the best international practices, based on what the most successful IPAs do. For each of the investment vehicles, the consultant should identify the existing services with an assessment of their effectiveness, results, costs, and suitability.
- Conduct a mapping of the investment vehicles used for R+D+i FDI attraction in the LAC region. To do this, it will be necessary to conduct interviews and surveys with the most important stakeholders such as investment banks, investment funds managers, IPAs and EDOs to identify the existing services and their level of development, results and impact. It is also important to identify the areas for improvement and weaknesses of existing investment vehicles in the LAC region.
- Formulate investment vehicle recommendations for the LAC region. These recommendations should be based on the best international practices, which could be successfully transfer, and taking into account the existing services in order to use the most efficient and appropriate vehicles for the region.
- Develop a toolkit with the main steps and methodology required to create one investment vehicles. The investment vehicle will be selected upon the results of the previous analysis, to determine which could be the tool of most positive impact in LAC.
- Organize a webinar in which the results of the previous analysis, the recommendations for the LAC region, and the toolkit to develop the investment vehicle are presented to the most important stakeholders.

Deliverables:

1. Inception Report and Workplan
2. Analysis and definition of investment vehicles to attract FDI
3. Benchmark of international best practices
4. Mapping of existing investment vehicles in LAC
5. Report on the conducted surveys and interviews
6. Report on Recommendations of investment vehicles in LAC
7. Guide for investment vehicle toolkit development
8. Webinar
9. Final Report and power point with main findings.

Payment timeline:

Consultant will send the Team Leader invoices against specific deliverables.

Payment Schedule	
<i>Deliverable</i>	%
<i>Deliverable # 1</i>	10%
<i>Deliverable #2 and #3</i>	15%
<i>Deliverable #4, #5 and #6</i>	35%
<i>Deliverable #7</i>	25%
<i>Deliverable #8 y #9</i>	15%
TOTAL	100%

Skills:

Education: Bachelor's in Economics, Business Administration, Finance, or similar studies. Postgraduate and / or master's degrees in areas related to International Finance, FDI, International Trade, Project Management and evaluation, or Commercial management, will be highly valued.

Experience: Proven professional experience of at least ten (10) years in the public and / or private sector, nationally or internationally on issues related to the attraction, retention and promotion of FDI, especially related to investment vehicles. Knowledge and experience of international successful IPAs and in Latin America. Experience in comparing best practices.

Languages: High proficiency of Spanish are required

Core and Technical Competencies:

- Knowledge in advising governments or institutions in attracting investments, promoting exports and improving the business climate.
- Demonstrated experience analyzing investment vehicles for FDI attraction, especially for R+D+i.
- Knowledge of FDI, especially in the LAC region, Investment and Promotion Agencies (IPAs), macroeconomics, and global best practices in FDI attraction.
- Experience working across multiple government organizations and private sector stakeholders involved in trade.
- Highly developed communication skills, including the preparation of high-quality reports and the delivery of presentations.
- Ability to work under pressure, and to meet tight deadlines without compromising the quality of outputs.
- Ability to maintain confidentiality and use discretion when dealing with sensitive information.
- Cultural awareness and sensitivity to country-specific issues.

Opportunity Summary:

- Type of contract and modality: PEC – Products and External Services Contractual
- Length of contract: 18 months
- Starting date: At the sign of the contract.
- Location: The consultant's residence.

- Responsible person: Levi Zegarra (INT/TIN)
- Requirements: You must be a citizen of one of the [IDB's 48 member countries](#) and have no family members currently working at the IDB Group.

Our culture: Working with us you will be surrounded by a diverse group of people who have years of experience in all types of development fields, including transportation, health, gender and diversity, communications and much more.

About us: At the Inter-American Development Bank, we're devoted to improving lives. Since 1959, we've been a leading source of long-term financing for economic, social, and institutional development in Latin America and the Caribbean. We do more than lending though. We partner with our 48 member countries to provide Latin America and the Caribbean with cutting-edge research about relevant development issues, policy advice to inform their decisions, and technical assistance to improve on the planning and execution of projects. For this, we need people who not only have the right skills, but also are passionate about improving lives.

Payment and Conditions: Compensation will be determined in accordance with Bank's policies and procedures. The Bank, pursuant to applicable policies, may contribute toward travel and moving expenses. In addition, candidates must be citizens of an IDB member country.

Visa and Work Permit: The Bank, pursuant to applicable policies, may submit a visa request to the applicable immigration authorities; however, the granting of the visa is at the discretion of the immigration authorities. Notwithstanding, it is the responsibility of the candidate to obtain the necessary visa or work permits required by the authorities of the country(ies) in which the services will be rendered to the Bank. If a candidate cannot obtain a visa or work permit to render services to the Bank the contractual offer will be rescinded

Consanguinity: Pursuant to applicable Bank policy, candidates with relatives (including the fourth degree of consanguinity and the second degree of affinity, including spouse) working for the IDB, IDB Invest, or MIF as staff members or Complementary Workforce contractuels, will not be eligible to provide services for the Bank.

Diversity: The Bank is committed to diversity and inclusion and to providing equal opportunities to all candidates. We embrace diversity on the basis of gender, age, education, national origin, ethnic origin, race, disability, sexual orientation, and religion. We encourage women, Afro-descendants and persons of indigenous origins to apply.

TERMS OF REFERENCE

Design for a Sustainable Development Goals (SDG) Investment Promotion Tool

RG-T3831

SUPPORTING LAC IPAS AND EDO'S DIGITAL TRANSFORMATION AND INVESTMENT ATTRACTIONS TOOLS AFTER COVID-19 TO STRENGTHEN LAC REGIONAL VALUE CHAINS

1. Background and Justification

- 1.1.** The Integration and Trade Sector (INT) of the Bank performs the following functions: (i) spearhead the design and execution of national and regional operations (loans, TCs and direct assistance) that promote regional cooperation; from the creation of border infrastructure to the management of regional public goods and the negotiation of treaties; (ii) analyze and recommend public policies on export promotion, investment attraction, and trade opening and facilitation; (iii) create knowledge from research and business statistics; and (iv) develop skills in the public sector, support the private sector by accompanying SMEs that wish to export and join global value chains, and facilitate networks and events that seek exchange between entrepreneurs and public officials. The Trade and Investment Division is charged with initiating and executing the sector's operational portfolio.
- 1.2.** FDI contributes to the economic growth of the recipient territories, including not only a greater availability of foreign exchange but also improvements in productivity, the creation of additional capital investment, direct jobs and exports, being a catalyst for productive linkages with local SMEs, and generating transfers of technology/ knowledge. Evidence indicates that each dollar invested in investment attraction programs can generate up to US \$ 187 in the host economy, depending on the depth of intervention in the institution. Additionally, for every US \$ 1 foreigner attracted, US \$ 1 in domestic investment and US \$ 2 in additional exports can be generated. In addition, each job obtained by FDI can contribute to generating one to two local jobs.
- 1.3.** Countries, particularly those in the developing world, seek to attract "quality" FDI by focusing on the positive effects it can generate, and trying to minimize the negative impacts on the economy. FDI understood in this way can be an important means to reduce the productive and technological gaps with respect to developed countries and achieve progress on the path towards the economic and social development of the country.
- 1.4.** The contribution of FDI to the economic growth of most LAC countries in recent years has been remarkable. But FDI in the region is closely linked and is very vulnerable to the ups and downs of competitiveness, that is, to the ability to offer conditions so that companies can invest, develop and grow in the territories.
- 1.5.** However, the global FDI flows fell 42% in 2020, with a 37% decline in LAC, and expectations for 2021 greenfield announcements fell by 46%. Therefore, the question now is: how to promote and generate investment with a public shrinking budget, while competing for funds against urgent pressures like the sanitary and social crisis? One option is innovation. The experience confirms that IPAs

investing in new tools and innovative programs, personnel training, promotion, and facilitation, are the ones that obtain better results.

1.6. The Plan for the Economic Recovery of Guatemala 2020 highlights that investment intentions in the country are decreasing, and with it, the possibilities of generating more jobs. That is why its second axis consists of actions to attract more strategic investments to the country. Given the fierce competition that exists among the countries of the region to attract FDI, innovative alternatives must be sought in the investment attraction strategy that are in line with the requirements currently demanded by international investors.

1.7. Sustainable Development Goals (SDGs): The impacts of climate change, social unrest for more equitable distribution of wealth, and the need for greater diversity have influenced the design of the SDGs Agenda, as well as the objectives of individual countries, and FDI has a role to play. Multinational Enterprises (MNEs) are also working in the same direction, sometimes motivated by pressure by stakeholders and consumers, and in other times by their home country directives.^{1[1]} This generates opportunities for IPAs to support MNEs in this area, adding significant value to the IPAs' value proposition and improving their countries' progress towards the 2030 agenda. IPAs' new services are on that path (local linkages, geographically diverse location offer), but there is still a need to further understand and promote advances in this direction, as demonstrated by climate change and social demands.

2. Objectives

2.1. The general objective of this consultancy is to analyze the role of Sustainable Development Goals (SDGs) in promoting Foreign Direct Investment (FDI) from the perspectives of demand (potential investors) and offer (countries), and develop a pilot using agile methodology, to benefit from learning by doing approach, intending to develop the most accurate program to foster sustainable FDI. The goal is to identify best practices and findings on how LAC IPAs can take on this trend to improve their value propositions and to contribute to their own countries' objectives.

3. Scope of Services

3.1. The firm will: (i) carry out an analysis of the SDGs' role in FDI promotion and best practices to achieve positive spillovers in the host country. An estimated duration of 6 months to do the analysis. (ii) design and implement a pilot program in Guatemala with PRONACOM, using agile methodology to benefit from learning-by-doing, intending to develop an accurate program to foster sustainable FDI. Three months for design and one year for agile implementation will be required; and (iii) communicate the findings and results through one technical note and one webinar with the IPAs of region.

¹ As an example, 70% of the world's largest MNEs already have a mandate to report on progress on gender equality objectives, among other SDGs objectives. Source: UNCTAD's [World Investment Report 2020](#).

- 3.2. The firm will autonomously carry out the works described in this consultancy, against a payment for all concepts distributed over time according to the payment schedule, and against the presentation of the required deliverables at each stage of the process.
- 3.3. The firm will work in coordination with the IDB's team and PRONACOM, the national IPA of Guatemala, so that the design of the SDG investment promotion tool is adapted to the needs of the country.

4. Key Activities

- 4.1. Analyze the trends on Sustainable FDI from the demand (companies) and offer (countries), which are the factors and indicators apply, and future outlook. It is important to understand which are the drives from the companies side, from host countries regulations to consumers and stakeholders pressures, and which are the countries drives like environmental concerns and social demands. Focus groups with investors will be done.
- 4.2. Conduct a mapping of international IPAs that are already conducting FDI attraction campaigns or other SDG investment promotion tools linked to promote Sustainable FDI. Understand which is the role, or potential role of FDI on the SDGs achievement, and how they relate to each other (indicators, variables, etc.). Interviews with three identified best practices IPAs, to identify the model, benefits and challenges overcome.
- 4.3. Elaborate a technical note with the analysis and benchmark undertook, and include findings and recommendations for LAC.
- 4.4. Identify the main stakeholders involved in the fulfillment of the SDGs, international investors with operations already established, and FDI promotion and facilitation institutions in Guatemala. Later, organize focus groups to discuss the opportunities and challenges in the design of the investment promotion tool linked to the SDGs.
- 4.5. Conduct a mapping and analysis of potential foreign investors for FDI in compliance with the SDGs. In the analysis, a comparison will be made between what they demand and the value proposition of Guatemala to carry out a SWOT analysis of the country in terms of SDGs investment attraction.
- 4.6. Select the five (5) sectors that have the most potential for attracting sustainable FDI in Guatemala, analyze the drivers for investors, identify which indicators can be the baseline against to which demonstrate the impact on SDGs achievement and with this information, develop a program/tool. The possible investment models that best respect the SDGs for each of the sectors should also be identified. The program/tool must add value to the value proposition for Guatemala in terms of attracting SDGs investment.
- 4.7. This investment promotion tool should assist to investment attraction strategy aimed at the potential investors previously identified, and in the sectors that have been identified as best for receiving investment in compliance with the SDG. This tool should also include a system to evaluate investments based on the SDG and give them a classification based on parameters established by international best practices so that it serves as a seal that guarantees the fulfillment of the objectives.

- 4.8. As part of the investment promotion toolkit, develop a special aftercare program for investments related to the SDG. This aftercare program will include a roadmap in which the processes that must be followed for the highest possible compliance with the SDGs will be identified and that will guide the international investor in it.
- 4.9. Once the investment promotion tool is finished, training sessions and workshops will be held on how to use it, sustainability matters, and the SDGs itself, to train the IPA's personnel in attracting this kind of investment.
- 4.10. Organize a webinar on the SDGs investment promotion tool communicating the results.

5. **Expected Outcome and Deliverables**

5.1. The general result of this consultancy is to analysis of the SDGs role on FDI promotion and best practices, and design and implement in Guatemala a pilot using agile methodology to benefit from learning by doing approach intending to develop the most accurate program to foster sustainable FDI. Findings and recommendations will be delivered through 1 technical note and 1 webseminar.

5.2. The expected deliverables are the following:

- i. Deliverable #1: Inception Report and Work Plan
- ii. Deliverable #2: Analysis of the SDGs role on FDI promotion and MNEs location decisions.
- iii. Deliverable #3: Benchmark of international best practices to promote Sustainable FDI while aligning with national SDGs.
- iv. Deliverable #4: Technical note with recommendations and findings
- v. Deliverable #5: Stakeholders and focus group report
- vi. Deliverable #6: SWOT analysis of Guatemala for SDGs investment attraction
- vii. Deliverable #7: Design a pilot program, using agile methodology to benefit from learning by doing approach, to foster sustainable FDI in Guatemala.
- viii. Deliverable #8: Inception report of implementation the pilot program designed, using agile methodology.
- ix. Deliverable #9: Midterm report pilot program implementation
- x. Deliverable #10: Final report pilot program implementation
- xi. Deliverable #11: Deliver a Webinar to the LAC IPAs on the best practices and findings of leveraging Sustainable FDI.
- xii. Deliverable #12: Final report of consultancy and ppt.

6. **Project Schedule and Milestones**

6.1. The project will have a total duration of 21 months with the following milestones:

<u>Deliverables #</u>	<u>Submission deadline</u>
<u>#1</u>	No more than 2 weeks after signing the contract
<u>#2</u>	No more than 10 weeks after delivery of product # 1
<u>#3</u>	No more than 10 weeks after delivery of product # 2
<u>#4</u>	No more than 4 weeks after delivery of product # 3

#5	No more than 3 weeks after delivery of product # 4
#6	No more than 3 weeks after delivery of product # 5
#7	No more than 6 weeks after delivery of product # 6
#8	No more than 2 weeks after delivery of product # 7
#9	No more than 20 weeks after delivery of product # 8
#10	No more than 20 weeks after delivery of product # 9
#11	No more than 2 weeks after delivery of product # 10
#12	No more than 2 weeks after delivery of product # 11

7. **Reporting Requirements**

- 7.1. The work plan must include a detailed calendar and a description of the methodology, covering all the activities that will be carried out within the framework of this consultancy.
- 7.2. The final report should include an executive summary and a Power Point presentation.
- 7.3. Reports must be submitted in Spanish

8. **Acceptance Criteria**

- 8.1. The Bank will approve each report (Microsoft Word and PowerPoint) presented in accordance with the schedule and contents described above.

9. **Other Requirements**

- 9.1. Contractual teams should have specific expertise and knowledge, which will be the main criterion for their selection. It is anticipated that the team would comprise individuals with strong competencies in the areas below, but this is not meant to restrict team compositions to the exact roles described below.
- 9.2. The firm must have a team that includes at least one international consultant, fluent in English and Spanish, and local presence or possibility to relocate will be highly valued.
- 9.3. **Education**: the consultants must have a Bachelor's in Economics, Business Administration, or similar studies. Postgraduate and / or master's degrees in areas related to Sustainability, FDI, International Trade, or Project Management and evaluation, will be valued.
- 9.4. **Experience**: consultants must have proven professional experience of at least seven (7) years in the public and / or private sector, nationally or internationally, on issues related to the attraction, retention, and promotion of FDI, as well as knowledge and experience working with SDGs and sustainability matters. Experience working with IPAs in Latin America will be highly valued.
- 9.5. Other **core and technical competencies** that will be valued are:
 - Knowledge in advising governments or institutions in attracting investments, promoting exports and improving the business climate.
 - Demonstrated experience with the SDGs and/or Corporate Social Responsibility (CSR).
 - Knowledge of FDI, especially in the LAC region, Investment and Promotion Agencies (IPAs), macroeconomics, and global best practices in sustainable FDI promotion.

- Experience working across multiple government organizations and private sector stakeholders involved in trade.
- Highly developed communication skills, including the preparation of high-quality reports and the delivery of presentations.
- Ability to work under pressure, and to meet tight deadlines without compromising the quality of outputs.
- Ability to maintain confidentiality and use discretion when dealing with sensitive information.
- Cultural awareness and sensitivity to country-specific issues.

9.6. Interviews and workshops with the private and public sectors must be agreed upon and have the authorization of the PRONACOM and the Bank prior to their conduct.

10. Supervision and Reporting

10.1. The technical and administrative responsibilities of this consultancy will be coordinated by Levi Zegarra (INT/TIN) in collaboration with Queila Delgado (INT/TIN).

11. Schedule of Payments

11.1. Payment terms will be based on project milestones or deliverables. The Bank does not expect to make advance payments under consulting contracts unless a significant amount of travel is required. The Bank wishes to receive the most competitive cost proposal for the services described herein.

Payment Schedule	
<i>Deliverable</i>	%
1. Inception Report and Work Plan	5%
2. Best practices in SDG compliance report	10%
3. Mapping of SDG investment promotion tools	10%
4. SDG value proposition of Guatemala for FDI attraction	15%
5. Stakeholders and focus group report	5%
6. SWOT analysis of Guatemala for SDG investment attraction	15%
7. SDG investment promotion tool design	25%
8. Roadmap for investor's compliance with SDG	10%
9. Webinar	5%
TOTAL	100%